

2013 ANZ Dairy Business of the Year

Awards & Field Day Book

April 2013



**Winners: Frampton Family –
Rob, Lesley & Norm
'Strathalbyn', Gawler**

2013 ANZ Dairy Business of the Year

Farm Walk Program

Friday April 12th, 2013

On property owned by:

The Frampton Family

Location:

35 Top Gawler Road, Gawler

Program

10.00 am **Morning Tea**

10.30 am **Welcome**

DairyTas

10.40 am **Judges Comments**

Lesley Irvine, TIA, & Paul

Lambert, past DBOY winner

10.50 am **Farm Walk**

Rob Frampton & Liz Mann, TIA

12.30 pm **BBQ Lunch**

*The ANZ Dairy Business of the Year Award is organised
by the DairyTas Board and the TIA Dairy Centre*

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ANZ Dairy Business of the Year Awards 2013

Winners: Rob, Lesley and Norm Frampton, Gawler, 13% ROA

Runners-up: Nigel & Rachel Brock, Montana, 11% ROA
Leigh & Kellie Schuurin, share farmers and
Grant & Kim Archer, farm owners, Mella, 10% ROA

Pasture Awards:

Paul & Nadine Lambert, Merseylea, 15.2 t DM/ha
Nigel & Rachel Brock, Montana, 12.3 t DM/ha
John & Sharlene McNab, Rocky Cape, 11.5 t DM/ha

Participants: 27 farm businesses plus 4 share farmers

Recent Past DBOY Winners:

		Participants
2012	Grant & Kim Archer, share farmers plus Rob & Jo Bradley, farm owners, Cressy	40
2011	Darron & Veronica Charles, Mawbanna	33
2010	Grant & Melanie Rogers, Ouse	45
2009	Huisman family & Hatfield Dairies P/L	36
2008	Paul & Nadine Lambert, Merseylea	36
2007	Gary & Helen Strickland, King Island	36
2006	Stephen & Karen Fisher, Togari	40
2005	Symon & Louise Jones, Gunns Plains	50
2004	John & Katrina Sykes, Ringarooma Alan & Rosie Davenport, Derby	42
2003	Grant & Kim Archer, Mella	47
2002	Wayne & Joanne Bowen, Scottsdale	40
2001	Darrell & Jennifer Kay, Togari	38
2000	Derek & Cynthia McAdam, Trowutta	78

ANZ Dairy Business of the Year 2013

Winners: Rob, Lesley & Norm Frampton, Farm Owners, ‘Strathalbyn’



Figure 1. Rob, Lesley and Norm Frampton

Keeping It Simple

Norm, Lesley and Rob Frampton are the winners of the 2013 ANZ Dairy Business of the Year (DBOY) Award. The Frampton family farm their property at Gawler on the north-west coast with the philosophy of “keep it simple”. With a return on assets of 12.9% and an earnings before interest and tax (EBIT) per hectare (ha) of \$3,102, they must be doing something right.

The Farm - Background

Norm and Rob are the fifth and sixth generation of Frampton’s to dairy farm on this property and

believe in running a system that is profitable, sustainable and enjoyable to farm.

The Strathalbyn farm consists of a 155ha milking platform milking 450 cows through a 40 unit rotary shed. In the past five years the farm has grown from milking 400 cows on 115 ha to what it is today through the purchase of neighbouring property and natural increase of cattle.

The farm has 60 ha of irrigated land (34%) with the amount of water available dependent on the season. Calving begins on July 1 with the idea to get the cows in and milking before spring. The farm is run using minimal external labour with only a casual milker employed to do four milkings a week.



Figure 2. Norm and Rob Frampton with the farm map

The Farming System

Norm, Lesley and Rob firmly believe in running a low cost farming operation. For them this means keeping the farm management as simple as possible and matching their system to suit the environment in which they farm.

The low cost structure they run is evident in Table 1. As can be seen in this table most of the key indicators are either below or equal with the average of the DBOY participants. The major difference is in their cost with their costs excluding finance at \$2,281/ha which is 40% below the average and then their EBIT at \$3,102/ha (56% above the average).

Table 1: Comparison of Strathalbyn P/L to the Average Participant for the 2011/12 DBOY Award

	Strathalbyn P/L	Average all participants	% Difference
Kg MS/milking ha	1,010	1,193	-18%
Kg MS/cow	356	424	-16%
Cows/milking ha	2.8	2.7	+3%
\$/kg MS	\$5.25	\$5.40	-3%
Income, \$/ha	\$5,384	\$5,818	-7%
Costs excl finance, \$/ha	\$2,281	\$3,841	-40%
EBIT, \$/ha	\$3,102	\$1,978	+56%
Assets, \$/ha	\$24,083	\$24,166	0%
ROA%	12.9%	8.4%	+54%

The goal of their system is to make their milk, and therefore their money, before Christmas. Cows calve early (July 1) with their 3 member workforce (Norm, Lesley and Rob) calving all cows themselves. In the current year they calved 520 cows, as the system is efficient and simple they were able to do this without any additional assistance.

After Christmas the amount of milk is dependent on seasonal factors. In the year the award was judged on it was a good season with cows milked till dry-off in May. However in drier seasons when the irrigation water runs out they are not worried about drying cows off earlier.

Rob and the family focus their efforts on costs per kilogram milksolids. They know of no other businesses that survive on high cost structures therefore, why should dairying be any different. They consider that they are producing milk, which is a product that they cannot differentiate, therefore to ensure that they are not working for nothing they manage what they can, which is costs.

Controlling costs does mean that they focus their attention on grass and ensuring that they are feeding the most economical feeds that they can to their cattle. They are stocked to eat the spring growth and only remove true surplus silage, which some

years means that they make no silage. A low cost system does not mean they are anti-grain feeding. In fact Rob is of the opinion that when labour costs are taken into account grain can be one of the cheapest sources of feed to help look after your pastures, which is your main feed source.

Nitrogen is not a big input into the system with the preference to rely on clover to provide the nitrogen to the grass. When it comes to fertilisers, maintenance only applications are applied as their soil levels of phosphorus, potassium and sulphur are reasonable and therefore are not needing capital applications.

To manage the low cost system they have focused on breeding cows that will stay in the system. Over the past 10 years they have focused on breeding from NZ Friesian, Ayrshire, cross-bred and Jersey bulls. There is no assistance in the reproductive program (CIDR's or inductions) yet have an empty rate of 5% after 12 weeks mating. Calves are kept only from cows that calve early to give them the best chance.



Figure 3. A well-bred cow that suits their system is vital to the farm's success

Running A Family Farm

The farm is managed by the family as a unit. They have a shared vision which they are all in agreement on. To manage issues as they arise they hold regular family meetings. These meetings are recorded and all farming issues discussed. Over the years they have used these meetings to develop business goals, succession plans and expansion plans for the business. In 2001 at one of the family meetings the goal was set to have an average return on assets of 7% and be a finalist in the benchmarking award. They have both achieved over 7% RoA, and, have been a finalist during the last 12 years.

The impact of these meetings on the success of the business should not be under-estimated as they have

allowed the family to work together, where others may have failed.

Managing Their Hours

While over the spring period they put in the hours and work hard there is also a reward for all family members with regular holidays off farm at the end of the season and 2 days off a week for each person. This prevents burn-out and also allows there to be reward for the longer hours that occur in the busy times.



Figure 4. Rob with young stock

Knowing The Numbers

Norm, Lesley and Rob have been consistently involved in the benchmarking programs over the years. They consider knowing where their business is at, how it is tracking and what areas they can improve in vital business practice. Without knowing these numbers they could not have achieved what they have with their farm. The constant benchmarking has led to consistent improvement. This is shown with Norm, Lesley and Rob being not only previous finalists but also previous winners of the "Most Improved" Award.

Expansion Of The Business

The home farm has reached its potential, being limited by the dairy size and the lack of available neighbouring land. Therefore to further expand the business Norm, Lesley and Rob have entered into an equity partnership agreement on a 60ha dairy property at North Motton.

The new farm milks 170 cows calving a month later than the home farm. The farm was purchased in partnership with Rodney and Sandra Poke and has potential for further expansion. It will be running a similar low cost system, which is run on the home farm.

