

AUSTRALIAN ASSOCIATION OF AGRICULTURAL CONSULTANTS

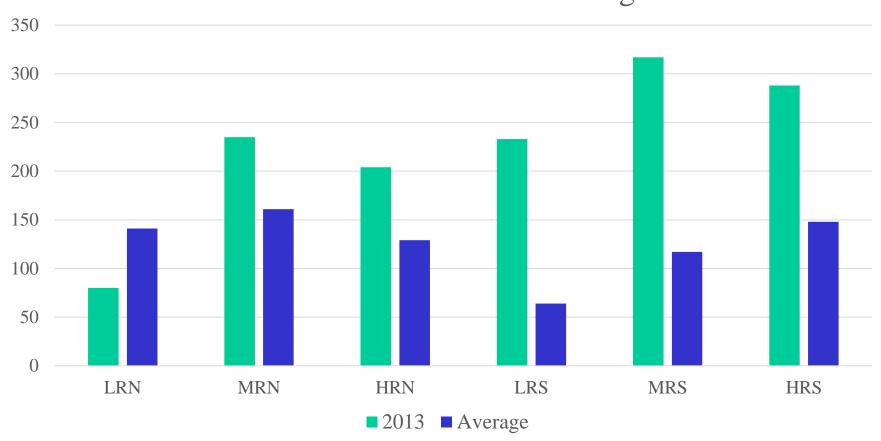
WESTERN AUSTRALIA INCORPORATED

Regional wrap by AAAC Consultants



What we've come off (2013).

Operating Surplus \$/eff ha 2013 v Previous 5 Year Average



Source: Planfarm Bankwest Benchmarks 2013-2014

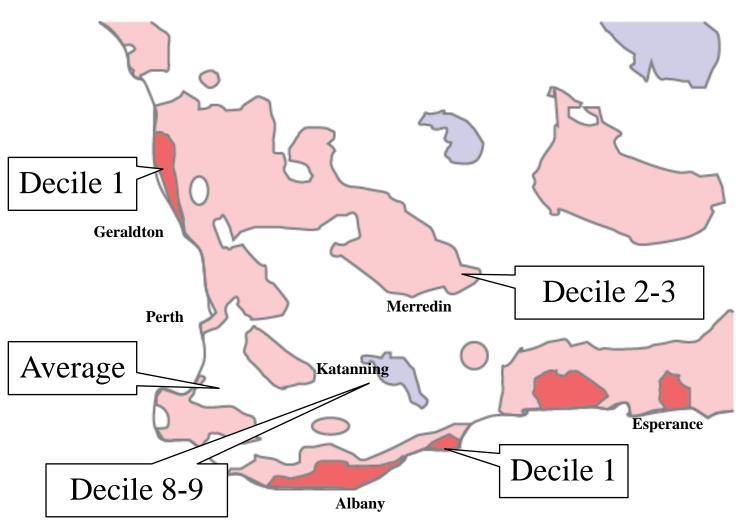


Planted areas 2014 (GIWA) '000 ha

	Wheat	Barley	Canola	Oats	Lupins	TOTAL
2014	4,492	1,063	1,247	180	280	7,286
% change	3%	22%	6%	-4%	14%	6%



