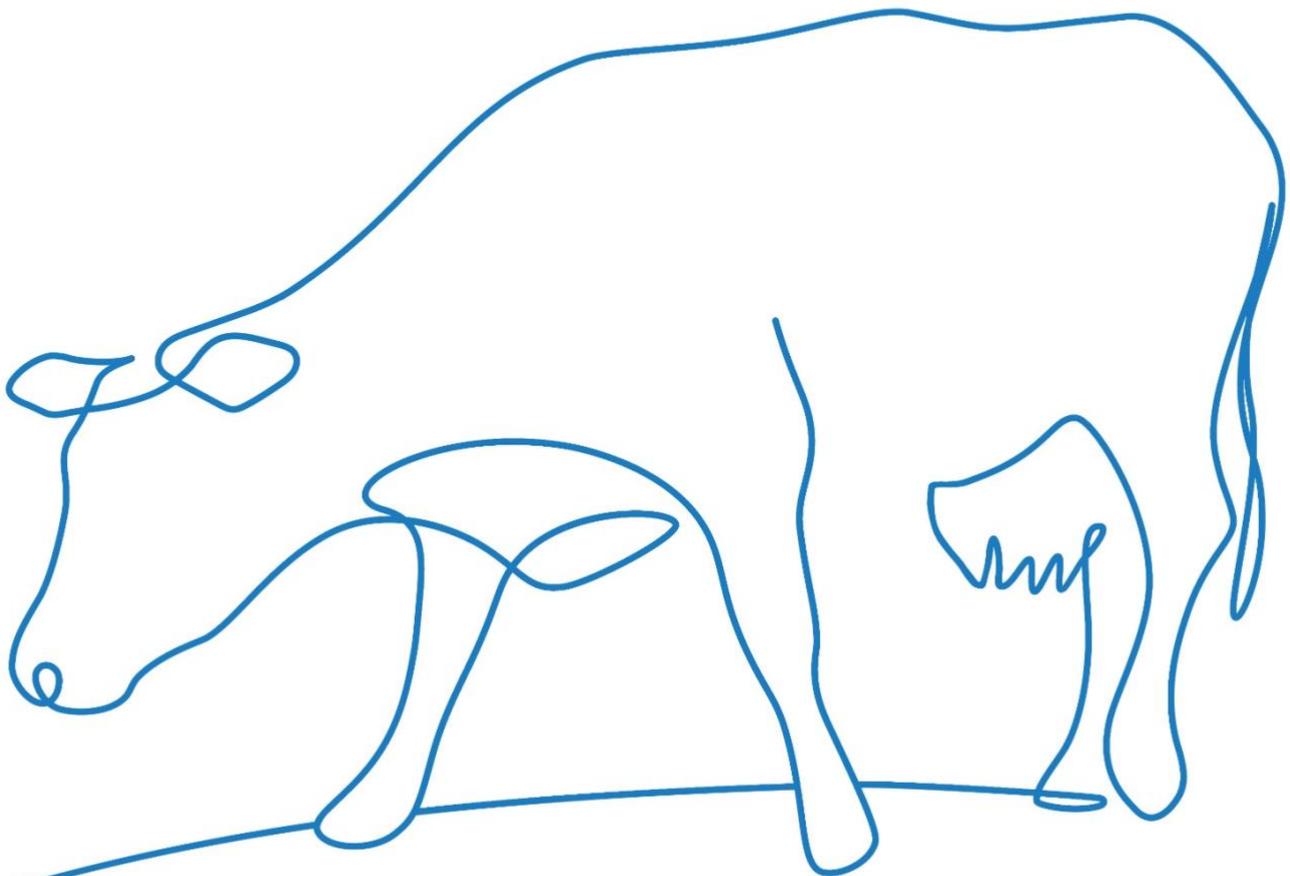


NSW Fresh
Milk & Dairy | ADVOCATE



NSW Dairy Industry Action Plan



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Message from the NSW Fresh Milk and Dairy Advocate

Dairy is important to NSW – in terms of its economic contribution, its contribution to fresh food supply, and its role in supporting rural and regional communities across the state. The dairy industry is the eighth largest agricultural sector in NSW by value of production, with raw milk production worth \$592 million at the farmgate in 2018-19. NSW produces over a billion litres of raw milk which equates to about 12 per cent of Australia's total production.

Dairy farmers are job creators that keep rural and regional economies ticking. The 553 registered dairy farms in NSW, which stretch from the subtropical north coast to the temperate south coast to the irrigated inland and everywhere in between, sustain approximately 3,500 employees. There's approximately another 3,000 people employed in the NSW dairy processing and manufacturing sector. Australians drank 98.6 litres of milk and consumed 13.5 kilograms of cheese, 4 kilograms of butter and 9.5 kilograms of yoghurt and other dairy snacks in 2018-19, keeping our industry busy.

The outlook for dairy in NSW is good and the industry is well-placed to grow. Dairy is a great source of nutrition and the quality of NSW milk and processed dairy products is second to none – which keeps consumer demand strong and opens up export market opportunities.

But as we all know, dairy has faced a multitude of challenges over the past two decades, from droughts and bushfires to changes in industry structure and processor relationships.

The NSW dairy industry is a varied, yet integrated industry. It is made up of different farmers in different places receiving different prices under different terms, and everyone is aware of the nature and performance of the supply chain. No two dairy farmers have experienced the challenges of the past few years in the same way. Recent rainfall has certainly been welcomed by farmers and outlook is more positive as a result, but there is a clear need to build industry confidence and resilience that is robust enough to handle future challenges as they arise.

Retail price of milk is important to dairy farmers – drinking milk is a staple food, produced by farmers daily and consumed in a form that is instantly-recognisable as the farm product. This means many dairy farmers feel closely connected to consumers. In recognition of this importance, one of my first actions as the NSW Fresh Milk and Dairy Advocate was to investigate the impact of retail price on farmgate price. I requested that the NSW Department of Primary Industries put together a Situation Analysis of the NSW Dairy Industry (included as **Appendix A** to the NSW Dairy Industry Action Plan).

The findings of the Situation Analysis were consistent with the findings of other investigations into price in the dairy industry. This report reveals that farmgate price is heavily influenced by global dairy commodity prices, exchange rate movements and local competition for supply from processors. Farmgate price is determined by what processors need to pay, or are able to pay, to secure supply in a supply and demand landscape influenced by market position and performance. NSW farmgate prices are, on average, higher than national prices. This is because a higher proportion of NSW-produced raw milk is supplied for drinking milk production – a more perishable product than processed export markets – and therefore attracts a pricing premium from processors. Smaller, but still significant, quantities of NSW milk are directed into domestic manufacturing and to

processed exports. This means that different farmers receive different farmgate prices on different terms – often related to their region and the market they supply.

The Situation Analysis reiterates that retail price does not substantially influence farmgate price. The lead factors in recent milk pricing has been the declining northern milk pool, domestic market factors, and competition for milk supply. In some ways, the focus on retail pricing relationships can often dominate discussions and obscure other opportunities to support a successful and profitable future for the NSW dairy industry.

However, the price consumers are willing to pay for dairy products is influenced by the lowest price at which a product is available. It is reasonable to conclude that the price consumers are willing to pay for dairy products is influenced by the discounted price supermarkets have applied to private label milk and cheese. This has implications for profitability along the supply chain, even if the links to farmgate price are not strong.

