

LEGENDAIRY

Driving Australia's Dairy Exports into Asia

31 March 2016



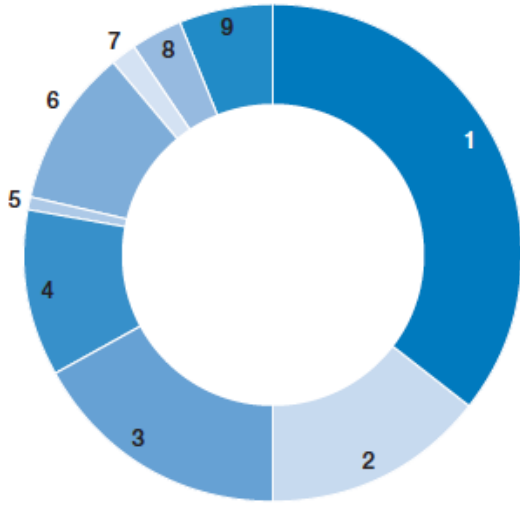
ASIAN MARKET IS HUGE AND GROWING



1. <http://www.austrade.gov.au/International/Invest/Investor-Updates/2014/agriculture-conference-highlights-innovation-in-the-asian-century>
2. <https://bluenotes.anz.com/posts/2015/11/can-australia-meet-asias-growing-dairy-demand/>

3. Dairy Australia, *Trade and the Australian Dairy Industry*, 2013
4. Dairy Australia, *Dairy Situation and Outlook*, February 2016

AUSTRALIAN DAIRY EXPORTS 2014/15 (\$A million)