Conclusion

While the Frampton's family's system may not suit all, it may pay to consider this:

"Dairying is simple, the hardest part is keeping it simple." – Anon

"When the going gets tough, it does not pay to get trendy." - Anon



Figure 5. A profitable, sustainable and enjoyable farming operation is the Frampton's farming philosophy

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Performance Indicators

		2010-11	2011-12	Average
Farm Details				
Milking area	Mha	155	155	180
Dairy run-off	ha	<u>91</u>	<u>21</u>	<u>53</u>
Effective area	eff ha	246	176	233
Milksolids	kg	137,007	156,565	218,651
Peak cows milked	cows	427	440	514
Labour used	FTE	2.4	2.4	3.6
Business Indicators				
Operating profit, EBIT	\$	\$377,901	\$546,034	\$462,923
Total income/ eff ha	\$/ eff ha	\$3,412	\$5,384	\$5,985
Total income/ kg MS	\$/kg MS	\$6.13	\$6.05	\$6.17
Milk price/ kg MS	\$/kg MS	\$5.58	\$5.25	\$5.40
Operating costs excl finance/ eff ha	\$/ eff ha	\$1.876	\$2,281	\$3,979
Operating costs excl finance/ kg MS	\$/kg MS	\$3.37	\$2.56	\$4.07
EBIT/ eff ha	\$/ eff ha	\$1,536	\$3,102	\$2,006
Return on assets (EBIT/Av Assets Managed)	%	7.0%	12.9%	8.4%
Return on equity (EBT/Av Owners Equity)	%	9.5%	13.7%	8.4%
Productivity Ratios				
Milksolids per milking ha	kg MS/ M ha	884	1,010	1,183
Milksolids per effective ha	kg MS/eff ha	557	890	971
Milksolids per cow	kg MS/cow	321	356	422
Milksolids per cow as % of Lwt	kg MS/kg lwt	68%	76%	85%
Feed conversion efficiency	Gm MS/kg DM	61	70	77
Stocking rate, cows/eff ha	cows/Mha	2.8	2.8	2.3
Cows per full time equivalent	cows/FTE	175	181	137
Hours per cow	hours/cow	13	13	19
Replacement heifers as % of cows milked	%	23%	23%	23%
Feed Indicators				
Pasture utilised	t DM/ eff ha	8.2	11.2	9.25
Dairy area % irrigated	%	24%	34%	38%
Nitrogen use	kg N/ eff ha	1	5	140
Average purchased feed price	\$/ t DM	\$228	\$148	\$283
Pasture costs	\$/ t DM	\$24	\$25	\$75
Grazed pasture per cow*	t DM/ cow	4.2	4.3	3.7
Grain per cow*	t DM/ cow	0.4	0.4	1.05
Hay & silage per cow*	t DM/ cow	<u>0.6</u>	<u>0.4</u>	<u>0.8</u>
Total feed per cow*	t DM/ cow	5.3	5.1	5.5
Farm Assets - averages for the year				
Dairy assets incl leased land	\$	\$5,372,555	\$4,238,605	\$5,387,100
Assets per eff ha	\$/ eff ha	\$21,840	\$24,083	\$24,603
Assets per cow	\$/cow	\$12,582	\$9,633	\$11,111
Assets per kg milksolids	\$/kg MS	\$39	\$27	\$27
Liabilities per cow	\$/cow			\$3,370
Equity %	%			68%
Number of farms		1	1	27

* Feed used by cows and replacements divided by cow numbers

Financial Analysis - Total \$			
	2010-11	2011-12	Average
Income			
Milk income (net)	\$763,975	\$822,404	\$1,188,100
Livestock trading profit	\$61,607	\$115,913	\$134,321
Feed inventory change	\$3,200	1\$222	\$4,350
All other income	\$10686	\$9,412	\$18,802
Total income	\$839,468	\$947,507	\$1,345,573
Costs			
AI and herd test	\$6,335	\$7,598	\$14,583
Animal health	\$10,892	\$16,175	\$31,001
Calf rearing	\$0	\$2,203	\$7,716
Shed Power	\$12,902	\$15,540	\$22,252
Dairy Supplies	\$1,122	\$7,018	\$16,720
Total shed & herd costs	\$31,251	\$48,533	\$92,271
Feed Costs			
Fertiliser	\$17,310	\$16,148	\$88,456
Irrigation (including effluent)	\$8,204	\$16,589	\$20,436
Hay and silage making	\$11,207	\$6,222	\$17,667
Fuel and oil	\$8,473	\$8,967	\$18,137
Pasture improvement / cropping	\$1,426	\$1,126	\$17,976
Other feed costs	\$2,420	\$512	\$4,792
Fodder purchases	\$8,232	\$7,045	\$19,585
Grain / Concentrates / Other	\$59,639	\$45,558	\$217,393
Agistment costs	\$0	\$24,907	\$43,524
Total Feed Costs	\$116,911	\$127,073	\$447,966
Total Variable costs	\$148,162	\$175,606	\$540,237
Overhead costs			
Rates	\$9,746	\$10,130	\$8,185
Registration and Insurance	\$2,177	\$1,827	\$4,920
Farm Insurance	\$6,537	\$8,529	\$11,408
Repairs and Maintenance	\$92,120	\$21,232	\$65,997
Bank Charges	\$333	\$564	\$2,461
Other Overheads	\$11,283	\$10,641	\$17,394
Employed People Cost	\$5,783	\$9,522	\$111,740
Total cash overhead costs	\$127,978	\$62,445	\$222,105
Non-cash overheads			
Depreciation	\$20,409	\$25,423	\$27,871
Imputed people cost	\$165,017	\$138,000	\$92,437
Total non-cash overheads	\$185,427	\$163,423	\$120,308
Total Overhead costs	\$313,405	\$225,868	\$342,413
Total Costs	\$461,567	\$401,473	\$882,650
Earnings Before Interest & Tax	\$377,901	\$546,034	\$462,923
Interest and lease costs			\$128,032
Net Profit			\$334,890

Financial Analysis - \$ per kg Milk solids

		2010-11	2011-12	Average
Income				
Milk income (net)	\$/kg MS	\$5.58	\$5.25	\$5.40
Livestock trading profit	\$/kg MS	\$0.45	\$0.74	\$0.63
Feed inventory change	\$/kg MS	\$0.02	\$0.00	\$0.04
All other income	\$/kg MS	\$0.08	\$0.06	\$0.10
Total income	\$/kg MS	\$6.13	\$6.05	\$6.17
Costs				
AI and herd test	\$/kg MS	\$0.05	\$0.05	\$0.07
Animal health	\$/kg MS	\$0.08	\$0.10	\$0.14
Calf rearing	\$/kg MS	\$0.00	\$0.01	\$0.03
Shed Power	\$/kg MS	\$0.09	\$0.10	\$0.11
Dairy Supplies	\$/kg MS	\$0.01	\$0.04	\$0.08
Total Herd & Shed Costs	\$/kg MS	\$0.23	\$0.31	\$0.43
Feed Costs				
Fertiliser	\$/kg MS	\$0.13	\$0.10	\$0.38
Irrigation (including effluent)	\$/kg MS	\$0.06	\$0.11	\$0.09
Hay and silage making	\$/kg MS	\$0.08	\$0.04	\$0.08
Fuel and oil	\$/kg MS	\$0.06	\$0.06	\$0.09
Pasture improvement / cropping	\$/kg MS	\$0.01	\$0.01	\$0.08
Other feed costs	\$/kg MS	\$0.02	\$0.00	\$0.02
Fodder purchases	\$/kg MS	\$0.06	\$0.04	\$0.08
Grain / Concentrates / Other	\$/kg MS	\$0.44	\$0.29	\$0.89
Agistment costs	\$/kg MS	\$0.00	\$0.16	\$0.20
Total Feed Costs	\$/kg MS	\$0.85	\$0.81	\$1.90
Total Variable costs	\$/kg MS	\$1.08	\$1.12	\$2.33
Overhead costs				
Rates	\$/kg MS	\$0.07	\$0.06	\$0.04
Registration and Insurance	\$/kg MS	\$0.02	\$0.01	\$0.02
Farm Insurance	\$/kg MS	\$0.05	\$0.05	\$0.05
Repairs and Maintenance	\$/kg MS	\$0.67	\$0.14	\$0.31
Bank Charges	\$/kg MS	\$0.00	\$0.00	\$0.01
Other Overheads	\$/kg MS	\$0.08	\$0.07	\$0.08
Employed People Cost	\$/kg MS	\$0.04	\$0.06	\$0.50
Total cash overhead costs	\$/kg MS	\$0.93	\$0.40	\$1.03
Non-cash overheads				
Depreciation	\$/kg MS	\$0.15	\$0.16	\$0.15
Imputed people cost	\$/kg MS	\$1.20	\$0.88	\$0.56
Total non-cash overheads	\$/kg MS	\$1.35	\$1.04	\$0.71
Total Overhead costs	\$/kg MS	\$2.29	\$1.44	\$1.74
Total Costs	\$/kg MS	\$3.37	\$2.56	\$4.07
Earnings Before Interest & Tax	\$/kg MS	\$2.76	\$3.49	\$2.09
Interest and lease costs	\$/kg MS			\$0.66
Net Profit	\$/kg MS			\$1.43

Balance Sheet: Assets and Liabilities, excluding leased land

	DBOY winner			Average all participants	
	Average 2010-11	1 Jul 11	30 Jun 12	Average 2011-12	
Assets					
Current assets					
Livestock	\$557,000	\$641,400	\$725,550	\$683,475	\$910,671
Feed	\$31,555	\$22,741	\$22,519	\$22,630	\$20,853
Other	\$0	\$0	\$0	\$0	\$49,251
Total current assets	\$588,555	\$664,141	\$748,069	\$706,105	\$983,367
Non-current assets					
Land & buildings	\$3,375,000	\$3,300,000	\$3,300,000	\$3,300,000	\$4,106,137
Plant & equipment	\$209,000	\$234,000	\$231,000	\$232,500	\$246,281
Total non-current assets	\$3,584,000	\$3,534,000	\$3,531,000	\$3,532,500	\$4,216,635
Total farm assets	\$4,172,555	\$4,198,141	\$4,279,069	\$4,238,605	\$5,200,002
per hectare	\$16,962			\$24,083	\$22,351
per cow				\$9,633	\$10,115
Liabilities					
Total farm liabilities					\$1,607,037
per hectare					\$6,908
per cow					\$3,126
Equity					
Assets - Liabilities					\$3,592,965
per hectare					\$15,444
per cow					\$6,989
percentage					68%

Judges' Comments

Judges: **Lesley Irvine, TIA Dairy Centre**
Paul Lambert, Dairy Farmer and
2008 DBOY Award winner

The finalists of the 2013 ANZ Dairy Business of the Year Award were:

- The Frampton Family (Rob, Norm and Lesley Frampton), Gawler
- Nigel and Rachel Brock, Montana
- Leigh and Kellie Schuurings, Mella, sharefarming for Grant and Kim Archer

These finalists were selected from all the entrants in the Award based on their Return on Assets (RoA) and Earnings Before Interest and Tax (EBIT) per hectare. The finalists were then visited by the judges to look over the business financials, discuss how the farm was managed and view the farm operation. Each finalist was scored on their business, pasture, herd, people and environmental management. Finalists were given a score out of maximum of 100 points with the Award going to the finalist with the highest score.

