Dairying in South West Victoria

Approximately 1,070 dairy farm businesses in South West Victoria produced 1.97 billion litres of milk in 2020-21, accounting for 35% of Victorian milk production output and 22% of Australia’s milk production.

Physical farm characteristics

Over half the participants (16 farms) increased their per cow milk production from milking more cows and increased feed intake.

In 2020-21, almost all, 24 of the 25 participants in the South West, had a positive return on total assets

<table>
<thead>
<tr>
<th>2019-20</th>
<th>2020-21</th>
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<tbody>
<tr>
<td>$382k</td>
<td>$449k</td>
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<tr>
<td>$273k</td>
<td>$355k</td>
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<tr>
<td>5.8%</td>
<td>5.5%</td>
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<tr>
<td>9.6%</td>
<td>9.1%</td>
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Average earnings before interest & tax
Average net farm income
Average return on total assets
Average return on equity

Farm profitability was influenced by

7% decrease in average milk price to $6.68/kg MS

878mm of rainfall received
110% of long-term average rainfall supported good pasture and crop growth and many farms harvested more homegrown feed.

40% in livestock trading profit, largely from cattle sales into buoyant domestic and export markets.

16% in total feed costs from lower input prices and reduced spending on pasture improvements and cropping.

Concerns as reported by farm businesses:

- Input costs
- Milk price
- Succession Planning
- Climate/seasonal conditions

Future expectations 2021-22

Three-quarters of farmers expect business returns to improve.

Return on total assets and milk price

Average EBIT increased from $1.83/kg MS in 2019-20 to $2.04/kg MS in 2020-21

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