



Enhancing livelihoods  
Improving wellbeing  
Reducing  
environmental impact

A Strategic Framework for keeping  
the Australian dairy industry in business for the long term

**December 2012**

# The Vision

Our vision for sustainability is to enhance livelihoods, improve wellbeing and reduce our environmental impact so that Australia's dairy industry is recognised worldwide as a responsible, responsive and prosperous producer of healthy food





Keeping the Australian dairy industry in business for the long term

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# what

the framework involves

Keeping the Australian dairy industry in business for the long term

# 1. Sustainability at the heart of everything we do

For Australian dairy, sustainability means improving the wellbeing of the community and our animals and reducing our impact on the environment, while simultaneously enhancing livelihoods across industry, and throughout the nation.

The Australian dairy industry has a critical role to play in food security as the global population climbs and dairy becomes more affordable and available. Our ongoing efforts to be sustainable will support this role, as the industry seeks to feed more people with less resources.

Sustainability is a work in progress, and we are deepening our commitment to sustainability.

This framework leads the industry's push to be more sustainable and will help drive practice change where necessary for farmers and processors. It will provide consumers with evidence that the dairy industry is committed to the community and the environment.

It is a framework for keeping the Australian dairy industry in business for the long term.



## Enhancing Livelihoods

With a farmgate value of \$4 billion, the Australian dairy industry employs more than 45,000 people directly and generates export sales of \$2.8 billion per year. A viable dairy industry contributes to local, regional, state and national economies.



## Improving Wellbeing

The Australian dairy industry produces a nutritious food that substantively contributes to a healthier population. Our integrated food system includes the wellbeing of our animals, our people and our communities, through to the production of dairy products and ingredients under stringent food safety and quality systems.



## Reducing Environmental Impact

The dairy industry strives to improve efficiencies and embrace innovation to reduce our environmental impact. The industry is investing in ways to reduce energy use; improve nutrient, land and water management; adapt to climate variability; enhance biodiversity; increase resilience; and reduce waste.

## 2. Key priorities for sustainability

What the framework involves

Seven priority areas for the dairy industry's sustainability framework:



# 3. Where we want to be by 2020

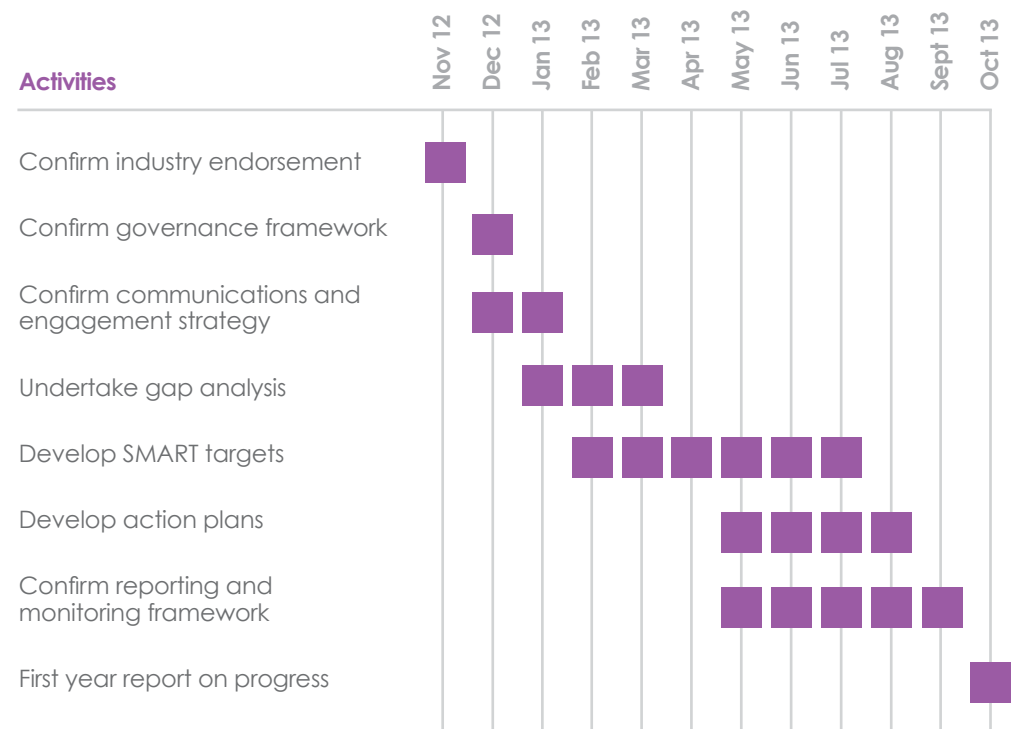
What the framework involves

	Priority areas	Goals	Objectives
<b>Enhancing Livelihoods</b> 	1. <b>Creating industry prosperity</b>	Improve the profitability and competitiveness of the industry	Generate returns that are competitive with alternative uses of natural, human and capital resources Market development and market competitiveness Ongoing investment in and increased adoption of innovative solutions and effective use of new technologies
	2. <b>Supporting communities</b>	Enhance the resilience and prosperity of communities	Increase dairy's contribution to economic outcomes at local, regional, state and national levels Build capacity to embrace change, improving uptake of new technology and alternative practices; build resilience to climate variability
	3. <b>Investing in dairy people</b>	Enhance the expertise of and prospects for our people	Our people have a safe and healthy work environment with the skills required to perform their roles competently Build skills to deliver the sustainability objectives Plan for succession and attract, retain and develop talented people
<b>Improving Wellbeing</b> 	4. <b>Ensuring health and safety</b>	Produce safe dairy foods and ingredients	All dairy products and ingredients sold are 100% safe
	5. <b>Maximising nutrition</b>	Provide valued nutritional products that contribute to good community health outcomes	Dairy products are recognised, valued and increasingly consumed as an essential part of a healthy diet
	6. <b>Caring for our animals</b>	Deliver best care for our animals	All dairy farmers ensure animal husbandry practices maximise health and welfare outcomes All dairy farmers adopt industry recommended practices and meet animal health and welfare responsibilities
<b>Reducing Environmental Impact</b> 	7. <b>Minimising our environmental footprint</b>	Maximise resource use efficiency	Improve nutrient, land and water management Reduce greenhouse gas emissions Manage and use inputs efficiently
		Minimise waste	Maximise the recovery, reuse and recycling of materials from all waste streams

# 4. Implementing the framework

Following industry endorsement of the strategic framework - that is the vision, priority areas, goals and objectives outlined - a set of activities will be undertaken that will lay the foundations for delivery:

- Confirm governance framework
- Map existing industry programs to identify how they can help achieve the sustainability goals
- Undertake a gap analysis to determine areas of market failure and identify any additional programs needed
- Set SMART (specific, measurable, attainable, realistic, and time bound) targets to continually drive performance to the year 2020 and beyond
- Undertake cost-benefit analysis of targets
- Evaluate and select metrics-based performance indicators
- Establish baseline performance data from existing data, and collect additional data if necessary
- Define the roles and responsibilities for industry collective action, companies and Dairy Australia in implementing the framework
- Prepare a communication and engagement strategy to ensure stakeholders are involved and kept informed of progress
- Prepare the dairy industry's initial sustainability report







why  
we need a framework

## 5. Our commitment to people, planet and profit

This Australian dairy industry sustainability framework sets out our industry's commitment to enhance livelihoods across the industry, improve the wellbeing of the community, and reduce our impact on the environment.

The framework has been developed by industry in consultation with stakeholders and is owned by our industry.

It builds on our existing activity and sets the direction for continual improvement and further action, providing guidance to farmers, manufacturers and industry bodies on our common priorities and commitments for enhancing livelihoods, improving wellbeing and reducing the impact from our activity.

We all have a role to play and a responsibility to contribute to industry sustainability.



## 6. The benefit of setting our own agenda

Retailers, customers, government and consumers are attempting to define sustainability for the dairy industry from their own perspectives. The demands on dairy producers and processors to improve performance and report on sustainability are intensifying.

