

PROGRAM PERFORMANCE 2006/07

This section provides a summary of program outcomes. The planned programs are grouped by business group but this does not reflect the rich cross functionality between many of the programs and the business groups that manage them.

The exception is the national drought response, led by Dairy Australia and the Australia Dairy Industry Council, which drew upon executives from every business group in Dairy Australia.

PROGRAM	WHAT WE SAID WE'D DO	WHY WE DID IT	WHAT DID WE ACHIEVE?
National Drought Response	<p>Best position the industry to address and recover from major impacts of 2006/07 drought</p> <p>Ensure individual farmers better understand available choices and can base key decisions on the realities of the industry and their own farms</p>	<p>Minimise damage and loss to industry participants over spring and summer 2006/07 and beyond as a result of widespread drought conditions</p>	<p>Delivered information and support to dairy farmers and their advisers during a very significant drought. This allowed better decision making and least cost options to be followed that preserved farming assets and helped to preserve future management options</p> <p>Fortnightly drought bulletins distributed to more than 2,000 service providers that kept them up to date on industry activities and resources</p> <p>An independent Grain & Hay report specifically tailored for dairy farmers distributed weekly since November 2006</p> <p>Dairy update radio spots broadcast on 30 radio stations in all dairy regions to improve coverage of drought information and encourage participation in local activities</p> <p>Dairy Australia website upgraded to provide a resource for farmers and service providers seeking drought-related resources and information</p> <p>A sentinel farm survey to track on-farm responses and impacts instituted on 44 farms across Australia in November 2006</p> <p>Regional Drought Response co-ordinators employed in each dairy region to improve collaboration, ensure effective communication, tailor region-specific responses, and provide feedback</p> <p>Dairy Australia worked with ADF and relevant RDPs to develop appropriate submissions for Exceptional Circumstance arrangements for a number of regions</p> <p>feed.FIBRE.future program initiated in May 2007 to support farmer decision making under conditions of fodder and stock water scarcity</p> <p>The nutrition and troubleshooting skills of 150 service providers enhanced using feed.FIBRE.future training and support activities</p>

FARM PRODUCTIVITY & DELIVERY

PROGRAM	WHAT WE SAID WE'D DO	WHY WE DID IT	WHAT DID WE ACHIEVE?
NRM On-farm Change	Provides strategic leadership in the development and adoption of sustainable environmental practices, in particular practices which improve resource use efficiency and productivity	Maintain the dairy industry's perception of being a credible environmental manager Maintain access to the resources required to sustainably build dairy profitability	Produced final report on DAFF-funded Environmental Management System (EMS) Pathways program. More than 12% of Australian dairy farmers participated in the Dairying for Tomorrow (DfT) EMS programs and 85% of these farmers implemented changes in environmental practices Co-ordinated regional DfT positions and met DAFF milestone reporting requirements. These positions have leveraged approximately \$2 million worth of funding for regional NRM programs in 2006/07 Lobbied the Australian Government for future funding for regional DfT co-ordinator positions. The positions will be evaluated and a decision made late 2007 Conducted a mid-term review of the 'Incorporating DairySAT into Dairy Businesses' project, which recommended that DairySAT delivery be broadened to include service providers and regional NRM agencies Reviewed the DfT communication and recognition strategy, which resulted in a successful submission to DAFF for \$285k to broaden the industry EMS delivery base Responded to more than 30 requests for presentations about DfT by regional NRM agencies, state and federal government NRM agencies
Sustainable Catchments	Build upon farm-scale nutrient and pathogen research to better understand how farm management impacts upon catchment health		Dairy farming needs the capability to explain clearly the contribution its use of resources makes within catchments shared by other farm businesses, communities, tourism and manufacturing industries to maintain access to resources and the right to farm. This investment builds that capability Completed contracts for Brucknell Creek, Coorong, GipRip and Montagu Sustainable Catchments projects. These projects increased industry and stakeholder understanding of the interaction between management practices, off-farm nutrient loss and salinity Developed Sustainable Catchments business plan in line with recommendations from the Sustainable Catchments Program review Received and evaluated 14 project proposals for new Sustainable Catchments projects commencing in 2007/08. Developed Sustainable Catchments implementation plan incorporating the successful project applications. Developed and distributed Sustainable Catchments Program report and communications material

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Soils and Nutrients	Understand the interactions between different farming systems and the environment in regard to soil nutrients, soil structure and toxicants such as pathogens, and to convert the understanding into information products that will help promote the adoption of more productive and sustainable farming practices	Maintain the dairy industry's perception of being a credible environmental manager Maintain access to the resources required to sustainably build dairy profitability	A range of outcomes have helped establish dairy farming as a leader in understanding soil nutrient issues and science within catchments: <ul style="list-style-type: none"> • Developed a business plan in line with recommendations from the Soils and Nutrients Program Review and the Accounting for Nutrients workshops • Conducted 20 service provider and stakeholder workshops on the Fertiliser Nutrient Loss Index and Better Fertiliser Decisions tools • Reviewed and evaluated existing national and international nutrient accounting tools and concluded they met some but not all of the requirements of the proposed Accounting for Nutrients framework • Increased industry and stakeholders understanding of the Accounting for Nutrients (AfN) Framework through the establishment of a stakeholders AfN network • Obtained National Landcare Programme funding to implement an Emerging Effluent Management Technologies project in response to service provider and farmer requests • Developed a draft Australian Dairy Industry Technical Database for Effluent Management and Reuse to provide a common source of reference for all state dairy effluent guidelines
Water Use Efficiency & Security	Maximise profit through efficient use of irrigation water		The efficient, effective and responsible use of water is a significant cross-industry issue. Dairy Australia helped the dairy industry articulate its handling of water issues and demonstrate its credentials in a range of ways in 2006/07: <ul style="list-style-type: none"> • Increased industry understanding of the effectiveness of sub-surface drip irrigation under grazing conditions through trials on two farms • Developed Dairy Water 2006: Situation & Outlook Report in partnership with ADF and CSIRO to inform industry R&D and extension requirements • Developed the Climate Change Strategic Plan to facilitate climate change project funding partnerships with key stakeholders including CSIRO, Australian Greenhouse Office and DPIV • Developed a joint Australian Greenhouse Office and Dairy Australia climate change adaptation project to increase industry understanding about climate risk

