

ANNUAL OPERATING PLAN 2019–20

SEPTEMBER 2019
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FOREWARD

It is my pleasure to present Dairy Australia's Annual Operating Plan (AOP) for FY20. This document draws upon the content of our Strategic Plan (FY17 to FY19) which has been extended to FY20 in order to coincide with the completion of the Australian Dairy Plan. FY20 is an important year for Dairy Australia as we complete our current plan and lay the foundation for our next Strategic Plan (FY21 to FY23).

This AOP has been constructed from detailed workshops, consultation and feedback from farmers, government and representative bodies to ensure our focus of effort, resources and expenditure meets the industry needs for today and for the future. Our investment continues to focus on a range of immediate issues and opportunities impacting the industry while maintaining investment into long term research, development and extension programs that have, and will continue to, benefit the industry.

The FY20 AOP includes a combination of new areas of investment and significant reductions in scope of some activities. These changes reflect the current challenge to manage expenditure, continue to deliver on existing strategic priorities, while being well prepared for an ongoing operating environment with changed strategies and reduced levels of investment. The AOP also reflects the challenging environment for dairying in Australia due to ongoing effects of prolonged dry conditions in many parts of the country.

In FY20 we will continue to focus on transforming our organisation into a high performing national body that continues to achieve meaningful outcomes for the Dairy Industry in Australia.



A handwritten signature in black ink, appearing to read 'D Nation'.

David Nation Managing Director

EXECUTIVE SUMMARY

Two key documents direct and outline Dairy Australia's strategy and operations - its Strategic Plan ('Strategic Plan') and the Annual Operating Plan ('AOP'). The AOP is required to be produced every year and publicly released by 30 June (i.e. it must be made available before the plan commences).

Dairy Australia's current Strategic Plan is extended for 12 months (until the end of FY20) due to the decision to develop the Australian Dairy Plan which will be used in turn to guide the development of Dairy Australia's next five-year Strategic Plan.



Planned activities for FY20 need to recognise the challenging environment for dairying in Australia due to ongoing effects of prolonged dry conditions in many parts of the country. Higher costs associated with the dry conditions are expected for at least the first half of FY20. In contrast, demand for dairy products remains strong and the export market is balanced in terms of global supply and demand. This is expected to deliver milk prices that are above recent trends.

All activities have been reviewed due to income received by Dairy Australia from both services levies and matching government payments declining (below \$50 million for the first time) and the resultant need to reduce expenditure. Prudent management of reserves has made deficit-based budgets possible on a limited basis, with a reduction in budget deficits planned over the next five years in order to sustain business capability.

Investments have been prioritised that deliver on the key impacts for each strategic priority: Profitable Dairy Farms, Capable People and Trusted Dairy Industry. This includes a significant proportion of activities that are committed on a multi-year basis and underpin each priority.

Major projects continue to be on track to deliver on long-term goals for productivity improvement, including \$1000/ha/year gains for temperate pastures and \$500/cow/year gains for animal productivity (real gains achieved by 2030 c.f. performance in 2015). Investment in people and capability is focussed on regional activities as well as whole-of-industry programs in recruitment, development, safety and advancement of talented dairy people. A new campaign to speak more directly to interested consumers, called Dairy Matters, has been launched in April 2019 and will form a large part of the activities for the Trusted Dairy Industry priority.

Dairy Australia will actively manage operations in FY20 so as to be prepared for a new Strategic Plan due to commence in FY21 as well as respond to priorities set out in the Australian Dairy Plan. The FY20 plan includes a combination of new areas of investment (\$1.6 million) and significant reductions in scope of activities that had been planned for FY20 (\$5.3 million). These changes reflect the current challenge to manage expenditure, continue to deliver on existing strategic priorities, while being well prepared for an ongoing operating environment with changed strategies and reduced levels of investment.

STRATEGIC PRIORITIES

**AUSTRALIAN DAIRY
INDUSTRY VISION**

**Australian dairy:
Prosperous, trusted, world
renowned nutrition**

**DAIRY AUSTRALIA
PURPOSE**

**To drive improved
levy payer profitability and
to promote and protect the
Australian dairy industry**

**DAIRY AUSTRALIA
MISSION**

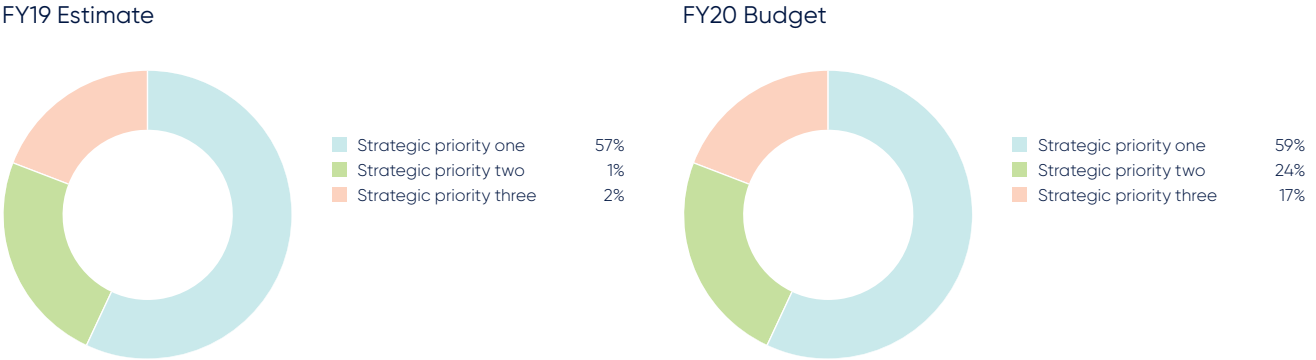
**To develop and drive
industry services and
innovation for the ultimate
benefit of levy payers**

Dairy Australia will continue to focus on its three key strategic priorities as set out in its Strategic Plan:

- Profitable Dairy Farms (SP1)
- Capable People (SP2)
- Trusted Dairy Industry (SP3)

The following pie-charts show the minimal change in allocation of expenditure in FY20, comparing the planned expenditure (FY20 Budget) with the current allocation of expenditure (FY19 estimate). These allocations refer to project expenditure and do not include allocation of delivery and overhead costs or internal projects.

Figure 1 Relative allocation of project expenditure by strategic priority (SP)



MAJOR INVESTMENTS

Strategic priority 1 – Profitable dairy farms

The Profitable Dairy Farms priority has diverse investments that span both pre-farmgate and post-farmgate. The ongoing focus is on the capacity for farmers to deliver sustainable on-farm margins that ensure their businesses are profitable and continue to build wealth for farmers and for dairy communities.

Two large joint venture initiatives with Agriculture Victoria and Gardiner Foundation, called DairyBio and DairyFeedbase, are the largest investments in on-farm innovation. The initiatives are focussed on genetic improvement and improved farm management tools, respectively. Each initiative is designed to deliver game-changing innovations, from major improvements in yield, quality and persistence of pastures, to accelerated gains in cattle breeding (DairyBio), and from improved management of pastures through measurement and forecasting tools through to improved management of nutrition and health of cattle (DairyFeedbase). Recent results demonstrate the capability to make major advances in pasture yields and make more robust predictions of genetic merit of cattle (DairyBio), while Dairy Feedbase is now piloting new approaches to pasture measurement as well as testing innovative approaches to estimate cow intake, manage cow diets in times of heat stress, and improve nutrition in early lactation.

Feedbase research projects are ongoing in both Tasmania and Queensland, and when combined with teams working on smaller Feedbase projects in other regions and in the larger Dairy Feedbase initiative, Dairy Australia has retained a critical mass of capability in Australia. The contrasting operating environments in Tasmania and Queensland provide for differing research targets, with nutrient and water strategies a focus in Tasmania and forage quality a focus in Queensland.

Irrigation research has identified significant opportunities for productivity improvement across multiple agricultural industries through more effective use of electricity as well as timing of irrigation events. Further cross-sectoral research is planned for the next three years to further improve productivity of irrigation.

DataGene has now completed its establishment phase (3 years) and a new 5-year work program has been agreed. Recent analysis demonstrates that the improved capacity to measure and select for genetic merit has doubled the rate of genetic gain in Australia, and practical studies of this potential show that high merit cows in herds (the top quartile) are more productive, fertile and long-lived compared to below average merit cows (the bottom quartile). Dairy Australia continues to be the major investor in DataGene to ensure that farmers have access to world-class genetic services as well as

a greater ability to use on-farm data to improve herd management decisions.

Learning and Development activities continue to span a wide range of disciplines with well-established activities for people on-farm, in-factory, and in professional service roles. A restructure in Dairy Australia, effective April 2019, has created working groups that span regional services, learning and development, and technical and innovation roles. New team-based working arrangements will better coordinate and target learning activities across all eight regions.

International market support is a long-term investment and includes significant in-market activities to re-affirm the desirability of Australian dairy produce. Australia continues to have a perception of quality of produce due to high standards of biosecurity and food safety as well as being innovative and meeting the specifications for overseas markets.

Strategic priority 2 – Capable people

The Capable People priority is focussed on regional activities that include learning programs as well as people management. Learning programs span across all aspects of farming and popular learning areas include feedbase (e.g. Feeding Pastures for Profit, Advanced Nutrition) milk quality (e.g. Cups on Cups Off, Stewardship of Antimicrobials), farm business management (e.g. Farm Business Analysis, Stepping Up/ Stepping Back), and land management (e.g. Fert\$mart).

The eight Regional Development Programs each develop their own Annual Operating Plans and recognise the individual needs and priorities of each region. Dairy Australia is the major investor in each Regional Development Program and coordinates activities across regions. Investment is managed by setting a core budget for regions (\$5.1 million; down \$0.3 million) and distribution of these funds is negotiated with regard to regional size, complexity of delivering programs (e.g. geographic challenges) and regional development priorities. Regional Development Programs are also funded for specific projects, such as grant-based projects that are coordinated by Dairy Australia.

People and Capability activities will continue at a reduced scale and will focus on core activities related to people management. Initiatives to attract new entrants to dairy farming will continue as well as piloting and developing new tools to document skills and experiences that show competence for people to advance their careers. Programs to address farm safety will continue and are important for reducing injuries and deaths on farm. A new focus on training at manager-level will complement existing training and people management activities.

Strategic priority 3 – Trusted dairy industry

The Trusted Dairy Industry priority is pro-active in addressing requirements set out by the dairy supply chain as well as consumer and community concerns. Investment decisions are informed by Policy Advisory Groups (committees of Australian Dairy Farmers) as well as reference groups for manufacturers, exporters and community representatives.

The major activity is the Dairy Matters campaign, which was launched in April 2019. Dairy Matters aims to positively influence consumer perceptions of the dairy industry. Key activities in FY20 include a marketing and public relations campaign targeted at the more socially conscious consumer. Underpinning this is a commitment to building trust and providing transparency on industry product and practice through a new website, dairy.com.au which includes the 'you ask we answer' functionality, providing answers to consumer questions around dairy.

The Australian Dairy Industry has a well-established Sustainability Framework, which sets out targets and commitments for a broad range of sustainability measures. The framework will report on achievement of original targets that were set for the year 2020, as well as embark on more ambitious targets for the year 2030 that were recently agreed by industry. A materiality review will ensure that investment in improving the sustainability of the dairy industry is focussed on the most important targets.

Market insights continue to be well-regarded and seen as independent and authoritative. Access to confidential data from across the dairy supply chain means that Dairy Australia can provide a unique view of market dynamics and provide timely reports to industry, such as Situation and Outlook reports, Dairy Farmer Survey reports, and Hay and Grain reports.

Technical policy support has a substantial role to support industry leaders and address critical industry challenges (such as water access and pricing, animal welfare and the environment). This role continues to be important given the current challenges in the farming environment as well as likely changes to government policies, and requires ongoing policy advice, scenario planning and market analysis.

Other strategic imperatives

Dairy Australia continues to invest to support the current industry challenges, initiate new projects and address government priorities to work collaboratively with other agricultural sectors.

Response to critical industry situation

Dairy Australia is responding to the challenges of the current conditions by supporting farmers in feed and business planning. This response commenced in August 2018 and is likely to continue for most of FY20. A budget allocation of \$0.9 million has been made in FY20 to support time-critical investments such as Taking Stock. Taking Stock is a one-on-one session with a trained business consultant to provide individual business advice for farmers.

Priority issues for new investment

The major theme for the priority issues for FY20 is improved support of farm businesses – this recognises there is a need for more advanced business planning skills or for those that are changing their farm system (such as a move to a more intensive farm system). Related priorities include training at a manager level and better targeting of our interactions with farmers to be more timely and effective. The growing complexity of farm businesses will be aided by investment to address knowledge gaps to prepare for climate change and to further develop capabilities in analysis and insights.

