



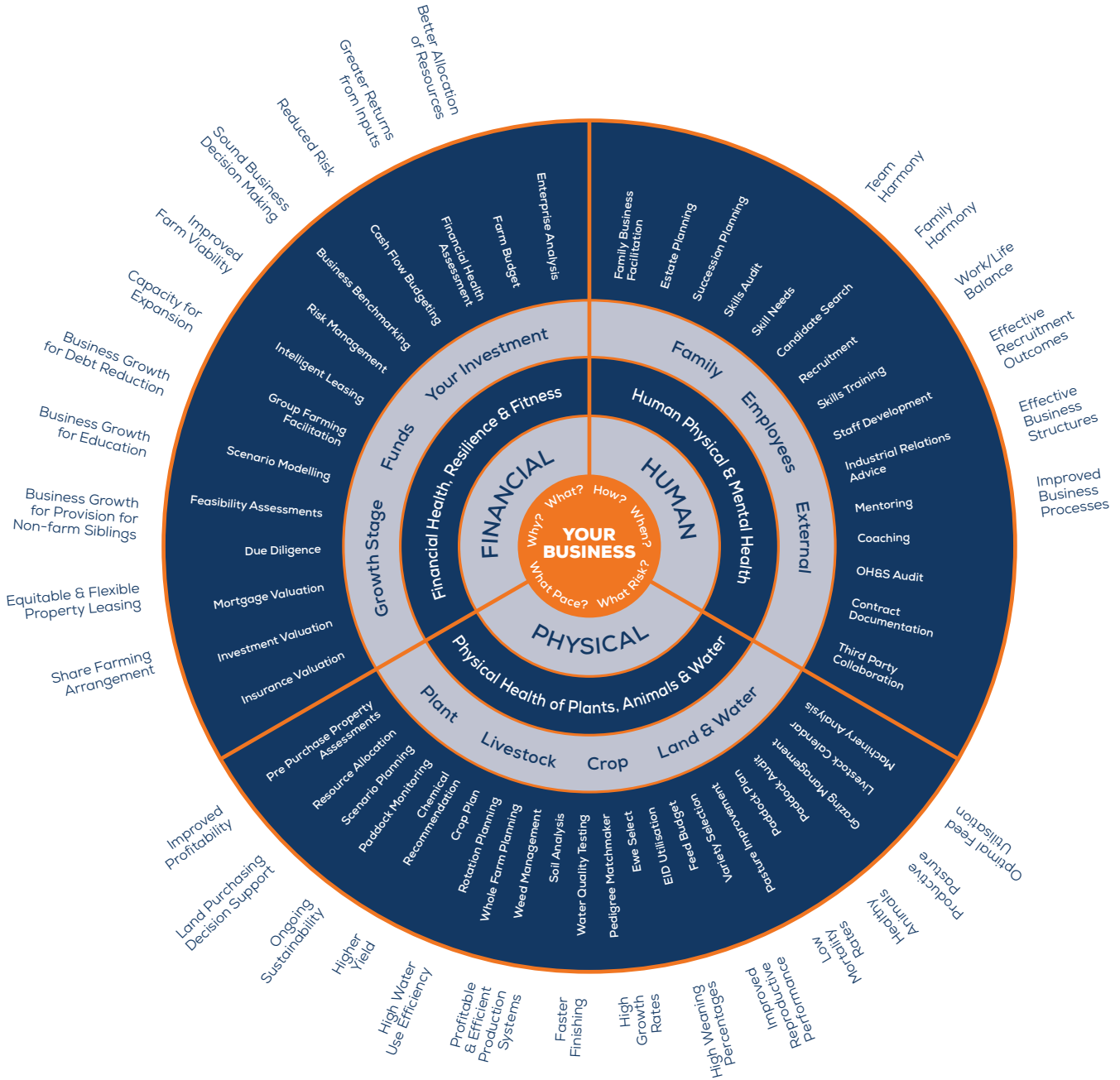
FARM BUSINESS PLANNING FINANCIAL LITERACY & RISK MANAGEMENT





MERIDIAN

Agriculture



Session 1: Business Planning

Do we have a vision for our business?

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What are the first steps to developing a vision and who needs to be involved?

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Goal:

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Strategic Plan:

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Tactical Plan:

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Operational Plan:

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Session 2: Farm Business Management

What are the key points from this session?

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A tip for the future- How can I put this into practice?

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Session 3: Fixed & Variable Costs

What can I do to manage my fixed and variable costs?

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A tip for the future- How can I put this into practice?

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Nitrogen example 1: GSR 300 normally

Deep N test giving Nitrate, Ammonia, Sulphur and Boron \$80 including collection.

