Dairy Farm Monitor Project

Victoria

Annual Report 2014/15

Dairy Australia
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VICTORIA
State Government

Acknowledgements

The cooperation, patience and goodwill of the farmers who willingly supplied their farm information, either for the first time or ninth consecutive year, are gratefully acknowledged.

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This report has been produced in conjunction with Dairy Australia.

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To find out the latest information on the project visit the project website at *www.agriculture.vic.gov.au/dairyfarmmonitor*

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How to read this report

This section explains the calculations used and the data presented throughout this report. The purpose of the different sections of the report is also discussed.

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- Executive summary
- Farm monitor method
- Statewide overview
- North region overview
- South West region overview
- Gippsland region overview
- Business confidence survey
- Greenhouse gas emissions report
- Historical analysis
- Appendices

Participants were selected for the project in order to represent a distribution of farm sizes, herd sizes and geographical locations within each region. The results presented in this report do not represent population averages as the participant farms were not selected using random population sampling.

The report presents visual descriptions of the data for the 2014/15 year. Data is presented for individual farms, as regional averages and for the regional top 25% of farms ranked by return on assets. The presented averages should not be considered averages for the population of farms in a given region due to the small sample size and these farms not being randomly selected.

The top 25% of farms are presented as lighter coloured bars in the regional overview figures. Return on assets is the determinate used to identify the top 25% of producers as it provides an assessment of the performance of the whole farm irrespective of differences in location and production system.

The Q1 - Q3 data range for key indicators are also presented to provide an indication of the variation in the data. The Q1 value is the quartile 1 value, that is, the value of which one quarter (25%) of data in that range is less than the average. The Q3 value is the quartile 3 value that is the value of which one quarter (75%) of data in that range is greater than the average. Therefore the middle 50% of data resides between the Q1-Q3 data range. Given the differences in variation in the regional data, we do not recommend comparing one region to another.

This report often refers to the group of participating farms in a given region by their regional name:

- The 25 participating farms in the Northern Victoria region are referred to as 'the North'.
- The 25 participating farms in the South Western Victoria region are referred to as 'the South West'.
- The 25 participating farms in the Gippsland region are referred to as 'Gippsland'.

The appendices include detailed data tables, a list of abbreviations and a glossary of terms.

Milk production data is presented in kilograms of milk solids as farmers are paid based on milk solids production.

The report focuses on measures on a per kilogram of milk solids basis, with occasional reference to measures on a per hectare or per cow basis. The appendix tables contain the majority of financial information on a per kilogram of milk solids basis.

Percentage differences are calculated as [(new value – original value)/original value]. For example 'costs went from $80/ha to $120/ha, a 50% increase'; [{(120-80)/80} x (100/1)] = [(40/80) x 100] = 0.5 x 100 = 50%, unless otherwise stated.

The top 25% consists of six farms from each of the North, the South West and Gippsland regions and 19 farms on a statewide basis. The 19 farms in the statewide top 25% are taken by considering all 75 as the one sample and not from combining the top farms from each region.

Any reference to 'last year' refers to the 2013/14 Dairy Farm Monitor Project report. Price and cost comparisons between years are nominal unless otherwise stated. It should be noted that not all of the participants from 2013/14 are in the 2014/15 report, as there were new participants in this year's dataset. It is important to bear this in mind when comparing datasets between years. Reference is made at the start of each regional chapter on which farms are new to the project.

Please note that text explaining terms will be repeated within the different chapters.

What's new in 2014/15

The Dairy Farm Monitor Report for 204/15 includes a number of changes since last year's report. The most significant highlights are:

- The pasture consumption calculations have been revised to now align with the DEDJTR Dairy Pasture Consumption Calculator available online at *http://dairypastureconsumptioncalculator.com.au*
- The change in value of High Reliability and Low Reliability water shares is taken from a ten-year rolling average from the water register which can be viewed at *http://waterregister.vic.gov.au/*

Keep an eye on the project website for further reports and updates on the project at;

http://www.agriculture.vic.gov.au/dairyfarmmonitor

or

http://www.dairyaustralia.com.au/dairyfarmmonitor

I.
Executive Summary

Summary

In 2014/15 the data from 75 farms in Victoria resulted in average whole farm earnings before interest and tax (EBIT) of $244,511, a 34% decrease compared with the previous year. Return on assets was 5.3% compared with last year's 8.5%.

The Dairy Farm Monitor Project has provided farm level data relating to profitability and production for nine years in Victoria.

In 2014/15, dairy farm profitability declined compared with 2013/14 due to a lower milk price, continued high feed costs, (in particular concentrates) and variable seasonal conditions. The average milk price received declined by 11% to $6.04 per kilogram of milk solids ($/kg MS) compared to last year's milk price of $6.79/kg MS, the second-highest recorded in the nine-year history of the project.

Of the 75 participants, 73 recorded positive return on assets, compared to 2013/14 where all farms recorded a positive return on assets. In 2014/15, 83% reported a positive return on equity compared to 95% in 2013/14. It was a solid performance year in 2014/15 with the previous year being exceptional on many levels and this needs to be kept in mind when looking at this year's results.

Farmers sold more milk solids per hectare and per cow this year and although variable and overhead costs reduced slightly, this did not offset the effect of challenging seasonal conditions and the lower milk price received this year.

The North

Despite a strong autumn break in 2014 winter was colder and drier than average leading to reduced spring pasture growth. The region received 100% of their high reliability water shares and summer was milder and wetter than last year with a dry autumn.

Participant dairy farmers received an average of $6.09/kg MS this year; $0.73/kg MS lower than last year's average price of $6.82/kg MS.

A 2.2% increase in variable costs and a 1.1% increase in overhead costs contributed to lower average earnings before interest and tax (EBIT) of $228,316/farm, a decrease from $387,839/farm the previous year. The North had the highest return on assets for the state at 6.1% this year although this was lower than last year's 11.3%.

The South West

Drier seasonal conditions prevailed throughout 2014/15, with rainfall well below average across the South West. A drier spring led to fodder being fed out earlier, resulting in lower fodder reserves at the end of the year compared to 2013/14.

Average milk price was $6.16/kg MS, compared with $6.91/kg MS in 2013/14. Despite this all farms returned a positive return on assets and 84% were positive for return on equity.

There was no change in variable costs and a 2.8% decrease in overhead costs.

Return on assets for the South West decreased in 2014/15 to 5.2% compared to 7.9% in 2013/14. The resulting EBIT of $289,135/farm decreased by 32% from $424,647/farm in 2013/14.

Gippsland

Seasonal conditions were variable in Gippsland leading to challenges in managing the late spring and late autumn periods. Rainfall was about average across the region. Fodder reserves were maintained or increased over the year.

On average milk price declined by 11% from $6.62/kg MS in 13/14 to $5.88/kg MS this year; the lowest of the three regions.

Average variable costs declined by 1.3% and overhead costs by 5.2% compared with 2013/14.

All farms in Gippsland generated a positive EBIT in 2014/15. The return on assets this year was 4.7% compared to 6.8% in 213/14. A 24% reduction in EBIT from $248,948/farm in 2013/14 to $216,083/farm this year is the main contributor to the lower return on assets.

Farmer confidence

Expectations for the coming season are variable with 20% of farmers predicting an improvement in farm business returns and twice as many predicting no change in their business returns. More than a third of the farmers were not sure what would happen to their business returns in 2015/16. This is notably different to positive expectations recorded in 2013/14.

Historical analysis

A historical analysis over the past nine years of the project showed that 2014/15 was similar to 2011/12 in real terms (including inflation).

II.
Farm monitor method

Farm monitor method

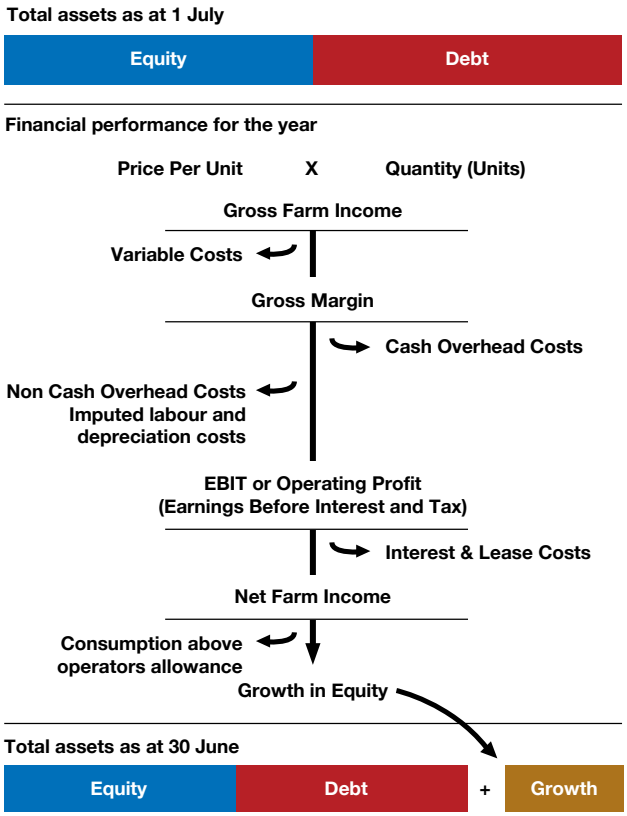
This chapter explains the methodology used in the Dairy Farm Monitor Project and defines the key terms used.

The method employed to generate the profitability and productivity data was adapted from that described in The Farming Game (Malcolm et al. 2005) and is consistent with previous Dairy Farm Monitor Project reports. Readers should be aware that not all benchmarking programs use the same methodology or terminology for farm financial reporting. The allocation of items such as lease costs, overhead costs or imputed labour costs against the farm enterprises varies between financial benchmarking programs. Standard dollar values for items such as stock and feed on hand and imputed labour rates may also vary. For this reason, the results from different benchmarking programs should be compared with caution.

Figure 1 demonstrates how the different farm business economic terms fit together and are calculated. This has been adapted from an initial diagram developed by Bill Malcolm. The diagram shows the different profitability measures as costs are deducted from total income. Growth is achieved by investing in assets which generate income. These assets can be owned with equity (one's own capital) or debt (borrowed capital). The amount of growth is dependent on the maximisation of income and minimisation of costs, or cost efficiency relative to income generation.

Figure 2 shows this methodology using the average for all participants in the project. Production and economic data is both shown to indicate how the terms are calculated and how they in turn fit together.

FIGURE 1. DAIRY FARM MONITOR PROJECT METHOD



Gross farm income

The farming business generates a total income which is the sum of milk cash income (net), livestock trading profit, feed inventory change or other sources such as milk share dividends. The main source of income is from milk, which is calculated by multiplying price received per unit by the number of units. For example, dollars per kilogram milk solids multiplied by kilograms of milk solids produced. Subtracting certain costs from total income gives different profitability measures.

Variable costs

Variable costs are the costs specific to an enterprise, such as herd, shed and feed costs. These costs vary in relation to the size of the enterprise. Subtracting variable costs for the dairy enterprise only from gross farm income, gives the gross margin. Gross margins are a common method for comparing between similar enterprises and are commonly used in broad acre cropping and livestock enterprises. Gross margins are not generally referred to in economic analysis of dairy farming businesses due to the specific infrastructure investment required to operate a dairy farm making it less desirable to switch enterprise.

Overhead costs

Overhead costs are costs not directly related to an enterprise as they are expenses incurred through the general operating of the business. The Dairy Farm Monitor Project separates overheads into cash and non cash overheads, to distinguish between different cash flows within the business. Cash overheads include rates, insurance, and repairs and maintenance. Non cash overheads include costs that are not actual cash receipts or expenditure; for example the amount of depreciation on a piece of equipment. Imputed operators' allowance for labour and management is also a non-cash overhead that must be costed and deducted from income if a realistic estimate of costs, profit and the return on the capital of the business is to be obtained.

Earnings before interest and tax

Earnings before interest and tax (EBIT) are calculated by subtracting variable and overhead costs from gross farm income. Earnings before interest and tax is sometimes referred to as operating profit and is the return from all the capital used in the business.

Net farm income

Net farm income is EBIT minus interest and lease costs and is the reward to the farmer's own capital. Interest and lease costs are viewed as financing expenses, either for borrowed money or leased land that is being utilised.

Net farm income is then used to pay tax and what is remaining is net profit or surplus and therefore growth, which can be invested into the business to expand the equity base, either by direct reinvestment or the payment of debt.

Return on assets and return on equity

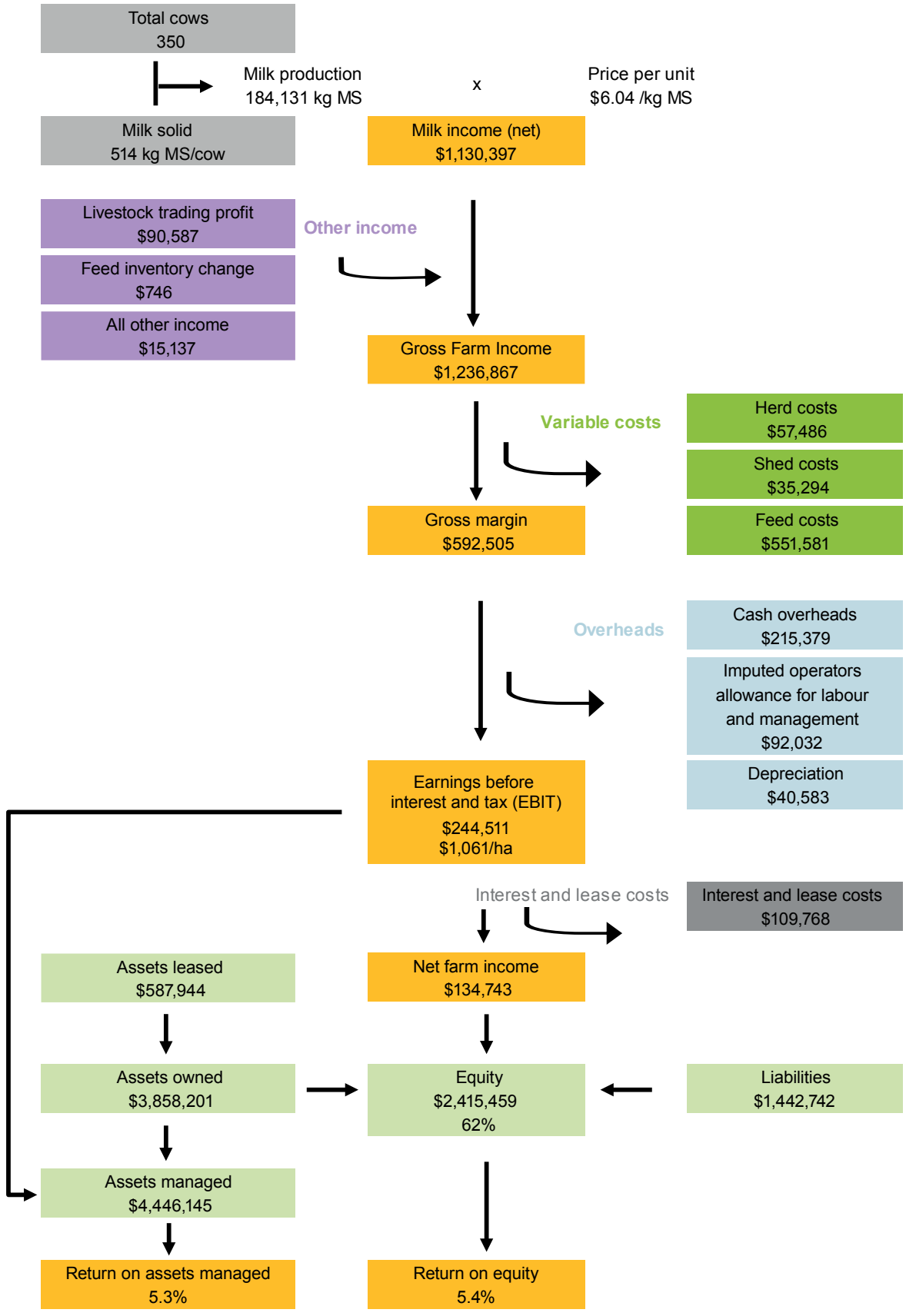
Two commonly used economic indicators of whole farm performance are return on assets and return on equity. They measure the return to their respective capital base.

Return on assets indicates the overall earning of the total farm assets, irrespective of capital structure of the business. It is EBIT or operating profit expressed as a percentage of the total assets under management in the farm business, including the value of leased assets. Earnings before interest and tax expressed as a return on total assets is the return from farming. There is also a further return to the asset from any increase in the value of the assets over the year, such as land value. If land value goes up 5% over the year, this is added to the return from farming to give total return to the investment. This return to total assets can be compared with the performance of alternative investments with similar risk in the economy. Return on assets is sometimes referred to as return on capital. The return on equity including capital appreciation is reported in Appendix Table 1 for each region.

In Figure 1, total assets are visually represented by debt and equity. The debt: equity ratio or equity percent of total capital varies depending on the detail of individual farm business and the situation of the owners, including their attitude towards risk.

Return on equity measures the owner's rate of return on their own capital investment in the business. It is net farm income expressed as a percentage of total equity (one's own capital). The Dairy Farm Monitor Project reports return on equity with and without capital appreciation. This is to distinguish between productivity gains (return on equity without capital appreciation) and capital gains (return on equity with capital appreciation).

FIGURE 2. DAIRY FARM MONITOR PROJECT PROFIT MAP – STATE AVERAGE DATA [1]
Dairy Farm Monitor Project method
All Farms 75



[1] Profit map adapted from Queensland Dairy Accounting Scheme - 2010 with permission from Ray Murphy, Department of Employment, Economic Development and Innovation, Queensland.

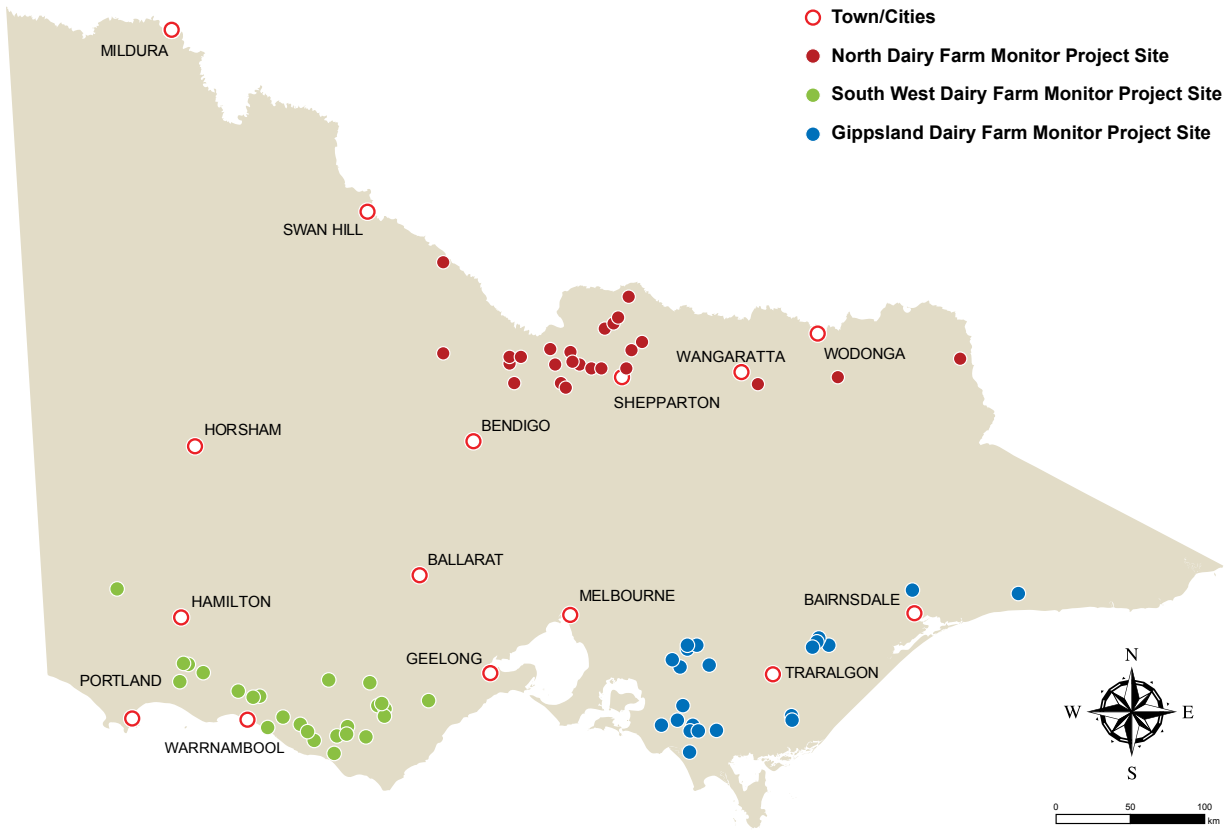
Part One:
Statewide overview

Statewide overview

This section of the report compares the average performance and the range of physical and financial indicators for all participant farms across Victoria from the North, the South West and Gippsland regions.

The approximate location of the participating farms is shown in Figure 3.

FIGURE 3. DISTRIBUTION OF PARTICIPANT FARMS IN 2014/15 ACROSS VICTORIA



2014/15 Seasonal conditions

Seasonal conditions in 2014/15 were less favourable than in 2013/14. Challenging climatic conditions across most of the state in spring and average or below average rainfall over the year meant pasture and fodder reserves were under pressure for most of the year.

The regional sections provide more detail on the 2014/15 seasonal conditions.

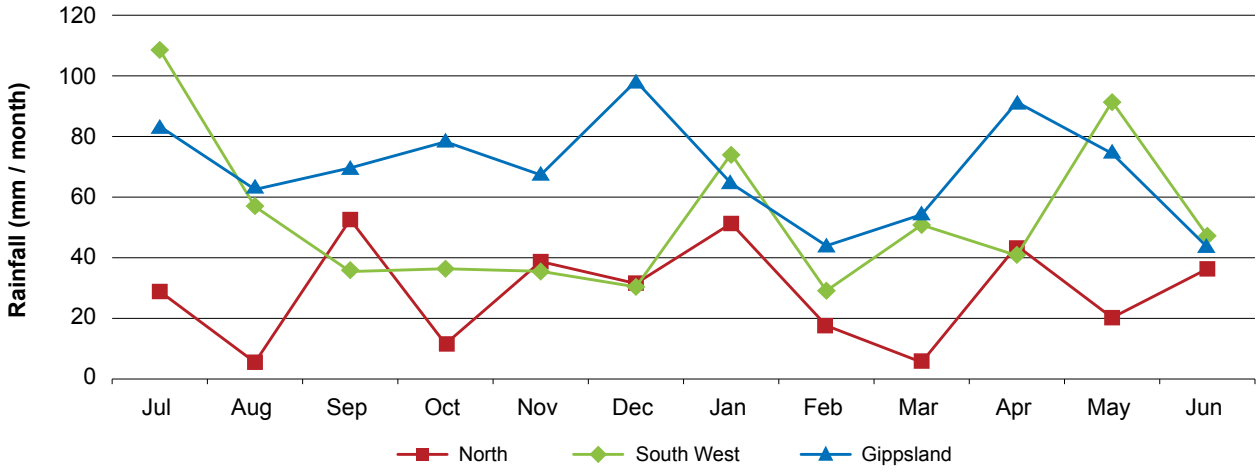
Low rainfall in August, November, February and June provided the greatest challenge across the state with 5% to 29% less rain than long term averages. There were also instances of inconsistent supply of irrigation water for pasture and crops.

The North received only 344 mm which is 71% of their average long term rainfall. The South West (637 mm) received 78% of their long term average and Gippsland received 831 mm which is 95% of their average long term rainfall.

This is in contrast to the previous financial year where farms received between 102% and 116% of their long term average rainfall.

Figure 4 shows the average monthly rainfall pattern in 2014/15 and the disparity between the regions.

FIGURE 4. 2014/15 MONTHLY RAINFALL



Whole farm analysis

In 2014/15 Gippsland farms on average had the smallest herd size over the smallest usable area. Farms in the North had close to the statewide average herd size but produced substantially higher milk solids per hectare, per cow and per labour unit. The South West had the largest herd size on the largest usable area, the lowest stocking rate and received the highest average milk price in the state.

This year saw an increase in average herd size in the North and Gippsland. The average herd size in the South West remained stable. Overall the average state herd size rose by 50 cows between 2013/14 and 2014/15.

Despite the irrigated regions of Gippsland and the North receiving 100% allocation of high reliability water, the reduced rainfall combined with the milder summer conditions reduced the amount of overall water available. Across the state the average water use (irrigation plus rainfall) was 818 mm compared to last year's (irrigation + rainfall) average of 993 mm.

Total usable area remained relatively stable but milk solids (MS) sold per cow rose across all three regions. Stocking rate per usable hectare remained stable while milk sold in kg MS per hectare increased by 4.3%.

Labour efficiency per kg MS increased by 8.3% across the state with the greatest increase in Gippsland, a 17.1% improvement.

Milk price was the third highest received in nominal terms over the nine years of the study. When inflation is taken into account the price received was only the fifth highest in the nine years of the project.

Table 1 presents the average of some farm characteristics for the state and for each region. Further details can be found in the Appendix (Table 2) for each region.

TABLE 1. FARM PHYSICAL DATA – STATE OVERVIEW

Farm physical parameters	Statewide	North	South West	Gippsland
Number of farms in sample	75	25	25	25
Herd size (max no. cows milked for at least 3 months)	350	356	389	304
Annual rainfall 2014/15 (mm)	604	344	637	831
Water used (irrigation + rainfall) (mm/ha)	818	856	643	956
Total usable area (hectares)	248	222	333	189
Stocking rate (milking cows per usable hectare)	1.6	1.9	1.2	1.8
Milk sold (kg MS/cow)	514	537	525	479
Milk sold (kg MS/ha)	845	1,020	627	890
Milk price received ($/kg MS)	$6.04	$6.09	$6.16	$5.88
Labour efficiency (milking cows/FTE)	110	108	104	118
Labour efficiency (kg MS/FTE)	56,586	57,795	55,008	56,954

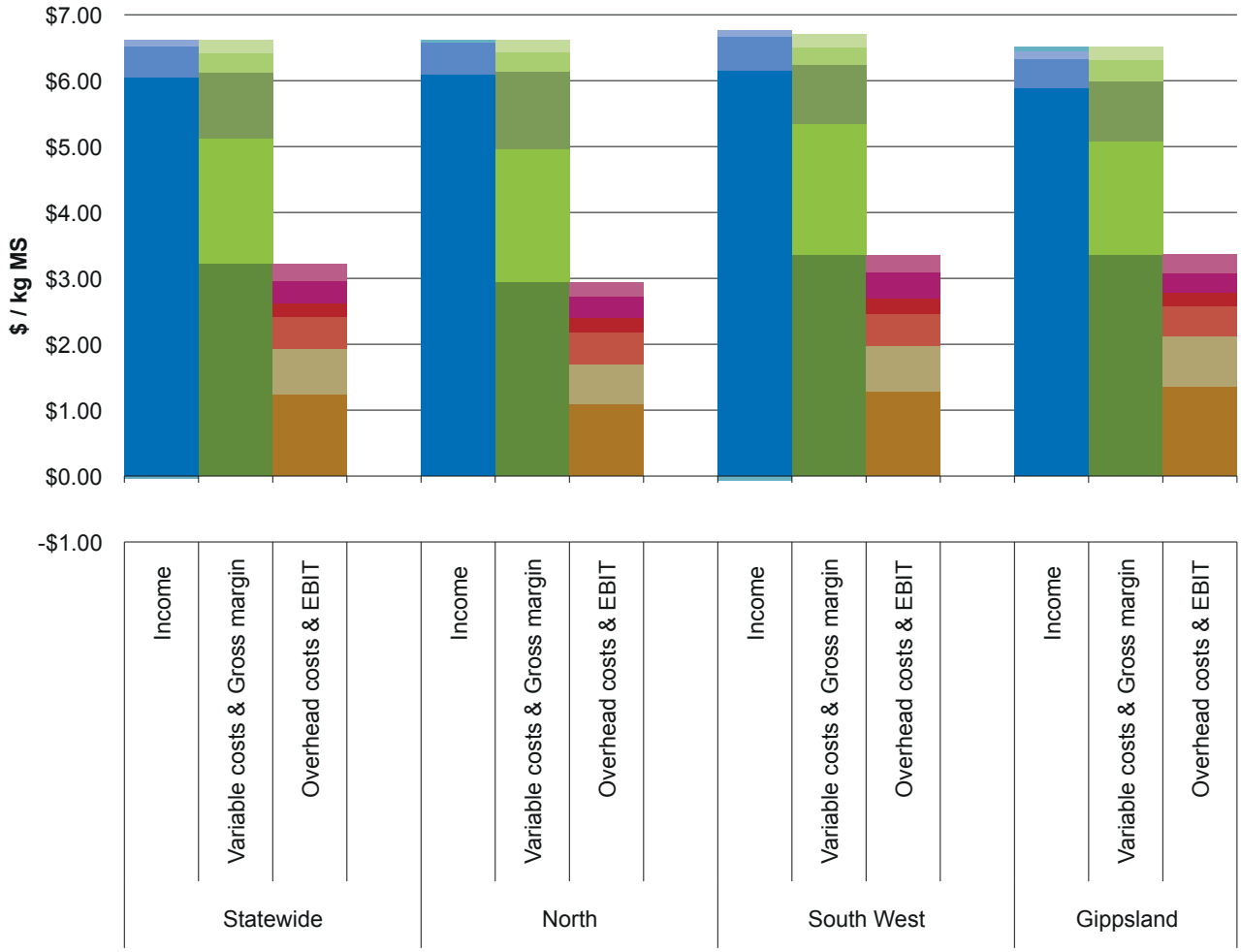
Figure 5 provides a visual representation of the average farm financial performance. The blue colours represent income per kilogram of milk solids (kg MS) added vertically to provide gross farm income. From gross farm income, the green variable costs can be subtracted to give the grey gross margin values. From the gross margin red/orange overhead costs can be subtracted to provide the yellow earnings before interest and tax. The legend for Figure 5 and the values for category can be found in Table 2.

Gross farm income

Gross farm income includes all farm income from milk sales, change in inventories of stock or feed or cash income from livestock trading. Income from sources such as milk share dividends are included as other farm income.

While Figure 5 shows how much milk income dominates gross income, other sources are still important to the farm business. Across the state, income from sources other than milk accounted for 9% of gross farm income, up from 8% last year. This was mainly driven by an increase in livestock trading profit and was similar across all regions in 2014/15.

FIGURE 5. AVERAGE FARM FINANCIAL PERFORMANCE PER KILOGRAM OF MILK SOLIDS



See Table 2 for the legend on Figure 5

Variable costs

Variable costs are costs directly associated with production. Examples include animal health, contract services, supplementary feeding, agistment and pasture costs. Figure 5 shows the largest cost was purchased feed and agistment (seen as dark green), with the highest costs recorded by farms in the North in 2014/15. Home grown feed was the other major variable cost.

Total feed costs, including home grown feed, purchased feed and agistment, accounted for 85.5% of total variable costs on average for the state. The total feed costs varied between 71% and 92% of total variable costs in all regions. See Appendix Table 6 for a breakdown of variable costs as a percentage of total (variable plus overhead) costs in each region.

The gross margin is equal to gross farm income minus total variable costs. While commonly used to compare enterprises that have a similar capital structure like sheep or beef, it can be a useful measure in dairy to analyse changes on farm that do not require capital investment.

The statewide average gross margin was $3.22/kg MS, a 20% decrease from 2013/14, with the top 25% reporting a gross margin of $3.60/kg MS.

Overhead costs

Overhead costs or 'fixed costs' are relatively unresponsive to small changes in the scale of operation of a business. Examples include depreciation, administration, repairs and maintenance and labour. Imputed labour cost is an estimate of the cost of the time spent in the business by people with a share in the business such as the owner, the owner's family or a sharefarmer who owns assets in the business. The imputed labour cost is calculated as $25 per hour of imputed labour performed by the owner operator, family members or sharefarmers with assets.

The average overhead cost this year was $1.97/kg MS compared with $2.02/kg MS in 2013/14. The North maintained similar overhead costs this year; the South West reduced their overhead costs from $2.14/kg MS to $2.08/kg MS and Gippsland reduced overhead costs from $2.11/kg MS to $2.00/kg MS continuing the decrease from 2012/13. Some other major points of difference were the amount of imputed labour used on Gippsland dairy farms compared to the other two regions and the higher repairs and maintenance in the South West.

Table 2 shows that in 2014/15 the North had the highest average variable costs as well as the lowest average overhead costs on a per kilogram of milk solids basis compared to the other two regions.

TABLE 2. AVERAGE FARM FINANCIAL PERFORMANCE PER KILOGRAM OF MILK SOLIDS - STATEWIDE

Farm income and cost category	Statewide	North	South West	Gippsland
INCOME				
Feed inventory change	$0.00	$0.00	-$0.06	$0.06
Other farm income	$0.09	$0.04	$0.10	$0.13
Livestock trading profit	$0.48	$0.50	$0.50	$0.44
Milk income (net)	$6.04	$6.09	$6.16	$5.88
Gross farm income	$6.61	$6.62	$6.70	$6.51
VARIABLE COSTS				
Shed cost	$0.20	$0.19	$0.20	$0.20
Herd cost	$0.29	$0.30	$0.25	$0.32
Home grown feed cost	$0.99	$1.17	$0.90	$0.91
Purchased feed and agistment	$1.91	$2.02	$1.99	$1.72
Total variable costs	$3.39	$3.69	$3.34	$3.15
GROSS MARGIN				
per kilogram of milk solids	$3.22	$2.94	$3.36	$3.36
OVERHEAD COSTS				
All other overheads	$0.25	$0.22	$0.26	$0.28
Repairs and maintenance	$0.34	$0.32	$0.39	$0.30
Depreciation	$0.22	$0.21	$0.24	$0.20
Employed labour	$0.48	$0.49	$0.49	$0.46
Imputed owner/operator and family labour	$0.68	$0.60	$0.69	$0.76
Total overhead costs	$1.97	$1.84	$2.08	$2.00
EARNINGS BEFORE INTEREST & TAX				
per kilogram of milk solids	$1.25	$1.10	$1.28	$1.36

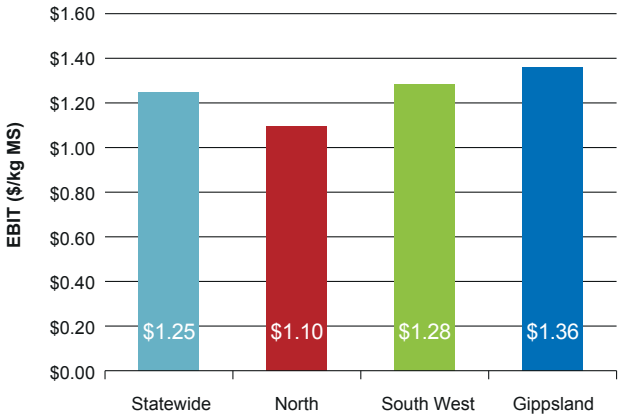
Earnings before interest and tax

Earnings before interest and tax (EBIT) are the gross farm income, less variable costs and overhead costs including non-cash costs. As EBIT excludes tax and interest and lease costs, it can be used to analyse the operational efficiency of the whole farm business.

Average EBIT was lower across the state this year with an average of $1.25/kg MS compared to $2.00/kg MS in 2013/14. A decrease in EBIT occurred across all the regions from $2.06/kg MS to $1.10/kg MS in the North, from $1.95/kg MS to $1.28/kg MS in the South West and from $2.04/kg MS to $1.36/kg MS in Gippsland.

Figures 19, 30 and 41 in the regional sections present the EBIT of sample farms this year alongside the respective 2013/14 regional average.

FIGURE 6. AVERAGE EARNINGS BEFORE INTEREST AND TAX PER KILOGRAM OF MILK SOLIDS SOLD



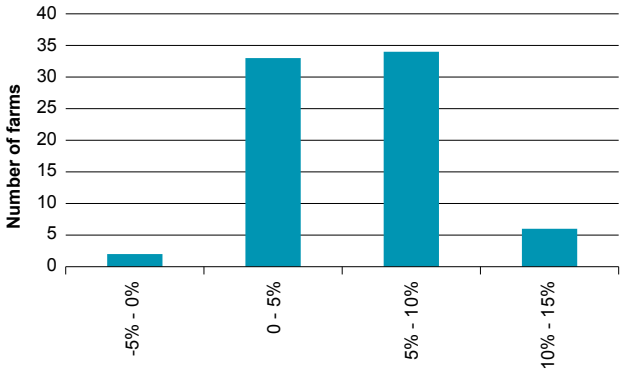
Return on assets and equity

Return on assets is the EBIT expressed as a percentage of total farm assets under management and hence is an indicator of the earning power of total assets, irrespective of capital structure. Similarly, it can be considered as an indicator of the overall efficiency of use of the resources that are involved in a given production system and not elsewhere in the economy.

The average return on assets for participants across the state was 5.3%, down from last year's 8.5%. The return on assets ranged from -1.5% to 13.7% and a median of 7.3%, with a much tighter banding this year (Figure 7 and Appendix Table 1). Two farms recorded a negative EBIT and therefore a negative return on assets in 2014/15.

Despite the North having the lowest EBIT of the three regions, it also had the lowest average asset base allowing it to produce the highest return on assets across the state.

FIGURE 7. DISTRIBUTION OF FARMS BY RETURN ON ASSETS

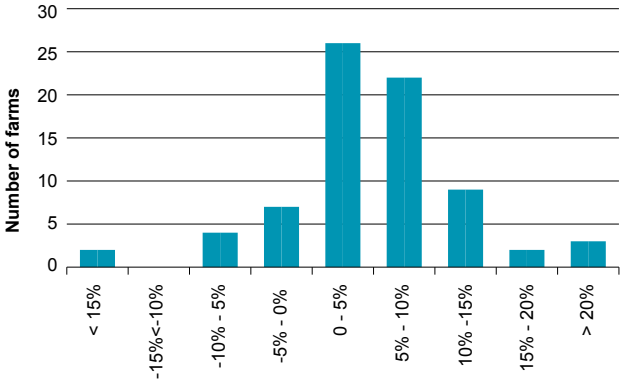


Return on equity (ROE) is the net farm income (earnings before interest and tax less interest and lease charges) expressed as a percentage of owner's equity. Items not accounted for in net farm income are capital expenditure, principal loan repayments and tax. Return on equity is a measure of the owners' rate of return on their investment.

The average ROE for the 75 farms was 5.4% in 2014/15 in contrast to 11.4% last year. The median ROE was 7.7% with a range from -7.8% to 34.4% with a relatively uniform distribution (Figure 8).

Further discussion of return on assets and return on equity occur in the risk section below and later in the regional chapters. Appendix Table 1 presents all the return on assets and return on equity for the participant farms for each region.

FIGURE 8. DISTRIBUTION OF FARMS BY RETURN ON EQUITY



Risk

"Risk is conventionally classified into two types: business risk and financial risk. Business risk is the risk any business faces regardless of how it is financed. It comes from production and price risk, uncertainty and variability. 'Business risk' refers to variable yields of crops, reproduction rates, disease outbreaks, climatic variability, unexpected changes in markets and prices, fluctuations in inflation and interest rates, and personal mishap….' Financial risk' derives from the proportion of other people's money that is used in the business relative to the proportion of owner-operator's capital…" [2]

Table 3 presents some key risk indicators. Refer to Appendix E for the definition of terms used in Table 3. The indicators in Table 3 can also be found in Appendix Tables 1, 3 and 8 for each region.

TABLE 3. RISK INDICATORS - STATEWIDE

	Statewide	North	South West	Gippsland
Cost structure (proportion of total costs that are variable costs)	63%	67%	62%	61%
Debt services ratio (percentage of income as finance costs)	9%	8%	9%	10%
Debt per cow	$4,036	$3,632	$4,368	$4,108
Equity percentage (ownership of total assets managed)	62%	60%	62%	65%
Percentage of feed imported (as a % of total ME)	41%	46%	41%	34%

Exposure to risk in business is entirely rational if not unavoidable. It is through managing risk that greater profits can be made. It is also the case that by accepting a level of risk in one area of business, a greater risk in another area can be avoided. Using the example of feed sources, dairy farmers are generally better at dairy farming than they are at grain production. Thus by allowing someone who is experienced in producing grain to supply them, they lessen the production and other business risks as well as the financial risks they would have exposed themselves to by including extensive cropping in their own business. The trade-off is that they are in turn exposed to price and supply risks.

The trade-off between perceived risk and expected profitability will dictate the level of risk a given individual is willing to take. It then holds that in regions where risk is higher, less risk is taken. While in good times this will result in lower returns, in more challenging times it will lessen the losses.

This year, all farms in the Dairy Farm Monitor project sourced at least some of their metabolisable energy (ME) from imported feeds and are therefore were somewhat exposed to fluctuations in prices and supply in the market for feed. In 2014/15 on average, all regions sourced an increased proportion of their diet from imported feed compared to 2013/14, reflecting the less favourable climatic conditions across the year.

This year there was effectively no change in equity levels across the state with an average of 62%. Caution should be exercised when comparing equity between years as there had been a change of farms in the sample.

The cost structure ratio provides variable costs as a proportion of total costs. A lower ratio implies that overhead costs comprised a greater proportion of total costs which in turn indicates less flexibility in the business. Table 3 shows that across the state for every $1.00 spent, $0.63 was used to cover variable costs, however it is worth noting that cost structure varies between regions and farms. One hundred minus this percentage gives the proportion of total costs that are overhead costs.

The debt services ratio shows interest and lease costs, as a proportion of gross farm income. The debt services ratio on average for the state was 9%, the same as last year; however there has been a minor increase in the North and Gippsland compared to 2013/14. It indicates that on average farms repaid $0.09 of every dollar of gross farm income to their creditors.

The benefit of taking risks and borrowing money can be seen when farm incomes yield a higher return on equity than on their return on assets. In 2014/15, 31 of the 75 (or 41%) of participant farms received a return on equity greater than their return on assets, Although this was a decrease from 2013/14, where 56 of 75 farms recorded a higher return on equity figure, it is greater than the proportion of farms recorded in 2008/09, 2009/10, 2011/12 and 2012/13.

The higher the risk indicator (or lower with equity %) in Table 3, the greater the exposure to the risk of a shock in those areas of the business. Further, the data in Appendix Tables 4 and 5 are in cost per kilograms of milk solids sold. This data set is best used as risk indictors, given it is measured against the product produced and sold currently and not the capital invested.

[2] Malcolm, L.R., Makeham, J.P. and Wright, V. (2005), *The Farming Game, Agricultural Management and Marketing,* Cambridge University Press, New York. p180

Physical Measures

Feed consumption

The contribution of different feed sources to the total ME consumed on the farm is presented in Figure 9. This includes feed consumed by dry cows and young stock.

A cow's diet can consist of grazed pasture, harvested forage, crops, concentrates and other imported feeds.

While grazed pasture made up the majority of the diet in cows across all regions, Gippsland had the greatest consumption of direct grazed pasture at 59% of total ME fed, and a lower reliance on imported concentrates compared to the other regions. Gippsland participants also sourced 5% of ME from hay and 8% from silage, the lowest across all regions.

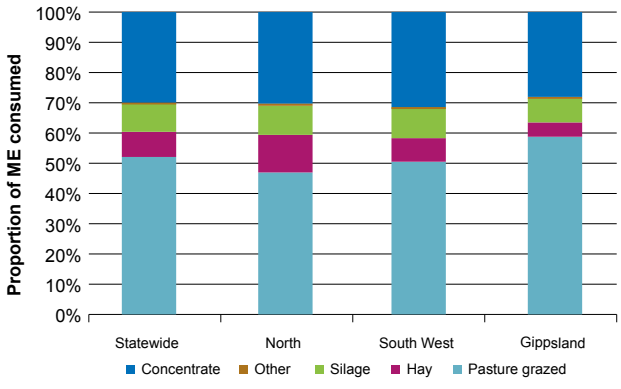
The North sourced the lowest (47%) amount of ME from direct grazed pasture compared to the other regions. The North had a greater reliance on hay (12%) and silage (10%) to make up the remainder of ME requirements.

In 2014/15 the South West sourced 51% of ME from direct grazed pasture, close to the statewide average of 52%. The use of silage was on average 10% of ME sourced while hay was 8% of ME sourced on the South West farms.

Concentrates supply the greatest proportion of ME of all the supplements fed, accounting for approximately one-third of the diet. The average proportion of ME sourced from concentrates was 30% in the North, 31% in the South West and 28% in Gippsland.

Appendix Table 3 provides further information on purchased feed.

FIGURE 9. SOURCES OF WHOLE FARM METABOLISABLE ENERGY



The average estimated home grown feed consumed per milking hectare is shown in Figure 10. Both Figures 9 and 10 were estimated using DEDJTR's Pasture Consumption Calculator which is also available online at http://dairypastureconsumptioncalculator.com.au. Initially, this involves a calculation based on the total ME required on the farm, determined by stock numbers on the farm, liveweight, average distance stock walk to and from the dairy and milk production. Metabolisable energy imported from other feed sources is subtracted from the total farm ME requirements over the year to estimate for total ME produced on farm, divided into grazed and conserved feed depending on the quantity of fodder production recorded.

Total home grown feed consumed (by direct grazing plus conservation) in 2014/15 was less than in 2013/14 across all regions. The North directly grazed 7.6 t DM/ha, the same as last year, and conserved 1.1 t DM/ha. The South West consumed an average of 4.5 t DM/ha of direct grazed pasture, 0.1 t DM/ha less than last year, but, conserved 25% less forage (1.2 t DM/ha) compared to last year's 1.5 t DM/ha, indicative of a drier spring.

