

LIEBE GROUP NEWS

June 2020

Volume 23

Issue 4



What's Inside



*Celebrating 20
years with CSBP*



*Post Seeding Field
Walk 2020*



*Decontaminating
Your Boomspray*



*Normal Life After
COVID-19?*



The Liebe Group mission is to facilitate grower prioritised research, development and extension to support our members to be profitable and sustainable.

From the Cover

Liebe Group R&D Coordinator Judy Storer setting pest traps for current DPIRD project.

DIAMOND PARTNERS



Rabobank



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FROM THE EXECUTIVE OFFICER

KATRINA VENTICINQUE

HOW quick this year is flying by! With July fast approaching, it has been fantastic seeing the region transforming into a rolling sea of green. Despite the few wind events and patches of re-seeding, all reports coming into the Liebe office are for a positive season ahead.

This year's Main Trial Site, located at the Hirsch Family property in Latham, is showing great establishment so far, with 17 trials/demonstrations implemented within the last month. These can all be viewed in-person at the Post Seeding Field Walk on 22nd July. More information can be found in the flyer on page 11.

Since the start of the year a few new projects have been added to Liebe Group program including a trial looking into the economics around double break pulses, a crop establishment trial comparing seeding rate to speed on canola, an in-paddock herbicide resistance testing project, a Diamondback Moth survey as well as Hands-On Precision Agriculture Training. The activities and results from these will be extended throughout the year.

Now that most COVID-19 restrictions have eased off the Liebe team is busy organising a calendar full of informative, capacity-building workshops including AgChats, Bitesize Learning Series, as well as our larger events. Two upcoming AgChats will cover topics around disease management on the 16th July (see page 13 for flyer), and mid-year financial reviews with RSM on 10th August.

The 2020 Spring Field Day is scheduled for 10th September, with all preparations underway for a great day, so mark the date in your diary!

The Liebe team have also welcomed back Danielle from her maternity leave, and welcome Carbon Ag into the Liebe Group network as a new Silver Partner.

I would also like to announce that our 2021 Main Trial Site will be located in Dalwallinu at the HJ Hyde Family property. A huge thanks to Harry, Jane and Matthew for putting their hands up to take this on, and we look forward to developing the trial program for next year.

Let's keep the rain coming, and we hope to see you all around the region or in the Liebe office over the next few months.



GOLD PARTNERS



SILVER PARTNERS

Syngenta

Pacer Legal

Adama Australia

GrainGrowers

Nutrien Ag Solutions

Refuel Australia

Nufarm

Intergrain

Boekemans Machinery Dalwallinu

Australian Grain Technologies

Scott's Watheroo Dolomite

FMC

Carbon Ag

EOFY REPORTING WORKSHOP A SUCCESS

WITH the end of financial year fast approaching, sixteen Liebe women came together on Wednesday 24th June for the first face-to-face Bitesize Learning session of 2020.

Focusing on Single Touch Payroll and End of Financial Year requirements, Agrimaster representatives Katie Clarke and Ranji Parmar walked attendees through how to make sure their reporting to the Australian Taxation Office is accurate.

With a wide variety of skill levels in the room, there were many questions from attendees, including how to update codes for JobKeeper payments, and how to submit the final Single Touch Payroll report correctly.

Liebe Group Treasurer Sophie Carlshausen said "It was an informative and timely session which assisted in ironing out any issues before the end of the financial year".

Discussion after the workshop was positive, with many of the women eager to put their new found knowledge to work, with the help of the Agrimaster EOFY Guide as reference, to finalise reports for the end of financial year.

Katie said "Wednesday morning was a fantastic opportunity to connect with Liebe Group and it's members and to chat about all things payroll and End of Financial year. There's lots of exciting new features coming to the product, and we're looking forward to coming back to the area in the very near future to share these updates, and continuing to support all of our customers".

The Liebe Group would like to thank Agrimaster for providing their time and expertise to hold a workshop that is vital to many farm businesses within the region.



Liebe women learning about the requirements of EOFY STP reporting



Ranji Parmar sharing tips for submitting final STP reports

CELEBRATING 20 YEARS OF PARTNERSHIP WITH CSBP

THE partnership between Liebe Group and CSBP has reached a major milestone, with June 2020 marking 20 years of sponsorship of the group.

CSBP have been a valued partner since 2000, having been involved in countless Liebe Group activities, projects, committees and events throughout the years. Their guidance and expertise has provided comprehensive information and project support that has helped direct the research, development and extension for our local farming community.

The Main Trial Site has been host to over 20 CSBP trials, along with various other trials and demonstration in the Liebe region. James Easton, Senior Agronomist with CSBP, who has been involved in the partnership from the very beginning, stated that CSBP have thoroughly enjoyed working with the Liebe Group on researching opportunities for improved crop productivity and increased grower profits from fertiliser.

Summary of CSBP & Liebe Group Trial History by James Easton

Early trials demonstrated the importance of adequate potassium (K) for profitable responses to nitrogen (N), showed big efficiency gains from banding nitrogen (N) and provided data to support the adoption of Flexi-N. Other N trials looked at the opportunity for late applications of Flexi-N to boost protein, interactions with seeding rates ('Canopy Management'), and management of N for different crop species and varieties. These trials showed that the best returns come from matching N to yield potential (irrespective of seeding rates and crop varieties), and that late applications produce unreliable results.

'Alternative' phosphorus (P) sources including liquid P, and various additives have been tested to see whether they improved P availability to the crop. Other 'alternative' products/nutrients tested include liquid K, granular lime, and magnesium. While we haven't seen any benefits over conventional fertiliser strategies, CSBP are still interested in putting new products to the test.

Variable rate technology has been around a long time now, and the opportunities for increased profitability were investigated in paddock scale trials with Stuart McAlpine (1998) and the Carlshausen's (2001). The potential gains from varying fertiliser inputs in different management zones was also looked at in small plot trials from 2011 to 2013. These trials highlighted the complexity involved in arriving at a good fertiliser recommendation but also the opportunities for more profitable returns.

The value of lime, dolomite and gypsum applications to wodjil soils was studied in a three year trial with Keith Carter (2003 – 2005), and more recently with Dylan Hirsh (2017 -) in a trial which has highlighted the importance of incorporating lime products into the sub soil, in this case with inclusion plates fitted to deep ripping tynes.



MEMBERS NEWS

There's no doubt that overcoming soil constraints gives us the biggest opportunity key to increased crop productivity and more profitable grower returns from fertiliser. And adequate nutrient supply is critical to capturing the full benefit of soil amelioration.

Increasing reliance upon N fertiliser (in the absence of a productive legume in the rotation) also means that future trials should probably focus on more efficient strategies for supplying N, and/or nutritional packages that support more productive legumes for a more sustainable future.

Local trials are important and we look forward to continuing our partnership with Liebe to support its members.

Looking Forward

As we move into another year of partnership, CSBP Agronomist Angus McAlpine looks forward to continuing being involved with the Liebe Group saying "It has been great working with the Liebe Group since I started working in the area in 2014. At CSBP I want to extend nutritional research and innovation to the region, and through the partnership we have with Liebe and the opportunity for local trials and collaboration helps achieve those outcomes."

"On top of the research side of the group, there also is a great social and community aspect. The wide and diverse member base ranging from young to older provides a good range of experience and enjoyable enthusiasm" says Mr McAlpine.

The strong, collaborative relationship has continued to grow, with CSBP currently at the Diamond Partner level. Liebe Group would like to thank CSBP for their long-term support and contribution to the group over the past 20 years and look forward to continuing for years to come.



