



Dairy Australia Evaluation Framework

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Prepared by Laurence Basell and Murray Jenkins

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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;
- c) 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 (www.dairyaustralia.com.au) 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 consistent identification of net investment benefits and ensure investment is linked back to the Dairy Australia strategic plan;
- Identify 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 consistent 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 life-cycle.

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 industry value drivers to ensure they deliver a return to the industry and stakeholders.

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

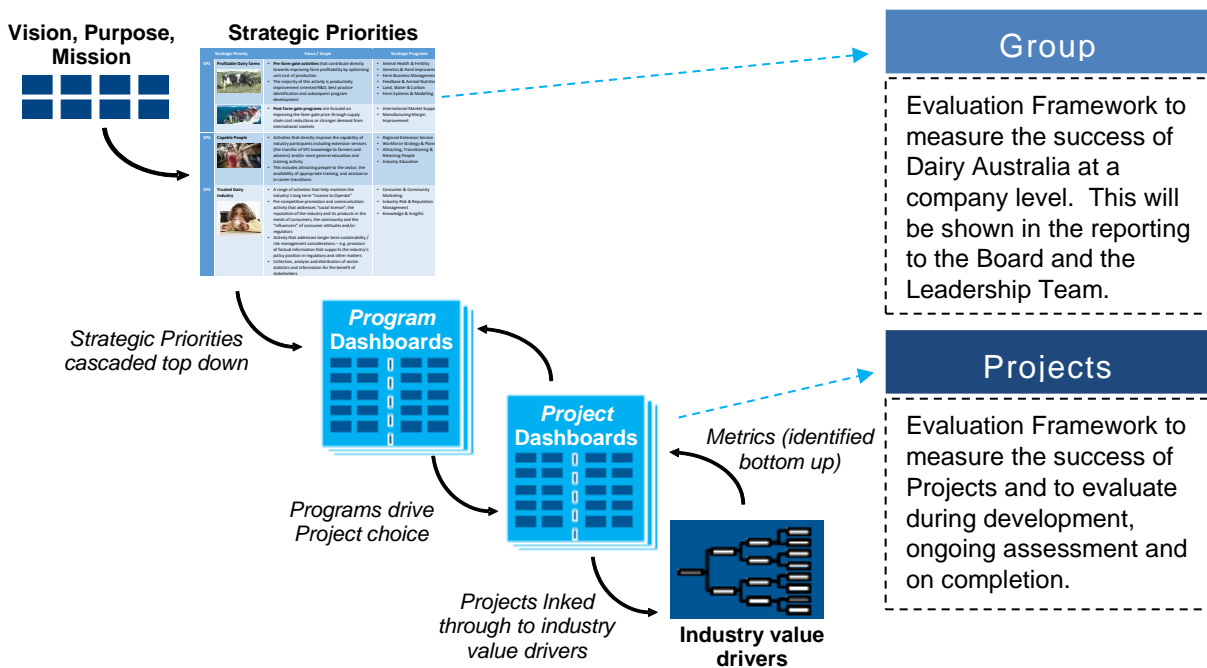


Table 2 Components of the DA cascaded Strategy through to Value Drivers

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.	
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.	
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.	
Value Drivers	Projects need to be linked back to industry value drivers. Dairy Australia use 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.