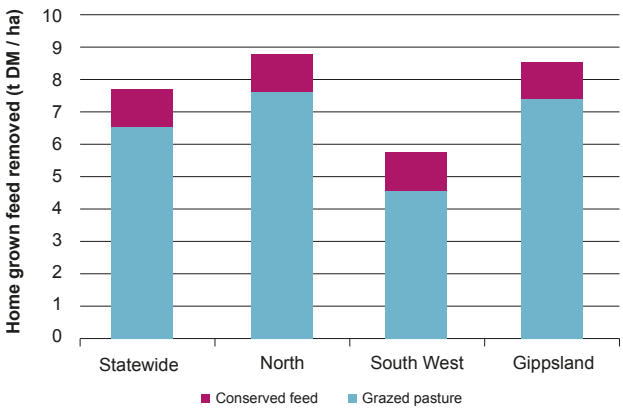
Gippsland achieved very similar results to 2013/14 with 7.4 t DM/ha consumed through grazing compared to last year's 7.6 t DM/ha, and conserved 1.1 t DM/ha in 2014/15 compared to 1.0 t DM/ha last year.

Differences in harvest for direct grazed and conserved feed were considered directly attributable to the more challenging seasonal conditions experienced in 2014/15 compared to last year.

As in previous years the South West had lower pasture harvested by direct grazing due to the larger usable area of the farms, comparatively lower stocking rate and amount of concentrate fed in that region.

Appendix Table 2 gives estimates of quantity of home grown feed consumed per milking hectare of sample farms across the state. The graph in Figure 10 accounts only for the consumption of pasture that occurred on the milking area whether by milking, dry or young stock.

FIGURE 10. ESTIMATED TONNES OF HOME GROWN FEED CONSUMED PER MILKING HECTARE



Fertiliser application

Similar to 2013/14, Figures 10 and 11 in 2014/15 do not show a strong relationship between estimated home grown feed consumed and fertiliser applied per hectare, there are many other variables that would influence this relationship.

Application of nutrients between 2014/15 and the previous year did not vary greatly except for nitrogen which had an increased in use of 10%.

As in 2013/14, on average the North had the highest pasture consumption per hectare and the lowest amount of nutrients applied. In contrast, Gippsland had similarly high pasture consumption but used far greater amount of nutrients.

The North applied nitrogen at about half the state average use (75 kg/ha); close to the state average of phosphorus at 20 kg/ha; potassium as only a quarter of the state's average potassium at 8 kg/ha and sulphur at 19 kg/ha, again close to the state average.

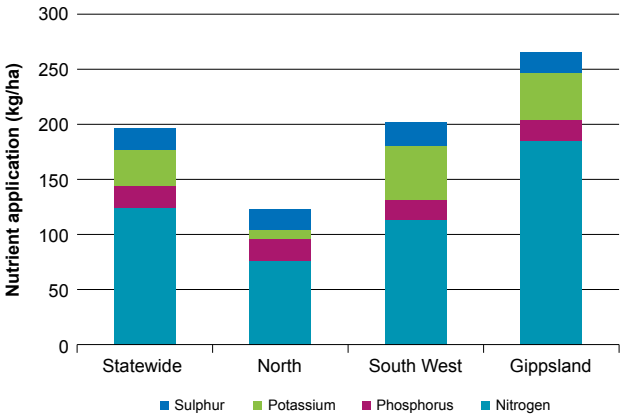
The South West farms on average used 113 kg/ha of nitrogen; 19 kg/ha of phosphorus; about 1.5 times the state average of potassium (48 kg/ha) and just less than 22 kg/ha of sulphur, close to the state average. Despite the better growing conditions in 2013/14, fertiliser use did not alter markedly in 2014/15.

Gippsland had a 20% increase in nitrogen application and the highest of all the regions. On average Gippsland farms applied 185 kg/ha of nitrogen, and similar levels of the other nutrients to the previous year of 19 kg/ha of phosphorus, 43 kg/ha of potassium and 19 kg/ha of sulphur.

It should be noted that water availability, pasture species, soil type, pasture management, seasonal variation in response rates to fertilisers, variations in long-term fertiliser strategies plus other factors will all influence pasture growth and fertiliser application strategies. These particular strategies are not captured as part of the project.

Appendix Table 2 provides further information on fertiliser application for each region.

FIGURE 11. NUTRIENT APPLICATION PER HECTARE



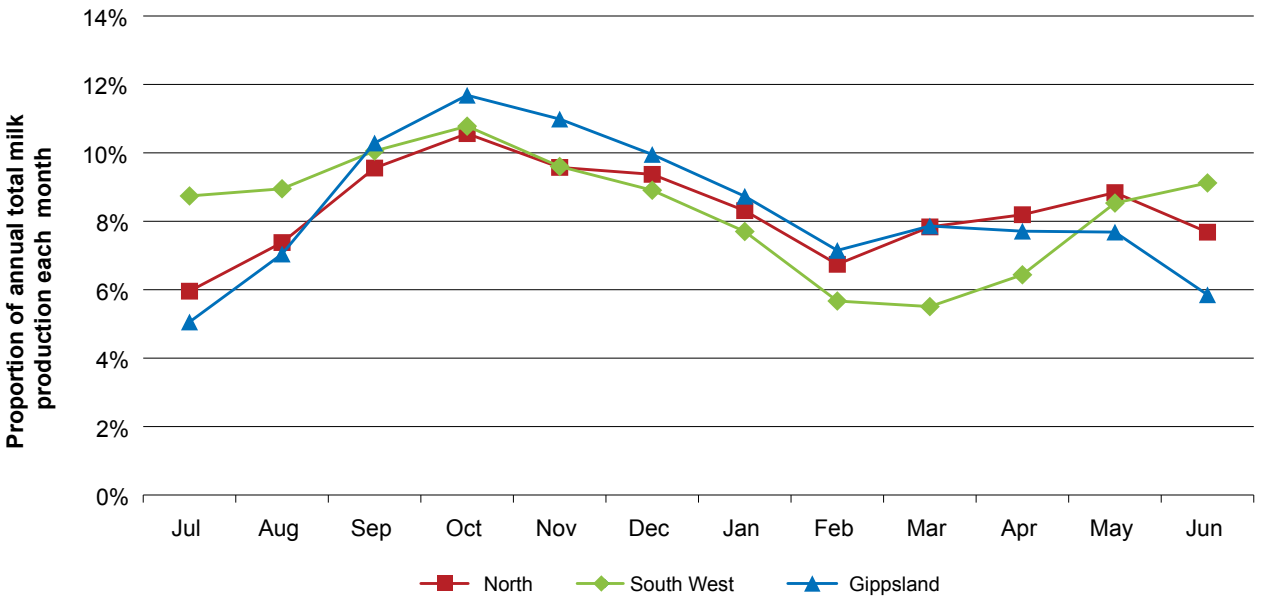
Milk production

Spring provided the main production peak in all regions across the state (Figure 12).

The North in 2014/15 had another small peak in mid autumn while Gippsland had a corresponding drop, and the South West exhibited a strong increase in mid to late autumn.

In 2014/15 total pasture harvested quantities per milking hectare were very similar to that of 2013/14 despite the different seasonal conditions.

FIGURE 12. MONTHLY DISTRIBUTION OF MILK PRODUCTION



Calving pattern

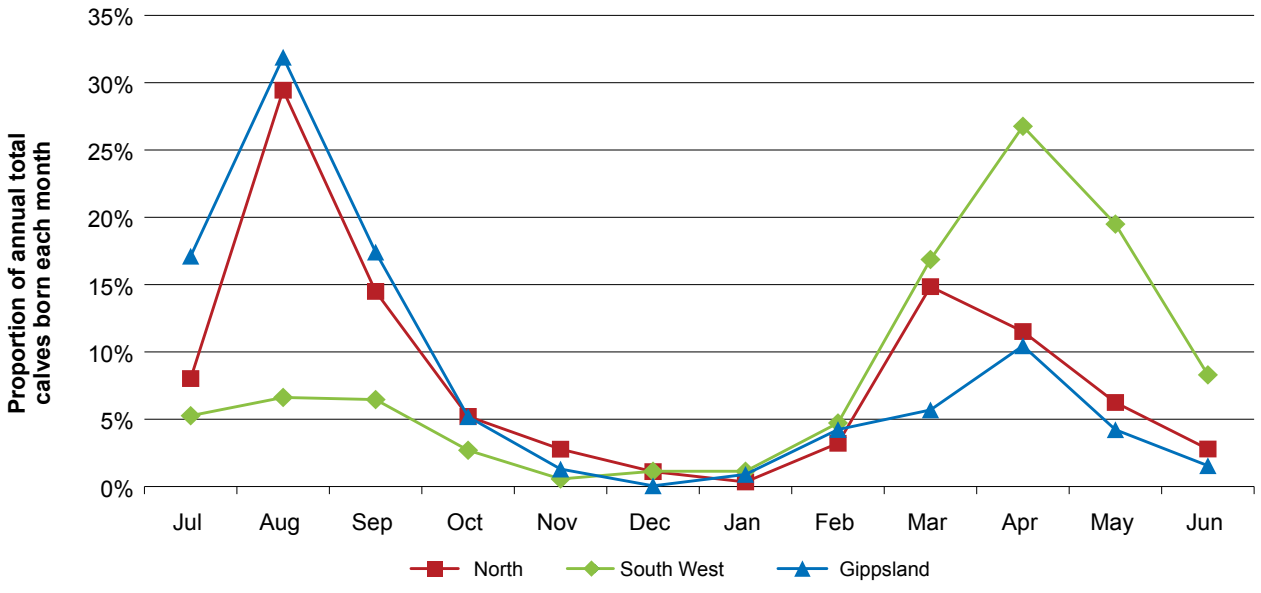
Typically, calving pattern follows a similar trend to the milk production curve, with milk production peaks occurring two or so months after the calving peak. This is true for both the North and Gippsland as seen in Figures 12 and 13.

The North, shown by the red line had its first peak milk production in October, as did Gippsland, shown by the blue line. This represented 29.4% of calves being born in August for the North and 31.9% for Gippsland. The North had another small peak calving in March (14.8% of calves), which is again matched by a second smaller milk production peak in May.

The South West calving pattern shows that the month with the greatest proportion of calves born was April, similar to last year with 27% of calves being born in that month. This was followed by a steady increase in milk production from June through to October, with over half the region's calves being born in April, May and June.

Similar to 2013/14 approximately 5% of calves were born in the summer months, between December 2014 and February 2015 across all regions.

FIGURE 13. MONTHLY DISTRIBUTION OF CALVES BORN



Part Two:
The North

The North

Farms NO0012 to NO0054 were included in last year's report whereas farms NO0056 to NO0060 were new to the Dairy Farm Monitor Project this year. Please refer to page 3 for notes on the presentation of data.

2014/15 Seasonal conditions

2014/15 provided challenging operating conditions for farmers in the North. Despite a strong 2014 autumn break, the year began with a cold, drier than average winter and a potentially productive spring which was cut short. The region experienced a milder, wetter summer than last year but March turned very dry and delayed autumn pasture growth.

Water cost and availability are always a concern for Victorian dairy farmers in the north of the state. This is highlighted in years such as this where rainfall was less than the long term average. Most participant farms received less than 75% of their long tem average rainfall this year (Figure 14). On average, farmers also used less irrigation water per irrigated hectare to grow their pasture and crops this year, a reflection of the milder and wetter summer conditions.

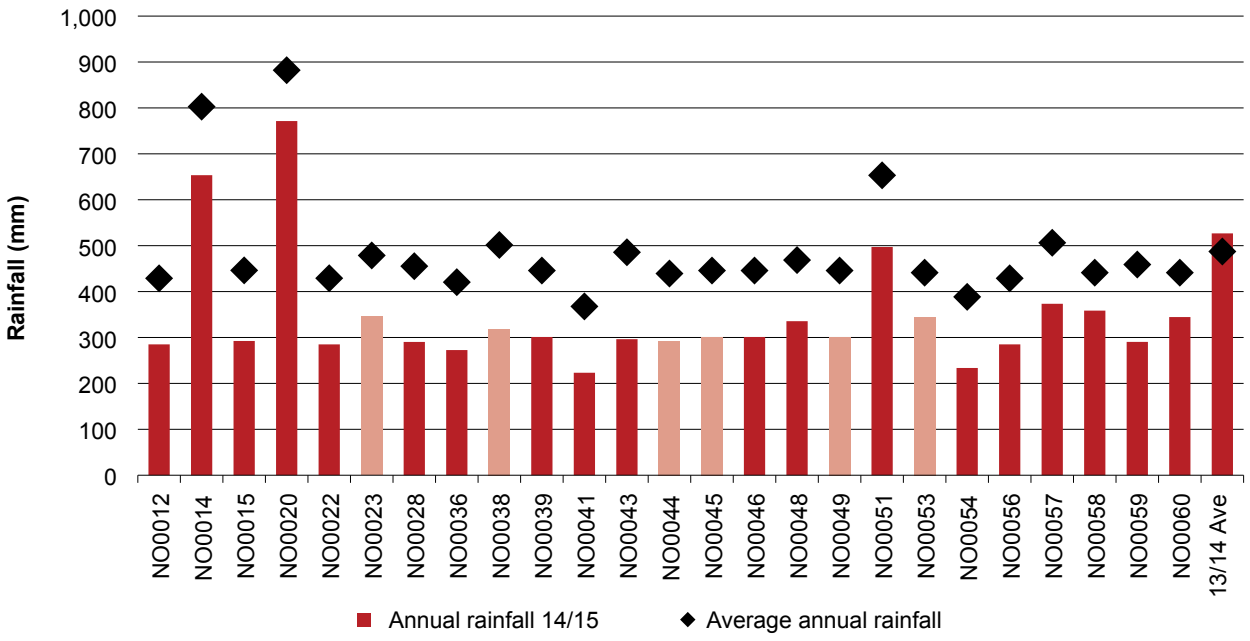
Participant dairy farmers in the North received an average of $6.09/kg MS sold this year, 11% ($0.73/kg MS) lower than last year's average milk price. Some farms, however, received lower prices for their milk with a range paid of $5.52/kg MS to $6.71/kg MS this year.

Total milk production (litres) across the northern region increased by 1.8% compared to the previous season. While export heifers were not in high demand this year, some farmers were able to sell heifers at high prices. Good prices were received for cull cattle; improving the cash flow position for some farmers.

The mild summer provided favourable conditions for perennial pastures in the North this year, but slowed the growth of summer crops such as sorghum and millet. Fodder inventory changes were highly variable in the North with some farmers depleting their reserves and equally others replenishing them. Average feed inventory change was $0.00/kg MS but ranged from negative $0.35 to positive $0.35/kg MS.

*Top 25% * - The top 25% are shown as the lighter bars in all graphs as ranked by return on assets.*

FIGURE 14. 2014/15 ANNUAL RAINFALL AND LONG TERM AVERAGE RAINFALL – NORTH



Whole farm analysis

Key whole farm physical parameters for the North are presented below in Table 4. The Q1 – Q3 range shows the band in which the middle 50% of farms for each parameter sit.

The top 25% of farms (ranked by return on assets) were within the middle 50% of the North dataset for all physical parameters except milking cows per usable hectare and milk solids sold per hectare. The top 25% had higher stocking rates of milking cows per usable hectare at 2.7 compared to the Q1-Q3 range of 1.3 – 2.3. As an individual factor, this does not cause these farms to be placed in the top 25%.

The top 25% performers sold three kilograms of milk solids per cow more than the average of 537 kg MS/cow. More significantly, the top performers sold more milk solids per hectare at 1,454 compared to the Q1-Q3 range of 615 - 1,216 kg MS/ha. Labour efficiency ranged from 37,000 to 88,000 kg MS/full time equivalent (kg MS/FTE). This indicates that some used labour more efficiently than others.

TABLE 4. FARM PHYSICAL DATA – NORTH

Farm Physical Parameters	North Average	Q1 to Q3 range	Top 25% average
Annual rainfall 14/15 (mm)	344	290 – 345	317
Water used (irrigation + rainfall) (mm/ha)	856	727 – 1002	963
Total usable area (hectares)	222	121 – 263	161
Milking cows per usable hectare	1.9	1.3 – 2.3	2.7
Milk sold (kg MS/cow)	537	505 – 600	540
Milk sold (kg MS/ha)	1,020	615 – 1216	1,454
Home grown feed as % of ME consumed	54%	41% – 63%	52%
Labour efficiency (milking cows/FTE)	108	97 – 121	114
Labour efficiency (kg MS/FTE)	57,795	48,918 – 70,022	61,951

Gross farm income

Gross farm income includes all farm income, whether that is income from milk sales, changes in inventories of stock or feed, or cash income from livestock trading. The average gross farm income of $6.62/kg MS included milk income ($6.09/kg MS) plus all other income associated with the dairy business operation ($0.54/kg MS). Figure 15 shows this year's average gross farm income was 8% lower than last year's average. The lower milk price received contributed to most of this change as there was a slight increase in the volume of milk sold. Other farm income, including livestock and feed inventory changes, decreased by $0.10/kg MS (16%) from last year. The seasonal conditions were less favourable than in the previous year resulting in farms being less able to increase their feed inventories this year.

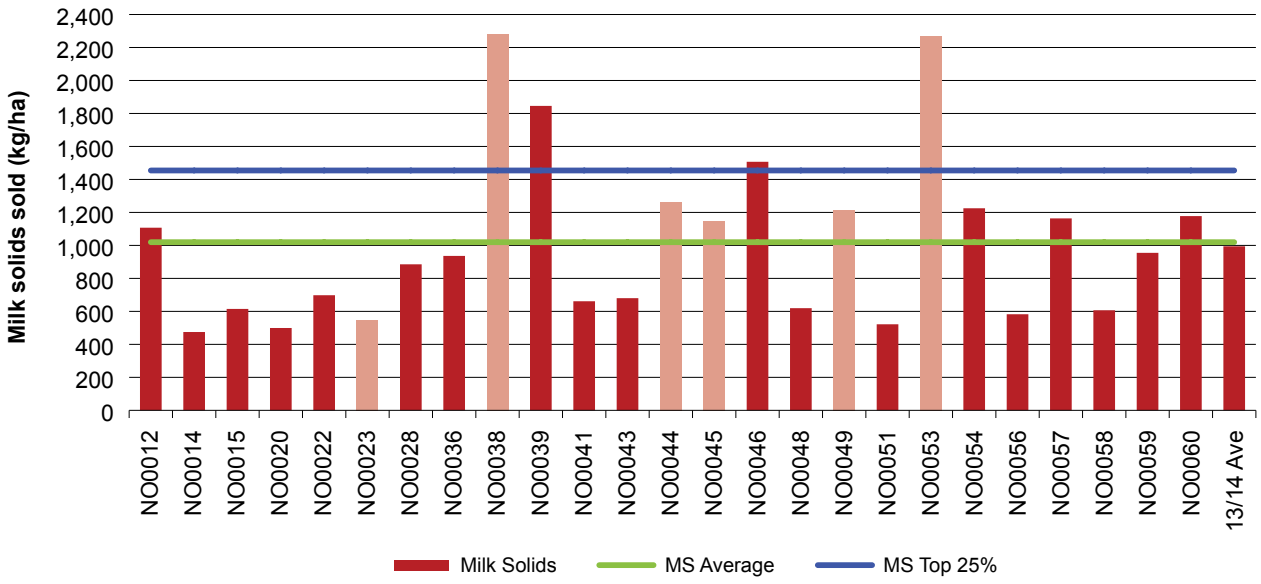
FIGURE 15. GROSS FARM INCOME PER KILOGRAM OF MILK SOLIDS – NORTH

Milk solids sold

Figure 16 shows the kilograms of milk solids sold per usable hectare for each farm. Average milk solids sold per hectare increased slightly this year to 1,020 kg MS/ha, shown as the green line in Figure 16. The range this year was between 475 kg MS/ha and 2,284 kg MS/ha; very similar to last year.

The regions top 25% of performers on a return on assets basis are represented by the pale red bars in Figure 16. While the top 25% average was 1,454 kg MS/ha, not all farms in the top 25% were above the average of 1,020 kg MS/ ha for the North. For example farm NO0023 had a milk solids sold per hectare value below the average of all participant farms. This suggests it had other attributes that contributed to its performance.

FIGURE 16. MILK SOLIDS SOLD PER HECTARE – NORTH



Variable costs

Variable costs include herd, shed and feed costs. On average, variable costs increased slightly in 2014/15 to $3.69/kg MS, up from $3.61/kg MS last year. Variable costs ranged widely from $2.97/kg MS (NO0023) to $5.01/kg MS (NO0039) for farms in the North, shown as the blue bars in Figure 17. Home-grown plus purchased feed costs were clearly the major variable costs (refer to Table 5) accounting for 58% of total variable costs.

Irrigation costs remained stable at $0.48/kg MS. The total irrigation water purchased decreased from 12,754 ML in 2013/14 to 10,815 ML this year. The volume and number of purchasers of high reliability water share (previously known as permanent water entitlement) increased from 241 ML (one farmer) to 668 ML (five farmers). These five farmers also purchased temporary allocations along with 16 farmers. Irrigation water use increased from 874 ML/farm to 976 ML/ farm this year, however irrigation water applied per hectare decreased as more land was irrigated this year.

Fodder purchases remained stable this year at $0.45/kg MS on average, consistent with last year. The top 25% performers purchased fodder at a higher cost than other farms at $0.53/kg MS this year. The cost of concentrates increased from $1.36/kg MS in 2013/14 to $1.40/kg MS in 2014/15 as a result of both an increase in the price and quantity purchased. The average cost of concentrate increased by 6%, from $366/t DM to $387/t DM this year. The amount of concentrates fed in 2014/15 was 1.9 t DM/ cow, about 0.12 t DM/cow more than last year.

Overhead costs

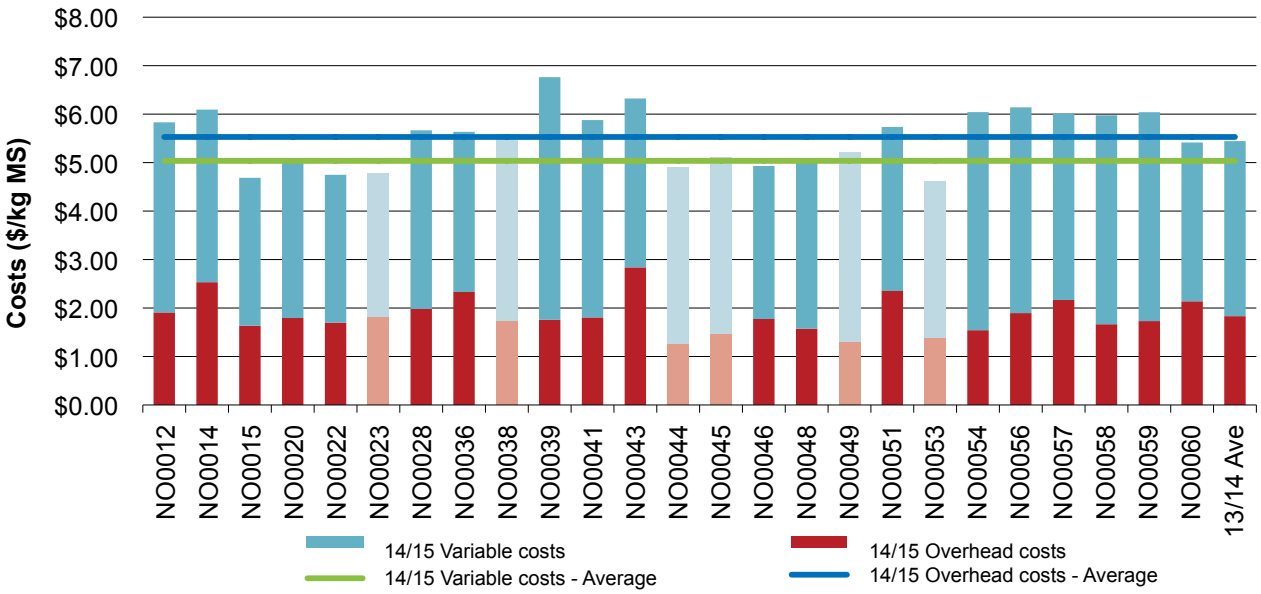
Overhead costs are those that do not vary with the level of production. The Dairy Farm Monitor Project includes cash overheads such as rates and insurance as well as non cash costs such as imputed owner operator and family labour and depreciation of plant and equipment. The overhead costs this year ranged from $1.25/kg MS to $2.84/kg MS (shown as red bars in Figure 17).

The average overhead costs for 2014/15 were $1.84/kg MS; very similar to that recorded last year. The average total labour units for the North farms was 3.3 full time equivalent labour units per farm (FTE/farm) with owner operators contributing 1.5 FTE/farm, and employed labour 1.8 FTE/ farm. The ratio of owner operator labour to employed labour was stable when compared to last year.

Farms that regularly perform well do so by keeping overhead costs low and managing variable costs according to the season. This year, all farms in the top 25% had lower than average overhead costs. These farms also managed to keep variable costs in-check this year.

A breakdown of the overhead costs in $/kg MS is provided in Appendix Tables B5 and B7. The percentage breakdown of the individual totals expressed as percentages is presented in Appendix Table B6.

FIGURE 17. WHOLE FARM VARIABLE AND OVERHEAD COSTS PER KILOGRAM OF MILK SOLIDS – NORTH



Cost of production

Cost of production gives an indication of the cost of producing a kilogram of milk solids. It is calculated as variable plus overhead costs and accounts for changes in fodder inventory and livestock trading losses. Including changes in fodder inventory is important to establish the true costs to the business. The changes in fodder inventory count for the net cost of feed from what was fed out, conserved, purchased and stored over the year. Livestock trading loss is also considered in the cost of production where there is a net livestock depreciation or reduced stock numbers.

Table 5 shows that the average cost of production increased this year to $5.53/kg MS from $5.34 in 2013/14. On average, farms used more of their feed inventories this year compared to last year. Herd costs, feed costs and employed labour costs increased this year as costs for repairs and maintenance. The top 25% of farms kept their costs 8% lower than average at $5.07/kg MS.

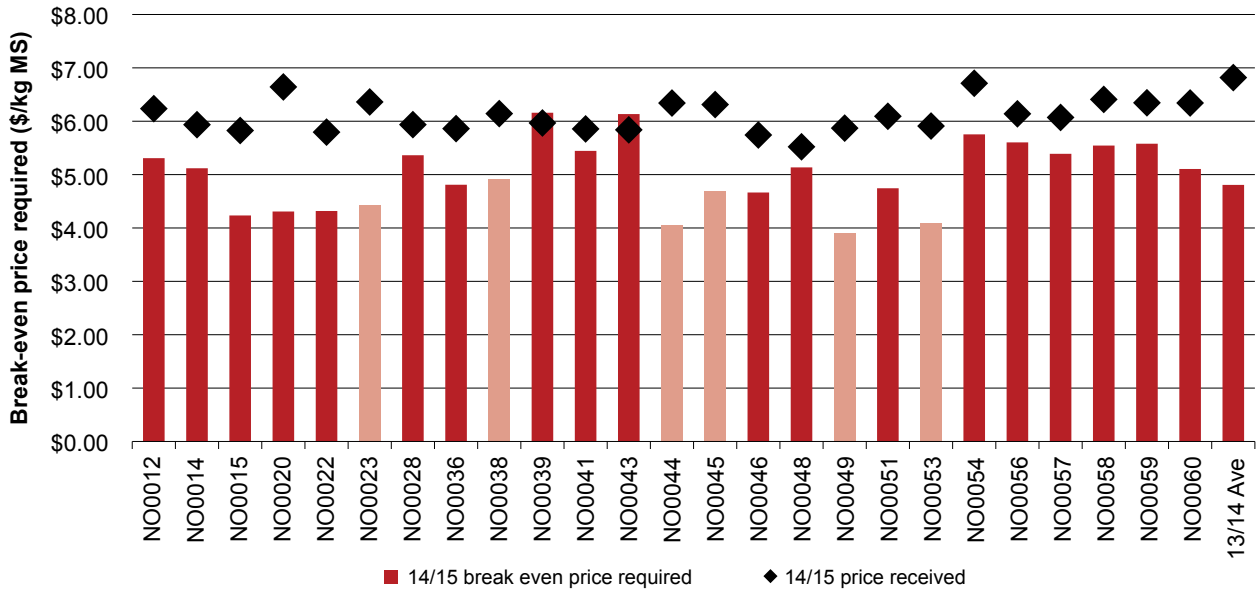
TABLE 5. COST OF PRODUCTION – NORTH

Farm costs ($/kg MS)	North average	Q1 to Q3 range	Top 25% average
Livestock trading loss	$0.00	$0.00 - $0.00	$0.00
Feed inventory change	$0.00	$-0.12 - $0.10	$0.03
Changes in inventory ($/kg MS)	$0.00	$-0.12 - $0.10	$0.03
VARIABLE COSTS			
Herd costs	$0.30	$0.25 - $0.33	$0.27
Shed costs	$0.19	$0.16 - $0.21	$0.23
Purchased feed and agistment	$2.02	$1.70 - $2.23	$1.98
Home grown feed cost	$1.17	$1.02 - $1.37	$1.06
Total variable costs ($/kg MS)	$3.69	$3.28 - $3.92	$3.54
OVERHEAD COSTS			
Rates	$0.04	$0.03 - $0.05	$0.03
Registration and insurance	$0.02	$0.01 - $0.02	$0.02
Farm insurance	$0.06	$0.03 - $0.07	$0.04
Repairs and maintenance	$0.32	$0.25 - $0.41	$0.24
Bank charges	$0.01	$0.00 - $0.01	$0.01
Other overheads	$0.09	$0.07 - $0.11	$0.06
Employed labour cost	$0.49	$0.34 - $0.62	$0.50
Total cash overheads ($/kg MS)	$1.03	$0.75 - $1.27	$0.91
Depreciation	$0.21	$0.13 - $0.23	$0.15
Imputed labour costs	$0.60	$0.46 - $0.76	$0.44
Total overhead costs ($/kg MS)	$1.84	$1.64 - $1.98	$1.50
Total cost of production ($/kg MS)	$5.53	$5.13 - $5.94	$5.07

Break-even price required

The break-even price required for milk is calculated as variable and overhead costs less income other than milk (including livestock trading profit, changes in feed inventory or other income). The difference between the break-even price required and milk income is earnings before interest and tax per kilogram of milk solids. Figure 18 shows that the break-even price required by farms varied from $3.91/kg MS to $6.16/kg MS. The average required break even price increased by 18 cents to $4.99/kg MS this year compared to 2013/14. Milk price received varied from $5.52/kg MS to $6.71/kg MS, with an average of $6.09/kg MS. The gap between price received and price required to break-even meant that most farms were able to cover their production costs.

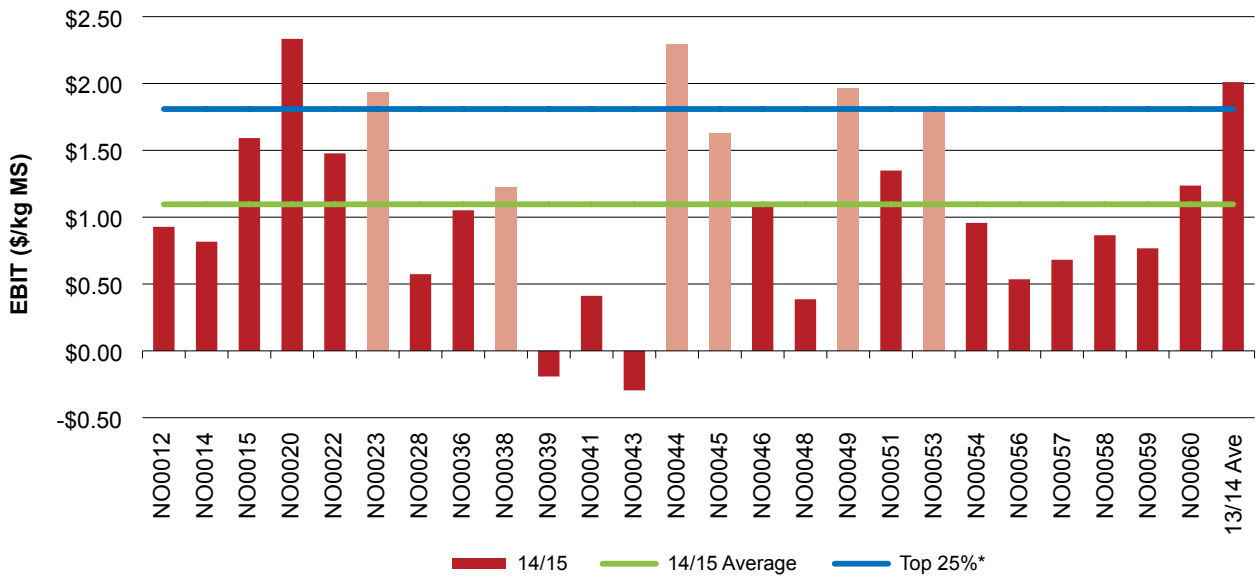
FIGURE 18. BREAK-EVEN PRICE REQUIRED PER KILOGRAM OF MILK SOLIDS SOLD – NORTH



Earnings before interest and tax

Earnings before interest and tax (EBIT) is gross income less variable and overhead costs. Figure 19 shows a wide range in EBIT, from -$0.30 to $2.33/kg MS sold. The average EBIT across farms this year was $1.10/kg MS with the top 25% farms recording an average of $1.81/kg MS compared to an average EBIT of $2.02/kg MS and $2.32/kg MS for the top 25% in 213/14. Businesses in the top 25% are shown by the lighter coloured red bars and demonstrate that having a high EBIT $/kg MS does not necessarily translate into a high return on assets as seen when comparing Figures 19 and 20.

FIGURE 19. WHOLE FARM EARNINGS BEFORE INTEREST AND TAX PER KILOGRAM OF MILK SOLIDS – NORTH



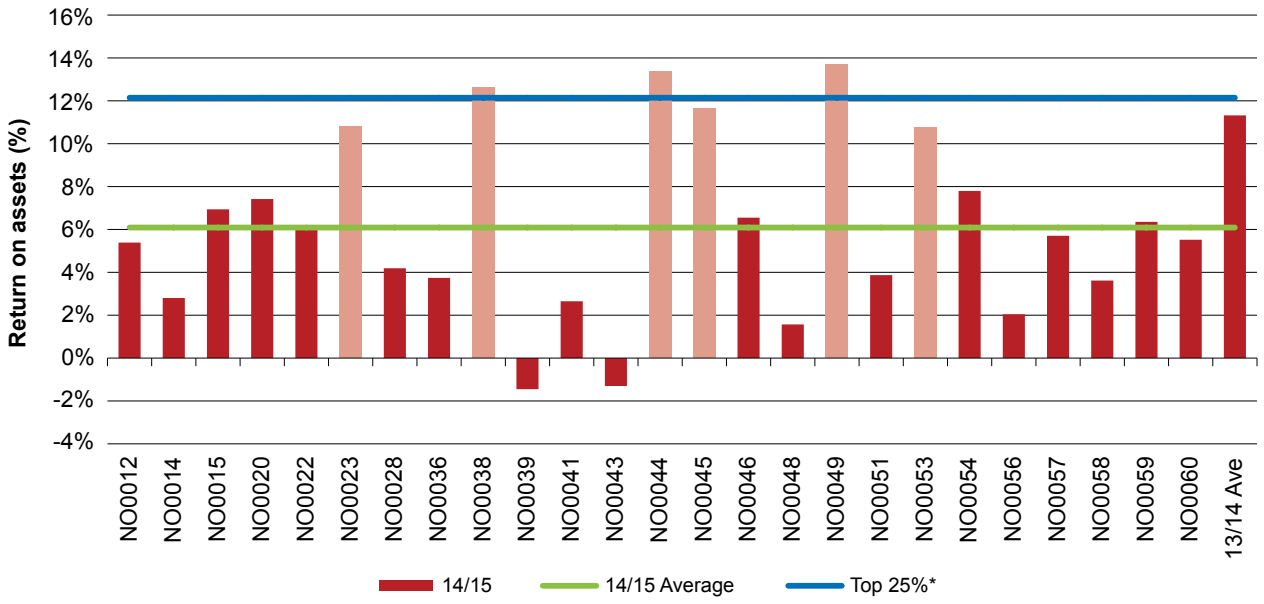
Return on assets and equity

Return on assets is the EBIT expressed as a percentage of total assets under management. It is an indicator of the overall earning power of total assets, irrespective of capital structure. Figures 20 and 21 were calculated excluding capital appreciation. For return on equity including capital appreciation refer to Appendix Table B1.

The return on assets was lower for participant farms this year, with an average of 6.1%. While two farms had a negative return on assets, the Q1-Q3 range was positive ranging from 3.6% to 7.8% with the top 25% achieving an average of 12.1%.

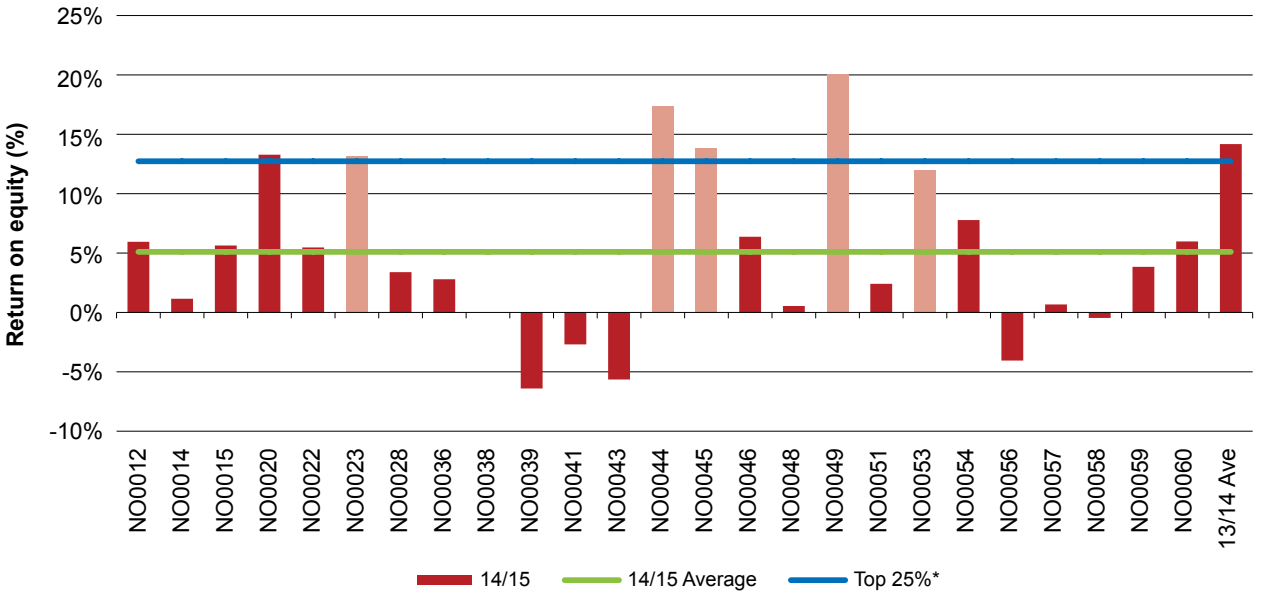
The average return on assets in 2014/15 was almost half that observed in 2013/14 and was less than one-third lower for the top 25% businesses.

FIGURE 20. RETURN ON ASSETS – NORTH



Return on equity is the net farm income expressed as a percentage of owner equity. It is a measure of the owner's rate of return on investment. The average was 5.1% (excluding NO0038 as an outlier, due to its unique business structure) compared with 14.2% last year and -2.9% in 2012/13. There was a wide range of return on equity reflecting the various capital structures of businesses in northern Victoria. This year the top 25% performers achieved an average of 12.7% return on equity.

FIGURE 21. RETURN ON EQUITY – NORTH



Feed consumption and fertiliser

Farms in the North exhibited a wide range of feeding systems. Directly grazed pasture was not the dominant source of metabolisable energy on half of the farms in this region.

The relative contribution of each feed type to the metabolisable energy (ME) consumption on each farm is shown in Figure 22. The broad range of different sources of ME used on individual farms is evident. Grazed pasture supplied 50% or more of ME consumed on only 13 of the 25 farms. Participant farms in the North sourced between 21% and 47% of the ME consumed from concentrates.

All participant farms fed hay as part of their ME consumed with the range of between 2% and 27%. Silage accounted for up to 31% of ME consumed.

'Other' feed included sources that were not used by or generally available to dairy farmers on the common market, such as almond hulls and citrus pulp.

FIGURE 22. SOURCES OF WHOLE FARM METABOLISABLE ENERGY – NORTH

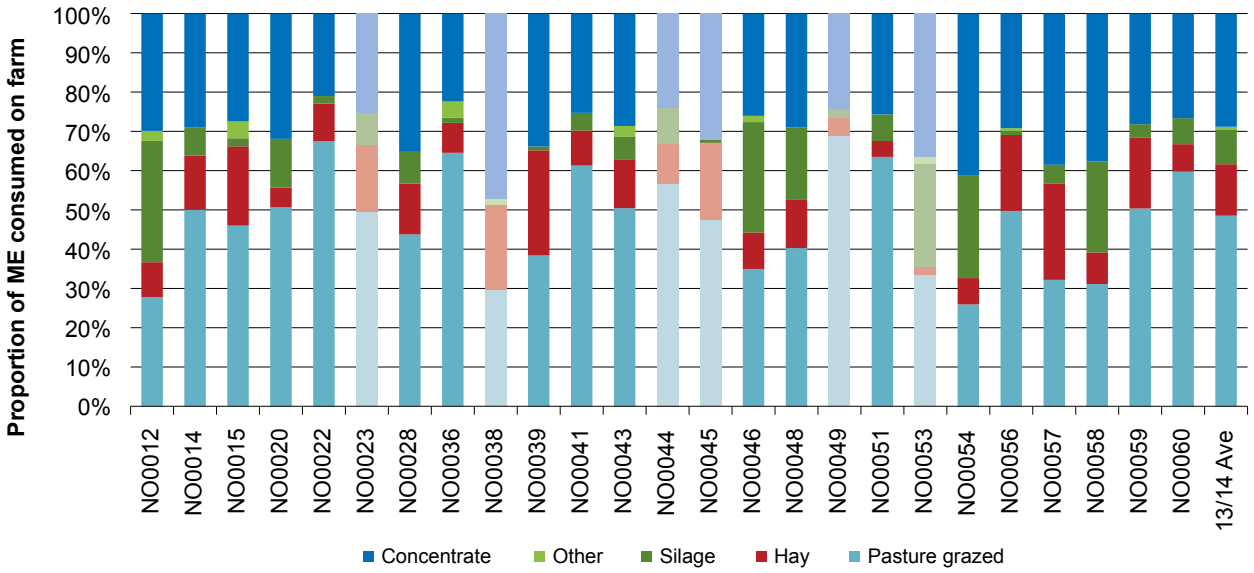


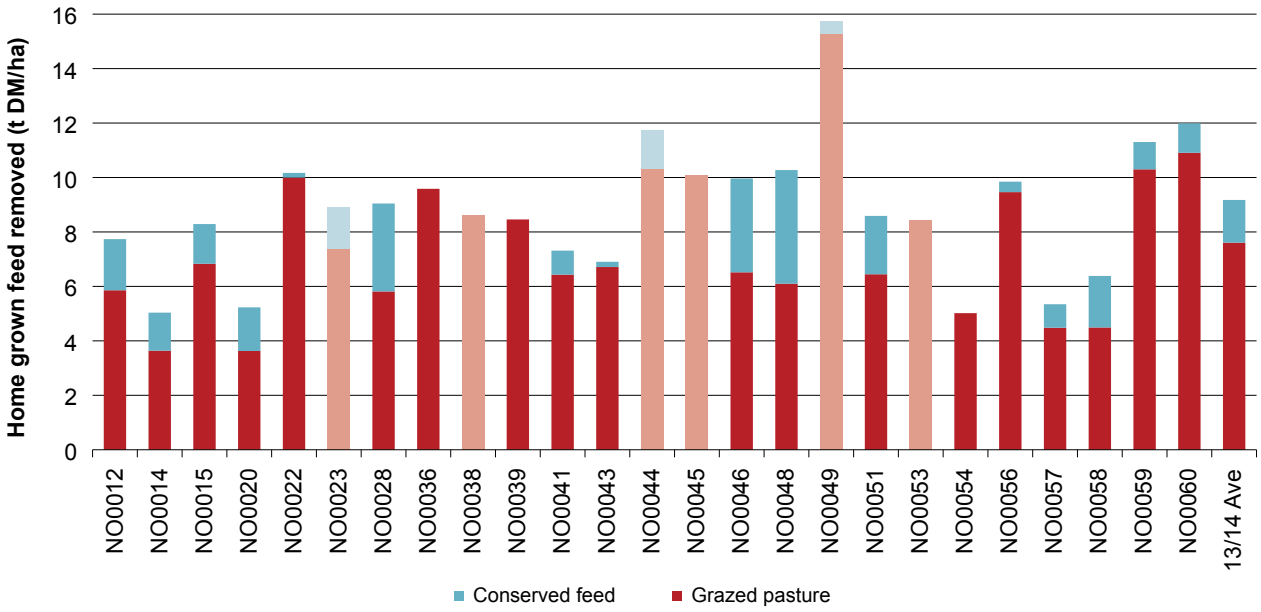
Figure 23 shows the estimated home grown feed consumed per milking hectare for farms in the North.

Total pasture harvested for the North on average decreased from the 9.2 t DM/ha harvested in 2013/14 to 8.4 t DM/ha in 2014/15. While pasture grazed remained the same at 7.6 t DM/ha, conserved feed reduced by 25% to 1.2 t DM/ha this year.

