

Dairynz 

Milksolids levy rate consultation 2025



Your feedback matters.

This pack contains information on a proposed milksolids levy rate increase.

Feedback closes 12 noon 2 March

We appreciate your feedback

In October 2024 at our AGM, farmers were provided early notice by the DairyNZ Board that we need to raise the milksolids levy from next season to potentially accelerate our ability to meet emerging challenges and opportunities and to ensure financial sustainability.

Under the Commodity Levies (Milksolids) Order 2020, all New Zealand dairy farmers are required to pay a milksolids levy. This is currently set at 3.6c, which includes the current 0.8c for TBfree NZ (on-paid to OSPRI), leaving 2.8c for DairyNZ.

We are now seeking feedback on the rate you support to enable the DairyNZ Board to make a decision.

Please note this consultation is separate to the six-year milksolids levy vote which will occur in 2026, during which you vote on your continued support for DairyNZ.

Your levy at work

Your milksolids levy investment has helped New Zealand to lead the world in sustainable dairying and meet farmer challenges.

The milksolids levy is invested in scientific research and innovative solutions delivered on-farm to ensure our dairy sector remains internationally competitive.

Your milksolids levy has also provided the ability for DairyNZ to advocate on your behalf on critical issues such as water regulations at a local and national level, climate change regulation, and labour, immigration and workforce training.

Further information on how the levy has supported New Zealand dairy farming is on our website here: dairynz.co.nz/levy-history

Consultation timeline 2025



Consultation begins
3 February



Feedback portal open
(access via unique password and pin received via post)



Farmer events
11-28 February



Webinars
20, 25 & 27 February



Consultation closes
12 noon 2 March



DairyNZ Board considers feedback



Board decision on milksolids levy rate notified by
1 May



New milksolids levy rate applies
1 June



Payment dates remain the same

A strong outlook but the challenges remain

MPI's latest Situational Outlook for Primary Industries reflects a strong future for dairy. Dairy's export revenue is forecast to increase by 10 percent to \$25.5 billion in the year to June 2025. Global import demand has strengthened, and farm expenses are moderating while higher payouts are supporting profitability.

The Food and Fibre sector accounts for 12.4 percent of jobs, 10 percent of GDP and 81 percent of the country's goods exports. Dairy makes up 44 percent of those exports, bringing in more export dollars than meat and wool, horticulture, and seafood combined. Dairy farmers are important to our country.

To remain internationally competitive, we must continue to invest in scientific research.

Local and international expectations of sustainable food production continue to grow, and New Zealand has the ability to meet them to capture market share.

We pioneered the pasture-based farming systems we use today which deliver what the world wants: nutritious food produced with lower environmental footprint, well-cared for and productive cows.

We must ensure continuous improvement to support your business to remain strong and profitable and

keep our competitive advantage over other dairying nations.

The key to our collective success is investment in scientific research and farm extension to improve our sustainability while ensuring a profitable and resilient sector for generations to come.

To ensure our productivity remains world leading, we are focusing on challenges like the genetic gain of the national herd, resilient pastures to feed our cows, and workplaces that attract and retain the best people through the uptake of new technologies.

Here at home, national and local policy and regulations are ever-changing, and we need to ensure that a strong dairy voice is heard by policymakers to ensure fair and practical outcomes for farmers, particularly across climate, freshwater, RMA and biosecurity. The gold standard of what we can achieve is practical regulation, grounded in science and credible evidence, which stands the test of time and provides certainty to the sector into the future.

In just 2023/24 alone we provided 36 policy submissions to the government on your behalf to further the interests of our sector. This work is supported by countless more ministerial engagements, both in the Beehive, and on farm as we demonstrate the progress of the sector.



We do together what no farmer can do alone

DairyNZ is an industry-good organisation operating under the Commodity Levies Act 1990, Commodity Levies (Milksolids) Order 2020, and Incorporated Societies Act 2022.

Our key priority is to keep the sector progressing well into the future, and that means helping farmers adapt to market trends and environmental requirements while advocating for your best interests to the government.

It also means playing a coordination role across the whole sector – partnering well to solve problems. At times this brings in external funding, usually in the form of long-term scientific research programmes. External funding accounts for about 22 percent of our income, and we must always be careful that it doesn't lock us into one product or solution because our job is to offer farmers a range of options relevant to their farm system.

No one else in the dairy sector thinks like this.

We use our comprehensive farm data, and dairy-specific scientific knowledge, to make collective progress.

It is this knowledge that powers the sector – making us New Zealand's biggest goods exporter, and the world's largest dairy exporter, despite producing only 3 percent of the world's milk.

