

Dairy Farm Monitor Project

2019-20 South West 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 South West Victoria, **25 farms** are analysed.

Dairying in South West Victoria



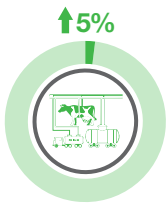
Approximately **1,150** farms in South West Victoria produce **2.01 billion litres** of milk per year, accounting for **36%** of Victorian milk output and **23%** of national milk output.

Physical farm characteristics

On average, participant farms in the South West maintained herd size but increased per cow milk production.



Average herd size
369 cows



Milk solids sold
516 kg MS/cow



Homegrown feed
68% of metabolisable energy consumed

In 2019-20, all 25 South West participants had a positive return on total assets

2018-19	2019-20
\$150k	\$382k
Average earnings before interest & tax	
\$27k	\$273k
Average net farm income	
1.9%	5.8%
Average return on total assets	
-0.8%	9.6%
Average return on equity	

Farm profitability was influenced by



16% increase in milk price to \$7.16/kg MS



92% of long term average rainfall received supported good pasture and crop growth

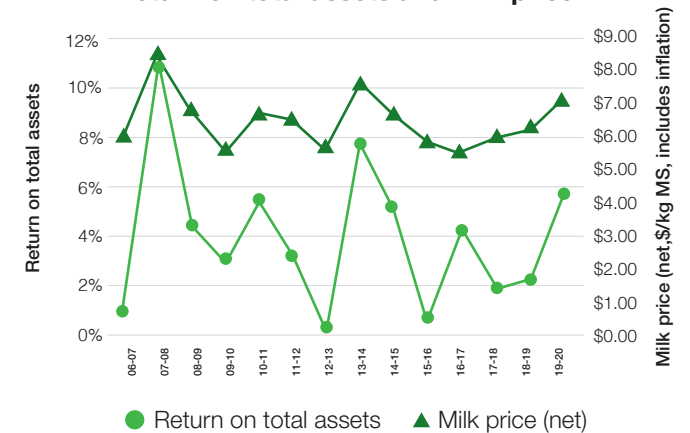


8% ↓ decrease in feed costs as farms fed less silage and built their feed inventory despite an increase in fertiliser costs



Farmers attended to delayed repairs and maintenance and reduced debt from improved cash flow

Return on total assets and milk price



Average EBIT increased from \$0.71/kg MS in 2018-19 to \$1.83/kg MS in 2019-20

Future expectations 2020-21



32% of farmers expect business returns to improve; **48%** believe they will remain stable

Concerns as reported by farmers



Milk price



Input costs



Pasture/fodder



Climate/
seasonal
conditions