Dairy Australia

FARM BUSINESS MANAGEMENT

The dairy office

WORKSHOP MANUAL

Farm Business Fundamentals

Financial data

Physical data

DairyBase

Cash | Profit | Wealth

Profitable decisions

Farm Business Analysis

CONTENTS

WORKSHOP MANUAL THE DAIRY OFFICE

Your name: _____

Location: _____ Date: _____

Your trainer/s: _____

Their contact details: _____

Your RDP contact: _____

Their contact details: _____

Useful contacts

RDPs – your one stop shop for information about programs in your region.

GippsDairy dairyaustralia.com.au/gippsdairy 03 5624 3900		**Murray Dairy** dairyaustralia.com.au/murray-dairy 03 5833 5312
DairyNSW dairyaustralia.com.au/dairynsw 0407 434 073		**Subtropical Dairy** dairyaustralia.com.au/subtropical-dairy 0431 197 479
DairySA dairyaustralia.com.au/dairysa 0408 358 414		**Western Dairy** dairyaustralia.com.au/western-dairy 08 9778 5111
DairyTas dairyaustralia.com.au/dairytas 03 6432 2233		**WestVic Dairy** dairyaustralia.com.au/westvic-dairy 03 5557 1000

1. Dairy Australia's Farm Business Management (FBM) program

Dairy Australia has developed two training modules that will cover the skills and knowledge needed to manage your farm business and analyse your farm's business performance. They will be delivered through Regional Development Programs (RDPs) with DairyBase, the Standard Chart of Accounts and the 'Dairy farm business analysis' fact sheets integral to Dairy Australia's Farm Business Management (FBM) program.

Farm Business Fundamentals – 2 days (group delivery)

Farm Business Fundamentals focuses on farm management providing the skills and knowledge to pull together annual farm financial and physical numbers. It also covers getting organised, budgeting, compliance and farm financial systems. It introduces the Standard Chart of Accounts and Dairy Australia's cash budgeting tool.

Dairy Farm Business Analysis – 3 days (group delivery)

This course assists farmers and their advisers to better understand and analyse farm business performance. It uses DairyBase and covers the importance of getting annual farm physical and financial numbers right, how to interpret farm performance and to understand business performance on the basis of cash, profit and wealth for a dairy farm business. This course is recommended for all dairy farmers and their advisers.

FBM workshops

Workshops are available for delivery with groups, including discussion groups, Young Dairy Network groups and others. These will be rolled out in regions by RDPs, supported by funding to access providers who are best placed to deliver. Talk to your RDP about what's available to support your group.

FOR THE WORKSHOP FACILITATOR – DAIRY AUSTRALIA FBM WORKSHOP GUIDELINES

Dairy Australia Farm Business Management (FBM) workshops are focused FBM events developed for targeted dairy groups. The workshops provide participants with information about the specific FBM workshop theme, and introduce participants to Dairy Australia's FBM training modules, resources and tools.

The resources developed for workshops include a workshop manual and delivery outline. These resources are not a script, but provide a logical sequence of topics, information, exercises and ideas about the workshop theme.

The workshop manual and delivery outline can be used by the facilitator:

As a guide to emphasis and time to focus on topics.

To utilise suggested discussion points, exercises, hints and web resources.

To stimulate participant involvement and interaction.

To encourage participants to develop actions to undertake post workshop.

To introduce further FBM training opportunities and resources.

2. The dairy office

The Dairy Office workshop aims to provide participants with practical ideas, skills and knowledge to plan and implement efficient and effective dairy farm business office procedures and processes.

Dairy farm business offices can be different to offices in many other businesses. The office space and procedures are often split between the home and the working dairy, and it can be difficult to divide family, farming and business activity.

Dairy farmers generally put a lot of thought into planning for operational infrastructure such as the dairy shed, calf rearing facilities, farm machinery and fodder storage/ feeding facilities. Planning for the management and administration of the business is sometimes secondary. With some good planning and organisation, efficient and effective space and processes for dairy farm business administration can be created regardless of your situation.

GROUND RULES FOR GETTING THE MOST FROM DAIRY AUSTRALIA'S FBM PROGRAM
Participate
Have fun
Work above the line – take personal responsibility for your success
Seek your own learning
Ask questions and explore
Be brave!

Duration: 4 to 6 hours

Learning outcomes

Participants will:

- Plan an efficient and effective office set up
- Develop practical office procedures and processes
- Hear about efficient and effective record keeping processes
- bBecome aware of dairy industry and business administration support tools and resources.

3. Our action list

As you work through this workshop you will come across practical ideas and options that you could apply in your farm business. Make a note on this page of the things that you intend to put into action.

NOTES

Action	Who?	When

4. Introduction

Anyone running a farm business knows that there is a lot to keep on top of to keep things running smoothly and to meet the obligations that you have as a business. All of this takes time, so when we think about why an office is important it really comes down to having things set up in a way that helps you do what you need to do confidently and, ultimately, to spend less time doing it.

When we think about the 'office' really what we're talking about is the physical set up that you have, the ways that you have of doing things (processes), the things you must do (such as paying bills and keeping records) and systems that are designed to make this all more efficient.

So it's about being effective and efficient. The aim of this workshop is to share and discuss ideas, to identify practical things that make a difference, and to put together an action list that identifies the things that you will be able to do back in your own farm business.

ICE BREAKER

Doing 'office work' can be something some people really enjoy and take great pride in, for others it is a task that just needs to be done, while for others they hate it and/or don't feel confident doing it.

Workshop facilitator to ask participants to stand up and line up based on how they feel about 'office work' on a scale of 1 to 10 where 1 is the people who don't like it and 10 is the people who love it!

Ask people why they have chosen to stand where they have.

Learning exercise

Break up into small groups of three or four people. Discuss how you feel about office work, but specifically talk about the following points:

- What other competing priorities do you have as well as doing the office work?
- What are the main things that distract you from getting office work done?
- Is there anything about doing office work that stresses you out?

5. Physical office set up

The dairy farm office can range from papers and charts in the dairy shed or on the kitchen table, to a physical file which travels between the dairy, vehicles and the home, through to a dedicated office with physical and electronic storage. Mobile electronic appliance technology can further influence the office set up. When considering changes to your office set up it is worth considering what you want the functions of your farm office to be currently, and into the future. The dairy farm office is often blurred between office, home and family and many of you might relate to this situation **youtube.com/watch?v=Mh4f9AYRCZY**

A bright idea

Prioritising to avoid procrastinating

Doing 'office work' can be something some people really enjoy and take great pride in and for others it as a task that just needs to be done. Wherever you sit on this scale, below are some general tips that can make working in the office more productive.

- set aside a regular time of the week to do your office work
- write down tasks to complete and stick to the list
- tick off your tasks once done
- set a time limit to achieve your tasks, make it reasonable and don't procrastinate
- when you've finished your tasks, then check emails, internet, weather, etc.

Discussion

Where do you currently do your dairy farm business administration? Are there distractions? What's one thing that you think you could do to improve the set up you have? Share your response with a participant or the group.

Some of the key activities that happen in a farm office include:

- handling the mail – both snail mail and email
- financial tasks, such as banking, paying the bills, BAS statements, reconciling bank statements
- payroll - paying employees and contractors
- filing and retrieving information
- meetings
- recording, retrieving and analysing production information.

Your farm office might not be a dedicated office, so you need to consider this when setting yourself up. Having a well laid out and equipped office will usually help you perform tasks more efficiently and effectively, and ultimately make your life easier.