New investment is proposed for the following priority issues:

- Better understand and deliver extension and learning material through applying the **targeted services program**
- Deliver new **farm manager** training programs
- Further develop **analysis and insights** capabilities
- Renew investment strategy and invest to anticipate and respond to **climate change**-related challenges
- Deliver new activities in **farm business planning**
- Develop improved advice for **inland farming systems**

Ongoing support of cross-sectoral investments and activities

Dairy Australia continues to co-invest with other Research and Development Corporations and with Research Organisations to address issues that are important for agriculture, such as improved use of irrigation to address water scarcity and rising costs, improved use of large data sets to make better decisions, and better understanding of consumer attitudes to better meet their expectations.



OPERATING PLAN

Industry overview

High grain, hay and irrigation water prices have had an enormous impact on Australian dairy farmers in FY19, with consequences for the broader industry. Farmers in southern regions have experienced a better-than-expected late spring and early summer period, prolonging pasture growth, and reducing exposure to feed markets. However, these offsets have not been universal, and many farmers (especially in east Gippsland, northern Victoria, New South Wales, and Queensland) have faced significant difficulties this season. Across Australia, the combination of elevated costs and relatively steady milk prices has eroded profitability. This has driven milk production lower in year-on-year terms, as farmers reduce herd sizes, supplementary feeding rates, and in some cases exit the industry.

Prices for key farm inputs are likely to remain high in the coming months. Global grain markets are facing turbulent geopolitical forces and volatile commodity prices. Domestically, a challenging 2018 growing season in the eastern states has shorted the market, despite a record crop in Western Australia.

Hay prices peaked in mid-spring 2018 and despite easing since then across most regions, prices are likely to remain firm. Stocks have been heavily depleted over the past year, and given the dry conditions most regions faced through the growing season, supplies remain tight. Failed grain crops in 2018 have provided some offset, with large areas baled. Highly variable quality, regional differences in season, and a wider range of sellers than normal are all likely to drive a high degree of price volatility and spread in the months to come.

For irrigators, traded water prices have recently exceeded \$500/ML in the Goulburn - Murray Irrigation District, there is a zero allocation of General Security water in the Murray Irrigation District, and a likely shortfall for most in the Macalister Irrigation District. A lack of water in these districts has exacerbated feed cost challenges.

Globally, dairy markets are well balanced. Milk production in New Zealand, Europe and the United States continues to grow, but with signs of slowing in some areas as economic, environmental and seasonal headwinds emerge. Conversely, global dairy demand appears robust, with key markets including China, Japan and Southeast Asia continuing to grow imports, despite the disruption of ongoing trade disputes. In addition, the

successful liquidation of the European Commission's skim milk powder stockpile has removed a major factor overhanging dairy protein markets.

Back home, supermarket sales of milk and yoghurt have remained fairly steady over the past twelve months. Despite this, healthy growth in higher value subcategories such as flavoured milk, premium dairy desserts and probiotic yoghurts drove value growth for these major categories. Cheese sales continued to expand and butter sales grew 0.9 per cent over the past twelve months, marking the first increase in sales volume since the global butter price rally. Amidst the success of premium offerings, private label products continue to increase market share across the dairy segment.

At the start of 2019, Woolworths announced that it would increase private label fresh milk prices by 10 cents per litre, passing that amount directly to farmers who supply the product. This news was welcomed by industry and was followed by similar announcements from Coles, Aldi, and Costco.

Despite this, industry sentiment remains extremely low on historical terms. As part of a regular program to gauge farmer sentiment and priorities, Dairy Australia's National Dairy Farmer Survey was conducted during February and March 2019. Drawing upon the views of 800 farmers across all dairy regions, the survey found the following:

- Overall farmer confidence decreased a considerable 13 points over the past 12 months to 34 per cent. This is on a par with the lowest confidence on record reported in 2004. Only 2 per cent of farmers are 'very positive'.
- The drop in confidence is widespread and farmers are likely to view the industry's future more negatively than positively in all regions other than Tasmania
- While respondents remain significantly more likely to be confident in the future of their own business than that of the industry, confidence is considerably less widespread than in 2017 and 2018. Confidence in own business varies significantly by region – 65 per cent are positive about their business in Tasmania while 27 per cent are positive in Sub Tropical Dairy
- The proportion of farmers expanding their business is also at the lowest level since 2013. More than a third of farmers (35 per cent) are in a 'temporary holding pattern or contracting'. The proportion of farmers in a winding down phase is stable at 11 per cent

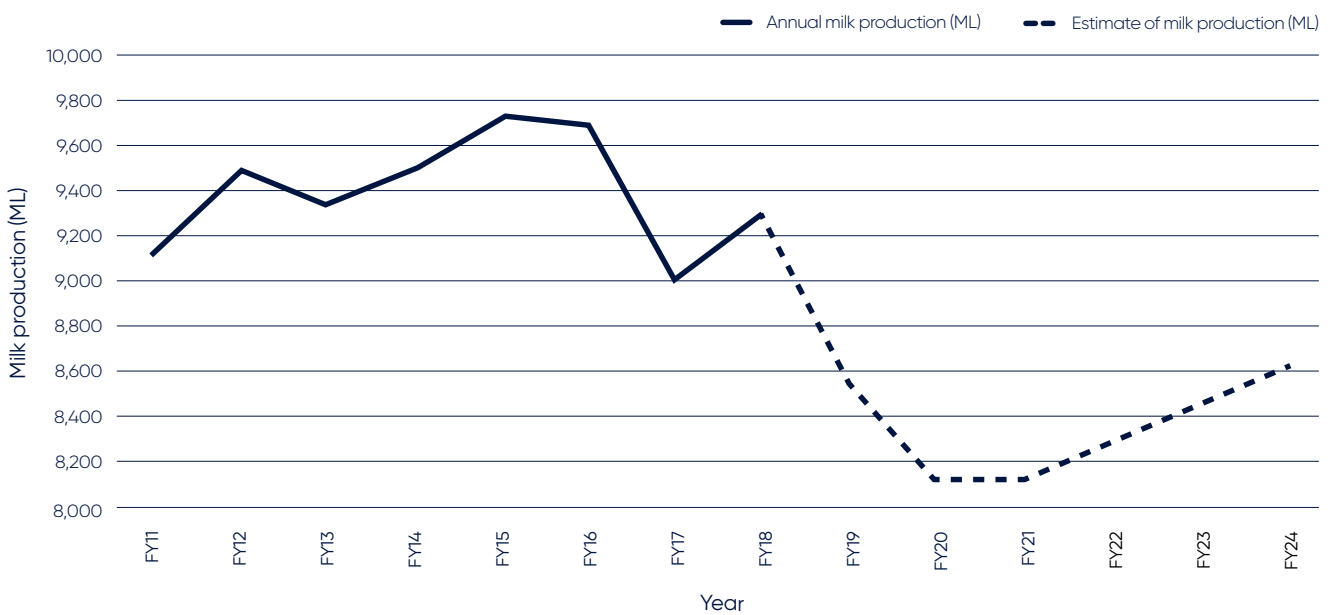


- More than two thirds of farmers report cost and availability of feed as the main challenge for the next six months. This is fairly widespread. Of those who see feed costs and supply as a challenge, 86 per cent say it's having a substantial impact on their farm but most feel confident they will be able to manage their feed requirements in the six months ahead. Looking 12 months ahead, 75 per cent of those concerned about feed believe their businesses will still be impacted by feed challenges.

Reduced milk production

Milk production in Australia is significantly impacted by current dry conditions and increased feed and water costs. The milk production outlook has shifted from steady growth to a significant decrease in FY19 (budgeted as -8 per cent) followed by further reduction in FY20 (budgeted as -5 per cent) with expectations in the four subsequent years to hold production then return to steady growth (0 per cent, +2 per cent, +2 per cent and +2 per cent, respectively). Assumptions of future milk production are required for budget purposes. These projections are set out in Figure 2 below.

Figure 2 Milk volume projections used for budget



Reduced income

Dairy Australia's income is closely related to milk production, as farmers are levied based on production and government matching payments are based on the gross value of production for the industry.

The change in forecast milk production results in a downward revision of income, where income is expected to fall below \$50 million p.a. for at least four years. On average, this is a reduction of income of at least \$3.5 million per year from the previous forecast (see Table 1).

Notes

- Income projections included in the FY20 AOP for FY17 and FY18 represent actual reported income. Income projections included in June 2018 for FY18 were based on a forecast projection pending availability of a final reported position.
- The income projection is based on a stable milk price of \$6.35/kgMS, which is the estimate for the current year. This is a national average and is greater than the price received in southern markets.
- Government matching income is based on maximum claimable amounts and is calculated on the Gross Value of Production (GVP) averaged over three years. Matching income is reducing year on year and is further impacted by a lag effect of the lower milk volume in FY19 and FY20.
- Income from levies and government matching income reaches a low point in FY21. This will put further pressure on expenditure and management will seek new income sources as a priority.

Table 1 Comparison of the revised income projection with the most recent income projection (June 2018)

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Income projection as at June 2018 (\$'000)	55,581	55,212	54,186	52,345	52,379	53,055	53,723	N/A
Revised income projection (\$'000)	55,581	55,311	50,494	49,694	48,732	49,094	49,936	50,923
Variance (\$'000)		99	(3,692)	(2,651)	(3,647)	(3,961)	(3,787)	-
Variance (%)		0.2	(6.8)	(5.1)	(7.0)	(7.5)	(7.0)	-

Reserves analysis

Dairy Australia has retained reserves based on a policy that sets reserve limits for protecting business continuity in a conservative scenario (level A; \$15 million) or a probable scenario (level B; \$8 million) as well as reserve limits required to wind up the business (level C; \$3 million).

Current estimates are for an opening reserves position in FY20 of approximately \$23 million, which exceeds the level A reserve limit by approximately \$8 million.

Business viability analysis

A five-year projection of income and expenditure is the basis for assessing business viability and ensuring compliance with Dairy Australia's reserves policy. Income and reserves are based on revised estimates. Expenditure is based on the proposed FY20 budget as well as setting expenditure targets that minimise annual deficits and ensure that reserve level A targets are sustained. This will require further reductions in expenditure in future years that are set out in the next section.

Notes

- The business viability analysis assumes no new sources of income. This is conservative as management will seek new sources of income.
- Expenditure is forecast in a manner that ensures reserve level A targets are sustained. Further deterioration in market conditions could result in reserves that fall below the level A target.

Table 2 Business viability analysis (based on current estimates of income, reserves and expenditure)

	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Opening Reserves	25,585	29,399	23,452	20,150	17,882	16,976	16,912
Income	55,311	50,494	49,694	48,732	49,094	49,936	50,923
Expenditure	51,498	56,441	52,996	51,000	50,000	50,000	50,000
Surplus (Deficit)	3,814	(5,947)	(3,301)	(2,268)	(908)	(64)	923
Closing Reserves	29,399	23,452	20,150	17,882	16,976	16,912	17,835

FINANCIAL POSITION

Income summary

Dairy Australia has two significant sources of income: levy payments and government matching payments supported by income from interest and royalties. Table 3 compares the budgeted income in FY20 with recent years.

Income for FY20 of \$49.7 million is impacted by two key drivers:

Levy: Levy income has decreased based on a reduction in milk volumes of 5 per cent to 8.1 billion litres. This equates to a reduction in income of approximately \$1.5 million against the FY19 forecast and \$4.9 million against the previous FY20 estimate (June 2018).

Government Matching Payments: As a consequence of the fall in milk production, income from Government Matching Payments is expected to be lower.

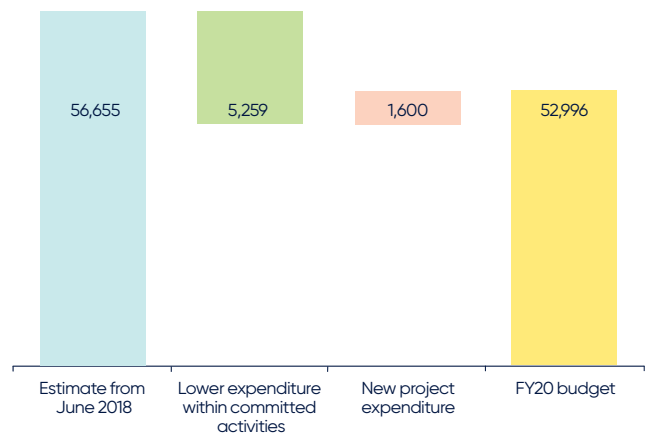
Table 3 Income analysis

	FY17 Actual \$'000	FY18 Actual \$'000	FY19 Forecast \$'000	FY20 Budget \$'000
Income				
Levy	31,120	33,373	30,081	28,577
Government matching payments	21,618	20,528	19,774	20,543
Interest/Royalties/Others	3,168	1,322	639	574
Increase/(Decrease) in CFS assets	(325)	88	-	-
Total income	55,581	55,311	50,494	49,694

Expenditure summary

The FY20 budget process has been driven by the need to reduce expenditure, with all project expenditure reviewed as well as overheads. Overall, there is a 6.5 per cent reduction in expenditure from the original estimate of \$56.6 million to result in the proposed budget of \$52.9 million. This change in expenditure has required reduced expenditure from all business groups and from all strategic priorities. A reduction in delivery and overhead costs has been achieved, largely through a reduction in salaries. Figure 3 sets out the reduction in expenses for committed activities and the capacity to invest in new projects, while achieving the 6.9 per cent reduction in expenditure.

