

**BSES Limited**



**FINAL REPORT SRDC PROJECT BSS217  
COORDINATED FARM BUSINESS MANAGEMENT FOR THE AUSTRALIAN  
SUGAR INDUSTRY**

**by**

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**SD04014**

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## CONTENTS

	Page No
<b>SUMMARY.....</b>	<b>i</b>
<b>1.0 BACKGROUND.....</b>	<b>1</b>
<b>2.0 OBJECTIVES.....</b>	<b>2</b>
<b>3.0 MARKETING PLAN .....</b>	<b>4</b>
<b>3.1 Market segmentation .....</b>	<b>5</b>
<b>3.2 Product development .....</b>	<b>6</b>
<b>3.3 Distribution .....</b>	<b>6</b>
<b>3.4 Promotion.....</b>	<b>6</b>
<b>4.0 COORDINATION AND DELIVERY OF THE FBM PROGRAM.....</b>	<b>6</b>
<b>4.1 Industry involvement .....</b>	<b>6</b>
<b>4.2 Level of grower participation in FBM activities .....</b>	<b>7</b>
<b>4.3 Maintenance of the contact database .....</b>	<b>10</b>
<b>5.0 TRAINING CORE SUGAR-INDUSTRY PERSONNEL IN THE FARM BUSINESS MANAGEMENT PROGRAM .....</b>	<b>10</b>
<b>5.1 Certificate IV in Assessment and Workplace Training.....</b>	<b>11</b>
<b>5.2 FBM workshops for sugar industry staff.....</b>	<b>11</b>
<b>5.3 <i>SugarBiz</i> budgeting templates .....</b>	<b>12</b>
<b>5.4 Financial Tools workshop.....</b>	<b>12</b>
<b>5.5 GST training .....</b>	<b>12</b>
<b>6.0 LINKING THE FBM PROGRAM TO OTHER EXTENSION ACTIVITIES .....</b>	<b>13</b>
<b>7.0 INCREASING DEMAND FOR FBM.....</b>	<b>13</b>
<b>8.0 DEVELOPING AND ADOPTING NEW FBM TECHNOLOGY .....</b>	<b>13</b>
<b>8.1 Study tour to South Africa and the International Farm Business Management Congress.....</b>	<b>13</b>
<b>8.2 Financial and production budget templates (<i>SugarBiz</i>) .....</b>	<b>14</b>

8.3	<b>‘Farming in a Low Income Environment’ Workshops</b> .....	16
8.4	<i>FUTUREprofit</i> .....	18
8.5	<b>Financial benchmarking</b> .....	18
8.6	<i>Caneman</i> .....	18
8.7	<i>Quicken</i> .....	18
8.8	<b>GST workshops</b> .....	18
8.9	<b>Other workshops (‘One-Off’)</b> .....	18
9.0	<b>OUTPUTS</b> .....	19
10.0	<b>EXPECTED OUTCOMES</b> .....	19
11.0	<b>FUTURE RESEARCH NEEDS</b> .....	19
12.0	<b>RECOMMENDATIONS</b> .....	19
13.0	<b>PUBLICATIONS</b> .....	20
14.0	<b>USEFUL REFERENCES</b> .....	20
15.0	<b>ACKNOWLEDGMENTS</b> .....	20
16.0	<b>REFERENCES</b> .....	20
	<b>APPENDIX 1 – Marketing Plan</b> .....	21
	<b>APPENDIX 2 – FBM training manual</b> .....	39
	<b>APPENDIX 3 - Feedback on FILIE and FT Workshops</b> .....	40
	<b>APPENDIX 4 – General instructions for <i>SugarBiz</i> software</b> .....	43
	<b>APPENDIX 5 – Software for <i>SugarBiz</i> templates</b> .....	55
	<b>APPENDIX 6 - Developing a budgeting workshop process</b> .....	56
	<b>APPENDIX 7 - Financial Template Workshop Evaluation (Bankers/Accountants)</b> . 60	
	<b>APPENDIX 8 - Financial Template Workshop Evaluation (Growers)</b> .....	62
	<b>APPENDIX 9 – FILIE and FT Lesson Plans</b> .....	64
	<b>APPENDIX 10 – FILIE workshop templates</b> .....	76
	<b>APPENDIX 11 – FT workshop templates</b> .....	77

## SUMMARY

Farm profitability can be increased substantially through the existing farming system, and management training correlates positively with profitability. Profitable sugar production requires a combination of skills in cane growing and business management. Traditionally, growers have concentrated on improving productivity, assuming that this alone will lead to greater profits. However, Farm Business Management (FBM) is a combination of the decisions and actions that identify objectives, develop plans, implement plans and review outcomes to maximize the achievement of objectives.

The project aimed to raise the profitability of Australian cane growers by improving their FBM skills and resources. The project had a management committee comprising a senior staff member from ASMC, BSES, CANEGROWERS, QDPI, NSW Sugar and two canegrowers. The committee was responsible for making decisions on the direction and scope of the project activities.

Regional FBM specialists and the project coordinator developed a marketing plan. Use of the relationships that sugar-industry staff and financial professionals have with growers was crucial to the marketing plan, and gaining support of financial professionals promoted the long-term acceptance of FBM training in the sugar industry. Evaluation methods were implemented to determine grower satisfaction with FBM training, and if the project improved growers' profitability.

The FBM program initially provided core activities and processes for growers to improve their whole-farm business management skills. These core activities included:

- *Strategic business planning* using the *FUTUREprofit* Integrated Workshop Series. The integrated workshops included: setting directions and goals, financial, natural resources, production, family and testing management options.
- *Budgeting* using a template that includes production and financial inputs (*SugarBiz*) to determine monthly and yearly budgets.
- *Benchmarking* information was used in grower workshops to identify potential areas to improve the business, and goal setting and action plans to achieve these goals. A consultant processed benchmarking information and sugar-industry staff assisted with the associated workshops.

As the economic state of the industry declined, two new workshops, titled *Farming in a Low Income Environment* (FILIE) and *Financial Tools*, were developed. The first workshop is about demonstrating that improving productivity, controlling some short-term costs and developing and maintaining good management practices will be the best strategy for coping with the current low sugar prices. It demonstrates the value of knowing business costs and benchmarking them with high achievers. The second was to provide support to professionals in delivering FBM information.

The project also provided one-day workshops on specific business management skills including retirement and estate planning (Passing on the family farm & Farm ownership options), business analysis (Credit risk management/Getting a better interest rate), record keeping, and time management. These helped growers with specific issues and allowed them to familiarize themselves with core activities and extension processes.

The extension approach was farm-scale, whole-system strategic planning using adult-learning techniques. This approach empowers individuals and facilitates technology transfer.

Regional FBM specialists from within the sugar industry were identified and trained in successfully planning, organizing, running and evaluating FBM activities. FBM specialists are capable of continuing FBM activities following the project's completion. CANEGROWER representatives were also involved with delivery of FBM.

All regional coordinators and 90% of BSES extension staff undertook and completed 5 days training in Certificate IV in Assessment and Workplace Training, recognising them as nationally accredited trainers. This approach allows BSES to provide a service to growers that reflects best-management practices from a training perspective.

Linkages were made with other extension areas, such as natural resources, production and family, so that growers can easily move from one area's activities and training to another area in an integrated learning approach. This maximizes marketing efforts. Growers taking part in any of the core activities or one-day workshops were encouraged to access other activities within FBM or other extension programs, including those that focus on production, land and water management planning, and environmental codes of practice.

New products/processes were developed or adapted to encourage growers to access the latest in FBM technology. In particular, a complete set of managerial production and financial budgeting templates (*SugarBiz*) and a 'Farming in a Low Income Environment' Workshop were developed. These were supported by detailed resource material.

## 1.0 BACKGROUND

Farm profitability can be increased substantially through the existing farming system. Sugar industry benchmarking studies (BSS91, BSS92, Bennett Partners, Brown and Bird) showed that the top 20% of business managers average approximately \$1000/ha operating profit better than the bottom 20% and \$500 above the average.

Management training correlates positively with profitability. Kilpatrick (1996) found that Tasmanian primary producers who both undertook training and made changes were more profitable than other farm businesses (average gross operating surplus of \$73170 compared to \$55335). Those that attended training other than field days were the most profitable (average gross operating surplus of \$83651).

Profitable sugar production requires a combination of skills in cane growing and business management. Traditionally, growers have concentrated on improving productivity, assuming that this alone will lead to greater profits. However, Farm Business Management (FBM) is more than this – it is a combination of the decisions and actions that identify objectives, develop plans, implement plans and review outcomes to maximize the achievement of objectives (Ferguson 1993). Some activities have been carried out to improve business management skills of cane growers. These include the FBM project (BSS136), benchmarking projects (BSS91, BSS92, Brown and Bird, Bennett Partners), farm record keeping (*Quicken* and *Caneman* workshops), Bennett Partners/BSES project, and *FUTUREprofit* Integrated Workshop series. The success of these projects indicates a demand for FBM activities.

By improving growers' profitability with management training, this project aimed to assist SRDC's objective of improving the competitiveness of the Australian sugar industry. This project sought to increase the knowledge and application of improved business management skills by cane growers and sugar-industry staff.

A key part of this project was to conduct market research and develop a market plan to provide a service that is better adapted to growers' needs. A fully consulted marketing plan for FBM in the sugar industry has not been available previously. This plan will attract more growers, particularly cane-growing women, an often underutilised, skillful and important segment of the sugar-growing sector.

Coordination was to be an important element of this project. To date, FBM activities have been isolated efforts. That approach increases resources needed to efficiently deliver workshops, impedes growers trying to link different FBM skills, and confuses marketing efforts, as growers have sometimes received different signals from various FBM providers. Better linkages of FBM activities with extension efforts in natural resources, production and family will enhance synergy.

## 2.0 OBJECTIVES

The project aimed to raise the profitability of Australian cane growers by:

1. Linking closely with sugar industry and financial professional staff to coordinate and deliver the Farm Business Management Program into all cane-growing areas;
2. Implementing a farm-scale, whole-system strategic-planning approach to farm business management information and training using adult-learning techniques;
3. Training core sugar-industry personnel in the Farm Business Management Program through a developed Train-the-Trainer package;
4. Closely linking the Farm Business Management Program to other extension activities including natural resources, productivity and family;
5. Increasing demand for the Farm Business Management Program in the Australian Sugar Industry.
6. Developing and adopting new farm business management technology into the Farm Business Management Program.

The project saw five chief investigators: Geoff Anich (to February 1999), Duncan Bigg (1999/2000), Evan Burt (2000/02), Derren Frampton (December 2002/April 2003), and John Agnew/Burn Ashburner. Agnew and Ashburner took over the reins in the last year of project life. These changes in project coordinator, and the discontinuity it created, detracted somewhat from the useful project. However, it did meet its overall objectives.

*Objective 1 - Linking closely with sugar industry and financial professional staff to coordinate and deliver the Farm Business Management Program into all cane-growing areas.*

*Objective 2 - Implementing a farm-scale, whole-system strategic-planning approach to farm business management information and training using adult-learning techniques.*

*Objective 5 - Increasing demand for the Farm Business Management Program in the Australian Sugar Industry.*

The project had a management committee comprising a senior staff member from ASMC, BSES, CANEGROWERS, QDPI, NSW Sugar and two canegrowers. The committee was responsible for making decisions on the direction and scope of the project activities.

Regional FBM specialists and the project coordinator developed a marketing plan. Use of the relationships that sugar-industry staff and financial professionals have with growers was crucial to the marketing plan, and gaining support of financial professionals promoted the long-term acceptance of FBM training in the sugar industry. Evaluation methods were implemented to determine grower satisfaction with FBM training, and if the project improved growers' profitability.

The FBM program initially provided core activities and processes for growers to improve their whole-farm business management skills. These core activities included:



- *Strategic business planning* using the *FUTUREprofit* Integrated Workshop Series. The integrated workshops included: setting directions and goals, financial, natural resources, production, family and testing management options.
- *Budgeting* using a template that includes production and financial inputs (*SugarBiz*) to determine monthly and yearly budgets.
- *Benchmarking* information was used in grower workshops to identify potential areas to improve the business, and goal setting and action plans to achieve these goals. A consultant processed benchmarking information and sugar-industry staff assisted with the associated workshops.

As the economic state of the industry declined, two new workshops, titled *Farming in a Low Income Environment* (FILIE) and *Financial Tools*, were developed. The first workshop is about demonstrating that improving productivity, controlling some short-term costs and developing and maintaining good management practices will be the best strategy for coping with the current low sugar prices. It demonstrates the value of knowing business costs and benchmarking them with high achievers. The second was to provide support to professionals in delivering FBM information.

The project also provided one-day workshops on specific business management skills including retirement and estate planning (Passing on the family farm & Farm ownership options), business analysis (Credit risk management/Getting a better interest rate), record keeping, and time management. These helped growers with specific issues and allowed them to familiarize themselves with core activities and extension processes

The extension approach was farm-scale, whole-system strategic planning using adult-learning techniques. This approach empowers individuals and facilitates technology transfer.

***Objective 3 - Training core sugar-industry personnel in the Farm Business Management Program through a developed Train-the-Trainer package.***

Regional FBM specialists from within the sugar industry were identified and trained in successfully planning, organizing, running and evaluating FBM activities. FBM specialists are capable of continuing FBM activities following the project's completion. The initial group consisted of: David Sinclair (North), Kylie Webster (Herbert), Michael Shanks (Burdekin), John Agnew (Central), Tony Blatch (South) and Peter McGuire (NSW). CANEGROWER's representatives were also involved with delivery of FBM.

All regional coordinators and 90% of BSES extension staff undertook and completed 5 days training in Certificate IV in Assessment and Workplace Training, recognising them as nationally accredited trainers. This approach allows BSES to provide a service to growers that reflects best-management practices from a training perspective.

