



# Dairy in Tasmania

Regional Profile from  
Dairy 2009: Situation and Outlook

# Background – dairy in Tasmania

- Around 450 Tasmanian dairy farmers produce over 700 million litres of milk annually
- 2008/09 has seen a 7% increase in milk production with over 20% in the past 5 years
- The dairy industry directly employs around 2,700 people on farms and in the processing sector
- Exports from Tasmania are valued at over \$260 million

## Dairy500

The Tasmanian dairy industry through DairyTas is promoting dairy farming opportunities in Tasmania. The industry website at [www.intodairy.com](http://www.intodairy.com) is a great information source on the industry.

Dairy500, supported by Elders and ANZ, is promoting Tasmania at the 2009 NZ National Agricultural Fieldays, after successful visits in the past 2 years.

Visit [www.intodairy.com](http://www.intodairy.com)



# Key facts: farms in 2009

- The average farm in Tasmania milks around 350 cows, producing 1.9 million litres
- Average dairy land area is 160 ha
- 77% of Tasmanian respondents have been affected by price step downs in 2008/09
- As a result of price step downs, 33% of respondents in the region decided to decrease levels of supplementary feed
- 74% of farmers in the region undertook some capital investment in 2008-09
- Average grain usage is 1.1 tonnes per cow per year
- 28,447ha, or 87% of land set up for irrigation was actually irrigated in 2008-09
- By the end of 2009-10, 23% of respondent's herds will consist of heifer replacements
- 28% of respondents had some crossbred cows in their herd
- Sexed semen was used in 22% of respondent herds during 2008-09, but at the 'right price' the proportion of farms using this technology would increase to around 69% in the next 12 months
- 94% of farmers in the region soil tested when making decisions about fertiliser types and application rates, while 72% obtained advice from a fertiliser expert
- 29% of farms in the region were staffed by the ownership couple only
- 78% typically purchased grains and supplements as required, while 25% used forward contracts
- The most common production system in the region is seasonal calving on 73% of farms. Some 21% of farms use split or batch calving, while 6% produce milk all year round

## Tasmania Regional Map



Source: NDFS

- **Current dairying areas**  
(Including areas with conversion potential)
- Potential new dairy areas

# The region's status

- The region enjoys a reliable supply of water, mild climate and high quality soils
- Milk is mostly used in cheese and powder production processes for export, as well as fresh dairy products
- Milk prices are driven by the annual price offered by Fonterra which collects the majority of milk in the State.
- Farmgate prices in the region are driven by export returns and have experienced the fluctuations in international dairy commodity prices

## Dairy in the region

- Some 450 dairy farmers are expected to produce 700 million litres of milk in 2008-09
- This represents over 7% of national milk output
- The dairy industry directly employs some 1,475 people on farms and a further 1,250 in the processing sector
- Dairy companies manufacturing product in the region include Fonterra, National Foods and Cadbury plus a number of smaller manufacturers
- The estimated value of farmgate production in the region in 2007/08 was \$330 million
- Dairy exports from the region are valued at around \$260 million



# Regional opportunities and challenges

## Advantages

- Inherent advantages of the region are based on the dryland pasture base and relatively reliable seasonal climate. There is a reasonable reliance on irrigation to maximize pasture performance
- Farmer confidence in the future of the industry and the reliability of the region is sustaining optimism for the region's future production prospects
- Land values still represent good opportunity for expansion, particularly in the north west, north east, Upper Derwent and Meander Valley

## Challenges

- The two major challenges currently facing Tasmanian dairy enterprises are the costs of bought-in grain and fodder and the cost and availability of irrigation water
- Land values have risen in recent years due to additional dairy investment and land use competition
- Tasmania has strong pasture based dairy industry. There are some limitations on additional feed supply from both a price and logistical perspective
- Labour shortages due to competition from other Tasmanian and mainland agricultural and resource-based industries affect dairy regions



## Dairy 2009 Situation and Outlook

For the full Situation and Outlook report, or for the latest industry statistics, visit [www.dairyaustralia.com.au](http://www.dairyaustralia.com.au)

# Milk production outlook

## Outlook for 2009/10

- Production in the region is expected to increase by about 5-6% to near 750 million litres
- 57% of farmers in the region expected to increase their milk production in 2009-10, while 7% planned to reduce their production
- Average production per cow is expected to increase from an average of 5,513 litres to 5,756 litres

## Factors affecting the production outlook

- Milk price is the main challenge facing the region, mentioned by 64% of surveyed farmers, followed by climate mentioned by 11%
- Over the next 12 months, 40% of respondents planned to increase the amount of land irrigated

## Attitudes affecting the outlook

- The proportion of respondents positive about the future of the industry has declined from 91% to 80% this year. This remains the highest of any dairy region in Australia
- A high 17% of respondents were very positive about the future of the industry
- At the time of the survey, and in the event of a return to more reasonable seasonal conditions and milk prices, 65% of farms expected, on average, to be producing more milk in 3 years time, compared with the 2008-09 season, while 31% of farmers expected production to remain at or about current levels
- While 74% of farmers made investments on their farms in the past year, only 47% planned to invest in 2009-10, with the number of farmers making capital investment in irrigation plant expected to increase from 39% to 51% 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 800 million litres in 3 years' time

# Contacts & further information



## **DairyTas**

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## **Dairy Australia**

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.

## **Dairy Australia**

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## **Advocacy for dairy farmers**

### **Australian Dairy Farmers Limited**

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## **Tasmanian Farmers & Graziers Association**

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## **Representation for Manufacturers**

### **Australian Dairy Products Federation**

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Ph: (03) 8621 4260

## **Industry Association of Australia (DIAA)**

[www.diaa.asn.au](http://www.diaa.asn.au)

## **Dairy Manufacturers**

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

**DairyTas**

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Published by Dairy Australia.

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