The judges would like to congratulate the three finalists of the Dairy Business of the Year Award 2013 for their achievement. Not only were each of the finalists of a high calibre, but each have also been finalists in recent years showing great consistency in their business management. Special congratulations to the winners of the 2013 ANZ Dairy Business of the Year Award – Rob, Norm & Lesley Frampton.

Business Management

As mentioned previously, each of the finalists in this year's Award had also been a finalist in recent years which demonstrates their ability to manage their farm with consistently high returns. Growth had been a feature of each of the business' - either in

farm size, number of cows milked or both. As was the case in 2012 (which included Brock's and Schuurings'), each of the 2013 finalists are milking more cows than average for Tasmania (Brock, 630 cows; Frampton, 440 cows; Schuurings, 930 cows). In each of the businesses it was clear that success hadn't 'just happened' but was a result of setting and achieving goals. Probably more than previously, we noted a blending of family goals with the business goals. While not saying it directly, each of the finalists left the impression that the business served to achieve the family goals rather than the family serving the business. Decisions around business growth and investment can be challenging, and even more so if there is more than one family/generation involved. The Frampton family has addressed this by ensuring that when Rob joined the business, roles were clearly defined. They also have regular, formal business meetings in which business strategy is discussed and recorded in minutes.

Pasture Management

Pasture was a focus for each of the finalists with supplements being used to assist in the management of the pasture. Brock's performed particularly well in this area with a goal of using as much of their cheapest feed (pasture) as possible and managing it to ensure a quality product. They achieve this by setting grazing rotations based on leaf emergence rate, having targets for pre-grazing pasture cover (less than 3000 kg DM/ha) and grazing residuals (1500 kg DM/ha). The increase in stocking rate has helped to improve pasture quality by making it easier to achieve target grazing residuals.

Herd Management

In the area of herd management we considered the condition of the cows, the attitudes of the people involved in the business towards the cows, the breeding program, young stock management, and how animal health was managed. There were widely different approaches taken to herd management but each of the finalists achieved good outcomes with their herd. To highlight the different approaches, the herd breeding program used by the Frampton family involves no veterinary intervention (no synchronisation programs etc) whereas the Schuurings have been working closely with the Smithton Vet Service to be early adopters of fixed time insemination. Each business has developed a system that gives the best outcomes for them. The calf rearing systems were also widely different, but again, good outcomes were being achieved by each of the finalists. Brocks have developed a calf rearing system which they are very happy with. They have moved from a system in which the calves were predominantly shed reared to where the calves were reared in groups around the farm to now where the calves are reared in a shed for their first few days of life, then are moved to a purpose built outdoor facility with shelter and plenty of room. Liveweight monitoring is carried out to determine weaning, and later, feeding of the young stock to ensure that they reach target weights.

People Management

The ability to manage people, especially with these larger herd sizes, is an important aspect of the business. Both Schuurings and Brocks manage full time employees whilst the Frampton farm uses mainly family labour with a casual employee for milking. Also important in the area of people management is ongoing learning for the business partners and the employees. Each of the finalists are actively involved in industry activities such as attending discussion groups, being part of industry committees and undertaking accredited training activities. Each year, not only is the awareness of occupational health and safety increasing but there is an increase in what is being implemented on farm. Each of the finalists was able to highlight areas in which they had made changes to improve safety on the farm. Some of these included more stringent motor bike helmet policies, reducing slip/trip hazards around the dairy and improving employee induction processes.

Environmental Management

This area covers effluent management, protecting the natural resources on the farm and the general aesthetics of the farm. All of the farms have waterways fenced to prevent access by stock. Soil testing is conducted and Brocks had recently installed irrigation monitoring equipment. The challenge of managing wet conditions to minimise environmental impact was discussed by the finalists. All of the farmers have reason to be proud of how their farms look (in addition to all the other areas already highlighted).

Runner-Up Profiles

Leigh and Kellie Schuuring



Leigh and Kellie share farm at Mella, near Smithton, on a property owned by Grant and Kim Archer. This is their second consecutive year as a finalist in the Dairy Business of the Year Award. Herd size has increased from 910 to 930 cows in the 12 month period. The herd is cross-bred, mainly calving in spring but a small percentage of the cows calve in autumn. The milking area is 293 hectares and is not irrigated. Pasture and crop consumption of 11.5 tonnes dry matter per hectare was achieved in the Award year. Milk production was 425kg milksolids per cow with 1.2 tonnes drymatter of concentrate being fed per cow. Leigh and Kellie are very proactive in the area of animal health right from calving, when each calf is stomach tubed to ensure they receive adequate colostrum, through to the breeding program in which they have been early adopters of fixed time insemination which has been very successful for them. In the Award year, this business achieved a Return on Assets of 10.4% and Earnings Before Interest and Tax of \$2,915 per effective hectare.

Nigel and Rachel Brock



Nigel and Rachel Brock farm at Montana, south of Deloraine. This is their second consecutive year as a finalist in the Dairy Business of the Year Award. Herd size has increased from 580 cows to 630 cows over the past 12 months. The milking area is 190 hectares and contains two centre pivots which irrigate 109 hectares, a further 200 hectares is utilised as run-off. Pasture and crop utilisation on the milking area was 12.4 tonnes drymatter per hectare. The Brocks work on the principle of maximising pasture consumption and managing pasture to ensure a high quality feed. A feedpad has recently been built to assist with management of pasture over winter/early spring when much of the farm is very wet. Young stock management is a strength in the business with a good calf rearing system and regular monitoring to ensure target liveweights are met. The Brocks employ 2 full-time and 4 part-time staff. The dairy is very well set-up with written standard operating procedures for all the operations in the dairy. In the Award year, this business achieved a Return on Assets of 11.0% and Earnings Before Interest and Tax of \$2,143 per effective hectare.

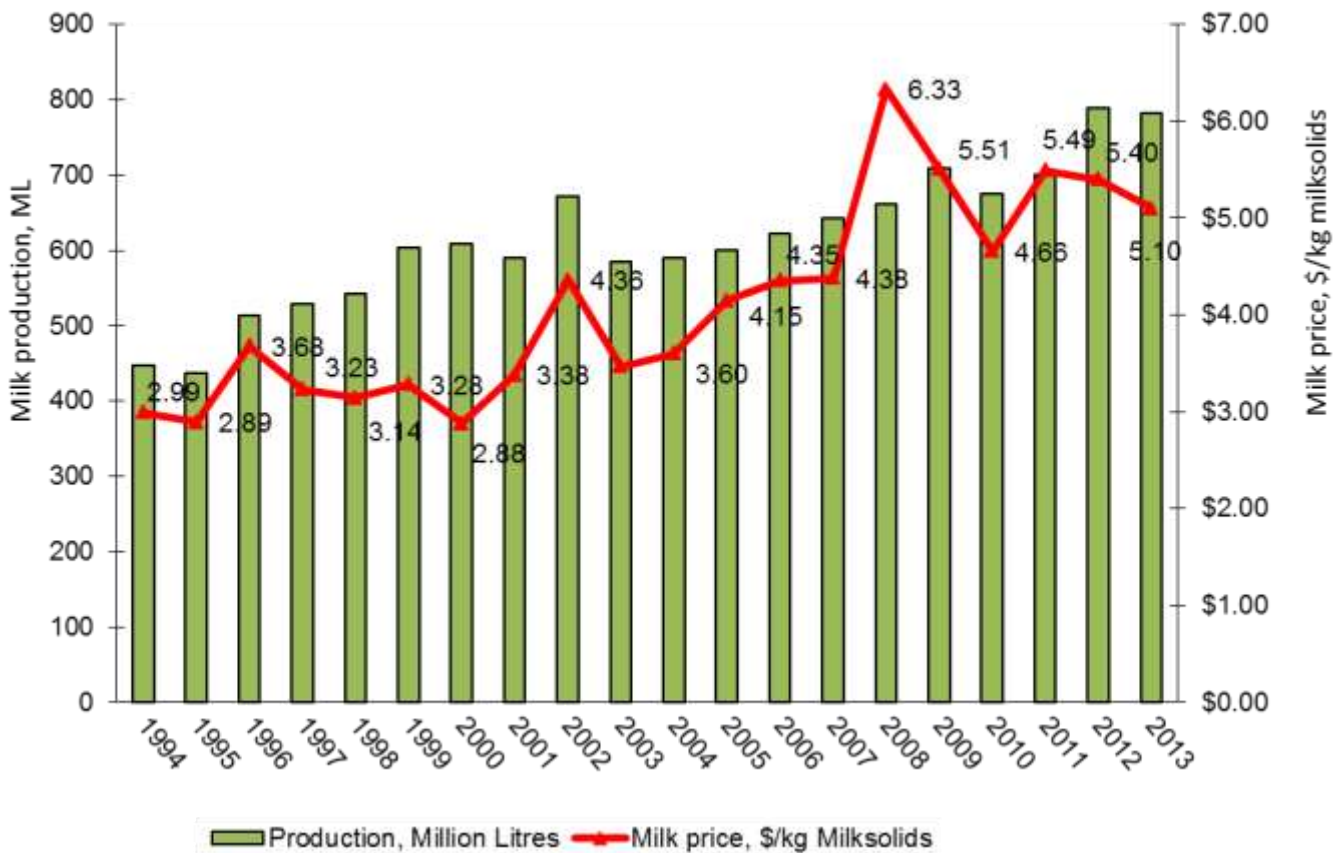
Milk Production and Milk Price

Tasmanian milk production has increased by 110% over the last 20 years with production growing from 372 million litres in 1992 to 788 million litres in 2012. Annual increases in milk production over the 20 years averaged 4.1%. By comparison Australian milk production has increased by 40% over the same 20 year period.

