



ADF National Dairy Farmers' Summit

Thursday 13 March 2014

The Summit as part of dairy industry priority setting

In 2013, the Australian Dairy Industry Council (ADIC) committed to leading a process for key dairy industry organisations to unify their visions and strategic priorities for the dairy industry. The objective is to have an ADIC industry-wide aspirational vision and a path of collective industry activities to achieve this.

The idea of holding a national dairy farmers' summit was first proposed as part of the March for Milk community event at Murray Bridge South Australia. ADF was pleased to take on this idea and incorporate it as part of ADIC priority setting process. This process involves the following steps:

1. Review strategic industry initiatives and develop "themes" for consideration. Prepare background paper (attached)
2. Hold farmers' Summit for people in the industry to develop the themes, discuss industry objectives, and identify priority industry actions. To be challenging, future looking, and focused on outcomes
3. Summarise findings from the Summit and make these available within one month of the Summit
4. Hold an ADIC strategic forum within two months of the Summit to have a focused conversation about industry policy priorities and key industry actions. The forum will be a small group of representative farmers, manufacturers and dairy organisations who will consider the previous strategic industry initiatives, outcomes from the Summit and other inputs provided
5. Prepare document setting out the industry vision and strategic priorities
6. Prepare an implementation plan to identify common policy and program areas to be advanced, identify key industry actions, and determine the approach for promoting the vision and strategy with stakeholders.

This Summit does not take place in isolation. Relevant industry initiatives reviewed in step 1 above provide the platform for the 2014 ADIC priority setting process. In addition, various industry structures such as reference groups, policy advisory groups and communities of interest have a role to give consideration to policy priorities at a more detailed level.

The focus of the 2014 industry vision and strategic priorities is on collective strategic policy priorities that will be implemented over time. Individual dairy industry organisations, companies and farms have their own policy and activity priorities.

As well as being an important input to the ADIC strategic forum, the outcomes of the Summit may inform other industry, policy and organisation planning.

Introduction

This paper summarises a desktop review undertaken by Freshagenda as background for the ADIC's industry priority setting process. While not an exhaustive list, it provides an overview of a number of recent, high profile and relevant industry efforts which provide the platform for the 2014 ADIC priority setting process.

These initiatives and reports were extensively used to develop the workshop themes and the background notes for each theme. The outcomes of these initiatives and reports will be addressed by the National Dairy Farmers' Summit theme workshops scheduled for 13 March 2014.

The initiatives and reports summarised in this paper include:

- Horizon 2020: Future Scenarios for the Australian Dairy Industries
- ADIC investment plan
- Dairy Australia Strategic Plan
- Australian Dairy Industry Sustainability Framework
- Legendairy™ campaign
- Dairy Moving Forward: A National Research, Development & Extension Strategy
- Regional Plans – plans developed for the Tasmanian, Western Victoria, Queensland/Northern New South Wales industries

ADIC Priority Setting Themes

A number of themes have been developed which will be considered by the ADIC industry priority setting exercise including in the National Dairy Farmers' Summit workshops on 13 March 2014:

1. **Human capacity** – improving the knowledge, skills and confidence of the people who work in the dairy industry, and successfully attracting and retaining new people
2. **Farm business fitness** – getting farm businesses “fit for purpose” – to deliver the long-term wealth, lifestyle and environmental outcomes industry and individuals want in the future.
3. **Social licence / public trust** – doing the “right thing” in terms of environmental, economic and social issues, but gaining the acceptance and trust of communities.
4. **Competitive value chain** – ensuring the value chain from farm to consumer is working as efficiently and effectively as possible and delivering what the marketplace wants.
5. **Market growth** – selling products to current as well as new and emerging markets of choice – whether export or domestic, exploring new uses for dairy, and our ability to develop and grow to deliver what customers want and that will sustain demand into the future.
6. **Cohesive dairy community** – a supportive environment in which to do business, live meaningful lives and build pride in the dairy industry.

This overview indicates there are strong correlations between the themes developed for the National Dairy Farmers' Summit workshops and the areas covered by the major dairy industry initiatives featured. There is significant, and to some extent overlapping, activity described by all the strategic plans and initiatives outlined in this summary, with human capacity being a particularly consistent theme.

The themes of “Competitive value chain” and “Cohesive dairy community” are less consistently addressed by other plans and initiatives summarised here. Farm business fitness is also not directly aligned with many of the strategies in this review. While the DMF strategy focuses on pre-farmgate R, D and E and farm business management is one of five areas of focus, the structure of the process does not address the “fitness” aspect of this theme in terms of putting medium to long term profit drivers at the core of the activity. Similarly, the Dairy Australia Strategic Plan details extensive investments planned to support aspects of farm production and management, with areas of focus that align with the DMF strategy.