Growing Season Rainfall

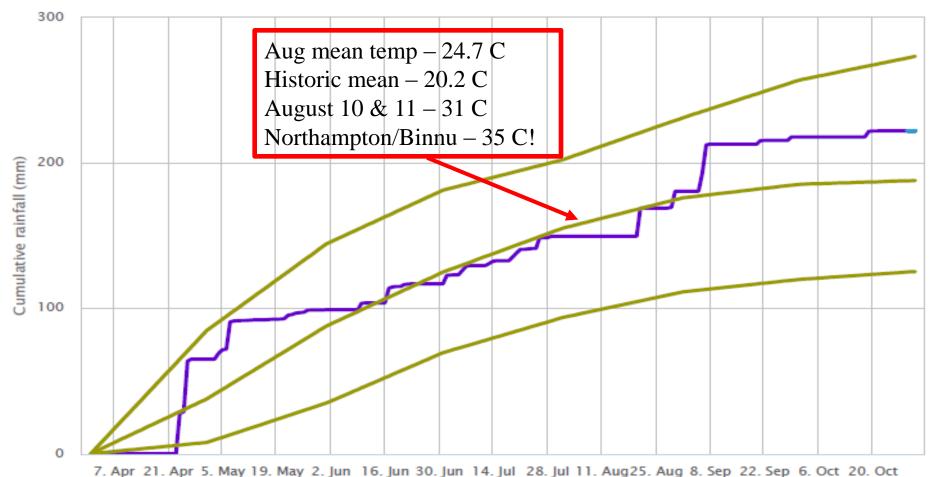




Growing Season Rain - Morawa

Rainfall to Date - MORAWA (DAFWA weather station)



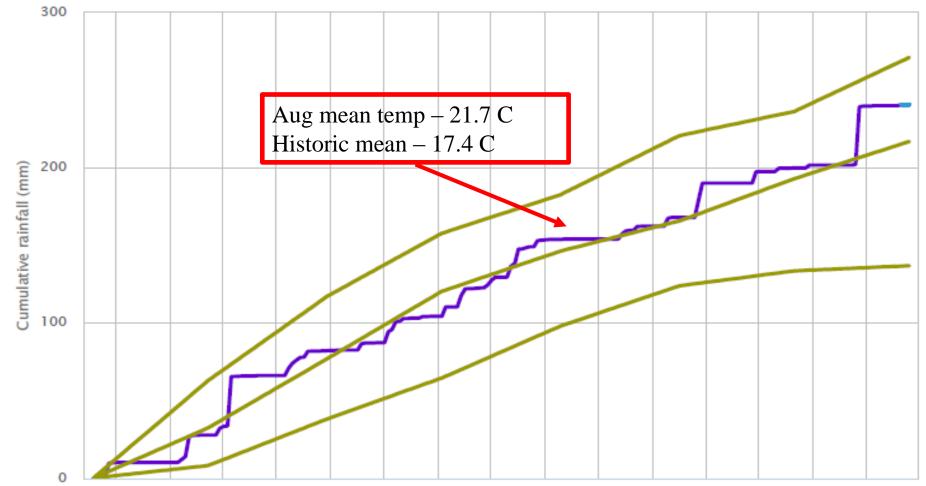




Growing Season Rain - Merredin







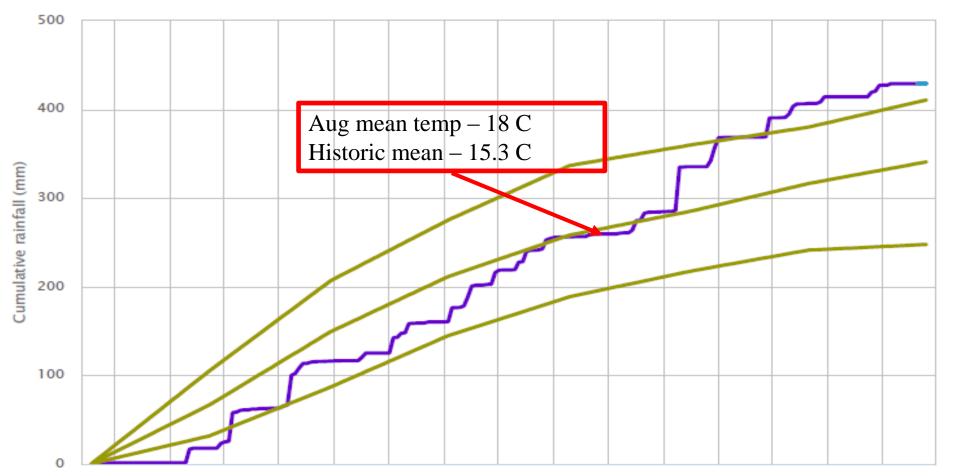
7. Apr 21. Apr 5. May 19. May 2. Jun 16. Jun 30. Jun 14. Jul 28. Jul 11. Aug25. Aug 8. Sep 22. Sep 6. Oct 20. Oct