Before creating or altering your farm office it's worth thinking about the current and future functions that you need the farm office to meet. Consider the following questions when planning your office space.

Your office use – a quick self-assessment?

- What office activities will I need to perform?
- How much time will I spend in the office?
- How many people will be using the office?
- Will it be used in the day and evening?
- Will heating/cooling be required?

Your office space – what will you use it for?

- What space do I need to cater for office equipment? (desks, computer, storage, filing)
- Will meetings be conducted in the office?
- Will a bathroom and or kitchen be required?

Location

Does the office need to be separate from the home or dairy? Sometimes there is little choice as to where your office space might be located, but thinking about the equipment, functionality and safety aspects of your office environment can assist in establishing a serviceable and productive place to work that you like to be in. And don't forget about making it comfortable. There is a lot of information about 'office ergonomics' which looks at getting the right chair, setting up your computer screen at the right height and having good light. Check out this different take on it **youtube.com/watch?v=LXO0DWg1fbs**

To ensure a safe and practical office work space it is important to consider:

- **The placement of office equipment**
  - Consider the task you would normally do at your desk to determine the best place for each piece of office equipment and furniture, including files.
  - Whatever you use try and make most of it close and easy to access.
  - Test your set up for a few days to check you have items in the best position.
- **Office safety**
  - Protect equipment (particularly electrical) from water, dust and power surges.
  - Protect cords and wires and organise out of sight where possible.
  - Consider human (including children), fire and electrical safety.
  - Get rid of clutter not associated with business administration.

Discussion

What developments and changes have influenced the requirements of a dairy farm office in the past 10 years generally, and in your specific dairy farm business? Make a note of the things that you can't live without now.

Note in the second photo that:

1. everything is in easy to reach places
2. there isn't much paper clutter on desk – current jobs are in files and drawers
3. chair ergonomically set up
4. office stationary and equipment within easy reach (drawers and desk)
5. larger files stored within reach of mobile chair.

A bright idea

Identify and set aside a regular time of the week to do your office administration work, and let the rest of the farm team know when that is.

Office equipment

The most practical office equipment will make the operation of the farm office more efficient. Typical office equipment items these days include:

Major equipment

- desk and chair (might be required at more than one site)
- computer
- printer, scanner, photocopier
- mobile, telephone
- filing resources (physical and/or electronic)
- whiteboard/pin boards
- shelves
- shredder, laminator

General smaller equipment

- small desktop suspension file
- files/folders
- in tray and for filing tray
- stationary – paper, pens, highlighters etc.
- yearly planners, diaries etc.
- sticky tape, power boards, stapler, scissors etc.

A bright idea

To avoid office distraction and frustration organise specific office small equipment such as stapler, calculator, pens, scissors etc. to be retained in the office only. Work out which office items you use most and try to keep them within easy reach of where you sit at your desk.

Discussion

Considering the office set up and equipment information above do you think you have a current site (or prospective site) that can effectively cater for your office administration needs?

6. Office processes

In larger businesses with many employees office procedures are generally established so multiple employees can follow procedures to complete tasks. In smaller businesses, particularly smaller family businesses, procedures are sometimes not developed or established when only one or two people are responsible for jobs.

A good question to ask is 'if the person who performs a task in the business wasn't there, would someone else know how to do it?' If the answer is no, then it's worth making sure someone does, or having things documented so that someone else can make it happen.

Many dairy farms have procedures for dairy shed activities where different staff are involved in milking and monitoring milk production. Office procedures can be valuable when more than one person completes a task as it ensures there is more consistency in performance. An example procedure might be to ensure an item is allocated the correct business cost code when inputting financial data, one member of staff might check that accounts received are correct before another person pays the account.

A written procedure can also be useful when a task is only done a few times a year. The procedure needs to provide a guide on how to complete the task which can save time relearning it each time it needs to be done.

Efficient farm offices generally have procedures around the following office tasks, even though some of these procedures may not be documented:

- Filing of documents
- Processing mail
- Recording cash expenditure
- Payroll activities, salaries, leave, superannuation
- Processing of routine business activities such as BAS, bank reconciliations.

It's not unusual for one person to be responsible for these tasks and to do it their way – the test is, could someone else do it if necessary?

Discussion

Discuss where an office procedure is useful, or would be useful in your business. What are the things that you do that only you know how to do?

Dairy farm business paperwork – what's coming in and what's going out?

There's a lot of paperwork moving in and out of your business all the time. Milk statements, bank statements, bills, receipts, invoices, tax documents, vendor declarations, and more. The following exercise involves brainstorming as a group the paperwork that you manage, and how important it is.

Learning exercise

- In small groups discuss the paper work that comes in and goes out of your farm business. What is the information that you need to keep? What information you can discard?
- Collate this and share with the group.

Paperwork IN	Paperwork OUT

Managing incoming mail

There are many ways to handle incoming mail, but the most important thing is to have a consistent way of going about it, no matter how often the mail arrives or who collects the mail.

Important points to consider when handling mail:

- Ideally, mail should be handled quickly.
- Have a nominated time to action mail – make it part of your routine.
- Open the mail when you are in a position to look at it and sort it.
- Sort mail into business and personal mail, and keep them separate.
- Try to manage all business mail in a particular place (preferably the office). Sounds pretty simple, but how often have you finished up with piles of mail in different places?
- Avoid piles of opened and unopened mail.
- Process direct debits and credits ASAP, enter into a paper or computerised cashbook and then file the paperwork.

Example procedure for managing incoming mail:

1	Collect mail regularly
2	Open and group mail into categories • Accounts to pay • Income • Personal • Useful catalogues • Reading material
3	File accounts to pay in 'accounts to pay' folder
4	File income documentation into 'income received' folder
5	Personal mail placed in specific place away from business mail (tray in kitchen, living room)
6	Useful catalogues provided to individuals or in tray in kitchen or dairy. Disposed of regularly or filed for future reference
7	Reading material in tray in kitchen or dairy. Put staff names on document so they can cross off their name when they have read the document.

Discussion

Discuss how you manage mail in your business. What works and what doesn't work? Any handy hints for the group?

Handling Emails

Most of us are on email, and a lot of what we used to get in the snail mail we now receive by email. It's great, but it can get out of hand and similar principles for handling mail need to be applied to handling emails.

1   Check emails regularly.
2   Don't let them accumulate.
3   Create files or flag for action later.
4   'Delete' immediately items that have been dealt with and are no longer needed.
5   FILE for later reference if needed.
6   Use 'Rules' in your email to sort emails as they come in.
7   Limit what you say.
8   Only cc if necessary.
9   Only type 'Thank you' replies if necessary.
10 Remove alerts/notifications from social media.
11 Unsubscribe from unnecessary sites.
12 Where possible separate business and personal email.
13 File electronically or print emails that need to be kept and file immediately.

Learning exercise

Discuss in small groups the following points:

• Do you receive business emails on different devices, such as your computer, tablet and phone?
• How do you deal with business emails and personal emails coming into the same email address and inbox?

Have a look at the flow chart on the next page. It's got good, practical ideas that can help you to manage emails. Note three things that you will do to improve how you handle emails.

Case study: handling emails

Verity Ingham is Dairy Australia's Regional Services Manager, a national role which takes her to all parts of the country. Email plays a big part in her working day and, like most of us, it can get out of hand if not managed well.

Applying ideas from the book by Graham Allcott 'How To Be A Productivity Ninja' Verity has a straightforward approach to managing emails and prioritising how she deals with them.

