



Drought Recovery Guide, Third Edition October 2005 - Readers' Note

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NSW DEPARTMENT OF
PRIMARY INDUSTRIES

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Financial management during drought recovery

Rain rekindles hope, but cash flow budgeting assists in establishing the facts – can borrowings be repaid? The opportunity exists to confront the reality of the farm financial situation and consider all opportunities both within and outside farming.

Fran Rowe, Chair, Rural Assistance Authority Board

When conditions are changing dramatically after substantial rainfall, careful financial planning will assist you to cope with the many decisions that you are going to have to make about the future of your farm and your family.

Most farmers will find that their financial position has deteriorated during the drought because of crop failure, fodder costs, or the fact that stock numbers have been reduced and will need to be replaced when you are sure the drought is over.

ASSETS AND LIABILITIES

It is important that you try to prepare a statement of assets and liabilities to calculate equity in your property and to prepare a cash-flow projection of anticipated monthly income and expenses for at least 12 months.

As a general rule for mainstream agriculture, it is desirable to have equity of at least 75 per cent. Equities lower than 70 per cent should be viewed with caution, and one option is to give consideration to actually selling the farm! A farm decision-making checklist is included below for your use.

PREPARING A CASH-FLOW PROJECTION

A cash-flow projection is prepared by estimating the value of produce to be sold and when the expenses in this produce will be incurred. A cash book of income and expenses for previous years is a valuable aid in preparing a cash-flow budget.

Help in preparing a cash-flow budget is available from a number of people, such as your bank manager, accountant, rural counsellor or a farm consultant. Make sure that you provide realistic estimates of your financial commitments, including interest and principal. If machinery and motor vehicles are due for replacement, then be realistic in including an allowance for that as well. However, as a general rule in difficult financial times, machinery or motor vehicles should only be replaced if it is absolutely necessary.

WHEN YOUR CASH-FLOW SHOWS A FINANCIAL PROBLEM

If your cash-flow budget shows more anticipated expenses than income, what can you do about it? Are there good reasons for this shortfall? A substantial outlay may have been budgeted for in the next 12 months for restocking. If this is the case, and income will not be back to normal in the next 12 months, you may need a longer cash-flow projection. If your projections show that you expect cash-flows to improve after the first year, it is in your interests to prepare a cash-flow projection beyond 12 months to show your bank. You may be able to convince the bank that your risk is short-term and hence have your interest margin reduced.

OPTIONS TO IMPROVE CASH FLOW

Buying stock versus breeding-up numbers

Buying stock to replace those sold in the drought will initially reduce cash-flows but at a later stage it will improve cash-flows when the progeny from the purchases is ready for sale. A useful measure to judge whether it is worth your while purchasing cattle is to look at the return on capital tied up in livestock. If, for example, you are considering breeders which will return an expected gross margin per head of \$300 per year, and the purchase cost of the breeder is \$700, then the return on livestock capital is 43 per cent. This return is sufficient to pay interest on borrowings plus some principal, so unless you slip back into drought, the example used would show that in the longer-term, buying cattle will produce a better cash-flow than would breeding-up. However, a cash-flow for each of the breeding and purchase options would be required to see how long it takes for the purchase option to get in front (see *Restocking after a drought*).

Sheep versus cattle

Historical returns on livestock capital have generally been considerably higher for sheep than for cattle and the total cost of stocking a paddock with sheep compared with that for cattle has generally been lower. With recent increases in ewe prices, however, returns for sheep and cattle have been closer on a livestock capital basis, but they still generally favour sheep. If your country is suited to both sheep and cattle, and you have the facilities and labour to handle both, sheep are likely to cost less and are likely to pay for themselves more quickly than will cattle.

The final result will depend on the prices paid for sheep and cattle products over the next few years. For help in choosing enterprises, see the section on outlook information below.

Planting that extra paddock of crop

If stock numbers are low, then an option in cropping country is to plant more crop than you normally would. It is advisable, to prepare a gross margin estimate for the crop you have in mind. Sample gross margin returns are available for winter crops in the major cropping districts. Contact your nearest NSW Department of Primary Industries (NSW DPI) office for copies.

Compare gross margin returns for winter crops with the likely gross margin returns you would expect from a livestock-based enterprise to see which enterprise is more attractive. Cropping requires an outlay for cultivation, seed, fertiliser and chemicals. Stocking that same paddock to the recommended carrying capacity with either sheep or cattle is likely to be more expensive.

Your crop price projections should be based on outlook information or on the cash prices being presently offered for the end-of-season crop, not on present grain prices. If the next winter crop harvest is near to average or better, prices for all grains will fall considerably from their present levels. See the section on sources of outlook information for more detail.

Bear in mind that if machinery capacity is being stretched, an extra paddock could mean that the timing of operations may not be optimal and yields may be down. In addition, cropping the paddock this year may limit your options for the following year. Yield potential in following years may also be reduced, so that a crop planted one year will boost the cash-flow in that financial year but may reduce the cash-flow for the following year. See *Winter cropping following drought* and *Soil management following drought*.

Reducing costs

Take a close look at all major cost items to see if there is scope to reduce costs in a certain area. It may be time to consider whether the leased four-wheel-drive is really necessary or whether a more modest vehicle can get you through until things pick up.

Do you have any machinery items which are not being used regularly that could be sold? Look especially at those items of machinery which are being used for work that could be done by a contractor.

It is generally not prudent to reduce costs involved in production, such as drenches or cropping fertiliser, but a very close look at your major overhead costs may well indicate some areas where you could limit expenditure.

Even though initial interest rates may be higher, consider locking into fixed interest rates so that you will know what your total interest bill will be.

Review your subscriptions, and discuss your bank fees with your bank manager to see if there is room for improvement. Check that professional fees are in line with what other people are paying, and consider paying your shire rates by instalment.

Refinancing

Your cash-flow budget will indicate whether there is a need to refinance. If your overdraft does not fall to zero for any month for the next 12 months, this indicates that your hard-core debt has increased and that you should consider transferring some of your overdraft into another form of financing at a lower interest rate. A budget, especially one that projects for a number of years, will give an indication of the best form of finance to aim for. You will also be in a better position to know whether you require short-term or longer-term finance.

The Rural Assistance Authority (RAA) will assist eligible farmers in getting back on their feet through interest subsidies for farmers in areas listed as affected by drought exceptional circumstances. Details of this scheme and eligibility criteria are available from the RAA.

For a new loan it is worth calculating the effective interest (including costs). Annual charges and the establishment fees can add significantly to the cost of a loan.

To calculate your own effective rates of interest, the publication *Understanding the Cost of Farm Finance*, available from the Australian Bankers'

Association (ABA) website at: www.bankers.asn.au/default.aspx?ArticleID=713, contains a very good method of comparing loans.

If an existing loan has an effective interest rate (including costs) which is higher than an alternative loan, it may also be worth changing, but make sure any costs involved with early settlement of the loan are included in the calculations.

A cash-flow budget is part of the information useful to your bank manager.

Other information that will assist you in putting together a business plan to provide the best case possible is covered in the section '*What do the banks want*'. It covers some of the factors that banks use to decide your interest rate margin and the range of information useful to the banks. The list seems long, but farm businesses that have been through the process have a much clearer picture of the direction they wish to head, and consider the preparation time was time well-spent.