Growing Season Rain - Narrogin

Rainfall to Date - NARROGIN (DAFWA weather station)



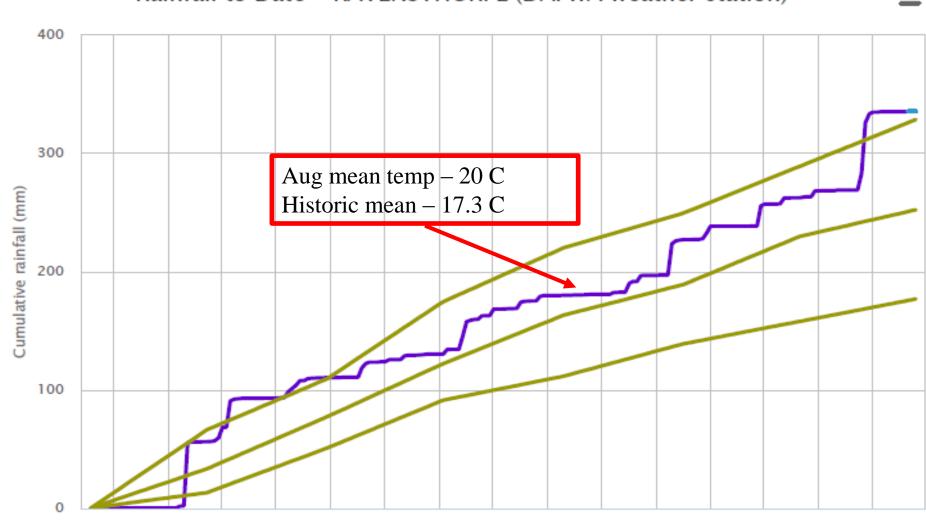


7. Apr 21. Apr 5. May 19. May 2. Jun 16. Jun 30. Jun 14. Jul 28. Jul 11. Aug 25. Aug 8. Sep 22. Sep 6. Oct 20. Oct



Growing Season Rain - Ravensthorpe





7. Apr 21. Apr 5. May 19. May 2. Jun 16. Jun 30. Jun 14. Jul 28. Jul 11. Aug25. Aug 8. Sep 22. Sep 6. Oct 20. Oct



Production

North

Wheat – mostly below. LRZ better than 2013.

Canola – average to below. RR Hybrids all over TT!

Lupins – average to below. Not much harvested.

Quality mostly good.



Key production issues/factors

North

Very early seeding = high early N prior to drying out.

Double knock, clean paddocks, chem \$ down!

Canola
- Sclerotinia even

in dry year.

- A 'hassle' to grow!

Nematodes (RLN),
crown rot & LRZ
wheat on wheat.

ROTATION!



Operating surplus estimates (\$/ha)

North

Low: \$70-120

Med: \$120-180

High: \$100 - \$250

Average – below average for most.



Working capital requirements 2014

North

Most stuck to budget or came in under.

Chemical – down Fert – over budget

LRZ using alternatives (CBH, deferred chem, etc)

50% have peak debt in June



Grain Marketing

North

Wheat - more went early than I can ever recall (\$310+).

Early swaps the winner.

Spring selling did not pay off this year.

Don't even try and pick price direction!!



Land sales

North

\$1,500/arable acre at Mingenew!

Much of N/NE for sale but no takers!

Appetite limited.

Quality sells, rubbish only if bundled with

quality.

Many larger farmers

'have enough' land.



Other issues/opportunities in 2014

North

NE - trouble exiting for many.

Soil type & water holding capacity. WUE is king!

How best to 'play the season'?

Poor tax driven decisions.



2015/16 Outlook

North

Working capital required will not change much.

Plant – keeping under 10% of income tough.