'Basically, I set aside a time each day to check my emails. This varies given the variety of my job which often sees me out of the home office, but if I'm at home I do this at the start of the day' said Verity. 'There's not too many days where I don't have to be back on emails during the day (typically on my phone), so please don't think this is an easy fix, but it does help'.

'The approach is pretty straightforward – the ones that I can delete go to the trash basket, and the ones that I can action immediately in two minutes, I do. The rest I put into one of four folders:

1   **@action:** emails I can't action immediately and quickly, but are a high priority and need to be actioned soon

2   **@track:** emails that help me keep track of someone else's action

3   **@read:** emails I need to read, digest and think about before I can action them – this is when I turn off the emails and phone and do the 'heavy lifting' work.

4   **@keep:** emails that I want to keep or need to refer back to later

'It is a good system for managing email and getting to inbox zero (which is unfortunately not always possible and definitely not the same as zero emails!)'

The following diagram is sourced from the book 'How to be a Productivity Ninja: Worry Less, Achieve More and Love What You Do', by Graham Allcott. It is a widely referenced work on being more efficient and effective in your work.

Ninja Email Processing...

Is the information important to ME at all?

- **Yes** → Action?
- **Maybe** → 30 second eyeball, then... (No action but...)
- **No** → Delete!

Action? → Am I committed to an action here?

- **Yes** → Can I do it in 2 mins or less?
  - **Yes** → Do!
  - **No** → @Action → Then later... → Do!
- **No** → Is it important for me to read/know this soon?
  - **Yes** → @Read
  - **No** → Reference Folders

30 second eyeball, then... (No action but...):

- ...I need to read further → Is it important for me to read/know this soon?
- ..I want to keep track of someone else's action → @Waiting
- ...I want to keep it → Reference Folders
- ...I want to think about this again sometime in the future → Add to calendar then file the email in... → Reference Folders

Okay, so now to file the original email → Do I need a reminder to track someone else's action on this?

- **No** → Reference Folders
- **Yes** → @Waiting

Paying accounts and keeping track

An effective account paying system will allow you to manage payments, filing and bank reconciliation. You should aim to develop a system for efficient payment of accounts that:

- Checks if account is correct. Make enquiries if not, and then pay
- Accounts for any discrepancies/adjustments. Write any queries on the account
- Pays consistently – e.g. when due or a set day of the month
- Records payment details on the account e.g. date, payment method, receipt number
- After bill payment enters it into the financial record system and files a hard copy. Use remittance slip or photocopy of original if necessary.

Learning exercise

Discuss as a group how you pay your bills. There are a lot of different ways that this is done these days, from cash to electronic funds transfer. What is the most common method used by the group?

Bank reconciliation

Many dairy farm businesses have computerised financial packages that make keeping and reconciling a cash book a straightforward process. Computer programs do many of the steps below for you. The reason for doing a bank reconciliation each month is to establish that the closing balance on the bank statement is the same figure you have calculated as being your cash book surplus or deficit, taking into account the cheques and deposits that have not yet been cashed or banked. Once a cash book has been reconciled you are then sure that:

- The bank statement is correct
- Nothing has been left out of the cash book
- Nothing has been entered more than once into the cash book.

To complete your bank reconciliation you will need:

- Your bank statement/s
- Your cash book – cash receipts and cash payments (money in and money out)
- Last month's bank reconciliation statement.

The steps to reconcile are:

1   Check the opening balance on the bank statement corresponds with the closing balance of last month's bank statement.

2   Enter any automatic debits or credits into your cash book that are not already entered.

3   Check to see if the cheques that were not presented to the bank at the last reconciliation appear on this month's statement. If they do, tick them on the bank statement. If they do not, they will become part of your unpresented cheques.

4   Check to see if payments (cheques, BPay, EFT, automatic debits) entered into the cash book since the last bank reconciliation appear on the bank statement. If so, tick on the bank statement and in the cash book. Note the cheques that have not been cashed. These are also **unpresented cheques**.

5   Do the same as for step 4 for the receipts and note any receipts that appear in your cash book but not on the bank statement. These are called your **outstanding deposits**.

At this stage every item on the bank statement should have a tick next to it. Any item in the cash book which does not have a tick next to it is either an unpresented cheque or an outstanding deposit. This double ticking method is the most foolproof way to establish items which have been omitted or entered twice. If any of the amounts on the bank statement do not correspond with the cash book, refer to the tax invoice to check your entry. If you have made an error, alter the cash book.

6   Total the total payments column in your cash book.

7   Total the total receipts column in your cash book.

8   Reconcile the cash book with the bank statement.

Learning exercise

What does your cash book look like? Is it paper based, in a spreadsheet on your computer, or do you use accounting software? Get an indication from the group about the different approaches used.

Dairy team meetings

Meetings offer the opportunity for every member of the team to reach a common understanding on any situation and be on the same page as everyone else. It often seems hard to find the time and so the reality is there is often minimal time set aside for meetings on some farms.

Short meetings, or briefings, on a weekly basis are useful to ensure each team member understands what needs to be done and what their role is. Plan to keep the weekly meeting time efficient and to the point (preferably around 30 minutes).

Weekly operational meetings (30 minutes)

These should be less formal than monthly meetings. They are designed to address the day-to-day operations, assist with training staff not familiar with any procedures and for management to get feedback on jobs that have been done. It also provides the opportunity to fine tune the roster and to sort out any misunderstandings or frustrations.

A lot of teams use WIP (Work In Progress) meetings. These can be held daily or weekly, but often only take 5–10 minutes. It's a way of keeping the team on track and making sure everyone knows what they need to know to get their job done.

Monthly team meetings

More involved planning meetings should be held at least once a month (or more often if major changes are underway). Prepare for meetings in advance by knowing what you want to accomplish from the meeting, deciding on the items you want to discuss and who will lead the discussion. Choose people that have the facts or a useful perspective around the issue and invite members of the off-farm team when appropriate such as your farm consultant, financial adviser or vet.

A bright idea

Having an agenda for your team meetings – it sounds a bit formal, but setting up and distributing an agenda to all participants ahead of time can be very helpful. It gives everyone a reminder the meeting is on and a heads up about what's going to be discussed. The chance to do some preparation and thinking beforehand can be handy. You'd be amazed how many issues are solved before the meeting itself.

If you use an agenda it should include the date, time and location of the meeting, purpose of the meeting, agenda items, who is invited and any preparation that is required. A monthly dairy team meeting sample guide is included below:

Dairy Team Meeting Program

Monthly team meeting: 10/10/20 (1.00pm – 2.00pm)

Venue: Dairy shed office

Attendees: All staff plus farm nutritionist

One day every month is set aside for a team meeting. At this meeting there is a standard agenda as follows:

1   Report on the performance of the farm for the last month with assessment of achievements relative to targets:
   – Production and milk quality;
   – Animal husbandry;
   – Pasture production and management;
   – Feeding program;
   – Infrastructure work.

This needs to be done objectively so everyone can see how the farm has been going relative to what target it set at the previous meeting. It is important that these targets are set by the team and not hypotheticals set by management without updated knowledge of conditions.

To make this an effective meeting, each team member needs to report on an area in which they work and have some responsibility. It is also good to consider discussing what went well and what did not go quite so well.

2   Set new targets for the next month. These targets need to be set for the physical performance parameters that the team will be working at for the coming month. So if it is calving time, it will have animal husbandry measures such as live calves, cow health, incidence of metabolic diseases etc. These targets need to be realistic and be set at a level that the team thinks they can achieve.

