

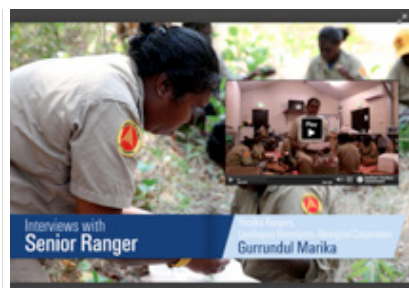


Magazine 6B – Business Management

This document provides a transcript for the audio in Magazine 6B – Business Management. It includes a text copy for interviews, presenter videos and activity audio.

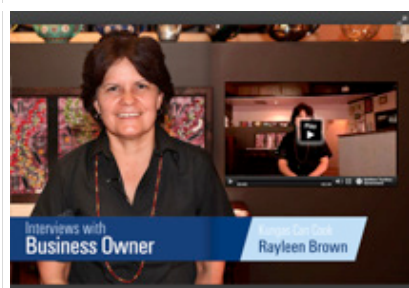
Slide Image	Transcript
	<p>Servicing the COMMUNITY Issue 2 BUSINESS MANAGEMENT Operating a Cattle Station</p> <p>+ How to run a bush medicine business</p> <p>Meet Rayleen & Gurrundul</p>
	<p>Welcome to Issue 2 of Servicing the Community</p> <p>Introduction to BUSINESS MANAGEMENT</p> <p>0:39 Seconds Business Management - Introduction</p> <p><i>Hi. You're about to meet Gurrundul, Rayleen, Derek, Fenton, Steve, and Jo-anne.</i></p> <p><i>They all manage businesses.</i></p> <p><i>In our other stories, we've shown you people in lots of exciting jobs. Some people spend a long time in jobs gaining experience and skills, then they become leaders and teachers.</i></p> <p><i>These make great managers. Let's have a look at what they do.</i></p>



Interview with Senior Ranger
Yirrkala Rangers, Laynhapuy Homelands Aboriginal Corporation
Gurrundul Marika

02:15 Minutes Gurrundul Marika – Senior Ranger

My name is Gurrundul Marika and Gurrundul mean is I am named after the country in Birrimum area. I come from Milpa, Milpa area. My position is Senior Miyalk Yirralka ranger with Yirralka rangers. I have been in this job for 6 years. Its important job because I am working on country, I'm so proud of my Lanhapuy land of home Miyalk Yirralka rangers. They are doing lot of bush product. They all busy doing numbala, it's a special tree belong to my mothers clan. And I'm the care taker of this tree like Goinggala or this my mother's tribe trees. Numbala is a special tree belongs to Jolipo my mothers tribe. And we collecting this leaves and doing bush product and we sell out, out of these leaves. All my girls doing this product, they doing a bush scrub, soap scrub, this group (pointing). This group, chest rub, (pointing) that group lip balm. And the other group is soap (pointing). And the girls really are proud of this job. Hey girls! (chatter in background).



Interview with Business Owner
Kungkas Can Cook Rayleen Brown

03:06 Minutes Rayleen Brown – Business Owner

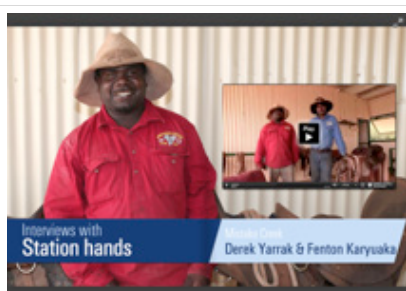
My name's Rayleen Brown and my business is called Koongas Can Cook and I'm in Central Australia, in the middle of Australia and lovely desert country.

I own and manage the business. Yeah, and the business has been going for 13 long years. Yeah, I suppose I am a bit multi-skilled in the fact that I have to manage the business, the accounts, the staff, the marketing, the ... oh, everything basically, right across the board, so even though I am a cook and that was my main skill, I've had to have all the other skills to be able to run my business.