Tax – variable. Most of 2008 & 2011 has now worked through.

Failure not an option for much of NE.



Other issues/opportunities-local

North

Mining down – labour now more available.

Confidence highly variable. Climate change might be

real!

without buying land.

High school boarding options in Geraldton

or lack of.

Growing the business



Production

N	or	th

Eastern / **Central**

above

well below

Central ave/slightly

East ave/below to

Average. Oil levels

Wheat – mostly below.

LRZ better than 2013.

Canola – average to below. RR Hybrids all over TT!

Lupins – average to below. Not much

harvested.

Quality mostly good.

Barley yields disappointing

very good

Lupins yield good area not large though



Key production issues/factors

44	
North	

Very early seeding =

Central

most. Dry August

Excellent start for

high early N prior to hurt

drying out. N over runs in Double knock, clean

Central

paddocks, chem \$ down! Lime, Lime, Lime

double knock done

Canola - Sclerotinia even in dry year.

crown rot & LRZ

wheat on wheat.

ROTATION!

Crown rot late

Quality good

ANW2

- A 'hassle' to grow! Nematodes (RLN), **High Protein – H1 &**



Operating surplus estimates (\$/ha)

A	1		
North	1		

Eastern /

Central

Low: \$70-120 East: \$40-70

High: \$100 - \$250

Med: \$120-180

Average – below

average for most.

Central: \$70-125

West: \$120-350

East – below Central/West average



Working capital requirements 2014

|--|

North

Eastern / **Central**

Generally in line with budget

Most stuck to budget or came in under.

Chemical – down

Additional N used Was it needed?

Fert – over budget

50% have peak debt

in June

LRZ using alternatives (CBH, deferred chem, etc)

Funding

requirements

significantly lower

Surpluses from 2013 were generally well spent



Grain Marketing

N	or	th

winner.

Eastern / Central

Wheat - more went early than I can ever recall (\$310+).

Wheat was hedged well.
Canola under sold everywhere early

Early swaps the

Ditto

Spring selling did not pay off this year.

are difficult to interpret

level?

Barley price signals

What is a good basis

Don't even try and pick price direction!!



\$1,500/arable acre at

Much of N/NE for

sale but no takers!

Many larger farmers

Quality sells, rubbish

only if bundled with

quality.

'have enough' land.

Appetite limited.

Mingenew!

Land sales

44
North

Eastern /

Central

Little interest in

or corporate

Eastern country local

Strong demand West.

\$1,000 - \$1,500/acre.

Limited quality

rainfall areas

Has been some

distressed assets

movement of

offerings in higher



Other issues/opportunities in 2014

A	4C
NT 41	

Eastern / **Central**

NE - trouble exiting

for many. start Soil type & water What is land value when there are no

holding capacity. WUE is king!

buyers? Low yields 2014 & summer rain now

East – another poor

finish despite a great

season'?

leading to higher cost structure Sheep doing well for those who choose to

participate

decisions.



2015/16 Outlook

N	or	th

Eastern / Central

Working capital

required will not

East – slightly more Central – No change West – less

change much.

Plant – keeping under 10% of

income tough.

Variable seasons have seen the average client under invest in plant

Tax – variable. Most of 2008 & 2011 has now worked through

Some tax planning issues. Tax V Peak Debt

now worked through.

Failure not an option

for much of NE.

Advice on inputs to be based on profit balance the fiscal risk



Other issues/opportunities- local

North

Mining down –

labour now more

Eastern /

Strong demand for

lease country in

available.

- **Central**
- better rain zones **Confidence highly Re-positioning of** variable. Climate banks. Largest refinance year in past

10

change might be real!

Growing the business Business moral. Very without buying land. **High school boarding**

options in Geraldton

or lack of.

Drought scheme not hitting the mark

low East & N/East



Production

	1100
North	Factern /

Central

above

Great Southern

Wheat – mostly below.

LRZ better than 2013.

