

# Dairy Australia Evaluation Framework

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### **Background**

#### Introducing the Dairy Australia Evaluation Framework

Dairy Australia is an industry owned national services body, funded through the dairy service levy, paid by dairy farmers and matching payments from the Australian Government for research, development and extension activities. Dairy Australia also attracts funding at Project level from state governments, universities, research and other dairy support organisations.

This document is the 2017/18 Evaluation Framework (EF) for Dairy Australia (DA). It covers the context and rationale for evaluating Dairy Australia's planned investment and describes activity and proposed output from this framework. This is used as the basis for the Dairy Australia Strategy development and Strategic Plan.

### The Evaluation Framework is a requirement of the Statutory Funding Agreement

In Dairy Australia's updated Statutory Funding Agreement (SFA), dated (**26 June 2017**), there are specific requirements for Dairy Australia to submit and publish an Evaluation Framework. Specifically the Evaluation Framework should:

- a) Be aligned and consistent with Dairy Australia's Strategic Plan;
- b) Ensure that key performance related information is routinely collected, monitored and reported;
- Include a structured plan for the systematic evaluation of the efficiency, effectiveness and impact of Dairy Australia's key investments; and
- d) Include a means of publishing and disseminating relevant Research, Development and Extension (RD&E) outcomes and the outcomes of evaluations.

The Evaluation Framework must be published on Dairy Australia's public website within 30 days of being adopted. This paper will be published on the Dairy Australia website (<a href="www.dairyaustralia.com.au">www.dairyaustralia.com.au</a>) from 25 January 2018).

#### **Understanding the Dairy Australia Evaluation Framework approach**

The purpose of the Evaluation Framework is to outline the approach that Dairy Australia will take when reviewing the business and Projects across the Project life-cycle. It is also deemed that metrics captured at a group and stakeholder level are used to gauge the effectiveness and success of Programs. By using an Evaluation Framework that captures group, stakeholder and Project metrics this will ensure Programs conducted by Dairy Australia are linked and aligned to the Strategic Plan and returns to Levy payers are clear and transparent.

Introducing a consistent Evaluation Framework will allow Dairy Australia to:

- Provide clear and consistant identification of net investment benefits and ensure investment is linked back to the Dairy Australia strategic plan;
- Indentify all aggregate benefits and costs to allow clear and concise reporting for internal and external stakeholders;
- Increased Project accountability and on-going reporting across the Project life-cycle;
- Increased Dairy Australia accountability to internal and external stakeholders:
- Assist in developing systems to track and measure practice change on-farm (and therefore realised benefits);
- Increased and on-going gathering and reporting of empirical data related to Project assumptions; and
- Incorporate findings from Project Completion reviews into future Project Development plans and Dairy Australia portfolio development.

While many of these elements are already present within Dairy Australia, the Evaluation Framework ensures a consistant methodology is applied across the business. The framework will allow Dairy Australia to meet the requirements of its SFA and implement a successful Project and investment lifecycle.

## **Strategic Plan**

### The Dairy Australia Strategic Plan FY17 to FY19

Within its remit, DA's strategy responds directly to a vision for the industry as defined by the Australian Dairy Industry Council (ADIC):

ADIC Vision:	"Australian Dairy – Prosperous, Trusted, World Renowned Nutrition"	
Dairy Australia's Purpose	To drive improved levy payer profitability and to promote and protect the Australian dairy industry	
Dairy Australia's Mission	To develop and drive industry services and innovation for the ultimate benefit of levy payers	

Dairy Australia currently operate a three year Strategic Plan. Investment is currently grouped under the following three key Strategic Priorities, *SP1 Profitable Dairy Farms*, *SP2 Capable People* and *SP3 Trusted dairy Industry*.

Table 1 Dairy Australia Strategic Priorities (FY17 to FY19)