A sustainability framework will meet these demands in such a way that it maximises the long-term prospects for the dairy industry. Such a framework will empower producers and processors to aspire to sustainability outcomes that create – not destroy – value.

A sustainability framework will demonstrate to stakeholders outcomes that show:

- Where industry is meeting or exceeding their needs
- Where industry needs to address any gaps

The development of a sustainability framework is a way for the dairy industry and individual members to have a credible, coordinated and unified voice on sustainability and to proactively develop and communicate an industry response to sustainability challenges.



## 7. The rationale for an industry-wide approach

The framework will promote collective action on matters most effectively addressed on an industry-wide basis for the benefit of all.

It will provide opportunities for industry benchmarking against agreed outcomes.

The framework will consider the extended dairy industry value chain – from use of inputs, such as animal feed and fertilisers, through to disposal of dairy products and packaging. However, immediate action will focus on areas where dairy farmers and processors have direct control.

Together, industry will work to maximise the opportunities offered by improved sustainability.



Feed production



Milk production



Processing



Packaging



Transportation  
distribution



Retail

## 8. The advantages of taking action now

There are clear benefits for the Australian dairy industry in adopting a strategic framework for sustainability.

A sustainability framework provides the industry with a timely platform to:

- Change our practices where we need to
- Understand and minimise risks
- Ensure assurance programs and reporting activities are effective and streamlined
- Promote use of common concepts across industry
- Inform stakeholders of numerous programs designed to achieve sustainable outcomes
- Seize opportunities to collectively access and utilise research, development, extension and education funds
- Continuously improve our sustainability performance





how  
we make it happen

Keeping the Australian dairy industry in business for the long term

## 9. Strategic thinking behind the framework

The focus of the sustainability framework, initially, is guided by our aspirations for achievement by the year 2020.

The framework, however, will be delivered with an awareness of emerging trends that may affect industry prosperity long beyond this timeframe.

By utilising and, if necessary, creating new reporting mechanisms, industry will measure and report its sustainability performance against each priority area in a cost-effective manner.

A detailed reporting schedule in line with the framework's principles will be developed.

Implementation of the framework will require the combined effort of farmers, manufacturers and industry organisations.



# 10. The principles we will live by

A set of principles has been adopted by producers and processors to determine:

- The priority areas the framework will address
- The industry's approach to acting on them
- How industry engages with stakeholders

Principle	What will it mean in practice?
Ethical behaviour	We will act ethically at all times, complying with all laws, paying heed to the wellbeing of people, the welfare of animals and recognising community expectations.
Accountability	We are responsible for our contribution to, and effect on, the community and the environment.
Transparency	We inform stakeholders with honesty and integrity about our aspirations for sustainability and how we are performing.

Principle	What will it mean in practice?
Appreciation of stakeholder interests	We respect and consider the interests and capabilities of stakeholders. The plan's priorities, goals and actions reflect our understanding of the issues that matter most to our stakeholders at this time.
Pre-competitive activity	We approach matters in a manner that does not financially or otherwise advantage one organisation or group within the industry over others.  We focus on issues and activities that can be better and / or more swiftly achieved through collective action.  We seek to involve everyone within the dairy farming and processing sectors.



## 11. Mapping existing initiatives that support sustainability

The good news is that implementing a dairy industry sustainability framework does not mean starting from scratch. The dairy industry has numerous programs which contribute to sustainability. These programs support this framework.

But we need to keep on improving.

Continued investment in research, development, extension and education (RDE&E) by industry bodies will assist farmers, manufacturers and employees to enhance livelihoods while improving the wellbeing of the community and animals, and reducing impact on the environment.


In the first year, we will map existing initiatives against the goals and objectives to identify if new programs are required to realise our vision. SMART (specific, measurable, attainable, realistic, time bound) targets will be developed to drive improved performance.