Your rural counsellor is very experienced with loan negotiations and can give you some pointers.

IF THE BUDGET IS STILL POOR

If you cannot make the budget look reasonable with realistic projections over 2–3 years, it may be best to consider getting out. There are plenty of farmers who have made a success of life after farming, while others who have sold their farms have remained in agriculture as employees or managers, or have leased some country.

It may be difficult to consider these options in isolation, and it is helpful to get another opinion from a rural counsellor, a drought support worker or a farm consultant.

If you are in the areas which have been listed as experiencing exceptional circumstances, you may be entitled to an exceptional circumstances relief payment. These are included under the 'Farm Help' package run by the Federal Government.

Farm debt mediation

Under the *Farm Debt Mediation Act 1994*, a creditor under a farm debt must serve written notice on the farmer advising the farmer of the creditor's intention to take possession of the farm property or other enforcement action under a farm mortgage. The creditor must offer the farmer mediation regarding the farm debt.

Mediation is a structured negotiation process in which the mediator, as a neutral and independent person, assists the farmer and the creditor in attempting to reach agreement on the present arrangements and future conduct of financial relations between them.

Mediation is a simple, voluntary and confidential process that is quick, accessible and affordable.

There are certain time lines under the Farm Debt Mediation Act that a farmer must comply with. For further information, contact the NSW Rural Assistance Authority on 1800 678 593 (toll free) or (02) 6391 3013.

What do the banks want?

Relationships between farmers and their lenders have gone through a period of significant change over the last 15 years, primarily as a result of the stock market crash in the late 1980s and the rural recession. Bankers have changed the way they appraise loans; farmers need to change the way that they prepare for loan applications and annual reviews, particularly in the context of drought.

At your annual review, the bank evaluates not only your performance, but also your perceived level of risk. This risk is reflected in your margin or in the additional price you pay for the loan.

Lenders used to be more preoccupied with security than the ability to repay. They used to ask borrowers to submit a list of assets and their value, from which a borrowing limit would be calculated depending on the type of security offered. However, the collapse of the property and stock markets in the late 1980s, coupled with a rural recession and the large bank losses that followed, particularly on corporate loans, rendered this technique virtually useless and also very costly to the banks.

In response, the banks initiated a new technique of risk-rating loans. This is a grading system which reflects the quality of the loan and hence the risk to the bank. It is also used to reflect the margin that the customer is expected to pay. Obviously, the riskier the loan, the higher the margin.

This risk-rating technique has switched the emphasis from security to the ability to repay both principal plus interest. While banks often will not divulge the basis for their grading systems, they usually cover three broad areas:

- management factors
- financial factors
- industry factors.

As banks are now reviewing a broader range of aspects of farm businesses, increasingly they request comprehensive business plans at the customer's annual review.

Your business plan

A business plan is far more than a financial plan. It is more comprehensive and covers all facets of your farm business. It should set out, in a logical manner, the current position of your business.

The basic components of your business plan should include the following:

- **A clear, concise title page**, with your business name and contact details.
- **An executive summary**, outlining the amount and type of loan applied for, giving the bank the opportunity to accept, modify, improve or reject the loan. Clearly state the purpose of the loan and how it will be repaid. Also, briefly describe the business structure (sole trader, partnership, trust or company).
- **A mission statement**, detailing your goals and direction of the farm.
- **A management profile**. One of the most important resources of a farm business is its staff – remember that banks lend to people, not to the land. For this reason, it is important to highlight the experience, qualifications and background of all members of the farm family.
- **A physical plan**. Banks place a major value on your major asset or land. It is in your interest to present it in its best light. Include location maps or photos, discuss any special attributes, such as highway frontage, closeness to town, or soil fertility. If you have a property management plan, offer it.
- **Enterprise or production plans**. Discuss such things as additional costs over and above the usual as a result of the drought breaking or expected commodity prices (both paid and received). This enables the banker to understand the differences in the budget you forecast when the drought breaks compared with your actual performance in previous years.
- **Development plans**. Highlight any strategic plans or significant changes from previous years, e.g. anticipated capital purchases in coming years, or changes to enterprise mix or management control. Discuss any areas where there is a slightly longer pay-off period, such as breeding programs and spreading lime.

• **Marketing plans**. Banks like to see attempts to manage income as well as costs. Examples may include negotiating reduced commissions; having a range of selling methods such as selling direct to feedlots or abattoirs; or perhaps production changes in micron (fibre diameter) or breed to meet client requirements. This section also provides the opportunity to include copies of any media articles received through the year.

- **Financial plans**. By placing this section last, the bank has had a chance to build-up a perception of what the finances will look like without any unpleasant surprises. Banks will often ask for the last 3 years' tax records, but they should be accompanied by the last 3 years' management records, giving the banker a more complete picture of the farm's performance. They will also expect a cash-flow statement along with a list of assets and liabilities. Also include details of any insurance policies held.

This sounds like a lot of preparation but it will reap significant rewards when negotiating at your interview. It is often said 'the art of negotiation is in the preparation'. Remember that the depth, detail and understanding demonstrated in the loan proposal document will reflect the character, attitudes and values of your farm business. It will show your ability and commitment to servicing the loan, repaying the capital, and generating a return on the bank's investment in your business. It will also directly influence the bank's perception of your professionalism and, hence, the margin you pay.

It is important for you to be aware that every year the banks are designing new products. It is therefore important that well before your annual review you investigate the alternatives..

FARM DECISION-MAKING CHECKLIST

The 'Farm decision-making checklist' (following page) was adapted from the Commonwealth Bank booklet FARM (Finance, Agriculture and Rural Management), third edition, 1992.

Farm decision-making checklist

1. Are debt repayments a significant problem for me?	YES ↓	NO ↓
2. Can I reduce my debt repayments? Consider, for example: <ul style="list-style-type: none">• seeking lower interest rates;• extending the period of the loan;• seeking an interest-only loan;• selling some less-productive assets to repay some or all of the loan, for instance, the 'back' paddock;• repay the stock and station agent;• machinery that could be hired or contracted instead;• livestock that could be replaced by agisted stock.	YES ↓	NO ↓
3. Can we increase our family income? Consider, for example: <ul style="list-style-type: none">• increasing crop yield;• increasing crop area;• increasing livestock numbers;• increasing marketing percentages;• increasing growth rates;• improving product quality;• improving marketing;• introducing new enterprises;• getting a job off-farm;• investing in an off-farm business;• contracting or share farming.	YES ↓	NO ↓
4. Can I reduce my costs? Consider, for example: <ul style="list-style-type: none">• minimum tillage;• rationalising your machinery;• reducing wastage at harvest and in storage;• sharing your machinery or specialised buildings with neighbours;• sell equipment under hire purchase or lease;• using sires longer;• reviewing feed purchases;• improving fuel efficiency;• reducing hired labour;• lowering your sights;• altering your lifestyle;• reducing personal costs.	YES ↓ Prepare gross margins for the enterprises currently on the farm, and also look at other possible enterprises. ↓	NO ↓

