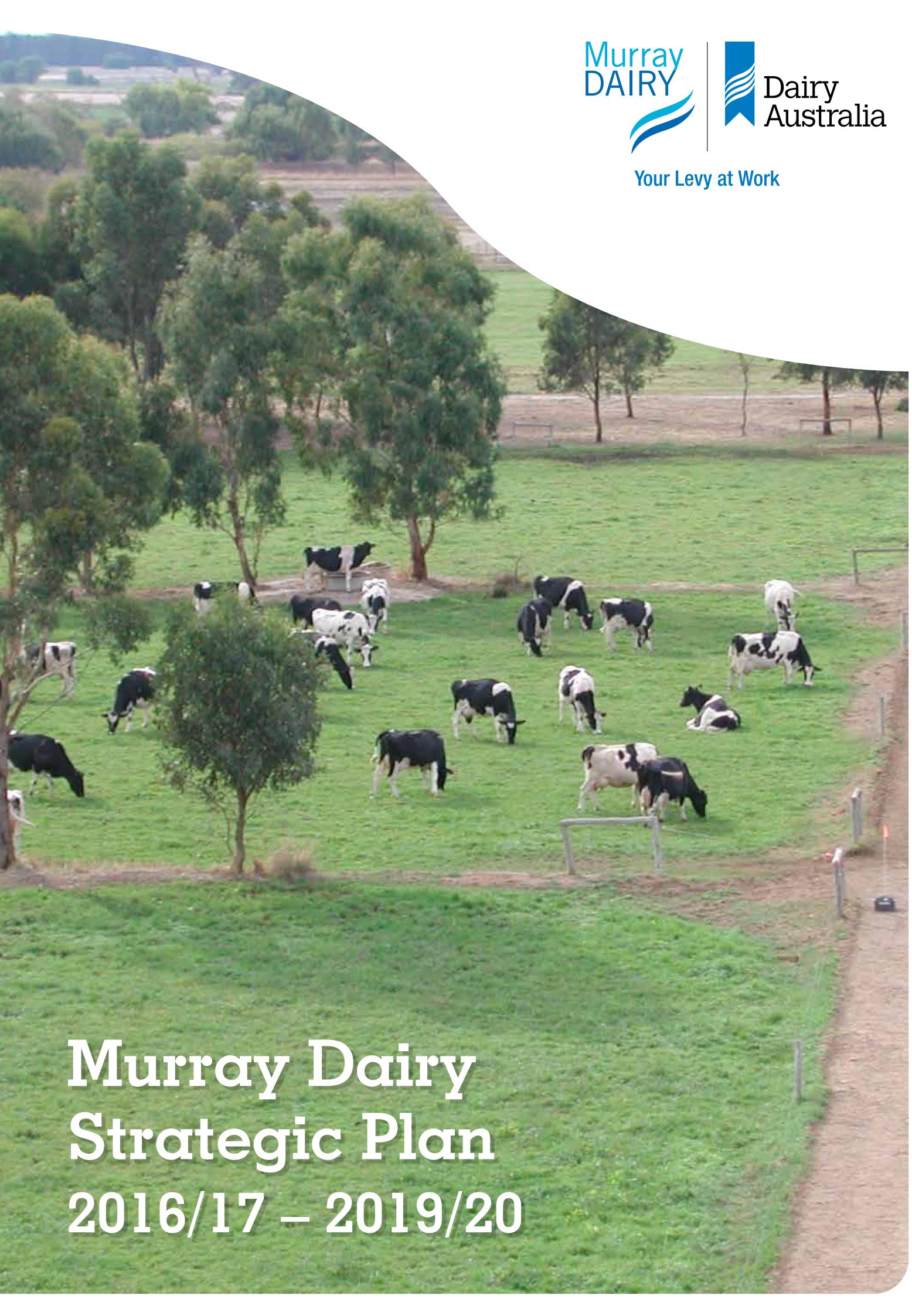




Your Levy at Work



# Murray Dairy Strategic Plan 2016/17 – 2019/20



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## Forward

It is my pleasure to present Murray Dairy's Strategic Plan for the period 2016-17 through to 2019-20. Murray Dairy is committed to its vision of supporting the region in building profitable and valued dairy businesses. Our industry has again been tested as we move forward from a challenging 2015-16 season, where dry climatic conditions dominated, and then in stark contrast we moved into one of the wettest starts to a season in a number of years. This coupled with lower milk prices, has seen our confidence in the industry drop, our beliefs questioned, and realisation that our region faces further inevitable adjustment. The recent conditions have constrained production, which at the end of the 2015-16 season finished at 2,268 million litres, down from the previous year.

