



Dairy 2010 Situation and Outlook

Fact Sheet:

A snapshot of the South Australian dairy industry

Each year, Dairy Australia surveys a proportion of South Australia's dairy farmers as part of Situation and Outlook. This factsheet outlines the results of the 2010 survey.

The region's status

- There are estimated to be 320 dairy farms in South Australia.
- There are 17 dairy factories, including milk processing, dairy product manufacturing and milk collection plants.
- Major companies operating in South Australia include Dairy Farmers Milk Company, National Foods, Murray Goulburn Co-operative, Warrnambool Cheese & Butter, Bega Cheese and Fonterra.
- The industry directly employs approximately 2,000 people in the farm sector, and 800 people in the processing sector.
- Total milk production for the region in 2009/10 will reach approximately 620 million litres, which is almost 7 per cent of national milk production.
- The estimated value of farm milk production in 2009/10 from the region was \$205 million.

Survey results

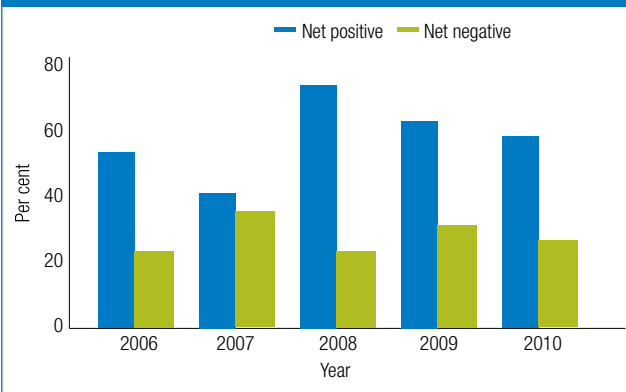
- Dairy farms surveyed in South Australia milked approximately 295 cows, producing (an average) 2.2 million litres or 171,378 kg of milk solids (fat and protein).
- Herds grew from 265 milking cows to an average 295 during 2009/10.
- Average herd production was up from 1,835,000 to 2,289,600 litres, an increase of nearly 25 per cent, mainly due to larger milking herds.

- Per cow production rose on average 3.1 per cent, to 6,640 litres.
- Average dairy land area per holding is 240 hectares.
- Average grain usage fell from 1.89 tonnes to 1.77 tonnes per cow, per year.
- Grain feed was typically purchased as required by 76 per cent of respondents, compared with 50 per cent in 2008/09.
- The most common production system in the region was split or batch calving, on 47 per cent of farms, whilst 28 per cent of farms calved seasonally and 33 per cent of farms produced milk all year round.
- Difficult seasonal conditions in winter and spring, and low milk prices, prompted farmers to use the export market more heavily this season, with 7 per cent of the state's heifers sold for export and 2 per cent sold on domestic markets.
- Over three-quarters (76 per cent) of land set up for irrigation was actually watered, compared with 91 per cent in 2008/09.
- Almost two in three farmers (63 per cent) undertook some capital investment in 2009/10.
- The proportion of farmers making on-farm investments over the past year has fallen from 79 per cent in 2009 to 63 per cent in 2010.
- The number of dairy farmers in South Australia 'fairly to very positive' about the future of the national industry fell 11 points to 50 per cent. This result is lower than the national average of 65 per cent.
- Milk price was nominated by 55 per cent of respondents as the main challenge currently being faced, and 52 per cent believe this will continue into the future.



- Just under one-third, (30 per cent) of respondents were negative about the future of dairy farming due to low milk price. 7 per cent were negative due to rising input costs and 7 per cent also nominated a lack of government support as a cause for their negative outlook.
- This year's survey found that confidence is lower in South Australia than in other states.

Confidence in the future of the national dairy industry



Milk production outlook, 2010/11

- Production in South Australia is expected to increase by 2.6 per cent.
- Almost half, (43 per cent) of farmers expect to increase their milk production, while 13 per cent plan to reduce their production.
- Surveyed farmers expect to milk 10 per cent more cows.
- Heifer replacements will comprise 21 per cent of herds in 12 months time, with 40 per cent of these heifers being introduced in autumn/winter 2010.
- Over a third, (37 per cent) of respondents expect to be producing more milk in three years time, whereas 50 per cent of farmers will have production at, or about, current levels.
- 5 per cent of farmers do not expect to be in business in three years time.

DairySA and Dairy Australia:

- aim to build a sustainable and internationally competitive dairy industry for the benefit of farmers.
- deliver the best possible dairy research, development, extension and industry services across the supply chain.
- are funded by a combination of farmer levy, Government and leveraged funds.

DairySA is just one of many examples of Your Levy at Work. For information on your levy investments, visit www.dairyaustralia.com.au, www.dairysa.com.au or telephone 08 8766 0127.



Contact Dairy Australia
T +61 3 9694 3777
F +61 3 9694 3733
E enquiries@dairyaustralia.com.au
www.dairyaustralia.com.au
Membership Hotline on
Freecall 1800 004 377