



Your Levy at Work

A photograph of a dairy farm landscape. In the foreground, there is a lush green field of grass. In the middle ground, several cows of various colors (black, white, brown) are grazing or standing. In the background, there is a blue ocean under a clear blue sky. A large, curved white graphic element is overlaid on the top right of the image.

A guide for investors

Dairy farming in South West Victoria



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At a glance

Why choose South West Victoria?

Profitability

Capital growth*

Productive fertile soils

Reliable rainfall, temperate climate

Highly suited to efficient pasture production

One in six dairy farms have irrigation

Reliable feed supply

Competitive input prices – land/ feed

Access to specialist dairy services: Vets, shed repair, contractors, consultants, finance, skilled factory (processor) field officer

Access to quality research and extension

Over thirteen milk buyers competing for milk supply, 70% goes to domestic markets

Exciting, dynamic region with massive export opportunities in South East Asia

Alternative land use options – conversion potential widespread

Great coastal lifestyle and close to airports

** Land prices have risen 5.6% per annum on average over the past 20 years.*



Summary

South West Victoria is a great place to establish a dairy farm business, with reliable rainfall, good soils, easy access to feed and a strong service sector for dairy farmers. It's no wonder it's the biggest of the eight dairy regions in Australia (Dairy Australia - March 2017).

The region called south west Victoria extends from the South Australian border in the west to Geelong to the east. There are also a few dairy farms around Ballarat, two hours north east of Warrnambool. The dairy industry mainly exists within the purple areas of the map.

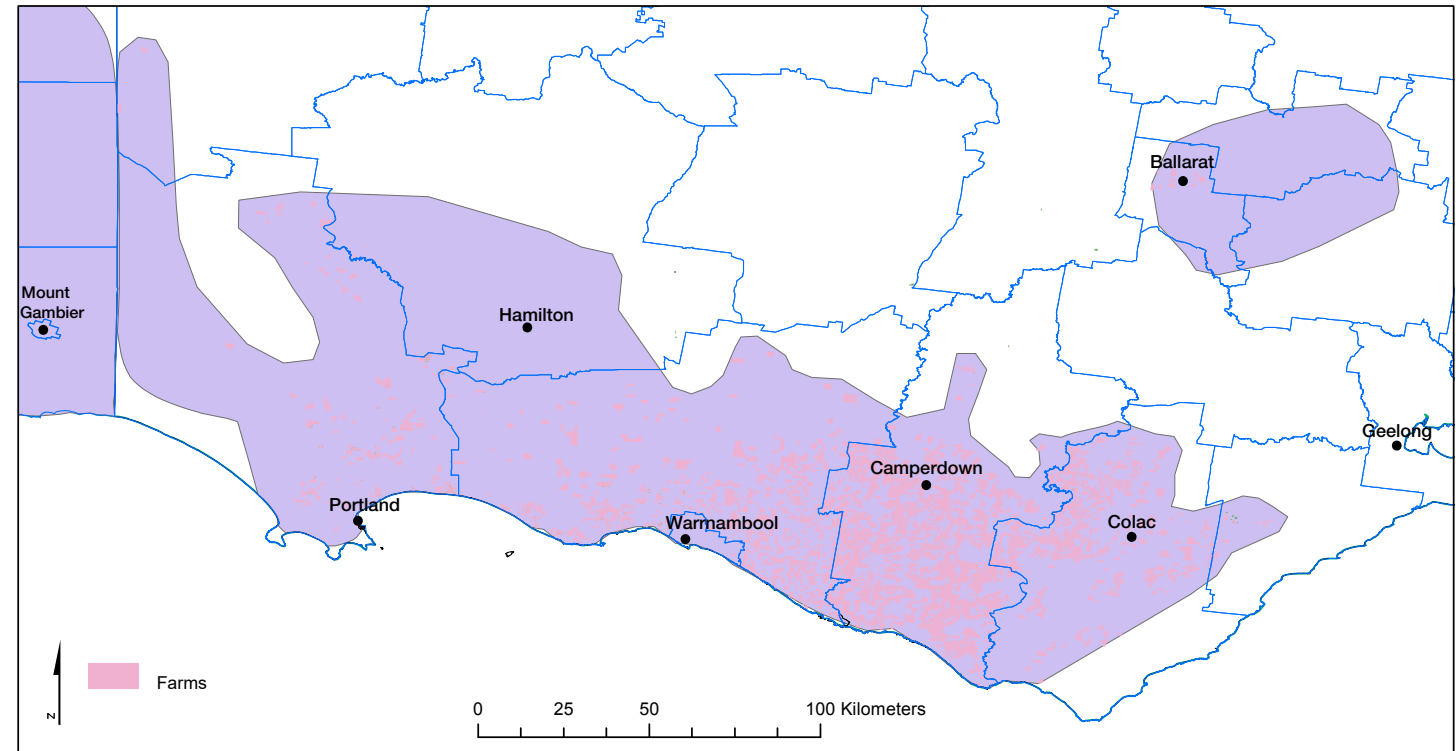
The region offers investors great returns and an enviable lifestyle. The best businesses in the region achieve more than 5% return per annum and the average land value increase over the past 20 years has been 5.6% per year. The region has more than thirteen milk buyers vying for supply with processing capacity far exceeding supply. About 70% of the product is sold domestically and is less exposed to exchange rate fluctuations.

Investors are building new processing plants in south west Victoria because they are planning to expand their sales into South East Asian markets. They have faith in the region expanding production and being a safe, reliable source of sustainably produced milk.