James Easton presenting at a Liebe Group Field Walk in 1997



CSBP trials being seeded in 2006

Trials over the years

Year	Farmer	Location	Crop	Topic
1997	Dodd	Buntine	Wheat	Trace Element Strategies
	McAlpine	Buntine	Wheat	N*K
	Pearse	Buntine	Lupins	P Placement
1998	Bataglia	Kalannie	Lupins	P Placement
	McAlpine	Buntine	Wheat	Variable Rate Nitrogen
1999	Carter	Jibberding	Wheat	N Sources (Flexi-N, Urea, SoA)
	Helliwell	Maya	Wheat	N Placement
	Stanley	Kalannie	Wheat	N Sources (Flexi-N, Urea, SoA, CaNO3)
2000	Carter	Jibberding	Wheat	Potassium and Magnesium
	McAlpine	Buntine	Wheat	N Timings for Yield and Protein
2001	Nixon	Kalannie	Wheat	N Sources/Placement
	Nixon	Kalannie	Wheat	Liquid v Granular P
	Carlshausen	Wubin	Wheat	Whole Paddock Variable Rate Fertiliser
2002	Shaw	Buntine	Wheat	Late N Timings for Protein
2003	Atkinson	Dalwallinu	Wheat	Liquid v Granular P/Enhancers
	Carter	Wubin	Wheat/Triticale	Lime, Gypsum, Dolomite on Wodjil
2004	Carter	Wubin	Lupins	Lime, Gypsum, Dolomite on Wodjil
	Carter	Buntine	Wheat	N* K * IF Fungicides and Liquid K
2005	Carter	Wubin	Wheat/Barley	Lime, Gypsum, Dolomite on Wodjil
	Hyde	Dalwallinu	Wheat	Flexi-N v Urea * Placement
2006	Bataglia	Kalannie	Wheat	Flexi-N v Urea * Placement
	Shaw	Buntine	Wheat/Barley	N on Wheat cf Barley
2007	Carter	Xantippe	Wheat	N Timing * Seeding Rate
2008	Hunt	Coorow	Wheat/Canola	N and P on Wheat cf Canola
2009	McIlroy	Pithara	Wheat	N Timing * Seeding Rate
2010	Nankivell	Maya	Wheat	N Timing * Seeding Rate
2011	Birch (*3)	Coorow	Wheat	Variable Rate Fertiliser
2012	Mills (*3)	Pithara	Wheat	Variable Rate Fertiliser
2013	Pearse (*3)	Dalwallinu	Wheat	Variable Rate Fertiliser
2014	Fitzsimons	Buntine	Wheat	Alternative P Sources/Enhancers
2015	Hood	Ballidu	Wheat	N Placement and Timing * K
2016	Butcher	Nugadong	Wheat	N, Soil Wetters, Fungicides and Zinc
2017	Dodd	Buntine	Wheat	N Timing * Varieties
	Hirsch	Latham	Wheat	Soil Ameliorants * Deep Ripping on Wodjil
	Nixon	Kalannie	Wheat	Deep Ripping * Nutrition
2018	Hirsch	Latham	Wheat	Soil Ameliorants * Deep Ripping on Wodjil
	Nixon	Kalannie	Wheat	Low, Medium and High Inputs
	Nixon	Kalannie	Wheat	Deep Ripping * N and K
2019	Hirsch	Latham	Canola	Soil Ameliorants * Deep Ripping on Wodjil
	Keamy	Watheroo	Wheat	N Placement and Timing

LIEBE GROUP IMPLEMENTS NEW AND IMPROVED COMMUNICATIONS PLATFORMS

KEEPING up with the rising demand for online and external learning opportunities, the Liebe Group have implemented several new extension platforms to reach members and the wider agricultural community.

A new podcast series, called The Liebe Landscape, has recently been developed by the Liebe Group. This series aims to encapsulate many aspects of the local broadacre and mixed-farming region, featuring short snippets of timely and locally relevant topics as chosen by Liebe Group members.

THE L i E B E LANDSCAPE



PODCAST

The first three episodes include interactive discussions with Bronwen Fowler (Nutrien Ag Solutions) providing information on implementing lambing lots in your business, and Keiran Sullivan (RSM Moora) summarising helpful background surrounding the current Government stimulus packages available.

Rabobank Senior Grains Analyst, Cheryl Kalisch-Gordon features on the third episode, giving a comprehensive grains market outlook in response to the recently imposed barley tariffs by China and the impacts from the COVID-19 pandemic.

In addition to this, Liebe Group have delved into the world of webinars, hosting the first Bitesize Learning Workshop for the year online. The Bitesize Learning sessions are a series of workshops aimed at providing rural women opportunities to learn more about the agricultural industry in a supportive environment.

The roll-out of an updated, refurbished and mobile-friendly website, found at www.liebegroup.org.au, is another recent activity the Liebe Group has undertaken, to ensure all local growers and researchers have access to current project activities, upcoming event information and previous research undertaken within the Liebe Group region.

The Liebe Group look forward to the opportunities for evaluating the success of these new forums over the next year, along with the return to the usual face-to-face format of events including pop-up field walks, the Post Seeding Field Walk (22nd July 2020) and the Spring Field Day (10th September 2020).



WOMEN OF LIEBE PRESENTS: KIRRA THOMPSON

THE Liebe team caught up with one of the women of the Liebe Group to chat about their background, involvement in the group and their own goals and aspirations.

Note: Views stated in the Women of Liebe articles are strictly those of the individual and do not necessarily represent those of the Liebe Group.

Tell us a bit about yourself – what is your background?

I grew up in a small community called Cowan, North of Sydney with my older sister, brother and identical twin sister. After high school I completed my Bachelor of Teaching majoring in Physical Education and spent my free time playing sport and by the beach.

Initially, I met Dylan in 2012 playing lawn bowls but it wasn't until early 2017 that we began properly getting to know each other. Then, Boxing Day 2017, I packed up my Sydney lifestyle and moved to Latham – with no experience in farming or any clue with what was to come! After spending a couple of years living in Latham and working at various local high schools, we have now moved to Dalwallinu and are making our best attempt at raising our beautiful baby girl Darcy who has recently turned one.



What is your role in your farm business? How long have you been in this role for and how do you enjoy it?
With absolutely no experience in farming, I've spent the last 2 years getting my hands dirty and learning the basics. Tractor driving, rock picking, changing hoses on the bar – all the most popular jobs on farm!

In the future, I am seeking to take a balanced role of staying involved out in the paddocks while also learning about the admin and bookkeeping side of the business.

Kirra with fiancé Dylan, and daughter Darcy

What do you enjoy most about living in a rural area?

My appreciation for the rural lifestyle has been a rollercoaster of a journey so far. Spending my whole life as a Sydney girl to then becoming a Latham girl; the change was quite significant. I can admit though, my most enjoyable aspect about living rurally would have to be the sense of freedom that you will feel standing alone in the middle of a paddock and also the care and support that you receive from other people in the community is like no other.

What has been the involvement you have had with the Liebe Group? What have you gained from this?

I have attended many events put on by the Liebe Group alongside Dylan and while have felt somewhat overwhelmed by all the new knowledge, have always felt extremely welcomed and supported in these environments.

I would also like to join the Women's Liebe Committee!!

Who or what inspires you the most?

This is going to sound lame but, Dylan. His commitment and determination to always better himself and those around him, constantly amazes me. The time he spends learning is a never-ending process and the multiple roles he happily volunteers his time for in the community is a personal quality within him that I respect and am proud of. I strive to develop these qualities in myself.



Kirra and Dylan on farm

WELCOME TO NEW SILVER PARTNER CARBON AG

The Liebe Group are pleased to welcome a new Silver Partner to the group this month with Carbon Ag.

Liebe Group partners are an integral facet to the success of the group and since our inception we have developed long and valuable relationships with a number of organisations who have mutual interests to the Liebe Group. These strong partnerships have given the group diversity, a level of security and the capacity to build a sustainable and healthy future.

Carbon Ag was established in 2017 to further develop unique crop input products designed to improve the long-term health and sustainability of Western Australia's farming soils, in turn delivering greater production and profitability for producers.

Carbon Ag, through Advanced Agricultural Systems, has partnered with Perth based biotechnology company, Bioscience, to further expand their product range with liquid growth promotants and disease suppressants.

In collaboration with Advanced Agricultural Systems and Bioscience, Carbon Ag is researching a new crop nutrition system comprising the addition of carbon pellets and using liquid fertilisers at seeding and in foliar applications throughout the season, according to climate conditions and potential returns. The company is in its second year of commercial field trials, including plot trials with independent companies.

Accurate field research to provide data for continuing product development, as well as application recommendations for products to help achieve maximum return on investment, is a primary focus for the business. These trials can be seen at the Liebe Group Spring Field Day in September.

Our partners add value to the group through in-kind support, products or services and they see the relationship with the group as a meaningful way to stay in close contact with the grass roots innovators of the industry. We look forward to building an on-going relationship with our newest Silver Partner and thank them for their support towards the Liebe Group.