<p>5. Can I now see any action that I can take to improve our situation?</p>	 YES Prepare a cash flow budget for the coming 12 months.	 NO
<p>6. Will I now have enough cash to pay my bills as far as I can see into the future?</p>	 YES	 NO
<p>7. Will this new situation offer me and my family a satisfactory life?</p>	 YES STAY WITH IT!	 NO
<p>8. It seems clear that I cannot continue to farm my own land. Can I see any other ways of continuing to work on the land in a satisfying manner, apart from owning my own land?</p> <p>Consider, for example:</p> <ul style="list-style-type: none"> • selling, and working for another farmer; • selling, and leasing the farm land; • selling, and leasing a more productive farm; • selling livestock and machinery, leasing the farm to someone else, and working for another farmer. <p>You would be well-advised to discuss your plan with your family, your banker, your accountant and your solicitor in order to see if there are any hidden traps. If there are not, proceed as quickly as you can without unduly jeopardising the price you will receive for your land, livestock and machinery.</p>		

FURTHER ASSISTANCE

Outlook information to prepare your budgets

The Australian Bureau of Agricultural and Resource Economics (ABARE) prepares detailed Outlook information in February and further updates during the year.

Farmers are increasingly subscribing to the range of newsletter services and 'infifax' services available for grains and livestock products. These services not only help in arriving at a realistic budget estimate, but are

even more valuable close to the point of sale when prices are being negotiated.

Further information

- Spackman, G. (1994) 'Surviving and Recovering from the Drought', *The Australian Farm Manager*, 5:3. (Mainly financial considerations when preparing for recovering, including preparation of a farm business plan.)
- Australian Bankers' Association, *Understanding the Cost of Farm Finance*.

Tax issues for livestock producers during and after drought

Disclaimer: While the content of this article is considered accurate, conflicting comments were received from the accounting profession.

In addition the Australian Taxation Office (ATO) was not prepared to give an opinion on a general article such as this. Individuals should seek specialist advice from their tax advisers, which specifically apply to their particular situation. If doubt still exists, an individual ruling can be sought from the ATO.

A number of tax concessions are available to livestock producers experiencing drought. These concessions generally defer tax liabilities to later years. This can be particularly important for livestock producers who are faced with a situation of increased costs in handling the drought and limited funds for drought recovery.

Farmers can apply for these concessions when their area has been officially drought-declared.

Producers that sell breeding stock during a drought have a number of options in the way they declare the income from the forced sales and also in their restocking strategy. These options include:

- Option 1: Include the whole of the proceeds from the disposal of the animals in the year of disposal and re-purchase breeders when the drought has finished.
- Option 2: Include 20 per cent of the proceeds in the year of income and a further 20 per cent of the proceeds in each of the four following years.
- Option 3: Defer declaring the sale of animals until after replacement stock have been purchased.
- Option 4: As per Option 3, but only a portion of the number of replacements are purchased in the year following the drought. Additional heifer replacements would then be retained to increase the herd to the original size.

How livestock trading profits are calculated

It is necessary to understand the livestock trading account system that is used to calculate profit or losses made from livestock enterprises. A simplified trading account calculation is as follows.

Trading profit	=	Gross sales
plus		Value of stock on hand at end of year
plus		Value of stock killed for rations
minus		Value of stock at start of year
minus		Value of purchases

A complete livestock trading schedule also includes a section to cover losses or deaths. This has been left out, however, because the impact is negligible and would have the same impact on each option.

The value of stock-on-hand includes valuing any natural increase (calves bred on the farm during the year). Natural increases of stock during the year can be valued at cost, market selling value, or replacement value. Cost is whichever of the following you elect:

- actual cost of the calf; or
- cost prescribed by the regulations (cattle, horses and deer \$20; pigs \$12; emus \$8; goats and sheep \$4; poultry 35 cents).

Most farmers tend to record the value of natural increase at the minimum prescribed by regulations. This reduces tax in the year of declaration but, when the progeny are actually sold at much higher values, they incur additional tax in that year. For farmers that have valued their natural increase at higher rates, more tax is paid initially but less tax is paid in the future. The value of the animals as submitted to the tax office is commonly termed the 'book value'.

As trading profit is calculated in this way, an apparent loss in market value due to drought does not automatically result in a loss for tax purposes. In fact, when book values for stock are low, the reverse can happen. For example, if the market value of animals prior to drought was \$600 per head but they are sold for \$400 per head on a low market there is not necessarily a \$200 loss for tax purposes. If the book value is

less than the \$400 sale price, say \$20 per head, the transaction will in fact show as a profit of \$380 per head.

However, in some cases, if losses are made in the overall farm operation, there would not be a tax bill, but losses carried forward into future years would be less.

To demonstrate the tax effect of each of the four options listed above; two 'example' cattle herds are described. Both herds have 100 cows, both have the same sale prices (\$500), both have the same repurchase prices (\$600) but they have different book values (\$40 and \$300)

	Example 1	Example 2
Book value of cows at start of year 1	\$40	\$300
Sale price during year	\$500	\$500
Repurchase price in financial year 2	\$600	\$600

Details of calculations for option 1

To demonstrate the method used in calculating taxable profit, details of what happens using Option 1 is shown below. A summary of results of all options follows. Details of Options 2, 3 and 4 appear in Appendix 1.

Option 1. The entire proceeds from the disposal of the animals declared in the year of disposal

Financial Year 1	Book value stock before sale, \$40		Book value stock before sale, \$300	
	Number	Value \$	Number	Value \$
Opening Stock on hand [A]	100	4000	100	30,000
Purchases [B]	-	-	-	-
Gross sales [C]	100	50,000	100	50,000
Closing stock on hand [D]	0	-	0	-
Taxable profit [C+D-A-B]		46,000		20,000

Financial Year 2–5	Book value stock before sale, \$40		Book value stock before sale, \$300	
	Number	Value \$	Number	Value \$
Opening Stock on hand [A]	0	-	0	-
Purchases [B]	100	60,000	100	60,000
Gross sales [C]	0	0	0	0
Closing stock on hand [D]	100	60,000	100	60,000
Taxable profit [C+D-A-B]		0		0

SUMMARY OF RESULTS

Example 1. Effect on taxable profit of forced sale of stock where book value is \$40

Option*	Year 1	Year 2	Year 3	Year 4	Year 5
1. Declare all income up front. Buy replacement cows in year 2.	46,000	0	0	0	0
2. Profit on forced disposal spread over 5 years. Replacements bought in year 2.	9200	9200	9200	9200	9200
3. Deferred tax profit, all replacement stock purchased in year 2	0	46,000	0	0	0
4. Deferred tax profit, half replacement stock purchased in year 2	0	23,000	0	0	23,000

Example 2. Effect on taxable profit of forced sale of stock where book value is \$300

Option*	Year 1	Year 2	Year 3	Year 4	Year 5
Declare all income up front	20,000	0	0	0	0
Profit on forced disposal spread over 5 years	4000	4000	4000	4000	4000
Deferred tax profit, all replacement stock purchased year 2	0	20,000	0	0	0
Deferred tax profit, half replacement stock purchased year 2	0	10,000	0	0	10,000

* Note with trading stock options, total taxable profit over the five year period is higher than the alternatives because buying and selling steers has, in this example situation, generated more income.

