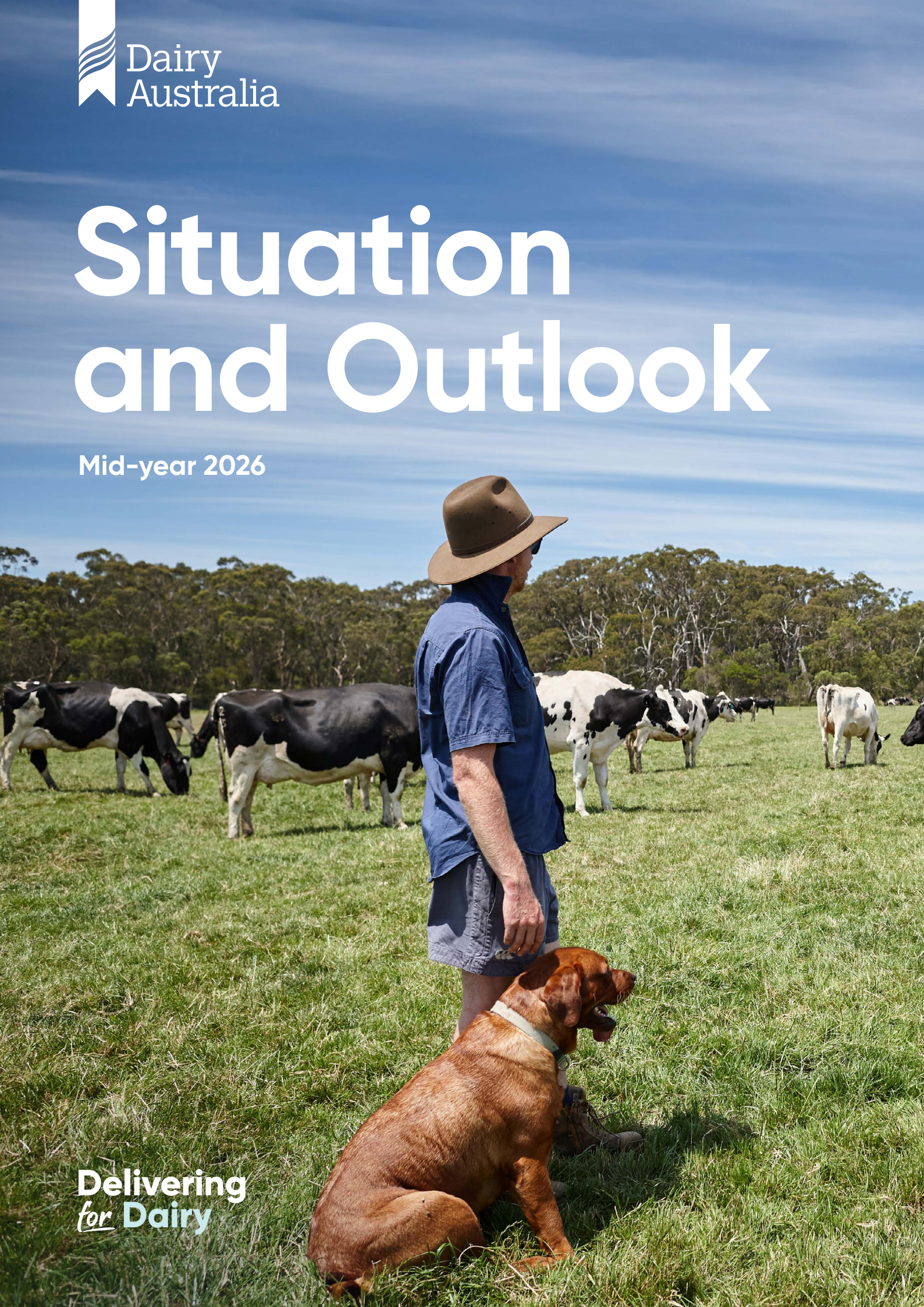
Dairy Australia

Situation and Outlook

Mid-year 2026



Delivering for Dairy

Seven key drivers

of the Australian dairy industry

Global supply

Situation: Negative | Outlook: Neutral

Global milk supply has been strong over the past 12 months, with New Zealand, Europe and the United States reporting solid year-on-year growth. However, falling farmgate milk prices in the United States and Europe, high global beef prices, and ongoing input cost pressures could see production growth stall over the remainder of this year.

Australian market

Situation: Positive | Outlook: Positive

Domestic demand for dairy remains stable and a constant in Australian shopping baskets, with consumers largely remaining engaged in the sector while becoming more selective in how they purchase. As cost-of-living pressures persist, dairy is expected to remain a core part of household spending, with demand shaped by consumers' focus on value.

Global demand

Situation: Positive | Outlook: Positive

Global demand for dairy products continues to rise, supported by increasing consumption and protein-related dietary trends. Imports into South-east Asia have increased, while decreasing demand from Greater China eased. While overarching demand conditions remain strong, inflationary pressures may constrain consumer and business expenditure going forward.

Inputs

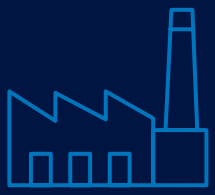
Situation: Negative | Outlook: Negative

After a decent summer, fuel and fertiliser prices have spiked due to the Middle East conflict, shifting sentiment. Water and feed prices, though roughly in line with five-year averages heading into the season, may also increase in 2026–27. Although autumn rainfall has improved pastures and feedstock in many regions, these factors will not offset input prices that are rising due to geopolitical headwinds.

Global economy

Situation: Negative | Outlook: Negative

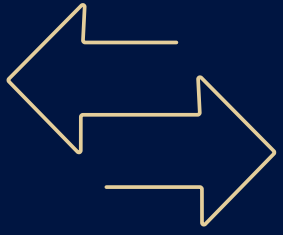
The global economic outlook has been revised strongly downward amid the Middle East conflict. Oil prices will impact production costs across most primary industries, which will renew inflationary pressures that had been previously easing. Global economic growth is expected to slow over the year ahead and inflationary pressures will limit consumer demand.



Australian production

Situation: Neutral | Outlook: Negative

After a sluggish start, milk production has trended favourably in the second half of the season. An improvement in rainfall from February in many regions has seen water and feed prices tail off but remain elevated. However, the Middle East conflict has weakened the outlook. Fuel and fertiliser prices, as well as the resulting pressure on feed production, is expected to hinder production over the season ahead. Milk production is forecast to fall by 2% in 2026-27.



Exchange rates

Situation: Negative | Outlook: Neutral

The Australian dollar has strengthened considerably over the past year, from US$0.64 in April 2025 to US$0.71 in April 2026. A stronger dollar has weakened Australian export competitiveness and reduced the relative price of imports. However, this has also partially alleviated input price pressures via the redirection of export feed products into the domestic market. The Australian dollar is forecast to marginally strengthen over the coming year, driven by Cash Rate hikes.

Positive | Neutral | Negative

Contents

Executive summary

This season unfolded against a complex backdrop of global supply growth, volatile input costs and shifting demand dynamics.

International milk production expanded and domestic on-farm conditions fluctuated. Nevertheless, Australian dairy benefited from periods of farmgate pricing resilience, recovering milk production and stable consumer demand, leaving the industry entering the outlook period on firmer footing than earlier in the 2025-26 season.

However, the momentum in milk production into the outlook period remains at risk of being halted by the escalating conflict in the Middle East, which is placing upward pressure on input costs and inflation.

Domestic milk production started the season softly. A difficult start to 2025-26 saw October, the peak production month, report volumes 2.4% down year-on-year, weighing heavily on early-season expectations. However, improved weather conditions and easing feed prices supported recovery in the second half of the season. As of March, the season-to-date position was down 0.7%, and the 2025-26 season is projected to outperform Dairy Australia's mid-season forecast of a 2% decline, to finish down around 1% on last season. The ongoing conflict in the Middle East and its broader economic implications are expected to increase caution among both farmers and consumers into the outlook period.

The improved milk production situation was reflected in the National Dairy Farmer Survey results, which tracked farmer sentiment over the 12 months to February 2026, although it should be noted that most of these survey results were captured prior to the escalation of conflict in the Middle East. The survey recorded a clear lift in confidence among dairy farmers, regarding both the future of the industry and in their own operations. Victorian farmers were the key contributors to this uptick in positive sentiment. Optimism in their own businesses rose from 71% to 80%, while optimism about the industry rose from 52% to 62%.

This improved sentiment has translated into stronger expansion intentions, with 26% of farms reporting they are in an 'expansion' phase, up eight percentage points from the previous year. Furthermore, 38% of national farms have increased their herd size over the past 12 months.

This rise in confidence, despite ongoing volatility in input costs over the season through February and deteriorating economic confidence, points to a degree of underlying stability within the Australian dairy industry.

More favourable input market conditions likely supported stronger farmer sentiment. Collective input prices were lower for most of the season 2025-26 than in the previous year, although this trend has been disrupted by recent geopolitical events. Feed costs have trended downward from the previous year, partly reflecting the tight conditions experienced in April 2025 when dry weather constrained availability. Wheat prices were lower in all but three regions in April 2026 compared with April 2025, while hay prices were lower across all but two regions. Temporary water prices in Northern Victoria were higher in March compared with both a year earlier and the five-year average. However, prices have eased from summer peaks. In contrast, urea prices surged significantly in March, sitting well above both prior year levels and the five-year March average, with supply constrained by the ongoing Middle East conflict and precautionary purchasing by farmers. Non-urea fertiliser prices were higher than last year but remained below their five-year average.

Australian dairy export conditions over the past year have been shaped by resilient global pricing, despite strong milk supply growth across major export regions. Despite price softness in several major markets in late 2025, commodity prices have since trended upwards. Production increased in New Zealand, Europe and the United States over the 12 months to January 2026; however, the resulting supply pressure has not translated into uniformly lower commodity prices. Skim milk powder (SMP) prices have remained elevated across key markets for much of this period. This likely reflects tight availability as milk has increasingly been diverted into whey protein

concentrate production, constraining supply to the SMP market. Butter and cheese markets have shown more mixed outcomes globally, with northern hemisphere exporters reporting price declines. However, Australian and New Zealand prices have remained comparatively stable, supported by steady underlying demand.

This relative resilience of global dairy product pricing has coincided with signs of demand stabilisation across key export destinations. Global exports into Greater China declined by around 1% year-on-year over the 12 months to January 2026; an improvement on the steeper 6% contraction recorded a year earlier. South-east Asia also returned to growth in the year to January 2026, with import volumes up approximately 2% following a softer performance in the previous year. Imports into the Middle East and North Africa increased by a similar amount, with demand expected to remain resilient despite ongoing geopolitical uncertainty, as buyers continue to prioritise food security and continuity of supply. Specific to Australia, the nation's share of global dairy exports fell slightly in both volume and value terms. Share of global export volume decreased from 3.6% to 3.4%, while value dropped from 3.7% to 3.6%. Increased production from the United States and New Zealand saw the export market share of these two nations increase at the expense of others.

Against a backdrop of volatility elsewhere in the dairy sector, retail demand remains stable. Dairy is still firmly embedded in Australian household shopping, with more than 95% of households continuing to purchase dairy over the 52 weeks to 22 February^. Headline volume across dairy products, collectively, has been broadly steady over the past year.

However, notable shifts are occurring within categories as consumers reshape their choices regarding specific products. For example, cooking cheese, Greek yoghurt and butter have seen gains, while blended spreads and entertaining cheeses have declined in volume terms. Notably, the growth in penetration of plant-based dairy alternatives has stalled. Though higher prices for plant-based dairy alternatives have likely been a primary behavioural change driver, complex ingredient lists and low protein contents have seen consumers shift back toward dairy. Overall, dairy demand continues to demonstrate stability in the face of shifting household expenditure. Global demand for dairy has been, and will likely continue to be, supported by rising demand for naturally protein-rich foods. At a product level, sales will ultimately be defined by how consumers balance value and versatility in response to cost-of-living pressures.

Looking to the season ahead, the autumn break in 2026 will likely sustain milk production over the early months of season 2026-27. The positive momentum going into the next year, provided by factors such as solid soil moisture baselines (except in some specific regions) and feed stock, will likely be slowed by high input prices. Temporary farmgate milk price rises from processors will partially ease margin pressures, though highly elevated cost structures will remain a key challenge. Demand, both domestically and from export markets, is projected to be solid, albeit with limited upside given global inflationary pressures. Because of the current uncertainty regarding fuel and fertiliser prices and availability, Dairy Australia estimates that a 1% decrease in milk production is possible in the event of a timely resolution to the Middle East conflict along with favourable weather conditions, while a 3% decline is possible should elevated input prices be sustained over the year or if an unusually dry season occurs. On balance, milk production is projected to fall by 2% over the 2026-27 season.

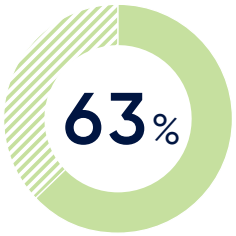
Dairy Australia's National Dairy Farmer Survey interviewed 600 dairy farmers nationwide in February 2026.

^ NielsenIQ Homescan based on a continuous panel of 10,000 households; excludes non-private dwellings and businesses, non-permanently occupied households and out-of-home/impulse purchasing. DAIRY AUSTRALIA calculation based in part on data reported by NielsenIQ through its Homescan Service for the dairy category for the 52-week periods ending 22/02/2026, for the total Australia market, according to the NielsenIQ standard product hierarchy. Copyright © 2026, Nielsen Consumer LLC.

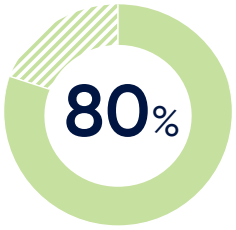
National Dairy Farmer Survey 2026

The National Dairy Farmer Survey (NDFS) is conducted each year as a means of tracking dairy farmer sentiment, views on industry challenges and own business intentions. It provides a robust set of data to support or challenge anecdotal and other information sources. In February 2026, 600 farmers were interviewed nationwide for this survey.

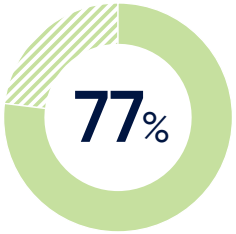
Note: 75% of interviews were conducted prior to the commencement of the conflict in Iran.