Our region however has demonstrated an ability to adapt in responding to climate, policy and market driven volatility. Efficiencies continue to be made, along with adaptive decision making and with a good dose of resilience continues to make our region competitive. The changing nature of our farming systems brings sharpened focus on our dairy professionals. Agronomic and business skills, flexible farming systems and opportunities for variable business models are all under the Murray Dairy lens.

This Strategic Plan focusses on our priorities of building the skills and capability of those within the industry to operate in a rapidly changing environment. We remain committed to protecting and promoting our industry and strengthening our collaborative partnerships. With our ability to be highly responsive we are well placed to deliver quality, valued services, meeting the needs of the industry in the Murray Dairy region.

I have every confidence that we will achieve meaningful outcomes through the implementation of this Strategic Plan.



**Rick Cross**  
**Chairman**  
**Dairy Farmer, Toolamba**



# Introduction

## Purpose

Every three years Murray Dairy reviews its Strategic Plan and sets the broad priorities for the following three years. The process is driven by the Murray Dairy Board and brings together farmer's priorities; drivers in the broader environment and the strategic priorities of Dairy Australia and a range of service providers. Every year, Murray Dairy sets the Operating Plan under each of the strategic priorities for the next twelve months building on the past as well as putting in place new activities that take into account any key changes impacting on dairy farmers. The Operating Plan outlines Murray Dairy's budget and resource allocation for the year.

The purpose of this document is to provide an overview of the strategic direction for the activities of Murray Dairy for the period 2016 to 2019.

## Role of Murray Dairy and Dairy Australia

Murray Dairy's role has evolved since its inception from having a strong focus in supporting research and development to now predominately providing the coordination of extension and education activities for the industry in the region. Murray Dairy has strengthened its coordination and delivery role to the dairy industry at a time when capability and capacity has shifted in other areas of the service sector. There has been a transition of state government productivity extension services, an increase in agribusiness services, processors taking on a stronger role in coordination of services for their clients and a continuum of consultancy services. In addition the National Centre for Dairy Education has established as a key provider of accredited learning for the industry.

Dairy Australia is defining a stronger role in ensuring dairy services are aligned to National RD&E frameworks and extension and education delivery is aligned to the Dairy Moving Forward priorities and the Adoption and Innovation Strategy. Within this Dairy Australia recognise the important role Regional Development Programs (RDPs) have in providing regional context, relevance, connection and as a delivery arm for provision of targeted services to the dairy industry. Hence in 2015, Dairy Australia moved to ensure the RDPs were equipped and supported to fulfil their regional coordination and delivery role, through the implementation of service level agreements, providing IT, HR, Finance support and continued access to technical expertise.



## Industry Snapshot (The Region)

The Murray Dairy region covers a diverse geographical landscape that encompasses the vast irrigation area, the Murray and Goulburn Rivers and includes high rainfall areas to the east including Corryong and the Mallee landscape to the west.

The Murray Dairy region is one of the largest dairy regions within Australia and produces close to 24 per cent of the nation's milk with all of the major milk processors present. Most of the region's milk production is associated with the Goulburn and Murray River systems via irrigation schemes see diagram 1.

## Dairy drives regional prosperity



Diagram 1: Murray Dairy Statistics 2016 Source Dairy Australia

The diversity of geography and climate across the region is matched by the diversity in farming systems. A range of farm business models operate within the region from low cost entry level options to high production large scale operations and everything in between. Irrigated agriculture provides the base for feed production in the region. This is supported by close proximity to cropping

regions enabling access to concentrate (grains) and fibre sources (hay, straw, silages) which further boosts the region's competitive advantage. In response to changing climatic, policy and market driven influences, there has been an emergence of highly adaptable, resilient dairy farming businesses now operating across our region.

