

# Macalister Demonstration Farm

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## NEWSLETTER 99

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### IN THE NEWSLETTER THIS MONTH

The road to recruitment – a Farm Manager and a Farm Hand have been engaged

Yellow Rag Bit – Things to think about as this financial year ends and the new one begins

What's been going on at MDF?

## ***The road to recruitment – a Farm Manager and a Farm Hand have been engaged***

And so, a decision has been made and the Board of the Macalister Demonstration Farm is pleased to announce the appointment of our new Farm Manager, Maheshwar Singh and our new Farm Hand, Tim Pattison.

*Who is Mahesh?* Mahesh is originally from Fiji. He arrived in Australia in 2011 and obtained his permanent resident status in 2014. Mahesh obtained a Bachelor of Agriculture, specialising in dairy farming and milk quality, at the University of the South Pacific in Fiji and undertook additional training to become a secondary school teacher. He was employed by the Fijian Ministry of Education for 7 years teaching Agricultural Science to secondary school students at colleges throughout Fiji. In 2006, Mahesh made a career changing move to take up a position as Herd Manager for an 800 cow dairy farm in Culverden on the south island of New Zealand, before moving to Australia in 2011 to take up a position as Farm Manager in the Sale region.

Mahesh has been living and working in the Sale region since his arrival in Australia. He hopes to one day own and manage his own property and sees the position as Farm Manager with Macalister Demonstration farm as an opportunity to improve his skills and set him on his path to his ultimate goal. Mahesh lives in Maffra and is married with two lovely daughters.

*And who is Tim?* Tim was raised in the MID and has worked in the dairy industry for 18 years.

Tim has “across the board” experience having undertaken an apprenticeship in dairying firstly, then working for wages before becoming a sharefarmer. He has a depth of experience in animal health and implementation of breeding programs with an excellent eye for individual cattle identification.

Tim takes pride in producing top quality milk: he achieved a number 1 cell count in the Murray Goulburn milk factory and is a recipient of Dairy Australia’s Countdown DownUnder Low BMCC Milk Quality Award and was awarded a Premium Quality Milk Award for consistently producing premium quality milk over a number of seasons.

Tim aspires to own his own property one day and believes that working and learning at the Macalister Demonstration Farm is a step towards achieving this goal.

## Yellow Rag Bit

*Maria Rose, Dairy Extension Officer - DEDJTR Maffra*

### Things to think about as this financial year ends and the new one begins

*With a few more days still to go until June 30, we are at the crossroads of the end of the 2014-15 and 2015-16 years in financial terms. As it could be tricky for those who may have made a profit last year or will likely have a greater tax bill this year, the Yellow Rag Bit this month is a relevant and timely feature piece written by local accountant Colin Wright.*

While it is a great idea to take stock of your business to see how it is travelling financially it is also a good idea to look a little further ahead. You are better off speaking with your accountant now rather than later about what options lie ahead for your business. There are three main questions I would like you to ask yourself before making any large purchases in the near future:

- How will I be able to pay my tax bill next year?
- Is my decision to spend money tax effective or will it cause cash flow issues later on?
- What are the appropriate investment options both on and off farm?

#### When the tax bill is due

Most businesses submit their tax return for their business between February and May the year following the end of a financial year. The actual payment of the tax liability (bill) to the Australian Taxation Office is required in September.

#### Tax effective or cash flow effective?

If payment of your tax liability is due in September (when a lot of businesses will be at their lowest milk payment and that is after you’ve spent money on legitimate items in your business to reduce taxable income), where is the money going to come from? Think before you spend at the end of the financial year.

#### Appropriate tax options

There are a number of options available to farmers to minimise the impact of fluctuating incomes and minimising the impact of tax on their business, especially in times of adverse seasonal conditions. It depends at what level of development the farm is at and also what stage of your personal lifecycle you are in. Your accountant should know of the following options:

- Farm Management Deposits (FMDs)  
Used to be known as IEDs or Income Equalisation Deposits. It is a cash transaction to obtain a tax reduction. For instance, a farm with a profit in one year may choose to put money into an FMD. At this point the money is not recognised as taxable income. When the money is moved from an FMD back into the business it is taxed then. The only reason you might pull the money back is if you were going to make a loss or are in a low income year which means the potential is that income will actually be taxed at a lower rate. The down side of FMDs is that they must remain as an FMD for a period of at least 12 months. There are also limitations to the amount of money you can invest in this manner in any given year.

- PAYG  
With the advent of the BAS (and GST introduction) most farmers are keeping reasonable records. This also enables quarterly PAYG to be estimated. You could also pay PAYG in two instalments normally 75 per cent in March when a good portion of the income has been received for the financial year and 25 per cent in July just before most businesses would take a drop in income. Make sure you adjust the PAYG tax declaration as it is based on figures from the previous financial year (tax return).

**Remember; think before you spend to ensure good cash flow all year round.**

## ***What's been going on at the MDF?***

Macalister Demonstration Farm (MDF) hosted the Department of Economic Development, Jobs, Transport and Resources' (DEDJTR's) regional biosecurity exercise in May.

The aim of the exercise was to allow extension officers from the Agriculture Services and Biosecurity Operations (ASBO) Division to practice emergency response skills, evaluate gaps and identify future training requirements to improve the preparedness of DEDJTR's response to a suspected emergency animal disease on private property.

For an event like this to be successful, a scenario, or imaginary happening needs to be enacted. In this instance, officers of the DEDJTR dairy team were holding an extension day at the MDF when one of them noticed a sick animal showing symptoms of an emergency animal disease (eg such as foot and mouth).

From this point the exercise is in full swing: DEDJTR staff need to secure the property, notify, through the appropriate channels, the existence of a suspect emergency animal disease, deploy staff and tools required to manage the emergency and manage the people and vehicles already on the property, such as the provision of advice and decontamination as both people and vehicles pass over the quarantine line.

An exercise such as this highlights the strengths and weaknesses of an emergency response and hones the skills of the staff involved. The testing of operating systems and responses to an emergency is important in striving towards keeping Australia free of emergency animal diseases and it is good to see our Biosecurity Officers taking on their roles and responsibilities with enthusiastic professionalism.

And now, for a look at production, inputs and margins: with 238 in the vat, but this is now down to 145 with 93 in the process of being dried off and a further 29 dried off.

	Litres	Solids
Production	13.8	1.3
Components %	5.28%, 4.05%	5.28%, 4.05%
Milk price on current test	59c	\$6.26
Gross milk income less levies	\$8.14	\$8.14
Minus 4.5kg grain (\$335/t) and 1kg pellets (\$541/t), and 2.2kg Almond hulls (\$170/t)	\$2.43	\$2.43
IOSFC (\$/cow/day)	\$5.71	\$5.71
Net production	9.7	0.91

There will be 130 or so dry cows going on agistment this week and the remainder will remain on farm receiving strip grass and dry cow hay. Pasture cover remains at 1950kgDM/ha and this allows remaining milkers and carryovers to receive grass and grain and dries to receive some pasture, whilst holding cover for calving in the first week of August.

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