

**WOULD YOU LIKE TO WORK IN TOWN?**  
*(by Graham Fletcher, Rural Adviser, McIntyre Dick & Partners)*

The question often asked by farmers is ...

*“Is my level of cash drawings reasonable?”*

Let’s look at it this way. If I were living on a salary in town, what would I have available for cash drawings?

My commitments for my family might look like this –

	<b>Annual Amount</b>
Newspaper	\$200
Health insurance	1,200
Home loan/rent	10,000
Rates	1,500
Insurance – home and contents	800
Household repairs	800
Life assurance	1,200
Superannuation/savings	2,500
Car expenses –	
Fuel	1,200
Service	600
Capital	7,200
	----- 9,000
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Amount needed before cash drawings	\$27,200 (whew)
Let’s say I earn	\$50,000 a year
Tax is	11,300
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Net	38,700
Costs above are	27,200

What I have left for cash drawings is \$11,500 ..... less than \$1,000 per month.

You might like to do this with your own information.

If you would like to have cash drawings of \$2,000 a month then if you live in town a salary of \$70,000 is needed.

On the farm, drawings are more than the cash taken out for living. They are all your domestic expenses.

When looking at your next farm budget, consider working backwards.

A presentation at the recent Dixel roadshow suggested –

Look at the surplus you expect first, then say “*if this is the money available how do we use it?*” An example of where your surplus goes could be:-

- Drawings
- Debt servicing – interest and principal
- Investment needs
- Tax
- Capital expenditure/part replacement.

Then ask the hard questions.

- What do I wish my business to deliver?
- What operating surplus do I want?
- What can I afford to spend on farm working expenses?
- How do I do things better to achieve my production targets?

One of my favourite sayings is “*no-one has a first mortgage on ideas*”. Look at your methods and compare them with the best. Then do something.