Strategic Priority		Focus / Scope	Strategic Programs
SP1	Profitable Dairy farms	Pre-farm-gate activities that contribute directly towards improving farm profitability by optimising unit cost of production The majority of this activity is productivity improvement oriented RD&E, best practice identification and subsequent program development	Animal Health & Fertility Genetics and Herd Improvement Farm Business Management Feedbase & Animal Nutrition Land, Water and Carbon Advanced Management Technologies
		Post-farm-gate programs are focused on improving the farm-gate price through supply chain cost reductions or stronger demand from international markets	International Market Support Manufacturing Innovation and Sustainability
SP2	Capable People	Activities that directly improve the capability of industry participants including extension services (the transfer of SP1 knowledge to farmers and advisers) and/or more general education and training activity  This includes attracting people to the sector, the availability of appropriate training, and assistance in career transitions	Regional Extension Service People and Capability
SP3	Trusted Dairy Industry	A range of activities that help maintain the industry's long term "Licence to operate"  Pre-competitive promotion and communication activity that addresses the reputation of the industry and its products in the minds of consumers, the community and the "influencers" of consumer attitudes and/or regulators  Activity that addresses longer term sustainability / risk management considerations — e.g. provision of factual information that supports the industry's policy position in regulatory and other matters  Collection, analysis and distribution of sector statistics and information for the benefit of stakeholders	Consumer and Community Marketing Industry Risk and Reputation Management Knowledge and Insights

### **Cascading the strategy**

Cascading the Dairy Australia Strategy Priorities through to Programs and Projects for Evaluation

Figure 1 outlines how the cascading of the Dairy Australia Strategic Priorities will drive reporting dashboards. The Evaluation Framework has been developed for Group and Project evaluation and will allow for effective measurement and reporting at a company level and across Programs and Projects. It will ensure that appropriate Projects are selected and ongoing reporting to ensure the Project meets its requirements.

The Evaluation Framework forms the basis for the reporting framework for Dairy Australia. Metrics will be recorded at a Group Level (driven by the Strategic Priorities) and at a Projects Level (driven by Program and Projects). The Evaluation Framework is structured across these two levels. Programs are derived (cascaded) from DA's Strategic Priorities and in turn Programs cascade to the Projects executed. Projects are then linked through to the indsutry value drivers to ensure they deliver a return to the industry and stakeholders.

Vision, Purpose, **Strategic Priorities** Group Mission **Evaluation Framework to** measure the success of Dairy Australia at a company level. This will be shown in the reporting to the Board and the Leadership Team. Program Strategic Priorities cascaded top down **Projects** Project **Evaluation Framework to** Metrics (identified Dashboards measure the success of bottom up) Projects and to evaluate Programs drive during development, Project choice ongoing assessment and on completion. Projects Inked through to industry Industry value

Figure 1 Cascading the Dairy Australia Strategy and linking through to the Evaluation Framework

Table 2 Components of the DA cascaded Strategy through to Value Drivers

value drivers

Focus	Description	
Strategic Priorities	The Dairy Australia Strategic Priorities are derived from the Vision, Purpose and Mission taking into account changes in the market, industry, economic and agricultural sector conditions, stakeholder needs and demands, resources available.	The state of the s
Programs	The Dairy Australia Strategic Priorities define what Programs will be focussed on. As part of the development and update of the Strategic Plan (SP) and Annual Operating Plan (AOP) each year, a group of Programs are developed that define where resources will be allocated. Programs are the base of the reporting framework on an ongoing basis (for management and board purposes). The Project Evaluation Framework forms the base of this reporting.	Program Dashboards
Projects	Program's / Program Themes outline which Projects are conducted by DA. The Project Evaluation Framework ensures that Projects are aligned to the Programs (and therefore Strategic Priorities) and forms the base of the Project Development principles.	Project Dashboards
Value Drivers	Projects need to be linked back to industry value drivers. Dairy Australiause this approach to ensure each Project that receives funding links back to delivering value to the industry.	

### The Evaluation Framework

### An overview of the Dairy Australia Evaluation Framework

Figure 2 outlines the Evaluation Framework for Dairy Australia. This provides the basis for assessing and reporting Dairy Australia performance at Group and Project levels.

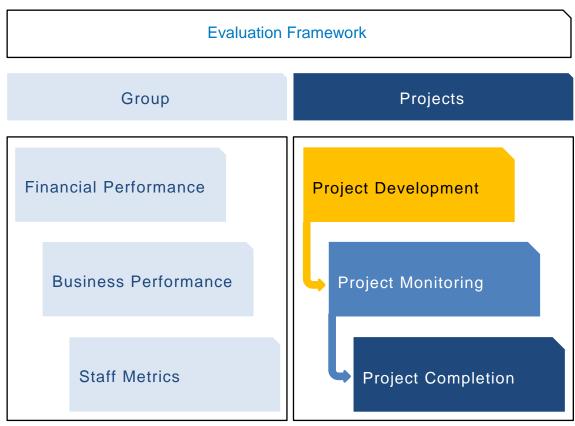
#### Group

The Group Evaluation Framework focuses on how well Dairy Australia is performing as an organisation. Metrics are broken into three categories across *Financial*, *Business Performance* and *Staff Metrics*. When the Annual Operating Plan (AOP) is updated each year, Group metrics will be proposed to evaluate the performance of Dairy Australia at a Group level.