So, basically, first and foremost, I'm a mum . That was my first job. So, I've had five children and before I had all my children I worked with my mum and I used to help my mum a lot. Because I'm the oldest of six and I needed to be able to help my mother with all of her looking after the kids and cooking, so cooking's been a big part of my background and, I'm not a qualified chef, I'm a cook and well it's just an obvious choice for me to go into cooking and yeah, I love food and I love cooking and I especially

love bush food so that's another thing I really specialise in, using bush tucker with our cooking which seems to me is just a normal thing.

Bush foods weren't widely in restaurants, it was just, but we believe the rest of Australia, tourists and other people would love to try it. So, that's something a lot of people are really, really interested in bush foods and even talking back to our own about bush tucker it's starting to put it as part of our diet again, so I'm looking at ways not that we can put bush tucker back on community again now, like it's an important part of our diet, 'cause it's really



Interview with Station hands
Mistake Creek Derek Yarrak & Fenton Karyuka

Derek Yarrack and Fenton Karyuka - Station Hands
02:09 Minutes

Derek Yarrack: Hello, I'm Derek Yarrack, from Mornington Island in Queensland, and I'm here in Mistake Creek.

Fenton Karyuka: Hello, I'm Fenton Karyuka from Mornington Island, and I'm here at Mistake Creek working.

Derek: Yeah, we got a Certificate I and II in Agriculture Rural Operations.

Fenton: And I love this job. I'm at different place, meet new people.

Derek: And, well, I like this job what I do here, 'cause you getting away from everything else, you know, like from the town and all the other stuff what goes around town, 'cause you're getting long way out in bush, and doing. That's what I like about it, like working with the horse that's what I mainly like, yeah. You always go, get the horse and the bike.

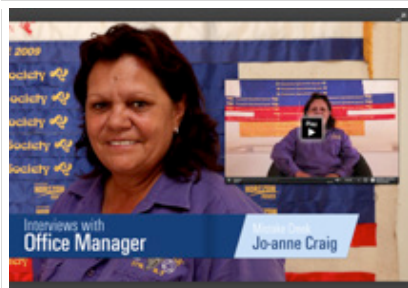
Fenton Karyuka: Yeah, run them horse in, couple of horse, going in the paddock and run them in. I'm really good at running in them horse. Yeah.

Derek Yarrack: So, it's important to stay in school. Any job you'll get, I reckon you'll have to have numbers, write things, yeah. So school will help you stay in - like you do those things, make you have jobs like this and any other job which you'll have. Don't let any people around you, or kids and that, your mates, don't let them bring you down and stay out of trouble and all that. Yeah.

Just - just stay on the track, I reckon, just stay on that line, just don't let anyone pull you back, just go forward.

Fenton Karyuka: *(Inaudible) just keep looking forward, just do what you do.*

Derek Yarrack: *Like if you got opportunity like this, like we have, we took it.*

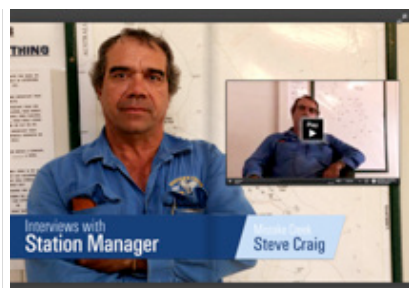


Interview with Office Manager
Mistake Creek Jo-anne Craig

02:38 Minutes Jo-anne Craig – Office Manager

My name's Jo-ann Craig, I work at Mistake Creek Station. I'm the office manager which entails me to make sure that the kitchen is run smoothly, the homestead area's kept clean like the garden, amenities around here, look after the office, make sure that all the invoices are paid, telephones answered, the ... any of the general running of the office is what I do. I'm from Tennant Creek, but I grew up in Darwin, so coming here I had no idea what I was in for. We've been here 19 years. My biggest problem was the isolation when I first came here so I started learning to ride a horse, started going up to the yards, starting to understand the genetics of the animals, all about the mustering, why we muster. I had no idea about the bush so I had to actually start taking notice of where I was driving otherwise you get lost. So, it was a whole new area for me but, if this is what it's going to be, you have to start changing your attitudes and starting to learn new things, otherwise it ain't gonna get any better.