Industry Initiatives

Horizon 2020

The initiative	Key findings/outcomes	Themes
<p><i>Horizon 2020: Future scenarios for the Australian Dairy Industry</i> was jointly commissioned by Dairy Australia and The Geoffrey Gardiner Foundation, and completed in 2012. The objective of the study was to provide medium to long term objectives for the investors, “lifting the sights” of the industry and highlighting key areas for industry collaboration.</p> <p>The study was completed by a working group involving farmers supply chain participants.</p> <p>The working group undertook study tours and numerous meetings with stakeholders, to understand 7 major agendas – including the global dairy landscape, sustainability agenda and the challenge of feeding the world shaping the industry’s future.</p> <p>Based on this research, scenarios were then developed for the industry into 2020, with a larger group of stakeholders, and from this analysis a desired future outcome was developed with the Dairy Australia Board, and tested with other industry participants. Recommendations were then based on this desired future.</p>	<p>A report was delivered to the investors in late 2012, and there have been presentations of the findings during 2013.</p> <p>The Horizon 2020 process developed 14 recommendations aimed at delivering the desired outcome for the industry’s future.</p> <p>Key recommendations addressed:</p> <ul style="list-style-type: none"> • Developing a comprehensive program aimed at improving “farm business fitness” including understanding behavioural drivers and farmer segments, developing comprehensive benchmarks, facilitating private R & D co-investment and aligning farm programs to profit drivers. • Celebrating success and developing the evidence base to effectively tell dairy’s story. • Better resource advocacy and implement a proactive and comprehensive leadership strategy. • Develop and implement an industry sustainability framework. <p>The Horizon 2020 findings have been communicated at appropriate forums and the implementation of Horizon 2020 recommendations is being overseen jointly by DA, GGDF and ADF.</p>	<p>All</p>

ADIC Investment Plan 2013-15

The initiative	Key findings/outcomes	Themes
<p>The ADIC Investment Plan sets out the key areas of investment for the ADIC processors' fund. The funding has been provided for the sole purpose of delivering whole of dairy industry policy and advocacy activity, as well as a supporting a communications program.</p> <p>The plan and funding recognise that the need for advocacy is increasing, however, the complexity of the challenges facing the industry and the number and diversity of stakeholders are stretching resources. The plan aims to focus on areas of greatest need without duplication of activities.</p> <p>Areas of investment include:</p> <ul style="list-style-type: none"> • Industry Strategic Planning and Alignment • Communication and Engagement (including industry forums) • Trade, Domestic and International Market Support • People and Human Capacity • Environmental Sustainability • Animal Health and Welfare • ADF Project Fund • ADIC National Dairy Fund 	<p>The plan has been developed identifying objectives and milestones for each investment area.</p> <p>A workshop was held in early 2013 to develop key performance indicators that allow progress against the plan's objectives to be measured.</p> <p>The ADIC Board review performance against strategic policy, advocacy and other priorities via regular status reports. These reports are made available to all funders.</p> <p>The Investment Plan has enabled increased effort in the core areas of ADIC policy development and advocacy, and growing awareness of the ADIC through events and communications. A key strength of the ADIC model has been a single, whole of chain voice on collective industry issues. The processor funding and investment plan has facilitated the development of a raft of new, credible policies and strategic engagement opportunities which dairy is advocating through the ADIC.</p>	<p>1 Human capacity</p> <p>3 Social licence</p> <p>5 Market growth</p> <p>6 Cohesive dairy community</p>

Dairy Australia Strategic Plan 2013-2016

The initiative	Key findings/outcomes	Themes
<p>Dairy Australia produced its latest strategic plan in 2013, following consultation with Group B members and other stakeholders. The plan covers a three year period including the 2013/14 and 2015/16 financial years. The document sets the strategic direction for the organisation and the investment of the Dairy Service Levy.</p> <p>The plan is required under a Statutory Funding Agreement between the Federal Government (Department of Agriculture, Fisheries and Forestry) and Dairy Australia, and requires Ministerial endorsement. The plan demonstrates the alignment of Dairy Australia's investments with the Government's own Research and Development priorities.</p>	<p>The Plan sets out three strategic priorities for Dairy Australia:</p> <ul style="list-style-type: none"> • SP1 Profitable and competitive dairy farms (59% of spend) • SP2 Protect and promote our industry (20% of spend) • SP3 Grow capability and skills (18% of spend) <p>Industry sustainability is also highlighted in the Plan as a unifying investment theme.</p> <p>The plan sets out investment against the strategic priorities for the period 2013-2016.</p> <p>SP1 encompasses investment in farm and post-farm margin improvement, access to profitable international markets and the provision of market information and insights.</p>	<p>All</p>