Grazed pasture consumption was estimated by using a back calculation method. It should be noted that there can be a number of sources of error in this method including incorrect estimation of liveweight, amounts of fodder and concentrates fed, ME concentration of fodder and concentrate, ME concentration of pasture, wastage of feed and associative effects between feeds when they are digested by the animal. Comparing pasture consumption estimated using the back calculation method between farms can lead to incorrect conclusions due to errors in each farm's estimate and it is best to compare pasture consumption on the same farm over time using the same method of estimation.

More details on how pasture consumption was calculated can be found on page 16 of Part One – Statewide or in Appendix E.

FIGURE 23. ESTIMATED TONNES OF HOME GROWN FEED CONSUMED PER MILKING HECTARE – NORTH

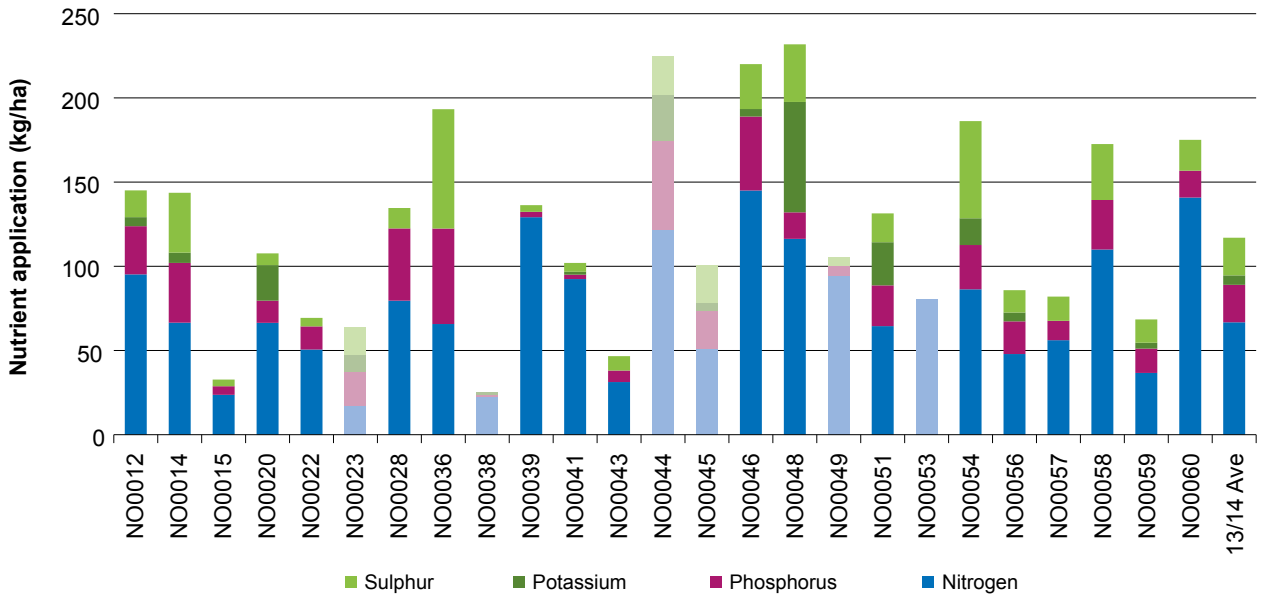


Fertiliser application

All farms in the North applied fertiliser to their crops and pasture. Farms increased their use of nitrogen and potassium, but decreased their use of phosphorus and sulphur.

Average nitrogen use was 75.6 kg/ha which was 12% higher than 2013/14. Less phosphorus and sulphur were applied this year at 20.5 kg/ha and 18.5 kg/ha respectively. However potassium application increased to 7.9 kg/ha, a 29% increase on last year.

FIGURE 24. NUTRIENT APPLICATION PER HECTARE – NORTH



Part Three:
The South West

The South West

Farm SW0047 was new to the project this year. Please refer to page 3 of the report for notes on the presentation of data.

2014/15 Seasonal conditions

Drier seasonal conditions prevailed throughout 2014/15, with below average rainfall across the South West. Spring was drier with lower pasture growth rates leading to fodder reserves being fed out earlier. This resulted in less feed on hand at the end of the year compared to 2013/14. The seasonal conditions, in combination with a reduction in milk price, decreased farm returns compared to 2013/14.

During 2014/15 rainfall was below average (decile 1) across the South West (Figure 25).

Due to a drier spring many farmers cut lower quantities of fodder this year. Dry conditions resulted in fodder storages carried over from 2013-14 being fed out earlier in the season than anticipated.

Summer conditions were cooler with opportunistic rainfall events in February which helped provide extra feed over summer.

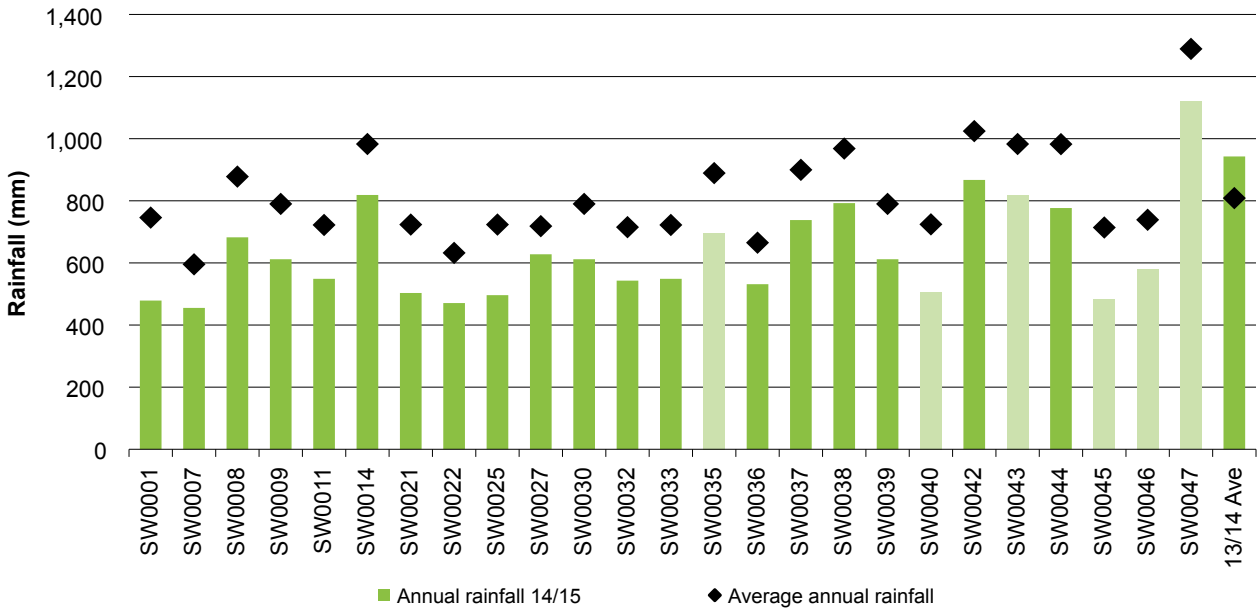
Although grain prices remained relatively stable, hay prices lifted toward the end of the year as more farmers were relying on purchased hay to boost fodder supplies.

The autumn break did not occur until May with subsequent rainfall adequate to keep pastures growing through May and into June, although with slower than average growth rates.

Despite the seasonal conditions earlier in the year, the South West has maintained reasonable returns reflective of a higher milk price compared to other regions in Victoria.

*Top 25% * - The top 25% are shown as the lighter bars in all graphs as ranked by return on assets.*

FIGURE 25. 2014/15 ANNUAL RAINFALL AND LONG TERM AVERAGE RAINFALL – SOUTH WEST



Whole farm analysis

The key whole farm physical parameters for the South West are presented in Table 6. The Q1 – Q3 range shows the band in which the middle 50% of farms for each parameter sit.

The physical characteristics of the top 25% of farms (ranked by return on assets) generally lie within the middle 50% of the South West dataset. The only characteristic where the top 25% have slightly higher performance was in labour efficiency; kilograms of milk solids sold per labour unit (kg MS/FTE) and milk sold.

Stocking rate was similar although milk sold per cow and per hectare was higher for the top 25% than for the average.

TABLE 6. FARM PHYSICAL DATA – SOUTH WEST

Farm physical parameters	South West average	Q1 to Q3 range	Top 25% average
Annual rainfall 14/15 (mm)	637	507 – 738	701
Water used (irrigation + rainfall) (mm/ha)	643	512 – 777	701
Total usable area (hectares)	333	157 - 458	351
Milking cows per usable hectares	1.2	1.0 - 1.4	1.2
Milk sold (kg MS/cow)	525	485 - 578	557
Milk sold (kg MS/ha)	627	539 – 722	680
Home grown feed as % of ME consumed	56%	50% - 61%	56%
Labour efficiency (milking cows/FTE)	104	82 – 123	116
Labour efficiency (kg MS/FTE)	55,008	42,571 – 63,282	64,510

Gross farm income

Gross farm income includes all farm income from milk sales, cash income from livestock trading, and income from other sources such as milk factory shares, interest from bank accounts and rebates or grants. Changes in inventories of stock or feed are also accounted for in gross farm income.

For the South West, less feed was on hand at the end June compared to 2013/14. There was an average feed inventory change of negative $7,259. Despite an average reduction in feed on hand at the end of June, the top 25% had a positive feed inventory change of $29,229, contributing to their gross farm income.

Figure 26 shows that gross farm income in the South West ranged from $5.74 per kilogram of milk solids (kg MS) to $7.54/kg MS with an average of $6.70/kg MS. This was a decrease from last year's average gross farm income of $7.54/kg MS, primarily due to a softening of milk price. Average milk price was $6.16/kg MS, down from $6.91/kg MS in 2013/14, and ranged from $5.61/kg MS to $6.86/kg MS.

While some farms received high gross income, not all of these farms were in the top top 25%. This suggests that while gross income has an influence, this alone does not translate to high profitability and other factors of the business performance need to be examined.

FIGURE 26. GROSS FARM INCOME PER KILOGRAM OF MILK SOLIDS – SOUTH WEST

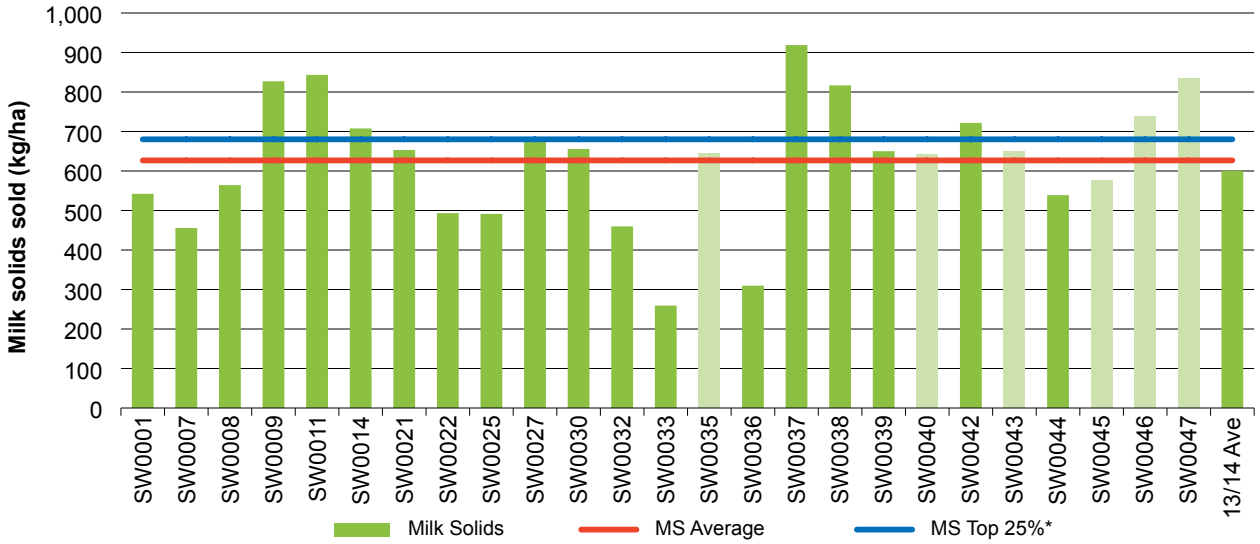
Milk solids sold

There was a large variation in the amount of milk solids produced per hectare with a range of 259 kg MS/ha to 919 kg MS/ha reported. Part of this variation can be accounted for by farms having runoff areas and out paddocks that are included as part of the total usable area.

The top 25% farms achieved 680 kg MS/ha in the South West compared to the regional average of at 627 kg MS/ha (Figure 27).

The average was higher than the previous two years average of 601 kg MS/ha and 600 kg MS/ha respectively. Average kilograms of milk solids sold per cow also increased to 525 kg MS/ha compared to 503 kg MS/cow last year.

FIGURE 27. MILK SOLIDS SOLD PER HECTARE – SOUTH WEST



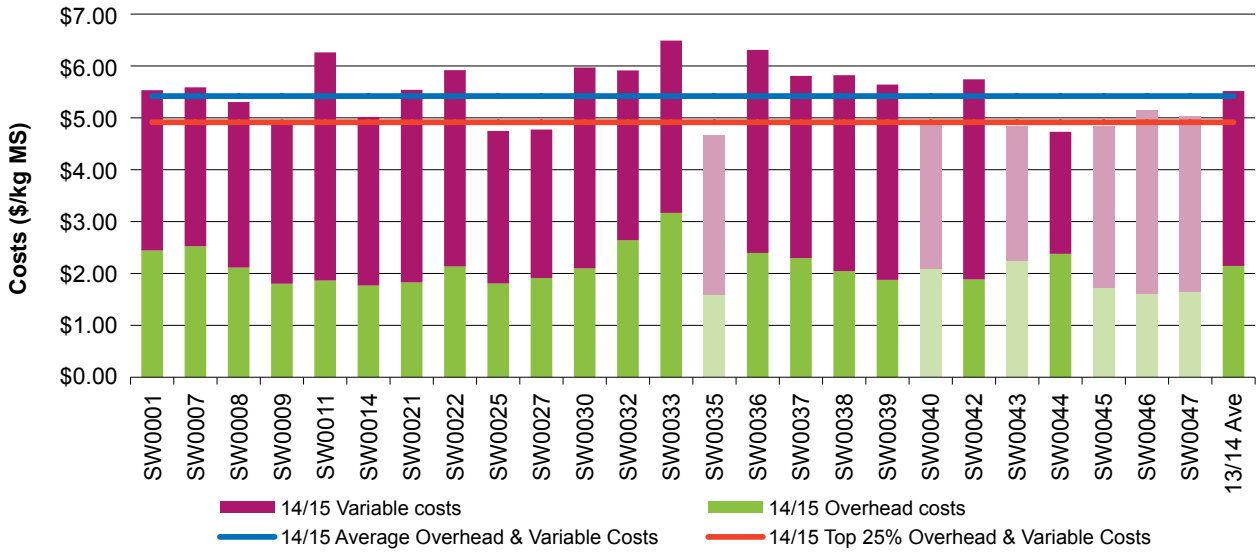
Variable costs

Figure 28 shows the breakdown of whole farm costs as variable and overhead costs per kg MS. Variable costs are those costs that change directly according to the amount of output, such as herd, shed and feed costs. Variable costs for the South West region ranged from $2.35/kg MS to $4.40/kg MS. On average, variable costs remained relatively similar to last year's average of $3.37/kg MS compared to $3.34/kg MS recorded in 2014/15. Feed costs were the major variable cost on South West farms. Feed costs were the same as last year accounting for 53% of total costs.

While fodder purchase costs increased by 59% from $0.17/kg MS to $0.27/kg MS, home-grown feed costs reduced slightly. The level of concentrate feeding was similar to 2013/14.

The percentage breakdown of the variable costs can be found in Appendix Table C6.

FIGURE 28. WHOLE FARM VARIABLE AND OVERHEAD COSTS PER KILOGRAM OF MILK SOLIDS – SOUTH WEST



Overhead costs

The calculation of overhead costs in the Dairy Farm Monitor project consists of cash and non-cash costs to the dairy business. Examples of cash overheads include rates, insurance and employed labour, and non-cash overheads including depreciation and imputed owner/operator and family labour.

Figure 28 further highlights the variation in overhead costs per hectare between participant farms, values ranging from $1.60 to $3.17/kg MS. The top 25% recorded lower overhead costs at $1.82/kg MS compared to the regional average of $2.08/kg MS, which was similar to last year.

The major overhead cost to the average South West farm was labour, which included both employed and imputed (owner/operator) labour. Labour costs accounted for 22% of total costs; similar to last year, although there was an increase in the proportion of employed labour in 2014/15 compared to last year. Repairs and maintenance and depreciation are the other two major overhead cost categories, of which spending on repairs and maintenance remained similar to the previous year at 7% of costs.

Cost of production

Table 7 presents cost of production which includes both variable and overhead costs, as well as changes in fodder inventory and livestock trading losses. Changes in inventory are important to establish the true costs to the business. The changes in fodder inventory count for the net cost of feed from what was fed out, conserved, purchased and stored over the year. Livestock trading loss is also considered in cost of production; however there was no loss this year for any farms so was not included. Where a negative change in inventory occurred, such as the average of $0.06/kg MS for 2014/15, it indicates that total fodder reserve level has reduced and so is counted as a cost to the business.

Table 7 shows the average cost of production was $5.48/kg MS, an increase from last year, with the top 25% of farms lower at $4.80/kg MS. The increase in cost of production was largely due to a reduction in feed inventory and an increase in purchased feed and agistment.

TABLE 7. COST OF PRODUCTION – SOUTH WEST

Farm costs ($/kg MS)	South West average	Q1 to Q3 range	Top 25% average
Livestock trading loss	$0.00	$0.00 - $0.00	$0.00
Feed inventory change	$0.06	$-0.03 - $0.18	-$0.11
Changes in inventory ($/kg MS)	$0.07	$-0.03 - $0.18	-$0.11
VARIABLE COSTS			
Herd costs	$0.25	$0.19 - $0.31	$0.21
Shed costs	$0.20	$0.16 - $0.22	$0.19
Purchased feed and agistment	$1.99	$1.68 - $2.12	$1.84
Home grown feed cost	$0.90	$0.77 - $1.03	$0.86
Total variable costs ($/kg MS)	$3.34	$3.07 - $3.76	$3.10
OVERHEAD COSTS			
Rates	$0.05	$0.04 - $0.07	$0.03
Registration and insurance	$0.02	$0.01 - $0.03	$0.02
Farm insurance	$0.06	$0.04 - $0.07	$0.06
Repairs and maintenance	$0.39	$0.25 - $0.55	$0.34
Bank charges	$0.01	$0.00 - $0.01	$0.02
Other overheads	$0.12	$0.09 - $0.14	$0.10
Employed labour	$0.49	$0.15 - $0.70	$0.47
Total cash overheads ($/kg MS)	$1.15	$0.97 - $1.39	$1.04
Depreciation	$0.24	$0.14 - $0.31	$0.21
Imputed owner operator and family labour	$0.69	$0.31 - $0.91	$0.57
Total overhead costs ($/kg MS)	$2.08	$1.81 - $2.30	$1.82
Total cost of production ($/kg MS)	$5.48	$5.01 - $5.86	$4.80

Break-even price required

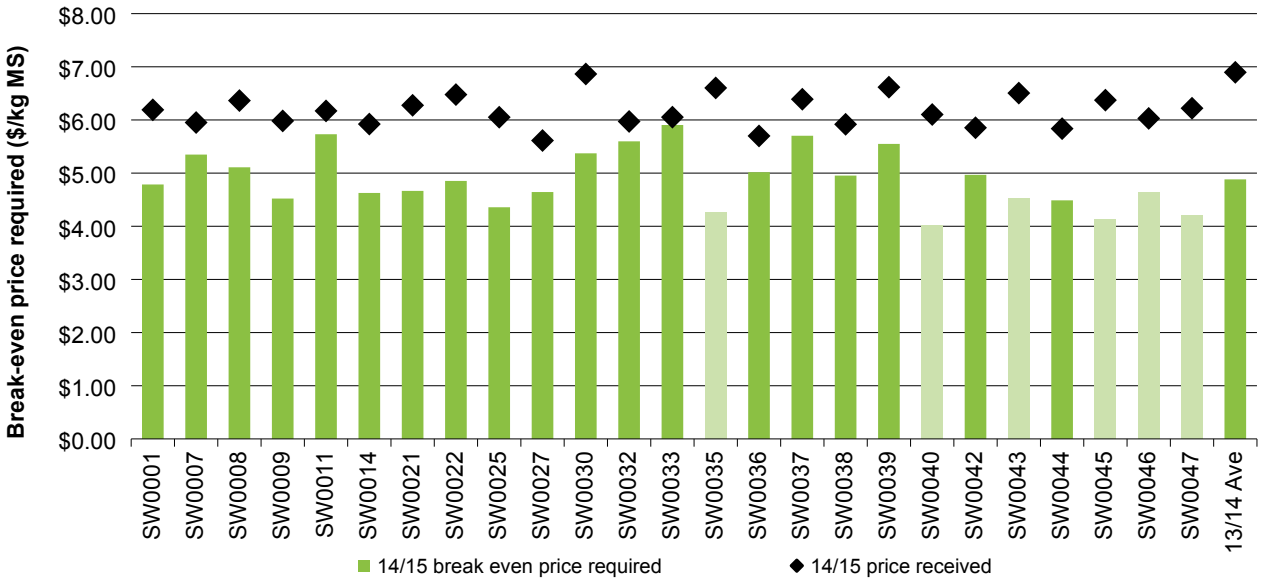
The break-even price required per kilogram of milk solids sold is calculated as the cost of production less any income from other sources, including livestock trading profit or increase in feed inventory. This is a better relevant risk indicator in dairying than cost of production as it can be compared directly to the price of the main output in the business, that being milk price.

Figure 29 shows that the break-even price required ranged from $4.03/kg MS to $5.90/kg MS in the South West.

The average milk price received was $6.16/kg MS, which was below the $6.91/kg MS received in 2013/14. This was well above the average break-even price required of $4.88/kg MS.

The difference between the price received and the break-even price required is the earnings before interest and tax per kilogram of milk solids sold. The average earnings before interest and tax were $1.28/kg MS, which was lower than last year due to a lower milk price.

FIGURE 29. BREAK-EVEN PRICE REQUIRED PER KILOGRAM OF MILK SOLIDS SOLD – SOUTH WEST

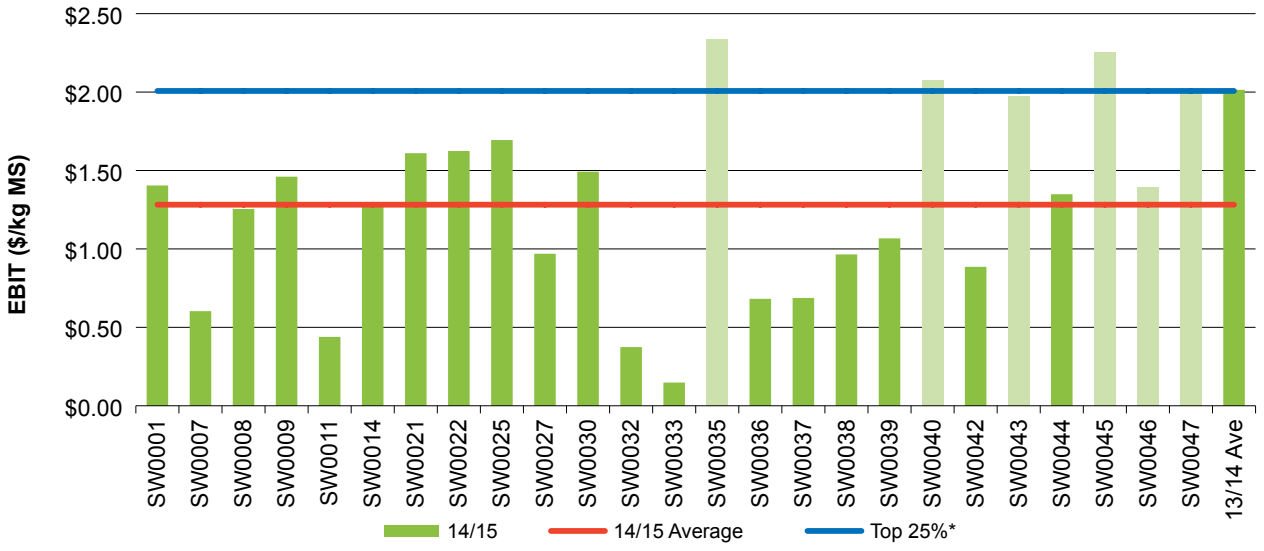


Earnings before interest and tax

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

On average, EBIT per kg MS decreased from $2.03/kg MS in 2013/14 to $1.28/kg MS in 2014/15 (Figure 30). The lower EBIT was a result of a decrease in gross farm income due to the lower milk price, feed inventory loss and the impact on cost of production. The strength of the top 25% performers was highlighted with an average EBIT of $2.01/kg MS; however, this was a $1.02/kg MS decrease on the performance of the top 25% in 2013/14.

FIGURE 30. WHOLE FARM EARNINGS BEFORE INTEREST & TAX PER KILOGRAM OF MILK SOLIDS – SOUTH WEST

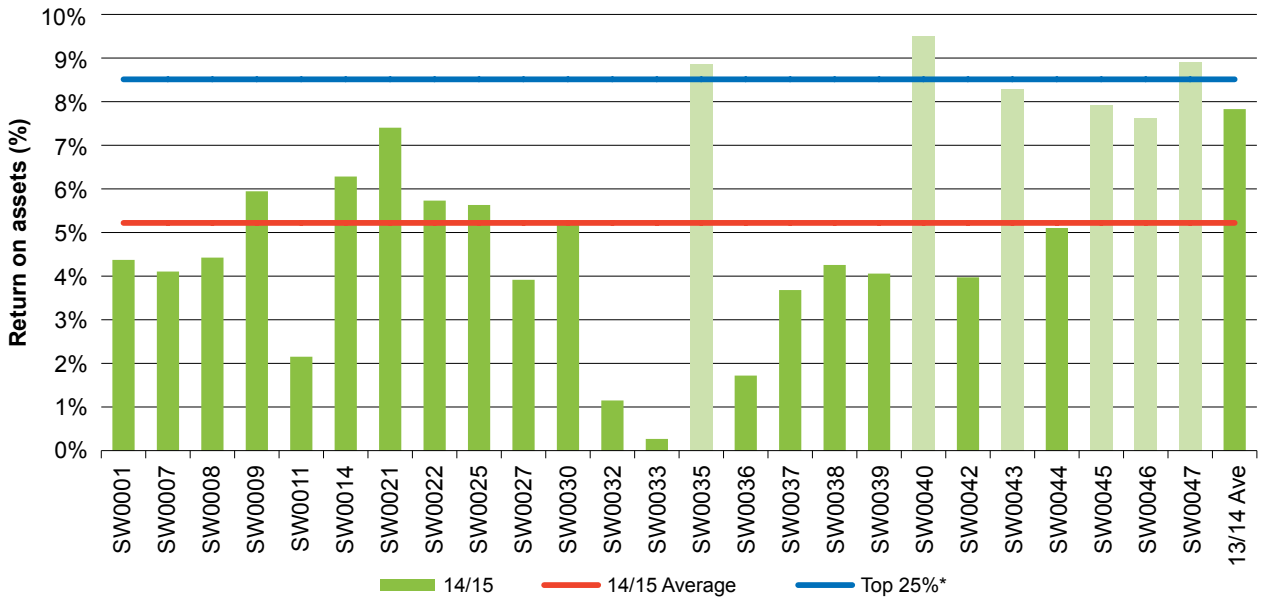


Return on assets and equity

Return on assets is EBIT expressed as a percentage of total assets under management. It is an indicator of the overall earning power of total assets, irrespective of capital structure. Return on equity is a measure of the owner's rate of return on investment. It is calculated as EBIT minus interest and lease costs expressed as a percentage of owner's equity. Figures 31 and 32 were calculated excluding capital appreciation. For return on equity including capital appreciation, as well as individual farm results, refer to Appendix Table C1.

The return on assets for the South West region ranged from 0.3% to 9.5%, with a decrease in the average from 7.8% last year to 5.2% in 2014/15. The top 25% achieved an average of 8.5% return on assets.

FIGURE 31. RETURN ON ASSETS – SOUTH WEST

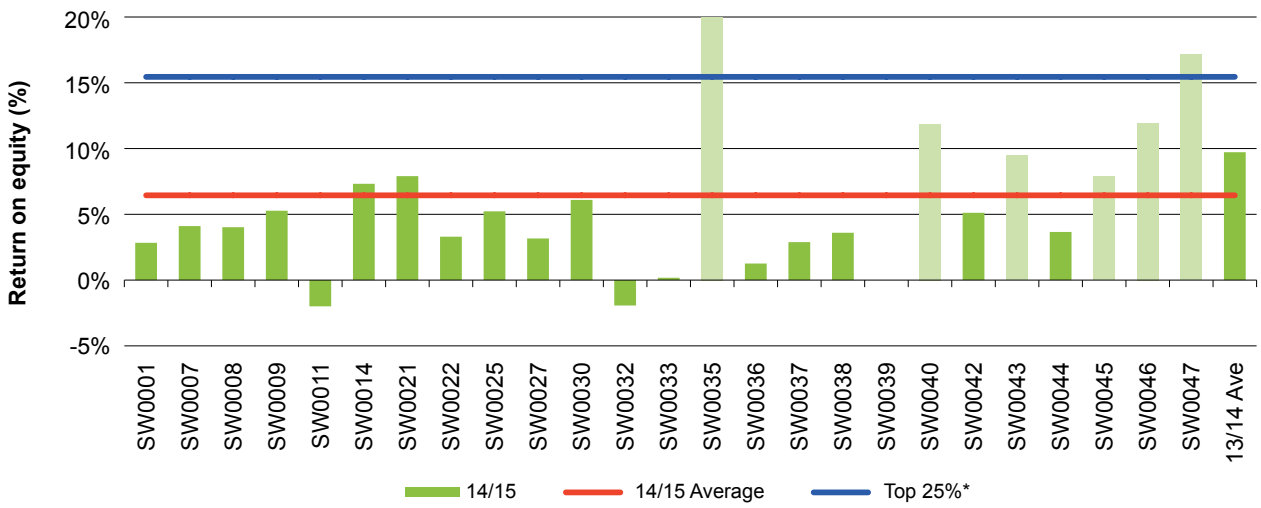


This year's return on equity had an average value of 6.4% (excluding SW0039 as an outlier, due to its unique business structure) recorded for the South West. This was a decrease from an average of 9.9% last year, but still a strong return in contrast to the negative returns in 2011/12 and 2012/13. All but three farms recorded a positive return on equity with individual farm variation shown in Figure 32.

The average return on equity of the top 25% of farms was 15.4%, which was lower than the 27% reported in 2013/14. Although performance was not as strong as 2013/14, farms still performed well with 22 farms out of 25 reporting a positive return on equity.

Figure 32 has been altered to allow for better visual representation of the range of return on equity recorded in the South West. Farm SW0035 had a return on equity of 34% which is greater than the axis allows.

FIGURE 32. RETURN ON EQUITY – SOUTH WEST



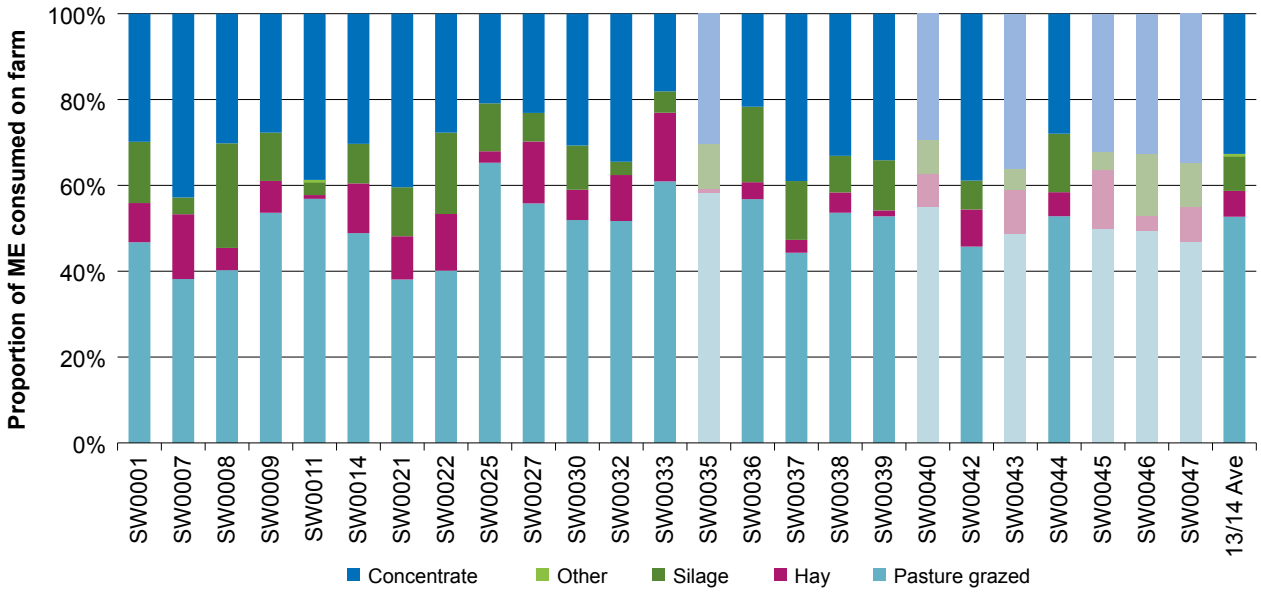
Feed consumption and fertiliser

South West farms sourced 51% of their metabolisable energy from directly grazed pasture. Concentrates provided about one-third, while home grown conserved feed increased to 18% of metabolisable energy consumed on farm in 2014/15.

Figure 33 shows the relative contribution of each feed type to the ME consumption on farm. The contribution of grazed pasture as a proportion of ME consumed on farm decreased from an average of 53% in 2013/14 to 51% in 2014/15. Concentrates were the most used supplement contributing to one-third of total ME consumed. The proportion of concentrate feeding remained similar to the previous year despite higher concentrate prices.

The contribution of both silage and hay increased compared to last year, reflective of the drier spring conditions that resulted in large quantities of conserved fodder being fed. On average, silage contributed 10% of total ME consumed, up from 8% last year. Hay use increased to 8% of total ME consumed from 6% in 2013/14.

FIGURE 33. SOURCES OF WHOLE FARM METABOLISABLE ENERGY – SOUTH WEST

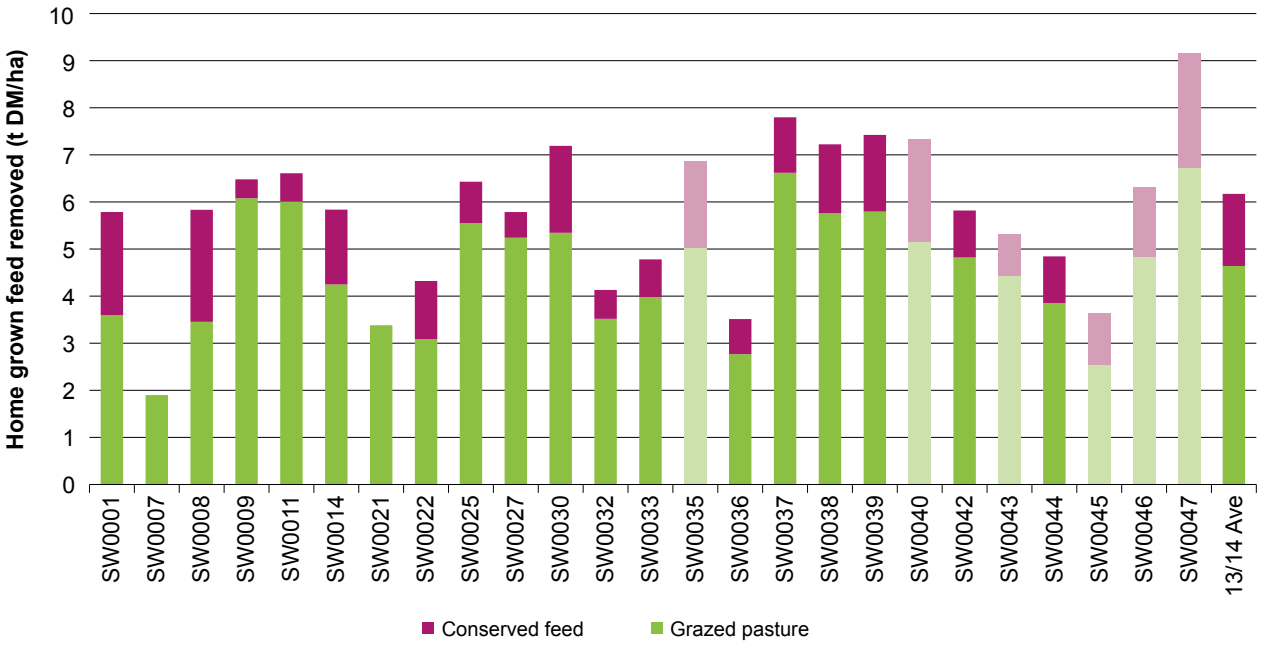


Home grown feed consumption is shown in Figure 34. The average total pasture harvested (grazed and conserved) from the milking area was 5.7 t DM/ha, down from 6.2 t DM/ha harvested in 2013/14, largely due the reduction in conserved feed.

The amount of pasture consumed as grazed feed on the milking area this year ranged from 1.9 t DM/ha to 6.7 t DM/ha. The average pasture consumed as grazed feed of 4.5 t DM/ha was similar to the 4.6 t DM/ha grazed in 2013/14. However, there was a 20% reduction in conserved feed from 1.5 t DM/ha in 2013/14 to an average of 1.2 t DM/ha in 2014/15. This reduction in conserved feed on the milking area was a reflection of the drier spring impacting on the quantity of fodder made.

It should be noted that there can be a number of sources of error in the method used to calculate home pasture consumption including incorrect estimation of liveweight, amounts of fodder and concentrates fed, ME concentration of fodder and concentrate, ME concentration of pasture, wastage of feed and associative effects between feeds when they are digested by the animal. Comparing pasture consumption estimated using the back calculation method between farms can lead to incorrect conclusions due to errors in each farm's estimate and it is best to compare pasture consumption on the same farm over time using the same method of estimation.

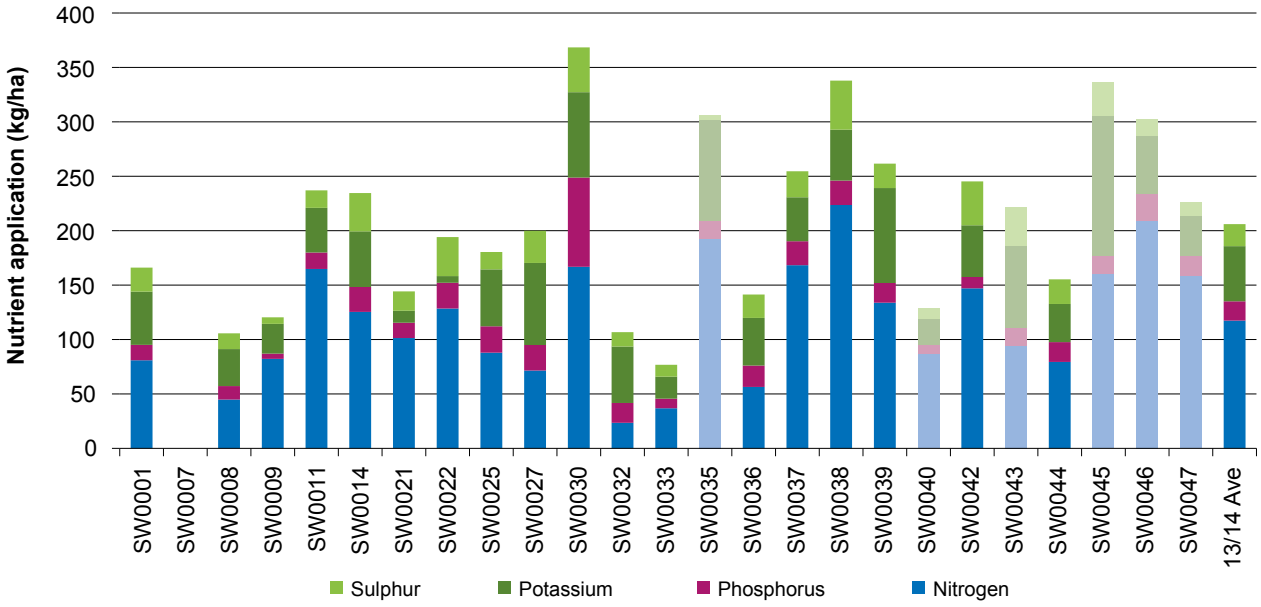
FIGURE 34. ESTIMATED TONNES OF HOME GROWN FEED CONSUMED PER MILKING HECTARE – SOUTH WEST



Fertiliser application

The proportion of nutrients in fertiliser applied per hectare on farm in 2014/15 is shown in Figure 35. Total average nutrients applied for the year remained similar to 2013/14 at 202 kg/ha. Rates of nitrogen fertiliser also remained similar at 113 kg N/ha, however there was a substantial range from 23 kg/ha (excluding the 0 kg/ha values) up to 224 kg/ha. The individual values relating to Figure 35 can be found in Appendix Table C2.

FIGURE 35. NUTRIENT APPLICATION PER HECTARE – SOUTH WEST



Part Four: Gippsland

Gippsland

Farms GI0004 to GI0017 participated in the project for their ninth year. Farms GI0020 to GI0048 were involved in the project for their third year while farms GI0050 and GI0051 have participated for their second year. Farms GI0052 and GI0053 participated for the first time this year. Please refer to page 3 for notes on the presentation of this data.

2014/15 Seasonal conditions

Gippsland was dry in late winter, although adequate rainfall enabled pastures to keep growing. Good rainfall in late spring to early summer, combined with the lower temperatures, resulted in pasture growth through much of summer. The milder summer conditions led to fodder reserves being either maintained or increased over the year allowing for more strategic feeding decisions to be made.

Due to the geographic spread of farms in Gippsland the seasonal conditions were variable, but generally favourable across the region (Figure 36). There was little pugging damage in the winter and sufficient rain in spring allowed for good pasture production and fodder conservation. Summer was cooler and drier with good rain in mid to late autumn resulting in pasture growth coming into winter.

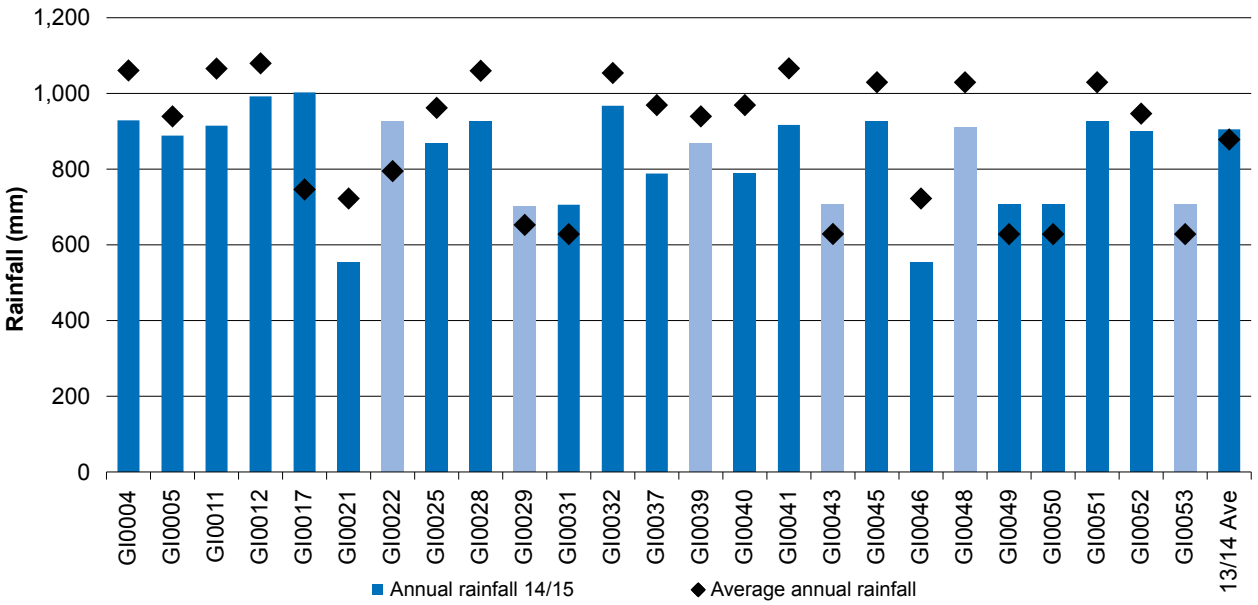
East Gippsland experienced a late wet winter followed by mild spring to mid-summer period with good moisture availability. This led into a dry mild summer to early autumn period which ended with timely rain in mid-autumn to early winter.

South and West Gippsland had similar growing conditions with a wet early winter. Rainfall in October allowed for late fodder conservation. Late spring and early summer rain combined with a mild summer resulting in pasture growth through to autumn. Late autumn rain provided growth leading up to winter.

The Macalister Irrigation District (MID) initially received 100% allocation of high reliability water shares. Some spill water from Glenmaggie Weir made up the remainder of water used this year. The milder summer temperatures combined with rainfall in late spring and early summer allowed for less water to be used. Temporary water was not required as further rain in the middle of autumn finished the irrigation period off well. Overall the MID had a good season with less demands on water use.

*Top 25% * - The top 25% are shown as the lighter bars in all graphs as ranked by return on assets.*

FIGURE 36. 2014/15 ANNUAL RAINFALL AND LONG TERM AVERAGE RAINFALL – GIPPSLAND



Whole farm analysis

The key whole farm physical parameters for Gippsland are presented in Table 8. The Q1 – Q3 range shows the band in which the middle 50% of farms for each parameter sit.