3   The new targets for the month will also include the list of other jobs or events that are to happen for the month. For example a new fence erected, tracks graded, pad cleaned up, calves weaned.

The team dynamics. This is a matter of addressing how the team is working. It needs to systematically go through the following:

a. Have all team members been given enough direction?

b. Have all team members been given enough assistance and training where required?

c. Is everyone happy with the tasks they have been allotted?

d. Are there some standard operating procedures that need discussing and perhaps changing?

e. Has there been enough communication for the team to function well?

f.   Are all team members alert to day-to-day problems that come up e.g. sick cows, leaking troughs, fence damage?

g. Have there been enough people on board for the month?

h. Is the roster working out OK for everyone or are there some suggestions for change?

i.   Have any tensions or conflicts been sorted out during the month?

A bright idea

On a busy farm it can be difficult to get everyone to a meeting. Meetings should be scheduled as part of paid time to encourage everyone to come and to foster a culture of valuing time spent at meetings.

Farmer case study, south west Victoria - plans, records and staff participation underpin successful business performance

Stephen and Tania Luckin, dairy farmers from Heywood in south west Victoria have a business approach to dairying based on developing business goals and operating plans. They establish an Annual Operating Plan (AOP) and annual key performance indicators (KPIs), and efficient and effective business administration processes enable them to record, monitor, analyse and review their business.

The Luckins conduct an annual review of their business that includes:

- Benchmarking their business results on past performance and other farms using DairyBase
- Undertaking a SWOT and risk analysis to identify business strengths, weaknesses, opportunities, threats and risks
- Reviewing Budgets versus Actuals and their KPIs.

They advise that working towards plans and targets would not be possible without well maintained recording systems. 'We maintain active shorter term business records, and longer term Dairy Australia's DairyBase and *Standard Chart of Accounts* enable us to consolidate our management records into a system for regular review and business analysis' Tania advised.

The Luckin's AOP and KPIs are shared with their support team which includes employees, consultants and service providers. They conduct regular staff meetings and believe these are instrumental in staff being engaged in business directions.

We conduct staff meetings on a weekly basis and all staff participate in and contribute to the meetings. We have an hour long meeting once a month, this sometimes also involves our consultant or service providers, and a 'toolbox' meeting for the other 3 weeks. This ensures everyone in the farm team knows what is happening and when. We have divided our business into key management areas – Milk Harvesting and Quality, Herd Performance, Fodder Production, Environmental Management, People and Financial Management, and staff have responsibilities to report on the management areas at meetings.

Stephen and Tania themselves meet off farm each July for a day to complete an annual review of their business performance against their plan, and to set targets and develop the AOP and budgets for the financial year ahead. By having this meeting off-farm, it enables clarity of thought due to less interruptions. 'Spending that one day working on our business, sets us up for the year ahead as we know where we want to go and how to get there' advised Stephen.

Stephen and Tania Luckin, Heywood, Victoria

'Dairy farming is unique in that you work where you live, but we must never lose sight of the fact that we are operating a business.'

We appreciate the Luckins' input to this learner guide and practical ideas for fellow farmers.

7. Record keeping

Every business is required to keep and maintain accurate records. Records are kept for a range of purposes including legislative obligations such as taxation law, quality assurance, seeking finance and analysing and monitoring farm business and production performance. The main types of business records include:

- Financial farm record keeping
- Physical farm record keeping
- Workforce information and record keeping.

Discussion

What records do you keep in your business? How do you store them in the short term, and over the long term?

Financial farm record keeping

Good financial record keeping enables you to manage the flow of financial information through your business and establish an efficient system for paying bills and complying with Australian tax regulations.

Financial data categories

- Financial statements including Profit and Loss (income and expenses),
- Balance Sheet (Assets and Liabilities)
- Livestock Trading Account (Opening and Closing livestock plus sales and purchases).
- Annual Milk Income statement from your milk processor including any step-ups and incentives for the production year
- An estimate of the market value of your assets (land, water, vehicles and plant and equipment)
- A list of all debt, including leases, and the repayment schedules.

Financial record keeping for primary producers
(Sourced from the Australian Tax Office web site)

'What does a typical primary production record keeping system look like?'

Income records

- Use pre-numbered invoices. This helps keep track of all goods and services sold and monitor outstanding accounts.
- Keep Recipient Created Tax Invoices (RCTIs) issued to you in a systematic manner, i.e. by date order or in alphabetical order. Milk statements are an example of an RCTI that you receive.
- Keep your monthly milk statements and details of any transactions with your processor in a safe place.
- Regularly update and summarise income into a cash receipts book.
- Maintain a filing system to keep track of paid and unpaid accounts.
- Perform bank reconciliations between bank statements, invoices issued, RCTIs received and cash receipts book at least monthly.
- Keep records of any estimates made.

Expense records

- Make payment of expenses by cheque or bank transfer. This helps keep track of allowable deductions.
- Use separate bank accounts for business and personal use.
- Record payments to contractors in a secondary record such as a cash payments book. You will need a valid tax invoice if the contractor is registered for GST and you wish to claim an input tax credit.
- If a supplier (including a contractor) does not provide you with an Australian Business Number (ABN) you must withhold 46.5% from the payment. Otherwise you can ask for a Statement by a supplier (NAT 3346) and you should keep a copy for your records.
- Maintain a filing system to keep track of paid and unpaid accounts.
- Keep invoices and file in a systematic manner to keep track of paid and unpaid accounts.
- Keep documentary evidence to substantiate business expenses. For example, you may need to show how you calculated the business use of your motor vehicle expenses by keep a log book or other types of documentation depending upon what method you choose.
- Update and summarise expenditure into cash payments book using cheque butts and invoices regularly.
- Perform bank reconciliations between payments, bank statements and cash payments book at least monthly.
- Keep records of any estimates made, for example, private use of business assets.

In relation to taxation records, the Australian Tax Office provides the following information **ato.gov.au/Individuals/Income-and-deductions/In-detail/Keeping-your-tax-records/?page=1#The_importance_of_keeping_records**

In order to prepare an accurate tax return and support the claims you make, you need to keep careful records. The records you need to keep depend on your personal circumstances. If you are not sure, it is better to keep too many records than not enough.

The importance of keeping records

Keeping good records helps you and your tax adviser:

- To provide written evidence of your income and expenses
- To prepare your tax return
- To ensure you are able to claim all your entitlements in case the ATO ask you to prove the information you provided in your tax return
- To reduce the risk of tax audits and adjustments
- To improve communication with the ATO
- To resolve issues relating to disputed assessments or adjustments
- To avoid exposure to penalties.

Other reasons for keeping good records are to:

- Make best use of your tax adviser – rather than paying them to sort through a shoebox of paperwork, give your tax adviser well-prepared records so they can ensure you get what you are entitled to
- Minimise the cost of managing your tax affairs.

A bright idea

Do you have an Annual Office Book

Having an annual office book is a great way to keep all your information in one place and stops the need for writing on individual pieces of paper which might get lost. It can be a diary, exercise book or tablet for the calendar or financial year, depending on your archiving system and is a place to write down:

- Tmportant phone calls including date, name, simple details and return phone number
- Reminders
- Ideas for yourself or others
- Passwords
- Tasks and to do lists
- Quotes
- Meeting minutes.

