



Australian Dairy Industry Sustainability Framework Progress Report 2013

Summary





A proud record, on-going improvement

The Australian dairy industry has a proud history of sustainability. We undertake many programs that contribute to enhancing livelihoods, improving the wellbeing of people and animals, and reducing our environmental impact, for both today and future generations.

As the third largest rural industry, dairy farms and factories directly employ more than 43,000 people. Our products are an essential part of a healthy diet, valued and trusted by millions, and consumed around the world.

In recent years, customers have expressed increasing expectations around the sustainability of agricultural practices, and demands to better demonstrate the dairy industry's sustainability credentials have intensified.

The Australian dairy industry has taken a cohesive whole-of-industry approach to sustainability. In 2012, the industry endorsed the Australian Dairy Industry Sustainability Framework, identifying priority areas, goals and objectives.

Over the past 12 months we have reviewed all current activity benchmarked against the Framework, and identified where performance improvement is still needed. We have committed to achieving key targets, and we're working to establish performance measures underpinned by baseline data.

We've brought this work together in the Australian Dairy Industry Sustainability Framework Progress Report 2013 – highlights of which are outlined in this summary report. The Progress Report demonstrates our commitment to the Framework, our principles of transparency and accountability, and outlines where we are and where we need to continue to do more.

The Australian dairy industry, under the leadership of the Australian Dairy Industry Council (ADIC) and supported by Dairy Australia, has endorsed the Framework, targets and performance measures, while recognising that there is still further work to be done in some areas.

The full Australian Dairy Industry Sustainability Framework Progress Report 2013 is available at www.dairyaustralia.com.au



Dairy snapshot 2012/13

- \$13 billion industry
- \$4 billion at farm gate
- 43,000 direct jobs
- 100,000 indirect jobs
- 6398 dairy farms
- 9.2 billion litres of milk
- 40% of milk production exported earning \$2.76 billion dollars

Setting our sights on 2020

The Australian Dairy Industry Sustainability Framework outlines Australian dairy's vision to enhance livelihoods, improve wellbeing and reduce our environmental impact so that Australia's dairy industry is recognised worldwide as a responsible, responsive and prosperous producer of healthy food.

The Framework defines seven priority areas under three themes:

Enhancing livelihoods

1. **Creating industry prosperity**
2. **Supporting communities**
3. **Investing in dairy people**

Improving wellbeing

4. **Ensuring health and safety**
5. **Maximising nutrition**
6. **Caring for our animals**

Reducing environmental impact

7. **Minimising our environmental footprint**

The 2013 Progress Report details the targets, measures and baseline data against which we will judge our performance to 2020. The highlights of this report are detailed in the following pages.

**Priority area 1:
Creating industry prosperity**

Goal:

Improve the profitability and competitiveness of the dairy industry by:

Objectives:

- Generating returns comparable with alternative uses of natural, human and capital resources
- Market development and market competitiveness
- Ongoing investment in and increased adoption of innovative solutions and effective use of new technologies

**Target 1:
Increase the future competitiveness
and profitability of
the Australian dairy industry**

**A number of performance measures
are being developed and include:**

- Increase the number of profitable dairy farms
- Increase the market preference for buying Australian dairy products
- Ensure sustainability criteria do not impede access to markets of choice
- Increase the adoption of new technologies and innovative management practices
- Provide consumers with greater choice and access to a variety of dairy products and/or ingredients to meet their specific nutritional needs

These measures, together with appropriate baseline data, will be quantified in 2014.

**Priority area 2:
Supporting communities**

Goal:

Enhance the resilience and prosperity of communities by:

Objectives:

- Increasing dairy's contribution to economic outcomes at local, regional, state and national levels
- Building capacity to embrace change, improving uptake of new technology and alternative practices; building resilience to climate variability

**Target 2:
Increase the resilience
and prosperity of
dairy communities**

**While still requiring further work,
measures will be set around:**

- Contribution that the dairy industry makes to the economy of dairy regions
- Contribution and importance of dairy recognised in relevant local and state government strategies (especially growth and investment strategies)
- Increase consumers' and dairy communities' recognition of the value of the dairy industry to local communities

These measures, together with appropriate baseline data, will be quantified in 2014.