The Australian Competition and Consumer Commission (ACCC) announced an inquiry into perishable agricultural goods in August 2020. This inquiry will review the effectiveness of the ACCC Mandatory Dairy Code of Conduct (Mandatory Code), amongst other matters. The Mandatory Code came into effect on 1 January 2020 and was a valuable step in untangling the complex relationships between farmers and processors to rebuild trust along the supply chain. The Action Plan will not duplicate efforts of the inquiry.

Similarly, recent months have seen the release of the Australian Dairy Plan (ADP). There is close alignment between the NSW Dairy Industry Action Plan and the ADP. Whilst the NSW Dairy Industry Advisory Panel has developed this Action Plan independently of the ADP, these two plans are able to complement each other to drive greater benefit from their recommendations and actions. It will also be important to avoid duplication and ensure the effort is undertaken by the organisation best placed to do so. For example, coordination of industry advocacy will be dealt with through the ADP but neatly complements the NSW Dairy Industry Action Plan's goal to renew industry confidence.

The Action Plan has been designed to complement the work already being done under other action plans and strategies across the industry – building on and extending those efforts, not duplicating them.

This Action Plan is an industry-led plan; I've worked closely with people from across the NSW dairy industry to put it together. I've met regularly with the NSW Dairy Industry Advisory Panel, a group comprising representatives of the dairy industry advocacy groups and highly experienced individuals working in the research, development and extension (RD&E), processor and service provider sectors, as well as dairy farmers. I've travelled (sometimes virtually) across the state to speak to and listen to farmers from right across the industry.

The NSW dairy industry is a diverse industry with a diversity of farmers spread across different locations with different climates, attributes and natural resources. The industry uses a range of farming systems, business plans and farmers have different personal goals for their dairy businesses. No two farmers are the same, and each farmer is best placed to make individual choices about their business. The aim of this Action Plan is to provide a matrix of knowledge and advice that will allow farmers to look into their own businesses and adopt what is most useful and relevant to them, so that they can plan for a profitable and ongoing future in dairy.

There is a positive future for dairy in NSW for farmers who are looking forwards. After all, we are in the food industry – population growth and innovative product marketing mean that the market is there!

I would like to take the opportunity to thank the members of the NSW Dairy Industry Advisory Panel for their hard work and support in developing the NSW Dairy Industry Action Plan and commend their commitment to building a stronger, ongoing dairy industry.

Ian Zandstra

NSW Fresh Milk and Dairy Advocate



Introduction

The purpose of the Dairy Industry Action Plan is to set the foundations of a successful and profitable future for the NSW dairy industry.

This profitable future needs to run through the whole supply chain. Industry profitability encourages investment – both from farmers to achieve their individual farm management goals and from processors to improve efficiency and product innovation. All of this contributes to a viable dairy farming future.

The Action Plan identifies 29 recommended actions across four themes. These themes and associated aims are:

- **Research, Development and Extension (RD&E)**, to facilitate improvements in productivity and industry profitability through a collaborative approach to, and increased investment in, dairy RD&E that is tailored to NSW
- **Confidence**, to renew producer confidence in the NSW Dairy Industry, to increase supply chain collaboration, transparency and profitability, while maintaining community trust and support
- **Skills & Business Resilience**, to improve profitability in an evolving market and changing climate by enhancing farmer, employee and service provider skills, improving capacity to plan and manage dairy businesses, and increasing ability to manage risks
- **Stronger Futures**, to support investment in future growth and profitability by providing support for tomorrow's farmers, taking a targeted approach to critical infrastructure, and addressing regulatory constraints or uncertainties

The Dairy Industry Action Plan brings together government, industry and RD&E organisations as partners. It includes recommendations for government and industry organisations, reflecting that the NSW dairy industry has a range of strong and effective industry groups that are both best placed to deliver and capable of delivering programs and actions to drive change in the industry.

This collaborative approach will make sure the dairy industry is best placed to take the opportunities on offer – going beyond merely bouncing back from recent challenges, to emerge from them even stronger.

It will renew and maintain collaboration and trust across the industry, upskill farmers to succeed in a rapidly changing world, get the regulatory environment right for the next generation, and drive co-investment in RD&E through a dedicated RD&E Plan that brings together government and industry, developed in partnership with the Dairy Research Foundation.

Theme 1: Research, Development and Extension

Aim: The Dairy Industry Action Plan will facilitate improvements in productivity and industry profitability through a collaborative approach to, and increased investment in, dairy RD&E that is tailored to NSW.

Taking a coordinated and targeted approach to RD&E is critical in underpinning the progress under the other themes of this Action Plan. That is why the Dairy Industry Advisory Panel has partnered with the Dairy Research Foundation to develop a dedicated RD&E Plan as part of the Action Plan. Co-investment by government and industry to enact this RD&E Plan will provide the NSW dairy industry with certainty around the immediate future of dairy RD&E.

The RD&E Plan focuses on what the Dairy Research Foundation has termed the 4Hs – healthy milk, healthy cows, healthy systems, and healthy people. In doing so, the RD&E Plan is looking to unlock the potential of milk, cow and water to address farm underperformance, de-risk the dairy industry, and develop new markets.

The full detail of the RD&E Plan is available at **Appendix B** to this Action Plan.

NSW dairy farmers are some of the most efficient and productive in the world and are well-versed in adapting their operations to continually improve. It is absolutely critical that they have the latest knowledge and information available to support their decision-making – and that they are supported to adopt new practices and technology. This is why the RD&E Plan has such a clear focus on adoption, making sure that the results of research projects are farm-ready and able to be adopted by farmers, supported by service providers, to make real differences on the ground.

The Action Plan also emphasises the need for ongoing development of RD&E capability, so the benefits to industry continue to flow even after the RD&E Plan is completed. This includes attracting new people to a career in dairy RD&E, as well as ensuring coordination of RD&E activities across NSW.

Identified Actions

The Panel has identified two focus areas to achieve the Action Plan's Research, Development & Extension aim:

- Co-investment in a dedicated RD&E Plan
- Building RD&E capability

Co-investment in a dedicated RD&E Plan

1. To secure the immediate future of dairy RD&E in NSW, the Panel has identified that the NSW Government and the NSW dairy industry should co-invest to deliver the dedicated RD&E Plan, to be led by the Dairy Research Foundation, that includes projects to:
 - address farm underperformance
 - de-risk the industry
 - develop new markets

Building RD&E capability

2. In order to maximise the impact of all RD&E in the NSW dairy industry, the Panel has identified that the NSW Government should convene an RD&E coordination group. The coordination group should include representatives from Government, industry and education sector RD&E groups, and be charged with:
 - supporting alignment in the delivery of RD&E services to the NSW dairy industry, and enabling the sharing of skills and experiences by service providers
 - ensuring results of RD&E projects reach farmers in a way that supports uptake and adoption success, and reflects industry needs
 - developing a forward-looking strategy for dairy industry extension and adoption, including proposed funding arrangements
3. To ensure farmers are supported to adopt RD&E, the Panel has identified that the NSW dairy industry should undertake a survey on the use of service providers by farmers, with the aim of identifying gaps and barriers to the uptake of services that support the adoption of research outcomes.
4. To ensure RD&E capability is maintained into the future and research skills are embedded in the NSW dairy industry and service provider sector, the Panel has identified that the NSW dairy industry should promote dairy research as a career path – including by funding a pathways programs for new and prospective researchers.



Theme 2: Confidence

Aim: The Dairy Industry Action Plan will renew producer confidence in the NSW Dairy Industry, to increase supply chain collaboration, transparency and profitability, while maintaining community trust and support.