They see the increase in production coming from more efficient farms, larger herds and some farm conversions (sheep and beef farms converted to dairy production).

Furthermore, south west Victoria offers a great coastal lifestyle, a fascinating heritage around Australia's first people, an active art, music and theatre scene and a very strong sports culture.

South West Victoria including Geelong



This map was developed by the University of Melbourne and edited by WestVic Dairy

The dairy industry is South West Victoria's most important industry, generating \$4 billion across the whole supply chain (30% of the region's economy).

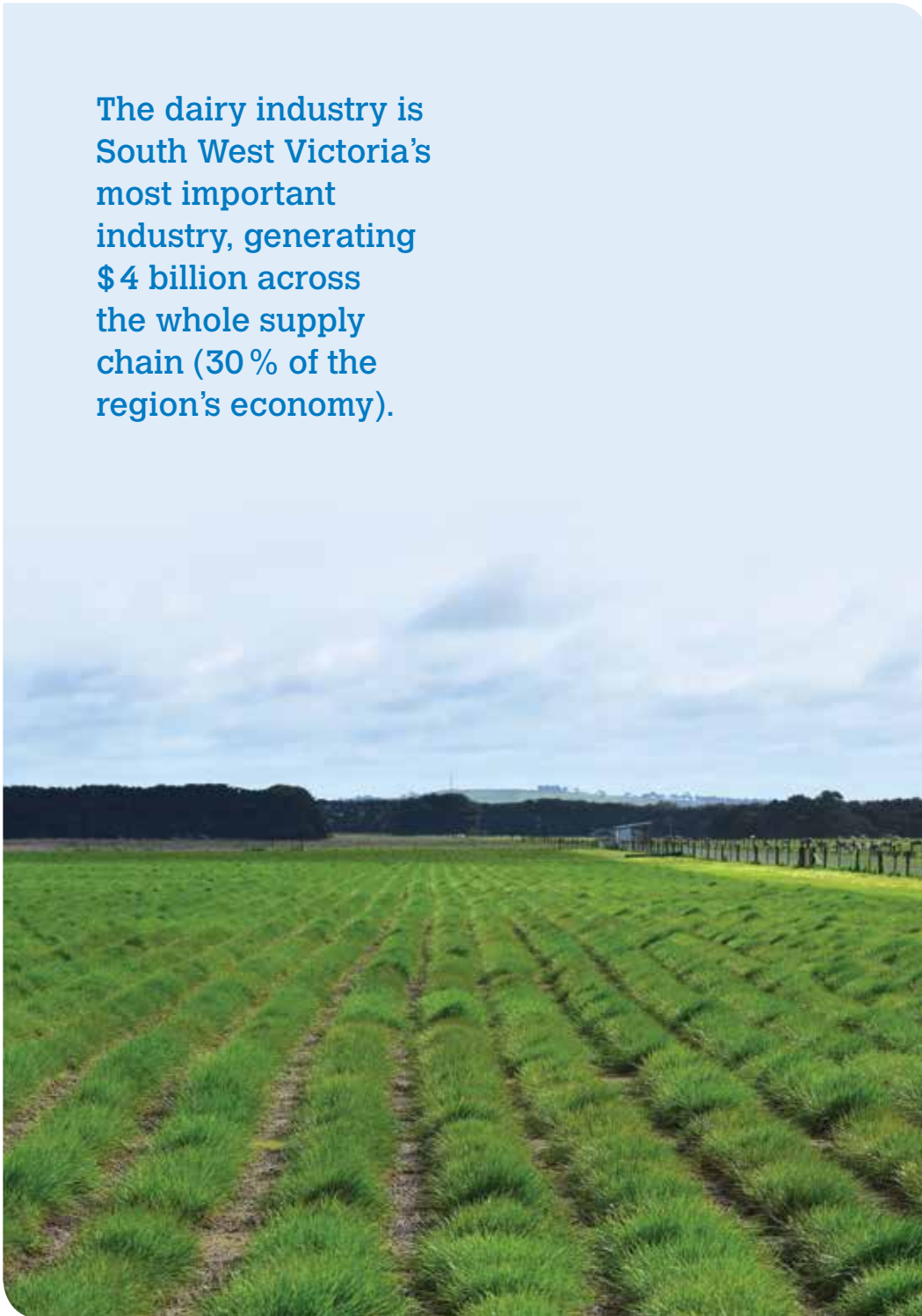
Introduction

A Guide for Investors - Dairy Farming in South West Victoria has been produced to provide an overview of why dairy investment funds are flowing into the dynamic South West region of Victoria. It includes a wealth of information and links to other sources that investors can use to carry out due diligence to grow their wealth. This guide can be read in conjunction with Investment and the Australian dairy industry (see link below).

The dairy industry is South West Victoria's most important industry, generating \$4 billion across the whole supply chain (30% of the region's economy). The industry is well supported

by the local community and all regional development plans include strategies to grow, sustain and add value to the dairy industry.

dairyaustralia.com.au/about-dairy-australia/about-the-industry/investment-and-the-australian-dairy-industry



Investment and the South West Victorian dairy industry

There is a powerful business case for investors to set up a dairy farm in south west Victoria. Any analysis of the strengths include the following positive features:

Strong returns from milk production

Excellent growth in the value of assets

Inexpensive land compared to other regions

Reliable, temperate climate

Availability of irrigation

Reliable supply of inputs

Access to skilled labour

Access to skilled service providers

Reliable feed supplies (the region is adjacent to grain growing districts)

Close to ports offering lower haulage fees for imported goods (e.g. fertiliser) and exports (e.g. livestock).