As an industry-good body, we are a fundamentally different organisation to a farm or privately owned business. You are our primary source of income, and we work solely for the sector's gain. We have few ways to raise revenue, cannot carry long-term debt, nor can we easily sell assets that generate commercial return.

Similar to your business though, our cash inflow mirrors the milk curve, meaning we are also affected by high and low points within the dairy season and variation across the seasons.

Like any organisation, we need to be responsible and hold at least three months of cash reserves to meet financial obligations while ensuring we can continue to operate to support the industry, for example in the event milk supply is disrupted during a biosecurity or trade event.

Also, every six years milksolids levy payers take part in the milksolids levy vote on the continuation of DairyNZ, which requires us to have the ability to close responsibly if needed.

Finally, a strong sector should be underpinned by a strong industry-good body with solid foundations to ensure it can navigate change with agility to support farmers regardless of what comes down the road.



Time to consult on the milksolids levy

We are committed to the continued productivity growth of our sector, while also acknowledging that cow numbers and milk growth have plateaued over the last decade and may remain stable in the near future.

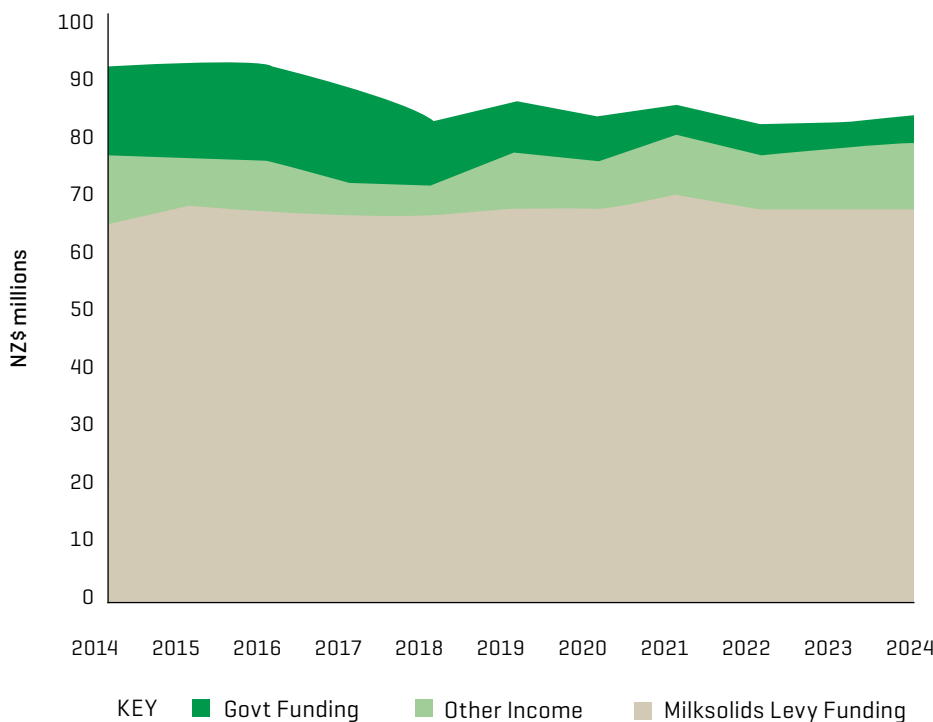
You will know a stable milk supply effectively caps our income, while costs continue to increase.

The story until 2014/15 was of growing milk supply, which meant we could continue funding science and research with cash reserves without raising the milksolids levy.

However, these reserves are finite and the challenges we face and the cost to meet them continue to grow. Our cost increases, like yours, were particularly severe during a period of high inflation following Covid.

For us, at the same time, there has been less external science funding to go around and greater competition for it.

FIGURE 1. DairyNZ’s Income by Type [10-year view]



The government funding component of our income has **dropped 67 percent** over 10 years

We took steps to manage this, including purposely using cash reserves, reducing costs by rescoping projects, seeking further external funding, and resetting our strategy and workforce.

To maintain financial sustainability we need to lift milksolids levy investment to rebuild cash reserves so that we can respond and support farmers in the worst-case scenario of a biosecurity or trade event which affects milk supply, and also meet the increasing scope of challenges and opportunities our sector faces.

We've shown you what's at play and what's at stake

The current milksolids levy rate of 3.6c/kgMS was set in 2009 when DairyNZ began and has not changed for 16 years.

To ensure prudent financial management, meet the challenges and opportunities ahead, and sustain research and science investments, we have determined that the milksolids levy rate needs to increase.

