Dairy Farm Monitor Project
2018-19 Gippsland Victoria Overview

The Dairy Farm Monitor Project surveys 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.

In Gippsland, 25 farms were analysed.

# DairyING IN GIPPSLAND

Approximately **1,220** dairy farms in Gippsland produce **1.87 billion** litres of milk per year, accounting for **34** per cent of Victoria’s milk production output.

# PHYSICAL FARM CHARACTERISTICS

* On average, farms in Gippsland had a stocking rate of 1.9 cows per hectare.
* Average herd size increased 5 per cent to 307 cows/ farm in 2018-19 compared with the previous year.
* Milk solids sold decreased 1 per cent to 468 kilograms of milk solids (kg MS)/cow in 2018-19 compared with the previous year.
* Homegrown feed production was constant at 66 per cent of metabolisable energy consumed.

# Farm performance

## Varied seasonal conditions contributed to 17 of the 25 farms recording a positive EBIT.

|  |  |  |
| --- | --- | --- |
|  | 2017-18 | 2018-19 |
| Average earnings before interest and tax | $144,000 | $82,000 |
| Average net farm income | $50,000 | -$15,000 |
| Average return on total assets | 3.0% | 1.7% |
| Average return on equity | 1.0% | -2.3% |

**Farm profitability has been influenced by:**

* Rainfall in 2018-19 was 81 per cent of long-term average
* Variable costs increased 18% to **$3.81/kg MS** as purchase feed and irrigation prices increased
* Macalister Irrigation District received 100 per cent irrigation determinations with no spill water
* Milk price increased 4 per cent to **$5.97/kg MS**

**Return on total assets and milk price**

In 2018-19, return on total assets (ROTA) was fourth lowest and milk price\* was in the middle range in the 13 years of the project.

The Project’s 13-year average of ROTA was **3.6 per cent** and milk price\* was **$6.13**/kg milk solids.

 *\* Milk price in real terms (adjusted for inflation).*

# FUTURE EXPECTATIONS 2019-20

Majority of responses from participant farmers (91 per cent) expect business returns to **improve**.

Issues ranked in order of importance as reported by participant farmers: input costs, climate/seasonal conditions and pasture/fodder.

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This project is delivered primarily through partnerships between Agriculture Victoria, Dairy Australia and service providers.

**Further information** - Refer to the Dairy Farm Monitor Project Victoria Annual Report 2018-19 at [www.agriculture.vic.gov.au/dairyfarmmonitor](http://www.agriculture.vic.gov.au/dairyfarmmonitor)

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