	<p>SP2 investments include demand enhancement, encouraging a positive dairy culture, and protecting the industry's reputation, risk management, as well as understanding monitoring and supporting industry sustainability.</p> <p>SP3 includes workforce planning and action, skills and knowledge, careers pathway development, leadership and extension.</p>	
--	---	--

Australian Dairy Industry Sustainability Framework 2012

The initiative	Key findings/outcomes	Themes
<p>The Australian Dairy Industry Sustainability Framework is a whole of industry approach to sustainability.</p> <p>It recognises that customer and community expectations around caring for the planet, people and animals are increasing, and at the same time the industry must be profitable to deliver on these objectives.</p> <p>It builds on existing industry activity and sets the direction for continual improvement. It provides guidance to farmers, manufacturers and industry bodies on shared priorities and commitments in seven priority areas of activity addressing three key themes:</p> <ul style="list-style-type: none"> • Enhancing livelihoods • Improving wellbeing • Reducing environmental impact. <p>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.</p>	<p>An extensive consultation process involving farmers, dairy companies, customers and relevant non-government organisations has developed a framework that articulates the industry's vision for a sustainable industry in 2020. Following release of the Framework in 2012, the consultation with stakeholders and community representatives continued in 2013 developing targets and measures.</p> <p>A Progress Report was produced in November 2013, detailing the targets, measures and baseline data against which the industry will judge its performance to 2020.</p> <p>These measures will be quantified further in 2014 and action plans developed for the industry to work towards the targets.</p> <p>Unilever has endorsed the industry's sustainability framework – a first for that company in declaring that an entire industry meets its sustainability criteria.</p> <p>There will be an ongoing consultation process to further develop and refine measures and targets, and progress will continue to be reported.</p>	<p>1 Human capacity</p> <p>3 Social licence</p> <p>5 Market growth</p>

Legendairy™ Campaign

The initiative	Key findings/outcomes	Themes
<p>The Legendairy™ campaign is a program of marketing and communication activities that promote the industry and its products. Launched in mid-2013, the campaign is being led by Dairy Australia.</p> <p>Three key audiences have been identified for the campaign: dairy farmers, consumers and the influencers of our society – societal shapers.</p>	<p>The campaign continues to be rolled out.</p> <p>The key messages and industry facts have been used repeatedly in communications on behalf of the dairy industry.</p> <p>The campaign has prompted conversations within the industry.</p>	<p>3 Cohesive dairy community</p>

<p>The dairy story at the heart of the program was derived from the three pillars developed from the Australian Dairy Industry Sustainability Framework.</p> <ul style="list-style-type: none"> • Enhancing livelihoods • Improving wellbeing • Reducing environmental impact <p>The Legendairy™ campaign encompasses advertising – television, print, digital and radio – as well as sports sponsorship. It is a grass roots program aimed at raising the profile of the dairy industry, instilling pride and inspiring renewed confidence among dairy people and their regional communities. Objectives to be achieved by the campaign by 2016 are to:</p> <ul style="list-style-type: none"> • Increase total population everyday 3+ consumption of dairy foods from 28.7% to 32%. • Increase the percentage of consumers who agree “I trust the dairy industry” from 66% to 70%. • Reverse the downward trend in farmer confidence about the future of the dairy industry (66% in Feb 2012 to 56% in Aug 2012). • Develop a positive operating environment for the Australian dairy industry. 	<p>Effectiveness of the campaign in achieving its objectives is being monitored.</p>	
--	--	--

Dairy Moving Forward

The initiative	Key findings/outcomes	Themes
<p>Dairy Moving Forward (DMF) is the dairy industry’s national pre-farmgate research, development and extension strategy. The strategy was developed in 2009 under the guidance of the DMF Committee comprised of representatives from industry organisations, government, and universities.</p> <p>DMF was the dairy industry’s contribution to the national Primary Industries Ministerial Council (PIMC) endorsed process of establishing National RD&E Strategies for the primary industry sectors.</p> <p>DMF aims to ensure that the dairy industry has a more coordinated and collaborative approach to RD& E and that national research capability will be focussed, used efficiently and effectively to achieve the best outcome and uptake by the industry.</p>	<p>The Dairy Moving Forward project is in the implementation phase where there are now clear examples of stronger collaboration</p> <p>The DMF concept is embedded in the culture of the industry. All the major research funders take account of the DMF priorities when assessing their own investment plans.</p> <p>There is an increasing involvement in cross sector strategies – climate change, water, animal welfare etc.</p> <p>The 2010 strategy document is to be refreshed in 2014 to take account of the changes that have occurred over the last 4 years.</p>	<p>1 Human capacity</p> <p>2 Farm business fitness</p> <p>3 Social licence</p>

