

2018-19

PERFORMANCE REPORT



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INTRODUCTION

This Performance Report is a new approach to provide detailed information on Dairy Australia's range of initiatives and investments on behalf of levy payers. It is an accompanying document to our Annual Report 2018–19.

We believe this increased transparency helps to highlight the value Dairy Australia provides to our industry through the dairy levy and government matched funding for eligible research and development.

The report is presented for the interest of our farmer levy payers and range of industry and government stakeholders, notably those who partner with Dairy Australia in major project investments to support the productivity, profitability and sustainability of dairy farming in Australia.

In 2018–19 (FY19), Dairy Australia invested \$58 million across 13 key program areas defined in our Strategic Plan (for the period FY17 to FY20) and FY19 Annual Operating Plan. This report provides an overview of our performance across these programs and is based on our Evaluation Framework introduced in 2018. It is not an exhaustive list of all our key metrics, but a compilation of some of the significant milestones and achievements in FY19.

Key group-level performance metrics are also outlined across different aspects of the organisation including financial, people, stakeholder satisfaction, technology and infrastructure, and risk management.

More information about Dairy Australia's achievements, people and corporate governance is contained in our Annual Report 2018–19 which can be downloaded from our website dairyaustralia.com.au



J.R. Odgers.

Jeff Odgers Chair



D. Nation

David Nation Managing Director

STRATEGIC PRIORITIES

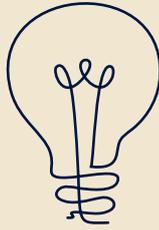
To achieve our core business objectives, Dairy Australia annually develops and reviews a set of strategic priorities, which guides our investment activities. A complete list of our FY19 projects can be found in our Annual Report 2018-19.

Strategic Priority – focus/scope	Strategic Programs
 <p>1 Profitable dairy farms</p> <p>Pre-farmgate activities that contribute directly towards improving farm profitability by balancing cost of production, risk and total return on investment. The majority of this activity is productivity improvement-oriented R&D, best practice identification and subsequent program development.</p> <p>Post-farmgate activities are focused on improving farmgate sustainability and opportunities through supply chain cost reductions or improved conditions in key international markets.</p>	<ul style="list-style-type: none"> • Animal Health, Welfare and Fertility • Genetics and Herd Improvement • Farm Business Management • Feedbase and Animal Nutrition • AgTech and Innovation • Land, Water and Carbon • International Market Support • Manufacturing Margin Improvement
 <p>2 Capable people</p> <p>Programs that enhance the capability of industry participants, including extension services (which assist the adoption of R&D through activities that educate and inform or develop capacity to adopt change). This includes education and training activities, attracting people to the sector and assistance with career transitions.</p>	<ul style="list-style-type: none"> • Regional Operations and Extension • People and Capability
 <p>3 Trusted dairy industry</p> <p>Activities that have a strong focus on maintaining the industry's long-term 'social licence to operate' including:</p> <ul style="list-style-type: none"> • marketing and communications to build consumer trust and confidence in dairy products and the industry • informing industry and government policy development with industry insights and research • collecting, analysing and distributing sector statistics and information for the benefit of industry stakeholders • maintaining the sector's Sustainability Framework which sets and measures goals around sustainability credentials. 	<ul style="list-style-type: none"> • Industry and Community Marketing • Industry Risk and Reputation Management • Knowledge and Insights



FY19 KEY ACHIEVEMENTS

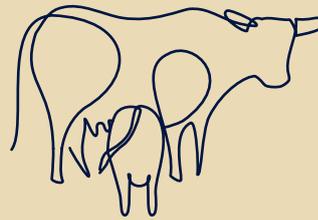
Engaged and inspired **2,500 people** through the **Young Dairy Network**.



Achieved **yield increases of 20%** through **DairyBio** Hybrid Perennial Ryegrass trials.

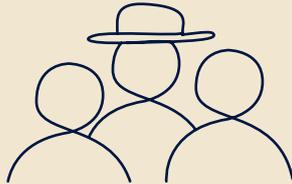


Delivered year one of **DairyFeedbase** investment, achieving rapid development in measuring **pasture quality and quantity**.

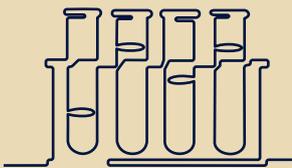


Achieved **99% compliance** to an industry target for completely **phasing out calving induction** by 2022.

Registered additional dairy farmers and advisors on the farm business performance tool **DairyBase**, taking the total number of users to **2,470 farms**.



Continued to play lead role in the dairy industry's **Sustainability Framework**, setting goals and targets for sustainable dairy production by 2030, alignment with the **United Nations Sustainable Development Goals** and published a report of the industry's progress.



Continued collaborative investments with other **Research and Development Corporations** and **research partners** to address shared **challenges** and leverage research findings.



Contributed to the development of **other industries sustainability frameworks**, both nationally and internationally.

Responded to immediate industry challenges during a tough year through the implementation of the Feed Shortage campaign, a multifaceted response to support farmers. Delivered 546 one-on-one consultations with farmers through the Taking Stock program.



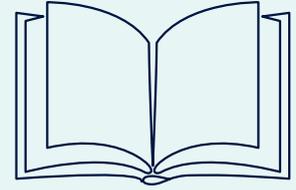


FY19 KEY ACHIEVEMENTS

Published **Dairy Farm Monitor** results for **230 farms across all 8 regions**, providing strong analysis and insights into farm performance across different regions and herd sizes.



Delivered the **DairyPath** program enabling young people to tailor their learning pathway and maximise their potential in the dairy industry.

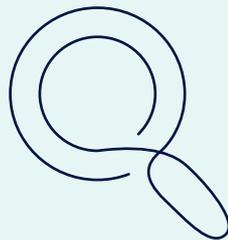


Delivered significant project with **DataGene** implementing a **new and improved computing infrastructure** for genetic evaluation.

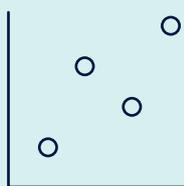


Invested **\$5 million** into **Regional Development Programs** to provide local, relevant and accessible services to dairy farming communities.

Identified and responded to **four emerging material sustainability risks** – sustainable dietary nutrition, antimicrobial stewardship, food waste and human rights.



Delivered **Cows Create Careers** to **259 schools**, reaching over **14,000**, and involving **535 volunteer farmers and industry advocates**.



Delivered flagship market analysis report **Situation and Outlook**, reaching over **8,000 direct recipients**, **1,000 website views** and **13,400 social media users**.

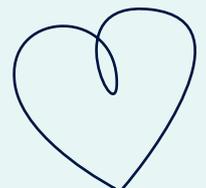


Enhanced **promotion of dairy** across **key Asian markets** through a joint commodity market development program with Meat & Livestock Australia, Horticulture Innovation Australia, Wine Australia and Austrade.

Played a critical role in supporting the development of the **Australian Dairy Plan**, recognising the need for the industry to deeply engage and set out **priorities for the next five years**.

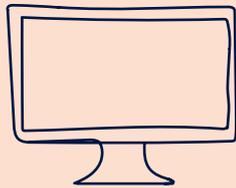


Launched a new consumer marketing program **Dairy Matters**, to build trust in dairy through transparent information on product and practices. **78%** of the socially conscious target audience **'feel more supportive of the dairy industry'** as a result of the campaign.

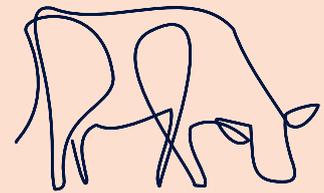


FY19 KEY ACHIEVEMENTS

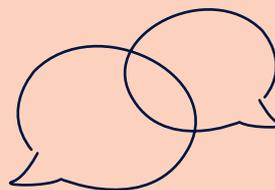
Redeveloped the **Discover Dairy online resource hub** to increase **accessibility, usability and drive** increased dairy education in primary school classrooms. **Over 159,000 page views** and **14,000 resource downloads** in first six months.



Delivered the redeveloped **Picasso Cows** schools education program to **130 primary schools**, reducing costs by **78%**.



Secured funding from the Federal Government under the **Smart Farming partnership** to build a **Natural Capital and Climate Risk reporting tool** for dairy.

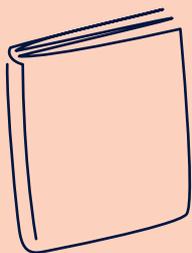
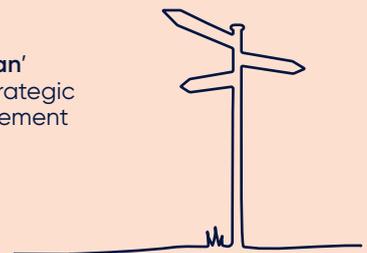


Delivered over **1,000 farmer facing events**, reaching **6,100 people** – to increase knowledge, develop skills and connect with dairy communities.

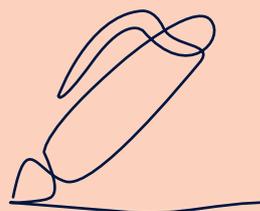
Enhanced relationships in **key markets of Japan, China and South East Asia**. 55 participants in scholarship programs and 860 attendees at in-market seminars.



Piloted '**Our Farm, Our Plan**' program that provides strategic planning and risk management support for farmers.



Established the **DairyLearn** partnerships network to deliver vocational training through registered training organisations.



