Australian Dairy Farmers

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The Hon Julie Collins MP
Minister for Agriculture, Fisheries and Forestry
Parliament House
Canberra ACT 2600

Via email: julie.collins.mp@aph.gov.au

Dear Minister Collins,

I am writing on behalf of Australian Dairy Farmers (ADF) regarding the implementation of the Australian Government's Fuel and Fertiliser Security Facility and the emerging impacts of the urea underwriting arrangements.

ADF acknowledges the difficult circumstances that existed during the escalation of conflict in the Middle East and the Australian Government's objective of ensuring Australian farmers-maintained access to fertiliser. Maintaining continuity of supply during periods of international disruption is critical to Australia's food security and agricultural production.

However, recent developments have highlighted significant concerns regarding the Government's operation of the underwriting arrangements that warrant review.

As urea prices have fallen sharply over recent weeks, businesses that secured product at the Government's encouragement and at elevated market prices are now reportedly facing substantial commercial losses. We understand these losses are being borne by importers and distributors who were not participants in the underwriting arrangements, while a limited number of companies have been protected from the same commercial exposure.

ADF has been contacted by industry participants who have expressed serious concerns that the scheme has created an uneven competitive environment. Businesses that responded to Government requests to secure supply have been exposed to significant financial losses simply because they were not included within the underwriting arrangements.

The reported impacts extend beyond individual businesses. Reduced competition within fertiliser supply markets has the potential to affect farmers over the longer term through fewer suppliers, less competitive pricing and reduced choice. This is of particular concern for dairy farmers, who are highly reliant on nitrogen fertiliser and already face significant cost pressures across energy, labour, feed and compliance.

While we appreciate that participation in the scheme was determined under a national interest assessment, the basis on which only a limited number of importers were selected has not been clearly explained publicly. Greater transparency around the assessment process would help provide confidence that government intervention has not inadvertently distorted competition within an essential agricultural input market.

ADF would welcome clarification on:

- the criteria used to determine participation in the underwriting arrangements;
- whether the Government has assessed the commercial impacts on importers excluded from the scheme;
- whether those excluded from the scheme will be added to ensure supply can be secured while maintaining fair and competitive market outcomes.

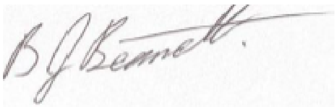
ADF also notes suggestions from within the fertiliser industry that future assistance could be delivered through farmer-focused mechanisms, such as farm-gate rebates or broader market-based arrangements, rather than support limited to selected commercial participants.

Australia's dairy industry depends on resilient, competitive input markets. Government intervention during genuine market disruptions will sometimes be necessary; however, such intervention should seek to protect supply without disadvantaging businesses that acted responsibly in support of national objectives.

If you have any questions, please do not hesitate to contact myself or Stephen Sheridan, CEO, on 0408 664 841.

We would welcome the opportunity to discuss these matters further with you or your department.

Yours sincerely,



Ben Bennett
President
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