# Mapping existing initiatives cont...

How we make it happen

We will map existing initiatives against our sustainability goals, for example:

	Priority areas	Examples of current initiatives	Examples of existing targets
<b>Enhancing Livelihoods</b> 	<b>1. Creating industry prosperity</b>	Farm Productivity and Delivery Program / Dairy Moving Forward	<ul style="list-style-type: none"> <li>- Improve route to market and integration of precision farming and other novel technologies to improve farm profitability</li> <li>- Increase feed conversion efficiency by an average of 5% by 2017</li> <li>- 90% of dairy farmers have improved access to data for profitable decision making</li> </ul>
		Dairy Innovation Australia Limited (DIAL)	<ul style="list-style-type: none"> <li>- Build capability and develop leading edge technologies</li> <li>- Effective and accelerated adoption of manufacturing innovation and technology to improve industry competitiveness</li> </ul>
		Dairy Australia's Trade and Strategy Program	<ul style="list-style-type: none"> <li>- Remove tariffs and regulatory barriers for a more profitable and favourable export environment for the 43% of Australian milk production exported to approximately 100 countries generating \$2.8 billion in export earnings</li> </ul>
	<b>2. Supporting communities</b>	Regional Development Programs	<ul style="list-style-type: none"> <li>- Investing in regional development programs in all 8 dairy regions around Australia to understand the local dairy issues and address these through relevant RD&amp;E</li> <li>- Working with a range of stakeholders (research, government, industry organisations etc) to understand the implications of climate change on the dairy industry and what the industry needs to do to adapt and or mitigate the effects</li> </ul>
		<b>3. Investing in dairy people</b>	People in Dairy
	National Centre for Dairy Industry Education Australia (NCDEA)		

Over the next year, we will review areas where industry actions can enhance livelihoods and develop SMART targets to drive and measure performance against our sustainability goals.

	Priority areas	Examples of current initiatives	Examples of existing targets
<b>Improving Wellbeing</b> 	4. Ensuring health and safety	Health and safety programs	<ul style="list-style-type: none"> <li>- Improved understanding of microbiological safety and quality of dairy products</li> <li>- Management of potential chemical residues in milk</li> </ul>
	5. Maximising nutrition	Dairy Australia's Health and Nutrition program	<ul style="list-style-type: none"> <li>- Developing health benefits from dairy components</li> <li>- Aiming to improve the immune development of infants and develop new products with oral health benefits</li> <li>- Increasing dairy consumption in the elderly to address undernourishment, and in children to improve growth and development</li> <li>- Dairy as a performance enhancer – sports recovery properties</li> </ul>
	6. Caring for our animals	Dairy Australia's Animal Health and Welfare Programs, including – Cool Cows, Countdown, Incalf, Healthy Calves, Lameness	<ul style="list-style-type: none"> <li>- Developing the capacity of dairy farmers to deal effectively with animal health issues and minimise impacts on herd productivity, fertility, health and welfare</li> <li>• Farmers have access to tools to better manage heat stress</li> <li>• 95% of farmers have implemented lameness prevention and treatment strategies</li> <li>• Eradication of Enzootic Bovine Leucosis</li> <li>• 100% farmers have adopted the 3 Step Hygienic Calf Rearing Plan</li> <li>• Minimise the impacts of pestivirus</li> <li>• Enhanced management of downer cows</li> <li>• Enhanced management of calves for rearing and sale</li> </ul>

Over the next year, we will review areas where industry actions can improve wellbeing and develop SMART targets to drive and measure performance against our sustainability goals.