***Objective 4 - Closely linking the Farm Business Management Program to other extension activities including natural resources, productivity and family.***

Linkages were made with other extension areas, such as natural resources, production and family, so that growers can easily move from one areas' activities and training to another area in an integrated learning approach. This maximizes marketing efforts. Growers taking part in any of the core activities or one-day workshops were encouraged to access other activities within FBM or other extension programs, including those that focus on production, land and water management planning, and environmental codes of practice.

***Objective 6 - Developing and adopting new farm business management technology into the Farm Business Management Program.***

New products/processes were developed or adapted to encourage growers to access the latest in FBM technology. In particular, a complete set of managerial production and financial budgeting templates (*SugarBiz*) and a 'Farming in a Low Income Environment' Workshop were developed. These were supported by detailed resource material.

### **3.0    MARKETING PLAN**

In May 1999, a meeting with an external marketing consultant occurred. As a result and in coordination with QDPI, a draft marketing plan was developed for the far northern region. The plan was then tailored to suit the needs of each of the major sugar districts by the end of 1999. The draft plan was presented to and modified by the consultative committee before being adopted by the regional coordinators. Relevant parts of the plan are given in Appendix 1.

The major challenge for this project was to increase participation in FBM activities by cane growers. Beginning in May 1999, a survey of FBM awareness was conducted using a series of focus groups. Semi-structured, informal focus groups provided basic research into grower attitudes towards FBM, which could link into the marketing plan.

Focus group objectives included:

- What is growers' understanding of FBM products?
- What demand is there for FBM products?
- What and how would they like the FBM program delivered?

Focus group questions were:

1. What are the things that contribute to a successful farm business?
2. Are you aware of any FBM programs in your district?
3. Where/how did you hear of these activities?
4. Who provides this information?
5. Are these activities valuable?
6. What FBM info would assist your farm business?
7. Who should deliver this information?
8. In what format (groups, workshops, written material)?

9. What factors are likely to encourage you to attend FBM activities?
10. If you were to attend one FBM activity, what would it be?

The methodology used in the focus-group exercise included: questionnaire design, testing with peers, testing on a sample population, implementing the survey, collecting the data, analyzing results and compiling a report. This occurred in May-September 1999.

Four focus groups were run in the main Northern Queensland mill areas, with 8-12 randomly selected growers interviewed per mill area. This program was then extended to Central and Southern districts. Extension staff helped with design of survey, organizing growers to attend focus group meetings and recording information on the day.

The survey data was analysed and cross-referenced with *FUTUREprofit* survey data to generate a picture of growers' attitudes to FBM.

### **3.1 Market segmentation**

The marketing plan identified three main industry segments to target with the FBM project: generic cane farmers, cane-growing women and young cane farmers.

#### ***Generic cane farmers***

Initially, GST workshops across the industry that provided growers with GST training also allowed the development of a database of growers interested in FBM workshops and identified their needs. A survey was developed and handed out at the end of these workshops. This information was analysed and priority workshops developed. Bulletin and newspaper articles have been written to keep growers informed of services available as a result of the project. The project has also been promoted at field days, seminars and industry forums and presentations. Networking with financial professionals has also provided an avenue to market the program to growers.

#### ***Cane-growing women***

Preliminary research showed that women were involved in FBM and interested in training, but were not generally included in traditional extension activities. Women's' groups have developed as result of this need with varying degrees of success. The program has approached each of these groups and offered to assist their progress. These groups provided a good channel to market the program and to fulfill objectives of both entities. The FBM program has worked closely with the Bundaberg Women's' Network assisting them to set up, and start strategic planning to ensure their long-term existence.

#### ***Young cane farmers***

Three young farmer groups were set up in the Mackay district in the last quarter of 1999. The objective was to set up self-directed small groups that could access FBM workshops and other extension activities. The groups also provide important feedback through needs analysis and other evaluation techniques. With these small groups, workshops were identified, developed and evaluated and then marketed to generic cane growers. The groups have become popular, with more groups in Mackay and Proserpine wanting to start at the end of the 2000 season. The group process can be exported to other districts across the industry.

With the development of the innovative *SugarBiz* budgeting templates, a fourth market segment was identified: ***Financial Professionals***.

The benefits of designing a program that is first and foremost farmer friendly has translated into a commitment by service organisations to use and promote such material as part of their businesses approach to farmer clients. The realisation of wider community benefits has generated significant kudos and goodwill to funding organisations from the finance professionals and industry staff (secondary focus).

Several financial institutions and financial practitioners have purchased copies of *SugarBiz* budgeting templates for client use and to assist in client applications.

### **3.2 Product development**

Throughout the project, other workshops were developed to meet the immediate needs of growers. For example, a small-group GST workshop was developed with Australian Taxation Office, a manual book-keeping workshop was developed with a Mackay accountant, a cane-payment formula was developed with a local mill, and a strategic planning process and need's analysis was developed for small groups.

### **3.3 Distribution**

Sugar-industry extension staff were the main distributor of the project workshops, marketing to growers in their areas. Communication and their support were essential to getting the project off the ground. Support for the project improved over time, exemplified by the involvement of BSES staff in marketing and organising the GST workshops.

### **3.4 Promotion**

The name *SugarBiz* was developed for the project, providing an identity to be marketed to growers. The logo appears on all FBM promotional material and brand recognition increased over the life of the project. *BSES Bulletin* and newspaper articles were written and promoted at field days, seminars and industry forums and presentations. Networking with financial professionals also provided an avenue to market the program to growers.

## **4.0 COORDINATION AND DELIVERY OF THE FBM PROGRAM**

### **4.1 Industry involvement**

A range of sugar industry staff, government agencies and financial professionals was involved in grower group development and workshop delivery throughout the life of the FBM project (main activities in 1999 and 2000 – later project work focused on the 'Farming in a Low Income Environment' workshops). Table 1 shows a selection of

common activities and those responsible for organizing and running the programs. Collaboration between agencies is obvious.

**Table 1 Common activities and those responsible for organizing and running the programs**

<b>Activity</b>	<b>Responsibility</b>
<i>Quicken and Caneman</i>	BSES
Financial Benchmarking	RCS & BSES
<i>FUTUREprofit</i>	CANEGROWERS, QDPI, BSES, DNR, DEH, CBA
Credit Risk	CBA, BSES
Succession planning	Accountants, solicitors, financial planners, training consultants, QDPI
Computer Expo	CANEGROWERS, agribusiness, IT service providers, local surveyors, local university, NAB, BSES
Series of one-off workshops	CANEGROWERS Mackay

Table 2 and 3 provide details of the activities, venues and trainers in 1999 and 2000, respectively. Overall, 13 BSES, 5 CANEGROWERS, 8 QDPI, 2 NSW Agriculture and 3 DNR staff were directly involved in the delivery of FBM workshops during 1999. Not included in this table were activities managed by the CANEGROWERS Mackay *SugarPlan* program but with considerable input from the coordinator of this project. The training was spread across the entire east-coast sugar industry.

#### **4.2 Level of grower participation in FBM activities**

According to CANEGROWERS statistics (1998) there were 7068 cane growers in the sugar industry, excluding Western Australia. Table 4 shows involvement of sugar businesses in FBM activities across regions over 1998/99. A total of 851 growers (12%) participated in FBM activities; excluding *Quicken* and *Caneman* workshops and training provided by private professionals as part of the 1999 *SugarPlan* program. This is a significant achievement, comfortably meeting the milestone target of 10% participation. As a bonus, workshop programs/materials have been developed and extension staff trained to deliver training beyond the life of this project. The intensity of interest in FBM was reflected by the good attendances at ATO/QFF GST Workshops and the CANEGROWERS Mackay Computer Expos in 1999 (200 growers) and 2000.

**Table 2 Details of activities, venues and trainers in 1999**

<b>Activity</b>	<b>Area</b>	<b>Trainers</b>
Focus groups	Mulgrave Ayr	2 BSES 2 BSES
Credit Risk Management	Ingham Ayr Innisfail	2 BSES 2 BSES 2 BSES
Succession Planning	Ayr Innisfail Tablelands	2 BSES 1 BSES, 2 QDPI 1 BSES, 2 QDPI
Internet Training	Proserpine Mackay	1 CANEGROWERS, 1BSES, 2 QDPI 1 CANEGROWERS, 1BSES, 2 QDPI
Caneman	Tablelands Mulgrave Innisfail Tully Ingham Ayr Mackay Sarina Bundaberg Nambour NSW	1 BSES 1 BSES 1 BSES 1 BSES 1 BSES 1 BSES 1 BSES 1 BSES 1 BSES 1 BSES
<i>FUTUREprofit</i>	Mulgrave Tully (mxd) Mackay (2)	2 BSES, 2 QDPI, 1 DNR 2 QDPI, 1 DNR 2 BSES, 3 CANEGROWERS, 1 DNR
Farming for the Future	NSW	2 BSES, 2 NSW Ag
Benchmarking	Far North Ingham Ayr Mackay NSW	1 BSES 1 BSES 1 BSES 1 BSES 1 BSES

**Table 3 Involvement of sugar-industry staff and financial professionals in group development and workshop delivery in 2000**

<b>Activity</b>	<b>Presenters</b>	<b>Location</b>
ATO workshops	BSES extension staff	QLD, NSW
W/S devet. Women's group	CANEGROWERS	Mackay, Bundaberg
Credit risk management	Commonwealth Bank	Mackay, Townsville
Manual book keeping	Bennett & Partners	Mackay
Financial advice	NAB	Ayr
Internet training	BRIDGET	Mackay
<i>FUTUREprofit</i>	QDPI DNR	Statewide Ayr, Ingham, Innisfail
Cane payment formula	Pleystowe Mill	Mackay

**Table 4 Involvement of sugar businesses in FBM activities assessed against program targets (1998/99)**

Activity	Total	North	Burdekin	Central	South	NSW
Passing on the family farm	207	12	17	178	-	-
Farm ownership options	72	-	-	72	-	-
Credit risk management	149	20	15	98	-	16
Introduction to <i>FUTUREprofit</i>	150	70	-	68	-	12
<i>FUTUREprofit</i> /FEF intergrated w/s series	107	39	12	44	-	12
Manual cashbooks	61	10	-	51	-	-
Sugarplan conference	58	-	-	58	-	-
Setting directions	13	-	-	13	-	-
Financial Analysis	19	-	-	19	-	-
Family and employees	9	-	-	9	-	-
Testing options	17	-	-	17	-	-
Farm layout planning	12	-	-	12	-	-
Managing for climate	33	12	-	11	-	-
Turning water into cane	116	-	-	116	-	-
CROP business planning	10	-	-	10	-	-
Benchmarking	78	60	-	8	-	10
Total	851	223	44	534	-	50

One of the project milestones required 2% of sugar businesses to attend *core* FBM activities between 1996 and 1999. Core FBM activities include *FUTUREprofit*/Farming for the Future integrated workshop series and the benchmarking program. 185 (2.6%) cane growers participated in these core activities. This is a commendable effort considering the difficulty of getting growers to commit to these core activities because of the workload and time involved. The programs may need to be adapted to meet the needs of growers, many of whom are managing larger areas on their own or involved with off-farm employment. A shorter *FUTUREprofit* workshop series was developed for the Mackay area.

Activities for 1999/2000 were dominated by providing GST and GST-related activities. Attempts to market and provide other training were not seen as a priority and were not

well received. It was decided to concentrate on what the market wanted and provide GST training across the Queensland and northern NSW.

A joint arrangement was made with the Australian Taxation Department to provide small group training to canegrowers. Eight hundred and nine growers participated in the program with an additional 252 growers managed by *SugarPlan* Mackay. The workshops were evaluated at the end of the activity with excellent reviews from growers.

A survey identifying other workshop needs was also distributed, the results of which provided a future direction for the project and established a database to assist marketing workshops provided by the project. Altogether the program was very successful.

Apart from one off training activities developmental training was supported and initiated. Five *FUTUREprofit* groups were run across the sugar industry supported by BSS217 and three young-farmer groups were established in Mackay. The objectives of setting up self-directed groups were to provide FBM training in a comfortable social environment and to a group that would stay together for the long-term. The groups select themselves and encourage women to be involved. Five training activities were conducted. Feedback was good with enough interest to establish additional three groups in 2000/01.

A Women's cane-growing group from Bundaberg has been assisted with setting itself goals for the long-term future. The group has been through a strategic planning process and planning session. Workshops and workshop material have also been developed for use in the future.

### **4.3 Maintenance of the contact database**

The 'contact database' contains accountants, financial planners and other useful farm business management contacts. This is an important reference of FBM expertise, which can be drawn upon for assistance with workshops (eg expert speakers) as well as a communication link between our programs and their grower clients. The 'contact database' is managed by Mr Jim Kirchner (Manager Training and Education) at Mackay CANEGROWERS. The database has been regularly updated to ensure its relevance.

## **5.0 TRAINING CORE SUGAR-INDUSTRY PERSONNEL IN THE FARM BUSINESS MANAGEMENT PROGRAM**

Sugar-industry personnel, in particular extension officers, are the thread that holds the FBM program together. It was essential that they received appropriate training for reasons including provision of a consistent approach to development, delivery and evaluation of training, professional attitude and behaviour, knowing the distinction between facilitation and being an expert trainer, and possessing the skills to continue the process after the project ceased.



## 5.1 Certificate IV in Assessment and Workplace Training

All regional coordinators in Queensland undertook and completed 5 days training in Certificate IV in Assessment and Workplace Training, recognising them as nationally accredited trainers. This was co-ordinated through the Australian College of Tropical Agriculture, Mackay campus.

In addition, other staff undertook the Certificate IV in Assessment and Workplace Training. This approach allows BSES to provide a service to growers that reflects best-management practices from a training perspective. Over 90% of extension staff have received their Certificate 4. The overriding benefit of this training is that staff have the ability to produce a training program to a standard so that any other staff member can deliver it, irrespective of their individual strengths or weaknesses.

