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NORTHERN NSW &
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SEPTEMBER 2020

FARM TO PROFIT FARM BUSINESS UPDATE



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FARM TO PROFIT FARM BUSINESS UPDATE



ONLINE DELIVERY

Northern NSW & Queensland

September 2020

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**GRDC Farm Business Update online
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- » Study investigations

all relevant to the implementation of Controlled Traffic Farming in Low Rainfall Zones





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http://pir.sa.gov.au/research/services/molecular_diagnostics/predicta_b

Potential high-risk paddocks:

- Bare patches, uneven growth, white heads in previous crop
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- Durum crops (crown rot)

There are PREDICTA® B tests for most of the soil-borne diseases of cereals and some pulse crops:

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- Rhizoctonia root rot
- Root lesion nematodes
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- Common root rot
- Pythium clade f
- Charcoal rot
- Ascochyta blight of chickpea
- Sclerotinia stem rot
- Long fallow disorder
- Phytophthora root rot
- Fusarium stalk rot
- White grain disorder
- Sclerotinia stem rot



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Farming the Business

Sowing for your future

The GRDC's **Farming the Business** manual is for farmers and advisers to improve their farm business management skills.

It is segmented into three modules to address the following critical questions:

-  **Module 1:** What do I need to know about business to manage my farm business successfully?
-  **Module 2:** Where is my business now and where do I want it to be?
-  **Module 3:** How do I take my business to the next level?

The **Farming the Business** manual is available as:

- **Hard copy** – Freephone **1800 11 00 44** and quote Order Code: GRDC873
There is a postage and handling charge of \$10.00. Limited copies available.
- **PDF** – Downloadable from the GRDC website – www.grdc.com.au/FarmingTheBusiness
or
- **eBook** – Go to www.grdc.com.au/FarmingTheBusinessBook for the Apple iTunes bookstore, and download the three modules and sync the eBooks to your iPad.



Recovery from drought

Presented by; Simon Fritsch.

Agripath.

Key Messages:

- ◆ Maintaining relationships with finance providers through drought periods and post-drought is important to facilitate recovery.
- ◆ It is important to maintain access to working capital, the money that pays the bills and keeps the business operating.
- ◆ Planting and harvest execution are essential factors to financial outcomes.
- ◆ Drought has residual impacts on the Agronomy which need to be managed.
- ◆ Avoiding losses at harvest is a critical, when all input costs have been spent on the crop.
- ◆ When marketing grain reduce exposure to the counter party (buyer) risk of payment default.

Introduction

Drought recovery involves transitioning the farm business strategy from the defensive financial position and mindset established during persistent drought, into the more proactive mindset required to take advantage of the better season as it unfolds. This change in season comes with ever increasing financial demands on the farm business at a time when the financial position of the farm business is probably at its lowest.

This is a time for judicious investment in our farm businesses of both time and money. Time to make sure we maximise our farm operation decisions such as selecting the right crops, planting the crops on time, managing the crops for weeds, disease, nutrition and importantly securing the crop at harvesting. We also need to have access to the money and cashflow required to invest in our crops as required to take advantage of the opportunities that present themselves as the season unfolds and ultimately to optimise the returns to our farm businesses.

These decisions are more important due to the lingering impact of persistent dry conditions, followed by the rapid change in mindset and decisions required to rapidly capitalise on the change in conditions and begin the process of whole farm business recovery;

- Cropping recovery
- Soil and Pasture management recovery
- Weed and pest management
- Personal and mental recovery
- Financial management and farm business recovery
- Animal health and production recovery

There is a lot to manage in the recovery from drought. Agronomic conditions take time to achieve renewal and are often impacted in the immediate recovery period as a result of constraints imposed by the sustained dry soil conditions which preceded the break of the drought. It may take several cropping cycles to re-dress the impacts of the drought and return to a long-term sustainable agronomic rotation.



As financial impacts of drought are significant, it is important that the business can rebuild as much financial resilience as quickly as possible, once the environmental conditions allow for a return to agricultural production. This requires the careful and precise management of the production elements of the business in conjunction with the financial aspects and cashflow during the renewal phase following drought.

The following rainfall charts show the contrasting seasonal conditions experience in for the first 8 month of the 2019 winter cropping season (Figure 1) compared with the 2020 winter cropping season (Figure 2). This highlights the rapid change in fortunes that farm business can face season to season and the need to match good long-term and short-term financial planning, with good short-term decision making to manage the season by season variable of rainfall on our farm business.