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Future Forage	Provide a targeted approach to lifting the productivity of southern dryland dairy farmers through significant changes in forage production and utilisation	Reduce on-farm feed unit input costs via increased home grown forage and improved system management	<p>Increased industry standard for forage growth, consumption and learning from 30/30 program partner farms</p> <p>Established on-farm change in pastures grown and consumed on a minimum of 100 dairy farms (20/12)</p> <p>Increased knowledge of N cycling on dairy pastures (Greener Pastures)</p>
Future Feeding Systems	Address the considerable amount of confusion among producers and mixed messages from different advisors about how much grain and concentrates to feed profitably to cows at pasture		<p>Grains2Milk program - developed an agreed industry-wide program of work in the areas of pasture and grain integration on farms in place. Field work to commence in spring 2007</p> <p>Completed desk research to delineate the issues and parameters surrounding the integration of grain and pasture in dairy management systems</p> <p>Appointed a program leader to guide, develop and integrate programs across the business group</p>
Future Decision Support	Bring existing knowledge into the most useful and accessible forms for Dairy Australia, the R&D community and service providers to aid in making better decisions		<p>Modelling future farming systems and complex relationships between, for example, a fodder crop yield and the nutrients and water available to it, are important for determining the potential gains in the future, and where Dairy Australia should invest. Dairy Australia significantly improved industry modelling capability in 2006/07:</p> <ul style="list-style-type: none"> • Established ownership of key data code and modelling capability • Adapted modelling tools to integrate with on-farm decision making • Produced improved overall modelling capability in key areas of production (grass growth and pasture nutrition) • Technology confirmed, data collected and interpreted across the key dairy regions in Victoria and defined a commercial path to market for modelling technology • Established a protocol for testing (autumn 2008) the ability of satellite technology to improve farmer management of pastures in temperate Australia
Plant Breeding	Develop information and tools to apply marker-assisted selection in the genetic improvement of forage species		<p>Genetic marker techniques provides the potential to identify superior grasses and clovers and fast track their development</p> <p>Confirmed dairy industry commitment to genetic marker research in plants (ryegrass and white clover) and established a clear path to market with strong commercial partners</p>

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Genetics	Drive productivity via the identification of genetic lines that are superior in Australian dairy farming systems	Increase the productivity of dairy cattle, better management of their lifecycle, and improved daily management on-farm	Genetic evaluation completed by ADHIS and published in August 2006 and February and May 2007 DPIV has investigated the options for producing a breeding value for extended lactation length and is mid-way through a review of fertility and herd life
Reproduction and Biomarkers	Better understand the causes and treatments for infertility through the identification of biomarkers that indicate suitability for different production systems, and use the current knowledge base to improve the management of fertility		Farmers need decision tools that allow the early identification of those cows most suited to their farming systems, whether they be, for example, extended lactation systems, batch calving systems, or very high producing total mixed ration systems. Understanding how farmers make decisions regarding bull selection provides a foundation for strategic planning towards an improved extension system in herd improvement Built a library of 6000 cows on commercial dairy farms, which contains a DNA sample, blood RNA and blood plasma sample and a milk sample for each cow. This library will be used to validate genetic markers and to search for a wide variety of markers that could be used to predict production, fertility and body condition Twenty-four farmer learning groups established for the InCalf program
Milk Harvesting	Provide research to improve labour productivity as well as learning packages for milk quality and labour productivity		CowTime: more than 1000 participants in 43 field days attended the 'Shorter Milking Secrets' workshop, which describes how to manage milking with minimum delays from slow milking cows A new multimedia presentation on making dairy decisions (such as building or upgrading a dairy) was launched in June 2007 Enrolled 74 chronic high cell count herds from six dairy processing companies in the Countdown Downunder Cell Count Solutions program Six dairy advisory businesses in four dairy regions have co-developed and piloted Countdown MAX with 40 farmers - MAX is a pro-active milk quality advisory service that is the forerunner of a new method of providing a pro-active advisory service to farmers Fifty-three farmers attended Countdown Cups On Cups Off courses run to pilot both the course and the relationship with NCDEA

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Dairy CRC	Focus on genetic improvement through genetic markers and reproductive technologies, and on identifying novel bioactive components	Increase the productivity of dairy cattle, better management of their lifecycle, and improved daily management on-farm	<p>Reproductive and genetic technologies represent large opportunities for farmers in the identification and breeding of superior bulls and cows</p> <p>A federal funding application for a new Dairy CRC project was not successful. Future investment in biotechnology that can lift farm productivity continues to be a priority for investment and alternate funding arrangements will need to be made from July 2008 onwards</p> <p>Final stage testing of new genetic marker technology is almost complete and will likely result in faster and more accurate identification of elite sires</p> <p>The CRC is also investing on many diverse biotechnology fronts that are building a comprehensive picture of the genetic make-up of cows, gene function, novel means to influence lactation (quantity, quality, presence of high-value components) as well as innovations in embryo biology and the production of stem cells</p>
Future Dairy	Test the boundaries of future forage, feeding system and technological advances and provide guidelines on-farm adoption		<p>Completed a third year of research in complementary forage rotations (three crops per year) and best-practice forage management. Research grew in excess of 40 tonnes of dry matter per ha (crops) and 17 tonnes per ha of kikuyu permanent pastures. Results exceed average dry matter production on the average farm by between 50% and 200%. Future Dairy is now developing an innovative approach to extending results to farmers on a regional basis</p> <p>Completed a one-year comparison of running cows at different stocking rates at different levels of supplementary feeding and per cow production. The project is now continuing for a second year to deliver an assessment of the key factors involved in profitable intensification of systems</p> <p>Completed the commissioning phase of the automatic milking system farm. Progressing with a series of farm systems questions on optimising the management of cows and facilities around an automatic milking system. Also undertake the testing of new innovations that aid management and reduce labour</p>