You have to be open, you have to be able to communicate, you have to be able to read, you have to promote yourself and education is a good start for using later on in life. At the same time, you don't have to leave your community, to go away, there's opportunities in your own community. You might want to start your own little business in art or you might want to have a little truck or a little tractor or start a little gardening business in your own community, so you need to have, you need to be able to promote talk and communicate with other people about what you want to get started. So I think the main thing is having a good education.



Interview with Station Manager Mistake Creek Steve Craig

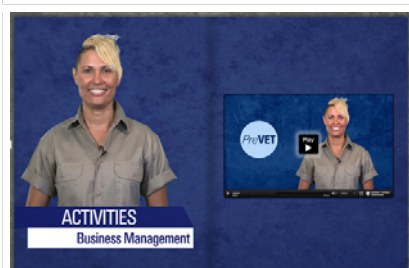
03:08 Minutes Steve Craig – Station Manager

Yeah, my name's Steve Craig. I'm originally from Alice Springs. I'm an Eastern Arrernte fellow and I'm the station manager here at Mistake Creek and me and my family have been here for nearly 19 years now and we run the station, the cattle side of things, for a company called Blue Gloss which is all a traditionally owned company of the Tjupanyin people.

We run between 23 and 25 thousand head of cattle here. Mistake Creek and Brumby Plains is 4,000 square kilometres. That's enough to keep people busy. I'd say 90 percent of that is used for cattle production .

I've been in the pastoral industry all my life and we enjoy, me and my family we enjoy what we do here. I suppose I didn't have a really good education when I was young all I just wanted to be was a ringer so I thought I didn't have to have education, but little did I know how wrong I was and yeah, I'd like to say to other young indigenous kids or anyone, any young fellow, young person, try and stay at school and get as much education as you can. It makes life a little bit easier.

I was very lucky to have that opportunity to come here and we've sort of definitely made the most of it and made it a success for the people who own the land, the traditional owners. But yeah, I've always wanted, I thought I'd love to be a manager, but it took me a few to get there, but I learnt a lot of other stuff, probably the best thing, I learnt a lot of other stuff on the way about life. I wanted to prove, wanted to prove that an indigenous person could do it and that's what we like to put out there now, is you know, anyone can make a go of it. Set your goals and don't let it go, just give it your best shot. It's up to you as an individual, yeah, just to do a lot of training and yeah, the opportunities are here for them and like there's that much training opportunities available now and we're sort of tapping into that to give, to give young people the opportunity to do , come into the pastoral industry



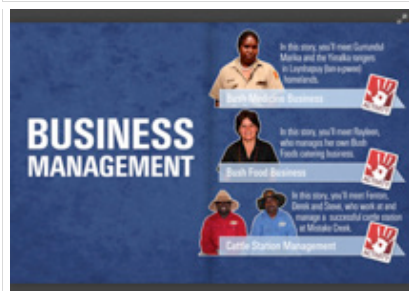
ACTIVITIES Business Management

Now you're going to learn about all the things businesses need to be successful. And a lot of money and numeracy is involved.

And you'll see how Gurrundul manages costs in the bush medicine business and how Rayleen pays her staff and uses a budget balance

sheet. And you'll have a go at balancing a budget on a cattle station thinking about how things can change from one month to another.

Let's do it!



BUSINESS MANAGEMENT

Bush Medicine Business In this story, you'll meet Gurrundul Marika and the Yirralka Rangers in Laynhapuy (Lan-a-pwee) homelands.

Bush Food Business In this story, you'll meet Rayleen, who manages her own Bush Foods catering business.

Cattle Station Management Now you'll meet Fenton, Derek and Steve, who work at and manage a successful cattle station at Mistake Creek.

REVIEW

Presenter - Review

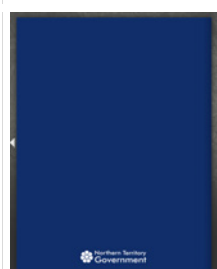
00:26 Seconds

Nice work!

You've just learnt a huge amount about the overhead costs, the profit, and making sure the running costs are less than the revenue.

This is an exciting area to work in. You get to be the boss and make your own decisions.