Figure 1 shows the annual Tasmanian milk production and milk price for the 20 years to 2013. While there has been a general upward trend in annual milk production the chart shows

a link between milk price and changes in milk supply. Increases in milk price tend to be associated with increases in supply and conversely when milk prices fall this tends to be followed by a reduction in milk supply. For example, the 2012-13 milk price is about 10% below the previous year and for the year to the 31 Jan 2013 Tasmanian milk production is down by 0.7% compared to the same period the previous year.

Tas milk production, ML and milk price, \$/kg MS: 1994 to 2013 est



Sources: Milk production from Dairy Australia, milk prices from TIA benchmarking

Dairy Benchmarking

Introduction

Tasmanian dairy farmers have been able to benchmark their business performance for over 30 years but until recently comparisons with performance in other states were hampered by inconsistencies in benchmarking methodologies. In 2011 TIA staff began using software developed by the Victorian Department of Primary Industries to analyse performance of Tasmanian dairy farm businesses. The decision to use the Victorian Dairy Farm Monitor Project (DFMP) software was supported by Dairy Australia through project funding as it improved the comparability of performance indicators between Tasmanian and Victorian dairy farms.

Dairy Farms by Region

The spread of the 27 dairy farms within Tasmania, who provided information about their 2011-12 business performance is similar to the regional distribution of Tasmanian dairy farms shown in Table 1. The 27 farms participating in the benchmarking milked on average 514 cows and hence are 55% larger than the average Tasmanian dairy herd of 332 cows, based on January 2013 TDIA dairy licence information. The dairy licence figures show that 34% of Tasmanian dairy farms and 42% of the dairy cows are in Circular Head. Average herd size in Circular Head is 402 cows which is higher than the Tasmanian average of 332 cows.

Herd Size

The average herd size of Tasmanian dairy farms has increased from 220 cows in 2002 to 330 cows in 2012. On-going increases in herd size

over many years suggest farmers derive some benefits from increasing in farm size.

Analysis of the benchmarking data over the last five years confirms that larger farms tend to have a higher return on assets than smaller

Table 1: Tasmanian dairy farms by region

Regions	Farms	Cows	% cows	Av herd size
King Island	15	4,592	3%	306
Circular Head	150	60,375	42%	402
Wynyard				
Waratah	35	10,160	7%	390
Burnie	11	2,275	1%	206
Central Coast	32	7,898	5%	247
Kentish	22	4,297	3%	195
Latrobe	6	1,007	1%	168
Meander Valley	73	23,423	16%	320
West Tamar	7	1,900	1%	271
North East	70	21,908	14%	313
Northern Midlands	6	4,205	3%	700
South	8	2,025	3%	253
Totals	435	144,405	100%	332

Source: TDIA dairy licence data Feb 2013

farms although there is wide variation in returns between farms in the same herd size category.

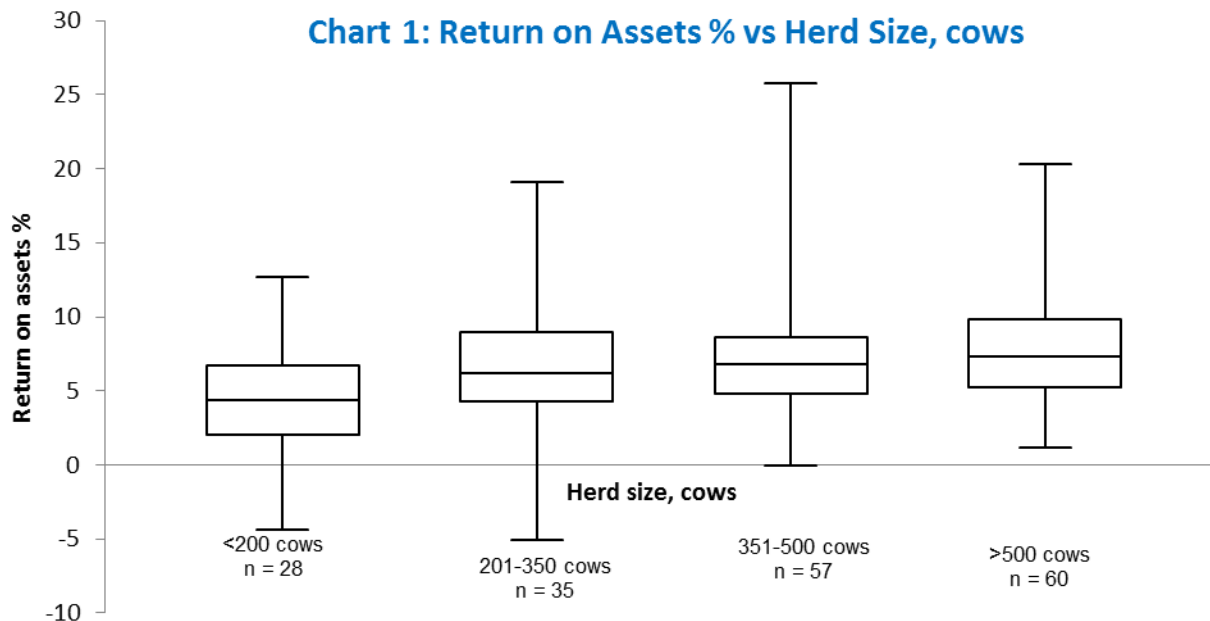
Chart 1 shows that the average returns on assets by herd size for the five years to 2012 were:

Herds with less than 200 cows	4.3%
201-350 cows	6.3%
351-500 cows	7.2%
>500 cows	7.7%

In Chart 1 the horizontal line within each box is the average return on assets for that category of herd size. The top and bottom lines of the boxes show the 75th and 25th percentile of farms respectively and the small horizontal lines on the end of the vertical lines show the 95th and 5th percentile of return on assets for farms in

each size category. There is a wide variation in return on assets between farms with similar herd size but average returns increase as herd size increases. The 4.3% average return on

assets for herds with less than 200 cows is substantially lower than the average returns for larger farms.



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Daryl Sell, Farmer, Barongarook

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Neville Kydd, Farmer, Finley

Labour Use

The main reason larger farms tend to have a higher return on assets is because they have greater labour efficiency. Chart 2 shows the labour use efficiency for the 27 businesses that participated in the 2011-12 dairy benchmarking. Small farms tend to have higher costs per cow for paid and unpaid labour than larger farms. For example, farms participating in the benchmarking with less than 250 cows had labour costs of \$500 to \$660 per cow while most large herds with more than 600 cows had

labour costs of less than \$400 per cow.

Chart 3 shows how total paid and unpaid labour costs increase as herd size increases. Because of the decline in per cow labour cost as herd size increases there is a tendency for labour costs to decline as a percentage of income with increases in herd size. Total labour cost on farms with less than 250 cows was more than 25% of farm income for benchmarking participants. Labour cost on farms with more than 600 cows was 11% to 17% of farm income.

