

# STRATEGIC PLAN

**2020–2025**

Updated October 2021



# ABOUT THE AUSTRALIAN DAIRY INDUSTRY



ANNUAL PER CAPITA CONSUMPTION

**97 litres**  
milk  
**13.6 kg**  
cheese

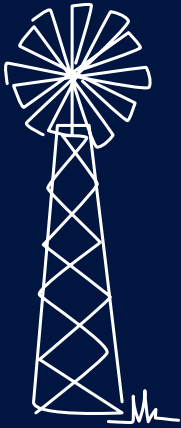


**29%**  
of milk production is exported



AVERAGE ANNUAL MILK PRODUCTION PER COW

**6,170**  
litres



**4<sup>th</sup>**

Dairy is Australia's fourth largest rural industry



MAJOR EXPORT MARKETS tonnes

**244,460 t**  
Greater China

**73,984 t**  
Singapore

**86,269 t**  
Japan

**61,858 t**  
Malaysia

**51,843 t**  
Indonesia



TOTAL ANNUAL MILK PRODUCTION

**8,776**  
million litres

VALUE OF FARMGATE PRODUCTION

**\$4.8 billion**

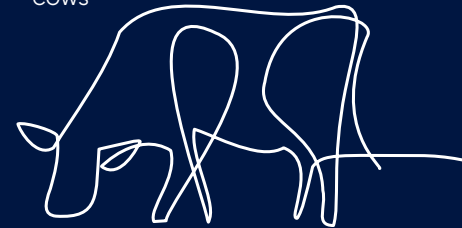


**43,500**

Dairy industry workforce

AVERAGE HERD SIZE

**279**  
cows



ANNUAL PRODUCTION OF MAIN COMMODITIES

**371,131 tonnes**  
Cheese

**185,316 tonnes**  
Milk powders

**72,548 tonnes**  
Butter

AUSTRALIAN MILK UTILISATION

**39%** Cheese

**4%** Whole milk powder

**32%** Drinking milk

**3%** Other

**22%** Skim milk powder or butter

AUSTRALIAN DAIRY HERD

**1.41 million**  
cows



# INTRODUCTION

The Australian dairy industry is vital to the Australian economy. It plays a major role in the agriculture sector as well as rural and regional communities. Australian dairy products rank fourth in global trade and we have one of the highest per capita consumption in the developed world.

The Dairy Australia Strategic Plan is a new approach to describe our priorities and the outcomes we will deliver in the next five years – July 2020 to June 2025. The plan aligns with industry needs and embodies our vision.

Dairy Australia strives to be:

## Leaders in shaping a profitable and sustainable dairy industry.

Dairy Australia works closely with our levy payers and other important stakeholders to understand their needs and direct our investment priorities. We provide practical tools, services and advice to assist farming operations and the dairy supply chain. Our investments in innovation are focused on creating new and transformational opportunities for the dairy industry.

People are at the heart of everything we do. This includes attracting people to the industry, building skills, providing insights, informing policy formation and trade relations, promoting the benefits of dairy to consumers, and meeting community expectations on areas such as environmental stewardship and animal welfare.

The content and timing of this strategic document closely aligns with the new Australian Dairy Plan, which has been created from widespread industry consultation over the past 18 months. More than ever, we work alongside peak industry organisations, including Australian Dairy Farmers, Australian Dairy Products Federation and Gardiner Foundation, and together we are committed to prioritising the high-value impacts set out in the plan.

We believe this strategic document will drive the future success of the industry. It will also motivate our talented people to coalesce around areas of industry importance, lead to positive change in the provision of research and development, and provide value-added services to dairy farmers.

Sincerely,



A handwritten signature in cursive script that reads "James O. Mann".

**James Mann** Chair



A handwritten signature in cursive script that reads "D Nation".

**David Nation** Managing Director

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# EXECUTIVE SUMMARY

Dairy Australia is an important service organisation for the Australian dairy industry. The organisation strategically invests dairy farmer levies and the Commonwealth Government's contribution.

The strategic plan sets out priorities and outcomes to guide investment over five years. There are six priorities that contribute to delivering improved profitability and a more sustainable dairy industry, and a seventh priority that gives focus to organisational drivers of performance (set out in detail from page 14).

The dairy industry has demonstrated remarkable resilience in the face of significant changes to global markets, droughts, fires, floods and aggressive retail pricing. As the plan commences, the trends are positive for increased milk production with ongoing strength in domestic and overseas demand for dairy products. COVID-19 brings its own challenges from economic shocks that follow a global pandemic and the hard to predict effects on global trade of dairy products. The industry will call on its strengths, including its ability to produce a highly nutritious product, expand its efficient transport and processing, and diversify its range of high-value products.

It is time to directly address three key objectives set out in the Australian Dairy Plan – to be a more profitable industry, provide a more confident outlook for dairy, and unite to address the major issues confronting the industry. Our strategic plan closely aligns with the Australian Dairy Plan and supports all five commitments, including organisational reform. Close alignment provides confidence that even with a change in organisational structures, the strategic outcomes will remain relevant.

Progress against outcomes will be measured and reported each year and ongoing feedback will be sought on the delivery against priorities. These activities will inform the development of Dairy Australia's Annual Operating Plans.

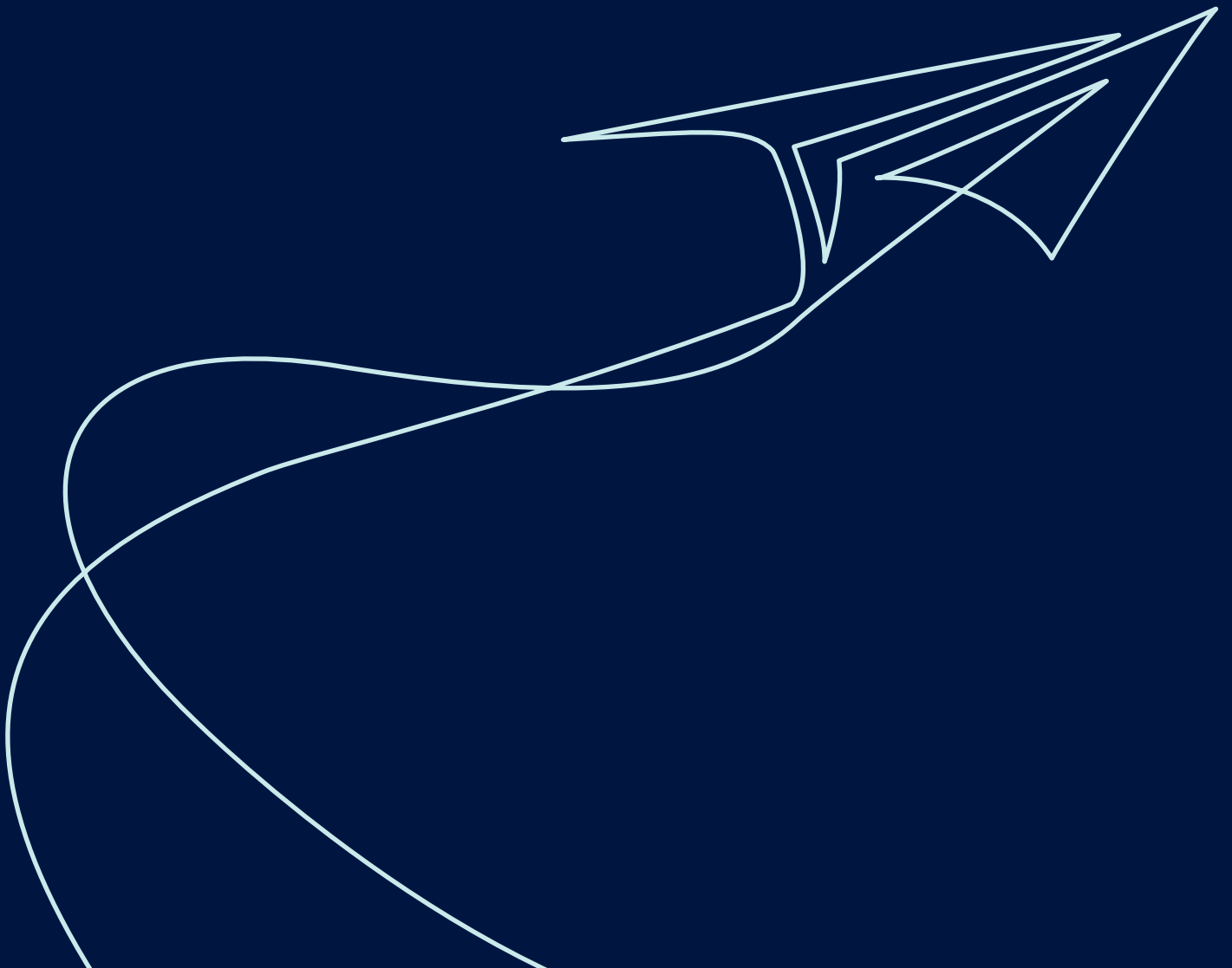
The value created by this strategic plan is magnified by successful cooperation and co-investment. We will report on our improvements in partnering for innovation, regional service delivery, policy development, and marketing and trade activities.