Since de-regulation, the NSW dairy industry has continued to evolve. The industry has naturally consolidated to a smaller number of larger farms. The benefits of scale, combined with the industry's drive to continuously improve their operations and invest in their business, has led to greater productivity and efficiency. All of this has been supported by an unchanging commitment to producing high-quality milk.

Undoubtedly, there have also been challenges – from droughts and bushfires to losses of supply chain trust and the recent COVID-19 pandemic. But the fundamentals of the industry remain sound – dairy farmers are exceptionally efficient producers and deliver a high-quality product to growing markets, while processors have invested in their processing capacity and improving transport to unlock further efficiencies and growth opportunities. There's plenty to work with as the industry looks to build a prosperous supply chain. It's important that the NSW dairy industry embraces the opportunities, not just the challenges.

In building a prosperous supply chain, it's critical that the industry maintains the trust of consumers and the community. Across NSW and Australia, people put their trust in the dairy industry to deliver high-quality, nutritious produce while being good neighbours, being responsible custodians of the land, caring for their animals and caring for the environment. Dairy has a good story to tell here, and it will only become more important to live up to the expectations of our communities.

Identified Actions

The Panel has identified three focus areas to achieve the Action Plan's Confidence aim:

- Support for industry
- Confidence in industry and supply chains
- Community confidence and social licence

Support for industry

5. To instil confidence that the Dairy Industry Action Plan is being delivered, the Panel has identified that the NSW Government should partner with industry and other bodies responsible for implementing the Plan to establish a group that will oversee the implementation of this Action Plan and publish six-monthly reports on its progress.
6. To reinforce confidence that the NSW Government is committed to the dairy industry in NSW, the Panel has identified that Local Land Services regions with a significant dairy industry presence should specifically include dairy within their business plans

Confidence in industry and supply chains

7. To enhance dairy farmers' confidence in their industry, the Panel has identified that the NSW dairy industry should collaborate with the NSW Government to

communicate stories of success and drivers of profitability for NSW dairy farm businesses

8. To enhance collaboration and transparency along the dairy industry supply chain, the Panel has identified that the NSW dairy industry should work to develop standardised processes for milk testing at a national level and encourage the adoption of these by milk processors

Community confidence and social licence

9. To ensure that the social licence of the dairy industry is maintained, the Panel has identified that the NSW Government should consult with the NSW dairy industry to review environmental management and intensive development guidelines with a focus on providing councils and local communities with confidence around dairy operations and developments
10. To promote the ongoing value of the dairy industry to the community, the Panel has identified that the NSW Government should reimagine the proposed Buy Local Fresh campaign to promote the value of the NSW dairy industry. This should include highlighting the industry's contributions to the economy, nutrition and food security, animal welfare and environmental sustainability, and custodianship of the land, and should complement existing campaigns being run by the Australian dairy industry, to deliver a message tailored to NSW.



Theme 3: Skills & Business Resilience

Aim: The NSW Dairy Industry Action Plan will work to enhance profitability in an evolving market and changing climate by enhancing farmer, employee and service provider skills, improving capacity to plan and manage dairy businesses, and increasing ability to manage risks

As outlined in the confidence section above, it's important that the NSW dairy industry sees the opportunities as well as the challenges.

Climate change will only increase the frequency and severity of the droughts and bushfires and high intensity rainfall events that have affected the state in recent times, while changing global market dynamics are already resulting in more import competition on processed dairy products like cheeses and putting pressure on margins all through the supply chain.

It is important that dairy farmers and processors are able to get the most out of their businesses and are well-equipped to respond to shocks and stresses. This includes developing robust business plans and making investments to upskill employees. Maintaining a herd and significant infrastructure makes it challenging for dairy to be agile, but there's plenty that can be done to make the most of good conditions and lessen the blow when times are tough.

There is much already happening in this space. The NSW Dairy Business Advisory Unit has been established and is going to play a critical role in enhancing farmer business skills and knowledge to promote a profitable, resilient and sustainable NSW dairy industry. The NSW Government has waived co-contribution fees for their Dairy Traineeship program, run by the NSW Department of Primary Industries at Tocal College.

But there is always more that can be done, whether that be in terms of developing an even stronger culture of business planning; enabling farmers to prepare for risks, make good decisions in the face of challenges, and be good employers; or making sure that service providers are well placed to provide high-quality and relevant support to dairy farmers.

Identified Actions

The Panel has identified four focus areas to achieve the Action Plan's Skills & Business Resilience aim:

- Managing farm businesses
- Vocational education and training
- Service provider capacity
- Managing large and complex businesses

Managing farm businesses

11. To support skill development in the NSW dairy industry, the Panel has identified that the NSW Dairy Business Advisory Unit should be charged with developing and enhancing dairy farmer business skills and knowledge to support a profitable, resilient and sustainable NSW dairy industry by:

- promoting a culture of farm business management

- providing services that include tools, resources, information and training to help drive improved risk management and decision-making
 - supporting improved service provider capacity
12. To ensure that skills programs are tailored to the needs of the NSW dairy industry, the Panel has identified that the NSW dairy industry should identify existing resource gaps and develop programs to address them. This may include consideration of current levels of industry skills related to:
- understanding and negotiating standard price agreements and supply terms
 - collective bargaining (including both for milk offtake and farm inputs)

Vocational education and training

13. To ensure that farmers are able to continue to invest in their employees, the Panel has identified that the NSW Government should provide vocational education and training for farm employees, such as through the continuation of the Tocal college course subsidy or by supporting the industry to access relevant tertiary courses
14. In a similar vein, the Panel has identified that the NSW dairy industry should identify high-priority vocational training needs for dairy farm employees and partner with the NSW Government to address those needs – including through identifying gaps in existing programs, and considering barriers affecting industry uptake

Service provider capacity

15. To encourage the next generation of dairy industry service providers, the Panel has identified that the NSW dairy industry should promote dairy service provision as a career path and fund a pathways program for new service providers (for example, through a graduate program or internship scheme)
16. In order to maximise the value of the service provider sector, the Panel has identified that the NSW dairy industry should develop programs aimed at upskilling dairy industry service providers – particularly in terms of agronomy, nutrition, systems thinking and facility design
17. To respond to the needs of contemporary businesses and adapt to new technologies, the Panel has identified that the NSW dairy industry should develop skills attraction programs to promote the transfer of relevant external skills into the dairy industry

Managing large and complex businesses

18. To ensure dairy farmers are equipped to manage increasingly large and complex businesses, the Panel has identified that the NSW dairy industry should develop new programs (e.g. mentoring) or promote existing programs aimed at improving business management skills, such as accessing finance and human resource management

Theme 4: Stronger Futures

Aim: The NSW Dairy Industry Action Plan will support investment in future growth and profitability by providing support for tomorrow's farmers, taking a targeted approach to critical infrastructure, and addressing regulatory constraints or uncertainties.

Securing the future of the NSW dairy industry isn't just about improving the ability of the industry to respond to shocks. It's also about ensuring the systems, processes and regulatory settings are right to support the industry's future growth. It is critical that tomorrow's farmers are entering into an even stronger NSW dairy industry, and action taken now can pay dividends well into the future.

Being a capital-intensive form of production, it's not easy to get started in dairy and there is a need to support new farmers looking to join the industry; whether that be through an improved understanding of the land use planning needs of the industry, or by addressing financial or administrative barriers to entry.