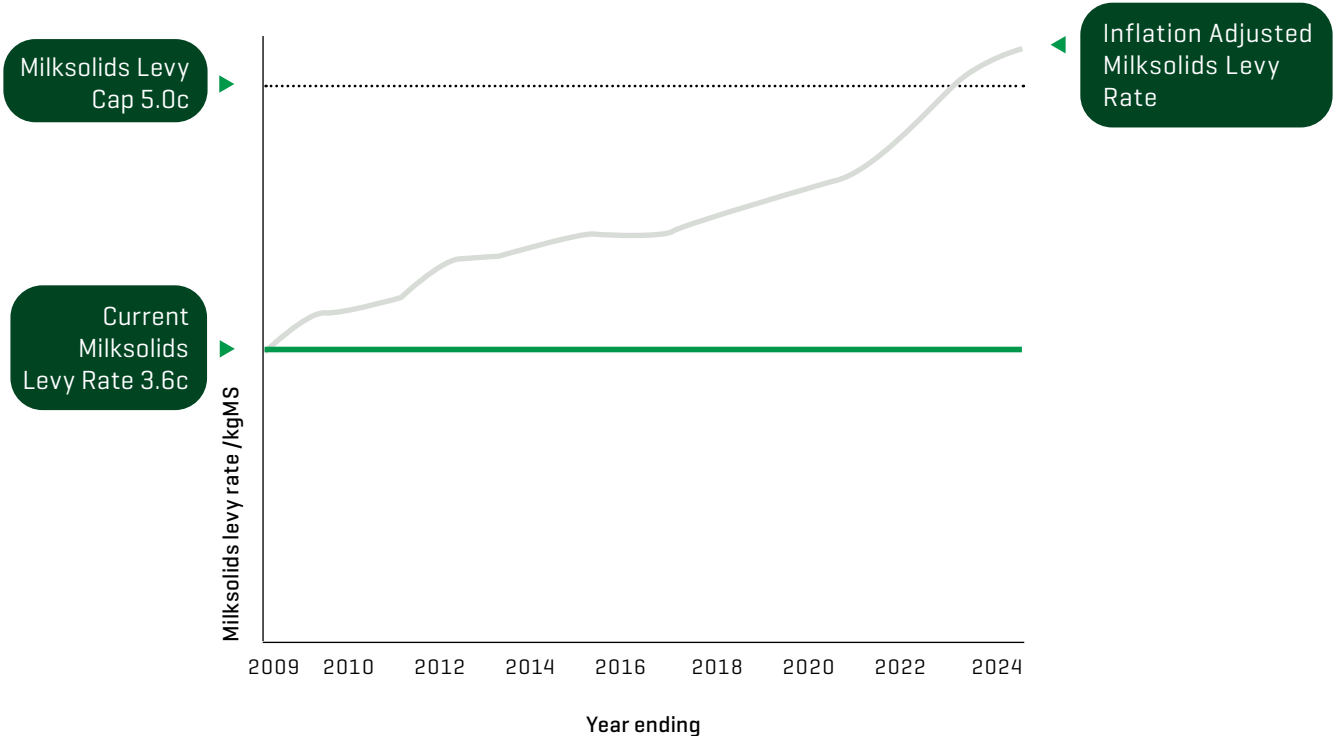
At a minimum, we have calculated a milksolids levy rate within the range of 4.4c/kgMS to 4.6c/kgMS provides DairyNZ with appropriate income for us to meet our financial obligations while maintaining our current investment in research and science.

However, to keep ahead of our challenges, raising the milksolids levy within the range of 4.7c/kgMS to 5.0c/kgMS would provide an opportunity to expand our investment in research and science, and the resulting innovative solutions on-farm.

We are seeking your feedback on what level of milksolids levy increase you support.

5.2c
If we had regularly adjusted the milksolids levy rate for inflation since DairyNZ started, the real rate in today's terms would be 5.2c per kgMS – and is beyond the current milksolids levy cap set in 2020.

FIGURE 2. Current Milksolids Levy vs Inflation Adjusted Rate



Your feedback – accelerate or maintain

We appreciate your feedback on one of two ranges.

The upper range means we can accelerate and expand our science and research to keep ahead of our challenges, resulting in more innovative solutions on-farm. For example, advancing improvements in our herd genetics to maintain our competitive advantage, supporting breakthroughs in greenhouse gas reduction and leveraging advances in technology and data to drive productivity gains.

The lower range maintains current focus and provides the ability to take on two or three additional research projects to help solve challenges such as bobby calves – which is a key marketplace concern, or identifying new forages to adapt to a changing climate in key regions. It means we would be unlikely to increase investment in new challenges as they arrive without reprioritising current projects.