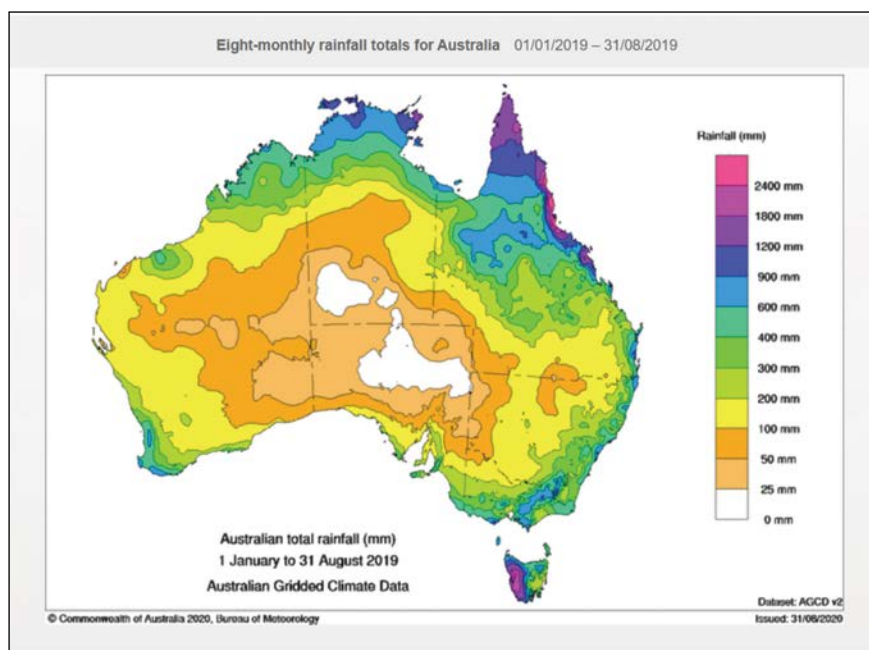


Figure 1. Median rainfall 1st January to 31st August 2019.

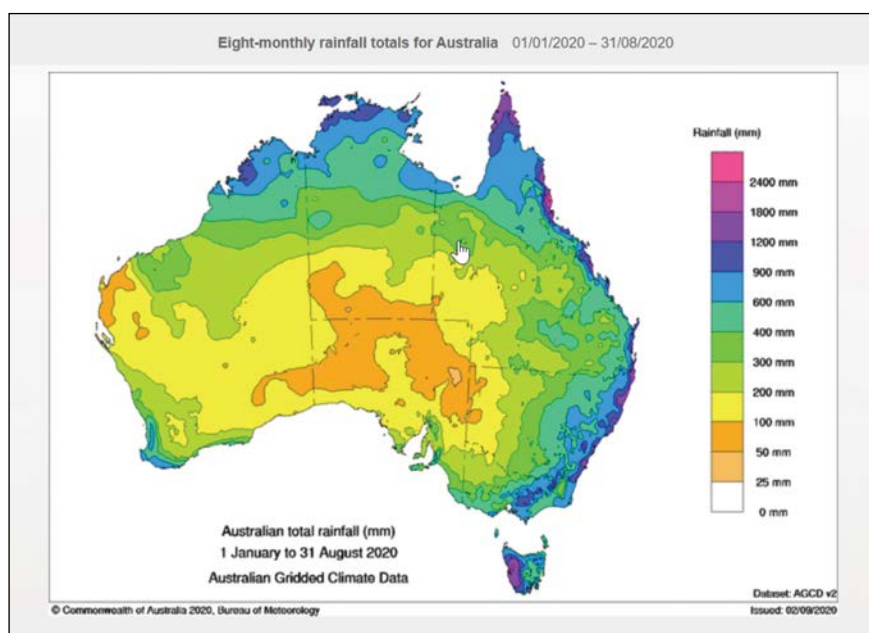


Figure 2. Median rainfall 1st January to 31st August 2020.



Farm businesses should consider the following points more closely when recovering from drought:

Marketing and counter party risk

It is perhaps more critical than ever in the recovery from drought to ensure that the counter party or payment default risks associated with selling grain are carefully managed. When financial resources are limited a payment default is potentially catastrophic to farm business operations. This can be addressed by implementing credit policies and limiting the amount of exposure to a single market or marketer (counter party), where deemed appropriate.

Budgets – built from the ground up

The best place to start is with a budget. Develop a comprehensive production plan, based on sound scientific, agronomic principles. This will assist with the management of cashflow through the critical early stages of recovery. Cropping plans with expected yields and inputs plus livestock and pasture plans are not only essential for creating a good budget, they improve management and farm production as well. Building budgets from the ground up means capturing assumptions like crop area, expected yields, stocking rates plus expected sales, all of which are necessary to demonstrate that your budget is realistic. Keeping long term production and sales records for all commodities will also help in this process.

My follow up questions for the speaker; _____

Self evaluation;

Do I have a working budget that is monitored on a regular basis?

Yes I do? _____ At times but not consistent _____ No I don't?

How do you feel this impacts your understanding of your financial performance? _____



Should I consider implementing more control over exposure to counter parties?

Yes _____ I think So _____ No

What would be the impact of payment default on the operations of the farming enterprise? Is it possible to sustain a small <10% /medium 10-30%/large payment default >30% of total harvest income?

Who are your primary sources of information relating to your financial performance?

Yes _____ I think So _____ No

Banker/ Accountant / Management Consultant _____

Should you seek out additional assistance to establish financial protocols in your business? _____

We want to work on this in our business, what should we do next?

- Use the STOP, START, CONTINUE process to manage the recovery from drought effects, what actions are critical to income versus the activities that provide less direct impact.
- Do not lose sight of time management principles of important and urgent tasks and prioritise with that in mind. Set time aside to manage the planning of income an expenditure.
- Set a 3-year plan to manage the recovery from drought. Explore all options available to restore financial resilience in the farm business.



Our First Action _____

Our Second Action _____

Want to learn more, here are some suggestions;

Planning guide for farmers recovering from drought – a report commissioned by the GRDC
https://grdc.com.au/__data/assets/pdf_file/0025/75742/grdc_droughtrecovery_lr.pdf.pdf



More about Simon . . .