Effect of high replacement costs on future tax liabilities

When stock are repurchased at high values, it may be assumed that this will reduce the tax liability in the year of purchase. In this case, however, the closing stock value also rises by the same value as the purchases meaning that there is no impact on tax if the animals are retained past the end of the financial year. In subsequent years, though, breeding replacements can be introduced at a low-value which will thereby reduce closing stock values and, effectively, defer tax until the replacement animals are sold from the herd or flock

Conclusion

When selling stock and restocking after a drought, the taxation consequences will depend on the original book values of stock. Tax can be deferred by either declaring 20 per cent of the income over the next five years or by declaring the income from forced stock sales after stock have been repurchased. In most circumstances, deferring tax would be the preferred option but, if tax rates are the same in each year, the same amount of tax is paid at the end of the five-year period and tax deferment is the only advantage. If tax rates vary from year-to-year, there could be a variation in total tax paid, depending on the

option used and the pattern of the tax rates over the five years.

There can be circumstances where delaying the tax may result in more tax being paid in the long run. The option of only repurchasing a portion of the stock can delay tax but may not be a good strategy; if it means that the property is understocked and not generating as much income as possible. Therefore, if your country is suited to growing-out steers, it would generally be better to buy steers or run sheep rather than leave the land idle. Farmers should ensure, however, that the replacement price of trading stock is reasonable when compared to the likely price that the stock are expected to receive when a sale is contemplated. The use of 'futures' should be considered as a means of reducing this risk.

A herd that breeds their own replacements can still opt to value future replacement animals at a low value and defer future tax liabilities.

Here we have offered the reader an overview of the taxation consequences of each option, however, each farming situation varies and your accountant is in the best position to recommend the best course of action for you. If doubts exist about the outcome of a particular course of action, an individual tax ruling can be applied for from the Australian Taxation Office.

Effect of options 2–4 on taxable profit over five years. (Sale value \$500 and purchase value \$600.)

Option 2. Profit from forced disposal is spread over five years. (A decision to use this option can be made at the end of the financial year.)

Financial Year 1	Book value stock before sale, \$40		Book value stock before sale, \$300	
	Number	Value \$	Number	Value \$
Opening Stock on hand [A]	100	4000	100	30,000
Purchases [B]	–	–	–	–
Gross sales [C]	100	50,000	100	50,000
Closing stock on hand [D]	0	–	0	–
Profit on sale [C+D-A-B]		46,000		20,000
Less: Deferred profit on sale		–36,800*		–16,000**
Taxable profit on sale		9200		4000

*4/5ths of 46,000 **4/5ths of 20,000

Financial Year 2–5	Book value stock before sale, \$40		Book value stock before sale, \$300	
	Number	Value \$	Number	Value \$
Opening Stock on hand [A]	0	–	0	–
Purchases [B]	100	60,000	100	60,000
Gross sales [C]				
Closing stock on hand [D]	100	60,000	100	60,000
Profit on sale [C+D-A-B]		0		0
Plus: Deferred profit on sale*		9200*		4000**
Taxable profit on sale		9200		4000

*1/5th of 46,000 **1/5th of 20,000

Option 3. Declaration of breeding stock sale income is deferred until replacement stock are repurchased in Year 2. (100 sold year 1100 purchased in Year 2.)

Financial Year 1	Book value stock before sale \$40		Book value stock before sale \$300	
	Number	Value \$	Number	Value \$
Opening stock on hand [A]	100	4000	100	30,000
Purchases [B]				
Gross sales [C]	100	50,000	100	50,000
Closing stock on hand [D]				
Profit on sale [C+D-A-B]		46,000		20,000
Less: Deferred profit on sale		-46,000		-20,000
Taxable profit on sale		0		0

Financial Year 2	Book value stock before sale, \$40		Book value stock before sale, \$300	
	Number	Value \$	Number	Value \$
Opening stock on hand [A]				
Purchases [B]	100	60,000	100	60,000
Gross sales [C]				
Closing stock on hand [D]	100	60,000	100	60,000
Profit on sale [C+D-A-B]		0		0
Plus deferred profit		46,000		20,000
Taxable profit on trading		46,000		20,000

Financial Year 3–5	Book value stock before sale \$40		Book value stock before sale \$300	
	Number	Value \$	Number	Value \$
Opening stock on hand [A]	100	60,000	100	60,000
Purchases [B]	-	-	-	-
Gross sales [C]				
Closing stock on hand [D]	100	60,000	100	60,000
Taxable profit [C+D-A-B]		0		0

Option 4. Declaration of breeding stock sale income is deferred until replacement stock are repurchased. In Year 1, 100 are sold with 50 purchased in Year 2.

Financial Year 1	Book value stock before sale, \$40		Book value stock before sale, \$300	
	Number	Value \$	Number	Value \$
Opening stock on hand [A]	100	4000	100	30,000
Purchases [B]				
Gross sales [C]	100	50,000	100	50,000
Closing stock on hand [D]	0	0	0	0
Profit on sale [C+D-A-B]		46,000		20,000
Less: Deferred profit on sale		-46,000		-20,000
Taxable profit on sale		0		0

Financial Year 2	Book value stock before sale, \$40		Book value stock before sale, \$300	
	Number	Value \$	Number	Value \$
Opening stock on hand [A]	0	0	0	0
Purchases [B]	50	30,000	50	30,000
Gross sales [C]	0	0	0	0
Closing stock on hand [D]	50	30,000	50	30,000
Profit on sale [C+D-A-B]	0	0	0	0
Plus deferred profit		23,000*		10,000**
Taxable profit on trading	50	23,000	50	10,000

*half of \$46,000 as \$46,000 is deferred in Year 1, but only half the replacement cattle are repurchased.

** half of 20,000

Financial Year 3–4	Book value stock before sale, \$40		Book value stock before sale, \$300	
	Number	Value \$	Number	Value \$
Opening Stock on hand [A]	50	30,000	50	30,000
Purchases [B]				
Gross sales [C]				
Closing stock on hand [D]	50	30,000	50	30,000
Taxable profit [C+D-A-B]		0		0

Financial Year 5	Book value stock before sale is \$40		Book value stock before sale is \$300	
	Number	Value \$	Number	Value \$
Opening Stock on hand [A]	50	30,000	50	30,000
Purchases [B]				
Gross sales [C]				
Closing stock on hand [D]	50	30,000	50	30,000
Profit on sales[C+D-A-B]		0		0
Balance of deferred profit brought to account		23,000		10,000
Taxable profit for the year		23,000		10,000

Sources of market information

Disclaimer: This chapter contains information on sources of market information. It is provided for information purposes only, and no recommendation of the accuracy or appropriateness is intended or should be implied.

Infifax/fax services

These vary from 1–6 pages in length. They cost between \$0.60 to \$1.00 per minute.

AWB Ltd

1902 935 674 (poll fax) The 'NSW Market Report' notes daily grain market highlights, grain prices and local contact numbers for further information.

Hotline phone number: 1800 054 433
Risk Assist (for growers) phone number 1300 666 011.