## Dairy Australia Strategic Priorities

- 1 MORE RESILIENT FARM BUSINESSES
- 2 ATTRACT AND DEVELOP GREAT PEOPLE FOR DAIRY
- 3 STRONG COMMUNITY SUPPORT FOR DAIRY
- 4 THRIVE IN A CHANGING ENVIRONMENT
- 5 SUCCESS IN DOMESTIC AND OVERSEAS MARKETS
- 6 TECHNOLOGY AND DATA-ENABLED DAIRY FARMS
- 7 INNOVATIVE AND RESPONSIVE ORGANISATION

# OUR VISION

Leaders in shaping a profitable  
and sustainable dairy industry





## OUR PURPOSE

To provide services that collectively benefit and advance dairy farm businesses and the industry, including investment in research and innovation, learning and capability development, marketing, policy research, market insights and trade development.



## INVESTORS AND COLLABORATORS

Dairy Australia's primary investors are dairy farmers through the payment of a Dairy Service Levy. All dairy farmers pay the levy on a milk solids basis (per kilogram of fat and protein), which is collected by processors and paid to the Australian Government. Dairy Australia receives this levy as the Industry Services Body to deliver on its purpose.

The Australian Government also invests in Dairy Australia activities by matching the investment of levies for eligible expenditure in research, development and extension.

The dairy processing sector invests in Dairy Australia to support activities that benefit the whole supply chain, including trade development, market insights, policy research, sustainability and marketing.

Dairy Australia collaborates widely to increase the value and utility of our work programs. Major collaborators and project-level investors include:

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Regional Development Programs

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Australian Government

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Research providers in Australia and overseas

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State governments

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Global and local companies who are major technology and service providers

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Representative organisations, such as Australian Dairy Farmers

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Individual farmers and dairy businesses

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International organisations to advance the dairy industry, including the International Dairy Federation and Global Dairy Platform

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Cross-industry collaborators, especially other industry services organisations



## OUR MEMBERS

Dairy Australia is a company limited by guarantee with two membership categories:

- Group A members are levy payers
- Group B members are Australian Dairy Farmers Ltd and Australian Dairy Products Federation Inc





# INNOVATION COMMITMENT

Dairy farmers and governments look to Dairy Australia to lead innovation for the dairy sector. Over time, Dairy Australia has built deep experience and partnerships to drive innovation.

Dairy Australia recognises that a broader range of innovation is required to achieve target outcomes. This includes a commitment to:

- Invest with other rural R&D Corporations and the private sector to address major national challenges facing Australian agriculture.
- Expand global partnerships to bring international expertise and technology and accelerate our achievement of research and innovation targets.
- Increase the opportunities for co-investment with AgTech entrepreneurs.
- Harness new models of agricultural innovation.

New approaches to innovation will build on a wide variety of ongoing investments in innovation and existing partnerships with governments, Australian organisations and global partners. Examples of ongoing investments include:

- **DairyBio** \$60 million commitment over five years to deliver more advanced plant and animal genetics, increasing the productive capacity of land and herd assets.
- **DairyFeedbase** \$45 million commitment over five years that delivers improved management of the feedbase and herd nutrition, reducing the cost of feed and lifting profitability.
- **DataGene** \$23 million commitment over five years to deliver more advanced data services to make more timely and profitable herd decisions.
- **Smarter Irrigation for Profit (Phase 2)** \$7 million investment for dairy that delivers improved irrigation decision-making relating to timing, quantity and application of water.
- **C4 Milk collaboration** \$5 million investment over five years that delivers alternate feedbase options for ensiled summer cropping options.

- **Fractures Trial** \$3.9 million global research initiative led by Dairy Australia that shows the importance of dairy in fracture prevention, and highlights the significance of dairy consumption in prevention of malnutrition in older adults.
- **Learning and capability development** Focused approach to on-farm adoption through innovation in learning design, and application of the latest technology and adult learning principles to a dairy specific audience.
- **Tailoring our services** Application of innovation in tailored services to communicate and deliver regional services more effectively, based on individual farmer needs.
- **Trade program** Evolution of the long-standing Dairy Australia international scholarship alumni program towards online communication and social media platforms creating a continuous learning group among the Dairy Australia Alumni, with ongoing interactive and two-way exchange of information and market insights.
- **Manufacturing innovation program** Providing a focal point for dairy processors to connect on a pre-competitive basis to enhance their sustainability through investment in innovations and best practice guidelines.
- **Community expectations** Leaders meeting community expectations, setting targets and reporting through a world recognised sustainability framework, and proactively building trust through transparency.

Dairy Australia will also support innovation through direct investment in smaller projects and by providing access to subject matter experts to introduce new knowledge to the industry. This includes supporting overseas experts to visit and engage with our Australian industry.

In summary, this strategic plan speaks to the need to move faster on high-priority innovation that spans the whole of Australian agriculture, continues to be grounded with strong technology transfer into dairying regions, and encourages new innovation partnerships with greater private sector investment.

# SITUATION ANALYSIS

The dairy industry is one of Australia's major rural industries. Based on a farmgate production value of \$4.4 billion in 2018/19, it ranks fourth behind the red meat, wheat and wool industries.

It is estimated that approximately 46,000 people are directly employed on dairy farms and by dairy companies within Australia. Associated transport, distribution, farm services and research and development activities represent further employment associated with the industry. Additionally, dairy processing often occurs close to farming areas, generating significant economic activity and employment in regional areas.

Australian consumer support for dairy remains strong with one of the highest per-capita consumptions in the developed world. During 2018/19 Australians consumed on average 321 litres of milk. This is more than the 269 litres per capita consumed in the United States and the average of 305 litres of milk consumed per capita in the European Union.

Demand for Australian dairy products is not just confined to the domestic market. Australia is also a significant exporter of dairy products to the rest of the world. It is the fourth largest exporter in terms of world dairy trade with a 6% market share (behind New Zealand, the European Union and the United States). In 2018/19, Australia exported 35% of milk produced, worth \$3.2 billion. Overall, exports to Asia account for close to 85% of total Australian exports, dominated by the markets of Greater China, Japan and South-east Asia.

In recent times, the dairy sector has successfully advocated for important industry initiatives, including the end of \$1/litre milk and Free Trade Agreements with Indonesia, Hong Kong and Peru, leveraging the industry's ability to take a united and well-constructed position to government.

While the Australian dairy industry has strong foundations, there are challenges the industry is committed to working through. Dairy Australia's strategic plan will need to address the global changes associated with the COVID-19 pandemic as well as dairy-specific challenges set out in the dairy plan.

## Industry impacts from COVID-19

The COVID-19 pandemic looks set to usher in a new era for the global economy from which the dairy industry will not be immune. Australian dairy is in a fortunate position, heading into this period with relatively strong domestic demand and a weakening A\$ that will provide some insulation from international market pressures and the uncertainties that now underpin the industry outlook.

However, as national and per-capita incomes decrease in many countries, demand for premium priced dairy products is likely to slow. Similarly, despite an initial lift in sales as consumers 'panic-bought' household essentials including dairy, the looming economic recession will impact the purchasing power of Australian consumers in the medium term. This is likely to upset recent growth in value-added product lines and risks prompting a return to discounting strategies by major retailers. The food service sector, a high returning market for dairy, has been hardest hit and is expected to take years to recover. COVID-19 has accelerated new ways of purchasing with online shopping booming, as well as a return to more eating at home. This is likely to have an impact on future marketing and product offerings. Dairy will also need to rise to the challenge and opportunity this presents.

From a trade and market access perspective, an increase in international protectionism would undermine years of progress in achieving market access on fairer terms. An oversupply of milk in the northern hemisphere has led to increased pressure to reintroduce or implement various forms of government intervention. This could include market-distorting commodity price support programs, such as purchase-and-storage subsidies (known as intervention storage) and export subsidies, as well as subsidised schemes to limit production. Import-dependent markets may experience a renewed interest in sheltering domestic production as part of attempts to bolster food security and political security.

## Industry strengths

The Australian dairy sector is a vibrant and vital part of the Australian economy. The industry has established itself as a key component of the Australian agricultural sector over decades and has developed a highly sought-after position in a range of markets for the products it produces.

The ability of the Australian dairy industry to adapt and adjust to the changing conditions has been testament to its resilience over many decades. There are many positive characteristics that point toward a positive future.

### Market diversity and positioning

- Geographic and farming system diversity that acts as natural risk mitigation to provide a level of insulation from regional climate impacts.
- A vibrant, competitive and diversified pool of over 150 companies who are producing value-added dairy products for both domestic and international markets.
- Long-term domestic and international growth in demand for dairy.
- Consumer support and recognition of the health and nutrition benefits of consuming dairy every day.
- Discerning customers who are prepared to pay a premium for quality Australian dairy products.
- Strong trust and acceptance of the industry due to an understanding and proactiveness in working towards community expectations.
- A close proximity to key growing global markets.

### Efficient and resilient

- Demonstrated industry resilience, with the capacity to withstand droughts, bushfires and COVID-19 restrictions – bouncing back with favourable weather and strong farmgate milk prices.
- Flexible farming systems. While the Australian dairy industry is predominantly pasture-based, there are flexible farming systems that allow a farm business to adapt to the variability of our climate and manage financial and operational performance more proactively.

## Globally competitive

- Highly efficient farmers who have been successfully operating under some of the lowest levels of government support across the OECD which has ensured focus on underlying financial performance and cost competitiveness.
- An improved trading environment for Australian dairy through completion of Free Trade Agreements and the removal of export subsidies via the World Trade Organisation (WTO).
- Opportunities for growth and expansion in many regions based on historical performance without having the same extent of environmental and land use constraints faced by other global competitors.
- High food safety and biosecurity standards coupled with advanced product traceability systems which support Australian products gaining and holding share in key export markets.

