

Dairy Industry Restructuring (Export Licences Allocation) Amendment Act 2025

The Dairy Industry Restructuring (Export Licences Allocation) Amendment Act 2025 amends how New Zealand administered dairy export quotas are allocated.

This article sets out why the changes were introduced, and the key effects that the Act has for dairy export quotas.

The Dairy Industry Restructuring (Export Licences Allocation) Amendment Act 2025 (**Act**) which came into effect on 1 May 2025 reflects the coalition Government's policy objectives for the dairy industry. These objectives aim to recognise the growing diversity of business models and sizes, to ensure that the quota allocations are commercially viable and supports companies to scale up, to maximise the value of dairy export quotas, and to enhance New Zealand's reputation and relationships in the international market.

Why has the Act been introduced?

Dairy export quotas enable prescribed amounts of dairy products to receive beneficial tariff rates in specific markets. New Zealand currently has the right to administer dairy export quotas for the USA, the UK, the EU, Japan, and the Dominican Republic. Under the current regime, export quotas are allocated based on the proportion of bovine milk solids collected by participants from dairy farmers in New Zealand. The Act recognises that the dairy market has changed since the establishment of the quota system in 2007.

There has also been low utilisation of the dairy export quota over the past decade. However, with recent interest from the dairy sector in new Fair-Trade Agreements with the UK and EU that contain quota

allocations, the Act seeks to better align how quota is allocated and to encourage its use.

What has the Act changed?

The Act contains three significant changes to the dairy export quota.

- 1 The Act allocates export licences based on export volume history. This history is made up of the volume of products exported under a tariff heading to all export markets over the previous three consecutive seasons. Allocating licences in this way hopes to widen the export quota to more diverse business models, support smaller companies to scale up, ensure that participants have demonstrated an ability to export their product, and increase the utilisation of the quota.
- 2 The Act also creates a regulation-making power. This power enables 10 per cent of export licences for a designated market listed in Schedule 5A of the Dairy Industry Restructuring Act 2001 to be reserved for exporters who would otherwise be ineligible and for exporters who are eligible for fewer than 200 tonnes of product. These regulations could enable participants, who would originally be ineligible due to their export history, to apply for annual licences for exports up to 200 tonnes of product. Similarly, participants who are only eligible for fewer than 200 tonnes of product based on their export history could apply for a top-up from the reserve portion, so their total allocation would be up to 200 tonnes. These changes allow for new participants to enter the market and helps develop their export history as they scale up.
- 3 The Act seeks to include non-bovine dairy in quota allocation. This change aims to future-proof the quota allocation to accommodate longer-term growth in the non-bovine sector.

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Summary

The Act changes the dairy export quota allocation intending to reflect the changing dairy industry by introducing a volume-based allocation to export licences, creating regulation-making power, and including non-bovine dairy in quota allocation.

Want to know more?

If you would like to know more about the Act and the likely effects these changes may have on your business, please contact our specialist [Agri Business Team](#).