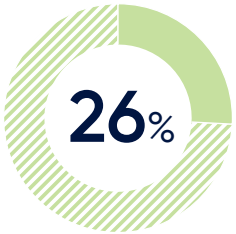
Sentiment
Positive about industry future
+8%



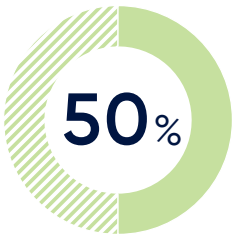
Outlook
Positive about own business
+9%



Profitability
Made operating profit in 2024–25
-6%



Expansion
In an expansion phase
+8%



Stability
In a stable phase
-5%

What a difference a year makes. The 2026 NDFS highlights strong resilience and farmer confidence as farmers navigate ongoing challenges. Improved rainfall, stronger than expected profitability and easing grain and fodder costs have lifted sentiment about the future of the dairy industry and driven more positive outlooks for farm businesses. For the first time since 2022, the share of farmers positioning their businesses for growth has increased.

Victoria drives recovery in industry and business confidence

The sharp decline in farmer confidence reported in 2025 has reversed in 2026.

Four in five farmers nationally are now positive about the future of their own businesses and nearly two-thirds (63%) express confidence in the future of the industry.

This strong uplift in confidence has occurred despite a lower proportion of farms recording an operating profit in 2024–25 compared with 2023–24, and four in five businesses across the country being adversely affected by either dry or wet conditions in the 12 months prior to the survey.

Victorian dairy regions have been the strongest contributors to the recovery in national industry and business sentiment. Western Victoria stands out, recording the most significant rebound in confidence after the challenging conditions of the 2024–25 season. In this region, almost all respondent farms (97%) experienced the effects of extreme weather, with seven in ten reporting severe impacts.

The Murray and Gippsland regions are also supporting the upward trend in Victoria and are more positive than a year ago, with a smaller proportion of farms severely affected by seasonal conditions compared with Western Victoria.

The turnaround in farmer sentiment highlights the resilience of dairy farm businesses and their confidence in managing an increasingly dynamic operating environment. Most farms nationally (85%) report confidence that they have appropriate plans in place to navigate future challenges. While this confidence is broadly consistent across regions, it varies by herd size. Confidence is lowest among small herds of fewer than 150 cows (78%) and strongest among the largest farms (93%).

Farm profitability has been a key driver in improved business sentiment. Profit expectations for the 2025 season were exceeded, with just under four in five farms (77%) recording an operating profit, compared to 64% expecting to be profitable. At the time of the survey, the season 2026–27 outlook remained positive with 78% or more of businesses across all regions expecting to be profitable. The Murray and New South Wales* regions were the only areas where optimism about next year's profits is lower than it was for 2025.

Figure 1 Farming businesses positive about own business

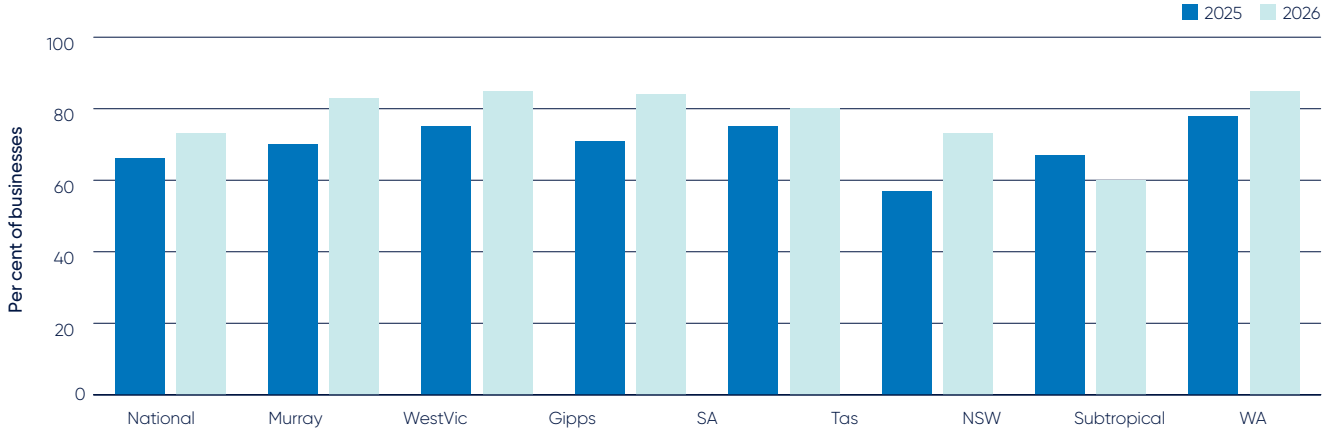
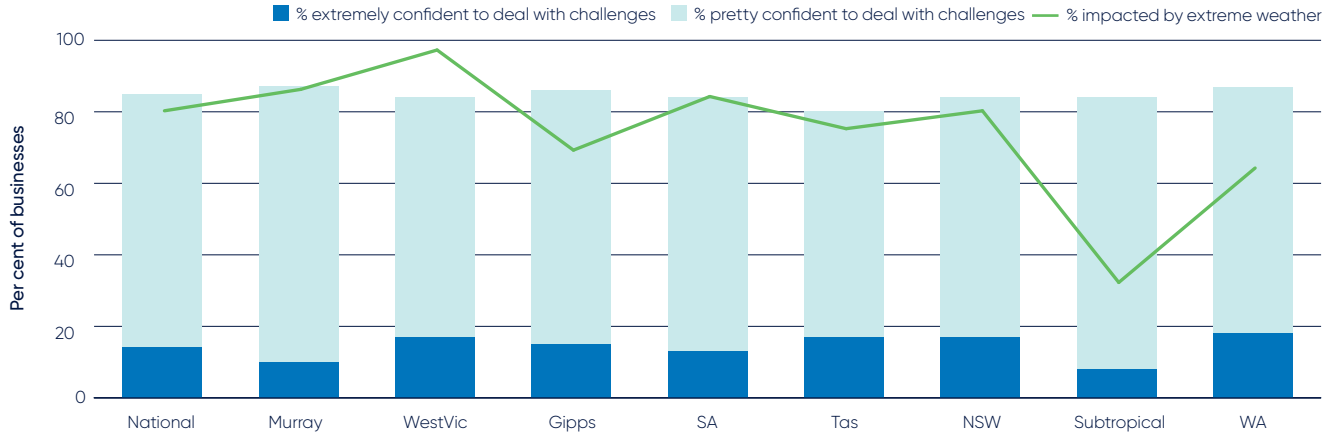


Figure 2 Dealing with challenging conditions



* excluding Murray and parts of Northern NSW

Profit expectations also varied by herd size. The proportion of farms anticipating a profit in 2026 ranged from 64% among small herds (fewer than 150 cows) to 89% among the largest farms with herds of more than 700 cows. Notably, almost half of these larger businesses expect profits to exceed the past five-year average.

While easing seasonal conditions and optimistic expectations of continued profitability in the current season have undoubtedly driven the broad uplift in confidence reported in the survey, there are signs of increasing caution. Emerging cost and supply pressure, particularly around fuel and fertiliser, will potentially temper farmer sentiment as these challenges unfold.

Growth is back on the agenda

The proportion of farms in an expansion phase has returned to 2022 levels, with just over a quarter of businesses (26%) currently expanding and 38% having increased their herd size in the past 12 months.

Growth intentions have strengthened across all regions compared with recent years, with Gippsland and Queensland leading the reversal of the downward trend in expansion observed previously. Expansion activity is also more pronounced among midsized farms; those with herds of 300 to 500 cows are significantly more likely to be in an expansion phase this season compared to in 2025.

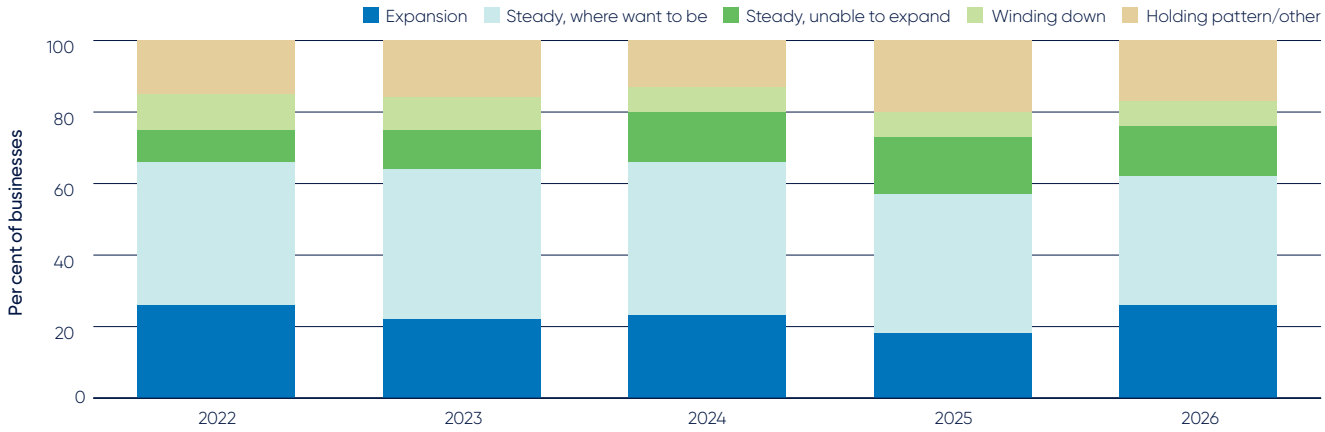
In contrast, the proportion of farms nationally that are 'winding down' has remained stable at around 7% over the past three years. However, notable regional variation exists, with a higher likelihood of exit reported in Western Australia (16%) and significantly lower levels in Tasmania (2%). The survey also indicates a clear relationship with herd size, with smaller herds more likely to be in a winding down phase.

Looking ahead to the next five to ten years, the outlook is even more positive.

Almost a third of dairy businesses nationally (30%) are prioritising growth through strategies such as increasing productivity or production, purchasing additional land or farms, or expanding their milking herds.

Medium to long-term growth intentions are strongest in Tasmania (39%) and Gippsland (35%). Reflecting this, these regions are also among the most optimistic about achieving an operating profit in the season ahead and were two of the least affected by recent extreme weather events. While South Australian farms are the least likely to be expanding in the short term (20%), their longer-term outlook is more positive, with just under a third of businesses (32%) planning for growth over the next five to ten years.

Figure 3 Enterprise phase trend



The outlook for farms with herds of more than 700 cows is also encouraging, with more than a third (35%) targeting growth over the next five to ten years primarily through a focus on increased production or improved productivity. These larger businesses are also the most likely to prioritise on-farm improvements in the years ahead. This is likely being supported by a significantly higher proportion of these farms achieving above average profits this year, alongside strong expectations for continued profitability in the current season.

Seasonal conditions force adjustments in feeding practices

For the first time, the NDFS examined farmers' intended feeding approaches compared with what actually occurred in the 12 months prior to the survey. Overall, around two-thirds of farms planned for their milking herds to graze directly on pasture or forage year-round; however, seasonal challenges affecting feed availability meant that only six in ten farms were able to do so in practice. With the exception of Western Australia and Tasmania, all regions reported lower levels of direct grazing than originally planned, with Western Victoria showing the largest divergence between intended and actual feeding practices.

Figure 4 Business priorities for next five to ten years

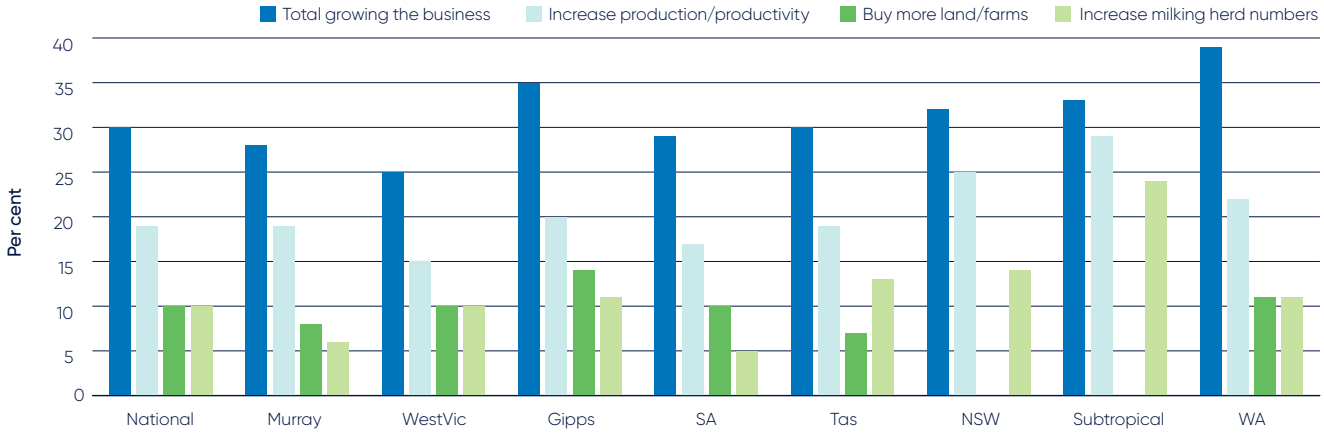
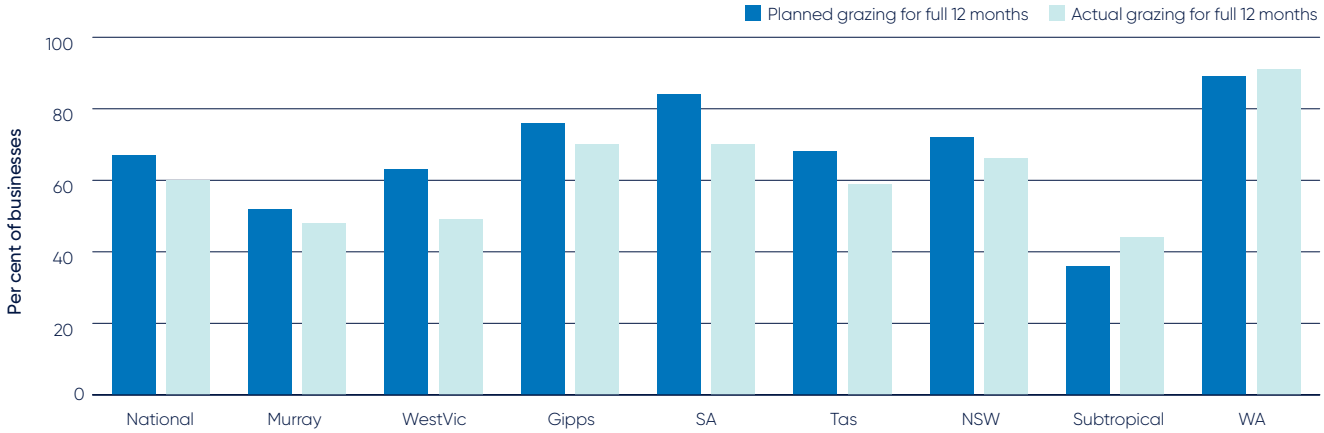


Figure 5 Direct grazing by region



Further evidence of adjustments to feeding practices is the increase in the average amount of concentrate supplements fed per cow in the previous season, rising from 1.8 tonnes to 2 tonnes. This represents the highest level of supplementary feeding recorded since reporting commenced in 2009. The increased reliance on supplements aligns with the lower than planned levels of direct grazing reported across much of the industry.