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Farm Business Management	Deliver effective business management systems to help farmers deal with the increasing complexity of running a dairy farming business	Improve sustainable wealth creation decision making in balancing the physical, financial and family elements of farming	<p>More than 1800 farm families reviewed their businesses with service providers using the Taking Stock program</p> <p>Developed and piloted programs addressing margin and input costs issues developed (Getting Increased Margins, Show Me the Profit) with 100 farmers</p> <p>Improved the farm business management skills of service providers using bi-annual training and support activities through the Taking Stock network</p>
The People in Dairy	Address the issues of employment, farm succession and leadership		<p>Developed an industry-wide strategic investment plan covering farm employment, farm succession, youth and leadership to improve the focus of future program investments</p> <p>Developed a training, support and employment program (ADEEP) to address employee-employer relationships and assist those entering a career in dairying</p> <p>Developed and distributed a people management resource kit to give farmers consistent resources, messages and tools to manage farm employees</p> <p>Completed a review of leadership and professional development projects to improve future investment in this area</p>
Farming Systems	Address farming systems extension and research and development to help industry and farmers meet the challenges of increasing uncertainty and risk in farming systems		<p>Increased climate variability demands a better understanding of farming systems than can successfully adapt to change</p> <p>The findings of the influential Future Dairy Farming Systems project in Victoria's northern irrigation areas was extended to Gippsland and western Victoria resulting in two new reports:</p> <ol style="list-style-type: none"> 1 How knowledge partnerships develop between farmers, researchers and advisors using Partner Farms, and 2 The multi-disciplinary challenges for large projects like Future Dairy <p>The National Annual Farming Systems Workshop was held in Tasmania in spring 2006 and was incorporated into the National Dairy Alliance's Australian Dairy Science 2007 symposium program</p> <p>Established a social research module within the 30/30 project, which included a literature review of learning challenges when adopting new technologies and the implications for project management and industry strategy; and a project to identify the networks critical to 30/30 program success in the regions</p> <p>Commenced a project on the networks that are important for 3030 to achieve impact in the regions</p>

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Rural Innovation and Change	Provide an in-house research capability for understanding and enabling the three elements of farm business management (physical, financial, social) and facilitate linkages and integration across all Farm Productivity & Delivery program areas	Improve sustainable wealth creation decision making in balancing the physical, financial and family elements of farming	<p>Delivered the Achieving Sustainable Change project to improve partnerships between public and private sector service providers in the design, delivery and evaluation of national projects</p> <p>Developed a professional development mentoring program for advisors using the research results from the Co-operative Venture for Capacity Building</p> <p>Provided an explanation of resilience in communities and farming systems using three case study projects</p> <p>Identified the on-farm strategies to adjust to changes in water security</p> <p>Developed a joint approach to work on climate change with the DPIV systems group</p> <p>Published a special edition of the group's work in the international Journal of Agricultural Education and Extension (Vol 13, No 3. June 2007)</p>
Vocational Education and Training	Provide a full compliment of quality courses to meet dairy industry needs	<p>Elevate skills base to assist in balancing the physical, financial and family elements of farming</p> <p>Achieve higher levels of sustainable productivity through better education</p>	<p>The National Centre for Dairy Education – Australia (NCDEA) is the industry-established national body for vocational education and training (VET) in dairy farming and dairy processing</p> <p>The NCDEA strategic plan was established with key performance indicators, approved by the Industry Education Steering Committee</p> <p>Commenced VET courses under the auspices of the NCDEA in Victoria, South Australia and Queensland</p> <p>Increased the number of student contact hours (SCH) delivered by the NCDEA from 150,000 in the 2005 calendar year to 260,000 in 2007 calendar year</p> <p>Completed an agreement with South West Institute of TAFE to deliver under the auspices of NCDEA – providing an additional 50,000 SCH potential for calendar year 2008 (taking the planned total to more than 300,000 – SCH)</p> <p>Established in principle agreements with VET providers in each state of Australia</p> <p>Relocated activities in south west Victoria to the Demo Dairy site at Terang; in cohabitation with WestVic Dairy and DPIV research teams</p> <p>Through GOTAFE investment, NCDEA gained access to processing education facilities at Werribee</p>

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Regional Development Programs	Drive innovation in research and extension throughout Australia's dairying areas through the use of regional knowledge and skills	A co-ordinated regional response linked to national objectives and priorities; identification and response to regional farm priorities and the targeted leveraging of resources into dairy	<p>The Regional Development Boards delivered significant extra resources into dairy and co-ordinated major activities on behalf of Dairy Australia and the industry</p> <p>Instrumental in the organisation and conduct of 40 Levy poll information meetings across regional dairy farming areas of Australia</p> <p>Leveraged \$4.30 for every dollar of Dairy Australia (collective funds) investment in areas aligned with the Dairy Australia strategic objectives (equivalent to \$13 million)</p> <p>To improve planning and governance alignment with Dairy Australia, constructed a contract with industry that further ensured successful, effective operations into the future</p>

