Dairy Farm Monitor Project
2018-19 Northern 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 Northern Victoria, 25 farms were analysed.

# DairyING IN NORTHERN VICTORIA

Approximately **1,130** dairy farms in Northern Victoria produced **1.69 billion litres** of milk in 2018-19, accounting **for** 30 per cent of Victoria's milk production.

# PHYSICAL FARM CHARACTERISTICS

* On average, farms in the North maintained stocking rate but increased average herd size.
* Average herd size increased 4 per cent to 399 cows in 2018-19 compared with the previous year.
* Milk solids sold decreased 2 per cent to 524 kilograms of milk solids (kg MS)/cow in 2018-19 compared with the previous year.
* Homegrown feed production increased to 60 per cent of metabolisable energy consumed.

# Farm performance

**2018-19 was a challenging year for Northern Victorian dairy farms with only 10 of the 25 farms recording a positive EBIT.**

|  |  |  |
| --- | --- | --- |
|  | 2017-18 | 2018-19 |
| Average earnings before interest and tax | $185,000 | $24,000 |
| Average net farm income | $73,000 | -$85,000 |
| Average return on total assets | 2.5% | -1.7% |
| Average return on equity | 1.2% | -7.4% |

**Farm profitability has been influenced by:**

* Rainfall in 2018-19 was **336 mm,** 69 per cent of long-term average
* Irrigation costs increased 92 per cent to **$0.79/kg MS**; price of temporary water increased substantially
* Concentrate costs increased 46 per cent as price increased to **$513/t dry matter**
* Milk price increased 7% to **$6.28/kg MS**

**Return on total assets and milk price**

In 2018-19, return on total assets (ROTA) was the 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 **3.5 per cent** and milk price\* was **$6.31/kg MS**.

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

# FUTURE EXPECTATIONS 2019-20

Most of the responses from participant farmers (71 per cent) expect business returns to **improve**, up from 65 per cent the previous year.

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

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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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