Figure 3 Waterfall graph of expenditure in FY20





KEY POINTS

There is \$1.6 million in new project expenditure, supporting farmers in regions with critical challenges, supporting the Australian Dairy Plan and investing in new priorities.

Without new activities, expenditure would have reduced to \$51.4 million (9 per cent), which demonstrates the scale of reduction of existing activities.

Expenditure is divided into project costs and the delivery and overhead costs. Table 4 compares the budgeted expenditure in FY20 with recent years. There has been significant fluctuation in expenditure, depending on contracting of major projects and initiatives.

Internal Projects supporting SP1, SP2 and SP3 includes:

- Dairy Plan
- Development of Dairy Australia website to include housing greater content, rationalisation of platforms and new branding and investment in social media support
- Targeted Services Program to better understand and deliver extension and learning material

Delivery and Overhead expenditure includes:

- IT development and infrastructure costs supporting the delivery of projects
- Salary and wage costs for people involved in the development and delivery of projects
- Compliance obligations including internal and external audit, board governance, project evaluation, monitoring and reporting, annual report preparation
- Development of the Salesforce tool to capture information on engagement, attendance and access by the farm community to programs, resources and technical information and services.

Table 4 Expenditure analysis

	FY17 Actual \$'000	FY18 Actual \$'000	FY19 Forecast \$'000	FY20 Budget \$'000
Expenditure				
External projects				
SP1: Profitable dairy farms	18,456	17,832	18,939	17,129
SP2: Capable people	8,605	7,815	7,987	7,118
SP3: Trusted dairy industry	6,285	4,224	6,206	5,028
Internal projects supporting SP1, SP2 and SP3	-	786	2,203	1,718
Project costs (net)	33,346	30,656	35,334	30,993
Delivery and overhead costs				
Farm profit and capability	4,092	3,774	3,518	4,653
Marketing and communications	2,458	3,231	3,336	3,530
Trade and industry strategy	3,434	3,023	3,014	2,976
Board, MD and sustainability	1,933	2,068	1,948	1,842
Human resources	1,217	1,199	1,195	1,062
Business and organisation performance	9,801	7,546	8,095	7,939
Delivery and overhead costs	22,934	20,841	21,107	22,003
Total expenditure	56,280	51,497	56,441	52,996

Profit and loss analysis

A deficit budget of \$3.3 million is proposed for FY20 due to the significant reduction in income, the capacity to invest in projects due to a surplus of reserves, and the priority to invest in activities that drive improved levy payer profitability and to promote and protect the Australian dairy industry. Table 5 compares the deficit position in FY20 with recent years.

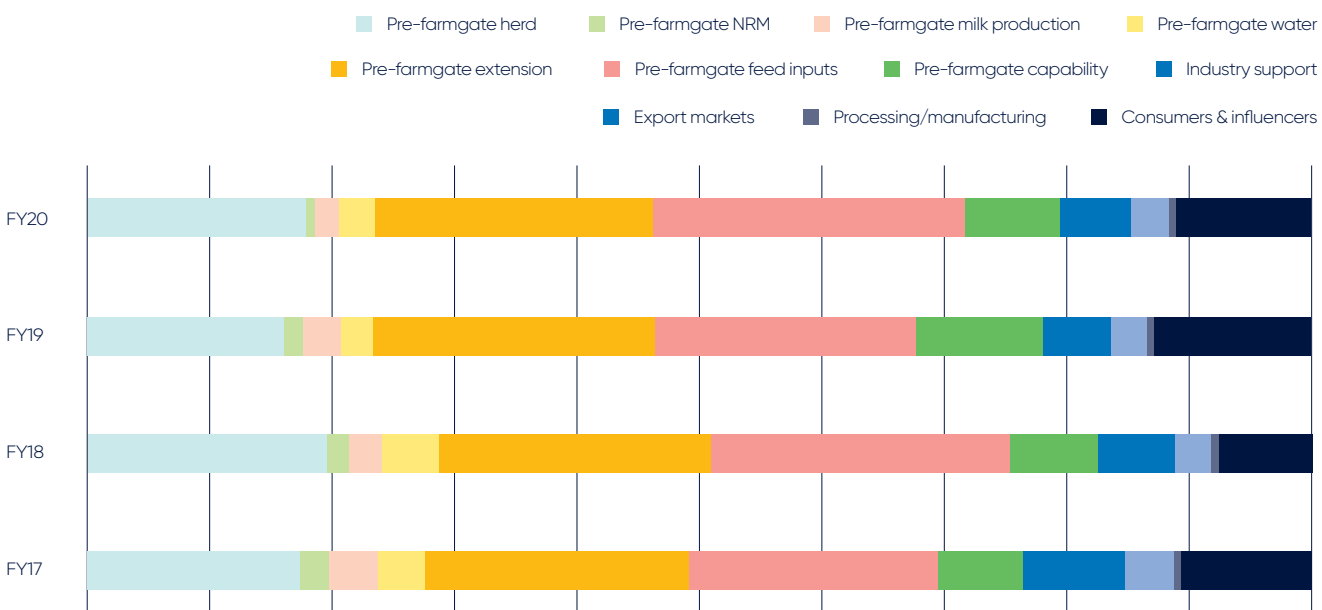
Reserves analysis

The impact of the financial position in FY20 will reduce reserves to \$20.1 million. Beyond FY20, expenditure will need to reduce to between \$50 million and \$51 million (i.e. an additional saving of \$2 million to \$3 million p.a.) to ensure that reserve level A targets are sustained (see Figure 4).

Table 5 Profit and loss analysis

	FY17 Actual \$'000	FY18 Actual \$'000	FY19 Forecast \$'000	FY20 Budget \$'000
Income	55,581	55,311	50,494	49,694
Expenditure				
Project costs (net)	33,346	30,656	35,334	30,993
Delivery and overhead costs	22,934	20,841	21,107	22,003
Total expenditure	56,280	51,498	56,441	52,996
Surplus/(Deficit)	(699)	3,814	(5,947)	(3,301)

Figure 4 Reserves balance with projected income and expenditure



APPROACH TO RESOURCE ALLOCATION

Overview and process

The construction of the FY20 budget is based on a resource allocation process that tested the feasibility of achieving an expenditure target. The desired outcome is to continue to deliver strategic priorities, retain core competencies and capacity and address new business critical activities. The FY20 AOP responds to these challenges and the changing circumstances mentioned above.

FY20 Guiding principles – what is Dairy Australia aiming to achieve?

In order to guide the organisation's activities and ensure its activities and expenditure meet external and internal challenges, seven Guiding Principles have been created for FY20. Together, they summarise the key outcomes and activities in FY20.

FY20 Guiding principles	Explanation
1 Provide an immediate, meaningful response to adverse market conditions	Immediate Farmer Support: Budget \$0.9 million for farmer support in light of drought conditions and the cost of water and feed. To be provided only if seasonal conditions don't improve in FY20, otherwise not expended.
2 Continue strategic planning and alignment activities with key stakeholders	Australian Dairy Plan: Support the Dairy industry to set a clear vision and purpose for the next five years and beyond through the creation of the Australian Dairy Plan Improved alignment with stakeholders through joint actions, improved communication and demonstration of value (including public reporting of Dairy Australia initiative performance)
3 Continue with major and committed project/ activities	Deliver value to stakeholders by continuing major, committed projects which require continuity and are core to the business of Dairy Australia
4 Invest in new external business focus areas	New business focus areas defined as: a Better understand and deliver extension and learning material through applying the targeted services program b Deliver new farm manager training programs c Further develop insights and analytics capabilities d Renew investment strategy and invest to anticipate and respond to climate change -related challenges e Deliver new activities in farm business planning f Develop improved advice for inland farming systems
5 Invest in critical new internal Dairy Australia business initiatives	Fully implement a new financial system that drives improved financial decisions and reporting Enhance collaboration between Southbank and the Regions
6 Manage significant internal Dairy Australia risks	Continue to manage significant risk events related to projects, finances, compliance/legal/regulatory, employee, health and safety, reputation and service delivery/operations
7 Be fiscally prudent in current and medium term	Bottom Line: Aim to retain reserves in the range of \$15 million – \$18 million in FY24 Prudent internal investment: Reduce spend through prioritisation, efficiency gains and delaying low priority activities

OVERVIEW OF PROGRAMS

SP1: Profitable Dairy Farms (pre-farm gate)

Strategic program	Key points
Feedbase and animal nutrition Projects: P264, P217, P268, P254, P252, P255	<ul style="list-style-type: none"> • There has been a reduction in Feedbase and Nutrition of \$0.6 million. • There has been maintenance of Dairy Australia's commitment to long term R&D funding of DairyBio, DairyFeedbase, DairyHIGH in Tasmania, C4Milk in Queensland and Pastoral Genomics. • There is reduced spend on extension activities such as Feeding pastures for Profit, Top Fodder and Nutrition Fundamentals. • There is also a reduction in budgets for collaboration with Michigan State University and the Forage Value Index, however, both of these areas have never previously fully spent against budget so management feel that the new levels are appropriate given this history and current constraints. • Increases in this area include \$0.2 million for work in TMR/PMR systems and an increase in our commitment to fund the Pasture Genebank as required by the Department of Agriculture and Water Resources. • The final year of the Southern Australian Insect Survey project is also included in the FY20 budget.
Genetics and herd improvement Projects: P108, P109	<ul style="list-style-type: none"> • There has been a slight increase for the Genetics and Herd Improvement program. This reflects the contracted agreement between Dairy Australia and DataGene which includes an increase in the overall number of Ginfo Herds. The ongoing commitment to DairyBio Animal projects is also funded here.
Farm business management Projects: P240, P241	<ul style="list-style-type: none"> • The Farm Business Management Program sees an overall increase in spend by \$0.23 million, which is driven by a budget commitment of \$0.3 million to the Your Farm Your Plan Initiative, which will be the sole focus for extension delivery in this space for FY20. • Investment in Focus Farms and the Dairy Farm Monitor projects remains unchanged.
Animal health and fertility Projects: P106, P107, P213	<ul style="list-style-type: none"> • Within Animal Health and Fertility there is an overall reduction in budget of \$0.22 million. This has mainly come from Managing Milk Quality extension activities. There has also been a new program of work added to this area in Antimicrobial Stewardship.
Land, water, carbon Projects: P128, P130, P132	<ul style="list-style-type: none"> • Within Land Water Carbon, there is an overall reduction of \$0.34 million. • The reductions come from reduced spend on one-off Research and Development projects around areas such as emissions and effluent. There is also a reduction in the extension and delivery of Fert\$mart. • There is \$0.2 million included for potential Climate Change Projects, a \$0.56 million commitment for Irrigation under Rural Research and Development for Profit and provision for commitment to longer term collaborations in soil programs.
Advanced management technologies Project: P110	<ul style="list-style-type: none"> • In Advanced Management Technologies there is a reduction in spend of \$0.27 million, which is due to the Virtual Herd Program coming to an end and our financial commitment therefore being reduced. • Investment in Automated Milking Systems remains consistent.
International market support Projects: P219, P229, P230, P231, P232	<ul style="list-style-type: none"> • Despite the shrinking milk pool, Australian dairy exports in volume and value have remained strong as processors have sought to reduce their exposure to some low value domestic retail markets. Global trade wars continue to create uncertainty for exporters as new obstacles emerge that add complexity to the trading environment for dairy exporters. • While some refinements to trade activities will occur in all markets, Dairy Australia will continue to support the development and maintenance of critical relationships in our key markets of Japan, China and South East Asia through our long-standing scholarship program and in-market seminars. • However Dairy Australia's program in the Middle East will be discontinued on the back of the shrinking domestic milk pool and the resulting diminished Australian presence in that market, now comprising less than 5 per cent of all Australian dairy exports. • Sufficient funding will continue to exist to prosecute the critical, technical barriers to trade agenda, which includes funding to combat the pressing issue of Geographic Indications under the EU Free Trade Agreement.