## Innovative

- Entrepreneurial farmers who inspire others with how they manage their businesses in the face of changing conditions.
- World-class research and development infrastructure and a focus on innovation across the breadth of the industry.

## Sustainable

- A commitment to sustainability and continuous improvement of practices in animal welfare, environmental stewardship and enhancing livelihoods and wellbeing. This is supported by a world-leading sustainability framework covering a wide range of facets across the breadth of the sector.
- A focus on encouraging, supporting and educating the next generation in the industry.

## Industry challenges

### Markets are evolving

- Dairy is having to adapt to changing consumer preferences and competition from milk alternatives.
- Public expectations are changing and consumers are increasingly questioning food and the way it is produced.
- While the removal of quotas and export subsidies overseas has generated additional value in global markets it has also brought on more market volatility.
- Dairy imports have secured a greater presence in the Australian market on the back of a variable domestic supply pool.

### Supply chain adjustments

- Processors have invested heavily on the back of clear opportunities for the Australian dairy industry – however they require more milk throughput to improve their efficiencies.
- Processor ownership structures have evolved from the farmer-owned cooperatives to private companies which has influenced their decision-making.
- Australia is a major global dairy exporter however our relevance on global markets is being questioned on the back of reduced milk volumes.

### On farm complexity

- The way we farm is becoming more complex in response to market, pricing and climate variability.
- A broader range of skills and knowledge are now critically important as farms expand, employ significant labour and need to manage the business in a more volatile operating environment.
- Farmer confidence has been challenged by drought and industry events.

### Risk and volatility

- Australia has a more variable climate than our major global competitors.
- Risk management has become critical to manage the increased volatility in both input costs and milk prices.
- Input costs (water, feed, labour and energy) have become more variable on the back of volatile seasonal and market conditions.

### Regional diversity

- The drivers of farm profitability vary significantly by region and require different solutions to ensuring success.
- Farm consolidation is shifting our relationship with regional service providers and communities.
- Environmental pressures in some regions require farmers to adapt quickly, including diversifying and intensifying their enterprises.

### Attracting and developing people

- There is a shortage of skilled labour at all levels in the dairy industry.
- Keeping skills and knowledge in the industry and encouraging farm succession is an increasing and critical challenge.

The prospects for the industry are bright but the pathway toward a better future will require concerted and sustained collective industry action. Dairy Australia is ideally positioned to play a key role in lifting profitability for farmers, rebuilding confidence in the future and facilitating industry stakeholders pulling together as a united force to address key challenges.



# STRATEGIC FRAMEWORK

Dairy Australia has seven strategic priorities over the next five years. Each priority is underpinned by a goal and key outcomes.

	1	2	3	4
GOALS	MORE RESILIENT FARM BUSINESSES	ATTRACT AND DEVELOP GREAT PEOPLE FOR DAIRY	STRONG COMMUNITY SUPPORT FOR DAIRY	THRIVE IN A CHANGING ENVIRONMENT
	Farm businesses that are more profitable, resilient and innovative in managing price and cost volatility	Attract great people to the dairy industry, build their capability and careers, and foster a safe work culture	Enhanced trust and value in the Australian dairy industry, farmers and products	Profitable farm businesses that adapt to the changing natural environment and provide good stewardship of resources
OUTCOMES	a Business planning that leads to better decisions and sustained success	a Greater awareness of Australian dairy as an attractive industry with rewarding careers	a The Australian dairy industry is trusted and accepted by the community	a Greater ability to adapt to changes in the natural environment
	b Clear and understood drivers of dairy farm profitability and productivity	b Clear and supported skill development and career pathways	b Australian dairy is valued for superior health and nutrition benefits	b Efficient and profitable use of land, water, carbon and energy resources which nurtures and sustains the natural environment
	c Expanded range of risk management tools for price and cost volatility	c Access to capable and skilled farm employees and service providers	c The Australian dairy industry is committed to animal wellbeing	c Proactive action to reduce global warming and greenhouse gas emissions
	d Innovation in finance that increases access to capital for expansion and new entrants	d Support farm businesses and their service providers to get the basics right		

5

SUCCESS IN DOMESTIC AND OVERSEAS MARKETS

**Improved access to high-value dairy markets, backed by trusted market insights and a favourable regulatory and policy environment**

**a** Australian dairy is valued around the world for its premium products

**b** A favourable policy and regulatory environment

**c** Access to trusted market insights that inform decision-making

6

TECHNOLOGY AND DATA-ENABLED DAIRY FARMS

**Inspire more agile and responsive dairy businesses through greater integration of technology and data**

**a** More flexible and agile dairy production systems

**b** Greater use of high-value technology on farm

**c** Connected dairy production systems utilising multiple data sources to enhance decision-making

**d** Accelerated genetic progress in feedbase and animal breeding

7

INNOVATIVE AND RESPONSIVE ORGANISATION

**An organisation that is farmer-focused, with talented people who embrace innovative thinking and decisive action**

**a** We have a farmer-focused service delivery model

**b** Our culture of learning and innovation, values and ways of working deliver success

**c** Our infrastructure, resources and processes allow us to be informed, agile and responsive

**d** We have effective and transparent management of resources



PRIORITY

# MORE RESILIENT FARM BUSINESSES

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GOAL Farm businesses that are more profitable,  
resilient and innovative in managing price  
and cost volatility





## STRATEGIC OUTCOMES

### Business planning that leads to better decisions and sustained success

A robust and regularly reviewed business plan is essential to manage farm businesses. This forms the basis to set goals, measure farm performance, confidently make decisions and capture opportunities.

**We will renew the focus on farm business planning and the supported utilisation of that plan to assist dairy farms achieve their goals.**

### Clear and understood drivers of dairy farm profitability and productivity

The drivers of profitability and productivity can differ between individual farms, regions and production systems. Understanding those drivers, their differences and the levers that can affect them is what will drive margin on farms. This is even more important at times when there is increased volatility and disruption to normal business operations.

**We will deliver insights, tools, strategies and support that enables businesses to understand their margin and the profitability and productivity drivers of their farm.**

### Expanded range of risk management tools for price and cost volatility

Australia has under-developed tools for securing farm operating margins in an environment of price and cost volatility compared with major overseas competitors. Given the ongoing volatility in Australia, it is important to rapidly improve tools for risk management.

**We will build awareness, confidence and greater adoption of risk management tools.**

### Innovation in finance that increases access to capital for expansion and new entrants

Finance is a highly innovative sector and better access to finance is important for dairy businesses seeking finance.

**We will expand access to capital and increase business readiness for expansion and new entrants.**

Additional targets: page 37

## SUCCESS INDICATORS

50% of dairy farm businesses perform systematic, periodic business reviews at least annually

60% of farm decision makers can accurately state the profit metrics for their farm

40% of farm businesses are actively using risk management tools to manage exposure to price and cost volatility

80% of farm owners and managers that have tried to access capital agree there is the opportunity to access capital to meet their requirements

2

PRIORITY

## ATTRACT AND DEVELOP GREAT PEOPLE FOR DAIRY

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GOAL Attract great people to the dairy industry,  
build their capability and careers,  
and foster a safe work culture



## STRATEGIC OUTCOMES

### Greater awareness of Australian dairy as an attractive industry with rewarding career opportunities

There are strong community perceptions about dairy, based on historic views of long hours and hard work. Modern dairy operations are much more diverse with roles that are highly skilled and provide genuine career opportunities.

**We will expand the pool of talented people interested in a career in dairy to meet the future workforce needs of the industry.**

### Clear and supported capability development and career pathways

To meet the evolving needs of the dairy industry, there is a requirement for a workforce that has an advanced range of capabilities and an expectation of a greater diversity of career pathways which will lead to more successful dairy careers, including business ownership.

**We will foster more advanced dairy knowledge, skills and behaviours and formalise dairy career and business ownership pathways.**

### Access to capable and skilled farm employees and service providers

Farm businesses will continue to require skilled labour on-farm as well as access to quality service provision from external providers. Success requires employers to be confident and capable to recruit, manage, lead and provide a safe work environment for capable people. Service providers need to invest in their own capability and support a new generation of talented professionals.

**We will plan for future people needs in the dairy industry, address critical weaknesses in required skills and experiences and expand the capacity of employers to recruit skilled people.**

### Support farm businesses and their service providers to get the basics right

Farm businesses are complex with many interconnected decisions required on a daily basis in order to produce milk. The importance of applying experience from fundamental areas like soil management, pasture agronomy, animal nutrition and milk quality cannot be underestimated.

