



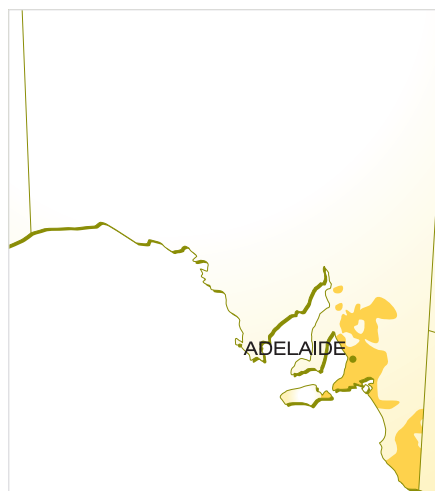
Dairy in South Australia

Regional Profile from
Dairy 2009: Situation and Outlook

Key facts: farms in 2009

- The average dairy farm in the region is milking about 281 cows, producing over 2 million litres, which is an increase of 24% on last year.
- The average size of farms is 208 ha
- Some 44% of South Australian respondents have been affected by price step downs
- Step downs had a major effect on 85% of farms in the region and the long term plans of 63% have been affected
- Milk price followed by climate were nominated as the main challenges currently faced in the region
- 79% of farmers in the region undertook some capital investment in 2008-09
- Average grain usage has remained steady at 1.9 tonnes per cow per year
- Respondents sold or culled an average 19% of their milking herd
- Across the State, 23% of respondent's herds will consist of heifer replacements, by 2009-10
- A low 6% of milking cows in South Australia are crossbreds
- Sexed semen was used in 20% of respondent herds during 2008-09, but at the 'right price' the proportion of farms using this technology would increase to around 62% in the next 12 months.
- 90% of respondents seek advice from fertiliser experts, independent consultants or dairy officers, when making decisions about fertiliser types and application rates
- 23% of farms in the region are staffed by the owner or ownership couple only
- While half typically purchase grains and supplements as required, South Australian farmers are most likely to forward contract (45%)
- 46% of farms in the region produce milk all year round. 33% of farms use split or batch calving, while 21% of farms calve seasonally

South Australia Regional Map



Source: NDFS

The region's status

- The central production region of the State services the fresh dairy products requirements of Adelaide as well as the cheese manufacturing operations of National Foods and Dairy Farmers which are each located in the region, as well as commodity manufacturing plants in Western Victoria
- Accordingly the value of milk is significantly influenced by commodity prices – despite a sizable portion of milk being sold into fresh products and into domestic cheese markets
- The value of milk in 2008/09 is strongly influenced by supply competition between domestic fresh processors and Victorian-based manufacturers sourcing supplies from the region to meet expansion targets
- The South-East region of the state has considerable scope for growth and is part of a commercial milk field adjoining Western Victoria
- Around 320 dairy farmers are expected to produce over 630 million litres of milk annually, which is around 7% of national milk production
- There are 17 dairy factories in the region including milk processing, dairy product manufacturing and milk collection plants
- The dairy industry directly employs around 1,175 on farms and a further 350 in the processing sector
- The estimated value of farm milk production in the region in 2007/08 was \$245 million
- Exports from South Australia are valued at \$56 million. A significant proportion of SA milk is processed in, and exported from Victoria
- Major companies operating plants in the region include Warrnambool Cheese & Butter and National Foods

Dairy in the region

South Australian Regional Profile

Region	Farms	% of SA farms	Cow no.	% of SA cows	Average herd size	Estimated milk production in 2007/08 (million litres)
Central-Adelaide Hills & Fleurieu Peninsula	119	35	24,542	25	137	148
South East	116	35	47,815	48	436	323
Lower Murray Swamps & Meningie Lakes	69	21	21,009	21	227	138
Mid North	30	9	5,845	6	186	27

Regional opportunities and challenges

Advantages

- The region has inherent climate and feed availability advantages
- There are few limitations on feed supply, with good access to fodder and grain supplies
- Ongoing pricing will be influenced by a balancing of fresh milk supply and commodity market returns
- The south-east of the state has considerable potential to grow as a region with strong expansion prospects, based on pasture-based production with a reliable climate and good water supply from underground aquifer system

Challenges

- Land values and land use pressures and accountability have risen due to the competition from other land uses – including strong influence from the spread of urban areas and the extension of regions sought as hobby farms by Adelaide and Adelaide Hills residents
- Water markets along the Murray River system have directly affected the value of water on the river as both a cost and opportunity for producers
- Access to Murray River water allocations subject to competition from urban, agricultural and environmental use
- Continuing access to underground water supplies is an area of uncertainty in the south-east



Dairy 2009 Situation and Outlook

For the full Situation and Outlook report, or for the latest industry statistics, visit www.dairyaustralia.com.au

Milk production outlook

Outlook for 2009/10

- Production in South Australia region is expected to increase by 1% to 636 million litres in 2009/10
- 66% of farmers in the region expected to increase their milk production in 2009-10, while 3% planned to reduce their production
- Average production per cow was expected to increase from an average of 7,217 litres to 7,453 litres
- Milk prices, based on commodity prices and currency movements, will be around 10-15% lower than final 2008/09 levels

Factors affecting the production outlook

- Surveyed farmers expected on average to be milking 294 cows producing 2.1 million litres, an increase of 7.6%
- By the end of 2009-10, 23% of respondent's herds will consist of heifer replacements
- Milk price is both the main current (mentioned by 54% of respondents) and future challenge (46%) facing the region
- Over the next 12 months, 10% of farmers intended to decrease the amount of land irrigated

Attitudes affecting the outlook

- The proportion of respondents positive about the future of the industry had fallen from 73% to 61%
- At the time of the survey and in the event of a return to reasonable seasonal conditions and milk prices, 54% of farms expected to be producing more milk in 3 years time compared with the 2008-09 season, while 39% of farmers expected production to remain at or about current levels
- While 79% of farmers made investments on their farms in the past year, just 39% planned to invest in 2009-10, with the number of farmers making capital investment in machinery expected to fall from 46% to 19% of farms
- Based on these expectations and demonstrated growth rates of farmers who intended at the time of the survey to grow their businesses in the future, production from the region could be expected to be in the range 645-665 million litres in 3 years' time

Contacts & further information



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DairySA is a Dairy Australia Regional Development Program (RDP). It encourages farmers to adopt long-term sustainable practices by identifying key priority areas for research, development and extension within SA. It then facilitates adoption through projects, farmer driven workshops, field days and dairy discussion groups.

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Dairy Australia delivers the services needed by the Australian dairy industry for its ongoing and future development as a competitive, innovative and sustainable dairy industry that contributes to the overall prosperity of Australian and regional economies.

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Industry Association of Australia (DIAA)

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Dairy Manufacturers

You can find a listing of processors on Dairy Australia's website under "who makes what".



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