The dairy industry enjoys a strong social license to produce milk across the region

Opportunities to convert red meat properties in 'dairy' country to dairy farms and secure a developer's premium

Close to emerging export markets in China, Indonesia and the Pacific Rim

Good markets for young stock (particularly to China)

70% of the milk in the region is used for domestic supply (no great exchange rate shocks)

Thirteen milk processors (2017) compete to buy milk. Processing capacity, for the past few years, has exceeded supply

Processors manufacture a diverse range of value-add products, sold globally into wholesale and retail markets

Investors considering processing their own milk have a market of four million people two hours away in Melbourne

The region offers an enviable life style for investors and their staff

The region has an excellent set of health, education and recreational services.



Physical and financial performance of dairy farms in south west Victoria 2015–6

The Dairy Farm Monitor Project provides a comprehensive financial and production analysis of dairy farms every year. The reports can be found at the link below. The Victorian edition is compiled by Agriculture Victoria and surveys 75 farms spread evenly across the three Victorian dairy regions – including 25 from South West Victoria. The statistics/performance in 2015-16 of the top 25% of surveyed farms in South West Victoria were as follows:

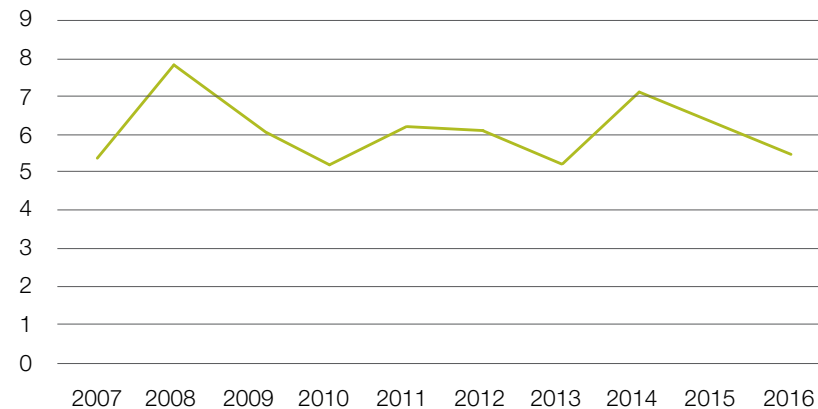
Performance in 2015–16 Top 25% surveyed farms in South West Victoria

Usable land	439 Hectares
Milked	1.2 cows/Ha
Milk Solids (milk solids MS)	564kg MS / cow
Milk Solids	673kg MS / Ha
Home grown feed	57% of M.E. sourced on farm
Labour efficiency 120 cows / FTE	20% more efficient than average
Labour efficiency 68.000 kg MS/FTE	30% more efficient than average
Variable costs	\$3.22/kg MS
Overhead costs	\$1.09/kg MS
Depreciation and Imputed labour costs	\$0.71/kg MS
Change in inventory	\$0.08/kg MS
Cost of production	\$5.11/kg MS
EBIT*	\$1.28/kg MS
Return on Assets	4.8%

Source: Agriculture Victoria

*Earnings before interest and tax (EBIT) is the return from all the capital invested in the business and is calculated by subtracting variable and overhead costs, including imputed labour costs and depreciation, from gross farm income.

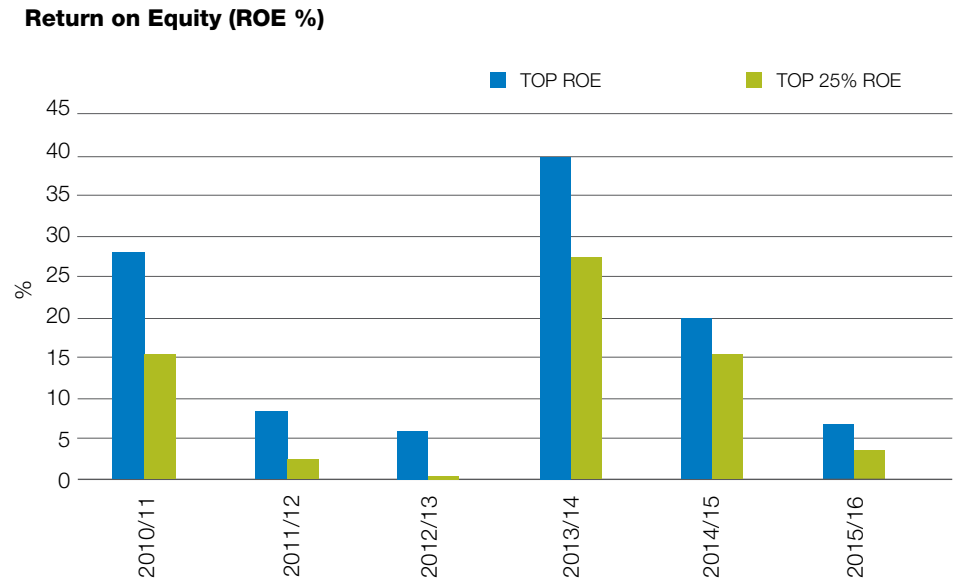
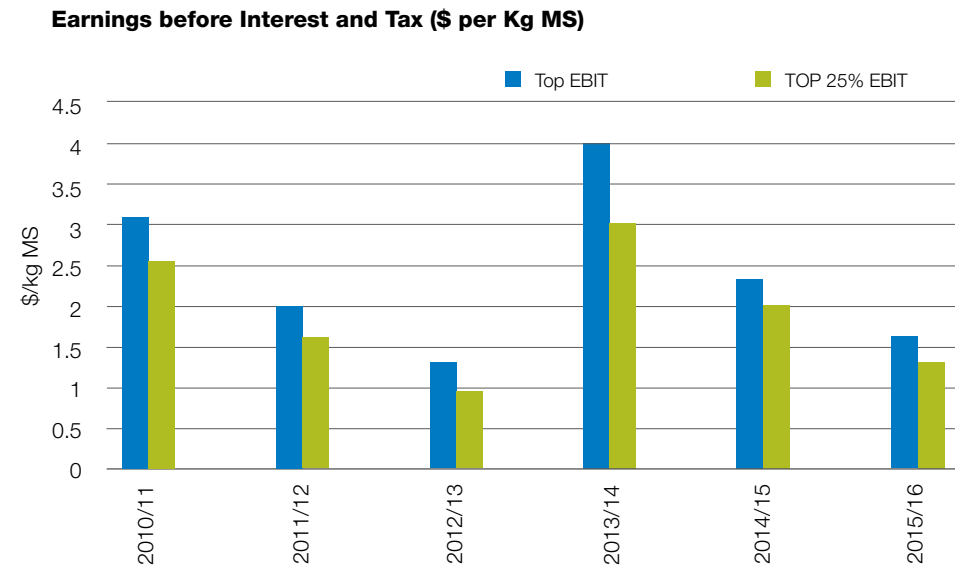
Farm Milk Prices (\$ per Kg Milk Solids)



