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“Dairy in Northern Victoria”

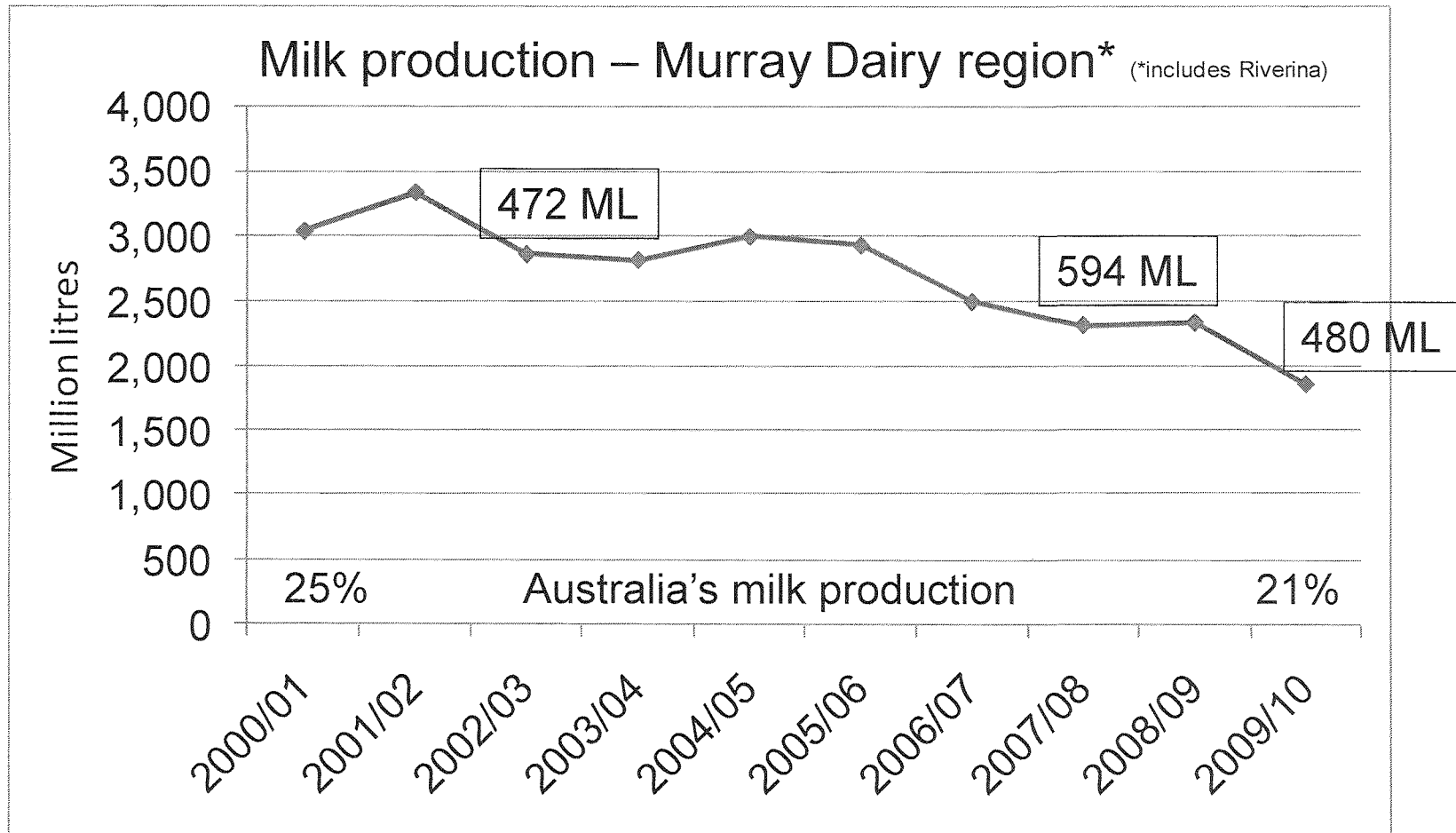
Saturday 22nd January 2011

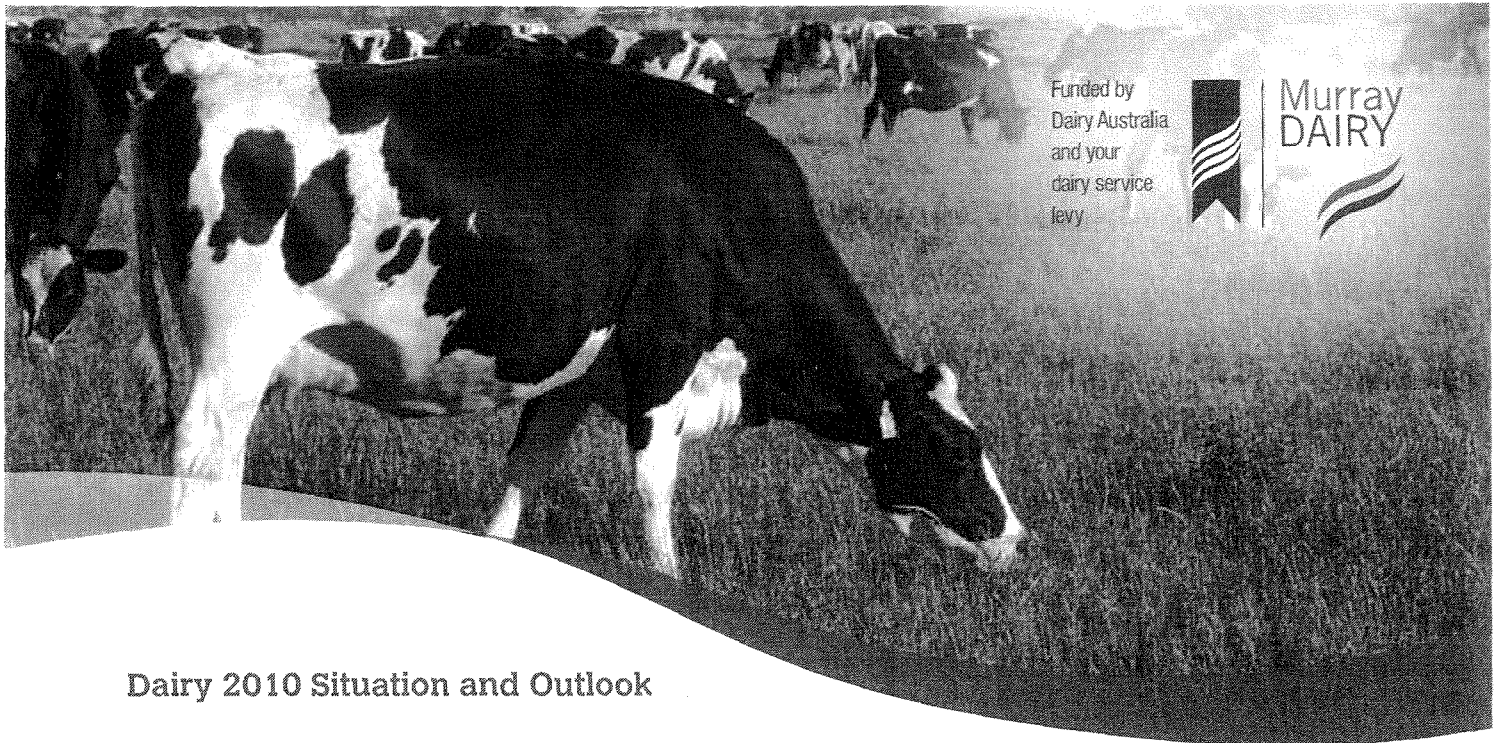
Natalie Akers



District Council 3

Milk production history





Funded by
Dairy Australia
and your
dairy service
levy



Dairy 2010 Situation and Outlook

Fact Sheet:

A snapshot of the Murray Dairy region

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

Dairy in the region

- The estimated value of farmgate production in the Murray Dairy region in 2009/10 was \$610 million.
- There are 14 dairy factories including milk processing, milk collection plants and dairy product manufacturing in the region.
- Dairy companies manufacturing product include Murray Goulburn Co-operative, Fonterra, Parmalat, Bega, Tatura Milk Industries and National Foods.
- The regional dairy industry directly employs around 8,000 people in both farming and processing.
- During the 2009/10 season, most irrigators in the Murray Dairy region enjoyed their best allocation in four years.
- Many dairy farmers have taken the opportunity to start pastures with irrigation, which benefited from mild autumn conditions.
- The announcement of increased allocations late in the 2009/10 season has led to increased carryover water for dairy farmers, providing options for irrigating in early spring 2010/11 season.

Survey results

- Dairy farms in the Murray Dairy region in 2010, milked approximately 245 cows, producing (on average) 1.8 billion litres.
- Average herd size is now 245 cows compared with 240 last year.
- Average herd production was up from 1,609,400 to 1,625,700 litres, (i.e. 120,465 to 121,685 kg of milk solids) an increase of about 1 per cent.

- Total milk production for the region in 2009/10 will reach about 1.84 billion litres, (i.e. 137,725 kg of milk solids) representing 20.5 per cent of national milk output.
- Per cow production fell on average 3.3 per cent to 6,377 litres, (i.e. 477 kg of milk solids).
- Average dairy land area per holding is 160 hectares.
- Nearly two-thirds, (62 per cent) of respondents undertook some capital investment in 2009/10, mainly in machinery and irrigation plant.
- Average grain usage remained constant at around 1.74 tonnes per cow, per year.
- Grain feed was typically purchased as required by 85 per cent of respondents, compared with 79 per cent in 2008/09.
- Over the past 12 months, 56 per cent of herds had a period when they did not graze pasture, which is substantially lower than the 76 per cent recorded in 2008/09.
- Calving patterns in the region consisted of:
 - Split and/or batch calving (52 per cent).
 - Seasonal calving (31 per cent).
 - All year round (17 per cent).
- During 2009/10, 7 per cent of the total heifers in the region were sold, providing cashflow for farm businesses.
- 47 per cent of land set up for irrigation in the Murray Dairy region was actually watered, compared with 38 per cent in 2008/09.
- Low 2009/10 opening prices and dry conditions saw many farm businesses struggle early in the season.
- Compared with 12 months ago, the proportion of dairy farmers 'fairly to very positive' about the future of the national industry has risen from 51 per cent to 61 per cent.

