Dairy Australia first introduced an evaluation framework in December 2017 which brought in a structured mechanism for monitoring the performance of our investments. 2018/19 was the first year of implementing this evaluation framework which resulted in several improvements in the on-going monitoring of projects. At the end of 2018/19, Dairy Australia published its first Annual Performance Report which was based on this evaluation framework. The 2019/20 Annual Performance Report will be a continuation of this approach.

Starting 2020/21, Dairy Australia will enter a new phase with the launch of the 2020-2025 strategy. This strategic plan sets out our priorities and outcomes to guide investment over the next five years.

Our revised evaluation framework will strengthen our ability to monitor and evaluate the outcomes achieved as a result of our investments. This will incorporate learnings from the previous evaluation framework and enhance the following aspects:

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

The objective of the evaluation framework is to outline the approach that Dairy Australia will take in monitoring the performance of its investments from initiation to completion.

**INTRODUCTION**

**OBJECTIVE**

**THIS EVALUATION FRAMEWORK WILL ALLOW DAIRY AUSTRALIA TO:**

- Apply a consistent methodology across the business.
- Identify benefits and ensure investments are linked to the Dairy Australia strategic plan.
- Provide the basis for clear and concise reporting for internal and external stakeholders.
- Increase accountability and transparency across the project lifecycle.
- Incorporate findings and observations into future project development.
There are three key components of our evaluation framework:

1. **Measurement and reporting cycle**
   - Defines how our metrics are identified through the strategic and annual planning process and how they get reported.

2. **Structure of portfolios and projects**
   - Defines the structure of our projects and portfolios in order to provide context for the metrics framework.

3. **Metrics framework**
   - Defines the types of metrics that we measure, their frequencies and tracking mechanisms.

**Example portfolio structure**

<table>
<thead>
<tr>
<th>Portfolio 4 – Thrive in a changing environment</th>
<th>Projects</th>
<th>Efficient and profitable use of land, water, carbon and energy resources which nurtures and sustains the natural environment</th>
<th>Proactive action to reduce global warming and greenhouse gas emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>P2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P3</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>P4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P5</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

**Structure of portfolios, programs and projects**

For ease of execution and governance, each of our strategic priority becomes a portfolio. Each portfolio houses several projects that deliver value to our levy payers through a range of activities such as research, education and training, discussion groups, etc. In the future, we may choose to utilise an additional level of programs depending upon the complexity of projects and our learning from the first year of executing our new strategy. Our portfolios are also designed to progress the strategy by creating a mapping of projects against the key strategic outcomes that we are targeting over five years. This ensures a constant alignment with strategy in everything that we do.

**Metrics framework**

Our metrics framework provides the basis for the organisation to track key success indicators across the range of projects and activities undertaken by Dairy Australia. Under this revised evaluation framework, there is also the provision to measure strategic portfolio level metrics to enable better alignment with our strategic outcomes.
Dairy Australia’s impact pathway is based upon a program logic model that identifies the intended outcomes, articulates a rationale for investments, and provides a line-of-sight through logically linked components.

### MEASURING IMPACT

<table>
<thead>
<tr>
<th>Portfolio metrics</th>
<th>Project metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>- Strategic monitoring of portfolio level objectives</td>
</tr>
<tr>
<td>Type of metrics</td>
<td>- Outcomes</td>
</tr>
<tr>
<td>Frequency</td>
<td>Define - Five-yearly as part of the strategy, reviewed and refined as needed</td>
</tr>
<tr>
<td>Report</td>
<td>Quarterly (Dairy Australia Management and Board, Group B members)</td>
</tr>
<tr>
<td>Tracking mechanisms</td>
<td>Annual Performance Tracking Survey</td>
</tr>
</tbody>
</table>

**Portfolio metrics**

These metrics have been defined as part of Dairy Australia’s five-year strategy and would be reviewed at regular intervals to ensure they continue to remain relevant. These are the headline metrics that define the strategic direction and the key target outcomes over the next five years. These metrics are monitored quarterly as part of our new Quarterly Portfolio Governance framework.

**Project metrics**

Project Metrics are the metrics defined at the granular level of projects. Our projects are governed through a products and services lifecycle which provides a framework that guides how we can take an idea through to a fully delivered and evaluated project.

