

Consultative Forum 2024

The Australian Dairy Industry Council (ADIC) hosted the Australian Dairy Sustainability Framework Consultative Forum in Melbourne on 11th September 2024 at Zinc at Fed Square. The Forum ran from 9:30am -3:30pm and was attended by approximately 90 people with participants from across the dairy industry, government, non-government organisations, regulators, retailers, and banking representatives. The aim of the Forum was:

1. To hear about sustainability issues impacting global agriculture and food production, along with the potential consequences of these for Australian dairy
2. Engage with stakeholders on key challenges and opportunities for the industry
3. Discuss findings from the Double Materiality Assessment,
4. Explore possible solutions to delivering outcomes for each ADSF Commitment, and
5. Work through how the industry and its stakeholders can continue to connect and support each other in delivering dairy's sustainability outcomes.

This report outlines the key themes, issues, challenges and opportunities that emerged from the Consultative Forum. The Sustainability Steering Committee (SSC) will review the detailed reporting from the Forum roundtables and work through the implications for the Australian Dairy Sustainability Framework.

The ADIC and SSC thank all Forum participants for their valuable input – it is a great resource for the SSC as it works to further develop and implement the ADSF, on behalf of the ADIC and the whole dairy industry.

Themes of the Forum:

Risks and opportunities are dynamic and interconnected

The challenges and opportunities raised during the Forum highlighted the interdependent and changing nature of economic, environmental, and social aspects of sustainability in the dairy industry. The Materiality Assessment acknowledged that risks are interconnected across agricultural sectors and supply chains, and that material topics will continue to evolve and be influenced by multiple factors.

Profitability is a key component of sustainability

The importance of profitability as a foundation for sustainability initiatives was a recurring theme. Without a profitable business model, both at the farm and industry levels, sustainability efforts cannot thrive. This included discussions on aligning sustainability goals with profitability throughout the value chain.

Effective communication around sustainability remains a significant challenge

Effective communication was seen as a significant challenge across the board, with a particular focus on engaging grassroots farmers, providing consistent messaging, and communicating the industry's sustainability efforts more effectively to consumers. Simplifying complex sustainability narratives and translating them into actionable steps for farmers was seen as crucial for supporting change.

Consistency in language and definitions is important

Stakeholders throughout the industry raised the need for more consistent definitions of sustainability topics, particularly concepts that are emerging or are open to interpretation, such as circularity, biodiversity, and 'nature-positive'. It was recognised that clearer and more consistent terminology and language would assist with communication and engagement efforts, measurement and reporting, and alignment with other agricultural industries.

Achievements and success must be celebrated

Public trust in the dairy industry remains high and the whole of industry can rightly point to significant improvements across the sector's sustainability sphere. An important point raised was that the industry should do more to recognise existing contributions by farmers and other stakeholders, help educate consumers on what is already being done and celebrate sustainability achievements and successes.

Session Overviews:

Introduction from John Williams

ADIC deputy chair John Williams welcomed and introduced the day. John set the context of the day sharing the importance of the framework, the framework has sets ambitious but achievable targets in line with global standards, and this has been globally recognised. He noted sustainability is front of mind for our sector, this was made clear at the National Farmers Federation leaders' summit.

Sustainability is also top of mind for society, consumers, industry and government. Expectations are evolving and if we don't align ourselves with these expectations, they will impact our profitability and productivity. We need to actively engage to protect our freedom and be clear on the choices and actions that will deliver an ambitious industry framework .

To stay on top of the complexity of sustainability we need to stay engaged and collaborate along this journey together.

Plenary session with Dr Katherine Wynn, CSIRO Futures

Ag2050: plausible future scenarios for agriculture over the next 20 years – and what this means for dairy

Dr Katherine Wynn, Lead Economist, Agriculture and Food Lead, CSIRO and co-author of the CSIRO Ag2050 Scenarios Report delivered a presentation on sustainability issues impacting global agriculture and food production (with a focus on Australia and the Asia Pacific region) which also spoke to the potential consequences of those impacts.