The Certificate IV in Assessment and Workplace Training course content is:

1. BSZ4 01A Plan Assessment
2. BSZ4 02A Conduct Assessment
3. BSZ4 03A Review Assessment
4. BSZ4 04A Train Small Groups
5. BSZ4 05A Plan and Promote a Training Program
6. BSZ4 06A Plan a series of Training Sessions
7. BSZ4 07A Deliver Training Sessions
8. BSZ4 08A Review Training

## 5.2 FBM workshops for sugar industry staff

Within each region, a farm business management workshop was conducted for sugar industry staff. There have also been workshops held with professional staff and for farmers. The workshops were held at BSES stations and other venues as appropriate in each of the five regions. The workshop forum focused on two issues of relevance to staff: sourcing appropriate external facilitators; and sourcing resources from within industry.

Workshop and facilitator notes were developed based on with Certificate IV in Assessment and Workplace Training principles and practices. As a result any extension officer who has this qualification will be able to deliver these Farm Business Management facilitation notes to a group of farmers. Appendix 2 contains the contents page of this resource.

When discussing who to source appropriate external facilitators, an appropriate external facilitator for legal issues and training was a relevant topic. In this situation it is critical that staff recognise that they do not have the expertise to train farmers in legal issues. It is also equally appropriate that they (extension officers) are trained in identifying and limiting potential legal liability issues against them selves and the projects and organisations that they service. The service that can be used to enhance the knowledge of farmers is that of the Legal Aid Queensland service, which employ two Farm Finance solicitors to provide assistance to farmers and farm service providers free of charge. The assistance available is wide ranging and includes: Debt mediation, Succession planning,

Interpretation of contracts, Estate planning, Providing written opinion, Legal processes and Addressing meetings on issues of current topical interest.

### **5.3 *SugarBiz* budgeting templates**

*SugarBiz* was a key feature of this project (see section 8.2). Industry staff, as well as finance industry staff, accountants and Rural Water Use Efficiency staff, were trained in use of the *SugarBiz* budgeting templates.

### **5.4 Financial Tools workshop**

There was a further need to equip industry support staff, which includes extension officers, with practical tools to enable them to assist growers with farm financial decisions. A large proportion of these staff had less than 5 years experience in the sugar industry and have not had a significant degree of exposure to the financial consequences of the recommendations they make.

The Financial Tools (FT) workshop enabled participants to experiment with and evaluate a series of useful financial tools in spreadsheet format. Examples of tools included in the workshop are: plant and ratoon cane costs and returns (including sensitivity analysis); machinery costs; and standover versus harvesting 1-year cane decision aid. Participants were also introduced to financial benchmarking, including actual accountant-sourced cane growing costs.

Two FT workshops were run in the Central and Herbert districts in January-February 2004 with a total attendance of 35. A good cross section of sugar industry support/advisory staff was represented at the workshops; at the Central workshop there were eight BSES extension staff, four CPPB staff, two CANEGROWERS staff and two sugar industry trainers; at the Herbert workshop there were 11 BSES staff from Tablelands, Meringa, Tully, Ingham and the Burdekin, two CSR, three Herbert Cane Productivity Services staff, and one each from NQACC, CANEGROWERS and NAB. Interaction during the workshops was high and feedback from participants was positive. Over 87% of participants strongly agreed/agreed that “the training provided knowledge of what is required, the material was presented in an appropriate manner and the trainer involved participants”. The complete set of questions and responses are provided in Appendix 3.

### **5.5 GST training**

Seven industry staff participated in a one-day GST workshop run by an accountancy firm in Mackay. Participants from CANEGROWERS, BSES and QDPI were present. The objective of workshop was to prepare FBM staff for queries that they would receive relating to the GST.

## **6.0 LINKING THE FBM PROGRAM TO OTHER EXTENSION ACTIVITIES**

The main avenue for coordination with natural resources and family extension activities has been the *FUTUREprofit* program. A consistent promotional message was developed for *FUTUREprofit* across the state. The FBM program, including *FUTUREprofit*, was marketed towards women and young farmers, whilst the *FUTUREprofit* program was marketed to established groups such as Integrated Catchment Management. Market research identified that young farmers' and women's groups would benefit from 'one-off' workshops in natural resource planning, production issues and family extension activities. As an example, the Rural Water Use Efficiency forum has also been an active point for discussion on productivity issues. Links are being established with other industry Peak Bodies for the purpose of cross-pollinating activities.

## **7.0 INCREASING DEMAND FOR FBM**

Demand for training has ranged from overwhelming to 'luke-warm', depending on growers' changing needs and their work program. As supported by the information in Table 4, growers have patronized training opportunities well. However, flexibility in programs is important, as witnessed by the desire for competency-based training and training that may traditionally fall outside normal cane farming requirements. This is driven by growers' needs to find either part time or full time employment in other sectors. This has had a 'domino' effect on the cane-harvesting workforce, which has been gutted and then replaced with essentially unskilled/inexperience personnel accredited with recent training.

A promotional package for all FBM products was developed. This package was provided to bankers and accountants and was promoted to financial counsellors and rural support workers.

## **8.0 DEVELOPING AND ADOPTING NEW FBM TECHNOLOGY**

### **8.1 Study tour to South Africa and the International Farm Business Management Congress**

Duncan Bigg undertook a 2-week study tour in July 1999 to assess Farm Business Management program in the South African sugar industry and to attend the 12th International Farm Business Management Congress in Durban. A full report on this tour was provided to SRDC in 1999.

Notable in the South African industry was the 5-week training course on all aspects of running a sugarcane farm (including record keeping and financial analysis) provided for producers. *Caneman* and *Quicken* compare well with the computer programs used in South Africa. The South African industry provides FBM information through Canegrowers on a one-on-one basis. Canegrowers also provide benchmarking

information to participating growers. Very little group training is provided and there is no equivalent to *FUTUREprofit*.

The International Farm Business Congress was a valuable experience in providing insight into FBM programs in other countries. It was particularly notable that the trends affecting other countries are similar to those facing Australian sugar producers. The suite of products provided by BSES and QDPI compared well on international standing.

## 8.2 Financial and production budget templates (*SugarBiz*)

A complete set of managerial production and financial budgeting templates has been developed within this project. This software has some unique features, which provide generalised benchmarking in two ways, allowing internal and external comparisons. General instructions are included as Appendix 4 and the software is included on the electronic version as Appendix 5.

To enable the templates to flow in a logical format, the templates were arranged as follows:

- Production schedule;
- Cane payment schedule;
- Income schedule;
- Expenses schedule;
- Current year budget;
- Year +1, +2, +3 and +4 budgets;
- Schedule of assets and liabilities;
- Summary and comparison page.

Key features of the financial templates include:

- A Production schedule which contains monthly and yearly totals.
- A Cane Payment schedule, containing monthly and yearly totals with a payment matrix that can be used as a check.
- The Income and Expense schedules, which contain monthly and yearly totals with a \$/ha and \$/t column that can be used for benchmarking (internally and externally).
- The current year and year +2, +3 and +4 are only annual budgets for the benefit of projecting projects out over a longer period of time to test viability.
- Assets and Liabilities are arranged in a current and non-current format. This is important for determining long-term and short-term debt structures and considering the impact on short- and long-term cash flows.
- The Summary page uses information from the production, income, expenses, assets and liabilities schedules to calculate in a generalised format the overall risk and profitability of the farm. Attached to this page, and reproduced with the permission of the Australian Bankers' Association, is a generalised benchmarking table that allows the farmer to assess how they are performing.

The benefits of these features include:

- Allows for internal and external benchmarking;
- Provides something to objectively measure against;

- Can be used to obtain and/or renegotiate loans;
- Assists in applications; for Federal and State financial assistance;
- Determines peak overdraft needs;
- Tests options for change;
- Assesses risk;
- Analyses the movement of cash within the enterprise, excluding economic changes, such as placing a figure on the expertise of management.

Notes on how to develop a budgeting workshop were compiled and are given as Appendix 6.

To ensure that the template is user friendly, a comprehensive trialling and feedback process was implemented. The budget templates were used on a working property to determine if the product met farming needs.

Letters were sent to financial institutions, at a local level, to gauge support for a uniform set of financial templates that could be used industry wide. Two institutions responded:

- Suncorp Metway was supportive and wanted to share information and saw merit in a uniform set of templates;
- National Australia Bank supported the initiative and indicated they could possibly contribute to the development of the templates.

Information was exchanged with both of these institutions. The feedback from the trialling process indicated that the support from banks, building societies, bookkeepers, accountants and other professionals that interact with cane farmers, echoed the sentiments of the two respondents to the initial letters.

The templates were trialled in five regions: Southern (Ballina), Central (Mackay), Burdekin (Ayr), Herbert (Ingham), and Northern (Mossman). This involved 'hands-on' workshops with producers, with no more than two producers to a computer (preferable from the same enterprise). The second part of the process involved a short presentation to and discussion with finance professionals and industry representatives. This trialling aimed to identify any areas that farmers felt were not included or should not be included. The main focus lay, in farm useability. The secondary focus was towards finance professionals and industry staff to see if there were areas that they felt needed including or clarifying.

The evaluations of these trials are given in detail in Appendices 7 (financial professionals) and 8 (growers). All banker/accountant participants found this workshop to be useful to very useful and that information produced would help participants to make decisions. 94% agreed that a financial template and workshop would benefit their clients with respect to taking greater ownership of their business finances and making them more aware of how their business is performing. 88% stated that their financial institution would support more of these initiatives. All growers found this workshop to be useful to very useful. 66% of participants stated that information followed a logical format, and 97% stated that information produced would help them to make decisions.

The fact that the template was originally produced in an Excel format limited the farmer market, as many had Works as their standard PC spreadsheet software. This was later addressed by producing a Works version.

The result was a program that the farmers deemed to be farm friendly and one that the finance professionals and industry staff are recommending to clients.

The final part of the trialling process was to allow a farmer to use a draft copy and source feedback. The response from Jodie Payne of Pool Williams accountancy firm Mackay was: “A client and I are already using the financial management templates and are finding them of great value, it has assisted both of us in preparing budgets and cashflows for the client to obtain finance for the acquisition of another farm”.

### **8.3 ‘Farming in a Low Income Environment’ Workshops**

Given the changed economic situation of the industry, Derren commenced development of two new workshops titled *Farming in a Low Income Environment* (FILIE) and *Financial Tools* (see section 5.4). Both workshops were submitted to QRAA for *Farmbis* approval and were pilot tested in Mackay and then trial-delivered to a group of about 50 Central Region canegrowers during a bus trip to north Queensland sponsored by Westpac Bank. The workshops were delivered during 1 day of the tour. The feedback to both courses was favourable and constructive comments were made.

Following Frampton’s resignation, BSES advertised and interviewed for a new project officer. However, Mackay CANEGROWERS approached BSES to determine if the project could be completed by building on the current resources of both organisations. As a result, Burn Ashburner of CANEGROWERS and John Agnew of BSES took on the task of completing the project. This also enabled both organisations to then deliver the Farm Business Management Packages through their respective training programs. The result for the industry will be a continuation of these programs beyond the life of the current project and is in line with the aims and goals of the project. Both workshops were compiled in a format to be able to be delivered by any regional extension officers. Lawrence Di Bella promoted and delivered the program in the Herbert, in conjunction with Burn Ashburner. A hardcopy of the FILIE and FT lesson plans are included in Appendix 9 of this report. A complete set of files needed to run a FILIE and FT workshop are included on the electronic copy of this report as Appendices 10 and 11.

The FILIE workshop is about demonstrating that improving productivity, controlling some short-term costs and developing and maintaining good management practices will be the best strategy for coping with the current low sugar prices. They demonstrate the value of knowing business costs and benchmarking them with high achievers. Growers are enthusiastic to collect their own data but need some closer guidance to give a greater chance of achieving the desired outcome. Those whose accountants supply benchmarked costs have an advantage, although the figures are tax orientated and may not give a true picture. Hence, they too will benefit from the budgeting exercise. A second follow-up activity would involve the group allowing them to reflect on and share their experiences with others.

Workshop components include:

- Changes that have the greatest effect on farm business profitability;
- Benchmarking production, income and expenses;
- Implementing best-practice changes at farm level (nutrition, weed control, irrigation efficiency, variety management and harvesting);
- Record keeping and financial tools;
- Strategy for the future.

Workshops are half day (9 am to 2 pm), and include a mix of presentation, discussion and hands-on participation. They include computer spreadsheet access for each participant. Participant numbers are limited to 10-12 farm units, usually one-two persons per farm. This enables a workable relationship to be developed between the two trainers and the participants.

Five FILIE workshops have been run in Mackay and Herbert districts, with a total of 37 farms (53 growers) in attendance. Joe Muscat, Best Practice Farming extension officer in Mackay, has identified a group of 76 discussion group participants interested in attending a workshop based around 'the costs of farming'. The FILIE workshops will be a useful first step towards realising financial benchmarking. Depending on grower commitment at least three workshops are scheduled for July 2004.

At the completion of each workshop, growers were asked to fill out evaluation forms. Results of the evaluation are encouraging: 90% of participants strongly agreed/agreed that "the training provided knowledge of what is required, the material was presented in an appropriate manner and the trainer involved participants". 59% of participants did not currently compare farm productivity or farm costs with benchmarks. When asked if they would change their attitude, 100% said yes! Of the 41% who did compare financial benchmarks, 67% used accountants to assist with this process. The complete set of questions and responses are provided in Appendix 3.

In Mackay an invitation was made to follow-up with individuals (by CANEGROWERS) to offer personalised assistance in compiling detailed farm costs for comparison with benchmarks and budget development. Some growers availed themselves of this service.

A considerable effort was spent on promotion of the FILIE workshops, but four scheduled workshops were cancelled due to very poor expressions of interest and most workshops that were run were not at full capacity. Reasons given for low interest in northern Queensland were the fact that workshops were scheduled during the crushing and the cost was too high at \$73. Other anecdotal reasons for low interest include: helpless/defeated feeling due to low sugar price; poor seasons/production; high debt load; lack of interest/action by the government in assisting an industry/community in financial trouble; fear of delving into financial information, fear that personal financial information will be exposed; too old to change and misinterpretation of workshop in that attending brands the grower as inefficient.