### Product and services lifecycle

<table>
<thead>
<tr>
<th>Ideate</th>
<th>Initiate</th>
<th>Plan</th>
<th>Execute</th>
<th>Review</th>
<th>Close</th>
</tr>
</thead>
<tbody>
<tr>
<td>A simple mechanism to submit, assess and store ideas</td>
<td>Define the “why” and the “what” to enable project initiation to commence. A centralised decision-making group, including the Investment Review Panel, approves/delays/denies projects based on a set of parameters</td>
<td>Define the “how” and the “when” of the proposed project to be included as part of the detailed Project Management Plan</td>
<td>Deliver the project and its objectives while ensuring constant focus on outcomes. Monitor and report progress throughout the project timeline</td>
<td>Review project objectives and evaluate the success of the project</td>
<td>Close the project, perform an evaluation if necessary and feed the finding back into the next phase of the project</td>
</tr>
</tbody>
</table>

### Direct influence

- **Inputs**
  - Investments and resources used to set up projects, activities and services that deliver benefits to key players in the form of outputs, outcomes and impacts
  - Set of initiatives, steps taken and actions performed in order to achieve the desired outcomes and meet stated objectives

- **Activities**
  - Products and services, training, and extension delivered as a result of activities
  - Intent to adopt learnings, increase in awareness, improved knowledge of products and services

- **Outputs**
  - Long-term outcomes

### Indirect influence

- **Inputs**
  - Change in behaviour adoption of best practices or any improvements as a result of the outputs generated from the project

### Outputs and impact

Long-term outcomes and impact are measured through ex-post (after completion) evaluations of a cross-section of projects led by Dairy Australia. Each year Dairy Australia commissions independent economists to review a cross section of projects. These projects are reviewed based on the Council of Rural Research and Development Corporations (CRRDC) guidelines. This includes a review of project approach and methodology, evaluation of program logic, calculation of benefit-cost-ratio and recommendations that help improve future projects.

Our annual farmer surveys (National Dairy Farmer Survey and Performance Tracking Survey) provide further insights into the outcomes that Dairy Australia is achieving for the industry.
Dairy Australia will report project and portfolio progress through a variety of means which enable internal stakeholders to ensure alignment with strategy as well as provide external stakeholders with transparency and visibility.

<table>
<thead>
<tr>
<th>Report</th>
<th>Description</th>
<th>Stakeholders</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Performance Report</td>
<td>Provide detailed information on Dairy Australia’s range of initiatives and investments on behalf of levy payers</td>
<td>Available to all stakeholders including government, Group B members (Australian Dairy Farmers and Australian Dairy Products Federation), levy payers, etc., Department of Agriculture, Water and the Environment (DAWE)</td>
<td>Annual</td>
</tr>
<tr>
<td>Quarterly Performance Reports</td>
<td>Track the progress of our projects, highlight key accomplishments, financial progress, identify risks and issues with a mitigation plan</td>
<td>Dairy Australia Board and Management Group B members Department of Agriculture, Water and the Environment (DAWE)</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Ex-post evaluations</td>
<td>Three independent or peer-reviewed evaluations of a cross-section of Dairy Australia’s projects</td>
<td>Dairy Australia Board and Management Summary available publicly as part of Annual Performance Report</td>
<td>Annual</td>
</tr>
<tr>
<td>Project status reports</td>
<td>For the large investments and critical projects, specific project progress reports tracking milestones</td>
<td>Dairy Australia Board and Management</td>
<td>On-going</td>
</tr>
</tbody>
</table>