Entrepreneurial innovation

Projects: P249

- Dairy Australia has managed to secure a \$0.1 million co-contribution made from Food Innovation Australia Limited (FIAL) to the Technology Assessment (DATA scheme). DATA scheme expenditure remains subject to eligible projects being available. Some cuts have also been made to the networks and partnerships, technology scanning program for DMSC and small dairy network.

Manufacturing Innovation and Sustainability

Projects: P249

- Dairy Australia will continue to play a strategic role of ensuring Australia’s dairy processors collaborate in identifying and adopting world’s best technologies to secure Australian dairy’s sustainability credentials. This includes within areas such as energy efficiency, wastewater management and packaging waste where the direct cost and social license risks for the industry are significant.
- The program has been successful in securing and leveraging external funding under the program with commitments from FIAL and the dairy manufacturer participants in the program.
- In addition to the saving made from this external funding contribution, Dairy Australia has also scaled back its involvements in the small dairy processor network and technology scanning program.

SP2: Capable people

Strategic program

Key points

Regional extension services

Projects: P103, P200

- Regional Extension Services has seen a 7.1 per cent reduction in the funding pool which is available to RDPs, now at \$5.1 million, down from \$5.4 million. Each RDP are currently preparing their own AOP and under The Accord we will review these to ensure alignment with Dairy Australia’s AOP.

People and capability

Projects: P203, P207, P154, P260

- There is a budget reduction in the People and Capability space of \$0.58 million. This means a reduction in scholarship support, ending the Farm Safety Adventures Program, and reductions in Young Dairy Network and Workforce Support, in line with reductions across the rest of the extension budgets.
- Cows Create Careers funding remains consistent with FY19
- DairyPassport will remain funded at a pilot/developing level, and farm safety consultants’ costs remain constant.
- There is a \$0.2 million budget for the Large Herd Manager project and \$0.1 million for development work in the new Learning and Development team for a Capability Framework.

SP3: Trusted dairy industry

Strategic program	Key points
<p>Industry and community marketing</p> <p>Projects: P266, P267, P262, P265, P226</p>	<ul style="list-style-type: none"> Continued roll out of the Dairy Matters marketing approach, with the intention to positively influence public perception around the industry. Marketing (including advertising across TV, print, digital) and public relations activity will also continue to reinforce the benefits of dairy and communicate the industry's celebratory stories. Initiatives include You Ask We Answer platform promotion, Australia Grand Dairy Awards, Bones Campaign, farm tours, and sharing community stories to support maintaining trust strategy. Engaging with influencers across health, animal care and the environment will continue to be a focus. Health influencers including GPs and dietitians will be key target audiences, engaged on key research and content aligned with Dairy Australia's overarching health strategy. Budget has been reduced in FY20 to focus on activity and audiences with greatest impact. Picasso Cows primary schools program targeting consumers of tomorrow will be rolled out to over 250 schools, Discover Dairy education hub promoted, and dairy's role in bone health will be supported with curriculum aligned materials and activity. Budget has been reduced in FY20 to focus on activity with greatest opportunity to achieve scale, reach and impact. De-prioritisation and omission of key initiatives including community event and agricultural show support and Legendary Capital.
<p>Knowledge and insights</p> <p>Projects: P237</p>	<ul style="list-style-type: none"> The Market Information and Insights portfolio remains providing information and data services to both internal and external audiences. The majority of this project involves funding for raw data services that underpin the analysis function. Despite this, some savings have been found relating to the cost of the Global Trade Atlas data. Ultimately there will be restrictions under this project to undertake significant new projects under the current budget constraints however significant opportunities remain to enhance the service and better target our services in this area.
<p>Industry Risk and Reputation Management</p> <p>Projects: P153, P227, P233, P177, P259, P261</p>	<ul style="list-style-type: none"> Dairy Australia has made adjustments to its internal structure to enable better alignment between our policy, research and consumer communications activities across the human health and nutrition portfolio. With this change will come some efficiencies in how the area commissions scientific research, its partnership sponsorships and use of consultants. FY20 will see the completion and delivery of research papers from the long-standing Fractures Trial that has the potential to deliver benefits to global dairy consumption. While the focus on the Sustainability Framework is still important, spend has been reduced, with a key area of work for FY20 is to undertake a new Materiality Review. The consultations on the Australian Dairy Plan will provide some valuable insights that will be utilised, reducing the costs of the review. Dairy Australia is now providing more in-house communications support to further reduce costs. Food Safety and Integrity has also had funding reduced, however the importance remains high. There will be less opportunity to undertake reviews of potential food safety risks using specialist expertise, however other avenues will be investigated to ensure a continued focus on food safety, including greater reliance on international expertise via the International Dairy Federation The policy environment is also dynamic with critical decisions to be made in areas including the Health Star Ratings scheme and the Australian Dietary Guidelines. Being an election year, Dairy Australia anticipates there will be additional needs for the technical policy support budget to analyse new policy proposals being put forward by the Federal Government. This includes in vital areas such as water policy, climate change policy, labour, gene technology, floor pricing and animal welfare. State and regional policy support needs are also intensifying, including those surrounding the future policy settings for the Murray Dairy Region.

EVALUATING OUR SUCCESS

Background

The introduction of the evaluation framework in January 2018 was a significant step in developing a robust performance management process of Dairy Australia projects. The evaluation framework provides a methodology for performance measurement at the group, program and project level with Dairy Australia's Strategic Plan and Annual Operating Plan.

At the project level, the evaluation framework comprises three components:

- 1 Project Development
- 2 Project Monitoring
- 3 Project Completion.

A particular focus has been on project monitoring which has entailed improving data collection for monitoring project performance, reviewing project Key Performance Indicators and milestones, and implementing a quarterly reporting process for Program Managers, Business Group Managers and the Board.

Successes with new approach

A number of initiatives have been completed over the past year or are about to be completed that will improve data collection to enhance monitoring performance of Dairy Australia projects:

- The transition from paper-based forms to digital 'evaluation' software (Survey Monkey) allows for more efficient performance data capture and reporting feeding directly into Salesforce
- The efficiency and effectiveness of project data collection has also been further enhanced with the roll out of QR codes for project data capture
- The planned rollout of 'Salesforce Check In' app in FY20 will enable RDPs to be more efficient while capturing specific attendances at Dairy Australia events
- To facilitate with the implementation of the evaluation framework across the business, which for some areas of the organisation required significant change, a Change Management process was developed overseen by the introduction of a 'Change Manager' position at Dairy Australia. This process has been integral in supporting the transition of the evaluation framework, and the new tools and reporting requirements that go with it.

Future areas of improvement

Future work (FY20) is aimed at refreshing the project outcomes based on the FY20 AOP. Significant developments from this future work plan include:

- In Q1 FY20, there will be planned data collection via SMS. Using the 'Check-in' facility as the source, Salesforce can utilise SMSs to target surveys to participants.
- There will also be improvements in the efficiency and effectiveness of quarterly data collection and reporting through the introduction of a 'PowerBI' reporting tool which will provide a central online system for data collection and reporting.
- Dairy Australia will implement a new portfolio governance framework. This will ensure a consistent and streamlined approach for evaluating and approving project initiation, facilitates the alignment of projects, programs and portfolios to strategic objectives and facilitates project measures during the life of the project. The framework will ensure outcomes are the focus, with a secondary emphasis on outputs.
- Performance measures for future years will be updated to incorporate the new strategy and strategic objectives (which will be developed in FY20).

Mechanism to capture performance metrics

As we mature in our journey of evaluating success, we have defined principles that have guided the creation of program level metrics. These are:

- Our performance will be measured through a combination of metrics that are quantitative and qualitative depending on the relevance in the area that is being measured
- Metrics would be captured through various sources such as attendance, farmer surveys at different times of the year, detailed three-yearly project surveys, etc
- Metrics will be measured using the relevant frequency – quarterly, bi-annual, annual, three-yearly, etc.

PROGRAM 1 FEEDBASE AND ANIMAL NUTRITION (INCLUDING AGTECH & INNOVATION)

Strategic alignment

1 Profitable dairy farms	2 Capable people	3 Trusted dairy industry
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OBJECTIVE

Improve farm profitability and resilience via optimised feeding systems and more efficient feedbase management.

Program investment

Projects	Investment \$'000
P264 Dairy Feedbase	3,000
P217 DairyBio – Forages	2,290
P254 Animal Nutrition and Feed Systems	1,140
P252 Supporting Practice Change	988
P255 Forage improvement	588
P110 Advanced Management Technologies	373
Total program investment	8,379

Project	Objective	Key measures of success
P264 Dairy Feedbase	<ul style="list-style-type: none"> Management tools that improve productivity in the paddock, smarter allocation of feed for each herd, right feed for each cow. 	<ul style="list-style-type: none"> Automated measurement of pasture through the delivery of easy to use tools and technologies Tools that enable farms to make optimal decisions around pasture varieties for their farm system Innovative tools and techniques to measure the intake of each cow and novel approaches to allocation of feed in order to optimise performance Delivery of innovative diets that reduce the impact of heat events on animal production and health Novel feeding strategies to optimise peak lactation and reduce animal health issues
P217 DairyBio – Forages	<ul style="list-style-type: none"> Improve cost competitiveness of the dairy industry by improving pasture productivity by \$800 per hectare, per year by 2030 	<ul style="list-style-type: none"> Significant progress made towards commercialising the F1 hybrid variety of perennial ryegrass. Advances in technology in order to create an improved combination of ryegrass and endophytes suitable for use in dairy farming systems for improved pastures. On-going research on short-term ryegrass and tall fescue. Methodology for breeding a plant with superior characteristics. On-going research on new microbiomes which would be used in commercial applications such as fertilisers, seeds and soil nutrients. Conduct field evaluation of high energy transgenic perennial ryegrass in Argentina.
P254 Animal Nutrition and Feed Systems	<ul style="list-style-type: none"> To identify and solve regionally specific, feedbase limitations to dairy production systems To enact practice change to improve dairy farm profitability 	<ul style="list-style-type: none"> Research on C4 Milk completed with expected margin over feed costs (MOFC) of 3.3c/l Farmers trained and likely to implement forage types on-farm for C4 milk Continue investing in the future of Animal Nutrition capability for Australian dairy industry through collaboration with Michigan State University Farmers trained on nutritional fundamentals and advanced nutrition Contributing to industry capability uplift by sending advisors to American Dairy Science Association (ADSA) annual conference

P255	Forage improvement	<ul style="list-style-type: none"> Improve the rate of genetic gain in perennial ryegrass cultivars being utilised on dairy farms through improved evaluation and selection processes that underpin future productivity gains. 	<ul style="list-style-type: none"> Conclusion of study to understand insect pressure on pasture Undertake a needs analysis for post research implementation Develop a revised project plan for Forage Value Index Activate revised project plan
P252	Supporting Practice Change	<ul style="list-style-type: none"> To develop, facilitate delivery, review and update extension offerings for the dairy industry, focused on feedbase & nutrition. To enact practice change from these offerings to improve dairy farm profitability To integrate new research into extension offerings and maintain participants currency of developed skills. 	<ul style="list-style-type: none"> Nitrogen fertiliser use – Pilot research to demonstrate methodology for future research into sustainable use of nitrogen on high yielding pastures, likely impact and scalability across landscapes Farmers attending training courses for grazing/pasture management, Feeding Pastures for Profit, Top Fodder are willing to adopt on-farm practice changes
P110	Advanced Management Technologies	<ul style="list-style-type: none"> Mitigate constraints to adoption of innovation, agtech and precision dairy technologies and improve their route to market. 	<ul style="list-style-type: none"> Successful field trials conducted for Virtual Herding Continue to support farmers that use Automatic Milking Systems with help and best practices

PROGRAM 2 GENETICS AND HERD IMPROVEMENT

Strategic alignment

1 Profitable dairy farms	2 Capable people	3 Trusted dairy industry
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OBJECTIVE

Provide farmers with the ability to utilise genetic gain to improve the productivity and profitability of their herd.

Program investment

Projects	Investment \$'000
P109 Herd Improvement	2,654
P108 DairyBio – Animal Improvement	1,400
Total program investment	4,054

Project	Objective	Key measures of success
P109 Herd Improvement	<ul style="list-style-type: none"> Dairy farmers maximise their profit through a vibrant herd improvement industry offering effective and highly valued services. 	<ul style="list-style-type: none"> Increasing reliability of breeding values measured by average reliability of existing selection indexes across all breeds in the Good Bulls Guide Farmers report that any of Australia's three breeding indices (BPI, HWI or TWI) is relevant to their farming system Farmers report that any of Australia's three breeding indices (BPI, HWI or TWI) significantly influences their semen purchase decisions Improvement in the rate of genetic gain
P108 DairyBio – Animal Improvement	<ul style="list-style-type: none"> Improve cost competitiveness of the dairy industry by improving animal productivity by \$350 per cow, per year by 2030 	<ul style="list-style-type: none"> Continue to provide higher and more robust reliability metrics to DataGene to accelerate genetic improvement in dairy cattle Innovate to provide world leading breeding values and genomic services for the Australian dairy industry Accelerate the improvement in animal health, resilience, and reduce the environmental impact on the Australian dairy herd Continue to develop new techniques for on-farm prediction of dairy cattle indicators such as health and fertility Collaborate with commercial partners to enhance the sharing of joint reference populations and enable joint development of new breeding values for specific traits.