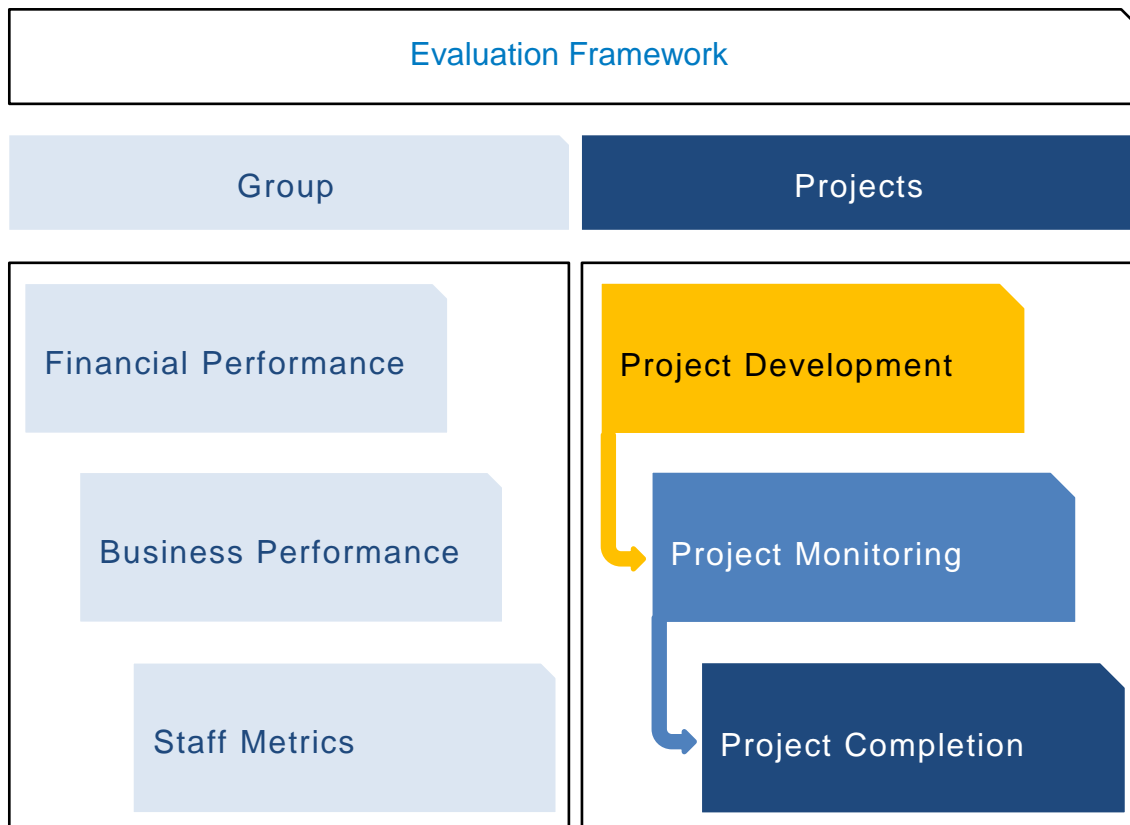
Group

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



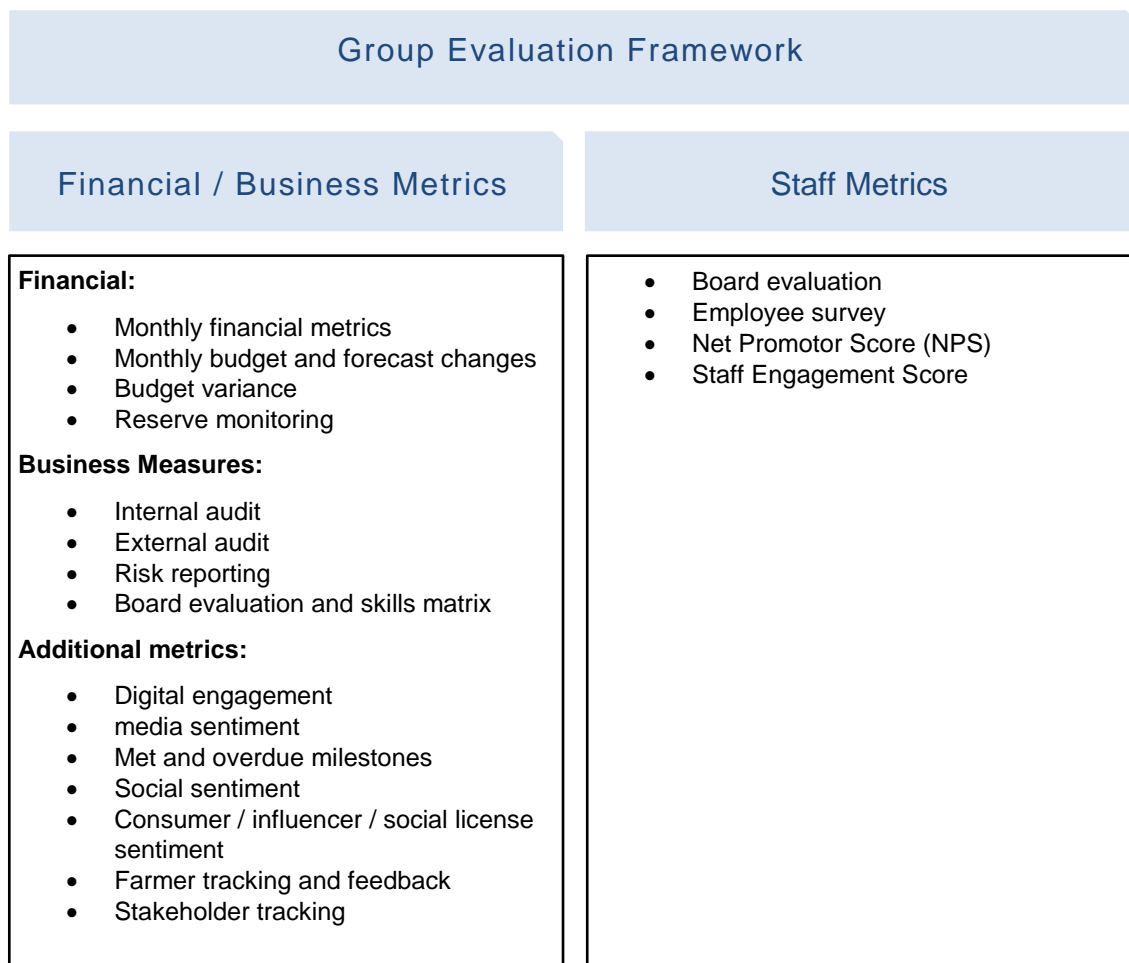
Group Evaluation Framework

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