There are opportunities to provide young people with early exposure to the dairy industry so they can see for themselves how rewarding a career in dairy can be, and to develop resources that support both new and existing farmers to unlock the potential of alternative business models like share farming, leasing, equity partnerships and vendor finance. This also includes supporting farmers with succession planning, if they're ready to take a step back from full-time farming.

We also need to ensure existing farmers are able to invest in their futures. Whether that be through supporting on-farm capital investment or guidance in navigating planning processes, encouraging farmers to explore and realise growth potential will be an important element in sustaining the industry into the future.

And with transport and water so critical to the dairy industry, it is important that the regulatory settings are right and that both government and industry look ahead to identify where investments in public infrastructure will deliver the greatest returns.

In setting up the NSW dairy industry for ongoing success, we need to get the planning and regulatory frameworks right, ensure that necessary infrastructure is put in place to support growth, and make sure that the farmers of tomorrow can enter the industry (and that the farmers of today can hand it over when they're ready to do so).

Identified Actions

The Panel has identified three focus areas to achieve the Action Plan's Skills & Business Resilience aim:

- Planning and red tape reduction
- Infrastructure and utilities
- New entrant support and succession planning

Planning and red tape reduction

19. As a means of ensuring that the dairy industry is considered in future land use planning, the Panel has identified that the NSW Government should provide guidance to councils about the planning needs of the industry, including by:
 - identifying and providing advice on characteristics that either support or constrain the potential use of land for dairy, including identifying the attributes of highly productive dairy land
 - considering the needs of the dairy industry supply chain when undertaking reviews of Regional Plans
20. To ensure that dairy farmers are not limited in their ability to expand or improve their operations, the Panel has identified that the NSW Government should develop resources to assist dairy farmers in navigating farm development approval processes
21. To provide certainty to dairy farmers seeking to invest in new technologies, the Panel has identified that the NSW Government should review planning rules to reduce red tape, such as those related to infrastructure for milking, feeding and housing dairy cows
22. To provide certainty to dairy farmers around their water supplies, the Panel has identified that the NSW Government should review water-related regulation, including:
 - off-river water storage in coastal catchments
 - harvestable rights limits in coastal catchments
23. To support dairy farmers in securing supplementary feed from interstate during drought periods, the Panel has identified that the Minister for Agriculture and Western NSW should raise the issue of freight rule harmonisation with interjurisdictional counterparts

Infrastructure and utilities

24. To support investment in on-farm infrastructure, the Panel has identified that the NSW Government should continue to support and enhance dairy access to the Farm Innovation Fund, including by:
 - working with the NSW dairy industry to identify the best methods of reaching dairy farmers
 - considering methods of extending access to the Fund to share farmers and lessee farmers
25. To maintain and improve the ability of the industry to connect with key markets, the Panel has identified that the NSW dairy industry should undertake an infrastructure and utilities stocktake to identify needs and prioritise upgrades to support the dairy industry supply chain, and that the NSW Government consider this as part of broader infrastructure and utilities planning
26. To further improve transport efficiency, the Panel has identified that the NSW dairy industry should work with the NSW Government and local councils to improve heavy vehicle access between dairy farms, processors and markets

New entrant support and succession planning

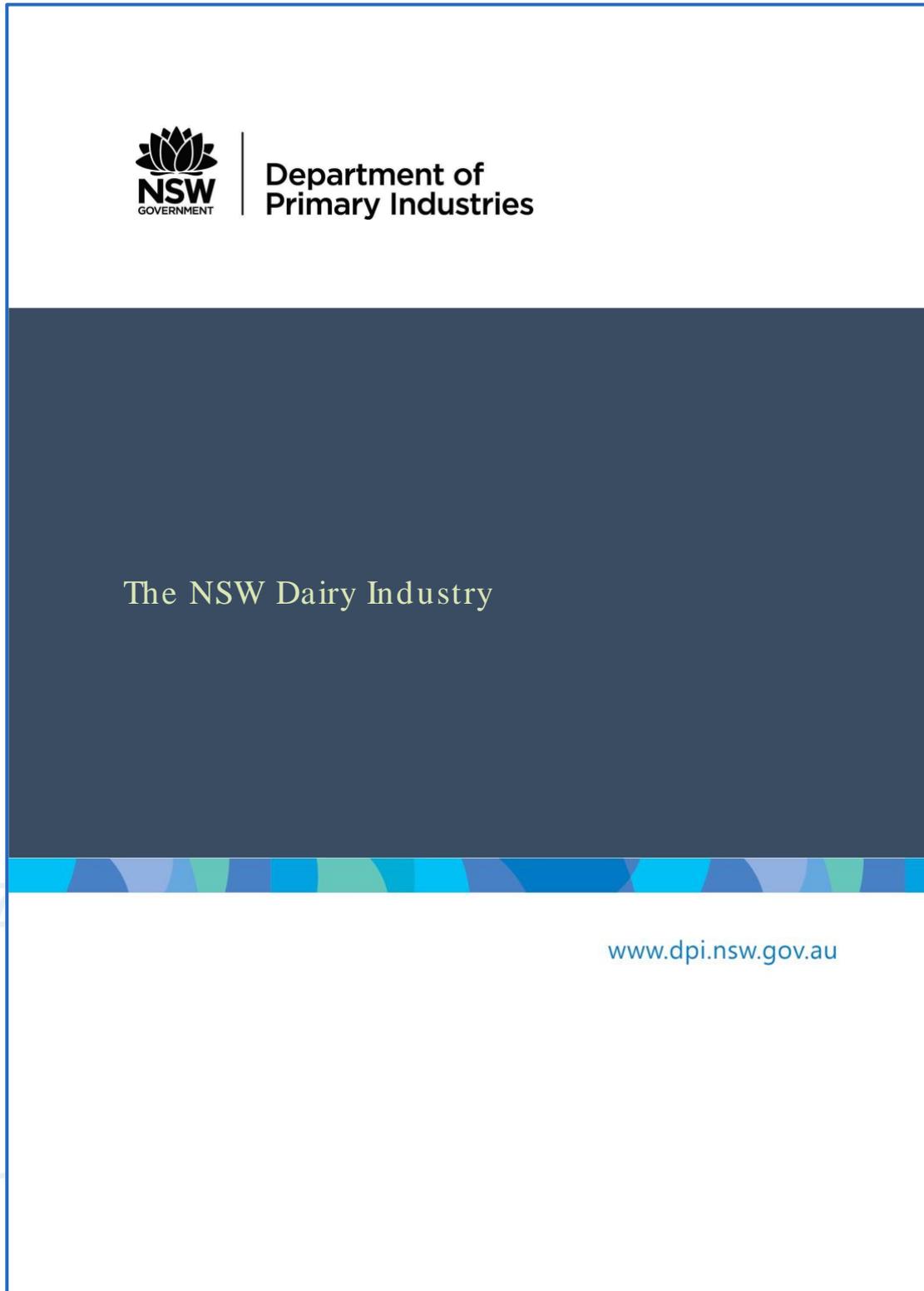
27. To minimise barriers to entry for new farmers, the Panel has identified that the NSW Government should waive stamp duty requirements for dairy farmers that are purchasing their first dairy farm, and intend to continue operating it commercially

28. To highlight the many methods of getting a start in the dairy industry, the Panel has identified that the NSW Government and NSW dairy industry should develop resources, including workshops, that:
- support new and existing farmers to progress through the industry
 - explore alternative business models (e.g. share farming, leasing, equity partnerships, vendor finance)
 - provide a framework for succession planning
29. To encourage the next generation to seek out careers in the dairy industry, the Panel has identified that the NSW Government should consider options to promote youth in dairy. For example, this could include consideration of school-level training programs and investment in agricultural high schools



Appendix A – NSW Dairy Industry Situation Analysis

To access Appendix A – NSW Dairy Industry Situation Analysis, please [click here](#) or on the linked image below (internet access required).