<p>Through DMF's stakeholder consultation, culminating in 2010 a set of five RD&E strategic priorities were developed:</p> <ul style="list-style-type: none"> • Feedbase and nutrition • Animal performance • Farm business management • People • Natural resource management & climate change <p>DMF is governed by a Steering Committee chaired by the ADF President and has DA, DAFF, DEPI, Gardiner, the RDPs, UDV and ADPF representation.</p>	<p>The implementation is still focussed on the five program areas of feedbase, animal performance, people, farm business management and NRM.</p> <p>Each area is led by a Program Champion and generally has a number of Communities of Interest as reference groups. The People program recently moved to have the Dairy Industry People Development Council assume the role of Community of Interest.</p>	
--	---	--

Regional Plans

Three dairy regions have developed comprehensive strategic plans in recent years.

Filling the Factories

The initiative	Key findings/outcomes	Themes
<p>The Tasmanian dairy industry has developed a strategic plan "Filling the Factories". The plan was prompted by new processing investment within the state.</p> <p>The plan was led by the state's Regional Development Program (RDP) DairyTas and completed in December 2012. Dairy companies, government representatives, supplier and support organisations were heavily involved in the plan's development.</p> <p>"Filling the Factories" aims for a 40% increase in production in 3 to 5 years.</p> <p>The plan focuses on three key requirements for milk production growth:</p> <ul style="list-style-type: none"> • Cows • People • Investment <p>As well as highlighting support areas:</p> <ul style="list-style-type: none"> • Infrastructure – power, roads and communications • Regulatory environment – particularly around effluent management and access to water • Social and environmental stewardship 	<p>Significant government support has resulted from the development of the plan.</p> <p>A full time project manager was appointed in April 2013 on secondment from the Department of Economic Development. The appointment will run until 2016.</p> <p>The Planning for Conversion program was launched by the Tasmanian Premier in June 2013.</p>	<p>1 Human capacity</p> <p>3 Social licence</p> <p>4 Competitive value chain</p>

Down the Track

The initiative	Key findings/outcomes	Themes
<p>The Down the Track strategy was developed for Western Victoria and led by the WestVic Regional Development Program (RDP).</p> <p>The three year program aimed to develop a delivery plan and execute the top actions identified to deliver the Down The Track strategic direction.</p> <p>Industry working groups developed the first round of actions in February 2010 and these actions were reviewed and updated by representatives of all facets of the industry in May 2012.</p> <p>The Down the Track strategy set a goal of 3 billion litres in milk production for the region by 2020, and described a preferred future. The action plan developed through a series of consultative workshops and conversations involving 200 stakeholders. Key activity areas identified were:</p> <ul style="list-style-type: none"> • Markets • Production • People • Natural resources • Infrastructure • Capital • Knowledge 	<p>Down the Track developed a detailed action plan, and progress wheel for actions and has been communicated on the WestVic site, although it is difficult to discern which actions have been completed.</p> <p>The plan process has raised the profile of dairy within the region, engaging local government and infrastructure service providers.</p> <p>This strategy is scheduled to be completed by mid-2014.</p>	<p>1 Human capacity</p> <p>3 Social licence</p> <p>4 Competitive value chain</p> <p>5 Market growth</p>

Northern Plan 2012 – 2015

The initiative	Key findings/outcomes	Themes
<p>The Northern Dairy Industry Plan 2012-2015 was led by the Queensland Dairyfarmers' Organisation (QDO). Dairy companies and state government representatives were included in its development.</p> <p>The plan is based on a set of key objectives as the basis for proposed strategies that address the future sustainability and competitiveness of supply chains across the region.</p> <p>These objectives included:</p> <ul style="list-style-type: none"> • Recognition of commercial reality for the industry & the future role in products & markets • Providing an environment to stabilise and sustain milk production, and more effectively compete for resources • Improving skills of managers and owners • Improving and protecting returns from the market for fresh production. <p>The Northern Plan sought to delineate between collective efforts in delivering against these objectives as opposed to activities that were properly in the commercial domain.</p>	<p>The QDO continues to update the regional Situation & Outlook document annually. This report provides regional information on commercial realities and performance of the Northern region against objectives.</p>	<p>1 Human capacity</p> <p>2 Farm business fitness</p> <p>4 Competitive value chain</p> <p>5 Market growth</p>