

Managing the Season

Know Your Situation

Your Levy at Work

Every season is about understanding the situation that your business is in. Understanding your feed flow, your cash flow, where you can trim your budget and what should be left alone, your cost of production and what your expected income will be.



DairyTas Focus Farmers Peter and Jo Jones know their business situation by understanding:

- Their cost of production
- Feed and cash positions through budgets
- Business position through benchmarking
- Areas of potential savings
- What expenses need to be maintained
- How important good people are to the business

“Focus on what you can do and let the rest take care of itself”

Budgeting

Budgeting is not something that everyone gets excited about. However in a season where milk price will, at best remain stable and at worse drop, knowing your feed and cash budget positions is important.

Feed Budgeting

Peter and Jo complete a feed budget at the beginning of each season. Input information is based on historical data and what they expect the season to do. This then provides Peter with the amount of supplement he needs to purchase and when he will need it by. Having this information early in the season allows Peter to enter the fodder market early and either pre-purchase feed or purchase it at the cheapest possible price. Regular farm walks then monitor growth rates and pasture cover, allowing Peter to track his feed situation and make decisions around feeding supplements and culling cows based on facts.

Cash Flow Budgeting

The other important budgeting completed by Peter and Jo is a cashflow budget. This is completed at the beginning of each financial year. It allows Peter to know when costs and income are to be expected. The cashflow budget is then updated monthly to allow Peter and Jo to track the cash position of the business and manage unexpected costs.

Budgeting Key Points:

- Complete Feed and Cash budgets NOW if you do not have one
- Budget based on fact
- Use budget information to make decisions such as purchasing supplements earlier rather than later
- Up date your budgets regularly as the year goes on
- A feed budget template can be found at <http://www.utas.edu.au/tia/centres/dairy-centre/publications-and-tools/tools>
- Get help with cash flow budgeting from Rural Business Tasmania on [6334 3295](tel:63343295) or contact your preferred consultant.

Business Position Key Points:

- Know what your business is good at and what areas could be improved on.
- Know your cost of production. This allows you to keep milk price in perspective
- A free business analysis tool can be found at www.dairybase.com.au
- Or seek help from your preferred consultant, milk company representative, banker or accountant

Business Position

Is your business a strong business that is performing well, or does it have areas that could be improved? Regular monitoring of a business through business analysis programs allows areas of strengths and weaknesses to be identified.

Peter and Jo regularly benchmark their business, this allows them to know what their annual cost of production is. Knowing annual cost of production helps to keep things in perspective. Peter and Jo know that their annual cost of production is \$4.97/kg milk solid (MS). This information provides them with the knowledge that a milk price of \$5.60/kg MS means the business is still viable.

Entering your business information into the new DairyBase business analysis tool will provide the cost of production and other business information that allows you to know your businesses current position.

“Decisions based on facts save money.”**Saving and Spending****Save On**

Examining the budget allows Peter and Jo to be aware of areas within their business that can be trimmed when necessary. Fertiliser is a big expense for most farms. Spending time taking soil tests and having a Fert\$mart fertiliser plan completed for the farm can help you target applications and save some cash.

Another area that savings can be made is in culling poor performing cows early. Monitoring cow production and acting on the information early allows cows that are performing to have a larger slice of the grass pie or for you to be able to maintain pasture cover.

Spend On

Your cows produce your money. Compromising on animal health and cow condition will affect cow performance and ultimately your cashflow. Peter and Jo's non-negotiable budget items are:

- Labour Costs – someone still needs to do the work.
- Feed costs – cow condition and health are so important to not only this season, but next as well.
- Milk Production – any costs that detrimentally affect milk production.

Saving and Spending Key Points:

- Save by culling poor performing cows early
- Have a Fert\$mart plan completed for your farm. Contact DairyTas' Land, Water and Carbon Specialist Rachel Brown on [0409 333 381](tel:0409333381) for more information on Fert\$mart
- Do not compromise cow health and condition by reducing spending in these areas
- Remember your cows produce your money look after them
- Do not forget how important your staff are. For assistance with staff issues visit www.thepeopleindairy.org.au or contact DairyTas' HR Support Consultant Penny Williams on [0408 622 484](tel:0408622484)

Look After Yourself Key Points:

- Remember that your health is key to your business success.
- Contact your health professional or Rural Alive and Well (RAW) on [1300 4357 6283](tel:130043576283) if you have concerns about your mental health

Look After Yourself

A holiday is something that Peter and Jo value highly, regardless of the season. Time away from the farm with the family helps to put everything into perspective. In years that are harder to manage the break is even more important. Even just a weekend off the farm away with others can help change your perspective. Holiday planning with Peter and Jo starts early and is always something that is considered in the budget regardless of what is occurring.



For more information on Peter and Jo's Farm or other fact sheet information contact DairyTas 03 6432 2233 or visit www.dairytas.com.au