There has also been a steady increase in the proportion of farms incorporating by-products into feed rations, rising to 29% from 16% in 2021. The most notable growth in by-product use in the last 12 months has occurred in the Gippsland region, while all Victorian regions have recorded a marked increase in the feeding of palm kernel expeller (PKE).

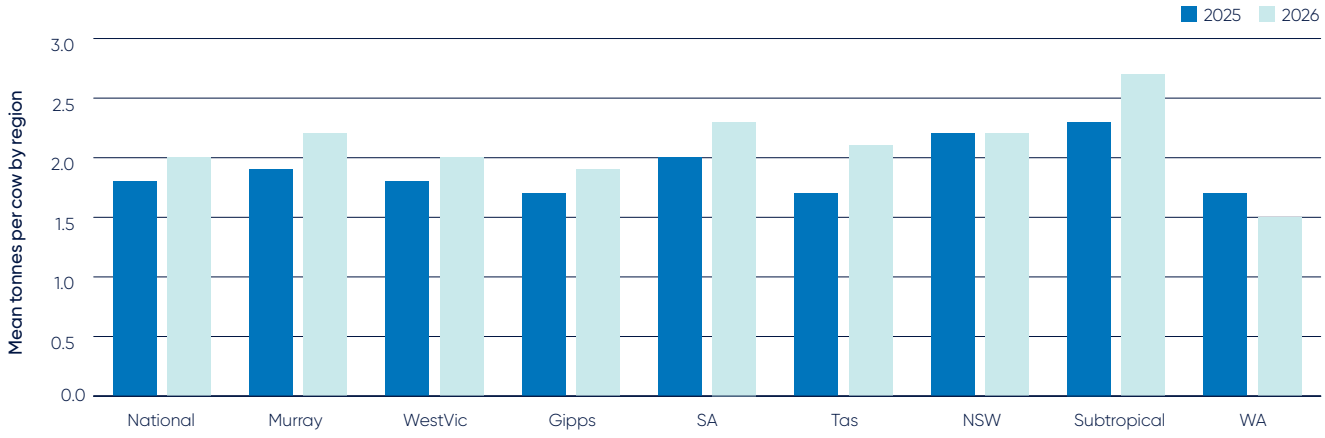
Other feeding-related changes are evident in the survey results. While these shifts are likely to have been driven primarily by seasonal conditions, they may also reflect sustained investment in on-farm infrastructure over the past four years, supported by relatively steady profitability. Several notable trends emerged in 2026, with a significantly higher proportion of farms reporting the following:

- **Temporary feed-out areas** (such as sites located within pastured paddocks, sacrifice paddocks, or laneways) — now used by 23% of farms, up from 11% last year. This trend is evident across all regions.
- **Feedpads without a roof**, particularly formed earthen feedpads — rising to 16% of farms from 11%, with the strongest growth observed in the Subtropical region. South Australian respondents are also more likely to report the use of concrete feedpads compared with 2025.

Overall, these changes have resulted in a greater proportion of farms now having some form of feeding infrastructure outside the dairy, increasing from 52% last year to 63%.

While the potential impacts of the conflict involving Iran on critical inputs such as fuel and fertiliser are yet to be determined, the NDFS results point to a positive season ahead for the dairy industry. This outlook is underpinned by a significant uplift in farmer sentiment, particularly across Victoria, and a stronger appetite for growth evident across most regions.

Figure 6 Concentrate supplements fed (tonnes per cow)



Milk Production: A season on the seesaw

This season's milk production has ebbed and flowed, reflecting shifting weather conditions and cost pressures.

Early-season milk production was limited by the continuation of poor weather conditions from 2024–25 into the spring of 2025–26. Below-average rainfall across most dairying regions were combined with elevated feed costs, with prices in some regions more than double the five-year average. Due to these factors, over the four months through September, milk production was 2.4% below that reported over the same period in 2024–25.

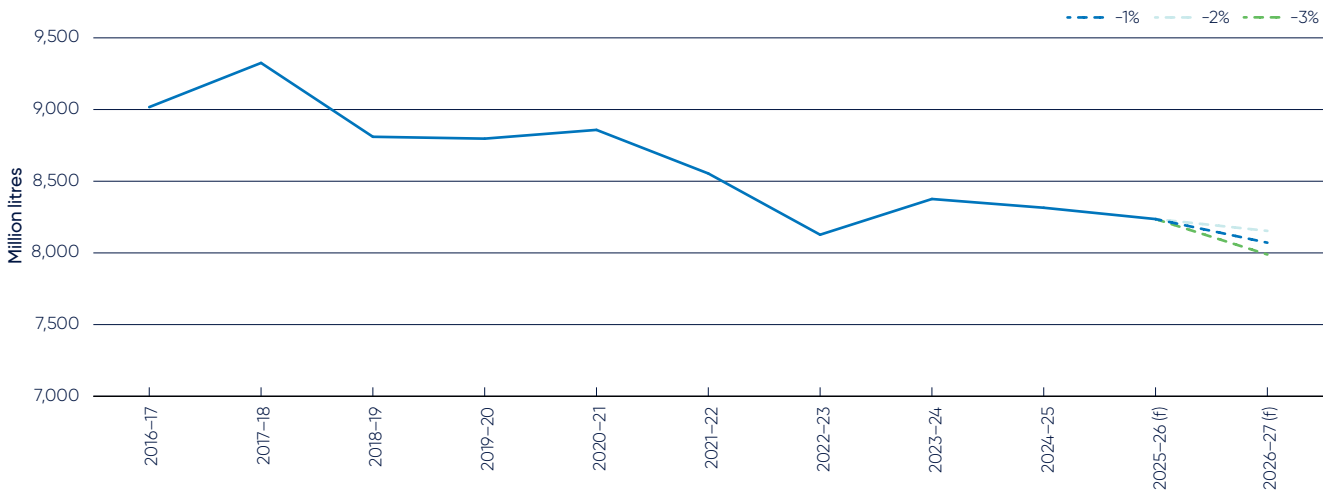
From December onward, monthly production has exceeded the same month of the previous year, so that year-to-date (YTD) milk production was down only 0.7% on the previous year by March, a significant improvement over four months. This turn of fortunes was supported by improved weather conditions in many regions through the summer. However, some regions reported adverse, and even extreme, weather conditions. The standout among these was Northern Victoria, which had bushfires followed almost immediately by heavy rainfall. Fodder costs have trended downward in all regions except for Western Australia since the start of the season, supporting milk production and farm profitability. As summer wrapped up, signs pointed toward a strong end to the season.

Spring harvest was good in most regions with many farms in the drought affected areas of South-west Victoria, Gippsland and South Australia having record harvest.

However, the Middle East conflict emerged and escalated, providing cost challenges to dairy farmers and the Australian economy. Much like the season overall, there is good news balanced against challenges. On the one hand, March rain drove an increase in soil moisture. The resulting improvement in conditions for feed and pasture growth is expected to support short-term milk production. However, extreme fertiliser and fuel prices are likely to erode on-farm confidence and may force farmers into difficult decisions, such as reducing herd size or postponing expansion plans. This has occurred in an environment where, despite recent rain, water supply and feed prices remain elevated in many regions. Therefore, while prevailing weather conditions are expected to sustain farmers over the short-term, there are downside risks for the 2026–27 outlook.

Production growth intensions by farm size has continued to report the same trend as in previous years, with larger farms tending to expand and smaller farms more likely to be in a holding or winding down pattern.

Figure 7 Australian milk production by season



Source: Dairy manufacturers and Dairy Australia

Victoria

Western Victoria has reported challenging conditions, but farmer management has tempered the decline in milk production, which is down 1.5% YTD (through March) on 2024–25. Many of the challenges reported last year, namely a reliance on purchased feed and scarcity of good quality fodder, or, in some circumstances, a complete lack of accessible fibre, continued into the 2025–26 season. This dynamic was reflected in pricing, with hay more than double the price in July 2025 than the same month in 2024. The region has also recorded below average rainfall over the current season and has not received the significant autumn break that has benefited Gippsland and Northern Victoria. Additionally, grain prices have increased strongly across the year but are yet to reach the notable highs recorded in recent years. The high-cost operating environment and absence of autumn break rain are expected to result in milk production falling slightly over the 2026–27 season.

Although South-west Victoria and Gippsland experienced strong spring growing conditions to assist with fodder conservation, Northern Victoria's spring cut out early, limiting fodder conservation opportunities. The region is currently tracking 1.8% down YTD (through March) from 2024–25. Farmers have struggled with below average rainfall and extreme water price pressure for most of the season. Furthermore, many farmers were subjected to the one-two punch of bushfires leading almost immediately into heavy rainfall. Though cow losses were rare, there were cases of interrupted milk collection. Water availability and costs remain extreme, despite an autumn break, with reports of some farmers taking on additional loans to sustain water supply. There is also a reported trend of new farms struggling in the high-cost environment while established farms are faring better, potentially due to the rise in interest and loan costs that tend to bias toward newer enterprises. However, significant rainfall, including record highs in some areas, has somewhat eased water-related pressures. This rain break has set up some farmers to sow crops. Instances of investment and expansion have tended to be by barn-fed operations, a trend particularly notable within Northern Victoria. Herd management initiatives such as increasing herd size and retaining heifers for another lactation could support milk production.

However, water availability constraints and increased production costs due to the Middle East conflict is projected to result in milk production falling in Northern Victoria in 2026-27.

Gippsland, while having a tough start to 2025–26 due to drought in some areas, has reported an improvement in milk production across the season. A strong spring harvest and a solid autumn break in most areas have resulted in milk production down only 0.8% YTD (through March). However, this decline has occurred off an elevated two-year base. Early season weather conditions coupled with high fodder prices constrained production, which has steadily improved across the season. A strong autumn break has occurred, supporting pasture growth. Nevertheless, farm sales have been occurring, a trend supported by strong land values. Industry exits have been typified by switching to beef among the older generation of farmers. However, unlike in some other regions, many sales are staying within the dairy industry. Over the current season, an increase in the average farm size has contributed to a slight increase in the herd size. Looking forward, the continued trend of increasing farm size and solid urea stocks are likely to balance out the uncertainty stemming from the Middle East conflict. Overall, Gippsland milk production is likely to remain mostly stable over the 2026–27 season.

South Australia

South Australia (SA) has recorded the poorest season of any state, with milk production set to decrease. The main contributor to the decline in SA's milk production over the season to date has been adverse weather conditions, in particular drought and hot weather. The Adelaide region has been most severely affected, limiting production. High land values around Adelaide have also resulted in some industry exits. These adverse weather conditions and drought resulted in a contraction of the state herd in the last two seasons and, although cull volume has declined in 2025–26 (over the comparable nine months through March period), this has occurred off an extremely high base. This reduction in herd volume over the past three years has been a significant handbrake on state milk production.

Hot and dry conditions over most of this season have also manifested in increased feed costs, with elevated prices further impacting milk production. Though feed costs recently returned toward recent benchmarks, increasing fertiliser and fuel prices due to the Middle East conflict are likely to affect farmer decision making around herd building and therefore milk production. The downward pressure on production is expected to continue over the remainder of 2025–26 and through 2026–27, given the ongoing drought recovery combined with uncertainty surrounding fertiliser and fuel disruptions.

New South Wales

Milk production in New South Wales (NSW) has varied by region but has reported a strong season overall, up 2.6% YTD (through March) on 2024–25. Farm expansion has driven the increase in milk production. Around 40% of farms have increased their herd size in 2025–26, per the NDFS. Cull cows have declined marginally state-wide from 2024–25 YTD, despite a strong increase in prices.

The Southern region has reported a standout YTD performance, with milk production up 5.4% on the previous season. Inland/Central has increased by 2.8% YTD, while Northern is down 4%. These trends largely mirror rainfall patterns. Furthermore, these patterns have recently been exacerbated as Northern NSW has not benefited from an autumn break that has supported the Inland/Central and Southern regions. Low rainfall has gripped the north of New South Wales and some cattle farms have reported record turnoff volumes.

Feed prices have increased substantially across the year, threatening production over the coming season. High feed prices and an below-average rainfall outlook are expected to result in NSW milk production trending slightly downward over 2026–27, albeit from a strong base in the Southern and Inland/Central regions.

Queensland

As mentioned in last year's report, there has been strong investment by Queensland farmers into their own businesses in recent years. This investment, coupled with a decline in cow culls, have driven growth in 2025–26 milk production. Production has grown by 3.3% YTD (through March) on 2024–25. Rainfall has varied across the dairying regions. Most of the northern half has experienced average to above-average rainfall across the year, while the southern half as reported the opposite. Like most other states, grain prices have risen over the year, but margin pressures have been eased by a stronger fall in fodder prices. In general, larger farms have weathered the volatile cost environment better than smaller farms.

Ongoing investment, a soft volume in cull cows, and a decent autumn rainfall in the north of the state are expected to place upward pressure milk production over 2026–27. As referenced in the NDFS, growth intentions remain strong in Queensland. However, the Middle East conflict and resulting urea shortages in Australia may change the outlook for investment, as well as milk production. Farmers are likely to delay (but not altogether cancel) capital investment while cost uncertainly prevails. There is also a downside risk for production given state farmers' high exposure to feed prices. Reduced crop production, and therefore boosted feed costs, due to extreme urea prices is likely to constrain milk production in 2026–27. Overall, milk production in Queensland is expected to fall over the coming season.

Tasmania

Tasmanian milk production, which declined by 3.6% in 2024–25, like most states had a slow start to the season. Cold weather limited production, but many farmers took the opportunity to grow silage for the season ahead. From September onwards, production has been strong. State production is trending toward 2% growth over 2025–26. Production improvements have been supported by robust capital investment among larger farms. Over 90% of Tasmanian farms reported in the NDFS a full 12 months of grazing, despite rainfall finishing below-average over the summer and autumn. Calving patterns have been brought forward to maximise short-term production, with per-farm production up strongly on the previous year.