#### **Projects**

Projects will be measured across three stages to ensure they are aligned to the Dairy Australia Strategic Plan and can have ongoing measurement of the efficiency, effectiveness and impact of DA's key investments. These stages are outlined as *Project Development* (prior to Project commencement), *Project Monitoring* (how a Project is monitored on an on-going basis) and *Project Completion* (once a Project is completed).

Figure 2 Summary Evaluation Framework



### **Group Evaluation Framework**

Breaking down the Group Evaluation Framework and understanding and analysing the reporting metrics.

Figure 3 outlines the Group Evaluation Framework and the measurements that will be used to assess the Group's performance.

The Group Evaluation Framework links to the Dairy Australia Strategic Plan and Annual Operating Plan. The framework allows performance evaluation, tracking and reporting of the performance of Dairy Australia (outside of Project performance). As these metrics are aligned to the Dairy Australia AOP they will be updated on a timely basis when changes are made to this operating document. Reporting for this framework will be completed for management and board reporting on a monthly and annual basis and to stakeholders, annually, in the Dairy Australia Annual Report.

**Figure 3 Group Evaluation Framework** 

### **Group Evaluation Framework**

### Financial / Business Metrics

#### Financial:

- Monthly financial metrics
- Monthly budget and forecast changes
- Budget variance
- · Reserve monitoring

#### **Business Measures:**

- Internal audit
- External audit
- · Risk reporting
- Board evaluation and skills matrix

#### **Additional metrics:**

- Digital engagement
- media sentiment
- Met and overdue milestones
- Social sentiment
- Consumer / influencer / social license sentiment
- Farmer tracking and feedback
- Stakeholder tracking

#### Staff Metrics

- · Board evaluation
- Employee survey
- Net Promotor Score (NPS)
- Staff Engagement Score

### **Project Evaluation Framework**

The Project Evaluation Framework is broken into three stages to measure effectiveness across the Project life-cycle.

**Figure 4 Summary Project Evaluation Framework** 

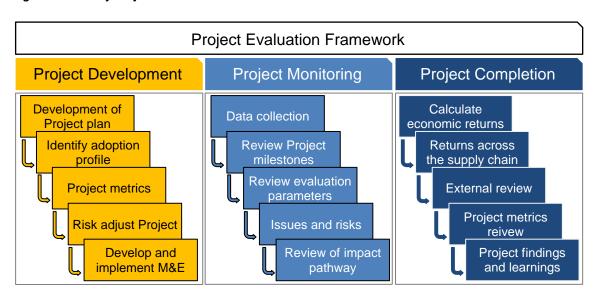


Figure 5 outlines the detailed areas of focus for each of the Project stages.

**Figure 5 Detailed Project Evaluation Process** 

#### **Project Evaluation Framework Project Development Project Monitoring Project Completion** Development of Project Review key Project metrics Align findings and learnings plan: logic, governance, to identify data sources and to each segment of risk, stakeholders and ways of measurement intended audience timetable Review progress and adjust Collate data enabling · Identify pathways to impact implementation strategy as efficient post-Project and apply adoption profile needed evaluation review of actual (if applicable) Update key evaluation Project impact consistent Outline key Project metrics with Council of Rural parameters and KPIs including Benefit Update risk assessment Research and **Development Corporations** Cost Ratio (BCR) with Project manager in Establish counterfactual light of any changes to the (CRRDC) guidelines and risk profile or updated procedures Adjust for Project risk Report/publish quantifiable issues since inception Project completion report and non-quantifiable results Review impact pathway to outling the results and returns against Dairy Project benefits in light of and key assumptions Develop and implement progress since inception Australia's strategy and stated Project objectives Monitoring and Evaluation Review data collection (M&E) plan including process is on track External reviews will be milestone measures, completed for selected current practice and data **Projects** sources Report and disseminate results and learnings

### **Project Development Framework**

The Project Development Framework is broken into five stages and completed prior to Project commencement.