Appendix B – Research, Development & Extension Plan

Program goals and outcomes

This RD&E Plan involves co-investment between the NSW Government, Dairy Australia, the University of Sydney's Dairy Research Foundation, the private sector, NSW dairy industry organisations, and the broader national dairy industry to achieve the following key goals:

- Accelerate the recovery of the NSW dairy industry from the impacts of fire, drought and COVID-19 through economic growth, job- and market creation and diversification
- “De-risk” the industry (manage physical farm risks and social license risks) to strengthen financial resilience through better farm business management; increase productivity, access new markets, attract and retain a suitable workforce and enhance community trust in dairy.
- Improve the profitability of dairy farm businesses and the sustainability of the dairy supply chain in NSW

Achieving these goals will result in the following outcomes:

- **A recovered and bigger industry:** fire- and drought-affected farms are more productive and profitable
- **A “de-risked” industry and more resilient** dairy industry that is better prepared for extreme events (fires, drought, flood), and able to thrive in climate and market variability
- **A greater economic contribution** of the NSW dairy industry through increased employment, investment, production and value-adding (new markets)
- **Improved long-term food security** and food safety of NSW (enhanced trust)

The co-investment plan is the vehicle to support the “healthy milk, cows, systems and people” RD&E framework (the “4H” framework). This framework, developed through comprehensive consultation with farmers, industry bodies, the private sector and government agencies over the last two years, has identified priorities and rationale for RD&E investment to unlock the potential of milk, cow and water and increase industry's resilience and preparedness for future growth.

Program areas, objectives and projects

The 4H framework focusses on three Program Areas (Figure 1.1):

1. Addressing the underperformance of dairy farm businesses (increase productivity)
2. Managing physical farm risk and driving adaptation to increase resilience (“de-risk”)
3. Developing new market opportunities and build community trust

4H - Unlocking the potential of Milk, Cow and Water to:

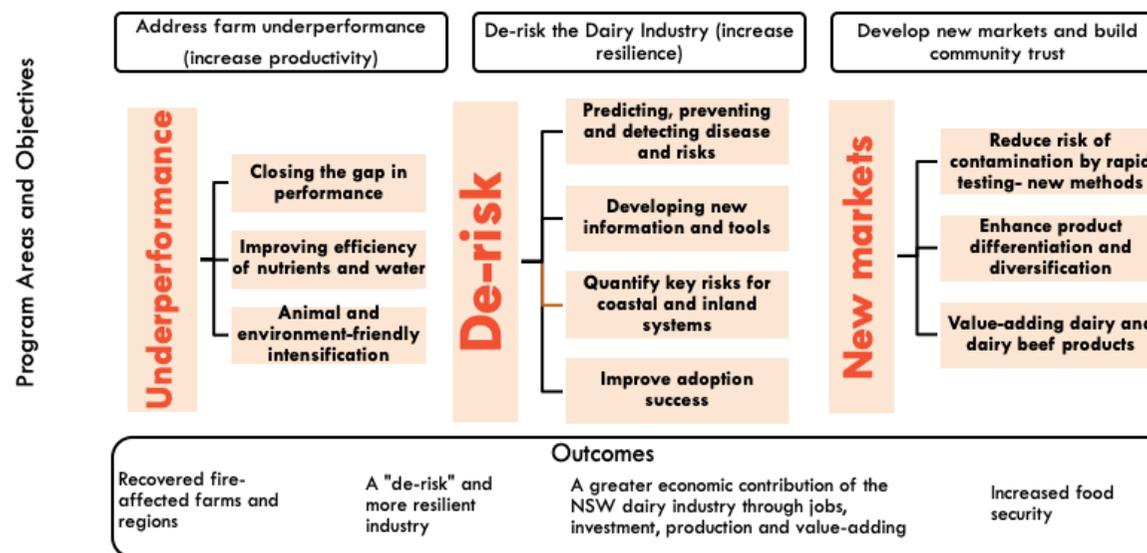


Figure 1.1: the 4H R&D Framework to safeguard the industry for future growth

The problems addressed, objectives, related projects and key success indicators are summarised in the table below (Table 1.1). It is through these objectives and project activities that the goals of the co-investment plan will be achieved.

There are **3 Program Areas and 10 Projects**. Projects are interrelated and some contribute to more than one Program Area. All projects will provide direct or indirect assistance to farmers in bushfire-affected areas, contributing, in an integrated way, to accelerate the industry's recovery.

Underpinning these projects and activities is a strong focus placed on advanced technology, innovation and ‘data’ as the vehicles and tools that can unlock many of the potential areas and opportunities identified in this proposal and bring new and innovative solutions to future challenges.

Table 1.1: Summary of Problems addressed, Program Areas, Objectives, Projects and Key Success Indicators

Key problem/issue	Key proposal general and specific objective	Key success indicator and related Project/s
<p>Key Issue (1)</p> <p>Significant underperformance of dairy production systems due to the combined effects of climate (bushfires, drought) and non-climate (milk price; cost of inputs) factors, which has resulted in an increased risk of economic failure of NSW dairy farm businesses. This leads to reduced outputs, accelerated farm attrition; food insecurity and an increased deficit of locally produced milk in NSW; loss of jobs (direct and indirect); poorer rural communities and exacerbated exodus from rural areas.</p>	<p>Program Area 1:</p> <p>Address the underperformance of dairy farm businesses: unlocking the potential of milk, cows and water to improve sustainability, retain dairy farms and develop new farms for the industry (families, land, infrastructure and employment), improve profit and grow the economic contribution of the NSW dairy industry.</p> <p>Objectives</p> <p>1.1. Close the gap between current and potential performance</p> <p>1.2. Improve the efficiency and productivity of key resources such as water, nutrients, land and other inputs</p> <p>1.3. Develop animal and environment-friendly intensification with reduced system complexity</p> <p>Related Projects</p> <p>P1: Unlocking the true potential of NSW tropical grasses (kikuyu) based systems through remote sensing and advanced technology</p> <p>P2: Enhancing the well-being of intensively managed dairy cattle – unlock the potential of cow</p> <p>P3: The economics of intensification – in-depth analyses of intensified systems</p> <p>P4: Feedbase for intensive systems – unlocking the potential of water</p>	<p>Increase productivity and total milk in NSW (P1; P2; P5)</p> <p>Increased participant farm productivity and profitability by >20% (P1)</p> <p>Risk factors for kikuyu toxicity are identified (P1)</p> <p>Superior lines of kikuyu are identified within 3 years and marketing commenced (P1)</p> <p>Attributes of superior housing conditions for cow herds are identified and communicated to industry (P3; P2)</p> <p>Methods to identify optimal maize seed for Australia are developed and benchmarking methods are implemented within 5 years (P4)</p> <p>Within 3 years, new and innovative methods to integrate data from soils, plants, animals and climate (P6)</p>