Subject to *Farmbis* approval, two follow-up activities may enhance growers understanding and adoption of FBM principals. The first follow-up activity could involve one-on-one assistance to complete the 'Sugarbiz' budgeting template developed above.

#### **8.4 *FUTUREprofit***

A series of linked workshops to enable assessment of cane farming enterprise in terms of production, natural resources, family, personal goals, business goals and finance goals were held during the project. At least seven introductory (Mossman, Tablelands, Mulgrave, Innisfail) and seven full (Tully, Mackay and NSW) workshop series of *FUTUREprofit* were held throughout the industry.

#### **8.5 Financial benchmarking**

The project worked with RCS to measure sustainable profits using key performance indicators of productivity, profitability, people, property and pecuniary. Information is collected from growers, fed into the *Profit Probe* business analysis system, a report is generated including comparison with benchmarks, and workshops held to discuss results and determine ways of correcting problems or improving efficiency. Seven district groups ran through the program in northern Queensland (Mossman, Mulgrave, Babinda, Innisfail/Tully), Ingham, Mackay and NSW.

#### **8.6 *Caneman***

The project worked with BSES/Saltbush on the *Caneman* computerised cane production record keeping program. Over 500 copies of software sold and supported by workshops and BSES extension officers.

#### **8.7 *Quicken***

The project worked with the *Quicken* computerised cashbook record keeping program workshops originally supported by BSES extension officers. Over 500 growers have attended these workshops. GST compliance seminars were organized by BSES for Quicken users in the central and Herbert districts.

#### **8.8 GST workshops**

Work with ATO and accountants to produce GST workshops attended by 809 growers. In central district over 90 farmers attended Cashbook V8 GST seminars by J Agnew and 252 growers attended Sugarplan GST seminars.

#### **8.9 Other workshops ('One-Off')**

A range of skills development workshops including: Succession Planning (5); Credit Risk (8); Cane Price Crisis (2); Direction Setting; Internet Training (2); Family & Employees; Financial Analysis; Ownership Options; Introductory Computer (4); Farm Layout Planning (2); Manual Cashbooks (2); Payroll (1); Managing Climate (3); and Passing on



the Family Farm (many of these run as part of *Sugarplan*) have been run over the life of the project.

## **9.0 OUTPUTS**

- Development of a marketing plan for the delivery of improved FBM to the industry.
- Development of a template that includes production and financial inputs (*SugarBiz*) to determine monthly and yearly budgets, and of an associated training manual.
- Development of Farming in a Low Income Environment' Workshops.
- Training for BSES extension officers and other industry personnel in Assessment and Workplace Training and in a range of FBM skills.
- FBM input into a range of other activities.

## **10.0 EXPECTED OUTCOMES**

Grower needs were met through the use of a marketing plan, a collaborative/coordinated approach to training was employed and training was provided in a timely user-friendly manner. Growers' uptake of workshops was good (12% participated in FBM activities in 1999) and at the time most agreed that it would influence their decision-making, which should translate in increased profitability. The difficulty with evaluating whether the program improved individual's profitability is that factors other than training also have an influence. For example, low sugar price and rat damage in 1999, orange-rusted poor crops in 2000, increased planting expenses in 2001-2003 to replace Q124, lower productivity due to initially limited varietal choice, drought in 2002 and 2003 and low prices in 2003 have made it almost impossible to segregate the effects of training delivered in this project. However, that training should have made participating farming enterprises more resilient in the face of these negative pressures.

## **11.0 FUTURE RESEARCH NEEDS**

Post-project evaluation of grower participant changes in management and profitability of their enterprises is needed to more accurately determine the impact of this project.

## **12.0 RECOMMENDATIONS**

The project suffered to some extent through resignation of chief investigators and the difficulty in recruiting suitably qualified replacement staff. All projects should have joint chief investigators to improve project continuity when staff resign.

### **13.0 PUBLICATIONS**

- Agnew J. 2003. Farming in a low income environment. *BSES Bulletin* 84: 14-15.
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- McGuire PJ. 2000. Managing the GST. *BSES Bulletin* 71:14-15.

### **14.0 USEFUL REFERENCES**

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- Pannell Kerr Forster Chartered Accountants and RGM Financial Group. 1993. Australian Farm Business Management. Morescope Publishing, Victoria. pp 37-38.
- [www.bankers.asn.au/Resources/FinancingYourFarm](http://www.bankers.asn.au/Resources/FinancingYourFarm)

### **15.0 ACKNOWLEDGMENTS**

I thank the BSES, CANEGROWERS and Queensland government staff assisted in development, organisation and running of this program, and the bankers, accountants and other private individuals who provided trainers and were supportive of this program.

### **16.0 REFERENCES**

- Ferguson G. 1993. *Farm Business Management*. SRDC, Brisbane.
- Kilpatrick S. 1996. *Change, Training and Farm Profitability: National focus*. National Farmers' Federation, Canberra.

## **APPENDIX 1 – Marketing Plan**

**(Initial section was a report on the planning process)**

### **6. MARKETING DIRECTIONS**

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#### **6.1 Marketing Goals**

- Increase awareness of FBM activities in the sugar industry
- Increase participation in Futureprofit program in the sugar industry
- Improve quality of FBM products
- Develop and adopt new FBM technology in the sugar industry
- Improve coordination between sugar and professional staff to promote and deliver FBM program in all canegrowing areas
- Train sugar industry staff in the delivery of FBM products

#### **6.2 Expansion Strategies**

Expansion strategies can include one or combinations of the following:

##### **6.2.1 Market Penetration**

- Define the profile characteristics of current user (develop database)
- Increase sales of the existing FBM products to current customers
- Provide follow up workshops for past Futureprofit groups
- Encourage Futureprofit groups to stay together in some form
- Provide refresher Caneman/Quicken courses
- Provide FBM training as part of Benchmarking package (KIT meetings)

##### **6.2.2 Market Expansion**

- Develop a promotional package marketing FBM products
- Provide information for banks and accountants to encourage clients to attend
- Promote FBM program Financial counsellors, Rural Support workers

- Promote Futureprofit program to established groups (e.g Integrated Catchment Management)
- Market Future Profit/FBM products to industry extension officers
- Market FBM/Futureprofit program to women
- Market FBM/Futureprofit program to young farmers
- Use one off workshops to market other FBM products
- Get past participants to contact others
- Run introductory sessions for growers
- Facilitate discussion groups for growers
- Develop a rural forum series to create a new focus on FBM
- Create format for continuing groups
- Sponsor guest speakers to talk about a current issue under Futureprofit banner
- Improve marketing of programs through better sales training

#### **6.2.3 Product Development**

- Assess grower needs for new products
- Develop partnerships with banks, accountants, and other commercial providers
- Develop new one off FBM products
- Combine Futureprofit and Benchmarking into one program
- Develop GST workshops
- Develop a more flexible Futureprofit workshop series
- Develop a 2 -3 day solid/intensive Futureprofit workshop series

## **7. MARKETING STRUCTURE**

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- Assist Futureprofit coordinator in running the production component of the Futureprofit Integrated Workshop series

## **8. MARKETING STRATEGIES**

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### **8.1 Product**

#### **Futureprofit**

- Review Futureprofit Integrated workshop series
- Analyse workshop evaluations and make improvement to workshop series
- Standardise participant/facilitators notes
- Develop a shorter workshop series

#### **Benchmarking**

- Meet with Benchmarking team to discuss improvements to the program
- Develop an FBM activity for keep in touch meetings

#### **Caneman**

- Cooperate with Program coordinator to improve the program
- Review training workshop to improve product delivery
- Investigate potential to run refresher workshops

#### **Quicken**

- Cooperate with Program coordinator to improve the program
- Review training workshop to improve product delivery
- Investigate GST compliance of Quicken program

#### **One off workshops**

- Coordinate development and delivery of Succession planning and Credit risk workshops
- Develop GST workshop with commercial providers
- Develop new workshops based on what is provided by Sugar plan
  - Cane price crisis
  - Direction setting
  - Internet training
  - Family and employees
  - Financial analysis
  - Ownership options
  - Introductory computer
  - Farm layout planning
  - Manual cashbooks
  - Payroll
  - Passing on the family farm

### **Target Markets**

- Previous attendees of an FBM activity
- Women
- Younger women with children
- Women over fifty
- Producers belonging to an established group
- Young producers

### **Distribution**

- Deliver workshops through BSES, Canegrowers, QDPI and commercial providers
- Provide a promotional package for industry bodies and commercial providers
- Train sugar industry professionals to delivery workshops
- Coordinate the delivery of FBM products

### **Pricing**

- Set same price for Futureprofit across all sugar districts
- Price for Caneman/Quicken remain the same
- One off workshops with commercial providers to be negotiated

### **Promotion**

- Develop a consistent promotional message for Futureprofit across the state as established by state coordinating committee (Marketing group)
- Develop a promotional package for all FBM products across the State
- Provide information for banks and accountants to encourage clients to attend
- Promote FBM program Financial counsellors, Rural Support workers
- Promote Futureprofit program to established groups (eg Integrated Catchment Management)
- Market Futureprofit/FBM products to industry extension officers
- Market FBM/Futureprofit program to women

- Market FBM/Futureprofit program to young farmers
- Market Future Profit/FBM products to industry extension officers
- Get past participants to contact others
- Run introductory sessions for growers
- Facilitate discussion groups for growers
- Develop a rural forum series to create a new focus on FBM
- Create format for continuing groups
- Sponsor guest speakers to talk about a current issue under Futureprofit banner
- Improve marketing of programs through better sales training

## 9 SALES PROGRAM

The following market segments will be targeted by this marketing plan

Target Segment	Strategy	Timeframe
Generic Canegrowers	<ul style="list-style-type: none"> <li>• Referrals from industry extension officers</li> <li>• Introductory workshops</li> <li>• ABC rural report</li> <li>• Articles in industry magazines and newsletters</li> <li>• Personal selling</li> <li>• Presentations at field days and industry meetings</li> <li>• Use of industry advocates</li> <li>• Word of mouth</li> </ul>	Throughout year 1999/2000
Women	<ul style="list-style-type: none"> <li>• Contact existing women's groups in each area</li> <li>• Run a discussion group</li> <li>• Run an introductory Futureprofit presentation</li> <li>• Segment into groups (ie Younger women with children, women over fifty)</li> <li>• Contact through established social groups</li> </ul>	November/December 1999
Producers belonging to an established group	<ul style="list-style-type: none"> <li>• Identify established groups in each area</li> <li>• Conduct a Futureprofit introductory meeting</li> <li>• Create a flexible workshop series based on groups needs</li> </ul>	November/December 1999



<b>Young producers</b>	<ul style="list-style-type: none"><li>• Identify younger producers through extension staff</li><li>• Run a discussion group identifying young producers needs</li><li>• Follow up with applicable workshops</li></ul>	November/December 1999
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**10. IMPLEMENTATION PLAN**

Goal 1 Increase demand for new FBM products to existing clients across the Sugar industry

Strategy: Market Penetration

Tactic	Time Frame	Executives	Implementation Steps
<ul style="list-style-type: none"> <li>Define the profile characteristics of current user (develop database)</li> </ul>	Dec	Duncan Bigg	<ul style="list-style-type: none"> <li>Purchase Tracker computer program</li> <li>Learn to operate database David Johnstone QDPI Rockhampton</li> <li>Get soft copy grower listings from BSES extension staff</li> <li>BSES extension staff provide grower participation details</li> <li>Enter data into program</li> </ul>
<ul style="list-style-type: none"> <li>Provide follow up workshops for past Futureprofit groups</li> </ul>	Nov	FP coordinator	<ul style="list-style-type: none"> <li>Revisit past Futureprofit groups</li> <li>Identify workshop needs</li> <li>Provide follow up workshops Feb ~June</li> </ul>
<ul style="list-style-type: none"> <li>Encourage Futureprofit groups to stay together</li> </ul>	Dec	FP coordinator	<ul style="list-style-type: none"> <li>Discuss continuation in final workshop of IWS</li> <li>Organise follow up meeting 6 months after IWS</li> <li>CANEMAN/QUICKEN</li> </ul>
<ul style="list-style-type: none"> <li>Provide refresher Caneman/Quicken courses</li> </ul>	March/ April	BSES extension	<ul style="list-style-type: none"> <li>Contact past participants- invite to attend refresher workshop</li> </ul>

<ul style="list-style-type: none"> <li>• Provide FBM training as part of Benchmarking package (KIT meetings)</li> </ul>	Nov	<i>officer</i> Duncan Bigg BSES regional coordinator	<ul style="list-style-type: none"> <li>• Run refresher workshop when computers are available in each district</li> <li>• Organise format for KIT meetings</li> <li>• Run KIT meetings</li> </ul>
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**Goal 2 Increase awareness of FBM activities across Australia Sugar industry**

Strategy: Market expansion

<b>Tactic</b>	<b>Time Frame</b>	<b>Executives</b>	<b>Implementation Steps</b>
Develop a promotional package for all FBM products across the State	Sept	Duncan Bigg	<ul style="list-style-type: none"> <li>Collate present promotional material</li> <li>Update material</li> <li>Repackage into new format</li> </ul>
Provide promotional package to banks and accountants	Oct	Duncan Bigg	<ul style="list-style-type: none"> <li>Visit accountants and banks in each region promoting FBM products</li> <li>Provide industry update of reduce cost/improve profitability package</li> </ul>
Promote FBM program Financial counsellors, Rural Support workers	Sept	Duncan Bigg	<ul style="list-style-type: none"> <li>Work with financial counsellor and industry to develop profitability strategies</li> </ul>
Develop a rural forum series/ Sponsor guest speakers to talk about FBM	March	Duncan Bigg Jim Kirchner	<ul style="list-style-type: none"> <li>Organise guest speaker</li> <li>Gain sponsorship</li> <li>Promote FBM products</li> <li>Run a rural forum in the main Canegrowing centres</li> </ul>