Similar to Queensland, Tasmanian dairy farmers are highly exposed to the outcomes of the Middle East conflict. Many farmers in the state have a high urea application rate, as grain is less accessible than in other states and pasture reliance is relatively high. A prolonged war and poor urea accessibility is a threat to 2026–27 milk production. However, favourable expansion and investment plans, along with solid hay and silage storages, point to state milk production finishing mostly stable over the coming season.

Western Australia

The industry exits and herd reduction over previous years has continued to weigh on milk production in Western Australia (WA). However, like other states, WA production has steadily improved through the year, which was 2.6% down YTD over the nine months through March. February and March rainfall enticed many farmers to restock silage and fodder. WA is the only state to report lower feed prices than the previous year as an easing of dry weather pushed prices down. While lower costs have supported farm margins, it has not had a notable impact on milk production. Looking forward, further farm exits are on the horizon and are likely to occur over the coming years. However, the milk pool is unlikely to contract significantly as there are several cases of heavy capital investment from farmers, often younger owners committed to a long-term future in the industry.

Outlook

The coming season is set to be defined by a push-and-pull between favourable and unfavourable events. Strong pasture conditions, soil moisture and feed stocks are expected to support milk production. Production is also expected to be supported by domestic demand, despite economic volatility. Pantry staples tend to fare better than discretionary items during periods of tight consumer spending. However, despite reasonable on-farm conditions heading into the season, farmers will face margin and cash-flow pressures. Margins are already being impacted by the direct cost of higher fertiliser and fuel costs but also indirectly through many other cost categories. Increased fuel prices are being passed onto farmers, like all other players along the supply chain, via input price increases where transport or manufacturing are involved. Though farmers will potentially be supported by temporary support uplifts to farmgate milk prices, input prices will rise to a greater extent. Export demand has demonstrated resilience in the face of supply chain disruptions in the Middle East and high-priced shipping globally. However, the results of the Middle East conflict, namely disruptions to fuel and fertiliser, may weigh on production should the conflict be long-lasting or intensify. For example, outright shortages of either input would constrain production. Furthermore, the Bureau of Meteorology has forecast below-average rainfall over most dairying regions over the remainder of 2025–26, which will likely place upward pressure on input costs heading into the coming season. Overall, milk production is forecast to decline by 2% over the 2026–27 season. However, a 1% decrease in milk production is possible in the event of a timely resolution to the Middle East conflict along with favourable weather conditions, while a 3% decline is possible should elevated input prices be sustained over the year or if an unusually dry season occurs.

Beneath the surface: How dairy retail is evolving from within

Dairy continues to play a central role in Australian shopping baskets, with more than 95% of households still purchasing these products.^

While the sector appears largely steady at a headline level, there is considerable movement happening within categories, keeping the dairy aisle dynamic and responsive to changing consumer needs. Shoppers are not disengaging from dairy rather, they are reshaping how they buy, which formats they prioritise; and what products earn space in the trolley.

Australian shoppers are becoming more purposeful in their purchasing decisions. Ongoing inflation and cost-of-living pressures have added greater intent to how households shop, prompting adjustments to pack sizes, formats and product types to better balance affordability, utility and everyday needs. This behaviour is evident across dairy, where consumption remains resilient, but internal dynamics continue to evolve.

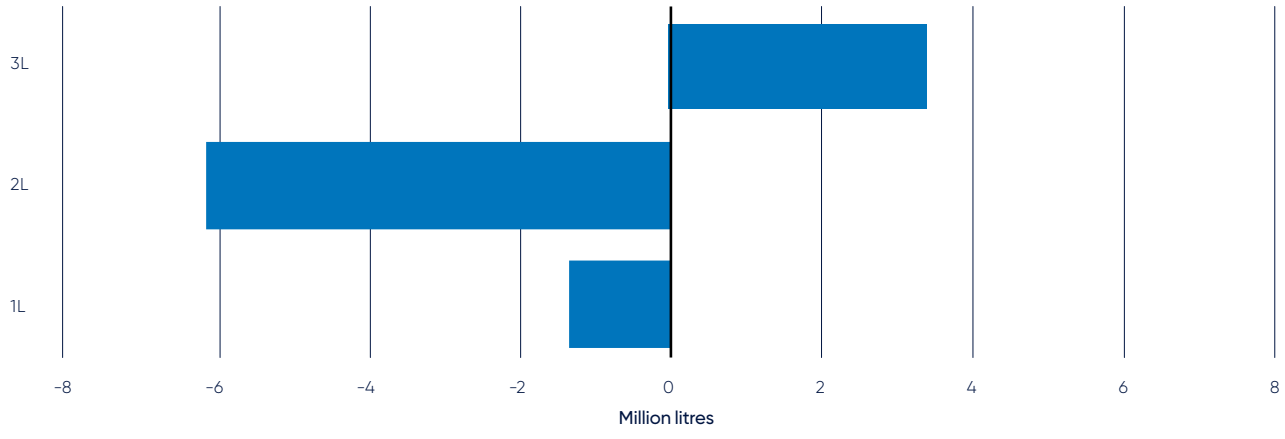
Shoppers are switching within categories, not leaving them

Across the sector, most dairy categories recorded broadly stable volumes over the 52 weeks to 22 February^. However, this stability masks significant shifts within categories, as shoppers adapt how and what they buy rather than stepping away altogether.

In the milk fridge, total volumes sold increased by 0.5% over the year^. Within the category, however, pack size dynamics shifted materially. 3-litre bottles accounted for the largest share of milk volumes for the second consecutive year, as shoppers continued to move away from 1-litre and 2-litre formats.

Larger packs offer a lower price per litre and support fewer shopping trips, aligning closely with current consumer value-management behaviour.

Figure 8 Litres gained/lost due to shifting



*Source : NielsenIQ^*

In dairy spreads, switching within category is even more pronounced. While total spreads volumes declined by 2.1%, butter volume grew by 1.7%^. Growth is being driven by households switching away from blended spreads and existing buyers purchasing more volume. Butter continues to grow in both volume and value, despite being the only segment recording price increases. In contrast, butter blends and margarine are losing shoppers even as their prices fall.

Cheese shows a similar pattern of consolidation. Overall volumes increased slightly (0.6%), but growth is concentrating in specific formats. Cooking cheese volumes rose 7.2%, offsetting declines in everyday and entertaining segments*, down 1.2% and 5.5% respectively^. Cooking cheeses are benefiting from changing household usage and ongoing recipe innovation, reinforcing their versatility across eating occasions. Sliced cheese is another area delivering growth, while other everyday pack formats continue to lose ground. Rather than abandoning cheese, shoppers are narrowing their focus to formats that offer flexibility and value in use.

Even yoghurt is evolving beneath steady growth. Regular yoghurt continues to hold the largest share of volume, but Greek yoghurt is steadily gaining ground, driven by shoppers purchasing it more frequently and buying larger volumes per trip.

Key demographics are accelerating the shifts

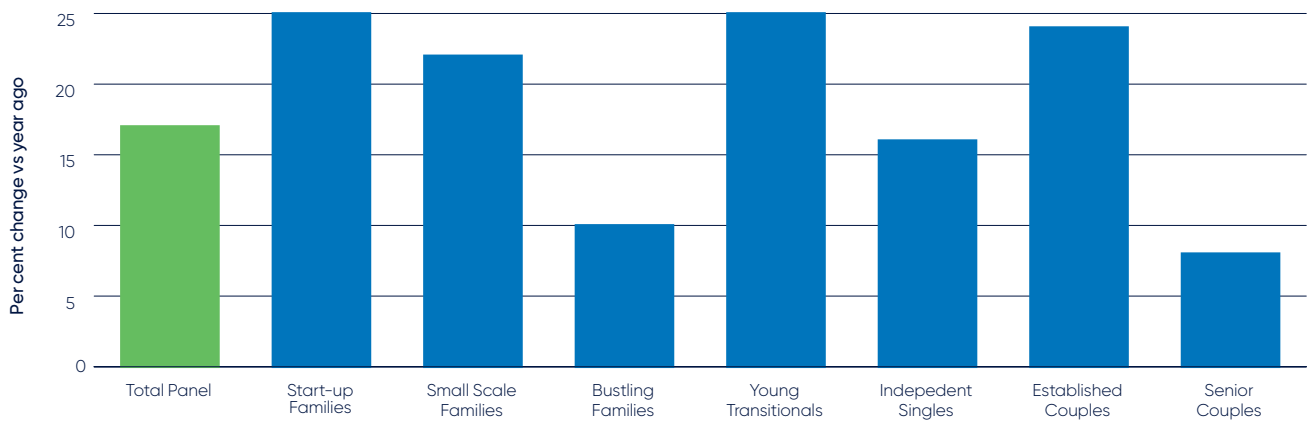
While these trends are visible across the market, some demographic groups are moving more quickly than others.

Young transitionals (adults under 35 with no children) are leading the shift toward larger milk formats. This group increased total litres purchased by 26.9%, driven by a 56.6% increase in 3-litre purchases^. Just a year earlier, young transitionals were more likely to buy 1-litre packs, highlighting how quickly behaviour has adjusted in response to affordability and shopping efficiency considerations.

In yellow spreads, families are playing a key role in shaping outcomes. Among start-up families (families with oldest child under six), butter blends recorded a net loss of 82,600 kg to butter, while among bustling families (families with oldest child 12-17), margarine lost a net 120,000 kg to butter^. These shifts suggest that family households are increasingly prioritising whole products, with decisions guided more by product attributes than price per kilogram.

For yoghurt, growth in regular yoghurt is being supported by established couples, who purchased 19.9% more over the year^. While Greek yoghurt volumes are increasing across all life stages, young transitionals are leading the growth, with volumes up 25.3%, likely supported by expanding usage and visibility through online food and nutrition trends.

Figure 9 Changes to Greek yoghurt volumes by life stage



*Source : NielsenIQ^*

Private label is losing ground – yoghurt aside

Private label performance has softened across much of dairy as consumers become more deliberate about where they allocate their spend, rather than defaulting to the lowest-priced option. In yellow spreads, store brands are losing share across all sub-categories, while branded products continue to strengthen.

A similar pattern is evident in cheese, where private label volumes declined by 8.4%, compared with almost 16% growth for branded cheese^.

This trend has occurred alongside a decline in the average price per kilogram for cheese, which may have eased cost pressure at shelf. With improved affordability, some shoppers appear less compelled to choose private label purely on price, creating greater space for branded products.

Yoghurt remains the key exception. While private label represents a smaller share of the yoghurt market overall, it continues to grow ahead of branded, supported by high household penetration and frequent everyday usage. Outside of yoghurt, however, private label is finding it more challenging to retain share as shoppers concentrate spending on fewer, more intentional choices.

Plant-based beverages easing

Plant-based beverages experienced a pullback over the past year, with volumes declining by 2.9%^. Despite this, sale value remained broadly steady, supported by a 3.4% increase in average price per litre. This marks a clear shift in trajectory for the category, moving from strong double-digit growth in 2024 to noticeable volume declines more recently. As consumers increasingly prioritise simpler ingredient lists and protein intake, demand within the plant-based beverage segment has softened[#].

As a result, plant-based beverages have continued to lose share of the overall milk category, slipping from 9.7% of total volume sold to 9.4%^. While the category remains an established part of the refrigerated set, momentum has clearly moderated.

Taken together, these trends reinforce dairy's ongoing relevance in Australian households, even as purchasing behaviour becomes more deliberate. While headline performance appears stable, meaningful change is occurring within categories as shoppers prioritise value, versatility and everyday utility. Rather than stepping away, consumers are refining their choices. While ongoing global conflict is adding uncertainty across markets, dairy remains well positioned as a staple category and is likely to see relatively stable demand in the near term[$]. As cost-of-living pressures persist, how effectively dairy aligns with evolving shopping and consumption habits will remain a key driver of future demand.

^ NielsenIQ Homescan based on a continuous panel of 10,000 households; excludes non-private dwellings and businesses, non-permanently occupied households and out-of-home/impulse purchasing. DAIRY AUSTRALIA calculation based in part on data reported by NielsenIQ through its Homescan Service for the dairy category for the 52-week periods ending 22/02/2026, for the total Australia market, according to the NielsenIQ standard product hierarchy. Copyright © 2026, Nielsen Consumer LLC

* Everyday cheese refers to cheddar (block, sliced and grated). Cooking cheese includes parmesan, feta, mozzarella, cottage cheese, cream cheese, ricotta and similar varieties. Entertaining cheese refers to artisan-style cheeses

[#] NIQ Article: Perspectives Grocery "Price isn't plant-based milk's only problem" released in October 2025 (Copyright © 2026, Nielsen Consumer LLC)

[$] NIQ APAC Presentation "Beyond Oil Shocks" released in April 2026 (Copyright © 2026, Nielsen Consumer LLC)

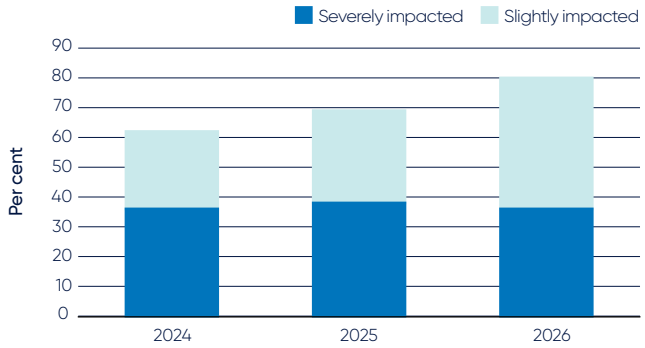
Droughts and flooding rains test farming systems

The past few years have reinforced Australia's reputation as a land of "droughts and flooding rains", with the country's vast size ensuring the direct impacts of extreme weather are highly regionalised. While managing climate challenges is nothing new for Australian dairy farmers, the scale and persistence of recent events raise important questions about how farming systems have been affected and what recovery has looked like.

According to the 2026 NDFS, 80% of respondents reported being slightly or severely impacted by extreme weather in the 12 months to February.

This is the highest proportion of affected farms since the question was first included in the survey in 2024. The most affected region was South-west Victoria, where 97% of surveyed farms experienced impacts, followed by NSW at 84%. In Gippsland, 69% of respondents were affected; below the national average, but still the highest proportion recorded for the region. In South Australia, 80% of respondents reported impacts, down from 93% the previous year.