Key problem/issue	Key proposal general and specific objective	Key success indicator and related Project/s
	<p>P5: Our Farm Our Plan – NSW dairy farmers developing business plans to be fit for the future</p> <p>P6: Future Systems through Dairy Da.T.A : animal and environment-friendly intensification with reduced system complexity, through the application of Data, advanced Technology and Automation</p>	
<p>Key Issue (2)</p> <p>Increased risks associated with farm underperformance, biosecurity outbreaks, public concerns about environmental impact and animal welfare issues reduce future investment and add further negative sentiment to a currently vulnerable industry, increasing the risk of accelerated farm attrition, larger regional milk deficits, and weaker rural communities</p>	<p>Program Area 2:</p> <p>De-risking farm systems and investment</p> <p>Objectives</p> <p>2.1. Develop systems to detect risks to animal health and production in intensive and extensive systems</p> <p>2.2. Develop information and tools to inform decisions about capital investment in feeding and housing systems</p> <p>2.3. Quantify key risks facing coastal dairy systems to inform farm and industry planning</p> <p>2.4. Improve adoption success for key technologies.</p> <p>Related Projects</p> <p>P2; P3; P6 (see above)</p> <p>P7: Dairy businesses for future climates to investigate climate change impact</p> <p>P8: Dairy Passport for better farm employment</p> <p>P9: Designer Milk - unlocking the potential of milk: new products, new markets</p> <p>P10: Dairy beef: Non-replacement dairy calf pathways: new solutions from consumer-driven concerns</p>	<p>Integrate animal and plant health information to provide enhanced delivery to alert farms of new or re-emerging risks in real time (P1; P2; P6)</p> <p>New disease detection methods (P2; P6; P9)</p> <p>Quantify risk factors for the culling of cattle in housed and grazing herds (P2)</p> <p>Environmental balance sheets for different production systems (P1; P2; P3)</p> <p>Environmental attributes are integral to evaluations of new kikuyu and maize options (P1; P4)</p> <p>Implement results of Non-replacement dairy calf pathways development within 2-5 years (P10)</p> <p>Within 1 year, farmers access a tangible tool to train and retain staff (P8)</p> <p>Within 2 years, 75 per cent of participant feedback indicate overall positive satisfaction with Dairy Passport experience (P8)</p>

Key problem/issue	Key proposal general and specific objective	Key success indicator and related Project/s
		<p>Response to climate change volatility in operating conditions are described (P7)</p> <p>New methods for quick quality product analysis (P9)</p>
<p>Key Issue (3)</p> <p>The potential of the NSW dairy industry to create jobs, support rural communities, and provide long-term food security for the people of NSW is diminished by the limited product and market diversification arising from traditional milk markets (fluid milk and export of dairy commodities)</p>	<p><u>Program Area 3:</u></p> <p>Developing new and underexploited market opportunities for NSW dairy products through value-adding (milk and beef) and product diversification</p> <p>Objectives</p> <p>3.1. Reduce risks of contamination or health risks to humans</p> <p>3.2. Enhance product diversification and differentiation</p> <p>3.3. Value-adding to dairy and dairy beef</p> <p>Related Projects</p> <p>P9 (see Program Area 2)</p> <p>P10: Dairy beef: Non-replacement dairy calf pathways: a sustainable path for the non-replacement dairy-calf market.</p>	<p>New dairy and dairy beef products towards niche, high value markets will reduce dependency on low-value products and increase milk value. The access to the largest populations in Australia (Sydney, Wollongong, Newcastle and Brisbane) and new export focused initiatives in NSW and Sydney, provide the opportunities to de-commoditise dairy products (P9; P10)</p> <p>Implement results of Non-replacement dairy calf pathways development within 2-5 years (P10)</p> <p>Note: P7, P8 and P10 will provide direct solutions and tools for fire-affected farms/regions.</p> <p>P9 will provide additional tools and indirect assistance to farmers in fire-affected areas</p>

Appendix C – Program logic of recommended actions

Research, Development & Extension

The Dairy Industry Action Plan will facilitate improvements in productivity and industry profitability through a collaborative approach to, and increased investment in, dairy RD&E that is tailored to NSW.

Action	Responsible bodies	Output	Measures	Desired Outcome
Co-invest to deliver the dedicated RD&E Plan	<p>Lead</p> <ul style="list-style-type: none"> Dairy Research Foundation <p>Key Partners</p> <ul style="list-style-type: none"> NSW Government NSW Dairy Industry RD&E Organisations 	Funding provided for the RD&E Plan	<p>Short-term</p> <ul style="list-style-type: none"> Number of RD&E Plan projects in progress <p>Medium-term</p> <ul style="list-style-type: none"> Number of RD&E Plan projects delivering results 	Secure the immediate future of dairy RD&E in NSW
Convene an RD&E coordination group, including representatives from Government, industry extension bodies, universities and regional R&D groups	<p>Lead</p> <ul style="list-style-type: none"> NSW Government <p>Key Partners</p> <ul style="list-style-type: none"> RD&E Organisations NSW Dairy Industry 	RD&E Coordination group established and meetings held	<p>Short-term</p> <ul style="list-style-type: none"> Number of bodies involved in RD&E coordination group <p>Medium-term</p> <ul style="list-style-type: none"> Number of collaborative RD&E programs 	Maximise the impact of the RD&E Plan's outcomes for farmers in the field

<p>Undertake a survey on the use of service providers by farmers, with the aim of identifying gaps and barriers to the uptake of services.</p>	<p>Lead</p> <ul style="list-style-type: none"> • NSW Dairy Industry 	<p>Survey developed and released</p> <p>Gaps and barriers identified from responses</p>	<p>Short-term</p> <ul style="list-style-type: none"> • Number of actions developed to address gaps / barriers <p>Medium-term</p> <ul style="list-style-type: none"> • Number of farmers accessing service providers 	<p>Ensure that RD&E services are best tailored to support the needs of farmers</p>
<p>Promote dairy research as a career path, including by funding a pathways programs for new and prospective researchers.</p>	<p>Lead</p> <ul style="list-style-type: none"> • NSW Dairy Industry <p>Key Partners</p> <ul style="list-style-type: none"> • RD&E Organisations 	<p>Pathways program (or similar) developed and funded</p>	<p>Short-term</p> <ul style="list-style-type: none"> • Number of prospective researchers accessing the program <p>Medium-term</p> <ul style="list-style-type: none"> • Number of dairy industry researchers 	<p>Ensure RD&E capability is maintained into the future and research skills are embedded in the dairy industry and service provider sector</p>

Confidence

The Dairy Industry Action Plan will renew producer confidence in the NSW Dairy Industry, to increase supply chain collaboration, transparency and profitability, while maintaining community trust and support.