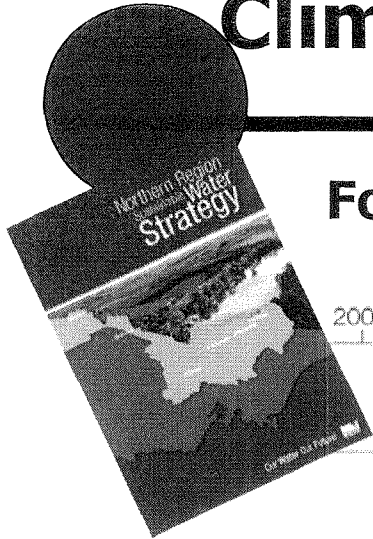
Water in Nthn Vic -Seasonal Allocations

96-97 to 10-11

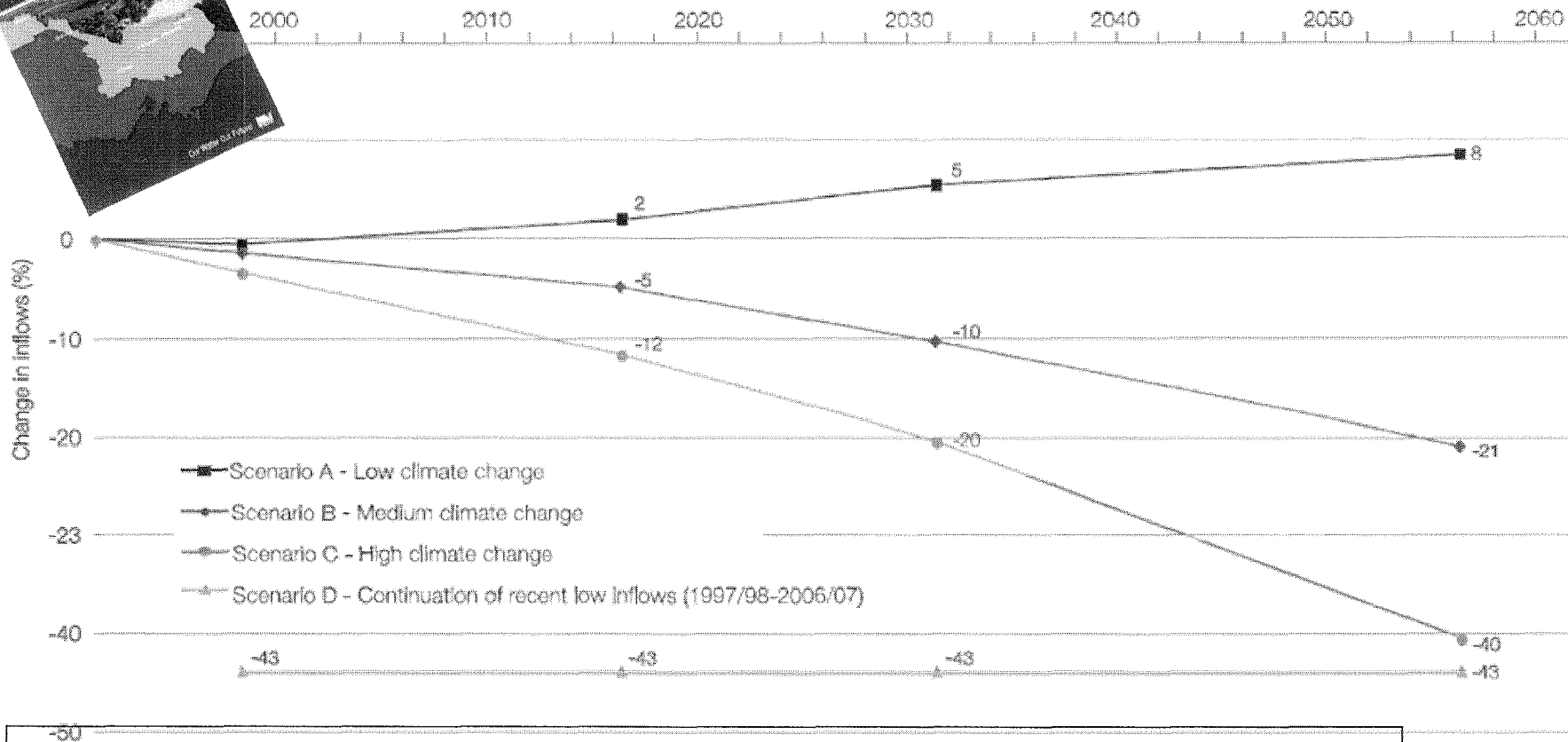
	Murray (Vic)		Goulburn (Vic)	
	High Reliability	Low Reliability	High Reliability	Low Reliability
1996/97	100%	100%	100%	100%
1997/98	100%	30%	100%	20%
1998/99	100%	100%	100%	0%
1999/2000	100%	90%	100%	0
2000/01	100%	100%	100%	0
2001/02	100%	100%	100%	0
2002/03	100%	29%	57%	0
2003/04	100%	0	100%	0
2004/05	100%	0	100%	0
2005/06	100%	44%	100%	0
2006/07	95%	0	29%	0
2007/08	43%	0	57%	0
2008/09	35%	0	32%	0
2009/10	100%	0	71%	0
2010/11	100%		100%	



Climate Change and SDL's can we cope ?



