

Enabling agricultural exports into the future – sustainable export trade funding

November 2025

Introduction

The Australian Dairy Industry Council appreciates the opportunity to provide this submission to the Department of Agriculture, Fisheries and Forestry on its early consultation on a proposed sustainable export trade funding model for its agricultural trade and export functions.

Dairy farming is the third largest Australian rural industry and a key sector of the agricultural economy, with a farmgate value of \$6.2 billion. Overall, the dairy industry generates \$18.5 billion in economic impact across products and value chains and employing a direct workforce of almost 31,300 across dairy farms and processing. Australia is a significant exporter of dairy products, exporting to over 100 markets. In 2024/25, 36% of milk production was exported, worth around \$4.1 billion. It ranks fifth in terms of world dairy trade, with a five per cent market share behind New Zealand, the European Union (EU), the United Kingdom, and the United States (US).

ADIC is the peak national representative body of the Australian dairy industry, representing the interests of dairy farmers and processors through its two constituent bodies, Australian Dairy Farmers (ADF) and the Australian Dairy Products Federation (ADPF). It aims to create a more prosperous and sustainable future for the local industry and the regional communities that rely on it.

We appreciate the need for services that benefit export and trade agricultural industries to be cost recovered, balanced with those funded by government for public good, e.g., agriculture counsellors.

However, the dairy industry raises serious concerns over the lack of transparency of cost allocations, adequacy of consultation, service implications, and potential impacts of increased export costs to local dairy businesses in an already challenging global trade environment. We expand on this below.

Key Australian dairy industry concerns

1. Unclear cost allocations

The first concern relates to unclear cost allocations. Consultation to date on the sustainable trade funding proposal has provided limited clarity on how services and costs are attributed to dairy exporters and how this compares to previous years – and into the future. Furthermore, the stated rationale for cost increases, citing “increased export volumes,” does not apply to the Australian dairy industry with volumes relatively stable. In addition, much of the auditing required for dairy exports is already conducted by State Regulatory Authorities, yet it is unclear how this is accounted for in the cost calculations or whether duplication has been avoided.

Clear cost mapping will build trust and allow industry to identify any inefficiencies (e.g., overlapping state audits). If state agencies already perform certain audit or certification tasks, DAFF should clarify how those are credited or excluded from federal cost recovery to avoid duplication.

2. Industry competitiveness

Another concern is the potential impact on industry competitiveness. Any increase in export costs risks placing an additional burden on exporters in an industry that already competes with heavily subsidised producers in the European Union and the United States. The Australian

Government Cost Recovery Guidelines require explicit consideration of impacts on competition, innovation, financial viability, and the cumulative effect of regulatory costs, all of which are particularly relevant to the Australian dairy industry. In particular, it is also important that small and medium-sized exporters are not disproportionately affected if a large share of costs are fixed.

3. Recognition of public good activities

Recognising public-good activities that should be funded by government appropriation, is essential. Many export services deliver benefits that extend beyond individual businesses, particularly market maintenance and market access functions that underpin Australia's regional economies, trade reputation, and national food security.

Trade allows the dairy industry to access diverse markets, optimise supply chains, and manage seasonal production variability.

Export opportunities also drive efficiency and scale, strengthening farm returns, while market diversification bolsters resilience to domestic and global shocks.

More broadly, Australia's role as a reliable supplier of safe, quality, and nutritious food contributes to regional geopolitical stability.

These trade-supporting functions, because they benefit the industry and the nation rather than individual exporter, should be treated as public goods and funded through government appropriations, not cost recovery. For example, the Export Control Act requires exporters to comply with importing-country requirements. Access to a central, current database such as Manual of Importing Country Requirements (Micor) is critical to meeting these obligations. Since the government receives these requirements directly from trading partners, maintaining and providing them via Micor is clearly a public good function. It should not be shifted to cost recovery, as DAFF has indicated may occur in future.

The Australian dairy industry itself delivers substantial public value. It generates \$18.5 billion in economic impact across the supply chain and supports almost 31,300 direct jobs on farms and in processing facilities, sustaining livelihoods and local businesses across eight key dairying regions. Exports are central to this contribution: in 2024/25, 36% of Australia's national milk production was exported, generating around \$4.1 billion in revenue – and helping maintain the viability of dairy regions across Australia.

4. Efficiency of Services

Efficiency is a further area of concern. The dairy industry has undertaken significant reforms through the Dairy Export Assurance Program, in partnership with DAFF, moving to a risk-based assurance framework that improves the efficiency of DAFF resources. Any increase in fees beyond CPI-driven wage adjustments should deliver clear, tangible benefits to exporters, such as expanded technical market access, additional establishment listings, or measurable improvements in service delivery.

Recommendations

To ensure a fair, transparent, and sustainable cost recovery model, the Australian dairy industry seeks:

1. A clear and enduring commitment from government (including Treasury) on the role and importance of agricultural export and trade services — to prevent cost recovery scope creep in future reviews.

That DAFF:

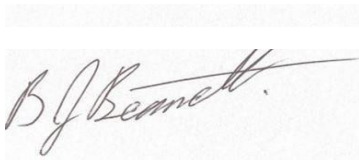
2. Progresses genuine and collaborative industry consultation to provide advice on the specific services that form part of the cost recovery base for agricultural exporters, including dairy. Clearly delineate which functions are considered public goods (e.g., core market access negotiations, the Micor database, international standard-setting, etc.) and commit to funding these via government appropriation.
3. Identify which services constitute public good and should be funded through government appropriation.
4. Explore efficiency opportunities, such as increased use of virtual audits, to reduce compliance costs without compromising assurance.
5. Tie cost recovery to performance, ensuring that any fee increases correspond to measurable improvements in departmental service delivery, efficiency, and market access outcomes.
6. Adopt a tiered cost approach that prevents disproportionate impacts, in particular smaller and medium-sized exporters, and helps maintain industry diversity and dairy processing capacity.

Conclusion

The Australian dairy industry underpins regional livelihoods and economic resilience. Ensuring a fair and sustainable cost recovery model, backed by clear government commitment, recognition of public-good functions, and efficiency measures, is essential to safeguard market access, industry competitiveness, and the ongoing contribution of dairy to Australia's regional communities.

We look forward to genuine and comprehensive consultation and working closely with DAFF on the formal Cost Recovery Implementation Statement (CRIS) process, to come into effect July 1, 2026.

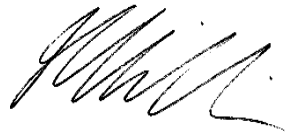
Yours sincerely,



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