POST SEEDING FIELD WALK

WEDNESDAY 22ND JULY 2020



2:00PM - 5:30PM

HIRSCH PROPERTY, COOROW-LATHAM ROAD, LATHAM

SUNDOWNER WITH BBQ & BEERS TO FOLLOW AT LATHAM CLUB

SITE LOCATION



SITE TRIAL LIST

#	TRIAL	RESEARCH PARTNER
1	DKP TRIAL	COGGO
2	BARLEY SMUT TRIAL	BAYER
3	BARLEY NVT	LIVING FARM
4	WHEAT NVT	LIVING FARM
5	DOUBLE BREAK PULSES PROJECT	GRDC (WMG)
6	VETCH VARIETY TRIAL	NVBP
7	BROADLEAF HERBICIDES IN LUPINS	SYNGENTA & ELDERS
8	ULTROX POST EM GRASS HERBICIDES IN LEGUMES	ADAMA
9	CANOLA NVT	LIVING FARM
10	OP X TT CANOLA X PLANT DENSITY X N RATES	NUTRIEN AG
11	GEN Y: PRE VS POST SEEDING DEEP RIPPING	NLP (LIEBE GROUP)
12	OVERWATCH: GROUP Q HERBICIDE	FMC
13	PROSULFOCARB DEMO	IMTRADE
14	LOOSE COMPOST TRIAL	CARBON AG
15	C33 FARMING SYSTEMS	CARBON AG
16	ALUMINIUM TOXICITY TRIAL	NLP (LIEBE GROUP)
17	GROUP G HERBICIDE COMPARISON	NUFARM

QUERIES

For more information, contact the Liebe Group office

P: 08 9661 1907 E: admin@liebegroup.org.au

ALL WELCOME

DIAMOND PARTNERS



EVENT PARTNER





MAKING DISEASE MANAGEMENT DECISIONS: WHATS YOUR STRATEGY?

Thursday 16th July

4 - 5pm at the Liebe Group Office

BBQ sundowner to follow

Join Geoff Thomas, DPIRD, Clare Johnston, Elders Scholz Rural, and the Centre for Crop and Disease Management as they share their knowledge on:

- Decision making for disease management
- Strategies for effective disease management
 - Tackling net blotch in barley

Stay for a sausage sizzle afterwards and have your questions answered by the experts!

For more information, or to register, contact the Liebe Group office on 9661 1907 or email admin@liebegroup.org.au

SUPPORTED BY



LIEBE GROUP SPRING FIELD DAY

10 SEPTEMBER 2020

- National Variety Trials - Wheat, Barley & Canola
- Demonstration of the Efficiency and Host Crop Safety of Various Prosulfocarb Strategies in ARG Control in Cereals
- Overwatch: Crop Safety, Efficiency and Yield in Wheat
- Lupin Row Spacing by Herbicide Rates to Address Scorching
- Comparing Seed Treatments in Barley for the Control of Loose Smut
- Gen Y: Pre vs Post Seeding Deep Ripping
- And more!

QUERIES

Contact the Liebe Office

Ph: 08 9661 1907

E: admin@liebegrup.org.au

W: www.liebegrup.org.au



JOBKEEPER AND YOUR BUSINESS - ARE YOU ELIGIBLE?

Judy Snell
Director
RSM



Q & A ON THE JOBKEEPER PROGRAM

What is JobKeeper?

It is a Temporary subsidy for businesses significantly affected by coronavirus (COVID19). Eligible employers, sole traders and other entities can apply to receive \$1,500 per eligible employee per fortnight.

Who is eligible for JobKeeper?

Australian businesses that are structured as companies, partnerships, trusts and sole traders, are eligible if they meet the following criteria:

- The business turnover is less than \$1b and will be reduced by more than 30% compared to a period (of at least a month) a year ago
- Turnover will be defined according to the current calculation for GST purposes and is reported on BAS
- If the business was not operating a year ago, or if turnover a year earlier was not representative of their usual or average turnover the ATI have the discretion to consider additional information
- Eligible employees must have been employed by them as at 1 March 2020 and be currently engaged.

How do you measure fall in turnover?

The decline in turnover needs to be satisfied, once this occurs there is no requirement to re-test in later months. There are two types of turnover tests – a BASIC test or an ALTERNATIVE test.

If I am a sole trader or self-employed, am I eligible?

If you are working in the business (broadly known as a business participant) you can receive the jobkeeper payment if meet the following criteria:

- Business held an ABN on 12th March 2020
- Lodged by 12th March either 2018/19 tax return or BAS showing GST taxable for a period commencing after 1 July 2018 and ending before 12th March 2020
- Aged 16 years or over and Australian citizen or permanent visa or subclass 444

PARTNER UPDATES

How is the JobKeeper payment treated?

The receipt by the employer is not subject to GST but is taxable income and if any of the JobKeeper payment that is paid to an employee is to be paid to them through your payroll system as wages and taxed accordingly.

What about superannuation?

Superannuation is only formally required to be paid on the employee's normal pay. It is at your discretion as to whether you pay super on any top up component you may pay to the \$1,500 mark.

How does it work?

- Work out if you qualify based on the turnover test requirements
- Have eligible employees complete the Nomination notice – available at www.ato.gov.au/Forms/JobKeeper-payment
- Enrol and send required details of your business.

How does it work?

- Report your GST turnover each month and the projected turnover of the following month
- These numbers must be reported within 7 days of the end of the reporting month

For further information or assistance please contact RSM Moora on PH: 96 511 606

MOVIN' ON UP - AUSTRALIA'S WINTER CROP PLANTING SET TO SOAR MORE THAN 25 PER CENT

Lisa Curtis
Assistant Marketing Manager
Rabobank



Rabobank

AUSTRALIA'S winter crop planting is set to climb by over 25 per cent this year on the back of widespread and well-timed rainfall across most of the country.

After prolonged drought conditions, which have delivered three years of decline in Australia's grain production and exports, global agribusiness specialist Rabobank is forecasting the nation's crop planting to be up by 26 per cent on last season to 22.5 million hectares. This is 12 per cent above the five-year average.

Combined with average rainfall for the critical growing season ahead, this would deliver Australia an average to above-average winter grain crop, the bank says.

Much of this improvement will occur in the previously-droughted cropping regions of the eastern states, with New South Wales-planted area forecast to be up by a staggering 95 per cent and Queensland by 44 per cent, Rabobank says in its just-released Australian 2020/21 Winter Crop Outlook.

For wheat, the report says, a total harvest volume of 26 million tonnes is "not unrealistic, given our expectations for hectares planted this year".

Rabobank senior grains and oilseeds analyst Cheryl Kalisch Gordon says the promising crop outlook is welcome news for Australia's agricultural sector after years of drought and the severe disruptions of summer bushfires and COVID-19 in the first half of 2020.

"While it's still around six months until the grain is in the bin, the hallmarks of an average to above-average season are now falling into place," she said.

"2020 finally saw a strong opening to the east coast winter crop planting season, with good rains and fast planting progress.

"With the Bureau of Meteorology's forecast for average to above average rainfall for almost all Australian cropping regions during the critical growing months of June to August, these increased hectares planted are expected to combine with at least average yields to deliver an average to above-average grain crop."

Dr Kalisch Gordon says eagerness to 'make hay' while there is moisture around after drought – along with the high cost of the alternative of restocking livestock – had featured in farmers' decisions to expand their planted area in 2020/21.

A more buoyant outlook for wheat than barley had prompted greater increases in wheat planted compared with last year and longer term averages.

"And the recent announcement of China's tariffs of 80.5 per cent on Australian barley would also have influenced this choice for the small number who hadn't planted by then," Dr Kalisch Gordon said.

PARTNER UPDATES

While the renewed supply of Australian grain would see prices move down from the drought-driven highs of recent years, the Rabobank report says average prices are expected to “remain in sight”, supported by an ongoing softer Australian dollar.

Export volumes – though remaining challenged by competitive global supplies along with the Chinese barley tariffs – would likely increase by as much as 70 per cent on last year.

This could see Australia set to export up to 17.5 million tonnes of wheat (up 110 per cent on last year), 4.5 million tonnes of barley (up 13 per cent) and two million tonnes of canola (up 17 per cent).

States

Crop planting is up across all states.

Report co-author, Rabobank associate analyst Dennis Voznesenski says rainfall was received across large sections of New South Wales and Victoria during late summer and early autumn.