Adapting to climate change, the push to reach net zero while also protecting biodiversity

Trends:

- While Australian agriculture has always had to manage climate risk, the impact and interplay of risk and uncertainty have become more complex.
- Past experience is no longer a good guide for the future and there is an urgency for adaptation.
- Climate and emissions reduction policies around the world are likely to become more stringent over time.
- Climate change in the form of more severe droughts, other extreme weather events, fires and habitat change is becoming a new driver for biodiversity loss.
- Australia has one of the highest rates of species decline in the world, particularly amongst developed countries.

Opportunities:

- Australian dairy farmers are already taking adaptation steps to remain productive, sustainable and profitable under climate change.
- Influencing the direction of global climate action, including supporting the growth of low-carbon export industries.
- Solutions that can be scaled and adopted to reduce emissions from ruminant livestock and fertilisers and that suit the Australian farming context.

Population growth, increasing urbanisation, and the pressure on food and water security

Trends:

- Rapid economic growth in regions like Asia, resulting in a growing global middle class for which the Australian dairy industry is well placed to supply.
- Growing pressure on the availability of land and water resources for Australian agriculture.
- Pressures from population growth, urban sprawl, competing land uses, and climate variability impacting arable land availability.
- Food insecurity remains a challenge for many Australians.

Opportunities:

- New land and water management practices to ensure long-term improvements to productivity.
- Meet the world's growing demand for high quality food and especially dairy and protein.
- Options to diversify and intensify agricultural production.

Consumer preferences, including an increased focus on health and wellbeing

Trends:

- Growing consumer interest and awareness of health and nutritional value as well as food safety and hygiene.
- Consumers are looking for sustainability and environmental credentials such as carbon footprint, sustainable packaging, and animal welfare concerns.
- Consumers are interested in where their food comes from and its trustworthiness, provenance and traceability.

Opportunities:

- Premium, high-value health and wellbeing products for the global market including 'free-from' and natural food products, allergen free products, and certified organic products.
- Growing demand for proteins and for sustainable and healthy products.

Supply chain security, market access, and biosecurity

Trends:

- Increasing supply chain limitations and disruptions, and scrutiny on reliability.
- Maintaining trade and market access, particularly overcoming trade barriers and strengthening the diversity and quality of our trade relationships.
- Australia's reliance on global supply chains for intermediate goods and fuel, migrant labour, and food manufacturing ingredients.

Opportunities:

- Further develop and roll out world class traceability and provenance technologies.
- Develop innovative approaches for effective and sustainable resource use while ensuring the resilience of Australia's natural capital.
- Technology-enabled processes and systems, such as data analytics and digital infrastructure, to more effectively link together the food and agribusiness value chain.

Productivity, innovation and the rapidly growing digital and data economy

Trends:

- Rate of agricultural productivity growth has been declining, in part due to the negative impacts of climate change.
- Challenges in commercialising and securing investment for the development and scaling of new technologies in Australia.
- Pace and success of collaboration and innovation in Australia is slowing, including for agriculture and food.
- Growing labour shortages with significant human capital gaps in regional areas.

Opportunities:

- Improvements to the commercialisation and adoption of new research and technologies.
- Make more informed decisions by leveraging data already collected and by generating more data

Panel Session

A panel session followed the keynote presentation, Panellists responded to audience questions, moderated by Jack Holden, General Manager - Sustainability (Global Markets) with Fonterra Group and ADSF Deputy Chair. Panellists were:

- Callum Moscript, Moscript Land and Cattle Co, Victoria
- Emily Best, General Manager, Supply Chain and ESG, Brownes Dairy
- Graeme Nicoll, Chair of Australian Dairy Sustainability Framework and Dairy Farmer
- Stephen Fisher, Circular Head Farms, Tasmania

Topics raised during the panel session included:

- Maintaining connection with the community and consumers – and considering new ways for dairy to tell its story and get cut-through on how the industry produces food and cares for the environment.
- People are critical to the industry's sustainability – attracting people and capital to dairy regions builds strong communities and more can be done to promote an industry that people want to be involved in.
- Bringing people on the sustainability journey – farmers are already significantly contributing to sustainability outcomes and support is needed to help them understand their current situation and provide resourcing on what next practical steps to take.