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

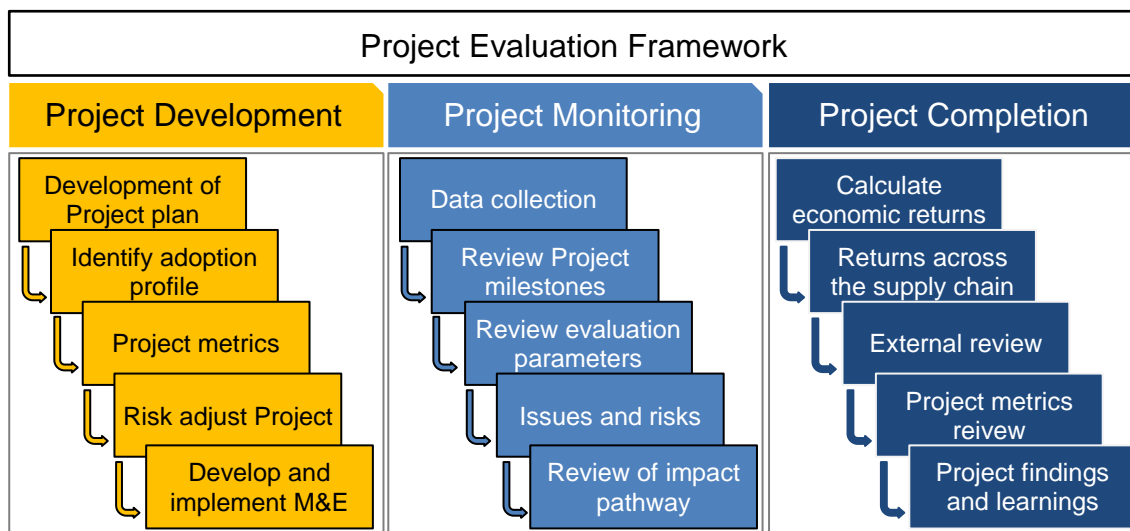


Figure 5 outlines the detailed areas of focus for each of the Project stages.