Northern Territory Government logo



Slide Image

Activity A1 Bush Medicine Business



Activity 1
Bush Medicine Business

In this story, you'll meet Gurrundul Marika and the Yirralka rangers in Laynhapuy ('lan-a-pwee') homelands. They collect plants and make bush medicines from the plants Gurrundul knows about. They share the knowledge with the community and with those who buy their products.



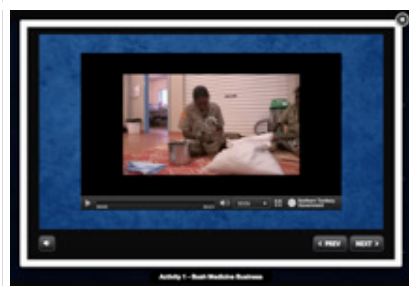
They are growing their business, sending their knowledge and skin care products all over the place.

Key Points

This activity will focus on:

- Calculating production costs and profit for a small business

As a part of their business, the rangers need to calculate how much product they are going to make, and prepare enough packaging. The cost of packaging and labeling affects how much money they will make after they've sold their product. Listen, for the things they use to make and package their product, and how much money they will raise from their sales.



Gurrundul – Senior Ranger

03:14 Minutes

I'm crushing different leaves from the bush and start making a different bush medicine; one girl's soap, one baby soap, lip balm, and salt drop. Then we sell it to market. We doing one in the Darwin markets and one at Nhulunbuy markets there.

So every Saturday we put aside how many soap blocks we gonna sell, maybe 50 block soap, 50 lip balm, 50 soap, something like that.

Now we put the Macadamia oil to the jar then pour in that. Then we wait maybe 15 minutes. I have to stir it up 'til the lid's getting hot. We also use cocoa butter and bee's wax



Vocabulary

Profit

Product

Overheads

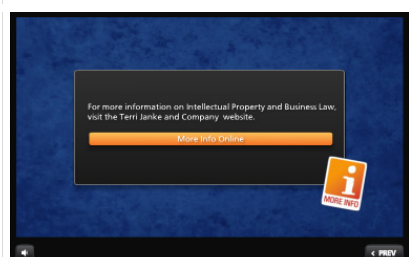
Production Costs

Packaging

Intellectual Property

Here are some words that will be used in this story.

For more information on Intellectual Property and Business Law, visit the Terri Janke and Company website





Profit

The money the rangers keep after they deduct the costs of production from their sales is called the profit. Profit depends on the amount of money they spend on things they need to make the product. This includes the oils, labels and jars for the product to go in to.



Thinking

If they sell all 69 jars for \$15 each, how much will they make in sales?



Job Tip

Making a profit is a big part of what makes a business successful. Sometimes it takes a while before a business starts to make a profit. The Rangers have to make the money back that they spend making and packaging the product, and any extra money would go back into the Ranger Program and its businesses.



More Info

The Yirralka Rangers is a business that makes money from providing environmental land care services to clients and customers, as well as getting funding from different government organisations.



Overheads

Production costs are called 'overheads.' Other overhead costs may include people's time spent collecting and preparing the materials, and the cost of buying the equipment used to make the product. They had to buy the oils, creams, and jars to make and package the chest rub.



More Info

Business Types: Different kinds of businesses have different overheads. A big company that has offices in lots of different places and uses different vehicles in their services would have a lot more overheads than a smaller business that is run out of someone's home.



Thinking & Discuss

What other costs would this business have? What did they need in order to harvest, process, cook, prepare and sell the product?
(Same as slide text)



Answer

- vehicle costs
- cooking equipment
- processing equipment
- oils and creams
- packaging
- people's time



Profit

Sales – Overhead Costs = Profit

The profit the rangers make will be calculated by the amount of product they sell minus the overhead costs.



Activity

If the jars cost 75 cents each and the lids cost 35 cents and they bought 69 of each, how much will the overhead cost be?

EXTENSION

What is the total overhead cost for making this batch of chest rub?

Item	Price per Unit	Quantity	Total Cost
Pans	75¢	69	\$ 0
Labels	35¢	69	\$ 0
Labels	25¢	69	\$ 0
Ingredients Stickers	25¢	69	\$ 0
Coco Butter	\$50	1	\$ 0
Beeswax	\$50	1	\$ 0
Macadamia Nut Oil	\$50	1	\$ 0
Lemon Grass Oil	\$7	1	\$ 0

Activity 1 - Bath Medicine Business

Extension

What is the total overhead cost for making this batch of chest rub?