# Mapping existing initiatives cont...

	Priority areas	Examples of current initiatives	Examples of existing targets
<p><b>Reducing Environmental Impact</b></p> 	<p><b>7. Minimising our environmental footprint</b></p>	<p>Dairying for Tomorrow program</p> <p>Regional natural resource management (NRM) programs</p> <p>NRM / Catchment Management Authorities collaborative programs</p>	<ul style="list-style-type: none"> <li>- Improved nutrient management:               <ul style="list-style-type: none"> <li>• Better informed fertiliser, effluent, manure and compost applications to reduce environmental impact and improve productivity – by 2017, 60% of dairy farmers use nutrient management plans to inform their applications (eg Fert\$mart program)</li> </ul> </li> <li>- Improved water use efficiency:               <ul style="list-style-type: none"> <li>• By 2015, 50% increase in the number of farmers using automation technology to manage the delivery of irrigation water</li> </ul> </li> <li>- Reduced greenhouse gas emissions:               <ul style="list-style-type: none"> <li>• Development of cost effective mitigation technology solutions for farm systems</li> <li>• 900 energy audits on farms by 2014 to increase energy use efficiency</li> </ul> </li> <li>- Dairy Self Assessment Tool (DSAT) – to deliver better information on nutrient, soil, effluent, water, biodiversity and greenhouse gas emissions – increased use of the tool for farm management decisions</li> </ul>
		<p>Dairy Australia's post farm gate programs</p> <p>Dairy Innovation Australia Ltd (DIAL) programs</p> <p>Dairy Manufacturers' Sustainability Council (DMSC)</p>	<ul style="list-style-type: none"> <li>- Measuring the carbon footprint of dairy products</li> <li>- International collaboration on processing efficiency (pasteurisation, spray drying) to deliver 6-8% reduction in energy use, 25-50% extension in processing time before wash, reducing water use, reduction in waste and effluent</li> <li>- Pinch analysis to identify inefficiencies in water and energy use – 10-15% reduction in water use, 5-10% reduction in energy use</li> <li>- Target 35 and Smart Drying – 7-10% reduction in energy use, 10-15% increase in processing throughput</li> <li>- Transport of bulk milk – new technologies to reduce fuel use 5% in transport over long distances</li> <li>- Energy efficiency benchmarks – to improve energy use</li> <li>- Environmental sustainability reporting</li> </ul>

Over the next year, we will review areas where industry actions can reduce impact and develop SMART targets to drive and measure performance against our sustainability goals.

## 12. Managing the framework for success, efficiency

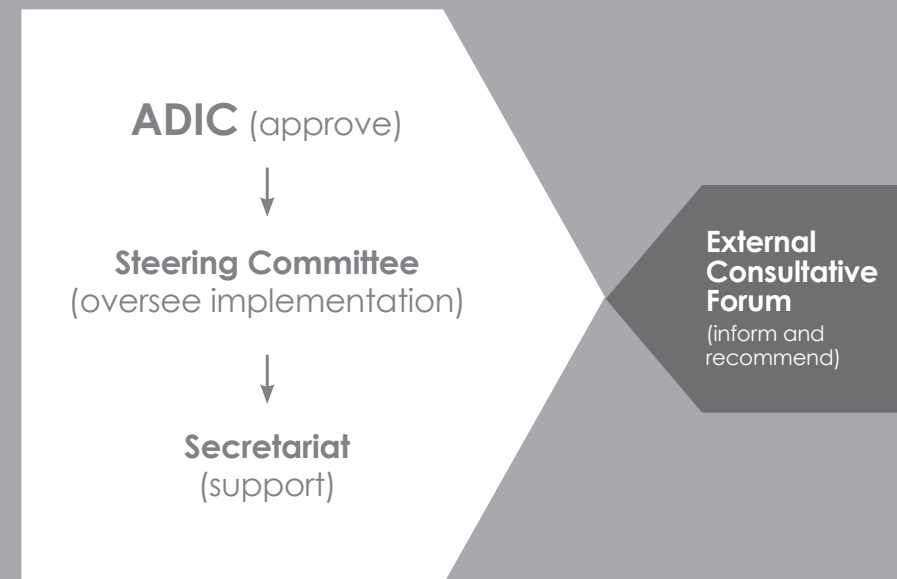
A governance structure has been established to ensure the sustainability framework delivers an effective return on investment for the Australian dairy industry.

During the first 12 months the Australian Dairy Industry Council (ADIC) will approve terms of reference for the Steering Committee and External Consultative Forum.

The Steering Committee will guide the implementation of the framework. It will include industry representatives appointed under Terms of Reference agreed by industry.

The External Consultative Forum will provide two-way engagement between industry and key external stakeholders (retailers, customers, government, NGOs) to inform and recommend actions to support the framework's implementation.