Priority area 3: Investing in dairy people

Goal:

Enhance the expertise of and prospects for our people by:

Objectives:

- Our people have a safe and healthy work environment with the skills required to perform their roles competently

Target 3: Provide a safe work environment for all dairy workers

Performance measures:

- 100% on farm and dairy processor workers completed OH&S training (on-going compliance)
- 30% reduction in Lost Time Injury Frequency Rate (LTIFR)
- Zero workplace fatalities

Priority area 3: Investing in dairy people

Goal:

Enhance the expertise of and prospects for our people by:

Objectives:

- Building skills to deliver the sustainability objectives
- Planning for succession and attracting, developing and retaining talented people

Target 4: Attract, develop and retain a skilled and motivated workforce

Performance measures:

- 30% increase in the number of suitable applicants for dairy industry jobs
- Increase participation in development activities – 50% increase in education and 100% increase in extension activities
- 20% increase in the number of experienced and motivated employees retained
- 50% of dairy farmers have a well-developed business transition plan

A viable dairy industry contributes to local, regional, state and national economies

Competitiveness and profitability: Dairy invests heavily in R&D to find new ways to increase margins, and to increase and grow access to export markets. For example, 59% of Dairy Australia's investment is aimed at ensuring profitable and competitive dairy farms.

Resilience and prosperity: Dairy people are active participants in their local communities and most dairy companies operate community contribution strategies. For example, dairy companies provide fresh and UHT milk to Foodbank, a community charity.

A safe work environment: Manufacturers and farmers must provide evidence of training as part of their OH&S commitments. Manufacturers have reduced LTIFR by 44% and farmers by 57% over the past decade.

Skilled and motivated workforce: Training occurs in each dairy region around Australia through one nationally accredited curriculum. In 2012 the National Centre for Dairy Education Australia (NDCEA) had a 15% increase in the number of students undertaking training.



Improving Wellbeing

Priority area 4: Ensuring health and safety

Goal:

Produce safe dairy foods and ingredients by:

Objectives:

- All dairy products and ingredients sold are 100% safe

Target 5: All dairy products and ingredients sold are safe

Performance measures:

- Zero non-compliant chemical residues found during the Australian Milk Residue Analysis (AMRA) survey
- Zero product recalls due to food contamination (as reported by Product Safety Recalls Australia)
- 15% increase in the number of consumers who agree Australia produces high quality and safe dairy products

Priority area 5: Maximising nutrition

Goal:

Provide valued nutritional products that contribute to good community health outcomes by:

Objectives:

- Dairy products being recognised, valued and increasingly consumed as an essential part of a healthy diet

Target 6: Dairy contributes to improved health outcomes for Australian communities

Performance measures:

- Improve consumers' perception of the health and nutrition benefits of dairy foods
- National Health and Medical Research Council Australian Dietary Guidelines continue to recommend milk, cheese and yogurt as part of a healthy diet
- Increase the proportion of Australians meeting the recommended daily serves for dairy
- Improve recognition that dairy (milk, cheese, yogurt) is a key element of a healthy diet



Priority area 6: Caring for our animals

Goal:

Deliver best care for our animals by:

Objectives:

- All dairy farmers meeting animal health and welfare responsibilities and adopting industry recommended practices
- All dairy farmers ensuring animal husbandry practices maximise health and welfare outcomes

Target 7: Provide best care for all animals

Performance measures:

- 100% of industry complying with legislated animal welfare standards
- All of industry adopting relevant industry recommended practices for animal care
- 25% increase in the number of consumers who believe dairy farmers do a good job caring for animals

Our integrated food system includes the wellbeing of our animals, our people and our communities.

Safe dairy foods and ingredients: All dairy companies and dairy farms have documented food safety programs in place. Independent state-based regulatory bodies ensure mandatory food safety standards are met.

