milk or Milk©?

Understanding an evolving playing field for industry and government

Andrew Cameron
Australian Bureau of Agricultural and Resource Economics and Sciences

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Dairy spending grows with incomes

Australia has a comparative advantage here

Raw milk production costs (lower is better)

Raw milk is the single largest input cost for manufacturers

Adapted from Productivity Commission 2014, Relative Costs of Doing Business in Australia: Dairy Product Manufacturing
Firms are entering dairy manufacturing at all levels

Counts of dairy manufacturing businesses by year, 2012 to 2019

- **0-$50k**: +16 entrants (+24%)
- **$50k - $200k**: +62 entrants (+91%)
- **$200k - $2m**: +78 entrants (+52%)
- **$2m +**: +37 entrants (+32%)

Source: ABS Counts of Australian Businesses, various years
Food regulation

Key source of Australian advantage

Health claims a watch point

Competition policy

Does this play to our strengths?

Who benefits, and who might lose?

Is there a moat?

Is it unique?

Can it be copied?

Innovation/ R & D

Rural innovation system under spotlight

Government funding has fallen over long period