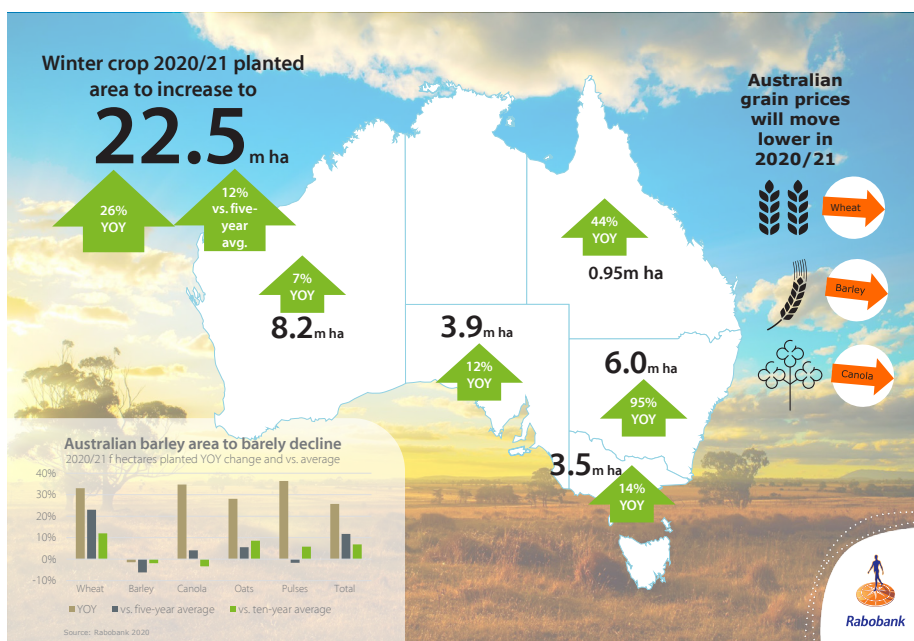
“Favourable soil moisture profiles in both states were then further enhanced as the months have rolled on and rainfall events continued,” he said.

“Strong early season rainfall has put New South Wales in a great position to plant a large crop of six million hectares, up a staggering 95 per cent from last year and 31 per cent above the five-year average. This planting program has been driven by the best opening rains in three years, but also the challenge of sheep and cattle restocking at high prices, which has prompted putting more country to cropping.”

Victoria’s planted crop for 2020/21 is forecast to be up 14 per cent to 3.5 million hectares.

For Queensland, however, good early rains have not been followed up in all areas, with cumulative rainfall in central Queensland now having fallen below the 10-year average, the report says.

Rabobank still sees total area planted to cropping in Queensland increasing by 44 per cent to 0.95 million hectares in the 2020/21 season.



South Australia has seen a fantastic start to the year, with most cropping areas enjoying above-average planting rains, Mr Voznesenski says.

“Meanwhile, Western Australia had a promising start, but conditions became drier through March and April. However late May rain has improved prospects,” he said.

Rabobank is expecting total grain area planted in South Australia to be up 12 per cent on last season at 3.9 million hectares and Western Australia up seven per cent at 8.2 million hectares.

Widespread season opening rains for most Australian cropping regions lifts planted hectares for 2020/21 in all states.

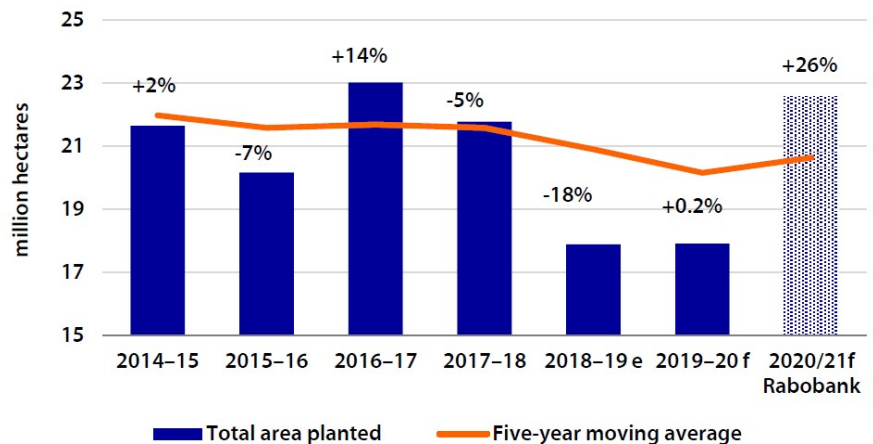
Commodities

Across the country overall, wheat, canola and pulses will see the largest increases in planting from last year, the report says, mainly driven by improved conditions in the eastern states.

Wheat planting is expected to be up by 33 per cent on last season, with canola up 35 per cent and area planted to pulses increased by 36 per cent.

Barley has seen a modest (one per cent) decline in planting, Rabobank's Dr Kalisch Gordon said, off the back of a pessimistic price outlook. "Further declines were limited by the fact China's tariff decision following the anti-dumping investigation came after the majority of barley area had been planted," she said.

Australian winter crop planted area



Planted area is up 26% year-on-year, but also 12% above the five-year moving average.

Prices

The bank forecasts Australian grain prices to move lower in 2020/21. Although the "return to earth will be softened by the Australian dollar", it says.

"Firming global wheat production expectations and a softening in demand post the COVID-19 stockpiling means we have a neutral outlook for global wheat prices over the coming 12 months," Dr Kalisch Gordon said.

The bank expects CBOT (Chicago Board of Trade) wheat to trade in the USc 525-534 range.

Renewed local wheat supply prospects will, however, increasingly weigh on local prices as harvest approaches, with local prices down year-on-year, Dr Kalisch Gordon says.

For barley, increased supply and a competitive global feed grain market (due mainly to cheaper corn prices because of a coronavirus-driven slump in ethanol demand for fuel) means global prices will be down this year. Locally, increased barley supply and a challenging export market – particularly in light of the imposition of China's tariffs – sees a flat price outlook, although also supported by the lower dollar.

With Australian canola, particularly the non-GM variety, enjoying stronger pricing in recent times – off the back of drought-driven low supply, increased usage in home-cooking during COVID-19 lockdowns and increased export demand – prices are expected to return lower over the course of the year.

For pulses, lower global supply should keep chickpea and lentil prices supported in 2020 –with increased demand from India and Turkey critical – although higher Australian production will hold domestic prices in check, the report says.

Exports

Increased Australian production, lower domestic premiums and a favourable Australian dollar all support an increase in Australian grain exports in 2020/21, the Rabobank Outlook says. However, finding a home for that grain will likely be challenging.

"Stagnant global demand, low shipping costs and depreciation of Black Sea region currencies will continue to challenge Australia's competitiveness in traditional markets," Dr Kalisch Gordon said.

DECONTAMINATING THE BOOMSPRAY

Clare Johnston
Agronomist
Elders Scholz Rural



THERE'S nothing worse than damaging a crop due to not decontaminating a sprayer well enough. Here's the quick overview of how to avoid the disappointment.



Sprayseed in lines

The Triple Rinsing Basics

- 1) Drain tank, flush tank and hoses with clean water for 10 minutes.
- 2) Fill tank with clean water (add required cleaners at this stage). Flush through tank and hoses, and stand for 15 minutes, with agitation, then drain.
- 3) Repeat step 2, without the addition of cleaning agents, twice.
- 4) Nozzles, filters and screens should be removed and cleaned separately using the same cleaning agents at the tank and line process.

There are a few options for decontamination

Different products require different levels of decontamination. As a result there are a few options to choose from; water, chlorine and products with cleaner and decontaminator such as All Clear.

All Clear is a product which combined the benefits of 3 way mode of action:

1. Contains surfactants to penetrate crevices in the boom lines, hoses etc. to remove sticky products. Especially useful for products such as carfentrazone.
2. Contains two sequestrants which lock up toxic material and remove in the wash out process.
3. Oxidant that neutralises chemical residues locked up by the sequestrants.

All Clear removes a wide range of products including Group B, group G and phenoxy herbicides. It provides an all-round cleaning solution and it should be used especially where moving into canola crops etc. as provides a more thorough clean out option than other products.

Chlorine is used to denature SU products. Legumes and oilseed crops are highly sensitive to traces of SU herbicides so it is extremely important to remove ALL traces of SU in the tanks and lines. Do not use chlorine products if the boom still contains a liquid fertilizer product. Liquid fertilizer and chlorine can react in solution. Ensure the entire tank, pumps and boom lines are thoroughly flushed with clean water before using a chlorine-based cleaner. Chlorine based boom cleaners can degenerate over time, especially in hot weather and direct sunlight.