dairyaustralia.com.au/farm/farm-business-management/dairy-farm-monitor-project

Driving the results above was a milk price for 2015–16 of about \$5.40 per kilogram of Milk Solids (kg Ms). Fluctuating milk prices over the past 10 years have been due to changes in world demand and exchange rates (see graph above). The lowest price was \$5.10/Kg MS in 2010 but the highest was \$7.70/kg MS in 2008.

The milk prices are inevitably reflected in farm performance. The following graphs describe the performance for two indicators, EBIT (\$/Kg MS) and Return on Equity (%)



Source: The Dairy Farm Farm Monitor Project Report (Victoria)

Both graphs depict two levels of performance. The blue bar indicates the best individual performance out of the 25 businesses and the green bar represents the average results for the best 25% in the sample. For example, in the bar chart (on the right), the best performing business produced a Return on Equity of 40 % in 2013/14 while the best 25% surveyed delivered to their owners an average Return on Equity of 27% (2013/14 was a very good year).

Indicative set-up costs and performance figures

The following table provides investors with an overview of the set-up costs for three different sized farms. The exact set up costs for a case study farm appear at the end of this guide.

Set-up cost overview* Three different sized farms

Herd size (cows)	400	650	1,000
Farm area (Hectares)	308	500	769
Milk production/cow (Kg MS)	590	590	590
Milk production/herd (Kg MS)	236,000	383,500	590,000
Pasture consumed (tonnes/Ha)	7	7	7
Labour required (Full time equivalent)	3.5	5.0	7.0
Labour cost \$/annum	143,000	200,000	280,000
Land value per farm (\$)	3,015,385	4,900,000	7,538,462
Livestock# (\$/farm)	757,538	1,231,000	1,893,846
Plant and Machinery farm (\$)	415,077	574,500	730,000

*These figures are estimates only

#Indicative current prices for livestock are \$1,800 per cow and \$1,000 per heifer



Employing staff

Dairy is a major industry employer in western Victoria, providing around 4,000 on-farm jobs. Together with overarching National Employment Standards, the Pastoral Award (2010) sets out the required minimum conditions of employment on farms Australia wide.

The Pastoral Award affords several flexibilities, which are not available to other industries. In particular, overtime rates do not apply until an employee has exceeded 152 hours in a four week period, regardless of the days of the week or hours worked. This provides for greater flexibility in rostering and gives employers the opportunity to offer cost effective, yet appealing rosters for current or prospective staff.

The Pastoral Award also allows the implementation of Individual Flexibility Agreements, which allow a flat rate for all hours works to be calculated and paid, simplifying and streamlining payroll.

Support for employment compliance is available through numerous Dairy Australia resources, many of which are available on The People in Dairy Website; thepeopleindairy.org.au. The People in Dairy Website and paper based Employment Starter Kit initiative (ESKi) provide information and templates to guide you through the employment process from recruiting to retirement, and are free resources available to those in the dairy industry.

There are five employee classifications applicable to dairying, and their wage rates based on a 38 hour week (as of 1st July 2017) are described in the table.