Simon Fritsch, founder of Agripath, has over 20 years-experience in agriculture with his client base encompassing irrigation, dry land farming and grazing operations.

He has Southern, Central, and Northern NSW farming systems experience. Simon's particular strengths have been in financial analysis and planning to deliver profitable outcomes for client businesses. Simon has worked as an irrigation agronomist for Twynam Cotton at Warren, a dry land consultant agronomist for Hassall & Associates and team leader Farm

Business Consulting for Hassall & Associates.

Simon has worked in many parts of Australia, giving him a broad understanding of all facets of farming in diverse environments and an excellent network of skilled land managers/farm advisors. Simon has a degree in Rural Science.

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Crop Disease Au App



Access to current disease resistance ratings & disease information.

Long Term Yield App



Easy access to the analysed NVT Multi Environment Trial (MET) data.

www.nvtonline.com.au



Equity guidelines for setting strategic goals

Presented by; Lisa Lonsdale.

Lonsdale Agribusiness.



Key Messages:

- ◆ Equity in the business will have an impact on setting strategic plans and goals for the business.
- ◆ Operating returns are an important consideration and need to be able to support the business and lifestyle goals.
- ◆ Equity levels below 40% are on the lower end for farm business and above 60% are at the stronger end.
- ◆ Growing farm businesses often experience lower equity due to acquiring assets or expansion and need to manage carefully to increase equity over time.
- ◆ Improving the efficiency of operations can have a positive impact on equity growth in the farm business.

Introduction

Creating a strategic plan involves outlining the long-term objectives you would like to achieve. This might be different for various generations within the family business. Discuss, agree and document the shared goals and strategies to ensure they are clear and well understood by everyone in the business. Equity levels in the business will have an impact on the strategic goals that can be set and over what time frame they are achievable. In the instance where equity is low, then a goal may be specifically to increase the equity level in the business over set time periods. A practical way to set the goals is to consider what will need to be done in the future to sustain the business and meet the needs of the individuals in the business.

What will the business need to provision for into the future?

- o Succession
- o Retirement
- o Education of children
- o Operational capital investment
- o Developmental capital investment



Investing outside the core farm business operations.

Investing outside the business can include property (residential, commercial), shares, superannuation, cash/term deposit, farm management deposits, managed investment, bonds, collectables. Consider the investment time frame and consider how easily the investment could be liquidated if required. Critically analyse the risk of the investment and whether you will be reliant on the management of 3rd parties for the generation of returns. Investing in shares requires that you invest in the capability of the business and its management to generate profits. Investing in real estate relies on rental or lease of the premises and having a tenant that can continue to meet their obligations.

Increasing the efficiency of operations in the farm can have a positive impact on equity;

- o Increase productivity - profitably. (might include major costs like sub soil manure & lime & gypsum, ripping.
- o Reduce costs or make tasks more efficient
- o Reduce fuel or other energy use through logistics management.
- o Improving the timeliness of operations.

Personal and business goals are an important consideration when setting the strategic plan for farm business, operating returns should be sufficient to ensure they can support meeting these goals. Assess the costs to produce income – how many cents in the dollar of income are the expenses of the farm business. If it is more than 80 cents in each dollar this could indicate there is the opportunity to review the operations to increase profitability.

Critically evaluate investment in depreciating assets, determine which assets add real value and consider the need versus the want in the decision process. Bring expert assistance in for the areas of the business that you lack time to manage or experience a new set of eyes on the business, can assist with establishing processes around the big decisions.

My follow up questions for the speaker;

Self evaluation;

Have you assessed your farm business equity levels over the last 5 years?

Yes _____ No

What is the trend for equity in the business and what are the goals that the business wants to set for the next 5 years?



What events could have/have had an impact on equity?

Which of these events are outside of management control? Which events can be managed and how would this be achieved?

We want to work on this in our business, what should we do next?

- Measure the Equity for your business.
- Establish the longer-term objectives for the business and what needs to be provisioned for.
- Outline a list of priorities you would like to achieve over the next 1-5 years.

What are the potential benefits of taking action to implementing a strategic plan;

- Investment is allocated to the areas where returns are maximised and meet farm business goals.
- Goals and priorities can be established to inform decision making in the farm business.
- Equity is a source of financial resilience for farm business to rely on in low income years.

Our First Action



Our Second Action _____



More about Lisa . . .

Lisa is an independent specialist with a grazing background, who understands the complex issues that producers are faced with. Lisa grew up on a beef cattle enterprise at the head of the Hunter Valley in New South Wales. Lisa's early career in Agribusiness Banking quickly highlighted to her that a primary producer's business was partly controlled by how good a relationship they had with their bank, and the professionals they used. If that changed, it could have a detrimental effect on the operation and things generally unravelled very quickly.

Today, she works with producers on a variety of requirements from Rural Property Investments, Finance Proposals, Property Planning and Strategic Development, and Financial reporting. She advises a broad array of rural clients, from breeding operations and cattle enterprises to mixed farming operations anywhere from and between South West Queensland to Central Queensland and North Queensland.

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LOOK AROUND YOU.

1 in 5 people in rural Australia are currently experiencing mental health issues.