TECHNICAL ISSUES

PROGRAM	WHAT WE SAID WE'D DO	WHY WE DID IT	WHAT DID WE ACHIEVE?
Sustainable Dairy Industry Production Systems	Demonstrate good agricultural and manufacturing practice to consumers in order to secure and enhance the industry's access to resources and its ability to continue to farm	Maintain and enhance the dairy industry's credibility in NRM, animal health and welfare and food safety	<p>Animal health Dairy BJD (Bovine Johnes Disease) Herd Assurance Score agreed and information on how to determine your score sent to all dairy farmers – all dairy farmers have information on how to assess the BJD risk of their herds</p> <p>DVD produced for dairy farmers, veterinarians and company field service officers explaining how to assess and manage the BJD risks on dairy farms</p> <p>Information/training sessions run for dairy company field service officers to help them explain the 3-step calf hygiene program that helps reduce the risk of BJD on dairy farms</p> <p>Animal welfare Helped to achieve Australian Government agreement to allow industry to contribute to government positions on OIE matters – the Government now actively seeks industry input</p> <p>Provided input to the Australian Government's submission on draft international OIE standards for animal welfare and biosecurity – promoting alignment with national dairy industry principles of outcomes focused, non-prescriptive standards</p> <p>Provided animal welfare information kits to dairy farmers, government and animal welfare groups – the dairy industry is more informed of animal welfare outcomes from sound animal production, and governments and animal welfare groups are informed of continued improvements in the dairy industry</p> <p>NRM Contributed technical support to help industry agree on a national NRM strategy for the dairy industry; contributing ongoing support to implement the strategy</p> <p>GM issues Provided technical support to underpin the dairy industry's (ADIC) development of a draft GM policy position and its consultation with all industry sectors prior to finalising the policy</p>

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Secure Market Access	Achieve minimum but effective regulations that facilitate rather than hinder trade and do not add unnecessary costs for little benefit	Protect the dairy industry's domestic and export markets	<p>Helped to have Stage 1 of the Dairy Primary Production and Processing (Dairy PPP) Standard completed, enabling a national dairy food safety system to be implemented</p> <p>Actively encouraged AQIS' adoption of the Dairy PPP Standard into the export orders, harmonising domestic and export regulatory requirements and therefore reducing unnecessary duplication</p> <p>Participating in Stage 2 of the Dairy PPP Standard process (raw milk products) to ensure the Australian dairy industry's food safety reputation is not compromised</p> <p>Produced DVDs demonstrating the Australian dairy industry's food safety, NRM and animal welfare credentials to support market access – used in discussions with the EU during audits of the Australian dairy food safety system</p> <p>Australian Milk Residue Analysis (AMRA) program reviewed and monitoring revised to enable industry to demonstrate the ongoing integrity of the food safety system, given current drought and operating conditions</p> <p>Provided submissions to a number of regulatory reviews e.g. VCEC, Bethwaite, Control of Use Regulations</p>
Industry Issues Management	Maintain an industry risk management framework	<p>Maintain dairy industry's credibility in issues management</p> <p>Apply an Issues Management Framework to manage issues as they arise</p>	<p>Continued enhancement of a co-ordinated issues management framework:</p> <ul style="list-style-type: none"> • Held industry exercises (internal and external to Dairy Australia) to rehearse roles and responsibilities of all key stakeholders in Critical Incident Management Recovery • Revised Critical Issues Management and Recovery (CMR) Plan to reflect feedback from the exercises • Revised the Issues Reference Manual to update current material and add new Issue Notes • Reviewed and upgraded the Issues Management Extranet <p>Helped prepare industry to deal with issues as they arose by issuing Industry Briefings and Issue Alerts on a number of issues</p> <p>Contributed to the national strategies for dealing with BSE, FMD and pandemic avian flu outbreaks</p>

VALUE CHAIN INNOVATION

PROGRAM	WHAT WE SAID WE'D DO	WHY WE DID IT	WHAT DID WE ACHIEVE?
Co-investment (I): establishment of Dairy Innovation Centre	Provide world-class research infrastructure aimed at enhancing the business performance of the Australian dairy industry	Ensure the implementation of a co-funded dairy innovation centre is commercially aligned and delivers relevant dairy science capability	Established a governance body and new constitution for new centre
Co-investment (II)		Secured \$5.1 million committed funding by co-investment partners (including Dairy Australia investment) for a combined dairy innovation centre	Successfully managed the transition of current independent centres into a single entity (inclusive of legal structure, transitional management) Managed the establishment of a new legal entity with secured human resource capability Developed a framework for alignment of centre research with Dairy Australia strategic directions
Innovation Culture	Build technical skills within the manufacturing sector, facilitating the commercialisation of dairy-based research and fostering a culture of innovation within the manufacturing sector	Secure effective management of intellectual property (IP) around new technologies and their route to market Develop clear commercialisation opportunities for new dairy IP Develop capability through technology and knowledge transfer of dairy innovation issues Secure new innovation partners for Australian dairy	A syndicated IP policy was developed and adopted by Dairy Australia to inform decision-making on IP Recommended a framework for IP management, IP auditing and IP case studies Delivered an Innovation Forum that initiated three follow-up industry projects. Forum was well attended with more than 100 attendees. Speakers from The Netherlands and Ireland represented NIZO Food Research, Glandia Nutritionals, Nutrica and DuPont Developed two projects with new investment partners. New projects developed after the forum include research with NIZO to improve processing efficiency in milk powder production and improvements in cheese yield Awarded one post-doctoral, three PhD and six undergraduate/postgraduate scholarships to enhance human capability Prepared a MoU between Dairy Australia and NIZO Research Institute, The Netherlands, which establishes a framework for future collaborations Linked into new international networks to facilitate innovation best practise identification and transfer e.g. Global Dairy Platform, Corporate Executive Board – Research and Technology Council Established an effective Manufacturing Advisory Committee (MAC) with NCDEA and the dairy industry, responsible for overseeing a review of Food Science and Technology (Dairy) Certificate IV and Diploma courses In collaboration with the NCDEA and National Foods delivered three cheesemaker scholarships

