Dairy Farm Monitor Project
2018-19 South West 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 South West, **25 farms** were analysed.

# DairyING IN SOUTH WEST

Approximately **1,170** dairy farms in South West Victoria produce **2.01 billion litres** of milk per year, accounting for **36 per cent** of Victoria's milk production.

# PHYSICAL FARM CHARACTERISTICS

* On average, participant farms in the South West reduced milk production per cow. For some farmers, this was to manage seasonal risk.
* Average herd size decreased 4 per cent to 364 cows /farm in 2018-19 compared with the previous year.
* Milk solids sold decreased 2 per cent to 492 kilograms of milk solids (kg MS)/cow in 2018-19 compared with the previous year.
* Homegrown feed production increased to 68 per cent of metabolisable energy consumed.

# Farm performance

## In 2018-19, 19 of the 25 participants in the South West had a positive EBIT.

|  |  |  |
| --- | --- | --- |
|  | 2017-18 | 2018-19 |
| Average earnings before interest and tax | $149,000 | $150,000 |
| Average net farm income | $26,000 | $27,000 |
| Average return on total assets | 1.9% | 2.3% |
| Average return on equity | -1.1% | -0.8% |

**Farm profitability has been influenced by:**

* Average seasonal conditions with **93** per cent of long-term average rainfall
* Purchase feed costs rose 14 per cent to **$2.09/kg MS** as prices increased
* Homegrown feed costs increased 25 per cent to **$1.13/kg MS** as greater quantity of pasture harvested
* Milk price increased 6 per cent to **$6.15/kg MS**

**Return on total assets and milk price**

In 2018-19, return on total assets (ROTA) was fifth 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 **3.9 per cent** and milk price\* was **$6.28/kg MS**.

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

# FUTURE EXPECTATIONS 2019-20

Majority of responses from participant farmers (92 per cent) expect business returns to improve.

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

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Dairy Farm Monitor Project is provided with funding and support from the Victorian Government and Dairy Australia.

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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