Soil test result: 0 – 60 cm 5 Nitrate, 7 Ammonia.

Available N in 0 – 60 = **93 kg N**

Soil moisture 30 mm

Organic carbon of 1% * 0.15 * 300 = **45 kg N** available in the growing season.

Total N available 138 kg/40 = 3.45 tonne yield pot for av N

Yield pot = 190 mm * 0.02 = 3.8 tonne

Plan to pre drill 30 N (65 kg Urea) **wasn't needed**. Cost of Urea \$430 per tonne delivered saving \$28 per ha. Also knowing what you have helps you plan and gives confidence as the moisture builds.

Nitrogen example 2: GSR 250 normally

Deep N test giving Nitrate, Ammonia, Sulphur and Boron \$80 including collection.

Soil test result: 0 – 60 cm 2 Nitrate, 4 Ammonia.

Available N in 0 – 60 = **46 kg N**

Soil moisture 30 mm

Organic carbon of 0.5% * 0.15 * 250 = **18 kg N** available in the growing season.

Total N available 64 kg/40 = 1.6 tonne yield pot for av N

Yield pot = 140 mm * 0.02 = 2.8 tonne

Plan to pre drill 30 N (65 kg Urea) **is needed**, but could be deferred until moisture ensures crop potential. Cost of Urea \$430 per tonne delivered saving \$28 per ha. Also knowing what you have helps you plan and gives confidence as the moisture builds.



Prepared by Andrew Speirs- Senior Agronomy Advisor, Meridian Agriculture

Livestock Enterprise – Fecal Egg Count (FEC) Monitoring

- Should you really be drenching your Livestock?
- Base your decision on sound evidence
- Identify various age classes of stock within your livestock enterprise
- Collect and Test FEC samples
- Consult with your Veterinarian/Animal Health Consultant
- Understand your trigger limits to implement a drenching programme specific to the age class that has reached the trigger limit
- Determine if a drench resistance test is required

Benefits:

- Significant Variable Cost Saving
- Labour Saving
- Less stress on stock
- Minimise likelihood of drench resistance

FEC Test Costs - \$50 - \$75 per Test

Saving

Drench Costs (General Broad Spectrum drench) Adult Dose Rate - \$.35 - \$.65/hd

Assume drenching 1000 Ewes – Total drench cost saving \$350 - \$650 + labour costs.



GROSS MARGIN: MIXED FARMING BUSINESS

1000Ha – 500Ha Cropped & 500Ha Grazing

Cropping Gross Margin	
Cropping Income (CI):	\$520,000
Cropping Variable Costs (CVC):	
Fertiliser	\$120,000
Herbicide/Fungicide	\$78,000
Seed	\$25,000
Contracting	\$18,000
Freight on produce	\$14,000
Total Variable Costs	\$255,000
Gross Margin (CI-CVC)	\$265,000
Per Ha Gross Margin	\$530

Livestock Gross Margin	
Livestock Income (LI):	\$280,000
Livestock Variable Costs (LVC):	
Shearing/crutching	\$ 48,000
Animal Health	\$ 22,000
Supplementary feed	\$ 20,000
Fertiliser	\$ 15,000
Freight on produce	\$ 6,000
Seed	\$ 2,000
Herbicide	\$ 4,000
Total Variable Costs	\$ 117,000
Gross Margin (LI-LVC)	\$ 163,000
Per Ha Gross Margin	\$ 326

Cash Overheads		Allocation
Fuel and Lubricants	\$55,000	70% crop, 30% livestock
R&M Plant & Machinery	\$32,000	80% crop, 20% livestock
R&M General	\$11,000	equal split
Insurance	\$14,000	60% crop, 40% livestock
Shire rates	\$9,000	equal split
Electricity	\$4,000	equal split
Accounting	\$4,000	equal split
Total	<u>\$129,000</u>	
Non-cash Overheads		
Depreciation on plant (10% of total plant value \$900,000)	\$90,000	90% crop, 10% livestock
Depreciation infrastructure (fences, yards, buildings)	\$15,000	equal split
Total	<u>\$105,000</u>	

Cropping related overhead: \$175,000

Livestock related overheads: \$59,000

Difference in Overhead Allocation: \$116,000

Operating Surplus = Gross Margin less allocated Overheads (before interest, lease and tax)

Cropping Operating Surplus	\$90,000	or	\$180.00	per Ha
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Livestock Operating Surplus	\$104,000	or	\$208.00	per Ha
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Please write down three changes you could make to your cost base at home:

Change 1:

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Change 2:

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Change 3:

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