**We will continue to provide a range of opportunities that enable people to get the fundamentals right for dairy production.**

## SUCCESS INDICATORS

75% of dairy farm employers and employees can describe why dairy is a rewarding industry

70% of employers have clear, logical and supported development pathways for themselves and employees

80% of employers find an employee with the capabilities required to fulfil the role

90% of farm businesses and their employees have access to the information and tools they need to get the fundamentals right on-farm

Additional targets: page 38

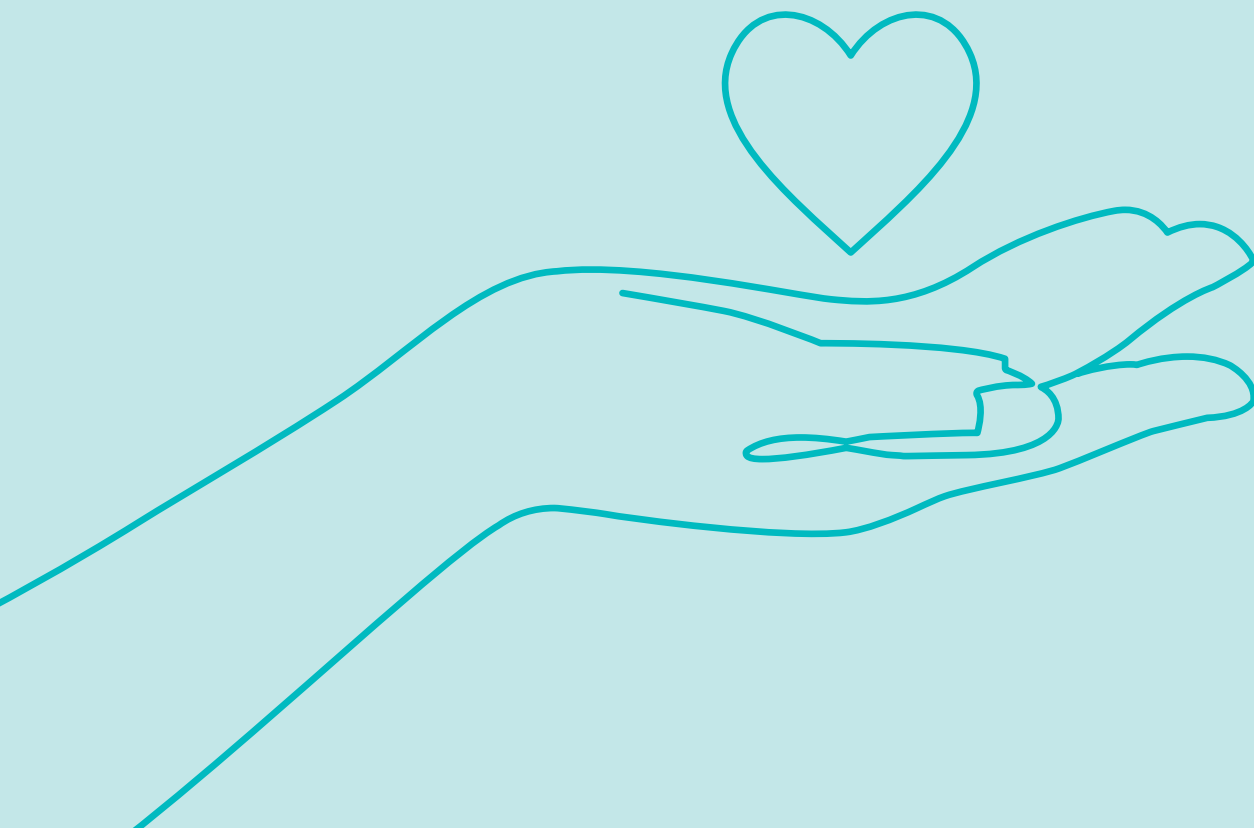
PRIORITY

3

# STRONG COMMUNITY SUPPORT FOR DAIRY

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GOAL Enhanced trust and value  
in the Australian dairy industry,  
farmers and products



## STRATEGIC OUTCOMES

### The Australian dairy industry is trusted and accepted by the community

The Australian community is taking a greater interest in the food they consume and the way it is produced. Trust and resulting acceptance in agriculture, including dairy, cannot be taken for granted. Sustainable production of dairy foods requires a demonstrable commitment to people, animal care and the environment. This commitment includes understanding and staying ahead of community expectations and working with industry to set targets and measure progress at a national and global scale.

**We will enhance community trust and acceptance of dairy, set industry sustainability targets and publicly report progress through a world-class framework.**

### Australian dairy is valued for superior health and nutrition benefits

There continues to be varied opinions around the role of food for good health and nutrition, which competes with established science-based advice. Consumers require access to information that supports their ongoing consumption of healthy and nutritious foods.

There is also an opportunity to further increase the strong support for dairy products and the industry and continue to reinforce the reasons to consume and buy Australian dairy.

The voice of farmers is essential to convey pride in their industry and to speak positively about being in dairy.

**We will reinforce the essential role of dairy for good health and nutrition and the value of consuming dairy every day.**

### The Australian dairy industry is committed to animal wellbeing

The wellbeing of animals is critical to the Australian dairy industry. Appropriate care for our animals is essential not only to the success of every farming business, but because it is our moral responsibility. There is opportunity to continue to improve our practices, report transparently on how we are progressing, and identify where we need to do more to ensure industry practices align with community values.

**We will work with farmers, processors and industry groups to provide best care for all animals for their whole life.**

Additional targets: page 38

## SUCCESS INDICATORS

79% of consumers trust the dairy industry

55% of consumers make an effort to consume dairy every day

80% of consumers agree dairy farmers do a good job caring for their animals

PRIORITY  
4

# THRIVE IN A CHANGING ENVIRONMENT

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GOAL Profitable farm businesses that adapt to the changing natural environment and provide good stewardship of resources



## STRATEGIC OUTCOMES

### Greater ability to adapt to changes in the natural environment

Dairy has immediate and substantial risks from the impacts of climate variability, far more so than our competitors. Pressures from changes to the natural environment are wide-ranging, from restricted access to water, to more extreme climatic events and less secure access to nutrients and feed sources. These pressures will increase with predicted impacts from climate change and we will require innovation to counter these pressures.

**We will continue to embed new knowledge to manage climate variability, empower business decision-making, speed up the development of policy options and expand capability development for better adaptation.**

### Efficient and profitable use of land, water, carbon and energy resources which nurtures and sustains the natural environment

Future success depends on efficient use of natural inputs with a focus on land, water, carbon and energy. This efficiency needs to be considered over a longer term in a way that nurtures and sustains the natural environment and is profitable for dairy businesses.

**We will innovate with ways to support farmers and the wider dairy industry to meet market, corporate, financial and social expectations around management of the natural environment while not compromising profitability.**

### Proactive action to reduce global warming and greenhouse gas emissions

The dairy industry has committed to being part of the solution to global warming. This will require a reduction in greenhouse gas emissions, especially in the farm sector. Investment is required to identify commercial solutions.

**We will accelerate adoption of existing solutions, seek and support new innovations, and retain a clear focus to reduce emissions in ways that deliver economic and environmental returns to industry.**

Additional targets: page 39

## SUCCESS INDICATORS

75% of dairy farmers have the right information and capabilities to thrive in increasingly volatile climatic conditions

70% of dairy farm businesses have adopted a minimum of three new technologies and management practices to achieve land, water, carbon and energy efficiency

40% of dairy farm businesses have access to and adopted up to three new commercial solutions for reducing on farm emissions

PRIORITY

5

## SUCCESS IN DOMESTIC AND OVERSEAS MARKETS

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GOAL

Improved access to high-value dairy markets, backed by trusted market insights and a favourable regulatory and policy environment





## STRATEGIC OUTCOMES

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### Australian dairy is valued around the world for its premium products

Favourable trade arrangements are linked to recognition that Australian products are premium in terms of food safety, provenance and meeting tight product specifications.

**We will retain strong awareness and buyer preference in overseas markets for Australian dairy products.**

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### A favourable policy and regulatory environment

Credible and fact-based insights matched with incisive policy analysis and broad industry backing are powerful tools to create a favourable policy and regulatory environment.

**We will positively influence the policy and regulatory environment in both domestic and international markets.**

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### Access to trusted market insights that inform decision-making

The Australian dairy supply chain is characterised by sophisticated collection of market data that is readily available to support decision-making by industry and government stakeholders.

**We will ensure the ongoing availability of trusted and credible dairy market data and insights.**

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Additional targets: page 39

## SUCCESS INDICATORS

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Australian dairy products are nominated as preferred status by customers in the key markets of Japan (70%), Greater China (60%) and South-east Asia (60%)

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Industry and government stakeholders value the work of Dairy Australia to inform policy discussions (rating 8 out of 10) and help ensure access to markets (rating of 8 out of 10)

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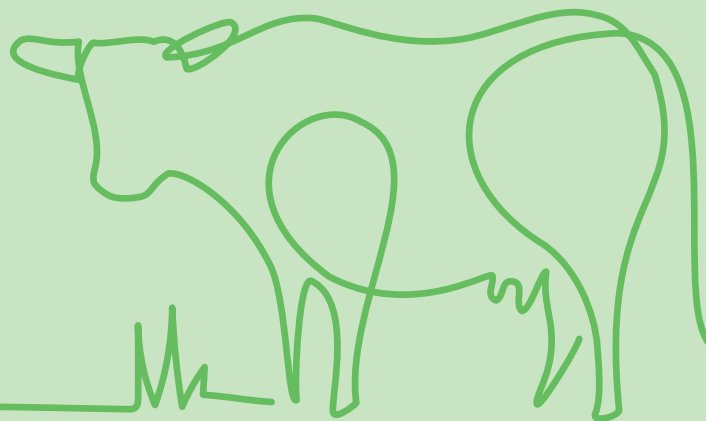
Dairy Australia is considered by industry stakeholders as the most trusted and credible source of information to inform decisions related to dairy markets (rating of 8 out of 10)



# TECHNOLOGY AND DATA-ENABLED DAIRY FARMS

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**GOAL** Inspire more agile and responsive dairy businesses through greater integration of technology and data



## STRATEGIC OUTCOMES

### Accelerated genetic progress in feedbase and animal breeding

Genetic improvement remains a major productivity driver on farm due to its ability to deliver permanent and cumulative gains in performance. Further innovation in genetics (including the expanded use of genomics and new breeding methods) will accelerate genetic gain as well as broaden the range of traits and species/breeds that can be improved.