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Bioscience	Address the identification and development of frontier technology to create new value added products and market opportunities	Transforming bioscience and technology research leads into commercial opportunities that will feed the commercial pipeline	<p>All current research investments in bioscience are tracking positively to milestones in the areas of capability, infrastructure and biodiscovery</p> <p>Dairy Australia-funded projects continue to strengthen Australian capability and infrastructure in unique and pioneering biotechnologies; and importantly guarantee access to Australian dairy industry stakeholders to high-end R&D in the areas of biodiscovery</p> <p>No new investment in bioscience has been made in 2006/07</p> <p>Initiated a biotechnology review of investments to deliver a roadmap to ensure that key dairy biotechnology investors better align their investments in biotechnology</p>
Technology	Focus on driving process and technological innovations in dairy manufacturing through the initiation and funding of key research projects	<p>Identify new technologies that deliver commercial efficiencies</p> <p>Develop human capability in dairy engineering technology</p>	<p>Secured business partners for the Target 35 milk powder drying optimisation project. This research project commenced in December 2006 and will improve the processing efficiency of milk powder through the reduction in energy used. This will result in savings to industry and a reduction in the green house gas emissions in the production of milk powders</p> <p>Provided path for commercialisation for one new engineering technology, which will deliver new processing capability in the manufacture of high value lactose products. The commercialisation of these technologies has been taken up an international processing supply company. There is a high probability of installing up to six new plants around the world, including Australia. This success will result in new processing plants processing high value lactose with greater yields. Dairy Australia will derive a revenue stream from patent royalties on plants built around the world</p> <p>Delivered two postgraduate and six undergraduate engineers into the industry. This program continues to be successful in attracting engineers into the dairy industry and increasing the capability of the processing sector. The program takes on a greater importance in times where most industries are struggling to find and keep process engineering staff</p>

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Resource Management	Focus on the development and adoption of technology and management systems to ensure industry sustainability and eco-efficiency	Maintain the right to operate through responsible resource management post farmgate	<p>Achieved 80% uptake of R&D projects from the Closing the Loop program</p> <p>Completed and released a Social Impact Assessment, which revealed the importance of the industry in rural communities in terms of quality of life, rural prosperity, environmental stewardship and community support</p> <p>The survey also found that the dairy industry was performing well and essential in all aspects of rural community life</p> <p>Published the first State of the Environment report on the dairy manufacturing sector which provided an import benchmark on the sustainability of the dairy processing industry. Dairy Australia has committed to a follow up report in 2008 to gauge the progress of industry performance</p>
Health and Nutrition	Deliver scientific evidence on the benefits of dairy in the diet, and influencing regulatory policy through scientific validation	Provide the scientific substantiation to promote and protect the consumption of dairy	<p>Revised the health and nutrition strategy framework for Dairy Australia</p> <p>Began collaboration in a large international study that will investigate the potential health benefit of dairy trans fats</p> <p>Completed an analysis of trans fat content of Australian dairy products and developed alternate methods of analysis</p> <p>Reviewed core health and nutrition issues and developed input to dairy innovation centre's functional foods portfolio</p>

NATIONAL MARKETING

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Dairy Nutrients	Build on the previous 'Dairy. The Food of Life' advertising of dairy's unique combination of ten essential nutrients so mums and their families can feel good for life	Encourage appropriate daily intake of dairy for targeted consumer segments to improve nutrition	<p>Introduced 'dairygood for life' marketing campaign including TV, billboard, website and instore. Tracking research showed that among those who saw the campaign, the campaign generated a 5% increase in the value of milk, cheese and yogurt purchased and a 2% increase in volume purchased (compared to a decline in value and volume purchased of those who didn't). Attitude research also found that more than 45% of women 'strongly agree' that dairy foods provide a wide range of vitamins and minerals (exceeded the program target), which was not achieved among those who did not see the advertising</p> <p>Launched an interactive educational website for primary school teachers and students to build awareness of the nutritional benefits of dairy foods. Attracted more than 1,100 unique visitors in the first three weeks</p> <p>Published a new interactive booklet – 'dairygood for kids', designed to educate primary school-aged children about dairy's health benefits and dairy farming through a series of engaging activities. More than 10,000 copies already distributed through RAS, other events and farmers catering for school visits</p> <p>National Healthy Bones Week 2006 delivered 63% more published editorial support compared to 2005, helping to support our 'three serves' message. Tracking research also found throughout the year, more than 60% of women are aware of 'three serves' of dairy food per day as being a healthy target for themselves (exceeded the program target)</p> <p>The World School Milk Day 2006 competition among primary schools achieved a 66% increase in entries over 2005, with 5,200 students entering from across the country, compared to 3,100 in 2005</p>
	Set up a new approach to marketing the generic benefits of dairy, linking more closely with the dairy manufacturers	Offset budget reductions within National Marketing by generating alternative sources of funding to support our educational activities among consumers	Generated co-funding of Dairy Australia marketing activities through co-branding advertorials, billboards and educational leaflets with Murray Goulburn, Dairy Farmers, Fonterra, National Foods, Parmalat, Jalna