Established a **Learning and Development team** to deliver training needs and technical information for people on-farm, in-factory and to support services, helping drive on-farm adoption.

Played a critical role in all **major policy discussions informing the decision-making process on key areas** including Free Trade Agreements, Geographical Indicators, climate change, water, animal welfare and gene technology.

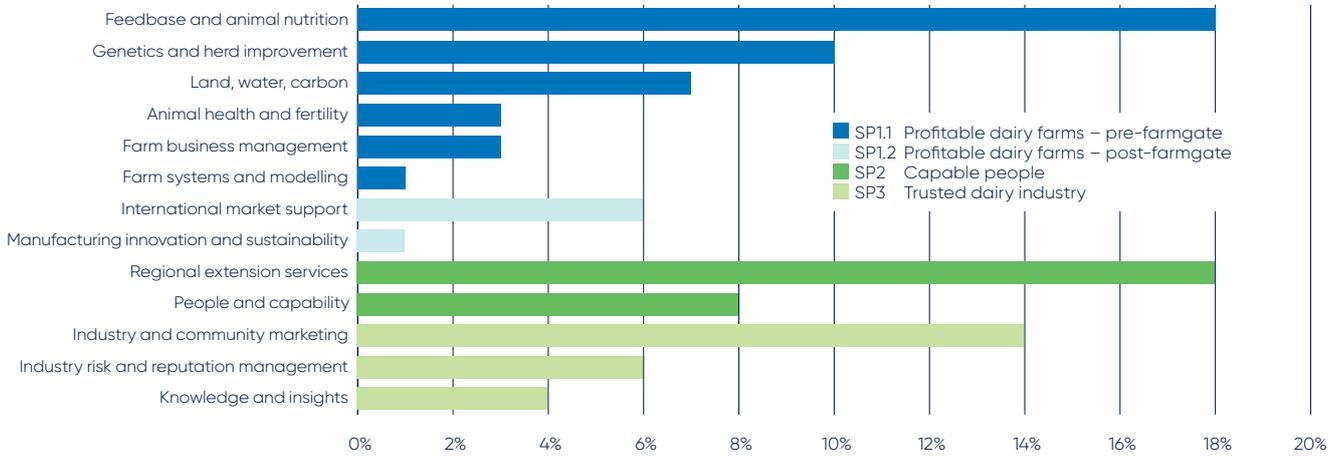






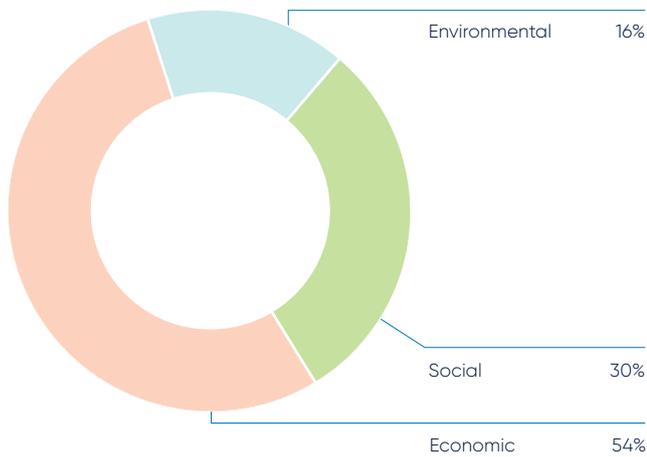
PROGRAM INVESTMENT

How funding is allocated across Dairy Australia's strategic programs

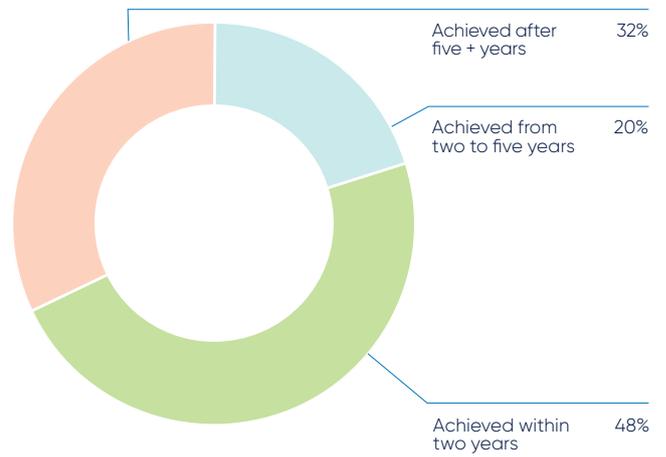


INVESTMENT FOCUS

Triple bottom line allocation



Time horizon to achieve project benefits





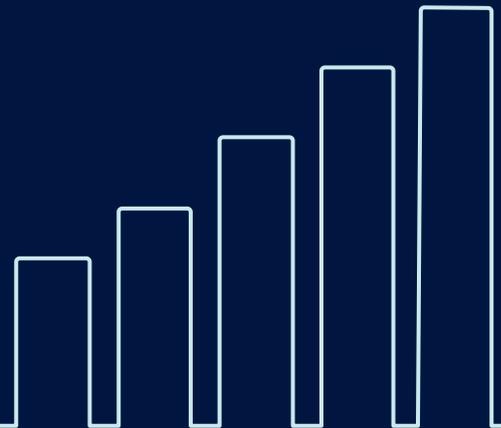
STRATEGIC PRIORITY 1

PERFORMANCE SNAPSHOT

Profitable dairy farms

Strategic Priority 1 comprises two streams

- 1 Pre-farmgate activities that contribute directly towards improving farm profitability by balancing cost of production, risk and total return on investment. The majority of this activity is productivity improvement-oriented R&D, 'best practice' identification and subsequent program development.
- 2 Post-farmgate activities that are focused on improving farmgate sustainability and opportunities through supply chain cost reductions or improved conditions in key international markets.



STRATEGIC PROGRAM 1.1

Feedbase and Animal Nutrition (including AgTech and Innovation)

Objective

Improve farm profitability and resilience via optimised feeding systems and more efficient feedbase management. Support integration and effective use of new technologies on-farm.

FY19 Investment	Projects
\$7.6m	Supporting Practice Change (P252)
	Forage Improvement (P255)
	Dairy Bioscience – Forages (P217)
	Animal Nutrition and Feed Systems (P254)
	DairyFeedbase (P264)
	AgTech and Innovation (P110)

Program outputs and highlights

- DairyFeedbase
 - Year 1 of DairyFeedbase delivered progress on all project areas including measurement of individual cow intake, improved early lactation nutrition and remote pasture management.
 - Produced Forage Value Index (FVI) results for farmers and service providers, including pasture cultivar insights, to enable the selection of the best cultivar to optimise pasture productivity.
 - Engaged with commercial partner farms across dairying regions in Australia to investigate the impact of implementing ‘cool diets’ at the herd level.
 - Disseminated early insights on minimising the impacts of heat stress in cows.
 - Disseminated major outcomes of nutrition work to improve the use of partial mixed rations, formulated grain mixes, and key supplements such as canola and maize.
- AgTech and Innovation
 - Commenced Automatic Milking System KPI project with 11 farms to allow comparison between Automatic Milking System and conventional farms. Data used in the AMS Economic Model.
 - Interest expressed in holding Automatic Milking System specific discussion groups in Victoria, Tasmania and New South Wales.
 - Established Virtual Herding program with a large group of co-investors and a wide-ranging focus including how to train animals. Met with Coles and Woolworths along with Agersens to explain virtual herding technology and possible implementation to the Australian livestock industries.
- DairyBio
 - Conducted further testing in field trials of hybrid breeding in perennial ryegrass (F1 hybrids are first cross varieties superior to parents), showing material plant yield increases.
 - Breakthroughs have been achieved in high throughput phenomics for pasture plants, endophytes and animals facilitating a new wave of innovation.
 - There have been a number of parental pools of short-term hybrid ryegrasses developed for crossing – this will expedite the potential of these to grasses to come into the market.
- Upgraded and rebranded the Cow Body Condition Scoring app (BCS) to work with current versions of mobile phone software.
- Delivered 11 Pastures for Profit programs in six regions to more than 60 farmers.
- Successfully applied for two grants to support Chemical Minor Use permits in pasture crops and demonstrated agronomic outcomes of growing those crops.
- Delivered the second year of the Western Australian Seed Trials which informs farmers of seed variety productivity in Western Australian conditions.
- Ran two field days on the C4 Milk Project at the Gatton research farm providing sub-tropical dairy farmers with the latest research on alternate forage crops for silage production in the region.
- Developed nutrition fundamentals program for farmers and broader industry to build animal nutrition capability. The program will be rolled out across 20 locations in the next year.

Program outcomes

- Through DairyFeedbase, implemented the PastureSmarts automation of pasture measurement technology and innovation as a pilot trial on six commercial farms in Victoria and South Australia. The intention is to have a fully developed commercial prototype by December 2019.
- Through DairyBio, implemented genomic selection into a commercial breeding program for three successive years of breeding.
- Through DairyBio introduced new capability for genome editing ryegrass leading to the creation of the first genome edited plants with improved quality traits now transferred to soil.
- There were significant advancements in Seed Phenomics within DairyBio this financial year. This relates to novel identification methods around endophytes which creates greater efficiencies in the breeding programs.
- The F1 Hybrid continues to display greater productivity when moved out of the glass house and into plot trials in Australia and New Zealand. The effects of Hybrid vigour have remained consistent at this larger scale and give confidence heading into paddock scale trials of these grasses.
- Completed one module of topic-based training as a part of the Automatic Milking System program. Additional three modules to be completed this calendar year.