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The GRDC supports the mental wellbeing of Australian grain growers and their communities. Are you ok? If you or someone you know is experiencing mental health issues call *beyondblue* or Lifeline for 24/7 crisis support.

beyondblue
1300 22 46 36
www.beyondblue.org.au



Lifeline
13 11 14
www.lifeline.org.au



Looking for information on mental wellbeing? Information and support resources are available through:

www.ifarmwell.com.au An online toolkit specifically tailored to help growers cope with challenges, particularly things beyond their control (such as weather), and get the most out of every day.

www.blackdoginstitute.org.au The Black Dog Institute is a medical research institute that focuses on the identification, prevention and treatment of mental illness. Its website aims to lead you through the logical steps in seeking help for mood disorders, such as depression and bipolar disorder, and to provide you with information, resources and assessment tools.

www.crrmh.com.au The Centre for Rural & Remote Mental Health (CRRMH) provides leadership in rural and remote mental-health research, working closely with rural communities and partners to provide evidence-based service design, delivery and education.

Glove Box Guide to Mental Health

The *Glove Box Guide to Mental Health* includes stories, tips, and information about services to help connect rural communities and encourage conversations about mental health. Available online from CRRMH.



www.rrmh.com.au Rural & Remote Mental Health run workshops and training through its Rural Minds program, which is designed to raise mental health awareness and confidence, grow understanding and ensure information is embedded into agricultural and farming communities.

www.cores.org.au CORES™ (Community Response to Eliminating Suicide) is a community-based program that educates members of a local community on how to intervene when they encounter a person they believe may be suicidal.

www.headsup.org.au Heads Up is all about giving individuals and businesses tools to create more mentally healthy workplaces. Heads Up provides a wide range of resources, information and advice for individuals and organisations – designed to offer simple, practical and, importantly, achievable guidance. You can also create an action plan that is tailored for your business.

www.farmerhealth.org.au The National Centre for Farmer Health provides leadership to improve the health, wellbeing and safety of farm workers, their families and communities across Australia and serves to increase knowledge transfer between farmers, medical professionals, academics and students.

www.ruralhealth.org.au The National Rural Health Alliance produces a range of communication materials, including fact sheets and infographics, media releases and its flagship magazine *Partyline*.



Recruiting, onboarding and managing labour

Kathryne Wall, Rimfire Resources

& Rebecca Fing, House Paddock Training and Consulting.



Figure 1. Factors that influence employees' retention rate.

Key Messages:

- ◆ Put in place a solid recruitment process which includes a position description and candidate vetting.
- ◆ Know the law – review and implement employment documents and processes in line with Fair Work legislation
- ◆ Keep updated – amend these documents and processes following business or legislative changes
- ◆ Remunerate staff fairly and in compliance with all entitlements
- ◆ In the case where employment is required to be terminated; know the process to treat employees fairly, as required by law and avoid complaints to the Fair Work ombudsman.

Introduction

What does poor HR management cost?

The estimated cost of replacing employees ranges from 20% of annual salary for low-wage, high-turnover roles to more than 200% of annual salary for executive positions. COVID-19 has caused significant disruption in some labour markets which we will continue to be forced to deal with during the pandemic. Typical staff turnover rates in agribusiness of 4-10% in 2018 means the sector is incurring millions of dollars in costs per year on vacancies. Invest the time in getting it right, the recruitment, management and retention of staff can save time and money in the long run.



Why is HR compliance important?

In simple terms, compliance is important because all organisations must comply with employment law, rules and regulations. Fair Work Inspectors have the right to enter a business at any time to spot-check HR practices – and this is neither an idle threat nor an isolated occurrence.

In an increasingly complex and regulated workplace, a lack of HR compliance exposes the business to risks of fines, hefty back-payment bills, adverse publicity, litigation in court, reduced staff performance and employee turnover.

How can HR compliance help attract and retain staff?

Small businesses can manage their HR duties without employing a dedicated HR resource, but they must dedicate time and resources to developing, executing and maintaining healthy HR practices. By doing so they will not only protect their single most important asset – people – but also increase profitability.

HR compliance throughout the employee lifecycle

- **Hiring employees:**
 - o Recruitment – know what to do before you hire (i.e. create a position description, write a job advertisement, interview, reference checks, make an offer etc.)
 - o After you hire - create an employment contract containing the 10 National Employment Standards & set up an induction to orientate staff into the business.
- **Paying employees:**
 - o Award compliance – know which award or agreement will apply to your workers, the minimum wage for the role and any penalty rates and allowances. The award also determines how often employees should get paid.
 - o Be careful not to misclassify employees as independent contractors, casuals or seasonal workers if they have regular work – this could entitle them to employee benefits e.g. superannuation and leave.
- **Keeping the right records:**
 - o Payslips, timesheets and rosters are mandatory parts of running a business and will help manage finances while avoiding risks of fines and penalties.
- **Offering leave and other benefits:**
 - o Leave – know the leave entitlements of different employees under the law (e.g. annual, sick, parental, domestic violence, community, long service leave etc.) and whether employees are entitled to ask for flexible working arrangements.
- **Dealing with a difficult or underperforming employee:**
 - o Discrimination, harassment and bullying – know the differences and courses of action.
 - o Performance management – help employees work at their most productive level and address underperformance if it occurs.
- **Ending employment:**
 - o Appropriate workplace behaviours – have a code of conduct or policy in place that outlines what behaviours are appropriate in your workplace. This will also help with managing difficult or underperforming employees.
 - o Termination – know your rights and obligations when it comes to dismissal, notice and final pay for employees, in order to avoid future unfair dismissal claims and penalties.