PROGRAM 3 LAND, WATER AND CARBON

Strategic alignment

1 Profitable dairy farms **2 Capable people** **3 Trusted dairy industry**

OBJECTIVE

Build industry capability to manage land, water and energy resources to minimise environmental impact while enhancing profit and improve industry capacity to mitigate climate risk.

Program investment

Projects	Investment \$'000
P172 Smarter Irrigation for profit	558
P130 Climate Change Support	270
P128 On-farm Soil and Nutrient Management	220
Total program investment	1,048

Project	Objective	Key measures of success
P172 Smarter Irrigation for profit	<ul style="list-style-type: none"> Increase the water productivity of over 4,000 irrigated cropping and pasture agricultural enterprises by 10-20% 	<ul style="list-style-type: none"> Phase 2 of irrigation project set-up Participatory Action Research sites to be established
P130 Climate Change Support	<ul style="list-style-type: none"> To improve industry capacity to measure, monitor and mitigate natural capital and climate risk 	<ul style="list-style-type: none"> More farmers subscribe to heat alerts and continue to engage with Dairy Australia to understand how to manage heat events
P128 On-farm Soil and Nutrient Management	<ul style="list-style-type: none"> To increase farm profit through faster adoption of good practice nutrient management by Australian dairy farmers To assist the industry, meet the Australian Dairy Sustainability target of 80% of Australian dairy farms using nutrient management plans by 2020 	<ul style="list-style-type: none"> New project set up – Closing the loop: Black Soldier Fly 80% of Australian dairy farmers using soil testing and nutrient management planning to inform fertiliser and effluent management practices Nitrogen Use Efficiency – Complete research to better understand the contribution of nitrogen mineralisation to a pasture's nitrogen budget enabling more accurate predictions of nitrogen requirements.

PROGRAM 4 FARM BUSINESS MANAGEMENT

Strategic alignment

1 Profitable dairy farms **2 Capable people** **3 Trusted dairy industry**

OBJECTIVE

Build farm business management capability for farmers and advisors through education and the use of business support tools, such as DairyBase.

Program investment

Projects	Investment \$'000
P241 Farm Business Management Capability	500
P240 Farm Business Information	450
Total program investment	950

Project	Objective	Key measures of success	
P241	Farm Business Management Capability	<ul style="list-style-type: none"> To build FBM capability across the dairy industry To increase the adoption and use of Dairy Australia's FBM tools, particularly DairyBase, and industry standard farm business management practices 	<ul style="list-style-type: none"> More farms being captured in DairyBase External stakeholders (processors, accountants, banks, ADF) are satisfied with the analysis and insights provided by Dairy Australia on farm information Users of DairyBase are satisfied with it
P240	Farm Business Information	<ul style="list-style-type: none"> To ensure the industry has high quality data required to measure and analyse farm business performance at a national, regional and farm level Maintain and embed DairyBase as a secure web interface 	<ul style="list-style-type: none"> Dairy Australia able to make better investment decisions as a result of farm data availability Farmers are trained in Farm Performance capability, find it valuable to their business and are likely to adopt it

PROGRAM 5 ANIMAL HEALTH AND FERTILITY

Strategic alignment

1 Profitable dairy farms	2 Capable people	3 Trusted dairy industry
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OBJECTIVE

Improving farm profitability by improving milk quality, animal health and welfare, and herd fertility.

Program investment

Projects	Investment \$'000	
P213	Animal Health and Welfare On Farm	363
P107	Improving Reproductive Performance	232
P106	Managing Milk Quality	230
Total program investment		825

Project	Objective	Key measures of success	
P213	Animal Health and Welfare On Farm	<ul style="list-style-type: none"> To achieve widespread farmer adoption of recommended biosecurity and health measures and compliance with industry animal welfare policies, quality assurance and regulatory requirements 	<ul style="list-style-type: none"> Farmers who attend workshops indicate willingness to implement changes for better calf rearing practices Farmers who attend workshops indicate willingness to implement changes for better on-farm euthanasia practices No farmers using blunt-force trauma (except in extenuating circumstances) No farmers practice tail-docking on their farms More than 50% farmers using pain relief at disbudding All farmers follow age of transport guidelines All farmers comply with industry routine calving induction targets
P107	Improving Reproductive Performance	<ul style="list-style-type: none"> Improve national herd fertility and on-farm reproductive performance. 	<ul style="list-style-type: none"> Industry advisors that have attended training use In-Calf tools or processes with their clients More than 50% of seasonal and split calving herds achieve the median 6-week In-calf rate Farmers that attend training courses are likely to implement better reproductive techniques on farm
P106	Managing Milk Quality	<ul style="list-style-type: none"> Support dairy farmers to make better tactical and strategic decisions to improve their milk quality 	<ul style="list-style-type: none"> Service providers that attend Countdown MQ adviser training are likely to implement what they have learnt within 6 – 12 months Farm owners and farm workers that attend Cups On Cups Off are likely to implement what they have learnt within 6 – 12 months An increase in the proportion of farms with an annual average Bulk Milk Cell Count <250K

PROGRAM 6 INTERNATIONAL MARKET SUPPORT

Strategic alignment

1 Profitable dairy farms	2 Capable people	3 Trusted dairy industry
OBJECTIVE		
Secure a more favourable export market trading environment through trade policy reforms and improving buyer preference for Australian dairy products.		

Program investment

Projects	Investment \$'000
P219 International Market Support – China	315
P229 International Market Support – Japan	245
P232 International Market Support – Other Markets	200
P230 International Market Support – SE Asia	160
Total program investment	920

Project	Objective	Key measures of success
P219 International Market Support – China	<ul style="list-style-type: none"> Targeted activities, programs and services to support the Australian dairy industry to maintain and improve its position as a preferred supplier of dairy products into international markets, to improve market access, to reduce barriers to trade, and to build and maintain relationships that support dairy trade 	<ul style="list-style-type: none"> Dairy Australia is engaged in international policy decisions that impact Australia's dairy industry Dairy Australia is engaged in any trade agreements that impact the Australian dairy industry Key industry contacts in international markets indicate a preference for Australian dairy products Feedback from scholarship participants from China, Japan and SE Asia about the Australian dairy industry is positive DA is seen as a credible, trusted source of information by domestic and international stakeholders (industry, government, customers and other stakeholders)
P229 International Market Support – Japan		
P232 International Market Support – Other Markets		
P230 International Market Support – SE Asia		

PROGRAM 7 MANUFACTURING INNOVATION AND SUSTAINABILITY

Strategic alignment

1 Profitable dairy farms	2 Capable people	3 Trusted dairy industry
OBJECTIVE		
Support innovation in the supply chain that reduces costs and protects longer-term sustainability.		

Program investment

Projects	Investment \$'000
P249 Supporting Manufacturing Innovation and Sustainability	175
Total program investment	175

Project	Objective	Key measures of success
P249 Supporting Manufacturing Innovation and Sustainability	<ul style="list-style-type: none"> Connect processors with best-practice resources and technologies; Support collaborative initiatives and transfer of technology with strong industry-wide potential; Assist manufacturer benchmarking, performance tracking & communication of progress towards Sustainability targets 	<ul style="list-style-type: none"> Dairy Australia viewed as a credible and trusted source of information by dairy processors Dairy processors continue to implement initiatives based on input and advice from DA that contribute to better margins across the supply chain

PROGRAM 8 REGIONAL EXTENSION SERVICES

Strategic alignment

1 Profitable dairy farms	2 Capable people	3 Trusted dairy industry
OBJECTIVE		
Facilitate on-farm adoption of best practices, new ideas and technology, particularly those which are the result of Dairy Australia's investments in research and development.		

Program investment

Projects	Investment \$'000
P103 Regional Development Programs	5,085
P272 Critical Response – Seasonal Adversity	900
P200 Large Supplier Engagement	200
Total program investment	6,185

Project	Objective	Key measures of success
P103 Regional Development Programs	<ul style="list-style-type: none"> To provide DA with a network of regional offices, resources and capability to effectively coordinate and deliver extension and other farmer services in each of the dairying regions of Australia. 	<ul style="list-style-type: none"> Farmers are satisfied with the opportunity to participate in Dairy Australia programs and events Farmers are satisfied with access to services or information through Dairy Australia Farmers are satisfied with their engagement with Dairy Australia
P272 Critical Response – Seasonal adversity	<ul style="list-style-type: none"> To enhance the decision-making of dairy farmers, especially under conditions of reduced fodder and water availability. Provide farmers with management and technical (nutritional and animal health) information that will help them to better assess their current position, explore feasible options and develop and implement action plans using suitable decision support processes and tools 	<ul style="list-style-type: none"> Farmers participate in Critical Response consults and follow-ups Farmers are likely to make changes on their farm following the consultation Farmers indicate that they can independently implement their Action Plan following the consultation
P200 Large Supplier Engagement	<ul style="list-style-type: none"> To develop effective ways to increase two-way engagement between DA and the 200 largest dairy farm businesses with the aim to improve DA's understanding of the priorities of large dairy farming businesses and ensure DA is meeting these needs 	<ul style="list-style-type: none"> Large Suppliers participating in workshops and study tours are likely to implement changes on-farm Large Suppliers (top 200) are engaged in activities and events Top 200 farmers satisfied that their levies are being invested wisely Top 200 farmers satisfied with their level of access to DA services Physical and financial data for 30 of the top 200 farmers (FY19) captured in Dairy Farm Monitor Project

PROGRAM 9 PEOPLE AND CAPABILITY

Strategic alignment

1 Profitable dairy farms	2 Capable people	3 Trusted dairy industry
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OBJECTIVE

Facilitate the provision of quality educational programs; enhance labour availability by improving the attractiveness of dairy as a career option; improve on-farm people management and help facilitate a safety-first culture on-farm.

Program investment

Projects	Investment \$'000
P207 Attracting and Retaining People	1,175
P154 Industry Education	571
P260 Farm Safety	120
P203 Workforce, strategy, planning and action	90
Total program investment	1,956

Project	Objective	Key measures of success
P207 Attracting and Retaining People	<ul style="list-style-type: none"> The industry offers a quality environment, rewarding career opportunities and farm businesses are well prepared for succession and transition. 	<ul style="list-style-type: none"> Cows Create Careers – Participating students indicate a greater understanding of dairy industry and an interest in a career in dairy As a result of engaging in Cows Create Careers dairy farmers and industry advocates are more likely to be involved in other industry activities Members of Young Dairy Network Australia (YDNA) find their engagement and the quality of content valuable Farmers that are entering or looking to exit the industry continue participating in Stepping up/Stepping back workshops Farmers attending Stepping-up/Stepping back workshops find it valuable for their decision making
P154 Industry Education	<ul style="list-style-type: none"> More trained dairy farmers, people, on-farm service providers; Better utilisation of Dairy Australia information, tools and other resources; Improved farm profitability as a result of participation in training/education activities. 	<ul style="list-style-type: none"> Participant satisfaction with Diploma of Human Resource Management Participant completion rate of 80% for Diploma of Human Resource Management Create a governance framework through DairyLearn to improve collaboration amongst Learning & Development partners and provide us with the ability to monitor stakeholder satisfaction. Stakeholders are satisfied with DairyLearn and Dairy Australia partnerships Launch interactive technology enhanced learning experiences from Dairy Australia – Learning Management System Milk Tanker Operator and Milk Machine Technician Cert Training available across dairy regions of Australia DairyPATH participants are satisfied with the program DairyPATH participant career pathway developed
P260 Farm Safety	<ul style="list-style-type: none"> Farm safety culture is embraced There are no deaths on dairy farms Injuries on dairy farms are reduced Workcover premiums are reduced 	<ul style="list-style-type: none"> Farmers attend farm safety workshops and are likely to implement changes on farm to improve safety
P203 Workforce, strategy, planning and action	<ul style="list-style-type: none"> The People Strategy is developed to ensure the dairy industry offers a quality workplace environment and has sufficient numbers of people with the right mix of skills to maintain and grow the industry 	<ul style="list-style-type: none"> Collaboration with other RDCs to promote sharing of best practices Other RDCs used or promoted People in Agriculture resources developed by Dairy Australia during FY20

PROGRAM 10 INDUSTRY AND COMMUNITY MARKETING

Strategic alignment

1 Profitable dairy farms	2 Capable people	3 Trusted dairy industry
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OBJECTIVE

Support the sector’s license to operate through communications and promotion that improves consumer trust in the sector and its products; build farmer confidence to engage and participate in activities that improve sector profitability and sustainability.

