

FDI Feature Interview

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Sue Daubney: Bannister Downs Dairy

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Key Points

- Consumer demand is rising for high-quality food products that are produced locally and in a manner that is ethical and environmentally sustainable.
- Research and development indicate the future for the Australian dairy industry will concentrate towards automated milking systems including robotic technology.
- The surge towards automation and technology in the wider Australian agricultural sector will heighten the steadily increasing demand for farm workers who have the necessary education, training and skills.
- Farm business expansion projects are positive considerations for regional townships and communities, providing local employment opportunities.

Introduction

Changing community attitudes towards the Australian agricultural sector are a result of an increased understanding of the effects of climate change and the desire to be able to access fresh farm produce. These factors are leading towards a general increase in West Australian farmers that are expanding and diversifying their farming operations to include a wide range of technological advancements in their food production and packaging.

One such farm is the Bannister Downs Dairy, located at Northcliffe in southern WA. Established in 1924, the farm remains a family owned and managed operation. The desire to modernise and expand their milking operations saw the owners, the Daubney family, form a partnership with Mrs Gina Rinehart and undertake significant research before proceeding to develop automated and integrated systems for milking and processing fresh milk products. The Bannister Downs Dairy has combined current-generation packaging and incorporated their milking processes to develop into a state-of-the-art dairy with product distribution across Western Australia and venturing into South-east Asia.

Interview

FDI - Bannister Downs Dairy is now a large and extensive operation. What caused your family to take up the option of expanding your facilities and adopting the level of automation now operating at Northcliffe?

Sue Daubney – The media continually reports about it being tough in the dairy industry. For our family, we were experiencing an eroding asset base as we continued to farm. It was made particularly difficult knowing that a finished product in the supermarket is priced at more than ten times what the farmer is being paid. That's when my husband Mat and I thought there must be something else we can do to make things work and to stay on our farm. Mat is a 3rd generation dairy farmer; we liked everything about dairy farming but, just couldn't make it work economically.

So, we looked to see how we could develop our business and achieve a profitable operation. We researched and tested our ideas with people in the industry. On the advice we received, I drew up a budget which indicated to us that our farm development ideas would work.

We also applied for a Federal Government [Regional Development Grant](#) which, was successful. Our first five years were tough because, notwithstanding all of the advice and reviews of our business plans and budgets, we had not adequately accounted for aspects like higher than expected employment costs; we modelled on two employees in some instances when in reality we required ten. Also, the economy of scale we needed to achieve 'break even' and cover our fixed costs was another factor - we budgeted on being profitable at 3,000 litres of milk production per week when the reality was, we didn't break even until we were producing 35,000 litres per week

Importantly, we had a responsibility to our team because they believed in us and we were their income source. We were able to get through and along the way we received support and encouragement from people that we didn't expect.

FDI - What changes have occurred and what have been the positive and negative impacts?

Sue Daubney - To me, the changes don't feel significant as I spent years formulating, designing and planning what we were going to do. We knew what we wanted to build, asking ourselves how would we fit it out; what equipment were we going to use? That caused significant upheaval to our existing operations. From the start, the Creamery construction phase took almost two years before we could move in. Project aspects were still in development which meant decisions were happening during the construction process. For example, our IT plan continually changed due to being given differing and at times conflicting advice.

To me, the changes to our operations as a result of moving into our new premises and equipment systems were straight forward and positive; the aim was to make everything really easy for everyone who came to work. It included lowering the work health and safety risk and increasing food safety. We saw that the easier work was, then less likely would be the chance of a contaminated product. We also determined that incorporating computer controlled and automated operations meant that people would no longer have to shoulder

as much responsibility. Automation and technology have made everything ‘user friendly’, significantly improving our product quality and reducing food safety risks in our production.



Figure 1: Milking cows at Creamery. Source: Peter Bennetts

On completion of the new Creamery, it was unexpected the extent to which many of the team struggled with the changes. While for me, with the benefit of understanding the rationale from the planning and the design process, the reasons for doing things a certain way and how it was all meant to work, for the team the whole operation appeared to be quite confronting. The reason was, we were implementing new milking and processing systems with which the team was completely unfamiliar. As a consequence, the team was really quite un-settled for several weeks until they came to understand and adapt to the new way of operating and realise the benefits.

We had braced ourselves for a lot of disruption caused by implementing the technology, specifically the [\(milking\) robots](#). The equipment has a lot of moving parts in the systems that need fine-tuning to precise settings, and it doesn't take much for something to go wrong. That said, whilst we were expecting quite a lot of disruption, in fact, there has been very little.

