



Alpine Valleys

agribusiness forum

'Australian Alpine Valleys - Where the Best Grows to Perfection'

June 2010 - North East Farmer

Dairy in North East Victoria

The recent announcement by Murray Goulburn to invest \$20 million into their Kiewa plant was a vote of confidence for the dairy industry in North East Victoria, which has been in decline for the past 30 years.

The current North East dairy industry is represented by 210 farms, milking 38,220 cows who supply approximately 1 million litres of milk per annum to six dairy companies, most of whom are family farms.

Dairy is no longer a cottage industry with each farm milking an average of 182 cows in either a high tech rotary or swing over system. The largely pasture based industry provides a farm gate value of \$4 billion for milk produced and a significant value added contribution of \$9.2 billion.

Modern dairy farming requires a very high level of management to drive the profitability feeding into a very capital intensive processing sector with three to five companies servicing production.

The third largest agricultural industry in Australia, the dairy industry directly employs 40,000 people on farms and in processing. Australia is the third largest dairy exporter and key producer of global dairy product accounting for 11% of dairy global trade of which half comprises of milk powder, cheese and butter to 120 countries.

A project being run by Murray Dairy and the Australian Alpine Valleys Agribusiness Forum over the last four months involving all local North East Victorian governments is looking at North East Victoria to understand the opportunities that may exist to grow the dairy sector.

The report to be delivered by John Mulvany in six weeks has identified a number of strategic opportunities for the region and benchmarks our region against Gippsland, South West Victoria and the greater Northern Victoria region.

It has been identified that the cost of a litre of milk produced in the North East is 9% higher than Gippsland and 3% higher than the Western area whilst being 15% less than the Northern Victoria.

In closing dairy has a lot to offer the rich alluvial soils of North East Victoria and if you follow the theme about the right industry in the best place to compete globally, we might see the dairy sector show a resurgence in the Alpine Valleys.

You will be able to access the final dairy report on www.alpvalleys.com.au in July 2010.