Program investment

Projects	Investment \$'000
P266 Maintaining Public Trust	2,275
P267 Influencer Engagement - Health	370
P262 Primary Schools Engagement	300
P226 Human Health and Wellness Partnerships and Engagement	150
Total program investment	3,095

Project	Objective	Key measures of success
P266 Maintaining Public Trust	<ul style="list-style-type: none"> To build trust in and relevance for dairy with Changemakers by providing credible information on the Australian Dairy Industry that is tailored to their needs 	<ul style="list-style-type: none"> Changemakers trust the dairy industry Changemakers trust dairy food as a wholesome and healthy food Changemakers feel the industry is providing enough information to make an informed choice or opinion about the industry and products
P267 Influencer Engagement – Health	<ul style="list-style-type: none"> Provide key health influencers with credible and factual dairy and health information to address Changemakers concerns 	<ul style="list-style-type: none"> GPs feel confident to recommend dairy to Changemakers as part of a balanced diet Dietitians feel confident to recommend dairy to Changemakers as part of a balanced diet Changemakers hear positive health messages about dairy foods from health professionals
P262 Primary Schools Engagement	<ul style="list-style-type: none"> To increase the proportion of teachers using dairy to teach children about food and agriculture 	<ul style="list-style-type: none"> Teachers find the Discover Dairy resources to be useful and relevant Increase in school participation in the Picasso Cows program over FY19/20
P226 Human Health and Wellness Partnerships and Engagement	<ul style="list-style-type: none"> To influence policy makers, regulators, KOLs and credible third-parties with evidence-based health and nutrition messaging to enable a positive policy and regulatory operating environment for the dairy industry; Ensure that health and nutrition policy/regulatory outcomes protect and build the dairy value chain and don't negatively impact on the 'cost' of production for industry 	<ul style="list-style-type: none"> Nutrition Policy Reference Group (NPRG) perceive Dairy Australia as a credible and trusted source of information Govt. stakeholders perceive Dairy Australia as a credible and trusted source of information

PROGRAM 11 INDUSTRY RISK AND REPUTATION MANAGEMENT

Strategic alignment

1 Profitable dairy farms	2 Capable people	3 Trusted dairy industry
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OBJECTIVE

Protect and prepare farm businesses by supporting policy matters that improve dairy industry's social license to operate and increase sustainability by managing the short and long-term risks facing the industry.

Program investment

Projects	Investment \$'000
P153 Dairy Industry's Sustainability Framework/Strategy	250
P233 Policy Support for Improving Animal Health and Welfare	242
P177 Managing Supply Chain, Food Safety and Integrity Issues	150
P259 Technical Policy Support	130
P261 Access to Agvet Chemicals	60
Total program investment	832

Project	Objective	Key measures of success
P153 Dairy Industry's Sustainability Framework/Strategy	<ul style="list-style-type: none"> Review, and revise as required, the existing Sustainability Targets and Performance Indicators and move from a time horizon of 2020 to an agreed new horizon of 2030 aligned with the UN Sustainable Development Goals (UN SDGs) Produce an annual Industry Sustainability Report that demonstrates practice change and progress against our sustainability goals and targets as well as community expectations, and also helps promote and protect the dairy industry's social licence to operate. Maintain engagement of key external stakeholders with the dairy industry's sustainability credentials 	<ul style="list-style-type: none"> Sustainability Framework reporting to key industry stakeholders in order to keep them informed about our progress, on key initiatives Bi-annual sustainability forums to bring together key industry stakeholders and multinational customers to understand broader industry context, communicate Dairy Australia's work in sustainability and seek feedback – 80% forum participants are well engaged and rate the value of this forum as 7 out of 10. Regular engagement with multinational dairy buyers to ensure sustainability framework is aligned with their goals Materiality review completed to ensure that key sustainability risks that matter to external stakeholders are captured in the Sustainability Framework
P233 Policy Support for Improving Animal Health and Welfare	<ul style="list-style-type: none"> To maintain and shape a positive policy environment, ensuring the dairy industry's animal husbandry practices are consistent with mainstream community and government expectations; To ensure the dairy industry can respond appropriately to biosecurity threats. 	<ul style="list-style-type: none"> Engage with key industry stakeholders in all policy decisions around Animal Health and Welfare
P177 Managing Supply Chain, Food Safety and Integrity Issues	<ul style="list-style-type: none"> Help ensure, demonstrate and promote the robustness of the Australian dairy industry's food safety and integrity attributes/ programs. This will help to maintain and enhance dairy's ongoing ability to trade and access both domestic and international markets of choice and support Goal 5 of the industry's Sustainability Framework. 	<ul style="list-style-type: none"> Ensure robustness of our sustainability framework through on-going monitoring of new/changed standards at the International Dairy Federation (IDF) De-risking Australian dairy industry by providing relevant inputs and influencing submissions at IDF Analyse and report on Antibiotic Use in the Australian dairy industry by collecting data from vets and supporting our antibiotic stewardship program Work with key industry stakeholders to standardise milk cooling procedure and ensure it is accepted by Australian regulators
P259 Technical Policy Support	<ul style="list-style-type: none"> To deliver strategic policy insights and solutions that contribute to improving dairy farm profitability and efficiency, by maintaining a positive operating environment 	<ul style="list-style-type: none"> Engage with key industry stakeholders in all policy decisions that relate to profitability and efficiency on farm in order to maintain a positive operating environment

PROGRAM 12 KNOWLEDGE AND INSIGHTS

Strategic alignment

1 Profitable dairy farms	2 Capable people	3 Trusted dairy industry
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OBJECTIVE

Centrally collect, analyse and distribute information that assists stakeholders in their business decision-making and promotes general understanding of the sector.

Program investment

Projects	Investment \$'000
P237 Market Information and Insights	776
Total program investment	776

Project	Objective	Key measures of success
P273 Market Information and Insights	<ul style="list-style-type: none"> Enhance Industry decision making by providing the right information, in a timely fashion, for a more profitable Australian dairy industry 	<ul style="list-style-type: none"> Publish Situation & Outlook reports and hold events that keep the industry informed about the current dairy market landscape and emerging challenges Knowledge sharing – presentations to farmers and other stakeholders Farmers are familiar with and see benefits of Dairy Australia's investment in providing market information and insights to help with decision making Dairy Australia is seen as a credible and trusted source of information about the Dairy Industry by media and other stakeholders

Dairy Australia Group Metrics

The Group metrics focus on how well Dairy Australia is performing across the organisation. Measures are considered across five categories: financial, people, stakeholder satisfaction, technology and infrastructure, and risk management.

Group measure	Performance metric	Unit	FY20 outcome
Stakeholder Satisfaction Track satisfaction levels of key stakeholders on Dairy Australia's performance	Importance of having an organisation such as Dairy Australia for the Australian dairy industry	Score	8.0/10 (7.9/10 in FY19)
	Likelihood of recommending the services and information Dairy Australia and the RDPs provide to dairy farmers and others working in the Australia dairy industry.	Score	6.8/10 (6.7/10 in FY19)
	Overall satisfaction that Dairy Service levies are being invested wisely	Score	5.7/10 (5.7/10 in FY19)
Financial Be fiscally prudent	Meet target budget deficit of \$3.3m	%	100%
	Improved financial management, reporting and processes through implementation of a new system under the Finance 2020 project		100% of all planned Finance 2020 initiatives have been implemented successfully
People Improve people capabilities through further investment in talent acquisition and engagement	Staff engagement and pulse survey: Participation	%	>75%
	Staff engagement and pulse survey: Engagement Score	%	>65%
	Staff engagement and pulse survey: Action plan		Action plan created with specific initiatives
Technology and Infrastructure Invest in critical new internal Dairy Australia business initiatives to improve operations	Project Online set-up to improve collaboration and streamline the way we manage our projects. Relevant staff trained in the use of the new tool.	%	100% of all planned Project Online initiatives have been implemented successfully
	Replacement of our HR system to improve productivity, reduce risks around on-boarding and off-boarding of employees, enable reporting capability and deliver a positive and consistent candidate experience	%	100% of all planned HR digitisation initiatives have been implemented successfully
	Migration to a new IT Hosting and managed services provider to provide increased services and support coverage for staff and systems	%	100% of all planned activities completed
	Rationalisation of hosted server infrastructure to reduce operational costs and increase efficiencies	%	100% of all planned activities completed
Risk Management Manage significant internal Dairy Australia risks within defined risk appetite	Proactive risk identification and mitigation framework in place	%	Risks outside of agreed risk appetite and emerging risks are assessed in a timely manner and appropriately mitigated to ARMC satisfaction.
	Compliance with regulations and Statutory Funding Agreement (SFA)	#	Nil non-compliance issues with regulatory and SFA requirements



BUSINESS OPERATIONS

Operational structure

Dairy Australia will continue to be structured around four operating groups in FY20 – Farm Profit and Capability, Trade and Strategy, Marketing and Communications and Sustainability. This is supported by two Overhead Groups, Human Resources (HR) and Business and Organisational Performance (BOP).

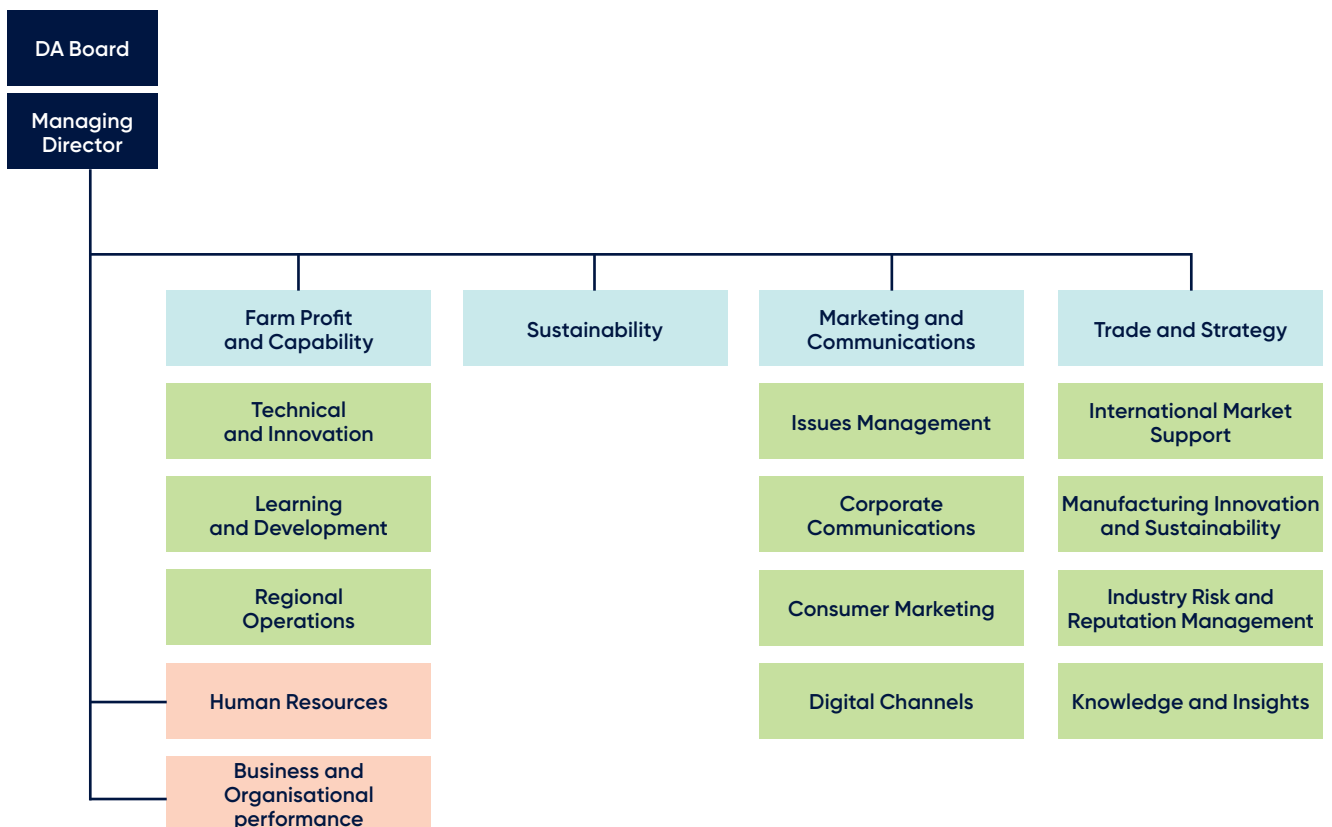
There are three director roles falling vacant at the 2019 AGM; Jeff Odgers, Jan West and Paul Wood. There will therefore be roles for a director with milk producer skills, a director with audit and risk management skills and a director with R&D management skills. Operational structure

Staffing and overhead costs

Delivery and overhead costs will be managed to match the planned future reductions in project expenditure.