Canola – average to

East ave/below to well below

Average. Oil levels

Central ave/slightly

average but still a bit disappointing **Barley and Canola Above Average**

Wheat -above

below. RR Hybrids all over TT! **Lupins** – average to

below. Not much

Barley yields disappointing

very good

Wool & Lamb Production up.

expectations

1.8 & 3.5

Quality mostly good.

harvested.

Lupins yield good area not large though **Scope Barley!**



high early N prior to

Double knock, clean

paddocks, chem \$

A4C	Key production issues/fa
North	The set of the Control

	<u> </u>	
North	Eastern /	Grea
		~

Southern

Central Very early seeding =

Excellent start for

Best ever start for

most. Dry August hurt

crops and pasture

N over runs in **Central** Lime, Lime, Lime

N Spend: a lot caught out!

down!

Canola

drying out.

in dry year.

- Sclerotinia even

double knock done Crown rot late

ANW2

Quality good

Grass weeds getting away. Chemical \$ up

- A 'hassle' to grow! Nematodes (RLN), crown rot & LRZ wheat on wheat.

ROTATION!

High Protein – H1 &

Sclerotinia Alternaria Low protein risk



Average – below

average for most.

/ha)

Above average for

most (\$180)

A4C	Operating surplus estimates (\$,
North	Fastern / Great	

	Operating	g surprus estimates (\p/ma)
North	Eastern /	Great
	~ · · · •	~

Central

Southern

East – below

average

Central/West –

Low: \$70-120 East: \$40-70 **East \$200**

Med: \$120-180 **Central: \$70-125** Central \$300

High: \$100 - \$250 West: \$120-350 West \$250



Most stuck to budget

or came in under.

Chemical – down

LRZ using

in June

Fert – over budget

alternatives (CBH,

deferred chem, etc)

50% have peak debt

Southern

Chemical – up

Fert – over budget

but more needed?

Continued

reduction.

Most opted to bank

2013 results and

reduce debt

Most stuck to

budget.

1	Working capital requirements 2014
North	Fostown / Croot

7447	Working C	apitai requirement	.5 2017
North	Eastern /	Great	

Central

budget

Funding

spent

requirements

significantly lower

Surpluses from 2013

were generally well

Generally in line with

Additional N used

Was it needed?

7444	Working C	apital requirements 2014
North	Eastern /	Great



Grain Marketing

North	
-------	--

Eastern / Gr Central So

Great Southern

Wheat - more went early than I can ever recall (\$310+).

Wheat was hedged well.
Canola under sold

Very little sold (Opportunity & effect)

Early swaps the

everywhere early

Ditto

Canola window
missed on
production worries

Spring selling did not

winner.

Barley price signals are difficult to

Not selling barley pays off again!

Don't even try and pick price direction!!

pay off this year.

What is a good basis level?

Forward sales sheep at \$80/min



Much of N/NE for

sale but no takers!

Many larger farmers

Quality sells, rubbish

only if bundled with

quality.

'have enough' land.

Appetite limited.

Land sales

Not much for sale

Running out of

buyers

Very slow market

7444		
North	Eastern / Central	Great Southern
\$1,500/arable acre at	Little interest in Eastern country local	\$1,100-\$1,500/arable

Mingenew! or corporate acre

Strong demand West.

\$1,000 - \$1,500/acre.

Limited quality

rainfall areas

Has been some

distressed assets

movement of

offerings in higher



NE - trouble exiting

Soil type & water

holding capacity.

How best to 'play the

WUE is king!

Poor tax driven

season'?

decisions.

for many.

Other icques/opportunities in 2011

Canola disease

(everything except

blackleg)

Sheep & Wool will

be very good

Lamb price leads

shippers?

Barley delivery risk

outweighs

agronomy?