The physical characteristics of the top 25% of farms (ranked by return on assets) generally lie within the middle 50% of the Gippsland dataset. The physical characteristics of the top 25% performers only partly explain their ability to be more profitable. Caution must be taken when looking at these physical parameters in isolation.

The top 25% performers had a higher stocking rate on their usable hectares at 2.1 cows per hectare compared to an average of 1.8 cows/ha. The top 25% farms were also able to achieve greater production per cow (520 kg MS/cow) and per hectare (1,092 kg MS/ha) compared to the Gippsland averages of 479 kg MS/cow and 890 kg MS/ha, respectively.

Unlike last year, the usable area of the top 25% performers was greater at 221 ha in comparison to the average at 189 ha.

The top 25% performers had higher labour efficiency in terms of milk solids per full time equivalent (FTE) with 71,586 kg MS/FTE compared to the average at 58,744 kg MS/FTE.

TABLE 8. FARM PHYSICAL DATA – GIPPSLAND

Farm physical parameters	Gippsland average	Q1 to Q3 range	Top 25% average
Annual rainfall 14/15 (mm)	831	706 - 926	803
Water used (irrigation + rainfall) (mm/ha)	956	891 – 1,005	1,080
Total usable area (hectares)	189	103 - 255	221
Milking cows per usable hectare	1.8	1.4 – 2.0	2.1
Milk sold (kg MS /cow)	479	428 - 527	520
Milk sold (kg MS /ha)	890	648 - 924	1,092
Home grown feed as % of ME consumed	66%	60% - 71%	62%
Labour efficiency (milking cows / FTE)	122	105 - 134	140
Labour efficiency (kg MS / FTE)	58,744	50,382 - 65,860	71,586

Gross farm income

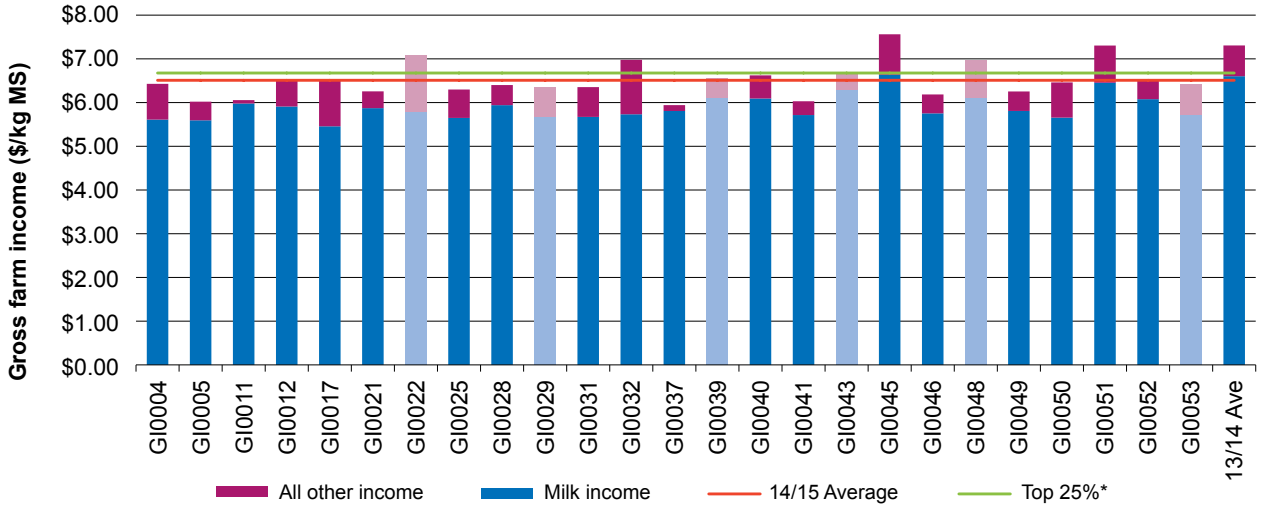
Gross farm income includes all farm income relating to the dairy farm business, whether from milk sales, a change in stock or feed inventories, cash income from livestock trading or any other income dairy related income.

Figure 37 shows the variation in gross income per kilogram of milk solids from $5.94/kg MS to $7.56/kg MS. Average gross farm income was $6.51/kg MS which was 11% lower than last year. The top 25% of farms averaged $6.68/kg MS.

The decrease in gross farm income in 2014/15 was reflective of the lower milk price received this year. On average milk price received dropped 11% from $6.62/kg MS in 13/14 to $5.88/kg MS this year.

Good growing conditions in late spring resulted in increased fodder being conserved but some of this had to be fed out due to the late autumn break. The overall result was a small increase in feed inventory of $0.06/kg MS.

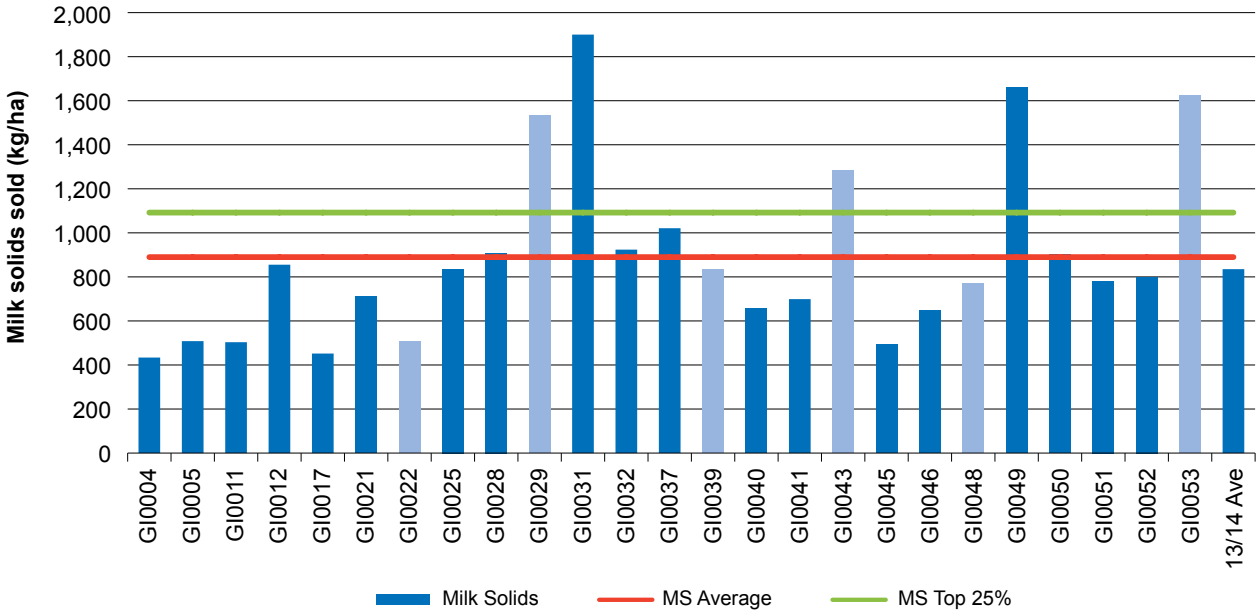
FIGURE 37. GROSS FARM INCOME PER KILOGRAM OF MILK SOLIDS – GIPPSLAND



Milk solids sold

Milk solids sold was 890 kg MS/ha this year, up 7% from 835 kg MS/ha sold in 2013/14 (Figure 38). The top 25% maintained their higher performance by selling 1,092 kg MS/ha this year, up from 1,079 kg MS/ha last year.

FIGURE 38. MILK SOLIDS SOLD PER HECTARE – GIPPSLAND



Variable costs

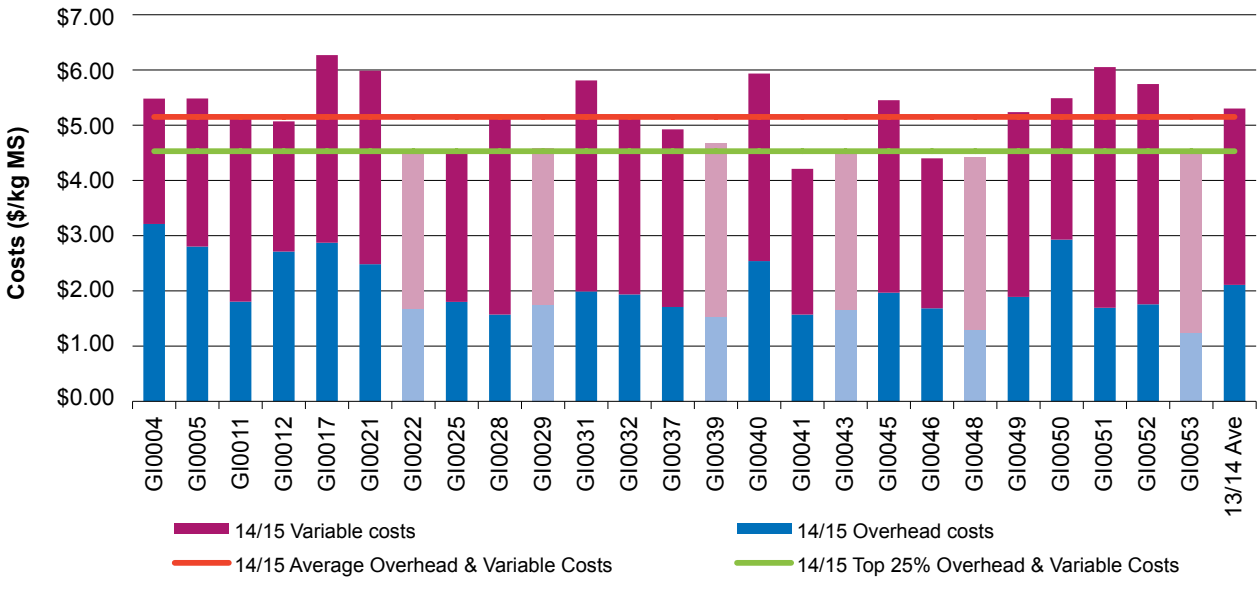
The separation of variable and overhead costs per kilogram of milk solids is shown in Figure 39. Variable costs are those costs that change directly according to the amount of output, such as herd, shed and feed costs.

The range of variable costs in Gippsland was $2.27/kg MS to $4.36/kg MS with an average of $3.15/kg MS. This was a slight decrease from the 2013/14 average of $3.19/kg MS. In 2014/15 the top 25% had lower variable costs of $3.00/kg MS compared with 2013/14 at $3.24/kg MS.

The largest variable cost in 2014/15 was attributable to feed. Feed costs were 51% of total costs this year; consistent with 2013/14. Grain prices remained high at $1.44/kg MS ($1.46/kg MS in 2013/14). Fodder purchases decreased from $0.24/kg MS in 2013/14 to $0.18/kg MS.

Appendix Table D4 shows the variable costs per kilogram of milk solids sold and the percentage breakdown can be found in Appendix Table D6.

FIGURE 39. WHOLE FARM VARIABLE AND OVERHEAD COSTS PER KILOGRAM OF MILK SOLIDS – GIPPSLAND



Overhead costs

Figure 39 illustrates the overhead costs per kilogram of milk solids. This includes the cash overhead costs and non-cash overhead costs (for imputed owner/operator and family labour and depreciation). The ability to maintain lower overhead costs appears to be a key to performing in the top 25% for Gippsland. Total expenditure on overhead costs in Gippsland during 2014/15 varied greatly with a range between $1.25/kg MS and $3.21/kg MS, with an average of $2.00/kg MS. The top 25% have a lower overhead cost at $1.53/kg MS. Table 9 provides an indication of the range of overheads per kilogram of milk solids sold. The breakdown of overheads costs can be found in Appendix Table D5 and Appendix Table D7.

The greatest difference in overall production costs between the average and top 25% was from non-cash overhead costs. Imputed labour costs were $0.76/kg MS for the average participant farm in Gippsland compared to $0.51/kg MS for the top 25%. The depreciation cost of the average farm was $0.20/kg MS and $0.13/kg MS for the top 25% of producers.

Cost of production

Cost of production provides an indication of the average cost of producing a kilogram of milk solids. It is calculated as variable plus overhead costs and accounting for changes in fodder inventory and livestock trading. Considering the changes in inventory is important to establish the true costs to the business. The changes in fodder inventory count for the net cost of feed from what was fed out, conserved, purchased and stored over the year. The loss in livestock inventory that occur through livestock depreciation or reduced stock numbers over the year is also considered in cost of production.

Table 9 shows that the average cost of production was $5.09/kg MS, which was a 10% decrease from last year. The top 25% of farms had a cost of production of $4.40/kg MS which was a 9% decrease from 2013/14.

The feed inventory increased on average this year by $0.06/kg MS and by $0.13/kg MS for the top 25% performers indicating more fodder on hand at the end of the year than at opening.

Table 9 has imputed owner/operator and family labour and depreciation costs separated out allowing owner/operators to distinguish their own cost of labour and where cash flow occurs in the business.

TABLE 9. COST OF PRODUCTION – GIPPSLAND

Farm costs ($/kg MS)	Gippsland average	Q1 to Q3 range	Top 25% average
Livestock trading loss	$0.00	$0.00 - $0.00	$0.00
Feed inventory change	-$0.06	$-0.16 - $0.05	-$0.13
Changes in inventory ($/kg MS)	-$0.06	$-0.16 - $0.05	-$0.13
VARIABLE COSTS			
Herd costs	$0.32	$0.22 - $0.42	$0.26
Shed costs	$0.20	$0.15 - $0.23	$0.16
Purchased feed and agistment	$1.71	$1.45 - $1.97	$1.73
Home grown feed cost	$0.91	$0.73 - $1.05	$0.85
Total variable costs ($/ kg MS)	$3.14	$2.72 - $3.40	$3.00
OVERHEAD COSTS			
Rates	$0.07	$0.05 - $0.08	$0.06
Registration and insurance	$0.02	$0.01 - $0.02	$0.02
Farm insurance	$0.06	$0.04 - $0.07	$0.05
Repairs and maintenance	$0.30	$0.21 - $0.42	$0.26
Bank charges	$0.01	$0.00 - $0.02	$0.01
Other overheads	$0.12	$0.06 - $0.17	$0.08
Employed labour cost	$0.46	$0.20 - $0.73	$0.41
Total cash overheads ($/kg MS)	$1.05	$0.73 - $1.26	$0.89
Depreciation	$0.20	$0.53 - $0.80	$0.13
Imputed owner/operator and family labour	$0.76	$0.13 - $0.24	$0.51
Total overhead costs ($/kg MS)	$2.00	$1.68 - $2.48	$1.53
Total cost of production ($/kg MS)	$5.09	$4.54 - $5.49	$4.40

Break-even price required

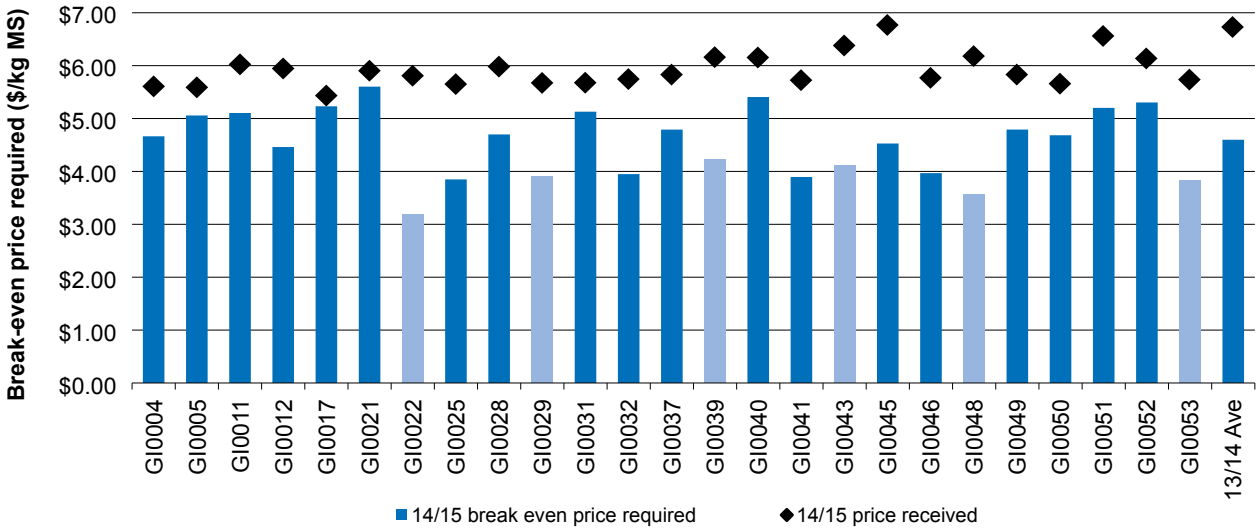
The break-even price required for milk is calculated as the cost of production per kilogram of milk solids sold less any other sources of income such as livestock trading profit or feed inventory gain. By accounting for all costs and other sources of income, the break-even price required allows for a direct comparison to the price received for the main output of the business, milk. The difference between the break-even price required and the price received is the earnings before interest and tax (EBIT) per unit.

Figure 40 shows that the break-even price required varied from $3.18/kg MS to $5.60/kg MS. The average break-even milk price required of $4.53/kg MS was lower than the $4.60/kg MS recorded last year.

Milk price was 11% lower this year with the average price for participants at $5.88/kg MS compared to $6.62/kg MS last year. The top 25% had a milk price of $5.95/kg MS.

The top 25% on average had a smaller feed inventory change, maintained tighter control on the variable herd and shed costs compared to the average. Overhead costs were lower in the areas of imputed and family labour with only a slightly higher paid labour component. The ability of the top 25% to control their costs is one of the key factors to their better than average performance in 2014/15.

FIGURE 40. BREAK-EVEN PRICE REQUIRED PER KILOGRAM OF MILK SOLIDS SOLD – GIPPSLAND



Earnings before interest and tax

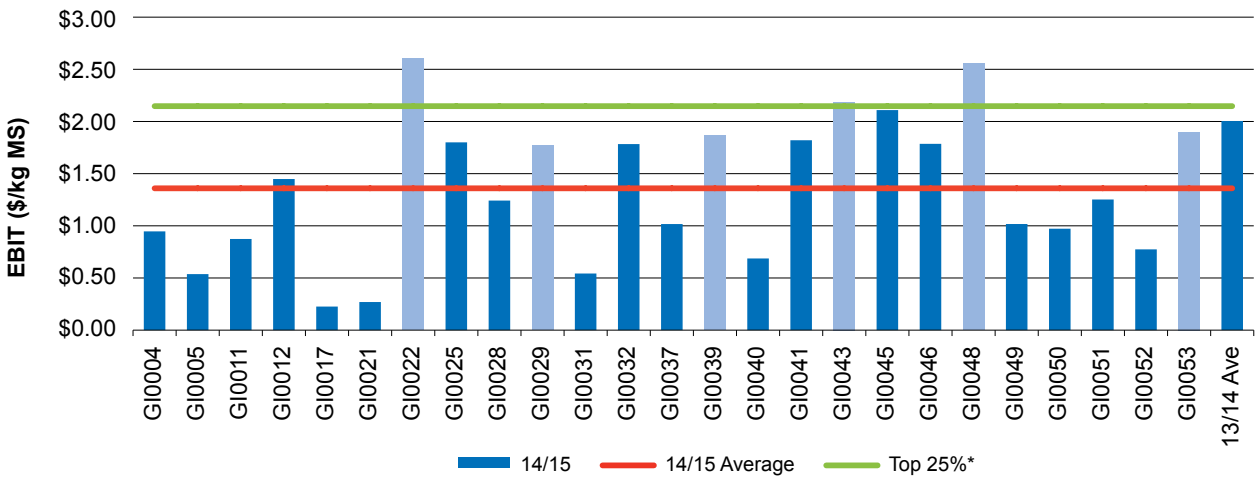
Earnings before interest and tax is gross farm income less variable and overhead costs.

For the second year in a row all farms recorded a positive EBIT, although at a reduced level compared to 2013/14. On average, EBIT was $1.36/kg MS in comparison to $2.03/kg MS in 2013/14 (Figure 41). This change from last year was also observed with the top 25% of farms recording an EBIT of $2.15/kg MS compared to $2.50/kg MS in 2013/14.

While the lower milk price was a large contributing factor to the decreased EBIT this year there was a slight drop in production costs and a small increase of home grown fodder reserves. Gross farm income was assisted by this increase in fodder reserves as well as good prices for the sale of cull cows.

The reduced expenditure this year resulted in farmers' retained earnings being used to further reduce debt and pay interest and lease costs.

FIGURE 41. WHOLE FARM EARNINGS BEFORE INTEREST AND TAX PER KILOGRAM OF MILK SOLIDS – GIPPSLAND



Return on assets and equity

Return on assets is the earnings before interest and tax expressed as a percentage of total assets. It is an indicator of the earning power of total assets managed, irrespective of capital structure.

The variation between farms' return on assets is indicative of the variation between farms' EBIT, except where those farms with a similar EBIT manage total assets of a different value. These results are a reflection of the total economic result on the farm.

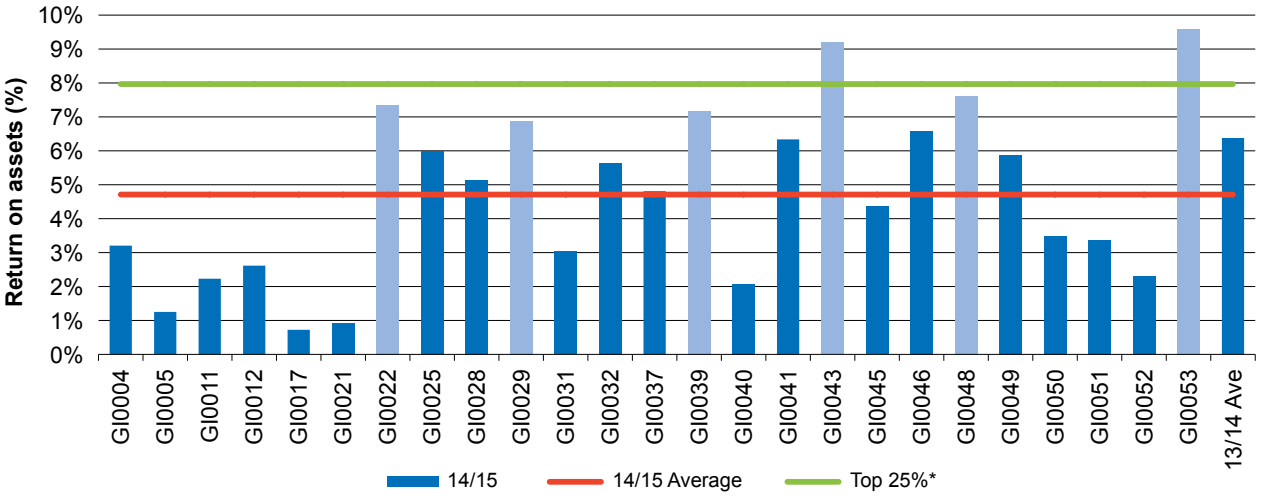
The variation in the valuation of the total assets managed is reflected in the return on assets. There were a few farms in this year with an EBIT higher than the top 25%, however, the value of assets they managed was also relatively higher, and thus their return on assets was lower.

For the second year in a row all farms returned a positive return on assets with values ranging from 0.7% to 9.6% during 2014/15 (Figure 42). The average of 4.7% return on assets (shown by the red line) for Gippsland was lower than last year's result of 6.4% (shown by the last blue bar). The top 25% return on assets was 8.0% (shown by the green line).

Return on equity is the net farm income (EBIT less interest and lease payments) expressed as a percentage of the owner's equity. It is a measure of the owner's rate of return on investment.

A return on assets becomes a lesser return on equity when the rate of interest on loans or lease on leased capital is greater than the return from the additional assets managed. A negative return on equity will result when total interest and lease payments exceed the EBIT. When the percentage of return on equity increases compared to return on assets, it is the result of a higher return from the additional assets than the interest or lease rate.

FIGURE 42. RETURN ON ASSETS – GIPPSLAND

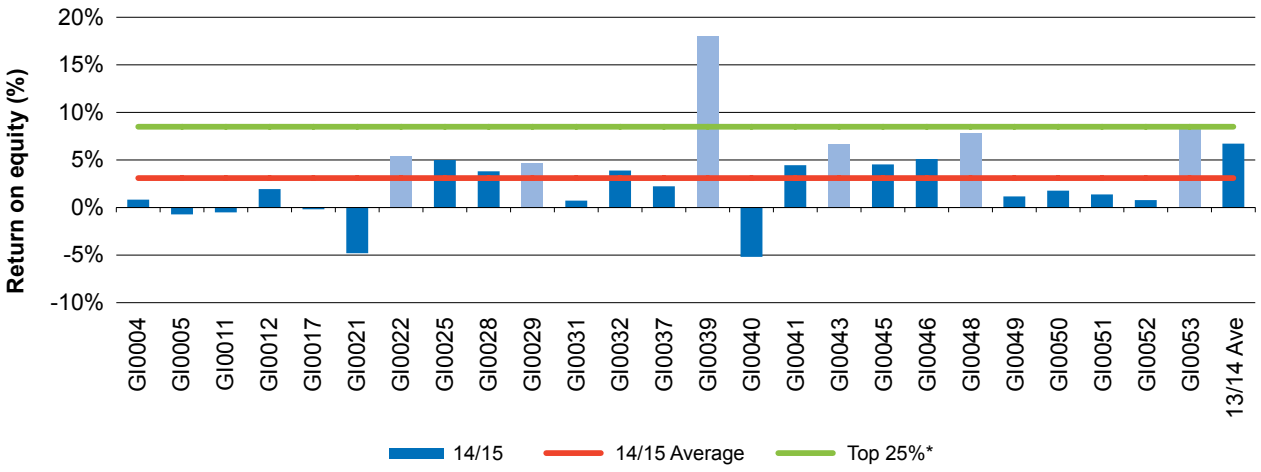


Most (21 out of 25) of the Gippsland farms returned a positive return on equity in 2014/15, with an average of 4.7% compared to last year which was 10.1% (Figure 43). The top 25% group achieved 22% return on equity in 2013/14 whereas this year the top 25% recorded an average of 12.7%.

Interest and lease costs were $0.68/kg MS which were the same as for 2013/14. The top 25 % group averaged only $0.52/kg MS for interest and lease costs. Average capital values can be seen in Appendix D8.

Figure 43 has been altered to allow for better visual representation of the range of return on equity recorded in Gippsland. Farm GI0039 had a return on equity of 27% which is greater than the axis allows.

FIGURE 43. RETURN ON EQUITY – GIPPSLAND



Feed consumption and fertiliser

Figure 44 shows that Gippsland dairy farming systems were predominantly pasture based, with 21 farms sourcing at least half their energy requirement as grazed pasture.

Pasture consumption is calculated as the gap between the total metabolisable (ME) energy on farm for all stock classes and the ME provided from concentrates, silage, hay and other sources. A further description of the method used to calculate ME sources and feed consumption can be in Appendix E.

In Gippsland directly grazed pasture provided an average of 59% of ME consumed this year compared to 60% last year.

Concentrates provided the next greatest ME source averaging 28% of ME consumed, similar to last year. The intake of concentrates ranged from 16% to 41% of ME consumed which also is similar to that found in 2013/14.

'Other' feed included sources that were not used by or generally available to dairy farmers on the common market, such as almond hulls and citrus pulp.

FIGURE 44. SOURCES OF WHOLE FARM METABOLISABLE ENERGY – GIPPSLAND

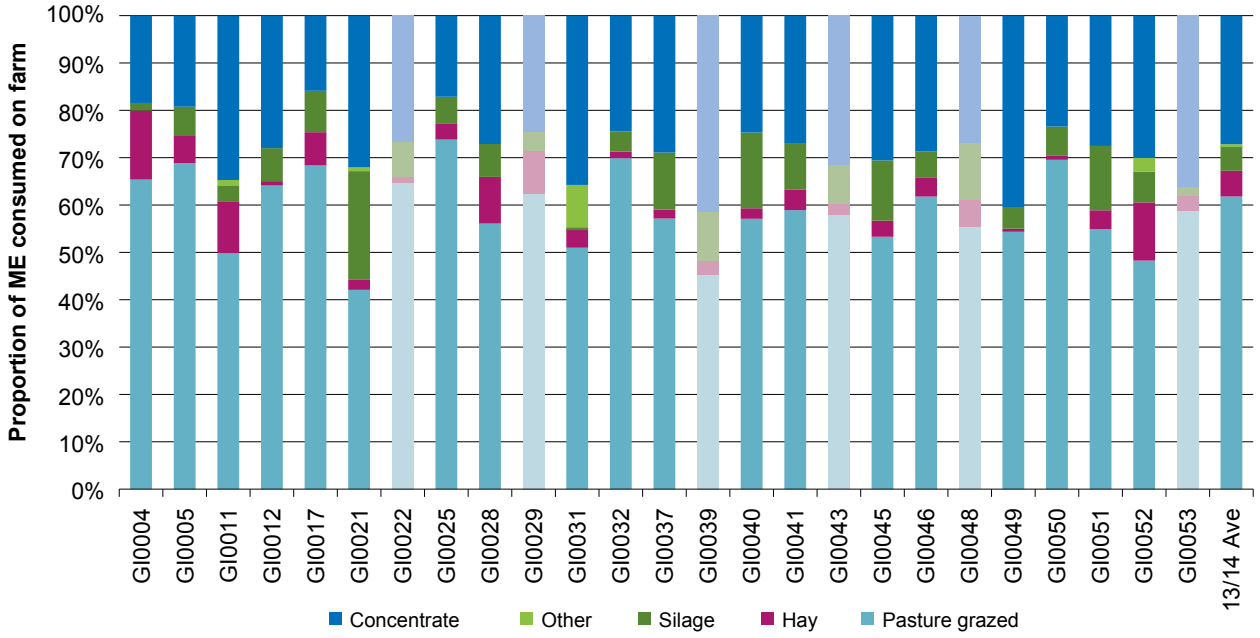
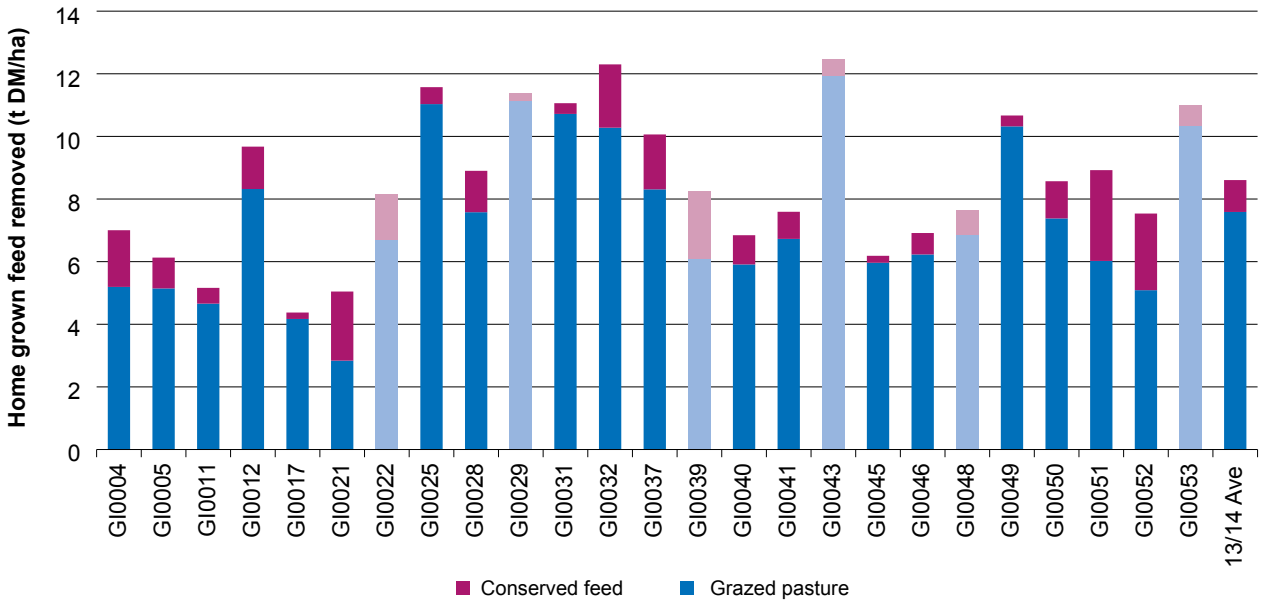


Figure 45 shows the estimated tonnes of dry matter of home grown feed consumed per milking hectare. Home grown feed can be grazed pasture (shown by the bottom lighter blue bars) and conserved fodder (shown by the top darker blue bars). Total home grown feed consumed ranged from 4 t DM/ha up to 12.5 t DM/ha. The average home grown feed consumed per milking hectare was 8.5 t DM and the top 25% of farms averaged 9.8 t DM/ha.

Pasture consumption on the home milking area was lower than in 2013/14. The quantity of directly grazed pasture consumed was on average 7.4 t DM/ha compared to 7.6 t DM/ha in 2013/14. The quantity of conserved feed was similar at 1.1 t DM/ha this year to the 1.0 t DM/ha last year. There was a small increase in feed inventory at the end of the season. One farm did not conserve any feed on the milking area in 2014/15.

It should be noted that there can be a number of sources of error in the method used to calculate home pasture consumption including incorrect estimation of liveweight, amounts of fodder and concentrates fed, ME concentration of fodder and concentrate, ME concentration of pasture, wastage of feed and associative effects between feeds when they are digested by the animal. Comparing pasture consumption estimated using the back calculation method between farms can lead to incorrect conclusions due to errors in each farm's estimate and it is best to compare pasture consumption on the same farm over time using the same method of estimation.

FIGURE 45. ESTIMATED TONNES OF HOME GROWN FEED PRODUCED PER MILKING HECTARE – GIPPSLAND



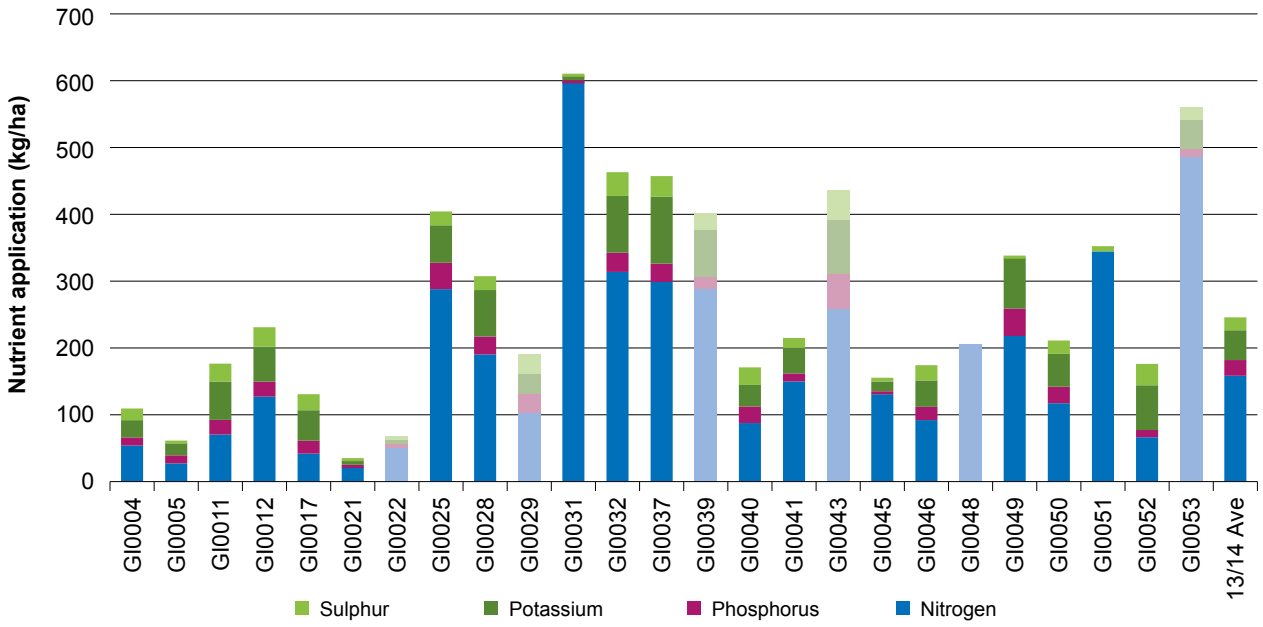
Fertiliser application

Farms in Gippsland used a wide range of fertilisers and fertiliser application rates, both between farms and with the mix of key macronutrients on individual farms (Figure 46). Nitrogen was the main nutrient applied varying from 22 kg/ha up to 598 kg/ha, with the group average at 185 kg/ha. This was a 17% increase from 158 kg/ha used last year.

Slightly lower amounts of phosphorus and potassium were applied per hectare compared to last year. The top 25% of businesses applied more nitrogen; 232 kg/ha, but similar amounts of phosphorus, potassium, and sulphur to the average.

The values for Figures 45 and 46 can be found in Appendix Table D2.

FIGURE 46. NUTRIENT APPLICATION PER HECTARE (USABLE AREA) – GIPPSLAND



Part Five: Business confidence survey

Expectations and issues

Responses to this business confidence survey were made in July 2015 with regard to the 2015/16 financial year and the next five years to 2020/21

Expectations for business returns

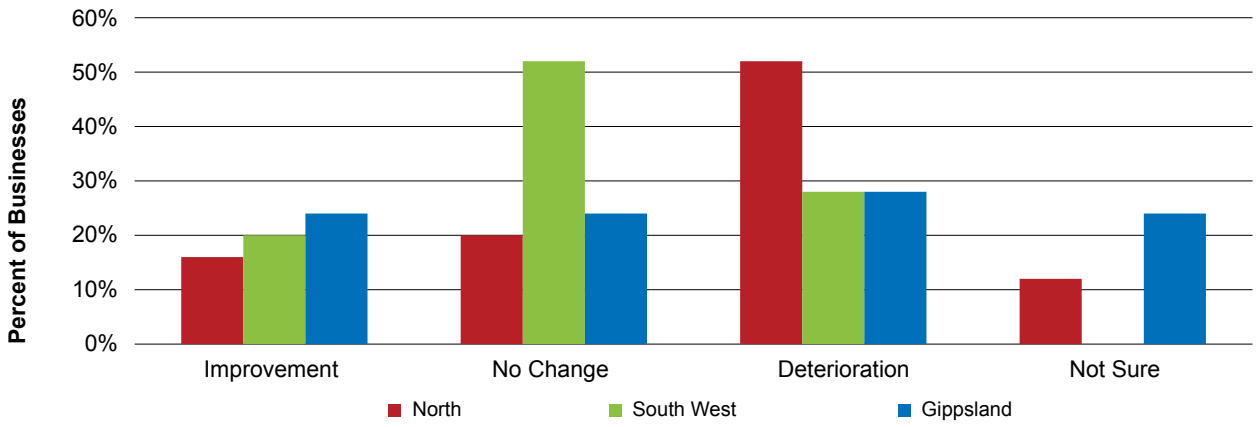
Following a reasonable 2014/15 year, expectations for the coming season were variable with 20% of farmers predicting an improvement in farm business returns and 40% predicting no change in their business returns. More than 30% of farmers were not sure what would happen to their business returns in 2015/16. This is notably different to positive expectations recorded in 2013/14.

Responses to the survey were made with consideration to all aspects of farming, including climate and market conditions for all products bought and sold.

While expectations of the coming year were spread across categories, there were regional differences.

Participants in the North had an expectation of deteriorating farm business returns in 2015/16. More than half of the participants in the South West expected no change, whereas the Gippsland participants were evenly split between an improvement, no change and deterioration to business returns as shown in Figure 47.

FIGURE 47. EXPECTED CHANGE TO FARM BUSINESS RETURNS IN 2015/16

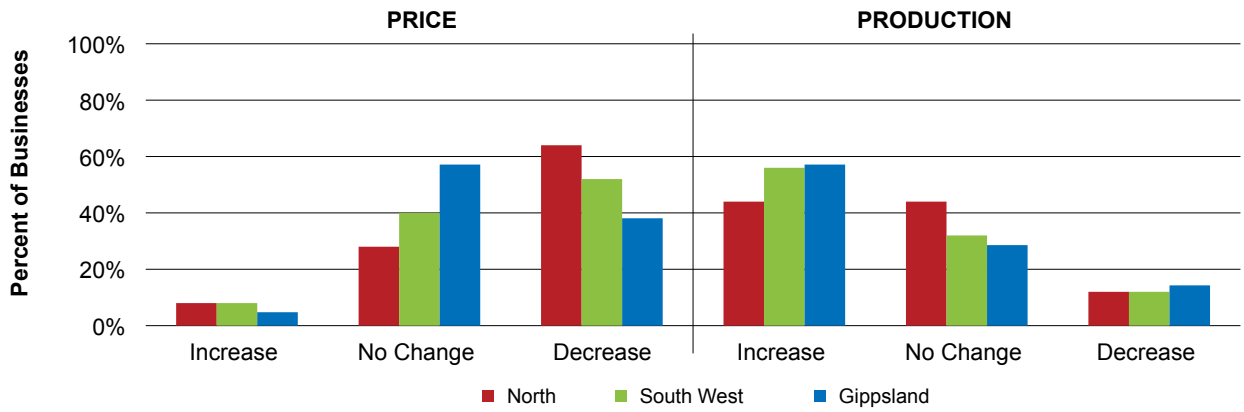


Price and production expectations - milk

Most of the participant farmers across the state were expecting their milk price to decrease in 2015/16 (Figure 48). This follows a record high milk price for most farms across the state in 2013/14. Farms in Gippsland received the lowest milk price in 2014/15 and only 5% expected their milk price to increase in the coming year.

More than half of farmers in Gippsland and the South West and 44% in the North indicated that they would increase milk production in 2015/16. Across the state, about 50% of the participants expected an increase in their production in the coming year; more than 30% would maintain their production level and 13% predicted a decrease.

FIGURE 48. PRODUCER EXPECTATIONS OF PRICES AND PRODUCTION OF MILK IN 2015/16



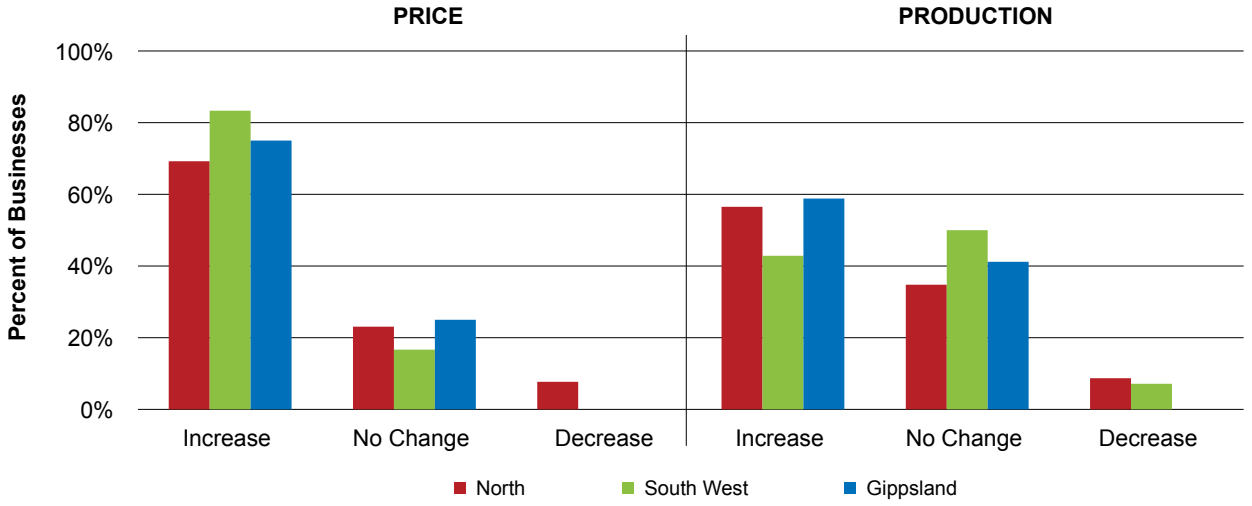
Price and production expectations - fodder

The majority of participating farmers expected fodder prices to increase in 2015/16 (Figure 49). None of the participants in Gippsland and the South West predicted a decrease in fodder prices.

More that half of respondents indicated that they expected fodder production to increase in the coming year and 35% expected no change in how much feed would be conserved on farm. Only a few farmers reported that fodder production was expected to decrease on their farms in 2015/16.

Fourteen per cent of participants commented on seasonal variability and the concern of a drier than average spring and summer the coming year given the predicted El Niño event. The effect of this predicted event on fodder prices and production remains to be seen.

