Australian Dairy Products Federation

# SECURING AN AUSTRALIAN DAIRY FUTURE

## INDUSTRY THAT MATTERS

Australia's dairy processors sit at the heart of the nation's food system. Every day, they transform raw milk into high-quality, nutritious foods that support Australian households, underpin public health and sustain regional economies.

This is a highly skilled, capital-intensive manufacturing sector with operations in every state and deep roots in regional Australia.

Australian dairy manufacturing supports dairy farmers, transport operators, factory workers, exporters and retailers, while delivering trusted, locally produced dairy foods enjoyed by consumers at home and abroad.

Despite strong foundations, this vital sector is increasingly challenged by its operating environment, and ability to remain globally competitive.

## WHEN DAIRY IS STRONG, AUSTRALIA IS STRONG

ADPF's Policy Priorities set out practical, targeted solutions to restore competitiveness, rebuild confidence and secure long-term investment for Australian dairy processors, supporting farmers, consumers, retailers and government.

## ABOUT ADPF

The Australian Dairy Products Federation (ADPF) is the lead policy and advocacy body representing the nation's dairy manufacturing industry, which supports more than 70,000 jobs and generates $18.5 billion in overall economic impact across products and value chains.

Dairy processors are a critical link between farmers and consumers, transforming perishable raw milk into high quality, nutritious and affordable dairy foods Australians trust and rely on every day.

Our members are multinational organisations through to single-plant companies, who work across rural and regional Australia. They are responsible for processing about 90 per cent of Australia's total milk pool and together represent most of the milk, cheese, yoghurt, butter, ice-cream and dairy ingredients produced and marketed in Australia and sold throughout the world.

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# 2: GROW THE AUSSIE MILK POOL
## AND LIFT THE VALUE OF LOCAL DAIRY

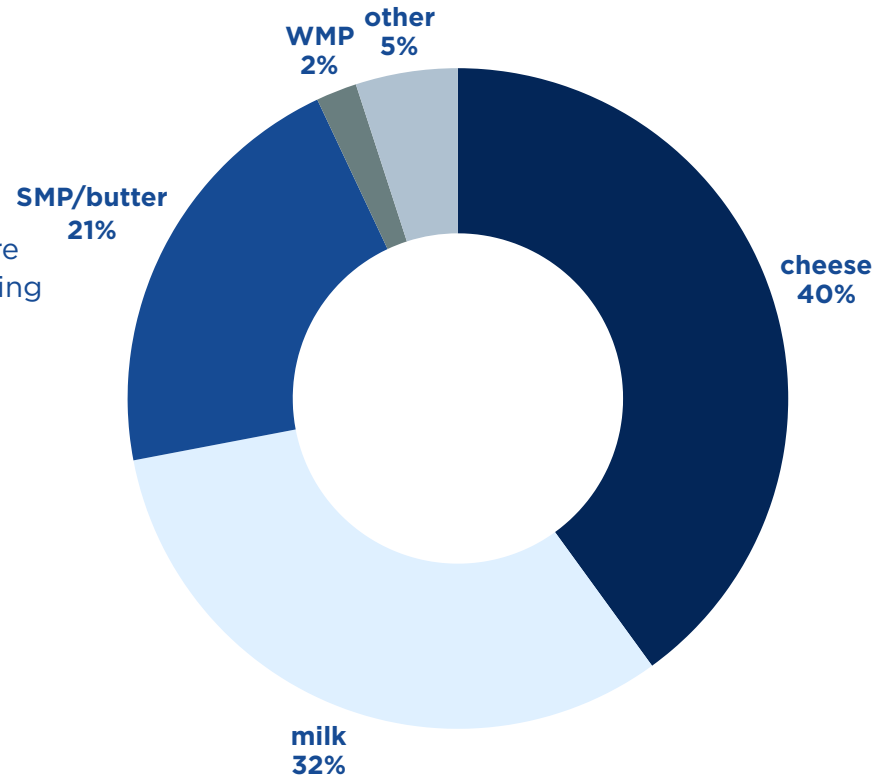
**Our challenge:** Australia's milk production has fallen by nearly 25 per cent since the early 2000s to 8.315 billion litres in FY2025 – undermining economies of scale, export competitiveness and regional investment confidence.

Twenty dairy processing facilities have publicly announced a closure in the past three years, representing lost jobs and diminished food system resilience.

**Why it matters:** A shrinking milk pool threatens an $18.5 billion industry and more than 70,000 regional jobs.

Rebuilding supply is essential to maintain sovereign food manufacturing capability, jobs, export performance and regional prosperity.

### The utilsation of milk in Australia



# OUR SOLUTION.

To grow the Australian milk pool and lift industry value, ADPF recommends government:

- **Set a clear long-term growth pathway for the dairy sector** by committing to and delivering an industry-wide growth plan, including advancing the Dairy Productivity, Competitiveness and Value-Creation Project to drive investment, innovation and reduced regulatory constraints across the value chain.
- **Lift farm and processing productivity** by enabling adoption of on-farm technologies (including nationally consistent approvals for virtual fencing and precision agriculture) and expanding targeted grants, tax incentives and accelerated depreciation for productivity-enhancing technology, digitalisation and processing optimisation.
- **Support investment, expansion and renewal** across the sector by providing concessional finance and tailored support for new entrants, farm expansion and succession pathways.
- **Strengthen enabling policy settings for sustainable growth** by protecting agricultural land, aligning planning, energy and environmental frameworks in dairy regions, and maintaining strong biosecurity and preparedness.

## $18.5 billion

Dairy processing generates **$18.5 billion** in revenue across products and value chains.

## $12.4 billion

Dairy processors contributed $12.4 billion to Australian GDP - $3.1 billion in direct value-add.

## $6.1 billion

Dairy processors employ $6.1 billion in capital, and invest $383 million in capital per annum.

## $12 million

Dairy processors invest an average of $12 million annually in research and development.

## $3.8 billion

In 2024/25, 36 per cent of milk produced in Australia was exported, worth $3.8 billion.

AUSTRALIAN DAIRY PRODUCTS FEDERATION

# Policy Priorities

## Dairy-targeted investment package

ADPF recommends a targeted, co-investment dairy growth & productivity package over five years, leveraging private capital to:

- rebuild milk supply, scale & regional resilience
- lower production costs & improve competitiveness
- upskill, attract & retain a future-ready dairy processing workforce
- strengthen export performance, food security & sovereign capability, &
- deliver measurable public health & system wide economic benefits.

### 1 Cement dairy's place in national health & nutrition

Strengthen recommendations in the Australian Dietary Guidelines & correct Health Star Ratings.

### 2 Grow the Australian milk pool & lift value

Advance Dairy Productivity, Competitiveness & Value-Creation Project recommendations.

### 3 Champion Australian Dairy

Stave of competition though stronger Buy Australian campaigns & fairer retail settings.

### 4 Lower the cost of production

Through smart policy reform, targeted investment & regulatory certainty.

### 5 Future-proof the dairy processing workforce

Scholarships, Fee-Free TAFE inclusion & career pathways for dairy processing.

### 6 Drive innovation & sustainability in dairy processing

Targeted financial support & enabling policy settings for sustainability & circularity leadership.

### 7 Strengthen trade partnerships & market access

Prioritise dairy in trade negotiations & protect against imports.