

Summary of Industry Feedback on the Draft Australian Dairy Plan

12 June 2020

Introduction

In early 2019, Dairy Australia, Australian Dairy Farmers, the Australian Dairy Products Federation, the Gardiner Dairy Foundation (collectively the Partners) and John Brumby AO (appointed in May 2019 as the Independent Chair) committed to working together to develop the Australian Dairy Plan (the Dairy Plan). The Dairy Plan set the Australian dairy industry's key priorities and commitments for the next five years and beyond, to deliver transformational change for a more profitable, confident and united Australian dairy industry.

The draft plan was released on 6 December 2019, with the closing date for feedback of 19 March 2020. The consultation feedback was collated and analysed by an independent consultancy, Nous Group, a summary of which is included in this report.

The report is presented in three areas: the first section outlines how the feedback was collected and analysed; the second section summarises the key themes and ideas that emerged from the feedback; and the final section of this report provides the next steps as to how the Dairy Plan will be finalised.

The Partners would like to acknowledge the time and effort that was invested in the preparation of feedback by all industry stakeholders. It was clear from the feedback received that there was an overwhelming sense of hope and a common goal of striving for a more valued and successful dairy industry.

How the feedback was collected and analysed

Feedback was sought and provided on the Dairy Plan's direction, priorities and initiatives. Feedback was open to everyone via the Dairy Plan website. **Figure 1** below illustrates the timeline on industry consultation, feedback and release of key documents.

Each item of feedback was individually analysed to draw out the specific themes and ideas.

Figure 1 | Timeline of industry consultation, feedback and release of key documents

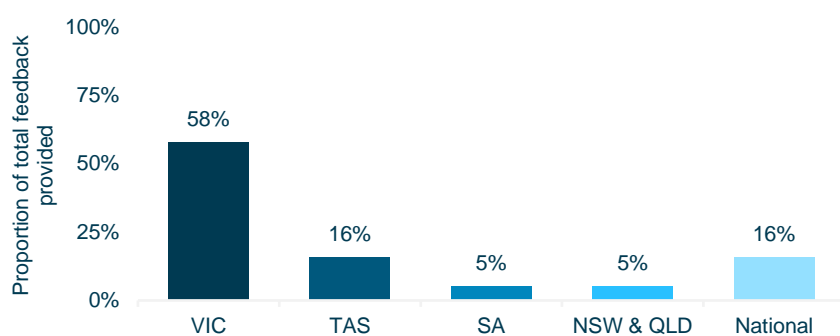


About the industry stakeholders who provided feedback

A total of 19 items of feedback were received from individuals and organisations. Individual stakeholders represented approximately 47% of responses, and 53% were organisations.

Figure 2 illustrates the proportion of stakeholders who provided feedback, by region. The majority of the feedback received was from Victoria (58%) with the second largest volume of feedback from Tasmania (16%) and national organisations (16%).

Figure 2 | Industry feedback – stakeholder by region



Industry feedback was representative of participants from across the industry supply chain, including dairy farmers, specialist service providers, regional development programs, an agri-bank, a trade union, advocacy bodies, an individual from the processing sector and representatives from various industry associations, both pre and post farmgate.

What we heard

Some items of feedback addressed individual sections of the draft plan, making specific recommendations on how to add to, or revise content. Other items of feedback discussed new ideas that could be linked to existing sections. A summary of these recommendations and ideas has been created against the respective sections of the draft plan, illustrated in Table 1 below.

It is important to note that the table below contains the recommendations of industry stakeholders, which the Partners will consider for inclusion in the final Dairy Plan. The Partners will include recommendations in the final report where they are aligned to the overall intent of the Dairy Plan, are compelling, and are evidence-based.

Table 1 | Key recommendations and ideas that emerged from the industry feedback phase

Section of the draft plan	Key themes and ideas from industry stakeholders
The challenge	<ul style="list-style-type: none"> A key theme for this section was to include a more detailed discussion on the costs of production, expanding on the issues of energy, labour and water.
A new plan for the dairy industry	<ul style="list-style-type: none"> To set out the basis on which profitability, confidence and unity will improve through the outcomes of the Dairy Plan.

Section of the draft plan

Key themes and ideas from industry stakeholders

Commitment 1

- Provide an update on the progress of Commitment 1, including how the JTT's recommended industry structure will align with the final plan
- Clearer detail on how the interests of processors and farmers will be managed, including how conflicting or differing priorities will be represented by any new structure.
- Cross-reference the critical issues in policy leadership, including the rising costs of production and set out how the enhanced role of advocacy will lead to better outcomes.