Figure 10 NDFS respondents impacted by extreme weather over 12 months to February



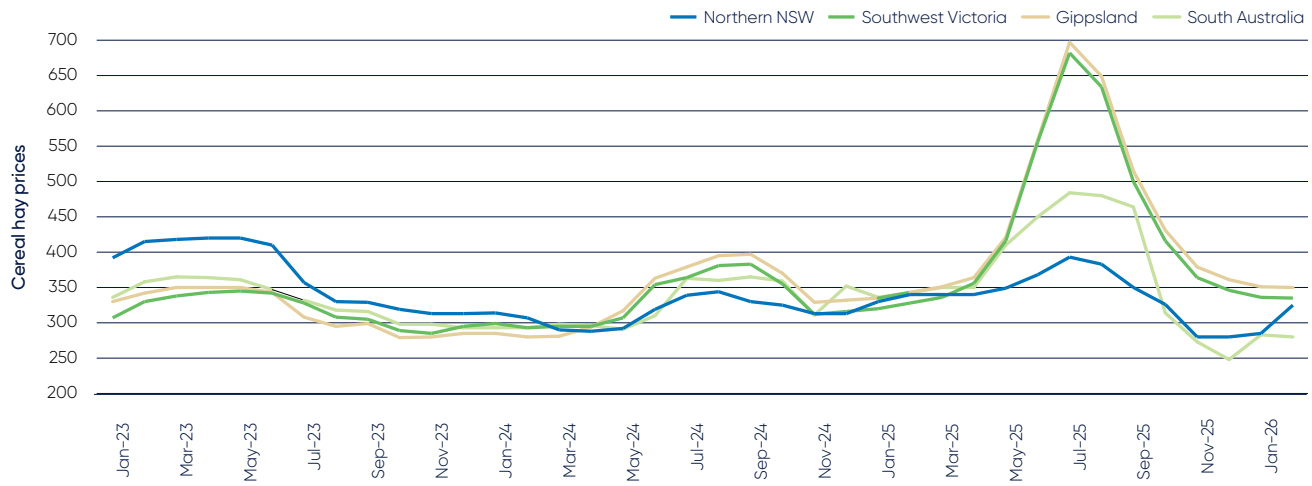
Source: Dairy Australia, NDFS

Parts of South-west Victoria, Western Gippsland and South Australia recorded their lowest on record rainfall across the 12 months to July 2025. These conditions coincided with a challenging cost–price environment. Higher feed purchases were a key driver of rising costs, as maintaining per cow production with good-quality supplements became a priority for many farms, at considerable expense. In South Australia, feed reserves were already depleted following previous dry conditions, which also flowed into this season. In fact, South Australia's dairying regions only started to receive meaningful rain in March 2026.

Grain prices remained relatively stable through this period, as plentiful global supplies kept a lid on local values. However, fodder prices spiked in Southern Australia, with monthly prices in South-west Victoria and Gippsland roughly 33% higher for 2025 due to increased demand across agricultural sectors. South-west Victorian Dairy Farm Monitor Project (DFMP) farms recorded the lowest level of directly grazed pasture in almost 20 years of data collection, with homegrown feed accounting for a significantly reduced share of consumed energy in the most recent data.

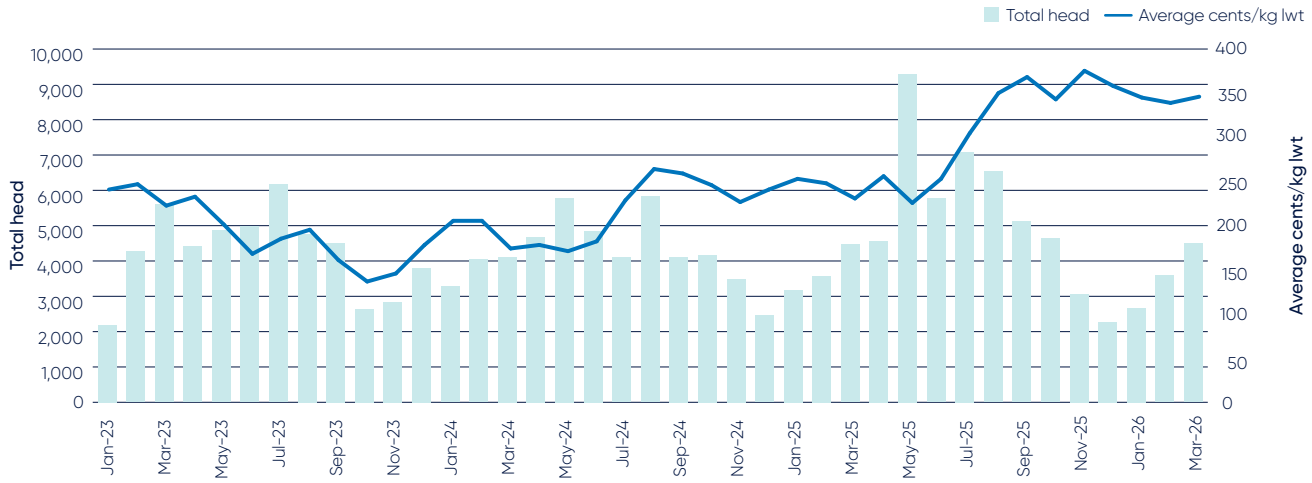
As a result, South-west Victorian and South Australian profitability deteriorated sharply. Profit (measured as Earnings Before Interest and Tax per kilogram of milk solids) fell by 48% across DFMP farms in these regions, while increased indebtedness drove higher finance costs. In Gippsland, average farm profit fell by 57% in 2024–25, reflecting a 10% decline in milk prices and an 11% rise in feed costs. Interest and lease expenses also increased by 11%. Homegrown feed declined by 9% in Gippsland and South Australian DFMP farms, though herd sizes and per cow production were generally maintained through supplementation.

Figure 11 Cereal hay prices across Southern Australia



Source : Dairy Australia, Australian Fodder Industry Association

Figure 12 National monthly cull cow volumes and average price



Source: National Livestock Reporting Service

In contrast, mid and northern coastal areas of NSW were impacted by significant flooding in March and May 2025, following a dry start to the season. Losses of pasture and stored feed disrupted farming systems through autumn. However, relatively stable and higher milk prices helped insulate farm incomes.

Unlike drought-affected regions in Southern Australia, feed costs declined for flood-affected Northern NSW DFMP farms during 2024–25. The impacts of prolonged wet conditions on pastures and herd performance are expected to flow into 2025–26 data, reflecting the timing of the flooding events. The share of energy consumed from homegrown feed increased in 2024–25 as on-farm reserves were drawn down.

Northern NSW DFMP farms reduced financing costs in 2024–25 and profits were steady. This is not to say they were without their own climate challenges, with flooding hitting the region hard in autumn of 2025. These floods presented significant challenges, with costs associated with pasture renovation and rebuilding feed reserves likely delayed rather than avoided.

Extreme weather conditions often prompt increased herd culling as feed supplies tighten and farm margins are squeezed. In 2024–25, farms in South-west Victoria and Gippsland largely maintained stocking rates, while Northern NSW farms reduced stocking slightly. National cow cull numbers peaked in mid-2025, supported by strong beef prices and deteriorating pasture conditions in several regions. While cull numbers eased in early 2026, they remained 17% higher for the 12 months to March 2026, based on National Livestock Reporting Service saleyard data.

Seasonal conditions have improved in 2025–26, particularly in Southern Australia, where an excellent spring allowed fodder reserves to be substantially rebuilt. Despite this improvement, more than 60% of 2026 NDFS respondents in the most weather-impacted regions of South-west Victoria and NSW cited weather as the greatest challenge for the coming six to twelve months, compared with 51% nationally. In Gippsland, climate remained the primary concern for 47% of respondents, up from 42% in the 2025 survey. In South Australia, 53% of respondents cited climate as their main concern in 2026, down from 77% in 2025. This reflects the lingering impacts of drought and flooding on pasture conditions, herd performance, feed reserves and farm balance sheets.

Encouragingly, a significantly higher share of South-west Victorian NDFS respondents expect to be profitable in 2025–26, at 81% compared with 71% in 2024–25. In Gippsland, which includes irrigated areas less affected by drought, profitability expectations rose to 82%, broadly in line with the 79% of farms that reported a profit in 2024–25. By contrast, profitability expectations among NSW respondents are similar to or weaker than in 2024–25, suggesting that repair and recovery costs from flooding are expected to weigh on margins in the current season.

The impacts of drought and flooding over the past year have varied widely across regions. Recovery in both production and profitability depends heavily on the availability of feed and financial reserves, which enable herd numbers and productivity to be maintained. These challenges become more acute when extreme weather events are prolonged or more frequent, and when external shocks such as milk price volatility or rising input costs place additional pressure on farm profitability.

Market dashboard

Inputs

Hay and grain

Australian dairy regions		%		%
1 Atherton Tablelands*	$290 ↓	-12	$390 ↓	-1
2 Darling Downs	$350 ↓	-15	$408 ↑	15
3 North coast NSW	$325 ↓	-4	$378 ↑	8
4 Central-west NSW	$354 ↑	20	$329 ↓	-3
5 Bega Valley	$422 ↑	10	$378 ↑	8
6 Goulburn/Murray Valley	$305 ↓	-4	$348 ↓	-2
7 Gippsland*	$245 ↓	-18	$374 →	0
8 South-west Victoria	$318 ↓	-11	$313 ↓	-5
9 South-east SA	$273 ↓	-34	$347 ↓	-8
10 Central districts SA	$280 ↓	-20	$288 ↓	-11
11 South-west WA	$245 ↓	-6	$331 ↓	-5
12 North-west Tasmania	$230 ↓	-8	$464 →	0

Shedded cereal hay: mid-range product without weather damage, of good quality and colour

The relevant stockfeed wheat available in a region (ASW, AGP, SFW1 or FED1)

Prices are estimates in $/tonne at April 2026. Compared to equivalent date April 2025.

*Note that all regions other than Atherton Tablelands and Gippsland is cereal hay. Atherton Tablelands and Gippsland is pasture hay.

Source: Australian Fodder Industry Association, Bendigo Bank

Fertiliser

Urea (granular Black Sea)	DAP (US Gulf)	MOP (granular Vancouver)
857 US$/t	725 US$/t	401 US$/t
↑ +121% LY	↑ +14% LY	↑ +14% LY
↑ +53% 5Y	↑ +4% 5Y	↓ -1% 5Y

Price is April 2026 average, compared to the April 2026 average (LY) and 5-year (5Y) March average. Source: World Bank

Cows

Cull cows

341c/kg (lwt)	59,082 head
↑ +50% LY	↑ +15% LY
↑ +35% 5Y	↑ +1% 5Y

Dairy cattle exports ↑ +68% LY

62,463 head ↓ -19% 5Y

Price is March 2026 average (c/kg liveweight), compared to March 2025 (LY) and 5-year (5Y) average. Number of head is last 12 months (cull cows to March 2026, dairy cattle exports to February 2026) compared to year earlier (LY) and 5-year (5Y) average. *Source: NLRS, ABS*

Water

Northern Victoria	Murray Irrigation system
390$/ML	212$/ML
↑ 155% LY	↑ 113% LY
↑ 249% 5Y	↑ 237% 5Y
285$/ML MA	180$/ML MA
2,546,283 ML	171,868 ML
↓ 19% LY	↑ 47% LY
↓ 8% 5Y	↑ 37% 5Y
212,190 ML MA	14,322 ML MA

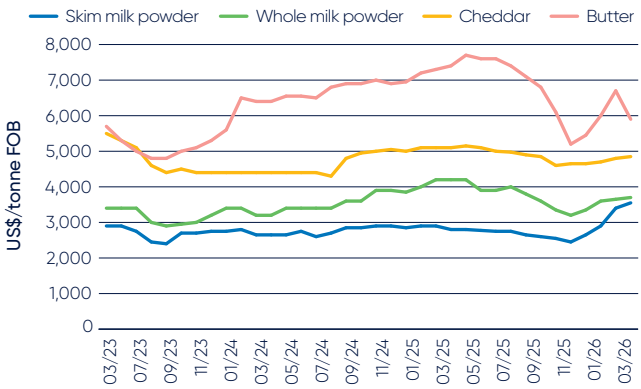
Price of water traded is March 2026 average compared to March last year (LY) and 5-year (5Y) average. Volume of water is 12 month total, to March 2026, and compared to same period last year (LY) and last 5 year (5Y) average. Monthly average (MA) is the average price and volume over the past 12 months to March. Northern Victoria prices are averaged from three key trade zones, details can be found in the monthly Production Inputs Monitor report: dairyaustralia.com.au/industry-reports/production-inputs-monitor.