	<b>Murray Dairy</b>	<b>National</b>
Number of farms	1490	6128
Average herd size	291 *	289
Milk production 2015-16	2,268 million litres	9,731 million litres
Dairy exports value (000 tonnes)	236	817
Share of National exports - value	29%	100%
Direct employment	8,000	39,000

# Regional Drivers

## Key Trends and Issues

The dairy industry within the Murray Dairy region had been continuing to recover from a decade of dry conditions which saw milk production drop from its peak of over 3.0 billion litres in 2001 – 2002 down to 1.7 billion in 2009 – 2010 and up to 2.36 billion in 2014 – 2015. However with dry conditions throughout the 2015 - 2016 season, milk production dropped to 2.26 billion litres. It is anticipated that milk production will be further impacted over the coming period as a result of reduced milk price impacting on the industry.

There has been a continuing trend of reducing farm businesses with over 3,000 in 2001, to approximately 1500 today. According to stakeholder tracking data May 2015, there was a trend towards planning for growth, however according to stakeholder tracking data February 2016, farmer confidence has dropped by 30%, and the likelihood for growth is expected to be lower over the next two to three years.

Government policies, climate change and increasing competition continue to drive change in water availability and reliability. As is market volatility, combined these factors are impacting on industry productivity and the stability of regional milk production.

The response at a farm level has been an emergence of a range of dairy farming systems with a greater ability to adapt decision making in response to either seasonal, policy and/or market pressures or opportunities. Most noticeably has been an increasing shift away from perennial pasture based farming systems, which has historically been the preferred low cost input system whilst irrigation water availability and cost were stable. Farming systems across the Goulburn Murray Irrigation District and Southern NSW regions are now mixed in forage type and incorporate a degree of flexibility in forage source which includes either home grown, contracted or brought in depending on the associated assessed risks. Decisions are predominately being driven by the fluctuation in water availability and price. The exception being the North East region which remains predominately a rain fed, low cost input system and has seen continued growth in milk production over a number of years.

The need for farm system change is emerging as the key issue and priority across the region. Ultimately the ability for the industry to remain profitable and sustainable will depend on the capacity for change and the skills and capability of both farmers and the service sector to drive adaptation in farm businesses, across the region.



## Regional SWOT Analysis

Summary of key factors that have/could impact farm performance:

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• All the major milk processors in the region.</li><li>• Proximity to production of major feed commodities</li><li>• Lower land values than some other production areas</li><li>• Access to transport corridors</li><li>• Investment in irrigation technology and automation across the region</li><li>• Water use efficiency</li><li>• Farm system adaptability</li></ul>	<ul style="list-style-type: none"><li>• Availability of skilled labour</li><li>• Transition – age of farmers – succession planning</li><li>• Capacity and capability of service sector – experience</li><li>• Ability and willingness of farmers to adapt to changing farming systems</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>• Land available for industry expansion</li><li>• Lessons from the diversity across the region and other irrigated industries.</li><li>• Build on existing interest from major investors.</li><li>• Build on collaborative culture in the region.</li></ul>	<ul style="list-style-type: none"><li>• Water – availability/reliability/competition/policy</li><li>• ‘right to farm’ – smell/intensive</li><li>• Regulatory costs</li><li>• Volatility in cost of inputs and in milk payments</li><li>• Increasing weather extremes, heat (climate change)</li><li>• Continual need to change systems to respond to current seasons</li><li>• Increasing demands on owners due to complexity</li></ul>

Source: Board Strategic Plan workshop March 2016



## **Strategic Priorities and Focus**

In recognition of the key trends and issues facing dairy in our region and of the significant changes required the following areas have emerged as a priorities for Murray Dairy:

Supporting and upskilling the industry in farm system and business change through:

- Delivery of the Accelerating Change project and transition to future identified priority projects
- Delivery of strategic business planning program (that includes understanding the risks associated with climatic, policy and market driven trends and impacts)
- Farm transition (succession, growth, business models, exit)
- Optimising emerging feedbase and farm system options
- Strengthening partnership and building capability across dairy industry service provider networks

In addition Murray Dairy will continue its delivery focus on:

- attracting and retaining people within the industry
- continuing to respond to emerging industry risks and emergencies and;
- upskilling the industry in areas relating the Dairy Moving Forward themes of:
  - feedbase and animal nutrition
  - animal performance,
  - people,
  - land, water and carbon, and;
  - farm business management

Murray Dairy in partnership with other providers will look to strengthen its commitment, investment and coordination of established industry programs including:

- the young dairy network,
- discussion groups,
- focus farms
- dairy business network groups and;
- NCDE accredited learning programs

In remaining relevant and in tune with regional issues and priorities Murray Dairy will enhance its role in leading the industry through supporting regional network groups and working collaboratively with regional partners via the Regional Extension and Education Committee. Murray Dairy will continue to strengthen its partnerships across a number of regional organisations and agencies including milk processors, catchment management authorities, government and private providers to the industry.

# Murray Dairy Strategic Direction

## Vision

Committed to building profitable and valued dairy businesses.

## Mission

Enabling the dairy industry to have the capacity to adapt to change

## Strategic Priorities

### 1. Growing skills and capability in the Murray Dairy Region

Building the skills and capability of the dairy industry is the major strategic priority of Murray Dairy and accounts for 70% of expenditure. In the past the focus of all capability building was on dairy farmers, however Murray Dairy will increasingly look to enhance the skills and capability of the broader industry service sector that supports dairy farm businesses in the region.

Delivery is aligned to the Dairy Moving Forward strategic themes of:

- Feedbase & animal nutrition
- Animal performance
- Land, water & carbon
- Farm business management
- People

### 2. Protecting and promoting the dairy industry in the MD Region

Activities in the Murray Dairy region will build on and implement the initiatives taken at a National scale to maintain the industry's social licence to operate, respond and recover from emergencies and to attract people to work in the industry.

Strategic themes:

- Disaster response and recovery
- Biosecurity
- Animal welfare
- Careers & employment opportunities
- Encouraging and supporting new entrants

### 3. Strengthening Murray Dairy's partnerships

Murray Dairy is one of many organisations that provide services and resources to dairy farmers in the region. Opportunities exist to build on existing collaborations to attract more resources, improve delivery, access additional successful programs and skills to better meet the needs of dairy farmers in the region.

Strategic themes:

- Leveraging resources
- Influencing service delivery
- Access to expertise
- Building collaborative industry networks
- Effective engagement and communication

# Organisation Values

Murray Dairy's four organisational values and behaviours outline how we will go about achieving our vision and strategic objectives. They create a long term framework that is not negotiable even when times are tough. The organisational values are under the auspice of the Murray Dairy Code of Conduct which sets the standard by which the values and behaviours are implemented, and defines expectations for all Murray Dairy engagement.

## Leadership

### Behaviours

- 1.1 We have a clear strategic vision
- 1.2 We celebrate our successes
- 1.3 We encourage and support professional development

## Responsive

### Behaviours

- 2.1 We deliver outcomes on time and as agreed
- 2.2 We have a diversity of two-way communication mechanisms in place to understand and respond to the needs of the region's dairy farm businesses.
- 2.3 We collaborate with partner organisations to deliver the best outcomes
- 2.4 We are well connected with relevant local, regional, national and international organisations
- 2.5 We work proactively to deliver on the needs of dairy farm businesses over short, medium and long term timeframes

## Integrity

### Behaviours

- 3.1 We maintain an ethics based culture with continued monitoring and oversight by the Board.
- 3.2 We hold ourselves accountable for our actions
- 3.3 We receive and give feedback to strengthen the organisation
- 3.4 We respect others and encourage a diversity of views

## Innovation

### Behaviours

- 4.1 We actively seek and embrace new ideas and different ways of doing business
- 4.2 We learn from our mistakes
- 4.3 Incremental innovations form part of our culture of continuous improvement.





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