Dairy Australia will provide industry with the support required to deliver and report against the framework.

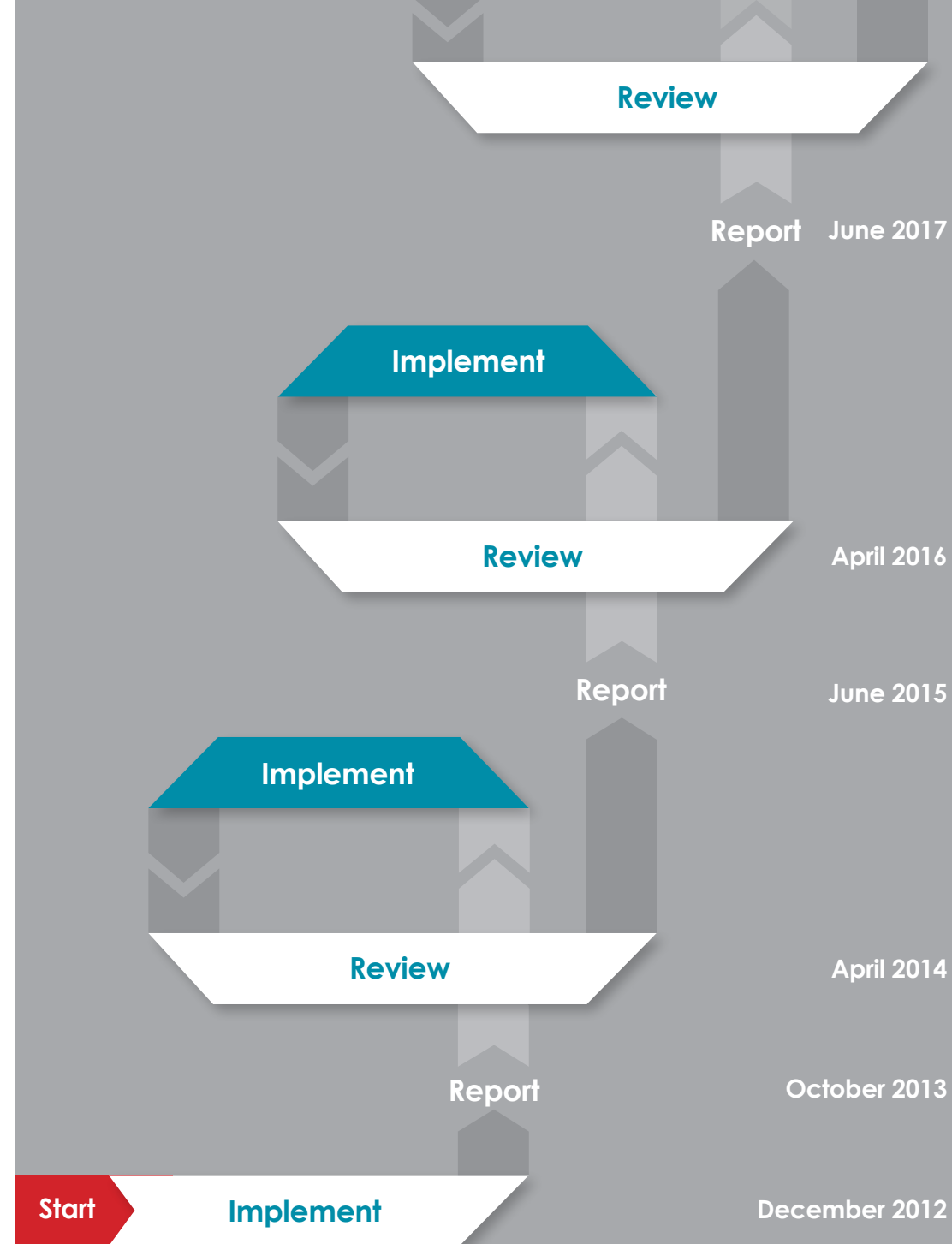


## 13. An adaptive, evolving approach

The progress made by the Australian dairy industry in its pursuit of the various sustainability goals will be regularly reviewed to ensure the framework is dynamic and internationally credible.