Some products cannot be cleaned out of the boom using chlorine or ammonia based products as they do not readily degrade in acid or alkaline conditions. For these a liquid detergent (OMO, Drive) should be used.

If still concerned, you could do a tank load of Flexi-N or insecticide over that same crop to provide a good wash out of the worrying contaminant with a product that is safe on your next crop to be sprayed. Insecticides are good at penetrating herbicide residues in your boom.

The importance of cleaning and decontaminating spray equipment can never be overstated. It's hopefully a mistake you only make once!

WHEAT PRICES IN CRISIS

Greg Easton
Consultant
Farmanco



KEY POINTS

- During a world crisis the price of wheat is often volatile;
- A world crisis does not necessarily equate to a period of high (or low) wheat prices;
- Nor does a crisis always correlate to rising or falling wheat prices;
- Wheat prices are driven by many and varied factors;
- Drawing strong conclusions and correlations between a crisis and wheat prices is difficult;
- Review, but continue with your sales and marketing strategy.

With the current health and economic crisis the world is facing with the Covid-19 pandemic, we thought it would be interesting to look back at other crises the world has experienced and the impact it had on wheat prices.

The world has faced several, but varied crises over the last century. Their cause has differed from a global pandemic in the form of Covid-19, to the terrorist attacks of September 11, to a meltdown of the global financial system.

The effects on markets from these crises, including the price of wheat, has also differed greatly.

For the analysis, the “historical price of wheat” is the historical daily wheat price in US cents per bushel of Soft Red Winter (SRW) wheat from the Chicago Board of Trade (CBOT).

This is often considered the benchmark for world wheat prices and has the strongest correlation from any exchange to the local Australian price of wheat.

To analyse the local cash price over the same period would have created difficulties when trying to take into consideration the AUD/USD exchange rate (given the Australian Dollar was not floated until 1983), as well as cash prices (basis) since the Australian wheat market was only deregulated in 2008. Figure 1 charts the historical price of wheat and highlights several of the major world crises.

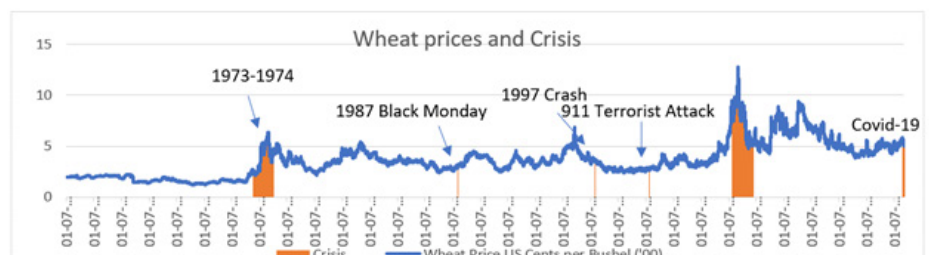


Figure 1: Historical wheat price in a crisis. (Source: Marcotrends).

The 1973-1974 bear market was a bear market that lasted between January 1973 and December 1974. During this period the New York Stock Exchange's (NYSE) Dow Jones Industrial Average benchmark lost over 45% of its value. The US economy slowed from 7.2% GDP growth to -2.1% contraction.

During the same period the wheat price rose from 295 US c/bu to 413 US c/bu, though the period was marked with high levels of volatility and large swings and movements.

The NYSE did not open for trading on Tuesday September 11, 2001, to prevent a stock market meltdown when an American Airlines plane crashed into the World Trade Centre. The first week of trading after the attack saw the S&P 500 fall more than 14%, including a record one-day drop at the time. In contrast - gold and oil rallied.

In the 10 days after September 11, the wheat market fell a modest 5% in comparison from 280 c/bu to 265 c/bu.

The global financial crisis (GFC) was a severe worldwide economic crisis, considered by many to be the most serious financial crisis since the Great Depression of the 1930's.

It developed in 2007 with a depreciation in the subprime mortgage market in the US and was punctuated by the collapse of investment bank Lehman Brothers, on September 15, 2008.

The bear market reversed course in March 2009, but not before the S&P 500 lost approximately 50% of its value.

During the same period, the wheat market went on an extremely wild ride, reaching historic highs, before falling just as fast.

Midway through 2007, the US wheat market sat at roughly 500 c/bu. By March 2008 it had reached record highs of just under 1300 c/bu and within just 3 months had fallen all the way back to 750 c/bu.

The extremes in price range and volatility during this period were in part because of the GFC but were accentuated by serious production failures in world grain crops, in several parts of the world.

During the Covid-19 pandemic, the S&P 500 lost nearly 30% of its value between mid-February and mid-March 2020. It has since bounced back to now be about 15% lower than its February high.

During the same period, wheat futures dropped just over 10% between mid-February and mid-March. They have since rallied from those lows to be less than 5% from the February high.

As wheat is such a vital part of world food supply and world food security, its importance is often highlighted in times of a crisis.

While many factors ultimately determine the price of wheat, it is largely influenced by supply and demand (S & D). High prices often coincide with periods of low supply and vice versa.

So, during a time of crisis, the current S & D is often brought into focus and price movements may be more responsive to the current balance sheet.

This is illustrated in Figure 2 where the historical wheat price is charted against world wheat stocks. The relationship between periods of low stocks and high price and high stocks and low prices is evident.

This is highlighted during 2007-2008 when the GFC was occurring. By historical standards, world wheat stocks were very tight on the back of several years of poor production in major growing regions. Prices were already starting to trend upwards, but when combined with the GFC, the volatility and highs reached had never been seen before.

Conversely, when you look at the current market, world wheat stocks are at all-time highs while wheat prices are "average" and a long way off historic highs. So while the Covid-19 pandemic has seen some increase in volatility, the underlying balance sheet has seen the price of wheat not nearly as impacted when compared to lot of other indexes and markets.

PARTNER UPDATES

The volatility in the historical price of wheat is charted in figure 3. There has been day to day movements in excess of 12%, with the GFC period being the most extended and volatile period.

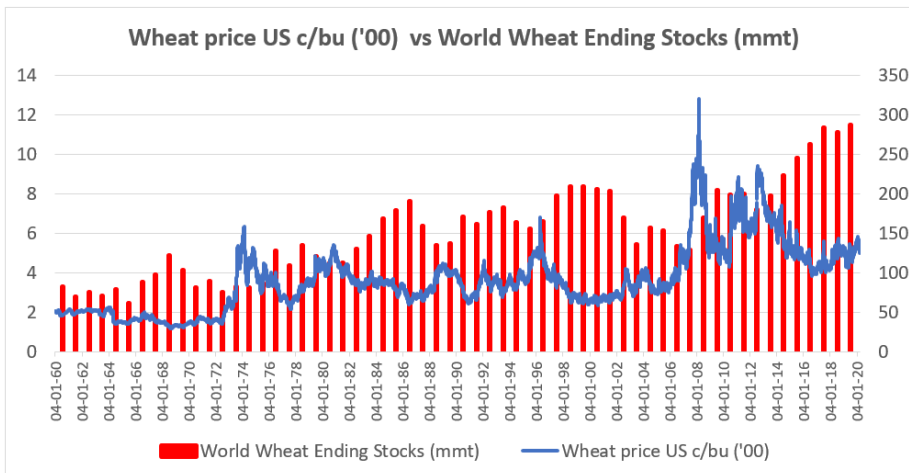


Figure 2: Historical wheat price v world wheat stocks (mmt). (Source: Marcotrends and USDA)

It should be noted that the CBOT exchange has a daily limit that the exchange can trade. Therefore, on any given day, the range wheat futures can trade is capped, which does remove some of the volatility in wheat prices. This was evident during the GFC, when wheat futures did hit their daily limit on several occasions. John Maynard Keynes said, “The market can stay irrational longer than you can stay solvent”.

