

Roadmap for improved sustainability

Key points

- ✓ Whole-of-industry approach to sustainability
- ✓ Farmers look after land, environment and animals
- ✓ Provides evidence so customers can trust dairy

KEEPING Australian dairy in business for the long term — this was the catch-phrase of the Australian Dairy Industry Sustainability Framework when it was first endorsed by the Australian Dairy Industry Council (ADIC) in 2012.

This long-term thinking is especially relevant today. Last year, Australian dairyfarmers produced 9.54 billion litres of milk while each Australian on average consumed 105 litres of milk and 13.9 kilograms of cheese.

Increasingly, the community is demanding proof that we are doing the right thing by our people, our animals and our planet. Considering the complexity of the value chain from raising and milking cows to making products, we recognised that a cohesive approach was needed to demonstrate Australian dairy's commitment to sustainable development, to align our efforts, and to continuously improve performance.

We have taken a whole-of-industry approach to sustainable development through the creation and adoption of the Australian Dairy Industry Sustainability Framework — an initiative of the Australian Dairy Industry Council with key partners Australian Dairy Farmers, Australian Dairy Products Federation and Dairy Australia. It incorporates the extended dairy value chain from on-farm practice, feed production to manufacturing, retail and packaging.

The framework centres on three themes — enhancing livelihoods, improving wellbeing and reducing environmental impact. In 2013, 11 targets with 36 measures were set for 2020, focusing on profitability, community resilience, occupational health and safety, skills, product safety, nutrition, animal care, and environmental impact.

Implementation began in 2013 and



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has been accepted within the industry as a guide for progress. It enables farmers and manufacturers to measure and compare over time and improve their own performance and, in turn, contribute to the improvement of the wider industry.

The framework is an acknowledgement of the farmer's responsibility and passion to look after the land, the environment and the animals; for the whole industry, it demonstrates our commitment to look after things that are important to consumers and the community.

It underpins a strong commitment to be responsible managers of natural resources in the production of dairy products. The framework also drives improved performance on-farm in sustainable practices and throughout the process of manufacturing.

Benefits include:

- an agreed roadmap for continuous improvement in industry practices;
- strong evidence of sustainable development so customers can trust dairy foods;
- progress against targets tracked and transparently reported;
- improved ability to direct investment and effort to meet agreed targets;
- collective action on matters most effectively addressed as an industry; and
- communicating the positive contribution dairyfarmers make to the global environment.

For the dairy industry, sustainable development is about continuous improvement. By measuring and sharing our progress and inviting feedback, we seek to get better at being more effective with our resources. New options and technologies will also emerge over time and this will enable us to do things smarter and better. **D**

Evolution of sustainability framework

- Key points**
- ✓ New and emerging sustainability issues
 - ✓ Industry sustainability framework reviewed
 - ✓ Goals, targets and indicators to be updated

SUSTAINABILITY is continuously evolving. In 2015, a consultation with stakeholders raised emerging sustainability issues such as labour practices and on-farm intensification.

This year, the United Nations set new global Sustainable Development Goals (SDGs), including agreement on climate action (at the 21st Conference of the Parties who have signed up to the 1992 United Nations Framework Convention on Climate Change [COP21] meeting).

Each new emerging issue deals with a different set of policies and engagement issues — for example, the Murray-Darling Basin plan balances what water a farmer can use against what is left for the environment.

Our commitment to a sustainable dairy industry requires an ongoing process of review.

In 2016 the Australian Dairy Industry Council (ADIC) conducted a detailed review of all sustainability targets, indicators and performance measures.

Consideration was given to a broad range of emerging issues, stakeholder views and global events.

These findings were used to inform the scope of the framework and help the industry prioritise its key focus areas in line with stakeholder expectations and concerns and stay up-to-date with the issues that matter most.

The review highlighted several recent developments in sustainability, including:

- the United Nations Sustainable Development Goals (SDGs);
- climate change issues from the COP21 agreement;
- Australian Stock Exchange (ASX) requirements for listed companies to consider their social and environmental risks as well as financial risks;
- ethical investing trends;
- the need for increased supply chain transparency, and greater scrutiny and pressure on farm practices; and
- the recent fall in global and Australian dairy commodity prices.

The review also identified five key

A summary of our 2015 progress

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focus areas that should be highlighted more. These were:

- health and nutrition;
- animal health and welfare;
- climate change, including water scarcity;
- profitability and ethical investment; and
- food waste (as an emerging issue).

Given the findings of the review, the Sustainability Steering Committee is in the process of updating the framework goals, targets and indicators to ensure they are relevant considering today’s expectations.

The framework was originally deemed fit-for-purpose when it was released more than three years ago, but it must evolve to meet the needs of farmers and the industry, and address concerns of our customers.

The new and refreshed framework will be increasingly relevant to the industry, especially dairyfarmers. The updated framework will be released early in 2017. **D**



Consultation with farmers as well as customers, manufacturers, interest groups, retailers, suppliers and governments helps ensure the sustainability framework addresses issues of importance to others.

Extending our reach beyond the farmgate

Key points

- ✓ Sustainability Framework wins awards
- ✓ Steering committee and consultative forums vital part
- ✓ Being used as model by other industries and in other countries

THE dairy industry's progress with sustainability is not going unnoticed. The industry won the 2015 Food for Sustainable Thought award presented by the Banksia Foundation.

Judges of Australia's premier sustainability award praised the Sustainability Framework, concluding it could be used across all industries and had the potential to influence the broader commercial market.

In the past four years, a national consultation process has involved farmers, manufacturers, interest groups, customers, retailers, suppliers and government.

