Dairy Farm Monitor Project   
2021-22 Victoria Overview

The Dairy Farm Monitor Project surveys 80 Victorian dairy farms across the state to provide industry and government with timely, farm level data for developing targeted strategy and decision making.

Encourages the application of whole farm analysis principles on Victorian farm businesses.

# Dairying in Victoria

There were approximately 2,985 dairy farm businesses in Victoria that produced 5.42 billion litres or 67 per cent of Australia’s national milk production in 2021-22.

Statewide average profitability in Victoria was well above the 16-year long-term average. Strong prices received for milk and livestock enabled farm businesses to manage the impact of higher costs.

Profitability in Northern Victoria was buoyed by excellent seasonal conditions and reduced requirements for irrigation water, while South West Victoria and Gippsland profits were constrained by managing the challenging climatic conditions.

There were significant increases in costs, especially feed – accentuated in South West Victoria, west and south Gippsland, where conditions were much wetter than normal in winter and spring 2021. The amount of feed that could be harvested by direct grazing was reduced and farmers replaced this with greater quantities of higher priced concentrates.

# Farm performance

In 2021-22, profit\* was achieved on nearly all farm businesses (77 of the 80 participants)

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| --- | --- | --- |
|  | 2020-21 | 2021-22 |
| Average earnings before interest and tax, dollars per kilogram of milk solids sold | $1.76 | $1.72 |
| Average earnings before interest and tax | $422,000 | $384,000 |
| Average net farm income | $330,000 | $295,000 |
| Average return on total assets | 5.7% | 4.6% |
| Average return on equity | 8.2% | 6.3% |

\* Profit as measured by earnings before interest and tax

# Farm profitability has been influenced by

Nine per cent increase in average statewide milk price to $7.36/kg MS.

Annual rainfall across the state was 105 per cent of the long-term average, with generally good conditions across most regions.

Twenty percent increase in herd costs to $0.39/kg MS

Six per cent increase in shed costs to $0.25/kg MS

Twenty-one per cent increase in total feed costs to $3.45/kg MS

Twelve per cent increase in overhead costs to $2.68/kg MS

Increased costs across the state in all areas of the business reduced the benefit of positive livestock trading conditions and a higher milk price for the season. Northern Victoria had ideal growing conditions, while less favourable seasonal conditions in South West Victoria and Gippsland further impacted profitability. The statewide average EBIT per farm was the 4th highest on record, accounting for inflation.

|  |  |
| --- | --- |
| Region | Average earnings before interest and tax per kilogram of milk solids |
| Statewide | $1.72 |
| Northern Victoria | $1.98 |
| South West Victoria | $1.71 |
| Gippsland | $1.43 |

Further information: [www.agriculture.vic.gov.au/dairyfarmmonitor](http://www.agriculture.vic.gov.au/dairyfarmmonitor)

If you would like to receive this publication in an accessible format, telephone 136 186 or email fmp.victoria@agriculture.vic.gov.au

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