1 South East Asia **\$1022**

2 Greater China **\$424**

3 Japan **\$483**

4 Other Asia **\$308**

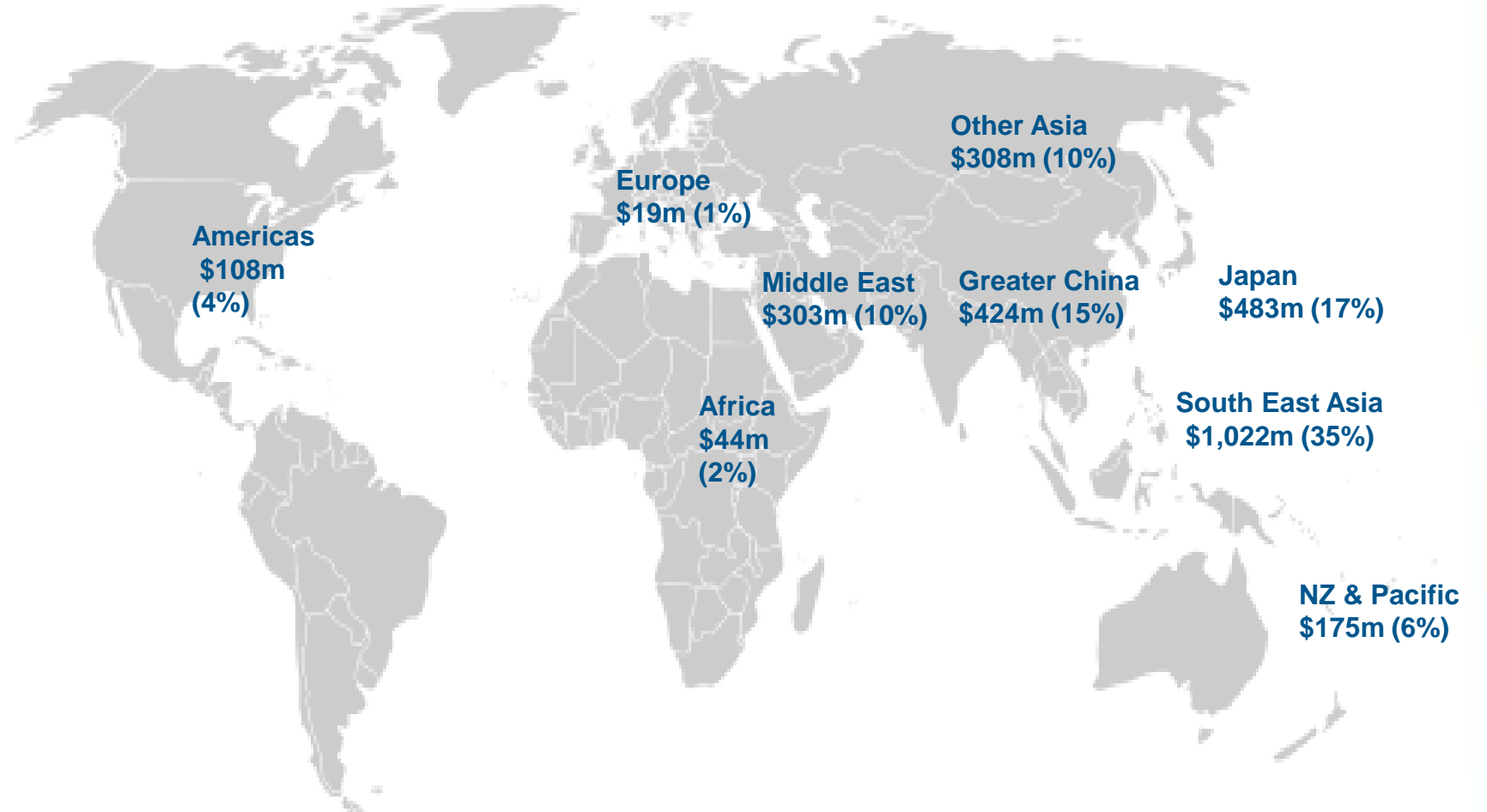