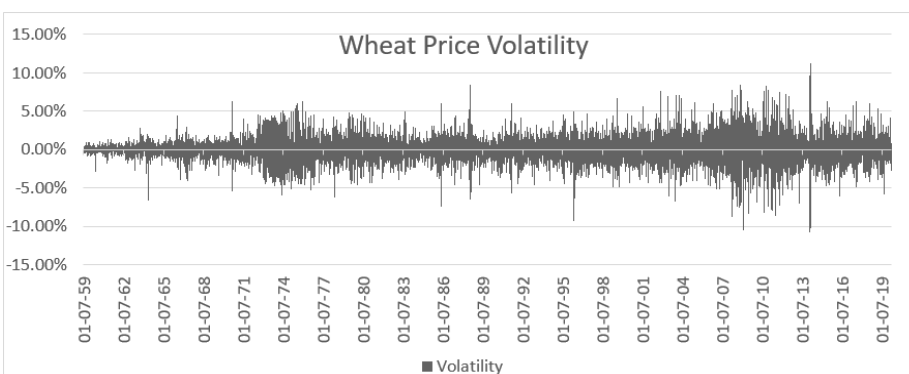


Figure 3: Historical wheat price volatility.

Strategy

With that in mind review your strategy, budget and break-even prices, and continue to execute your plan despite some of the volatility and uncertainty caused by the current Covid-19 crisis. The current Covid-19 crisis has seen an increase in wheat demand as countries look to ensure wheat and food supply.

It has also seen a fall in the Australian Dollar. At the beginning of January, the AUD/USD was trading at just over \$0.70. It hit an 18-year low of \$0.55 in mid-March but has since rallied to be currently trading at \$0.6350.

The increase in demand and softer AUD has seen strong wheat (canola and good barley prices) on offer for the coming season.

Current cash prices for wheat are decile 9, while canola pricing sits in the top 5% and barley is in the top 20% of long-term prices (See Figure 4).

We are continuing to recommend growers take the approach of selling parcels of grain across all commodities where it is profitable for your business and production risk allows.

There has also been wheat and canola cash prices on offer for next year (2021/22) at historically high values. Again, we are recommending growers take advantage of these opportunities for a portion of expected production.

Wheat swaps for the current season, as well as 2021/22 and 2022/23 are also at historically high values and worth consideration and/or talking with your consultant to discuss various strategies.

WHEAT Frequency Table			
Jan 15 - Dec 19		Jan 10 - Dec 19	
5 years data		10 years data	
Price (\$/mt FIS)	Top % of Price	Price (\$/mt FIS)	Top % of Price
361	5	354	5
343	10	343	10
319	20	324	20
303	30	308	30
296	40	301	40
290	50	292	50
285	60	284	60
276	70	276	70
271	80	264	80
250	90	246	90

CANOLA Frequency Table			
Jan 15 - Dec 19		Jan 10 - Dec 19	
5 years data		10 years data	
Price (\$/mt FIS)	Top % of Price	Price (\$/mt FIS)	Top % of Price
625	5	625	5
610	10	614	10
590	20	595	20
579	30	580	30
568	40	568	40
558	50	555	50
551	60	547	60
545	70	538	70
538	80	520	80
518	90	502	90

MALT BARLEY Frequency Table			
Jan 15 - Dec 19		Jan 10 - Dec 19	
5 years data		10 years data	
Price (\$/mt FIS)	Top % of Price	Price (\$/mt FIS)	Top % of Price
368	5	355	5
318	10	331	10
303	20	310	20
295	30	300	30
285	40	288	40
277	50	281	50
270	60	272	60
260	70	263	70
240	80	248	80
229	90	230	90

FEED BARLEY Frequency Table			
Jan 15 - Dec 19		Jan 10 - Dec 19	
5 years data		10 years data	
Price (\$/mt FIS)	Top % of Price	Price (\$/mt FIS)	Top % of Price
315	5	300	5
295	10	288	10
278	20	275	20
270	30	262	30
260	40	255	40
252	50	250	50
250	60	242	60
238	70	231	70
212	80	219	80
200	90	197	90

Summary

- The price of wheat will be affected and influenced during times of crisis.
- It is difficult to draw a consistent conclusion as to how the price of wheat will respond to a crisis as there are many contributing factors to wheat (and commodity) prices.
- Wheat fundamentals are likely to be the main factor to the price of wheat.
- Wheat markets are likely to experience periods of high volatility during a crisis.
- During these periods, there is a need to be attentive to markets and act with a measured approach.
- While periods of volatility may lead to some uncertainty, these periods should also be viewed as periods of opportunity, should historically high prices present themselves.
- Continue to stick to your year on year marketing plan during a crisis and periods of volatility.
- Make measured long-term decisions based on historic price levels and profitability levels to your business.

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EARLY-SOWN CANOLA MAY ESCAPE BLACKLEG CLUTCHES

CANOLA crops sown early in warm conditions may escape potentially severe blackleg disease during the growing season. Many crops have been sown earlier than usual this year following decent summer and early autumn rains.

Marcroft Grains Pathology principal Steve Marcroft – who is co-ordinator of the Grains Research and Development Corporation's (GRDC) National Canola Pathology Program investment – says crops sown before April 30 into warm conditions that allowed them to quickly progress through the seedling growth stage are at the lowest risk of developing blackleg. "Crops sown from May onwards are likely to face more disease pressure from blackleg, with crops sown from June onwards at the highest risk."



Steve Marcroft (Photo: N Baxter)

UPDATED RATINGS

This advice is contained in the GRDC Blackleg Management Guide autumn 2020 edition which also features the latest blackleg ratings for canola cultivars.

Steve says results from the latest blackleg screenings of canola cultivars have been factored into the updated ratings for 2020. Blackleg ratings can change from year-to-year if the fungus overcomes cultivar resistance.

Leptosphaeria maculans, the causal agent of blackleg disease, is a sexually reproducing pathogen that may overcome cultivar resistance genes. Fungal spores are released from canola stubble and spread extensively via wind and rain splash. The impact is more severe in areas of intensive canola production.

"Blackleg can cause severe yield loss, but can be successfully managed," Steve says. "Growers are advised to closely follow the recommended strategies for reducing the risk of disease which are contained in the GRDC Blackleg Management Guide."

The guide can be used by growers to determine whether they are in a high-risk situation and the best management practices to reduce or prevent yield loss from blackleg.

The guide also emphasises that fungicides will only provide an economic return if a crop is at high risk of yield loss.

“Fungicides complement other management practices,” Steve advises. “Growers should never rely solely on fungicides to control disease as this poses a high risk for development of resistance.”

MANAGEMENT APP UPDATED

The BlacklegCM management app has also been updated with the latest disease ratings. The app, a GRDC investment, provides growers with a tool that can forecast the likelihood and severity of the disease, associated yield loss and economic returns on a paddock-by-paddock basis.

Steve says the tool provides growers and advisers with “an interactive interface” to explore and compare the economic outcomes of different management strategies for blackleg, which can cause up to 90 per cent yield loss where a cultivar’s blackleg resistance has been overcome.



Blackleg in canola (Photo: Steve Marcroft)

The app, available for use on iPads and tablets via the App Store and Google Play, is an extension of the Blackleg Management Guide which is updated twice a year to reflect any changes in the resistance status of individual cultivars.

“BlacklegCM assists growers to manage blackleg by integrating the information provided in the Blackleg Management Guide and producing a predicted economic outcome,” Steve says.

“It can be modified to account for some of the major factors that relate to risk of yield loss due to blackleg in a particular paddock. It allows the user to compare the likely relative profitability of different disease management strategies, including paddock selection, cultivar choice, seed dressing, banded fungicide and sprayed fungicide.”

BlacklegCM factors in costs, yield benefits and grain prices to give the best case, worst case and most likely estimates of economic return. It also accounts for the major factors that influence blackleg severity and can be used during the growing season to assist with foliar fungicide application decisions.

Steve says the severity of blackleg disease in 2020 will be dependent on seasonal conditions.

To further assist growers in determining the level of risk in their area, the GRDC-supported National Variety Trials (NVT) Online website, www.nvtonline.com.au, provides the latest information from blackleg monitoring sites across Australia.

Comprehensive information on management of canola diseases can be found in the GRDC’s Diseases of Canola and Their Management: The Back Pocket Guide, available <https://grdc.com.au/GRDC-BPG-CanolaDiseases>.

Videos featuring Steve diagnosing and explaining how to control blackleg upper canopy infection can be found at <https://bit.ly/2VHwBNZ> and <https://bit.ly/2Kk3xqs> respectively, while a podcast on upper canopy infection can be downloaded via <https://bit.ly/2KikMsb>.

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ACID TEST FOR USE OF NOVEL TECHNOLOGY IN TESTING LIME SOURCES

Natalie Lee
GRDC Communications
Manager - West
GRDC



CAN technology such as 'X-ray fluorescence', already used in the mining industry, be applied by grain growers to more efficiently and cost-effectively identify naturally occurring lime sources on their farms?

