Dairy Farm Monitor Project
2018-19 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.

Approximately **3,520** dairy farms in Victoria produced **5.57 billion litres** of milk in 2018-19.

# Dairy Farm Monitor Project farm locations 2018-19

Participant farms are spread across the three major Victorian dairying regions of northern Victoria, south west Victoria and Gippsland.

## SEASONAL CONDITION

Rainfall during 2018-19 for much of the state was average to very much below the long-term average. Across the surveyed farms in Victoria, average total rainfall was 596 mm, 84 per cent of the long-term average. In Gippsland, rainfall was 81 per cent of long-term average; in the North was 69 per cent and in the South West was 93 per cent.

## Farm performance

## In 2018-19, 61% of participant farms (46 of the 75) achieved a positive EBIT

|  |  |  |
| --- | --- | --- |
|  | 2017-18 | 2018-19 |
| Average earnings before interest and tax | $159,000 | $85,000 |
| Average net farm income | $50,000 | -$24,000 |
| Average return on total assets | 2.5% | 0.7% |
| Average return on equity | 0.4% | -3.5% |

**Farm profitability has been influenced by**

* Dry seasonal conditions continued with annual rainfall below the long-term average
* High input costs provided challenges for Victorian dairy farms
* Average statewide milk price increased 6 per cent to **$6.13/kg milk solids** (MS)
* Concentrates increased **28 per cent** to **$1.80/kg MS**
* Fodder purchases increased **58 per cent** to **$0.43/kg MS**
* Irrigation costs increased **88 per cent** to **$0.31/kg MS**

**Return on total assets (ROTA)**

Average ROTA in the North was negative for the second time in the 13-year history of the project. Highest return was recorded in 2013-14.

Average ROTA in the South West and Gippsland were the fourth lowest performance for their respective region in the 13-year history of the project. Both regions recorded their highest returns in 2007-08.

## Future expectations 2019-20

* Farm proﬁts expected to improve (**86 per cent** of responses)
* Milk price expected to improve (**93 per cent** of responses)
* Issues ranked in order of importance as reported by participant farmers: input costs, climate/seasonal conditions and milk price.

**Acknowledgements** - Participant farmers are gratefully acknowledged.

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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