It is then important to stay up to date with legislative changes that effect HR practices to ensure you continuously meet your legal obligations.



My follow up questions for the speaker;

Self evaluation;

Have you assessed your staff turnover rate in the business over the past 3 years? YES /NO

If staff have left the business what were the causes for them leaving?

Have you had to dismiss a staff member? Or would you be clear on the required process required to terminate an individual's employment? YES / NO

What is meant by summary (instant) dismissal and the circumstances in which this can be used to terminate employment.



We want to work on this in our business, what should we do next?

- Consider creating a current job description for employees to refer to, if they do not have one.
- Review your current employment agreements to ensure they are compliant with legislation.
- If your business pays a flat hourly rate – ensure this meets minimum award by performing the Better Off Overall Test (BOOT).
- Create a system of record keeping which enables you to maintain employment records for the required 7-year time period.

What are the potential benefits of taking action to create and maintain employment records;

- Employees will have documented roles and responsibilities which can be used to manage performance.
- Disputes can be more readily resolved with appropriate records provided to support resolution.
- Avoidance of fines for not complying with legislation or payments of historical entitlements not correctly paid to employees.

Our First Action _____

Our Second Action _____



Useful resources

Some useful online resources for managing your HR duties include:

- <https://www.fairwork.gov.au/> (Fair Work Ombudsman)
- <https://calculate.fairwork.gov.au/FindYourAward> (Pay and Conditions Tool – PACT)
- <http://awardviewer.fwo.gov.au/award/show/MA000035> (Pastoral Award 2010, which covers many employees working on broadacre field crops including grains)
- <http://awardviewer.fwo.gov.au/award/show/MA000002> (Clerks Private Sector Award 2010, which covers many administrative employees working in sectors including grains)



More about Rebecca . . .

Rebecca Fing of House Paddock Training and Consulting has been helping farming businesses provide a safer more productive work environment for over 15 years. Based in Goondiwindi, Rebecca provides WHS and HR consulting services to farmers and small business and runs training and workshops to provide practical advice and tips to get the job done. Having been on over 400 farms from Emerald to the Adelaide Hills, Rebecca has seen it done well (and not so well!) and loves sharing what she has seen and learnt along the way. Rebecca hopes that a better understanding and some practical tips will enable business to “make a start” in the WHS space, rather than shy away from it.

Contact details

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More about Kathryn . . .

Experienced Director with a demonstrated history of working in the human resources industry. Skilled in HR Consulting, Culture Change, System & procedure audits, Team Building, HR Policies, and Organizational Design. Strong professional with a Grad Dip Business Administration focused in Human Resource Management from Swinburne University of Technology. Has worked in agriculture for several years working with clients on bespoke solutions from hands on operational support to high-level strategic support.

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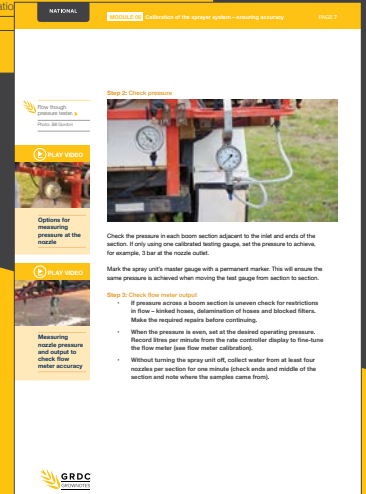
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SPRAY APPLICATION GROWNOTES™ MANUAL



SPRAY APPLICATION MANUAL FOR GRAIN GROWERS

The Spray Application GrowNotes™ Manual is a comprehensive digital publication containing all the information a spray operator needs to know when it comes to using spray application technology.

It explains how various spraying systems and components work, along with those factors that the operator should consider to ensure the sprayer is operating to its full potential.

This new manual focuses on issues that will assist in maintaining the accuracy of the sprayer output while improving the efficiency and safety of spraying operations. It contains many useful tips for growers and spray operators and includes practical information – backed by science – on sprayer set-up, including self-

propelled sprayers, new tools for determining sprayer outputs, advice for assessing sprayer operation, improving droplet capture by the target, drift-reducing equipment and techniques, the effects of adjuvant and nozzle type on drift potential, and surface temperature inversion research.

It comprises 23 modules accompanied by a series of videos which deliver 'how-to' advice to growers and spray operators in a visual easy-to-digest manner. Lead author and editor is Bill Gordon and other contributors include key industry players from Australia and overseas.

Spray Application GrowNotes™ Manual – go to: <https://grdc.com.au/Resources/GrowNotes-technical>
 Also go to <https://grdc.com.au/Resources/GrowNotes> and check out the latest versions of the Regional Agronomy Crop GrowNotes™ titles.



TOP 10 TIPS

FOR REDUCING SPRAY DRIFT

01

Choose all products in the tank mix carefully, which includes the choice of active ingredient, the formulation type and the adjuvant used.

