



**Rabobank**

**Media Release**

**April 11, 2014**

## ***Northern Rivers dairy farmers hear of bright future and tour local robotic farm***

Northern Rivers dairy farmers and agribusiness professionals gathered at Ripples on the Creek in Gradys Creek last Thursday to hear about local and international opportunities for the dairy sector and the challenges involved in capturing these.

Michael Harvey, Rabobank senior analyst with the bank's Food & Agribusiness Research and Advisory division presented on the topic of 'Australian dairy; in search of sustainable growth', outlining an optimistic outlook for the dairy sector with room for innovation.

Mr Harvey said that domestic market conditions are generally tough at the moment, robust growth prospects lie ahead in the retail market over the medium-term.

"New South Wales fresh milk consumption is expected to grow at about 1.5 per cent per year to 2021 based on population growth and some growth in per capita milk consumption," he said.

The audience heard that Australia's share of the global milk trade had declined in recent years, although forecast growth in Asia over the next decade, particularly in China and Southeast Asia, provide enormous upside potential for Australian producers to grow trade to the region.

"Worthwhile discussions are currently taking place in NSW about the potential to tap more into the global market," Mr Harvey said.

"Accessing global markets would give NSW producers alternatives than just servicing the domestic market, which can be challenging. But this would take significant amounts of investment right across the value chain."

Mr Harvey said margin pressures, particularly around labour and energy costs, were ongoing concerns for local processors that could be offset by a focus on innovation and higher value products for consumers.

"We're seeing huge investments, both locally and with our international competitors, in optimising returns in the marketplace through a focus on growth markets, leveraging the asset base, improving capabilities and increasing capacity," he said.

Earlier in the day, the Wilson family – local Kyogle-based dairy farmers – opened their Applegrove farm to the group for a tour of their new robotic dairy system. The automated system can milk approximately 210 cows on a year-round calving system.

Tony Wilson, a fifth generation dairy farmer and Norco director, discussed the highs and lows of the system and the human change needed to trust technology.

"The first 10 months on this new system has been a big change for us as we have learned to trust robots to understand the cows like we do," he said.

"The start-up period was very smooth as we introduced the sorting gates gradually. We're yet to maximise the robot efficiency, but feel we're definitely heading in the right direction."



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Mr Wilson and his wife Jillian said a major reason they made the investment was not only to make life a bit easier for themselves, but also for their boys and the future of the farm.

“The cows took to it in the first few days, while the boys took a few weeks and the rest of us have taken a bit longer,” Mrs Wilson said.

“Running a dairy farm takes an enormous amount of human capital. We knew the labour efficiency gains would be huge, but we also wanted the dairy to continue into the future with technology that was progressive.”

The pair said while the productivity gains were already clear – a couple of litres per cow per day and improved herd management – they would continue to focus on using the system to maximise its potential.

Mr Wilson said he hoped that by investing in the technology his sons would continue to be interested and wouldn't be 'slaves to the farm'. “Two of our boys are dairy farming and we hope some of our grandchildren will be the seventh generation of farmers in our family,” he said.

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***Rabobank Australia is a part of the international Rabobank Group, the world's leading specialist in food and agribusiness banking. Rabobank has more than 110 years' experience providing customised banking and finance solutions to businesses involved in all aspects of food and agribusiness. Rabobank is structured as a cooperative and operates in 41 countries, servicing the needs of approximately 10 million clients worldwide through a network of close to 1600 offices and branches. Rabobank Australia is one of the country's leading rural lenders and a significant provider of business and corporate banking and financial services to the Australian food and agribusiness sector. The bank has 61 branches throughout Australia.***

***Michael Harvey has a decade of experience as a business analyst, mostly in the dairy sector, including working with Dairy Australia Limited where he was involved in managing strategic knowledge and analysis programs. At Rabobank, he is responsible for coverage of the Australian dairy sector and the analysis of the value-added food-processing sector across Australia and New Zealand.***

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