Better nutrition means better business

Chrisanya Findlay was hoping for herd improvement after completing the Advanced Nutrition in Action course, but what she got surpassed her expectations.

When the Corryong farmer recently brought her first post-course Heifers back from out-blocks for lead feeding, the results were stunning.

“They are a sight to behold – good condition, very consistent and well grown out. It’s very exciting and we are all very proud of what we have been able to do through the feeding program.”

Chrisanya, who farms with husband Brett near the upper reaches of the Murray River, has a passion for nutrition that has seen her complete post graduate studies in advanced dairy production specialising in animal nutrition.

But having been on farm for the past decade, she thought it was time to see what the latest techniques in optimal feeding practices were.

“It was an opportunity to upgrade, see what research is out there and what tweaks we can add to our system so we can keep improving,” Chrisanya said.

“We already love and use the Feeding Pastures for Profit principles - we use it every day. We have the pegs and tools at the dairy. Everyone knows how the system works and we know that’s what drives our profit. That’s what we are here for at the end of the day, we are here to make money, we are not doing all this hard work for nothing.”

The desire to turn solid pasture performance into more productive cows led the couple to question their heifer raising methods.

“We had a report done that showed heifers were coming into the herd but dropping out after not getting in calf. It was costing us a lot of money,” Chrisanya said.

“I wanted to buy some scales during the course, but Brett wasn’t so sure about spending \$6000 on them. But we bought them and have now weighed our heifers four times. We have our eye in for weights and how they are tracking.

Designed by Dairy Australia and delivered by a range of experts, Advanced Nutrition in Action is relevant for farmers and advisors who have a solid grasp of dairy nutrition and feeding management and are looking to take their capabilities to a higher level.

The program includes a combination of online learning, pre-workshop tasks and face-to-face workshops over a period of 15 weeks.

Advanced Nutrition in Action will help farmers and advisors to:

- Implement nutrition-related management strategies to improve profit on-farm
- Apply the most up-to-date herd nutrition knowledge tools and approaches
- Gain an enhanced understanding of how herd nutrition integrates with other components of the farm system (feedbase, herd productivity, health and welfare, farm business management and people).

For more information go to dairyaustralia.com.au or contact your local Regional Development Program.



STRATEGIC PROGRAM 1.2

Genetics and Herd Improvement

Objective

Provide farmers with the ability to utilise genetic gain to improve the productivity and profitability of their herd.

FY19 Investment	Projects
\$4m	Dairy Bioscience – Animal Improvement (P108)
	Herd Improvement (P109)

Program outputs and highlights

- DataGene
 - DataGene expanded Australia’s national reference herd for genetic information, Ginfo, to 150 herds enabling Ginfo to be more representative of the Australian dairy herd.
 - DataGene hosted Herd 19 with over 200 attendees and 70% of attendees rating the conference 8/10 or greater.
 - The compilation of the Dairy Industry Herd Improvement Strategy for the next 5 years was co-ordinated by DataGene. This was used as the basis for the DataGene five year strategy.
- DairyBio – Animal Improvement
 - Delivery of new traits such as calving ease, calving interval, and improvements to existing breeding values such as fertility.
 - New methods under development for genomic selection of cattle on an across-breed basis.
 - Commercial data that clearly demonstrates the value of genetic improvement and herd testing directly to farmers.
 - The 1,000 Bull Genomes project led internationally now contains whole genome sequences of over 4,000 animals improving accuracy of genomic prediction.

Program outcomes

- Work over the last 12 months in MIR testing of milk samples has led to a repeatable link to cow fertility to be identified through a herd test. Work in FY20 will seek to explore this further and refine its use.
- Increase in the rate of genetic gain of sires of cows measured by the Balanced Performance Index (BPI). The BPI is an economic index blending production, type and health traits for maximum profit.



Breeding made easier thanks to bull selection app

Objective

The Hill family from South Riana in Tasmania, inherited a crossbred herd when they bought the farm five years ago. For the business which includes Brodie, his brother James, their parents Craig and Heather and worker Kwai, size does matter when it comes to limiting cow competition within the herd.

They use Holstein, Jersey and Swedish Red genetics selectively in a bid to build a uniform herd, targeting about 500kg liveweight, and make breeding decisions based on individual cows. However developing a herd of equal stature has meant some careful breeding decisions.

Action

"We are essentially a three-way-cross but with each breed we are chasing certain characteristics," said Brodie Hill. He uses DataGene's Good Bulls App to search for bulls with the traits he is looking for in each breed.

"For example, strength for Jerseys, stature and milk components. With Holsteins we quite frequently go for fertility, udders, feet and calving ease. With the Swedish Reds, at the moment, we are only using a bull called V.Foske and are into the fourth year of using him."

The Hills discovered V.Foske through the DataGene Good Bulls Guide. They initially selected him for production but found the sire put more strength and vigour into the cows.

The Good Bulls App, which they have used since its introduction a few years ago, enables the Hills to make all their own breeding decisions. They set filters within the app based on certain traits and the app provides a list of bulls which fit their criteria.

Impact

Brodie said the app allows them to compare sires against each other on the same measure.

"Because we do it all ourselves, the main benefit of the actual app is that it pretty much puts all the bulls on the one platform," he said. "If you go on the app, you get an unbiased opinion of what you want, especially with stature and components. When it is one platform you can see how they compare and with the app, the online information means it is one level playing field. We make our own selection based on our herd and what we want."

Impartial information helps making more informed decisions, a lot easier for the Hill family.

"If we have the catalogues in front of us, they might say (a sire) has big stature but that doesn't matter because it might not be comparable (if there is no Australian information)," Brodie said. "For example, is it a big stature in New Zealand or Australia?"

"The app gives us more confidence knowing we are making the right selection. For example, when a bull company representative comes around, you can say 'I've noticed a bull compares like this'; it improves the conversation."

STRATEGIC PROGRAM 1.3

Land, Water and Carbon

Objective

Build industry capability to manage land, water and energy resources to minimise environmental impact while enhancing profit and improve industry capacity to mitigate climate risk.

FY19 Investment	Projects
\$1.2m	On Farm Nutrient Management (P128)
	Climate Change Adaptation (P130)
	Improving Water Use Efficiency (P132)

Program outputs and highlights

- Completed the economic and biophysical modelling of the profitability of a Murray Dairy farm under 2040 climate scenarios.
- Doubled social media targets (23,566 social media impressions achieved across Facebook and Twitter) for the launch of a new suite of Dairy Australia resources targeted at reducing energy costs on farm.
- Successfully completed five studies under 'More profit for Nitrogen' modelling the rate, source, timing, placement and nitrogen formulations across a range of sites in south-eastern Australia.
- Supported farm advisors seeking to become qualified effluent system designers through a Design Livestock Effluent Systems workshop.
- Completed 90 individual farm nutrient management plans through Fert\$mart program.

Program outcomes

- Successfully secured funding from the Federal Government to build a Natural Capital and Climate Risk reporting tool for dairy. The tool will underpin the high-level Australian Dairy Sustainability Framework targets and enable Australian dairy farmers to provide evidence they are protecting their natural capital and addressing climate risk. Project partners include milk processors, investors, data managers, NRM agencies and farmers. The project runs until June 2021.
- Successfully contributed to a project that received \$22 million in Federal Government funding for the Smarter Irrigation for Profit 2 program. Outcomes from the Smarter Irrigation for Profit 1 have been incorporated into a new product, 'Irrigation guidelines' for dairy farmers.
- Successfully developed and piloted on-farm irrigation efficiency assessments to assist dairy farmers make decisions on irrigation infrastructure.
- Developed an approach to assess the pasture yield gap in future Smarter Irrigation for Profit program.



Smarter energy use reduces costs on farm



Objective

The rising cost of electricity and concerns over energy security is placing pressure on dairy farmers and the industry. With hot water, milk cooling and milk harvesting accounting for a combined 80 per cent of on farm energy use, farmers are looking for opportunities to better control their energy costs, prepare for potential impacts on power supply and reduce greenhouse gas emissions from energy use.

Actions

To assist farmers make smarter use of energy to reduce power bills amid rising farm costs, we developed a range of energy information resources. The Smarter Energy on Dairy Farms booklet is a straightforward guide to completing an energy audit and reducing dairy farm electricity bills. The guide links to a range of grants ranging from government funding to conduct energy audits to Clean Energy Finance programs from NAB, Westpac and Commonwealth Bank.

Impact

For South Australian dairy farmer Michael Connor, conducting an energy audit on his Mt Compass farm, Nangkita Hills Dairy, provided clear and simple

opportunities for savings. Facing year-on-year increases to power bills on his 550-cow farm, Michael and his team decided an energy audit was an important step forward.

“Costs are continuing to go up and the entire dairy industry is being affected,” said Michael. “Through an energy audit, we were able to maximise efficiency and really understand what we can do to minimise energy costs.”

At the conclusion of the audit, an extensive report was provided which outlined ongoing energy costs and areas where simple changes could be made to produce significant savings, such as adjusting milking and irrigation routines to align with South Australia’s multi-layered on and off-peak energy supply times.

STRATEGIC PROGRAM 1.4

Animal Health and Fertility

Objective

Enhance animal reproductive performance, improve profitability through enhanced milk quality and promote best practices in on-farm animal husbandry.