Sustainability was also an important factor in our decision making. In terms of our packaging, we were first in the Southern Hemisphere to use a Swedish product, [Ecolean](#) pouches. The pouches are chalk-based and will break down in the environment, as opposed to other rigid plastics or glass product packaging being marketed.

What we have found, above all at Bannister Downs, is the technology and automation we have implemented has made everybody's work lives safer; everybody's job easier and has made the quality of our products even better.

FDI - What are the significant issues that would cause other farmers to not take up an option of expanding into highly automated dairy operations?

Sue Daubney – Capital funding first and foremost and is the most significant barrier, especially because agricultural and food production profit margins are low making it difficult to service bank debt funding. Upheaval in the dairy industry over the last 10 to 15 years has caused banks to be cautious about lending in dairy. I think the industry itself has, to some extent, damaged its own reputation and self-confidence; post [deregulation](#), there has been a loss of stability combined with issues in global markets.

That loss of stability, I think, is also to do with the ‘dis-connect’ between the supermarkets, processors and farmers. The consequence is that the farm-gate price has been through turmoil, resulting in people exiting the industry. Across Australia there have been bankruptcies within our industry with tragic consequences. Overall the result has been that farmers feel quite powerless – farmers get the price they are given for their milk, determined by the processor they supply. This is certainly the situation in WA where there are really only three large milk processors, who are locked into fairly established distribution routes, meaning farmers are pretty well powerless to negotiate. The low margins are amplified by the current high prices of feed.

Farmers considering the implementation of technology also need to think about maintaining their new equipment and the high costs associated with preventative maintenance and getting that support. Noting the quite remote locations of some WA farmers, a service visit could conceivably cost a fortune due to travel requirements. For Bannister Downs, the company from which we purchased our robotic technology has a presence in WA which was an important consideration. Programming and coding requires people who are highly skilled with the specific technology. Another critical requirement is a good, reliable Internet service as many issues can be solved by technicians ‘remoting in’ to access fixed cameras and software and this helps to overcome remoteness

Farmers must also consider whether their teams have the necessary skills to understand and operate new technology. This may present a challenge and people may have to undergo further training. It’s highly unlikely that a farmer could ‘import’ somebody into a full-time position with the right skills and knowledge. There is also the fact that aspects such as computer record-keeping and preventative maintenance management becomes a priority as opposed to working out in the paddock doing traditional farming tasks. Whilst tasks associated with technology might appeal to the younger generation, the older farming generation is probably less likely to be attracted to work that incorporates the extensive use of technology.

FDI - How do you see the future for Bannister Downs Dairy and how will this impact or otherwise affect the Northcliffe district?

Sue Daubney – Of course, we only see everything as positive and exciting. We’re really invested members of our community and we will only do something where we think there will a positive impact. The Shire of Manjimup region constitutes a major food production region in WA and, as a corner-stone industry to our local township, we hope to see ourselves

as a significant operation in the region. With this comes employment opportunities for people with the skills and knowledge. They bring their families which increases the dynamics in the local population and helps to retain goods and services. Though we hire locally, importantly, we do have people who travel from Pemberton and Manjimup.

To the local economy, the impacts are greater than direct employment. It's about transporting of our products; it's about hiring electricians, plumbers and other specialised trades people from our local area. We try to purchase locally wherever possible and therefore engaging suppliers from the region too.

I think we have a genuine interest in positive outcomes for the community and the environment. From another viewpoint, a possible negative outcome from increased business activity may be increased traffic. But to that I would respond by saying "you can't have increased activity without expecting an increase in traffic".

On a bigger scale I have no doubt we will disrupt the local dairy industry because we've brought the 21st century into dairy farming in the district. We are so excited, happy and positive about what we're doing. Now, our challenge is the economic side of the business. To be able to respond to increased sales activity, we must be ready to bound forward and achieve a really good and positive outcome. We're hopeful and are looking to be able to open other opportunities for our co-dairy farmers to participate in what we're doing.

FDI - Is the market for your product sustainable or do you see a need to expand and, if so, to where might this be?

Sue Daubney – We are fortunate that in our 15th year every single one of our wholesale customers have started by directly approaching us. We don't have a marketing or sales team. Now that we have stability in our Quality and Financial programmes, we are absolutely in a position to commit to growth. This means that soon, we will look to actively seek more markets for our products. By doing this, by entering into offshore markets, it will give me the greatest degree of satisfaction. This will be the real focus, to be able to bring money into the WA economy.

About the Interviewee: Sue Daubney is the Managing Director of Bannister Downs Dairy, located in Northcliffe in South West WA.

Any opinions or views expressed in this paper are those of the individual interviewee, unless stated to be those of Future Directions International.