

Dairy 2010 Situation and Outlook

Fact Sheet:

A snapshot of the Tasmanian dairy industry

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

The region's status

- There are 450 dairy farms in Tasmania.
- Total milk production for the region in 2009/10 will reach approximately 650 million litres (down 7 per cent on last year). This is over 7 per cent of national milk production.
- The estimated value of farm milk production in 2009/10 from the region was around \$211 million.
- Milk prices are driven by the annual price offered by Fonterra which collects the majority of milk in the state. This drives prices offered by a number of other regional processors of cheese and fresh dairy products.
- Major companies operating in the region include Fonterra Australia, Cadbury and National Foods. Milk is mainly used in cheese and powder production for export, as well as fresh dairy products.
- The industry directly employs 1,900 people in the farm sector and 800 people in the processing sector.

Survey results

Dairy farms surveyed in Tasmania in 2010 milked approximately 325 cows, producing 1.58 million litres or 118,260 kg of milk solids (fat and protein).

The average herd production fell 4.3 per cent in 2009/10, while per cow production stayed the same at 5,300 litres.

Average dairy land area per holding is 159 hectares.

Approximately 61 per cent of farmers in the region undertook some capital investment in 2009/10, down from 74 per cent in the previous year.

Average grain usage fell from 1.14 to around 1.01 tonnes per cow. 80 per cent of farmers bought grain feed, and 50 per cent bought hay or silage over the past 12 months.

During the year, 32 per cent of dairy farms recruited staff. 65 per cent of farms in the region employ paid-staff, which includes family members.

The most common production system in the region was seasonal calving, on 64 per cent of farms. Around 33 per cent of farms used split or batch calving and 4 per cent of farms produced milk all year round.

The number of Tasmanian dairy farmers who are 'fairly to very positive' about the future of the national industry fell nine points to 71 per cent, which remains higher than the national average of 65 per cent.

Milk price was nominated as the main challenge currently being faced by 60 per cent of Tasmanian farmers. Lack of profit was nominated as the main future challenge by 18 per cent of respondents in this region, a significant increase from 6 per cent the previous year.

Less than half the Tasmanian respondents (45 per cent) believe they will make a margin over input costs in the first six months of 2010. Yet, 21 per cent expect to break even and 34 per cent anticipate making a loss, which is the highest proportion of any state or region.

The low milk price, damaging floods last season, re-sowing pastures and lower equity rates were the



factors behind the lack of profits and lower level of confidence. Tasmania's average debt level of \$2,406 per cow was higher than other Australian dairy regions.

Difficult seasonal conditions in winter and spring, plus low milk prices, prompted dairy farmers to use the export market more heavily this season.

Tasmanian dairy farmers sold 11% of their heifers to the export market.

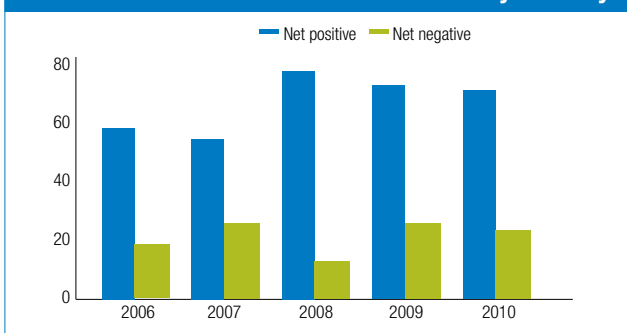
During 2009/10, 97 per cent of land set up for irrigation was watered, with the amount of land irrigated predicted to increase on 20 per cent of irrigation farms in the next 12 months.

Generally, Tasmania remains a confident dairy region, a position that has been consistently achieved across seven years of the Situation and Outlook Survey.

Milk production outlook, 2010/11

- Production in the region is expected to grow by 3.5 per cent.

Confidence in the future of the national dairy industry



- 66 per cent of farmers in the region are expected to increase their milk production, whilst 4 per cent plan to reduce their production.
- 20 per cent of Tasmanian dairy farmers believe their herd will grow in the future.
- Heifer replacements will comprise 22 per cent of herds by the end of the year, with 27 per cent of these heifers being introduced in autumn/winter.
- 54 per cent of farms expect to be producing more milk in three years time, whereas 35 per cent of farmers will have production at or about current levels.
- 6 per cent of farmers do not expect to be in business in three years time.

DairyTas 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.

DairyTas is just one of many examples of Your Levy at Work. For information on your levy investments, visit www.dairytas.com.au or www.dairyaustralia.com.au, or telephone 03 6432 2233. For general information, visit www.intodairy.com.au.

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