

NSW North Coast Farmers embark on financial benchmarking journey

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Over the past 18 months, Subtropical Dairy has been working to increase the number of farmers utilising DairyBase to gain a more accurate picture of costs of production and profitability in the Far North Coast NSW (FNC NSW) region. The invitation to participate was made available to all dairy businesses in the region, with nine taking up the offer. Some of these businesses already participate in the NSW Dairy Farm Monitor Project, a project which has been running for seven years and linked to national benchmarking.

Kerry Kempton from NSW DPI and Alicia Richters, Subtropical Dairy, worked to gather the data for two financial years, 2016-17 and 2017-18, from across these nine farms. This data was then entered into DairyBase. For some of these businesses, this was their first time working with DairyBase and it provided an opportunity to reflect on their own book keeping systems. Each business also received an individualised report with their own data over the two years, the group average and the NSW Dairy Farm Monitor average.

The table to the right shows a summary of these results, focussing on key performance indicators for the FNC NSW region including milk production per cow, homegrown feed, milk income, cost of production (including inventory changes) and return on assets.

Some key points from these results were:

- FNC NSW farms are producing less milk than both NSW and Qld state averages;
- FNC NSW farms have produced more homegrown feed than the NSW average helping to offset increased purchased feed costs;
- Milk income (cents per litre) is higher than the NSW average. This is helping to limit the impact of challenging seasonal conditions and high feed costs;
- Return on assets between farms in FNC NSW varies greatly, with the average comparable to Qld QDAS results;
- Cost of production has increased year-on-year an average of 4%, while milk income decreased by 2%.



Item		2016/17			2017/18		
		FNC NSW Avg (range)	NSW Avg	QDAS	FNC NSW Avg (range)	NSW Avg	QDAS
Milk Production	Litres per cow	5,975 (5,230-6,719)	6,964	6,232	5,824 (4,223-6,922)	6,603	6,266
Homegrown Feed	t DM/milking Ha	8.0 (4.6-11.9)	6.9		8.8 (3.8-12.4)	7.6	*
Homegrown Feed - % of feed fed	%	62% (52-75%)	60%		62% (48-84%)	56%	
Milk Income	Cents/Litre	56.7 (54.0-61.0)	50.4	59.2	55.5 (52.9-58.2)	53.9	58.5**
Cost of Production	Cents/Litre	55.1 (44.0-62.7)	51.2	49.1	57.2 (50.2-62.2)	57.1	51.7
Return on Assets	%	(0.6-7.4)	2.2	4.4	2.3 (0.4-4.9)	1.2	2.3

Numbers in brackets represent group range

*Not applicable for QLD due to TMR and PMR systems

**Used Total operating costs for QDAS Figures

		2016/17	2017/18	Year on Year change
Milk Production	Litres per cow	5,975	5,824	-3%
Homegrown Feed	t DM/Milking Ha	8.0	8.8	+10%
Homegrown Feed - % of feed fed	%	62%	62%	0%
Milk Income	Cents/Litre	56.7	55.5	-2%
Cost of Production	Cents/Litre	55.1	57.2	+4%
Return on Assets	%	3.3%	2.3%	-30%

FNC NSW changes in average benchmarks over last two years.

In March 2019, a number of farmers, including many who participated in this benchmarking project, gathered in Ballina to take a look at some of these results. John Mulvany, from OMJ Consulting and Kerry Kempton, NSW DPI, presented on the day taking us through a variety of Farm Business Analysis areas. The morning began with John running a shortened version of a Dairy Business Analysis course, with Kerry covering the Dairy Farm Monitor Results and then combining to take a look at a local farm case study. Over the coming months, the participants in this project will get together again to start discussing their results in more detail, look at their own results and discuss how different systems are achieving their results and formulating ideas and plans for the future. ■ ■



Department of Primary Industries