02

Understand how product uptake and translocation may impact on coverage requirements for the target. Read the label and technical literature for guidance on spray quality, buffer (no-spray) zones and wind speed requirements.

03

Select the coarsest spray quality that will provide an acceptable level of control. Be prepared to increase application volumes when coarser spray qualities are used, or when the delta T value approaches 10 to 12. Use water-sensitive paper and the Snapcard app to assess the impact of coarser spray qualities on coverage at the target.

04

Always expect that surface temperature inversions will form later in the day, as sunset approaches, and that they are likely to persist overnight and beyond sunrise on many occasions. If the spray operator cannot determine that an inversion is not present, spraying should NOT occur.

05

Use weather forecasting information to plan the application. BoM meteograms and forecasting websites can provide information on likely wind speed and direction for 5 to 7 days in advance of the intended day of spraying. Indications of the likely presence of a hazardous surface inversion include: variation between maximum and minimum daily temperatures are greater than 5°C, delta T values are below 2 and low overnight wind speeds (less than 11km/h).

06

Only start spraying after the sun has risen more than 20 degrees above the horizon and the wind speed has been above 4 to 5km/h for more than 20 to 30 minutes, with a clear direction that is away from adjacent sensitive areas.

07

Higher booms increase drift. Set the boom height to achieve double overlap of the spray pattern, with a 110-degree nozzle using a 50cm nozzle spacing (this is 50cm above the top of the stubble or crop canopy). Boom height and stability are critical. Use height control systems for wider booms or reduce the spraying speed to maintain boom height. An increase in boom height from 50 to 70cm above the target can increase drift fourfold.

08

Avoid high spraying speeds, particularly when ground cover is minimal. Spraying speeds more than 16 to 18km/h with trailing rigs and more than 20 to 22km/h with self-propelled sprayers greatly increase losses due to effects at the nozzle and the aerodynamics of the machine.

09

Be prepared to leave unsprayed buffers when the label requires, or when the wind direction is towards sensitive areas. Always refer to the spray drift restraints on the product label.

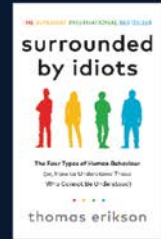
10

Continually monitor the conditions at the site of application. Where wind direction is a concern move operations to another paddock. Always stop spraying if the weather conditions become unfavourable. Always record the date, start and finish times, wind direction and speed, temperature and relative humidity, product(s) and rate(s), nozzle details and spray system pressure for every tank load. Plus any additional record keeping requirements according to the label.

Building a Business case about the farm business

John Francis.
Holmes Sackett.

We are all different but there is strength in difference



Identify and articulate your business goals



To generate profits that exceed our debt funding requirements and allow for our family needs and wants to be met.