Livestock price information

Infifax 1902 910 711 [code]
Sale information for beef, sheep and pigs in NSW, Victoria and South Australia. A list of codes is available from the NLRS website. Also available as recorded information service.

Oilseed Market Update

Infifax 1902 935 350

From Cargill Australia Ltd, lists oilseed crop price information, futures information, currency price information, oilseed crop figures of major world producers, and a list of local Cargill agents. Updated daily.

Fruit and Vegetable Prices

Control Quality Services is an Ausmarket service, and Ausmarket operates a Infifax service for Brisbane, Sydney, Melbourne, Adelaide and Perth fruit and vegetable price reports: 1902 262 580

To contact Control Quality Services:
phone 02 9746 3437

Newsletters

Newsletters also provide up-to-date market information. It is advised to trial them before choosing one, since some take different approaches. The following is a sample of what is available.

- **FarMarCo** provides the Grain Market Review via email, fax or mail subscription, phone 1800 688 884 for more information. They also publish FUTUREWATCH, containing analysis of the futures market.
- **Profarmer** is a weekly newsletter on grains, wool and meat from the Kondinin Group, phone 1800 677 761 for subscription details.

- **ABARE** (Australian Bureau of Agricultural and Resource Economics) produces the 'Crop Report' five times a year, available by mail or fax subscription. It contains an overall assessment of crop prospects and national estimates of yield, area and production, as well as a summary of regional conditions. Phone (02) 6272 2076 for further information.

Books

The Grain Marketing Handbook is available from the Grains Research and Development Corporation. It is a resource booklet designed to assist grain growers by enhancing their marketing strategies to improve farm gate price and profit. Available from:

GRDC Communications Section
PO Box E6
Kingston ACT 2604, or
Phone: (02) 6272 5525

Internet

Following is a list of some Internet resources that may be useful. This is not an exhaustive list and it would also be advisable to use a web search engine or index to search for topics of interest.

General web pages

NSW Department of Primary Industries (www.dpi.nsw.gov.au) – this website includes a wide range of publications and other information.

NSW Government (www.nsw.gov.au) – including links to all NSW Government agencies.

Queensland Department of Primary Industries and Fisheries (www.dpi.qld.gov.au) – contains information on DPI&F activities and hosts some e-mail lists.

The Long Paddock (www.longpaddock.qld.gov.au) contains information on climate variability, the Southern Oscillation Index and rainfall probability maps.

The Commonwealth Bureau of Meteorology (www.bom.gov.au) – information on the weather and the climate, including the latest satellite pictures, forecasts, charts and warnings.

The Australian Bureau of Agricultural and Resource Economics (ABARE) (www.abare.gov.au) website lists Products and Services, Agriculture Research, Energy Research, Mineral Research, Natural Resources, Key Contacts and Media Releases.

The Australian Bureau of Statistics (www.abs.gov.au) lists statistical summaries of Australia and its States and Territories, key National

Indicators, ABS Catalogue Publications, contact details of libraries which hold a collection of ABS publications and ABS Papers and Classifications, including Information papers, Occasional papers and Directories.

The website of the Department of Agriculture, Fisheries and Forestry (www.affa.gov.au) – Australia is the main entry point to Australian electronic information on agriculture, fisheries, forestry and food industries.

FarmOnline (www.farmonline.com.au). A selection of agricultural newspapers and magazines. Lists properties for sale and market reports for cotton, financial, livestock, meat and wool.

Farmwide (www.farmwide.com.au) – a site run by the Canberra-based Farmwide Pty Ltd. A commercial organisation, Farmwide was set up to look for commercial opportunities for farm organisation members at the national level. It is owned by the National Farmer's Federation (NFF) State farm member organisations. The Farmwide site includes links to web sites for various commodities.

Google Groups (www.deja.com) Searchable Web-based archive of USENET (USER NETwork) newsgroups discussions, you can search for a particular topic or newsgroup.

Crop information web pages

The Grains Research and Development Corporation (www.grdc.com.au) (GRDC) website ('Grain Zone') contains information for growers, publications and papers, media releases, relevant grains sites and newsgroups.

AWB Ltd (www.awb.com.au) – website contains information on AWB Ltd products and services, Australia's marketing arrangements for wheat and other grains, the history of wheat in Australia, latest AWB Ltd press releases, AWB Ltd products and services and general information about the Australian wheat industry.

Dunavant Enterprises (www.dunavant.com.au) – daily cotton market update

Namoi Cotton (www.namoicotton.com.au)

Queensland Cotton (www.qcotton.com.au)

Ozcotton (www.ozcotton.net) – Australian Cotton Industry website, includes commodities information links.

Ezigrain (www.ezigrain.com.au) – an initiative of Ausbulk Ltd, provides information such as news, weather, grain market reports, receival standards and grain industry contacts.

GrainCorp (www.graincorp.com.au) – Grain Storage and Handling in NSW.

GrainCo (www.grainco.com.au) – Includes commodity price updates, as well as NSW Pool Estimates for barley and canola.

Growcanola.com (www.growcanola.com) – contains information on growing canola. Soon to have an Australian section.

Pulse Australia (www.pulseaus.com.au) – lists standards, traders and pulse industry statistics. Also lists current chemicals permits.

One Globe Marketing (www.oneglobe.com/agriculture/resource.html) – An American-based site that includes links to overseas futures markets and weather reports.

The Grain Marketing Page (www.grainfarmer.com/grainmarkets.htm)

Chicago Board of Trade (www.cbot.com)

USDA Outlook Reports (usda.mannlib.cornell.edu/reports) – contains outlook information for major American agricultural commodities.

Livestock information web pages

Meat and Livestock Australia (MLA) (www.mla.com.au) (Formerly the Australian Meat and Livestock Corporation), for information on the red meat industry structure, overview, and market intelligence. Includes sections on beef, lamb and goat meat.

MLA also has websites to promote Australian meat:

- Australian beef (www.australian-beef.com)
- Australian lamb (www.australian-lamb.com)

BeefNet (www.beefnet.com.au) – a beef marketing support network that was formed in June 1997. It is a producer-initiated scheme established with the aid of (MLA).

BeefNet's primary objective is to provide the necessary support and information to encourage producers to work together in groups.

Cattlefacts (www.cattlefacts.com.au) – produced by Australian CATTLEFACTS, an independent, cattlemen owned market intelligence network.

National Livestock Reporting Service (www.nlrs.com.au) – market reports available on this website

Safefood NSW (www.safefood.nsw.gov.au)

Australian Pork Limited (www.apl.au.com) Australian Pork Limited has replaced the functions of the Australian Pork Corporation, the Pig Research and Development Corporation and the Pork Council of Australia. Includes a market reporting service.

Australian Wool Innovation Ltd (www.wool.com.au) – provides information on wool issues and markets.

Woolcheque (www.woolcheque.com.au) – a wool pricing tool for Australian wool producers funded by Australian Wool Innovation Limited.

Planning for future droughts

Good planning provides opportunities to be productive, not only in the normal times, but also during adverse seasons. Future drought preparedness relies upon long-term or strategic planning as part of an overall property management plan. All farmers should develop a property management plan which details the physical, financial, human and other resources available to the farm and the strategies to achieve short-term and long-term goals – including managing for drought.