Chart 2: Labour, \$/cow vs Herd Size

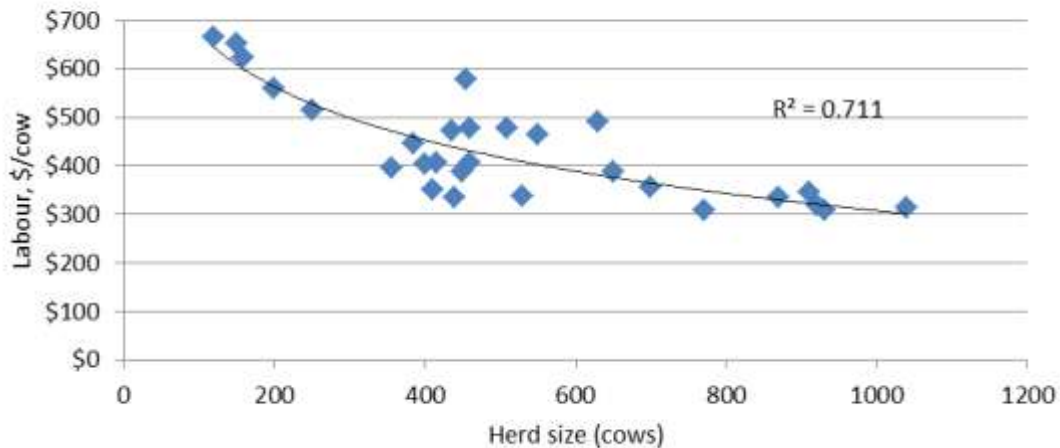
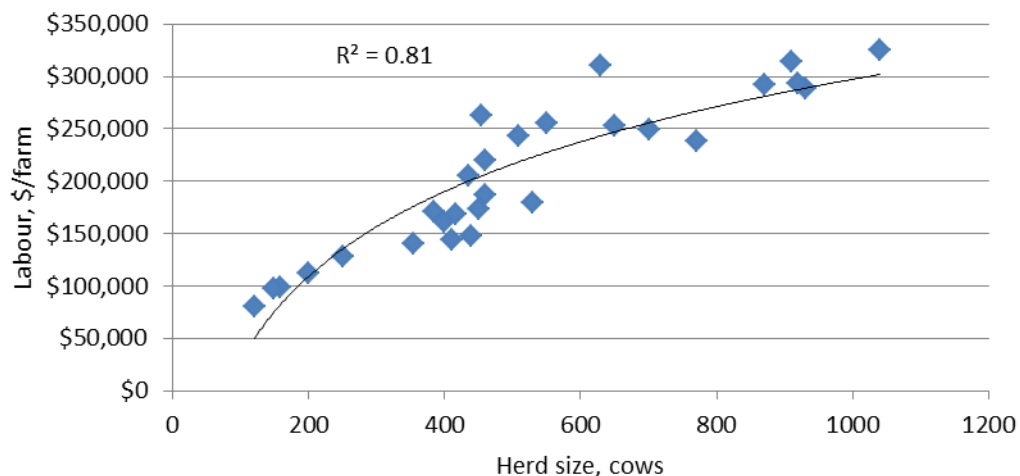


Chart 3: Labour, \$/farm vs Herd size



Benchmarking Analysis

Key Performance Indicators for the last 9 years are presented in Table 2. The main points to note from Table 2 are:

- The average milk price declined from \$5.51/kg milksolids (MS) in 2010-11 to \$5.40/kgMS in 2011-12. Despite the milk price fall average return on assets increased from 7.2% the previous year to 8.4% in 2011-12.
- Average Earnings Before Interest and Tax (EBIT) were at their highest over the last nine years in 2011-12 at \$463,000/farm and \$2,006/ha.
- The high profitability in 2011-12 stems from both increased production and income per ha. In 2011-12 MS/ha increased 11% compared to the previous year and income per ha increased by 9% while farm operating costs increased by only 6%.
- The table shows an on-going trend of intensification on dairy farms over the last nine years. Production per ha has increased as a result of increased stocking rate, increased grain feeding, higher production per cow and the percentage of dairy farms being irrigated has increased. Labour productivity has also increased over the nine years from 82 cows per labour unit in 2003-4 to 137 cows per labour unit in 2011-12.
- Adequate summer rainfall in 2011-12 enabled farmers to reduce irrigation and as a result irrigation pumping and nitrogen fertiliser costs were reduced compared to previous years. Pasture utilisation at 9.25 t DM/ha was below the record of 9.95 tDM/ha in 2008-9.

- Grain use increased in 2011-12 and averaged 1.2 t grain per cow. Grain feeding per cow has doubled over the nine years to 2011-12. The average grain price in 2011-12 was \$335/t compared to \$367/t the previous year.
- Asset values of the average benchmarking participant with 514 cows increased to \$5.2 million. Asset values per ha and per cow declined slightly to \$22,351 and \$10,115 respectively.
- The increase in average farm size for participants in 2011-12 also saw an increase in liabilities to \$1.6 million or \$3,126 debt per cow. Average equity among participants was 68% which was similar to previous years.



Table 2: Tasmanian Dairy Benchmarks
Averages for All Participants

	2003-4	2004-5	2005-6	2006-7	2007-8	2008-9	2009-10	2010-11	2011-12
Key Performance Indicators									
Return on Assets, %	4.8%	7.9%	5.7%	4.6%	7.9%	6.1%	3.4%	7.2%	8.4%
Operating Profit (EBIT), \$	\$86,985	\$171,939	\$174,626	\$163,185	\$385,024	\$271,890	\$172,525	340,747	\$462,923
Farm Details									
Production, kg MS	108,767	129,653	142,701	151,646	171,995	187,360	157,637	173,714	218,651
Cows Milked, nos	294	335	364	400	466	484	404	415	514
Dairy Area, ha	178	192	206	220	239	236	204	206	233
Labour used, FTE	3.6	3.7	4.0	4.1	4.5	4.8	4.2	3.3	3.6
Irrigation, % area irrigated	28%	27%	24%	29%	32%	34%	38%	43%	38%
Performance Indicators									
Milksolids, kg MS/ha	617	686	729	750	739	835	772	878	971
Milksolids kg MS/cow	368	391	392	386	373	400	374	407	422
Heifers, % of cows milked	27%	26%	26%	27%	27%	25%	24%	26%	23%
Stocking Rate, cows/ha	1.7	1.8	1.9	1.9	2.0	2.1	2.0	2.1	2.3
Pasture, kg DM/ha	7,460	8,040	8,320	8,500	8,340	9,950	9,260	9,770	9,250
Grain intake, tonne/cow	0.57	0.72	0.82	0.87	0.92	0.94	0.89	1.04	1.17
Nitrogen, kg N/ha	115	151	163	156	212	201	173	157	140
Cows per FTE	82	89	90	97	105	105	94	120	137
Assets & Liabilities Owned									
Dairy Assets, \$'000	\$1,584	\$2,172	\$2,675	\$3,471	\$4,811	\$5,040	\$4,512	\$4,658	\$5,200
Assets per ha, \$/ha	\$9,364	\$11,436	\$13,969	\$16,924	\$20,442	\$22,094	\$22,514	\$22,661	\$22,351
Assets per cow, \$/cow	\$5,635	\$6,482	\$7,348	\$9,186	\$10,641	\$10,949	\$11,737	\$11,220	\$10,115
Liabilities, \$'000	\$410	\$484	\$683	\$944	\$1,602	\$1,560	\$1,176	\$1,351	\$1,607
Liabilities per cow, \$	\$1,314	\$1,444	\$1,876	\$2,206	\$3,346	\$3,167	\$3,306	\$3,254	\$3,126
Equity, %	74%	78%	74%	73%	69%	70%	72%	70%	68%
Income & Expenses per Ha									
Milk Income, \$/ha	\$2,233	\$2,828	\$3,206	\$3,311	\$4,732	\$4,502	\$3,561	\$4,854	\$5,257
Total Income, \$/ha	\$2,418	\$3,061	\$3,413	\$3,480	\$4,938	\$4,746	\$3,861	\$5,469	\$5,985
Animal Costs, \$/ha	\$208	\$243	\$249	\$270	\$299	\$341	\$311	\$363	\$417
Feed Costs, \$/ha	\$853	\$1,053	\$1,248	\$1,404	\$1,878	\$1,940	\$1,441	\$1,770	\$1,940
Labour, \$/ha	\$614	\$587	\$667	\$723	\$735	\$824	\$866	\$948	\$985
Overheads, \$/ha	<u>\$308</u>	<u>\$352</u>	<u>\$475</u>	<u>\$515</u>	<u>\$543</u>	<u>\$597</u>	<u>\$546</u>	<u>\$652</u>	<u>\$638</u>
Operating Costs, \$/ha	\$1,983	\$2,236	\$2,639	\$2,911	\$3,455	\$3,701	\$3,164	\$3,734	\$3,979
EBIT, \$/ha	\$435	\$825	\$774	\$569	\$1,483	\$1,046	\$697	\$1,735	\$2,006
Income & Expenses – per kg MS									
Milk Income, \$/kg MS	\$3.60	\$4.15	\$4.35	\$4.39	\$6.33	\$5.50	\$4.66	\$5.51	\$5.40
Total Income, \$/kg MS	\$4.03	\$4.64	\$4.82	\$4.64	\$6.87	\$6.01	\$5.17	\$6.24	\$6.17
Operating Costs, \$/kg MS	<u>\$3.31</u>	<u>\$3.37</u>	<u>\$3.69</u>	<u>\$3.81</u>	<u>\$4.76</u>	<u>\$4.53</u>	<u>\$4.27</u>	<u>\$4.26</u>	<u>\$4.07</u>
EBIT, \$/kg MS	\$0.72	\$1.27	\$1.13	\$0.83	\$2.10	\$1.48	\$0.92	\$1.98	\$2.09
Finance costs, \$/kg MS	<u>\$0.29</u>	<u>\$0.30</u>	<u>\$0.39</u>	<u>\$0.45</u>	<u>\$0.63</u>	<u>\$0.63</u>	<u>\$0.75</u>	<u>\$0.81</u>	<u>\$0.66</u>
EBT, \$/kg MS	\$0.43	\$0.97	\$0.74	\$0.38	\$1.47	\$0.85	\$0.16	\$1.17	\$1.43
Participants									
Numbers	50	40	35	36	46	40	33	40	27
As % of dairy farmers	9%	8%	7%	8%	10%	9%	8%	9%	6%