FY19 Investment	Projects
\$0.9m	Managing Milk Quality (P106)
	Improving Reproductive Performance (P107)
	Animal Health & Welfare – On-farm (P213)

Program outputs and highlights

- Delivered 85 farmer courses and workshops across Australia to 1,087 farmers including:
 - 34 workshops training farmers to improve profitability through enhanced milk quality
 - 12 courses focused on enhancing reproductive performance
 - 32 workshops specifically promoting best practices in on-farm animal husbandry, including calf rearing and humane euthanasia.
- Developed the 'How to' InCalf farmer case studies, comprising videos focusing on the implementation of best practice reproductive management by individual herd managers.
- Delivered two rounds of advanced adviser training, contributing to a network of 64 Repro Right advisers and 132 Countdown advisers strategically positioned to offer individual consultation advice to farmers with complex fertility and mastitis issues.

Program outcomes

- The industry reported an annual bulk milk cell count of less than 250,000 on 81 per cent of farms maintaining the quality required for processing.
- Both policy and extension effort focused on calving induction. The industry reported a 98.9 per cent compliance towards the industry target to completely phase out calving induction on Australian dairy farms by 2022. This policy and extension work continues to support farmers by providing comprehensive information on best practice calving and fertility practice.



Dairy farmers boosting bottom lines through better fertility practices



Objective

As the Australian dairy industry works toward achieving its targets for the complete phase out of calving induction, dairy farmers are already ahead of schedule when it comes to reducing their reliance on induction.

While the industry first committed to phasing out calving induction in 2015, new targets have now been set to reduce calving induction to 8 per cent in 2019, 6 per cent in 2020 and 5 per cent in 2021, before completely phasing out the practice by 2022.

The new targets were set by the industry as farmers demonstrated their commitment and tangible progress in reducing the practice on-farm.

Actions

Tasmanian dairy farmer Stuart Burr has gone seven years without using calving induction on his farm at Ringarooma in north-eastern Tasmania. Stuart began share-farming in 2008 and was motivated to increase his wealth by growing his asset base through improving the reproductive performance of his stock.

The farm business is still in a growth phase, with the effective milking area on the farm having grown from 120 hectares to 180 hectares in a single year. The herd size has increased from 350 cows to 410, and Stuart has set a goal to milk 500 cows by the end of 2019.

Despite being aided by a large allocation of reliable irrigation water, Stuart believes his farm is best suited to a single seasonal calving pattern.

His theory is supported by a thorough history of pasture growth records that he has kept by conducting a weekly farm walk to measure pasture density.

Now in his eighth year since phasing out calving induction, Stuart says he simply does not like inducing calves. "We consider it a waste to induce calving – you waste your opportunity to have a calf," said Stuart. "Cows that are not induced produce more milk. By not inducing, your calves and cows are healthier, your cows' milk better, they're not as stressed, and they get in-calf more easily."

Impact

Stuart was able to phase out calving induction on his farm by taking advantage of best practice calving techniques, and by attending Dairy Australia's InCharge fertility workshops, available through DairyTas.

"This program helped me improve the whole system and our breeding strategy to get better results," he said.

While initially using induction to condense his calving pattern, Stuart believes this practice did not make his farm more profitable.

"Inductions only mask the problem – they don't fix the problem. The real problem is getting cows in-calf early," he said.

STRATEGIC PROGRAM 1.5

Farm Business Management (FBM)

Objective

Build farm business management capability for farmers and advisors through education and the use of business support tools, such as DairyBase.

FY19 Investment	Projects
\$0.9m	Farm Business Information (P240)
	Farm Business Management Capability (P241)

Program outputs and highlights

- In FY19, the Farm Business Management (FBM) program delivered training to farmers and advisors in all regions; collected and analysed farm performance data; and developed a new program focused on strategic planning and risk.
 - Continued investment in the Dairy Farm Monitor program provided strong analysis and insights of farm performance across different regions and herd sizes.
 - Achieved a total of 230 farms across all dairying regions contributing to Dairy Farm Monitor Project (DFMP). Dairy Australia now holds 12 years of data in some regions.
 - Registered 2,455 DairyBase users (1,638 of those farmers) and 10,460 data sets. All Dairy Farm Monitor data is held in DairyBase providing high quality data for comparative analysis and useful insights into the performance of the industry.
 - 'Our Farm, Our Plan' program was successfully piloted, with a focus on providing strategic planning and risk management and will be available to farmers in 2020.
 - Provided Dairy Farm Business Analysis fact sheets to dairy farmers and consultants (or advisers), to define terminology and measures and ensure consistent use across the industry.
- Delivered FBM training for farmers and advisers through Farm Business Fundamentals and Dairy Farm Business Analysis.
 - Streamlined the process to collect farm physical and financial data from 230 farms across all dairying regions. This allows better reporting of regional data for decision making by farms and industry.
 - Developed farm business management online resources for making farm plans in collaboration with NSW Department of Primary Industry, supported by NSW Dairy Industry Fund.

Program outcomes

- Australian Dairy Plan informed by Dairy Farm Monitor Project (DFMP) trend data for key indicators of farm profitability.
- Industry agreed approach to measuring and describing farm business performance.
- Service provider capability increased through professional development.
- Farm Business Management practices survey revealed a positive approach by farmers to planning.



Gearing up for the new season

Objective

Western Victorian dairy farmers Ben and Anna Kenna are looking to take advantage of this season's milk price with a strong business approach powered by good analysis and cost control.

The former Focus Farmers have owned their current dairy operation for the past six years and milk 630 cows, a majority Friesian herd, on 257 hectares.

Ben and Anna purchased their farm from Anna's parents after share farming the property for a number of years. Their farm near Terang has well established infrastructure and pastures to manage their autumn calving herd.

Actions

During the season, Anna uses Xero to assess the figures from month-to-month to review how much money they have left over at month's end. The Kennas' goal is to have enough cashflow to pay the monthly bills and they like to see what they have left over. When it comes to the end of the year, Anna prints out a Profit and Loss statement with the yearly totals and the data is then entered into DairyBase including things like hay tonnage and fertiliser costs. After entering the information from their milk statement into DairyBase they then have a good analysis of their own yearly performance, in comparison to past years, as well as comparing to other farms in their region. To track how they're going, they use a key report in DairyBase, the Wealth Report. This allows them to see if there has been a change in their overall wealth position, their asset growth and equity position.

"As we started from a low equity position of 20 per cent we really like to have more security going forward," said Anna.

Impact

The couple have now built their equity over time and are now at 54 per cent.

Consultants in the past have helped Anna enter data into DairyBase but she is now comfortable to do it herself.

With a focus on efficient feeding and monitoring the numbers in the business through the Xero accounting package and Dairy Australia's DairyBase, the couple made a profit in a challenging 2018–19 season.

The Kennas see few changes in their business in 2019–20 and are hoping for favourable seasonal conditions to take advantage of the positive outlook on milk price, and to continue to improve their position and gain an operating surplus.

They are happy to showcase their progress and show some of their practices to other dairy farmers.

"There is a lot of negativity around the dairy industry, but we want to show people that you can be successful and we are happy to talk about our journey," said Anna.

STRATEGIC PROGRAM 1.6

International Market Support

Objective

Secure a more favourable export market trading environment through trade policy reforms and buyer preference for Australian dairy products.

FY19 Investment	Projects
\$1m	China (P219)
	Japan (P229)
	SE Asia (P230)
	Other Markets (P232)

Program outputs and highlights

- Worked with industry to develop an industry position on the 'Geographical Indications' protection system being advocated for by the European Union under the recently commenced EU-Aust Free Trade Agreement.
- Worked with the Federal Government to determine the level of interest from dairy industry players within a representative cohort of APEC economies for the development of an APEC Dairy Regulatory Forum to help to prosecute the case against regulations that can act as non-tariff trade barriers.
- Achieved overall program rating of 9.9 (out of 10) from participants in the China Dairy Scholarship program.
- 55 participants in scholarship programs.
- 860 attendees at in-market seminars.

Program outcomes

- Played a critical role working with Government and the Australian dairy industry representative groups in all major policy discussions informing the decision-making process on key areas including Free Trade Agreements, Geographical Indicators, climate change, water, animal welfare and gene technology.
- Worked with the Australian Government to achieve an improvement to Market Access arrangements under the Thai Australia Free Trade Agreement which is estimated to save exporters \$1.3m in tariffs over the next two years.
- Provided input to facilitate the commencement of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in December 2018, with an estimated \$12.5 million per annum in tariff savings based on current export volumes.
- Provided support to the Federal Government and the Australian dairy industry representative groups to enable the signing of the Indonesia Australia Comprehensive Economic Partnership Agreement (IA-CEPA). The eventual elimination of all dairy tariffs is estimated to be worth approximately \$6.5 million per annum in savings based on current export volumes.
- Provided input to the Federal Government and the Australian dairy industry representative groups into the negotiations on the Australia-Hong Kong Free Trade Agreement to lock in duty free access for Australian dairy exports to Hong Kong.
- Provided support to the Federal Government and the Australian dairy industry representative groups to allow the completion of negotiations for the Peru Australia Free Trade Agreement.
- Successfully completed annual marketing and promotional programs in the key markets of China, Japan and South-East Asia, including in-market seminars and scholarship programs.
- Provided combined funding and collaborative efforts into the enhanced global promotion of dairy through joint commodity promotion program with Meat & Livestock Australia, Horticulture Innovation Australia, Wine Australia and Austrade.