Farm Business Fundamentals

Want to know more about managing farm finances? Dairy Australia's 'Farm Business Fundamentals' covers this over three days. It aims to provide participants with the skills and knowledge to implement farm financial practices and processes in a farm business. By adopting concepts such as Dairy Australia's Standard Chart of Accounts and recording key physical and financial information participants will be able to prepare and organise important information about their farm business, including an annual cash budget and a balance sheet.

Talk to your Regional Development Program about farm business management training available in your region. Their contact details can be found at the start of this workshop manual.
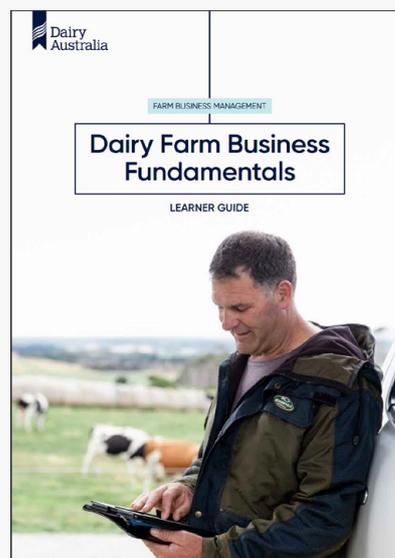
Physical farm record keeping

Good physical farm record keeping is important and part of managing the flow of physical and financial information through your business. It's about your land, your herd, the feed, the inputs, the production and the people in your business. It is needed to fully understand the value of your assets and also to analyse your farm's business performance.

While collecting financial information is the most important component of the Dairy Australia *Standard Chart of Accounts* there are particular income and expense categories that require physical details for tax purposes and others where a quantity makes farm business analysis a more straight forward process.

For tax purposes you need to include the number of animals for both livestock sales and purchases as part of the overall livestock trading account, while also recording the litres purchased of diesel for the diesel fuel rebate.

It is also recommended that physical details for feed, fertiliser, irrigation and agistment be recorded to enable farm business analysis.

Physical data categories

Land
- Farm map or other documents that provide details of land areas, including owned, leased, usable, unusable, milking, support, irrigated and dryland.

Livestock
- Opening and closing livestock numbers for all age groups. Grazing records to calculate the time spent by each livestock class on the milking area, support area or agistment.

Milk Production
- Milk production details for milk supplied to the factory for the financial year.

Feed
- Opening and closing feed quantities for all feed types. Quantities of supplements made on the milking area and on the support area. Quantities of supplements purchased off farm and their purchase price. Quantities of each feed fed on the milking area and quantity fed on the support area.

Fertiliser
- Quantities of fertiliser types used including a breakdown of the quantity applied to the milking area.

Rainfall and Irrigation
- Annual average rainfall for your farm and the measured rainfall for the year. Megalitres of water applied for irrigated farms.

Labour
- Number of paid part time and full time staff and the hours they worked. Number of unpaid staff (family) and the hours they worked.

Dairy Australia industry tools to assist you to organise and manage your dairy farm business

Dairy Australia has developed a range of business tools in conjunction with the dairy industry. These tools support a consistent approach to dairy farm information and terminology used within the Australian dairy industry. Below are some of those tools which can assist you to organise, manage and analyse your dairy farm business information.
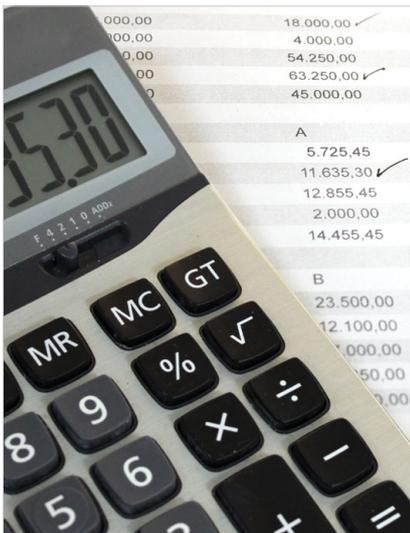
Standard Chart of Accounts

Dairy Australia's *Standard Chart of Accounts* enables the management of financial information through a dairy farm business and gives farmers, their advisers and accountants confidence that they are using the industry *Standard Chart of Accounts.*

Dairy cash budgeting tool

Dairy Australia's Dairy Cash Budgeting Tool allows you to develop farm cash budgets on an annual and/or monthly basis, track actual year to date numbers against budget and, if required, apply a high level sensitivity analysis.

DairyBase

Dairy Australia's *DairyBase* is a web-based tool designed for dairy farmers and their advisers to record annual farm data and to measure and compare their farm business performance over time.

Discussion

View the *Standard Chart of Accounts*, the Dairy Cash Budgeting Tool and the DairyBase farm data summary (Appendices 1 and 2 at the back of this guide). Discuss whether you could collect that data in your farm business, and whether it would be useful in your record keeping systems. Who else might benefit from your farm business information being recorded/stored/reported in this format?

Workforce information and record keeping

People are key to successful dairy farm operations, and recording and maintaining farm labour information is necessary by law and best practice principles. This will allow you to pay wages, withhold and pay tax, pay superannuation, WorkCover and ensure the welfare of your employees.

Most of this information is collected when a new employee commences, and is provided during the induction process. Timesheets and pay slips are used during the period of employment and are also required by law.

Dairy Australia's *Employment Starter Kit initiative (ESKi)* provides access to practical information and documents to employ and retain your staff. The ESKI steps you through your legal rights and responsibilities as an employer, with templates in each topic area designed to help set up your employment processes and record keeping. Visit **thepeopleindairy.org.au/eski** to download templates you can customise for your farm.

'What is in the ESKi?'

Dairy Australia | Webinars | Farm Safety | Subscribe | Contact Us | Search

Dairy Australia — The People in Dairy

Employment Starter Kit Initiative

Find an Advisor   Real Stories   What's New   Resources   Modules

Getting the people management part of a dairy farm sorted and keeping it up to date can be a sizeable task, especially if you are starting from scratch. The Employment Starter Kit (ESKi) provides easy access to the information & documents you need to start employing someone. **As well as accessing the ESKi online, you can order a folder.**

Order Now **Keep your ESKi folder current:** updates are listed below & sent via email.

Note: Due to COVID-19, the National Minimum Wage increase to the Pastoral Award 2010 **does not take effect until 1 November 2020.** Usually, pay rates change 1 July. Read a summary of updates and to keep your ESKi folder up to date. Pastoral Award 2010 (print double sided, marked up) – look for **2 July 2020** at the top.

THE LAW	EMPLOYING SOMEONE	PAYROLL	LEAVE
Rights and responsibilities Minimum entitlements	Recruitment Induction Probation & retaining	Pay rates Classifications Rosters & record keeping	Annual and personal leave Long service entitlements
LEARN MORE	LEARN MORE	LEARN MORE	LEARN MORE

IFA	TERMINATION	SAFETY	PASTORAL AWARD 2010
Individual flexibility agreement Better off overall test (BOOT) Flat pay rates	Dismissal & redundancy Notice periods Employee separation	WH&S Injury and incident register Safety tips & risk	Legal obligations Hours of work Public holidays
LEARN MORE	LEARN MORE	LEARN MORE	LEARN MORE

Below is an extract from the ESKi – it provides information to support your record keeping.

Record keeping - what written records do you have to keep?

Under the Fair Work Act employers have to keep written time and wages records for their employees for 7 years.

Who and when

- The employer's name and the employee's name
- Your Australian Business Number
- The date the employee started work.