**We will deliver new genetic solutions and evaluation that underpin pasture and animal breeding.**

### More flexible and agile dairy production systems

Many modern dairy farming systems need to modify their production systems according to seasonal conditions and changes in major input costs. These modifications are more extreme in warmer climates and with less reliable access to water.

**We will innovate to increase flexibility and agility in dairy production systems.**

### Greater use of high-value technology on farm

Access to on-farm technology is increasing rapidly, while capacity to deliver insights from technology is lagging. Improvement will require a greater understanding of adoption challenges and greater alignment between the technology that delivers insights and farmer preferences for use of insights.

**We will accelerate adoption of technology that provides production insights and enables better decision-making on farm.**

### Connected dairy production systems utilising multiple data sources to enhance decision-making

A proliferation of data will be of value to dairy businesses when it can be integrated and available for generating insights. This will require integration for both on-farm usage as well as to improve service provision. Improved decision-making will need to account for farmer preferences for use of insights.

**We will lead industry initiatives to integrate data from multiple sources.**

Additional targets: page 40

## SUCCESS INDICATORS

Annual gains in genetic merit increase in both pasture plants (increase rate of gain by at least 100%) and dairy cattle (increase rate of gain by at least 50%)

Development of 20 new feedbase options that increase flexibility and agility

80% of farm businesses have successfully adopted technology that provides new insights for farm operations

80% of farms making routine management decisions (e.g. sire selection, irrigation scheduling, culling) informed by multiple data sources

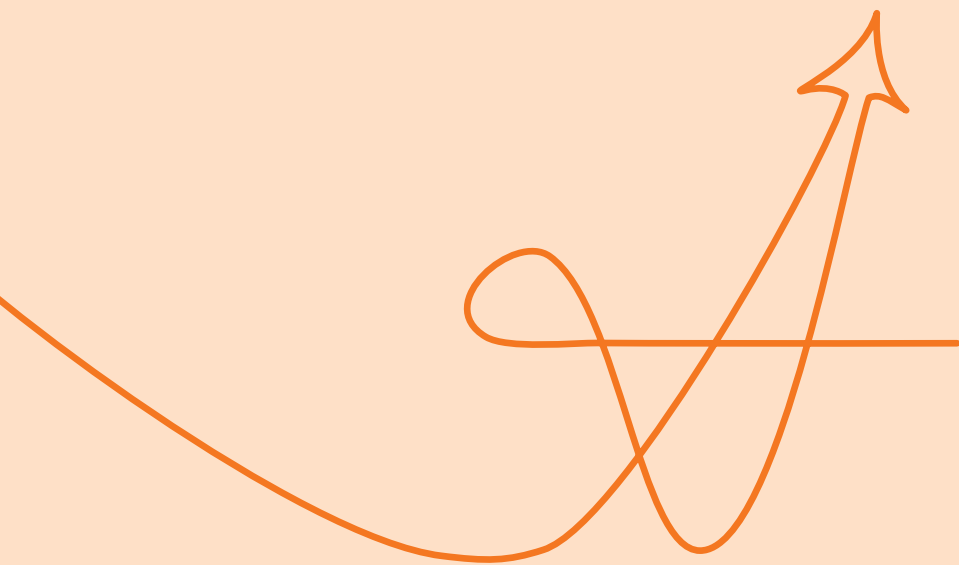
PRIORITY

7

## INNOVATIVE AND RESPONSIVE ORGANISATION

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GOAL An organisation that is farmer-focused,  
with talented people who embrace  
innovation and take decisive actions



## STRATEGIC OUTCOMES

### We have an enhanced farmer-focused service delivery model

The work that Dairy Australia delivers is strongly focused on a deep understanding of farmers and farm businesses. Our work continues to be tailored to the needs of our primary stakeholders who are dairy farmers.

**We will deliver greater value to levy payers through an improved service delivery model that addresses their business needs.**

### Our culture of learning and innovation, values and ways of working deliver success

A positive organisational culture guides the delivery of our strategic plan. Our way of working is highly collaborative with a strong focus on teamwork and decisive action.

Innovative thinking is highly valued to identify new opportunities to create value for farm businesses, co-create innovation projects with partners and pursue new approaches to innovation.

**We will create an environment where our people thrive in.**

**We will value innovative thinking and new innovative approaches in our drive to deliver greater value to farm businesses.**

### Our infrastructure, resources and processes allow us to be informed, agile and responsive

We have the right balance of infrastructure, technical and digital capability supported by talented people and efficient processes.

**We will be agile and responsive to changing industry needs.**

### We have effective and transparent management of resources

Effective governance and transparent reporting enable Dairy Australia to make the right decisions and be accountable.

**We will ensure all resources are used responsibly.**

Additional targets: page 41

## SUCCESS INDICATORS

Farm businesses rate Dairy Australia as having an effective relationship management and service delivery model (rating of 8 out of 10)

80% employee engagement score

Farm businesses value Dairy Australia for our ability to be innovative (rating 8 out of 10)

Dairy Australia is responsive to major industry events impacting the industry (rating of 8 out of 10)

Levy payers are satisfied that Dairy Australia is investing levies appropriately (rating of 8 out of 10)

# FINANCIALS AND RESOURCE ALLOCATION

Dairy Australia's resources will be allocated to help drive our outcomes within each strategic priority.

	2020/21 (’000)	2021/22 (’000)	2022/23 (’000)	2023/24 (’000)	2024/25 (’000)
<b>Income</b>					
Levies	30,992	31,000	31,500	32,100	32,700
Commonwealth matching	21,661	21,300	21,200	21,500	22,500
External income contributions	8,968	8,100	8,300	8,500	8,700
Other	465	500	500	500	500
<b>Total income</b>	<b>62,087</b>	<b>60,900</b>	<b>61,500</b>	<b>62,600</b>	<b>64,400</b>
<b>Expenses</b>					
Projects/activities and services	55,345	53,000	51,800	51,700	53,400
Overheads	9,659	9,800	10,200	10,400	10,500
<b>Total expenses</b>	<b>65,004</b>	<b>62,800</b>	<b>62,000</b>	<b>62,100</b>	<b>63,900</b>
Operating surplus/(deficit)	(2,917)	(1,900)	(500)	500	500

## Income

Forecasted milk production for 2020/21 is 8.7 billion litres with 1.8% year-on-year growth thereafter. A levy rate of 0.354¢/L has been forecasted over five years, based on milk composition of 3.38% protein and 4.10% fat.

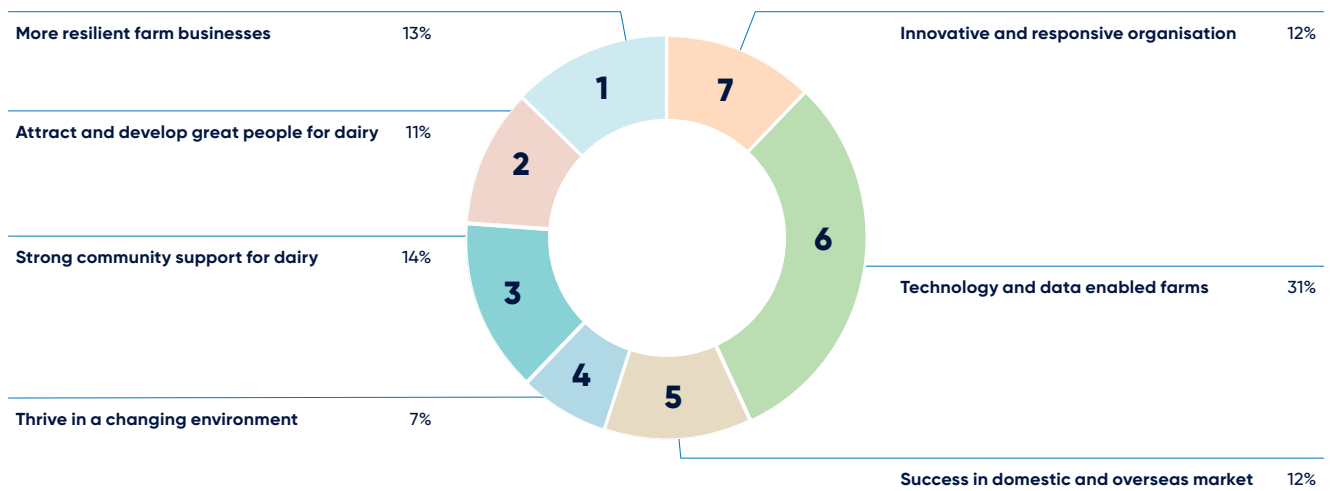
Government matching income is inline with maximum claimable amounts and is calculated on the Gross Value of Production (GVP) averaged over three years (**Statutory Funding Agreement** link).

Income targets are projections that are consistent with past periods of recovery after droughts and significant market events.

