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# Far North Partner Farm

March 2016

Charmaine O'Shea

# Today's Discussion Topics

- Monitor business performance
- Alarm Bells
- COS special
- Business Resilience vs. Sustainability
- Thinking outside the square for future growth options and risk management

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# MONITORING TOOLS

- Financial Statements
- Cashmanager Rural
- DairyBase

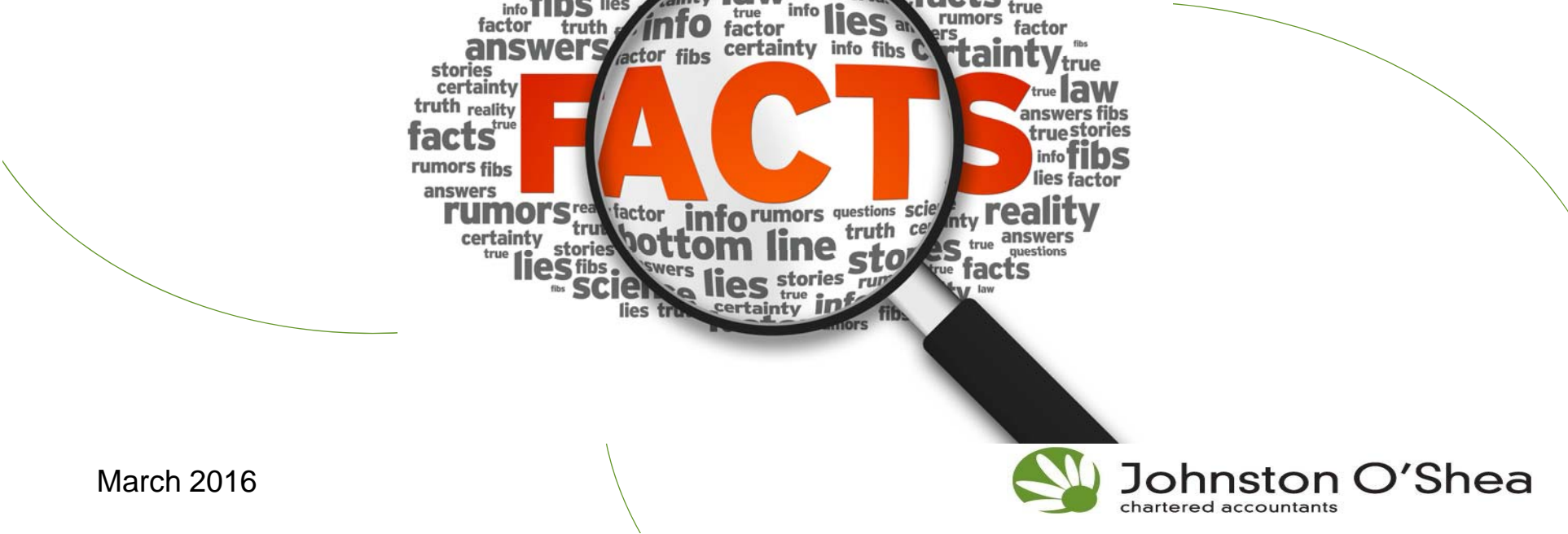


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# INTERPRETATION OF DAIRYBASE REPORTS



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# TRENDS.....

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	High Payout	Low Payout	Drought	Almost Perfect	Perfect season	Payout drop & drought	High Payout-average season	Low Payout – average season	Payout crash – good season
Payout /kgMS (includes div)	\$7.18	\$5.38	\$6.26	\$7.33	\$6.74	\$6.48	\$7.67	\$6.04	\$3.95 MAX
FWE /kgMS	\$3.87	\$4.36	\$4.19	\$4.43	\$4.15	\$4.50	\$4.77	\$4.19	????
Int & Rent /kgMS	\$1.32	\$1.80	\$1.87	\$1.52	\$1.43	\$1.45	\$1.31	\$1.26	\$1.25
FWE plus Int & Rent	\$5.19	\$6.16	\$6.06	\$5.95	\$5.58	\$5.95	\$6.25	\$5.45	????

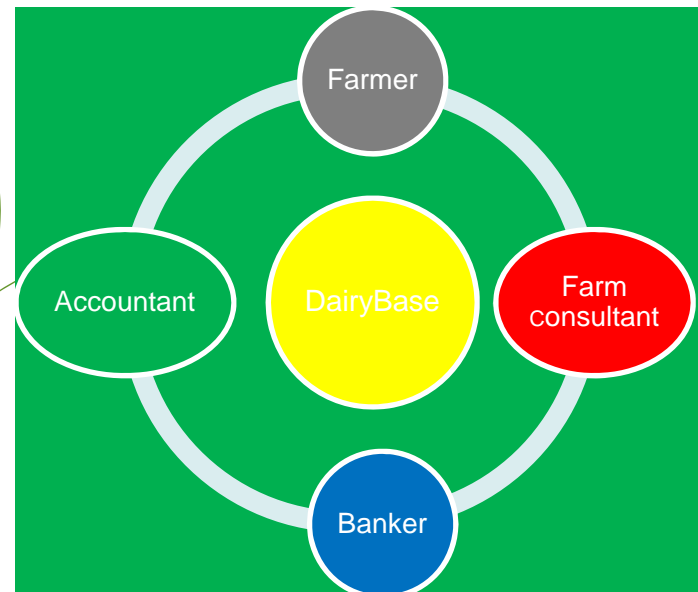
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# DAIRYBASE REPORTS

- The report that connects all KEY players in your rural professionals team



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# Alarm Bells

- FWE – COP /kgMS
- Interest /kgMS
- Capital buffer
- Principal
- Below the line



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# TAX PLANNING

- The highs and the lows
- Increased NSC values vs potential decrease in Herd values
- Provisional tax to be reviewed regularly as payout changes
- UOMI
- Income Equalization Deposit options
- Enjoy paying it – you are making a profit!