The organisation structure and staffing levels are anticipated to decrease slightly in FY20 (forecast decrease of 3 per cent) from FY19. These changes are mainly focussed in the Farm and BOP groups following on from a redesign of the way various aspects of these teams work – both internally within their own teams and more broadly how they interact with the rest of Dairy Australia in the following work streams;

- Core governance structures and project/program architecture
- Creating and delivering products and services for delivery to farmers
- Learning and development
- Managing projects
- Procurement





Human resources

HR plays an instrumental role in securing the future success of Dairy Australia. The function is guided by its vision of working in partnership to create an environment where employees can thrive and are enabled to deliver sustainable organisational performance.

Specifically, four focus areas have been identified for FY20.

Focus area	Goal	FY20 actions
1 Cost optimisation	We will work with our business leaders to provide support in a more cost-effective way	<ul style="list-style-type: none"> • Introduce new recruitment and on-boarding programs • Implementation of software to collect, understand and act on employee feedback
2 Building fostering a culture of accountability, collaboration and stakeholder centricity	We encourage and promote an environment where Dairy Australia and stakeholder objectives/needs come before team objectives/needs, which come before individual objectives/needs	<ul style="list-style-type: none"> • Engaging staff to set and agree meaningful organisational values • Review of Dairy Australia's remuneration strategy • Fostering cross-organisation collaboration opportunities • Conduct staff engagement survey
3 Operation excellence through streamlined processes	We will get out of our employees' way and allow them to get on with what they need to do	<ul style="list-style-type: none"> • Re-imagine performance reviews • Ensure clarity and transparency around remuneration decisions
4 Purposeful leadership	Strengthening capability, and challenging each other to go from strength to strength	<ul style="list-style-type: none"> • Management training for all managers • Leadership training for selected high potentials • Provide presentation skills training • Conduct HR compliance training

Business and Organisational Performance (BOP)

Key focus areas for each of the operational support divisions are as follows:

Focus area	FY20 Focus area
Governance and legal	<ul style="list-style-type: none"> • Board: Ensure appropriate support and advice to enable the Board and its committees to operate effectively. Facilitate recruitment process to maintain balance of skills and representation. During FY20 there will be three Board positions up for re-election • RDP Governance: Support RDPs, particularly in areas of compliance, constitutional review and Board effectiveness • Legal Support: Continued focus on compliance and improving the contract review and approval process; legal compliance training; IP management and expectations around the commercial return from the IP portfolio. • Australian Dairy Plan Governance Committee Secretary: Continue to play an important role in the Governance of the project by having a BOP strategy manager in the Committee Secretary role, working directly with the Independent Chair and Chairs of the Partner organisations to build consensus and make effective decisions
Finance	<ul style="list-style-type: none"> • Continued refinement and implementation of procurement process • Further improvement to RDP AOPs and reporting packs • Implement a new financial/contract administration system to provide increased visibility and real time reporting supporting business requirements; and enabling better decision making and process efficiency for financial processes
Information technology/ Business systems	<ul style="list-style-type: none"> • Stakeholder Management: Implement, consolidate and improve the servicing of our customers via tools like Salesforce • Upgrade operating system across the organisation to Windows 2019 • Upgrade meeting room audio visual systems to improve connectivity between Southbank and the regions • Scheduled upgrade of the organisational record management system (TRIM)
Government engagement and reporting	<ul style="list-style-type: none"> • Evaluation Framework: Dairy Australia has an evaluation framework to assess the efficiency and effectiveness of the business and investments that was introduced in December 2017. A focus in FY20 will be ensuring full adoption and reporting across the business against the evaluation framework, including the introduction of new reporting tool to assist with the collection and reporting of metrics • Reporting: Reporting of project and operational performance to Performance metrics to help drive business decisions and reporting to external stakeholders including Government
Corporate planning/strategy	<ul style="list-style-type: none"> • Participation in the Australian Dairy Plan which will be used to inform Dairy Australia's next three year strategic plan beginning FY21 • Development of the FY21 AOP • Continued integration and collaboration of Dairy Australia planning with key stakeholders • Creation and delivery of Board Strategy Days
Business performance	<ul style="list-style-type: none"> • Quarterly reporting that adds insights to ensure compliance with the evaluation framework • Participate and support in the development of project manager's ability to identify appropriate evaluation measurements and data collection mechanism • Participate and support in the development of systems for on-going collection of project data to support economic evaluation • Undertake a number of ex-post evaluations, testing assumptions made in the ex-ante evaluations • Ongoing discussion, sharing and participation with RDCs and participate in the CRRDC evaluation programme.
Project management	<ul style="list-style-type: none"> • Implement a new project management office (PMO) team to ensure projects are managed in an efficient and effective manner across the organisation • Review and refine the internal process for project management in Dairy Australia, including workflow and key documents • Introduction of a new project management system to support the management and reporting of projects.

Marketing and communications

Focus area	FY20 Focus area
Industry communications	<ul style="list-style-type: none"> • Target services and communicate in-line with farmer needs. • Rationalise channels, optimise content and measure effectiveness, to ensure relevancy and enhance communications with farmers and industry stakeholders.
Digital	<ul style="list-style-type: none"> • Redevelop the dairyaustralia.com.au (including RDP) website to better meet farmer and stakeholder needs. Work with subject matter experts to review and update content across the website. • Build dairyaustralia.com.au as a central content repository, rationalising outlying websites to this central point. • Enhance primary consumer website dairymatters.com.au and related content to demonstrate the industry's commitment to transparency, including building on the existing You Ask We Answer functionality and highlighting industry experts. • Drive traffic to primary sites through an increase in Search Engine Optimisation activity and Search Engine Marketing. • Evolve social media presence and use as a primary source of communication to farmers and consumers. • Launch the Dairy Australia intranet to improve communications and collaboration across the organisation.

Risk management

Dairy Australia recognises the importance of effective risk and intellectual property management. In FY19 the risk management team worked with the Leadership Team and the Board to refresh and update the strategic and operational risks to the business. The outcome of this is incorporated into the focus for FY20.

Focus area	FY20 Focus area
Industry	<ul style="list-style-type: none"> • Highlight the relationship between industry risks and Dairy Australia's strategic programs to help communicate how Dairy Australia's role helps to manage key industry risks
Strategic	<ul style="list-style-type: none"> • Support the Board to have oversight of Dairy Australia's strategic risks by focusing reports on strategic risks and only operational risks that are significantly rated or rated above appetite • Review and refine the processes, frequency and format of risk reporting to the Leadership Team to continue to increase their involvement, management and ownership of Dairy Australia's risk profile.
Operational	<ul style="list-style-type: none"> • Review and update risk management guideline and tools to assist staff apply risk management processes and principles • Enhance the effectiveness of controls by improving how controls are developed and assessed for strength and effectiveness.
Projects	<ul style="list-style-type: none"> • Continue to coach and support for Project Leaders to use risk management principles and processes to help manage uncertainty in projects and increase the chance of project success • Review and adopt technology to improve the capture, storage and reporting of risk management information.

EXPENDITURE ALLOCATION

Strategic priorities

Overall allocation of expenditure by Strategic Priority for FY20 will be similar to FY19.

Science and research priorities

Analysis of qualifying expenditure across the national science and research priorities as illustrated in Figure 7 indicates the focus on food production and processing related RD&E representing 84 per cent of the spend in FY20 with the remaining 16 per cent directed towards soil, water and environmental change.

Rural RD&E priorities

Across the national rural RD&E priorities for agriculture, Dairy Australia's focus is directed towards:

- **Advanced Technologies:** R&D around areas of herd and pasture productivity, feedbase and animal nutrition, animal welfare and milk quality.
- **Adoption of R&D:** Dairy Australia continues its focus on extension and capability through education and support around farm business management, supporting practice change, improved feeding systems, natural resource management and sustainability and animal health and welfare.

Figure 5 Strategic priorities FY17 to FY20

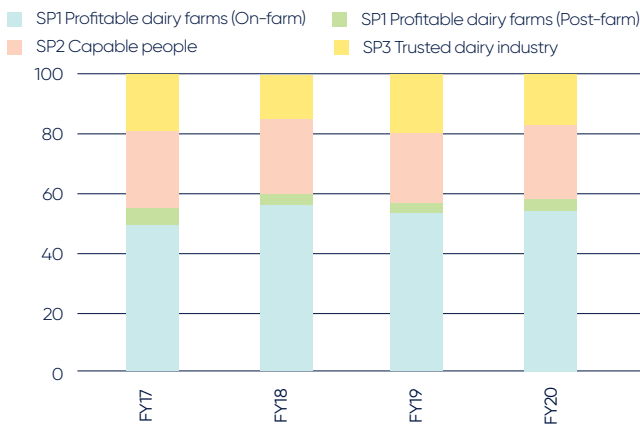


Figure 6 Strategic priorities FY20

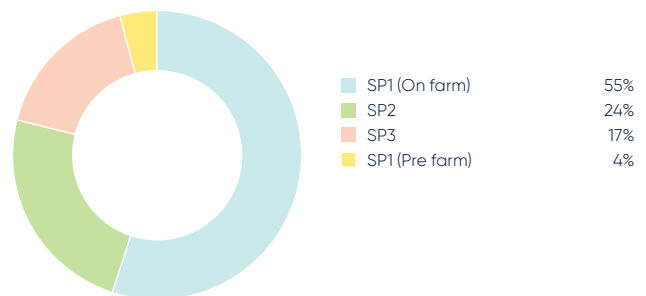


Figure 7 Science and research priorities FY17 to FY20

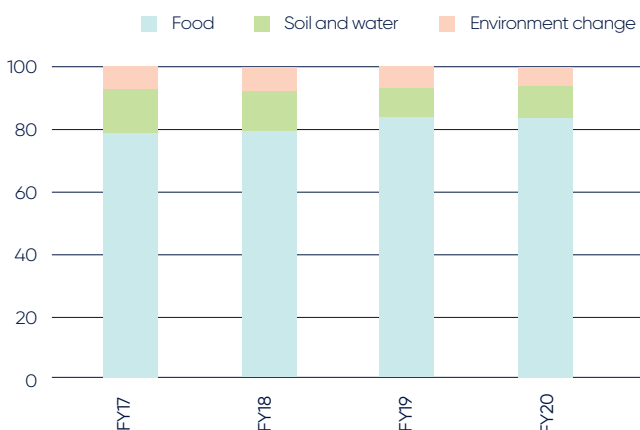
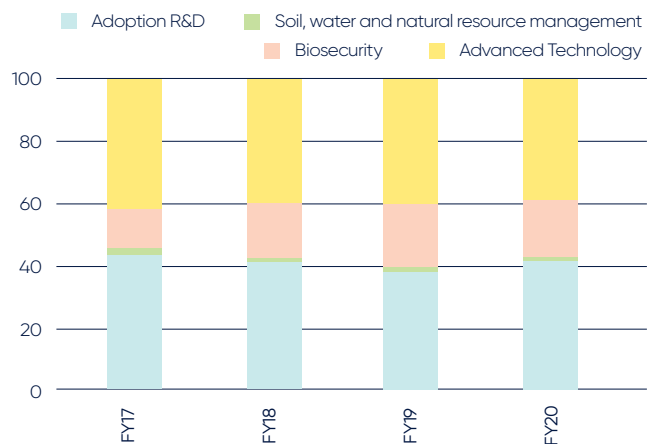


Figure 8 Rural R&D priorities FY17 to FY20



Dairy Australia remit

The focus for FY20 remains on R&D, extension and education with a combined 79 per cent of spend in these areas.

Triple bottom line

While the majority of Dairy Australia's expenditure is focussed on economic gain for the industry, significant investment is also being made in environmental management (sustainability and natural resource management – land, water and carbon) and social concerns.

Risk profile

Dairy Australia's risk profile reflects the importance of delivering value for the farmer and the industry whilst also investing in new technology and innovation which drives efficiency, manages natural resources and ensures a sustainable and profitable industry.

In FY20, 93 per cent of expenditure was invested in low and medium risk projects with the remainder being allocated to high or very high risk projects. Projects classified as high or very high risk are generally those where the outcomes are unknown or less predictable or longer term projects.

Time horizon

Dairy Australia has invested 33 per cent of funds in Horizon 3 (H3) projects where the benefit is expected to be achieved after five years or more. The key projects that fall into this category are longer term investments in R&D such as DairyBio, Dairy Feedbase and Datagene. The remainder is split between H1 (benefit expected within two years) 43 per cent and H2 (benefit expected with two to five years) 24 per cent.