Type of employment, hours and rates of pay

- If the employee is full-time or part-time
- Whether the employee is permanent, temporary or casual
- The employee's pay rate, including gross and net amounts and any deductions from the gross amount
- Loadings, allowances, bonuses, incentive-based payments, penalty rates or other paid entitlements that can be singled out
- If a penalty rate or loading must be paid for overtime hours: the number of hours of overtime worked, or when the employee started and finished working overtime
- If the employee works casual or irregular part-time hours and has a guaranteed pay rate for a set period worked: number of hours worked
- If you and your employee have agreed to an individual flexibility agreement: a copy of the agreement.

Leave (all types)

- Leave taken
- Leave balance.

Superannuation

- Amount paid
- Pay period
- Date(s) paid
- Name of super fund
- A record of the employee's super fund choice and the date they made that choice.

Learning exercise

If technology and time permits your trainer will briefly visit some ESKi web pages relevant to keeping workforce records.

8. Systems – from pencils to the cloud

You can maintain invoicing, payment and other business transaction records electronically or manually. The principles are the same for each but keeping your records electronically will make some important tasks easier. If you intend to use a bookkeeper or accountant, get their advice about the best system for you – choose a system you can understand and operate easily.

A range of commercial software is available. Consider systems that enable you to report your business electronically.

Manual vs electronic systems

Manual bookkeeping systems include a series of books or ledger accounts that are often available at your local newsagent, office supply or book store. While manual systems require more time spent on paperwork, they can be ideal for business owners who aren't confident using a computer and have simple affairs.

If you're confident using a computer, an electronic system may be your solution. Some of the electronic options include:

Software

Off-the-shelf or tailored software accounting packages can help you record your transactions, calculate GST, automatically update ledgers, prepare financial statements and help you generate reports. However, before you invest in an accounting package, it's worthwhile checking to see what systems your accountant or business advisor recommends.

Web-based

Using a web-based or 'cloud' system allows you to update your books from any location. It also has the added benefit of automatic off-site storage of your financial records. While this can be a cheaper option, it does come with added security risks.

Spreadsheets

If you're confident using a computer but don't have the funds for a full accounting package, Dairy Australia's Excel version of the *Standard Chart of Accounts* might meet your needs and is available at **dairybase.com.au.**

Note: the software options presented here are examples only and are not necessarily recommended by Dairy Australia. You should discuss software options with your bookkeeper or accountant, or with other farmers.

Discussion

As a group discuss the ways that you keep business records, including any software packages that you might use. What are the pros and cons of the different approaches? Note them down.

Points to consider include:

- What technical skills did you need?
- Do you need good broadband? Has broadband been an issue?
- Can you work offline?
- How did you decide which accounting software package to use?

Filing systems

Whether it's manual or electronic, a good filing system will enable:

- Systematic storage of your business information
- You to find the information you need when you need it.

The filing system is not limited to the final physical or electronic filing system, but also includes all areas where information or office equipment is stored including shelves, drawers, lever arch files and electronic devices. Documents might pass through various filing systems/folders over a 12 month period. Filing is part of the record keeping of your business' financial, physical and workforce information, plus legal, insurance and other business documents.

When thinking about a filing system consider the various materials to be filed, and make a sense check with other users. This list of headings will become your master filing index and can be displayed on the front of the main filing cabinet/folders. Systems such as subject, alphabetic, numeric and technical divisions are often used for files/folders.

Farmer case study: Perryfarm Trust

Handling, filing and storage of paperwork

The following information is provided by Annie Newton, a dairy farmer and bookkeeper from Northern Victoria. Annie is part of the Perryfarm Trust farm enterprise and Tatura Bookkeeping Service PL. Victoria. Annie's comments and suggestions re software and apps are provided for your information and are not necessarily recommended by Dairy Australia. We recommend you discuss software options with your bookkeeper or accountant, or with other farmers. We appreciate Annie's input to this learner guide and her practical ideas for fellow farmers.

We have always kept our filing system fairly simple and as a result of the large growth of our business over the last few years, this system has been reviewed and modified to reduce the cost and time handling the large volume of paperwork. We also changed from using a Desktop Accounting package to cloud based to provide easy access anywhere, from any device and it meant bank feeds could be activated, therefore saving time with data entry.

We chose to use Xero, an Accounting package that connects with various Apps and reporting tools, again, reducing our time entering transactions and shuffling paperwork.

'When I set Xero up, I set our Chart of Accounts up using the Dairy Australia *Standard Chart of Accounts.* As a bookkeeper and a farmer, I found this a great guide as to how to refine our reporting. By having our Chart of Accounts set up this way, it means that when the data is ready to be entered into DairyBase, everything lines up, there's no need to modify our reporting to fit in with DairyBase We request that all of our suppliers (if the facility is available) send their invoices and statements via email.'

- Emails are sent to our farm email address, which Greg predominantly monitors.
- Greg will view emailed invoices received to ensure their accuracy and print invoices out for suppliers who don't send out monthly statements.
- We are adopting a new practise to reduce on printing time and costs, not to mention time filing all the paperwork, by printing supplier monthly statements out only, rather than all of the invoices.
- Supplier invoices are emailed directly from the farm email to an online App called 'Hubdoc'.
- Hubdoc is a cloud based, electronic filing cabinet which stores your documents securely and can also be linked up to many of your online accounts, including bank, Origin energy, Telstra and many more.
- When you have linked your accounts to Hubdoc (they use bank level of internet security), bank statements or utility supplier invoices, when made available, are retrieved and stored.
- You can set up rules in Hubdoc and integrate this with your Cloud accounting package such as Xero or Intuit Quickbooks Online, which will then 'publish' your documents to your Cloud accounting package, therefore reducing the time to enter each invoice manually.

- You can also use the Hubdoc app on your phone to record a purchase. Once you have Hubdoc set up, you download the app, login with your Hubdoc credentials and you are ready to take photo's of receipts or invoices which will appear in your Hubdoc account, ready to integrate with your accounting package.

More information about Hubdoc can be found at **hubdoc.com**

Supplier statements are reconciled with the balances showing in Xero to ensure we have captured all of our costs.

- Paperwork to be actioned, is stored in one of two drawers – either 'To be Paid' or 'Paid'.
- The 'to be paid' drawer will normally contain invoices yet to be paid or supplier statements, ready for payment to be processed.
- Supplier statements are reconciled against the figures in Xero each month, to ensure we have received and recorded all invoices.
- Once the payments have been set up, the paperwork is then placed in the 'paid' drawer, ready for me to enter the payment (if multiple invoices are paid in one payment) into Xero and then file.
- If the payment relates to one invoice only, then Xero will suggest a match to that open invoice, again, saving time.
- To make it easy to access filed paperwork, I choose to file by the month the payment was made, and by date. If we need to locate a document, we just need to look up the date of the payment in Xero, then we can go straight to the relevant folder, month and then the date.
- I have also been using another App called Receipt Bank, which provides a tool for paperwork to be provided to me for any EFT purchases that one of the farm partners or clients may make. They simply open the app on their mobile phone, take a photo and upload it. The photo of the paperwork then goes into Receipt Bank and is available for me to integrate with Xero. Receipt Bank **receipt-bank.com.**
- We use Dropbox to store documents we use regularly, such as paperwork that we need to print out for new employees, policies, procedures etc.
- Dropbox is also where we store our Easy Dairy backups so if the computer 'dies', we do not lose any of our saved work.
- By storing these documents in Dropbox, we can access via any device, computer/iPad or phone from anywhere.
- After Year-end has been finalised, the folders for the past financial year are stored in a plastic tub.