PROPERTY MANAGEMENT PLANNING

Drought is a recognised part of the Australian climatic regime. Farm planning should recognise that drought can occur at any time and can cause land degradation, financial hardship, family stress, and threats to productivity, especially if it is prolonged and followed by heavy rain and floods.

The thought of drought may be unpleasant, but property management planning which recognises the inherent limitations of the Australian environment can maintain productivity and profitability while reducing the impact of drought.

Property management planning includes:

- an assessment of the farm's physical resources;
 - goal-setting;
 - an assessment of the human resources available to run the farm business;
 - financial management to enable the accumulation of reserves or the implementation of strategies for alternative income generation;
 - conservative farming practices (stocking rates, tillage, weed and pest management) to allow flexibility in the face of changing climatic conditions;
 - maintenance of the farm infrastructure;
 - maintenance of the farm's natural resources including soils, water, pastures, shelter belts and remnant native vegetation;
- monitoring and reassessment of the farm's capability and the management plan;
 - determining your future in farming (see *Financial management during drought recovery*);
 - recognition of animal welfare issues and community expectations.

STRATEGIC DROUGHT PREPAREDNESS

The monitoring and reassessment phase of a plan greatly helps in drought preparedness because the signs of the onset of drought are subtle, incremental and often unrecognised until remedial action is needed.

The following regular and ongoing activities and strategies will greatly assist in the development of drought preparedness strategies and will reduce the risks associated with drought:

- monitoring water supplies for both quality and quantity;
- financial record-keeping and analysis;
- understanding the weather forecasts and trends;
- monitoring the feed, or the market value of standing crops;
- storing feed reserves;
- using grazing pressure that accounts for future pasture growth and value;
- assessment of total grazing pressure, that is domestic livestock + ferals + wildlife;
- identification of the most valuable breeding stock and phased removal of the lowest priority stock;
- using management techniques which enhance the integrity of paddock trees, shelter belts and native vegetation;
- planning changes to farm enterprise mixes which take advantage of worsening seasonal conditions (such as changing from grain crops to fodder production, or changing from breeders to wethers in sheep flocks);
- assessing the introduction of different on-farm enterprises, such as tourism or farm forestry;
- developing off-farm sources of cash flow and assets for financial security.

The involvement of the whole family and farm staff in the information gathering and analysis,

and in making the hard decisions, will make the identification of trigger points for action more reliable.

Tactical drought preparedness

Each individual farming unit will respond in a unique way to changing seasonal conditions depending on the property's land capability, financial resources, goals, the perception of risk, and the level of development of a property management plan. A plan which incorporates the following types of options in response to the onset of drought will provide better tactics for drought preparedness:

- Progressive and/or selective destocking. This may include reducing total stock numbers or selectively culling certain categories of stock.
- Contingency plans either to reduce livestock numbers and hence grazing pressure, or to feed livestock (sell? agist? feed?).
- Progressive and/or selective reduction of grazing pressure on pastures. This should be based on land capability, paddock condition, the need to maintain ground cover to prevent erosion, retention of identified reserve feed paddocks, and the potential for pasture regeneration.

- Strategic stock feeding for production or maintenance.
- Retention of standing crop stubbles for soil protection and livestock shelter.
- Strategies to ensure the rapid return to normal production activities.

Further assistance

NSW Department of Primary Industries provides information for managing the farm during a drought, and can assist with property management planning through District Extension Officers across the State.

The Australian RAINMAN computer-based decision support package (for sale through the NSW Department of Primary Industries Bookshop) allows farmers to understand the Southern Oscillation Index (SOI) and use it to advantage in assessing rainfall probabilities, hence tailoring their farm activities and expectations to prevailing seasonal conditions.

Appendix 1

Current drought publications

Current drought publications available from the NSW Department of Primary Industries website and offices.

Updates of this guide and a substantial number of additional documents are available from the NSW Department of Primary Industries (NSW DPI) website. Clients who do not have direct Internet access are encouraged to use Internet facilities available at most public libraries. Printed copies of publications may also be available from the NSW DPI offices listed in Appendix 3.

Website address:
www.dpi.nsw.gov.au/drought

Features of the NSW DPI Drought website include the following.

- Drought assistance available, including the forms for state-based assistance and some information on eligibility criteria.
- Drought feeding, including a range of feeding strategies for different species and classes of stock, and some handy tools and resources for calculating feed values and costs.

- Assessing pasture, including information on pasture sustainability and management.
- Assessing animal condition.
- Animal health and welfare.
- Drought and climate forecasting, including current maps of drought-affected areas, guidelines on assessing pasture condition, information on risk assessment, and notes on reviewing historical climate information.
- Planning to handle drought, including drought strategies, water considerations and key prompts.
- Financial considerations, including transport, agistment, feeding, selling, and taxation implications.
- Drought recovery information, including information on restocking, soil management, weed control and tree management.
- A site map of the website.

Other relevant websites include:
Bureau of Meteorology – www.bom.gov.au

NSW Association of Rural Financial Counsellors – www.ruralcounselling.org.au

NSW Rural Assistance authority – www.raa.nsw.gov.au

Queensland Government: The Long Paddock – www.longpaddock.qld.gov.au

Rural Lands Protection Boards – www.rlpb.org.au

Appendix 2

NSW DPI offices

Albury	6041 6500	Inverell	6722 1388
Alstonville	6626 2400	Kempsey	6562 6244
Armidale Beef Industry Centre	6770 1800	Kyogle	6632 1900
District Office	6738 8500	Lockhart	6920 5177
Balranald	(03) 5020 0045	Moree	6752 5111
Bathurst	6330 1200	Mudgee	6372 4700
Bega	6492 1733	Murwillumbah	6672 2770
Berry	4464 1251	Narrabri	6799 1500
Bingara	6724 1616	Nyngan	6832 1305
Bourke	6872 2077	Orange – Head Office	6391 3100
Broken Hill	(08) 8087 1222	– Agricultural Institute (Advisory Office)	6391 3800
Camden – EMAI	4640 6333	Parkes	6862 1000
Canberra	6246 5548	Paterson (Tocal)	4939 8888
Casino	6662 2288	Queanbeyan	6297 1861
Coffs Harbour	6650 3111	Richmond	4588 2100
Condobolin	6895 1025	Scone	6545 1800
Cooma	6452 3411	Tamworth	6763 1100
Coonabarabran	6842 1452	Taree	6552 7299
Coonamble	6822 1000	Temora	6977 3333
Cootamundra	6942 4957	Trangie	6880 8000
Cowra	6349 9777	Tumut	6947 4188
Dareton	(03) 5019 8400	Wagga Wagga	6938 1999
Deniliquin	(03) 5881 9999	Walgett	6828 1288
Dubbo	6881 1270	Warren	6847 4507
Finely	(03) 5883 1644	Wellington	6840 0999
Flemington	9764 3311	West Wyalong	6972 2244
Forbes	6850 2922	Wollongbar	6626 1200
Glen Innes	6730 1900	Yanco	6951 2611
Gloucester	6558 1707	Yass	6226 2199
Gosford	4348 1900	Young	6382 1077
Goulburn	4828 6600		
Grafton	6640 1600		
Griffith	6960 1300		
Gunnedah	6741 8333		
Hay	6993 1608		

Appendix 3

NSW Guide to Drought Support Services

This guide is a ready reference to drought support services in NSW. For a more comprehensive guide, however, see the booklet *Support Services for Rural Families and Businesses* available from NSW Department of Primary Industries and RLPB offices

NSW DPI

Drought Hotline: 1800 814 647

Website: www.dpi.nsw.gov.au/drought

- Information on access to and eligibility for assistance measures (including state and federal assistance programs).
- Drought Support Workers: personal support, basic information on assistance and referral to other appropriate services.