External Review: International Market Support – China (P219)

The 'International Market Support Project – China' project is coordinated by the Trade and Industry Strategy (T&S) business group and managed by the International Trade Development team. The project is focused on improving the position of the Australian dairy industry in the world's largest and fastest growing dairy market.

Through an integrated suite of services, activities and programs Dairy Australia aims to support the Australian dairy industry to improve its position as a key supplier of dairy products into the Chinese market.

In mid-2018, an independent ex-post benefit-cost review of the project was undertaken by ITS Global to assess the nature of our contribution to gains from the China-Australia trading arrangements and to what extent our investment in marketing created an environment where trade policy and market access delivered tangible benefits for the Australian dairy farmer from 2003–04 to 2016–17.

Key findings

- The benefit cost ratio (BCR) for the partial evaluation of International Market Support (China) ranged between 6.4 and 8 for respective attribution rates of 20 and 25 per cent. Summary results for the partial BCR evaluation shows the net benefit for the full project investment ranges between A\$72.3 million and A\$93.7 million.
- This BCR is almost entirely attributable to the benefits achieved from the China Australia Free Trade Agreement (ChAFTA) agreement and does not include benefits attributed to Dairy Australia's activities in addressing non-tariff trade barriers, providing market intelligence to Australian dairy industry stakeholders on the Chinese market, or strengthening the importer preferences for Australian dairy products.
- The dairy market access reforms achieved through ChAFTA were a major achievement for the industry and the project made a significant contribution to the outcome. The ChAFTA outcomes were a substantial

one-off event and have assured that free trade will be achieved for dairy from Australia in the Chinese market.

- Industry benefits from future investment in the trade policy component of the project will arise from outcomes such as reforms to non-tariff measures and resolution of ad-hoc trade disruptions.
- Market access negotiations are a joint effort by a range of stakeholders and the industry made an effective, sustained contribution over a lengthy period. The attribution factor for the project contribution was conservatively estimated to be 20-25 per cent.
- There may be additional benefit from the market development component of the project which has focused on strengthening the importer preferences for Australian dairy products. However, the economic literature does not establish a definitive position on whether investments in export market development activities generate a positive industry return (i.e. net benefits greater than one). Therefore, the project component was assessed as impact enhancing for the industry but requires some objective information on the trade impacts to quantify the return.

Recommendations from ITS Global

1 Stronger efforts should be made to evaluate the outcomes of market development activities.

Dairy Australia's response

China project evaluation efforts have been escalated including new measures to evaluate international market activities. We will investigate the possibility of improving evaluation measures as per the suggested recommendations. However, with the design of our International Trade Program, it would be misleading to evaluate the market development activities in isolation from the market access and market intelligence activities.

2 Objective evaluation criteria as opposed to subjective participant feedback should be built into the design of export market development activities.

Dairy Australia's response

The current evaluation measures remain largely based on subjective feedback from program participants and efforts will be made to strengthen these measures by using a combination of objective measures as well.



3 Dairy Australia should better define the links between trade policy, technical market access, trade intelligence and market development.

Dairy Australia's response

We will continue to enhance the interdependencies between the various components of the international trade project. While clear examples exist under the current program of where leverage is achieved, there is an opportunity to improve these links and enhance value from the project.

4 Dairy Australia should formalise its understanding of the risks in the Chinese market and ensure it has the capacity to deal with trade disruptions.

Dairy Australia's response

The recommendation suggests that Dairy Australia's Technical Market Access activities are 'preventative and reactive rather than proactive'. We have taken a very proactive stance in addressing Technical Barriers to Trade (TBTs), undertaking an extensive study that unpacked the range of TBTs faced by Australian exporters. There has been proactive engagement with exporters in identifying trade barriers in markets like China and efforts have been made to establish a Dairy Regulatory Forum under APEC.

5 The competitive positioning of the Australian dairy industry in China should be better understood.

Dairy Australia's response

Opportunity exists to better understand the Australian dairy industry's competitive positioning within the Chinese market, particularly in light of global trade wars and the evolving global trading landscape.

6 Future evaluations of international marketing programs should alter their scope

Dairy Australia's response

The objectives and components of the international trade program have evolved over the significant duration of the evaluation period which has made it difficult for the Consultant to undertake a consistent approach to evaluating the project across the complete period. We will undertake further work to determine how the monitoring and evaluation of International Market Support project should proceed in future.



Unlocking greater access to key export markets



Objective

With the Australian dairy industry producing more milk than required domestically and a significant proportion destined for export, international markets are vital to the ongoing profitability and sustainability of the industry. Collective engagement by Dairy Australia, Australian Dairy Farmers (ADF) and Australian Dairy Products Federation (ADPF) with Australian dairy exporters is ensuring greater access to key export markets including Indonesia and Thailand.

Actions

In March 2019, Australia and Indonesia signed the Indonesia–Australia Comprehensive Economic Partnership Agreement (IA–CEPA). Following ratification of the agreement, dairy exports from Australia to Indonesia will largely avoid all residual tariffs imposed on Australian dairy exports destined for that market. This will have benefits for the export of products including milk powders, liquid milk and grated or powdered cheese and is estimated to be worth approximately \$6.5 million per annum in savings for the Australian dairy industry based on current export volumes.

Changes to the Thai Australia Free Trade Agreement (TAFTA) agreement will also save Australian dairy exporters \$1.3 million in tariffs over the next two years, after Thailand increased special safeguard measures on products such as milk fat, whey and cheese, and expanded the tariff rate quota for skim milk powder.

Impact

The agreements allow Australian dairy to maintain and improve its positioning in the key Indonesian and Thai markets by providing high quality, competitively priced dairy products to customers and consumers in those markets.

STRATEGIC PROGRAM 1.7

Manufacturing Innovation and Sustainability

Objective

Support innovation in the supply chain that reduces costs and protects longer-term sustainability.

FY19 Investment	Projects
\$0.2m	Supporting Manufacturing Innovation and Sustainability (P249)

Program outputs and highlights

- Formed an Industry Working Group on Sustainable Packaging to develop an industry-led strategy for moving Australian dairy processors towards:
 - 100 per cent recyclability of dairy product packaging
 - Maximising/improving levels of recycled content in dairy product packaging
 - Minimising/improving levels of post-consumer dairy product packaging sent to landfill.
- Gained funding from the Australian Packaging Covenant Organisation (the co-regulatory body for packaging) in order to tackle dairy industry packaging innovations in a co-ordinated manner
- Managed the Dairy Manufacturing Sustainability Council network to support industry-wide post-farmgate environmental benchmarking, target setting and performance monitoring as well as implementation of sustainability-based innovations by dairy manufacturers.
- Partnered with processors to assess new technologies in areas such as solar PV energy and biogas systems.
- Launched the Dairy Manufacturing Resource Centre to provide a digital home for the multitude of tools, services and information that currently exist to support prospective and existing dairy manufacturers.

Program outcomes

- Published webinars on upskilling manufacturing workforce for food safety, quality management, resource efficiency and export readiness.
- Provided access to resources and tools through a web-platform for current dairy processors and newcomers to the industry.
- Tracked annual industry environmental performance against our Sustainability Framework.
- Developed resources to support eco-efficiency for the processing sector through improved resource management.
- Conducted EPA Victoria stakeholder consultation process to ensure revised regulations aligned with Dairy industry expectations
- Laid the groundwork with respect to funding enabling processors to undertake technology assessments / feasibility studies
- Established working group for sustainable packaging with funding support from APCO for dairy projects





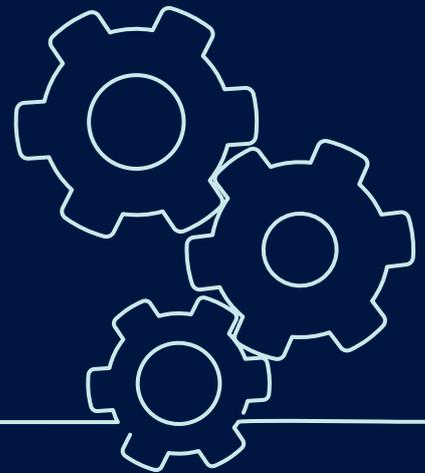
STRATEGIC PRIORITY 2

PERFORMANCE SNAPSHOT

Capable people

Strategic Priority 2 encompasses programs that enhance the capability of industry participants. This includes extension services (the sharing of Strategic Priority 1 knowledge with farmers and advisors) and more general education and training activities which

- attract people to the sector
- build capability
- provide assistance in career transitions.



STRATEGIC PROGRAM 2.1

Regional Extension Services

Objective

Facilitate on-farm adoption of best practices, new ideas and technology, particularly those which are the result of Dairy Australia's investments in research and development.

FY19 Investment	Projects
\$6.6m	Regional Development Programs (P103)
	Large Supplier Engagement (P200)
	Feed Shortage 2018 (P268)

Program outputs and highlights

- Implemented the Feed Shortage campaign, a multi-faceted response to support farmers during a challenging year. One-on-one support provided to farm businesses, with 546 consultations delivered through the Taking Stock program.
- Serviced eight key dairy regions, through 35 skilled extension staff delivering a wide range of programs designed to meet national, regional and sub-regional dairy industry needs.
- Delivered over 1,000 farmer facing events attended by 6,100 people from dairy farms, supported by over 3,000 service providers.
- Invested over \$5 million into Regional Development Programs to provide local, relevant and accessible services to dairy farming communities across Australia.
- Piloted Lean Farm Management, a whole-farm approach for owners and employees on increasing productivity, reducing cost and mistakes and building efficiency, quality and accountability within the team.
- Hosted overseas experts visits to the regions including Dr Nollaig Heffernan (Ireland) 'Becoming an employer of choice'; Dr Bob James (USA) 'Getting Calf Rearing Right – It's for the long haul'; and Dr Geoff Dahl (USA) 'Benefits of Managing Heat in Dry Cows'.

