Good morning. Great to be here with all of you.

I was recently asked: “Does the dairy industry have the will, the attitude and resilience to meet and beat the headwinds? Does it need a culture check?” Instinctively I responded ‘yes’ – but also that there will be some harsh lessons along the way.

So, I’d like to talk about our culture – how I’ve seen it change during my 35 years as a dairy farmer, and also my thoughts on who we are and our current state. How we as an industry can get it together and deal with enormous change... and set ourselves for a better future!

I’m going to start by saying as much as I love this industry ... Australian dairy gets a little weaker every day. We have a lot of great people and a proud history of successes, inclusive of being the world’s fourth largest dairy exporter. But I reckon many of us sense, more than that - we FEEL - that this industry has lost momentum. A range of things have shaped where we think we are, and our belief in dairy’s prospects.

Culture was defined to me in High School as ‘a way of life’, meaning the way we do things. An integrated pattern of human knowledge, belief and behaviour. The outlook, attitudes, values, goals and customs shared by a society.

Culture - inclusive of what we value - continues to evolve, but it’s always important to understand history, where we’ve come from. So, a mention of my early impressions of dairy.

I was fortunate to grow up amongst a large farming family in NW Tasmania. Life was simpler, most people understood tough circumstances. My Grandfather had made his start clearing 50 acres of bush, his values moored in working hard and honouring his word.

Mum and Dad began in dairying on a larger block, but not much in the way of internal fencing. You get the picture. They worked hard together, were particularly innovative gradually building a business, and heavily involved in community.

I’m sure many farmers in this room could tell similar stories of humble beginnings. More than any other ag sector, dairy has a history of people starting with low equity and building up farms and creating communities. Working together in pooling milk to supply co-operatives, engineering regional irrigation schemes, and organising local services. And so, we have always valued working together, looking after each other.
We would all acknowledge those who came before us had different pressures but made substantial progress ‘in so many ways’ with the basic technology of the day. They had to deal with a range of shocks and events just as we do today. I reckon former generations also had less materially but carried more hope. Hope for better times that gave life meaning.

After all the shocks and challenges of the past few years, I reckon many of us - the new generation - are questioning many things, and at present, there isn’t the same sort of hope about the future.

In terms of the ‘headwinds. The milk pricing shocks of 2016 damaged the relationship between farmers and processors and diminished trust. The landscape is very different now that our major co-operatives are mostly privately owned. Processors themselves are grappling with a smaller national milk pool and a very competitive and changed market environment.

Farmers are searching for margin and stable trading conditions in their farm systems. At the same time trying to navigate climate change, deeper droughts, heightened volatility in markets and access to resources. Increasing scale and complexity have driven the need for deeper and broader skills. We have successful businesses in all regions, but data sets point to greater challenges with profit and greater risk across the board. Farmers get up every morning because they enjoy what they do, but making money is critical for operating from year to year and long-term sustainability.

Australian dairy has also been impacted by events like the mining boom, an appreciation of the $A and milk quota removal in the EU, keeping Aussie milk prices lower and hitting hard our scope to invest capital in new technology and efficiencies.

Great milk prices this year in many parts of the country are very welcome, but across the board we’re an industry under pressure, and that’s been building for years. In reality, we’ve seen a performance decline in the profitability of the Australian supply chain. A range of factors, a number beyond our control (mentioned earlier) have contributed. People in all parts of our industry and communities have suffered in recent years, and there is a huge amount of empathy for that. Supermarket discounting, changing consumer preferences and expectations are also playing to how farmers feel about the value of dairy.

Together, all these things have significantly influenced many of us, and today’s Australian dairy culture. As you move around the country and into different parts of the supply chain, some might say…we have a number of cultures within a national culture. We’re not as confident or united as we used to be and therefore, we do not present a united front.

Our many organisations are not always on the same page. It follows that when groups of people are dealing with hardship and feel under pressure, or threat, they will gather in places where they feel those issues can be best shared and understood. In a country as large and diverse as Australia, trying to deal with issues solely on a localised region, or state basis, results in a fragmentation of effort.

Worse still, issues and potential solutions are not necessarily well understood by the rest of industry. We are more fragmented than I ever remember us being and it’s undoubtedly hurting us all.

The fragmentation has led to the erosion of some industry relationships in recent years, and its more than just with processors. Relationship breakdown in some places leading to behaviour which lacks respect. This industry must find its way back to getting along better and getting balance into industry conversations and debate.

In an ideal world we would all take some responsibility for that. Otherwise the voices from the margin tend to be heard often and tend to convey groupthink. Groupthink is a problem when there are complex issues to resolve and a range of perspectives are required.
The cultural decline, that has accompanied the challenges of recent times, can be turned around if we decide to actively change the way we think and talk about our industry. At the core we still have good culture. Recent bushfires which hit dairy farmers in parts of NSW and East Gippsland were highly traumatic. But the stories of – farmers and our farmer organisations looking out for each other – not just neighbours but often many hundreds of kilometres away – those stories say a lot.