A4C	

7447	Other issu	ies/opportumues in 2014	1
North	Factorn /	Creat	

North	Eastern /
	Central

Southern

East – another poor

finish despite a great

What is land value

when there are no

Low yields 2014 & summer rain now

leading to higher cost

Sheep doing well for

those who choose to

start

buyers?

structure

participate



2015/16 Outlook

7444		2013/10 Outi
North	Eastern /	Great

Southern **Central**

Working capital

East – slightly more **Central – No change** West – less

Reduced working capital expected

change much. Plant – keeping under 10% of

required will not

Variable seasons have seen the average client under invest in plant

Plant Investment? How to justify to cost?

income tough. Tax – variable, Most of 2008 & 2011 has

Some tax planning issues. Tax V Peak **Debt**

Tax looming now

now worked through.

Failure not an option

for much of NE.

Advice on inputs to be based on profit balance the fiscal risk **Strong Livestock** results



Other issues/opportunities- local

A	
North	

Eas	te	rn	/	
\sim		_		

Great

Mining down – labour now more available.

lease country in better rain zones

business?

Confidence highly variable. Climate change might be

Re-positioning of banks. Largest refinance year in past 10

Peak Canola

real!

Growing the business Business moral. Very

Winter droughts+

without buying land.

High school boarding

options in Geraldton

or lack of.

Southern **Strong demand for** How to expand a Who can do it?

low East & N/East

late break? **Drought scheme not** Winter drought + hitting the mark late break?



Production

Great

Southern

Wheat –above

average but still a

bit disappointing

Barley and Canola

Above Average

expectations

1.8 & 3.5

Wool & Lamb

Production up.

Scope Barley!

South Coast

average yield quality

average yield quality

mixed Malt 40%+

Canola - wide yield

disappointing. Wool

variation oils 46-

50.5%

Lamb%

cuts well up.

Wheat – above

good APW1+

Barley – above

44C

Wheat – mostly

LRZ better than

Canola – average to

below. RR Hybrids

Lupins – average to

Quality mostly good.

below. Not much

all over TT!

harvested.

North

below.

2013.

Eas	ste	rn /	
$\boldsymbol{\alpha}$			

entral

above

well below

very good

Barley yields

disappointing

Lupins yield good

area not large though

Central ave/slightly

East ave/below to

Average. Oil levels



Key production issues/factors

Best ever start for

crops and pasture

N Spend: a lot

caught out!

Grass weeds getting

away.

Chemical \$ up

Sclerotinia

Alternaria

Low protein risk

44C

Easte	1

Central

ern /

Great Southern

North Very early seeding =

high early N prior to

drying out.

hurt N over runs in Central

Excellent start for

most. Dry August

paddocks, chem \$ down! Canola

Double knock, clean

Lime, Lime, Lime double knock done Crown rot late

High Protein – H1 &

ANW2

Quality good

crops Barley – high screenings again!!

Stock water was a big

problem.

South Coast

Grazing crops comes

at a yield penalty.

No summer rain –

weedy/volunteer

- Sclerotinia even in dry year. - A 'hassle' to grow! Nematodes (RLN),

crown rot & LRZ

wheat on wheat.

ROTATION!



Central

East: \$40-70

Central: \$70-125

West: \$120-350

East – below

average

Central/West –

East \$200

Central \$300

West \$250

Above average for

most (\$180)

Kendenup \$300-\$350

Gnowangerup \$350-

Ravy \$180-\$230

Esperance \$180+

\$400

A			
Nort	h		

Low: \$70-120

Med: \$120-180

High: \$100 - \$250

Average – below

average for most.

Operating	g surplus es	stimates (\$/na)
astern /	Great	South Coast
	G 41	South Coast

Southern



Most stuck to budget

or came in under.

Chemical – down

LRZ using

in June

Fert – over budget

alternatives (CBH,

deferred chem, etc)

50% have peak debt

Working capital requirements 2014

Most stuck to

budget.

Chemical - up

Fert – over budget

but more needed?

Continued

reduction.

Most opted to bank

2013 results and

reduce debt

7444	working c	apitai requii	cificitts 20
North	Eastern / Central	Great Southern	South Co

Generally in line with

Additional N used

Was it needed?

budget

Funding

spent

requirements

significantly lower

Surpluses from 2013

were generally well

oast

Well down on 2013 –

Wool sales on budget

Productivity catch-up

Happy to have large

buffer of working

capital

spend not capital

sheep sales well up

despite catch-up



Wheat - more went

recall (\$310+).