Profit Map 2011-12
Averages for all participants

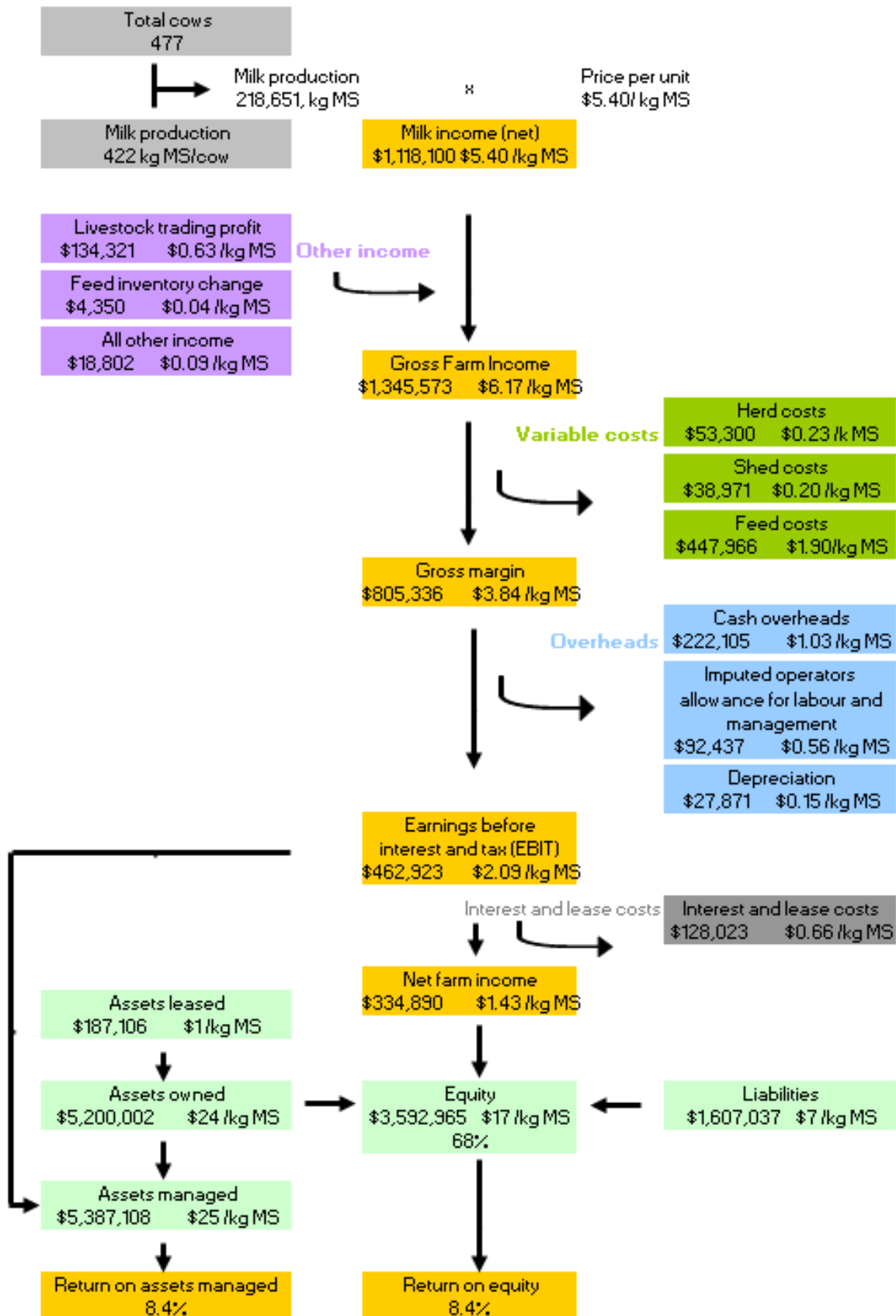
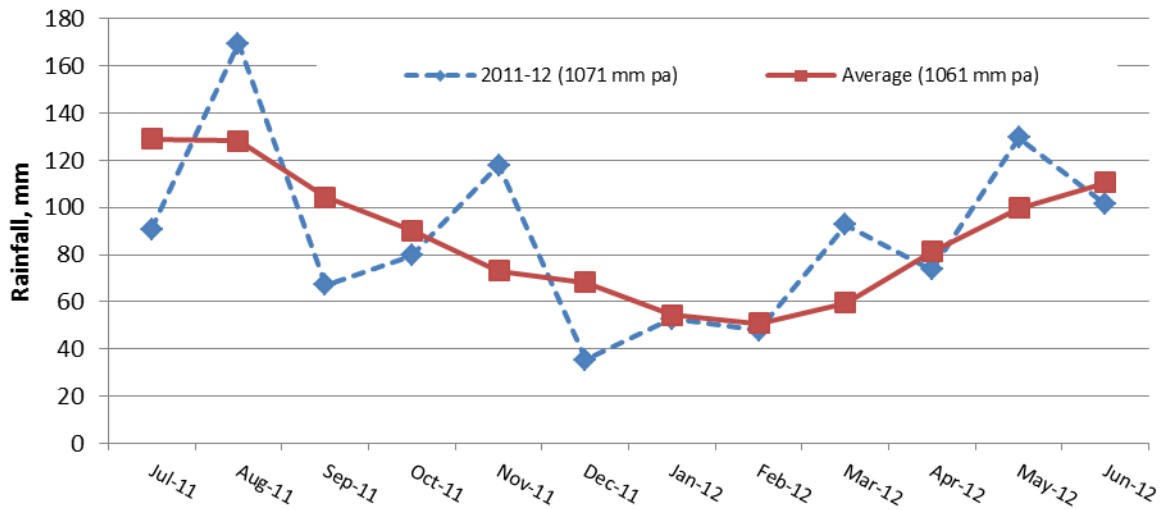


Chart 4: Average vs Actual Rainfall in Dairy Districts, 2011-12



Seasonal Conditions

The 2011-12 rainfall was slightly higher than the long term average for dairying districts and rainfall in November and March was above average. Benchmarking participants reported that because of the good summer rainfall they used less irrigation and nitrogen fertiliser, thus lowering production costs. Irrigation water application among benchmarking participants averaged 2.1 ML/ha which is about half the application farmers normally apply.

Regional Overview

Average annual rainfall for 2011-12 for Tasmanian dairy regions (1,071 mm) was higher than for the State of Victoria but there are regional differences in Victoria with Gippsland (1,113 mm) having a similar rainfall to Tas while South West Victoria (682 mm) received less than 65% of the Tasmanian rainfall (see Table 3).

The high annual rainfall in Tasmania compared to Victoria is a reason for the higher stocking rate (2.3 cows/ha in Tas vs 1.6 cows/ha for Vic), higher production per ha (971 kg MS/ha for Tas vs 800 kg MS/ha for Vic) and higher pasture utilisation (9.25 tDM/ha for Tas vs 7.2 tDM/ha for Vic).

Average herd size for Tasmanian benchmarking participants was higher than Victoria (514 vs 328 cows) and this was a reason for the higher average labour productivity for Tasmanian benchmarking participants (137 cows/FTE for Tas vs 98 cows/FTE for Vic). The Tasmanian milk price averaged \$5.40/kg MS and was similar to the Gippsland milk price of \$5.37/kg MS but lower than the milk prices received in the other Victorian regions.

Table 3: Farm Physical Data for Dairy Regions

Farm physical parameters	Tasmania	Victoria	Northern Vic	South West Vic	Gippsland
Number of farms in sample	27	74	24	25	25
Herd size	514	328	304	387	291
Annual rainfall 10/11	1,071	812	634	682	1,113
Water used (irrigation + rainfall) (mm/ha)	1,176	967	1,035	687	1,182
Effective area (hectares)	233	237	193	327	189
Stocking rate (milking cows per hectare)	2.3	1.6	1.9	1.2	1.7
Milk sold (kgMS/cow)	422	508	516	507	501
Milk sold (kgMS/ha)	997	800	957	605	843
Milk price received (\$/kgMS)	\$5.40	\$5.52	\$5.64	\$5.56	\$5.37
People productivity (milking cows/FTE)	137	98	107	87	100
People productivity (kgMS/FTE)	57,906	49,752	54,875	44,344	50,244

Farm Income

Table 4 shows the average milk price and milk income for Tasmania and the Victorian regions. The average Tasmanian milk price at \$5.40/kg MS was lower than for Victoria but the gross farm income at \$6.18/kg MS was higher than for Victoria. The main source of the other income is livestock trading profits. Many Tasmanian farms had both stock sales and increases in stock numbers over the 12 months to 30 June 2012. Tasmanian benchmarking participants increased their cows number by an average of 5% over 2011-12 and this contributed to the higher livestock trading profit per kg MS for Tasmanian farms.

Cost of Production

The average cost of production for Tasmania and the three Victorian dairy regions is shown in

Table 4 together with a breakdown of the components of the production costs. Average Tasmanian operating costs at \$4.07/kg MS were nearly 16% lower than the average for Victoria of \$4.83/kg MS. Total production costs for Tasmania including interest and leased costs (\$4.72/kg MS) were lower than all the Victorian regions.

The sources of the lower Tasmanian operating costs were the lower purchased feed costs (\$1.09/kg MS for Tasmania versus \$1.28 for Victoria) and home grown feed costs (\$0.81/kg MS for Tas vs \$1.05 for Vic). Overhead costs for Tasmanian benchmarking participants were also 16% lower on average than for the Victorian farms. Overhead costs on the Tasmanian farms were lower because of the higher labour productivity and hence lower total labour cost per kg MS compared to the average Victorian farm.