Figure 6 outlines the five steps that are completed prior to Project commencements. This framework is designed to ensure Projects are assessed on a consistant criteria and meet the Dairy Australia Program objectives and Strategic Priorities. The framework also ensures a Project is setup for success prior to commencing. This includes appropriate timelines, plans and metrics that will be used to track the Project on an ongoing basis.

#### Figure 6 Project Development Framework - detailed breakdown **Project Development Framework** Develop and Development of Identify Risk adjusting implement **Project metrics** Project plan adoption profile the Project M&E Develop detailed Account for Project Outline Project Development of Determine Project plan Project metrics: risk by considering: objectives characteristics regarding expected including: of target Calculate the Types of risks population and outcomes and Project objective potential confronting the estimate impacts including: and logic benefits Project proportion of Internal and considering: the including: Project success potential external Proiect size and research / factors including adopters costs breadth of exploration the description Establish how **Key Project** practice change, risks, technical of the metrics adoption may and the long and / or metrics and chosen to be achieved linkages to term value of commercial capture baseline Choose an industry value each unit risks, adoption data, key adoption profile drivers including change (if risks success factors and impose on Benefit Cost applicable) Adequate and the benefits across Ratio (BCR) Calculate resources to measure and time and space Project risks Project and on achieve the value of practice change and mitigants Estimate of farm costs estimated level Project following: including: RD&E of adoption Timing of key stakeholders The likelihood milestones costs. Period where incremental onthe Project can Potential data Project Project adoption timetable farm variable, be undertaken sources and begins successfully Project overhead costs method of Maximum level Extension plan The sensitivity capture and and any capital of adoption and adoption costs analysis of key recording Time period to plan (if associated with assumptions obtain maximum applicable) adoption including prices, adoption Project success **Derive Present** costs and NOTE: Not all Value (PV) of factors adoption rates Projects will have benefits and costs, Net an adoption profile Present Value

(NPV) and BCR

### **Project Monitoring Framework**

The Project Monitoring Framework is broken into five stages which are used to ensure Projects remain on-track while being completed.

Figure 7 outlines the five steps that are completed once a Project has been approved and commenced. This ensures Projects are kept on track and meeting the objectives outlined previously. The Project Monitoring Framework outlines the ongoing reporting process and how adjustments are made to the Project to ensure it is on-track and successful.

Figure 7 Project Monitoring Framework – detailed breakdown

#### **Project Monitoring Framework** Review Issues and **Review Project** Review of Data Collection evaluation milestones risks impact pathway parameters Use key metrics to Review progress Undertake a review Update risk Review impact identify data and adjust of key evaluation assessment with pathway to benefits sources and ways implementation parameters / KPIs Project manager in in light of progress light of any since inception strategy as needed including: of measurement including: including: changes to risk including: Review of the profile. Including: Data collection Review the parameters on Are initial impact structure has Project on an Updated issues pathways still an ongoing assigned basis regular, since inception relevant? ongoing basis responsibilities (monthly, periodic, Updated Are there new at all levels periodically and scenario annually impact Understand and down to the annually where analysis pathways that source appropiate) review lead and Updated and have come to Data collection Review refresh potential light that were lagging milestones and indicators levers that can not initially plan including the chosen understand if Update/replace be used to considered? they are preceding adjust the risk of **Review Project** indicator, data the Project logic and update provider, data reasonably periods collection achievable and assumptions Project plan method. what measures and data with accordingly collection and / or data collected frequency and changes can be under the M&E data storage made plan throughout the Project life-cycle Ongoing assessment that data collection process is on track

### **Project Development Framework**

The Project Completion Framework is broken into five stages which are used to guide the evaluation process at the completion of a Project or where a phase of the Project has ended to ensure it remains on-track.

Figure 8 outlines the five steps that are completed once a Project finishes. The framework ensures Projects meet the requirements originally outlined in the Project Development Framework and that a clear benefit to stakeholders is realised. It is important that lessons learnt are outlined and used for future decision making, investment allocation and Project management.