5 Europe **\$19**

6 Middle East **\$303**

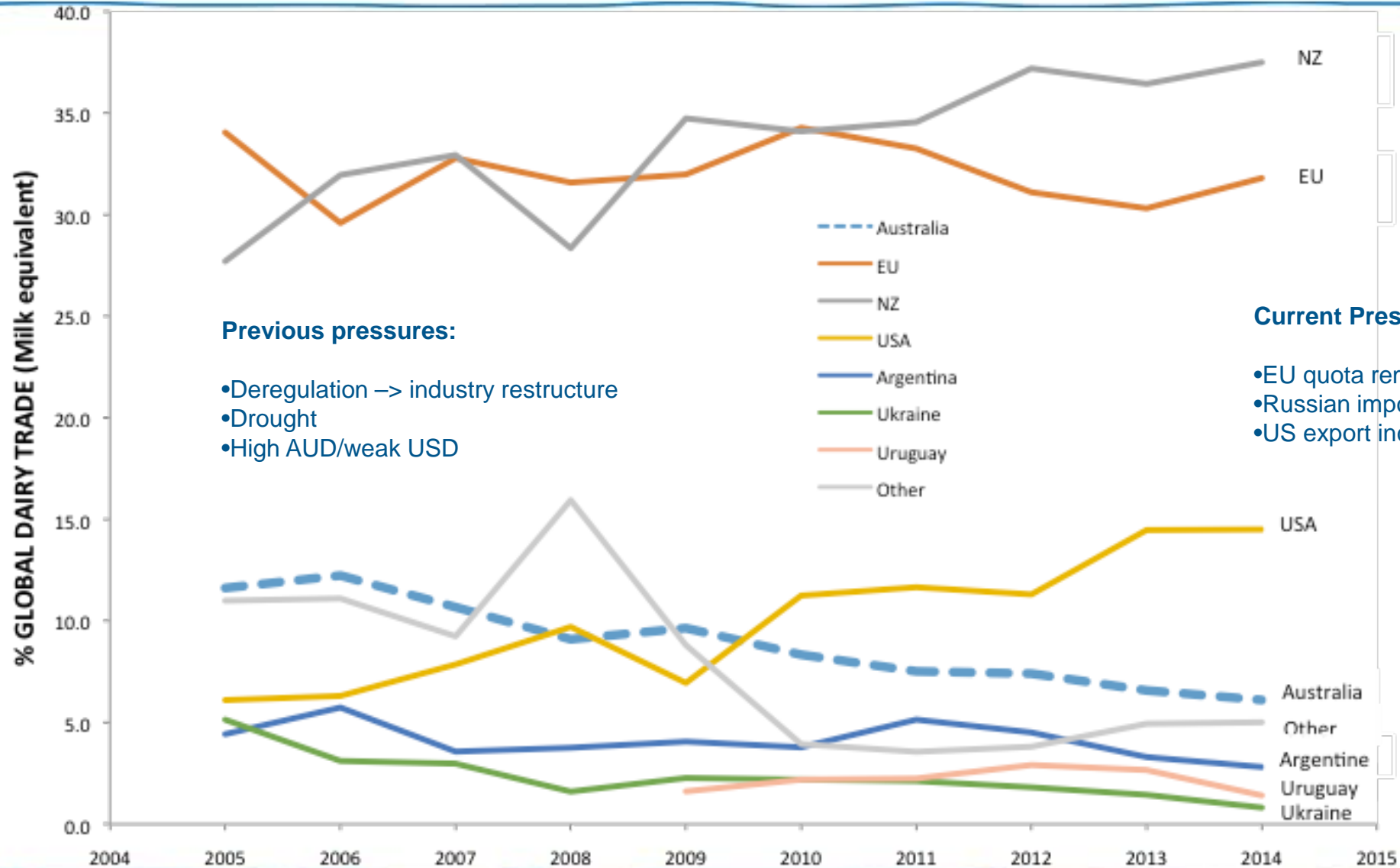
7 Africa **\$44**

8 Americas **\$108**