Early swaps the

winner.

early than I can ever

Spring selling did not

pay off this year.

Don't even try and

pick price direction!!

Grain Marketing

South Coast

More mature attitude

Price/Budget Effect

Barley varieties –

dogs breakfast

Canola – 2014

problem child.

Alternative delivery

options not well

understood.

AAC	
North	Eastern

Central

well.

Ditto

Wheat was hedged

Canola under sold

everywhere early

Barley price signals

What is a good basis

are difficult to

interpret

level?

Great

Southern

Very little sold

(Opportunity &

effect)

Canola window

missed on

production worries

Not selling barley

pays off again!

Forward sales sheep

at \$80/min



\$1,500/arable acre at

Much of N/NE for

sale but no takers!

Many larger farmers

Quality sells, rubbish

only if bundled with

quality.

'have enough' land.

Appetite limited.

Mingenew!

Land sales

Great

Southern

\$1,100-\$1,500/arable

acre

Not much for sale

Running out of

buyers

Very slow market

South Coast

More discerning -

Holding steady but

possession - orderly

plantation difficult to

below peak 20%?

Mortgagee in

Ex Blue Gum

sell

Land ain't land

4	1	
4	41	

	1	4	

Eastern	/	
C41		

Little interest in

or corporate

Eastern country local

Strong demand West.

\$1,000 - \$1,500/acre.

Limited quality

rainfall areas

Has been some

distressed assets

movement of

offerings in higher



Canola disease

(everything except

blackleg)

Sheep & Wool will

be very good

Lamb price leads

shippers?

Barley delivery risk

outweighs

agronomy?

744	

A	4	4	•
Nort	h		

		nities in 2014
Eastern /	Great	

Central

start

East – another poor

finish despite a great

summer rain now

structure

participate

leading to higher cost

Sheep doing well for

those who choose to

Southern

South Coast

Hybrid canola –

underperformer

plantations – the MIS

Sheep – slightly lower

returns than crop –

Leasing – loss in

capital value?

Ex blue Gum

chronic

curse

less risk!

NE - trouble exiting

Soil type & water holding capacity. WUE is king!

Poor tax driven

decisions.

for many.

What is land value when there are no buyers? Low yields 2014 &

How best to 'play the season'?



2015/16 Outlook

|--|

Working capital

required will not

change much.

Plant – keeping

under 10% of

income tough.

now worked

through.

Tax – variable, Most

Failure not an option

for much of NE.

of 2008 & 2011 has

44	
orth	Eastern

Central

West – less

plant

Debt

East – slightly more

Central – No change

Variable seasons have

client under invest in

Some tax planning

issues. Tax V Peak

Advice on inputs to

be based on profit -

balance the fiscal risk

seen the average

Great

Southern

Reduced working

capital expected

Plant Investment?

How to justify to

cost?

Tax looming now

Strong Livestock

results

spending

South Coast

Tax not profit driven

Succession planning

back on agenda

Significant debt

Livestock – **generate**

significant profit!

repayment



Other issues/opportunities- local

How to expand a

business?

Who can do it?

Peak Canola

Winter droughts+

late break?

Training

Backpackers

South Coast

DIDO – social issues?

More interest in

Confidence &

Albany – very

on effects

spending up = flow

positive post ANZAC

sheep?

Great

Southern

MAC	
744	

	4	4	-
Nont	h		

Mining down –

available.

real!

labour now more

Confidence highly

variable. Climate

change might be

without buying land.

High school boarding

options in Geraldton

or lack of.

Eastern	/
Control	

Strong demand for

lease country in

better rain zones

Re-positioning of

banks. Largest re-

finance year in past

low East & N/East

Drought scheme not

hitting the mark

10

Growing the business Business moral. Very



Thankyou.