Figure 8 Project Completion Framework - detailed breakdown

#### **Project Completion Framework** Calculate Returns across Project metrics Findings and External review economic the supply against learnings chain returns strategy Project completion Collate Project Align findings Initiate external Compare data enabling and key review of actual report including: Project to efficient learnings to Project impact objectives KPIs measured evaluation (data each segment consistent with stated in the against strategic Dairy Australia's capture and of intended Project plan plan and original recording) is procurement Apply data and audience Project plan outlined in the policy and Idenifty methods findings for **Budgeted costs** CRRDC Project future compared with Monitoring communication evaluation investment and actual costs Frameowkr and marketing guidelines and impact on Extension Update for Project procedures portfolio balance success estimates of outcomes Conduct Report on Determine the Validate Project model external reviews lessons learnt data captured parameters with most on a select and any issues final values appropriate number of including: Apply lessons Projects only learnt are Replace channels to Percentage estimated efficiently (based on size) applied to future uptake from adoption profile communicate Provide Project Project plans farmers (and with actual plans containing accordingly outcomes therefore information on practice change Results of Disseminate industry returns) data evaluation resources and Project findings Value provided Calculate and reported stated via appropriate per farm report results appropiate objectives of all channels Key information stakeholders co-investors for future Calculate and investment and report results outline the potential impact on future portfolio balance

### Monitoring and reporting

Using the Dairy Australia Evaluation Framework for Monitoring and Reporting of the Group and Projects

Reporting under the framework provides the basis for demonstrating Dairy Australia performance at the Group and Project levels where economic and / or financial performance can be determined. This includes circumstances where the value generated can be more difficult to evaluate.

Reporting is undertaken internally at Dairy Australia and comprises of three levels.

#### Figure 9 Dairy Australia Reporting Levels

#### **Project Level Reporting**

This will typically be used by business group leaders and Project and Program managers. Reporting will include Project design, Project plan, Project and program logic, Project timelines, monitoring and evaluations plan including KPIs, risk management and economic evaluation. Results will be reported across these categories on an ongoing and timely basis. This is likely to be on a monthly and quarterly basis.

#### **Program Level Reporting**

This will typically be used by the Dairy Australia Board and Leadership Team. Reporting concentrates on program return on investment and the allocation of resources across Dairy Australia program areas, strategic alignment and portfolio balance. Each program will have a direct link back to Dairy Australia Straegic Priorities and KPIs will ensure the strategy can be measured and reported.

#### **External Stakeholders**

This will typically be used by levy payers and key stakeholders including the Government. This will be outcome based information including return on investment, organisational efficiency and the allocation of resources to key program areas.

Reporting of Dairy Australia performance at *Group* and *Project* levels, will be undertaken to ensure outcomes are communicated to key stakeholders. This will be used to demonstrate the impact of investments and to inform future Dairy Australia decision making and strategic direction. Reporting of outcomes and impact at the Project level, and financial, business and staff performance at group level provides these stakeholders with information concerning the effectiveness of Dairy Australia's investments.

Reporting will be published on a consistent and timely basis providing stakeholders at all levels with information on Dairy Australia performance. This will include performance against targeted Project and group KPIs, outlook for completion of key milestones and risk adjusted BCRs. Reporting will be supported by a monitoring and evaluation process where key datasets are routinely collected and maintained throughout the life of a Project.

Dairy Australia will disseminate the outcomes of its RD&E activities and the outcomes of evaluations. Figure 10 outlines the Dairy Australia reporting channels.

Figure 10 Dairy Australia reporting channels

www.dairyaustralia.com.au	
Dairy Australia documents and reports (eg. Annual Report)	
Member communications (eg. emails, newsletters, social media updates)	
Media releases	
Conferences and workshops	
Public events and launches	

# Glossary

# Key Terms used throughout this report

Acronym	Definition	
ADIC	Australian Dairy Industry Council	
AOP	Annual Operating Plan	
BCR	Benefit Cost Ratio	
CRRDC	Council of Rural Research and Development Corporations	
DA	Dairy Australia	
EF	Evaluation Framework	
FY	Financial Year	
KPI	Key Performance Indicator	
LT	Leadership Team (Dairy Australia Leadership Team)	
M&C	Marketing and Communications (Internal Dairy Australia Business Group)	
M&E	Monitoring and Evaluation	
NPS	Net Promoter Score	
NPV	Net Present Value	
Project	A specific piece of work aligned to Diary Australia Programs	
Program	A common group of Projects linked to the Dairy Australia Strategic Plan	
PV	Present Value	
R&D	Research and Development	
RD&E	Research Development and Extension	
SFA	Statutory Funding Agreement	
SP	Strategic Plan	
SP1	Strategic Priority 1: Profitable Dairy Farms	
SP2	Strategic Priority 2: Capable People	
SP3	Strategic Priority 3: Trusted Dairy Industry	





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