Table 4: Income and Costs by Region, \$ / kg MS					
Farm costs, \$ / kg MS	Tasmania	Victoria	Northern Vic	South West Vic	Gippsland
INCOME					
Milk income	\$5.40	\$5.52	\$5.64	\$5.56	\$5.37
Other income	\$0.77	\$0.45	\$0.42	\$0.41	\$0.52
Gross income, \$ / kg MS	\$6.17	\$5.97	\$6.06	\$5.97	\$5.89
VARIABLE COSTS					
Herd costs	\$0.23	\$0.26	\$0.26	\$0.23	\$0.29
Shed costs	\$0.20	\$0.19	\$0.18	\$0.21	\$0.18
Purchased feed and agistment	\$1.09	\$1.28	\$1.21	\$1.40	\$1.22
Home grown feed cost	\$0.81	\$1.05	\$1.31	\$0.95	\$0.90
Total variable costs, \$ / kg MS	\$2.33	\$2.78	\$2.95	\$2.79	\$2.59
OVERHEAD COSTS					
Repairs and Maintenance	\$0.31	\$0.34	\$0.28	\$0.40	\$0.32
Employed People Cost	\$0.50	\$0.41	\$0.40	\$0.43	\$0.40
Imputed People Cost	\$0.56	\$0.88	\$0.67	\$1.08	\$0.88
Depreciation	\$0.15	\$0.19	\$0.18	\$0.21	\$0.17
Other Overheads	\$0.22	\$0.24	\$0.22	\$0.28	\$0.24
Total overhead costs, \$ / kg MS	\$1.74	\$2.06	\$1.75	\$2.40	\$2.01
Total operating costs	\$4.07	\$4.83	\$4.70	\$5.19	\$4.59
EBIT, \$/kg MS	\$2.09	\$1.14	\$1.36	\$0.78	\$1.30
Interest and lease costs	\$0.66	\$0.71	\$0.57	\$0.90	\$0.65
Cost of production including interest and lease costs, \$ / kg MS	\$4.73	\$5.54	\$5.27	\$6.09	\$5.24

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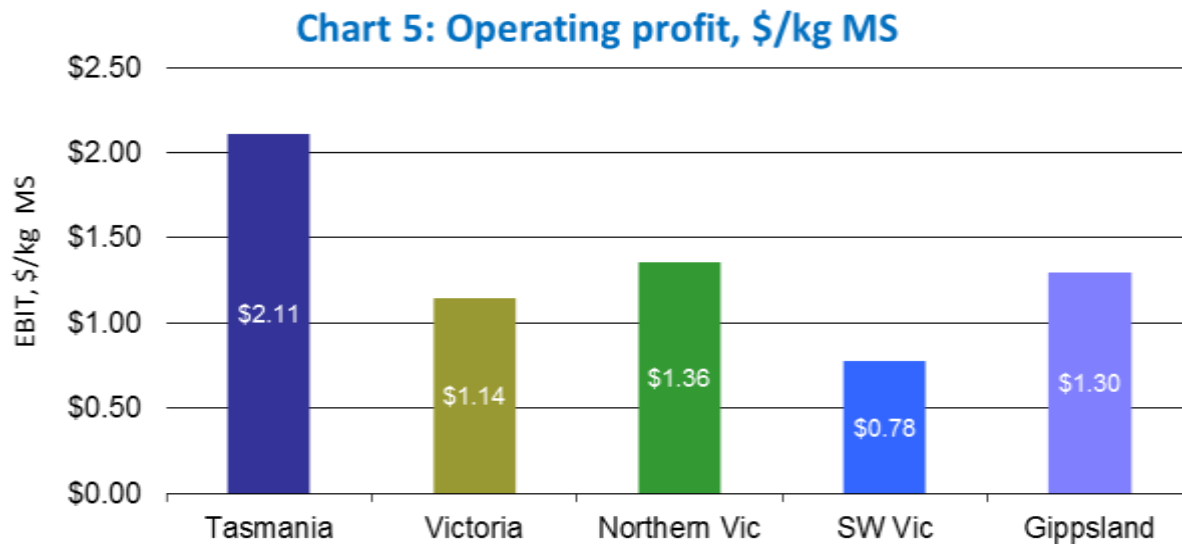
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Earnings Before Interest and Tax (EBIT)

EBIT is used to analyse the operational efficiency of the whole farm business. As EBIT excludes interest and lease costs it is also

equivalent to the profit that would be achieved at 100% equity.

Despite the fall in the 2011-12 milk price compared to the previous year the average EBIT/kgMS for Tasmanian participants in the benchmarking increased to \$2.11/kgMS compared to \$1.98 the previous year. Average EBIT/kgMS for the Tasmanian farms was 85% higher than the \$1.14 average for Victoria.



Return on Assets and Equity

Return on assets is the earnings before interest and tax expressed as a percentage of total farm assets, 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 the production system and can be compared with the returns achieved elsewhere in the economy.

Return on assets is sometimes referred to as return on capital.

The 8.4% average return on managed assets for the Tasmanian dairy farms was higher than the average for Victoria (5.0%) and for each of the three Victorian regions.

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

Average return on equity for Tasmanian participants was 8.4%. This was nearly double the return on equity for the average Victorian

benchmarking participant. There were substantial variation in returns on assets and equity among the regions: Tasmania and Northern Victoria had higher returns than South West Victoria and Gippsland.

In both Tasmania and Northern Victoria the average returns on equity were equal to or greater than the return on assets whereas

return on assets exceeded return on equity in South West Victoria and Gippsland. This means that in Tasmania and Northern Victoria farmers were on average able to generate a return on borrowed funds and leased assets that was at least equal to the average interest and lease rates.

Table 5: % Return on Assets and Equity

	Tasmania	Victoria	Northern Vic	South West Vic	Gippsland
Return on managed assets %	8.4%	5.0%	7.6%	3.3%	4.4%
Return on equity %	8.4%	4.4%	8.4%	-0.2%	5.1%

Table 6: Risk Indicators

	Tasmania	Victoria	Northern Vic	South West Vic	Gippsland
Percentage of purchased feed (as a % of total ME)	24%	43%	47%	45%	38%
Cost structure % (operating costs excluding interest and lease costs as % of income)	66%	81%	78%	87%	78%
Debt per cow	\$3,126	\$3,608	\$3,138	\$4,507	\$3,159
Debt servicing ratio (percentage of income as finance costs)	11%	12%	10%	15%	11%
Equity percentage	68%	65%	62%	61%	72%

Risk

Table 6 presents risk indicators for Tasmanian and Victorian dairy farm businesses.

The percentage of purchased feed indicates the sensitivity of businesses to changes in the price of imported feed. On average in Tasmania, only

24% of the feed energy used on the farm is imported, compared to 43% for Victoria. In

2011-12 the average Tasmanian benchmarking participant fed 1.17 tonne grain per cow. Average per cow grain feeding in the Victorian regions is up to twice as high as the average in Tasmania.

The cost structure % is the variable and overhead costs as a percent of gross farm

income. A lower ratio implies that costs are low relative to the income generated. Table 6 shows that in Tasmania for every \$1.00 of total income generated, \$0.66 is used to cover variable and overhead costs. The Tasmanian cost structure was lower than the average for all Victorian regions, and this is at least partly because of the lower grain feeding levels in Tasmania.

Debt per cow is a risk indicator that is frequently quoted in the industry, and the average debt per cow is reflected in the debt servicing ratio: the higher the debt per cow the higher the debt servicing ratio. On average Tasmanian farms paid 11 cents interest for every dollar of gross income to their creditors. The average debt service ratio for Tasmania of 11% is only slightly less than the average for Victoria of 12% but SW Victoria with \$4,507 average debt per cow has to pay 15 cents interest and lease costs for every dollar of income. The SW Victorian farmers tend to be more at risk of becoming unprofitable due to lower milk prices because of their high cost structure, high debt per cow and hence high debt servicing ratio.

Pasture Utilisation

Figure 2 shows the average estimated home grown feed production per hectare, calculated using the pasture consumption calculator developed by Dairy Australia. It firstly involves a calculation of the total energy required on the farm, which is a factor of stock numbers grazed on the farm, stock weights, distance the stock walk to the dairy and milk production. From the total energy requirements for the farm over the year, the energy imported to the farm as feed is subtracted. This leaves the estimate for total

energy produced on farm, which is then divided into grazed and conserved feed depending on the amount of fodder production recorded.

The average milking area pasture utilisation estimates were 9.8 t/ha of grazed and conserved feed for Tasmania, 7.2t/ha for Victoria, 8.2 t/ha for Northern Vic, 5.2 t/ha for South West Vic and 8.3 t/ha for Gippsland. The Victorian regions also conserved more of their pasture as hay and silage than Tasmania, which is an additional cost.

Fertiliser Application

As pasture utilisation per hectare is higher in Tasmanian than Victoria fertiliser applications would be expected to be higher in Tasmania. Figure 3 shows that total fertiliser application in Tasmania averaged 238 kg nutrient/ha compared to 159 kg/ha for Victoria. The main fertiliser being applied is nitrogen with an average 140 kg N/ha applied in Tasmania and 94 kg N/ha applied in Victoria. Gippsland which is the Victorian region with the highest pasture utilisation per hectare has the highest application of total nutrients and nitrogen in that state.