The initial consultation in 2012 with farmers and manufacturers took 12 months. Their input into the development of the framework was critical to ensure the framework was owned by industry and encouraged farmers and manufacturers to continue to improve their practices in line with the goals set by the framework. It also allowed their involvement to grow.

Without this involvement, the Sustainability Framework would not be where it is today.

Our work with those outside the dairy industry, including consumers and government, helps us to better understand what issues are important to others.

'The forum convenes twice a year, providing a "reality check" for the industry, including feedback on emerging issues and trends.'

Consultation is ongoing under a strong industry governance structure. A steering committee of farmer and manufacturer representatives, with support from Dairy Australia, oversees implementation of the framework under the direction of the Australian Dairy Industry Council.

Manufacturers participate via individual company representatives and via the Australian Dairy Products Federation, whose member companies account for more than 90 per cent of Australian dairy food production.

A dairy sustainability consultative forum of experts has also been established to promote collaborative discussion on the framework to ensure it meets the needs of the industry, the community and the consumer.

The forum convenes twice a year, providing a "reality check" for the industry, including feedback on emerging issues and trends.

In the past four years we have consulted several groups including:

- dairy manufacturers;
- dairyfarmers;
- retailers — Coles, Metcash, Woolworths;

- interest groups and non-government organisations;
- farm suppliers; and
- government.

World Wildlife Fund global commodity leader Ian McConnell attended the May 2016 consultative forum. He told Radio 2UE: "To have those goals outlined and some time-bound commitments around them means they are well down the path towards achieving what is a truly sustainable dairy industry."

The most recent consultative forum was held in October 2016 at which attendees were presented with proposed changes to the framework.

Participants shared their top sustainability challenges and opportunities. Input at the forum helped paint a picture of where our customers and consumers expect dairy to be in 2030.

We are sharing the framework with other agricultural sectors, nationally and internationally.

Internationally, we have presented our learnings through the Sustainable Agriculture Initiative (SAI) Platform, Global Dairy Platform, Global Dairy Sustainability Framework, Innovation Centre for US Dairy, Dairy UK and the International Dairy Federation.

The \$18 billion Australian beef industry has just started development of a national beef industry sustainability framework, and is drawing on our initiative and experience.

Dairy Sustainability Framework steering group chair, Chris Griffin, addressed the first meeting of the beef framework's industry steering group in February 2016. 

Long-range thinking supports investment

- Key points**
- ✓ Farm upgrades improve profit and deliver environmental outcomes
 - ✓ Better use of effluent cuts fertiliser usage
 - ✓ Soil tests identify where fertiliser is needed

GOOD environmental management is just good management. Today's farmers have a significant understanding of environmental impacts and are constantly finding new, more efficient and environmentally friendly ways to manage their land, animals and businesses.

Dairyfarmers are taking an active role in environmental responsibilities and have a proven record of continuous improvement in terms of water use, energy efficiency and protection of soils and diversity.

Sharefarmer, Shane McNab and his wife Rene work on 180 hectares of John Quillam's land at Montagu, 15 minutes' drive from Smithton, Tasmania.

They milk year-round but are gradually realigning the herd for autumn calving. By refining conception rates, they plan to boost cow numbers from just under 300 to about 400.

Calculating possible farm improvements to save money over the long term has enabled Shane McNab and John Quillam to think ahead and forge capital upgrades to the farm.

Originally from Auckland in New Zealand's North Island, Mr McNab moved to Tasmania with his family as a teenager. Wanting to develop his farm-management skills, he returned to NZ to work as a young adult in the Waikato region.

However, a love of the Tasmanian countryside and an ambition to one day buy his own farm drew him back.

The first thing to be renovated after the couple's arrival at Montagu was the laneway surfaces, immediately eliminating the need to cull lame cattle.

Next on their wish-list was solving the farm's fresh and waste water predicament.

Irrigation had been installed in one section but it was unreliable. They laid an expanded (45-hectare) network of irrigation pipes capable of running either fresh water from a spring-fed dam or dairy effluent onto the farm's sandy flats, which replaced the gravity-feed system.



Soil nutrition tests are used to help identify what fertiliser is required on the farm's three distinct soil types: red loam on a hillside and heavy clay and sand on the flats.



The dairy shed has been extended to accommodate a new 16,000-litre vat — up from 5000 litres.

This was crucial to improving sustainability and productivity.

The farm has three distinct soil types: red loam on a hillside and both heavy clay and sand on flats. In a district where rainfall can exceed 1200 millimetres a year, keeping porous river paddocks adequately fertilised is expensive, therefore it was essential to have soil nutrition tests taken.

"We were looking at upgrading the

'...the balance of conscientious planning and strategic investment is bearing fruit...'

effluent system so that [soil testing] was the best way of finding out where to direct it," Mr McNab said.

"We've been putting out about 45 tonnes a year of a four-in-one mix, plus urea in winter. Now, knowing from the tests that the hill doesn't need that, we're expecting to save about \$15,000/year there and cut back by maybe one tonne/ha on the clay flats — that's another \$5000-\$6000/year saving.

"The savings just on fertiliser are going to pay for the whole system very quickly — and that's going to continue for at least 20-30 years."

In addition, the dairy shed has been extended to accommodate a new 16,000-litre vat — up from 5000 litres — and increasing cow numbers will enable Mr McNab to split the herd into two smaller mobs of 150-200 for milking through the existing yards rather than replacing them at a six-figure cost.

In only the third year of the share-farming agreement, the balance of conscientious planning and strategic investment is bearing fruit and will do so for many years to come benefiting both the McNabs as the sharefarmers and John Quillam, the land owner. **D**