Commitment 2

- There is opportunity to provide additional detail on the work currently underway on how the industry will attract new entrants and investment. This could include further exploration of topics such as: career pathways, use of skilled consultants and professional services firms by farmers, competition for land and labour with other agriculture industries, trend for large-scale herds due to offshore ownership and investment, use of technology and innovation to drive growth, business structure innovation e.g. incentives / benefits to retiree farmers and new entrants, the trend of investment by large farms in processing and farm tourism.
- It was also recommended that we must not lose the distinction between dairy farmers, processors and dairy workers in this section.

Commitment 3

- Further strengthen the detail in this section to clearly address the general image of the dairy industry, including taking a proactive stance to secure dairy's social licence to operate
- Ensure that an evidence-based approach is undertaken to identify marketing priorities and the level of financial investment from industry stakeholders, including analysis of the value of the current marketing spend to drive consumer demand and value, and where there are gaps. A further recommendation was made to identify sources of financial investment from industry stakeholders to support marketing activity.

Commitment 4

- There is opportunity to provide additional detail on the specific initiatives in this commitment. Some examples of this include a request for greater detail on the specific business skills that require intensification; the mindset shift required on the drivers of profit; the need for effective farm business plans to be complemented by implementation and investment plans; the need to provide farmers with accurate information on the different types of production systems to complement intensification of skills.

Section of the draft plan

Key themes and ideas from industry stakeholders

Commitment 5

- A series of recommendations were made on how to further enhance the Milk Value Monitor e.g. development of an online decision support system; to use the learnings from the Milk Price Index to inform the development of the Milk Value Monitor; the need to ensure processor support for the Milk Value Monitor; the opportunity for analysis and benchmarking to be across the dairy supply chain including retailers
- Submissions also included ideas for stronger government intervention in the supply chain, such as a fair pay scale for dairy farmers, government control of milk pricing at the farmgate, and government control of minimum consumer prices. These concepts require significant policy debate and will be covered in the policy leadership section, rather than Commitment 5
- There was also a statement that the Dairy Plan does not deal with market power and dynamics along the supply chain between farmers, processors and retailers in this section.

Fundamentals

- Overall feedback received for the Fundamentals was to provide greater detail on the section overall and to provide more detail on programs of works, specific initiatives and how they link to profitability, confidence and unity.

Sustainability

- Existing sustainability goals could be more robust, practical, and include supporting initiatives to help farmers to achieve them. An example of a supporting initiative is an ethical certification for workers' rights, animal rights and the environment.
- Consider all impacts of climate change including lesser understood issues like future access to finance.

Policy leadership

- Ensure policy leadership takes a strong and proactive position on climate change and ensure the dairy industry has ready access to new green initiatives from government (acknowledging this feedback also appears in Commitment 1)
- Influence health policy to provide appropriate services to support the health and well-being of farmers and their workforce

RD&E

Suggested initiatives to support this section were provided:

- Further detail that addresses social issues e.g. issues in the adaptation to carbon capture and becoming carbon neutral
- Request for detail on the rate of technical adoption by farmers, and appropriate support for those falling below the benchmark
- Development of more advanced extension offers for farmers who have completed existing extension programs.

Section of the draft plan	Key themes and ideas from industry stakeholders
Market development	<ul style="list-style-type: none"> Strengthen the emphasis on the reliance on export trade as a primary source of growth for the dairy industry and, highlight the importance of the Asia-Pacific region as a primary export market for Australian dairy.
A positive industry culture	<ul style="list-style-type: none"> Review the language in this section to focus on leadership across the industry to drive change, rather than a select group of leaders.
Our vision for success	<ul style="list-style-type: none"> Greater detail requested on how the commitments will contribute to the 2025+ growth target, including respective measures.
Implementing the plan	<ul style="list-style-type: none"> Greater detail on the implementation and related governance of the plan, including expected timeframes for delivery and who will be responsible for delivery.
Appendix A. Growth scenarios paper	<ul style="list-style-type: none"> Request for a review of the growth scenarios in this paper, including an additional growth scenario that considers industry disruption via innovation.
Measuring Profitability of Australian Dairy Farms paper	<ul style="list-style-type: none"> Revision of this paper, including, but not limited to, requests for a review of the proposed profitability measure (proposed measure is EBIT/kgMS) and provision of further detail and data behind the target of \$1.50 EBIT/kgMS.

Next steps

The Partners are currently in the process of preparing the final Dairy Plan and will consider the feedback outlined in this document. The final Dairy Plan will include:

- Increased information and detail in relation to each of the Commitments, including clear lines of accountability as well as how each commitment contributes to the key goals of profitability, confidence and unity
- Greater detail on the sections on Sustainability, Market Development, Policy Leadership and Research and Innovation, highlighting their importance to the overall Dairy Plan
- Additional detail on the Culture section, based on feedback received
- Additional information on implementation and the next steps for the Dairy Plan
- Updating and revision of *Appendix A: Growth Scenarios*.
- Revision of the *Measurement of Profitability of Australian Dairy Farms* paper.