Chart 6: Pasture grazed and conserved, tDM/ha

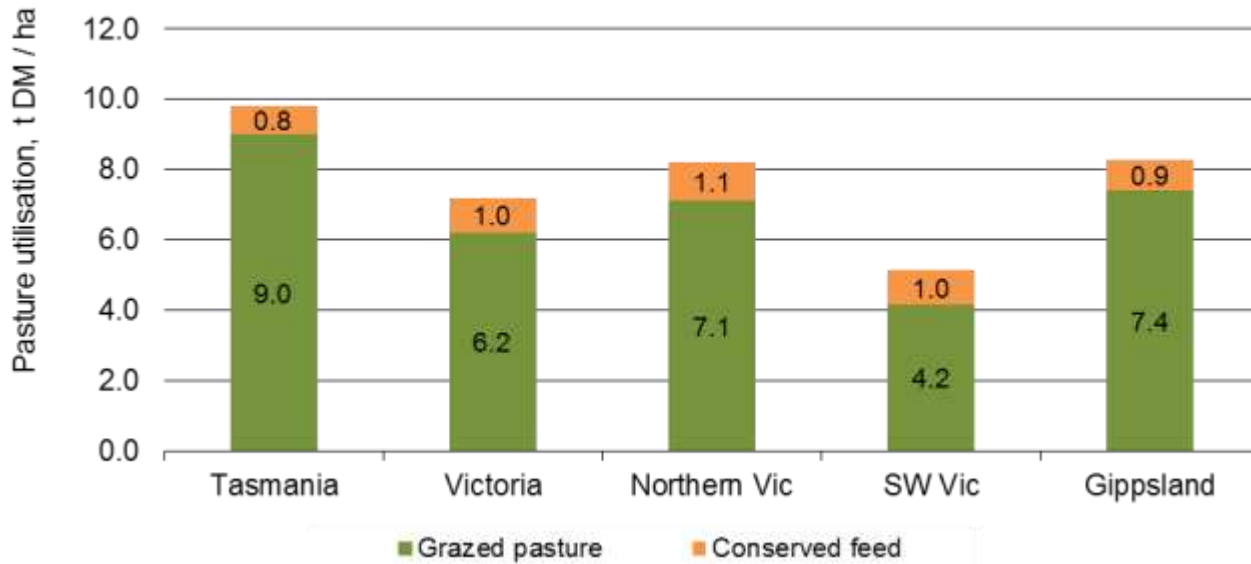


Chart 7: Nutrient application, kg/ha

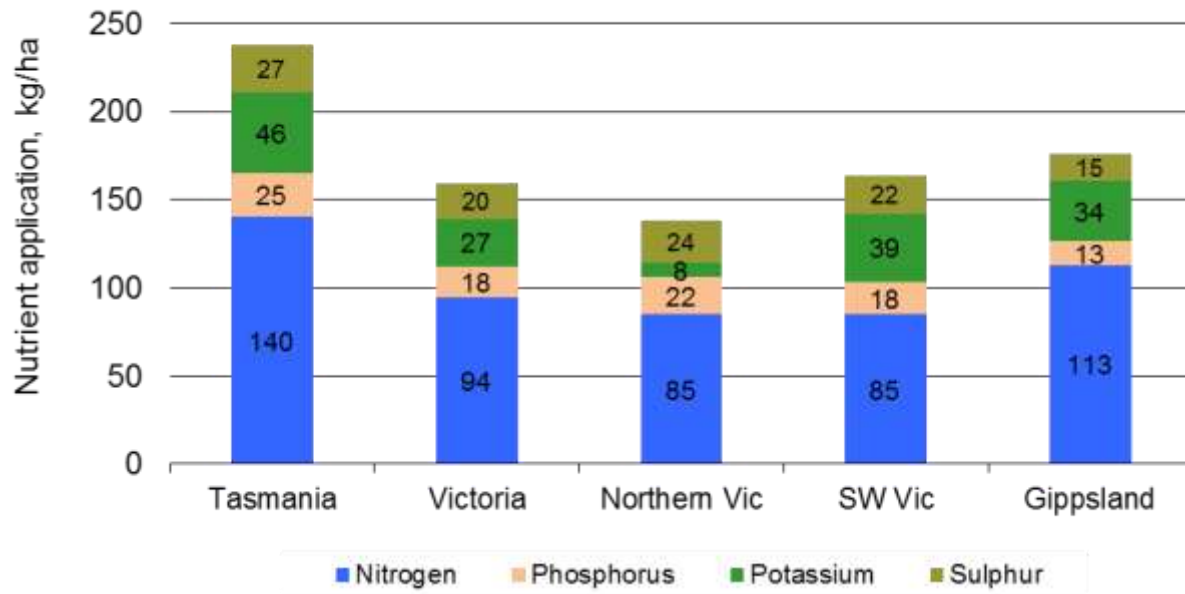


Table 7: Performance Indicators for All Participants
Ranked by Return on Assets %

	Dairy area	% irrigated	Cows milked	Labour eff	Pasture used	Milksolids production		Milk price	COP excl interest	EBIT	Assets, owned & leased	Return on assets	Return on equity
	ha	%	nos	cows/FTE	kg DM/ha	kg/ha	kg/cow	\$/kg MS	\$/kg MS	\$/ha	\$/ha	%	%
1	258	90%	870	175	10,624	1,364	405	\$5.84	\$3.73	\$4,239	\$27,870	15.2%	17.1%
2	176	34%	440	181	11,409	1,010	356	\$5.25	\$2.56	\$3,523	\$27,346	12.9%	13.7%
3	179	60%	553	122	11,063	1,521	470	\$5.76	\$4.14	\$3,364	\$26,800	12.6%	14.7%
4	318	13%	460	119	7,831	894	441	\$5.75	\$4.47	\$1,570	\$13,078	12.0%	14.0%
5	176	98%	700	157	15,218	1,636	411	\$5.19	\$3.72	\$4,406	\$37,010	11.9%	11.9%
6	312	0%	530	156	9,079	1,164	431	\$5.36	\$3.36	\$3,433	\$30,145	11.4%	13.0%
7	390	28%	630	144	12,375	1,790	540	\$5.47	\$3.69	\$4,399	\$39,886	11.0%	12.6%
8	293	0%	930	153	11,496	1,348	425	\$5.43	\$3.75	\$2,915	\$27,589	10.4%	11.9%
9	282	32%	460	148	8,920	1,244	435	\$5.09	\$3.55	\$2,973	\$29,946	9.9%	12.2%
10	172	20%	250	125	8,658	587	304	\$5.10	\$3.23	\$1,724	\$19,269	8.9%	
11	240	23%	411	147	9,059	1,238	452	\$5.34	\$3.51	\$2,752	\$31,711	8.7%	10.2%
12	81	32%	200	83	10,802	1,104	447	\$5.13	\$4.02	\$2,366	\$27,741	8.5%	9.2%
13	502	42%	910	197	10,034	1,587	412	\$5.38	\$3.66	\$3,529	\$40,872	8.6%	12.4%
14	185	49%	416	145	9,762	1,679	545	\$5.76	\$4.90	\$2,908	\$35,319	8.2%	8.1%
15	240	50%	650	174	11,526	1,180	409	\$5.27	\$4.12	\$1,914	\$27,961	6.8%	6.3%
16	279	25%	355	151	8,313	963	440	\$5.58	\$3.23	\$2,862	\$35,509	8.1%	8.0%
17	240	50%	650	174	11,526	1,180	409	\$5.27	\$4.12	\$1,914	\$27,961	6.8%	6.3%
18	195	45%	435	127	9,053	1,004	360	\$5.26	\$4.32	\$2,020	\$29,518	6.8%	4.7%
19	330	30%	400	122	6,376	575	405	\$5.57	\$4.15	\$1,477	\$22,419	6.6%	5.8%
20	445	55%	920	124	9,414	1,502	514	\$5.30	\$4.62	\$1,813	\$29,460	6.2%	7.7%
21	150	67%	450	150	11,488	1,451	484	\$5.43	\$4.42	\$2,445	\$41,198	5.9%	4.6%
22	58	69%	150	84	9,024	1,089	421	\$5.28	\$5.05	\$1,458	\$25,228	5.8%	5.0%
23	167	57%	384	114	6,649	973	423	\$5.43	\$3.96	\$1,543	\$27,269	5.7%	4.2%
24	226	31%	509	124	9,829	727	297	\$5.43	\$5.04	\$1,339	\$24,526	5.5%	5.4%
25	241	39%	550	144	9,739	1,120	383	\$5.33	\$4.42	\$1,651	\$41,140	4.0%	0.6%
26	74	0%	158	89	8,304	909	426	\$5.17	\$3.80	\$1,035	\$26,596	3.9%	0.8%
27	73	49%	120	76	5,902	632	384	\$5.42	\$5.94	\$636	\$30,847	2.1%	-2.3%
Av	233	38%	514	137	9,752	1,183	422	\$5.40	\$4.07	\$2,480	\$30,008	8.4%	8.4%

Note: Performance indicators in above table are calculated on a milking ha (Mha) basis while in the body of the report these indicators are expressed per effective ha.

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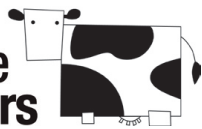
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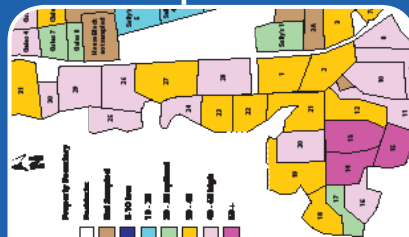
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