			<i>introductory meeting</i> <ul style="list-style-type: none"> <li>• Create a flexible workshop series based on group need</li> </ul>
<ul style="list-style-type: none"> <li>• Market Futureprofit to industry extension officers</li> </ul>	Nov	Duncan Bigg FP coordinator	<ul style="list-style-type: none"> <li>• Run a introductory session for BSES/ Canegrowers extension staff</li> </ul>
<ul style="list-style-type: none"> <li>• Run introductory sessions for growers</li> </ul>	Feb	Duncan Bigg FP coordinator	<ul style="list-style-type: none"> <li>• Run introductory sessions with regional Futureprofit people</li> </ul>

**Goal 3 Increase participation of Futureprofit across Australia Sugar industry**

Strategy: Market expansion

Tactic	Time Frame	Executives	Implementation Steps
<ul style="list-style-type: none"> <li>Develop a consistent promotional message for Futureprofit across the state as established by state coordinating committee (Marketing group)</li> </ul>	Sept	Duncan Bigg State coordinating committee	<ul style="list-style-type: none"> <li>Meeting mid July develop promotional package</li> <li>Promote package</li> </ul>
<ul style="list-style-type: none"> <li>Market FBM/Futureprofit program to women</li> </ul>	Nov	Duncan Bigg FP coordinator	<ul style="list-style-type: none"> <li>Contact existing women's groups in each area</li> <li>Run an introductory Futureprofit presentation</li> <li>Recruit for program</li> </ul>
<ul style="list-style-type: none"> <li>Market FBM/Futureprofit program to young farmers</li> </ul>	Nov	Duncan Bigg FP coordinator	<ul style="list-style-type: none"> <li>Identify younger producers through extension staff</li> <li>Run a discussion group identifying young producers needs</li> <li>Follow up with applicable workshops</li> </ul>
<ul style="list-style-type: none"> <li>Promote Futureprofit program to established groups (eg Integrated Catchment Management)</li> </ul>	Nov	Duncan Bigg FP coordinator	<ul style="list-style-type: none"> <li>Identify established groups in each area</li> <li>Conduct a Futureprofit</li> </ul>

**Goal 4 Improve quality of FBM products**

Strategy: Product development

<b>Tactic</b>	<b>Time Frame</b>	<b>Executives</b>	<b>Implementation Steps</b>
<b>Futureprofit</b> <ul style="list-style-type: none"> <li>Review Futureprofit Integrated workshop series</li> </ul>	Dec	FP coordinator FP regional teams	<ul style="list-style-type: none"> <li>Contact regional teams give feedback on IWS</li> <li>Review and improve</li> </ul>
<ul style="list-style-type: none"> <li>Analyse workshop evaluations and make improvement to workshop series</li> </ul>	Dec	FP coordinator FP regional teams	<ul style="list-style-type: none"> <li>Collate and analyse past evaluations</li> </ul>
<ul style="list-style-type: none"> <li>Standardise participant/ facilitators notes</li> </ul>	Dec	FP coordinator FP regional teams	<ul style="list-style-type: none"> <li>Revise notes</li> </ul>
<b>Benchmarking</b> <ul style="list-style-type: none"> <li>Meet with Benchmarking team to discuss improvements to the program</li> </ul>	Sept	Duncan Bigg BSES regional coordinator	<ul style="list-style-type: none"> <li>Discuss past years performance</li> <li>Improve delivery coordination of program</li> </ul>
<ul style="list-style-type: none"> <li>Develop an FBM activity for keep in touch meetings</li> </ul>	Sept	Duncan Bigg BSES regional coordinator	<ul style="list-style-type: none"> <li>Review program</li> <li>Identify gaps in knowledge</li> <li>Deliver KIT meetings</li> <li>Promote Futureprofit program</li> </ul>
<b>Caneman</b> <ul style="list-style-type: none"> <li>Cooperate with Program coordinator to improve the program</li> </ul>	Jan	Duncan Bigg Peter McGuire BSES extension staff	<ul style="list-style-type: none"> <li>Review program</li> </ul>

<ul style="list-style-type: none"> <li>Review training workshop to improve product delivery</li> </ul>	Jan	Duncan Bigg Peter McGuire BSES extension staff	<ul style="list-style-type: none"> <li>Review program</li> <li>Promote other FBM products</li> </ul>
<ul style="list-style-type: none"> <li>Investigate potential to run refresher workshops</li> </ul>	Jan	Duncan Bigg Peter McGuire BSES extension staff	<ul style="list-style-type: none"> <li>Discuss with extension officers</li> <li>Develop format</li> </ul>
<b>Quicken</b> <ul style="list-style-type: none"> <li>Cooperate with Program coordinator to improve the program</li> </ul>	Jan	Duncan Bigg Peter McGuire BSES extension staff	<ul style="list-style-type: none"> <li>Review program</li> </ul>
<ul style="list-style-type: none"> <li>Review training workshop to improve product delivery</li> </ul>	Jan	Duncan Bigg Peter McGuire BSES extension staff	<ul style="list-style-type: none"> <li>Review program</li> <li>Promote other FBM products</li> </ul>
<ul style="list-style-type: none"> <li>Investigate GST compliance of Quicken program</li> </ul>		Duncan Bigg	Discuss with Peter McGuire



Goal 5 Develop and adopt new FBM technology across the sugar industry

Strategy: Product development

Tactic	Time Frame	Executives	Implementation Steps
<ul style="list-style-type: none"> <li>Implement an evaluation program identifying grower needs</li> </ul>	June/July/Nov	Duncan Bigg	<ul style="list-style-type: none"> <li>Run focus groups</li> <li>Analyse data</li> <li>Develop a generic evaluation form</li> <li>Use form at end of every FBM workshop</li> </ul>
<ul style="list-style-type: none"> <li>Develop partnerships with banks, accountants, and other commercial providers</li> </ul>	Oct	Duncan Bigg	<ul style="list-style-type: none"> <li>Visit and offer assistance with running workshops jointly</li> </ul>
<ul style="list-style-type: none"> <li>Combine Futureprofit and Benchmarking into one program</li> </ul>	Sept	Duncan Bigg	<ul style="list-style-type: none"> <li>Discuss with RCS</li> <li>Offer Mulgrave model</li> </ul>
<ul style="list-style-type: none"> <li>Develop a GST workshops with commercial providers</li> </ul>	Oct	Duncan Bigg	<ul style="list-style-type: none"> <li>Contact ATO/accountants</li> <li>Develop workshop</li> <li>Deliver workshop March- June</li> </ul> <p>Across mill areas</p>
<ul style="list-style-type: none"> <li>Coordinate and deliver succession planning workshops across sugar districts</li> </ul>	Feb-June	Duncan Bigg Private providers Futureprofit teams	<ul style="list-style-type: none"> <li>Develop with commercial providers in sugar districts</li> </ul>

<ul style="list-style-type: none"> <li>• Coordinate development and delivery of Credit risk workshops</li> </ul>	<p>Feb-June</p>	<p>Duncan Bigg Commonwealth bank</p>	<ul style="list-style-type: none"> <li>• Advertise through BSES/Canegrowers</li> <li>• Deliver workshops in all districts</li> </ul>
<ul style="list-style-type: none"> <li>• Develop new workshops based on what is provided by Sugar plan (Jim Kirchner)</li> </ul>	<p>Sept/Oct</p>	<p>Duncan Bigg Jim Kirchner QDPI</p>	<p>Develop format for following workshops as developed by Jim Kirchner (Sugarplan)</p> <ul style="list-style-type: none"> <li>• Cane price crisis workshops</li> <li>• Direction setting workshops</li> <li>• Internet training workshop</li> <li>• Family and employees workshop</li> <li>• Financial analysis workshops</li> <li>• Ownership options workshops</li> <li>• Introductory computer workshops</li> <li>• Farm layout planning workshops</li> <li>• Manual cashbooks workshop</li> <li>• Payroll workshop</li> <li>• Passing on the family farm workshops</li> </ul>

Goal 6 Improve coordination between sugar and professional staff to promote and deliver FBM program

Strategy: Coordination/Distribution

Tactic	Time Frame	Executives	Implementation Steps
<ul style="list-style-type: none"> <li>Coordinate and deliver workshops through BSES, Canegrowers, QDPI and commercial providers</li> </ul>	Throughout year	Duncan Bigg	<ul style="list-style-type: none"> <li>Create E mail list</li> <li>Regular contact with updates of activities</li> <li>Attend meetings</li> <li>Follow up information</li> </ul>
<ul style="list-style-type: none"> <li>Provide a promotional package for industry bodies and commercial providers</li> </ul>	Oct	Duncan Bigg	<ul style="list-style-type: none"> <li>Develop promotional package</li> </ul>
<ul style="list-style-type: none"> <li>Improve marketing of programs through better sales training</li> </ul>	Oct	Duncan Bigg	<ul style="list-style-type: none"> <li>Undertake sales training with Mackay FBM team</li> </ul>
<ul style="list-style-type: none"> <li>Link marketing plan with regional Futureprofit plans (Mackay North)</li> </ul>	Sept	Duncan Bigg	<ul style="list-style-type: none"> <li>Identify links /overlaps</li> <li>Develop regional action plans</li> </ul>
<ul style="list-style-type: none"> <li>Distribute marketing plan to regional coordinators</li> </ul>	Sept	Duncan Bigg	<ul style="list-style-type: none"> <li>Email regional coordinators</li> </ul>
<ul style="list-style-type: none"> <li>Implement marketing action plan for each sugar region</li> </ul>	Dec/Jan	Duncan Bigg BSES regional coordinator	<ul style="list-style-type: none"> <li>Visit coordinators</li> <li>Develop action plans</li> </ul>

**Goal 7** Train sugar industry staff in the delivery of FBM products

**Strategy:** Coordination/Distribution

	<b>Time Frame</b>	<b>Executives</b>	<b>Implementation Steps</b>
Run FBM training workshop for extension staff	<i>Dec</i>	<i>Duncan Bigg</i>	<ul style="list-style-type: none"> <li>• <i>Develop a workshop format</i></li> <li>• <i>Run workshop</i></li> </ul>
Run a credit risk management workshop for extension staff	<i>Dec</i>	<i>Duncan Bigg</i>	<ul style="list-style-type: none"> <li>• <i>Develop a workshop format</i></li> <li>• <i>Run workshop</i></li> </ul>

**APPENDIX 2 – FBM training manual****Full text is given on CD version.****Table of Contents**

Training Plan .....	Page 1
Session Outline – Budgeting .....	Page 3
Session Outline – Risk .....	Page 18
Session Outline - Debt Management .....	Page 19
Session Outline - HRM – Succession Planning .....	Page 30
Session Outline- Information .....	Page 38
Session Outline - Natural Resource and Crop Issues .....	Page 41
Session Outline - Bank Loan and Applications .....	Page 43
Attendance Record .....	Page 52
Evaluation Form .....	Page 53
Flow charts .....	Page 54

### APPENDIX 3 - Feedback on FILIE and FT Workshops

<b>FILIE W/S Value</b>	<b>Yes</b>	<b>No</b>	
1. Do you currently compare your farm productivity (TCH, CCS & TSH) with benchmarks?	41%	59%	
2. If NO to above will you change your attitude?	100%		
3. What is your reasoning for this decision?			
Will be enlightened from today's session- it appears it may be advantageous, so I don't have to rely on remembering the results, understanding it more-how to do it, now have a simple spreadsheet to assist with this, it is important to have a benchmark, the course convinced me that I can improve my own work practices by comparing, gives us something to aim for, it is a very important part of farming now, to provide goals- aim to improve.			
4. Do you currently compare your farm costs with benchmarks?	<b>Yes</b> 41%	<b>No</b> 59%	
5. If YES who assists you with this process?	<b>Accountant</b> 67%	<b>No one</b> 22%	<b>Other</b> 11%
6. If NO will you change your attitude?	<b>Yes</b> 100%	<b>No</b>	

7. What is your reasoning for this decision?

Hopefully it will be a saving for us, for our own benefit, want to understand how to apply it, make sure our costs are not extreme in comparison to productivity, gives us something to aim for, to be more cost effective, will make you think before just rushing in and doing it the same old way, was not really aware of how to use the system, compare and find areas requiring attention, if figures are available- we have always wanted to do this.

8. What can be done on your farm to improve production or reduce costs in the following areas:  
variety, nutrition, weed control, irrigation, harvesting and other?

#### **Variety:**

Planting the right variety in the most suitable soil, soil type identification, new varieties, record keeping over time to find the most efficient varieties for my farm, check variety risk factors compared to productivity, harvest at right time to maximise ccs, eliminate duds asap, have variety trials.

#### **Nutrition:**

Soil testing & checking the most economical fertiliser to use, soil testing, fallow plant/use soybean, use leaf tests, use the required amount of fertiliser for the soil type, better understanding of nutrients needed for better crop rotation, evaluate fertiliser regime.

**Weed Control:**

Farm management, use more pre-emergents & water in not wait for rain and get caught, spray earlier, good nozzles.

**Irrigation:**

Hoping SUNWATER will give us a better deal, improve ML/ha, use the right amount, work out cane water index, improved scheduling, know the soil capacity to hold water.

**Harvesting:**

altering paddocks to improve row length, slow harvester, could use refractometer to harvest at best time, make sure contractor is doing the right thing, check harvester for fan speed & chopper/roller compatibility, always have sharp blades, talk to the harvester operator, smoother headlands, have a better profile for harvesting, try and get contractor to cooperate, hill up, check hill-up profile and fan speed, ground job check.

FILIE W/S Evaluation	Strongly agree Neutral Strongly disagree				
	1	2	3	4	5
<b>The training venue was appropriate.</b>	65%	30%	5%		
<b>The number of sessions was appropriate.</b>	62%	33%	5%		
<b>The training provided knowledge of what is required.</b>	50%	40%	5%	5%	
<b>The presenter was confident with the topic</b>	67%	33%			
<b>The trainer involved participants.</b>	70%	20%	10%		
<b>The material was presented in an appropriate manner.</b>	55%	35%	10%		

**How could the workshop be Improved (your comments):**

Maybe we could have been set a scenario to come up with in the spreadsheets to ensure that we understood what was said, but all in all very interesting. Not enough on where the figures come from, spreadsheet dragged on for too long about budgets but not really enough time for other spreadsheets. It's a great format and is of great benefit to our farm, we will definitely advise others to attend. I don't think you could improve it much more, well worth the money spent.