Employee classifications and wage rates As at 1 July 2017

Classification	Weekly rate	Description of classification
FLH1	\$694.90	Farm and livestock hand level 1 (FLH1) - Dairy operator grade 1A with less than 12 months' experience in the industry who: uses their knowledge and skills to perform set procedures such as milking and attending to livestock, haymaking, fencing.
FLH3	\$725.20	Farm and livestock hand level 3 (FLH3) - Dairy operator grade 1B with 12 months' experience in the industry who uses their knowledge and skills to perform set procedures such as milking and attending to livestock, haymaking, fencing.
FLH5	\$755.60	Farm and livestock hand level 5 (FLH5) - An employee at this level includes dairy operator grade 2 who: has two years' experience in the industry; uses their knowledge and skills to multiple operations involving basic levels of problem solving and decision making; and has an appreciation of the overall processes involved in a dairy farm.
FLH7	\$809.10	Farm and livestock hand level 7 (FLH7) - An employee at this level includes senior dairy operator grade 1 who: uses their knowledge and skills to coordinate the operation of a farm process or area of expertise e.g.. milking and animal attendance, pasture and farm maintenance, breeding programs and artificial insemination area.
FLH8	\$869.30	Farm and livestock hand level 8 (FLH8) - An employee at this level includes senior dairy operator grade 2 who, under the direction of the owner or manager uses their expertise and skills in order to supervise and maintain the operation of a dairy farm.

Climate

The region experiences four distinct seasons with generally drier conditions in the summer (December to March) and wetter in the winter (June to August). It also varies from one part of the region to another, with a general rule of thumb being ‘the further from the coast, the lower the rainfall’.

The map on the right shows the average rainfall across the region – the majority being in the range 800–1,000 mm per annum.

Pasture growth is at its peak in spring, but as temperatures rise and rainfall reduces in the summer, growth can stop. A ‘break’ (higher rainfall) from the drier summer arrives in autumn and grass growth resumes, but declines again as temperatures drop. In some areas, paddocks become saturated during winter.

The following strategies are used to manage slowing pasture growth in the summer

- › irrigation (see later)
- › grow fodder crops
- › buy in fodder
- › feed grain or pellets.

Most farms cut and conserve a considerable amount of hay and silage during the spring pasture surplus. The Bureau of Meteorology graphs below are for Terang, a town central to the

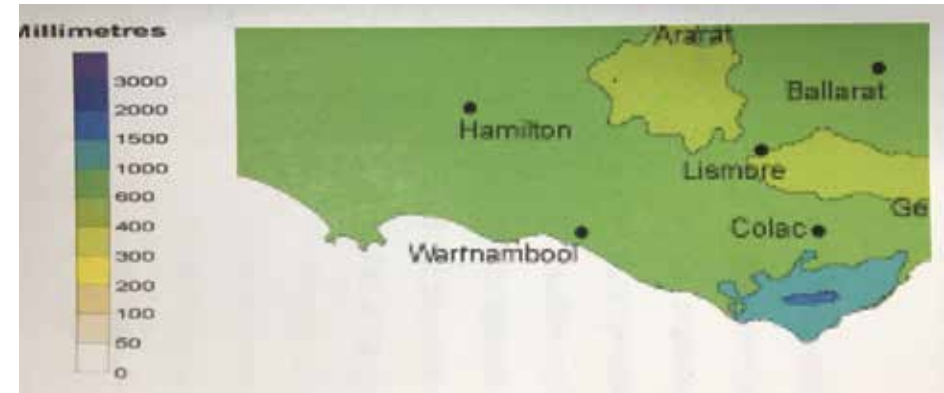
region’s main dairy area. The average rainfall for Terang is 783cm/year with a range of 620cm/year – 950cm/year nine years out of 10. More climate details are available at bom.gov.au.

The temperatures described opposite mean that soil temperature is not a limiting feature for grass growth in the region. There are only few days over 40°C and consequently cows are subject to very little heat stress.

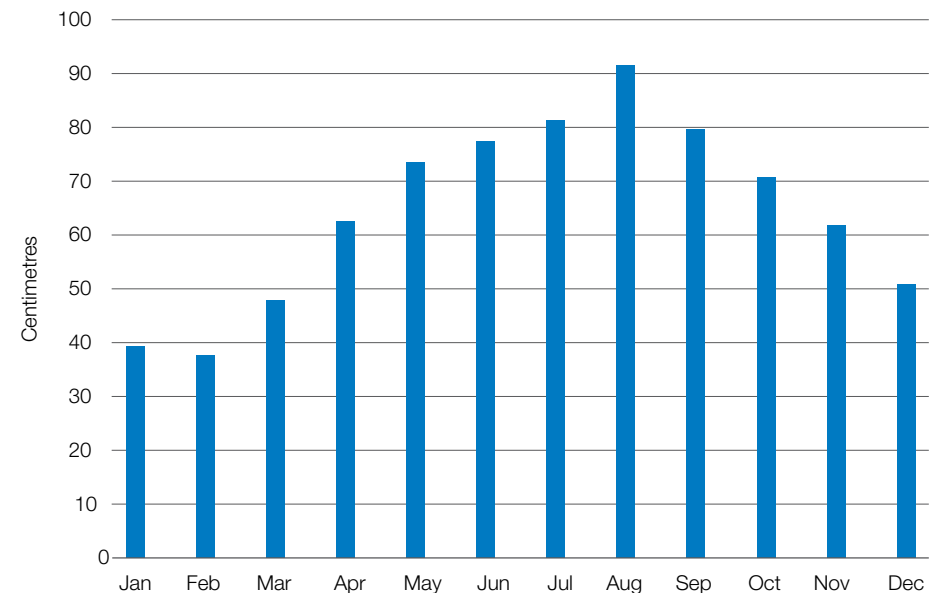
Approximately one in six farms in the region have access to irrigation either from bores (groundwater) or surface diversion because the farms are near waterways.

Water allocations and sales are licensed and managed by Southern Rural Water. More information can be found on srw.com.au.