## Expenses

The expense allocation will change over time to meet our strategic outcomes and respond to industry feedback and investment opportunities. Further details on changes to allocation of expenditure will be reflected in each Annual Operating Plan and Annual Report).

## Budgeted expenditure for each priority in 2020/21



All projects, activities and services have been allocated to a strategic priority. Our budgeted expenditure for 2020/21 is set out in the pie graph above. As we progress our strategic plan, we will re-align our investment in our priority areas based on evolving industry needs and changes in strategic focus areas.





# ALIGNMENT WITH THE AUSTRALIAN DAIRY PLAN

The Australian Dairy Plan is a whole of industry, single national plan. Dairy Australia is committed to a close strategic alignment with the Australia Dairy Plan. This includes all five Australian Dairy Plan commitments and focus areas.

The first commitment in the Australian Dairy Plan sets out the need to reform organisational structures. Dairy Australia will actively work with Australian Dairy Farmers and Australian Dairy Products Federation to pursue reform, which is likely to impact in the middle years of this strategy.

The following table provides additional cross-references between the Dairy Australia strategy and key sections of the Australian Dairy Plan.

Dairy Australia Priority	Links to Australian Dairy Plan commitments	Links to Australian Dairy Plan focus areas
1 More resilient farm businesses	4 We will intensify the focus on farm business skills to improve profitability and better manage risk	Research and Innovation, Learning and Capability Development, Policy Leadership, Leadership and Culture
2 Attract and develop great people for dairy	2 We will attract and support new entrants and investment to build industry capacity	Leadership and Culture, Policy Leadership, Learning and Capability Development
3 Strong community support for dairy	3 We will increase our effort in marketing and promotion to build greater levels of trust with consumers and improve the value of dairy products	Market Development, Leadership and Culture, Policy Leadership
4 Thrive in a changing environment		Sustainability, Research and Innovation, Learning and Capability Development, Policy Leadership, Leadership and Culture
5 Success in domestic and overseas markets	5 We will restore trust and transparency between farmers, processors and retailers to strengthen industry confidence	Market Development, Policy Leadership, Leadership and Culture
6 Technology and data enabled dairy farms		Research and Innovation, Learning and Capability Development
7 Innovative and responsive organisation		Leadership and Culture

# KEY STRATEGIC RESOURCES

Dairy Australia works with industry partners to coordinate major activities, deliver services to dairy farmers, and respond quickly to changing priorities and issues. Key strategic resources include:

## **Agriculture sector innovation company**

A new innovation company will be created by Rural Research and Development Corporations. Dairy Australia is one of 15 corporations and is committed to the establishment of the company in 2020/21 and its objectives to attract investment from levy payers, governments and private industry to achieve transformative innovation in areas of major challenge to the agriculture sector. Climate is the first theme to be developed and to build a blueprint for investment.

## **Regional Development Programs**

Dairy Australia works closely with eight Regional Development Programs, which are referred to as our 'regions'. These organisations are the main interface between Dairy Australia and dairy farmers. They are geographically based in three regions of Victoria – Gippsland, Western Victoria and the Murray, as well as New South Wales, Subtropical, Tasmania, South Australia and Western Australia. Each Regional Development Program consists of a Board, a Regional Manager and a team dedicated to extension, development projects and communications across the region. Their primary role is in the facilitation and delivery of Dairy Australia extension activities and regional initiatives.

## **Dairy Moving Forward**

Dairy Moving Forward (DMF) is the dairy industry's framework for prioritising the investment of all providers of dairy research, development and extension (RD&E) on a national scale. This approach aligns with the national RD&E Framework. There is a Steering Committee that governs the framework, supported by 10 'communities of interest' that each have their own technical domain focus. Members of the communities represent organisations who contribute to the dairy industry across the RD&E spectrum, including farmer representation. The purpose of each community is to provide insight and guidance to prioritise R&D investments. In essence, they assist in the distilling of ideas and coordination of activities across a range of industry organisations such as Dairy Australia, state government RD&E sector, university R&D sector and other contributors of RD&E. Dairy Moving Forward has been a valuable collective sounding board for the dairy industry since its inception in 2010, and will continue to evolve to meet the R&D needs of the dairy industry.

## **Australian Dairy Sustainability Framework**

The Australian dairy industry is recognised worldwide for its sustainability framework and this helps to secure community support for the industry. Through widespread consultation with external groups (including non-government organisations, multinational and national dairy buyers, retailers, governments, investors, community and consumer groups as well as industry stakeholders across the dairy supply chain), the Australian Dairy Sustainability Framework has set out goals and targets for 2030. These help support the Australian Government's efforts to achieve the UN Sustainable Development Goals. Regular reporting, ongoing review and a proactive approach to improving are key actions required to remain world class. The Australian Dairy Industry Council has overall responsibility for the framework, setting and reporting progress against the framework targets and performance measures. Dairy Australia facilitates and supports the council to develop and implement the Framework.

## **Dairy Manufacturers Sustainability Council**

The Dairy Manufacturers Sustainability Council (DMSC) is a nationally recognised 'community of practice' comprised primarily of environmental and sustainability group managers from Australian dairy manufacturing companies. The DMSC has an industry-wide focus that assists dairy company members to improve environmental compliance and the sustainability of their operations.

## **Australian Dairy Industry Issues Management Framework**

Dairy Australia manages the Issues Management Framework on behalf of the Australian dairy industry. The framework uses a risk-based approach to identify, analyse and coordinate response efforts to issues which have the potential to impact the business operations, social licence or reputation of the Australian dairy industry. The framework also provides a structure to consistently scan for potential threats to industry, tools to analyse issues and where required, coordinate an appropriate industry response. It is deployed to manage a range of issues from contained, industry-specific matters to crisis events such as natural disasters or national issues such as COVID-19.

## **Dairy Industry Trade Reference Group**

The role of the Trade Reference Group is to provide high-level strategic input into the development of cost-effective international trade strategies and work programs for Dairy Australia. The group also acts as a feedback mechanism to ensure there is regular, timely review of strategy and program implementation, effectiveness in meeting industry objectives and continued alignment with industry priorities. The group is led by Dairy Australia and is made up of representatives from, Australian Dairy Farmers Ltd (ADF), Australian Dairy Products Federation (ADPF) as well as local dairy farm, manufacturing and trading companies.

## **Nutrition Policy Reference Group**

The role of the Nutrition Policy Reference Group (NPRG) is to provide high-level strategic input and leadership into the development dairy of nutrition-related policy and regulation strategies and work programs for Dairy Australia. The NPRG will also act as a feedback mechanism to ensure there is regular, timely review of strategy and program implementation, in line with industry priorities and objectives. The Group is led by Dairy Australia and made up of representatives from ADF, ADPF and the dairy manufacturing sector.

## **Policy advisory groups**

Policy advisory groups (PAGs) play a key role in setting advocacy objectives and driving policy formulation for ADF. They also help to ensure dairy interests are properly represented at a domestic and international level. There are five policy focus areas, each with a dedicated PAG that is comprised of elected state farmer members. These groups work in collaboration with ADF policy officers to discuss priorities and strategic direction. PAGs recommend policy settings to ADF via the National Council and also act in an advisory capacity providing feedback to Dairy Australia, state dairy farmer organisations, and other bodies like the National Farmers, Federation and ADPF.

## **Dairy Industry People Development Council**

The role of the Dairy Industry People Development Council (DIPDC) is to provide synergy in vision, outcomes, and key directions in the area of workforce planning and capability development.

The Council provides strategic oversight through identifying and recommending research and industry priorities, endorsing industry programs and reviewing regional and national considerations in relation to workforce and capability development. The DIPDC reflects the industry with a diverse membership including dairy farmers, the Gardiner Foundation, the regions, learning and development experts, policy and advocacy groups, education partners, industry and workforce development experts and Dairy Australia.

# EXECUTING OUR STRATEGY

Our strategy will be executed through a series of Annual Operating Plans (AOP) that allow us to define focus areas for each financial year.

These plans are created each year after consultation with key industry stakeholders to ensure our projects consider changing industry conditions and evolving needs of levy payers.

A new portfolio structure that provides an improved governance framework will form the basis of how we execute our strategy. These portfolios are centred around our strategic priorities.

The key benefits of using a portfolio approach are:

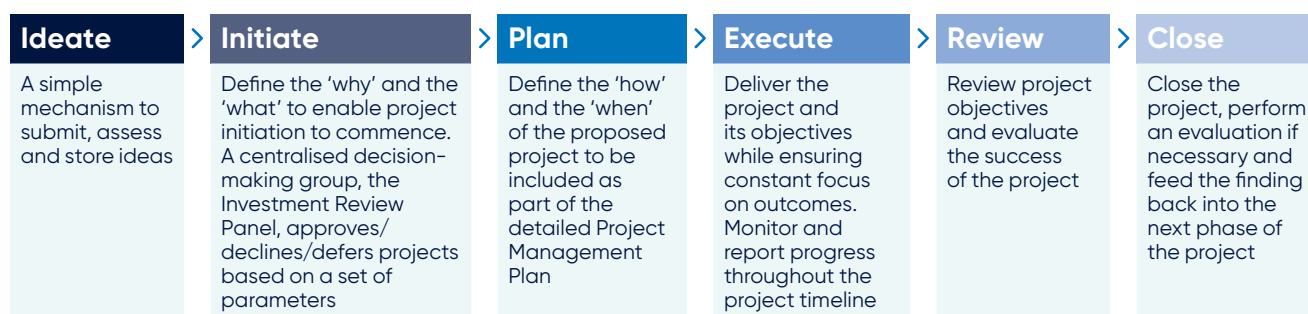
- Ability to focus on outcomes while ensuring efficient execution of our strategy.
- Strategic focus on the needs of the industry.
- Ensuring collaboration among teams with a focus on levy payers.