Program outcomes

- Achieved an average 8.6/10 satisfaction level for content and value of extension events delivered.
- Supported farmers in managing the business impacts of feed and fibre shortage through a coordinated, timely and farmer-driven seasonal response campaign.
- Enhanced the extension skills and capability of 30 extension staff through tailored training and follow-up coaching enabling them to better service the dairy community with contemporary extension techniques.
- Collaborated with all levels of Government and external stakeholders to deliver Taking Stock to farm businesses requiring individualised support for managing cash-flow constraints and high (market-driven) input costs.
- Provided funding for over 120 discussions groups nationally to share ideas, information and learning in a peer-supported environment addressing current business and seasonal needs, as well as pastoral care and support.
- Connected and supported eight dairy regional Boards to enhance regional collaboration and maximise the farmer-driven input into both national and local priorities and programs.



Feed Shortage 2018



Objective

Dairy Australia continues to deliver a program of regional activities, information and support for dairy farmers nationally. Our 2018 Feed Shortage campaign provided an effective industry response to severe drought conditions and the broader impact on feed and water availability and cost.

Action

The overarching objective of the campaign was to enhance the decision-making of dairy farmers, especially under conditions of reduced fodder and water availability. Farmers and their advisers were provided with seasonal and technical information and tools via activities delivered in regions, online and via digital communications.

The Regional Development Programs were the primary regional connection for dairy farmers and delivered relevant information and activities at appropriate times. They also managed the roll-out of Taking Stock in regions, a program to support farmers better assess their current position, explore feasible options and develop and implement action plans

Impact

More than 3,650 people attended 271 events around the Feed Shortage campaign delivered through Regional Development Programs. One-on-one support through Taking Stock was also available to all dairy farmers and delivered to 971 farms with 250 follow-up sessions.

Extraordinary funding support from the Gardiner Dairy Foundation was significant in ensuring all Victorian dairy farmers had access to Taking Stock. It also supported the development of technical information and resources that were used nationally.

At the start of 2019, the Feed Shortage campaign transitioned into Feed Planning which embedded feed related information, resources and activities into 'business as usual'. The response seen from farmers to make spring matter and optimise feed grown, grazed and conserved was outstanding where conditions allowed. A dedicated Feed Planning web site has now been established to house all feed related technical information and tools, including videos and podcasts.

STRATEGIC PROGRAM 2.2

People and Capability

Objective

Facilitate the provision of quality educational programs; enhance labour availability by improving the attractiveness of dairy as a career option; improve on-farm people management and help facilitate a safety-first culture on-farm.

FY19 Investment	Projects
\$2.5m	Attracting and Retaining People (P207)
	Workforce Strategy, Planning & Action (P203)
	Industry Education (P154)
	Farm Safety (P260)

Program outputs and highlights

- Learning and Development team restructured to better support delivery of skills training to increase on-farm adoption
- Re-signed People in Agriculture (RDC collaborative project) for additional three years and welcomed a new partner, Australian Eggs. The People in Agriculture project is designed to enable agri-businesses to understand their responsibilities as an employer and provide information to new entrants looking at a career in agriculture.
- Engaged 2,500 people in the Young Dairy Network across Australia with each RDP coordinating their own regional networks.
- Commenced DairyPath, a pilot program allowing young people to tailor their learning pathway and maximise their potential in the dairy industry. The 18-month program's holistic approach encompasses an individual's personal and professional development, deepening their industry and farm knowledge and growing their technical skill and ability levels. Eleven participants will complete DairyPath in 2019.
- Provided regional workforce support through RDP extension officers enabling HR and compliance information to be available to farmers as required. This was supported by the People in Dairy website to enable desirable, sustainable and best practice dairy workplaces.

Program outcomes

- Delivered Cows Create Careers (Farm Module) in 259 schools, involving 535 volunteer farmers and industry advocates, and reaching over 14,000 students. Of those, 710 students indicated an interest in work experience, 490 students were interested in a career in the dairy industry when they left school, with a further 1,762 students expressing interest in dairy as a career option.
- Delivered employment and farm safety workshops to inform and assist farmers with their workforce responsibilities and compliance using practical resources including the Employment Starter Kit, Farm Safety Manual, Farm Safety Starter Kit and The People in Dairy website.
- Delivered Stepping Up, Stepping Back workshops covering topics on transition and succession, with a focus on assisting young people and new entrants to understand their options, and assist those within the industry to explore business models including share farming, leasing and shared equity arrangements.



DairyPath develops next generation of dairy leaders



Objective

The evolution of the dairy industry and the trend towards larger farms provides opportunities for those interested in agriculture to forge a successful career. Dairy Australia works to boost awareness to prospective people in dairy on what a career in the industry could look like.

Action

DairyPath is a new extension program offered by Dairy Australia to young people through the Young Dairy Network (YDN). This program aims to turn ambition into knowledge by providing early career farmers with a tangible career progression framework.

Impact

Eleven young people from across Australia (aged 18 to 35) engaged with the 18-month DairyPath pilot program. Each participant was selected after demonstrating their enthusiasm for the dairy industry, passion for career development, desire to give back to the industry and leadership aptitude.

The program commenced in May 2018 with participants creating a career development plan. Following this, the group came together for face-to-face workshops and farm visits in other dairy regions, allowing them to learn together across a range of farming sizes and systems.

Between each workshop, the group also connected through social media, regular email conversations and webinars. The program concludes with participants presenting to the Australian Dairy Farmers National Council in November 2019 on the highlights and outcomes of their DairyPath journey.

Northern Victorian dairy farmer Jessie Weaver said the DairyPath program changed her life by connecting her with a range of new opportunities in the wider dairy industry.

“Through DairyPath, I am so much more confident and so much more enthusiastic about getting out of the bed in the morning,” said Jessie. “I now have goals; I know where I’m going, and I have the motivation and drive to get there.”

Further details on the program are available to dairy farmers by visiting: dairyaustralia.com.au/farm/people/dairy-education-and-careers



STRATEGIC PRIORITY 3

PERFORMANCE SNAPSHOT

Trusted dairy industry

Strategic Priority 3 activities have a strong focus on maintaining the industry's long-term social licence to operate. These include:

- marketing and communications to build consumer trust and confidence in dairy products and the industry
- informing policy with industry insights and research
- collecting, analysing and distributing sector statistics and information for the benefit of industry stakeholders
- maintaining the sector's Sustainability Framework which sets and measures goals around sustainability credentials.



STRATEGIC PROGRAM 3.1

Industry and Community Marketing

Objective

Support the sector’s license to operate through communications and promotion that improves consumer trust in the sector and its products; and build farmer confidence to engage and participate in activities that improve sector profitability and sustainability.

FY19 Investment	Projects
\$4.4m	Human Health and Nutrition policy, partnerships and engagement (P226)
	Influencer Engagement – Primary Schools Teachers (P262)
	Effective Brand Management (P265)
	Maintaining Public Trust (P266)
	Influencer Engagement – Health (P267)

Program outputs and highlights

- Ensured a favourable policy environment for dairy industry
 - Generated insights from science and research to help inform policy makers, health professionals, consumers and key influencers.
 - Engaged in regulatory and policy decision making.
- Consumer Campaigns
 - Launched Dairy Matters in April 2019, a new campaign aimed at driving trust in and support for the industry and products with a highly engaged, socially conscious group of consumers known as Changemakers, who make up 46 per cent of the population. An advertising campaign was delivered across broad reaching channels including TV, cinema, social media, search and digital, with a focus on metropolitan areas. The TV ads showed how the industry’s values align with public expectation, with three dairy farmers sharing what matters to them – the environment, their animals and the high-quality products they produce. A public relations channel strategy resulted in eight pieces of media content with an audience of more than 504,000, and 23 pieces of social media content with a reach of 138,500. The Social Media Influencer Program achieved 31 pieces of content with a combined reach of 237,300 people.

- ‘You Ask, We Answer’ was launched on the new consumer website, dairy.com.au, inviting consumers to have their questions about dairy answered by credible industry experts. Over two months, 276 questions were asked, with 70 per cent related to health and nutrition and animal care.
- Delivered the global community-based program, World Milk Day, through the creation of a social video that highlighted the value of dairy and delivered a message of thanks to the Australian dairy industry. The campaign generated a social audience reach of 739,000, two newspaper pieces with a combined audience of 606,000 readers, and five agriculture media articles.
- Australian Grand Dairy Awards
 - Delivered the 20th Australian Grand Dairy Awards celebrating the quality, taste and inspiring stories behind the winning products.
- Health Professionals
- Communicated to General Practitioners (GPs) and Dietitians with the Bone Matters Campaign.
- Schools engagement
 - Redeveloped the Discover Dairy online resource hub to increase accessibility, usability and drive increased dairy education in primary school classrooms. A new suite of curriculum linked resources, videos, interactive games and tools and a brand refresh led to the site receiving 159,327 pageviews and over 14,000 resource downloads. Launched the revised digital Picasso Cows program platform to 80 primary schools across Victoria, Queensland and South Australia.