Figure 5 Detailed Project Evaluation Process

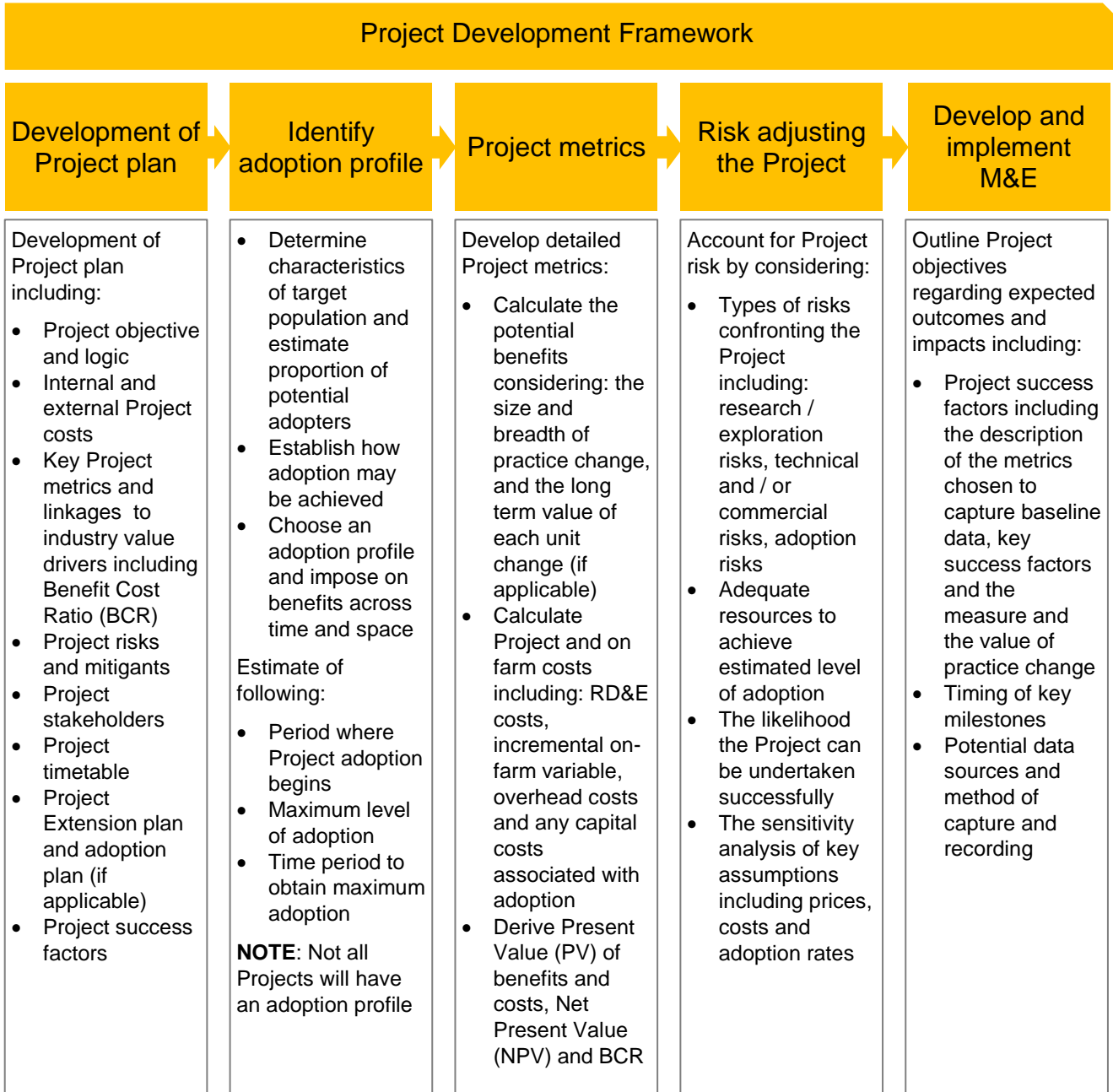
Project Evaluation Framework		
Project Development	Project Monitoring	Project Completion
<ul style="list-style-type: none"> • Development of Project plan: logic, governance, risk, stakeholders and timetable • Identify pathways to impact and apply adoption profile (if applicable) • Outline key Project metrics and KPIs including Benefit Cost Ratio (BCR) • Establish counterfactual • Adjust for Project risk • Report/publish quantifiable and non-quantifiable results and key assumptions • Develop and implement Monitoring and Evaluation (M&E) plan including milestone measures, current practice and data sources 	<ul style="list-style-type: none"> • Review key Project metrics to identify data sources and ways of measurement • Review progress and adjust implementation strategy as needed • Update key evaluation parameters • Update risk assessment with Project manager in light of any changes to the risk profile or updated issues since inception • Review impact pathway to Project benefits in light of progress since inception • Review data collection process is on track 	<ul style="list-style-type: none"> • Align findings and learnings to each segment of intended audience • Collate data enabling efficient post-Project evaluation review of actual Project impact consistent with Council of Rural Research and Development Corporations (CRRDC) guidelines and procedures • Project completion report outlining the results and returns against Dairy Australia’s strategy and stated Project objectives • External reviews will be completed for selected Projects • 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 consistent 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