ACTIVITY

If the labels and ingredients stickers cost 25 cents each, how much will each of the overhead costs be for 69 labels and 69 stickers?

Label Sticker costs 25 cents
Ingredients Sticker costs 25 cents

69 of each

NaN

NaN

Activity 1 - Bath Medicine Business

Activity

If the labels and ingredients stickers cost 25 cents each, how much will each of the overhead costs be for 69 labels and 69 stickers?

EXTENSION

What is the total overhead cost for making this batch of chest rub?

Item	Price per Unit	Quantity	Total Cost
Pans	75¢	69	\$ 51.75
Labels	35¢	69	\$ 24.75
Labels	25¢	69	\$ 17.25
Ingredients Stickers	25¢	69	\$ 17.25
Coco Butter	\$50	1	\$ 0
Beeswax	\$50	1	\$ 0
Macadamia Nut Oil	\$50	1	\$ 0
Lemon Grass Oil	\$7	1	\$ 0

Activity 1 - Bath Medicine Business

Extension

What is the total overhead cost for making this batch of chest rub?

ACTIVITY

If the coco butter, Macadamia nut oil and beeswax cost \$50 each, and the scented oils they add cost \$7, what will the overhead cost for these supplies be?

\$50 + \$50 + \$50 + \$7

Calculate Answer

Activity 1 - Bath Medicine Business

Activity

If the coco butter, macadamia nut oil and beeswax cost \$50 each, and the scented oils they add cost \$7, what will the overhead cost for these supplies be?

EXTENSION

What is the total overhead cost for making this batch of chest rub?

Item	Price per Unit	Quantity	Total Cost
Pans	75¢	69	\$ 51.75
Labels	35¢	69	\$ 24.75
Labels	25¢	69	\$ 17.25
Ingredients Stickers	25¢	69	\$ 17.25
Coco Butter	\$50	1	\$ 50
Beeswax	\$50	1	\$ 50
Macadamia Nut Oil	\$50	1	\$ 50
Lemon Grass Oil	\$7	1	\$ 7

Activity 1 - Bath Medicine Business

Extension

What is the total overhead cost for making this batch of chest rub?

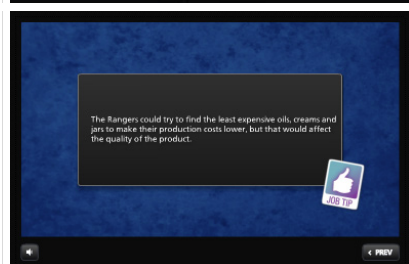


Activity
What will the profit be?



Activity
What if they only sell 20 jars at the market?

The profit the rangers make will only rely on how much product they sell. If they only sell 20 jars the profit will be much less.



Job Tip
The Rangers could try to find the least expensive oils, creams and jars to make their production costs lower, but that would affect the quality of the product.



More Info
Breaking Even: This term describes when a business has sold enough of its product to cover it's costs, but not make a profit. In order to break even, they would need to sell 18 jars.



Thinking & Discuss
Intellectual Property

The products the rangers are making are special and unique. Gurrundul takes care of the knowledge about this tree and the rangers are proud of how to make the bush medicine.

Their knowledge could also be called 'intellectual property.' The knowledge can be protected legally.

Find out more about how others have protected bush medicine knowledge here: <http://www.ipaustralia.gov.au/understanding-intellectual-property/ip-for-business/indigenous-business/>



Key Points

Well Done! This activity focused on:

- Calculating production costs and profit for a small business

You've calculated the overhead costs of producing the bush medicines, and worked out what the profits would be for the rangers in different sales situations.



Thinking & Discuss Reflection

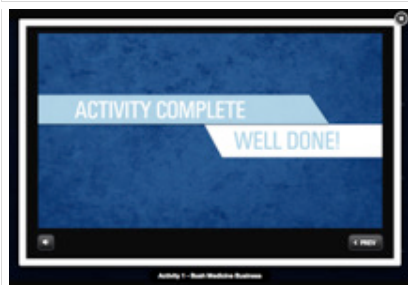
Would you like to build a business with the knowledge and skills you have?