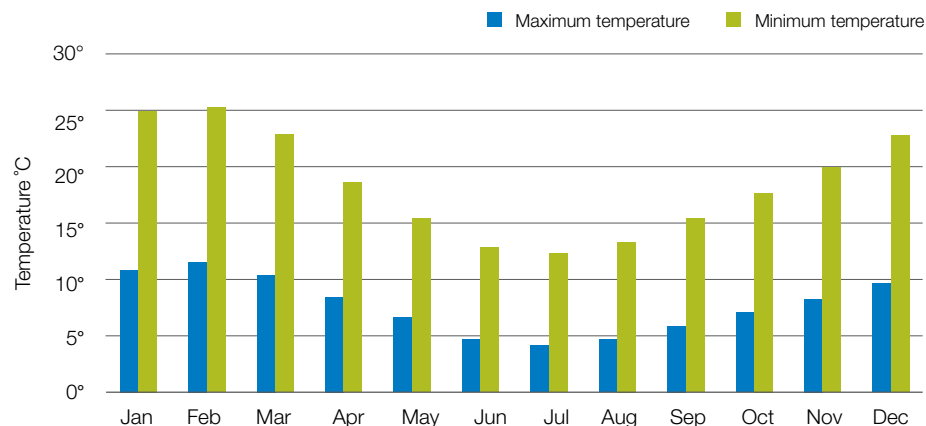
Average rainfall levels across the region



Rainfall averages per month centimetres (Terang)



Average maximum and minimum temperatures by month (Terang)



Soil type and topography

South west Victoria has a productive range of soil types but is mostly set on volcanic and coastal plains and is consequently undulating to flat. The volcanic soils are reasonably fertile but sometimes poorly drained. The coastal soils can be made highly productive with nutrient applications and good management. The regions soils, combined with a long growing season, provide excellent conditions for dryland dairy production.

The north of the region has proportionally less dairying and is also used for cropping beef and sheep farming. For more detail of soil types, visit vro.agriculture.vic.gov.au/dpi/vro/vrosite.nsf/pages/soil-home.

Land Prices

Land prices generally follow the prevailing profitability of the dairy industry and any other rural enterprises that can use that land. Often there is some lag between on-farm performance and changes in land price. In the past 20 years, land prices have risen by 5.6% per annum across the region. The table below outlines the average land price for 2015 and for the average for the three years 2013–15 for the four major dairy shires in south west Victoria. The price of dairy farmland can be significantly higher due to the larger level of investment in on-farm infrastructure.

Average land price 2013–15 In four major dairy shires, South West Victoria

	\$/Ha 2015	\$/Ha 2013 – 2015
Colac	9035	7619
Corangamite	8613	7643
Glenelg	4424	4701
Moynes	6407	7377

Source: The figures above are taken from a Rural Finance Corporation report: ruralfinance.com.au/uploads/aga_documents/farm-land-values-2015.pdf

Farm Conversions

Within the region, there are a number of investors who have bought sheep and beef properties and converted them to dairy. One is demonstrated in the case study at the end of this guide. Some of these conversions occur very close to other dairy farms, but others have been set up in districts where dairying is not the traditional farming enterprise. This approach secures the land asset while allowing the investor to design and develop dairy infrastructure to suit the business operations.

Finance and taxation

Banks and other lenders

A range of financial institutions service the region and all have strong experience in lending for dairy farm establishment and expansion. The processors also provide finance options to reliable borrowers. Lending arrangements can be for growth and for working capital needs. When purchases are taking place, it may also be possible to negotiate finance with the property vendors.

Taxation

Each level of government imposes some form of tax or levy. Local government collects rates on landowners for local services.

The state government charges stamp duty on major asset purchases including land. It also charges employers a payroll tax, as well as a range of registration charges for individuals and businesses.

The federal government collects the most tax. The federal tax system is described fully at ato.gov.au. Three of its taxes worthy of consideration early in the planning of an expansion or a new investment are:

- › income taxes
- › Goods and Services Taxes (GST), and
- › Capital Gains Tax.

Income tax rates are progressive, so the average tax rate increases as the amount subject to taxation increases.

The Goods and Services Tax (GST) is a tax of 10% on most goods and services sold in Australia. All businesses have GST obligations and the items in a typical dairy farm chart of accounts that shows which assets are GST liable can be found at the following link: dairyaustralia.com.au/Business-and-financials/Chart-of-Accounts.aspx.

GST collected or credited is reported to the Australian Taxation Office (ATO), usually four times each year. To do this, business owners fill in a form called a Business Activity Statement (BAS) and send it to the ATO.

You're likely to make a capital gain or capital loss when you sell (or otherwise cease to own) a working farm. Capital gains are indexed and subject to capital gains tax, with a discount for individuals and trusts and concessions for small businesses.

You're likely to make a capital gain or capital loss when you sell (or otherwise cease to own) a working farm.



Living in South West Victoria

The Victoria State Government provides resources to assist potential residents research the region. This includes information on schools, health services and the cost of living.

Education

Different childcare options are available in the region for children under three and kindergartens (or pre-schools) accept children aged between three and five.

School is compulsory for all Victorian children aged between six and 17. Primary schools provide schooling for children in 'Prep' (preparatory year) to grade six and secondary schools for years 7–12.

Victorian children usually begin secondary school at around 12 years of age in year seven and it is a legal requirement that they attend school until they complete Year 10. After Year 10 and up to age of 17 they must continue in approved education or be in full-time employment.