Drought Support Workers

Bourke – Lyn Leigo
(02) 6872 2077; 0427 265 810

Condobolin – Julie Greig
(02) 6895 1025; 0427 257 191

Cooma – Jan Bruce
(02) 6452 3411; 0427 459 176

Deniliquin – Don Burrowes
(03) 5881 5766; 0427 324 033

Goulburn – Dick Kearins
(02) 4828 6614; 0427 781 514

Gunnedah – Jenny Croft
(02) 6741 8336; 0429 446 417

Hay – Danny Byrnes
(02) 6993 1608; 0428 973 141

Parramatta – Campbell Trotter
1800 018 444, (02) 9683 2388; 0439 428 572

Scone – Tania Chesworth
(02) 6545 1800; 0428 249 092

Other services

- Livestock, pasture and cropping information and advice.

- Subsidies for the transport of fodder and water for livestock. Contact your RLPB for details.
- Rural Women's Network: Information for rural women and their families.

NSW RURAL ASSISTANCE AUTHORITY (RAA)

Phone: 1800 678 593

Website: www.raa.nsw.gov.au

- Information regarding Exceptional Circumstances (EC) eligibility and assistance.
- Special conservation scheme assistance, e.g. dam de-silting, planting of perennial species such as lucerne, grain storage, stock and domestic water supplies..

NSW FARMERS ASSOCIATION

Member Service Centre: 1300 794 000 or
(02) 8251 1700.

- Services include advice on relief measures available and distribution of drought-related information.

DEPARTMENT OF COMMUNITY SERVICES

State Disaster Recovery Centre: 1800 018 444

Website:
www.community.nsw.gov.au/html/disaster/drought.htm

- Immediate financial assistance from the Community Disaster Relief Fund for household essentials including food and water.
- Personal family support and advice.

CENTRELINK

National Drought Assistance Line: 132 316

Website: wwwcentrelink.gov.au

- Personal counselling and access to a Financial Information Service.
- Exceptional Circumstances (EC) relief payment and information on exemptions from the means test for student payments.

DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

Website: www.business.nsw.gov.au

Albury	(02) 6041 4808
Armidale	(02) 6771 3284
Broken Hill	(08) 8087 8033
Dubbo	(02) 6882 8744
Orange	(02) 6361 2444
Tamworth	(02) 6766 1360
Wagga Wagga	(02) 6921 6422

- Payroll Tax relief for businesses dependent on farm income and supporting the farm sector such as machinery suppliers, to enable the retention of skilled workers.
- Grants of up to \$3000 for small businesses which support the farm sector to implement credit or business management strategies to sustain operations through and beyond the drought.

RURAL LANDS PROTECTION BOARDS

First point of contact for drought transport subsidies for fodder, livestock and water.

Armidale	(02) 6772 2366
Balranald	(03) 5020 1691
Bombala	(02) 6458 3055
Bourke	(02) 6872 2322
Braidwood	(02) 4842 2536
Brewarrina	(02) 6839 2047
Broken Hill	(08) 8087 3378
Casino	(02) 6662 3166
Central Tablelands	(02) 6331 1377
Cobar	(02) 6836 2081
Condobolin	(02) 6895 2152
Cooma	(02) 6452 1122
Coonabarabran	(02) 6842 1300
Coonamble	(02) 6822 1588
Dubbo	(02) 6882 2133
Forbes	(02) 6852 1688
Gloucester	(02) 6553 4233
Goulburn	(02) 4821 2522
Grafton	(02) 6642 3699
Gundagai	(02) 6944 1588

Hay	(02) 6993 1403
Hillston	(02) 6967 2507
Hume	(02) 6040 4210
Hume (Holbrook)	(02) 6036 2733
Hunter (Scone)	(02) 6545 1311
Hunter (Singleton)	(02) 6572 2944
Kempsey	(02) 6562 7822
Maitland	(02) 4932 8866
Milparinka	(08) 8091 3306
Molong	(02) 6366 8505
Moree	(02) 6752 8012
Moss Vale	(02) 4655 9165
Mudgee-Merriwa	(02) 6372 1866
Merriwa	(02) 6548 2175
Murray	(03) 5886 1203
Narrabri	(02) 6792 2533
Narrandera	(02) 6959 2322
Northern New England	(02) 6732 1200
NNE (Tenterfield)	(02) 6736 1355
Northern Slopes	(02) 6729 1528
Nyngan	(02) 6832 1008
Riverina	(03) 5881 1055
South Coast	(02) 6492 1283
SC (Ulladulla)	(02) 4454 3053
Tamworth	(02) 6766 5899
Tweed - Lismore	(02) 6621 2317
Wagga Wagga	(02) 6923 0900
Walgett	(02) 6828 1047
Wanaaring	(02) 6874 7749
Wentworth	(03) 5027 3064
Wilcannia	(08) 8091 5070
Yass	(02) 6226 1155
Young	(02) 6382 1255

NSW HEALTH

- Rural Support Line:
1800 201 123 (24 hour, seven days a week service)
- Help if you or your family are having trouble coping personally and emotionally.

COMMUNITY PARTNERS WITH STATE GOVERNMENT SERVICES

- Salvation Army: counselling, referral and limited household financial assistance in emergency situations. Salvo Care Line 1300 363 622
- Anglicare: various forms of physical, emotional, social and spiritual support (02) 9895 8000
- St Vincent de Paul: food, clothing and some financial support to people in need (02) 9560 8666
- ADRA Australia: food, clothing, personal and financial support to people in need (02) 9489 5488

RURAL FINANCIAL COUNSELLORS

Website: www.ruralcounselling.org.au

- Assess current financial position and help prepare budgets.
- Review contracts with financial institutions.
- Help with loan and assistance applications.
- Provide information on government assistance schemes.

Southern New England Rural Counselling Service Inc.