Financial Tools W/S Evaluation	strongly agree		neutral	strongly disagree	
	1	2	3	4	5
The training venue was appropriate.	20%	33%	27%	20%	
The number of sessions was appropriate.	20%	73%	7%		
The training provided knowledge of what is required.	33%	60%	7%		
The presenter was confident with the topic	87%	13%			
The trainer involved participants.	60%	27%	13%		
The material was presented in an appropriate manner.	60%	27%	13%		

**How could the workshop be Improved (your comments):**

Provide case studies to allow participants to use the software and encourage involvement by reporting back answers. The first session could have less general farming information and more specific financial concepts. More real working examples may have been useful. More exercises for people to complete. More examples of use of tools amongst growers. How do we get this information out to growers? If we had more time, a run through a start to finish example farm on Caneman 3. Reduce external noise. More training is needed in this area.



## APPENDIX 4 – General instructions for *SugarBiz* software

### SugarBiz Instructions

**It is recommended that from your disk or CD that you save a copy as a skeleton and make your copies from that. Keep the disk or CD as an original in the event your computer system fails.**

### Financial Templates

The financial templates are designed as a set of managerial templates – not to be confused with templates for taxation purposes. These templates are designed to show the actual position of the enterprise.

*The financial templates have been designed to enable you to better understand your business from:*

1. Actual and potential production through to;
2. converting this into an income schedule to;
3. determining a cash flow to;
4. business profitability and financial risk.

*The many uses of these templates consist of:*

- Renegotiating Loans
- Applying for Loans with Financial Institutions
- Testing options regarding changes in enterprise i.e. more/less debt
- Determining peak overdraft and expenses
- Measuring your own performance and understanding your cash position
- Use the summary page at the end to broadly measure your business. In conjunction with this ask yourself or your financial professional any questions from the Financial Management Questions that should be reviewed on a regular basis. These have also been provided.

### Colours

Within the templates there is a range of colours. The colours are designed to make the templates more user friendly.

The yellow defines areas where numbers or text can be altered or inputted. The green colour represents totals, these should not be changed as they automatically calculate.

## Text and Numbers

These templates consist of two parts, a numerical part and a text part. The numerical part is designed to produce the calculations necessary to determine the strength of the business.

A range of questions has been provided to provoke thought and lead you the grower into asking questions that will be informative and provide answers to the strength and direction of the farm business finances.

A logical place to begin is to determine your production estimates.

## Production Schedule

Production information can be gathered from your mill sheets with the information transposed from one year to the next. EG: Last seasons 1<sup>st</sup> ratoon will be next seasons 2<sup>nd</sup> ratoon cane. To fill this sheet in, you input the area and the tonnage expected. From this we can determine the tonnage to be harvested.

- Tip  
Try to be as accurate as possible. Over-estimating will inflate your level of income.

**Table 1**  
**Cane Production Schedule**

	Spring Plant	Autumn Plant	1 <sup>st</sup> Ratoon etc
Area ha	12.2	15	8.3
Tonnage/ha	65.0	115	63.0
Total	793.0	1725	522.9

With the other crop table it works on a similar principle.

## The Cane Payment Schedule Sheet

1. Insert your estimated CCS. You will notice a range of CCS units in the Payment scenario table will be highlighted. This is allowing for a + or – one unit change in CCS due to changing conditions.
2. Input the final payment and the total tonnage from last years crop, this is multiplied together to produce the final payment which shows up in the July column.
3. It is also important to ensure that you insert your rounds to be cut into the months, this makes the calculation of the income more accurate.

- Tip

Depending how late in the round you harvest will make a difference of the timing of some payments by maybe about seven days tripping over to the next month.

EG: if you harvest in the last week of the month the payment will probably not be paid until early in the following month. It is best to be aware of these changes so that you can modify your cash flow and notify a financial institution as to these circumstances if necessary.

The initial pay \$/t and the pool advances \$/tonne can be best determined from talking to your local CANEGROWERS office or through looking at a historical payment sheet as a guide.

This is a best guess estimate of what you expect the price to be.

The monthly payments calculate automatically.

If you are updating an actual cashflow then use the yellow pay sheet from the CANEGROWERS magazine.

The payment scenario table has been included as a check method.

- If you are more conversant with raw sugar prices this is an easy way to calculate \$/t of cane harvested. Be sure to check that the formula is correct.
- It is important that the correct formula be applied to the scenario table. The scenario table is a check that you are using realistic income figures. There are only three figures that may need to be changed, they are highlighted on the left. The shaded cells in the table indicates the range that you expect to be in if you look in the column containing the shaded CCS columns. This table can be used later on for quick calculation in the annual budget sheets, if required.

**Table 2  
Cane Payment Schedule – Harvest Year**

		JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	TOTAL	
<b>1 CCS</b>		12.5													
<b>2</b>	cane final payment- tonnes	2000													
<b>2</b>	final payment \$ / t	0.65													
	Cane % / round		20%	25%	30%	20%	5%							100%	
<b>3</b>	TonnesProduced	5570	0	1114	1392.5	1671	1114	279	0	Tonnes cut				5570	
<b>4</b>	Initial pay & Advances \$/t	15		1.45	1.5	1.35	1.15	1.12	1.2	1.15	1.2	1.35	1.5	1.5	29.47
	Monthly Payment \$	0	19625	24647	30705	22795	10416	6684	6406	6684	7520	8355	8355	152191.3	

## Monthly Cash Flow – Budget

The monthly sugarcane income will automatically copy itself from the cane payment schedule.

Other forms of income need to be added into this sheet.

1. Gross margin income is income derived from sugar cane (farming) such as mulch hay.
2. Inventory/capital is changes in inventory such as sale of plant and equipment and major items of capital value.  
To keep it simple we can concentrate only on actual income received and expenses paid. Reason – we are trying to determine the actual cash position of the business.
3. Personal/Working account income relates to off-farm income, such as Centrelink payments. The working account relates to the operation of a savings type account for the running of the farm instead of an overdraft.
4. Additional borrowings relate to an increase in existing loans such as overdrafts or new term loans.
5. Total income is the income that you should receive for the total of that month.

Note: You have to include tax debits/credits.

All of the income should be inputted on the basis when they occur. The reason for this is that it shows you when your peak income/expenses occur. In turn this determines what your peak expenses/overdraft will need to be – this will become more apparent after the expense page.

The monthly amounts total automatically. The total figures are then divided by the total area under productive cane and the total amount of cane produced so that it is easier to see what the income is in terms of a hectare and tonnage rate.

See the income page

## Expenses

Expenses are costs placed upon the business.

1. Variable production expenses are variable expenses that are used to grow the crop and will cease in totality if the cane operation cease.
2. Fixed production costs are those costs that are attributed to the general running of the property, such as telephone expenses.
3. Personal payments are the income that is drawn from the property.

4. Capital costs are costs that are of a significant or a one off nature such as developing land. Money is borrowed for this purpose. Within this section insert the balance from your overdraft working account.

Note: You have to include tax credits/debits.

On the right hand side of the page the expenses show the break up on a \$/ha and \$/t basis. A reason that this is done is for the purpose of seeing how much it costs on a unit basis. EG: if your total cane income = \$24/t and your gross margin is \$12/t it shows that the remaining \$12/t is left to pay fixed production costs, live and pay debt. As a result you could conclude that a gross margin of \$12/t at this price level for your property is low, moderate or high.

5. Total payments is the third last line; shows you exactly how much money you are spending on a monthly basis. This figure is totalled on the right hand side.
6. The second last bottom line (progressive surplus or (deficit)) shows a surplus or deficit for that particular month. This is the subtraction of the monthly total expenses from the monthly total income.
7. Importantly the closing monthly balances shows the progressive total surplus or deficit from one period to the next. This is calculated by subtracting the surplus or deficit for that month from the previous periods closing balances.
8. Overdraft limit, is your approved limit, input your limit as a negative value. It is important to include this if you operate an overdraft. If you operate a savings account then this should be set to \$0. The reason for setting this is so that we can determine our peak overdraft and calculate our penalty interest for being outside of our operating limit.
9. Percentage interest. This should be noted within our overdraft contract. If a savings account then it should be noted as the overdrawn account fee on line 10. These are the penalties that we will accrue for being outside our limit.
10. The adjusted closing balance takes into account the penalties and determines our new adjusted balance.

The line that represents your closing balances are line 10 the Adjusted closing balances.

*Why do we do this?*

We do this to determine when our peak income and expenses are for the purpose of helping to better time our payments. This also helps us to determine the financial burden that may be placed on our businesses.

See the expenses page

An example is your overdraft limit is \$35,000 and in one month you blow out to \$45,000. You have some choices depending on your individual circumstances. Three potential choices are:

1. Talk to the finance institution and ask for an extension, may or may not be granted and appropriate fees and charges may apply; or
2. See if you can convert the overdraft to an interest only loan and start a fresh overdraft facility.
3. Re-work the timing of your income and payments to ensure that you don't exceed your limit. It could be as simple as bringing forward a fuel subsidy payment claim or waiting a few extra days to purchase fertiliser. This package allows you to test these options.

Some planning can prevent financial penalties.

An old proverb states that:

Those who fail to plan unwittingly plan to fail.

### **Annual Schedule of Income and Expenditure**

An annual schedule of income and expenditure uses total figures only for the year. Since monthly projections become more difficult beyond the first year it is generally easier to calculate your surplus or deficit in this manner. You don't have the benefit of determining the timing of payments or see if your overdraft fits within your agreed limits.

Also you do not have the benefit of determining the interest earned or cost. This is not the most accurate measure of surplus or deficit.

For the benefit of projecting, the current year sheet includes the totals from the monthly cash flow total as a reference point, beside is a projection column. This also makes it easier to see what is going up and what is going down in income and expenditure.

The following annual schedules of income and expenditure work only on a projection basis.

**Table 3**  
**Annual Income & Expenditure**

Expenses	Income
Variable Costs	Gross Income
Fixed Costs	Inventory / capital
Personal	Personal / Working
Capital	Additional Capital Borrowings
Surplus / (Deficit)	

### **Statement of Assets and Liabilities**

This page states the actual market value of all assets and the remaining value of all debts to be paid.

- Current liabilities are those liabilities that can be called in at short notice.
- Current assets are those assets that can be disposed of within a relatively short time frame, they are referred to as liquid assets.
- Non-current assets and non-current liabilities are those classes that cannot be called in quickly or disposed of quickly, they are classed as illiquid.

The splitting of assets and liabilities will help you with further analysis if you wish to do this.

Within the assets and liabilities you will note two columns, these are Current Year and Next Year. The purpose is that we are projecting forward to see what happens to your Net worth with a change in business assets and liabilities.

These are also expressed as a percentage.

### **Bank Security**

Bank security is the calculation of the current and non-current liabilities against the current and non-current assets that the bank has secured against your debt. Simply put – what has the bank secured against the loan?

This is expressed as a Net worth amount and as an Equity percentage.



Why do we split the classes of assets and liabilities?

Some reasoning is:

- We can see if we have other assets that can be used to obtain loans.
- Understand where the bank is coming from in terms of applying a risk rating or declining additional lending.
- To determine the short-term liquidity of the business against short-term debts. Current Assets Vs Current Liabilities, is the ratio 1:1?

**Table 4**  
**Statement of Assets & Liabilities**

Liabilities	Assets
Current Liabilities	Current Assets
Non Current Liabilites	Non Current Assets
Assets – Liabilities = Net Worth	

**Table 5**  
**Bank Security**

Loans	
Land	
Net Worth	Land - Loans

### Summary Page

This page is fully automated, all data has been inputted before. This page condenses all of the information into one spot for easy and quick interpretation. This page is only intended to be for your purposes.

Use this summary page to broadly compare your business against that of page 10 of Chapter 5 from the manual Financing Your Farm that can be obtained from the Australian Bankers Association at [www.bankers.asn.au](http://www.bankers.asn.au). You can look at all of the classes for a comparison. As a grower this will give you a better understanding of how a financial institution may be assessing and applying a risk rating. It must be stressed that this is only a broad guide and you should talk to your financial professional for a more accurate assessment.

## **Return on Assets and Return on Equity**

Why calculate these and what do they mean?

The return on assets is the amount of return that you need to seek to cover increases in inflation and to provide an adequate level of growth.

Example: If inflation is 3% annually therefore you need to return at least 3% annually to keep up with inflation, then consider how much does your asset and income need to appreciate to keep improving, perhaps another 3%! A total of say 6%.

If we look at this another way: If you sold your assets and invested that money in the bank as a term deposit what level of return would you expect? Would 6% sound fair?

If you use the same comparison to look at Blue Chip companies (BHP) what are their returns?

There is no reason why a farm should not achieve the same returns as a Blue Chip company.

Financial Management Questions that should be reviewed on a regular basis to provoke thought. These should be used as a basis for reviewing the business strength with the view to increasing the business strength.

- Are your cash reserves working effectively for you, such as savings accounts, cash management trust accounts, term deposits, Farm Management Deposits (FMDs), etc?
- Do you reduce your tax bill effectively? Do you talk to your accountant about FMDs and the most cost-effective method?
- Do you assign income and expenses to specific enterprises?
- Have your taxation accounts been adjusted to show what is the actual value of plant and equipment and structures?
- Do you know if you have made an actual profit or loss through the adjustment of your taxation accounts? Is there a trend and is it a cause for concern?
- What is the value of your total assets, liabilities and equity ratio?
- What is your return on capital and return on equity? Does this match inflation, term deposits or some of our leading companies?
- What is your interest as a percentage of gross income?
- What is the area being farmed?