### OUR FIVE-YEAR STRATEGIC SUCCESS INDICATORS

<table>
<thead>
<tr>
<th>Strategic outcome</th>
<th>Success indicator</th>
<th>Unit</th>
<th>Baseline 2020/21</th>
<th>Target 2024/25</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>More resilient farm businesses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business planning that leads to better decisions and sustained success</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dairy farm businesses perform systematic, periodic business reviews at least annually</td>
<td>% of farms</td>
<td>10%</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Dairy farm businesses make key decisions using a documented business plan</td>
<td>% of farms</td>
<td>12%</td>
<td>80%</td>
</tr>
<tr>
<td>b</td>
<td>Clear and understood drivers of dairy farm profitability and productivity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Farm decision makers can accurately state the profit metrics for their farm</td>
<td>% of farms</td>
<td>TBD</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Farm decision makers can accurately state the productivity drivers for their farm</td>
<td>% of farms</td>
<td>TBD</td>
<td>60%</td>
</tr>
<tr>
<td>c</td>
<td>Expanded range of risk management tools to manage exposure to price and cost volatility</td>
<td>% of farms</td>
<td>TBD</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>Farm businesses are actively using risk management tools</td>
<td>% of farms</td>
<td>TBD</td>
<td>40%</td>
</tr>
<tr>
<td></td>
<td>Farm owners and managers have maintained their margins by using risk management tools</td>
<td>% of farms using risk management tools</td>
<td>TBD</td>
<td>90%</td>
</tr>
<tr>
<td></td>
<td>Farm owners and managers’ specific business needs are met through the range of risk management tools available</td>
<td>% of farms using or considered using risk management tools</td>
<td>TBD</td>
<td>80%</td>
</tr>
<tr>
<td>d</td>
<td>Innovation in finance that increases access to capital for expansion and new entrants</td>
<td>% of farms that have tried to access capital for entry or expansion</td>
<td>TBD</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>Farm owners and managers have the opportunity to access capital to meet their requirements</td>
<td>% of farms using or considered using risk management tools</td>
<td>TBD</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>A new mechanism is developed, supported and commercially available that recognises dairy specifically and allows access to capital for expansion and new entry into dairy farming</td>
<td>New from baseline</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>
2. Attract and develop great people for dairy

a. Greater awareness of Australian dairy as an attractive industry with rewarding careers
   Dairy farm employers and employees can describe why dairy is rewarding to work in
   % of employers
   % of employees
   All dairy farm workers implement good safety practices
   % of employers

b. Clear and supported capability development and career pathways
   Employees have clear, logical and supported development pathways in dairy
   % of employees
   Employers have clear, logical and supported development pathways for themselves and their employees
   % of employers

b. Access to capable and skilled farm employees and service providers
   Dairy farm businesses that have sufficient access to skilled service providers to meet their needs
   % of farms
   Employers report that the time taken to find a new employee was less than three months
   % of employers that employed someone in the last 12 months
   Employers were able to find an employee with the right capability for the role in the last 12 months
   % of employers

c. Support farm businesses and their service providers to get the basics right
   Farm businesses and their employees have access to the information and tools they need to get the fundamentals right on farm
   % of farms

3. Strong community support for dairy

a. The Australian dairy industry is trusted and accepted by the community
   Consumers trust the dairy industry
   % of consumers
   Farmers that actively promote the industry
   % of farmers
   Consumers prefer to buy Australian made or locally produced dairy products whenever possible
   % of consumers
   Consumers agree dairy farmers do a good job caring for the environment
   % of consumers
   The Sustainability Framework is recognised, supported and trusted by community representatives
   % of community representatives on the consultative forum

b. Australian dairy is valued for superior health and nutrition benefits
   Consumers trust dairy as a wholesome and healthy food
   % of consumers
   Consumers hear positive health messages about dairy foods from health professionals
   % of consumers
   Consumers make an effort to consume dairy every day
   % of consumers
   Consumers agree that dairy farmers do a good job caring for their animals
   % of consumers

b. The Australian dairy industry is trusted for its commitment to animal wellbeing
   The community believes the dairy industry meets their expectations in doing the right thing
   % of consumers
   Consumers agree that dairy farmers do a good job caring for their animals
   % of consumers

4. Thrive in a changing environment

a. Greater ability to adapt to changes in the environment
   Farmers have access to enough information to understand the likelihood and impacts of changes in the environment
   % of farmers
   Farmers have the right information and skills to thrive in increasingly volatile climatic conditions
   % of farmers

b. Efficient and profitable use of land, water, carbon and energy resources which nurture and sustain the natural environment
   Dairy farm businesses have adopted at least three new technologies and management practices to achieve land, water, carbon and energy efficiency
   % of farms

b. Proactive action to reduce global warming and greenhouse gas emissions
   Dairy farm businesses generating renewable energy
   % of farms
   Dairy farm businesses have access to and have adapted three commercial solutions for reducing on farm emissions
   % of farms
   Dairy farm businesses understand their carbon footprint
   % of farms