A new Grains Research and Development Corporation (GRDC) project aims to answer this question and to assist growers in Western Australia's eastern grainbelt to accurately analyse on-farm sources of lime that could potentially be used to ameliorate paddocks.

Soil acidity is Western Australia's most expensive soil constraint, costing the State's agricultural industry about \$500 million each year.

GRDC grower relations manager – west, Jo Wheeler, said soil acidity was commonly treated using a source of carbonate, traditionally lime, transported to farms.



GRDC grower relations manager – west, Jo Wheeler, says technology including 'X-ray fluorescence' will be tested in a bid to identify more efficient and accurate testing methods for on-farm lime sources. Photo by GRDC.

"Usually sourced from the coast, traditional lime sources can be an expensive option for eastern grainbelt growers who live a long way inland and therefore have relatively high transport costs," she said.

"In recent years, some growers in this region have utilised deposits of on-farm lime found naturally in some areas of heavy loam soil types.

"Currently, analysing potential on-farm lime sources involves assessing multiple sites on the proposed area and subjecting samples to a 'fizz test' with vinegar or an acid, to determine if the soil contains carbonate.

"Promising samples are then sent for analysis to determine their neutralising values, enabling growers to understand the economic value of spreading the product on acidic paddocks."

Ms Wheeler said the new project was initiated after the GRDC Kwinana East Regional Cropping Solutions Network (RCSN) group identified that growers needed a better in-paddock testing method to efficiently and accurately identify lime sources, and provide information about their quality and characteristics.

The GRDC project will be conducted by GHD, a company specialising in engineering, architecture, environmental and construction services, and include analysis of technologies including XRF – an analytical technique used to determine the elemental composition of materials.

"As part of the work, a cost-benefit analysis will compare methods of sampling and testing on-farm lime sources, and the technology will then be calibrated for use by growers" Ms Wheeler said.



GRDC grower relations manager – west, Jo Wheeler, says technology including 'X-ray fluorescence' will be tested in a bid to identify more efficient and accurate testing methods for on-farm lime sources. Photo by GRDC.

She said if the project was successful, growers would still need to send samples away for laboratory testing.

“However, the initial on-farm sampling would be better targeted and more accurately identify sources with high neutralising value – meaning fewer samples would require further testing, reducing costs for growers.

“Laboratory testing would still be required to provide growers with a full picture of the substance, including its nutritional composition and the presence of any toxic substances.”

More information about on-farm lime sources is available in a GRDC publication ‘Locating and Assessing On-Farm Lime Sources’, and a GRDC video and podcast.

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GRDC Project code: GHD2003-001SAX

WHAT COULD 'NORMAL' LIFE BE LIKE AFTER COVID-19?



**Black Dog
Institute**

AS state governments make cautious moves towards easing restrictions, it's time to start thinking about life beyond lockdown.

Even though many of us have been looking forward to getting back to normalcy, Professor Vijaya Manicavasagar of the Black Dog Institute cautions that re-entry into the real world might not be all smooth sailing.

Adjusting to the new normal

We can expect to see lots of changes... from a favourite café that didn't survive the lockdown to greeting between friends that's a nod or a wave, rather than a hug.

Practical activities like driving a car or catching a train may feel strange. For many of us, old habits – a drink at the pub, a dinner party with friends and family – might be tinged with concern about whether it's really wise to socialise in close contact with others.

But for others, the changes might be deeper. The unexpected nature of the pandemic and its sudden and intrusive arrival in our lives will leave some of questioning whether the world is still a safe place.

Financial and economic challenges

For those who have lost income or jobs, there are practical concerns to grapple with – finding work, meeting financial commitments, applying for Centrelink benefits, negotiating with landlords and banks to manage rent, mortgages and credit card payments.

With predictions of up to 1.4 million job losses by the end of 2020, financial stress will be front and centre of many people's lives for the foreseeable future and could have a significant impact on their mental health.

“A lot of things that people are going to be worrying about – their future, their career, their training. There are some very practical pressures that are going to drive some of this anxiety – it's not all just about reintegrating into society.” says Professor Manicavasagar.

Easing back into life after lockdown

The good news is that research tells us that shared experiences of stress can bring communities together in ways we may not have experienced prior to COVID-19.

Here are some tips for easing back:

Take it slowly

Simple things like doing the grocery shopping, driving a car, or spending time with friends might feel strange as you move back into your postlockdown life. Take note of how you feel and consider speaking to your GP if feelings of anxiety persist or worsen.

Rebuild your relationships

It's been a while since you've physically seen your friends and family members – and remember, they've changed as much as you have. Spend some time together processing the experience, rebuilding bonds and supporting one another as you move into the next phase of your relationship.

Look for opportunities

The Federal Government is offering heavily subsidised undergraduate and postgraduate certificate courses for people who have been financially displaced by COVID-19. If you are looking to enhance your current skillset or to retrain in a new field, a new qualification could help you move forward.

Seek help early

Everyone reacts differently to change. Feelings of anxiety, disturbed sleep, changes to appetite, irritability and bouts of crying are all signs you may need some extra support. Speak to your GP or refer to mental health advice and resources in this issue.

Reflect on your experience

Rather than focusing on going back to your old life, think about whether the lockdown experience could help you make positive changes going forward. You may want to work less, exercise more, or spend more time with family and friends. Make a list of new habits you would like to embrace and start implementing them one by one.

Remember the advice

Wash your hands regularly, keep a safe distance from others and keep up with the rules as they change so you know what you can and cannot do. Remember these rules have been very effective at keeping the infection rate low in Australia.

Article courtesy Black Dog Institute www.blackdoginstitute.org.au/

WHAT YOUR TAX RETURN TELLS YOU

All content has been
republished from the GRDC
Factsheet November 2013



HOW much does your tax return tell you about your business?

One of the few legal obligations on a farm business is to have an annual tax return completed, so by default, tax returns remain the number one financial record of a farm business. However, as few farmers know how to read and use them, they are one of the most under-utilised resources in a farming business. Are you getting the most out of your tax return?

KEY POINTS

- If you do nothing else with your finances, at least understand what your tax return is telling you!
- Know what your tax return is not telling you!
- If you don't understand your tax return, at least know what questions to ask your accountant.
- If you want a better business, move your financial understanding beyond your tax return.

THE ANNUAL TAX RETURN

An annual tax return is required by law to be undertaken on each Australian business entity. For some farm businesses this means numerous tax returns as they can have a partnership and a number of trusts, each requiring a tax return. Usually, a qualified accountant is used to complete the tax returns.

Prior to the advent of the Goods and Services Tax (GST) in 2000, many farmers used to take their 'shoe box' full of receipts to the accountant annually for the tax return to be completed. Now, with having to submit the Business Activity Statement (BAS) at least quarterly, farm business finances are being recorded better than ever, and usually with an accounting software package.

The big challenge for farmers is to spend about 20% more time and develop a sound set of farm business management budgets from the financial recording that is already being completed for the tax return(s).

The benefit of a tax return is that it is a legal requirement and so these records have to be completed. It sets up a sound financial recording discipline in a business. The main problems with tax returns is that they are completed using the Australian Taxation Office (ATO) guidelines and rules, and so do not provide a very good set of accounts needed to more effectively manage the business.

Tax returns are only undertaken to assess tax liability, not vital business information like management profit, business equity and business efficiency.

With a little extra targeted effort, the information collected for tax returns can be turned into a complete set of farm management budgets, which provide the fundamental measure of farm performance and sustainability.

However, as we have tax returns completed, we might as well understand what they are telling us about the business.

Table 1: Information from a tax return

	Profit and Loss	Balance Sheet
What your tax return DOES tell you	<ul style="list-style-type: none"> The profit and loss in the tax return gives some indication of the true management profits to the business. If the business is making taxable 'losses', then this is an indication the financial performance in that financial year may not be good! They can indicate financial trends in the business. For example, if taxable losses have occurred over the last few seasons, then these indicate the business is heading in the wrong direction to maintain financial viability. Note with dryland farming, the use of a financial year means income of one season is lined up against the costs of the next season. So, tax profits are not representative of the same season. 	<ul style="list-style-type: none"> The balance sheet in the tax return does show what the total debt is on the 30th June each year. Again, if total liability is increasing from year to year, it indicates an increased reliance on the bank to maintain the business. This may also not be a good sign for the business, depending on the reasons why the debt is increasing.
What your tax return DOES NOT tell you	<ul style="list-style-type: none"> The profit and loss does not take into account the family drawings on the business, because these are not tax deductible items. In a financial year where the farming business showed taxable losses, the financial performance could be far worse as family drawings have not been taken into account. 	<ul style="list-style-type: none"> The balance sheet does not have the most valuable capital item, land, included at the current market value. So, the business's true net worth is not measured in a tax return's balance sheet. Net worth is the most valuable benchmark that needs to be accurately measured each year in a farming business, to see if real progress is being made. It is certainly important to your banker – just ask them!