Action	Responsible bodies	Output	Measures	Desired Outcome
Establish a group that will oversee the implementation of this Action Plan and publish six-monthly reports on its progress.	Lead <ul style="list-style-type: none"> NSW Government Key Partners <ul style="list-style-type: none"> Other implementation bodies 	Group established, meetings held and reports delivered	Short-term <ul style="list-style-type: none"> Number of actions considered on-track Medium-term <ul style="list-style-type: none"> Number of actions considered complete 	Instil confidence that the Dairy Industry Action Plan is being delivered
Local Land Services regions with a significant dairy industry presence should specifically include dairy within their business plans	Lead <ul style="list-style-type: none"> NSW Government Key Partners	Business plans amended	Short-term <ul style="list-style-type: none"> Number of LLS regions with dairy included in their business plans Medium-term <ul style="list-style-type: none"> Customer satisfaction measures from dairy farmers 	Reinforce confidence that the NSW Government is committed to the dairy industry in NSW

<p>Communicate stories of success and drivers of profitability for NSW dairy farm businesses</p>	<p>Lead</p> <ul style="list-style-type: none"> • NSW Dairy Industry <p>Key Partners</p> <ul style="list-style-type: none"> • NSW Government 	<p>Positive news stories released, reports on farm profitability released</p>	<p>Short-term</p> <ul style="list-style-type: none"> • Number of positive media coverage events <p>Medium-term</p> <ul style="list-style-type: none"> • Industry sentiment / confidence measures • Industry awareness of drivers of profit 	<p>Enhance dairy farmers' confidence in their industry</p>
<p>Work to develop standardised processes for milk testing at a national level</p>	<p>Lead</p> <ul style="list-style-type: none"> • NSW Dairy Industry 	<p>Options developed to work towards milk testing standardisation</p>	<p>Short-term</p> <ul style="list-style-type: none"> • Number of discussions about standardisation <p>Medium-term</p> <ul style="list-style-type: none"> • Uptake of standardised testing methods 	<p>Enhance collaboration and transparency along the dairy industry supply chain</p>
<p>Consult with the NSW dairy industry to review environmental management and intensive development guidelines with a focus on providing councils and local communities with confidence around</p>	<p>Lead</p> <ul style="list-style-type: none"> • NSW Government <p>Key Partners</p> <ul style="list-style-type: none"> • NSW Dairy Industry 	<p>Guidelines documents reviewed and released</p>	<p>Short-term</p> <ul style="list-style-type: none"> • Industry awareness of guidelines <p>Medium-term</p> <ul style="list-style-type: none"> • Number of EPA compliance actions related to dairy 	<p>Maintain the social licence of the dairy industry</p>

<p>dairy operations and developments</p>			<ul style="list-style-type: none"> • Number of land use conflict reports related to dairy 	
<p>Reimagine the proposed Buy Fresh Local campaign to promote the value of the NSW dairy industry by highlighting the industry’s contributions to the economy, nutrition and food security, animal welfare and environmental sustainability, and custodianship of the land. This should complement existing campaigns and deliver a message tailored to NSW.</p>	<p>Lead</p> <ul style="list-style-type: none"> • NSW Government • NSW Dairy Industry 	<p>Promotions campaign launched</p>	<p>Short-term</p> <ul style="list-style-type: none"> • Consumer trust measures <p>Medium-term</p> <ul style="list-style-type: none"> • Volume of sales of local dairy products 	<p>Display the ongoing value of the dairy industry to the community</p>

Skills & Business Resilience

The NSW Dairy Industry Action Plan will improve profitability in an evolving market and changing climate by enhancing farmer, employee and service provider skills, improving capacity to plan and manage dairy businesses, and increasing ability to manage risks

Action	Responsible bodies	Output	Measures	Desired Outcome
Developing and enhancing dairy farmer business skills and knowledge to support a profitable, resilient and sustainable NSW dairy industry, through the NSW Dairy Business Advisory Unit	<p>Lead</p> <ul style="list-style-type: none"> NSW Government (through NSW DPI Dairy Business Advisory Unit) <p>Key Partners</p> <ul style="list-style-type: none"> NSW Dairy Industry 	Dairy Business Advisory Unit workplan delivered	<p>Short-term</p> <ul style="list-style-type: none"> Number of farmers engaged by Dairy Business Advisory Unit <p>Medium-term</p> <ul style="list-style-type: none"> Number of farmers with farm business management plans 	Support skill development in the NSW dairy industry
Identify existing resource gaps and develop programs to address them (in partnership with the NSW Government, where appropriate)	<p>Lead</p> <ul style="list-style-type: none"> NSW Dairy Industry <p>Key Partners</p> <ul style="list-style-type: none"> NSW Government 	Resource gaps identified and options for new programs assessed	<p>Short-term</p> <ul style="list-style-type: none"> Number of new programs developed to address skills gaps <p>Medium-term</p> <ul style="list-style-type: none"> Number of farmers who have accessed the new programs 	Ensure skills programs are tailored to the needs of the NSW dairy industry

<p>Provide vocational education and training for farm employees, such as through the continuation of the Tocal College course subsidy</p>	<p>Lead</p> <ul style="list-style-type: none"> NSW Government (through Tocal College) <p>Key Partners</p>	<p>Deliver subsidised Tocal College courses</p>	<p>Short-term</p> <ul style="list-style-type: none"> Number of students / participants <p>Medium-term</p> <ul style="list-style-type: none"> Number of dairy farmers and employees with formal credentials 	<p>Ensure that farmers are able to continue to invest in their employees</p>
<p>Identify high-priority vocational training needs for dairy farm employees and address those needs – including through identifying gaps in existing programs, and considering barriers affecting industry uptake</p>	<p>Lead</p> <ul style="list-style-type: none"> NSW Dairy Industry <p>Key Partners</p> <ul style="list-style-type: none"> NSW Government 	<p>High priority training needs identified and actions to address gaps developed</p>	<p>Short-term</p> <ul style="list-style-type: none"> Uptake of specific programs / actions aimed at addressing gaps <p>Medium-term</p> <ul style="list-style-type: none"> Number of farmers accessing training 	<p>Ensure that farmers are able to continue to invest in their employees</p>
<p>Promote dairy service provision as a career path and fund a pathways program for new service providers (for example, through a</p>	<p>Lead</p> <ul style="list-style-type: none"> NSW Dairy Industry 	<p>Service provider pathways program developed and launched</p>	<p>Short-term</p> <ul style="list-style-type: none"> Number of people accessing the pathways program <p>Medium-term</p>	<p>Encourage the next generation of dairy industry service providers</p>

graduate program or internship scheme)			<ul style="list-style-type: none"> Number of new dairy service providers 	
Develop programs aimed at upskilling dairy industry service providers – particularly in terms of agronomy, nutrition, systems thinking and facility design	Lead <ul style="list-style-type: none"> NSW Dairy Industry 	Programs developed and delivered to service providers	Short-term <ul style="list-style-type: none"> Number of service providers accessing the programs / resources Medium-term <ul style="list-style-type: none"> Number of service providers providing additional / new services covered in the programs 	Maximise the value of the service provider sector
Develop skills attraction programs to promote the transfer of relevant external skills into the dairy industry	Lead <ul style="list-style-type: none"> NSW Dairy Industry 	Skills attraction programs developed and launched	Short-term <ul style="list-style-type: none"> Number of people engaged by the programs Medium-term <ul style="list-style-type: none"> Number of industry participants with external qualifications / experience 	Respond to the needs of contemporary businesses and adapt to new technologies
Develop new programs (e.g. mentoring) or	Lead <ul style="list-style-type: none"> NSW Dairy Industry 	Programs developed / promoted	Short-term	Ensure dairy farmers are equipped to manage

<p>promote existing programs aimed at improving business management skills, such as accessing finance and human resource management</p>			<ul style="list-style-type: none">• Number of people engaged by the programs <p>Medium-term</p> <ul style="list-style-type: none">• Number of farmers with dedicated HR / Finance elements of farm business management plans	<p>increasingly large and complex businesses</p>
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Stronger Futures

The NSW Dairy Industry Action Plan will support investment in future growth and profitability by providing support for tomorrow's farmers, taking a targeted approach to critical infrastructure, and addressing regulatory constraints or uncertainties.

