

# VICTORIAN DAIRY INDUSTRY FAST FACTS

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AGRICULTURE VICTORIA

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**3,471** ▼ 5.8%

**Dairy farm businesses (2019-20)**

**8,100** ▼ 17%

**Jobs in dairy industry (2020-21)**

**\$3.0B** ▲ 12.2%

**Value of milk production (2019-20)**

**\$2.10B** ▲ 3.2%

**Dairy exports (2019-20)**

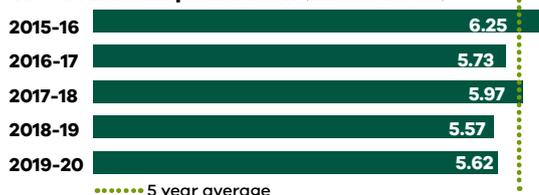
## Herd facts and figures

- There were around 3,470 dairy farm businesses in Victoria in 2019-20, representing 63 per cent of the 5,500 Australian dairy farms.
- Victorian dairy farms are concentrated in Northern Victoria (32%), South-West Victoria (33%) and Gippsland (35%).
- There were a total of 1.5 million cattle in dairy farming in Victoria in 2019-20, comprising 883,000 cows in milk and dry, 295,000 heifers and 239,000 calves less than one year old. Victoria's herd size represents 62 per cent of the national dairy herd of 2.3 million head.

## How much is produced?

- Victoria is Australia's largest dairy producing state, producing 5.62 billion litres of milk in 2019-20—close to two-thirds of Australia's milk production. Northern Victoria, South West Victoria and Gippsland dairying regions account for approximately 19 per cent, 22 per cent and 23 per cent of Australia's milk production, respectively.
- Victoria's milk production decreased by 10 per cent (630 million litres) between 2015-16 and 2019-20.
- Manufactured exports accounts for 29 per cent of milk produced in Victoria, while the remaining milk is used for domestic manufacturing (60%) and drinking milk sales

### Victoria's milk production (billion litres)

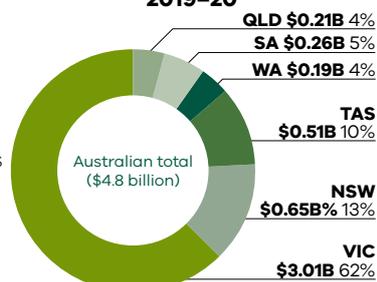


(11%).

## What is the value of farm-gate production?

- The gross value of milk produced in Victoria was \$3.0 billion in 2019-20, an increase of \$330 million (up 12 per cent) on the previous year. Milk accounted for 17 per cent of Victoria's gross value of agricultural production of \$17.8 billion.
- Dairy industry is Victoria's second largest agricultural industry after horticulture (\$3.60 billion), and closely above sheep meat/wool industry (\$2.99 billion) and grains industry (\$2.98 billion).

### Gross value of milk produced, 2019-20



- Victoria contributed 62 per cent to the Australia's gross value of milk production estimated at \$4.8 billion, cementing Victoria's position as the nation's largest milk producer.

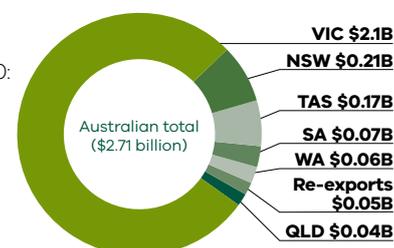
## Sector employment

- It is estimated that approximately 8,100 persons work on farms that produce milk in the year to May 2021.

## Exports and domestic consumption of dairy products

- Victoria's total dairy exports were valued at \$2.1 billion in 2019-20, representing 18 per cent of Victoria's total food exports (\$11.4 billion).
- Milk and cream products were the highest value dairy category, contributing 48 per cent of Victoria's dairy exports. Cheese and whey products were the second highest value category at \$869 million (41 per cent of dairy exports).
- Victoria is the largest dairy exporter accounting for 77 per cent of Australia's total dairy exports (\$2.7 billion).
- China is the highest value export market for Victorian dairy products (\$576 million), making up 27 per cent of dairy export total value, followed by Japan (\$419 million or 20%) and Indonesia (\$151 million or 7%).
- Australia's annual per capita consumption of dairy products in 2019-20: drinking milk (97 litres), cheese (13.6 kilograms), butter (4.1 kg), and yoghurt (9.4 kg).

### Australia's dairy exports by state, 2019-20



## Prices

- In 2019-20, the milk price was above the five-year average (\$5.94 per kilogram of milk solid, adjusted for inflation) with a range of \$6.10 to \$6.80/kg MS. This was supported by buoyant international commodity price and intense competition for milk supply among processors due to reduced milk production.

## Farm financial performance

- ABARES projects average farm cash income for Australian dairy farms to increase slightly from an average of \$187,100 per farm in 2019-20 to \$190,000 in 2020-21. However, farm cash income is projected to decline slightly in Victoria, South Australia and Tasmania.
- Farm business profit is projected to increase slightly more due mainly to increase in dairy cattle numbers. Nationally, farm business profit is projected to increase from an average of \$60,800 per farm in 2019-20 to \$66,000 in 2020-21.
- A lower cost of production will promote supply growth and aid profitability in 2021.