Figure 9 Dairy Australia remit FY17 to FY20

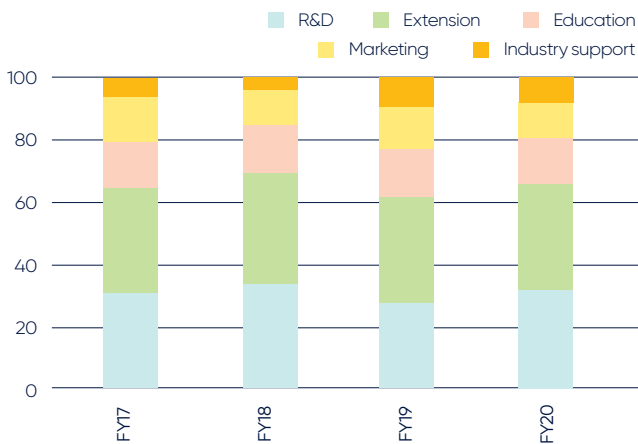


Figure 10 Triple bottom line FY17 to FY20

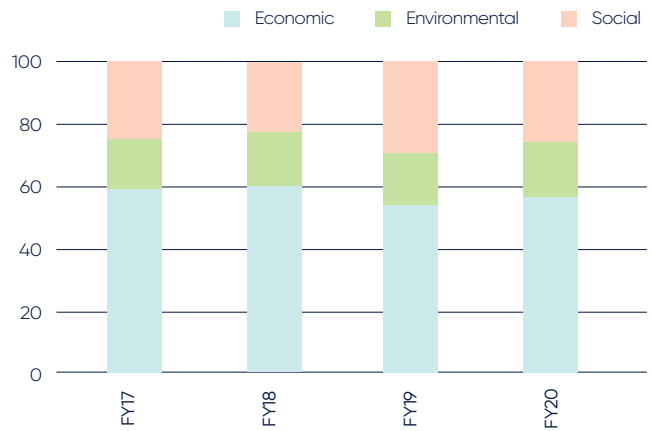


Figure 11 Investment risk profile FY17 to FY20

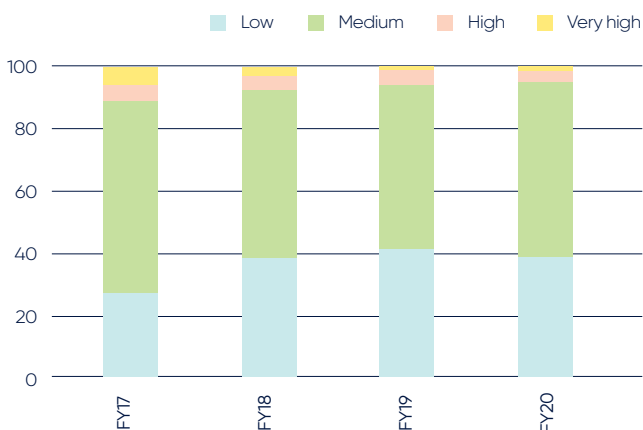


Figure 12 Investment horizon FY17 to FY20 (TBC)

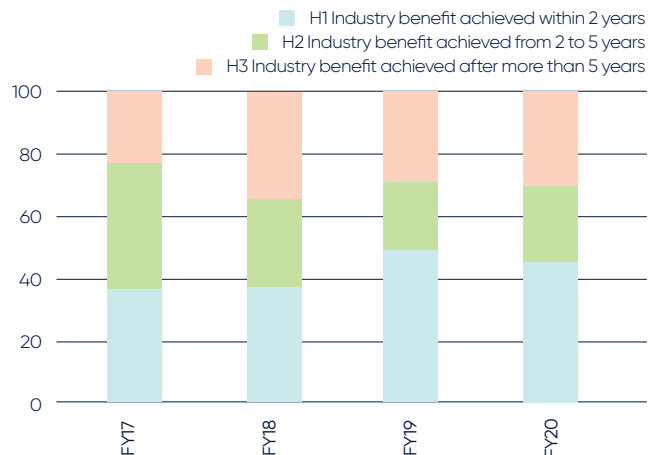


Figure 13 FY20 Investment across the dairy supply chain

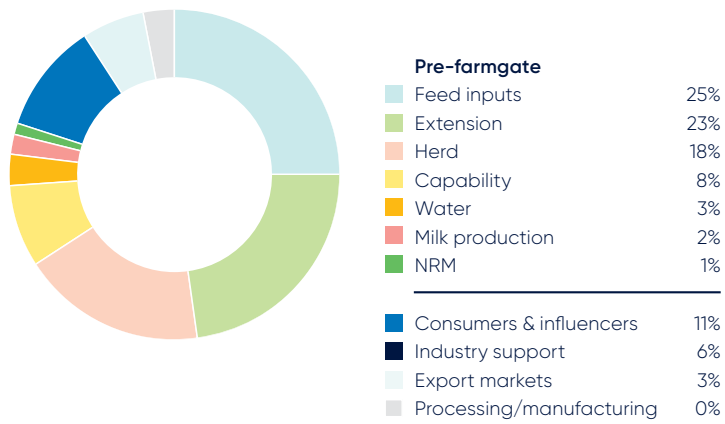
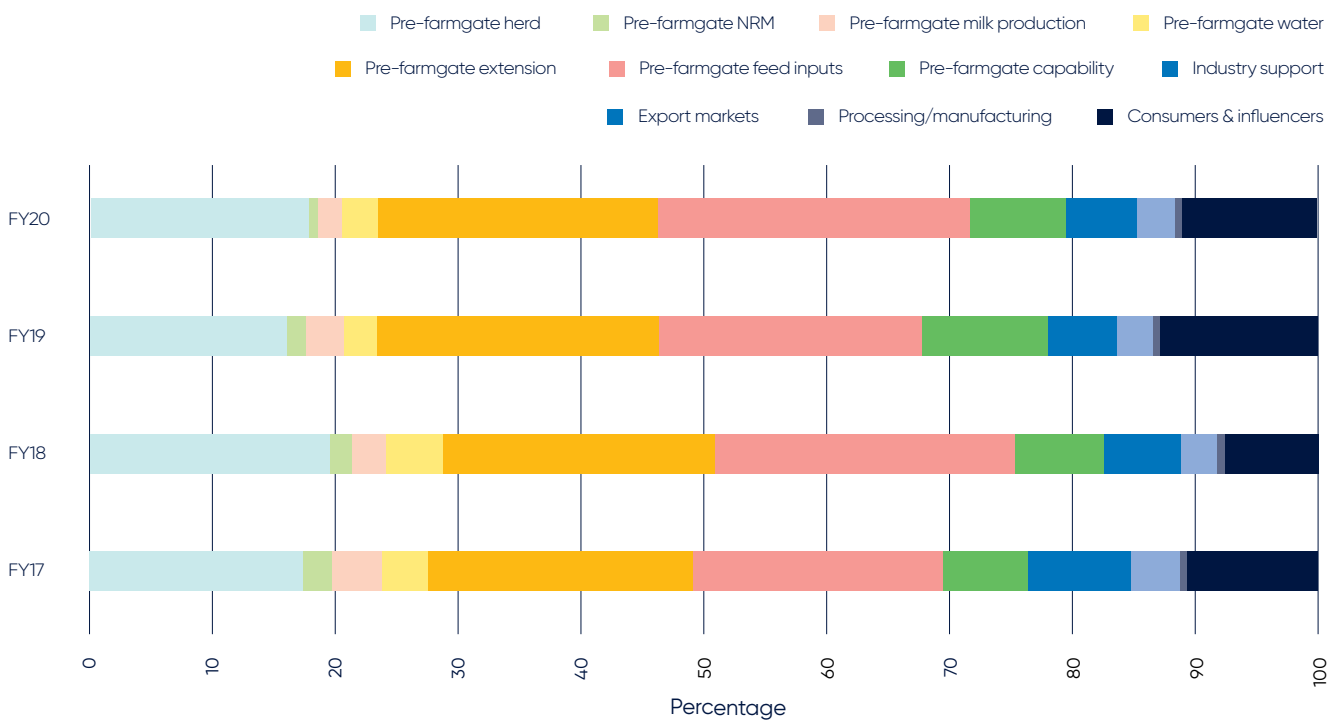


Figure 14 Investment across the dairy supply chain FY17 to FY20



APPENDIX 1

LIST OF PROJECTS SUPPORTING THE STRATEGIC PRIORITIES

SP1 Profitable dairy farms	FY17 Actual \$'000	FY18 Actual \$'000	FY19 Forecast \$'000	FY20 Budget \$'000
P264 Dairy Feedbase	-	2,930	3,000	3,000
P109 Herd Improvement	3,785	2,966	2,627	2,654
P217 Dairy Bioscience - Forages	2,271	2,302	2,413	2,290
P108 Dairy Bioscience - Animal Improvement	1,116	1,500	1,500	1,400
P254 Animal Nutrition and Feed Systems	994	904	884	1,140
P268 Feed Shortage	-	-	2,099	900
P252 Supporting Practice Change	642	912	912	988
P255 Forage Improvement	1,599	629	403	588
P132 Improving Water Use Efficiency	694	550	317	558
P241 Farm Business Management Capability	320	534	539	500
P241 Farm Business Management Capability	11	-	-	-
P240 Farm Business Information	572	418	480	450
P110 Advanced Management Technologies	880	476	640	373
P213 Animal Health and Welfare - On-farm Change Mgt	438	432	395	363
P219 International Market Support - China	524	247	305	315
P130 Climate Change Support	581	816	548	270
P229 International Market Support - Japan	247	232	274	245
P107 Improving Reproductive Performance	487	364	200	232
P106 Managing Milk Quality	475	340	377	230
P128 On-farm Soil and Nutrition Management	738	529	505	220
P232 International Market Support - Other Markets	345	148	266	200
P249 Supporting Manufacturing Innovation and Sustainability	180	180	190	175
P230 International Market Support - SE Asia	177	171	115	160
P253 Integrated Feedbase RD&E	1,321	-	-	-
P218 GM Path to Market	39	205	-	-
P126 Regional Coordination of NRM	11	-	-	-
P231 International Market Support - Middle East	61	46	-	-
Targeted Savings	-	-	-	(123)
Total	18,467	17,832	18,989	17,129

SP2 Capable people	FY17 Actual \$'000	FY18 Actual \$'000	FY19 Forecast \$'000	FY20 Budget \$'000
P103 Regional Development Programs	5,481	5,409	5,380	5,085
P207 Attracting and Retaining People	776	1,155	1,224	1,175
P154 Industry Education	752	596	811	571
P200 Large Supplier Engagement	97	122	200	200
P260 Farm Safety	-	329	301	120
P203 Workforce Strategy, Planning and Action	371	70	70	90
P251 Extension Operations and Delivery	601	-	-	-
P242 Transitioning People in Dairy Farm Businesses	417	-	-	-
P257 Tactics for Tight Times	110	133	-	-
Targeting Savings	-	-	-	(123)
Total	8,605	7,815	7,987	7,118

SP3 Trusted Dairy Industry	FY17 Actual \$'000	FY18 Actual \$'000	FY19 Forecast \$'000	FY20 Budget \$'000
P266 Maintaining Public Trust	-	64	2,485	2,275
P237 Market Information and Insights	834	710	709	776
P267 Influencer Engagement - Health	-	55	600	370
P262 Primary Schools Engagement	-	458	550	300
P153 Dairy Industry's Sustainability Framework/Strategy	404	251	400	250
P233 Policy Support for Improving Animal Health and Welfare	326	127	236	242
P227 Human Nutrition Research and Science	426	489	219	215
P226 Human Health and Wellness Partnerships and Engagement	214	152	204	150
P177 Managing Supply Chain, Food Safety and Integrity Issues	646	264	250	150
P259 Technical Policy Support	68	103	100	130
P269 Antimicrobial Stewardship	-	-	50	80
P261 Access to Agvet Chemicals	-	65	53	60
P265 Effective Brand Management	-	106	350	50
P220 Marketing and Communications to Mums and Kids	1,395	-	-	-
P258 Marketing and Communications to Women (18-50+)	396	-	-	-
P256 Health Professionals	393	1	-	-
P263 Consumer Marketing and Communications	-	58	-	-
P243 Societal Shapers	31	-	-	-
P172 Industry Issues Management	57	-	-	-
Total	5,188	2,901	6,206	5,048

Disclaimer

The content of this publication including any statements regarding future matters (such as the performance of the dairy industry or initiatives of Dairy Australia) is based on information available to Dairy Australia at the time of preparation. Dairy Australia does not guarantee that the content is free from inadvertent errors or omissions and accepts no liability for your use of or reliance on this document. You should always make your own inquiries and obtain professional advice before using or relying on the information provided in this publication, as that information has not been prepared with your specific circumstances in mind and may not be current after the date of publication.

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