The DairyNZ Board will continue to review the milksolids levy rate annually.

4.7 – 5.0c

Accelerate

expand investment in science and research to keep ahead of challenges

4.4 – 4.6c

Maintain

maintain current science and research programmes and meet financial obligations

What this means for you

Every farm business is unique, and what you will pay depends on your milksolids production.

A milksolids levy rate of **5.0c/kgMS** would increase a farmer's annual milksolids levy payment by **\$1400** per 100,000 kgMS

A milksolids levy rate of **4.4c/kgMS** would increase a farmer's annual milksolids levy payment by **\$800** per 100,000 kgMS

Accelerate - 4.7c/kgMS-5.0c/kgMS

Examples of potential key areas of delivery accelerated, without needing to reduce other priorities, are:

Sustainability & profitability

We can play a strong role in supporting and partnering with others in their efforts in reducing methane emissions to meet GHG targets while ensuring profitability is prioritised, and deliver emerging solutions on-farm as soon as it is practical and safe to do so.

Our research and science into climate resilient pastures and animals can be tailored to individual farm systems. Increased investment allows for the extension of our climate adaptation work in the highest risk areas (Northland, Waikato, Bay of Plenty) to other parts of the country.

Our sustainable catchments and healthy waterways work under a current partnership comes to an end in June 2025. An increased milksolids levy would allow us to continue positive progress, including award-winning catchment projects. This is important as we undertake scientific research and advocacy to shift water regulation from a focus on impractical, single-issue contaminant limits to whole-scale catchment ecosystem health outcomes – and champion the importance of sector-wide farmer coalitions.

Technology & data

Animal genetics drive more than half of on-farm productivity gains. We can accelerate industry-good

work to progress more coordinated and open animal evaluation to meet the challenges of the future.

Greater investment into our data and digital solutions will provide more personalised experiences for farmers and allow us to share data with others where it makes sense to do so, reducing the manual effort of farmers. Greater use of AI within our research would allow us to predict, model, and scenario plan for weather and animal impacts for example.

DairyNZ is also likely to have an important role to play in helping the commercial sector to research and test gene technology forages if the Government progresses legislative reform.

Infrastructure

We have important assets at DairyNZ. Lye and Scott farms, plus other partner farms, allow us to take our research and solutions forward and test global solutions in NZ pastoral settings. It's important they are equipped to support the testing of emerging technologies.

Greater investment allows us to, for example, test new technologies, upgrade key infrastructure and equipment including freeze dryers to test methane reducing technologies, and build shelters to measure feed and water intake for animal welfare advances.

Maintain - 4.4c/kgMS-4.6c/kgMS

Examples of key areas of activity maintained are:

Accelerating on-farm productivity, through our work to improve animal genetics/evaluation, testing new forages, and sharing ways to improve workplace efficiencies. This includes new technologies that we know will keep us at the forefront of on-farm productivity relative to international competitors.

Powering more adaptable and resilient farms, which means we work more with farmers collectively to provide options for how they can adapt their farm systems. This includes providing better data insights and working across the sector on biosecurity to ensure New Zealand dairy production thrives.

Enabling sustainable and competitive

dairying, where we support farmers to continuously make progress on care for our animals and environment. This is done through supporting on-farm use of GHG mitigations, healthy waterways activities, and research and tools into future-focused animal welfare techniques. This will include supporting you to manage heat stress in cows, which protects our market premiums and our reputation for locally responsible production.



How to provide feedback

The DairyNZ Board values your feedback on what level of milksolids levy increase you could support.

To ensure privacy, every New Zealand milksolids levy payer has been sent a letter with a unique identifier that provides access to a secure online feedback form. All feedback is anonymous.

The consultation is now open for one month, during which time you can also attend an in-person event or online presentation, providing an opportunity to talk to DairyNZ Board Directors and Management about the proposal.

For information on the location and timing of these meetings and for any further information please see the DairyNZ website – dairynz.co.nz/levy

Thank you.




Have your say

Consultation closes 12 noon 2 March

dairynz.co.nz/levy

The success of dairy farming has always depended on being ahead of the problems, to capture the opportunities.





**The future for
dairy is bright.
We remain
committed to
ensuring your
success, and that
of the economy
and our country.**

Farmers' milksolids levy investment keeps us internationally competitive and able to meet the challenges of the future.

DairyNZ has recently reset to ensure we're focused on meeting the future needs of the sector.

Thank you for reading the material, and please join us at an event if you can.

Feedback closes 12 noon 2 March 2025