There are two major types of schools in Victoria for both primary and secondary levels: public schools (also known as state schools or government schools) and private schools (private non-denominational or religious association). Government schools are usually co-educational, while some private schools offer single-sex education. It is legal to home-school children in Victoria.

In the years 11 and 12 of secondary school, students complete the Victorian Certificate of Education (VCE) or the Victorian Certificate of Applied Learning (VCAL) to graduate from secondary school, both can lead to further education and training.

The region is well serviced by the tertiary education sector. There are three campuses of Deakin University (one in Warrnambool), three campuses of the South West Institute of Technical and Further Education, as well as numerous private education providers. For more information on education please visit liveinvictoria.vic.gov.au.

Healthcare

South west Victoria has a wide range of healthcare professionals and services available:

- › local General Practitioners (GPs), for non-emergency and preventative care, mainly during business hours
- › specialist doctors and a 24-hour telephone service Nurse-On-Call (1300 60 60 24) for immediate, expert health advice from a registered nurse
- › private and public hospitals are available for in-patient hospital care and follow-up outpatient services
- › dental specialists and other health professionals including optometrists, chiropractors, naturopaths and osteopaths
- › public and private hospitals also have emergency wards where you can receive after-hours medical care
- › ambulance and emergencies - The telephone number for emergency services throughout Australia is 000.

For more information on healthcare please visit liveinvictoria.vic.gov.au.

Transport

Travelling around the region by car is simple and the region's roads are congestion free. The main roads through the region travel east to west: the Great Ocean Road, the Princes Highway and the Hamilton Highway. The former is used mainly by tourists and locals who live along the road. The Great Ocean Road is considered a 'must see' journey for tourists coming to visit the Twelve Apostles National Park.

The main road through the south west dairy region is the Princes Highway which is duplicated (dual carriageway) between Geelong and Colac at the eastern end of the region. The Princes Highway is busier than the Hamilton Highway and locals often use the latter to travel to Camperdown and beyond.

The region is serviced by four trains a day to and from Melbourne, travelling through Colac, Camperdown, Terang and terminating at Warrnambool. From there buses take passengers to most points west of Warrnambool: Heywood, Portland, Hamilton and Mount Gambier in South Australia.

The region has airports at Portland, Hamilton and Warrnambool providing flights to Melbourne.

Avalon airport near Geelong provides inter-state services and is an hour closer to the region than Tullamarine, Melbourne's main national and international airport.

Major Towns in the region and Local Government Authorities

Colac is located on the banks of Lake Colac and is a bustling hub, servicing towns and villages across the region.

Hamilton is often called the 'wool capital of the world' and is notable for majestic homesteads, education services and its livestock selling centre.

Portland has the only deep-water port between Melbourne and Adelaide and is a major export centre for the region's produce, as well as being an important fishing port.

Warrnambool is one of Victoria's major dairy farming centres and the largest coastal city outside Port Phillip Bay. With a population exceeding 33,000, Warrnambool is considered the 'capital' of south west Victoria.

The region covers seven Local Government areas (LGAs) and their websites below provide information on the support each offers new businesses.

colacotway.vic.gov.au

corangamite.vic.gov.au

glenelg.vic.gov.au

moyne.vic.gov.au

sthgrampians.vic.gov.au

surfcoast.vic.gov.au

warrnambool.vic.gov.au

Lifestyle and Leisure

Victoria's capital Melbourne has won the title of 'world's most liveable city' seven years in a row. It is known as the sports capital of Australia and Victorians are indeed passionate about sport. Melbourne is home to the historic Melbourne Cricket Ground (MCG), which hosts international cricket in the summer and Australian Rules football in the winter, as well as a variety of other sports. Victoria proudly hosts a number of special sporting events.

South west Victoria's communities offer scores of sporting and recreational activities in which you and your family can get involved: golf, tennis, Australian Rules football, cricket, basketball, netball and football (soccer). All districts in the region have sport teams and the major centres have indoor sports centres and swimming pools.

The region has a range of art and music groups, with galleries in the major centres and choirs, bands and orchestras associated with some of the schools in the region. The main contact for arts in the region is Regional Arts Victoria which can be found at rav.net.au.