Armidale _____ (02) 6778 4784

Bourke Rural Counselling Service

Bourke _____ (02) 6872 3255

Brewarrina and District Rural Counselling Service

Brewarrina _____ (02) 6839 2588

Richmond Valley Business and Rural Financial Counselling Service

Casino _____ (02) 6662 6503 or 6662 6195

Lachlan Advisory Group Inc

Condobolin _____ (02) 6893 3843

Monaro Rural Financial Counselling Service Inc

Cooma _____ (02) 6452 5059

Warrumbungle Rural Community Program

Coonabarabran _____ (02) 6842 3105

Cowra Regional Advisory Service Inc

Cowra _____ (02) 6341 1244

Southern Tablelands Rural Counselling Service

Crookwell _____ (02) 4832 0070

Southern Riverina Rural Advisory Service
Deniliquin _____ (03) 5881 5766

Macquarie Rural Advisory Service
Dubbo _____ (02) 6884 2275

Forbes Rural Counselling Inc
Forbes _____ (02) 6852 3837

North Eastern Riverina Rural Counselling Service
Ganmain _____ (02) 6927 6622

Castlereagh Advisory Centre Inc
Gilgandra _____ (02) 6847 1084
Coonamble _____ (02) 6822 3220

Lower Hunter/Manning Rural Counselling Service Inc
Gloucester _____ (02) 6558 2570

Murrumbidgee Valley Rural Counselling Service Inc
Griffith _____ (02) 6964 1557

Gunnedah and District Rural Counselling Service Inc
Gunnedah _____ (02) 6742 2763

Southern Riverina Rural Advisory Service
Hay _____ (02) 6993 4130

New England Rural Counselling Service
Inverell _____ (02) 6721 0030

Lower Lachlan Community Services
Lake Cargelligo _____ (02) 6898 1151

Mid North Coast Rural Counselling Service
Macksville _____ (02) 6568 3888

North West Rural Counselling Service
Moree _____ (02) 6752 3561

Upper Hunter Rural Counselling Service Inc
Mudgee _____ (02) 6372 6660

North-West Rural Counselling Service
Narrabri _____ (02) 6792 4798; 0427 924 798

Bogan Advisory Service
Nyngan _____ (02) 6832 2169

Central West Rural Financial Counselling Service Ltd
Orange _____ (02) 6361 1117

Upper Hunter Rural Counselling Service Inc
Scone _____ (02) 6545 3544

Upper Murray Ag Care
Tumbarumba _____ (02) 6028 9157

Walgett Advisory Group
Walgett _____ (02) 6828 2049

Wentworth/Balranald Rural Counselling Service
Wentworth _____ (03) 5021 1558

Appendix 4

StockPlan

StockPlan is a suite of three computer decision-support tools that enable cattle and sheep producers to explore management options in the early stages of, and during, a drought. The main aim of these decision-making tools is to assist producers make management decisions that minimise the environmental and financial impacts of drought.

Management options are explored through three StockPlan tools:

- Drought Pack
- ImPack
- FSA Pack.

There is also helpful advice from seven StockPlan links: Introduction; Decision-making Process; Drought and Overgrazing Issues; Animal Health and Welfare; Climate; Bob's Story; and Where To Get Help.

An optional shortcut key is also available to connect users to the NSW Department of Primary Industries Drought Website.

StockPlan is a useful tool for evaluating the following questions:

- How much will it cost to feed my stock for a specified time?
- How will my decision affect my flock or herd and financial position?
- Is it better to sell or agist my cattle? Is agistment an option for certain classes of animals?

The philosophy behind these decision-support tools is to foster drought preparedness – an important component in managing animal production systems before the situation on a farm becomes irreversible. Sound management decisions early in the drought period and during drought can also prevent severe financial losses.

StockPlan workshops are available to producers and agribusinesses. The package assists producers to: improve their drought management skills; lowers the risk of degrading your pastures and of financial losses; encourages pro-active decision-making; and provides a platform for producers to investigate the

production and financial implications for a farm business.

The StockPlan Suite

These three decision-making tools are integrated into one package to assist making management decisions. This is because no program alone can answer the complexities of pro-active decision-making for a drought. The decision to use only one or all of the decision tools will depend on the individual circumstances of a producer and thus provides them with a choice.

Drought Pack

Drought Pack is an energy-based model (MJME/kg fed) that assesses the cost of feeding stock and determines the break-even price for specific animal classes.

ImPack

This decision tool uses a static modeling approach that provides a producer with the opportunity to assess the structure of the herd or flock over a 10-year period. The ImPack decision tool allows the user to explore a wide range of options, for instance selling-off parts of the herd or flock and recovering stock numbers over the following years.

FSA Pack

The FSA Pack ('feed', 'sell' or 'agist' decisions) is designed to evaluate the cost of various options for a specific group of livestock rather than for a whole-farm analysis. FSA allows the user to specify up to four different drought lengths, and provides cash cost estimates and 'bottom-line' financial estimates.

The integration of these three decision-making tools into one package assists producers to address a number of issues in the early stages of drought.

Fostering drought preparedness is critical! StockPlan has the potential to assist producers to make informative and timely decisions before the onset of a full-blown drought.

For more details and for workshop registration, contact your regional NSW Department of Primary Industries livestock officer.

Appendix 5

Restocking after drought

Don't bring home more than you've bargained for when you restock after a long, dry spell!

WHAT YOU SHOULD LOOK FOR

Sheep

In sheep, examine stock for:

- Wool contamination
- External parasites
- Footrot
- Mulesing
- Weed seeds.

Cattle

In cattle, check evidence of:

- Age – mouth animals
- External parasites
- Pink eye
- Weed seeds.

WHAT YOU SHOULD CHECK

- What are the requirements for bringing stock into your district?
- Have the stock undergone health testing for Johne's disease?
- Have the stock undergone testing for drench resistance?
- Are there any movement restrictions placed on these animals?
- Ask about the treatment and vaccination history of the stock?
- Have hormone growth promotants (HGPs) been used?
- Are chemical residues a problem?
- What is the weed status of the property of origin?

WHAT YOU SHOULD GET

- Vendor declarations – including details of chemical treatments.
- Animal Health Statement for OJD.
- Relevant health certificates.
- Health checks by qualified personnel, if appropriate.

ON ARRIVAL

For new stock brought on to your property, decide if you need to:

- Drench
- Vaccinate
- Quarantine
- Confine stock.

Note: Remember to closely observe all stock as they settle in.

FURTHER INFORMATION

For more information, you can contact:

- District veterinarians
- Agents
- Local livestock officers
- NSW DPI's website: [www.dpi.nsw.gov.au/
drought](http://www.dpi.nsw.gov.au/drought)

JOHNE'S RESTRICTIONS

Restrictions for Johne's disease apply to moving livestock between zones. Remember that animals must meet minimum requirements which are outlined in the tables below. Quarantined properties, also, may only move animals on permit.

SHEEP

Status of Zone of ORIGIN	Status of Zone of DESTINATION		
	OJD Management Area	Control	Protected
OJD Management Area	No Restrictions	TMS* All Sheep from MAP flocks. X-bred wether lambs.	All Sheep from MAP flocks, except MN1
Control	No Restrictions	No Restrictions	TMS* All Sheep from MAP flocks
Protected	No Restrictions	No Restrictions	No Restrictions

*TMS (*Tested MAP Standard*): 350 Pooled Faecal Culture test in previous 12 months.

CATTLE

Status of Zone of ORIGIN	Status of Zone of DESTINATION	
	Control	Protected
BJD Control	No Restrictions	Check-Tested. All MAP herds. Steers.
Protected	No Restrictions	No Restrictions

Young female cattle may move from control to protected zone, on permit under certain conditions. Permits and conditions can be obtained from Rural Lands Protection Boards.