Action	Responsible bodies	Output	Measures	Desired Outcome
Provide guidance to councils about planning needs of the industry	Lead <ul style="list-style-type: none"> NSW Government Key Partners <ul style="list-style-type: none"> Councils 	Guidance material developed regarding the land use planning needs of dairy Highly productive dairying land identified	Short-term <ul style="list-style-type: none"> Uptake of the information by Councils Medium-term <ul style="list-style-type: none"> Number of councils in dairying areas considering needs when planning Number of Regional Plans considering dairy 	Ensuring that the dairy industry is considered in future land use planning
Develop resources to assist dairy farmers in navigating farm development processes	Lead <ul style="list-style-type: none"> NSW Government 	Resources developed and launched	Short-term <ul style="list-style-type: none"> Number of farmers using the resource to assist on-farm development Medium-term <ul style="list-style-type: none"> Increase in number of farmers considering on-farm developments 	Ensure that dairy farmers are not limited in their ability to expand or improve their operations

<p>Review planning rules to reduce red tape, such as regarding developments for milking, feeding and housing dairy cows</p>	<p>Lead</p> <ul style="list-style-type: none"> • NSW Government <p>Key Partners</p> <ul style="list-style-type: none"> • Councils • NSW Dairy Industry 	<p>Review of planning regulation completed and options identified</p>	<p>Short-term</p> <ul style="list-style-type: none"> • Number of changes made to planning regulation <p>Medium-term</p> <ul style="list-style-type: none"> • Number of successful Development Applications for feedpads and robotic dairies 	<p>Provide certainty to dairy farmers seeking to invest in new technologies</p>
<p>Review water-related regulation, including regulation regarding off-river water storage in coastal catchments and regulation related to harvestable rights limits in coastal catchments</p>	<p>Lead</p> <ul style="list-style-type: none"> • NSW Government 	<p>Review of water-related regulation completed and options identified</p>	<p>Short-term</p> <ul style="list-style-type: none"> • Number of changes made to water-related regulation <p>Medium-term</p> <ul style="list-style-type: none"> • Number of farmers benefiting from the changes 	<p>Provide certainty to dairy farmers around their water supplies</p>
<p>Raise the issue of freight rule harmonisation with other jurisdictions</p>	<p>Lead</p> <ul style="list-style-type: none"> • NSW Government 	<p>Freight rule harmonisation raised with other jurisdictions</p>	<p>Short-term</p> <ul style="list-style-type: none"> • Number of representations made to other jurisdictions <p>Medium-term</p>	<p>Support dairy farmers in securing supplementary feed from interstate during drought periods</p>

			<ul style="list-style-type: none"> • Number of changes made to improve harmonisation 	
<p>Continue to support and enhance dairy access to the Farm Innovation Fund, including by identifying the best methods of reaching dairy farmers and considering methods of extending access to the Fund to share farmers and lease farmers</p>	<p>Lead</p> <ul style="list-style-type: none"> • NSW Government 	<p>Farm Innovation Fund eligibility criteria amended to enable access by share farmers and lease farmers and changes promoted</p>	<p>Short-term</p> <ul style="list-style-type: none"> • Number of dairy farmers accessing Farm Innovation Fund <p>Medium-term</p> <ul style="list-style-type: none"> • Number of share farmers and lease farmers accessing Farm Innovation Fund 	<p>Support investment in on-farm capital</p>
<p>Undertake an infrastructure and utilities stocktake to identify needs and prioritise upgrades to support the dairy industry, for consideration as part of broader infrastructure and utilities planning</p>	<p>Lead</p> <ul style="list-style-type: none"> • NSW Dairy Industry <p>Key Partners</p> <ul style="list-style-type: none"> • NSW Government 	<p>Priority infrastructure and utilities report provided to NSW Government</p>	<p>Short-term</p> <ul style="list-style-type: none"> • Number of priority infrastructure and utilities upgrades included in plans / strategies / pipelines <p>Medium-term</p> <ul style="list-style-type: none"> • Number of priority infrastructure and utilities upgrades 	<p>Maintain and improve the ability of the industry to connect with key markets</p>

			progressed towards construction	
Improve heavy vehicle access between dairy farms, processors and markets	Lead <ul style="list-style-type: none"> NSW Government NSW Dairy Industry Key Partners <ul style="list-style-type: none"> Councils 	Meetings held with local councils and Government agencies to discuss options to reduce access barriers	Short-term <ul style="list-style-type: none"> Number of changes made to enable heavy vehicle access Medium-term <ul style="list-style-type: none"> Number of farms with access issues 	Improve transport efficiency
Waive stamp duty requirements for dairy farmers that are purchasing their first dairy farm, and intend to continue operating it commercially	Lead <ul style="list-style-type: none"> NSW Government 	Amendments made to waive stamp duty requirements.	Short-term <ul style="list-style-type: none"> Number of stamp duty requirements waived Medium-term <ul style="list-style-type: none"> Number of dairy farmers purchasing their first farm 	Minimise barriers to entry for new farmers
Develop resources, including workshops, that would support farmers in exploring alternative business models (e.g. leasing,	Lead <ul style="list-style-type: none"> NSW Government NSW Dairy Industry 	Resources developed; workshops delivered	Short-term <ul style="list-style-type: none"> Number of participants accessing the resources / attending workshops Medium-term	Highlight the many methods of getting a start in the dairy industry

<p>share farming, vendor finance)</p>			<ul style="list-style-type: none"> • Number of dairy farmers using alternative business models 	
<p>Consider options to promote youth in dairy. For example, this could include consideration of school-level training programs and investment in agricultural high schools</p>	<p>Lead</p> <ul style="list-style-type: none"> • NSW Government • NSW Dairy Industry 	<p>Options to promote youth in dairy identified, assessed, and progressed</p>	<p>Short-term</p> <ul style="list-style-type: none"> • Number of actions / programs aimed at encouraging youth in dairy <p>Medium-term</p> <ul style="list-style-type: none"> • Number of young people entering the dairy industry 	<p>Encourage the next generation to continue the legacy of the dairy industry</p>

Appendix D – Dairy Industry Advisory Panel

The Dairy Industry Advisory Panel is an independent panel that provides advice to the NSW Fresh Milk and Dairy Advocate on developing and reporting on the NSW Dairy Industry Action Plan, developing the RD&E Plan, and the implementation and evaluation of the ACCC's Mandatory Dairy Code in NSW.

The Panel includes the following members, drawn from across the NSW dairy industry and providing a wide range of experience:

Panel Member	Experience
Tim Bale	Chair, Midcoast Dairy Advancement Group Dairy farmer
Scott Barnett	Dairy consultant
Tony Burnett	Regional Manager, Dairy Farmers Milk Cooperative Director, Dairy NSW
Sheena Carter	Extension Officer, Dairy NSW (at time of appointment) Development Officer, NSW DPI Dairy Business Advisory Unit (current)
Robert Cooper	Dairy farmer
Sergio (Yani) Garcia	Professor of Dairy Science, University of Sydney Director, Dairy Research Foundation
Ken Garner	Regional Manager, South East Local Land Services (current) Senior Manager Milk Supply, Bega Cheese (previous) Director, Dairy NSW (previous)
Michael Jeffrey	Chair, Norco Dairy farmer
Ian Lean	Adjunct Professor, University of Sydney Managing Director, Scibus Director, Dairy Connect
Phil Ryan	Deputy Chair, NSW Farmers Association Dairy Committee Dairy farmer