Dairy Farm Monitor Project
2022-23 Gippsland performance

Dairying in Gippsland

Approximately 1,027 dairy farm businesses in Gippsland produced 1.82 billion litres of milk in 2022-23 accounting for 35% of Victoria’s milk production output and 22% of Australia’s milk production.

Physical farm characteristics

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>2021-22</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average herd size</td>
<td>344 cows</td>
<td>344 cows</td>
</tr>
<tr>
<td>Milk solids sold</td>
<td>481 kg MS/cow</td>
<td>481 kg MS/cow</td>
</tr>
<tr>
<td>Homegrown feed</td>
<td>60% of metabolisable energy consumed</td>
<td>60% of metabolisable energy consumed</td>
</tr>
</tbody>
</table>

In 2022-23 farm profitability has been influenced by:

- 35% ↑ in average milk price to $9.63/kg MS
- 11% ↑ in herd and shed costs to $0.71/kg MS
- 25% ↑ in total feed costs to $4.19/kg MS
- 9% ↑ in overhead costs to $2.83/kg MS.

4% decrease in homegrown feed (pasture plus conserved) due to wet conditions

0.2 t DM/cow increase in average supplements fed (increased to 3.0 t DM/cow) at higher unit prices

Highest total ($/kg MS) costs (variable and overhead) in 17 years. Largest contributors were elevated grain and fodder prices.

In 2022-23, 24 of the 25 Gippsland participants (96%) had a positive return on total assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Average EBIT ($/kg MS)</th>
<th>Average EBIT (total $/farm)</th>
<th>Average net farm income (total $/farm)</th>
<th>Average return on total assets</th>
<th>Average return on equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021-22</td>
<td>$1,724</td>
<td>$287k</td>
<td>$295k</td>
<td>6.3%</td>
<td>4%</td>
</tr>
<tr>
<td>2022-23</td>
<td>$2,869</td>
<td>$487k</td>
<td>$487k</td>
<td>10.9%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Return on total assets and milk price

Concerns as reported by farm businesses:

- Labour: 18%
- Input Cost: 18%
- Climate/seasonal conditions: 16%
- Pasture/fodder: 16%

Future expectations 2023-24

Three quarters of farmers expect business returns to stabilise