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# BUSINESS RESILIENCE

Resilience definition = “the capacity to recover quickly from difficulties or toughness”

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Business Resilience vs. Sustainability ???

# FUTURE PROOFING YOUR BUSINESS

- Cash is KING
- Compliance
  - The rules will continue to change so be prepared
- Principal repayments in good years ensures you can survive the bad
- Fix what's wrong when the economy is strong
- Monitor cashflow regularly
- Risk management tools

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# RISK MANAGEMENT TOOLS

- Interest rates
- Health & Safety
- Accident cover
- Life cover
- Farm system documentation
- Farm system change ????



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# CHANGE OF FARM SYSTEM?

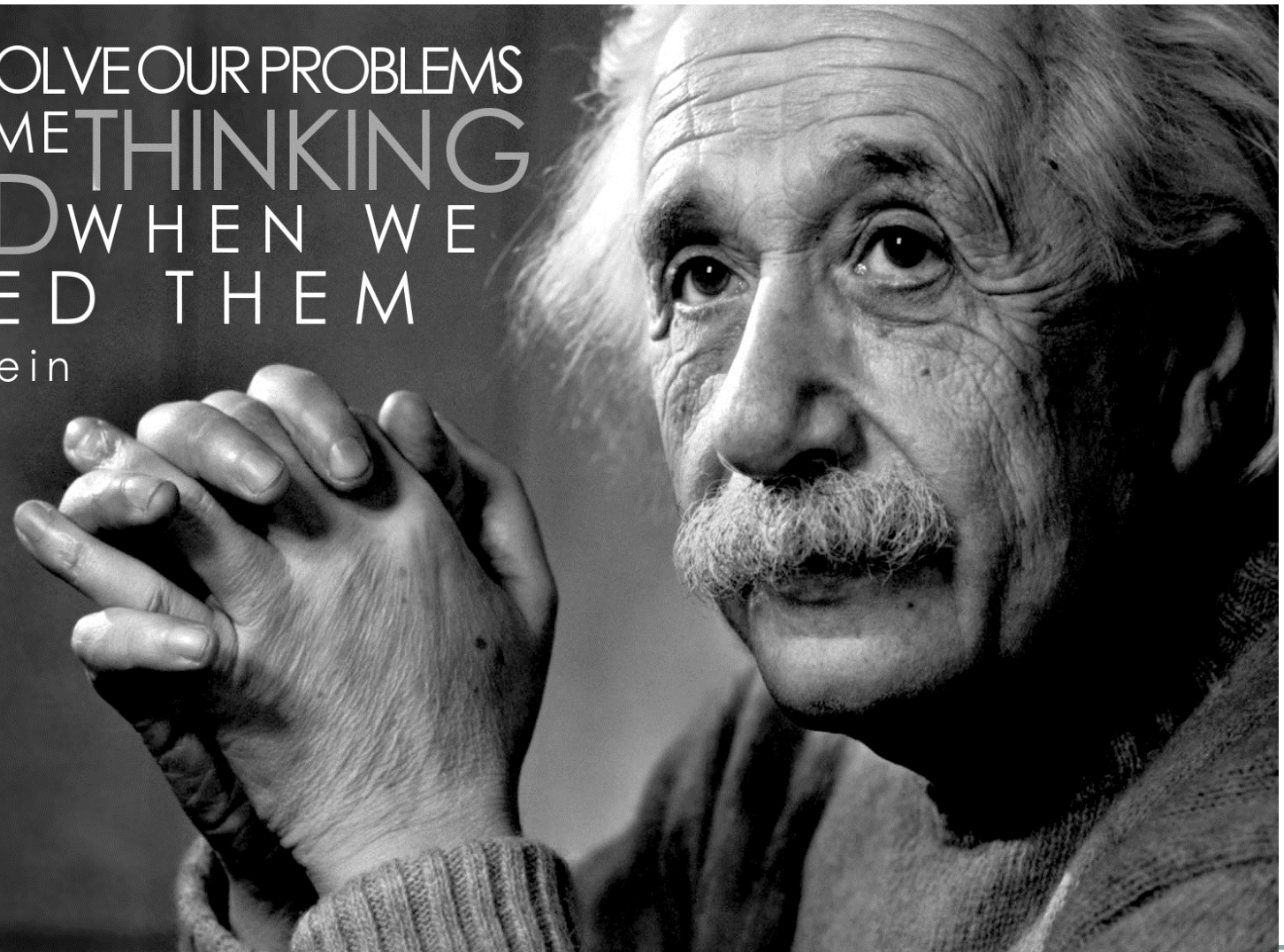
- Not a one season decision
- Compliance consequence
- Long term sustainability – financial first
- Use long term average payout, not \$8.40, but not \$4.15 either
- Use long term finance rate, not 5%

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WE CANNOT SOLVE OUR PROBLEMS  
WITH THE SAME THINKING  
WE USED WHEN WE  
CREATED THEM  
- Albert Einstein



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