Dairying in Gippsland

- Approximately **1,200** farms in Gippsland produce **1.91 billion litres** of milk per year, accounting for **21%** of Australia’s milk production and **34%** of Victoria’s milk production output.
- In Gippsland, **25 farms** are analysed.

### Physical farm characteristics

On average, farms in Gippsland maintained the same average herd size but increased per cow milk production from increased homegrown feed availability, with a significant increase in conserved forage.

- **Average herd size**: 310 cows
- **Milk solids sold**: 486 kg MS/cow
- **Homegrown Feed**: 68% of metabolisable energy consumed

#### In 2019-20, all 25 Gippsland participant farms (100%) had a positive return on total assets

<table>
<thead>
<tr>
<th></th>
<th>2018-19</th>
<th>2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>$82k</td>
<td>$337k</td>
</tr>
<tr>
<td>$15k</td>
<td>Average earnings before interest &amp; tax</td>
<td></td>
</tr>
<tr>
<td>$238k</td>
<td>Average net farm income</td>
<td></td>
</tr>
<tr>
<td>1.7%</td>
<td>Average return on income</td>
<td></td>
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<tr>
<td>-2.3%</td>
<td>Average return on total assets</td>
<td></td>
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<tr>
<td>12.4%</td>
<td>Average return on equity</td>
<td></td>
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</tbody>
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**Farm profitability was influenced by**

- **16% increase in milk price to $6.95/kg MS**

#### Return on total assets and milk price

- **Average EBIT increased from $0.51/kg MS last year to $2.07/kg MS in 2019-20**

#### Future expectations 2020-21

- **Only 28%** of farmers expect business returns to **improve**; **28%** expect them to remain stable.

**Concerns as reported by farmers**

- **Input costs**
- **Climate/seasonal conditions**
- **Milk price**
- **Pasture/fodder**


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