5. Success in domestic and overseas markets

a. Australian dairy is valued around the world for its premium products
   Australian dairy products are nominated as preferred status by customers in the key markets of Japan, Greater China and South East Asia
   % of surveyed customers:
   - Japan
   - Greater China
   - SE Asia

b. A favourable policy and regulatory environment
   Industry and government stakeholders value work of Dairy Australia to inform policy discussions and help ensure access to markets
   Average response of stakeholders
   Average response of exporters
   8/10
   8/10

b. Access to trusted market insights that inform decision-making
   Dairy Australia is considered by industry stakeholders as the most trusted and credible source of information related to dairy markets
   Average response of stakeholders
   8/10
   8/10
   Dairy Australia’s market information is widely utilised by industry and government stakeholders
   Dairy Australia is considered the most trusted and credible source of dairy market information by the media
   Average response of stakeholders
   8/10
   8/10
   Dairy Australia maintains and grows its access to industry data to inform market analysis
   % of milk production
   % of manufacturing production data
   95%
   95%
4. Thrive in a changing environment

**Strategic outcome**

- Greater ability to adapt to changes in the environment

**Success indicator**

Farmers have access to enough information to understand the likelihood and impacts of changes in the environment.

- Farmers have the right information and skills to thrive in increasingly volatile climatic conditions

**Unit**

% of farmers

**Baseline**

TBD

**Target**

90%

5. Success in domestic and overseas markets

**Strategic outcome**

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

**Success indicator**

Australian dairy products are nominated as preferred status by customers in the key markets of Japan, Greater China and Southeast Asia

**Unit**

% of surveyed customers:
- Japan
- Greater China
- SE Asia

**Baseline**

TBD

**Target**

60% 70% 60%

6. Technology and data-enabled dairy farms

**Strategic outcome**

- Accelerated genetic progress in feedbase and animal breeding

**Success indicator**

- Annual genetic gain in pasture species used by dairy farms
- The rate of genetic gain for sires of cows in BPI units
- The rate of genetic gain of cows in BPI units as a result of heifer genomic testing

**Unit**

% Genetic gain

$24/ year

$30/ year

$18/ year

**Baseline**

<1% TBD

**Target**

>2% TBD

1. Conduct dairy production systems utilizing multiple data sources to enhance decision-making

**Success indicator**

- New methods of collecting or analysing multiple sources of physical data on farm
- Dairy farm businesses are routinely collecting three or more sources of physical performance data for decision making (e.g. heat testing, pasture measurement, lameness scoring)
- Routine management decisions of dairy farm businesses (e.g. sire selection, rotation scheduling, culling) are informed by multiple data sources

**Unit**

% of farms

% of milk production

% of domestic market sales (liquid milk, cheese, butter and yoghurt)

% of manufacturing production data

**Baseline**

TBD

**Target**

TBD

80% 90% 90% 90%
### Strategic outcome: Innovative and responsive organisation

<table>
<thead>
<tr>
<th>Success indicator</th>
<th>Unit</th>
<th>Baseline 2020/21</th>
<th>Target 2024-25</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a.</strong> We have an enhanced farmer-focused service delivery model</td>
<td>Episode Net Promoter Score (i.e. measured at time of service interaction)</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>b.</strong> Our culture of learning and innovation, values and ways of working deliver success</td>
<td>Employee survey score</td>
<td>63%</td>
<td>80%</td>
</tr>
<tr>
<td><strong>c.</strong> Our infrastructure, resources and processes allow us to be informed, agile and responsive</td>
<td>Dairy Australia values are known and well understood</td>
<td>% of employees</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>d.</strong> We have effective and transparent management of resources</td>
<td>Levy payers are satisfied they are well-informed about how Dairy Australia invests levy</td>
<td>Average levy payer response</td>
<td>TBD</td>
</tr>
<tr>
<td></td>
<td>Levy payers are satisfied that Dairy Australia is investing levies appropriately</td>
<td>Average levy payer response</td>
<td>TBD</td>
</tr>
<tr>
<td></td>
<td>Dairy Australia’s investments align with the strategic plan and deliver value to levy payers</td>
<td>Average levy payer response</td>
<td>TBD</td>
</tr>
</tbody>
</table>

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**Disclaimer:**

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