Would you be good at working out the most profitable way to sell your product?

Let's have a look at another kind of business in the next activity.

*Would you like to create a business with something you know about?
Would you be good at working out overheads and profits?*

Now you'll see another business that sells Bush Foods.



Activity complete

Well done!

Slide Image

Activity A2 Bush Food Catering Business



Activity 2 Bush Food Catering Business

In this story, you'll meet Rayleen, who manages her own Bush Foods catering business. She is very experienced and knows a lot about all the things she needs to do to make her business run.



This activity will focus on:

- calculating monthly profit by working out overheads and payroll
- using a budget balance sheet

Listen as Rayleen talks about overhead costs and the different kinds of staff she needs to consider in her business.



Vocabulary

Payroll
Budget
Overheads
Turnover
Revenue
Income
Profit
Marketing and advertising

Here are some words that will be used in this activity. Listen for some of them in Rayleen's clips.



Rayleen – Business owner 02:31 Minutes

So, with my staff, I've got a young girl that works in the office more often than none, but she also has the flexibility to work in the kitchen as well when we get really, really, really busy, so she's quite multi-skilled and I'm lucky to have her. She does all of the client contact, she does the invoicing, she does quoting on the system and then we have another staff member who does a lot of the cooking, that helps me do the cooking. Also, I have a delivery person that goes out and delivers the food around town or they also may have to pick up stores. And then, I also have quite a large list of casual staff as well that come in and help us to do waitressing, setting up a dinner area, like setting out tables so

sometimes it might be they're not cooks, they're not admin, but they are like physical workers .

It takes a little while for any employee to want to be able to employ you on a full time basis you kind of have to show your boss that you've got the skills that are needed in the business , so that's obviously why they're on full time and that I feel confident if I had to leave and go away for a couple of days, that I'd feel confident leaving the business to an office staff member and maybe a manager in the kitchen.

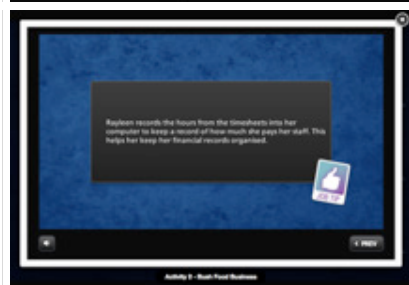
So that's some of the reasons why those people are on a permanent basis . They bring their skills there and, they're also able to bring some more money into the business because they've got their skills and expertise. So, if you're just first starting out you won't have as much responsibility, but you may even work a little bit harder, but it may be that you start at the bottom. You might be just doing dishes or you might be doing preps, or deliveries. Your wage will be a little bit less than a person that has responsibility. So there might be three or four levels of staff in the kitchen, but you know, people if you really, really get in there and you want to work your way up, there's no barriers for you to do that.

So this is where we also do up our payroll so every week I have to pay my staff. They come in here, they bring their time sheets in, they let me know when they've been here so , it's a really important part of that.



Payroll Weekly Time Sheet

Each staff member records the hours they work on a timesheet and gives it to Rayleen every two weeks. She adds up the hours and pays them based on their hourly rates.



Job Tip

Rayleen records the hours from the timesheets into her computer to keep a record of how much she pays her staff. This helps her to keep her financial records organised.



Superannuation: Is money that is put aside for you now that you will get when you finish working. It helps support people when they are older. It is often shortened to 'Super'.

Rayleen pays superannuation payments for each staff member. What percentage of their pay does the Australian Tax Office (ATO) say Rayleen has to pay into her staff's superannuation?

More Info Online (link to <https://www.ato.gov.au/individuals/pathway.aspx?pc=001/002/064&alias=super>)



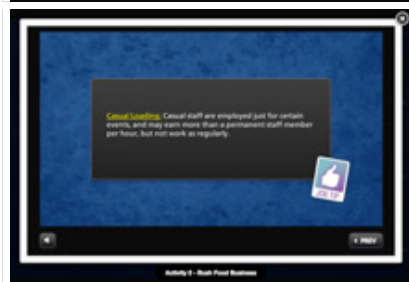
Casual and Full Time Staff Payments

Staff are paid based on their age, experience, qualifications and whether they are full time, part time, or casual.