2024 Dairy Industry Materiality Assessment Findings

Duncan Stevens, Partner - Climate Change & Sustainability at KPMG Australia presented preliminary findings from the 2024 Dairy Industry Materiality Assessment report:

- Since the 2019 materiality assessment, shifts in material priorities for the industry have been identified.¹
- Greenhouse gas emissions has risen sharply (from 10th in 2019 to 1st in 2024).
- Economic viability of businesses (reflected in topics such as business management capability, value creation, and market growth) have also risen sharply.
- There was a high-level of consistency and alignment across all stakeholders in terms of material topics, with at least one environmental topic in the top three topics of all stakeholder groups. A notable exception to this was GHG Emissions which was prominent for all stakeholder groups except for those in dairy regions. There was also strong correlation between the topics in the dairy assessment and topics in other industry frameworks.
- The materiality assessment is a 'point in time' evaluation and topics and their priority will continue to evolve, It is critical that the industry continues to monitor peripheral and developing issues that are outside the top 20 list.

¹ The 2024 materiality assessment was a double materiality assessment – considering financial materiality.

Graeme Nicol, Chair of the Sustainability Steering Committee (SSC) summarised three points on the Materiality Assessment:

- The Materiality Assessment report helps with the future focus and structure of the ADSF – and is a source of new information to challenge the framework against.
- The absolute rankings and survey methodology should not be the focus but discussing and interrogating the data and what it means is the purpose of the assessment.
- It is important that the industry takes time to interpret the data from the materiality review especially insights and findings from outside the dairy industry.

Roundtable Sessions

The summary of the Roundtable discussion provides a useful signpost on the issues and opportunities needing further attention however, at this stage they shouldn't be taken as industry policy decisions.

Roundtable Session 1 - Challenges and Opportunities

Attendees were invited to provide their thoughts and feedback on what they had heard in the morning sessions (Ag2050 report, panel session, and 2024 Dairy Industry Materiality Assessment findings), prompted by a series of questions.

Three tables reported on their top two to three topics discussed and then other tables were invited to add any additional issues not reported.

Challenges:

- Lack of economic drivers for implementing sustainable practices, resulting in limited motivation for many farmers to adopt changes unless profitability or other benefits can be demonstrated.
- Animal welfare and biosecurity remain critical issues, with concerns that the industry must continue to do more to meet rising global standards or handle potential crises.
- Inconsistent language, definitions, and measurements of sustainability topics.
- Communicating the dairy industry's sustainability credentials and achievements to itself, the supply chain, and to its customers.
- Ensuring data sources are clear, streamlined and verified to support the ADSF.
- Inconsistent regulatory approaches across jurisdictions for access to technologies and/or on-farm audits of food safety plans.

Opportunities:

- Clearer, more targeted communication that resonates with farmers and addresses their concerns about achievability and profitability.
- Better data to inform sustainability practices and climate-related risks, ensuring these issues are proactively addressed before they become critical.
- Investment in greenhouse gas abatement technologies, collaboration with the renewables industry, and incorporating innovations like genetics, circularity, and digital technologies.
- Partnerships, both within and outside the dairy industry, will be key in addressing challenges like climate risk and ensuring sustainable food production.
- Creating a value chain that supports the cost of sustainable production is essential.

Emerging Issues:

- The increased focus on deforestation and biodiversity risks in beef supply chains could provide opportunities for Australian dairy beef given its high traceability and mostly from regions with low deforestation risks.
- The ageing workforce and attracting young people to dairy farming is difficult due to high investment requirements, making it harder for smaller farms and new entrants to secure funding.