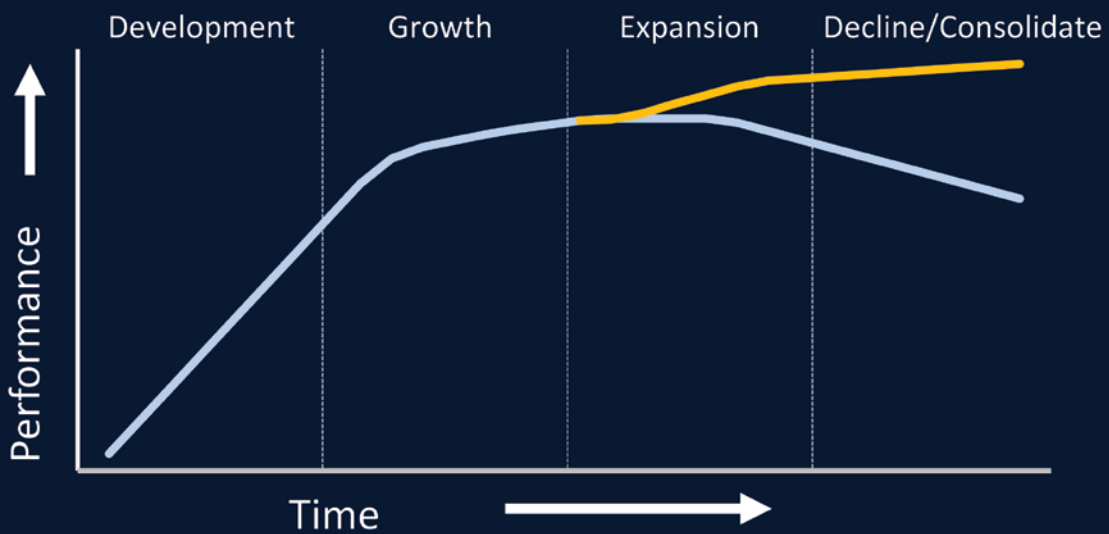


Develop a SMART objective

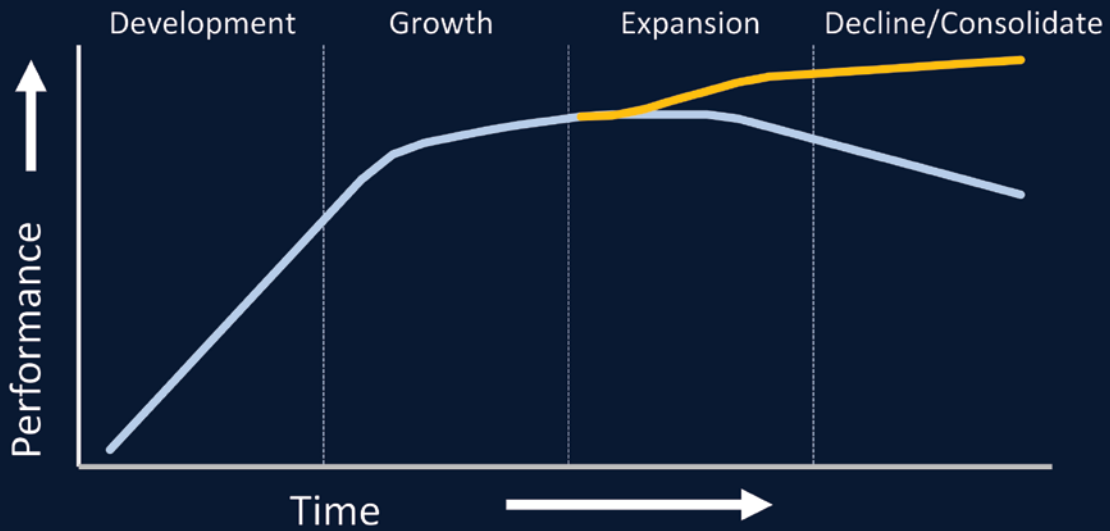


The business will achieve an average operating return of 4% over the next 10 years.

What stage of the cycle are you?



What stage of the cycle are you?



Identify and assess the resource base and productive capacity



Land

Productive area (ha)	1,650	Area (%)	Production (t-DSE/ha)
Class 1 crop	550	79%	3.6
Class 2 crop	150	21%	3.2
Crop total/av	700	100%	3.5
Class 1 livestock	350	37%	12
Class 2 livestock	400	42%	10
Class 3 livestock	200	21%	4
Livestock total/av	950	100%	9.5



Environment



Infrastructure



Labour



Establish your needs

	Funding requirement	Amount	Term	After tax return	Annual provisioning	
Personal	Family expenses	\$100,000	1		\$100,000	\$208,000
	Education	\$300,000	4	7%	\$67,044	
	Succession	\$800,000	20	7%	\$18,419	
	Retirement	\$1,000,000	20	7%	\$23,024	
Business	Debt principal		12		\$166,380	\$400,000
	Capital replacement	\$217,100	1		\$217,100	
	Provisions	\$100,000	5	7%	\$17,207	
Add back	Depreciation	\$133,600			-\$133,600	-\$248,000
	Imputed owner wages	\$115,000			-\$115,000	
Total annual funds					\$360,000	

Reverse budget

	Required	Historical
Gross profit	\$1,532,370	\$1,420,000
Operating expenses	\$917,264	\$850,000
EBIT/Operating profit	\$615,106	\$570,000
Interest	\$100,000	\$100,000
Earnings Before Tax	\$515,106	\$470,000
Future requirements	\$360,574	\$329,000



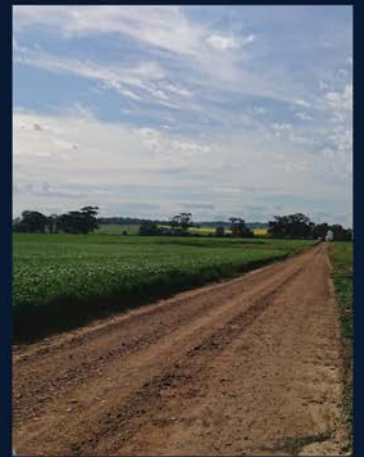
Performance measures

November 2013

KEY FINANCIAL RATIOS FACT SHEET

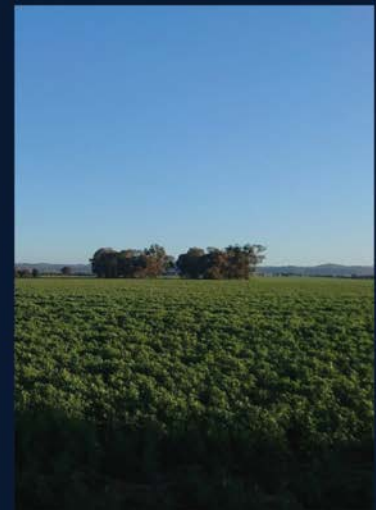
GRDC
Grains
Research &
Development
Corporation

Key performance indicator	Target	Historical
Operating return (ROAM)	4.1%	3.8%
Net profit (% gross profit)	40%	40%
Gross profit per labour unit	\$766,185	\$710,000
Equity	83%	83%
Loan to value ratio	21%	21%
Finance coverage ratio	6.2	5.7



Reassessing after consecutive poor seasons

- Is the situation bad luck or bad strategy?
- Check rolling 3 year average rainfall.
- Assess longer term management accs.
- Consider options – refinancing/ RIC loan / liquidating assets.



My follow up questions for the speaker;



Our First Action _____

Our Second Action _____





More about John . . .

John Francis is a Director and consultant at Agrista, an agricultural consultancy focused on improving farm business performance.

I have a background in agricultural production with over ten years experience in agronomy. I have strong farm business management and analytical skills. I have the skills and experience to assess agricultural asset management, identify opportunities for improvement and deliver results.