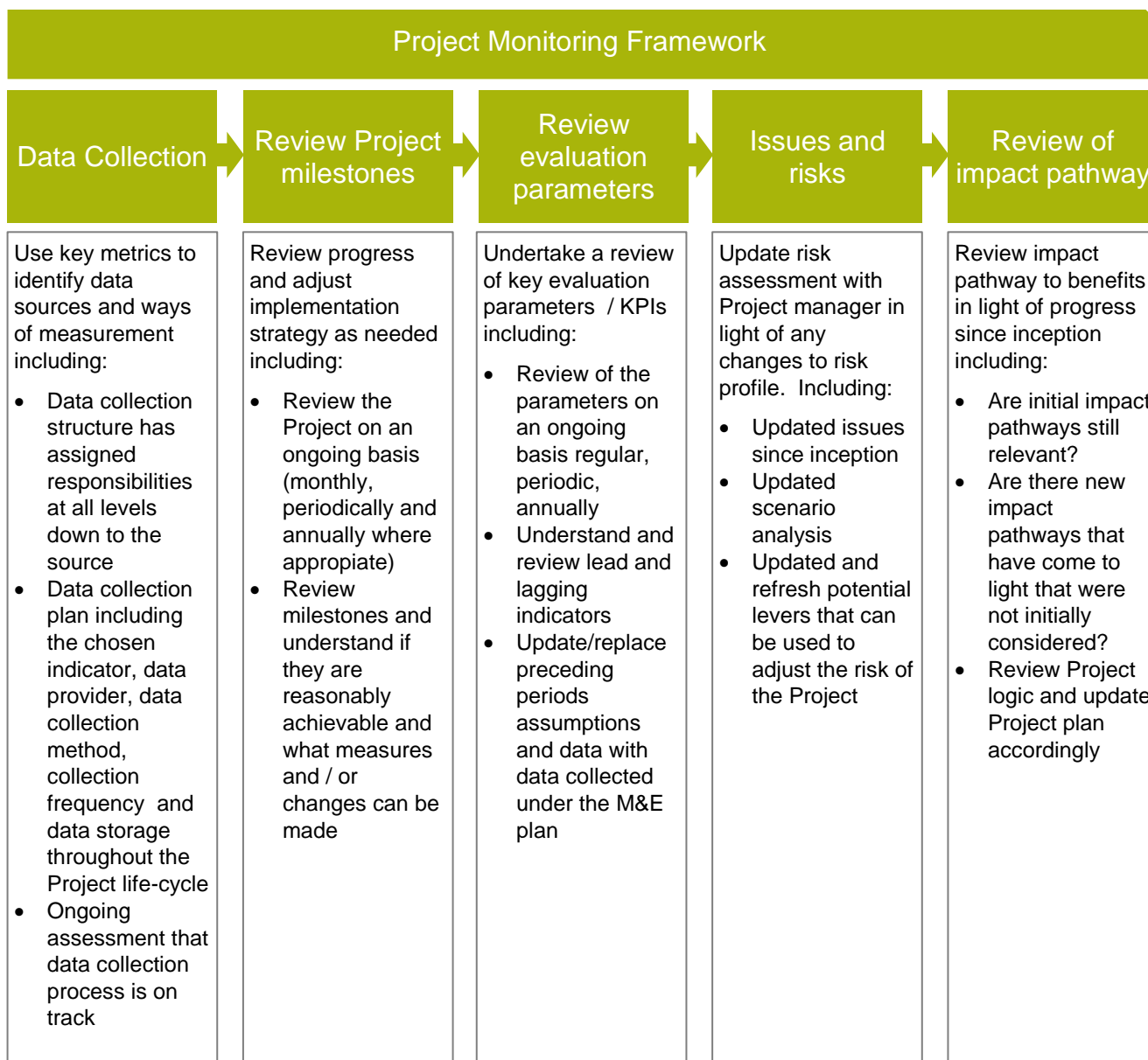


Project Monitoring Framework

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

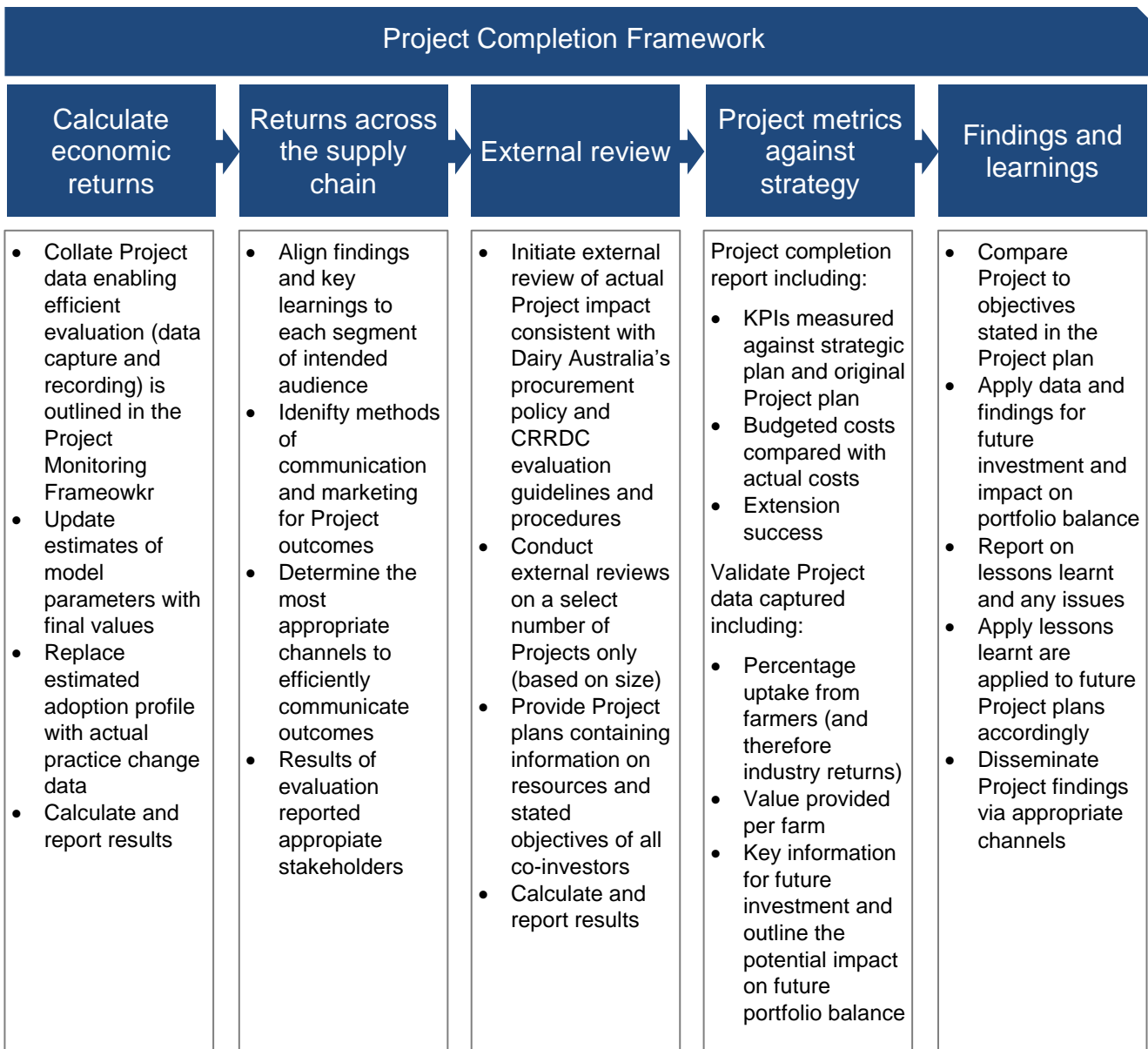


Project Development Framework

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



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 Strategic 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 Dairy 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



Dairy Australia

Your Levy at Work

Dairy Australia Limited ABN 60 105 227 987
Level 3, HWT Tower
40 City Road, Southbank VIC 3006 Australia
T + 61 3 9694 3777 F + 61 3 9694 3701
E enquiries@dairyaustralia.com.au
dairyaustralia.com.au