Forecast Availability of total inflows for the Murray system over next 50 yrs



Yellow line is the last 10 years of drought, well below climate change predictions – If we've survived the drought, we can survive climate change!



Aggregate Permanent Trade 1991/92 to 2009/10 (ML) – 4% Limit

Region	Cumulative Net ML
Shepparton	-36,985
Central Goulburn	- 78,663
Rochester	-29,370
Campaspe	-3,862
Pyramid Boort	-81,188
Murray Valley	-34,376
Torrumbarry	-91,503
	-355,947 ML
Further 44,902 traded outside 4% limit through Exemptions	- 400,849 ML

- 4% limit is critical in keeping water within the region – we need to let communities adjust over time as water leaves the district;

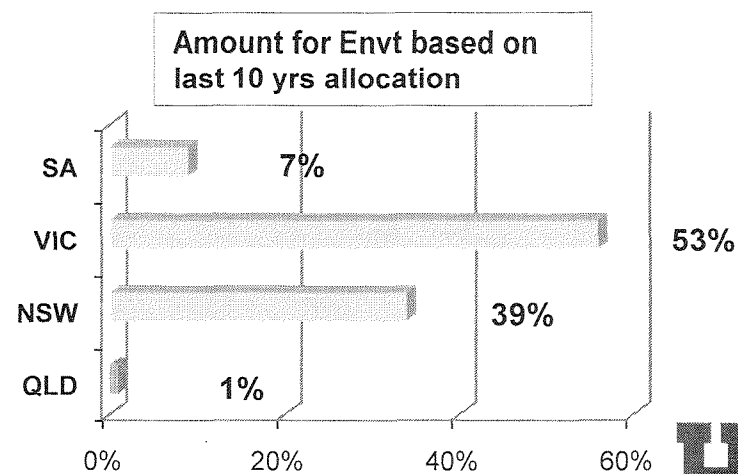
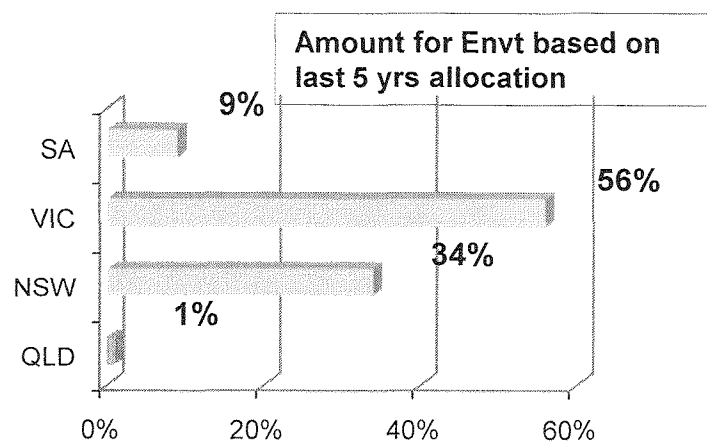
281 GL
purchased
for envt



Water Purchases in MDB

@ 31-8-2010

State	Purchased Entitlement ML	Amount returned to envt if based on last 5 yrs allocation (ML)	Amount returned to envt if based on last 10 yrs allocation (ML)
QLD	6,832	2255	2255
NSW	578, 215	106,670	184,355
VIC	281,462	171,298	249,450
SA	47,416	25,604	31,924
TOTAL	913,925	305,827	467,984



So what does it mean as our water leaves the region?

“Significant Impacts on our Rural Communities!!

- Fed’s paying less for water– impacting on current farmers equity as banks re-value water;

	Paid by CwIth Dec 09	Currently Paid by CwIth	Difference
Goulburn System	\$2400/ML	\$1862/ML	- \$538/ML
Murray System	\$2400/ML	\$1824/ML	-\$576/ML

Figures from May 10 – CwIth now paying less

- Less water means less water to charge against – potential water price increases in the future?
- We don’t understand what impact the buyback program will have on our water market. Potentially, the temporary market will be smaller as those who have historically sold on the temporary market will have sold water to the CwIth.