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Dairy and Weight Management	Build on the launch campaign of mid-2005, and provide additional reasons to believe that dairy has a positive role to play in weight management	Encourage appropriate daily intake of dairy for targeted consumer segments to improve weight management	New print advertising and radio advertorial campaign launched in first half of fiscal year, promoting dairy's protein content and satiety benefits. Continuation of campaign in 2nd half of year cancelled due changes in funding and priorities. Despite this, the program consistently achieved its target having 45% or less of women surveyed being concerned that consuming dairy food will increase their weight
Food Communications	<p>Position dairy as contemporary, diverse and relevant to modern eating styles</p> <p>Provide a 'call to action' through usability, food ideas and trends to ensure dairy does not fall off the repertoire; and create a greater emotional attachment between consumers and dairy foods – with respect to quality and enjoyment</p>	<p>Increase the awareness of the diversity and versatility of Australian dairy products</p> <p>Increase demand of value added dairy foods at the high end, in line with consumers' shifting food consumption patterns</p>	<p>Food Media Established regular dairy presence on three national TV food programs (Fresh TV, Food4Life, The Morning Show) - including interactive components, website links and substantial industry co-investment</p> <p>Redevelopment of food pages on www.dairy.com.au, maintained position as biggest driver of website traffic. (e.g. up to 1800 hits post Fresh segments)</p> <p>Media Recipe Service – monthly email bulletins to media resulting in dairy food coverage in regional/rural/local press with total audience (viewing opportunities) of more than 148,000,000</p> <p>Australian Grand Dairy Awards More than 27% of consumers surveyed were aware that the Australian Grand Dairy Award (AGDA) logo on food packaging denotes an Australian award winning product</p> <p>Updated AGDA logo resulting in stronger stand-out and on-pack adoption by manufacturers</p> <p>Online entry system for judging implemented and well-accepted by industry</p> <p>Further developed awareness of AGDA as a sign of quality through PR exposure – 2.7 million readers</p> <p>All winning manufacturers have proactively leveraged their win through PR, advertising and on-pack branding, valued at over \$1.3 million</p> <p>AGDA manufacturer audit summary found that winning an award is seen as very prestigious, with strong credibility amongst industry and food media and being a winner adds significant value to their business</p> <p>Australian Cheese Education New direct Australian Cheese Please program aimed at deli channel, attracted a 30% sign up rate for delis nationally</p>

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Health Professionals	Encourage health professionals, typically general practitioners (GPs) and dietitians to actively recommend three daily serves of dairy to their patients	Influence health professionals to recommend the appropriate daily intake of dairy for patients Maintain a positive consumer perception of dairy through the media	Tracking research found campaign targets were achieved: <ul style="list-style-type: none"> • Only 9% of GPs would generally recommend a decrease in consumption of low-fat milk, and 5% a decrease in low-fat yogurt to obese patients • 81% of GPs believe a healthy target for post-menopausal female patients is at least three daily serves of dairy • 59% of GPs rated the credibility of diet and nutrition information from Dairy Australia as 'very credible' or 'extremely credible' • 96% of dietitians believe a healthy daily target for post-menopausal female patients is at least three daily serves of dairy
Nutrition Issues Management	Communicate dairy's nutritional and health qualities via the media, in order to increase consumption among consumers, maintain the public's confidence in dairy and protect consumption	Maintain a positive consumer perception of dairy through the media	Eight media releases were prepared resulting in 95 pick-ups in print, on radio and TV Eleven negative media articles were responded to and 10 industry briefings were distributed Information and interviews were provided in response to 46 media enquiries Program of fortnightly guest spots on Shepparton radio continued until September 2006 Bi-annual 'health matters' radio segment with Dr John D'Arcy commenced Initiated a new media training program and network for regional dietitians Tracking research revealed that: <ul style="list-style-type: none"> • 85% of GPs agree that they are concerned that if post menopausal female patients don't consume dairy foods daily they are at risk of developing Osteoporosis • An increase of 8% in the number GPs who agree that low fat dairy foods may reduce high blood pressure • 75% of dietitians agree that low fat dairy foods may reduce high blood pressure • 84% of GPs now recommend three or more serves of dairy per day as a healthy daily target for children aged 9-11 • 84% of women aged 18 to 65 years 'agree somewhat' or 'agree strongly' that they trust in dairy foods as a healthy food • Only 19% of women aged 18 to 65 years 'agree somewhat' or 'agree strongly' that there are concerns about the effects of dairy on health

PROGRAM	WHAT WE SAID WE'D DO	WHY WE DID IT	WHAT DID WE ACHIEVE?
Nutrition Policy and Regulatory Affairs	Foster positive nutrition-related regulatory and policy environments by informing policy-makers and regulators about the nutritional and health benefits of dairy foods and responding to consultations on behalf of the dairy industry	Foster a positive nutrition-related regulatory and policy environment	<p>Interaction with regulators and policy-makers has been positive, with developing regulation and policy being beneficial or neutral to dairy food within the constraints of the relevant frameworks</p> <p>In consultation with appropriate stakeholders, written submissions were made in relation to the following food policy and regulation areas:</p> <ul style="list-style-type: none"> • Nutrition, health and related claims • Mandatory fortification of food with folate • Mandatory fortification of food with iodine • Revised food composition values • Calcium fortification of chewing gum • International action plan to prevent obesity • International definition of dietary fibre • Addition of phytosterol to low-fat yogurt drinks • Trans fatty acids in dairy foods
Marketing Insights	Support and enhance internal and external stakeholder communications by providing strategic input into planning through the generation of actionable insights from research	Accurate and timely market intelligence for Dairy Australia's other business groups	<p>Developed framework to measure change in dairy consumption due to awareness resulting from Dairy Australia's campaigns and programs</p> <p>Implemented major Usage and Attitude Study of 1 142 adults and 212 children, looking at eating and purchasing behaviours, with co-investment from Dairy Farmers, Fonterra, Nestle, Bulla and Kraft</p>
Community Marketing	Elevate the profile of the dairy industry and its importance as a contributor to the Australian economy	<p>Attract and retain labour within the dairy industry</p> <p>Attract investment capital to secure long-term growth</p>	<p>Participated in more than 30 regional events to position the dairy industry in local communities</p> <p>Supported RDPs and state dairy farming organisations with communication materials to help empower farmers to demonstrate the importance of dairying to their local communities and local business</p>