FIGURE 49. PRODUCER EXPECTATIONS OF PRICES AND PRODUCTION OF FODDER IN 2015/16



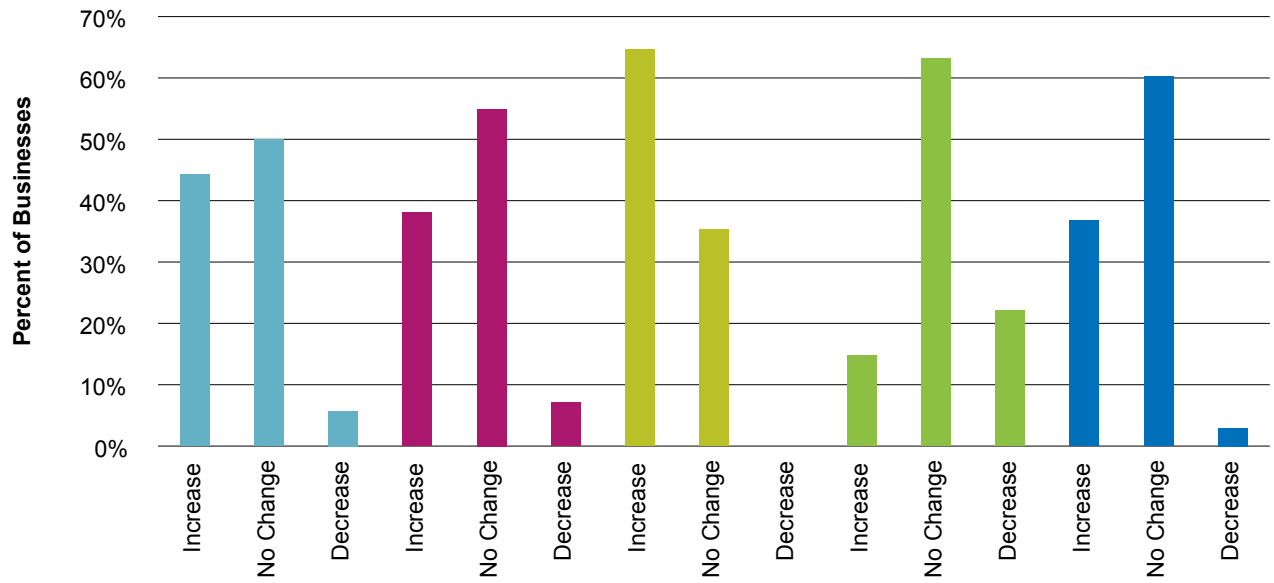
Cost expectations

Data presented in Figure 50 represent the expectations of costs for the dairy industry.

The majority of farmers in all categories expected input costs to remain unchanged or increase. Over 60% of the farmers across the state were not expecting changes to repairs and maintenance costs and more than half predicted fuel and oil costs for their farm to remain unchanged in the coming year.

Among the irrigators, 65% predicted an increase in irrigation costs to their business.

FIGURE 50. PRODUCER EXPECTATIONS OF COSTS FOR THE DAIRY INDUSTRY IN 2015/16



**only includes responses from 34 farms with irrigation*

Major issues in the dairy industry - The next 12 months

Figure 51 provides a summary of the ten key issues identified by participants for the coming 12 months. A total of 131 responses were recorded from 71 farms; four participating farmers gave “no comment” or responded with no notable concerns.

Seasonal variability and how to manage the coming year (14%); availability of labour (13%); physical performance of livestock including feed efficiency (13%) and milk prices (11%) were the major concerns facing participants for 2015/16.

Managing debt and cash flow, and improving work-life balance remained important challenges for the coming year. Other issues mentioned were profitability, personal health, business succession and retirement.

In the South West, 27% of the participants were concerned about labour management followed by seasonal variability (20%). Participants in the North were equally concerned about farm development and physical performance with 17% raising both of these issues. Farm development in the North is mainly related to irrigation infrastructure both on-farm and the supply channel system. Seasonal variability (17%) and physical performance (15%) were the main concerns of farmers in Gippsland. While input costs and seasonal variability were also noted as major issues last year, the labour concern was new to the top three challenges that farmers expect to face in the coming year.

Major issues in the dairy industry - The next 5 years

Participants identified ten key issues for their business over the next five years (Figure 52). A total of 133 responses were recorded from 68 farms with seven participants not making any comments.

As in previous years, milk price (14% of responses) was identified as the main issue and an equal proportion predicted labour to be a challenge in the next five years.

The same proportion of participants (20%) as in the 2013/14 survey, were planning for succession of their farm and looking toward retirement. The other major concerns for participants were managing debt, planning for farm expansion and development in the medium term.

A few farmers also made comments on policy changes, effluent management and animal welfare issues over the next five years.

Participants from the three regions differed in their assessment of the main issues they would face for the period 2015/16 to 20120/21. In Gippsland, milk price, managing equity and debt, and improving the farm’s physical performance were the top three concerns. Participants from the North identified water policy, availability and prices; fluctuating milk price, and availability of labour as their main concerns. The top three challenges for participants in the South West were availability of labour, planning for business succession and retirement, and managing both equity and debt.

FIGURE 51. MAJOR ISSUES FOR INDIVIDUAL BUSINESSES – 12 MONTH OUTLOOK

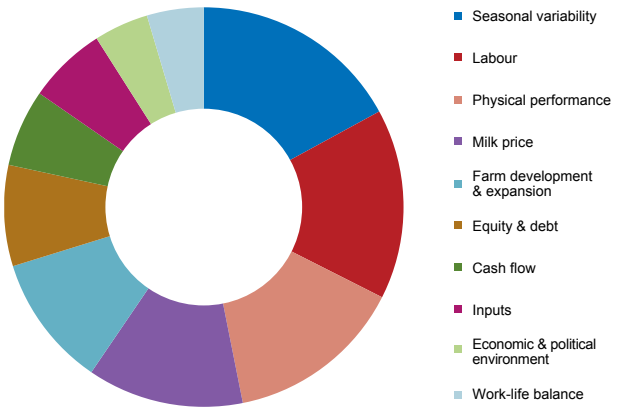
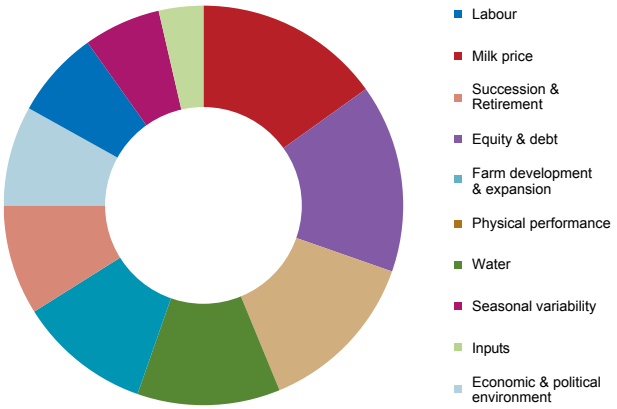


FIGURE 52. MAJOR ISSUES FOR INDIVIDUAL BUSINESSES – 5 YEAR OUTLOOK



Part Six:
Greenhouse gas emissions

2014/15 Greenhouse gas emissions

The average level of emission from participating farms was 11.2 t CO_2-e/t MS in 2014/15, lower than last year's 12.3 t CO_2-e/t MS. The combined effect of a reduced number of livestock and increased milk production contributed to lower emissions per milk solids produced this year.

Carbon dioxide equivalents (CO_2-e) are used to standardise the greenhouse potentials from different gases. The Global Warming Potential (GWP) is the index used to convert relevant non-carbon dioxide gases to a carbon dioxide equivalent. This is calculated by multiplying the quantity of each gas by its GWP. All of the data in this section is in CO_2-e tonnes and expressed per tonne of milk solids produced (CO_2-e/t MS).

The GWP for the three gases that are discussed in this report are; 1 : 21 : 310 (CO_2 : CH_4 : N_2O). This means that one CO_2-e tonne equates to 47.6 kg of methane (CH_4) and 3.2 kg of nitrous oxide (N_2O).

The distribution of different emissions for 2014/15 is shown in Figure 53. Greenhouse gas emissions per tonne of milk solids produced ranged from 7.8 t CO_2-e/t MS to 15.1 t CO_2-e/t MS with an average emission level of 11.2 t CO_2-e/t MS. This is lower than last year's total greenhouse gas emissions of 12.3 t CO_2-e/t MS with only a small difference in the percentage mix of gasses. The combined effect of a 9.6% reduction in the total number of livestock and a 7.5% increase in milk solids production contributed to a lower average emission, although energy use increased by 11%.

Methane was identified as the main greenhouse gas emitted from dairy farms, accounting for 68.3% of all greenhouse emissions. In 2013/14, CH_4 accounted for 70% of gas emissions. There are two main sources of CH_4 emissions on farm: ruminant digestion and anaerobic digestion in effluent management systems. Methane produced from ruminant digestion is known as enteric CH_4 and was the major source of emissions from all farms in this report, with an average of 63.2% of total emissions. Methane from effluent ponds accounted for 5.2% of total emissions on average across the state in 2014/15.

The most efficient strategy to reduce enteric CH_4 production is manipulating the diet by increasing the diet quality through improved pastures or supplementation with particular concentrates. Adding fat supplements such as whole cotton seed, canola meal or linseed oil into the diet can also reduce CH_4 emissions. This is a simple and effective method however it is recommended that fats should not constitute more than 6-7% of the dietary dry matter intake.

The second main greenhouse gas emission is nitrous oxide accounting for 22.4% of total emissions or 2.5 t CO_2-e/t MS. Nitrous oxide emissions on dairy farms are primarily derived from direct emissions; including nitrogen fertiliser application, effluent management systems, and animal excreta (dung and urine), as well as indirect emissions such as from ammonia and nitrate loss in soils.

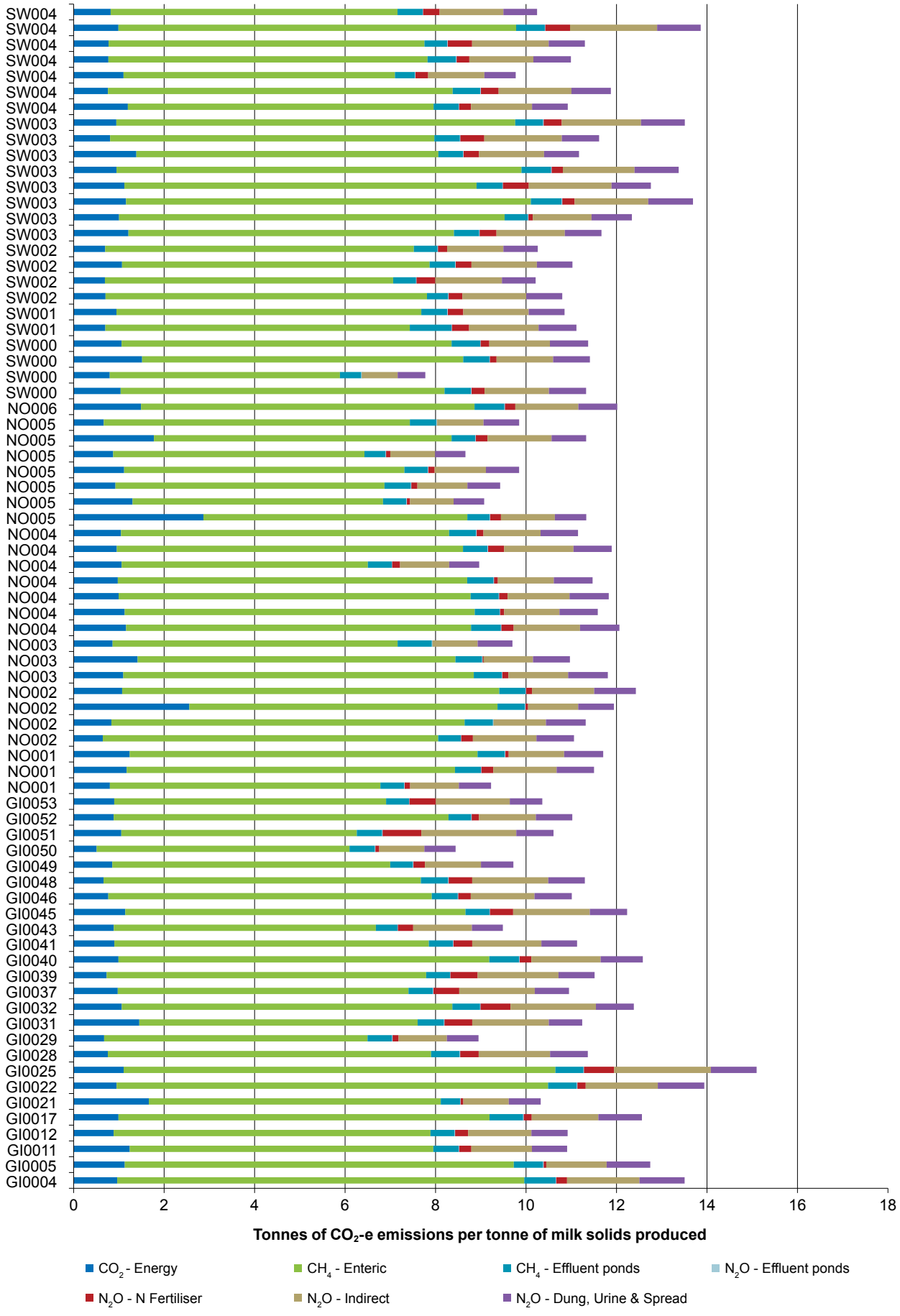
Nitrous oxide emissions from fertiliser accounted for 2.4% of total emissions, effluent ponds accounted for 0.1% and excreta accounted for 7.3%. Nitrous oxide from indirect emissions was 12.5%. Nitrous oxide emissions are highest in warm, waterlogged soils with readily available nitrogen. Over application of nitrogen, high stocking intensity and flood irrigation are all potential causes of increased nitrogen loss as N_2O. Strategic fertiliser management practices can reduce N_2O emissions and improve nitrogen efficiency.

The third main greenhouse gas emission is CO_2 which is produced primarily from fossil fuel consumption as either electricity or petrochemicals. Carbon dioxide accounted for 9.4% of total emissions (1.0 t CO_2-e/t MS), up from 8% in 2013/14. This indicated that farms used more energy this year than last year. Output levels were highly dependent on the source of electricity used with all farms using brown coal generated electricity. There are a number of technologies available to improve energy efficiency in the dairy while reducing electricity costs.

We are currently seeing the importance of understanding and monitoring greenhouse gas emissions, and these are likely to become more important into the future. To find detailed information on the Australian National Greenhouse Gas Inventory, strategies for reducing greenhouse gasses and more details on sources of greenhouse gases on dairy farms visit the Australian Greenhouse Office's website at http://www.environment.gov.au/climate-change

Methane was identified as the main greenhouse gas emitted from dairy farms, similar to last year, accounting for 68% of all greenhouse emissions in 2014/15.

FIGURE 53. 2014/15 GREENHOUSE GAS EMISSIONS PER TONNE OF MILK SOLIDS PRODUCED (CO_2 EQUIVALENT)



Part Seven: Historical analysis

Historical analysis

This section compares the performance of participant farms in the Dairy Farm Monitor Project over the past nine years. The historical analysis compares the trends in farm performance between individual regions. While figures are adjusted for inflation to allow comparison between years it should be noted that the same farms do not participate each year and care needs be taken when comparing the performance across years.

The North

Although the state economic performance was only average, based on the nine-year history of the project, farms in the North had returned a 6.1% return on assets for 2014/15, which is above the nine-year average of 4.9% return on assets (Figures 54 and 55).

This occurred in spite of the lower milk price compared to last year and lower EBIT per kilogram of milk solids compared to the other regions this year. Similar to 2013/14, water allocation was at 100% enabling farmers to apply water early in the season to offset poor rain events.

The 2014/15 year was similar to 2010/11, however did not deter farms from making on farm investment nor capital purchases which had been delayed from previous years.

In 2012/13 farm profitability fell with the milk price declining year-on-year and due to the rise in input costs. This was similar to the performance of 2008/09 when global trade declined rapidly and resulted in a milk price reduction mid season. In 2009/10 farmers were still recovering from the financial blow of 2008/09 with many deferring payments, capital expenditure and further debt reduction.

The difference between EBIT and net income is interest and lease costs. In the North, interest and lease costs decreased this year, returning to levels just lower than in 2012/13 but had been variable over the nine year history of the project. The interest and lease repayments in 2014/15 were the lowest of all three regions at $86,744/farm.

Return on equity had dropped to an average level of 5.1% and was still higher than the nine-year average of 3.1%. This followed the record high of 14.7% ROE from last year. The range of return on equity was between -6.9% in 2006/7 and 14.7% recorded in 2013/14.

A return on assets becomes a lesser return on equity when the rate of interest on loans or lease on leased capital is greater than the return from the additional assets managed. This is the case in the North for this year.

The nine year average for return on assets in the North was 4.9% and return on equity was 3.3%.

FIGURE 54. HISTORICAL FARM PROFITABILITY (REAL $) – NORTH

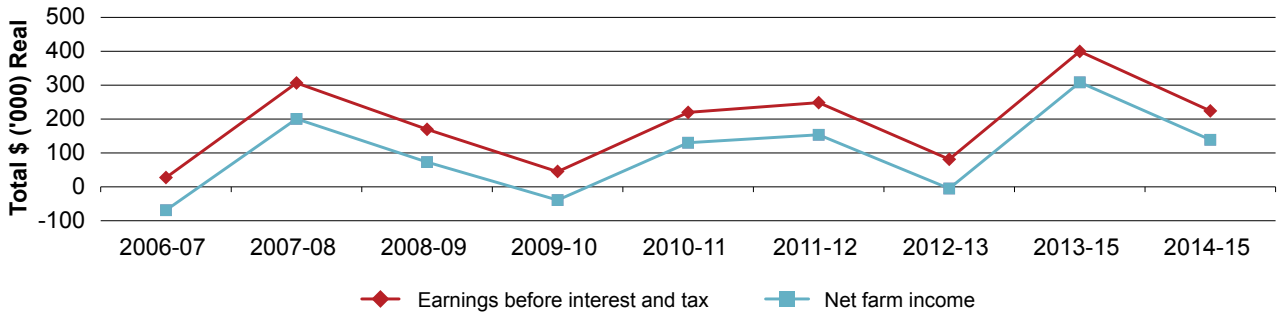
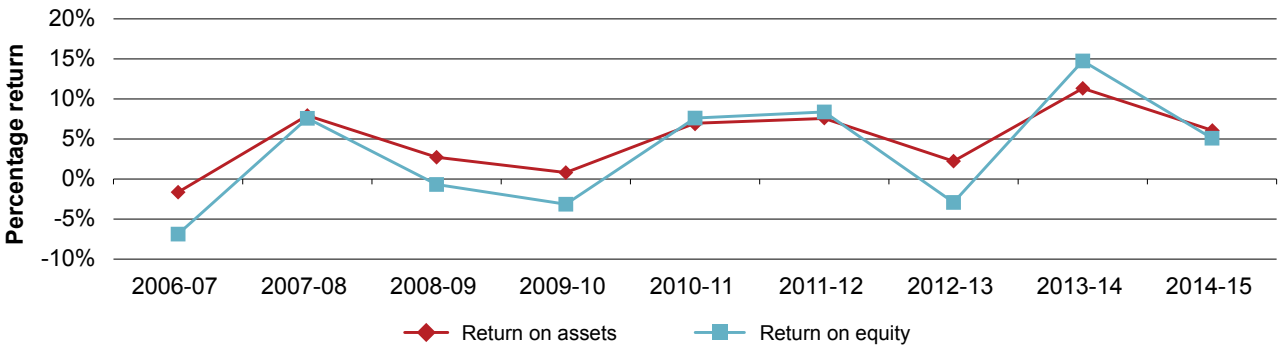


FIGURE 55. HISTORICAL WHOLE FARM PERFORMANCE – NORTH



The South West

Despite only receiving 68% in real terms of last year's EBIT 2014/15 was the ninth consecutive year of the South West returning positive results as shown by the dark green line in Figure 56.

In 2014/15 net farm income decreased by 47% from the 2013/14 to average $148,608 as shown in the light green line in Figure 56. There had been a range in (real) net farm income received from $481,107 in 2007/8 to negative $102,588 in 2012/13. This year followed on from 2013/14 which recorded the second highest net farm income.

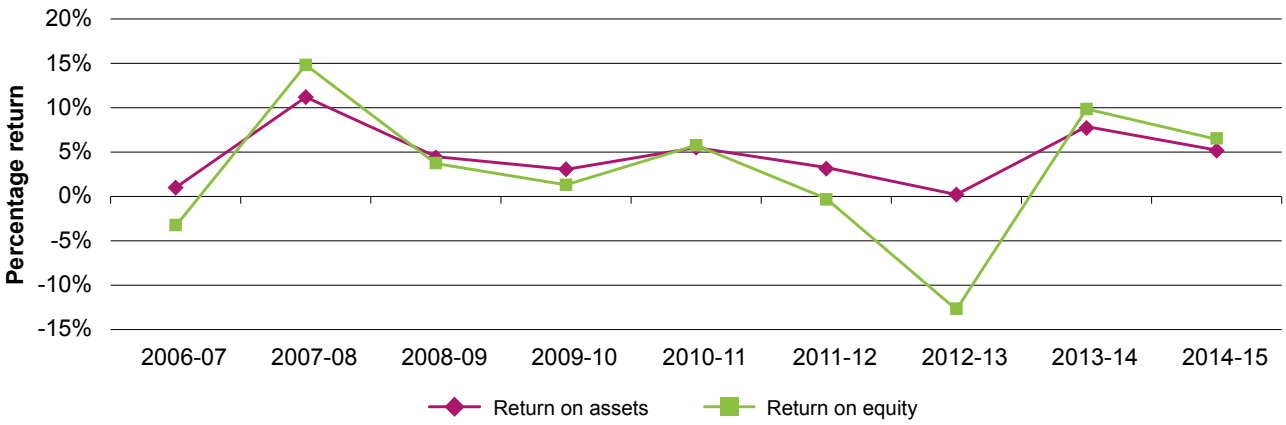
The gap between EBIT and net farm income was steadily increasing over the first five years of the project until 2011/12 and declining since this point until 2014/15 showing reducing interest and lease repayments on average. The average interest and lease repayments were $140,528/farm which is a reduction of 5% on 2013/14 but were still the highest of the three regions for 2014/15.

The poorest results in the South West were exhibited in 2012/13 with a 0.2% return on assets and -12.7% return on equity. In contrast to 2007/08 when the South West received its best performance results of 11.2% return on asset and 14.8% return on equity and experienced near-perfect climatic and economic operating conditions as shown in Figure 57.

The nine-year average for return on assets in South West Victoria only dropped slightly, averaging 4.6%, while there was a relatively minor increase to average 2.8% return on equity.

FIGURE 56. HISTORICAL FARM PROFITABILITY (REAL $) – SOUTH WEST

FIGURE 57. HISTORICAL WHOLE FARM PERFORMANCE – SOUTH WEST



Gippsland

Despite reducing costs in 2014/15, the lower milk price received in Gippsland reduced the margin which farmers could have achieved. This resulted in an EBIT of $216,083/farm, which represented the average return figure over the nine-year history of the project in real terms.

Following the best returns in 2007/08 Gippsland had observed variable operating conditions with poorer performance in 2009/10 and particularly in 2012/13. If 2006/07 is included this represented the three lowest milk price years in the history of the project.

From 2011/12 to 2013/14 interest and lease costs have been decreasing in real terms which can be seen by the EBIT and net farm income lines moving closer together in Figure 58. However, in 2014/15 average interest and lease costs were $102,033/farm which was a 5.7% increase on 2013/14 of $96,561/farm.

Caution should be used when interpreting this as a real increase as the sample population is not the same for every year of the study.

Performance for the Gippsland farmers was only slightly above the nine-year average for the project in 2014/15 at 4.7% return on assets and 4.6% return on equity (Figure 59). Figure 59 displays return on asset and return on equity both excluding capital appreciation.

The nine year average showed only a minor drop for return on assets in Gippsland at 4.3% and return on equity at 4.5%

FIGURE 58. HISTORICAL FARM PROFITABILITY (REAL $) – GIPPSLAND

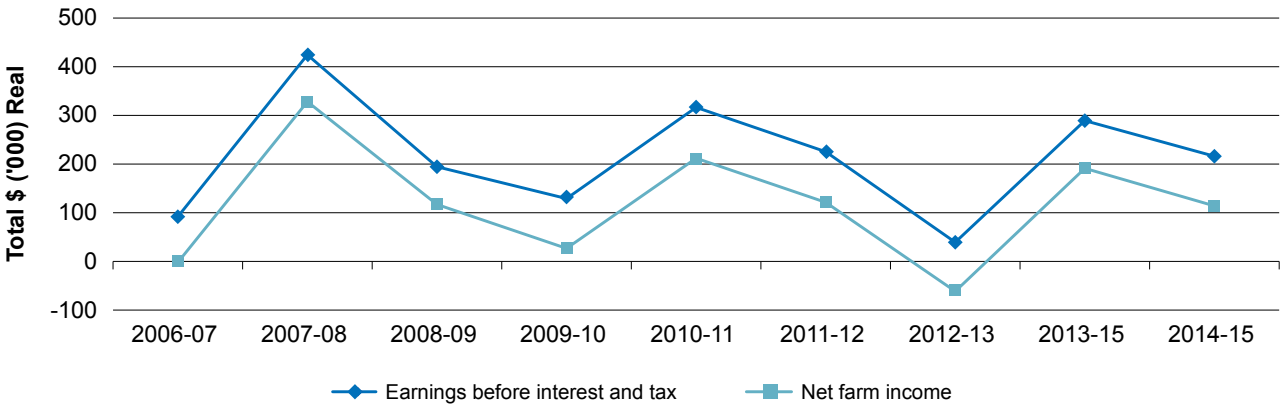
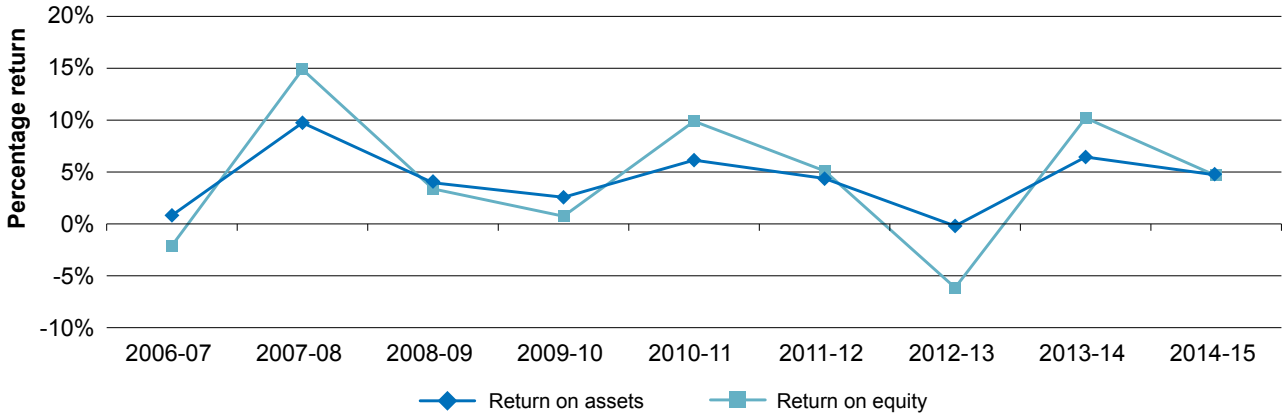


FIGURE 59. HISTORICAL WHOLE FARM PERFORMANCE – GIPPSLAND



Regional comparison

Profitability performance of the three regions over the last nine years is compared in Figures 60 to 63.

In 2013/14 most regions experienced their best or second best performance in the nine year history of the project. Except for the South West which had extraordinary performance in 2007/08 in the second year of the project. In comparison 2014/15 appeared to be an average performance year.

The North again received 100% irrigation allocations but this was not accompanied by the good growing conditions experienced in 2013/14. The North produced a return on assets of 6.1% and return on equity of 5.1%, which were well above their long term average performance for both parameters.

For total earnings before interest and tax in real terms the South West performance had surpassed that of the other regions for seven out of nine years. The two years when the South West dropped below the other regions were primarily due to adverse seasonal conditions but this affect was also state-wide.

The South West has performed well over time, compared to the other regions. Although this region has not always received the highest milk price of the regions in the history of the project, in the last two years it has received considerably higher prices enabling the South West to be more resilient to adverse seasonal conditions. The South West also achieved a higher EBIT and net farm income in 2014/15 resulting in considerably better performance of 5.2% return on asset and 6.4% return on equity compared to their nine-year average of 4.6% and 2.8%, respectively .

In a historical sense, strong economic performance in Gippsland looked to be linked to the milk price received. Stronger returns had been obtained when milk price had been higher, specifically 2007/08 and 2010/11, and much lower returns in 2006/07, 2009/10 and 2012/13 when Gippsland received the lowest three milk prices. This can partially be explained by the seasonal nature of milk production in Gippsland.

Gippsland farm performance had consistently fallen between the performance of the other two regions over the history of the project; excluding average whole farm EBIT recorded in past three years which was the lowest, due in part to the smaller herd size (Figure 60).

FIGURE 60. REGIONAL HISTORICAL EARNINGS BEFORE INTEREST AND TAX (REAL $)

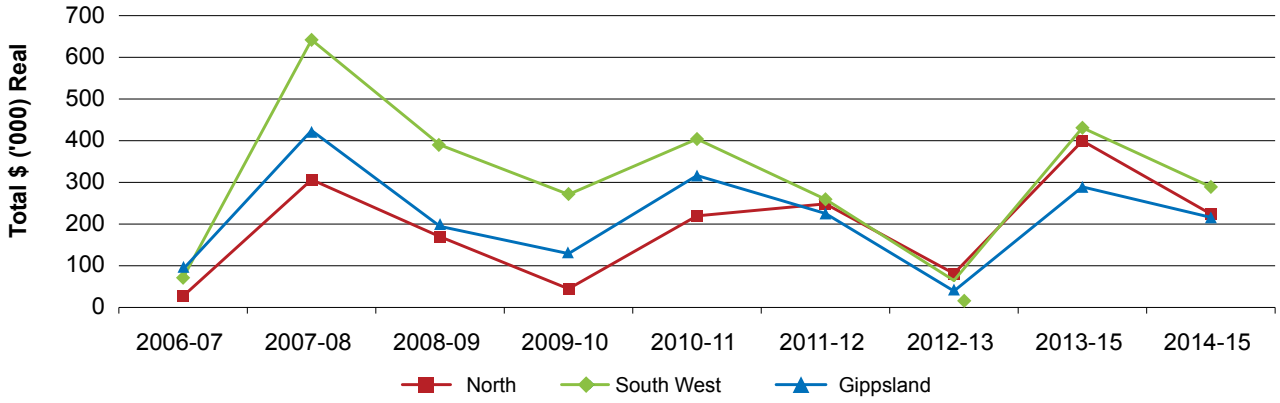


FIGURE 61. REGIONAL HISTORICAL NET FARM INCOME (REAL $)

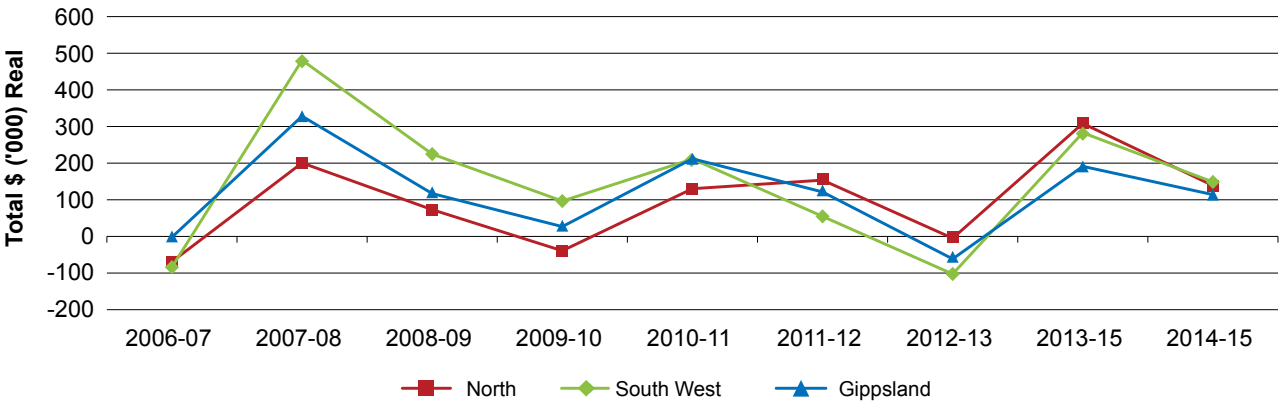


FIGURE 62. REGIONAL HISTORICAL RETURN ON ASSETS

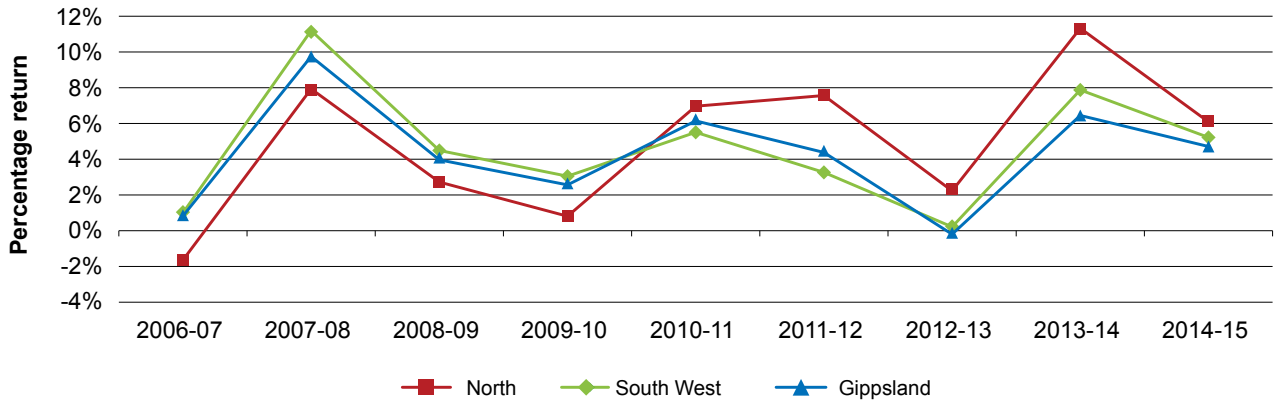
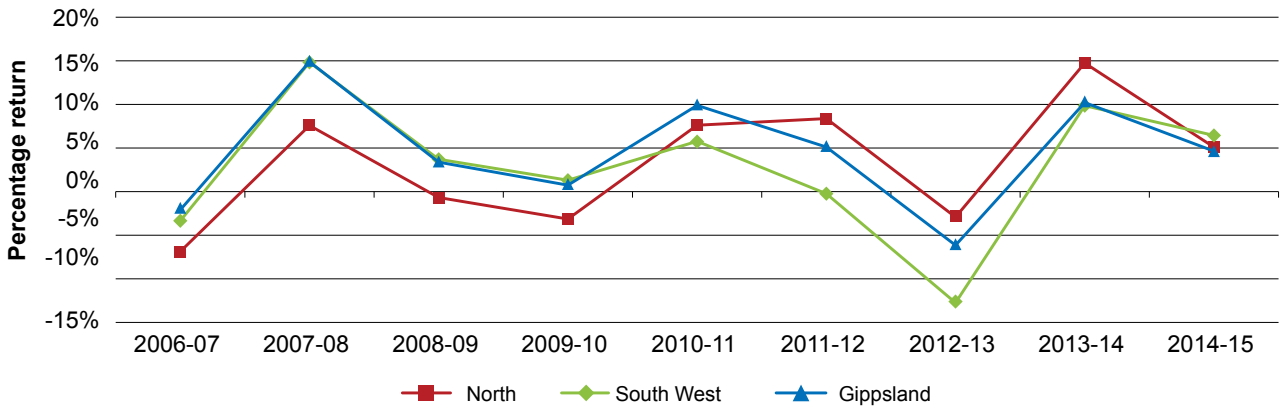


FIGURE 63. REGIONAL HISTORICAL RETURN ON EQUITY



Appendices

TABLE A1

Main Financial Indicators - Statewide

Farm number	Milk income (net)	All other income	Gross farm income	Total variable costs	Total overhead costs	Cost structure (variable costs / total costs)	Earnings Before Interest & Tax	Return on assets (excl. capital apprec.)	Interest & lease charges	Debt servicing ratio	Net farm income	Return on equity	Return on equity (incl. capital apprec.)
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	%	$/ KG MS	%	$/ KG MS	% OF INCOME	$/ KG MS	%	%
Average	$6.04	$0.57	$6.61	$3.39	$1.97	63%	$1.25	5.3%	$0.60	9.1%	$0.64	5.2%	8.1%
Top 25%	$6.23	$0.68	$6.91	$3.33	$1.63	67%	$1.95	9.5%	$0.57	8.2%	$1.38	12.7%	12.6%

TABLE A2

Physical Information - Statewide

Farm number	Total usable area	Milking area	Water used	Number of milking cows	Milking cows per usable area	Milk sold	Milk sold	Fat	Protein
	HA	HA	MM/HA	HD	HD/HA	KG MS/ COW	KG MS/ HA	%	%
Average	248	160	818	350	1.6	514	845	4.2%	3.5%
Top 25%	311	198	866	449	1.8	554	1019	4.1%	3.4%

Farm number	Estimated grazed pasture*	Estimated conserved feed*	Home grown feed as % of ME consumed	Nitrogen application	Phosphorous application	Potassium application	Sulphur application	Labour efficiency	Labour efficiency
	T DM/ HA	T DM/ HA	% OF ME	KG/ HA	KG/ HA	KG/ HA	KG/ HA	HD/ FTE	KG MS/ FTE
Average	6.5	1.2	59%	124.7	19.4	33.1	19.6	110	56,586
Top 25%*	7.2	1.0	55%	134.0	17.3	33.5	16.8	125	68,701

* on milking area

TABLE A3

Purchased feed - Statewide

Farm number	Purchased feed per milker	Concentrate price	Silage price	Hay price	Other feed price	Average purchased feed price	Average ME of purchased feed	Average purchased feed price	Percent of total energy imported
	T DM/HD	$/ T DM	$/ T DM	$/ T DM	$/ T DM	$/ T DM	MJ ME/ KG	C/ MJ	% OF ME
Average	2.4	$405	$224	$251	$419	$376	12.0	3.2	41%
Top 25%*	2.7	$392	$76	$246	$27	$363	12.1	3.1	45%

TABLE A4

Variable costs - Statewide

Farm number	AI and herd test	Animal health	Calf rearing	Shed power	Dairy supplies	Total herd and shed costs	Fertiliser	Irrigation	Hay and silage making
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS
Average	$0.11	$0.14	$0.04	$0.11	$0.09	$0.49	$0.41	$0.19	$0.15
Top 25%*	$0.11	$0.13	$0.03	$0.10	$0.08	$0.46	$0.34	$0.23	$0.13

Farm number	Fuel and oil	Pasture improvement/ cropping	Other feed costs	Fodder purchases	Grain/ concentrates/ other	Agistment costs	Total feed costs	Total variable costs
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS
Average	$0.10	$0.14	$0.05	$0.30	$1.49	$0.07	$2.90	$3.39
Top 25%*	$0.09	$0.15	$0.04	$0.35	$1.47	$0.08	$2.88	$3.33

TABLE A5

Overhead costs - Statewide

Farm number	Rates	Registration and insurance	Farm insurance	Repairs and maintenance	Bank charges	Other overheads	Employed labour	Total cash overheads	Depreciation	Imputed owner/ operator & family labour	Total overheads
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS
Average	$0.05	$0.02	$0.06	$0.34	$0.01	$0.11	$0.48	$1.08	$0.22	$0.68	$1.97
Top 25%*	$0.04	$0.02	$0.05	$0.31	$0.01	$0.09	$0.51	$1.02	$0.17	$0.44	$1.63

TABLE A6

Variable costs % - Statewide

Percentage of total farm costs

Farm number	AI and herd test	Animal health	Calf rearing	Shed power	Dairy supplies	Total herd and shed costs	Fertiliser	Irrigation	Hay and silage making
	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS
Average	2.1%	2.5%	0.8%	2.1%	1.7%	9.1%	7.6%	1.7%	2.9%
Top 25%*	2.3%	2.6%	0.5%	2.0%	1.7%	9.2%	6.9%	1.8%	2.6%

Farm number	Fuel and oil	Pasture improvement/ cropping	Other feed costs	Fodder purchases	Grain/ concentrates/ other	Agistment costs	Total feed costs	Total variable costs
	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS
Average	1.9%	2.7%	0.9%	5.5%	27.9%	1.2%	54.1%	63.2%
Top 25%*	1.8%	3.1%	0.8%	7.0%	29.6%	1.6%	57.9%	67.0%

TABLE A7

Overhead costs - Statewide

Percentage of total farm costs

Farm number	Rates	Registration and insurance	Farm insurance	Repairs and maintenance	Bank charges	Other overheads	Employed labour	Total cash overheads	Depreciation	Imputed owner/ operator & family labour	Total overheads
	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS
Average	1.0%	0.3%	1.1%	6.3%	0.2%	2.0%	9.0%	20.0%	4.0%	12.8%	36.8%
Top 25%*	0.8%	0.4%	1.0%	6.1%	0.3%	1.7%	10.0%	20.3%	3.5%	9.1%	33.0%

TABLE A8

Capital structure - Statewide

	FARM ASSETS				OTHER FARM ASSETS (PER USABLE HECTARE)					LIABILITIES		EQUITY	
	Land value	Land value	Permanent water value	Permanent water value	Plant and equipment	Livestock	Hay and grain	Other assets	Total assets	Liabilities	Liabilities	Equity	Average equity
	$/HA	$/COW	$/HA	$/COW	$/HA	$/HA	$/HA	$/HA	$/HA	$/HA	$/COW	$/HA	%
Average	$11,421	$7,204	$1,396	$750	$1,475	$2,490	$229	$864	$17,222	$6,490	$4,036	$10,732	62%
Top 25%*	$10,968	$5,917	$1,518	$763	$1,526	$2,857	$312	$991	$17,179	$6,300	$3,330	$10,879	63%

TABLE A9

Historical data - Statewide

Average farm income, costs and profit per kilogram of milk solids

	INCOME				VARIABLE COSTS							
	Milk income (net)		Gross farm income		Herd costs		Shed costs		Feed costs		Total variable costs	
	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)
2006-07	$4.46	$5.48	$5.23	$6.41	$0.21	$0.26	$0.15	$0.18	$2.83	$3.48	$3.23	$3.97
2007-08	$6.57	$7.71	$7.80	$9.16	$0.24	$0.28	$0.14	$0.17	$3.39	$3.98	$3.79	$4.45
2008-09	$5.35	$6.19	$6.08	$7.04	$0.23	$0.26	$0.15	$0.17	$2.85	$3.30	$3.23	$3.73
2009-10	$4.46	$5.01	$5.17	$5.80	$0.22	$0.24	$0.16	$0.18	$2.20	$2.47	$2.58	$2.89
2010-11	$5.64	$6.10	$6.47	$7.01	$0.26	$0.29	$0.18	$0.20	$2.27	$2.46	$2.71	$2.94
2011-12	$5.52	$5.91	$5.97	$6.40	$0.26	$0.28	$0.19	$0.20	$2.33	$2.49	$2.78	$2.97
2012-13	$4.90	$5.12	$5.25	$5.49	$0.27	$0.28	$0.22	$0.23	$2.59	$2.71	$3.08	$3.22
2013-14	$6.79	$6.89	$7.44	$7.56	$0.28	$0.28	$0.22	$0.22	$2.90	$2.94	$3.39	$3.44
2014-15	$6.04	$6.04	$6.61	$6.61	$0.29	$0.29	$0.20	$0.20	$2.90	$2.90	$3.39	$3.39
Average		$6.05		$6.83		$0.27		$0.19		$2.97		$3.45

	OVERHEAD COSTS						PROFIT							
	Cash overhead costs		Non-cash overhead costs		Total overhead costs		Earnings before interest & tax		Interest & lease charges		Net farm income			
	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	RETURN ON ASSETS	RETURN ON EQUITY
2006-07	$0.77	$0.94	$1.17	$1.44	$1.94	$2.38	$0.06	$0.07	$0.58	$0.71	-$0.52	-$0.64	0.1%	-4.1%
2007-08	$0.84	$0.99	$0.88	$1.03	$1.62	$1.91	$2.39	$2.80	$0.63	$0.74	$1.75	$2.06	9.8%	12.4%
2008-09	$0.82	$0.95	$0.88	$1.02	$1.70	$1.97	$1.08	$1.25	$0.59	$0.68	$0.49	$0.57	3.8%	2.2%
2009-10	$0.84	$0.94	$1.05	$1.17	$1.89	$2.12	$0.65	$0.73	$0.68	$0.76	-$0.03	-$0.03	2.2%	-0.3%
2010-11	$1.00	$1.09	$1.02	$1.10	$2.02	$2.19	$1.73	$1.88	$0.76	$0.82	$0.98	$1.06	6.2%	7.8%
2011-12	$0.99	$1.06	$1.07	$1.14	$2.06	$2.20	$1.14	$1.22	$0.71	$0.76	$0.43	$0.46	5.0%	4.4%
2012-13	$0.99	$1.04	$1.09	$1.14	$2.08	$2.17	$0.09	$0.10	$0.70	$0.73	-$0.60	-$0.63	0.7%	-7.3%
2013-14	$1.05	$1.07	$0.97	$0.99	$2.03	$2.06	$2.02	$2.05	$0.65	$0.66	$1.38	$1.40	8.5%	11.6%
2014-15	$1.08	$1.08	$0.90	$0.90	$1.97	$1.97	$1.25	$1.25	$0.60	$0.60	$0.64	$0.64	5.3%	5.2%
Average		$1.02		$1.10		$2.11		$1.26		$0.72		$0.54	4.6%	3.5%

Note: 'Real' dollar values are the nominal values converted to 2014/15 dollar equivalents by the consumer price index (CPI) to allow for inflation.