- Consumer preferences continue to change, with emerging concerns around animal welfare issues like cow-calf separation.

Roundtable Session 2 - Future Focus

Participants were asked to discuss their thoughts on the way forward - what more can be done, focus areas, and possible solutions to deliver on ADSF Commitments.

Enhancing economic viability and livelihoods

- The connection between profitability, community resilience, and sustainability must be reinforced, with a focus on aligning the entire supply chain to ensure both producers and processors are profitable.
- The future of the dairy industry will depend on the adoption of new technologies, such as virtual fencing, and the development of a skilled workforce capable of leveraging these innovations. Investing in skills development and ensuring that people, especially those on larger farms, are equipped with the tools to improve productivity and sustainability is crucial for long-term success.
- There is a clear link between climate resilience and community resilience, with greenhouse emissions reduction a critical factor in maintaining the industry's long-term sustainability. However, improving productivity while managing climate risks remains a challenge, and the industry must ensure a focus on research and development in this area.
- There is a need to recognise and leverage sustainable practices such as circular economy models, where waste products are reused, and to identify value streams that can improve overall efficiency and profitability for farmers.

Improving the wellbeing of people

- The dairy industry must improve its storytelling, focusing on positive narratives such as dairy's role in delivering health outcomes and its contribution to reducing non-communicable diseases. One of the key challenges is how to convey complex sustainability metrics, like greenhouse emissions, in ways that consumers understand and trust.
- The ADSF must reflect contemporary issues and avoid negative terminology, such as "zero residues," which no longer resonates. Modernising goals around nutrition, sustainability, and food safety will ensure the framework stays relevant and aligns with current consumer expectations and regulatory trends.
- The dairy industry should leverage data more effectively, particularly through better data sharing, permission controls for farmers, and consistent regulatory approaches for food safety audits. Learning from other sectors, like the meat industry, can help standardise metrics and improve how food safety and sustainability are measured and communicated.
- While the food safety system in dairy is mature, there is a need to maintain vigilance and ensure the metrics used for food safety are actionable and measurable. Biosecurity is closely tied to food safety and market access, requiring a deeper understanding of how these areas intersect.

Providing best care for all our animals

- The impact of climate change on dairy farming, particularly the shift towards more intensive systems, requires further consideration.
- There is a growing opportunity to realise value from improved on-farm animal care practices, particularly in breeding disease-resistant cows and optimising the dairy-beef supply chain. Responsible breeding practices, including planning for every calf, and strategies to manage surplus calves will improve both animal welfare and reduce greenhouse gas emissions.
- Improving consumer education around realistic animal husbandry practices is crucial to ensuring public perception aligns with industry efforts. There is a risk of creating unintended welfare issues if changes are driven by consumer sentiment rather than science.

- Antimicrobial resistance, while lower in priority, remains important for trade agreements and requires more focus. There is also a need for greater awareness among farmers regarding antimicrobial stewardship and ensuring Australian dairy practices align with global approaches.

Reducing environmental impact

- As biodiversity becomes increasingly important in value chains, the industry will need clear frameworks for measuring and valuing biodiversity. Deforestation, emissions, and biodiversity must be considered from a systems perspective, taking into account upstream and downstream impacts like feed production footprints.
- Effective data management and collaboration across sectors are critical for tracking progress on emissions reduction and biodiversity improvement. Collaboration between different commodities is essential to avoid competing on environmental targets and to ensure consistent measurement standards across sectors.
- Farmers and value chains require better verification and transparency in data reporting to demonstrate their environmental efforts. Building trust through credible data and peer-to-peer learning will help farmers understand what actions to take. Utilising communication technologies to share knowledge and verify sustainability practices is essential for aligning the industry on environmental and biodiversity goals.
- Celebrating successes and effectively communicating progress within the industry will build confidence and encourage broader adoption of sustainability initiatives.