Program outcomes

- Ensured the value of flavoured milk is maintained and continues to be sold in schools, hospitals, etc. through research focusing on holistic nutrition.
- Ensured positive discussions on the dairy industry at the annual Nutrition Society of Australia (NSA) Conference by selecting speakers who influence decision-makers with a focus on holistic nutrition, rather than single ingredients such as sodium.
- The Dairy Matters campaign resulted in 30 per cent recall of the campaign (above expected 25 per cent). Of the Changemakers who saw the campaign:
 - 78 per cent agreed they 'feel more supportive towards the industry'.
 - 69 per cent agreed they 'would pay attention to Dairy Australia material' (up from 60 per cent in 2018)
 - 89 per cent agreed it is 'important to support the Australian dairy industry' (up from an already strong 87 per cent in 2018).
- Following the bone health campaign, dietitian trust in Dairy Australia was high at 76 per cent, with 84 per cent agreeing dairy was as important to recommend as fruit and vegetables. GP trust in Dairy Australia as a source of information was low at 17 per cent (which may in part be attributed to being out of market for two years), however confidence to recommend dairy as part of a balanced diet was high at 88 per cent
- Flagship education program, Picasso Cows, redeveloped on a digital platform, reducing delivery costs by 78 per cent and doubling its reach. The program directly reached 80 primary schools, approximately 10,000 students and generated 29 pieces of media coverage, extending positive dairy messages to a potential audience of 1,094,000.





Picasso Cows



Objective

Engaging primary school students about the importance of the Australian dairy industry and its products is key to building long-term trust in the dairy industry. Although our flagship education program, Picasso Cows, successfully engages students with an interactive learning experience, high production costs limited the scalability of the existing program structure.

Action

Following an internal review, it was determined the program would be better delivered on a digital platform, allowing for increased direct engagement with schools, ability to monitor progress against set milestones and ultimately eliminate external project management costs. An interactive 'digital dashboard' was created and the program redesigned to be implemented through this channel.

Another key change was reducing the size of the fibre glass cow provided to schools. The cow is the program's biggest expense, so the Schools Engagement team worked with the supplier to reduce the cow size, reducing

production costs by 38 per cent. The overall program redevelopment delivered huge savings, reducing the cost from \$3,600 to \$770 per school.

The program was also given a new brand treatment, with all materials updated to better align with the Dairy Australia brand.

Impact

The new digital platform was piloted with five schools in Term 1, 2019 and relaunched nationally with 70 schools participating in Term 2, 2019. The aim is to deliver the streamlined program to over 200 schools per calendar year, whereas it previously only reached 80.

The digital platform received positive feedback with 100 per cent of teachers stating they would recommend the program to colleagues delivering Farm to Plate and Health and Nutrition curriculum. The program successfully drove increased trust with 95 per cent of teachers agreeing the program improved their trust in the dairy industry.



Dairy Matters

Objective

Public expectations of the food industry are changing, and consumers are increasingly questioning the healthiness of dairy and seeking answers to questions on animal welfare, as well as environmental and social concerns. In 2018, Dairy Australia identified a highly engaged socially conscious audience known as the Changemakers who are seeking more transparent information on health and nutrition, animal welfare and environmental impact. Dairy Australia's marketing program aims to build trust in Changemakers by providing transparent and credible information that addresses their concerns, so they can make an informed decision about dairy. Ultimately, we want Changemakers to support Australian dairy by advocating or choosing our products.

Action

The Dairy Matters campaign was launched in April 2019, providing a platform for Dairy Australia to demonstrate the industry's values and standards and show that we are listening and understand public expectations and values.

An advertising campaign was delivered across broad reaching channels including TV, cinema, social media, search and digital, with a focus on metropolitan areas. The TV ads showed how the industry's values align with public expectation, with three dairy farmers sharing

what matters to them - the environment, their animals and the high-quality products they produce. A 'You Ask, We Answer' function on the dairy.com.au website was launched, inviting consumers to have their questions about dairy answered by credible industry experts. After two months 276 questions were asked, with health and nutrition and animal care making up 70 per cent of total questions asked. The questions and answers have had almost 7,500 views.

A farm tour hosted by four industry experts (a farmer, vet, dietitian and environmentalist) was held for targeted media and social media influencers in early March. The tour aimed to build long term trust by providing these important contacts with a first-hand insight into dairy farming and having their questions answered directly by the experts.

Impact

The leading campaign measures of success have been positive to date, with 30 per cent recall of the campaign in just two months. Of the Changemakers who saw the campaign 78 per cent agreed they 'feel more supportive towards industry', 69 per cent agreed they 'would pay attention to Dairy Australia material' (up from 60 per cent at benchmark), and 89 per cent agreed it is 'important to support the Australian dairy industry' (up from an already strong 87 per cent.)

STRATEGIC PROGRAM 3.2

Industry Risk and Reputation Management

Objective

Protect and prepare farm businesses by supporting policy matters that improve dairy industry's social license to operate and increase sustainability by managing the short and long-term risks facing the industry.

FY19 Investment	Projects
\$1.1m	Dairy Industry's Sustainability Framework / Strategy (P153)
	Managing Supply Chain, Food Safety and Integrity Issues (P177)
	Human Nutrition Research & Science (P227)
	Policy Support for Improving Animal Health & Welfare (P233)
	Technical Policy Support (P259)
	Access to Agvet Chemicals (P261)

Program outputs and highlights

- Continued support of the dairy industry's Sustainability Framework, setting goals and targets for sustainable dairy production by 2030.
- Identified and responded to four emerging material sustainability risks – sustainable dietary nutrition, antimicrobial stewardship, food waste and human rights.
- Facilitated consultation with peak industry councils and advisory groups to set goals and targets for sustainable dairy production in Australia by 2030.
- Developed a Marginal Abatement Cost Curve which identifies opportunities to cost-effectively act to cut greenhouse gas emissions in the dairy value chain.
- Continued Technical Policy support into key areas of policy development around animal health, welfare, biosecurity, climate change, natural resources, gene technology, and on-farm labour for the long-term benefit of the industry.
- Proactively monitored the legislative environment to ensure the interests of the dairy industry are protected.
- Proactively prepared for the upcoming changes as a result of Victoria's EPA reforms by engaging with farmers, processors and other key stakeholders.

Program outcomes

- Avoided the introduction of costly on-farm audits by customers seeking to verify that Australian dairy production meets their sustainable sourcing codes.
- Avoided the introduction of different sets of sustainability criteria by different buyers which require audits of individual farmers supplying their brands by supporting the Global Sustainable Agriculture Initiatives Dairy Working Group Business-to-Business pilot project to develop criteria that dairy buyers accept as a commitment from processors to sustainable dairy practices.
- Worked with ADF and the State Dairy Farmer Organisations to improve the industry's social license to operate by achieving better industry positions on calf euthanasia and blunt force trauma; a tangible change in policy on calf induction (routine calving induction to be phased out by 2022) and pain relief; and a proactive policy on use of antibiotics.
- Supported industry preparedness for Foot and Mouth Disease by sending veterinarians for clinical training.
- Protected the dairy heifer trade by undertaking work to demonstrate Australia's disease freedom status against Enzootic Bovine Leukosis.
- Worked with the Industry representative organisations to provide better access to skilled migrant labour through improvements in the Permanent Resident visa system and better labour management through improvements in Dairy Industry Labour Agreement.

An emerging issue: Human rights and modern slavery



Objective

On 1 January 2019, new federal legislation prohibiting one person removing another person's freedoms in the workplace became law. The Modern Slavery Act requires companies with an annual turnover of \$100 million or more to report annually on risks to the personal freedoms of people in their operations and supply chain.

Action

In our role as secretariat of the Australian Dairy Industry Sustainability Framework, we are assisting the dairy industry to adjust to the changes that the new law will bring. Dairy manufacturers are already seeing large dairy customers request social audits. Investors and analysts are increasing their scrutiny of business risks and auditing organisations like Sedex are seeking information from suppliers on their human rights practices.

Impact

In response to this emerging risk for the industry, we:

- coordinated the development of a discussion paper on human rights which explores whether an industry policy, position or principles on human rights is required
- consulted with industry external stakeholders about what position they expect the dairy industry to take on human rights, including modern slavery
- engaged an Australian Dairy Farmers Policy Advisory Group (People) working group to develop a policy and position statement on human rights which will guide responsible human rights practices across industry and, in doing so, address the reputational risk associated with this emerging issue.

STRATEGIC PROGRAM 3.3

Knowledge and Insights

Objective

Centrally collect, analyse and distribute information that assists stakeholders in their business decision-making and promotes general understanding of the sector.

FY19 Investment	Projects
\$0.7m	Market Information and Insights (P237)

Program outputs and highlights

- Managed and enhanced an ongoing program of market research, information and analysis, engaging a wide range of audiences across the dairy supply chain. Delivered face-to-face, via media channels and through a range of publications, these insights support sound decision making in a dynamic marketplace.
- Maintained the collection, storage and dissemination of industry-level data, building and preserving an industry resource that improves transparency and information flow along the supply chain.
- Provided an industry 'help desk' for data and analysis, responding to bespoke requests from farmers, milk processors, government and consultants, among others.
- Directly sourced the views of 800 dairy farmers through the National Dairy Farmer Survey, gauging farmer sentiment, priorities and intentions. In addition to current-year insights, this data set now comprises 16 years of primary research that enables longitudinal trend analysis to better understand farm system dynamics and inform longer term research priorities.
- Built upon the history of collaboration with Dairy Australia's International Trade Development team, delivered presentations to inbound delegates and trialled new models for engagement with local industries in key Asian export markets.