Nutritional products, healthy outcomes: Industry has proactively investigated the nutritional value of dairy products, and is actively communicating this through a range of programs e.g. increasing dairy consumption in the elderly to achieve better health outcomes.

Best care for animals: Animal welfare practices outlined in the National Dairy Industry Animal Welfare Strategy underpin the reputation and integrity of the dairy industry. Every two years an independent animal husbandry survey is undertaken to review progress against the industry's priorities for animal welfare.



Reducing Environmental Impact

Priority area 7: Minimising our environmental footprint

Goal:

Maximise resource use efficiency by:

Objectives:

- Improving nutrient, land and water management
- Reducing greenhouse gas emissions

Target 8: Improve nutrient, land and water management

Performance measures:

- 90% of stock are excluded from waterways
- 80% of farmers implement nutrient management plans
- 80% of dairy farms with irrigation have implemented some level of irrigation automation
- 80% of dairy farms managing some land for conservation and biodiversity
- All dairy farmers actively managing noxious weeds
- 80% of farmers have practices to recycle water on farm

Priority area 7: Minimising our environmental footprint

Goal:

Maximise resource use efficiency by:

Objectives:

- Improving nutrient, land and water management
- Reducing greenhouse gas emissions

Target 9: Reduce the consumptive water intensity of dairy manufacturers by 20%

Performance measures:

- 20% reduction in the consumptive water intensity of dairy manufacturers (on 2010/11 levels)



Priority area 7: Minimising our environmental footprint

Goal:

Maximise resource use efficiency by:

Objectives:

- Improving nutrient, land and water management
- Reducing greenhouse gas emissions

**Target 10:
Reduce greenhouse
gas emission
intensity by 30%**

Performance measures:

- 30% reduction in greenhouse gas emissions measured through:
 - direct measurement of manufacturer emissions
 - output measures from farm abatement actions

Priority area 7: Minimising our environmental footprint

Goal:

Minimise waste by:

Objectives:

- Maximise the recovery, reuse and recycling of materials from all waste streams

**Target 11:
Reduce waste
to landfill by 40%**

Performance measures:

- Manufacturer level measured by:
 - a direct quantitative target
 - all manufacturers being signatories to the Australian Packaging Covenant
- Farm level measurement to be determined

We strive to improve resource use efficiencies and embrace innovation to reduce our environmental impact.

Nutrient, land and water management: The industry is taking action on excluding stock from waterways, nutrient management, water use, conservation and biodiversity. DairySAT is an online environmental performance tool that helps farmers identify natural resource management issues and develop management plans.

Efficient use of water: The Australian manufacturing sector has been reporting on its collective environmental performance, including water use, since 2005. The Dairy Manufacturers Sustainability Council 2010/11 report estimates 1.75 litres of water was used per litre of milk processed.

Greenhouse gas emissions: The industry invests in strategies, guides and tools for farmers, in order to measure and reduce emissions. In 2011, using internationally agreed methodology, the Life Cycle Analysis project calculated the carbon footprint of Australian milk to be 1.11 kilograms of CO₂ per kilogram of fat and protein corrected milk.

Waste reduction: Over the past three years dairy companies have halved the amount of waste to landfill and recycled waste produced. About 85% of Australia's milk supply is processed by companies that have signed on to the Australian Packaging Covenant.