Support organisations

Dairy Australia	Dairy Australia is the national services body for the dairy industry. Its role is to help farmers adapt to a changing operating environment, and achieve a profitable, sustainable dairy industry. It acts as the investment arm of the industry, investing in projects that can't be done efficiently by individual farmers or companies, more can be found at dairyaustralia.com.au .
WestVic Dairy	WestVic Dairy Inc. collects the priorities of the region's dairy farmers and allocates part of their service levy (collected by Dairy Australia) to those research and development priorities. When the service levy is invested WestVic Dairy creates partnerships with other agencies and attracts other funds to make these priorities happen faster. When the work is completed WestVic Dairy makes sure the findings are communicated to all dairy farmers to increase the profitability and sustainability of the region's dairy industry. More information on WestVic Dairy can be found at westvicdairy.com.au .
United Dairy Farmers of Victoria (UDV)	The United Dairyfarmers of Victoria (UDV) is the collective voice of Victorian dairy farmers, representing its members to governments and industry at state and local levels. As a commodity group of the Victorian Farmers Federation (VFF), the UDV also provides representation on a broad range of agricultural issues affecting all farmers, not just those specific to dairy. More information can be found at www.vff.org.au
Agriculture Victoria (Victorian State Government)	The Agriculture portfolio is supported by the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) which exists to create the conditions to sustainably develop the Victorian economy and grow employment. The Victorian Government has identified the food and fibre sector as one of a number of growth sectors vital to the future economic prosperity of Victoria. Consequently it is helping to secure the future of Victoria's industries and supporting families through initiatives that will build industry capacity, grow exports and importantly support the creation of new jobs and economic growth in our regional and rural communities. More information can be found at http://agriculture.vic.gov.au .
Milk Processors	The following processors/buyers purchase milk in the region: - Australian Consolidated Milk, Australian Dairy Farmers Cooperative, Bega, Camperdown Dairy Company, Fonterra, Greener Pastures, Lion, Murray Goulburn, Natures Dairy Good, Organic Dairy Farmers of Australia, Parmalat, Union Dairy Company, Warrnambool Cheese and Butter (Saputo) and numerous micro dairy manufacturers in Melbourne.
Real Estate and stock agents include	Saffin Kerr, Bowen and Wilson Pty – skbw.com.au ; Charles Stewart and Co – charlesstewart.com.au ; Brian O'Halloran and Co – brianohalloranandco.com.au ; Chisolm Livestock services; Elders (Hamilton, Heywood, Camperdown, Casterton, Timboon, Colac and Warrnambool); Landmark (Hamilton, Heywood, Camperdown, Casterton, Mortlake and Warrnambool); Southern Grampians Livestock; South West farmers; Stewart Nash McVilly
Farm Consultants	The People in Dairy: thepeopleindairy.com.au/find-an-adviser/diploma-graduates#West%20Vic Ag Institute Australia: aginstitute.com.au/pages/find-a-consultant.html
Feed merchants include:	Heytesbury Stockfeeds, Five Star stockfeeds, Farmgate Stockfeeds, Southern Stockfeeds, Ridley Stockfeeds Ausfeed, Portland Pellet suppliers, Coprice Teangi Australia and Reid stockfeeds

Case Study

Geraldine and Jed (not their real names) are a dairy farming couple, in their early 30s, with three young children, who have built their balance sheet from zero to about \$2.5m in 14 years. Now part of a partnership, which last year delivered a 10.4% return on equity, they milk 830 cows on 2 farms half an hour from Warrnambool.

The couple have built their wealth in 8 steps:

1. Year 1: Bought a unit in a local town and earned rent from the property and paid off principal
2. Years 2–4: Share-farmed and bought replacements and mature cows from stressed farms to join the herd they share farmed
3. Year 5: Bought a 402 acre out block an hour away from the share farm for \$2,200/ acre and a) leased it to a dairy farmer for heifer rearing and b) reared some bull beef calves from the dairy herd. Used rent and income from beef to pay interest and principal
4. Years 5–7: Continued to grow their own herd and assisted farm to grow herd size to 550 cows
5. Year 10: Amended business model to create a partnership with owners of share farm

6. Year 12: Sold out block and bought a 423 acre out block near to share farm with a view to converting it to a dairy farm
7. Year 13: Developed a dairy farm on the 423-acre block and started to milk a second herd as well as managing the original 550 cows
8. Year 14 (2017): The partnership is a single business with 830 cows on two farms

Geraldine and Jed's result has been driven by a dream of farm ownership and achieved by developing good plans and backed up by first-class execution. The plans have been built using expert advice, from consultants, field officers, financial services specialists and peers in a local discussion group.

As the dairy industry has consolidated, opportunities have arisen to buy cows and equipment at knock down prices. Two nearly new milking sheds and vats have been bought and constructed over the 14 years and have been assembled and built with a mix of farm staff and professionals for about a third of the cost of a new shed.

It cost \$1,934,400 (\$4,573/acre) to set up the new 423-acre farm with a 36 stand rotary platform made up of the following costs:

Dairy	\$
Concrete pad	68,500
Shed for milking equipment and vat	50,000
Milking equipment	173,800
Computer system	25,000
2nd hand milking platform and feed mill	20,000
Feed equipment (silo's crusher etc.)	32,100
Tanks, plumbing, generator and electrical work	119,700
Labour	30,000
Total	519,000

Property	\$
Land	1,184,400

Farm set up	\$
Track material (stone)	26,000
Excavation work	75,000
Water troughs	20,000
Water rights	15,000
Water works	23,000
Fencing	10,000
Total	169,000

House	\$
Cost of the building moved from another site and restumping	35,000
Permits	5,500
Tanks, septic and renovations	21,500
Total	62,000
Total	\$1,934,400

The strong growth in the balance sheet has been achieved through:

- › developing and adhering to 'stretch' budgets
- › including ambitious annual repayment of loan principal in budgets
- › investing in thorough scenario planning to develop a) new business arrangements and b) a new farm
- › using stock reproduction to build wealth
- › borrowing off a financial institution that allows some borrowings against livestock
- › keeping milking machinery up to date to drive productivity
- › purchasing nearly new, highly discounted equipment to develop farm
- › using family and hired labour to build new infrastructure
- › attracting, retaining and developing skilled and conscientious staff
- › excellent pasture growth and utilisation results (a combination of management skills and having the paddock layout to create simple grazing rotations)
- › expert feed and rationing of cows
- › high quality 'stockmanship' resulting in low mortality and higher production.





WestVic Dairy
PO Box 174 (214 Manifold Street)
Camperdown VIC 3260 Australia
T +61 3 5557 1000 F +61 3 5557 1099
westvicdairy.com.au