

## Dairy 2010 Situation and Outlook

### Fact Sheet:

## A snapshot of the Murray Dairy region

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

### Dairy in the region

- The estimated value of farmgate production in the Murray Dairy region in 2009/10 was \$610 million.
- There are 14 dairy factories including milk processing, milk collection plants and dairy product manufacturing in the region.
- Dairy companies manufacturing product include Murray Goulburn Co-operative, Fonterra, Parmalat, Bega, Tatura Milk Industries and National Foods.
- The regional dairy industry directly employs around 8,000 people in both farming and processing.
- During the 2009/10 season, most irrigators in the Murray Dairy region enjoyed their best allocation in four years.
- Many dairy farmers have taken the opportunity to start pastures with irrigation, which benefited from mild autumn conditions.
- The announcement of increased allocations late in the 2009/10 season has led to increased carryover water for dairy farmers, providing options for irrigating in early spring 2010/11 season.

### Survey results

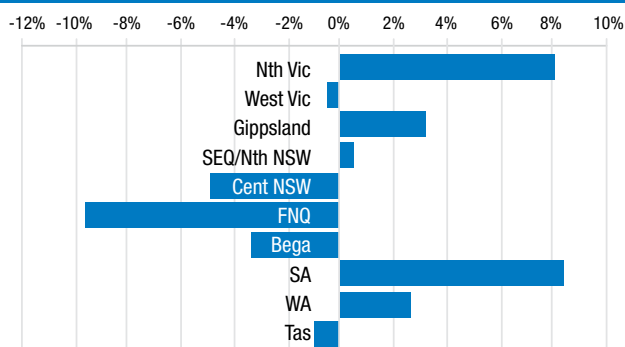
- Dairy farms in the Murray Dairy region in 2010, milked approximately 245 cows, producing (on average) 1.8 billion litres.
- Average herd size is now 245 cows compared with 240 last year.
- Average herd production was up from 1,609,400 to 1,625,700 litres, (i.e. 120,465 to 121,685 kg of milk solids) an increase of about 1 per cent.

- Total milk production for the region in 2009/10 will reach about 1.84 billion litres, (i.e. 137,725 kg of milk solids) representing 20.5 per cent of national milk output.
- Per cow production fell on average 3.3 per cent to 6,377 litres, (i.e. 477 kg of milk solids).
- Average dairy land area per holding is 160 hectares.
- Nearly two-thirds, (62 per cent) of respondents undertook some capital investment in 2009/10, mainly in machinery and irrigation plant.
- Average grain usage remained constant at around 1.74 tonnes per cow, per year.
- Grain feed was typically purchased as required by 85 per cent of respondents, compared with 79 per cent in 2008/09.
- Over the past 12 months, 56 per cent of herds had a period when they did not graze pasture, which is substantially lower than the 76 per cent recorded in 2008/09.
- Calving patterns in the region consisted of:
  - Split and/or batch calving (52 per cent).
  - Seasonal calving (31 per cent).
  - All year round (17 per cent).
- During 2009/10, 7 per cent of the total heifers in the region were sold, providing cashflow for farm businesses.
- 47 per cent of land set up for irrigation in the Murray Dairy region was actually watered, compared with 38 per cent in 2008/09.
- Low 2009/10 opening prices and dry conditions saw many farm businesses struggle early in the season.
- Compared with 12 months ago, the proportion of dairy farmers 'fairly to very positive' about the future of the national industry has risen from 51 per cent to 61 per cent.

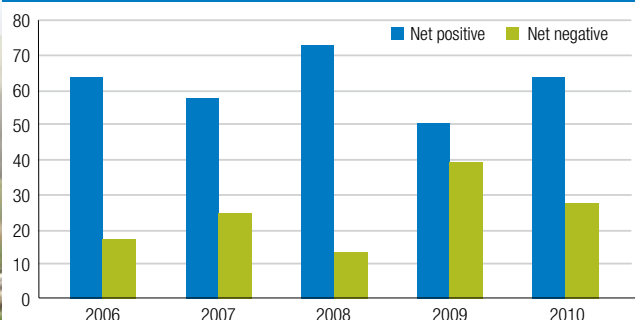


- Confidence in the local industry (43 per cent 'fairly to very positive') is significantly lower than the national average of 64 per cent.
- Almost two-thirds, (63 per cent) of respondents are 'fairly to very positive' about the future of their own business.
- Milk price and irrigation water were nominated as the two main challenges currently being faced (40 per cent), and these issues dominate concerns for the future.
- 43 per cent of respondents expect to make a margin over input costs between January and June 2010, and 27 per cent expect to breakeven during this period.
- Currently, 34 per cent of dairy farms are run by the owner and/or partner, compared with 27 per cent in 2008/09.
- Combined with more reasonable feed prices (estimated at 40 per cent lower than 2008/09 for the coming year), there is potential for farmers' terms of trade in 2010/11 to be the best it has been since 2001/02.
- Murray Dairy region dairy farmers have been hardest hit nationally, enduring average losses of \$27,300. They have endured rates of return equal to minus 3.9 per cent (excluding capital appreciation) this financial year.

#### 2010 Situation and Outlook, change in cow numbers 2010/11



#### Confidence in the future of the national dairy industry (per cent)



#### Milk production outlook, 2010/11

- Production in the region is expected to fall by minus 0.1 per cent.
- Nearly two-thirds, (65 per cent) of farmers expect to increase their milk production, while 5 per cent plan to reduce their production.
- Surveyed farmers expect to milk 8.5 per cent more cows.
- 22 per cent of the herds in the region will comprise heifer introductions in the 2010/11 season.
- 59 per cent of farms expect to be producing more milk in three years time, whereas 33 per cent of farmers will have production at or about current levels.
- 4 per cent of farmers do not expect to be in business in three years time.

#### MurrayDairy 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.

MurrayDairy is just one of many examples of Your Levy at Work. For information on your levy investments, visit [www.dairyaustralia.com.au](http://www.dairyaustralia.com.au) or [www.murraydairy.com.au](http://www.murraydairy.com.au), or telephone 03 5833 5312.

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