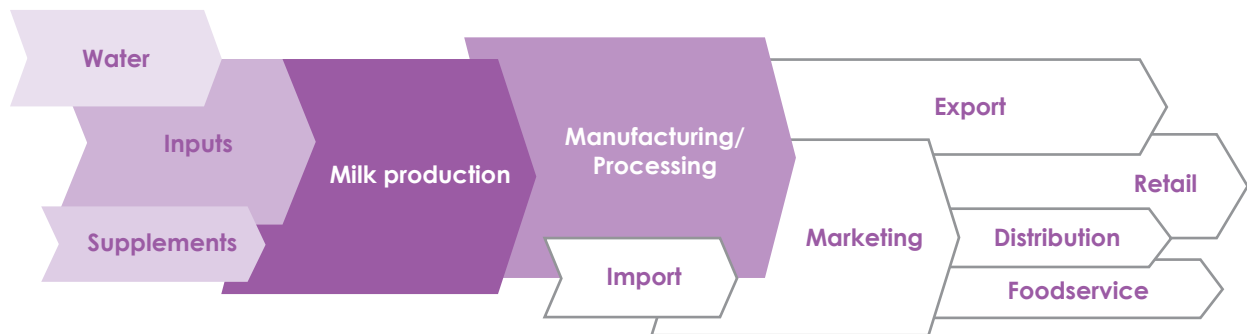


A framework owned by industry

The Australian Dairy Industry Sustainability Framework is **owned and led by industry**.

It builds on significant existing industry activity and sets the direction for continual improvement, providing guidance to farmers, manufacturers and industry bodies on our shared priorities and commitments.

The Framework incorporates the extended dairy value chain from feed production to manufacturing, retail and packaging, with an immediate focus on the areas where dairy farmers and processors have direct control.



It provides evidence that the dairy industry is committed to delivering better outcomes for the community and the environment, and demonstrates the benefits of working together to help create shared value for our industry, our customers and the community.

Development of the Framework was informed by leading international sustainability frameworks, including:

- United Nations Global Compact
- Global Reporting Initiative
- Carbon Disclosure Project
- Sustainable Agriculture Initiative (SAI) Platform
- AccountAbility AA1000 Principles Standard
- ISO26000
- Sustainability Assessment of Food and Agriculture Systems (SAFA) Guidelines

A set of principles was adopted to identify and prioritise issues, to determine the best approach to acting on them, to establish content and to engage stakeholders.

The principles are:

- Ethical behaviour
- Transparency and accountability
- Appreciation of stakeholder interests
- Competitive neutrality
- Collective action that delivers mutual benefit
- Inclusivity

Integral to the development of the Framework and targets has been **extensive consultation and collaboration with a broad range of stakeholders**.

Facilitated by Dairy Australia, the engagement has, and will continue to involve:

- Individual briefing sessions with key stakeholders
- Consultation meetings
- Feedback mechanisms
- Workshops
- The **Dairy Sustainability Consultative Forum** is a multidisciplinary body of experts with representatives from all key stakeholder groups. It was established and convened twice in 2013 to provide on-going support in the implementation of the Framework and to collaborate with industry on developing robust targets and measures.

Report, review, revise, refine

The Framework, targets and performance measures establish clear direction. Some targets and performance measures still require investigation to define them more concisely, or obtain relevant baseline data to benchmark performance. The Framework will evolve over time to embrace change, and undergo a regular process of reporting, reviewing, revising and refining.

During 2014:

- **Targets, measurements and baselines will be reviewed and gaps addressed**
- **Action Plans to guide on-the-ground implementation of the Framework will be developed**
- **Implementation will continue**
- **A second progress report will be produced by December 2014**

Thank you

We sincerely thank all who have contributed to the development of the Framework and Progress Report, in particular the Steering Committee, members of the Dairy Sustainability Consultative Forum, and all other stakeholders who have provided valuable input and expertise.

To download the full report visit the Dairy Australia website - www.dairyaustralia.com.au

We welcome your feedback.



Enhancing Livelihoods

For the 43,000 Australians employed on farms and in manufacturing by the dairy sector, dairying is their future. It creates jobs for generations and careers for life. By generating \$13 billion in economic value, dairying makes a vital contribution to the nation and, in particular, regional communities.



Improving Wellbeing

With a unique natural package of 10 essential nutrients, dairy foods have helped underpin the health and wellbeing of generations of Australians. As an industry, we care deeply for the wellbeing of the community and our animals.



Reducing Environmental Impact

Dairy farmers are responsible stewards of the land. Dairy works hard to reduce waste and greenhouse gas emissions, and to use water wisely. Technology and tenacity underpin our commitment to reduce our impact on the environment.

Further information:

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