Source: Victorian Water Register, Murray Irrigation Ltd

For ongoing information and updates on farm inputs, readers can subscribe to Dairy Australia's weekly hay and grain reports, the monthly byproducts report and the monthly production inputs monitor report via **dairyaustralia.com.au/industryreports**

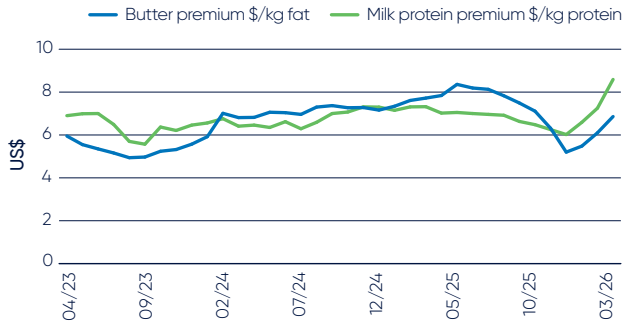
Commodity prices

Figure A1 Key dairy commodity price indicators



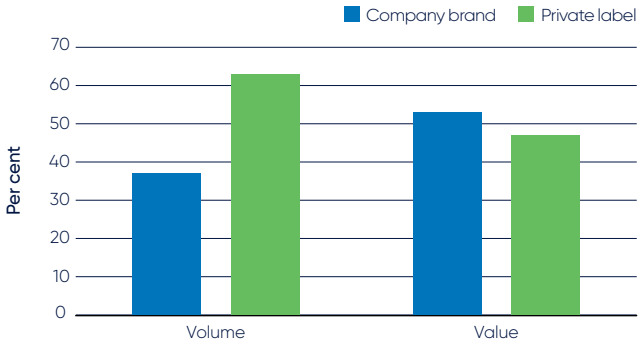
Source: Dairy Australia

Figure A2 Dairy fat and protein – pricing relative to substitutes



Source: Dairy Australia, Oil World

Figure A4 Retail sales – share of total milk sales** (Mat 23/2/25)



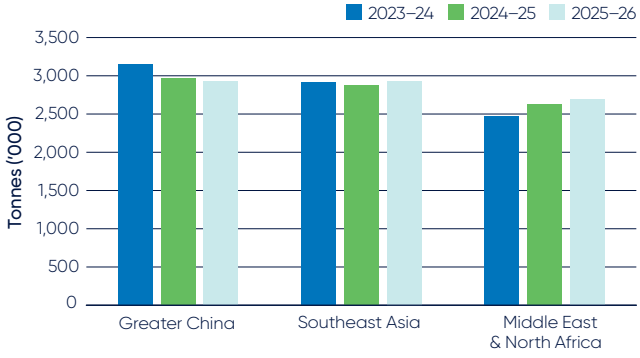
Australian market

Figure A3 Australian supermarket sales*

	Take home volume	YoY growth	Take home value $m	YoY growth
Milk *As of 22/02/26*	1,428m. L ↑	0.5%	3,116 ↑	4.5%
Cheese *As of 22/02/26*	158kt ↑	0.6%	2,664 ↓	-0.4%
Dairy spreads *As of 22/02/26*	61kt ↓	-2.1%	869 ↑	3.5%
Yoghurt *As of 22/02/26*	220kt ↑	7.5%	1,767 ↑	10.9%

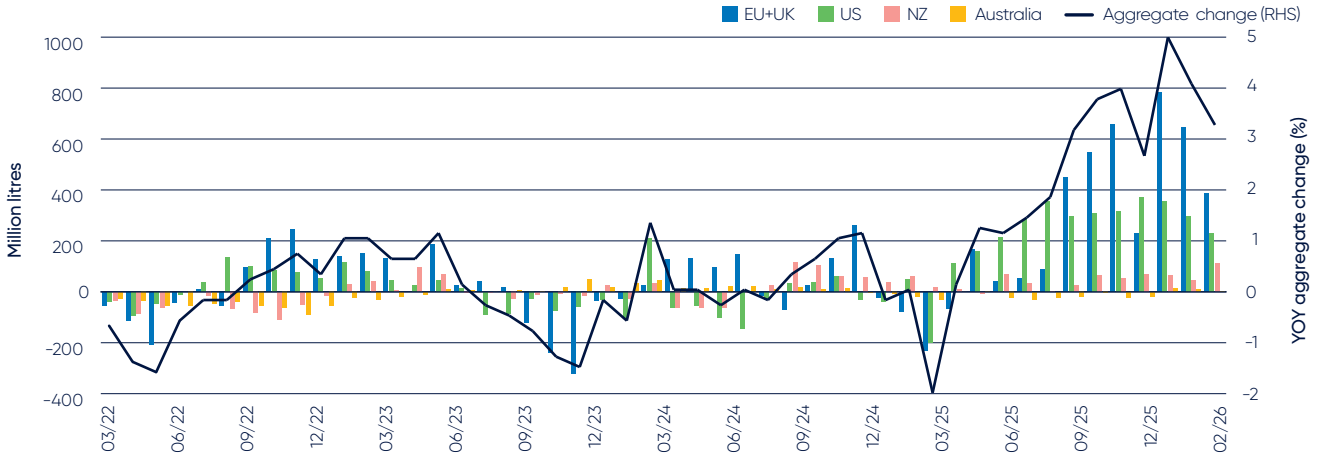
Global supply and demand

Figure A5 Exports to key markets (MAT to December)



Source: Dairy Australia, TDM.

Figure A6 Milk production trends for key dairy exporting regions



Source: AHDB, Dairy Australia, DCANZ, Eurostat, USDA

The charts and insights presented in this report are a combination of Dairy Australia's unique industry data collection and externally sourced information.

*Source: Dairy Australia calculation based in part on data reported by NielsenIQ through its Homescan Service for the fresh and long life milk categories, dairy spreads, yoghurt and cheese to 22 Feb 2026, for the Total Australia market, according to the NielsenIQ standard hierarchy. Copyright © 2026, Nielsen Consumer LLC. product.

**Source: Dairy Australia calculation based in part on data reported by NielsenIQ through its Homescan Service for the fresh and long life milk categories to 22 Feb 2026, for the Total Australia market, according to the NielsenIQ standard hierarchy. Copyright © 2026, Nielsen Consumer LLC. product.

Regional NDFS results

New South Wales* Regional NDFS results at a glance

Sentiment towards the future of their own businesses and the industry has improved since 2025.

Nearly nine in ten respondents made an operating profit in FY25, the highest result since the survey first captured this data in FY13. Eight in ten farms expect to be profitable this financial year.

Almost one quarter of farms are in an expansion phase and in the next five to ten years, close to a third of businesses see growth as a priority.

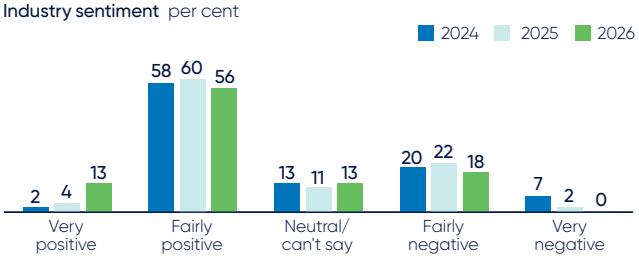
On-farm improvements remain the highest priority including maintenance, investing in new infrastructure and growing more homegrown feed.

Profitability and investment

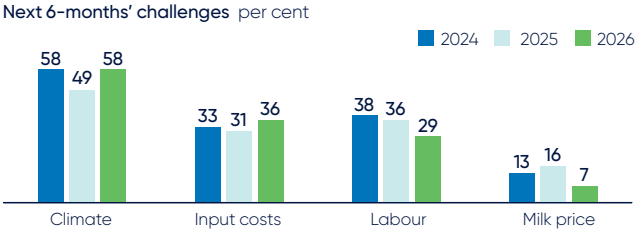
- **89%** Made profit 2024–25
- **78%** Expect profit 2025–26
- **40%** Profit higher than 5–year average
- **20%** Profit about same/unsure
- **40%** Profit lower than 5–year average
- **93%** Invested 2024–26
- **91%** Plan to invest 2026–28
- **29%** Plan minor investment
- **31%** Plan moderate investment
- **31%** Plan major investment

Sentiment

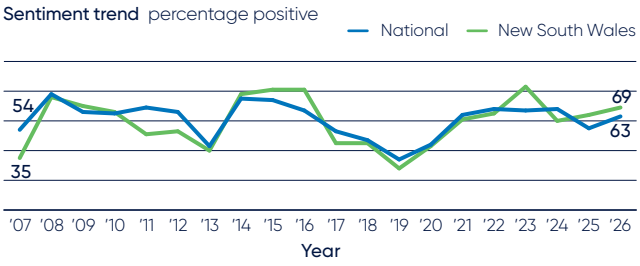
Industry sentiment per cent



Next 6-months' challenges per cent

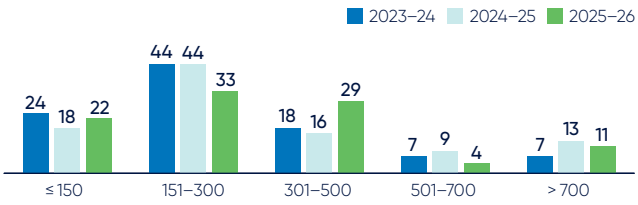


Sentiment trend percentage positive

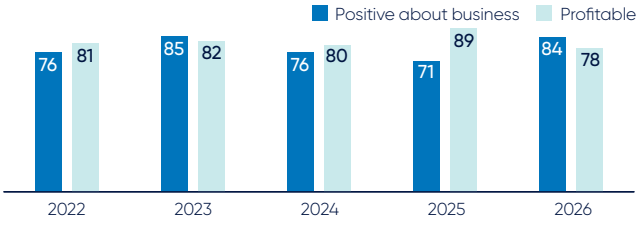


Current herd size and production

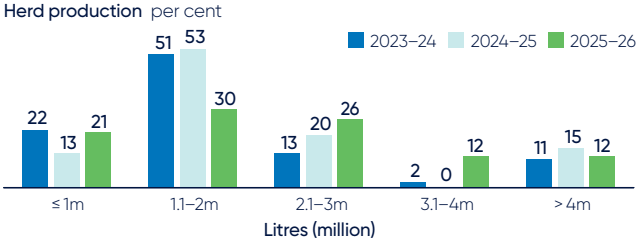
Herd size per cent



Business sentiment vs. profitability per cent

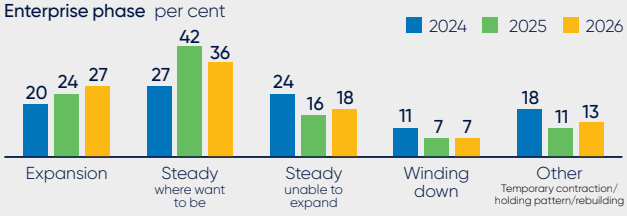


Herd production per cent



Farm profile

Enterprise phase per cent



The 'average' New South Wales farmer

- **84%** Impacted by extreme weather L12M
- **4%** Changed milk factory supplied
- **25%** Intend/desire to change milk factory
- **2.3t** Average tonnes fed per cow per year
- **391** Average herd size

* excluding Murray and parts of Northern NSW

South Australia Regional NDFS results at a glance

Please note small sample size, interpret with caution

Profitability for FY25 has trended downward to its lowest level in 11 years but a significantly greater proportion of respondents expect to be profitable in FY26.

This optimism about this years profit is boosting confidence in the future of their own business and industry.

Currently, one in five of the region's farms are expanding but over the next five to ten years, a slightly higher proportion of farms are planning for growth.

Overall, this region is the most likely to be operating in a steady phase and keeping herd numbers steady.

Profitability and investment

57% Made profit 2024–25

73% Expect profit 2025–26

30% Profit higher than 5–year average

50% Profit about same/unsure

20% Profit lower than 5–year average

83% Invested 2024–26

80% Plan to invest 2026–28

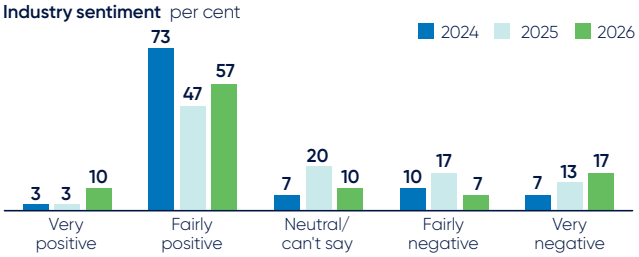
40% Plan minor investment

23% Plan moderate investment

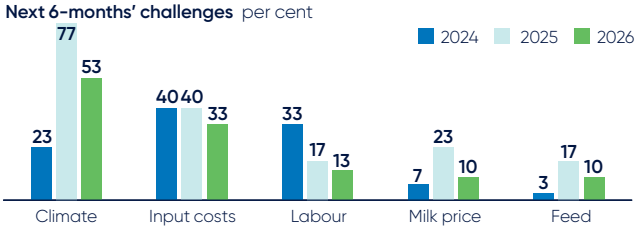
17% Plan major investment

Sentiment

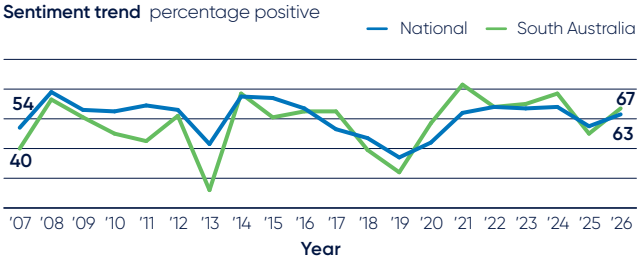
Industry sentiment per cent



Next 6-months' challenges per cent

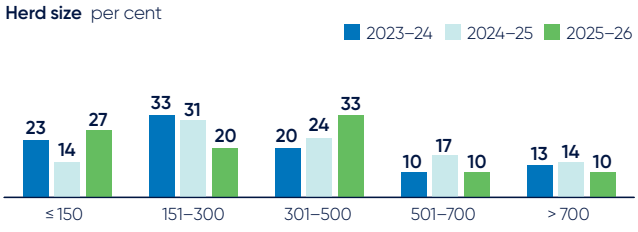


Sentiment trend percentage positive

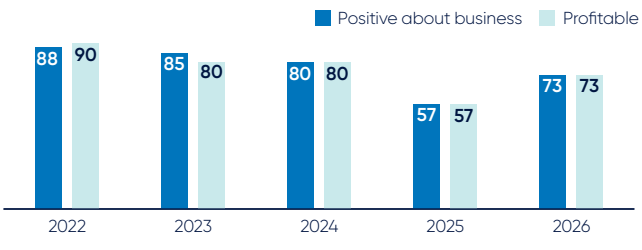


Current herd size and production

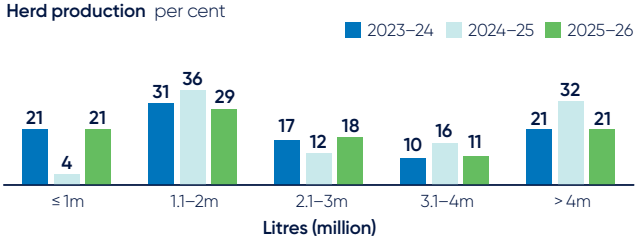
Herd size per cent



Business sentiment vs. profitability per cent

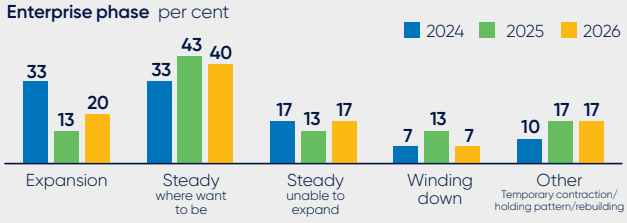


Herd production per cent



Farm profile

Enterprise phase per cent



The 'average' South Australian farmer

80% Impacted by extreme weather L12M

20% Changed milk factory supplied

13% Intend/desire to change milk factory

2.2t Average tonnes fed per cow per year

357 Average herd size

Tasmania Regional NDFS results at a glance

Respondents are more likely than average to be positive about the future of the industry; this pattern is typical of this region. Business confidence is high at 85% positive.

Positive business sentiment is being supported by nine in ten businesses making an operating profit in FY25. Expectations for FY26 remain widespread.

Similar to the past two years, approximately one quarter of respondents are currently expanding. Looking ahead five to ten years, farmers in this region are the most likely nationally to say they plan to grow their business. Conversely, only 2% are winding down, the lowest proportion of all nationally.