Dairy Australia's portfolios are governed through a 'product and services lifecycle'. This provides a framework that guides how we can take an idea through to a fully delivered and evaluated project. We have already done substantial amount of work in embedding processes and ways of working across the organisation to enable the use of such a framework.

## Example portfolio structure

Portfolio 4 – Thrive in a changing environment			
Projects	Greater ability to adapt to changes in the natural environment	Efficient and profitable use of land, water, carbon and energy resources which nurtures and sustains the natural environment	Proactive action to reduce global warming and greenhouse gas emissions
P1	✓		✓
P2		✓	✓
P3	✓	✓	
P4	✓		✓
P5		✓	✓

## Product and services lifecycle



## Investment review and prioritisation

The 'Investment Review Panel' is comprised of senior managers at Dairy Australia and is responsible for:

- Reviewing project initiation requests and approving/declining/deferring based on alignment with strategic priorities and the ability to deliver outcomes.
- Assessing investment against projects.
- Reviewing and approving/declining project change requests.
- Identifying and allocating project sponsors and leaders.
- Overseeing review of projects and approving their closure.
- Reviewing Dairy Australia resource and skills requirements.

## Role of Board of Directors

Dairy Australia's Board of Directors continue to play a pivotal role in shaping our strategy and governing our execution framework. Key aspects of the Board's involvement are:

- An active role to shape our strategy by providing their guidance and expertise on the key focus areas for Dairy Australia going forward.
- Review and govern Dairy Australia's key investments during the year – this is of most importance for the large investments which have been recommended by the Investment Review Panel.
- Guiding Dairy Australia's overall budget position each year as part of our Annual Operating Plan process.

## Ongoing engagement

Dairy Australia's new strategy aims to be dynamic and responsive to the needs of the industry by maintaining engagement with levy payers and our stakeholders. Over the period of five years, our goal is to continue evolving this strategy as feedback from levy payers shapes our priorities. These will be reflected in Dairy Australia's Annual Operating Plan and in refreshed versions of our strategy which would be published periodically.

Feedback can be provided via email [strategy@dairyaustralia.com.au](mailto:strategy@dairyaustralia.com.au).



# MONITORING AND EVALUATION

Our key success indicators, first published in 2020, have now been updated to include all baselines and minor changes to metrics/targets. Please refer to [dairyaustralia.com.au/strategy](https://dairyaustralia.com.au/strategy) for further details.

The Dairy Australia evaluation framework was first introduced in January 2018 and was a significant step in developing a robust performance management process.

This approach provided a methodology for performance measurement at the project level which was monitored quarterly and reported externally at the end of each financial year.

As we embark on our new five-year strategy, we are also evolving our monitoring and evaluation framework which will incorporate learnings from previous years to include:

- Alignment with our new portfolio structure to allow better strategic focus.
- Metrics that cascade to be able to monitor from priority down to individual projects.
- Metrics that matter, with a greater focus on outcomes and lesser focus on activities.
- Further transparency, including quarterly publication of our performance summary.

The new monitoring and evaluation framework will be published as a separate document.

## Key indicators of success updated October 2021

Strategic outcome	Success indicator	Unit	Baseline 2020/21	Target 2024/25
<b>1 More resilient farm businesses</b>				
<b>a</b> Business planning that leads to better decisions and sustained success	Dairy farm businesses perform systematic, periodic business reviews at least annually	% of farms	69%	80%
	Dairy farm businesses make key long-term decisions using a documented business plan	% of farms	49%	80%
<b>b</b> Clear and understood drivers of dairy farm profitability and productivity	Farm decision makers can accurately state the profit metrics for their farm	% of farms	15%	60%
	Farm decision makers can accurately state the productivity drivers for their farm	% of farms	81%	90%
<b>c</b> Expanded range of risk management tools for price and cost volatility	Farm businesses are actively using risk mitigation initiatives to manage exposure to price and cost volatility	% of farms	57%	80%
	Farm owners and managers' specific business needs are met through the range of risk mitigation initiatives available	% of farms using or considered using risk mitigation initiatives	23%	80%
<b>d</b> Innovation in finance that increases access to capital for expansion and new entrants	Farm owners and managers have the opportunity to access capital to meet their requirements	% of farms that had no problems accessing finance for capital investment when attempting to do so	78%	80%
	A new mechanism is developed, supported and commercially available that recognises dairy specifically and allows access to capital for expansion and new entry into dairy farming	New from baseline	0	1

Strategic outcome	Success indicator	Unit	Baseline 2020/21	Target 2024/25
<b>2 Attract and develop great people for dairy</b>				
<b>a</b> Greater awareness of Australian dairy as an attractive industry with rewarding careers	Dairy farm employers can describe why dairy is rewarding to work in	% of employers	75%	80%
	Australians would consider working on a dairy farm	% of community	20%	30%
	All dairy farms implement good safety practices	% of farm employees	85%	100%
<b>b</b> Clear and supported skill development and career pathways	Employees have clear, logical and supported development pathways in dairy	% of farmers who are building their career in dairy	54%	70%
	Employers have clear, logical and supported development pathways for themselves	% of employers	52%	70%
	Employers have clear, logical and supported development pathways for their employees	% of employers	65%	70%
<b>c</b> Access to capable and skilled farm employees and service providers	Dairy farm businesses agree they have sufficient access to -skilled service providers to meet their needs	% of farm businesses	69%	85%
	Employers report that the time taken to find a new employee was less than one month	% of employers that employed someone in the past 12 months	69%	80%
	Employers were able find an employee with the right capability for the role in the past 12 months	% of employers that employed someone in the past 12 months	70%	80%
<b>d</b> Support farm businesses and their service providers to get the basics right	Farm businesses have access to the information and tools they need to get the fundamentals right on farm	% of farm businesses	63%	80%
	Service providers have access to the information and tools that they need to get the fundamentals right on farm	% of service providers	65%	80%
<b>3 Strong community support for dairy</b>				
<b>a</b> The Australian dairy industry is trusted and accepted by the community	The community trusts the dairy industry	% of community	75%	79%
	Farmers that actively promote the industry	% of farmers	31%	60%
	Consumers prefer to buy Australian made or locally produced dairy products wherever possible	% of consumers	81%	85%
	Consumers agree that dairy farmers do a good job caring for the environment	% of consumers	64%	75%
	The Sustainability Framework is recognised, supported and trusted as providing evidence of industry's commitment to sustainable dairy practices	% of community representatives on the consultative forum	70%	80%
<b>b</b> Australian dairy is valued for superior health and nutrition benefits	The community trusts dairy as a wholesome and healthy food	% of community	83%	87%
	Consumers hear positive health messages about dairy foods from health professionals	% of consumers	86%	86%
	Consumers make an effort to consume dairy every day	% of consumers	49%	55%
<b>c</b> The Australian dairy industry is committed to animal wellbeing	The community believes the dairy industry meets their expectations in doing the right thing	% of consumers	73%	77%
	The community agrees that dairy farmers do a good job caring for their animals	% of community	74%	80%



Strategic outcome	Success indicator	Unit	Baseline 2020/21	Target 2024/25
<b>4 Thrive in a changing environment</b>				
<b>a</b> Greater ability to adapt to changes in the natural environment	Farmers have access to enough information to understand the impacts of changes in the environment	% of farmers	74%	90%
	Farmers have the right information and skills to thrive in increasingly volatile climatic conditions	% of farmers	84%	95%
<b>b</b> Efficient and profitable use of land, water, carbon and energy resources which nurtures and sustains the natural environment	Dairy farm businesses have adopted technologies and management practices to achieve land, water, carbon and energy efficiency	% of farmers	66%	70%
<b>c</b> Proactive action to reduce global warming and greenhouse gas emissions	Dairy farm businesses generating renewable energy	% of farmers	61%	85%
	Dairy farm businesses have access to and have adopted commercial solutions for reducing on farm emissions	% of farmers	17%	40%
	Dairy farm businesses understand their carbon footprint	% of farms	18%	60%
<b>5 Success in domestic and overseas markets</b>				
<b>a</b> Australian dairy is valued around the world for its premium products	Australian dairy products are nominated as preferred status by customers in the key markets of Japan, Greater China and Southeast Asia	% of surveyed customers: • Japan • Greater China • Southeast Asia	50% 40% 62%	70% 60% 60%
	Australian dairy makes tangible market access gains in all completed trade negotiations involving Australia	New from baseline	100%	100%
<b>b</b> A favourable policy and regulatory environment	Industry and government stakeholders that use policy related services value the work of Dairy Australia to inform policy discussions	% of stakeholders	100%	100%
	Stakeholders that use market access related services value the work of Dairy Australia to help ensure access to markets	% of stakeholders	81%	90%
<b>c</b> Access to trusted market insights that inform decision-making	Dairy Australia is considered by industry stakeholders as the most trusted and credible source of information to inform decisions related to dairy markets	% of stakeholders	81%	85%
	Dairy Australia's market information is widely utilised by industry and government stakeholders	% of stakeholders utilising Dairy Australia market analysis or data	86%	90%
	Dairy Australia is considered as the most trusted and credible source of dairy market information by the media	Number of annual dairy market related media articles referencing Dairy Australia analysis or data	153	200
	Dairy Australia maintains and grows its access to industry milk production data to inform market analysis	% of milk production	92%	95%
	Dairy Australia maintains and grows its access to industry domestic sales data to inform market analysis	% of domestic market sales (liquid milk, cheese, butter and yoghurt)	81%	90%
	Dairy Australia maintains and grows its access to industry manufacturing production data to inform market analysis	% of manufacturing production data	82%	90%