Program outcomes

- Re-launched the Trans-Tasman Leadership Forum with 65 attendees from Australia and New Zealand. This is the only forum which brings processors from the Australian and New Zealand dairy industries together, at a senior level, for industry discussion and exchange while enabling peer-to-peer engagement in a non-competitive environment. Held with the assistance of external sponsorship and ticket sales, the overall event received a 7.5/10 rating from participants.
- Refined Dairy Australia's flagship market analysis vehicle, the Situation and Outlook. Three reports were delivered over FY19, reaching over 8,000 recipients directly and generating over 1,000 website views per report. The key messages of each report also reached an average of 13,400 social media users directly, and through extensive media coverage in every dairy region (through multiple channels in most). The June 2019 launch breakfast received an overall participant rating of 8.3/10, and regional presentations continue to be rolled out in conjunction with RDPs and third parties.
- Compiled and contributed to the Situation Analysis published as part of the lead-up to consultations for the Australian Dairy Plan (ADP). This comprehensive document served to inform and inspire contributions to the ongoing consultation process for the ADP.

REFERENCES

Group metrics and appendices



GROUP METRICS

The Group metrics focus on Dairy Australia's performance across the organisation. Measures are considered across five categories: financial, people, stakeholder satisfaction, technology and infrastructure, and risk management.

Group measure	Performance metric	Unit	FY19 outcome
Stakeholder Satisfaction Track satisfaction levels of key stakeholders on Dairy Australia's performance	Importance of having an organisation such as Dairy Australia for the Australian dairy industry	Score	7.9 out of 10 (up from 7.8 in FY18) (Preliminary, final numbers in September)
	Likelihood of recommending the services and information Dairy Australia and the RDPs provide to dairy farmers and others working in the Australia dairy industry.	Score	6.7 out of 10 (up from 6.5 in FY18) (Preliminary, final numbers in September)
	Overall satisfaction that Dairy Service levies are being invested wisely	Score	5.7 out of 10 (down from 5.8 in FY18) (Preliminary, final numbers in September)
Financial Be fiscally prudent	Meet target budget deficit of \$2.3m (excluding one-off costs e.g. feed shortage)	%	100%
People Improve people capabilities through further investment in talent acquisition and engagement	Restructured the organisation to drive improvements in culture and efficiency		
Technology and Infrastructure Invest in critical new internal Dairy Australia business initiatives to improve operations	Increase Cyber Security capability and maturity level in line with Australian Cyber Security Centre (ACSC) mitigation strategies.	%	100% of all planned cyber security initiatives have been implemented successfully
	Deployment of a new Modern Workspace configuration to all computers to improve operations and support the cyber security initiatives	%	95% of computers refreshed with the new Modern Workspace. The remaining to be completed in early FY20
Risks Manage significant internal Dairy Australia risks	Proactive risk identification and mitigation framework in place	%	100%
	Risk management framework considered appropriate for the type of organisation Dairy Australia represents and maturity rated as satisfactory by internal auditors	%	100%

APPENDIX 1

Key project measures

Dairy Australia uses quarterly metrics for various projects that we run to monitor the performance and outcomes achieved by those projects. By monitoring projects quarterly, we adjust the work being done and respond to any issues that are noticed.

Program name	Key Measure	Target	Actual	Status
Animal Health & Fertility	% farms with annual average Bulk Milk Cell Count <250K	80%	81%	●
	Ratings of InCharge in terms of the value of activity to participants and their business	8.5	8.6	●
	Ratings of Euthanasia training in terms of the quality of content	8.5	9.3	●
Genetics & Herd Improvement	Rate of genetic gain of sires of cows for BPI (\$/cow) - difference between the BPI of sires of cows born in 2018 over those born in 2017	\$26	\$34	●
	Level of bull genomic testing - bulls were tested in 2018-19	3,000	3,697	●
	The number of cows tested genomically by farmers - (commercial cows in 2018-19)	17,500	9,629	●
Feedbase and Animal Nutrition (including AgTech and Innovation)	Ratings of Advanced Nutrition workshops in terms of the value of activity to participants and their business	8.5	8.4	●
	Ratings of Feeding Pastures for Profit in terms of the value of activity to participants and their business	8.5	8.6	●
	% farmers considering investment in AMS utilising AMS resources prior to investment decision	60%	71%	●
	% of AMS farmers engaging in regional and/or national AMS forums	50%	52%	●
	% of decommissions as a percentage of total AMS installations	10%	13%	●
Farm Business Management (FBM)	Use of DairyBase measured as % of registered farmers using DairyBase to assist them to manage their farm business	50%	57%	●
	External datasets (DFMP, consultant) integrated into DairyBase	500	232	●
	% farmers with annual cash budget	60%	67%	●
Land, Water, Carbon	Number of farmers using the DairyBase Carbon Calculator to measure intensity per quarter	400	203	●
	Ratings of Fert\$mart workshops in terms of the value of activity to participants and their business	8.5	9.0	●
International Market Support	Customer satisfaction with in-market seminar programs delivered by Dairy Australia in Greater China markets	7.0	8.5	●
	Industry engagement with Trade Policy development via Trade Reference Group	7.0	9.8	●
	Japan Scholarship participants satisfaction, and improved understanding of Australian dairy	7	8	●

Program name	Key Measure	Target	Actual	Status
Manufacturing Innovation and Sustainability	Number of new technology/process reviews undertaken as a result of Dairy Australia-supported activities	5	6	●
	Number of new technologies or practice changes implemented at dairy processing sites as a result of Dairy Australia-supported activities	3	1	●
	Feedback on calls / webinars	8	8	●
Regional Extension Services	Farmer rating of RDP activity in terms value them and their business	8.5	8.5	●
	% of Large Suppliers participating in Large Supplier activities	100%	74%	●
	Net Promoter Score (NPS) from Large Supplier activities	50%	77%	●
People & Capability	Number of students participating in the Cows Create Careers programs (Annual – runs on calendar year)	13,000	23,150	●
	Number of page views on The People in Dairy website (quarterly)	478,643	463,911	●
	Use of The Power of People on Australian Dairy Farms research and analysis of results by stakeholders (quarterly)	10	45	●
	Number of page views on the People in Agriculture website (quarterly)	72,000	84,572	●
	% farms with written OH&S plan and procedures (Annual)	70%	38%	●
	% of farmers who report they are likely to implement change as a result of a farm safety workshop (quarterly)	80%	80%	●
Industry and Community Marketing	Changemakers feel the industry is providing enough information to make an informed choice or opinion about the dairy industry and products	60%	65%	●
	Changemakers feel the industry meets their expectations in doing the right thing	60%	69%	●
	Dietitians view Dairy Australia as extremely or very credible	75%	76%	●
	Discover Dairy website seen as a credible source of information on food, agriculture and the dairy industry for primary school teachers	8.0	8.5	●
	Increase in % of products scoring > 3 stars	67%	67%	●
Industry risk and reputation management	2018 Sustainability Report accepted as credible evidence of Dairy Industry addressing key sustainability issues	100%	100%	●
	Multinational dairy buyers agree to accept dairy industry assurances of on farm practice change – limited farm sustainability audits	100%	100%	●
Knowledge and Insights	Feedback from S&O presentations	7	8.3	●
	Australian Dairy Industry InFocus available for Dairy Australia AGM	In Progress	In Progress	●

APPENDIX 2

Glossary of terms

ACSC	Australian Cyber Security Centre	MIR	Mid-Infrared
ADF	Australian Dairy Farmers	NDFS	National Dairy Farmer Survey
ADP	Australian Dairy Plan	NPS	Net Promoter Score
ADPF	Australian Dairy Products Federation	NSA	Nutrition Society of Australia
AGM	Annual General Meeting	OH&S	Occupational Health and Safety
AMS	Automatic Milking System	R&D	Research and Development
APCO	Australian Packaging Covenant Organisation	RD&E	Research Development and Extension
APEC	Asia- Pacific Economic Cooperation	RDC	Research and Development Corporation
ARC	Australian Research Council	RDP	Regional Development Program
BCR	Benefit Cost Ratio	S&O	Situation and Outlook
BCS	Body Conditioning Score	TAFTA	Thai Australia Free Trade Agreement
BPI	Balanced Performance Index	TBT	Technical Barriers to Trade
CDR	Central Data Repository	XT chip	Type of chip containing comprehensive set of DNA sequences representing the entire set of genes of an organism, arranged in a grid pattern for use in genetic testing. Enables production scale high throughput genotyping of animals.
ChAFTA	China Australia Free Trade Agreement		
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership		
DA	Dairy Australia		
DFMP	Dairy Farm Monitor Project		
DMSC	Dairy Manufacturers Sustainability Council		
EPA	Environmental Protection Agency		
EU-Aust FTA	European Union Australia Free Trade Agreement		
FBM	Farm Business Management		
FTA	Free Trade Agreement		
FVI	Forage Value Index		
FY	Financial Year		
Ginfo	Australia's national reference herd for genetic information; collaboration between farmers, DA, DataGene, Holstein Australia, Jersey Australia and the Victorian Government		
GP	General Practitioner		
IA-CEPA	Indonesia and Australia Comprehensive Economic Partnership		
KPI	Key Performance Indicator		



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