8 Other **\$175**



AUSTRALIAN SHARE OF GLOBAL DAIRY TRADE



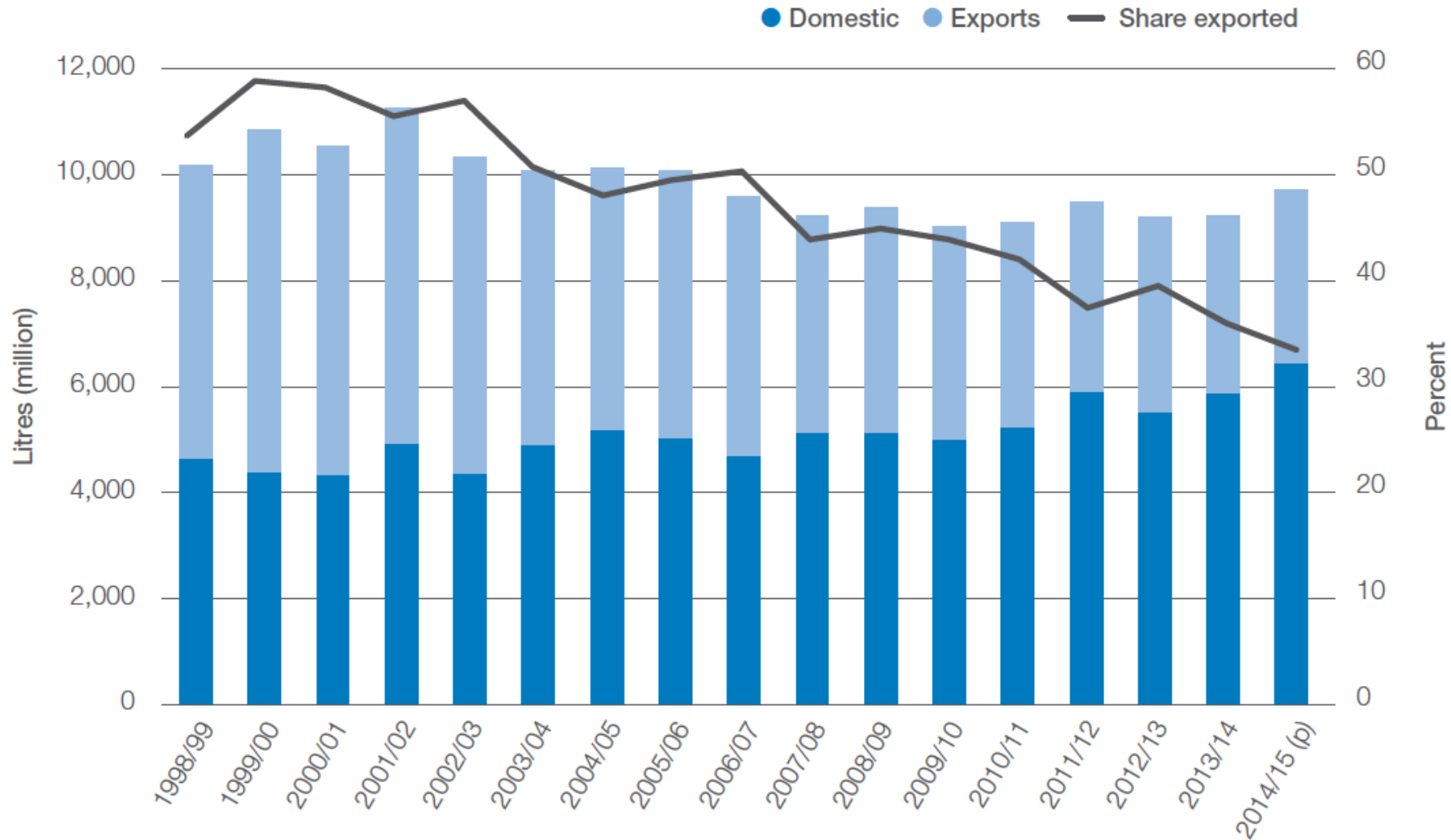
Previous pressures:

- Deregulation → industry restructure
- Drought
- High AUD/weak USD

Current Pressures:

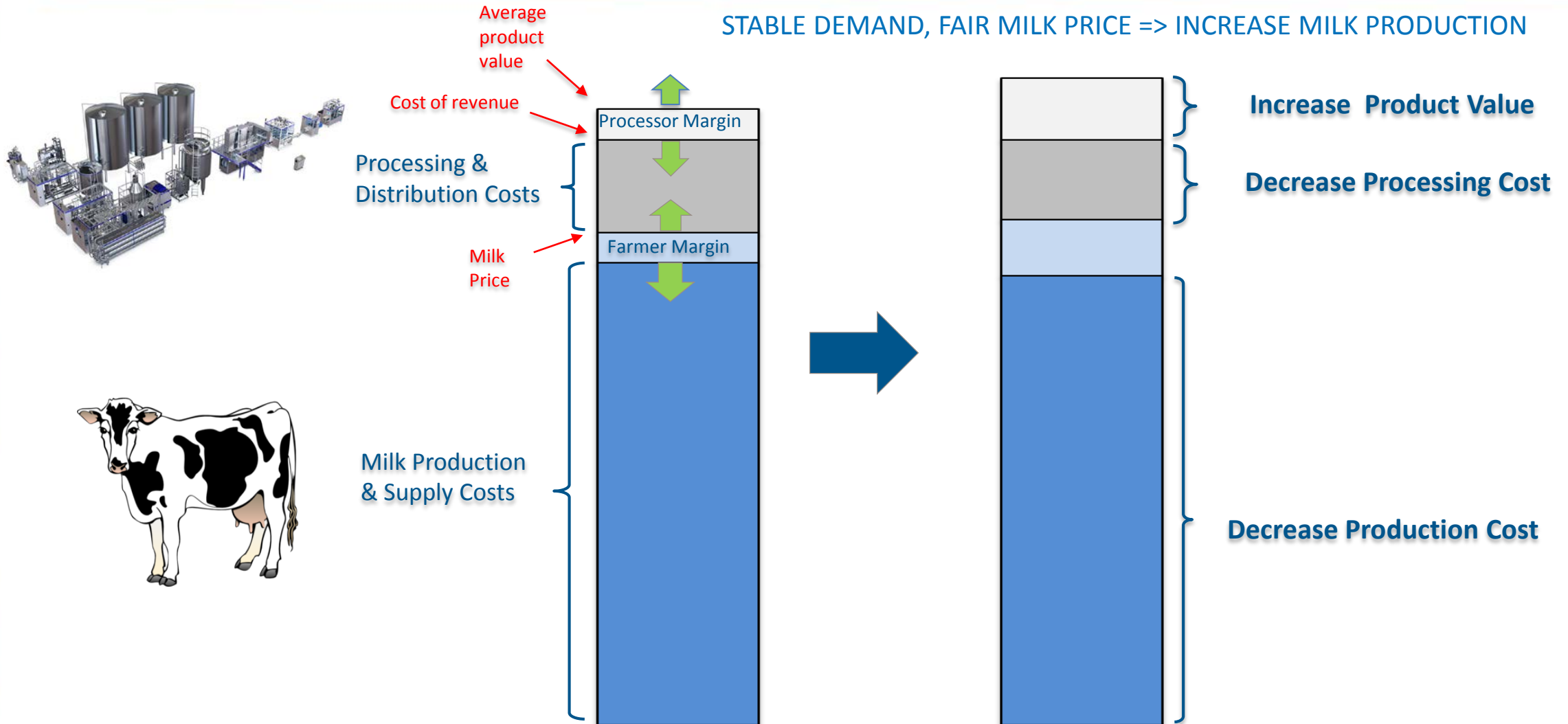
- EU quota removal
- Russian import embargo
- US export increase (CWT)