TRADE & STRATEGY

PROGRAM	WHAT WE SAID WE'D DO	WHY WE DID IT	WHAT DID WE ACHIEVE?
Trade Policy Reform	Co-ordinate industry-wide approach to improving the international market environment facing Australian dairy exports to underpin the long-term profitability and sustainability of local dairy producers	<p>Achieve trade reform gains that improve industry returns</p> <p>Protect the dairy industry's export markets</p> <p>Improve the flexibility of exporters over available markets and channels to raise potential sales returns</p>	<p>Strategic</p> <p>Supported government negotiations aimed at securing trade reform gains in a number of multilateral and bilateral arenas by:</p> <ul style="list-style-type: none"> • Providing detailed technical analyses of specific reform options/ issues/ positions of overseas governments • Co-ordinating the development, presentation of agreed industry positions and access targets in specific negotiations (e.g. WTO, ASEAN, China, Japan, Mexico FTAs) • Promoting international reform messages through Global Dairy Alliance network and presentations at major international forums • Co-ordinating trade dialogues with peak industry groups from a range of countries (including Canada, USA, EU, Argentina, China, Japan) • Participating in DFAT and NFF Technical Working Group meetings on trade policy issues and specific FTA workshop/forums in Australia and overseas <p>Defensive</p> <p>Ensured Australian dairy interests were understood/ supported by government and that access rights to key markets were not eroded by regulatory changes or non-tariff barriers. Examples include:</p> <ul style="list-style-type: none"> • Adoption of new Cheese standards in CODEX • Access rights for MPC to USA, Mexico, Canada • Whey cheese definition review by World Customs Organisation • Fresh dairy product access (North Asia) • Thailand milk powder quota allocations <p>Conducted trade reform seminars for local farm organisation leaders to improve their awareness of potential trade reform impacts and create better alignment between trade policy and commercial business objectives</p>

PROGRAM	WHAT WE SAID WE'D DO	WHY WE DID IT	WHAT DID WE ACHIEVE?
International Marketing	<p>Increase the perceived value that buyers attach to the Australian industry and products in general by building the key non-price elements of competition</p> <p>Maximise Australia's position in high value niches in key export markets</p>	<p>Enhance industry performance and profitability through better company access to high margin markets, reduced costs of doing business and improved marketing flexibility</p> <p>Contribute to trade policy objectives and maintain the continued right for Australia to trade in high value markets of its choice</p> <p>Secure greater security of returns as a result of ongoing, active buyer preference for Australian dairy in key markets</p> <p>International marketing contributes to the total perceived value of Australian dairy product – value is based on price and non-price factors, including perceived quality, reliability, service, relationships, support, communication and information</p>	<p>Identified the value of non-price factors and clarification of the perceived benefit of Dairy Australia marketing to target markets</p> <p>Completed marketing audit of international marketing</p> <p>Developed strategy demonstrating the role and effect (including metrics) of Dairy Australia's international marketing. Examples of metrics are:</p> <ul style="list-style-type: none"> • Value to and alignment with key exporters • Participation of exporters • Value to and effect on customers • Enquires from exporters and customers • Usage of communication material <p>Developed country marketing profiles for key and potential marketing for Dairy Australia's international marketing for China and Japan</p> <p>Successful delivery of:</p> <ul style="list-style-type: none"> • Two scholarships and alumni seminars and newsletters • 11 seminars in China, Japan, Korea, Vietnam and Thailand • Austrade workshop • Kangaroo Kai restructure, seminar, reception and establishment of an advisory council • Cheese Festa • Four issues of international edition of The Dairy Australian publication • Cheese and dairy posters for exporters and international customers

PROGRAM	WHAT WE SAID WE'D DO	WHY WE DID IT	WHAT DID WE ACHIEVE?
Information Collection and Analysis	Support effective business planning, opportunity identification and decision-making within the Australian dairy industry by providing local stakeholders with credible and timely intelligence on the current industry and market environment	Position dairy, socially and economically in Australian policy and financial sectors leading to improved security of access to necessary resources and investment Create better understanding of market challenges, the implications for industry and for how Dairy Australia can better align its activities to industry needs	<p>Maintained production of key industry reports: In Focus, International Dairy Statistics, Spot Price Report, Milk Production & Sales Report, Fortnightly Update and Dairy Weekly</p> <p>Maintained agreed information processing and reporting schedules for industry stakeholders (with major reports delivered to industry within six weeks of raw data collection)</p> <p>Market Overviews provided for publications in the Dairy Australian and The Australian DairyFarmer magazine</p> <p>Implemented a wide range of database and data reporting system improvements including:</p> <ul style="list-style-type: none"> • Successful automatic notification system for key report updates • Development of milk production by post code data base to better track regional production trends • Addition of five countries to international data base • Production/dissemination of detailed Drought Production Monitor report <p>Co-ordinated a fodders summit to address drought-related feeds shortage (led to formulation of the phase 2 of the national drought response)</p> <p>Funded and co-ordinated the ABARE report on farm financial performance to identify the impact of the drought</p> <p>Secured the approval of the Bureau of Resource Sciences for the inclusion and presentation of key dairy farm survey data in the National Agriculture Monitoring system</p> <p>Provided a technical, policy and market assessment of NRM practice to support the ADIC sub-committee's development of an agreed industry position on NRM</p> <p>Maintained a highly regarded industry help desk service (answering more than 100 queries per month)</p> <p>Quarterly user survey showed high levels of satisfaction over the year:</p> <ul style="list-style-type: none"> • Average 7.6 out of 10 for publications • Average 8.7 out of 10 for team's help desk and enquiry service delivery

PROGRAM	WHAT WE SAID WE'D DO	WHY WE DID IT	WHAT DID WE ACHIEVE?
Forecasting and Scenario Assessment	Provide an assessment of current and future industry and market trends and the likely impact on the Australian dairy industry Support industry planning activities and undertaking/facilitating issues analysis	Maintain a cost effective framework for assessing risk/opportunities to industry and the implications of key structural and environmental changes on business growth and future profitability Ensure the dairy industry is seen as leading edge, collaborative and co-operative	Completed and published Dairy 2007: <i>Situation & Outlook Report</i> to industry including supplementary survey to update information Provided briefings to industry key service sectors and government on report findings Further consolidated Dairy Australia's views on future industry scenarios, providing key input into Dairy Australia and industry strategic planning Provided input into the Victorian Provincial Statement and the Northern Region Industry Plan
Industry Planning and Support			Refined industry planning cycle was clearly understood amongst relevant stakeholders Collaborative facilitation and analysis of industry issues including GM issues Continued consultation with Group B members to refine the Company's strategic priorities and direction
Dairy Australia Strategy and Performance Management	Build a culture and environment that supports the development of strategic thought within Dairy Australia	Improve industry performance and returns on collective investments due to close alignment of Dairy Australia programs with industry objectives and strong clarity/support of where Dairy Australia adds value to industry returns	Achieved wholesale adoption of the Evaluation Framework by all business groups for strategic planning and investment analysis Implementation of phase 1 of strategy scorecard to review and communicate progress of strategy implementation Continued improvement in strategy planning systems in a challenging year

