

Dairy Farm Monitor Project

2019-20 Northern Victoria Overview

- The Dairy Farm Monitor Project provides industry and government with timely, farm level data for **targeted strategy** and **decision making**.
- Encourages the application of whole farm analysis principles on Victorian farm businesses.
- In Northern Victoria, **30 farms** were analysed.

Dairying in Northern Victoria

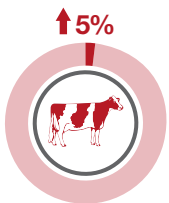


Northern Victoria produced **1.69 billion litres** of milk in 2019-20, a further improvement from 2018-19.

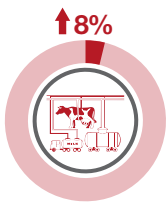
Approximately **1,100** dairy farmers in the region, account for **30%** of Victoria's milk production output and **19%** of Australia's milk production.

Physical farm characteristics

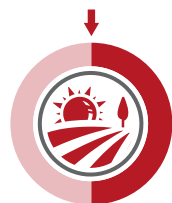
On average, farms in the North increased average herd size and milk production per cow. There was a significant increase in purchased feed to manage difficult seasonal conditions and high water prices for the first half of 2019-20.



Average herd size
418 cows



Milk solids sold
566 kg MS/cow



Home grown feed
50% of metabolisable energy consumed

In 2019-20, 27 of the 30 farms (90%) recorded a positive return on total assets

2018-19	2019-20
\$24k	\$323k
Average earnings before interest & tax	
-\$85k	\$221k
Average net farm income	
-1.7%	4.1%
Average return on total assets	
-7.4%	3.7%
Average return on equity	

Farm profitability was influenced by



16% increase in average milk price to \$7.31/kg MS



Final allocation between **66%** and **80%** for northern Victoria irrigation systems and high water prices.

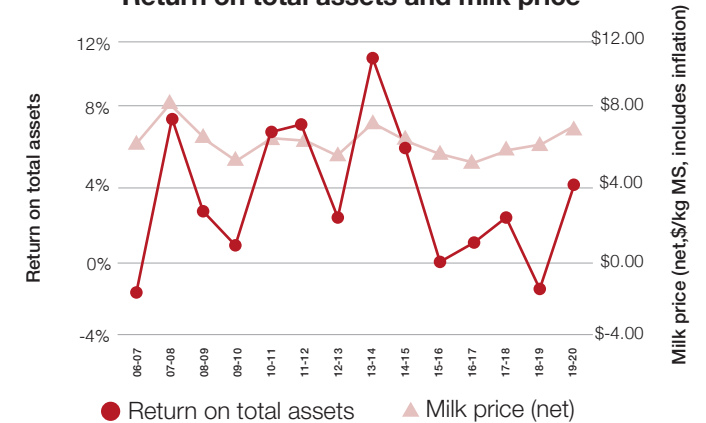


A challenging start to the season led to a significant **47%** increase in quantity of purchased feed fed per milker on the milking area.



Fodder purchase costs increased by **57%** to **\$1.23/kg MS**, with a **7%** decrease in concentrate costs to **\$1.67/kg MS**

Return on total assets and milk price



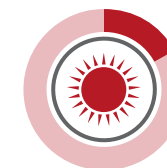
Average EBIT increased from **-\$0.45/kg MS** in 2018-19 to **\$1.22/kg MS** in 2019-20

Future expectations 2020-21

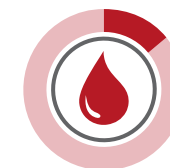


Around **63%** expect business returns to improve, and a further **17%** expect business returns to stabilise

Concerns as reported by farmers



Input costs



Climate/seasonal conditions



Water