- Has your gross margin changed from the last period?
- Are you making a surplus / (deficit) after all expenses?
- Can this surplus / (deficit) support debt over a reasonable time frame without burdening the farm?
- What is the minimum income that will support your current debt or an increase in debt?
- Has your debt structure changed in the last 12 months and what was it 3 & 5 years ago?
- With your debt levels where do you expect to be in 3 & 5 years time?
- Has your capital value changed?
- Do you have any cash reserves or are you dependent upon debt (i.e.: an overdraft)?
- What is your expenditure on taxation? If you tried to reduce your tax through another legitimate taxation vehicle how does that change your surplus/deficit?
- Are you aware of benchmark indicators that apply to your industry? How do you measure up against these?
- If I continue my current management practices will I:
  - a) Be able to live comfortably in retirement if I gift or sell the farm?
  - b) Be able to afford appropriate education for my children?
  - c) Increase property viability through farm build up?
- My current plan to pass on the farm is XYZ. How will this impact on the beneficiaries – will they be asset rich and cash poor?
- Do they even want the farm?
- Has this been discussed?
- Do you have a succession plan so all parties know what will happen and when?

### **Cashflow Problems!**

- If you anticipate a cashflow problem have you
  - a) Notified the finance institution in advance?
  - b) Put a management strategy in place to ensure that you avoid this problem?
  - c) Talked to a farm financial counsellor or your finance professional?



**APPENDIX 5 – Software for *SugarBiz* templates**

Included in electronic version only.

## **APPENDIX 6 - Developing a budgeting workshop process**

There are three important components to developing a production and financial template workshop process:

1. The development of a template for collating information that leads to an end result or the output of information.
2. The development of prompts and questions; these should provoke thought and lead to further investigation and analysis of their enterprise. The use of questions was vindicated in the trial process and rates highly.
3. The workshop process also needs to cater for the different learning styles and rates of the participants.

Workshops that revolve around points one and two (above) need also to incorporate enough material to cover all aspects in point three.

It is generally recognised that there are four different learning styles:

- Activists: a case study.
- Theorists: theoretical material.
- Reflectors: working through an exercise and material that could be taken home. They are listeners and observers.
- Pragmatists: a related example, use of own figures.

The development of a budgeting workshop process depends upon the knowledge and skill base of the participants. The single biggest barrier in budgeting is the terminology. Within the field of economics the definitions of terminology vary subtly to markedly. The problem lies in keeping the terminology simple but interchangeable. In our process, this was overcome through the use of the benchmarking table supplied by the Australian Bankers Association. This provided a common basis from which to build.

### ***Listening***

Listening and talking to farmers is a simple and effective form of market research that helps to determine the needs of the clients. This is then used to develop a program to address the areas identified.

### ***Preparation***

- Source the appropriate skeleton budgets to be used during the workshop and/or appropriate facilitators.
- Use a variety of stimulants to maintain interest and allow for different learning styles, eg, use a combination of laptops for hands on participation with whiteboards/OHPs.
- Ensure the ratio of facilitators to participants is appropriate. DPI's ratio of facilitators to participants is about 1:3.

### ***Determination and use of an agenda for the workshops***

The following agenda was 'loosely' followed during workshops:

- Introduction.
- Determine skill level, through asking questions such as, do we know what a partial budget is?

- Define what a budget is.
- List applications of different styles of budgets.
- Run through the components of the budgets highlighting any potential problem areas - from experience this part has proven to take longer than most other components.
- If more than one budget explain:
  - if there are linkages
  - what the linkages are, and
  - the incremental benefits of the linkages
- Circulate around the participants and answer any queries/questions throughout the session and be accessible.
- Close the session. Review what has been achieved and talk about the positive tangible aspects. Include areas that drive their business, what banks look for and how it may change their risk-rating etc. Reinforce the positive aspects.

### ***Breaks***

Throughout the session, take breaks as necessary to avoid information overload.

### ***Description of workshop process***

The budgeting workshop process consisted of:

- An introduction describing own particular skills and experience followed by a brief 'loose' agenda, verbalising what is anticipated to be achieved. Making it clear that we are working on an actual cash basis determining the cash flow as opposed to a tax basis and tax flow.
- Checking to predetermine the skill level, through asking questions of participants, so that the language and speed suits the participants.
- Several questions were asked to try to stimulate some thoughts on the topic, and generate some group interaction.

Questions asked depended upon the group, some questions were:

- Has anyone been involved in budgeting or with Quicken, Phoenix, Cashmagic, MYOB, etc?
- What is a budget?
- What are some types of budgets?
- Why do we construct budgets?
- What are some of the benefits of budgeting?

### ***Financial / budgeting templates***

The templates follow a logical sequence that flows through to the income and expenditure budgets and provides a trail that can be easily audited for errors. Following the production and cashflow budgets, it is important to complete an asset and liabilities budget to determine the short and long-term movements in debt and liquidity. An automated summary page ensures all of this data means something to a farmer and allows for comparison has been provided. The budgeting templates were delivered in the following order:

- Production schedule;
- Cane Payment schedule;
- Income schedule;
- Expenses schedule;

- Current year budget;
- Year + 1, +2, +3 and +4 budgets;
- Schedule of Assets and Liabilities;
- Summary and comparison page.

In addition to the budget template workshop process, information was given to participants from, Chapter 4 *How to Prepare and Interpret Your Cash Flow* (Blackburn A, Ashby R, Rural Resource Group, 1988) and *Cash Management by Exception* (Pannell Kerr Forster Chartered Accountants and RGM Financial Group, 1993). These references also highlight the importance of cash flow budgeting and provided the participants with some material for them to reflect upon and use for future reference.

To ensure that participants leave feeling that they have gained full value, the workshop finalises in two parts:

1. Describing the management questions and ensuring the participants feel that it is important to ask questions and seek knowledge.
2. Seeking knowledge by talking about the differences in customer lending margins between finance institutions and the Queensland Rural Adjustment Authority, and overdrafts and the need to be able to ensure that you stay with limits.

This makes participants feel the need to ask questions and seek knowledge.

### ***Delivery***

To ensure continuity and uniformity of material delivered, a single presenter should be used for initial workshops in each region.

Delivery was in a group format and followed the agenda previously outlined.

The budgets were designed to show that when budgets are used in a sequence a lot of information can be gathered about a property. It was explained that bank managers gather this type of information about properties and use some of this information to make risk assessments, set customer margins, do internal benchmarking and to determine your capabilities as a manager. Alternatively, it was also demonstrated that the individual pages could be used in isolation, the needs and the wants of the farmers were catered for in these general and generic, but industry specific financial/budgeting templates. Canegrowers were receptive and could see some tangible benefits to budgeting.

The delivery of budgeting workshops and the uptake of sound budgeting principles are critical to the viability of individual cane farmers and as an industry as a whole. The delivery of budgeting workshops in each region is becoming more difficult with the retraction and change in direction of the *FUTUREprofit* program in Queensland.

### ***Group dynamics***

Groups were of an optimum size of 12-14 people, preferably 6-7 couples, partners or husband and wife. Each enterprise had access to a laptop computer and *SugarBiz* templates for demonstration purposes.



***Duration***

Duration was dependent upon the knowledge and skill base of the participants; there was interaction with one group per day. Duration ranged from 2-6 hours.

**APPENDIX 7 - Financial Template Workshop Evaluation (Bankers/Accountants)**

Please circle answers

**1. Have you found this workshop to be**

Very Useful	6
Useful	11
Not Very Useful	

**2. Introduction and Review**

Very Useful	5
Useful	11
Not Very Useful	

One did not respond

**3. Did the information follow a logical format?**

Very Useful	1	2	3	4	5	Not Useful
	4	12		1		

**4. Use of colours**

Very Useful	1	2	3	4	5	Not Useful
	2	7	7	1		

**5. How would you rate the use of questions for provoking thought on business? management issues?**

Very Useful	1	2	3	4	5	Not Useful
	5	7	5			

**6. How would you rate the sheet from the manual "Financing Your Farm."?**

Very Useful	1	2	3	4	5	Not Useful
	3	6	4	1		

Don't know - haven't seen the manual "Financing your Farm"  
?

One didn't respond

**7. Does the information produced help you to make decisions?**

Yes	16
-----	----

No

One didn't respond

**8. Will this be of a benefit to your clients in respect of making them more aware of how their business is performing?**

Yes	16
-----	----

No

One didn't respond

**9. Do you perceive a benefit in this package through information applied and supplied**

**in a uniform and consistent manner? Would you rate this as?**

1. Very Useful 12

2. Useful 4

3. Not Very Useful

One didn't respond

**10. Do you see this as a step where farmers can take greater ownership of their business finances?**

Yes 16

No

One didn't respond

**11. Would the financial institution support more of these initiatives?**

Yes 15

No

No comment. 1

One didn't respond

**12. Can you see a way to make these templates more user friendly?**

**Please comment.**

- Bigger text for templates on OHP or use data projector, maybe supply handout of presentation for workshops.
- Include GST as a net figure. Actuals to budget (include).
- Maybe a drop down screen prompting user to input information into various fields. Use of GST in cashflow (net flow).
- Considered user friendly
- Sensitivity column of interest in the YIYO schedule say 7%, 8%, 9% and 10%.
- Already seems very user friendly.
- Possibly need to tailor the templates in order to make them user friendly, i.e. maybe just a monthly cash flow budget sheet might be all some growers could handle easily. The coop provides a forecast cane price so growers could do some ?? and see how things work out.
- Something simple for growers will be easily sold to growers and adopted. Need to provide follow up support as well.

**APPENDIX 8 - Financial Template Workshop Evaluation (Growers)**

Please circle answers

**1. Have you found this workshop to be**

Very Useful	17
Useful	16
Not Very Useful	

**2. Introduction and Review**

Very Useful	17
Useful	16
Not Very Useful	

**3. Did the information follow a logical format?**

Very Useful	1	2	3	4	5	Not Useful
	12	10	10	1		

**4. Use of colours**

Very Useful	1	2	3	4	5	Not Useful
	14	8	9	2		

**5. How would you rate the use of questions for provoking thought on business management issues?**

Very Useful	1	2	3	4	5	Not Useful
	8	17	7	1		

**6. How would you rate the sheet from the manual “Financing Your Farm.”?**

Very Useful	1	2	3	4	5	Not Useful
	4	18	6	3		

2 did not answer

**7. Did the sheet from the manual “Financing Your Farm” help to raise the awareness****of how your farm business is performing – in general terms?**

Yes	31
No	2

**8. Does the information produced help you to make decisions?**

Yes	32
No	

1 responded “wait and see”

**9. Can you see a way to make these templates more user friendly?****Please comment.**

- Very easy to follow once it was explained.
- Instructor was helpful. Enjoyed expanding a little outside the day's plan.
- I thought it was very good.
- No need for changes.
- Keep the template the way it is.
- Good – everybody has a laptop.
- Maybe larger print.
- If we could possibly do some examples. But time taken would be longer. Looking forward to the program coming out.

## APPENDIX 9 – FILIE and FT Lesson Plans

### Farming in a Low Income Environment Workshop (Lesson Plan: updated February 2004)

Unfavourable seasonal conditions, pests & disease have caused dramatic reductions in productivity. A return to a “normal” growing environment will definitely help but its only part of the answer. This workshop is about assisting participants to examine the performance of their sugar business relative to local industry cost and production benchmarks. Currently sugar prices are low and may remain in the \$240-\$300 range. The focus will be on improving profit by reducing some short-term costs (like fertiliser and repairs & maintenance) while increasing production. A direct connection between business performance and best practice farming practices will be demonstrated to participants. The “Farming in a Low Income Environment” workshop is **not** about cutting costs despite production, which some people mistakenly believe is the best strategy when sugar price is low. It is important to note that workshop principals still apply when the sugar price is favourable.

#### Introduction

15 mins

- Trainers introductions
- OH & S
- Group introductions
- What do participants want from the day? (use whiteboard)
- Trainers outline what will be covered today, including timing:

#### Farming in a Low Income Environment Agenda

Time	Activity	Trainer
Session 1 9:00-10:30	Introduction, Implementing best practice changes at farm level: varieties, nutrition, weed control, irrigation and harvesting	John Agnew
10:30-10:45	Morning tea	
Session 2 10:45-12:15	Introduction, Farm financial relationships, Benchmarking & Factors effecting profitability	Burn Ashburner
12:15-1:00	Lunch	
Session 3 1:00-3:00	Update costs/returns spreadsheet with your potential improvements, Strategy for the future, Financial tools and Feedback sheets	Burn Ashburner & John Agnew

- Ground Rules: positive attitude, all ideas welcome, one person speak at a time & free to ask questions at any time.

- Questions of clarification?

## **Implementing Best Practice Changes at Farm Level: Increasing production & decreasing costs (Local Extension Officer)**

**State:** Let's look at the farm level to investigate some possible ways you may improve your production and /or reduce some costs to achieve the benchmark results without a large capital outlay. Today we will concentrate on five areas, but these are by no means the only possible targets.

		(Possible improvements/savings)		
		t/ha	ccs	\$/ha
<b>Write up</b>	Variety selection/mgt. Nutrition.	?	?	?

### Harvesting

REFER TO FILIE WORKBOOK hardcopy and spreadsheet (FILIE workbook 03 & FILIE workbook empty 03). Show participants the example figures demonstrating potential increases in production of cost savings. The aim is to encourage participants to put their own figures into the empty workbook based on expectations of improvement as we move through each section below.

REFER TO POWER POINT PRESENTATION: "low income best practice pres 03"

### **Variety selection/management**

**20 min**

The central district has received 10 new varieties in 3 years. How do you decide where to put them and get the maximum profit out of each?

Look at: importance of keeping records, matching to soil types/conditions, avoiding/ minimising disease effects, information to assist with decisions.

**State:** Let's put a figure on production improvements or cost savings available to us from variety selection and put in the workbook:

### **Nutrition:**

**20 min**

**State:** Benchmark data shows one of the major areas of difference between growers are fertiliser costs.

**Discuss** - Soil testing of fallow and tissue testing of ratoons, BSES recommended rates, refining nitrogen rate recommendations, pH/calcium level and lime, nutrient value of mill by-products, nitrate test strips following legume fallow.