Please note:
As well as being a dairy farmer, I am a bookkeeper by profession so I find out about these App's and programmes through conferences and networking.

Annie Newton, Perryfarm Trust and Tatura Bookkeeping Service PL. Victoria
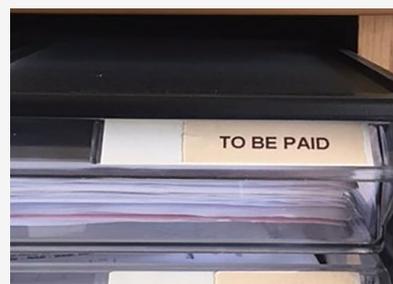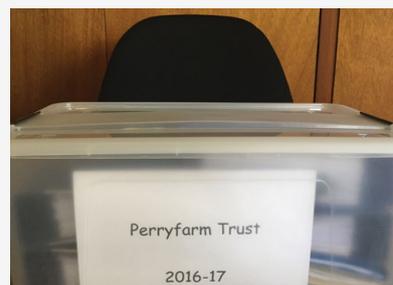
Discussion

Discuss your filing system with a participant or group. What aspects of your filing system are you happy with, and what would you like to change?

A bright idea

The OMG file

It is valuable to develop an overall business file (electronic and/or physical) to record key aspects of your farm business in an extreme event such as fire or death. This could be stored in a range of ways including cloud, external devices or physical files. With increasingly mobile technology there should be more options for emergency storage of information. The file could include information about:

- Land owned/leased
- Insurance and policy summaries
- ABN details
- Business history
- Bank account details
- Website details and passwords
- Photocopies of key personal documents such as wills, licences, passports
- Key contact details such as accountant, banker, consultant, insurance
- Latest backup of financial and physical software.

Archiving

Your filing system should be reviewed regularly, usually at the end of a financial or calendar year.

When archiving remove the files you no longer use on a regular basis, but need to retain for future reference or legislative reasons. Records such as employment, financial or warranties may vary in the time they need to be retained for ATO, insurance or other legislative purposes, so check each document and be conservative about disposing of files.

Physical and electronic files can be archived, and both should be stored in a safe place with back up. Some software programs and web applications enable storage of financial, physical and employment records. For example DairyBase allows you to maintain and store your farm physical and financial performance data on an annual basis.

Discussion

Discuss where key documents are stored in your business. In the event of an emergency are you in a position to effectively gather key business documents?

9. Bringing it all together

Learning exercise

Evaluate your business' office and administration against the following statements. There is no right or wrong, just tick the box that best fits.

	Yes	Partly	No
Our office is separate to day to day family, household or milking activities	☐	☐	☐
Our office is warm in winter and cool in summer	☐	☐	☐
We have a comfortable chair and working space	☐	☐	☐
Lighting is good in the office	☐	☐	☐
We can easily reach the main items in the office, such as printer, files	☐	☐	☐
We keep the office well stocked with stationary and ink cartridges	☐	☐	☐
The workspace comfortably fits the computer and has room to fit the information we need when working on the business	☐	☐	☐
Mail is sorted, actioned and filed – including email	☐	☐	☐
We use financial software to record transactions	☐	☐	☐
We update and review our files regularly	☐	☐	☐
We can retrieve financial and farm performance records for the last five years, with relative ease	☐	☐	☐
Receipts and payments are recorded accurately and promptly	☐	☐	☐
We store our milk statements and can retrieve them when needed	☐	☐	☐
I/we enjoy office work	☐	☐	☐
We have a suitable space to run staff meetings	☐	☐	☐
We talk to our accountant and/or book keeper about how we can make our records easy to manage, for them and us	☐	☐	☐
All of the team that need to know are kept informed about farm office activities	☐	☐	☐
I am confident administration tasks in the business are effectively completed	☐	☐	☐

Discussion

Based on your checklist responses, your action list and today's workshop information, discuss with another person in the group two aspects of your office or administration set up you will improve when you go home. Select one to share with the group.

Dairy standard chart of accounts
Version June 12 2020

Level 2 | Level 3 | L2 | L3

Dairy Australia

Income — S1 R1 S2 R2 S3 R3 Rd ± H / L U — Export — Include in export

1.0 Income

Code	Account	GST	Key Physical Number	Description
1.1	Milk Income	Y	Quantity	**All income associated with dairy farming activities** — Gross Milk Income – i.e Butterfat and Protein income, step-ups, retrospective payments and colostrums sales. Record other items on factory milk statement in appropriate income or expense categories or sub-categories not here under milk income
1.2	Livestock Sales	Y	Number	Sales of stock from normal herd management practices, not from one-off sales such as major reductions as these are considered as CAPITAL INCOME sub SALES-BREEDERS.
1.2.1	Calf Sales	Y	Number	Bull calves, beef cross calves, heifer calves not kept for herd replacements
1.2.2	Cull Sales	Y	Number	Culled stock, chopper cows, heifers, bulls etc. culled and sold for slaughter
1.2.3	Other Livestock Sales	Y	Number	Beef cattle, horses, bulls, breeding stock e.g. bulls, cows, heifers if they are regularly sold to others for use for breeding, milking, sires not stock from a major reduction sale or dispersal sale as these sales would be under CAPITAL INCOME
1.3	Feed Sales	Y	Quantity	Sales of feed produced within the dairy business
1.3.1	Hay Sales	Y	Quantity	Income from hay sales
1.3.2	Silage Sales	Y	Quantity	Income from silage sales
1.3.3	Other Feed Sales	Y	Quantity	Income from other feed sales such as grain
1.4	Water Sales	Y	ML	Sales of water from normal water management practices, not from one-off sales such as major reductions as these are considered as CAPITAL INCOME
1.4.1	Temporary Water Sales	Y	ML	Sales of temporary water
1.4.3	Other Water Sales	Y	ML	Income from any other water sales
1.5	Other Farm Income			Various sources of farm income resulting from farm operations
1.5.1	Interest Income	N		Interest received on farm operating bank accounts and short term deposits with bank accounts or factories and any other interest money received because of the operation of the farm business, not interest on off-farm or non-farm investments and personal bank account interest as these go in NON FARM INCOME
1.5.2	Contracting Income	Y		Income earned off-farm using the business farm machinery, equipment e.g. hay mower, hay roller, hay/silage processing
1.5.3	Milk Company Dividends	D		Factory, co-op dividends, not dividends from off farm or non-farm investments
1.5.4	Incentives	N		Trade incentives, discounts on purchases, vat purchase incentives
1.5.5	Lease Income	Y		Cows, farming land, machinery etc. that is leased out to others
1.5.6	Rebates - Fuel	D		Fuel rebates
1.5.7	Rebates - Fertiliser	D		Fertiliser Rebates
1.5.8	Rebates - Other	D		Other rebates, including Semen, Factory or Volume Charge rebates
1.5.9	Government Payments	N		Government payments in the form of subsidies and support payments
1.5.10	Insurance Recoveries	D		Farm insurance recoveries
1.5.11	Other Farm Income	D		Any other farm income resulting from farm operations such as farm house rental