AUSTRALIAN CONSUMPTION AND EXPORTS (MILK EQUIVALENTS)



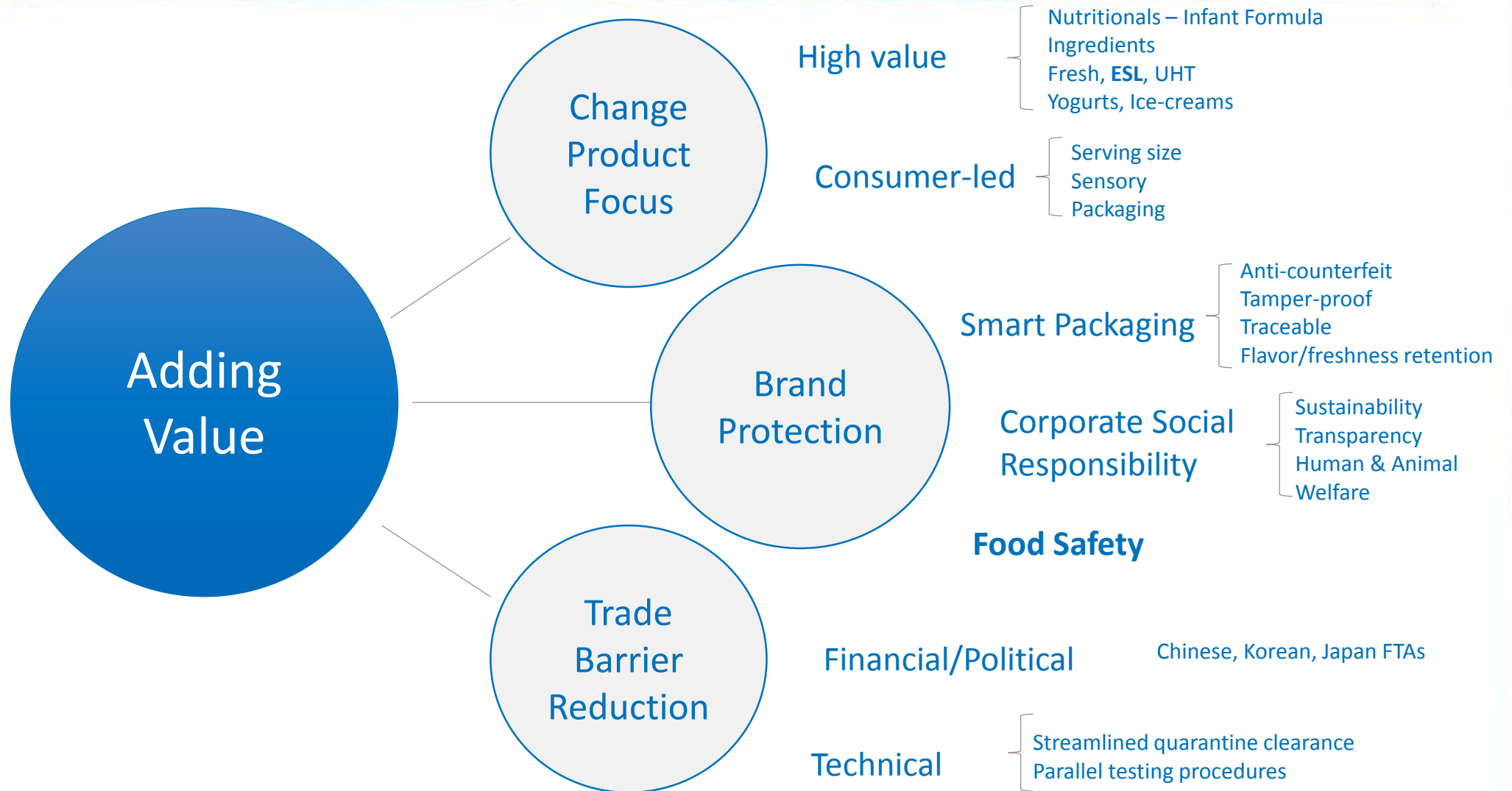
Source: Dairy manufacturers and ABS

HOW DO WE INCREASE MILK PRODUCTION & MAXIMISE EXPORT OPPORTUNITIES?