We also know what this industry can achieve when we work together in other ways. The China Free Trade Agreement was hugely beneficial for dairy in the outcome on duty paid on exports. That agreement is known by many as ‘the dairy deal’. The creation of AgriBio has seen huge Federal and State investment – it is one of the crown jewels of agricultural innovation in Australia. My wife calls it the ‘United Nations’ of scientists. 400 in total from around the globe… 80 working on dairy projects.

The Australian Dairy Plan has been a big focus for industry over the past year, it is about setting strategic priorities, but also about addressing sentiment and the way we work together - which is heavily linked to culture. The Dairy Plan process has been built from the ground up and it’s been a good process. It was notable that many people who attended the ADP workshops stated they wanted industry to be more positive!

The draft Dairy Plan acknowledged and outlined initiatives related to five commitments which industry have called for, those commitments state:

- We will reform our dairy industry structures in order to build more cohesion and a more influential advocacy voice.
- We will attract and support new entrants and investment.
- We will increase our effort in marketing and promotion to build trust and improve the value of dairy.
- We will focus on farm business management to improve profit and manage risk.
- We will restore trust and transparency between farmers, processors and retailers to strengthen industry confidence.

The Australian Dairy Plan partner organisations have spent a lot of time thinking about these priorities. The commitments which industry has called for and which we are acting on are a ‘mandate for change’ to address those headwinds. It’s noteworthy…All agree change is required.

The recent release of the Joint Transition Team’s report and its recommendations for reform of industry structures presents many opportunities. One of these I genuinely believe can be found in the evolution of culture that would come, with all of industry working more closely together, within a truly national organisation.

I believe this because… I’ve seen the spirit of dairy in action many times in the various parts of industry. It’s there when the regions come to Melbourne. When regional groups convene in NSW... I’m sure it’s there when National Council meets.

So, putting all that together in regional forums or a national representative forum with all parts of industry at the table, but working within one organisation, one effort can be enormously powerful. The Australian Dairy Plan and proposals for reform do present the industry with significant opportunity. And contemplating these changes is challenging. But very few significant things are ever achieved without effort, some sacrifice, some compromise and even some pain. It’s worth the effort and we must lean into it.

So, given the events of recent years in dairy and the current mixed, but anxious (some would say negative) sentiment … on an ‘individual’ level, how do we get through this and look to a better future?
Most of us are invested in some way or another and of course and we all have choices, it’s the great part about democracy. However, given that most of us desire change, given the need for change - do you really think we have a choice to not try and reach for a better future? Do we have a choice to not take more ownership? ...and give the next generation more to hope for?!

We admire the NZ and Irish dairy nations; they back their industry in – with great results. We can’t be half hearted...we need to back the Australian dairy industry in. And in doing so we will need to be objective about our performance and competitiveness and care about our culture.

The way we talk about ourselves can influence our culture and perceptions of the industry. Dairy Australia’s marketing program called Dairy Matters connects directly with consumers. Among the data that the team source we have a range of insights into market metrics and public perceptions. There is always more to do, but these insights are really encouraging...

- Milk consumption remains strong and Australia has one of the highest per capita rates of dairy consumption in the world.
- Butter and yogurt consumption continue to grow.
- An overwhelming majority of the public trust dairy - 70% of people trust the dairy industry, 84% trust dairy as wholesome and healthy and there continues to be growing support for dairy farmers.

Given these positives, some might say the challenges we face aren’t necessarily ‘all on the outside’. The changes we need to contemplate will need to come ‘from within’. How much hunger have we got for a better culture?

Whether we realise it or not, the culture in which we live, and with which we identify, powerfully shapes just about every aspect of our thinking and actions. It’s well recognised, in successful business culture, that determination, resilience and tenacity are pivotal. The world never stops moving and changing, and with it, our circumstances and outlook.

I talked to a farmer at Dairy Week in Tatura recently. His business was hit with a significant shock two years ago. He told me his business would generate an EBIT of $1.5m this year. That’s resilience for you. The fact that he was prepared to share his success with me, is a culture that is unfamiliar - perhaps even uncomfortable to many.

But why not be proud of the profit that dairy can make, when the right set of circumstances prevail. We've got farmers in a huge range of situations. In a country as big as Australia most years some are doing it tough and others are getting ahead.

I’ll say again what I said earlier that we have had many people start modestly in this industry, work hard, and built millions in assets. And it’s not just about the money, but many have achieved substantially more than they could have in other endeavours. We don’t often call that out!

I’m going to close in a few moments with a quote from Theodore Roosevelt, but I’m going to preface it by saying...I’ve had the privilege of knowing a lot of people in this industry – many of you here today. And many have faced hard times and got through them. There are some amazing stories! You know the lows, and the inevitable highs if you keep trying, they do give life perspective and meaning.

This quote which is over 100 years old, was coined by a soldier and explorer who went on to become American President, it is from a much tougher and uncertain era. It says something about how we all might consider our approach to working through the challenges... in all corners and all parts of industry today.
Roosevelt said:

“It’s not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better.

The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails by daring greatly, so that his place shall never be with those cold and timid souls who neither know victory or defeat.”

Ladies and Gentlemen,

Thank you.