2.0 Herd Costs

Code	Account	GST	Description
2.1	AI & Herd Test	Y	**All expenses relating to maintaining herd quality and assisting herd management** — All Artificial Insemination and Herd Test expenses
2.1.1	AI/Semen	Y	Artificial Insemination technician, semen, embryo, ET drugs, gloves, nitrogen for semen tank, vet services, fees and drugs associated with ET work, CIDR, PG and induction
2.1.2	Herd Test	Y	Herd test charges
2.1.3	Other Breeding Costs	Y	Tags for calves, heifers and cow identification, freeze branding of all classes of stock
2.2	Animal Health	Y	All Animal Health expenses including drugs and veterinary fees but excluding any AI expenses
2.2.1	Drugs	Y	Drench, drench guns, lice and parasite treatment and prevention – minerals and vitamins injected to all classes of stock – vaccines, injections (usually preventative) drugs and other treatments not restricted to purchase from vets including teat dip
2.2.2	Veterinary Fees	Y	Vet visits, operations, drugs restricted to purchase from a Veterinary Surgeon or requiring Veterinary sanction
2.3	Calf Rearing	Y	Any expenses incurred for feeding, treating and maintaining calves up to the time they are weaned
2.3.1	Calf Feed	Y	Grain, pellets and growth promotants, for calves up to the time they are weaned
2.3.2	Milk Powder	Y	Milk powder and milk additives for calves up to the time they are weaned
2.3.3	Bedding	Y	Rice hulls or other bedding material
2.3.4	Other Calf Rearing Costs	Y	Drenching and other calf shed treatments for calves up to the time they are weaned
2.4	Other Herd Costs	Y	Short term lease of cows, heifers and bulls for periods of less than 12 months as these have a different tax implication to leases in excess of 12 months. Registrations, transfers, classifications, photos, show entry fees

3.0 Shed Costs

Code	Account	GST	Description
3.1	Shed Power	Y	**All expenses relating to milk harvesting** — Electricity, gas fuel for heating, cooling lighting milking
3.2	Dairy Supplies	Y	Chemicals, detergents used for washing, sterilizing, cleaning, fly control. Inflations, rubber tubes, filter socks, strainers, vacuum pump oil, isolated purchases of cups, claws and bowls etc.
3.2.1	Dairy Consumables	Y	Chemicals, detergents used for washing, sterilizing, cleaning, fly control. Filter socks, strainers, vacuum pump oil, isolated purchases of cups, claws and bowls etc.
3.2.2	Rubberware	Y	Inflations, rubber tubes
3.3	Other Shed Costs	Y	

4.0 Home Grown Feed Costs

Code	Account	GST	Key Physical Number	Description
4.1	Fertiliser	Y	Quantity	**All costs associated with growing feed on land under control of the business** — All NPKS and trace element fertiliser products and compounds including blending, mixing, cartage, bin hire and spreading
4.1.1	PKS	Y	Quantity	All PKS and trace element fertiliser products and compounds including blending, mixing, cartage, bin hire and spreading
4.1.2	Urea	Y	Quantity	All urea including cartage, bin hire and spreading
4.1.3	Nitrogen Blends	Y	Quantity	All nitrogen blends including blending, mixing, cartage, bin hire and spreading
4.1.4	Lime & Gypsum	Y	Quantity	Lime & Gypsum including blending, mixing, cartage, bin hire and spreading
4.1.5	Effluent Spreading/Disposal	Y		Costs associated with spreading effluent
4.1.6	Other Fertiliser Costs	Y		Other fertiliser products
4.2	Irrigation	D		All costs associated with irrigation in the dairy business but not new structures used in new land forming and pasture establishment as these major expenses should be entered into CAPITAL EXPENSES. Maintenance of irrigation structures and physical channel cleaning should be entered in OVERHEADS sub REPAIRS & MAINTENANCE sub IRRIGATION
4.2.1	Water Authority Rates	N		Water rates for supply and drainage relating to farm irrigation water
4.2.2	TWE Purchases	D		Purchase of temporary water transfers in addition to water right or allocation
4.2.3	Pumping Costs - Electricity	Y		Electricity costs for pumping irrigation water
4.2.4	Pumping Costs - Diesel	Y		Diesel costs for pumping irrigation water
4.2.5	Other Irrigation Costs	Y		Any other costs incurred to run the irrigation excluding Repairs and Maintenance

Dairy cash budget

Title: _____

Year: 20__ / ____

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Annual budget
Milking cows													
Litres/cow/day													
Milksolids/cow/day													
Butterfat % (m/v)													
Protein % (m/v)													
Litres													
Milksolids													
Milk price – opening ($/kg MS)													
Milk price ptep ups ($/kg MS)													
Current monthly milk price ($/kg MS)													
Milk income (current year)													
Milk income (retrospective/step ups)													
Livestock sales													
Feed and water sales													
Other farm income													
TOTAL CASH INCOME													
AI and herd test													
Animal health													
Calf rearing													
Other herd costs													
Total herd costs													
Shed power													
Dairy supplies													
Other shed costs													
Total shed costs													
Concentrate 1													
Concentrate 2													
Purchased fodder 1													
Other puchased feeds													
Agistment													
Total purchased feed costs													
Hay and silage making													
PKS fertiliser													
Nitrogen													
Irrigation													
Pasture and cropping													
Fuel and oil													
Other feed costs													
Total home grown feed costs													
VARIABLE COSTS													
Employed labour costs													
Repairs and maintenance													
Vehicles (rego and insurance)													
Administration													
Other overheads													
OVERHEAD COSTS													
FARM WORKING EXPENSES (FWE) (variable plus overhead costs)													
FARM OPERATING CASH SURPLUS (Total cash income minus FWE)													
Interest loan 1													
Hire purchases													
Leases													
Finance costs													
Principal repayments loan 1													
Livestock purchases													
Other capital purchases													
Capital sales/Farm man. deposits													
UNPAID BILLS (60+ DAYS)													
Capital transactions													
FINANCE AND CAPITAL COSTS													
NET FARM CASH FLOW													
Non farm income													
Non farm expenses/drawings													
GST (estimate)													
Tax (PAYG)													
Net non farm income and tax													
Net monthly cash flow total													

Cumulative cash flow	Opening balance										Closing balance			

DairyBase summary table report

Dairy Australia

Summary Table

Name	Value	$ / kg MS	Not Selected	Not Selected	Not Selected	Not Selected
Physical Parameters						
Usable Area ha	137					
Milking Area ha	110					
Cows Milked Number	178					
Annual Stocking Rate Cows / Milking ha	1.6					
Milk Production Litres	1,504,062					
Milk Production kg Milksolids	120,522					
Homegrown Feed t DM / Milking ha	9.6					
Homegrown Feed t DM / Usable ha	10.1					
Proportion of Homegrown feed in the diet %	84%					
Cows per Labour Unit Cows / FTE	66					
Cash						
Milk Income	636,454	5.28				
Total Farm Cash Income	671,454	5.57				
Total Farm Working Expenses	396,148	3.29				
Farm Operating Cash Surplus	275,306	2.28				
Finance Costs (Interest & Lease)	91,921	0.76				
Net Farm Cash Flow Before Tax and Drawings	133,385	1.11				
Profit						
Total Farm Gross Income	667,854	5.54				
Total Variable Costs	235,781	1.96				
Total Overhead Costs	263,827	2.19				
Cost of Production (includes inventory changes)	513,208	4.26				
Total Costs	499,608	4.15				
Earnings Before Interest and Tax (EBIT)	168,246	1.40				
Finance Costs (Interest & Lease)	91,921	0.76				
Net Farm Income	76,325	0.63				
Wealth						
Return on Total Assets (ROTA) %	3.5%					
Equity as % of Owned Assets %	81%					
Return on Equity (ROE) %	2.5%					
Change in Net Worth	-12,320	-0.10				

Dataset Details

My Dairy Farm

Notes

Notes