TABLE A10

Historical data - Statewide

Average farm physical information

	Total usable area	Milking area	Water used	Number of milking cows	Milking cows per usable area	Milk sold	Milk sold	Estimated graze pasture*	Estimated conserved feed*	Home grown feed as % of ME consumed	Concentrate price	
	HA	HA	MM/HA	HD	HD/HA	KG MS/ COW	KG MS/ HA	T DM/ HA	T DM/ HA	% OF ME	NOMINAL ($/T DM)	REAL ($/ T DM)
2006-07	271	268	610	345	1.4	447	636	4.9	1.0	60%	$329	$404
2007-08	265	250	683	332	1.3	489	612	4.8	1.0	64%	$425	$499
2008-09	256	237	691	330	1.5	498	741	5.6	0.9	62%	$375	$434
2009-10	232	219	903	307	1.5	496	752	6.2	0.8	66%	$273	$306
2010-11	236	227	1,104	305	1.4	493	719	5.8	1.9	65%	$301	$326
2011-12	237	160	967	328	1.6	508	800	6.2	1.0	57%	$296	$317
2012-13	232	154	818	323	1.6	495	781	6.2	1.2	58%	$336	$352
2013-14	242	157	993	335	1.6	498	810	6.6	1.4	62%	$388	$394
2014-15	248	160	818	350	1.6	514	845	6.5	1.2	59%	$405	$405
Average	247	204	843	328	1.5	493	744	5.9	1.1	61%		$382

* From 2006/07 to 2010/11 estimated grazed pasture and conserved feed was calculated per usable hectare.
From 2011/12 estimated grazed pasture and conserved feed was calculated per hectare of milking area.

TABLE B1

Main Financial Indicators - North

Farm number	Milk income (net)	All other income	Gross farm income	Total variable costs	Total overhead costs	Cost structure (variable costs / total costs)	Earnings Before Interest & Tax	Return on assets (excl. capital apprec.)	Interest & lease charges	Debt servicing ratio	Net farm income	Return on equity	Return on equity (incl. capital apprec.)
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	%	$/ KG MS	%	$/ KG MS	% OF INCOME	$/ KG MS	%	%
NO0012	$6.24	$0.52	$6.76	$3.92	$1.91	67%	$0.93	5.4%	$0.21	3.1%	$0.72	5.9%	6.6%
NO0014	$5.94	$0.97	$6.91	$3.56	$2.53	58%	$0.82	2.8%	$0.57	8.3%	$0.25	1.2%	1.2%
NO0015	$5.83	$0.45	$6.28	$3.05	$1.64	65%	$1.59	6.9%	$0.50	8.0%	$1.09	5.6%	7.4%
NO0020	$6.64	$0.73	$7.38	$3.25	$1.79	64%	$2.33	7.4%	$0.74	10.1%	$1.59	13.3%	13.9%
NO0022	$5.80	$0.43	$6.23	$3.05	$1.70	64%	$1.48	6.0%	$0.29	4.7%	$1.19	5.5%	3.6%
NO0023	***$6.36***	***$0.35***	***$6.72***	***$2.97***	***$1.82***	***62%***	***$1.93***	***10.8%***	***$0.55***	***8.1%***	***$1.39***	***13.2%***	***13.2%***
NO0028	$5.94	$0.30	$6.24	$3.69	$1.98	65%	$0.57	4.2%	$0.28	4.5%	$0.29	3.4%	-8.5%
NO0036	$5.86	$0.82	$6.69	$3.30	$2.33	59%	$1.05	3.7%	$0.64	9.6%	$0.41	2.8%	2.9%
NO0038	***$6.14***	***$0.67***	***$6.81***	***$3.85***	***$1.74***	***69%***	***$1.22***	***12.6%***	***$0.55***	***8.1%***	***$0.67***	***–***	***–***
NO0039	$5.97	$0.60	$6.57	$5.01	$1.76	74%	-$0.19	-1.5%	$0.34	5.1%	-$0.53	-6.4%	-15.5%
NO0041	$5.86	$0.43	$6.29	$4.07	$1.81	69%	$0.41	2.7%	$0.53	8.4%	-$0.12	-2.7%	-31.4%
NO0043	$5.84	$0.19	$6.03	$3.48	$2.84	55%	-$0.30	-1.3%	$0.54	8.9%	-$0.83	-5.6%	-5.7%
NO0044	***$6.34***	***$0.85***	***$7.19***	***$3.64***	***$1.25***	***74%***	***$2.29***	***13.4%***	***$0.39***	***5.4%***	***$1.91***	***17.3%***	***10.1%***
NO0045	***$6.31***	***$0.43***	***$6.75***	***$3.65***	***$1.47***	***71%***	***$1.62***	***11.6%***	***$0.31***	***4.6%***	***$1.31***	***13.9%***	***15.2%***
NO0046	$5.74	$0.26	$6.01	$3.16	$1.77	64%	$1.08	6.5%	$0.72	12.0%	$0.36	6.4%	5.2%
NO0048	$5.52	-$0.09	$5.43	$3.47	$1.57	69%	$0.39	1.6%	$0.29	5.3%	$0.10	0.5%	0.5%
NO0049	***$5.87***	***$1.29***	***$7.16***	***$3.90***	***$1.30***	***75%***	***$1.96***	***13.7%***	***$0.61***	***8.6%***	***$1.35***	***20.1%***	***21.2%***
NO0051	$6.09	$0.99	$7.08	$3.38	$2.35	59%	$1.35	3.9%	$0.88	12.5%	$0.47	2.4%	2.4%
NO0053	***$5.91***	***$0.54***	***$6.45***	***$3.23***	***$1.39***	***70%***	***$1.82***	***10.8%***	***$0.15***	***2.3%***	***$1.67***	***12.0%***	***7.8%***
NO0054	$6.71	$0.29	$7.00	$4.50	$1.54	74%	$0.96	7.8%	$0.13	1.8%	$0.83	7.8%	6.7%
NO0056	$6.14	$0.54	$6.68	$4.24	$1.90	69%	$0.54	2.0%	$0.86	12.8%	-$0.32	-4.1%	-21.4%
NO0057	$6.07	$0.62	$6.69	$3.85	$2.17	64%	$0.68	5.7%	$0.65	9.7%	$0.03	0.7%	0.7%
NO0058	$6.41	$0.43	$6.84	$4.31	$1.67	72%	$0.86	3.6%	$0.91	13.3%	-$0.05	-0.5%	-0.5%
NO0059	$6.35	$0.46	$6.81	$4.31	$1.73	71%	$0.77	6.4%	$0.52	7.6%	$0.25	3.8%	4.0%
NO0060	$6.34	$0.31	$6.65	$3.28	$2.14	61%	$1.24	5.5%	$0.44	6.7%	$0.79	6.0%	6.1%
Average	$6.09	$0.54	$6.62	$3.69	$1.84	67%	$1.10	6.1%	$0.50	7.6%	$0.59	4.9%	1.8%
Top25%*	$6.16	$0.69	$6.85	$3.54	$1.50	70%	$1.81	12.1%	$0.43	6.2%	$1.38	12.7%	11.2%

* Top 25% are bold and italicised

TABLE B2

Physical Information - North

Farm number	Total usable area	Milking area	Water used	Number of milking cows	Milking cows per usable area	Milk sold	Milk sold	Fat	Protein
	HA	HA	MM/HA	HD	HD/HA	KG MS/ COW	KG MS/ HA	%	%
NO0012	472	372	832	830	1.8	630	1,107	4.0%	3.4%
NO0014	440	300	654	410	0.9	510	475	3.9%	3.3%
NO0015	232	92	694	315	1.4	453	615	4.4%	3.5%
NO0020	561	306	771	467	0.8	600	499	3.7%	3.3%
NO0022	226	105	727	300	1.3	526	698	4.6%	3.5%
NO0023	***342***	***155***	***593***	***340***	***1.0***	***550***	***546***	***4.4%***	***3.6%***
NO0028	148	120	803	267	1.8	491	885	3.9%	3.4%
NO0036	140	100	1,188	230	1.6	570	936	3.9%	3.2%
NO0038	***85***	***85***	***925***	***354***	***4.2***	***548***	***2,284***	***3.7%***	***3.4%***
NO0039	90	70	1,174	310	3.4	536	1,846	4.6%	3.8%
NO0041	225	153	733	286	1.3	520	661	4.3%	3.4%
NO0043	103	45	807	199	1.9	352	680	5.1%	3.7%
NO0044	***140***	***100***	***1,170***	***320***	***2.3***	***553***	***1,264***	***4.3%***	***3.5%***
NO0045	***159***	***74***	***1,002***	***350***	***2.2***	***521***	***1,147***	***4.2%***	***3.4%***
NO0046	117	102	1,088	323	2.8	546	1,507	4.6%	3.6%
NO0048	146	62	654	205	1.4	441	619	4.6%	3.5%
NO0049	***121***	***81***	***1,043***	***334***	***2.8***	***441***	***1,216***	***4.5%***	***3.5%***
NO0051	205	105	678	180	0.9	594	522	4.2%	3.5%
NO0053	***120***	***112***	***1,047***	***435***	***3.6***	***626***	***2,268***	***4.1%***	***3.5%***
NO0054	524	310	748	950	1.8	676	1,225	3.9%	3.3%
NO0056	263	98	778	244	0.9	628	583	3.9%	3.2%
NO0057	115	115	824	220	1.9	607	1,164	3.8%	3.4%
NO0058	264	106	632	260	1.0	616	607	3.7%	3.4%
NO0059	172	75	837	325	1.9	505	955	4.4%	3.5%
NO0060	145	122	995	441	3.0	387	1,178	4.0%	3.3%
Average	222	135	856	356	1.9	537	1,020	4.2%	3.4%
Top 25%*	161	101	963	356	2.7	540	1,454	4.2%	3.5%

TABLE B2

Physical Information - North

(Continued)

Farm number	Estimated grazed pasture**	Estimated conserved feed**	Home grown feed as % of ME consumed	Nitrogen application	Phosphorous application	Potassium application	Sulphur application	Labour efficiency	Labour efficiency
	T DM/ HA	T DM/ HA	% OF ME	KG/ HA	KG/ HA	KG/ HA	KG/ HA	HD/ FTE	KG MS/ FTE
NO0012	5.9	1.9	41%	95.2	28.6	5.4	15.9	125	78,992
NO0014	3.6	1.4	58%	66.5	35.5	6.1	35.6	73	37,366
NO0015	6.8	1.5	58%	23.7	5.1	0.0	4.0	136	61,467
NO0020	3.6	1.6	63%	66.4	13.2	21.1	7.0	117	70,022
NO0022	10.0	0.2	74%	50.6	13.7	0.0	5.1	116	61,214
NO0023	***7.4***	***1.5***	***63%***	***16.9***	***20.6***	***10.2***	***16.4***	***97***	***53,170***
NO0028	5.8	3.2	56%	79.6	42.9	0.0	12.1	88	43,304
NO0036	9.6	0.0	68%	65.7	56.7	0.0	70.9	100	56,808
NO0038	***8.6***	***0.0***	***30%***	***22.8***	***2.5***	***0.0***	***0.2***	***105***	***57,428***
NO0039	8.5	0.0	39%	129.2	3.2	0.0	4.0	112	59,984
NO0041	6.4	0.9	66%	92.4	2.6	1.7	5.3	97	50,543
NO0043	6.7	0.2	56%	31.3	6.8	0.0	8.5	109	38,208
NO0044	***10.3***	***1.4***	***63%***	***121.7***	***52.9***	***27.4***	***23.1***	***137***	***75,483***
NO0045	***10.1***	***0.0***	***53%***	***50.9***	***22.5***	***5.2***	***22.0***	***102***	***52,918***
NO0046	6.5	3.4	40%	145.0	43.9	4.5	26.7	94	51,090
NO0048	6.1	4.2	56%	116.3	15.7	65.6	34.2	162	71,485
NO0049	***15.3***	***0.4***	***71%***	***94.3***	***6.1***	***0.0***	***4.9***	***101***	***44,326***
NO0051	6.4	2.1	67%	64.5	24.2	25.6	17.1	87	51,444
NO0053	***8.4***	***0.0***	***34%***	***80.5***	***0.0***	***0.0***	***0.0***	***141***	***88,380***
NO0054	5.0	0.0	32%	86.3	26.3	15.9	57.7	126	85,030
NO0056	9.5	0.4	58%	47.9	19.4	5.2	13.3	71	44,738
NO0057	4.5	0.9	38%	56.1	11.5	0.0	14.4	81	48,918
NO0058	4.5	1.9	44%	110.0	29.4	0.0	33.2	121	74,291
NO0059	10.3	1.0	54%	36.7	14.4	3.5	13.8	99	50,124
NO0060	10.9	1.1	64%	140.8	15.9	0.0	18.3	99	38,146
Average	7.6	1.2	54%	75.6	20.5	7.9	18.5	108	57,795
Top 25%*	10.0	0.6	52%	64.5	17.4	7.1	11.1	114	61,951

** on milking area

TABLE B3

Purchased feed - North

Farm number	Purchased feed per milker	Concentrate price	Silage price	Hay price	Other feed price	Average purchased feed price	Average ME of purchased feed	Average purchased feed price	Percent of total energy imported
	T DM/HD	$/ T DM	$/ T DM	$/ T DM	$/ T DM	$/ T DM	MJ ME/ KG	C/ MJ	% OF ME
NO0012	3.0	$393	$170	$171	$263	$351	11.8	3.1	59%
NO0014	3.1	$310		$224		$274	12.0	2.4	42%
NO0015	2.2	$316		$336	$121	$286	11.8	2.5	42%
NO0020	2.7	$366		$218		$364	13.2	2.8	37%
NO0022	2.0	$459		$212		$419	11.6	3.7	26%
NO0023	***1.7***	***$399***	***$125***	***$202***		***$335***	***11.4***	***3.1***	***37%***
NO0028	2.0	$335	$197	$74		$326	12.4	2.7	44%
NO0036	2.6	$427		$247	$304	$382	11.6	3.4	32%
NO0038	***4.4***	***$318***		***$236***		***$285***	***11.6***	***2.6***	***70%***
NO0039	5.0	$346		$304		$320	9.7	3.7	61%
NO0041	2.9	$447		$208		$368	11.1	3.5	34%
NO0043	1.7	$429		$196		$374	12.4	3.1	44%
NO0044	***2.5***	***$389***	***$239***	***$279***		***$332***	***11.1***	***3.2***	***37%***
NO0045	***2.5***	***$379***		***$267***		***$353***	***11.7***	***3.1***	***47%***
NO0046	2.5	$304	$189	$278	$246	$270	11.4	2.5	60%
NO0048	1.8	$345	$289	$198		$324	12.3	2.7	44%
NO0049	***1.3***	***$421***		***$260***		***$401***	***12.2***	***3.4***	***29%***
NO0051	1.8	$353				$353	13.3	2.7	33%
NO0053	***4.5***	***$328***	***$194***	***$255***	***$504***	***$272***	***11.6***	***2.4***	***66%***
NO0054	4.9	$449	$194	$206		$347	11.1	3.3	68%
NO0056	2.3	$456		$206		$421	12.6	3.4	42%
NO0057	4.5	$391		$189		$303	12.0	2.7	62%
NO0058	3.2	$436		$126		$406	12.0	3.5	56%
NO0059	3.2	$507		$277		$401	11.7	3.7	46%
NO0060	1.8	$375	$220	$178		$320	11.8	2.8	36%
Average	2.8	$387	$202	$223	$288	$344	11.8	3.0	46%
Top 25%*	2.8	$372	$93	$250	$84	$330	11.6	3.0	48%

TABLE B4

Variable costs - North

Farm number	AI and herd test	Animal health	Calf rearing	Shed power	Dairy supplies	Total herd and shed costs	Fertiliser	Irrigation	Hay and silage making
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS
NO0012	$0.14	$0.17	$0.09	$0.09	$0.09	$0.58	$0.36	$0.27	$0.25
NO0014	$0.11	$0.14	$0.02	$0.10	$0.07	$0.44	$0.63	$0.03	$0.02
NO0015	$0.17	$0.12	$0.01	$0.10	$0.07	$0.47	$0.10	$0.47	$0.04
NO0020	$0.16	$0.12	$0.10	$0.07	$0.06	$0.51	$0.36	$0.00	$0.22
NO0022	$0.11	$0.15	$0.03	$0.11	$0.05	$0.46	$0.17	$0.45	$0.13
NO0023	***$0.10***	***$0.09***	***$0.01***	***$0.16***	***$0.05***	***$0.42***	***$0.29***	***$0.41***	***$0.11***
NO0028	$0.09	$0.20	$0.02	$0.07	$0.02	$0.40	$0.30	$0.65	$0.32
NO0036	$0.08	$0.09	$0.01	$0.13	$0.08	$0.39	$0.16	$0.57	$0.06
NO0038	***$0.10***	***$0.23***	***$0.00***	***$0.19***	***$0.14***	***$0.65***	***$0.04***	***$0.18***	***$0.00***
NO0039	$0.11	$0.20	$0.03	$0.07	$0.15	$0.55	$0.13	$0.47	$0.01
NO0041	$0.10	$0.21	$0.00	$0.12	$0.06	$0.49	$0.13	$0.76	$0.13
NO0043	$0.11	$0.12	$0.06	$0.10	$0.10	$0.49	$0.16	$0.56	$0.21
NO0044	***$0.11***	***$0.11***	***$0.07***	***$0.09***	***$0.05***	***$0.44***	***$0.18***	***$0.76***	***$0.10***
NO0045	***$0.08***	***$0.18***	***$0.04***	***$0.14***	***$0.06***	***$0.50***	***$0.27***	***$0.64***	***$0.12***
NO0046	$0.07	$0.08	$0.00	$0.09	$0.07	$0.31	$0.27	$0.54	$0.22
NO0048	$0.07	$0.07	$0.02	$0.12	$0.05	$0.33	$0.40	$0.55	$0.23
NO0049	***$0.15***	***$0.16***	***$0.01***	***$0.15***	***$0.23***	***$0.70***	***$0.30***	***$1.05***	***$0.09***
NO0051	$0.14	$0.15	$0.06	$0.17	$0.01	$0.53	$0.56	$0.24	$0.25
NO0053	***$0.09***	***$0.10***	***$0.01***	***$0.07***	***$0.06***	***$0.33***	***$0.05***	***$0.15***	***$0.00***
NO0054	$0.26	$0.21	$0.01	$0.06	$0.04	$0.58	$0.19	$0.48	$0.08
NO0056	$0.26	$0.24	$0.04	$0.14	$0.06	$0.74	$0.29	$0.84	$0.21
NO0057	$0.12	$0.15	$0.01	$0.12	$0.08	$0.47	$0.19	$0.58	$0.02
NO0058	$0.15	$0.07	$0.03	$0.18	$0.07	$0.50	$0.33	$0.28	$0.33
NO0059	$0.09	$0.12	$0.01	$0.09	$0.11	$0.41	$0.17	$0.80	$0.14
NO0060	$0.13	$0.17	$0.05	$0.12	$0.06	$0.53	$0.24	$0.34	$0.07
Average	$0.12	$0.14	$0.03	$0.12	$0.08	$0.49	$0.25	$0.48	$0.13
Top 25%*	$0.11	$0.14	$0.02	$0.13	$0.10	$0.51	$0.19	$0.53	$0.07

Farm number	Fuel and oil	Pasture improvement/ cropping	Other feed costs	Fodder purchases	Grain/ concentrates/ other	Agistment costs	Total feed costs	Total variable costs
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS
NO0012	$0.11	$0.30	$0.07	$0.35	$1.56	$0.06	$3.34	$3.92
NO0014	$0.18	$0.20	$0.24	$0.57	$1.26	$0.00	$3.12	$3.56
NO0015	$0.13	$0.11	$0.24	$0.28	$1.19	$0.00	$2.58	$3.05
NO0020	$0.10	$0.21	$0.15	$0.06	$1.63	$0.00	$2.73	$3.25
NO0022	$0.07	$0.20	$0.00	$0.13	$1.45	$0.00	$2.59	$3.05
NO0023	***$0.10***	***$0.45***	***$0.01***	***$0.23***	***$0.91***	***$0.04***	***$2.55***	***$2.97***
NO0028	$0.12	$0.15	$0.03	$0.06	$1.33	$0.33	$3.29	$3.69
NO0036	$0.11	$0.09	$0.10	$0.20	$1.63	$0.00	$2.91	$3.30
NO0038	***$0.08***	***$0.12***	***$0.35***	***$0.79***	***$1.64***	***$0.00***	***$3.20***	***$3.85***
NO0039	$0.11	$0.34	$0.00	$1.97	$1.22	$0.21	$4.45	$5.01
NO0041	$0.10	$0.30	$0.05	$0.44	$1.67	$0.00	$3.58	$4.07
NO0043	$0.18	$0.09	$0.00	$0.23	$1.57	$0.00	$2.99	$3.48
NO0044	***$0.04***	***$0.22***	***$0.00***	***$0.83***	***$0.99***	***$0.09***	***$3.20***	***$3.64***
NO0045	***$0.08***	***$0.18***	***$0.03***	***$0.29***	***$1.41***	***$0.13***	***$3.15***	***$3.65***
NO0046	$0.06	$0.08	$0.03	$0.54	$0.84	$0.26	$2.84	$3.16
NO0048	$0.05	$0.22	$0.07	$0.19	$1.17	$0.27	$3.14	$3.47
NO0049	***$0.09***	***$0.03***	***$0.02***	***$0.14***	***$1.15***	***$0.33***	***$3.20***	***$3.90***
NO0051	$0.11	$0.21	$0.23	$0.08	$1.06	$0.12	$2.86	$3.38
NO0053	***$0.05***	***$0.15***	***$0.00***	***$0.93***	***$1.31***	***$0.25***	***$2.90***	***$3.23***
NO0054	$0.06	$0.17	$0.02	$0.84	$1.94	$0.14	$3.92	$4.50
NO0056	$0.12	$0.26	$0.00	$0.29	$1.50	$0.00	$3.51	$4.24
NO0057	$0.08	$0.21	$0.07	$0.60	$1.63	$0.00	$3.38	$3.85
NO0058	$0.18	$0.46	$0.13	$0.06	$2.04	$0.00	$3.81	$4.31
NO0059	$0.08	$0.00	$0.06	$0.91	$1.72	$0.01	$3.90	$4.31
NO0060	$0.20	$0.24	$0.07	$0.29	$1.23	$0.07	$2.75	$3.28
Average	$0.10	$0.20	$0.08	$0.45	$1.40	$0.09	$3.20	$3.69
Top 25%*	$0.07	$0.19	$0.07	$0.53	$1.23	$0.14	$3.03	$3.54

TABLE B5

Overhead costs - North

Farm number	Rates	Registration and insurance	Farm insurance	Repairs and maintenance	Bank charges	Other overheads	Employed labour	Total cash overheads	Depreciation	Imputed owner/ operator & family labour	Total overheads
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS
NO0012	$0.03	$0.01	$0.01	$0.33	$0.01	$0.14	$1.01	$1.53	$0.38	$0.00	$1.91
NO0014	$0.05	$0.05	$0.05	$0.41	$0.01	$0.02	$0.81	$1.40	$0.67	$0.46	$2.53
NO0015	$0.04	$0.05	$0.04	$0.38	$0.00	$0.08	$0.58	$1.17	$0.08	$0.39	$1.64
NO0020	$0.05	$0.01	$0.03	$0.49	$0.01	$0.10	$0.59	$1.27	$0.20	$0.32	$1.79
NO0022	$0.06	$0.01	$0.09	$0.29	$0.00	$0.17	$0.43	$1.06	$0.08	$0.55	$1.70
NO0023	***$0.05***	***$0.02***	***$0.03***	***$0.35***	***$0.00***	***$0.07***	***$0.68***	***$1.21***	***$0.13***	***$0.48***	***$1.82***
NO0028	$0.04	$0.01	$0.08	$0.23	$0.02	$0.09	$0.55	$1.02	$0.13	$0.83	$1.98
NO0036	$0.05	$0.02	$0.20	$0.48	$0.06	$0.07	$0.62	$1.50	$0.08	$0.76	$2.33
NO0038	***$0.02***	***$0.04***	***$0.03***	***$0.29***	***$0.01***	***$0.09***	***$1.08***	***$1.55***	***$0.09***	***$0.09***	***$1.74***
NO0039	$0.02	$0.01	$0.05	$0.26	$0.00	$0.18	$0.41	$0.92	$0.16	$0.68	$1.76
NO0041	$0.03	$0.02	$0.02	$0.31	$0.01	$0.11	$0.55	$1.04	$0.17	$0.60	$1.81
NO0043	$0.06	$0.04	$0.09	$0.36	$0.01	$0.20	$0.00	$0.75	$0.52	$1.57	$2.84
NO0044	***$0.02***	***$0.01***	***$0.05***	***$0.16***	***$0.00***	***$0.05***	***$0.34***	***$0.64***	***$0.16***	***$0.46***	***$1.25***
NO0045	***$0.04***	***$0.03***	***$0.01***	***$0.13***	***$0.01***	***$0.07***	***$0.46***	***$0.75***	***$0.10***	***$0.62***	***$1.47***
NO0046	$0.04	$0.01	$0.05	$0.14	$0.03	$0.09	$0.68	$1.05	$0.18	$0.54	$1.77
NO0048	$0.06	$0.02	$0.07	$0.26	$0.01	$0.06	$0.03	$0.52	$0.23	$0.82	$1.57
NO0049	***$0.04***	***$0.01***	***$0.08***	***$0.16***	***$0.01***	***$0.00***	***$0.41***	***$0.71***	***$0.26***	***$0.33***	***$1.30***
NO0051	$0.07	$0.01	$0.06	$0.64	$0.00	$0.04	$0.62	$1.44	$0.41	$0.50	$2.35
NO0053	***$0.02***	***$0.03***	***$0.06***	***$0.35***	***$0.01***	***$0.08***	***$0.04***	***$0.58***	***$0.18***	***$0.64***	***$1.39***
NO0054	$0.01	$0.02	$0.02	$0.30	$0.00	$0.13	$0.89	$1.38	$0.17	$0.00	$1.54
NO0056	$0.06	$0.01	$0.09	$0.25	$0.01	$0.11	$0.31	$0.83	$0.08	$0.98	$1.90
NO0057	$0.04	$0.01	$0.05	$0.42	$0.05	$0.10	$0.00	$0.67	$0.27	$1.23	$2.17
NO0058	$0.02	$0.00	$0.06	$0.41	$0.00	$0.14	$0.24	$0.88	$0.16	$0.62	$1.67
NO0059	$0.03	$0.00	$0.02	$0.49	$0.00	$0.00	$0.47	$1.01	$0.17	$0.55	$1.73
NO0060	$0.03	$0.01	$0.07	$0.18	$0.08	$0.07	$0.46	$0.90	$0.21	$1.02	$2.14
Average	$0.04	$0.02	$0.06	$0.32	$0.01	$0.09	$0.49	$1.03	$0.21	$0.60	$1.84
Top 25%*	$0.03	$0.02	$0.04	$0.24	$0.01	$0.06	$0.50	$0.91	$0.15	$0.44	$1.50

TABLE B6

Variable costs % - North

Percentage of total farm costs

Farm number	AI and herd test	Animal health	Calf rearing	Shed power	Dairy supplies	Total herd and shed costs	Fertiliser	Irrigation	Hay and silage making
	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS
NO0012	2.4%	3.0%	1.5%	1.6%	1.5%	9.9%	6.2%	3.0%	4.4%
NO0014	1.9%	2.2%	0.4%	1.7%	1.1%	7.2%	10.3%	0.5%	0.3%
NO0015	3.7%	2.6%	0.2%	2.2%	1.4%	10.0%	2.2%	7.2%	0.9%
NO0020	3.2%	2.4%	2.1%	1.3%	1.2%	10.2%	7.2%	0.0%	4.4%
NO0022	2.3%	3.2%	0.6%	2.4%	1.1%	9.6%	3.7%	7.8%	2.8%
NO0023	***2.2%***	***1.9%***	***0.3%***	***3.3%***	***1.1%***	***8.7%***	***6.0%***	***4.2%***	***2.4%***
NO0028	1.5%	3.5%	0.4%	1.3%	0.4%	7.0%	5.4%	4.8%	5.6%
NO0036	1.4%	1.7%	0.1%	2.3%	1.4%	6.9%	2.8%	6.5%	1.0%
NO0038	***1.8%***	***4.1%***	***0.0%***	***3.4%***	***2.5%***	***11.7%***	***0.8%***	***1.6%***	***0.0%***
NO0039	1.6%	3.0%	0.4%	1.1%	2.2%	8.2%	2.0%	2.4%	0.1%
NO0041	1.8%	3.5%	0.0%	2.1%	1.0%	8.4%	2.3%	4.1%	2.3%
NO0043	1.7%	1.8%	1.0%	1.6%	1.6%	7.8%	2.5%	3.7%	3.3%
NO0044	***2.3%***	***2.2%***	***1.5%***	***1.9%***	***1.1%***	***9.0%***	***3.6%***	***4.4%***	***2.0%***
NO0045	***1.6%***	***3.5%***	***0.7%***	***2.8%***	***1.2%***	***9.8%***	***5.3%***	***3.7%***	***2.3%***
NO0046	1.3%	1.7%	0.0%	1.9%	1.4%	6.3%	5.6%	4.3%	4.5%
NO0048	1.5%	1.4%	0.3%	2.3%	1.0%	6.5%	8.0%	6.7%	4.5%
NO0049	***2.9%***	***3.1%***	***0.1%***	***2.9%***	***4.5%***	***13.5%***	***5.8%***	***0.1%***	***1.8%***
NO0051	2.4%	2.6%	1.0%	3.0%	0.2%	9.2%	9.8%	4.2%	4.4%
NO0053	***2.0%***	***2.1%***	***0.2%***	***1.5%***	***1.3%***	***7.2%***	***1.1%***	***3.3%***	***0.1%***
NO0054	4.3%	3.4%	0.2%	1.0%	0.7%	9.6%	3.1%	3.7%	1.4%
NO0056	4.2%	3.9%	0.7%	2.2%	1.0%	12.0%	4.8%	6.8%	3.4%
NO0057	1.9%	2.4%	0.1%	2.1%	1.3%	7.8%	3.1%	3.1%	0.3%
NO0058	2.5%	1.1%	0.6%	3.0%	1.2%	8.4%	5.5%	2.6%	5.5%
NO0059	1.5%	2.0%	0.1%	1.4%	1.8%	6.8%	2.8%	0.2%	2.3%
NO0060	2.4%	3.1%	0.9%	2.3%	1.1%	9.7%	4.4%	4.0%	1.2%
Average	2.3%	2.6%	0.5%	2.1%	1.4%	8.9%	4.6%	3.7%	2.4%
Top 25%*	2.1%	2.8%	0.5%	2.6%	2.0%	10.0%	3.7%	2.9%	1.4%

TABLE B6

Variable costs % - North

Percentage of total farm costs (Continued)

Farm number	Fuel and oil	Pasture improvement/ cropping	Other feed costs	Fodder purchases	Grain/ concentrates/ other	Agistment costs	Total feed costs	Total variable costs
	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS
NO0012	2.0%	5.2%	1.1%	6.0%	26.7%	1.1%	57.4%	67.3%
NO0014	3.0%	3.2%	3.9%	9.4%	20.8%	0.0%	51.2%	58.4%
NO0015	2.8%	2.4%	5.2%	6.0%	25.5%	0.0%	55.1%	65.1%
NO0020	2.0%	4.2%	3.0%	1.2%	32.3%	0.0%	54.2%	64.4%
NO0022	1.5%	4.1%	0.0%	2.7%	30.5%	0.0%	54.6%	64.2%
NO0023	***2.2%***	***9.4%***	***0.2%***	***4.7%***	***19.0%***	***0.9%***	***53.3%***	***62.0%***
NO0028	2.0%	2.6%	0.6%	1.1%	23.5%	5.8%	58.0%	65.1%
NO0036	2.0%	1.6%	1.7%	3.5%	28.9%	0.0%	51.7%	58.6%
NO0038	***1.5%***	***2.1%***	***6.3%***	***14.1%***	***29.4%***	***0.0%***	***57.2%***	***68.9%***
NO0039	1.6%	5.0%	0.0%	29.1%	18.0%	3.1%	65.9%	74.0%
NO0041	1.6%	5.1%	0.9%	7.5%	28.3%	0.0%	60.9%	69.3%
NO0043	2.8%	1.5%	0.0%	3.6%	24.9%	0.0%	47.3%	55.1%
NO0044	***0.9%***	***4.4%***	***0.0%***	***17.0%***	***20.2%***	***1.8%***	***65.4%***	***74.4%***
NO0045	***1.5%***	***3.5%***	***0.6%***	***5.7%***	***27.5%***	***2.6%***	***61.4%***	***71.3%***
NO0046	1.3%	1.7%	0.6%	11.0%	16.9%	5.3%	57.7%	64.0%
NO0048	0.9%	4.5%	1.4%	3.7%	23.2%	5.3%	62.3%	68.8%
NO0049	***1.7%***	***0.7%***	***0.4%***	***2.6%***	***22.1%***	***6.3%***	***61.5%***	***75.0%***
NO0051	1.8%	3.6%	4.1%	1.3%	18.4%	2.2%	49.8%	59.0%
NO0053	***1.1%***	***3.2%***	***0.0%***	***20.1%***	***28.4%***	***5.4%***	***62.7%***	***69.9%***
NO0054	1.0%	2.8%	0.3%	13.9%	32.2%	2.3%	64.9%	74.5%
NO0056	1.9%	4.3%	0.0%	4.7%	24.4%	0.0%	57.1%	69.1%
NO0057	1.3%	3.5%	1.1%	10.0%	27.2%	0.0%	56.1%	64.0%
NO0058	3.1%	7.7%	2.2%	1.0%	34.2%	0.0%	63.7%	72.1%
NO0059	1.4%	0.0%	1.0%	15.1%	28.5%	0.2%	64.6%	71.3%
NO0060	3.7%	4.4%	1.3%	5.4%	22.8%	1.3%	50.8%	60.5%
Average	1.9%	3.6%	1.4%	8.0%	25.3%	1.7%	57.8%	66.7%
Top 25%*	1.5%	3.9%	1.3%	10.7%	24.4%	2.8%	60.2%	70.2%

TABLE B7

Overhead costs % - North

Percentage of total farm costs

Farm number	Rates	Registration and insurance	Farm insurance	Repairs and maintenance	Bank charges	Other overheads	Employed labour	Total cash overheads	Depreciation	Imputed owner/ operator & family labour	Total overheads
	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	
NO0012	0.5%	0.1%	0.1%	5.7%	0.1%	2.4%	17.4%	26.3%	6.5%	0.0%	32.7%
NO0014	0.8%	0.8%	0.8%	6.7%	0.2%	0.4%	13.3%	23.0%	11.1%	7.5%	41.6%
NO0015	0.9%	1.0%	0.7%	8.1%	0.1%	1.7%	12.4%	24.9%	1.6%	8.4%	34.9%
NO0020	0.9%	0.2%	0.6%	9.7%	0.1%	2.0%	11.8%	25.3%	3.9%	6.4%	35.6%
NO0022	1.3%	0.2%	1.9%	6.2%	0.0%	3.6%	9.1%	22.3%	1.8%	11.7%	35.8%
NO0023	***1.1%***	***0.4%***	***0.7%***	***7.3%***	***0.1%***	***1.5%***	***14.2%***	***25.3%***	***2.6%***	***10.1%***	***38.0%***
NO0028	0.8%	0.2%	1.3%	4.1%	0.3%	1.5%	9.7%	18.0%	2.3%	14.6%	34.9%
NO0036	0.8%	0.4%	3.6%	8.5%	1.1%	1.3%	11.0%	26.6%	1.4%	13.4%	41.4%
NO0038	***0.4%***	***0.7%***	***0.6%***	***5.1%***	***0.1%***	***1.6%***	***19.3%***	***27.8%***	***1.7%***	***1.7%***	***31.1%***
NO0039	0.3%	0.1%	0.7%	3.9%	0.0%	2.7%	6.0%	13.7%	2.3%	10.0%	26.0%
NO0041	0.5%	0.3%	0.3%	5.2%	0.2%	1.9%	9.4%	17.8%	2.8%	10.1%	30.7%
NO0043	0.9%	0.7%	1.4%	5.6%	0.1%	3.1%	0.0%	11.8%	8.2%	24.8%	44.9%
NO0044	***0.5%***	***0.2%***	***1.1%***	***3.2%***	***0.1%***	***1.0%***	***6.9%***	***13.0%***	***3.2%***	***9.4%***	***25.6%***
NO0045	***0.7%***	***0.5%***	***0.3%***	***2.6%***	***0.2%***	***1.3%***	***9.0%***	***14.7%***	***2.0%***	***12.0%***	***28.7%***
NO0046	0.9%	0.1%	1.1%	2.8%	0.7%	1.9%	13.8%	21.2%	3.7%	11.0%	36.0%
NO0048	1.1%	0.4%	1.4%	5.3%	0.3%	1.2%	0.7%	10.2%	4.6%	16.3%	31.2%
NO0049	***0.7%***	***0.2%***	***1.5%***	***3.1%***	***0.2%***	***0.0%***	***7.9%***	***13.7%***	***5.1%***	***6.3%***	***25.0%***
NO0051	1.3%	0.2%	1.0%	11.1%	0.0%	0.8%	10.8%	25.1%	7.2%	8.7%	41.0%
NO0053	***0.3%***	***0.7%***	***1.2%***	***7.5%***	***0.2%***	***1.7%***	***0.9%***	***12.6%***	***3.8%***	***13.8%***	***30.1%***
NO0054	0.2%	0.4%	0.3%	4.9%	0.1%	2.1%	14.8%	22.8%	2.8%	0.0%	25.5%
NO0056	1.0%	0.1%	1.4%	4.0%	0.1%	1.9%	5.0%	13.5%	1.4%	15.9%	30.9%
NO0057	0.6%	0.2%	0.9%	7.0%	0.8%	1.7%	0.0%	11.2%	4.4%	20.4%	36.0%
NO0058	0.4%	0.0%	0.9%	6.9%	0.0%	2.4%	4.1%	14.8%	2.7%	10.4%	27.9%
NO0059	0.5%	0.1%	0.3%	8.1%	0.0%	0.0%	7.7%	16.7%	2.7%	9.2%	28.7%
NO0060	0.6%	0.2%	1.4%	3.4%	1.4%	1.3%	8.4%	16.6%	4.0%	18.9%	39.5%
Average	0.7%	0.3%	1.0%	5.8%	0.3%	1.6%	8.9%	18.8%	3.7%	10.8%	33.3%
Top 25%*	0.6%	0.4%	0.9%	4.8%	0.2%	1.2%	9.7%	17.8%	3.1%	8.9%	29.8%

TABLE B8

Capital structure - North

	FARM ASSETS				OTHER FARM ASSETS (PER USABLE HECTARE)					LIABILITIES		EQUITY	
	Land value	Land value	Permanent water value	Permanent water value	Plant and equipment	Livestock	Hay and grain	Other assets	Total assets	Liabilities	Liabilities	Equity	Average equity
	$/HA	$/COW	$/HA	$/COW	$/HA	$/HA	$/HA	$/HA	$/HA	$/HA	$/COW	$/HA	%
Average	$8,056	$5,071	$2,591	$1,590	$1,564	$2,878	$298	$885	$16,893	$6,630	$3,632	$10,263	60%
Top 25%*	$9,363	$4,034	$2,122	$997	$1,945	$4,119	$366	$1,576	$20,509	$8,880	$3,166	$11,629	55%

TABLE B9

Historical data - North

Average farm income, costs and profit per kilogram of milk solids

	INCOME				VARIABLE COSTS							
	Milk income (net)		Gross farm income		Herd costs		Shed costs		Feed costs		Total variable costs	
	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)
2006-07	$4.64	$5.69	$5.48	$6.73	$0.21	$0.26	$0.17	$0.21	$3.60	$4.42	$4.03	$4.95
2007-08	$6.53	$7.67	$7.86	$9.23	$0.23	$0.27	$0.15	$0.17	$4.37	$5.14	$4.70	$5.52
2008-09	$5.32	$6.15	$6.06	$7.01	$0.21	$0.24	$0.13	$0.15	$3.47	$4.01	$3.81	$4.41
2009-10	$4.46	$5.00	$5.19	$5.83	$0.23	$0.26	$0.15	$0.17	$2.71	$3.05	$3.09	$3.47
2010-11	$5.69	$6.17	$6.74	$7.30	$0.31	$0.33	$0.19	$0.20	$2.66	$2.88	$3.16	$3.42
2011-12	$5.64	$6.04	$6.06	$6.49	$0.26	$0.28	$0.18	$0.19	$2.52	$2.70	$2.95	$3.16
2012-13	$5.05	$5.28	$5.53	$5.79	$0.25	$0.27	$0.24	$0.25	$2.85	$2.97	$3.34	$3.49
2013-14	$6.83	$6.93	$7.46	$7.57	$0.27	$0.27	$0.21	$0.21	$3.13	$3.18	$3.61	$3.67
2014-15	$6.09	$6.09	$6.62	$6.62	$0.30	$0.30	$0.19	$0.19	$3.20	$3.20	$3.69	$3.69
Average		$6.11		$6.95		$0.28		$0.19		$3.50		$3.97

	OVERHEAD COSTS						PROFIT							
	Cash overhead costs		Non-cash overhead costs		Total overhead costs		Earnings before interest & tax		Interest & lease charges		Net farm income			
	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	RETURN ON ASSETS	RETURN ON EQUITY
2006-07	$0.82	$1.00	$1.10	$1.35	$1.92	$2.36	-$0.47	-$0.58	$0.57	$0.69	-$1.04	-$1.27	-1.6%	-6.9%
2007-08	$0.78	$0.92	$0.90	$1.05	$1.57	$1.85	$1.59	$1.87	$0.55	$0.64	$1.04	$1.22	7.9%	7.6%
2008-09	$0.74	$0.86	$0.82	$0.95	$1.56	$1.81	$0.59	$0.68	$0.54	$0.62	$0.05	$0.05	2.7%	-0.7%
2009-10	$0.82	$0.92	$1.01	$1.14	$1.83	$2.06	$0.20	$0.23	$0.51	$0.58	-$0.31	-$0.35	0.8%	-3.1%
2010-11	$1.01	$1.10	$1.05	$1.13	$2.06	$2.23	$1.52	$1.64	$0.65	$0.70	$0.87	$0.94	7.0%	7.6%
2011-12	$0.90	$0.97	$0.85	$0.91	$1.75	$1.87	$1.36	$1.45	$0.57	$0.62	$0.78	$0.84	7.6%	8.4%
2012-13	$0.94	$0.98	$0.87	$0.91	$1.81	$1.89	$0.39	$0.41	$0.58	$0.61	-$0.19	-$0.20	2.2%	-2.9%
2013-14	$0.99	$1.00	$0.85	$0.86	$1.83	$1.86	$2.02	$2.05	$0.56	$0.57	$1.46	$1.48	11.3%	14.7%
2014-15	$1.03	$1.03	$0.81	$0.81	$1.84	$1.84	$1.10	$1.10	$0.50	$0.50	$0.59	$0.59	6.1%	4.9%
Average		$0.98		$1.01		$1.98		$0.98		$0.61		$0.37	4.9%	3.3%

Note: 'Real' dollar values are the nominal values converted to 2014/15 dollar equivalents by the consumer price index (CPI) to allow for inflation.

TABLE B10

Historical data - North

Average farm physical information

	Total usable area	Milking area	Water used	Number of milking cows	Milking cows per usable area	Milk sold	Milk sold	Estimated grazed pasture*	Estimated conserved feed*	Home grown feed as % of ME consumed	Concentrate price	
	HA	HA	MM/HA	HD	HD/HA	KG MS/ COW	KG MS/ HA	T DM/ HA	T DM/ HA	% OF ME	NOMINAL ($/T DM)	REAL ($/ T DM)
2006-07	336	331	539	365	1.4	430	636	4.3	0.5	48%	$316	$388
2007-08	294	258	490	321	1.1	511	559	3.1	0.7	47%	$398	$467
2008-09	245	195	528	322	1.6	500	784	4.3	0.7	46%	$347	$402
2009-10	216	195	811	282	1.6	515	806	5.0	0.6	51%	$256	$287
2010-11	196	171	1,089	261	1.5	495	762	5.1	2.6	58%	$286	$310
2011-12	193	128	1,035	304	1.9	516	957	7.1	1.1	53%	$267	$286
2012-13	193	123	901	300	1.8	518	961	8.1	1.4	55%	$311	$325
2013-14	210	130	986	332	1.9	522	995	7.6	1.6	57%	$366	$372
2014-15	222	135	856	356	1.9	537	1020	7.6	1.2	54%	$387	$387
Average	234	185	804	316	1.6	505	831	5.8	1.1	52%		$352

* From 2006/07 to 2010/11 estimated grazed pasture and conserved feed was calculated per usable hectare.
From 2011/12 estimated grazed pasture and conserved feed was calculated per hectare of milking area.