Additionally, almost half of all businesses plan to make on-farm improvements in the medium term, typically via maintenance or practices to improve profitability.

Profitability and investment

91% Made profit 2024–25

84% Expect profit 2025–26

31% Profit higher than 5–year average

36% Profit about same/unsure

31% Profit lower than 5–year average

91% Invested 2024–26

82% Plan to invest 2026–28

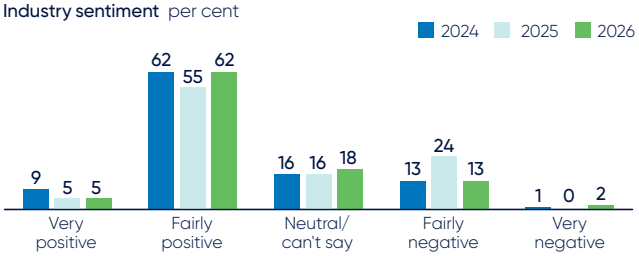
40% Plan minor investment

29% Plan moderate investment

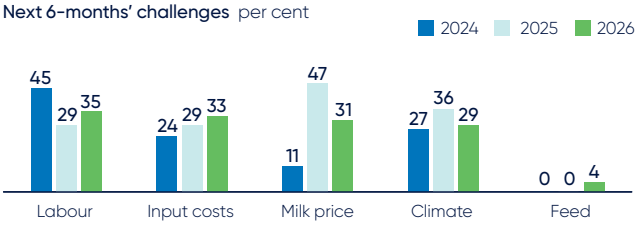
13% Plan major investment

Sentiment

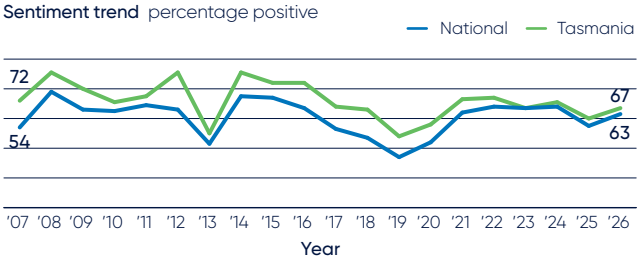
Industry sentiment per cent



Next 6-months' challenges per cent

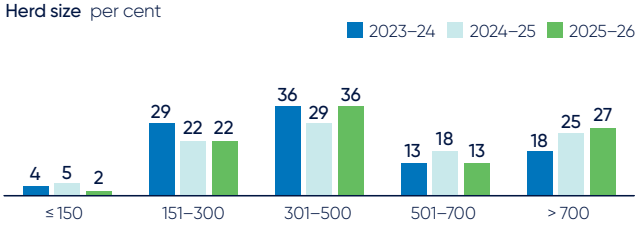


Sentiment trend percentage positive

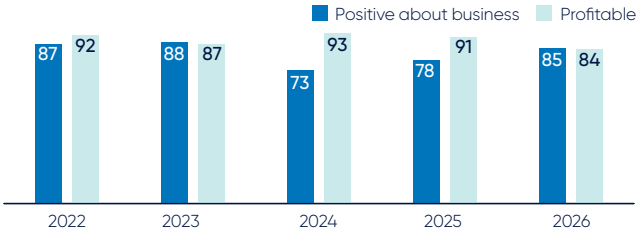


Current herd size and production

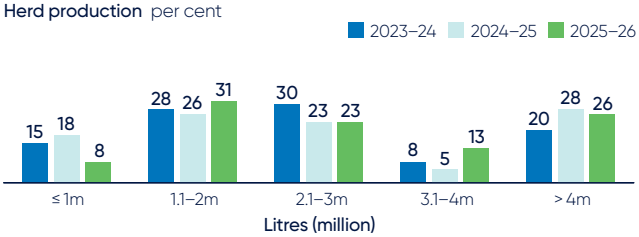
Herd size per cent



Business sentiment vs. profitability per cent

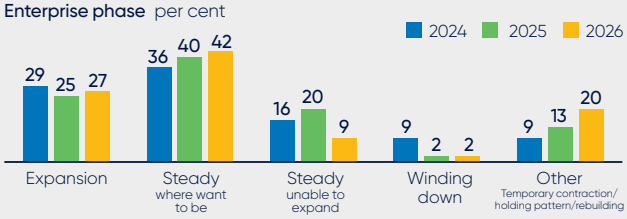


Herd production per cent



Farm profile

Enterprise phase per cent



The 'average' Tasmanian farmer

64% Impacted by extreme weather L12M

5% Changed milk factory supplied

17% Intend/desire to change milk factory

1.5t Average tonnes fed per cow per year

741 Average herd size

Gippsland Regional NDFS results at a glance

Business sentiment has bounced back after the lower result in 2025; this region is one of the most positive of all.

While profitability remained widespread in FY25, it was significantly less so than the prior financial year. The profitability outlook for FY26 is slightly more optimistic.

Compared to 2025, respondents are significantly more likely to be in an expansion phase and over the next five to ten years, growth continues to be a priority for a third of farms.

Additionally, four in ten businesses plan to make on-farm improvements such as maintenance, investing in infrastructure or equipment and new technologies.

Profitability and investment

79% Made profit 2024–25

82% Expect profit 2025–26

35% Profit higher than 5–year average

38% Profit about same/unsure

26% Profit lower than 5–year average

95% Invested 2024–26

89% Plan to invest 2026–28

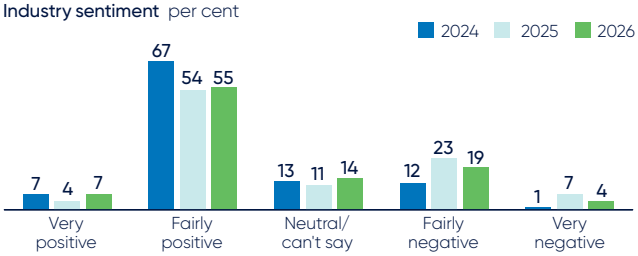
31% Plan minor investment

40% Plan moderate investment

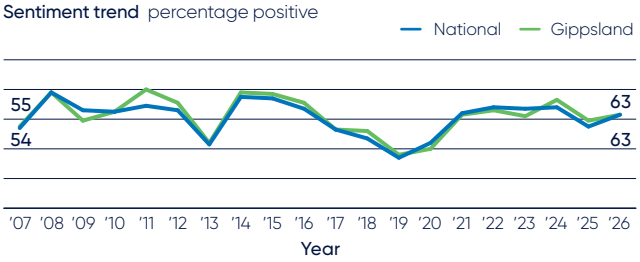
18% Plan major investment

Sentiment

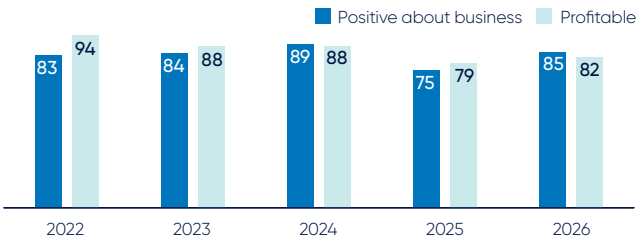
Industry sentiment per cent



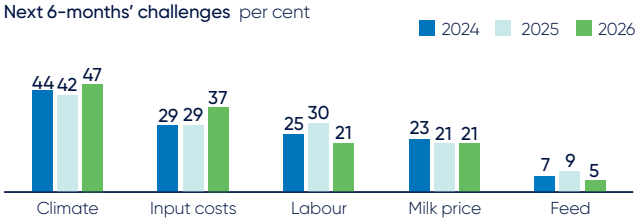
Sentiment trend percentage positive



Business sentiment vs. profitability per cent

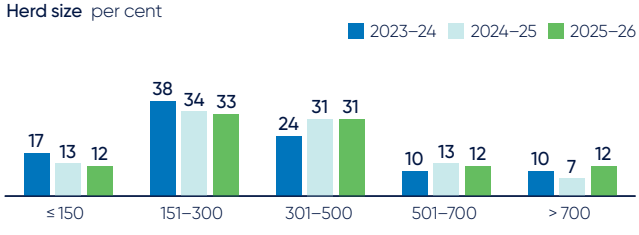


Next 6-months' challenges per cent

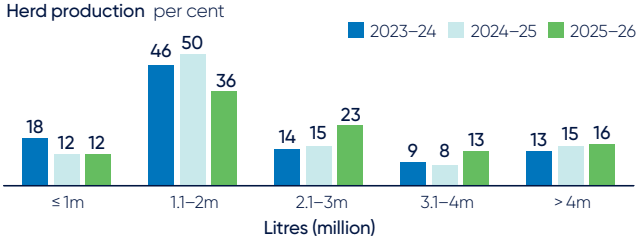


Current herd size and production

Herd size per cent

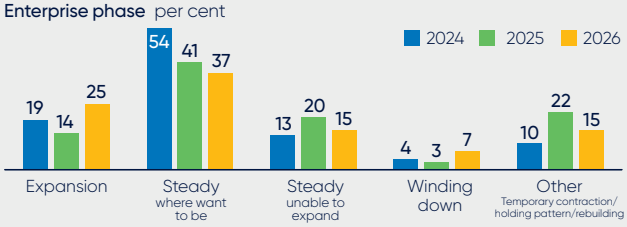


Herd production per cent



Farm profile

Enterprise phase per cent



The 'average' Gippsland farmer

69% Impacted by extreme weather L12M

23% Changed milk factory supplied

21% Intend/desire to change milk factory

1.9t Average tonnes fed per cow per year

424 Average herd size

Murray Regional NDFS results at a glance

Confidence towards the future of the dairy industry and their own businesses has increased slightly over the last 12 months.

Approximately three quarters of respondents reported an operating profit in FY25 and a slightly lower proportion anticipate profits in FY26 due to ongoing pressure from rising input costs, weather conditions and heightened irrigation concerns.

On-farm investment, especially in farm maintenance and growing more home grown feed, is a key priority for the next five to ten years.

Profitability and investment

77% Made profit 2024–25

69% Expect profit 2025–26

34% Profit higher than 5–year average

29% Profit about same/unsure

37% Profit lower than 5–year average

90% Invested 2024–26

84% Plan to invest 2026–28

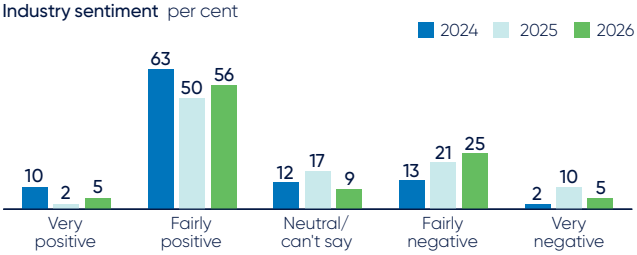
31% Plan minor investment

34% Plan moderate investment

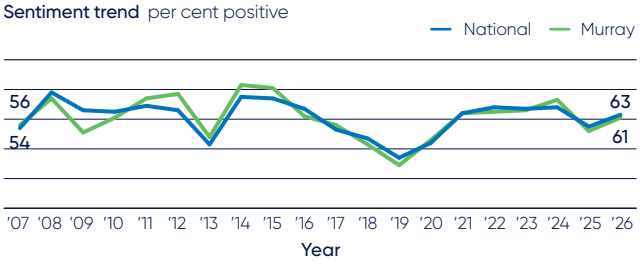
19% Plan major investment

Sentiment

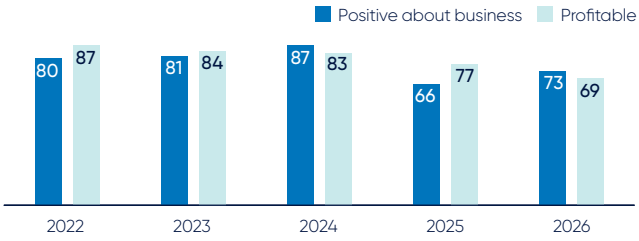
Industry sentiment per cent



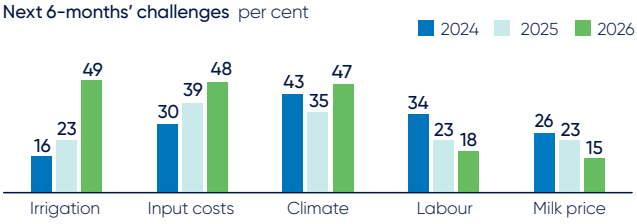
Sentiment trend per cent positive



Business sentiment vs. profitability per cent

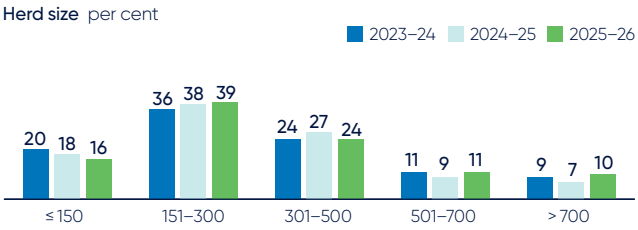


Next 6-months' challenges per cent

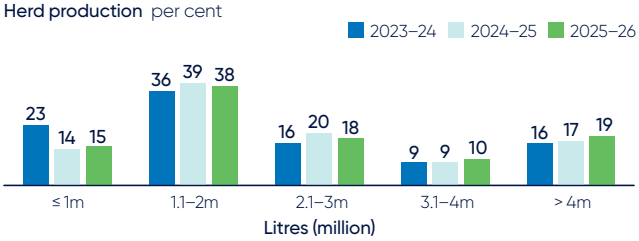


Current herd size and production

Herd size per cent

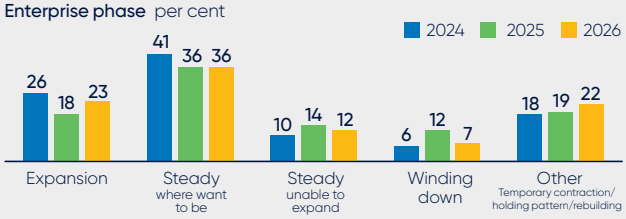


Herd production per cent



Farm profile

Enterprise phase per cent



The 'average' Murray farmer

86% Impacted by extreme weather L12M

9% Changed milk factory supplied

27% Intend/desire to change milk factory

2.2t Average tonnes fed per cow per year

409 Average herd size

Subtropical Regional NDFS results at a glance

Sentiment remains positive overall, with confidence in the future of their own business and the industry increasing slightly over the past year.

Profitability has trended downward since FY23, but remains reasonably widespread, which is expected to continue in FY26.