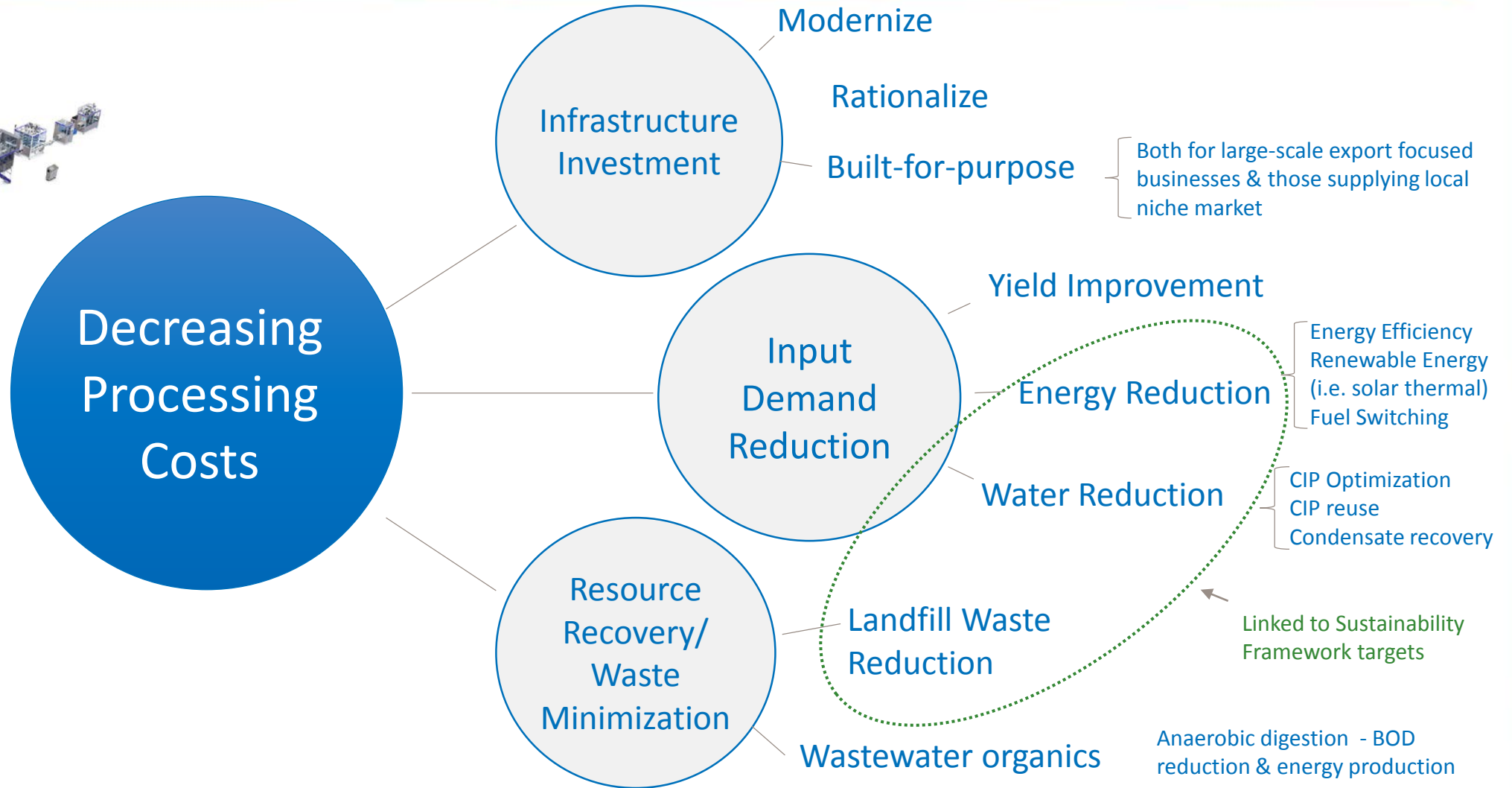


ILLUSTRATIVE COST OF REVENUE
BREAKDOWN

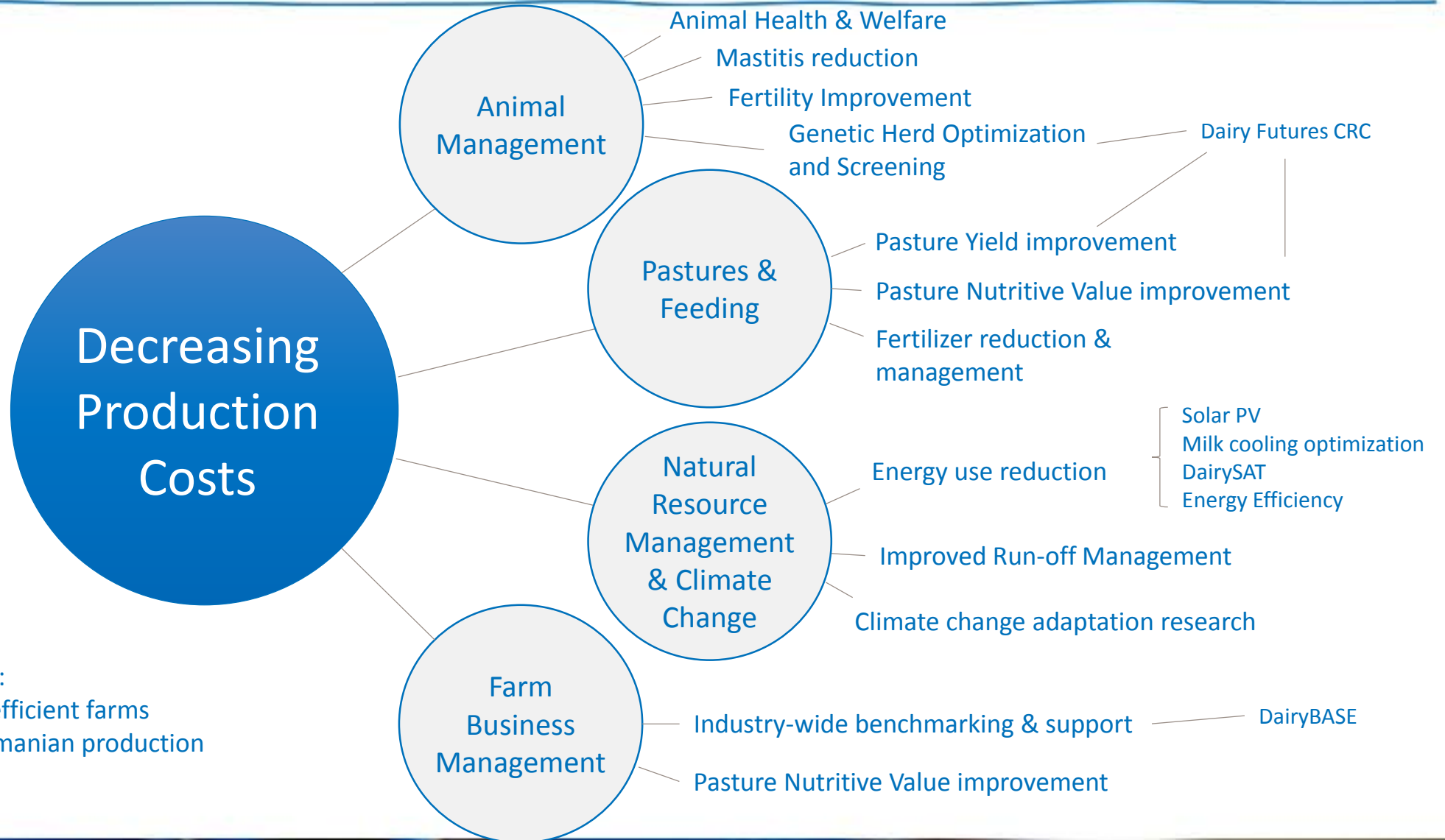
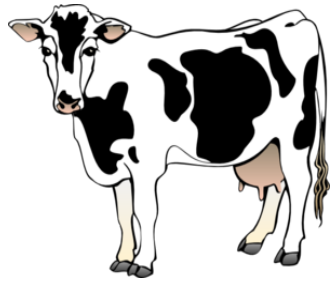
WHAT THE IS INDUSTRY DOING – TO ADD VALUE



WHAT THE IS INDUSTRY DOING - TO DECREASE PROCESSING COSTS



WHAT THE IS INDUSTRY DOING – TO DECREASE PRODUCTION COSTS



GENERAL TRENDS:

- Larger, more efficient farms
- Increased Tasmanian production

DAIRY AUSTRALIA – SUPPORT ACROSS THE ENTIRE DAIRY VALUE CHAIN

TRADE & STRATEGY

- Trade agreement support
- Market development, maintaining and opening markets
- Global market insights
- Dairy industry data support

INDUSTRY PROMOTION

SUSTAINABILITY

- Sustainability Framework

FOOD SAFETY & REGULATION

MANUFACTURING INNOVATION & SUSTAINABILITY

- Technology transfer
- Dairy Manufacturer's Sustainability Council
- ARC Dairy Hub
- Capability networks

ON-FARM

- Animal management
 - Animal health & welfare, mastitis, fertility, genetics, milking, technologies & herd recording
- Pastures and feeding:
- Natural resource management and climate change
 - Farm Business Management

LIBRARY AND KNOWLEDGE

PEOPLE & SKILLS



SUMMARY

- Asian market is huge and growing
- Australia's traditional points of advantage have eroded as has market share
- Need to:
 - Continue to improve efficiencies across entire value chain through thoughtful design, intelligent management and technological innovation
 - Protect and promote our strengths – in particular Brand Australia – and continue to heavily emphasise food safety
 - Remain sensitive to country specific consumer preference and business acumen
 - Continue to focus on adding value and reducing costs
- Huge investment going on the sector and significant opportunities for innovation and expansion into Asian markets on the horizon