WHAT IS YOUR LEVEL OF UNDERSTANDING?

There is a chronic need for farmers to understand the financial performance of their business. There is a great saying, 'If you can't measure it, you can't manage it!' So, if you're not measuring business performance, how do you know how well you are doing?

The annual tax return, while it's not the best source, is at least a start in understanding your business better.

Unfortunately, few farmers know how to 'read' their tax returns. For example, recent farming businesses had taxable losses in each of the last 5 years and yet had not grasped the financial difficulties they were really facing. No, it doesn't mean they had used good accountants who had constructed the books to allow them to pay 'no tax'. This is a dated way of thinking how well their accountant is performing!

Five taxable losses mean that these businesses are not travelling at all well. Yet the business owners had no idea this had occurred, and what is even more damning is that their accountants had apparently not brought this 'downward financial spiral' to their attention! The really challenging question is who is responsible for this lack of understanding? The answer isn't 'totally the accountant's fault'. After all, someone in the business had to sign off for the tax returns to be submitted! And perhaps the business owners did not ask the right questions.

WHAT INFORMATION IS IN A TAX RETURN?

Simply, a tax return essentially tells you what tax, if any, has to be paid to the ATO. Also, importantly, banks put reliance on tax returns because they are legal documents, and are expected to be accurate.

The other two most useful pieces of information are the profit and loss budget, and the balance sheet. However, as these two budgets are not fully reported in a tax return, they should not be relied upon as the sole measure of business viability or performance. Table 1 highlights what your tax return does and does not tell you about profit and loss, and balance sheet.

WHAT A GOOD ACCOUNTANT OR FINANCIAL ADVISOR CAN ANSWER

The main question arising from Table 1 is whether you or your accountant track profit/loss and total debt from year to year in order to understand the trends in the business. As a prudent business manager, you should be actively seeking this information. A good set of farm business management budgets should be able to answer the following questions of your business:

- Was my business profitable in the last year?
- What enterprises on the farm performed well and what did not?
- Was my business efficient, in terms of return on capital? If not, why not?
- What was the cost of production of each enterprise?
- How did my farming business perform compared to other forms of investment?
- What was the growth in net worth of the business?
- Given these performance results, what could I learn from last season to help improve my management in the coming season?

A sound set of farm business management budgets can be used to record the 'actual' business financial performance and also be set up to estimate the next season's expected performance. In this way, the business is being correctly monitored.

A good accountant or financial advisor should be able to assist with developing a sound set of farm business management budgets to provide answers to these vital questions.

If your accountant or financial advisor cannot answer these questions and/or do not consider this information vital to the running of your business, then find an accountant or financial advisor who can help you.

HOW DO I GET A BETTER UNDERSTANDING OF MY BUSINESS?

If you wish to have the knowledge to do this vital business analysis and answer these questions yourself, or the confidence to ask these questions of your business advisors, the GRDC may have some answers for you. The GRDC has been actively putting resources into a number of farm business management areas by:

- Working with farm systems groups (especially in dryland areas), establishing small groups to analyse the profitability and risk of farm businesses based on real figures and then using this information to assist consultants and other farmers. This includes short courses using local consultants and accountants.
- Conducting 4-day 'Advanced Farm Business Management' courses for agronomists and farm advisors.
- Conducting 1-day 'Farm Business Management Essentials' for farm businesses.
- Running 'Farm Business Management Updates' for farm advisors and accountants.
- Developing a number of farm business fact sheets that will be released progressively from late 2013 to mid-2014 to help develop farmer and advisor thinking in this valuable area.
- Developing an e-book manual on 'Farm Business Management'. This will be available mid-2014.

WHAT IS THE BENEFIT OF USING FARM MANAGEMENT BUDGETS OVER TAX RETURN INFORMATION?

To help manage a farming business, you should have information that tells you the relative profitability of each enterprise on the farm, the efficiency of the whole farming business, the state of the cash flow and balance sheet of the farm, and an understanding of profitability, so you can assess how well risks are being managed. A sound set of farm management budgets will give you this information. A tax return at best can only provide an approximation of business profitability, and that's all.

So to clearly steer your business to continual success and sustainability, it would be better to see all the instruments clearly on the 'business dashboard'. This is what a sound set of farm management budgets will give you. Relying solely on tax return information is like steering your business with a 'fog affected' windscreen with little idea of what is on the dashboard!

SHOULD MY GOAL BE TO INCREASE PROFITS OR GO FOR A LOWER PROFIT SO I DON'T PAY TAX?

This is an old 'chestnut' as I have heard farmers say a 'good accountant is one where you don't pay tax'!! Essentially, if you haven't paid tax in the last few years it is highly unlikely you have made any money and the business has probably gone backwards.

So, your goal should be to make as much profit as you can. In this way, you can build the business financial wealth and improve its ability to weather poorer seasons when they come. Once you have made profits, look at ways with your accountant to minimize the tax you need to pay. This is a legitimate and sound business strategy.

HOW DO I FIND A GOOD ACCOUNTANT?

Before you answer this question, you will need to identify what you need your accountant to do. Understanding the main goals for running the business will guide what accountant and/or farm advisor you should use. An accountant's core skill is in completing tax returns. If that is all you want your accountant to do, then most accountants will fulfil this need. If you wish to have the improved farm business management information outlined in this fact sheet to guide better management decisions, then ask your current accountant if they can provide these services. If they can't, then take this fact sheet to other recommended accountants and ask if they can provide you with this service. It will be a matter of inquiring of enough accountants until you find one who does.

WHY DO I HAVE SO MANY LEGAL ENTITIES TO RUN MY FARMING BUSINESS?

Some farming businesses have a number of legal entities such as partnerships, family trusts and maybe a company to run the business. If you are one of these businesses and do not understand why you have so many, then the answer may be that you have too many! A business structure needs to be understood for it to be well managed. Ask your accountant to help you understand the need for these entities. Accountants help farmers set up these multiple business structures to assist with tax minimization and family succession, and in some cases, to protect the farm assets from the effects of divorce. Just remember, the more legal entities you have, the more you will pay in accountancy fees to complete the necessary tax returns.

WHAT DOES THE TAX RETURN TELL ME ABOUT THE FUTURE?

By definition, a tax return is an historic record of what has happened in that particular financial year. So, it is directly influenced by the season and the commodity prices experienced in that financial year. As a financial tool to help predict the future it is restricted, and depends on how well it models the seasonal and commodity prices outcome for the coming seasons. For predicting possible outcomes, it is far better to use a good set of farm management budgets with conservative expected yields and commodity prices. You could also go one step further and model both a poor and good season, which will give the range of possible results and help judge the financial risks to the business. Information on these management budgets is available through other fact sheets in this series.

USEFUL RESOURCES

Related GRDC Fact Sheets

Other related fact sheets in this Farm Business Management series are:

- Marketing and Selling (Order Code: GRDC932)
- Leasing and ShareFarming Land (Order Code: GRDC933)
- Valuing Family Drawings and Your Management (Order Code: GRDC936).

Copies of all the above fact sheets are FREE plus P&H and available from:

Ground Cover Direct Freephone:

1800 11 00 44 or email: ground-cover-direct@canprint.com.au

These can also be downloaded from www.GRDC.com.au/fbm

Plan to Profit (P2P), a whole-farm financial management program that can help calculate a farm's financial budgets: www.P2PAgri.com.au

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CALENDAR OF EVENTS

Event	Date	Location
AgChats:	Thursday 16th July	Liebe Group Office
AgChats	Thursday 6th August	Liebe Group Office
Post Seeding Field Walk	Wednesday 22nd July	MTS, Latham
Spring Field Day	Thursday 10th September	MTS, Latham
Mental Health Workshop	TBC	Liebe Group Office
Annual Dinner	TBC	Liebe Group Office

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