TABLE C1

Main Financial Indicators - South West

Farm number	Milk income (net)	All other income	Gross farm income	Total variable costs	Total overhead costs	Cost structure (variable costs / total costs)	Earnings Before Interest & Tax	Return on assets (excl. capital apprec.)	Interest & lease charges	Debt servicing ratio	Net farm income	Return on equity	Return on equity (incl. capital apprec.)
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	%	$/ KG MS	%	$/ KG MS	% OF INCOME	$/ KG MS	%	%
SW0001	$6.19	$0.75	$6.94	$3.09	$2.44	56%	$1.40	4.4%	$0.99	14%	$0.41	2.8%	2.9%
SW0007	$5.95	$0.24	$6.19	$3.06	$2.52	55%	$0.60	4.1%	$0.00	0%	$0.60	4.1%	2.8%
SW0008	$6.36	$0.19	$6.56	$3.19	$2.11	60%	$1.25	4.4%	$0.54	8%	$0.72	4.0%	2.7%
SW0009	$5.98	$0.36	$6.34	$3.08	$1.80	63%	$1.46	5.9%	$0.66	10%	$0.80	5.3%	5.2%
SW0011	$6.17	$0.53	$6.70	$4.40	$1.86	70%	$0.44	2.2%	$0.57	9%	-$0.13	-2.0%	-5.0%
SW0014	$5.92	$0.39	$6.31	$3.25	$1.77	65%	$1.30	6.3%	$0.37	6%	$0.92	7.3%	7.6%
SW0021	$6.28	$0.87	$7.15	$3.71	$1.83	67%	$1.61	7.4%	$0.26	4%	$1.35	7.9%	7.8%
SW0022	$6.48	$1.07	$7.54	$3.78	$2.13	64%	$1.62	5.7%	$0.96	13%	$0.67	3.3%	3.3%
SW0025	$6.05	$0.39	$6.44	$2.94	$1.81	62%	$1.69	5.6%	$0.75	12%	$0.95	5.2%	5.2%
SW0027	$5.61	$0.13	$5.74	$2.86	$1.91	60%	$0.97	3.9%	$0.43	8%	$0.54	3.2%	-0.2%
SW0030	$6.86	$0.60	$7.46	$3.87	$2.10	65%	$1.49	5.3%	$0.59	8%	$0.90	6.1%	-2.1%
SW0032	$5.97	$0.32	$6.29	$3.27	$2.64	55%	$0.37	1.1%	$0.69	11%	-$0.32	-1.9%	-1.9%
SW0033	$6.05	$0.58	$6.64	$3.32	$3.17	51%	$0.15	0.3%	$0.10	2%	$0.05	0.1%	0.1%
SW0035	***$6.60***	***$0.41***	***$7.01***	***$3.07***	***$1.60***	***66%***	***$2.34***	***8.9%***	***$1.35***	***19%***	***$0.99***	***34.4%***	***31.8%***
SW0036	$5.70	$1.29	$6.99	$3.91	$2.40	62%	$0.68	1.7%	$0.24	3%	$0.44	1.3%	0.3%
SW0037	$6.39	$0.11	$6.50	$3.51	$2.30	60%	$0.69	3.7%	$0.44	7%	$0.25	2.9%	2.9%
SW0038	$5.92	$0.87	$6.79	$3.78	$2.05	65%	$0.96	4.3%	$0.40	6%	$0.57	3.6%	67.7%
SW0039	$6.62	$0.09	$6.71	$3.76	$1.88	67%	$1.07	4.1%	$1.49	22%	-$0.42	–	–
SW0040	***$6.10***	***$0.93***	***$7.03***	***$2.86***	***$2.09***	***58%***	***$2.08***	***9.5%***	***$0.91***	***13%***	***$1.17***	***11.9%***	***12.7%***
SW0042	$5.85	$0.77	$6.63	$3.86	$1.89	67%	$0.89	4.0%	$0.34	5%	$0.55	5.1%	3.9%
SW0043	***$6.51***	***$0.30***	***$6.81***	***$2.60***	***$2.23***	***54%***	***$1.97***	***8.3%***	***$0.29***	***4%***	***$1.69***	***9.5%***	***9.5%***
SW0044	$5.84	$0.24	$6.08	$2.35	$2.38	50%	$1.35	5.1%	$0.78	13%	$0.57	3.7%	-1.2%
SW0045	***$6.37***	***$0.71***	***$7.08***	***$3.11***	***$1.73***	***64%***	***$2.25***	***7.9%***	***$0.57***	***8%***	***$1.68***	***7.9%***	***7.5%***
SW0046	***$6.03***	***$0.52***	***$6.55***	***$3.54***	***$1.62***	***69%***	***$1.39***	***7.6%***	***$0.76***	***12%***	***$0.64***	***11.9%***	***11.8%***
SW0047	***$6.22***	***$0.83***	***$7.05***	***$3.39***	***$1.65***	***67%***	***$2.01***	***8.9%***	***$1.03***	***15%***	***$0.98***	***17.1%***	***19.2%***
Average	$6.16	$0.54	$6.70	$3.34	$2.08	62%	$1.28	5.2%	$0.62	9%	$0.66	6.2%	7.8%
Top 25%*	$6.31	$0.62	$6.92	$3.10	$1.82	63%	$2.01	8.5%	$0.82	12%	$1.19	15.4%	15.4%

* Top 25% are bold and italicised

TABLE C2

Physical Information - South West

Farm number	Total usable area	Milking area	Water used	Number of milking cows	Milking cows per usable area	Milk sold	Milk sold	Fat	Protein
	HA	HA	MM/HA	HD	HD/HA	KG MS/ COW	KG MS/ HA	%	%
SW0001	458	250	498	480	1.0	517	542	3.9%	3.2%
SW0007	116	116	455	117	1.0	452	456	5.3%	4.1%
SW0008	796	494	739	840	1.1	535	564	4.1%	3.4%
SW0009	160	125	637	240	1.5	551	827	3.8%	3.2%
SW0011	570	450	549	992	1.7	485	843	4.2%	3.5%
SW0014	211	171	819	245	1.2	609	708	3.8%	3.2%
SW0021	679	344	512	775	1.1	572	653	3.9%	3.5%
SW0022	759	410	471	640	0.8	585	493	3.8%	3.6%
SW0025	331	140	496	276	0.8	589	491	4.2%	3.4%
SW0027	127	99	628	178	1.4	485	680	5.4%	3.8%
SW0030	264	180	623	336	1.3	515	656	4.1%	3.4%
SW0032	171	130	543	190	1.1	414	460	5.1%	4.0%
SW0033	146	56	549	109	0.7	347	259	4.5%	3.5%
SW0035	***205***	***152***	***697***	***234***	***1.1***	***565***	***645***	***3.7%***	***3.4%***
SW0036	333	220	533	225	0.7	458	310	4.6%	3.5%
SW0037	407	252	777	590	1.4	634	919	4.0%	3.4%
SW0038	115	100	793	160	1.4	585	817	3.9%	3.3%
SW0039	274	163	612	380	1.4	469	650	3.8%	3.5%
SW0040	***379***	***244***	***507***	***420***	***1.1***	***578***	***641***	***3.9%***	***3.3%***
SW0042	157	157	867	220	1.4	515	722	3.8%	3.2%
SW0043	***129***	***86***	***819***	***159***	***1.2***	***526***	***648***	***4.4%***	***3.5%***
SW0044	152	152	777	176	1.2	465	539	4.0%	3.2%
SW0045	***573***	***505***	***482***	***560***	***1.0***	***589***	***575***	***3.6%***	***3.4%***
SW0046	***312***	***270***	***580***	***445***	***1.4***	***517***	***737***	***4.2%***	***3.3%***
SW0047	***508***	***305***	***1,120***	***750***	***1.5***	***566***	***835***	***4.1%***	***3.5%***
Average	333	223	643	389	1.2	525	627	4.2%	3.5%
Top 25%*	351	260	701	428	1.2	557	680	4.0%	3.4%

TABLE C2

Physical Information - South West

(Continued)

Farm number	Estimated grazed pasture**	Estimated conserved feed**	Home grown feed as % of ME consumed	Nitrogen application	Phosphorous application	Potassium application	Sulphur application	Labour efficiency	Labour efficiency
	T DM/ HA	T DM/ HA	% OF ME	KG/ HA	KG/ HA	KG/ HA	KG/ HA	HD/ FTE	KG MS/ FTE
SW0001	3.6	2.2	61%	80.9	14.1	48.9	22.1	117	60,717
SW0007	1.9	0.0	38%	0.0	0.0	0.0	0.0	61	27,383
SW0008	3.5	2.4	64%	44.8	12.4	34.0	14.5	130	69,356
SW0009	6.1	0.4	60%	82.2	4.8	27.3	6.0	65	35,609
SW0011	6.0	0.6	60%	164.8	15.1	41.0	16.1	123	59,836
SW0014	4.2	1.6	61%	125.4	22.9	51.0	35.3	93	56,447
SW0021	3.4	0.0	42%	101.4	14.1	11.0	17.8	145	82,885
SW0022	3.1	1.2	48%	128.5	23.6	6.1	35.8	127	74,261
SW0025	5.5	0.9	72%	87.9	24.2	52.3	16.0	91	53,860
SW0027	5.2	0.5	60%	71.5	23.4	75.4	29.6	97	47,125
SW0030	5.3	1.8	62%	166.8	82.0	78.4	41.2	123	63,282
SW0032	3.5	0.6	56%	23.5	18.2	51.8	13.2	82	33,948
SW0033	4.0	0.8	67%	36.8	8.8	20.2	10.9	82	28,571
SW0035	***5.0***	***1.8***	***67%***	***192.3***	***17.0***	***92.6***	***3.8***	***101***	***56,852***
SW0036	2.8	0.7	72%	56.4	19.6	43.8	21.5	80	36,805
SW0037	6.6	1.2	53%	168.3	22.0	40.4	23.9	77	49,041
SW0038	5.8	1.5	60%	223.6	22.5	46.7	45.1	80	46,985
SW0039	5.8	1.6	65%	133.8	18.1	87.2	22.4	121	56,686
SW0040	***5.2***	***2.2***	***62%***	***87.2***	***7.6***	***24.6***	***9.5***	***99***	***57,028***
SW0042	4.8	1.0	52%	147.0	10.4	47.5	40.3	128	66,009
SW0043	***4.4***	***0.9***	***57%***	***94.0***	***17.0***	***75.7***	***35.3***	***81***	***42,571***
SW0044	3.9	1.0	62%	79.4	18.2	35.0	22.6	84	39,322
SW0045	***2.5***	***1.1***	***55%***	***160.6***	***16.3***	***128.9***	***30.8***	***134***	***78,783***
SW0046	***4.8***	***1.5***	***56%***	***209.2***	***24.7***	***53.4***	***15.2***	***174***	***89,662***
SW0047	***6.7***	***2.4***	***51%***	***158.9***	***18.1***	***36.9***	***12.0***	***110***	***62,166***
Average	4.5	1.2	59%	113.0	19.0	48.4	21.6	104	55,008
Top 25%*	4.8	1.6	58%	150.4	16.8	68.7	17.8	116	64,510

** on milking area

TABLE C3

Purchased feed - South West

Farm number	Purchased feed per milker	Concentrate price	Silage price	Hay price	Other feed price	Average purchased feed price	Average ME of purchased feed	Average purchased feed price	Percent of total energy imported
	T DM/HD	$/ T DM	$/ T DM	$/ T DM	$/ T DM	$/ T DM	MJ ME/ KG	C/ MJ	% OF ME
SW0001	2.6	$441		$178		$384	11.8	3.4	39%
SW0007	2.5	$435	$132	$97		$352	11.8	3.1	62%
SW0008	2.2	$372		$212		$365	12.0	3.1	36%
SW0009	2.7	$433		$224		$372	11.1	3.5	40%
SW0011	3.7	$392		$235	$1,362	$349	8.1	4.6	40%
SW0014	2.8	$442		$270		$408	11.9	3.6	39%
SW0021	3.0	$390		$441		$393	12.9	3.1	58%
SW0022	3.2	$325		$330		$329	12.2	2.8	52%
SW0025	2.4	$425		$281		$402	12.0	3.5	28%
SW0027	2.4	$431		$327		$382	11.6	3.5	40%
SW0030	2.6	$393		$247		$365	11.7	3.2	38%
SW0032	2.4	$385		$251		$365	12.3	3.1	44%
SW0033	1.2	$418		$149		$335	11.9	3.0	33%
SW0035	***2.3***	***$371***				***$371***	***12.5***	***3.0***	***33%***
SW0036	1.7	$446		$156		$426	11.8	3.7	28%
SW0037	3.4	$401		$118		$383	11.8	3.3	47%
SW0038	2.7	$421		$327		$412	12.2	3.5	40%
SW0039	2.2	$409				$409	12.5	3.3	35%
SW0040	***2.9***	***$406***		***$252***		***$363***	***12.3***	***3.1***	***38%***
SW0042	3.3	$476		$224		$420	11.8	3.7	48%
SW0043	***2.4***	***$390***		***$271***		***$370***	***13.0***	***2.9***	***43%***
SW0044	1.6	$399				$399	12.0	3.4	38%
SW0045	***2.3***	***$433***		***$259***		***$416***	***13.1***	***3.3***	***45%***
SW0046	***2.5***	***$383***	***$231***	***$268***		***$359***	***11.6***	***3.2***	***44%***
SW0047	***2.6***	***$393***		***$300***		***$367***	***11.7***	***3.3***	***49%***
Average	2.5	$408	$181	$246	$1,362	$380	11.9	3.3	41%
Top 25%*	2.5	$396	$38	$225	$0	$374	12.4	3.1	42%

TABLE C4

Variable costs - South West

Farm number	AI and herd test	Animal health	Calf rearing	Shed power	Dairy supplies	Total herd and shed costs	Fertiliser	Irrigation	Hay and silage making
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS
SW0001	$0.08	$0.11	$0.03	$0.11	$0.07	$0.40	$0.38	$0.00	$0.06
SW0007	$0.19	$0.13	$0.00	$0.16	$0.10	$0.57	$0.00	$0.00	$0.00
SW0008	$0.12	$0.14	$0.02	$0.13	$0.08	$0.49	$0.53	$0.03	$0.07
SW0009	$0.07	$0.11	$0.00	$0.15	$0.10	$0.42	$0.28	$0.00	$0.15
SW0011	$0.14	$0.12	$0.12	$0.12	$0.10	$0.60	$0.39	$0.00	$0.15
SW0014	$0.09	$0.09	$0.01	$0.12	$0.05	$0.35	$0.54	$0.00	$0.07
SW0021	$0.14	$0.13	$0.08	$0.06	$0.07	$0.48	$0.51	$0.00	$0.29
SW0022	$0.09	$0.13	$0.20	$0.08	$0.13	$0.63	$0.50	$0.00	$0.09
SW0025	$0.11	$0.12	$0.04	$0.07	$0.05	$0.39	$0.49	$0.00	$0.12
SW0027	$0.08	$0.06	$0.00	$0.10	$0.10	$0.34	$0.41	$0.00	$0.12
SW0030	$0.07	$0.09	$0.01	$0.11	$0.11	$0.38	$0.69	$0.01	$0.10
SW0032	$0.07	$0.10	$0.07	$0.11	$0.06	$0.41	$0.39	$0.00	$0.06
SW0033	$0.17	$0.11	$0.00	$0.11	$0.08	$0.48	$0.77	$0.00	$0.22
SW0035	***$0.07***	***$0.12***	***$0.00***	***$0.10***	***$0.06***	***$0.35***	***$0.71***	***$0.00***	***$0.23***
SW0036	$0.18	$0.20	$0.01	$0.12	$0.26	$0.77	$0.74	$0.02	$0.40
SW0037	$0.10	$0.19	$0.05	$0.07	$0.08	$0.50	$0.52	$0.06	$0.10
SW0038	$0.13	$0.20	$0.08	$0.07	$0.10	$0.58	$0.56	$0.00	$0.18
SW0039	$0.12	$0.17	$0.00	$0.12	$0.33	$0.74	$0.66	$0.00	$0.12
SW0040	***$0.09***	***$0.12***	***$0.00***	***$0.11***	***$0.12***	***$0.44***	***$0.17***	***$0.00***	***$0.06***
SW0042	$0.04	$0.08	$0.00	$0.05	$0.13	$0.30	$0.37	$0.00	$0.18
SW0043	***$0.08***	***$0.05***	***$0.01***	***$0.13***	***$0.09***	***$0.36***	***$0.39***	***$0.00***	***$0.03***
SW0044	$0.10	$0.04	$0.00	$0.08	$0.05	$0.27	$0.45	$0.00	$0.10
SW0045	***$0.09***	***$0.08***	***$0.04***	***$0.07***	***$0.10***	***$0.37***	***$0.50***	***$0.00***	***$0.18***
SW0046	***$0.15***	***$0.10***	***$0.03***	***$0.09***	***$0.05***	***$0.42***	***$0.66***	***$0.00***	***$0.22***
SW0047	***$0.07***	***$0.11***	***$0.03***	***$0.09***	***$0.11***	***$0.41***	***$0.38***	***$0.00***	***$0.34***
Average	$0.11	$0.12	$0.03	$0.10	$0.10	$0.46	$0.48	$0.00	$0.15
Top 25%*	$0.09	$0.10	$0.02	$0.10	$0.09	$0.39	$0.47	$0.00	$0.18

Farm number	Fuel and oil	Pasture improvement/ cropping	Other feed costs	Fodder purchases	Grain/ concentrates/ other	Agistment costs	Total feed costs	Total variable costs
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS
SW0001	$0.19	$0.16	$0.00	$0.19	$1.70	$0.00	$2.69	$3.09
SW0007	$0.07	$0.01	$0.02	$0.20	$1.91	$0.29	$2.49	$3.06
SW0008	$0.09	$0.30	$0.16	$0.05	$1.48	$0.00	$2.70	$3.19
SW0009	$0.17	$0.17	$0.00	$0.36	$1.52	$0.00	$2.65	$3.08
SW0011	$0.05	$0.17	$0.01	$0.73	$1.96	$0.32	$3.80	$4.40
SW0014	$0.13	$0.08	$0.00	$0.39	$1.69	$0.00	$2.90	$3.25
SW0021	$0.10	$0.21	$0.00	$0.18	$1.94	$0.00	$3.23	$3.71
SW0022	$0.12	$0.23	$0.31	$0.61	$1.27	$0.00	$3.15	$3.78
SW0025	$0.15	$0.14	$0.01	$0.20	$1.45	$0.00	$2.55	$2.94
SW0027	$0.07	$0.01	$0.00	$0.81	$1.11	$0.00	$2.52	$2.86
SW0030	$0.12	$0.33	$0.11	$0.44	$1.64	$0.07	$3.50	$3.87
SW0032	$0.06	$0.14	$0.00	$0.30	$1.91	$0.00	$2.86	$3.27
SW0033	$0.15	$0.42	$0.00	$0.19	$1.09	$0.00	$2.85	$3.32
SW0035	***$0.09***	***$0.16***	***$0.01***	***$0.00***	***$1.52***	***$0.00***	***$2.73***	***$3.07***
SW0036	$0.21	$0.19	$0.00	$0.04	$1.54	$0.00	$3.14	$3.91
SW0037	$0.12	$0.10	$0.04	$0.04	$2.04	$0.00	$3.01	$3.51
SW0038	$0.19	$0.25	$0.05	$0.19	$1.77	$0.00	$3.19	$3.78
SW0039	$0.10	$0.02	$0.20	$0.00	$1.92	$0.00	$3.03	$3.76
SW0040	***$0.13***	***$0.21***	***$0.00***	***$0.39***	***$1.46***	***$0.00***	***$2.42***	***$2.86***
SW0042	$0.16	$0.06	$0.00	$0.35	$2.40	$0.02	$3.55	$3.86
SW0043	***$0.09***	***$0.06***	***$0.00***	***$0.21***	***$1.47***	***$0.00***	***$2.24***	***$2.60***
SW0044	$0.13	$0.00	$0.01	$0.00	$1.40	$0.00	$2.09	$2.35
SW0045	***$0.11***	***$0.03***	***$0.02***	***$0.11***	***$1.76***	***$0.00***	***$2.73***	***$3.11***
SW0046	***$0.09***	***$0.07***	***$0.02***	***$0.35***	***$1.50***	***$0.22***	***$3.12***	***$3.54***
SW0047	***$0.08***	***$0.15***	***$0.01***	***$0.42***	***$1.49***	***$0.10***	***$2.97***	***$3.39***
Average	$0.12	$0.15	$0.04	$0.27	$1.64	$0.04	$2.88	$3.34
Top 25%*	$0.10	$0.11	$0.01	$0.25	$1.53	$0.05	$2.70	$3.10

TABLE C5

Overhead costs - South West

Farm number	Rates	Registration and insurance	Farm insurance	Repairs and maintenance	Bank charges	Other overheads	Employed labour	Total cash overheads	Depreciation	Imputed owner/ operator & family labour	Total overheads
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS
SW0001	$0.04	$0.03	$0.07	$0.67	$0.00	$0.07	$0.52	$1.40	$0.64	$0.41	$2.44
SW0007	$0.07	$0.01	$0.06	$0.27	$0.01	$0.10	$1.77	$2.29	$0.09	$0.15	$2.52
SW0008	$0.03	$0.00	$0.05	$0.55	$0.01	$0.22	$0.73	$1.60	$0.31	$0.21	$2.11
SW0009	$0.06	$0.02	$0.04	$0.29	$0.02	$0.02	$0.77	$1.23	$0.15	$0.42	$1.80
SW0011	$0.04	$0.00	$0.04	$0.22	$0.00	$0.22	$1.14	$1.66	$0.21	$0.00	$1.86
SW0014	$0.05	$0.01	$0.03	$0.40	$0.01	$0.09	$0.44	$1.02	$0.13	$0.62	$1.77
SW0021	$0.02	$0.00	$0.05	$0.60	$0.01	$0.14	$0.57	$1.39	$0.21	$0.22	$1.83
SW0022	$0.11	$0.01	$0.07	$0.49	$0.01	$0.28	$0.34	$1.31	$0.31	$0.52	$2.13
SW0025	$0.04	$0.01	$0.06	$0.24	$0.00	$0.10	$0.53	$0.98	$0.26	$0.57	$1.81
SW0027	$0.05	$0.01	$0.08	$0.09	$0.01	$0.11	$0.07	$0.41	$0.24	$1.27	$1.91
SW0030	$0.08	$0.02	$0.02	$0.64	$0.02	$0.12	$0.09	$0.98	$0.28	$0.84	$2.10
SW0032	$0.05	$0.03	$0.04	$0.45	$0.01	$0.23	$0.22	$1.01	$0.11	$1.52	$2.64
SW0033	$0.10	$0.06	$0.17	$0.21	$0.00	$0.14	$0.14	$0.81	$0.41	$1.94	$3.17
SW0035	***$0.00***	***$0.01***	***$0.03***	***$0.19***	***$0.00***	***$0.08***	***$0.32***	***$0.63***	***$0.20***	***$0.77***	***$1.60***
SW0036	$0.08	$0.04	$0.07	$0.46	$0.03	$0.13	$0.55	$1.35	$0.13	$0.91	$2.40
SW0037	$0.04	$0.02	$0.09	$0.71	$0.00	$0.05	$0.77	$1.66	$0.32	$0.31	$2.30
SW0038	$0.06	$0.03	$0.04	$0.33	$0.01	$0.14	$0.15	$0.76	$0.16	$1.13	$2.05
SW0039	$0.10	$0.01	$0.07	$0.25	$0.00	$0.11	$0.66	$1.21	$0.27	$0.39	$1.88
SW0040	***$0.05***	***$0.01***	***$0.10***	***$0.25***	***$0.01***	***$0.16***	***$0.87***	***$1.46***	***$0.20***	***$0.44***	***$2.09***
SW0042	$0.05	$0.02	$0.05	$0.66	$0.01	$0.06	$0.11	$0.97	$0.11	$0.80	$1.89
SW0043	***$0.04***	***$0.04***	***$0.05***	***$0.31***	***$0.00***	***$0.10***	***$0.05***	***$0.60***	***$0.23***	***$1.41***	***$2.23***
SW0044	$0.08	$0.03	$0.09	$0.23	$0.01	$0.10	$0.00	$0.54	$0.31	$1.53	$2.38
SW0045	***$0.04***	***$0.01***	***$0.05***	***$0.32***	***$0.09***	***$0.10***	***$0.38***	***$1.00***	***$0.41***	***$0.32***	***$1.73***
SW0046	***$0.02***	***$0.01***	***$0.06***	***$0.69***	***$0.00***	***$0.05***	***$0.49***	***$1.32***	***$0.09***	***$0.21***	***$1.62***
SW0047	***$0.03***	***$0.01***	***$0.06***	***$0.30***	***$0.00***	***$0.10***	***$0.70***	***$1.22***	***$0.14***	***$0.29***	***$1.65***
Average	$0.05	$0.02	$0.06	$0.39	$0.01	$0.12	$0.49	$1.15	$0.24	$0.69	$2.08
Top 25%*	$0.03	$0.02	$0.06	$0.34	$0.02	$0.10	$0.47	$1.04	$0.21	$0.57	$1.82

TABLE C6

Variable costs % - South West

Percentage of total farm costs

Farm number	AI and herd test	Animal health	Calf rearing	Shed power	Dairy supplies	Total herd and shed costs	Fertiliser	Irrigation	Hay and silage making
	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS
SW0001	1.4%	2.1%	0.5%	2.0%	1.2%	7.2%	6.9%	0.1%	1.1%
SW0007	3.4%	2.2%	0.0%	2.8%	1.8%	10.3%	0.0%	0.0%	0.0%
SW0008	2.3%	2.6%	0.4%	2.4%	1.6%	9.3%	9.9%	0.7%	1.3%
SW0009	1.4%	2.2%	0.0%	3.0%	2.1%	8.7%	5.8%	0.0%	3.0%
SW0011	2.2%	1.9%	2.0%	1.9%	1.6%	9.6%	6.3%	0.0%	2.5%
SW0014	1.8%	1.7%	0.2%	2.3%	0.9%	7.0%	10.8%	0.0%	1.3%
SW0021	2.6%	2.4%	1.5%	1.0%	1.2%	8.7%	9.3%	0.0%	5.3%
SW0022	1.5%	2.2%	3.5%	1.4%	2.2%	10.7%	8.5%	0.0%	1.6%
SW0025	2.3%	2.5%	0.8%	1.6%	1.1%	8.1%	10.3%	0.0%	2.6%
SW0027	1.7%	1.2%	0.0%	2.2%	2.1%	7.1%	8.5%	0.0%	2.4%
SW0030	1.1%	1.5%	0.1%	1.8%	1.8%	6.3%	11.5%	0.1%	1.7%
SW0032	1.1%	1.7%	1.1%	1.9%	1.1%	6.9%	6.5%	0.0%	1.0%
SW0033	2.6%	1.7%	0.1%	1.7%	1.2%	7.3%	11.9%	0.0%	3.5%
SW0035	***1.5%***	***2.5%***	***0.0%***	***2.2%***	***1.2%***	***7.4%***	***15.2%***	***0.0%***	***5.0%***
SW0036	2.9%	3.1%	0.2%	1.9%	4.1%	12.2%	11.8%	0.3%	6.3%
SW0037	1.7%	3.3%	0.9%	1.2%	1.4%	8.6%	9.0%	1.0%	1.8%
SW0038	2.3%	3.5%	1.4%	1.2%	1.7%	10.0%	9.6%	0.0%	3.1%
SW0039	2.1%	2.9%	0.0%	2.2%	5.9%	13.1%	11.8%	0.0%	2.1%
SW0040	***1.9%***	***2.5%***	***0.0%***	***2.2%***	***2.3%***	***8.9%***	***3.5%***	***0.0%***	***1.3%***
SW0042	0.7%	1.5%	0.1%	0.9%	2.2%	5.3%	6.4%	0.0%	3.2%
SW0043	***1.6%***	***1.1%***	***0.2%***	***2.7%***	***1.8%***	***7.4%***	***8.1%***	***0.0%***	***0.7%***
SW0044	2.0%	0.9%	0.0%	1.8%	1.0%	5.6%	9.5%	0.0%	2.2%
SW0045	***1.9%***	***1.6%***	***0.8%***	***1.4%***	***2.1%***	***7.8%***	***10.4%***	***0.0%***	***3.8%***
SW0046	***3.0%***	***1.9%***	***0.5%***	***1.8%***	***1.0%***	***8.2%***	***12.8%***	***0.0%***	***4.3%***
SW0047	***1.5%***	***2.1%***	***0.6%***	***1.8%***	***2.3%***	***8.2%***	***7.5%***	***0.0%***	***6.8%***
Average	1.9%	2.1%	0.6%	1.9%	1.9%	8.4%	8.9%	0.1%	2.7%
Top 25%*	1.9%	1.9%	0.3%	2.0%	1.8%	8.0%	9.6%	0.0%	3.7%

TABLE C6

Variable costs % - South West

Percentage of total farm costs (Continued)

Farm number	Fuel and oil	Pasture improvement/ cropping	Other feed costs	Fodder purchases	Grain/ concentrates/ other	Agistment costs	Total feed costs	Total variable costs
	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS
SW0001	3.5%	2.8%	0.0%	3.5%	30.8%	0.0%	48.7%	55.9%
SW0007	1.2%	0.2%	0.4%	3.6%	34.1%	5.1%	44.6%	54.8%
SW0008	1.7%	5.6%	2.9%	0.9%	27.8%	0.0%	50.8%	60.1%
SW0009	3.5%	3.4%	0.0%	7.4%	31.2%	0.1%	54.4%	63.1%
SW0011	0.8%	2.8%	0.2%	11.7%	31.4%	5.1%	60.7%	70.2%
SW0014	2.6%	1.6%	0.0%	7.8%	33.6%	0.0%	57.8%	64.8%
SW0021	1.8%	3.7%	0.0%	3.3%	34.9%	0.0%	58.3%	67.0%
SW0022	2.1%	3.9%	5.3%	10.3%	21.5%	0.0%	53.2%	63.9%
SW0025	3.1%	2.9%	0.1%	4.3%	30.5%	0.0%	53.8%	61.9%
SW0027	1.4%	0.1%	0.0%	17.0%	23.3%	0.0%	52.8%	60.0%
SW0030	2.0%	5.5%	1.8%	7.3%	27.5%	1.2%	58.5%	64.9%
SW0032	1.1%	2.4%	0.0%	5.0%	32.4%	0.0%	48.4%	55.4%
SW0033	2.3%	6.4%	0.0%	2.9%	16.8%	0.0%	43.8%	51.2%
SW0035	***2.0%***	***3.5%***	***0.2%***	***0.0%***	***32.6%***	***0.0%***	***58.4%***	***65.8%***
SW0036	3.3%	3.1%	0.0%	0.6%	24.5%	0.0%	49.8%	62.0%
SW0037	2.0%	1.7%	0.7%	0.7%	35.1%	0.0%	51.9%	60.5%
SW0038	3.3%	4.4%	0.9%	3.2%	30.3%	0.0%	54.8%	64.8%
SW0039	1.9%	0.4%	3.5%	0.0%	34.1%	0.0%	53.6%	66.7%
SW0040	***2.6%***	***4.3%***	***0.0%***	***7.8%***	***29.4%***	***0.0%***	***48.9%***	***57.8%***
SW0042	2.9%	1.1%	0.0%	6.1%	41.8%	0.4%	61.9%	67.2%
SW0043	***1.8%***	***1.2%***	***0.0%***	***4.3%***	***30.4%***	***0.0%***	***46.4%***	***53.8%***
SW0044	2.8%	0.0%	0.1%	0.0%	29.5%	0.0%	44.1%	49.7%
SW0045	***2.3%***	***0.7%***	***0.5%***	***2.3%***	***36.4%***	***0.0%***	***56.5%***	***64.3%***
SW0046	***1.6%***	***1.3%***	***0.4%***	***6.8%***	***29.1%***	***4.2%***	***60.5%***	***68.7%***
SW0047	***1.7%***	***2.9%***	***0.1%***	***8.3%***	***29.6%***	***1.9%***	***59.0%***	***67.2%***
Average	2.2%	2.6%	0.7%	5.0%	30.3%	0.7%	53.3%	61.7%
Top 25%*	2.0%	2.3%	0.2%	4.9%	31.2%	1.0%	54.9%	62.9%

TABLE C7

Overhead costs % - South West

Percentage of total farm costs

Farm number	Rates	Registration and insurance	Farm insurance	Repairs and maintenance	Bank charges	Other overheads	Employed labour	Total cash overheads	Depreciation	Imputed owner/ operator & family labour	Total overheads
	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	
SW0001	0.7%	0.5%	1.2%	12.0%	0.0%	1.3%	9.5%	25.3%	11.5%	7.4%	44.1%
SW0007	1.2%	0.2%	1.1%	4.8%	0.2%	1.8%	31.6%	40.9%	1.6%	2.6%	45.2%
SW0008	0.6%	0.0%	0.9%	10.4%	0.1%	4.2%	13.8%	30.1%	5.8%	3.9%	39.9%
SW0009	1.3%	0.5%	0.8%	6.0%	0.4%	0.5%	15.9%	25.2%	3.2%	8.5%	36.9%
SW0011	0.6%	0.0%	0.6%	3.5%	0.0%	3.5%	18.2%	26.5%	3.3%	0.0%	29.8%
SW0014	0.9%	0.1%	0.6%	8.0%	0.1%	1.9%	8.8%	20.3%	2.5%	12.4%	35.2%
SW0021	0.3%	0.1%	0.9%	10.9%	0.1%	2.5%	10.3%	25.1%	3.8%	4.1%	33.0%
SW0022	1.8%	0.2%	1.1%	8.3%	0.2%	4.7%	5.7%	22.1%	5.2%	8.7%	36.1%
SW0025	0.9%	0.1%	1.2%	5.0%	0.0%	2.1%	11.2%	20.7%	5.4%	12.0%	38.1%
SW0027	1.1%	0.1%	1.7%	1.9%	0.1%	2.3%	1.4%	8.6%	4.9%	26.5%	40.0%
SW0030	1.3%	0.3%	0.3%	10.7%	0.3%	2.0%	1.5%	16.4%	4.6%	14.2%	35.1%
SW0032	0.8%	0.5%	0.6%	7.6%	0.2%	3.9%	3.7%	17.1%	1.8%	25.6%	44.6%
SW0033	1.5%	1.0%	2.6%	3.2%	0.0%	2.1%	2.1%	12.5%	6.4%	29.9%	48.8%
SW0035	***0.0%***	***0.2%***	***0.7%***	***4.0%***	***0.0%***	***1.8%***	***6.7%***	***13.5%***	***4.2%***	***16.5%***	***34.2%***
SW0036	1.2%	0.7%	1.1%	7.3%	0.4%	2.0%	8.7%	21.3%	2.1%	14.5%	38.0%
SW0037	0.6%	0.3%	1.5%	12.2%	0.0%	0.8%	13.2%	28.7%	5.5%	5.4%	39.5%
SW0038	1.1%	0.5%	0.6%	5.7%	0.1%	2.4%	2.6%	13.0%	2.7%	19.4%	35.2%
SW0039	1.8%	0.1%	1.3%	4.4%	0.1%	2.0%	11.8%	21.4%	4.9%	7.0%	33.3%
SW0040	***1.0%***	***0.2%***	***2.1%***	***5.0%***	***0.3%***	***3.2%***	***17.7%***	***29.4%***	***4.0%***	***8.8%***	***42.2%***
SW0042	0.9%	0.4%	0.9%	11.5%	0.2%	1.1%	1.8%	16.9%	2.0%	14.0%	32.8%
SW0043	***0.8%***	***0.9%***	***1.1%***	***6.5%***	***0.1%***	***2.0%***	***0.9%***	***12.4%***	***4.7%***	***29.1%***	***46.2%***
SW0044	1.8%	0.6%	1.9%	4.8%	0.3%	2.1%	0.0%	11.4%	6.6%	32.3%	50.3%
SW0045	***0.9%***	***0.2%***	***1.0%***	***6.7%***	***1.9%***	***2.0%***	***7.9%***	***20.6%***	***8.4%***	***6.7%***	***35.7%***
SW0046	***0.3%***	***0.2%***	***1.2%***	***13.4%***	***0.0%***	***1.0%***	***9.4%***	***25.6%***	***1.7%***	***4.0%***	***31.3%***
SW0047	***0.7%***	***0.2%***	***1.2%***	***6.0%***	***0.1%***	***2.1%***	***13.9%***	***24.3%***	***2.7%***	***5.8%***	***32.8%***
Average	1.0%	0.3%	1.1%	7.2%	0.2%	2.2%	9.1%	21.2%	4.4%	12.8%	38.3%
Top 25%*	0.6%	0.3%	1.2%	6.9%	0.4%	2.0%	9.4%	21.0%	4.3%	11.8%	37.1%

TABLE C8

Capital structure - South West

	FARM ASSETS				OTHER FARM ASSETS (PER USABLE HECTARE)					LIABILITIES		EQUITY	
	Land value	Land value	Permanent water value	Permanent water value	Plant and equipment	Livestock	Hay and grain	Other assets	Total assets	Liabilities	Liabilities	Equity	Average equity
	$/HA	$/COW	$/HA	$/COW	$/HA	$/HA	$/HA	$/HA	$/HA	$/HA	$/COW	$/HA	%
Average	$11,373	$8,398	$25	$21	$1,335	$1,921	$181	$361	$13,734	$5,420	$4,368	$8,313	62%
Top 25%*	$10,118	$6,364	$0	$0	$1,295	$1,929	$240	$287	$11,546	$4,763	$3,656	$6,783	59%

TABLE C9

Historical data - South West

Average farm income, costs and profit per kilogram of milk solids

	INCOME				VARIABLE COSTS							
	Milk income (net)		Gross farm income		Herd costs		Shed costs		Feed costs		Total variable costs	
	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)
2006-07	$4.31	$5.29	$5.05	$6.20	$0.19	$0.23	$0.13	$0.16	$2.61	$3.20	$2.97	$3.65
2007-08	$6.56	$7.71	$7.91	$9.29	$0.21	$0.25	$0.14	$0.17	$2.95	$3.47	$3.32	$3.90
2008-09	$5.40	$6.25	$6.13	$7.09	$0.22	$0.25	$0.15	$0.18	$2.55	$2.95	$2.93	$3.39
2009-10	$4.55	$5.11	$5.23	$5.88	$0.21	$0.23	$0.16	$0.18	$2.00	$2.24	$2.37	$2.65
2010-11	$5.62	$6.09	$6.34	$6.87	$0.21	$0.23	$0.18	$0.19	$2.10	$2.27	$2.48	$2.69
2011-12	$5.56	$5.95	$5.97	$6.39	$0.23	$0.25	$0.21	$0.23	$2.35	$2.52	$2.79	$2.99
2012-13	$4.90	$5.13	$5.24	$5.48	$0.24	$0.26	$0.21	$0.22	$2.60	$2.72	$3.06	$3.20
2013-14	$6.91	$7.01	$7.54	$7.66	$0.25	$0.25	$0.23	$0.23	$2.90	$2.94	$3.37	$3.42
2014-15	$6.16	$6.16	$6.70	$6.70	$0.25	$0.25	$0.20	$0.20	$2.88	$2.88	$3.34	$3.34
Average		$6.08		$6.84		$0.24		$0.20		$2.80		$3.25

	OVERHEAD COSTS						PROFIT							
	Cash overhead costs		Non-cash overhead costs		Total overhead costs		Earnings before interest & tax		Interest & lease charges		Net farm income			
	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	RETURN ON ASSETS	RETURN ON EQUITY
2006-07	$0.79	$0.97	$0.99	$1.21	$1.78	$2.18	$0.30	$0.37	$0.59	$0.73	-$0.29	-$0.36	1.0%	-3.3%
2007-08	$0.95	$1.11	$0.84	$0.99	$1.69	$1.99	$2.89	$3.39	$0.72	$0.85	$2.17	$2.54	11.2%	14.8%
2008-09	$0.92	$1.07	$0.89	$1.03	$1.81	$2.09	$1.32	$1.53	$0.69	$0.80	$0.63	$0.73	4.5%	3.7%
2009-10	$0.89	$1.00	$1.03	$1.16	$1.92	$2.16	$0.91	$1.02	$0.80	$0.90	$0.10	$0.11	3.0%	1.3%
2010-11	$1.06	$1.15	$1.08	$1.17	$2.14	$2.32	$1.71	$1.85	$0.95	$1.03	$0.77	$0.83	5.5%	5.8%
2011-12	$1.11	$1.19	$1.29	$1.38	$2.40	$2.57	$0.78	$0.83	$0.90	$0.96	-$0.12	-$0.12	3.3%	-0.2%
2012-13	$0.95	$0.99	$1.20	$1.26	$2.15	$2.25	$0.03	$0.03	$0.78	$0.82	-$0.75	-$0.79	0.2%	-12.7%
2013-14	$1.14	$1.16	$1.00	$1.02	$2.14	$2.18	$2.03	$2.06	$0.69	$0.71	$1.33	$1.35	7.9%	9.9%
2014-15	$1.15	$1.15	$0.92	$0.92	$2.08	$2.08	$1.28	$1.28	$0.62	$0.62	$0.66	$0.66	5.2%	6.2%
Average		$1.09		$1.13		$2.20		$1.37		$0.82		$0.55	4.6%	2.8%

Note: 'Real' dollar values are the nominal values converted to 2014/15 dollar equivalents by the consumer price index (CPI) to allow for inflation.

TABLE C10

Historical data - South West

Average farm physical information

	Total usable area	Milking area	Water used	Number of milking cows	Milking cows per usable area	Milk sold	Milk sold	Estimated grazed pasture*	Estimated conserved feed*	Home grown feed as % of ME consumed	Concentrate price	
	HA	HA	MM/HA	HD	HD/HA	KG MS/ COW	KG MS/ HA	T DM/ HA	T DM/ HA	% OF ME	NOMINAL ($/T DM)	REAL ($/ T DM)
2006-07	286	285	622	386	1.4	500	688	4.8	1.1	61%	$332	$407
2007-08	320	317	728	387	1.2	489	591	5.1	1.3	71%	$425	$499
2008-09	330	328	719	384	1.3	510	649	5.3	1.2	68%	$390	$451
2009-10	302	298	868	366	1.3	503	665	6.0	1.0	71%	$287	$322
2010-11	322	319	1,099	369	1.2	491	585	5.1	1.6	67%	$302	$327
2011-12	327	225	687	387	1.2	507	605	4.2	1.0	55%	$309	$331
2012-13	308	205	647	369	1.2	506	601	4.0	1.5	58%	$342	$358
2013-14	330	214	951	390	1.2	503	600	4.6	1.5	62%	$395	$401
2014-15	333	223	643	389	1.2	525	627	4.5	1.2	59%	$408	$408
Average	318	268	774	381	1.2	504	623	4.9	1.3	63%		$389

* From 2006/07 to 2010/11 estimated grazed pasture and conserved feed was calculated per usable hectare.
From 2011/12 estimated grazed pasture and conserved feed was calculated per hectare of milking area.