Roundtable Session 3 - Staying Engaged

Participants were asked to discuss options for maintaining or improving engagement and two-way communication relating to the ADSF. Insights from these discussions included:

- Forums, in-person events, and webinars were highlighted as effective for engaging stakeholders, allowing for a range of views and interactive discussions.
- Email updates with concise information and links, as well as newsletters and targeted workshops, can provide ongoing communication between an annual forum.
- Short videos, social media, and podcasts could also help reach a wider audience, particularly younger farmers and those less engaged with traditional channels.
- Follow-up after forums and events is essential, with a focus on actions and measurable outcomes. This ensures ongoing engagement and reinforces key messages.
- Communicating with grassroots farmers requires targeted, relatable messaging that addresses their specific concerns. More efforts are needed to bridge the gap between industry-level communication and farmer-level engagement. Providing content through processors and focusing on issues that directly impact farmers can improve outreach. Farmers need clear, tangible ways to be involved in sustainability efforts.
- The dairy industry needs to communicate beyond its own networks, reaching out to other sectors, banks, and processors to create a more inclusive dialogue. Initiatives like revitalising ADIC Industry Breakfasts and engaging with external stakeholders will help foster two-way communication and drive broader collaboration on sustainability issues.

Close of Day – Ben Bennett

Ben reaffirmed the ADSF as the industry owned framework and summarised the three key themes of the day complexity, connection and communication. Sustainability is very complex, balancing sustainability, resilience and profitability is important to every industry stakeholder. The issues we are dealing with are complex and interconnected.

Participation is very important, regardless of opinion, we need participation across industry. Farm level engagement is critical, and we need to bring everybody along the journey. Communication is key to bring everyone along, grass roots language is needed to include everyone. We must tell our story, of what we are doing well, this will help participation. It is important to also note things will change, we

need to be upfront and manage issues as they come along and continue to evolve the framework in response to the changing landscape.

Next Steps

From here the Sustainability Steering Committee (SSC) will review the findings from the forum and the materiality assessment and reevaluate the framework's commitments, targets and goals to ensure they are serving the industry and aligned to the priority areas identified through the consultations. The ADSF will also reassess whether it is continuing to deliver on its central purpose of being a mechanism that helps to drive and support improved practice change to meet dairy industry and other stakeholder needs and expectations.

Alongside this, the SSC will establish a working group to review the framework structure and narrative and create a work program to implement recommendations.

The day was recorded and can be found here:

<https://www.dropbox.com/scl/fi/3zt03fb061v29fgflbcc0/ADSF-Forum-low-res-edit.3gp?rlkey=debkngn8m4sr9iutpdjgn4n91&st=it0xcxrp&dl=0>

1. **Welcome – Graeme Nicoll** - 0:00 - 3:28
2. **Introduction John Williams** - 3:28 – 9:04
3. **Katherine Wynn, CSIRO Presentation** – 9:04 - 55:20
4. **Q&A – Dr Wynn** – 55:20 - 1:04:24
5. **Panel Sessions** – 1:04:24 - 1:47:36
6. **Double Materiality Assessment Findings – KPMG** – 1:47:36 - 2:16:42
7. **Graeme Nicoll wrap after KPMG session & Slido Wrap Up** – 2:16:42 – 2:32:21
8. **Ben Bennett Closing** - 2:32:21 – 2:36:00 (End)

A copy of the Ag2050 Scenarios Report by Dr Katherine Wynn can be found here:

<https://www.csiro.au/en/work-with-us/services/consultancy-strategic-advice-services/CSIRO-futures/Agriculture-and-Food/Ag2050-Scenarios-Reimagining-Australian-Farming-Systems>

The slide deck presented at the Consultative Forum is available if you would like a copy.

We hope you find this report an accurate reflection of the discussions, albeit at a high level. Please don't hesitate to contact Rebecca Joyce (E: rebecca.joyce@dairyaustralia.com.au M: +61 437 641 980) if you have any concerns and/or areas you would like to follow up – or would like a copy of the slide deck.