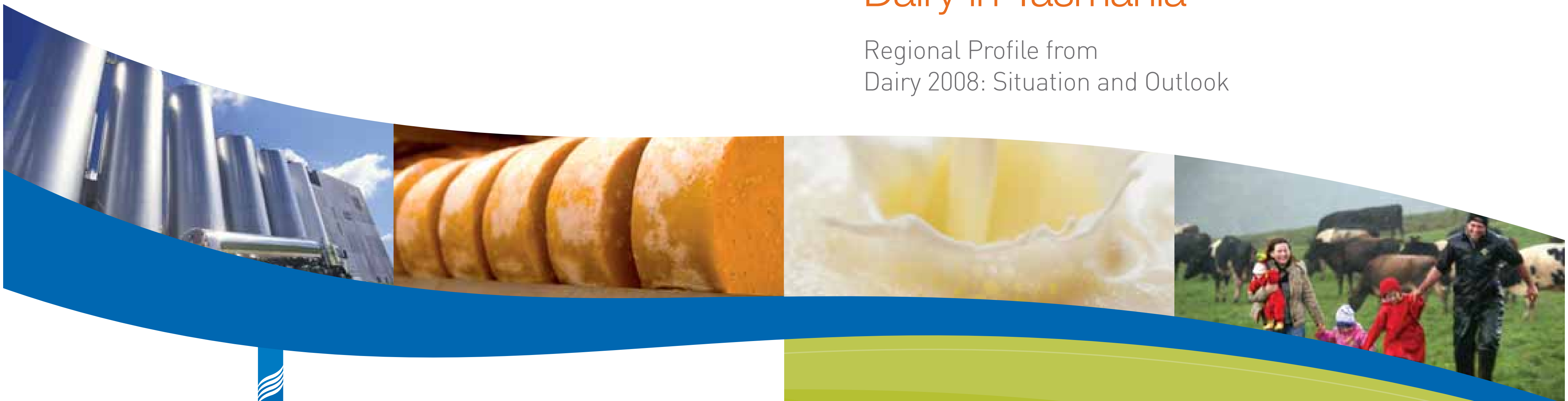
DAIRYAUSTRALIA
Delivering for the dairy industry

Dairy in Tasmania

Regional Profile from Dairy 2008: Situation and Outlook



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Key Facts – Australian Dairy Industry

- Around 8,000 Australian dairy farms and 1.8 million dairy cows produce 9.1 billion litres of milk annually
- The Australian dairy industry is largely pasture-based, and the average cow produces just over 5,000 litres of milk each year
- This makes dairy Australia's third largest rural industry, with a farmgate value of $4.4 billion
- Dairy is one of the largest value added rural industries, with most milk processed in regional areas. The industry generates $9.2 billion in ex-factory sales each year
- The industry directly employs some 40,000 people, on farms, and in processing
- Australia is a significant dairy exporter – accounting for around 11% of world dairy trade, it is ranked third behind New Zealand and the European Union
- Just under half of the industry's production is exported in the form of dairy products such as milk powders, cheese and butter, to over 120 countries.

Background – Dairy in Tasmania

- Around 460 Tasmanian dairy farmers produce over 640 million litres of milk annually
- The dairy industry directly employs over 2,200 people on farms and a further 675 in the processing sector
- Exports from Tasmania are valued at over $200 million.

Dairy500

The Tasmanian dairy industry through DairyTas is promoting dairy farming opportunities in Tasmania. The industry website at **www.intodairy.com** is a great information source on the industry.

Dairy500, supported by Elders and ANZ, is promoting Tasmania at the 2008 NZ National Agricultural Fieldays, after a successful visit in 2007.

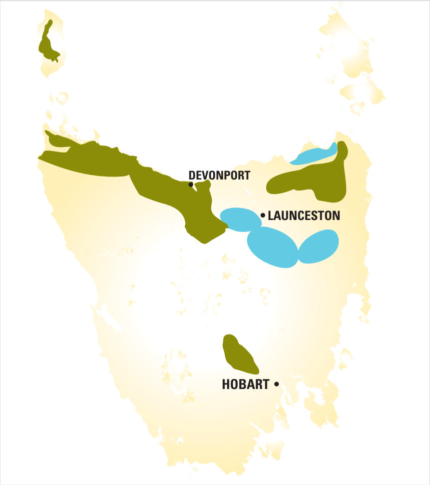
Visit **www.intodairy.com**

Key Dairy Farm Facts in Tasmania

- The average Tasmanian farm milks around 360 cows, producing 2.11 million litres, or 160,000 kg of milk solids annually
- Average dairy land area is 175 ha
- 75% of farms undertook some capital investment in 2007-08
- 27% of farms in the region are staffed by the owner, or ownership couple only
- The most common production system in the region is seasonal calving on 73% of farms. Split or batch calving is used on 25% of farms and just 3% of farms produce milk all year round.

Source: Dairy 2008: Situation and Outlook

Tasmania Regional Map



Current dairying areas (Including areas with conversion potential)

Potential new dairy areas

Regional Opportunities & 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 maximise 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
- The industry in the region has a good infrastructure, with good cooperation and coordination between industry players

Challenges

- Land values have risen in recent years due to greater interest in Tasmanian dairy farms, land use competition from timber plantations and investment from lifestyle rural investors
- There are some limitations on feed supply, and despite good access to fodder, there are logistical challenges with grain supplies. Supplementary feed comes at a higher cost due to logistics and lack of critical mass of regional infrastructure
- Labour shortages due to competition from other Tasmanian and mainland agricultural and resource-based industries, affects dairy regions.

Survey Outlook for 2008-09

- Surveyed farmers expect to milk 5% more cows in 2008/09
- Heifers on hand in 2007/08 numbered 46% of the milking herd
- Heifers will replace 23% of the milking herd over the next year
- The average amount of grain or concentrates fed in Tasmania has doubled in the past four years
- Tasmanian farmers were the most positive of all survey respondents, with 91% of farmers feeling positive about the future of the dairy industry. The increased confidence is clearly linked to higher milk prices
- 69% of farms expect to be producing more milk in three years time, whereas 30% of farmers will have production at or about current levels
- 1% of farmers do not expect to be in business in three years time
- 75% of farmers in the region made on-farm investments in the past 12 months, up 4% from the previous year
- Based on these expectations and demonstrated growth rates of farmers who intend to grow their business in the future, milk production from the region is expected to range between 735 million litres and 769 million litres in three years' time
- The two major challenges currently facing Tasmanian dairy enterprises are the costs of grain/hay and the cost/availability of irrigation water.

Dairy 2008: Situation and Outlook

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

Contacts & Further information

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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.

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Advocacy for dairy farmers

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Representation for Manufacturers

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Industry Association of Australia (DIAA)
www.diaa.asn.au

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