TABLE D1

Main Financial Indicators - Gippsland

Farm number	Milk income (net)	All other income	Gross farm income	Total variable costs	Total overhead costs	Cost structure (variable costs / total costs)	Earnings Before Interest & Tax	Return on assets (excl. capital apprec.)	Interest & lease charges	Debt servicing ratio	Net farm income	Return on equity	Return on equity (incl. capital apprec.)
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	%	$/ KG MS	%	$/ KG MS	% OF INCOME	$/ KG MS	%	%
GI0004	$5.61	$0.82	$6.43	$2.27	$3.21	41%	$0.95	3.2%	$0.76	12%	$0.19	1.2%	1.3%
GI0005	$5.59	$0.43	$6.02	$2.68	$2.80	49%	$0.54	1.3%	$0.75	12%	-$0.21	-1.1%	-1.1%
GI0011	$5.98	$0.08	$6.06	$3.38	$1.81	65%	$0.87	2.2%	$1.01	17%	-$0.14	-0.8%	-0.8%
GI0012	$5.91	$0.61	$6.52	$2.36	$2.71	46%	$1.45	2.6%	$0.57	9%	$0.88	2.9%	2.9%
GI0017	$5.46	$1.04	$6.50	$3.40	$2.87	54%	$0.23	0.7%	$0.21	3%	$0.01	0.1%	0.1%
GI0021	$5.87	$0.38	$6.26	$3.50	$2.48	59%	$0.27	0.9%	$0.96	15%	-$0.69	-7.2%	-10.8%
GI0022	***$5.79***	***$1.29***	***$7.08***	***$2.80***	***$1.68***	***63%***	***$2.60***	***7.3%***	***$0.98***	***14%***	***$1.62***	***8.0%***	***16.7%***
GI0025	$5.65	$0.65	$6.30	$2.70	$1.80	60%	$1.80	6.0%	$0.82	13%	$0.98	7.5%	79.3%
GI0028	$5.94	$0.46	$6.40	$3.59	$1.57	70%	$1.24	5.1%	$0.71	11%	$0.53	5.7%	13.0%
GI0029	***$5.67***	***$0.69***	***$6.36***	***$2.83***	***$1.75***	***62%***	***$1.77***	***6.9%***	***$0.11***	***2%***	***$1.66***	***7.0%***	***5.8%***
GI0031	$5.67	$0.68	$6.35	$3.82	$1.99	66%	$0.54	3.0%	$0.40	6%	$0.15	1.1%	1.0%
GI0032	$5.73	$1.24	$6.98	$3.26	$1.94	63%	$1.78	5.7%	$0.16	2%	$1.63	5.8%	4.4%
GI0037	$5.81	$0.13	$5.94	$3.22	$1.71	65%	$1.02	4.8%	$0.45	8%	$0.57	3.3%	1.8%
GI0039	***$6.10***	***$0.45***	***$6.55***	***$3.14***	***$1.54***	***67%***	***$1.87***	***7.2%***	***$0.75***	***11%***	***$1.12***	***27.0%***	***18.2%***
GI0040	$6.09	$0.53	$6.62	$3.40	$2.54	57%	$0.69	2.1%	$1.49	23%	-$0.80	-7.8%	-7.6%
GI0041	$5.71	$0.32	$6.03	$2.64	$1.57	63%	$1.82	6.3%	$0.34	6%	$1.48	6.7%	3.6%
GI0043	***$6.29***	***$0.39***	***$6.68***	***$2.83***	***$1.66***	***63%***	***$2.19***	***9.2%***	***$0.14***	***2%***	***$2.04***	***10.0%***	***12.3%***
GI0045	$6.64	$0.93	$7.56	$3.49	$1.97	64%	$2.11	4.4%	$1.08	14%	$1.03	6.8%	4.4%
GI0046	$5.75	$0.43	$6.19	$2.72	$1.68	62%	$1.79	6.6%	$0.96	15%	$0.83	7.7%	7.7%
GI0048	***$6.12***	***$0.85***	***$6.97***	***$3.12***	***$1.30***	***71%***	***$2.55***	***7.6%***	***$0.47***	***7%***	***$2.08***	***11.8%***	***9.5%***
GI0049	$5.81	$0.45	$6.25	$3.35	$1.89	64%	$1.02	5.9%	$0.91	15%	$0.11	1.8%	1.9%
GI0050	$5.66	$0.81	$6.46	$2.56	$2.93	47%	$0.97	3.5%	$0.80	12%	$0.18	2.7%	195.2%
GI0051	$6.45	$0.85	$7.30	$4.36	$1.69	72%	$1.25	3.4%	$1.05	14%	$0.21	2.1%	-0.9%
GI0052	$6.08	$0.44	$6.52	$3.99	$1.76	69%	$0.77	2.3%	$0.51	8%	$0.26	1.2%	-2.3%
GI0053	***$5.72***	***$0.70***	***$6.43***	***$3.28***	***$1.25***	***72%***	***$1.90***	***9.6%***	***$0.66***	***10%***	***$1.24***	***12.6%***	***12.9%***
Average	$5.88	$0.63	$6.51	$3.15	$2.00	61%	$1.36	4.7%	$0.68	10%	$0.68	4.6%	14.7%
Top 25%*	$5.95	$0.73	$6.68	$3.00	$1.53	66%	$2.15	8.0%	$0.52	8%	$1.63	12.7%	12.6%

* Top 25% are bold and italicised

TABLE D2

Physical Information - Gippsland

Farm number	Total usable area	Milking area	Water used	Number of milking cows	Milking cows per usable area	Milk sold	Milk sold	Fat	Protein
	HA	HA	MM/HA	HD	HD/HA	KG MS/ COW	KG MS/ HA	%	%
GI0004	138	87	929	180	1.3	333	434	4.3%	3.5%
GI0005	119	91	889	167	1.4	362	508	4.1%	3.3%
GI0011	145	85	915	140	1.0	521	503	4.0%	3.4%
GI0012	100	70	992	160	1.6	535	855	4.0%	3.5%
GI0017	187	161	1,005	217	1.2	389	452	4.0%	3.1%
GI0021	255	163	553	380	1.5	478	712	5.2%	4.0%
GI0022	***515***	***280***	***928***	***608***	***1.2***	***428***	***506***	***4.0%***	***3.5%***
GI0025	137	85	891	280	2.0	409	836	4.6%	3.5%
GI0028	150	94	926	265	1.8	514	909	3.9%	3.3%
GI0029	***79***	***79***	***1,172***	***250***	***3.2***	***484***	***1,533***	***4.6%***	***3.5%***
GI0031	73	73	1,361	280	3.8	495	1,900	4.4%	3.6%
GI0032	155	110	967	280	1.8	511	924	4.2%	3.4%
GI0037	249	173	788	446	1.8	570	1,021	4.1%	3.4%
GI0039	***183***	***120***	***868***	***280***	***1.5***	***546***	***835***	***4.1%***	***3.6%***
GI0040	323	220	788	525	1.6	404	657	3.9%	3.2%
GI0041	281	153	917	400	1.4	491	699	4.6%	3.5%
GI0043	***110***	***67***	***1,355***	***241***	***2.2***	***586***	***1,283***	***4.3%***	***3.5%***
GI0045	371	140	927	470	1.3	390	493	4.7%	3.9%
GI0046	185	122	558	240	1.3	500	648	4.0%	3.6%
GI0048	***342***	***185***	***911***	***510***	***1.5***	***517***	***771***	***4.1%***	***3.4%***
GI0049	72	72	1,099	260	3.6	459	1,659	4.6%	3.5%
GI0050	103	101	1,082	214	2.1	435	901	4.6%	3.6%
GI0051	260	180	927	385	1.5	527	782	4.2%	3.3%
GI0052	102	70	901	152	1.5	537	800	4.8%	3.7%
GI0053	***97***	***92***	***1,248***	***281***	***2.9***	***561***	***1,624***	***4.2%***	***3.4%***
Average	189	123	956	304	1.8	479	890	4.3%	3.5%
Top 25%*	221	137	1,080	362	2.1	520	1,092	4.2%	3.5%

TABLE D2

Physical Information - Gippsland

(Continued)

Farm number	Estimated grazed pasture**	Estimated conserved feed**	Home grown feed as % of ME consumed	Nitrogen application	Phosphorous application	Potassium application	Sulphur application	Labour efficiency	Labour efficiency
	T DM/ HA	T DM/ HA	% OF ME	KG/ HA	KG/ HA	KG/ HA	KG/ HA	HD/ FTE	KG MS/ FTE
GI0004	5.2	1.8	77%	54.0	12.1	25.8	17.5	70	23,147
GI0005	5.1	1.0	78%	27.2	12.1	17.9	4.1	79	28,487
GI0011	4.7	0.5	57%	70.5	21.9	57.4	26.8	126	65,566
GI0012	8.3	1.4	69%	127.1	22.4	52.5	29.0	68	36,123
GI0017	4.2	0.2	71%	41.8	19.3	45.6	24.0	83	32,380
GI0021	2.8	2.2	52%	22.0	3.2	6.1	3.9	107	51,331
GI0022	***6.7***	***1.4***	***69%***	***50.8***	***5.4***	***10.0***	***0.9***	***219***	***93,897***
GI0025	11.0	0.5	80%	288.0	39.5	56.1	20.7	136	55,637
GI0028	7.6	1.3	63%	190.3	26.9	69.5	20.8	127	65,172
GI0029	***11.1***	***0.2***	***63%***	***103.9***	***27.1***	***31.0***	***29.1***	***112***	***54,217***
GI0031	10.7	0.3	51%	598.5	2.2	7.1	2.7	129	64,025
GI0032	10.3	2.0	74%	313.8	28.8	84.9	35.6	105	53,715
GI0037	8.3	1.8	67%	298.9	27.4	100.0	31.0	121	68,923
GI0039	***6.1***	***2.1***	***57%***	***288.3***	***17.8***	***69.8***	***25.3***	***122***	***66,683***
GI0040	5.9	0.9	74%	87.6	24.8	32.2	26.3	115	46,655
GI0041	6.7	0.9	69%	149.9	11.9	38.3	14.9	125	61,462
GI0043	***11.9***	***0.5***	***65%***	***259.0***	***52.7***	***80.9***	***43.4***	***112***	***65,860***
GI0045	6.0	0.2	67%	130.7	4.5	14.6	5.6	148	57,480
GI0046	6.2	0.7	67%	92.0	19.9	39.5	22.8	101	50,382
GI0048	***6.9***	***0.8***	***59%***	***205.8***	***0.0***	***0.0***	***0.0***	***137***	***70,792***
GI0049	10.3	0.3	56%	217.9	41.2	75.8	3.3	134	61,794
GI0050	7.4	1.2	76%	117.3	24.8	49.1	20.1	105	45,646
GI0051	6.0	2.9	65%	344.5	0.0	0.0	7.9	119	62,804
GI0052	5.1	2.4	60%	66.4	10.8	67.0	32.0	119	63,611
GI0053	***10.4***	***0.6***	***61%***	***486.4***	***11.5***	***42.7***	***19.4***	***139***	***78,066***
Average	7.4	1.1	66%	185.3	18.7	43.0	18.7	118	56,954
Top 25%*	8.8	1.0	62%	232.4	19.1	39.1	19.7	140	71,586

** on milking area

TABLE D3

Purchased feed - Gippsland

Farm number	Purchased feed per milker	Concentrate price	Silage price	Hay price	Other feed price	Average purchased feed price	Average ME of purchased feed	Average purchased feed price	Percent of total energy imported
	T DM/HD	$/ T DM	$/ T DM	$/ T DM	$/ T DM	$/ T DM	MJ ME/ KG	C/ MJ	% OF ME
GI0004	0.9	$469				$469	12.5	3.8	23%
GI0005	1.0	$436				$436	13.9	3.1	22%
GI0011	2.2	$440			$227	$433	12.0	3.7	43%
GI0012	1.9	$391	$119			$367	12.8	2.9	31%
GI0017	1.0	$458	$375	$286		$439	11.7	3.8	29%
GI0021	2.1	$415	$275	$418	$411	$401	12.7	3.2	48%
GI0022	***1.6***	***$382***		***$286***		***$380***	***12.9***	***3.0***	***31%***
GI0025	1.0	$381		$272		$367	12.3	3.0	20%
GI0028	2.7	$459		$352		$424	11.5	3.9	37%
GI0029	***1.7***	***$427***	***$273***	***$288***		***$383***	***11.9***	***3.4***	***37%***
GI0031	2.7	$406		$187	$189	$327	11.4	3.0	49%
GI0032	1.6	$431				$431	12.0	3.6	26%
GI0037	1.9	$382	$297	$270		$375	12.5	3.1	33%
GI0039	***2.5***	***$332***				***$332***	***12.0***	***2.8***	***43%***
GI0040	1.5	$501		$276		$496	12.4	4.0	26%
GI0041	1.8	$395		$368		$393	12.7	3.2	31%
GI0043	***1.9***	***$456***	***$250***			***$446***	***12.9***	***3.5***	***35%***
GI0045	1.8	$365		$321		$360	12.7	2.9	33%
GI0046	1.9	$373		$306		$368	12.8	2.9	33%
GI0048	***3.0***	***$344***	***$211***	***$401***		***$308***	***11.3***	***2.9***	***41%***
GI0049	2.0	$434	$280	$202		$413	12.5	3.4	44%
GI0050	1.1	$441				$441	12.0	3.7	24%
GI0051	2.2	$475		$316		$459	12.2	3.9	35%
GI0052	2.8	$446		$264	$563	$427	12.2	3.6	40%
GI0053	***2.2***	***$442***		***$265***		***$433***	***12.7***	***3.5***	***39%***
Average	1.9	$419	$260	$299	$347	$404	12.3	3.4	34%
Top 25%*	2.2	$397	$122	$207	$0	$380	12.3	3.2	38%

TABLE D4

Variable costs - Gippsland

Farm number	AI and herd test	Animal health	Calf rearing	Shed power	Dairy supplies	Total herd and shed costs	Fertiliser	Irrigation	Hay and silage making
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS
GI0004	$0.01	$0.12	$0.03	$0.07	$0.07	$0.29	$0.38	$0.00	$0.11
GI0005	$0.11	$0.05	$0.11	$0.14	$0.10	$0.51	$0.54	$0.00	$0.16
GI0011	$0.07	$0.03	$0.02	$0.15	$0.14	$0.42	$0.67	$0.03	$0.19
GI0012	$0.07	$0.12	$0.03	$0.09	$0.08	$0.40	$0.38	$0.03	$0.07
GI0017	$0.15	$0.14	$0.01	$0.14	$0.18	$0.60	$0.48	$0.03	$0.19
GI0021	$0.21	$0.21	$0.20	$0.26	$0.14	$1.02	$0.13	$0.00	$0.27
GI0022	***$0.14***	***$0.27***	***$0.03***	***$0.10***	***$0.05***	***$0.59***	***$0.21***	***$0.03***	***$0.19***
GI0025	$0.00	$0.16	$0.05	$0.10	$0.12	$0.44	$0.73	$0.04	$0.16
GI0028	$0.16	$0.15	$0.03	$0.12	$0.08	$0.54	$0.53	$0.00	$0.15
GI0029	***$0.09***	***$0.09***	***$0.02***	***$0.09***	***$0.06***	***$0.35***	***$0.33***	***$0.18***	***$0.02***
GI0031	$0.19	$0.18	$0.12	$0.10	$0.10	$0.69	$0.41	$0.30	$0.03
GI0032	$0.12	$0.10	$0.28	$0.09	$0.03	$0.61	$0.97	$0.00	$0.08
GI0037	$0.12	$0.15	$0.15	$0.08	$0.07	$0.57	$0.80	$0.04	$0.20
GI0039	***$0.09***	***$0.16***	***$0.02***	***$0.10***	***$0.09***	***$0.47***	***$0.64***	***$0.01***	***$0.25***
GI0040	$0.15	$0.15	$0.19	$0.12	$0.13	$0.74	$0.34	$0.03	$0.26
GI0041	$0.14	$0.16	$0.01	$0.09	$0.08	$0.48	$0.45	$0.00	$0.14
GI0043	***$0.07***	***$0.08***	***$0.01***	***$0.07***	***$0.05***	***$0.28***	***$0.46***	***$0.34***	***$0.07***
GI0045	$0.18	$0.15	$0.04	$0.13	$0.14	$0.65	$0.39	$0.00	$0.50
GI0046	$0.09	$0.15	$0.03	$0.11	$0.06	$0.45	$0.42	$0.02	$0.26
GI0048	***$0.10***	***$0.10***	***$0.05***	***$0.08***	***$0.11***	***$0.43***	***$0.31***	***$0.04***	***$0.11***
GI0049	$0.12	$0.12	$0.03	$0.15	$0.07	$0.50	$0.32	$0.20	$0.03
GI0050	$0.08	$0.10	$0.01	$0.11	$0.03	$0.32	$0.31	$0.14	$0.05
GI0051	$0.08	$0.46	$0.04	$0.12	$0.04	$0.73	$0.72	$0.00	$0.70
GI0052	$0.14	$0.16	$0.04	$0.09	$0.11	$0.54	$0.70	$0.00	$0.36
GI0053	***$0.09***	***$0.13***	***$0.00***	***$0.08***	***$0.09***	***$0.39***	***$0.46***	***$0.23***	***$0.02***
Average	$0.11	$0.15	$0.06	$0.11	$0.09	$0.52	$0.48	$0.07	$0.18
Top 25%*	$0.10	$0.14	$0.02	$0.09	$0.08	$0.42	$0.40	$0.14	$0.11

Farm number	Fuel and oil	Pasture improvement/ cropping	Other feed costs	Fodder purchases	Grain/ concentrates/ other	Agistment costs	Total feed costs	Total variable costs
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS
GI0004	$0.08	$0.08	$0.04	$0.00	$1.29	$0.00	$1.98	$2.27
GI0005	$0.09	$0.03	$0.10	$0.05	$1.22	$0.00	$2.17	$2.68
GI0011	$0.12	$0.02	$0.05	$0.00	$1.87	$0.00	$2.96	$3.38
GI0012	$0.08	$0.03	$0.05	$0.04	$1.28	$0.00	$1.96	$2.36
GI0017	$0.07	$0.01	$0.00	$0.89	$1.06	$0.06	$2.80	$3.40
GI0021	$0.16	$0.14	$0.00	$0.16	$1.63	$0.00	$2.48	$3.50
GI0022	***$0.18***	***$0.11***	***$0.00***	***$0.03***	***$1.46***	***$0.00***	***$2.21***	***$2.80***
GI0025	$0.05	$0.16	$0.05	$0.13	$0.91	$0.01	$2.26	$2.70
GI0028	$0.07	$0.08	$0.00	$0.61	$1.59	$0.01	$3.04	$3.59
GI0029	***$0.12***	***$0.10***	***$0.00***	***$0.49***	***$1.04***	***$0.21***	***$2.49***	***$2.83***
GI0031	$0.02	$0.11	$0.02	$0.17	$1.64	$0.43	$3.13	$3.82
GI0032	$0.11	$0.09	$0.00	$0.00	$1.39	$0.00	$2.65	$3.26
GI0037	$0.09	$0.09	$0.00	$0.09	$1.29	$0.04	$2.64	$3.22
GI0039	***$0.06***	***$0.09***	***$0.00***	***$0.00***	***$1.54***	***$0.08***	***$2.67***	***$3.14***
GI0040	$0.05	$0.08	$0.02	$0.02	$1.85	$0.00	$2.65	$3.40
GI0041	$0.05	$0.01	$0.00	$0.17	$1.35	$0.00	$2.16	$2.64
GI0043	***$0.06***	***$0.02***	***$0.00***	***$0.08***	***$1.41***	***$0.10***	***$2.55***	***$2.83***
GI0045	$0.08	$0.10	$0.12	$0.16	$1.48	$0.00	$2.84	$3.49
GI0046	$0.08	$0.03	$0.00	$0.09	$1.34	$0.02	$2.27	$2.72
GI0048	***$0.07***	***$0.13***	***$0.15***	***$0.70***	***$1.19***	***$0.00***	***$2.68***	***$3.12***
GI0049	$0.04	$0.14	$0.05	$0.16	$1.66	$0.25	$2.84	$3.35
GI0050	$0.07	$0.20	$0.07	$0.00	$1.08	$0.32	$2.24	$2.56
GI0051	$0.13	$0.11	$0.07	$0.13	$1.77	$0.00	$3.62	$4.36
GI0052	$0.11	$0.07	$0.02	$0.19	$2.00	$0.00	$3.45	$3.99
GI0053	***$0.08***	***$0.21***	***$0.00***	***$0.08***	***$1.69***	***$0.13***	***$2.89***	***$3.28***
Average	$0.08	$0.09	$0.03	$0.18	$1.44	$0.07	$2.63	$3.15
Top 25%*	$0.09	$0.11	$0.02	$0.23	$1.39	$0.09	$2.58	$3.00

TABLE D5

Overhead costs - Gippsland

Farm number	Rates	Registration and insurance	Farm insurance	Repairs and maintenance	Bank charges	Other overheads	Employed labour	Total cash overheads	Depreciation	Imputed owner/ operator & family labour	Total overheads
	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS	$/ KG MS
GI0004	$0.08	$0.04	$0.11	$0.12	$0.02	$0.06	$0.03	$0.46	$0.18	$2.57	$3.21
GI0005	$0.11	$0.04	$0.14	$0.20	$0.02	$0.10	$0.00	$0.61	$0.09	$2.11	$2.80
GI0011	$0.05	$0.03	$0.06	$0.24	$0.00	$0.10	$0.15	$0.63	$0.38	$0.80	$1.81
GI0012	$0.07	$0.01	$0.04	$0.48	$0.00	$0.18	$0.22	$1.00	$0.27	$1.44	$2.71
GI0017	$0.06	$0.02	$0.05	$0.10	$0.00	$0.05	$1.29	$1.58	$0.37	$0.92	$2.87
GI0021	$0.09	$0.00	$0.07	$0.39	$0.02	$0.18	$0.95	$1.70	$0.24	$0.54	$2.48
GI0022	***$0.13***	***$0.06***	***$0.00***	***$0.46***	***$0.01***	***$0.06***	***$0.73***	***$1.44***	***$0.14***	***$0.10***	***$1.68***
GI0025	$0.08	$0.01	$0.09	$0.27	$0.01	$0.09	$0.00	$0.54	$0.18	$1.08	$1.80
GI0028	$0.06	$0.02	$0.05	$0.42	$0.03	$0.06	$0.33	$0.97	$0.05	$0.55	$1.57
GI0029	***$0.06***	***$0.01***	***$0.07***	***$0.25***	***$0.00***	***$0.10***	***$0.51***	***$1.00***	***$0.10***	***$0.65***	***$1.75***
GI0031	$0.04	$0.02	$0.03	$0.46	$0.04	$0.17	$1.09	$1.85	$0.14	$0.00	$1.99
GI0032	$0.07	$0.06	$0.04	$0.29	$0.00	$0.08	$0.40	$0.94	$0.27	$0.73	$1.94
GI0037	$0.05	$0.01	$0.04	$0.29	$0.00	$0.07	$0.37	$0.83	$0.33	$0.55	$1.71
GI0039	***$0.04***	***$0.00***	***$0.02***	***$0.39***	***$0.00***	***$0.08***	***$0.20***	***$0.73***	***$0.14***	***$0.67***	***$1.54***
GI0040	$0.08	$0.00	$0.10	$0.38	$0.04	$0.34	$0.81	$1.76	$0.19	$0.59	$2.54
GI0041	$0.06	$0.00	$0.04	$0.37	$0.00	$0.05	$0.49	$1.01	$0.09	$0.48	$1.57
GI0043	***$0.05***	***$0.01***	***$0.12***	***$0.19***	***$0.04***	***$0.04***	***$0.50***	***$0.96***	***$0.17***	***$0.53***	***$1.66***
GI0045	$0.08	$0.02	$0.06	$0.44	$0.00	$0.15	$0.49	$1.23	$0.16	$0.58	$1.97
GI0046	$0.07	$0.00	$0.06	$0.30	$0.01	$0.12	$0.38	$0.94	$0.13	$0.62	$1.68
GI0048	***$0.04***	***$0.02***	***$0.03***	***$0.21***	***$0.00***	***$0.03***	***$0.35***	***$0.70***	***$0.07***	***$0.53***	***$1.30***
GI0049	$0.03	$0.00	$0.07	$0.45	$0.00	$0.09	$1.17	$1.81	$0.08	$0.00	$1.89
GI0050	$0.16	$0.01	$0.05	$0.43	$0.07	$0.18	$0.03	$0.92	$0.71	$1.30	$2.93
GI0051	$0.04	$0.01	$0.05	$0.27	$0.01	$0.17	$0.73	$1.26	$0.13	$0.30	$1.69
GI0052	$0.05	$0.06	$0.08	$0.11	$0.00	$0.25	$0.22	$0.78	$0.20	$0.78	$1.76
GI0053	***$0.04***	***$0.01***	***$0.07***	***$0.03***	***$0.00***	***$0.19***	***$0.17***	***$0.51***	***$0.16***	***$0.58***	***$1.25***
Average	$0.07	$0.02	$0.06	$0.30	$0.01	$0.12	$0.46	$1.05	$0.20	$0.76	$2.00
Top 25%*	$0.06	$0.02	$0.05	$0.26	$0.01	$0.08	$0.41	$0.89	$0.13	$0.51	$1.53

TABLE D6

Variable costs % - Gippsland

Percentage of total farm costs

Farm number	AI and herd test	Animal health	Calf rearing	Shed power	Dairy supplies	Total herd and shed costs	Fertiliser	Irrigation	Hay and silage making
	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS
GI0004	0.1%	2.1%	0.5%	1.4%	1.2%	5.3%	7.0%	0.0%	1.9%
GI0005	2.1%	0.8%	1.9%	2.6%	1.9%	9.3%	9.9%	0.0%	2.8%
GI0011	1.3%	0.6%	0.4%	2.9%	2.8%	8.0%	13.0%	0.6%	3.7%
GI0012	1.4%	2.3%	0.6%	1.8%	1.6%	7.8%	7.5%	0.7%	1.4%
GI0017	2.3%	2.2%	0.2%	2.2%	2.8%	9.6%	7.7%	0.6%	3.0%
GI0021	3.5%	3.5%	3.3%	4.4%	2.3%	17.1%	2.2%	0.0%	4.5%
GI0022	***3.0%***	***6.1%***	***0.7%***	***2.3%***	***1.1%***	***13.2%***	***4.8%***	***0.7%***	***4.1%***
GI0025	0.0%	3.6%	1.1%	2.3%	2.7%	9.8%	16.3%	0.9%	3.7%
GI0028	3.1%	2.8%	0.6%	2.4%	1.6%	10.5%	10.3%	0.0%	2.9%
GI0029	***2.0%***	***1.9%***	***0.4%***	***2.0%***	***1.3%***	***7.5%***	***7.2%***	***3.8%***	***0.4%***
GI0031	3.2%	3.0%	2.1%	1.7%	1.8%	11.9%	7.0%	5.2%	0.6%
GI0032	2.2%	1.9%	5.3%	1.8%	0.5%	11.8%	18.6%	0.1%	1.6%
GI0037	2.4%	3.1%	3.1%	1.6%	1.5%	11.7%	16.3%	0.9%	4.0%
GI0039	***2.0%***	***3.4%***	***0.5%***	***2.1%***	***2.0%***	***10.0%***	***13.6%***	***0.1%***	***5.4%***
GI0040	2.6%	2.5%	3.2%	2.1%	2.1%	12.5%	5.7%	0.5%	4.3%
GI0041	3.3%	3.7%	0.2%	2.2%	1.8%	11.3%	10.8%	0.0%	3.4%
GI0043	***1.6%***	***1.7%***	***0.2%***	***1.6%***	***1.2%***	***6.3%***	***10.3%***	***7.5%***	***1.6%***
GI0045	3.4%	2.8%	0.7%	2.4%	2.5%	11.8%	7.2%	0.0%	9.1%
GI0046	2.0%	3.5%	0.7%	2.5%	1.5%	10.1%	9.6%	0.5%	5.9%
GI0048	***2.3%***	***2.2%***	***1.0%***	***1.9%***	***2.4%***	***9.8%***	***7.0%***	***0.8%***	***2.4%***
GI0049	2.3%	2.4%	0.6%	2.8%	1.4%	9.6%	6.0%	3.9%	0.6%
GI0050	1.4%	1.8%	0.1%	1.9%	0.6%	5.8%	5.7%	2.6%	1.0%
GI0051	1.3%	7.6%	0.6%	1.9%	0.7%	12.1%	11.8%	0.0%	11.6%
GI0052	2.4%	2.8%	0.8%	1.5%	1.9%	9.4%	12.2%	0.0%	6.3%
GI0053	***2.1%***	***2.8%***	***0.0%***	***1.7%***	***2.1%***	***8.6%***	***10.0%***	***5.0%***	***0.4%***
Average	2.1%	2.9%	1.2%	2.2%	1.7%	10.0%	9.5%	1.4%	3.5%
Top 25%*	2.2%	3.0%	0.5%	1.9%	1.7%	9.2%	8.8%	3.0%	2.4%

TABLE D6

Variable costs % - Gippsland

Percentage of total farm costs (Continued)

Farm number	Fuel and oil	Pasture improvement/ cropping	Other feed costs	Fodder purchases	Grain/ concentrates/ other	Agistment costs	Total feed costs	Total variable costs
	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS
GI0004	1.4%	1.5%	0.8%	0.0%	23.5%	0.0%	36.1%	41.4%
GI0005	1.6%	0.5%	1.7%	0.8%	22.2%	0.0%	39.6%	48.9%
GI0011	2.3%	0.4%	0.9%	0.0%	36.1%	0.0%	57.1%	65.2%
GI0012	1.6%	0.5%	1.0%	0.7%	25.3%	0.0%	38.7%	46.5%
GI0017	1.1%	0.1%	0.0%	14.2%	16.9%	1.0%	44.6%	54.2%
GI0021	2.7%	2.3%	0.0%	2.7%	27.2%	0.0%	41.5%	58.5%
GI0022	***3.9%***	***2.5%***	***0.0%***	***0.6%***	***32.6%***	***0.0%***	***49.4%***	***62.5%***
GI0025	1.2%	3.6%	1.0%	3.0%	20.3%	0.2%	50.2%	60.0%
GI0028	1.3%	1.6%	0.0%	11.9%	30.9%	0.1%	59.0%	69.5%
GI0029	***2.6%***	***2.2%***	***0.0%***	***10.8%***	***22.8%***	***4.6%***	***54.3%***	***61.9%***
GI0031	0.4%	1.9%	0.4%	2.9%	28.2%	7.4%	53.9%	65.8%
GI0032	2.1%	1.8%	0.0%	0.0%	26.8%	0.0%	50.9%	62.7%
GI0037	1.8%	1.8%	0.0%	1.8%	26.1%	0.9%	53.6%	65.3%
GI0039	***1.3%***	***2.0%***	***0.0%***	***0.0%***	***32.9%***	***1.8%***	***57.1%***	***67.1%***
GI0040	0.8%	1.4%	0.3%	0.4%	31.2%	0.0%	44.7%	57.2%
GI0041	1.2%	0.1%	0.0%	3.9%	32.0%	0.0%	51.4%	62.7%
GI0043	***1.3%***	***0.5%***	***0.0%***	***1.9%***	***31.4%***	***2.3%***	***56.8%***	***63.1%***
GI0045	1.5%	1.9%	2.2%	3.0%	27.1%	0.0%	52.1%	63.9%
GI0046	1.9%	0.7%	0.0%	2.1%	30.4%	0.5%	51.6%	61.7%
GI0048	***1.5%***	***3.0%***	***3.3%***	***15.8%***	***27.0%***	***0.0%***	***60.8%***	***70.6%***
GI0049	0.8%	2.6%	1.0%	3.0%	31.7%	4.7%	54.3%	63.9%
GI0050	1.3%	3.6%	1.2%	0.0%	19.7%	5.8%	40.9%	46.7%
GI0051	2.1%	1.8%	1.1%	2.2%	29.2%	0.0%	59.9%	72.0%
GI0052	2.0%	1.1%	0.4%	3.3%	34.8%	0.0%	60.0%	69.4%
GI0053	***1.8%***	***4.6%***	***0.0%***	***1.8%***	***37.2%***	***2.9%***	***63.8%***	***72.5%***
Average	1.7%	1.8%	0.6%	3.5%	28.1%	1.3%	51.3%	61.3%
Top 25%*	2.1%	2.5%	0.6%	5.1%	30.6%	1.9%	57.0%	66.3%

TABLE D7

Overhead costs % - Gippsland

Percentage of total farm costs

Farm number	Rates	Registration and insurance	Farm insurance	Repairs and maintenance	Bank charges	Other overheads	Employed labour	Total cash overheads	Depreciation	Imputed owner/ operator & family labour	Total overheads
	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	% OF COSTS	
GI0004	1.5%	0.6%	1.9%	2.2%	0.4%	1.1%	0.5%	8.3%	3.4%	46.9%	58.6%
GI0005	2.0%	0.7%	2.5%	3.6%	0.4%	1.8%	0.0%	11.1%	1.6%	38.4%	51.1%
GI0011	1.0%	0.6%	1.2%	4.5%	0.1%	1.9%	2.8%	12.1%	7.3%	15.4%	34.8%
GI0012	1.4%	0.2%	0.9%	9.4%	0.0%	3.5%	4.3%	19.7%	5.4%	28.4%	53.5%
GI0017	0.9%	0.4%	0.8%	1.6%	0.0%	0.9%	20.6%	25.3%	5.8%	14.7%	45.8%
GI0021	1.5%	0.1%	1.2%	6.5%	0.3%	3.0%	15.9%	28.4%	4.0%	9.1%	41.5%
GI0022	***2.8%***	***1.4%***	***0.0%***	***10.3%***	***0.2%***	***1.3%***	***16.2%***	***32.1%***	***3.2%***	***2.2%***	***37.5%***
GI0025	1.8%	0.2%	2.0%	5.9%	0.2%	1.9%	0.0%	12.1%	4.0%	24.0%	40.0%
GI0028	1.2%	0.4%	1.0%	8.2%	0.6%	1.2%	6.3%	18.8%	1.0%	10.6%	30.5%
GI0029	***1.3%***	***0.3%***	***1.4%***	***5.4%***	***0.1%***	***2.1%***	***11.1%***	***21.8%***	***2.2%***	***14.1%***	***38.1%***
GI0031	0.7%	0.3%	0.6%	7.9%	0.7%	2.9%	18.8%	31.8%	2.4%	0.0%	34.2%
GI0032	1.3%	1.1%	0.7%	5.7%	0.1%	1.6%	7.6%	18.1%	5.1%	14.1%	37.3%
GI0037	1.0%	0.2%	0.8%	5.9%	0.0%	1.4%	7.4%	16.8%	6.8%	11.1%	34.7%
GI0039	***0.9%***	***0.1%***	***0.4%***	***8.4%***	***0.0%***	***1.7%***	***4.2%***	***15.7%***	***3.0%***	***14.3%***	***32.9%***
GI0040	1.4%	0.0%	1.8%	6.4%	0.6%	5.8%	13.6%	29.6%	3.2%	9.9%	42.8%
GI0041	1.3%	0.0%	0.9%	8.7%	0.1%	1.3%	11.6%	23.9%	2.1%	11.3%	37.3%
GI0043	***1.0%***	***0.3%***	***2.6%***	***4.3%***	***0.9%***	***1.0%***	***11.1%***	***21.3%***	***3.8%***	***11.8%***	***36.9%***
GI0045	1.5%	0.4%	1.0%	8.0%	0.0%	2.7%	9.1%	22.6%	2.8%	10.6%	36.1%
GI0046	1.5%	0.0%	1.4%	6.8%	0.1%	2.8%	8.6%	21.3%	2.9%	14.1%	38.3%
GI0048	***0.9%***	***0.5%***	***0.8%***	***4.9%***	***0.1%***	***0.7%***	***7.9%***	***15.8%***	***1.6%***	***12.0%***	***29.4%***
GI0049	0.7%	0.0%	1.3%	8.5%	0.1%	1.6%	22.4%	34.6%	1.5%	0.0%	36.1%
GI0050	2.9%	0.2%	0.8%	7.7%	1.3%	3.2%	0.5%	16.7%	12.9%	23.7%	53.3%
GI0051	0.6%	0.1%	0.8%	4.4%	0.1%	2.7%	12.0%	20.9%	2.2%	4.9%	28.0%
GI0052	0.9%	1.0%	1.4%	1.9%	0.1%	4.4%	3.8%	13.5%	3.4%	13.6%	30.6%
GI0053	***0.9%***	***0.1%***	***1.5%***	***0.7%***	***0.1%***	***4.3%***	***3.7%***	***11.3%***	***3.5%***	***12.7%***	***27.5%***
Average	1.3%	0.4%	1.2%	5.9%	0.3%	2.3%	8.8%	20.1%	3.8%	14.7%	38.7%
Top 25%*	1.3%	0.5%	1.1%	5.7%	0.2%	1.8%	9.0%	19.7%	2.9%	11.2%	33.7%

TABLE D8

Capital structure - Gippsland

FARM ASSETS					OTHER FARM ASSETS (PER USABLE HECTARE)					LIABILITIES		EQUITY	
	Land value	Land value	Permanent water value	Permanent water value	Plant and equipment	Livestock	Hay and grain	Other assets	Total assets	Liabilities	Liabilities	Equity	Average equity
	$/HA	$/COW	$/HA	$/COW	$/HA	$/HA	$/HA	$/HA	$/HA	$/HA	$/COW	$/HA	%
Average	$15,926	$8,183	$1,579	$639	$1,525	$2,671	$209	$1,346	$21,040	$7,421	$4,108	$13,619	65%
Top 25%*	$13,184	$6,120	$2,252	$1,318	$1,402	$3,004	$243	$2,751	$23,182	$5,529	$2,683	$17,653	77%

TABLE D9

Historical data - Gippsland

Average farm income, costs and profit per kilogram of milk solids

INCOME					VARIABLE COSTS							
	Milk income (net)		Gross farm income		Herd costs		Shed costs		Feed costs		Total variable costs	
	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)
2006-07	$4.46	$5.48	$5.16	$6.34	$0.23	$0.28	$0.15	$0.18	$2.31	$2.84	$2.72	$3.34
2007-08	$6.62	$7.78	$7.58	$8.91	$0.27	$0.32	$0.13	$0.16	$2.80	$3.29	$3.30	$3.87
2008-09	$5.32	$6.16	$6.05	$7.00	$0.25	$0.29	$0.15	$0.18	$2.61	$3.01	$3.01	$3.49
2009-10	$4.38	$4.92	$5.07	$5.69	$0.22	$0.24	$0.17	$0.19	$1.95	$2.18	$2.33	$2.61
2010-11	$5.59	$6.06	$6.34	$6.86	$0.28	$0.30	$0.19	$0.20	$2.06	$2.23	$2.52	$2.73
2011-12	$5.37	$5.75	$5.89	$6.31	$0.29	$0.31	$0.18	$0.20	$2.12	$2.27	$2.59	$2.77
2012-13	$4.75	$4.97	$4.99	$5.21	$0.31	$0.33	$0.22	$0.23	$2.31	$2.42	$2.85	$2.98
2013-14	$6.62	$6.72	$7.33	$7.44	$0.31	$0.31	$0.21	$0.22	$2.67	$2.71	$3.19	$3.24
2014-15	$5.88	$5.88	$6.51	$6.51	$0.32	$0.32	$0.20	$0.20	$2.63	$2.63	$3.15	$3.15
Average		$5.97		$6.70		$0.30		$0.19		$2.62		$3.13

OVERHEAD COSTS							PROFIT							
	Cash overhead costs		Non-cash overhead costs		Total overhead costs		Earnings before interest & tax		Interest & lease charges		Net farm income			
	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	NOMINAL ($/KG MS)	REAL ($/KG MS)	RETURN ON ASSETS	RETURN ON EQUITY
2006-07	$0.69	$0.85	$1.44	$1.76	$2.13	$2.61	$0.31	$0.38	$0.57	$0.70	-$0.26	-$0.32	0.8%	-2.1%
2007-08	$0.80	$0.94	$0.90	$1.06	$1.59	$1.87	$2.69	$3.16	$0.61	$0.72	$2.08	$2.45	9.7%	14.9%
2008-09	$0.78	$0.91	$0.93	$1.07	$1.71	$1.98	$1.28	$1.48	$0.51	$0.59	$0.76	$0.88	4.0%	3.4%
2009-10	$0.80	$0.90	$1.09	$1.22	$1.90	$2.13	$0.80	$0.89	$0.70	$0.78	$0.10	$0.11	2.6%	0.7%
2010-11	$0.93	$1.01	$0.93	$1.00	$1.86	$2.01	$1.96	$2.12	$0.67	$0.72	$1.29	$1.40	6.1%	9.9%
2011-12	$0.95	$1.02	$1.05	$1.13	$2.01	$2.15	$1.30	$1.39	$0.65	$0.70	$0.64	$0.69	4.4%	5.1%
2012-13	$1.09	$1.14	$1.19	$1.24	$2.28	$2.38	-$0.14	-$0.14	$0.73	$0.76	-$0.86	-$0.90	-0.2%	-6.2%
2013-14	$1.04	$1.05	$1.07	$1.09	$2.11	$2.14	$2.03	$2.06	$0.69	$0.70	$1.34	$1.36	6.4%	10.2%
2014-15	$1.05	$1.05	$0.96	$0.96	$2.00	$2.00	$1.36	$1.36	$0.68	$0.68	$0.68	$0.68	4.7%	4.6%
Average		$0.98		$1.17		$2.14		$1.41		$0.71		$0.70	4.3%	4.5%

Note: 'Real' dollar values are the nominal values converted to 2014/15 dollar equivalents by the consumer price index (CPI) to allow for inflation.

TABLE D10

Historical data - Gippsland

Average farm physical information

	Total usable area	Milking area	Water used	Number of milking cows	Milking cows per usable area	Milk sold	Milk sold	Estimated grazed pasture*	Estimated conserved feed*	Home grown feed as % of ME consumed	Concentrate price	
	HA	HA	MM/HA	HD	HD/HA	KG MS/ COW	KG MS/ HA	T DM/ HA	T DM/ HA	% OF ME	NOMINAL ($/T DM)	REAL ($/ T DM)
2006-07	191	187	668	282	1.4	405	579	5.6	1.2	71%	$339	$416
2007-08	181	174	838	289	1.6	464	741	7.2	1.1	74%	$451	$530
2008-09	182	172	814	276	1.6	483	803	7.2	0.8	71%	$385	$446
2009-10	172	160	1022	268	1.7	472	792	7.6	0.9	73%	$273	$306
2010-11	190	187	1,123	285	1.6	494	811	7.1	1.7	69%	$315	$341
2011-12	189	126	1,182	291	1.7	501	843	7.4	0.9	62%	$311	$333
2012-13	194	134	906	299	1.7	462	781	6.9	0.6	62%	$356	$372
2013-14	186	126	1044	284	1.8	468	835	7.6	1.0	68%	$403	$409
2014-15	189	123	956	304	1.8	479	890	7.4	1.1	66%	$419	$419
Average	186	154	950	287	1.7	470	786	7.1	1.0	68%		$397

* From 2006/07 to 2010/11 estimated grazed pasture and conserved feed was calculated per usable hectare.
From 2011/12 estimated grazed pasture and conserved feed was calculated per hectare of milking area.

Appendix E: Glossary of terms

All other income

Income to the farm from all sources except milk. Includes livestock trading profit, feed inventory change, dividends, interest payments received, rent from cottages, rebates and grants.

Annual hours

Total hours worked by a person during the given twelve month period.

Appreciation

An increase in the value of an asset in the market place. Often only applicable to land value.

Asset

Anything managed by the farm, whether it is owned or not. Assets include land and buildings, plant and machinery, fixtures and fittings, trading stock, investments, debtors, and cash.

Break-even price required

Cost of production minus income only sourced from the main enterprise output. Allows for direct comparison with price received of main output.

Cash overheads

All fixed costs that have a cash cost to the business. Includes all overhead costs except imputed people costs and depreciation.

Cost of production

Variable costs plus overhead costs. Usually expressed in terms of the main enterprise output ie kilograms of milk solids.

Cost structure

Variable costs as a percentage of total costs, where total costs equals variable costs plus overhead costs.

Debt servicing ratio

Interest and lease costs as a percentage of gross farm income.

Depreciation

Decrease is value over time of capital asset, usually as a result of using the asset. Depreciation is not cash, but reduces the book value of the asset and is therefore a cost.

Earnings before interest & tax (EBIT)

Gross income minus total variable costs, total overhead costs.

EBIT %

The ratio of EBIT compared to gross income. Indicates the percentage of each dollar of gross income that is retained as EBIT.

Employed labour cost

Cash cost of any paid employee, including on-costs such as superannuation, workcover etc.

Equity

Total assets minus total liabilities. Equal to the total value of capital invested in the farm business by the owner/ operator(s).

Equity %

Total equity as a percentage of the total assets managed. The proportion of the total assets owned by the business.

Farm income

See gross farm income.

Feed costs

Cost of fertiliser, irrigation (including effluent), hay and silage making, fuel and oil, pasture improvement, fodder purchases, grain/concentrates, agistment and lease costs associated with any of the above costs.

Finance costs

Total interest plus total lease costs paid.

Full time equivalent (FTE)

Standardised people unit. Equal to 2400 hours a year. Calculated as 50 hours a week, 48 weeks a year.

Grazed area

Total usable area minus any area used only for fodder production during the year.

Grazed pasture

Calculated using the energetics method. Grazed pasture is calculated as the gap between total energy required by livestock over the year and amount of energy available from other sources (hay, silage, grain and concentrates).

Total energy required by livestock is a factor of; age, weight, growth rate, pregnancy and lactation requirements, distance to shed and terrain, and number of animals.

Total energy available is the sum of energy available from all feed sources except pasture, calculated as (weight (kg) x dry matter content (DM %) x metabolisable energy (MJ/kg DM)).

Gross farm income

Farm income including milk sales, livestock and feed trading gains and other income such as income from grants and rebates.

Gross margin

Gross income minus total variable costs.

Herd costs

Cost of AI and herd tests, animal health and calf rearing.

Imputed

An estimated amount, introduced into economic management analysis to allow reasonable comparisons between years and between other businesses.

Imputed labour cost

An allocated allowance for cost of owner/operator, family and sharefarmer time in the business, taken as the greater of $400 per cow less employed labour or $25 per hour.

Liability

Money owed to someone else, eg family or an institute such as a bank.

Metabolisable energy

Energy available to livestock in feed, expressed in megajoules per kilogram of dry matter (MJ/kg DM).

Milk income

Income through the sales of milk.

Milking area

Total usable area minus out blocks or run-off areas.

Net farm income

Previously reported as business profit

Earnings before interest and tax minus interest and lease costs. The amount of profit available for capital investment, loan principal repayments and tax.

Number of milkers

Total number of cows milked for at least three months.

Other income

Income to the farm from other farm owned assets and external sources. Includes dividends, interest payments received, rents from cottage, rebates and grants.

Overhead costs

All fixed costs incurred by the farm business e.g. rates, administration, depreciation, insurance, imputed labour. Interest, leases, capital expenditure, principal repayments and tax are not included.

Labour cost

Cost of the labour resource on farm. Includes both imputed and employed labour cost.

Labour efficiency

FTEs per cow and per kilogram of milk solid. Measures of productivity of the total labour resources in the business.

Labour resource

Any person who works in the business, be they the owner, family, sharefarmer or employed on a permanent, part time or contract basis.

Livestock trading profit

An estimate of the annual contribution to gross income by accounting for the changes in the number and value of livestock during the year. It is calculated as the trading income from sales minus purchases, plus changes in the value and number of livestock on hand at the start and end of the year, and accounting for births and deaths. An increase in livestock trading indicates there was an appreciation of livestock or an increase in livestock numbers over the year.

Return on assets (RoA)

Earnings before interest and tax divided by the value of total assets under management.

Return on equity (RoE)

Net farm income divided by the value of total equity.

Shed costs

Cost of shed power and dairy supplies such as filter socks, rubber ware, vacuum pump oil etc.

Total income

See gross farm income.

Total usable area

Total hectares managed minus that area of land which is of little or no value for livestock production eg house and shed area.

Total water used

Total rainfall plus average irrigation water used expressed as millimetres per hectare, where irrigation water is calculated as: (total megalitres of water used/total usable area) x 100.

Variable costs

All costs that vary with the size of production in the enterprise eg herd, shed and feed costs.

List of abbreviations

AI	Artificial insemination
BPR	Break-even price required
CH_4	Methane gas
CO_2	Carbon dioxide gas
CO_2-e	Carbon dioxide equivalent
CoP	Cost of production
DFMP	Dairy Farm Monitor Project
DM	Dry matter of feed stuffs
DEDJTR	Department of Economic Development, Jobs, Transport and Resources, Victoria
EBIT	Earnings before interest and tax
FTE	Full time equivalent
GWP	Global Warming Potential
ha	Hectare(s)
hd	Head of cattle
HRWS	High Reliability Water Shares
kg	Kilograms
LRWS	Low Reliability Water Shares
ME	Metabolisable energy (MJ/kg)
MJ	Megajoules of energy
mm	Millimetres. 1 mm is equivalent to 4 points or 1/25th of an inch of rainfall
MS	Milk solids (proteins and fats)
N_2O	Nitrous oxide gas
Q1	First quartile, i.e. the value of which one quarter, or 25%, of data in that range is less than
Q3	Third quartile, i.e. the value of which one quarter, or 25%, of data in that range is greater than
RoA	Return on assets
RoE	Return on equity
t	Tonne = 1,000 kg

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