

A new national organisation for the Australian dairy industry

Report by the Joint Transition Team to the Australian Dairy Plan Committee – January 2020



In its report published on 29 January 2020, the Joint Transition Team (JTT) of the Australian Dairy Plan has recommended the creation of a single, new whole of industry national dairy organisation.

The proposed national body (referred to as 'NewCo B' in the JTT's report) would see the current range of national and regional dairy organisations brought together as a one stop shop for all industry services including policy, advocacy, R&D and marketing for dairy businesses across the entire supply chain. It would operate through one national brand and a network of regional offices providing tailored local services.

The proposed new organisation would be member owned and overseen by a skills-based Board. Farmers would contribute a single levy payment for all services (the current Dairy Service Levy) and processing companies would also provide funding. Eligible expenditure on research and development would continue to attract matched funding from the Commonwealth Government.

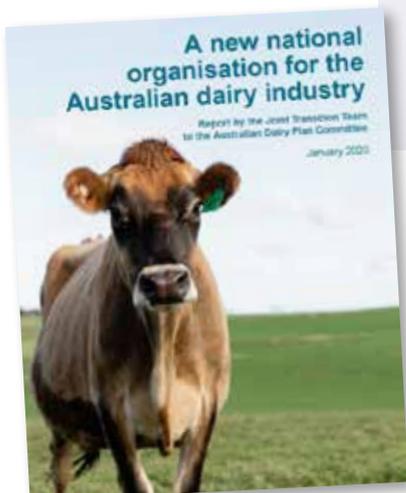
Key recommendations from the JTT were:

- The Australian dairy industry transform its national industry organisations by establishing one fully integrated member-owned company (NewCo B) that will give dairy businesses more influence to directly shape the industry's future;
 - One organisation that is flexible, agile and able to perform at world class level for dairy businesses;
 - JTT wholly agrees with the conclusion of dairy industry businesses as the current arrangements are no longer fit for purpose.
- NewCo B provides all industry services (policy and advocacy, R&D, marketing) in an integrated manner to maximise the efficiency and effectiveness of its operations. Services will be provided across the entire dairy value chain at national and regional levels.
- Farmers pay one levy for NewCo B membership, being the current statutory Dairy Service Levy. In addition, the processing industry should pay membership to NewCo B, ideally through a statutory levy mechanism and at a rate established through consultations by processors;
 - The company will use levy funds for 'strategic policy development' which includes policy advocacy as per the long established precedent between the Australian government and Australian Pork Ltd;
 - The company will not be involved in party-political activities.
- The national strength of NewCo B will be based on its deep and direct connections with the dairy business community at a regional level. NewCo B will have a regional presence with the flexibility to tailor services to each region. It will value the distinct differences between regions and its services will help to optimise regional comparative strengths that allow regional businesses to compete successfully in the marketplace.
- NewCo B has a skills-based board of nine directors who are selected through a director nomination committee and approved by members at an Annual General Meeting. Directors will have three-year terms with a maximum of three terms.
- An independent Chair be appointed from start-up to provide investors (government and industry) with confidence in the stability and governance of the company. After the first three years of operation, the appointment of the chair will revert to the normal practice of directors electing their Chair.
- The Australian Dairy Committee form a Joint Implementation Committee to prepare a detailed change plan, with full implementation proposed by 1 July 2021.

Where to from here? How do I have a say in the new structure?

Details regarding a local consultation process are still being developed at the time this article is being written. Subtropical Dairy will communicate to you the details of this process as they become available.

In the interim, please refer to the Australian DairyPlan website www.dairyplan.com.au for more information and updates.



Recommended NewCo B
Fully integrated model

