

The Australian Dairy Plan Committee Chairs' Statement

29 March 2023

The Australian Dairy Plan (ADP) partners are committed to driving profitability, confidence and unity across the dairy industry.

We are now approaching the half-way mark of the plan's 5-year duration which triggers a key point of reflection of progress against intent. Our reporting website, www.dairyplan.com.au offers a simple way for stakeholders to monitor these activities and their impact.

The Plan's release was followed by significant and unprecedented challenges; international conflict, an escalation in bio-security risks, dramatic cost increases to key inputs, competition for a constrained milk pool, retailer resistance to price increases, workforce shortages - as well as the impact of the pandemic and recent natural disasters.

As these challenges have developed and accumulated, it demonstrates the validity of our original plan commitments. Never have our commitments to driving profitability, unity and confidence, been more important.

As a leadership group, we reflect that despite the pressure applied by global and domestic challenges, the dairy industry has responded in a collective and co-operative manner. In the face of adversity, there have been impressive examples of dairy industry unity which has enabled our dairy supply chain to continue functioning effectively from farm gate to processor, to our end-consumers.

We are concerned about our declining milk pool. The 'norm' whereby milk supply would increase as prices and profit increase, has not transpired. National raw milk production volumes are down 3.4% for the 2021-22 season and more than 6% nationally year-to-date.

There is no doubt that the incentive of record high farmgate milk prices has been offset by farmers experiencing the full impact of sharp rises in input costs and critical workforce shortages.

The combined impact of higher input costs, and reduced milk supply has also placed enormous pressure on dairy processors who share many of the same input cost rises as the farm sector.

Adding frustration for farmers and processors alike has been the lack of ability for Australia to capitalise on the global demand for dairy that currently exceeds global supply. We have grown export volumes from 32% of national milk production to 36% in 2021/22 – but that growth could have been substantially more if the supply existed.

Barriers to profitable growth need to be fully understood and addressed - and as a collective, the Australian Dairy Plan partners will continue to focus efforts here – as profitable growth will in turn drive confidence and unity.

The Australian Dairy Plan provides an excellent roadmap as we undertake that response.

We are confident that incremental steps towards our goal of sustainable long-term growth across the supply chain are in play and we encourage your review of the relevant pages on www.dairyplan.com.au for the detail of that progress.

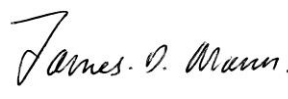
Yours sincerely,



Rick Gladigau
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