

## **Legislative Council Select Committee Growing Tasmania's Economy**

### **DairyTas Submission**

**1<sup>st</sup> May 2015**

Thank you for the opportunity to provide a brief submission to your committee on behalf of DairyTas. DairyTas would be interested to present evidence to the planned public hearings of the committee and provides below some initial information for the committee as background for the hearings.

#### **Background on DairyTas**

DairyTas is the Tasmanian service delivery arm of Dairy Australia, investing farmer levies and other funds to support the Tasmanian Dairy Industry. It is an incorporated non profit organisation in Tasmania.

DairyTas' main aim is to identify, prioritise, promote, facilitate and leverage opportunities for research, development and extension activities in the Tasmanian dairy industry which will assist dairy farmers to manage change.

Further to this the DairyTas Board seeks to encourage the development of a sustainable, vigorous and dynamic dairy industry in Tasmania that offers economic and social rewards to dairy farmers and those in the wider community.

The Board's roles are to:

- encourage ideas and adopt a rigorous process for identifying and prioritising the needs of grass roots farmers
- identify underlying problems which such needs reflect
- resource projects, co-ordinate funding and commission projects to address these needs
- monitor and evaluate project performance to ensure there are genuine outcomes
- act as a broker for innovative projects
- attract funding to leverage the pool of available resources
- provide local input to national forums
- provide feedback to farmers, industry service providers, Dairy Australia and other stakeholders

DairyTas is currently managing a 3 year \$1.7M project called IntoDairy to promote the growth of milk production in Tasmania to meet the milk processors demand and investments in capacity. Our target is for 40% milk growth by 2017/18. We are currently slightly behind this target with 870 million litres of milk estimated in 2014/15, up around 10% on last year.

See [www.dairytas.com.au](http://www.dairytas.com.au) for more information.

## **Dairying in Tasmania**

Tasmania's temperate climate and relatively reliable rainfall provides the basis for a growing dairy industry. Dairying in Tasmania provides a low cost and high quality environment that is internationally competitive. Tasmanian dairy farmers have on average the lowest costs of production and highest returns of any dairy region in Australia. These returns also consistently beat the returns from other forms of agricultural production in Tasmania.

Dairy is the largest agricultural sector in Tasmania with \$430M of farm gate income in 2013/14 and over \$1 billion per annum across the whole dairy value chain. Dairy production in Tasmania has been growing by over 3%pa for the past 10 years and the recent processor investments have pushed the potential for this growth to achieve 5-10% pa levels.

We are currently seeing unprecedented interest in dairy farm investment and development from both existing dairy farmers, other Tasmanian land owners and overseas investors from a range of locations led by New Zealand and Europe. So far the much touted Chinese and Asian investment interest have translated into activity.

Investment in dairy farming requires patient capital, time to plan and develop and any new dairy operation and good management often with local partners to manage the operations.

The main constraints to the growth of the industry are capital and skills. Capital and investment to develop existing and new dairy farms. The land and water resources are available with the recent infrastructure development by Tasmanian Irrigation creating further interest in and opportunities for dairy farming across the state. All dairy farms require skilled management and labour. This is especially the case as farms are often larger scale milking operations with 600 cows plus are requiring more than just the family to run the operation.

We need more skilled managers and sharefarmers to operate these larger and more complex dairy operations.

Dairying is investing in a number of programs to support the industry (through Dairy Australia and DairyTas) to overcome these constraints including:

- Employment Starter Kit and employment Register (ESKI and EME)
- People in Dairy resources
- Financial and Business Management including Dairybase
- IntoDairy growth project
- National Centre for Dairy Education encompassing skills and capability with TasTAFE
- Benchmarking and Dairy Awards

## **Sustainable Dairy**

DairyTas and IntoDairy have recently supported the Clean Rivers and FertSmart programs design to provide support for dairy farmers to manage riparian zones by fencing out stock, improving effluent and drainage and mapping and optimising farm nutrients to reduce costs and potential losses of nutrients. These programs have been rolled out to dairy farmers with support from the regional NRM organisations throughout the state and with industry resources.

Intensive dairy regions need to be well managed to limit impacts on the environment and avoid some of the pitfalls such as those experienced from dairy development in NZ where they now have farm nutrient limits and water quality impacts in sensitive environments. This has now become a focus of the IntoDairy project.

DairyTas and Dairy Australia are conscious of working constructively with farmers to minimise environmental footprint and ensure that we have growth that is sustainable.

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