CORPORATE AFFAIRS

PROGRAM	WHAT WE SAID WE'D DO	WHY WE DID IT	WHAT DID WE ACHIEVE?
Brand Enhancement and Attribution	Maximise the recognition of Dairy Australia in the various industry programs with which it is associated	Enhancement of Dairy Australia brand and attribution of Dairy Australia contributions through corporate affairs management	Tracking surveys showed an acceptable and improving level of awareness and regard for specific Dairy Australia communication pieces – The Dairy Australian and the suite of Smarts publications Managed and minimised complaints received from ADIC, ADF or ADPF
Support to Business Groups	Provide a co-ordinated service to other business groups		
Corporate Affairs	Provide a rapid response to crises of varying magnitude as well, brand protection advices, proactive corporate communications advice and support to events such as the Annual General Meeting and to publications such as the Annual Report, Strategic Plan and Annual Operating Plan		
Dairy Service Levy Poll	Consult with all levels of industry to obtain strong support for presenting a united and single presentation to Government, increasing membership of Dairy Australia, and attracting a large voter turnout and an overwhelming support for the industry's preferred option	Ensuring the dairy industry is recognised as leading edge, collaborative and co-operative	Implemented a Dairy Service Levy Poll communication program to inform levy payers of the value and benefits derived from industry collection, the levy poll options and the voting procedures
Information Resource Centre	Provide Information Resource Centre services to industry	Maintain and enhance the dairy industry's credibility in NRM, animal health and welfare and food safety	Achieved 58% turnout of eligible levy poll voters
Image and Government Liaison	Provide federal, state and regional administrative and representative arms of government with data that relates to the contribution made by dairy	Improved industry innovation and returns through interactive knowledge sharing	Maintained premium information services to target audience and ensured they are aware of information resource services Maintained a high level of enquiry services Ensured the dairy industry was recognised as leading edge, collaborative and co-operative by implementing a monitor of administrative and representative arms of federal and state government image and relations

CORPORATE SERVICES

PROGRAM	WHAT WE SAID WE'D DO	WHY WE DID IT	WHAT DID WE ACHIEVE?
Administration Finance Information Technology	<p>Provision of corporate governance that meets the needs of the organisation, Board and corporate regulatory requirements</p> <p>Improved financial management through assisting business groups to achieve tighter contract and milestone management</p> <p>Delivery of efficient and effective IT infrastructure and business systems that meets business group user needs. Where the core IT services average availability for the quarter during business hours is 99% cent</p>	<p>To support Dairy Australia's business, strategically and operationally, by providing integrated best practice corporate services; and by contributing to good corporate governance</p> <p>Aim to achieve this across the five core disciplines of risk management, contract management, financial management, infrastructure management and systems management</p> <p>Contributes to a continuous improvement culture with respect to financial management across all business groups</p>	<p>Improved financial management assisted Dairy Australia in managing company reserves, cash flows, project investment and also optimised financial capacity and flexibility in an open and transparent way e.g. improved investment returns on Dairy Australia's reserves and administrative cost savings across the organisation</p> <p>Contributed to good corporate governance, working with DAFF and the 14 other Rural Development Corporations on issues of governance and performance evaluation</p> <p>Together with Corporate Affairs, managed the Annual General Meeting (AGM)</p> <p>Ensured the independent Three Year Performance Review was complete and available to members and the public as required by the Statutory Funding Agreement (SFA)</p> <p>Supported the 2007 Dairy Service Levy Poll by working with industry and government to finalise regulations, administrative and logistical details and financial projections and scenarios (including the late impact of the worsening drought). These activities progressed through to stakeholder engagement, including the Information Memorandum, media, dairy farmer road shows and ultimately the levy poll in March 2007</p> <p>Providing robust IT solutions that are appropriate to Dairy Australia business needs</p> <p>Worked with the Executive Leadership Team to ensure that the adoption of IT systems continue to be business driven and a third of the IT infrastructure was upgraded in line with Company lifecycle policy</p>

HUMAN RESOURCES

PROGRAM	WHAT WE SAID WE'D DO	WHY WE DID IT	WHAT DID WE ACHIEVE?
Leadership Development	Develop a leadership program and initiatives to facilitate group and individual development needs	Build upon existing leadership capabilities to attract and retain committed and successful employees	The organisational capability survey indicated significant improvement in key leadership criteria, specifically ensuring all employees understood the organisation's vision, strategic direction and alignment with their roles The Leadership Development Program was launched for second tier managers
Work Environment	Ensure all Dairy Australia employees have development plans at the start of each year	Ensure the work environment encourages employee motivation that translates into required employee and business outcomes To provide a learning environment that enables employees to continue to develop to satisfy their job related performance and career growth needs and manage the organisation's succession requirements	Maintained staff turnover to less than 15% No employees exited the organisation due to dissatisfaction with the work environment Increased the level of compliance in completion of individual development plans to 100% of employees
HRM Services	Support Dairy Australia management in all aspects associated with managing people including: recruitment, employee relations, performance reviews, skill requirements, induction, pay and remuneration	Efficient and effective HR processing	Maintained Dairy Australia's fulltime equivalents and remuneration budgets All employees paid on time and accurately No breaches in key areas of compliance reported