**Ask:** How much can you save on fertiliser based on soil tests? (e.g. no S, P, or K & reducing N in response to organic carbon levels, mud, legumes etc.)

**State:** Let's put a figure on production improvements or cost savings available to us from nutrition and put in the work book:

### **Weed Control:**

**10 min**

**State:** Another important area of difference between growers is chemical use. Anecdotal evidence from the agribusiness reps would indicate that a concerning number of spray rigs out there are not calibrated regularly/properly or maintained adequately and that herbicides are not always applied at the right time or correctly and thus we get a reduced kill, cane yield loss and further applications are required.

Discuss BSES weed competition trial results graph.

**State:** Let's put a figure on production improvements or cost savings available to us from weed control and put in the work book:

### **Irrigation:**

**10 min**

**Ask:** Who here has some form of irrigation? Determine the level of irrigation i.e. fully, supplementary, nil.

**State:** This exercise mainly applies to fully irrigated farms but also has some application to supplementary irrigated farms.

How do we measure the efficiency of water use on farm?

*CWI exercise:*       $CWI = TC/ML$   
                               $CWI = TCPH / \text{effective rain} + \text{irrigation}$

$\$ \text{ Returned/ML water pumped} = CWI \times \$\text{cane (-harvest cost)}$   
 Is this greater than the cost of water + application?

**State:** For your enterprise let's put the potential improvement into the workbook.

### **Harvesting best practice (HBP):**

**15 min**

Look at: Grower involvement & role in HBP, Extractor Loss, Rollertrain optimisation.

**State:** Let's put a figure on potential improvement available to us and put in the workbook.



**Morning Tea****15 min****Farm Financial Relationships (Burn Ashburner)****25 min**

REFER TO POWERPOINT PRESENTATION: "low income financial pres 03"

**State:** Let's look at some of the concepts we will use today (terms & definitions)**Discuss:** Growing Costs

Gross margin

Fixed costs

Operating profit

Financial costs

Net Profit

**Benchmarking****Group Exercise****20 min****Exercise:** What are your average production figures (TCPH, CCS, TSPH) and average costs of production? (\$/t or \$/ha: growing & overheads only)

Growers are each given a piece of paper (spreadsheet: ice break sheet) on which they **anonymously** write their information. The groups' figures are put up on the whiteboard for discussion.

**Central District/ Herbert Production Figures: benchmarks****5 min****Ask:** What level of record keeping does the group use?  
What is benchmarking?

REFER TO SPREADSHEET: "comparison" &amp; click tab "yield avgs"

**State:** Look at the production figures for 2002 and the average figures for the past 6 years for a sample of approximately 100 Mackay/FNQ growers

Put up benchmarking figures and discuss the differences and dollar cost of not achieving best practice.

**Ask:** whose production figures don't approach these results?**Ask:** Who believes that these results are possible on their farms?**Ask:** Ask yourself why your figures may not approach the benchmark figures. (seasons, poor soil, no irrigation, others)

*Write on White Board possible reasons for falling short of benchmarks and then discuss appropriate discounting for individual farms and come to agreement on realistic tonnage targets for their farms.*

## **Benchmarking Expenses Items**

**15 min**

### ***Whose accountant prepares cost benchmarks?***

Do you find this service useful?

REFER TO XL SPREADSHEET: "comparison" and click tab "cost avgs."

**State:** Look at expenses items. The six key cost areas that make up 80% of expenses of cane growing in all districts are:

- Harvesting
- Fertiliser and Chemicals
- Fuel
- Repairs and Maintenance
- Overheads
- Labour

Show spreadsheet: bottom 20%, average and top 20% from 1997-2001

**Explain:** the figures and their use in this exercise. Explain where there may be differences ie wages – (pay wages as opposed to drawings, fuel – (broken farms) and admin – (do your own GST as opposed to accountants doing it).

Go through the major items (harvest, fert/chem., fuel, R&M, labour) pointing out differences between growers in spreadsheet.

Look at top 20% as a target

## **Costs/Return Spreadsheet Demonstration**

**25 min**

REFER TO XL SPREADSHEET: "comparison" and click tab "compare"

Demonstrate the usefulness of this income/costs spreadsheet, which has a base and a changed scenario. Growers will be able to see the effect of changes in: yield, ccs, harvest price, fertiliser cost etc. on profitability.

## **Lunch**

**45 min**

**Group Exercise on Computers:****30 min****Costs/Return Spreadsheet**

REFER TO XL SPREADSHEET: "comparison"

Growers add up all the potential cost savings or increased production income, which they have entered into their Workbooks. Enter these changes into the changed case scenario in workshop spreadsheet: "comparison."

How close did we come to the potential for your farm? What is your breakeven yield to cover growing costs? What is the yield needed to get zero operating profit? How much extra money will you have in your pocket at the end of the year if changes are implemented?

**Strategy for the Future:****25 min****Ask** where to from here?

Look at the potential improvements entered into your workbooks.

How are you going to achieve these improvements? One way to keep on target is to complete an Action Plan.

REFER TO word file: "FILIE action plan 03" and hardcopy.

Show the example of an action plan and then allow participants to complete at least one action plan stemming from today's experience.

**Financial Tools:****30 min**

Show participants some useful spreadsheet tools including: "cultivation costs", plant and ratoon costs/returns (PCOST & RCOST). Allow time for them to experiment with the tools. A copy of these spreadsheets (plus "comparison" & "workbook empty 03") is supplied to participants on floppy disk.

**Workshop Feedback:****15 min**

Participants are asked to complete feedback forms.

Value Questionnaire (FILIE value questionnaire), Workshop Evaluation (evaluation form) & Farmbis Forms

**Finish**

## Financial Tools Workshop (Lesson Plan January 2004)

Late 2003 saw the formulation and delivery of the first “Farming in a Low Income Environment” (FILIE) workshops for cane farmers in the central and Herbert districts.

As an offshoot of this we decided that sugar industry support staff would benefit from exposure to some of the principles covered in the FILIE workshops and some of the practical financial software available. Consequently the “Financial Tools” workshop was compiled.

### Introduction

10 min

- Trainers introductions
- OH & S
- Group introductions
- What do participants want from the day? (use whiteboard)
- Trainers outline what will be covered today, including timing
- Ground Rules
- Questions of clarification?

### Financial Tools Workshop Program:

Time	Activity	Trainer
Session 1 8:00-10:00	Introduction, Farm financial relationships, Factors effecting profitability, Benchmarking, Updating costs/returns spreadsheet with your potential improvements.	Burn Ashburner
10:00-10:20	Morning tea	
Session 2 10:20-12:00	Caneman 3 block record-keeping software and Cultivation costs spreadsheet.	John Agnew
12:00-12:45	Lunch	

### SESSION 1: Burn Ashburner

REFER TO POWERPOINT PRESENTATION: “low income financial pres 03”

### Farm Financial Relationships

25 min

**State:** Look at some of the concepts we will use today (terms & definitions)

**Discuss:** Growing Costs  
Gross margin  
Fixed costs  
Operating profit  
Financial costs

## Net Profit

**BENCHMARKING****Group Exercise****15 min**

**Exercise:** What are your districts average production figures (TCPH, CCS, TSPH) and average costs of production? (\$/t or \$/ha: growing & overheads only)

Participants are each given a piece of paper (spreadsheet: "ice break sheet") on which they **anonymously** write their information. The groups' figures are put up on the whiteboard for discussion.

**Central District/ Herbert Production Figures: benchmarks 5 min**

**Ask:** What is benchmarking?

REFER TO SPREADSHEET: "comparison" & click tab "yield avgs"

**State:** Look at the production figures for 2002 and the average figures for the past 6 years for a sample of approximately 100 Mackay growers

Put up benchmarking figures and discuss the differences and dollar cost of not achieving best practice.

**Ask:** Ask yourself why your figures may not approach the benchmark figures. (seasons, poor soil, no irrigation, others)

Write on White Board possible reasons for falling short of benchmarks come to agreement on realistic tonnage targets for their districts.

**Benchmarking Expenses Items****20 min**

REFER TO XL SPREADSHEET: "comparison" and click tab "cost avgs."

Look at: bottom 20%, average and top 20% of growers from 1997-2001

**State:** Look at expenses items. The six key cost areas that make up 80% of expenses of cane growing in all districts are:

- Harvesting
- Fertiliser and Chemicals
- Fuel
- Repairs and Maintenance
- Overheads
- Labour

**Explain:** the figures and their use in this exercise. Explain where there may be differences ie wages – (pay wages as opposed to drawings, fuel – (broken farms) and admin – (do your own GST as opposed to accountants doing it).

Go through the major items (harvest, fert/chem., fuel, R&M, labour) pointing out differences between growers in spreadsheet.

Look at top 20% as a target

### **Costs/Return Spreadsheet Demonstration & Exercise 45 min**

REFER TO XL SPREADSHEET: “comparison” and click tab “compare”

Demonstrate the usefulness of this income/costs spreadsheet, which has a base and a changed scenario. Participants will be able to see the effect of changes in: yield, ccs, harvest price, fertiliser cost etc. on profitability. Allow participants to manipulate the spreadsheet in their own time and ask questions. What is your breakeven yield to cover growing costs? What is the yield needed to get aero operating profit?

How much extra money will you have in your pocket at the end of the year if changes are implemented?

**Morning tea**

**20 min**

## **SESSION 2: (extension officer)**

### **Caneman 3 block record-keeping software**

*Caneman* (short for cane manager) is a computer-based production recording system designed specifically for sugar cane by BSES and Saltbush Software. It is Windows based and is simple to learn and use. You can record as much or as little information as you like.

### **Run through power point presentation: “Caneman” 10 min**

- Introduction
- Caneman versus written records
- Levels of recording
- Course details
- 2002 Caneman survey
- Survey recommendations

### **Demonstration of program**

**20 min**

Show participants Caneman Workbook and flier.

Output examples: (show a selection of reports & graphs from Example Farm)

Caneman produces 18 reports & graphs, which allow you to compare the

performance of different blocks, crop classes and varieties on a range of subjects including production and profitability.

Recording information examples: (show Caneman screens & data entry)

- Setting up the farm
- Productivity: tonnes cane & ccs
- Inputs: fertilisers, SuScon
- Operations: workings, sprays
- Soil test results
- Rainfall records
- Personal comments

## **CANEMAN3 DEMONSTRATION**

Example Farm: date range 1996-1998

### **Graphs: Farm Summaries**

1. TCCS/ha for blocks 1 & 2
2. Gross Margin

### **Graphs: Treatments (graph data for *one block*)**

1. Total Costs
2. All Class Costs
3. Class Cost

### **Reports:**

1. Farm Summary
2. Block Treatments- earliest to date
3. Block variable costs
4. Block gross margin- 1996
5. Fertiliser
6. Variety
7. Crop class summary
8. Crop cycle
9. Harvest
10. Soil Analysis- block 1 (earliest to date)  
Show soil analysis graph (Pbses)
11. Water analysis  
Show water analysis graph
12. Block estimate
13. Spray

**Show front screen reports**

**Go through front screen menu**

**Do a Treatment entry**

Click on Treat

Block 1, 1998 harvest year.

Click on treatment button

Click on new treatment

Enter details for ck300 including harvest year 1998 & cost \$0.50/kg

Enter ck300 at 745 kg/ha on 28/10/97

Put in comment

Go back to front screen to show entry

### **Do a harvest entry**

Click harvest

Get on block 1 & change “harvest year” to 1999

Click “new”

Enter details on 2/7/1999: 203.5 tonnes, 11.85 ccs & mill at 11.02 & Green harvest

Enter details on 3/7/1999: 277.4 tonnes, 11.98 ccs & mill at 11.13 & Green harvest

Go back to front screen to show entry

### **Hands on experience with Caneman 3**

**30 min**

Participants have time to familiarise themselves with program and ask questions.

### **Cultivation Costs Spreadsheet**

**30 min**

REFER TO XL Spreadsheet: “cultivation costs”

This BSES designed spreadsheet is useful for demonstrating the real cost of cultivation and for those growers contracting services for neighbours.

- View the main table showing costs for 66 implements
- Definitions: operating and fixed costs
- Changing some operating costs: fuel & labour
- Calculations “behind” the table
- Changing tractor and implement variables example (2 row fertiliser box)\*
- Participants familiarise themselves with program and ask questions

\*Machinery Cultivation Costs

Machinery Unit	Operating Costs \$/ha	Fixed Costs \$/ha	Total Costs \$/ha	Total Costs \$/hr
Fertiliser Box 2 Row	25.02	19.11	44.13	52.95



\*Total Costs /hr = Operating costs + Fixed for 100 Hp tractor + 2 row fert. box

	Tractor (\$/hr)	Fert box (\$/hr)	\$/hr	\$/ha
Operating	6.12	23.90	30.02	25.02 (30.02/1.2*)
Fixed	13.18	9.76	22.94	19.11 (22.94/1.2*)
<b>Total</b>			<b>52.96</b>	<b>44.13</b>

\*Work rate is 1.2 ha/hr

\*100 HpTractor: how changes to variables affect costs

Variable change	\$/ha	\$/hr
Standard setup	44.13	52.95
Hours of life from 10000 to 12000	42.22	50.66
Hours Use/yr from 600-800	42.98	51.57
New price from \$85000-\$95000	46.02	55.22

\*Two row fertilizer box: how changes to variables affect costs

Variable change	\$/ha	\$/hr
Standard setup	44.13	52.95
Tractor Hp from 100 to 115	46.02	55.22
Work rate from 1.2 – 1.0 ha/hr	52.95	52.95

## Workshop Summary & Evaluation

10 min

Participants fill out feedback sheet: "evaluation form."

## Finish

**APPENDIX 10 – FILIE workshop templates**

Included in electronic version only.

**APPENDIX 11 – FT workshop templates**

Included in electronic version only.