The framework will be updated to 2020 and beyond to account for changing industry practices and emerging priorities.

Ongoing cycles of implementation, reporting and review will ensure the framework maintains currency. With an up-to-date understanding of the framework's efficacy, the dairy industry can ensure resources are best directed to sustain the economy, the environment and the community.



## 14. Developing the strategic framework

In response to approaches from the dairy industry, Dairy Australia has facilitated the development of this sustainability framework.

A Project Management Group was set up, comprising representatives from the production and processing sectors, as well as Dairy Australia staff and technical support. This group managed development of a 'working draft' of the sustainability framework.

The 'working draft' was developed in line with international standards, following an extensive materiality study.

It set out potential elements for inclusion in the sustainability framework:

- Guiding principles for the framework's development and implementation
- The boundaries or scope of the framework
- A sustainability vision for the industry
- Sustainability objectives
- Priority sustainability issues
- Sustainability goals for the period to 2020

The Project Management Group tasked Dairy Australia with seeking feedback on the 'working draft'.



# 15. Meetings with stakeholders nationwide

To date, extensive consultation has been undertaken with feedback on the 'working draft' invited from the dairy industry via:

- Regional Development Programs
- State Farmer Organisations
- Australian Dairy Farmers Ltd (ADF)
- Individual processors and manufacturers
- Australian Dairy Products Federation (ADPF)
- Other industry organisations including Dairy Innovation Australia Ltd, Dairy Food safety Victoria and the Gardiner Foundation

And to ensure the framework meets the demands of stakeholders from outside industry, face-to-face consultation was undertaken nationwide with external stakeholders, such as customers, retailers, government, regulators, NRM groups and leading interest groups.

The feedback received during the initial consultation phase was used to shape a draft framework. Further consultation was then undertaken resulting in this Sustainability Strategic Framework to be endorsed by industry with implementation to commence by the end of 2012.

Keeping the Australian dairy industry in business for the long term



How we make it happen



## 16. Who we consulted

### Dairy Farmer Representatives

Australian Dairy Farmers Ltd (ADF)  
 ADF Natural Resource Management Policy Advisory Group  
 Dairy NSW  
 Dairy SA  
 Dairy Tas  
 GippsDairy  
 Murray Dairy  
 NSW Farmers Dairy Committee  
 South Australian Dairyfarmers Association  
 Subtropical Dairy  
 Tasmanian Farmers and Graziers Association Dairy Council  
 Queensland Dairyfarmers Organisation  
 United Dairyfarmers Victoria  
 WA Farmers  
 Western Dairy  
 WestVic Dairy

### Processors/Manufacturers

Australian Dairy Products Federation (ADPF)  
 Australian Speciality Cheesemakers Association  
 Bega (including TMI)  
 Browns Dairy  
 Bulla Dairy Foods  
 Burra Foods  
 Fonterra  
 Harvey Fresh  
 Lion  
 Murray Goulburn Cooperative  
 Parmalat  
 United Dairy Power  
 Warrnambool Cheese and Butter VIC

### Other Stakeholders

Food companies  
 Government (State and Federal)  
 Catchment Management Authorities (CMAs)  
 Input providers  
 NGOs and interest groups  
 Other industry organisations  
 - Dairy Innovation Australia Ltd (DIAL)  
 - Dairy Manufacturers' Sustainability Council (DMSC)  
 - Gardiner Foundation  
 - Meat and Livestock Australia (MLA)  
 Regulators  
 Research providers  
 Retailers



Further information:

Helen Dornom , Manager, Sustainability including Food Safety & Integrity

T: +61 3 9694 3897 F: +61 3 9694 3833 M: 0419 395 374 E: [hdornom@dairyaustralia.com.au](mailto:hdornom@dairyaustralia.com.au) [www.dairyaustralia.com.au](http://www.dairyaustralia.com.au)

Dairy Australia Level 5, IBM Centre, 60 City Road Southbank, Victoria, 3006