Agrista provides consultancy services to family and corporate farm owners and managers and the agricultural industry service sector.

The range of consultancy services that Agrista provides includes:

Farm performance assessment

Project management - including data analysis and interpretation, reporting and outcome delivery.

Farm business analysis and strategy development

Investment analysis and capital prioritisation

Economic and production modelling and budgeting

Due diligence for agricultural asset acquisition

Expert legal work

Finance and bank proposals and applications

Farm business recruitment services

Public speaking

Please do not hesitate to get in touch with me on 0427 259 005.

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Notes





LIVE AND ONLINE

GROUNDCOVER™

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THE 2017-2020 GRDC NORTHERN REGIONAL PANEL

JANUARY 2020

CHAIR - JOHN MINOGUE



John Minogue runs a mixed broadacre farming business and an agricultural consultancy, Agriculture and General Consulting, at Barmedman in south-west NSW. John is chair of the district council of the NSW Farmers' Association, sits on the grains committee of NSW Farmers' Assn and is a winner of the Central West Conservation Farmer of the Year award. His vast agricultural experience in central west NSW has given him a valuable insight into the long-term grains industry challenges.

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DEPUTY CHAIR - ARTHUR GEARON



Arthur is a grain, cotton and beef producer near Chinchilla, Queensland. He has a business degree from the Queensland University of Technology in international business and management and has completed the Australian Institute of Company Directors course. He is a previous vice-president of AgForce Grains and has an extensive industry network throughout Queensland. Arthur believes technology and the ability to apply it across industry will be the key driver for economic growth in the grains industry.

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ROGER BOLTE



Roger Bolte is a fourth-generation farmer from the West Wyalong area in NSW, operating a 6500 ha winter cropping program with his wife and family focusing on cereals, legumes and hay. During his 35-years in the industry, Roger has been involved in R&D in various capacities and has had the opportunity to travel abroad and observe a variety of farming systems. He believes that R&D and education are the cornerstones of the industry and feels privileged to be afforded the opportunity to share his experiences.

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ROY HAMILTON



Roy Hamilton operates Riverina with his wife Leanne, son Sandy and daughter-in-law Sara. He was an early adopter of minimum till practices and direct drill and press wheel technology and is currently running CTF on 12m 3-1. The majority of the property (80%) is cropped with wheat, canola, barley, triticale, faba beans while the remainder under pasture runs 1,400 ewes and trade lambs. He has held roles on the south east NSW Regional Advisory Committee, the GRDC's southern region Regional Cropping Solutions Network and was a founding committee member of the Riverine Plains farming systems group.

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DR TONY HAMILTON



Tony is an agricultural consultant. He was a farmer in the Forbes region for 30 years. He is a director of the Rural Industries Research and Development Corporation. He has worked as an agricultural consultant in WA and southern NSW. With a Bachelor of Agricultural Science and a PhD in agronomy, Tony advocates agricultural RD&E and evidence based agriculture.

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ANDREW MCFADYEN



Andrew is a grower and private agricultural consultant near Lake Cargelligo NSW with more than 21 years agronomy and practical farm management experience. He is an active member of the grains industry with former roles on the Central East Research Advisory Committee, NSW Farmers Coolah branch and has served on the GRDC northern panel since 2015. He is also a board member and the chair of Grain Orana Alliance.

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PETER MCKENZIE



Peter operates a private agronomy consulting business based in Quirindi NSW. Prior to this he was facilitator/agronomist for AgVance Farming group, a communications conduit between industry and growers. He is a passionate supporter of research and has been active in extending weed management research information to industry, particularly in central west NSW, is a former director of Conservation Farmers Inc., a former member of the North East Regional Advisory Committee and a participant in Northern Growers Alliance local research group on the Liverpool Plains.

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GRAHAM SPACKMAN



Graham has conducted a private agricultural consultancy at Emerald, Queensland, for the past 30 years which provides agronomy and farm business management advice in summer and winter, dryland and irrigated crops in grain and mixed grain/grazing farming systems in the region. He has participated in two decades of GRDC and Qld DPI funded farming systems research, development and extension projects, particularly in the areas of weed management, soil fertility and adaption of agronomy practices in CQ climate and farming systems.

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BRUCE WATSON



Bruce and his family operate a 3400 ha family grain growing business near Parkes NSW, which produces a mixture of dryland winter cereals, pulses and oilseeds as well as summer dryland cereals, pulses and cotton grown on a 12m zero till CTF platform with full stubble retention. Bruce holds a Bachelor of Agricultural Economics from the University of Sydney and previously worked with PricewaterhouseCoopers in its Transfer Pricing practice. He is an active member of the grains industry and was awarded a Nuffield Scholarship in 2009. Bruce is interested in both transformational or blue sky research and continues to ensure that existing research delivers profitability to grower's businesses.

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DR JO WHITE



Dr Jo White is an experienced researcher with over 15 years' experience in agricultural research programs based at the Department of Agriculture and Fisheries in Queensland (DAFQ) and the University of Southern Queensland (USQ), including 10 years' experience in the field of plant pathology of broad acre summer crops. Jo has a keen interest in developing and delivering on-ground practical research solutions to growers which improve productivity and profitability of their farms and is now working as a private consultant based in Queensland.

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