Strategic outcome	Success indicator	Unit	Baseline 2020/21	Target 2024/25
<b>6 Technology and data-enabled dairy farms</b>				
<b>a</b> Accelerated genetic progress in feedbase and animal breeding	The rate of genetic gain in pasture species	% Genetic gain	<1%	>2%
	Usage of Forage Value Index to select grass pasture	% of farmers using the Forage Value Index	9%	25%
	The rate of genetic gain for sires of cows in BPI units	Annual increase of BPI	\$24/year	\$30/year
	The rate of genetic gain of cows in BPI units as a result of heifer genomic testing	Annual increase of BPI	\$18/year	\$25/year
<b>b</b> More flexible and agile dairy production systems	Development of new feedbase options that increase flexibility and agility	New from baseline	0	20
	Development of new non-feedbase system options that increase flexibility and agility	New from baseline	0	10
	Dairy farm businesses have access to the information and tools that they need to run their chosen farm system	% of farms	65%	75%
<b>c</b> Greater use of high-value technology on farm	Farm businesses have successfully adopted technology that provides new insights for farm operations	% of farm businesses	48%	80%
<b>d</b> Connected dairy production systems utilising multiple data sources to enhance decision-making	New methods of collecting or analysing multiple sources of physical data on farm	New from baseline	0	5
	Dairy farm businesses are routinely collecting three or more sources of physical performance data for decision-making (e.g. Herd testing, pasture measurement, lameness scoring)	% of farms	65%	80%
	Routine management decisions of dairy farm businesses (e.g. sire selection, irrigation scheduling, culling) are informed by multiple data sources	% of farms	92%	95%

Strategic outcome	Success indicator	Unit	Baseline 2020/21	Target 2024/25
<b>7 Innovative and responsive organisation</b>				
<b>a</b> We have a farmer-focused service delivery model	Farmer-focussed service delivery model embedded across all our projects, services, infrastructure, comms and processes.	% embedded in projects, services, infrastructure, comms and processes	10%	100%
	Farm businesses feel Dairy Australia has an effective relationship management model	% of farmers	53%	80%
<b>b</b> Our culture of learning and innovation, values and ways of working deliver success	Employee engagement score increases	Employee survey score	66%	80%
	Dairy Australia values are known by employees	% of employees	93%	100%
	Dairy Australia values are well understood by employees	% of employees	91%	100%
	Dairy Australia employees demonstrate commitment to our values	% of employees	70%	90%
	Farm businesses value Dairy Australia for our ability to be innovative	% of farmers	54%	80%
<b>c</b> Our infrastructure, resources and processes allow us to be informed, agile and responsive	Dairy Australia's employees have the right tools and infrastructure to deliver the best service to levy payers	% of employees	88%	90%
	Dairy Australia processes allow for agility and responsiveness	% of employees	66%	75%
	Dairy Australia is responsive to major industry events impacting the industry	% of farmers	57%	80%
	Dairy Australia is decisive and effective in its actions	% of employees	46%	80%
<b>d</b> We have effective and transparent management of resources	Levy payers are satisfied that they are well-informed about how Dairy Australia invests levy	% of farmers	47%	80%
	Levy payers are satisfied that Dairy Australia is investing levies appropriately	Average levy payer response	5.6/10	8/10
	Dairy Australia's investments deliver value to levy payers	% of farmers	55%	80%

# STRATEGY DEVELOPMENT

Dairy Australia's strategy follows the development of an industry wide five-year plan under the Australian Dairy Plan. The dairy plan involved an extensive regional and national consultation process that included a detailed situation analysis and resulted in key industry commitments. These industry commitments have formed the basis of establishing our strategic priorities that are aligned with the desired outcomes under the Australian

Dairy Plan. They also align with the clear themes emerging from the regional and national consultation that informed the plan.

The next step in developing our strategy was consulting with key stakeholders, capturing their feedback and iterating on the vision and outcomes we are looking to achieve over five years.

## Dairy Australia's strategy development process



## Engaging with stakeholders

One of the fundamental building blocks of Dairy Australia's strategy was the feedback from the extensive consultation done under the Australian Dairy Plan. This consisted of one of the largest listening exercises in our industry's history, holding productive conversations across the country. Over 1,500 people along the entire dairy supply chain, including dairy farmers, processors, retailers, investors and service providers, told us

what needs to change to build a stronger industry. Across Australia, 22 regional workshops were held with farmers and a small number of local processors and service providers.

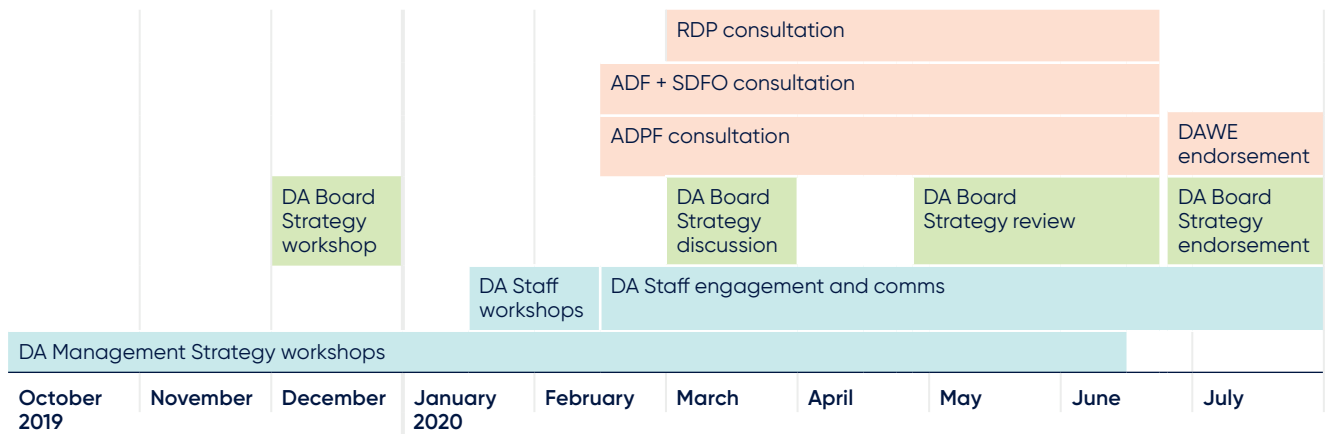
Dairy Australia's five-year strategy was subsequently developed through a consultation process with the following stakeholders.

Stakeholder	Objective	Approach for consultation
<b>Group B members</b> Australian Dairy Farmers (ADF) including State Dairy Farming Organisations (SDFOs) Australian Dairy Products Federation (ADPF)	Provide inputs into the development of the strategic plan with respect to five-year strategic outcomes that are aligned with industry expectations. We will seek feedback on our proposed strategy and respond to it	Two-step consultation process with Group B members – ADF and ADPF. Strategy workshops on our high-level strategic framework meant there was early engagement as well as inputs into our strategic direction. This was followed by discussions on the detailed strategy document which gave our Group B members the opportunity to guide the direction that Dairy Australia will take in the future
Dairy Australia Board	Seek feedback and inputs into the strategic direction of Dairy Australia. Review of our strategic plan and final endorsement	Two board strategy workshops combined with several discussions and checkpoints on strategy meant that there was substantial direction and guidance for developing our strategy
Regional Development Programs (RDPs)	Provide inputs into the development of the strategic plan with respect to five-year strategic outcomes that are aligned with regional expectations. Seek feedback on our proposed strategy and respond to it	Engaging with our regional offices across Australia is critical in ensuring that regional conditions and priorities are taken into consideration while setting our five-year strategy. Regional boards comprising of dairy farmers also act as a testing ground to understand whether our strategy is heading in the right direction. Feedback from the regional boards has been taken on-board and incorporated into our strategic framework
Department of Agriculture, Water and the Environment (DAWE)	Feedback with respect to strategic priorities and alignment with Government expectations	Our discussions with the Department of Agriculture, Water and the Environment ensure that we are aligned with agricultural priorities of commonwealth. This engagement with government also ensures that cross-commodity observations are considered while developing our strategy
Dairy Australia staff	Seek feedback and contribution to strategy based on areas of expertise	Strategy engagement workshops conducted with Dairy Australia employees across Melbourne and regional offices. Achieving 75% participation rate and widespread discussion of our strategy generated grassroots contribution into shaping our future strategy

## Approach to consultation

The purpose of our consultation plan is to outline the approach taken in consulting and collaborating with industry key stakeholders in order to develop this next strategic plan.

## Consultation plan





**Disclaimer**

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e-ISBN 978-1-925347-91-3 | ISBN 978-1-925347-90-6



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