

1 June 2021

Levy Poll Advisory Committee makes progress

Dear Dairy Farmer,

A review of the dairy industry services levy is currently underway with the formation of a Levy Poll Advisory Committee (LPAC).

The LPAC manages the levy review process and comprises of nine dairy farmers along with five representatives (three of whom are dairy farmers) from industry bodies (as required by legislation).

What has become apparent to LPAC is that knowledge of the use of your dairy services levy (via Dairy Australia) is not well understood by dairy farmers.

Dairy Australia's role is to provide services that benefit and advance dairy farm businesses and the industry. These services align directly to the *Australian Dairy Plan 2020-2025* – which defined what was needed to take the industry forward.

The industry services levy contributes to research and innovation, delivery of initiatives that support farm business management, tools to adapt to the environment and address climate, attracting people to the industry and building skills, driving community trust and support for dairy through marketing, policy research, market insights, and trade relations.

Approximately \$55-60M is invested each year to deliver these services, which includes 50% from levy funds, 35% Government and 14% external contributions/grants, other 1%.

To maintain the services below, the industry has had to regularly dip into levy reserves, which are declining. Given current milk production levels, LPAC needs to assess the viability of this strategy if this level of innovation and services is to be maintained over the next five years.

Dairy Australia Priorities	On farm examples of industry services	Approx \$*
1. More resilient farm businesses	Increase farmer skills in business planning, risk management and finances – <i>i.e. Our Farm Our Plan, DairyBase.</i>	\$7-8m (13%)
2. Attract and develop great people for dairy	Support farm businesses to attract, develop and retain good people – <i>i.e. ESKI, People in Dairy website, DairyLearn, Dairy Passport</i>	\$6-7m (11%)
3. Strong community support for dairy	Promote dairy to consumers and the broader community – <i>i.e. Dairy Matters campaign, schools program, health and nutrition policy support, sustainability.</i>	\$8-9m (14%)
4. Thrive in a changing environment	Provide resources to help manage climate and environmental challenges on-farm – <i>i.e. Smarter Irrigation for Profit, C4 Milk, DairyHigh2.</i>	\$4-5m (7%)

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5. Success in domestic and overseas markets	Build relationships and promote Australian dairy in overseas markets – <i>i.e trade programs, Situation and Outlook.</i>	\$7-8m (12%)
6. Technology and data-enabled dairy farms	Research in genetics of pasture and cattle – <i>i.e. DairyBio, DataGene, Dairy Feedbase, Forage Value Index</i>	\$18-19m(31%)
7. Innovative and responsive organisation (Dairy Australia)	Driving an innovative organisation with talented people, focused on delivering value for farmers.	\$7-8m (12%)
Total		\$57-62m

*The above \$ allocation is broadly representative of the 2020-21 year and includes delivery of services in the regions via the Regional Development Programs *Murray Dairy, GippsDairy, WestVic Dairy, Western Dairy, DairyTas, DairySA, SubTropical Dairy and Dairy NSW* (i.e., funded by the levy, through Dairy Australia).

The task: LPAC to decide if the levy needs to increase, decrease, or stay the same? If LPAC deems a change is required, then it will recommend a poll be held of all dairy farmers.

Review timing: LPAC is expected to make a decision regarding the levy in June 2021. In the event a change to the levy is recommended and a levy poll is required, this process would extend into 2022.

Next steps: LPAC is progressing its review of the dairy service levy, which occurs every five years. To inform this review, LPAC will receive submissions from Australian Dairy Farmers and Dairy Australia and is also seeking views from dairy farmers.

Your views: We are seeking your feedback on the industry services levy review. To provide input visit www.dairylevyreview.com.au

LPAC will keep dairy farmers informed of its progress through regional newsletters, formal email updates such as this email, and via the website above.

Yours sincerely,



Ron Storey
 Chair, Levy Poll Advisory Committee