Since 2021 the proportion of respondents expanding their enterprise has trended upward, with two in five currently expanding.

On-farm improvements is the main priority over the next five to ten years, most commonly via investing in new infrastructure or equipment or improving home grown feed. Nearly a third of businesses are looking to grow in the medium term.

Profitability and investment

74% Made profit 2024–25

75% Expect profit 2025–26

36% Profit higher than 5–year average

41% Profit about same/unsure

14% Profit lower than 5–year average

83% Invested 2024–26

90% Plan to invest 2026–28

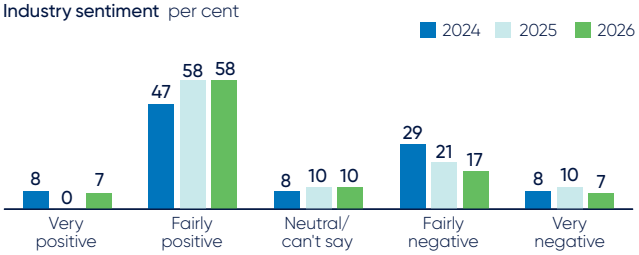
33% Plan minor investment

36% Plan moderate investment

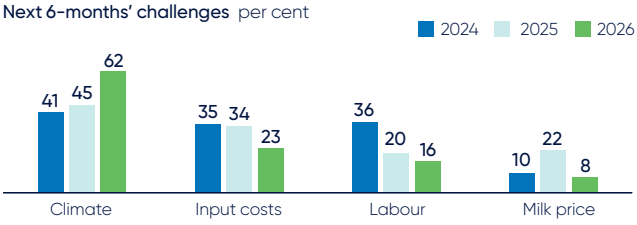
20% Plan major investment

Sentiment

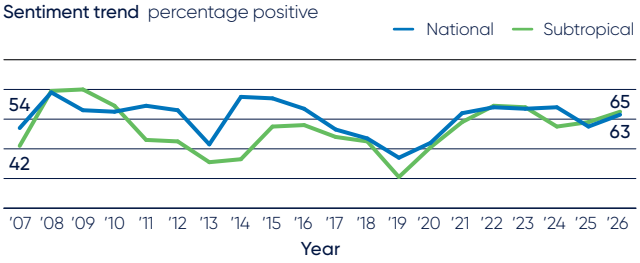
Industry sentiment per cent



Next 6-months' challenges per cent

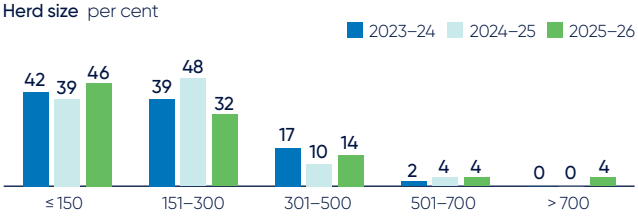


Sentiment trend percentage positive

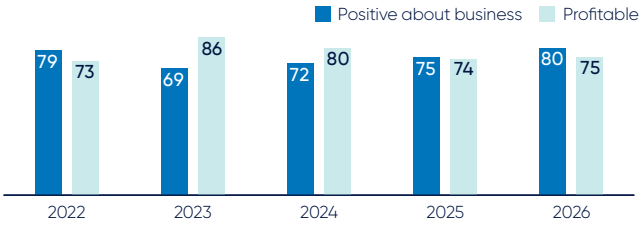


Current herd size and production

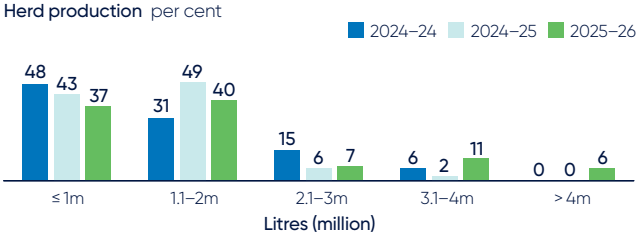
Herd size per cent



Business sentiment vs. profitability per cent

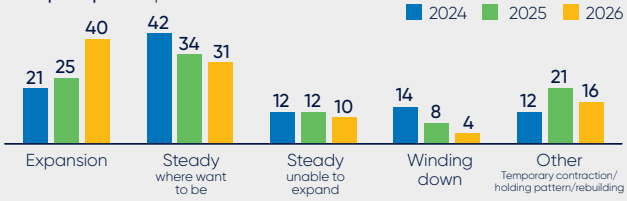


Herd production per cent



Farm profile

Enterprise phase per cent



The 'average' Subtropical farmer

75% Impacted by extreme weather L12M

2% Changed milk factory supplied

22% Intend/desire to change milk factory

2.1t Average tonnes fed per cow per year

248 Average herd size

Western Australia Regional NDFS results at a glance

Please note small sample size, interpret with caution

Contrary to the national trend, both industry and business sentiment has declined due to milk price concerns and uncertainties about the future.

Despite weaker sentiment, profitability in FY25 was still reported by three quarters of farms and four in five expect to be profitable in FY26.

While many farm businesses are experiencing challenges, almost one third are currently expanding, up from 13% in 2025. The region, however, remains the most likely to have farms in a winding down phase.

On par with national results, over the next five to ten years, almost half of all businesses plan to make improvements, typically through maintenance and growing more homegrown feed.

Profitability and investment

76% Made profit 2024–25

80% Expect profit 2025–26

32% Profit higher than 5–year average

32% Profit about same/unsure

36% Profit lower than 5–year average

84% Invested 2024–26

84% Plan to invest 2026–28

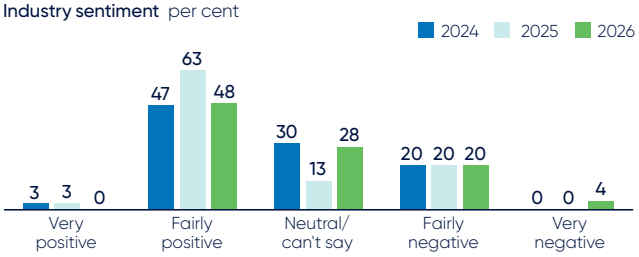
36% Plan minor investment

24% Plan moderate investment

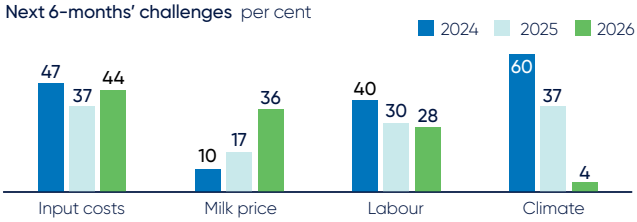
24% Plan major investment

Sentiment

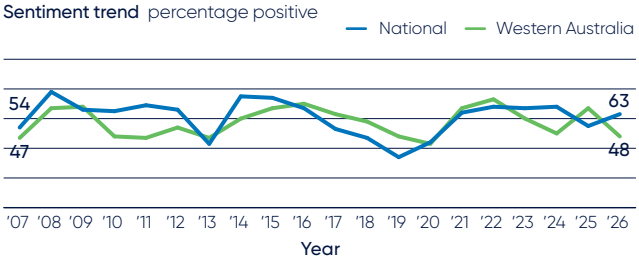
Industry sentiment per cent



Next 6-months' challenges per cent

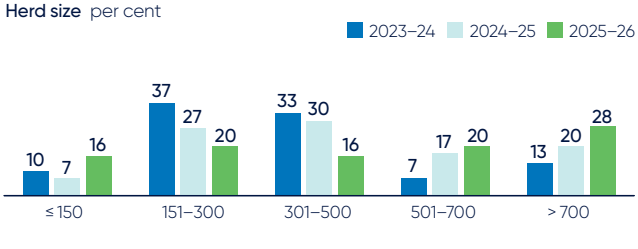


Sentiment trend percentage positive

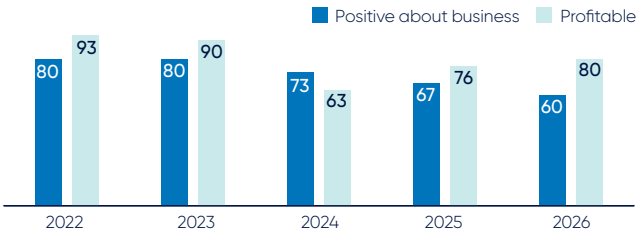


Current herd size and production

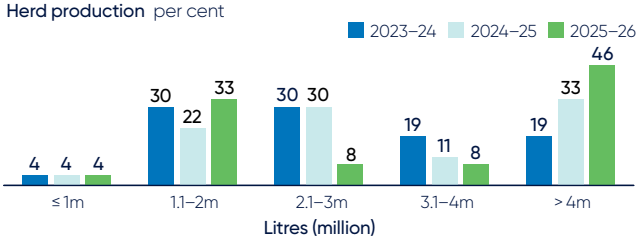
Herd size per cent



Business sentiment vs. profitability per cent

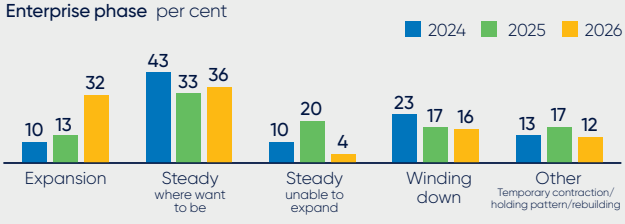


Herd production per cent



Farm profile

Enterprise phase per cent



The 'average' Western Australian farmer

32% Impacted by extreme weather L12M

4% Changed milk factory supplied

36% Intend/desire to change milk factory

2.7t Average tonnes fed per cow per year

535 Average herd size

Western Victoria Regional NDFS results at a glance

Over the past two years, almost all farms have been impacted by extreme weather, with a significantly greater proportion severely affected in the last 12 months.

Despite this and ongoing concerns about operating costs and weather conditions, more farmers are confident in their own business than 12 months ago (83%, up from 70%).

Profitability has trended downward since very high levels in 2021–22 to a low of 71% in FY25, but is expected to increase to 81% of farms in FY26.

While current expansion plans are on par with national results (23%), a similar proportion are prioritising growth in the next five to ten years.

Profitability and investment

71% Made profit 2024–25

81% Expect profit 2025–26

27% Profit higher than 5–year average

31% Profit about same/unsure

40% Profit lower than 5–year average

88% Invested 2024–26

87% Plan to invest 2026–28

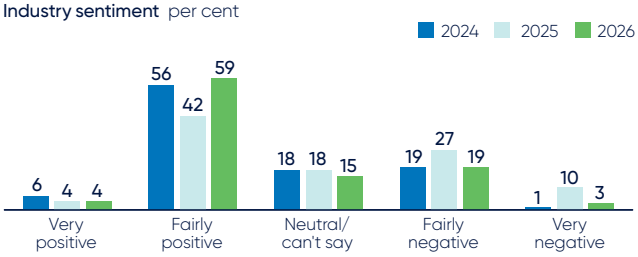
33% Plan minor investment

40% Plan moderate investment

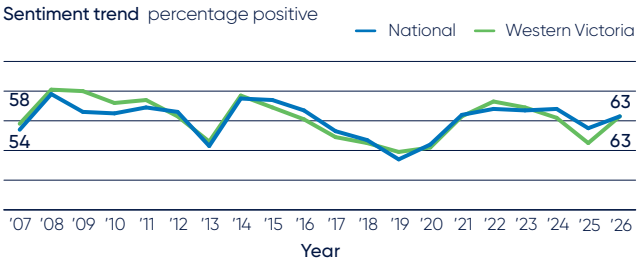
15% Plan major investment

Sentiment

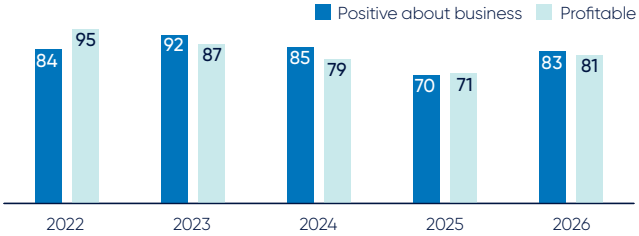
Industry sentiment per cent



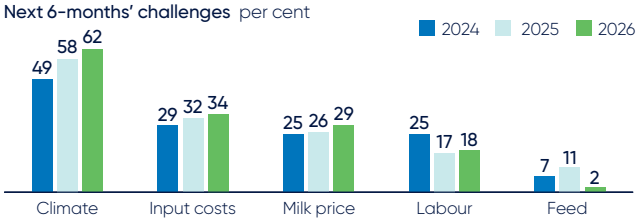
Sentiment trend percentage positive



Business sentiment vs. profitability per cent

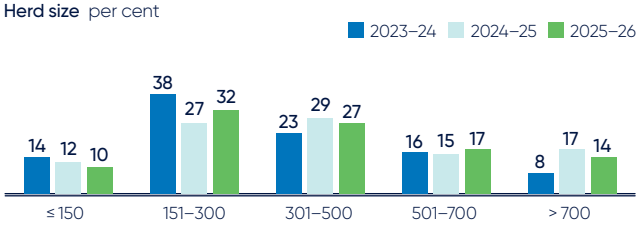


Next 6-months' challenges per cent

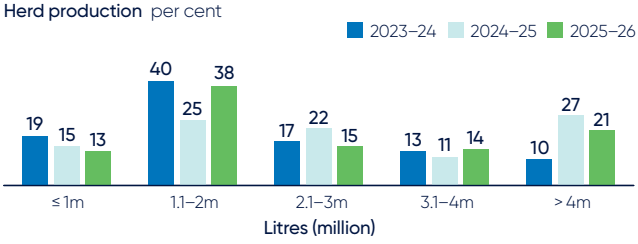


Current herd size and production

Herd size per cent

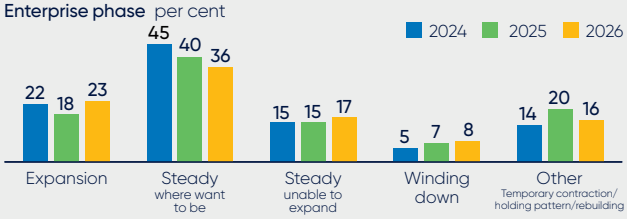


Herd production per cent



Farm profile

Enterprise phase per cent



The 'average' Western Victorian farmer

97% Impacted by extreme weather L12M

8% Changed milk factory supplied

3% Intend/desire to change milk factory

2.0t Average tonnes fed per cow per year

480 Average herd size

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Disclaimer

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