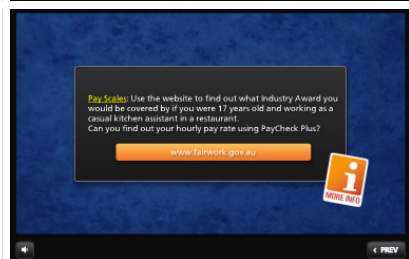
Extension

How many hours does a 'part time' and 'full time' worker do?
www.fairwork.gov.au (link)



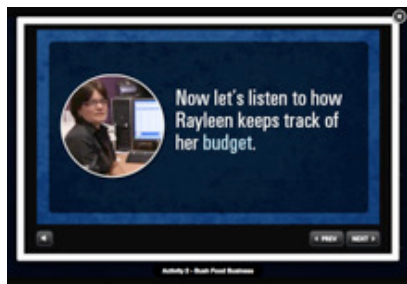
Job Tip

Casual Loading: Casual staff are employed just for certain events, and may earn more than a permanent staff member per hour, but not work as regularly.



More Info

Use the website to find out what Industry Award you would be covered by if you were 17 years old and working as a casual kitchen assistant in a restaurant. Can you find out your hourly pay rate using PayCheck Plus?
www.fairwork.gov.au (link)



Now let's listen to how Rayleen keeps track of her budget. Listen for the words turnover, profit, and overheads.

(Same text on screen)



Rayleen – Business Owner
02:49 Minutes

We've had to learn how to generate an income to keep going because I have to do that all the time, I have to know that I've got money to pay my rent, that I've got money to pay insurance, that I've got money to pay staff, I've got money to pay loans, I've got money to. So, I know from each month that I need to turn over around \$15,000 a month to cover all my utilities and all of my cost to run this business.

When I knew my business was successful was when the accountant came in, a professional person, came in and checked all of my books and they said to me "Raylene, you've made a profit, not a lot to start with, just a small amount, but enough to be able to pay yourself and another staff member and that everything balanced up."

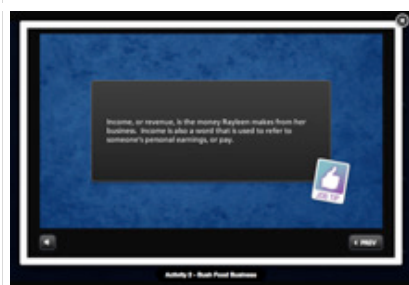
Without this side of it, this side wouldn't work because we need, this is where we keep all of our quotes, this is where we talk to our customers, this is where we keep our paperwork. So, you've got to have the paperwork set up right. So that's why we've got the folders here, we have our what money we owe to people, what money is owed to us, our money that's coming in. Also, our correspondence with the tax office because that's another part of business, letting them know how much money I'm paying my staff, but also how much money the business has made, so you need to have a really good paper trail so that if anything in the future where their questioning something about your business or they just want to ask you something, you can put your hands onto something really quickly and for me as well, I need to know that I, I want to know how much I owe my fruit and veg guy or my butcher so I can come in here and I can put my hands on something straight away.

So, what's reflected in the paperwork is also stored on my computer. So, with my business when we first started out we were happy to make you know, \$20 or \$30 thousand dollars a year, that's all we thought with the amount of customers we had. We sort of thought that would be a good amount, but at the end of the financial year we actually found that we made \$50,000. So, then we had to think about



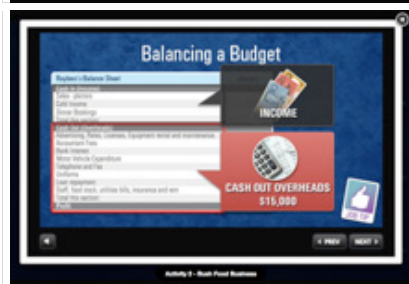
Budget Tracking

For Rayleen's business to make a profit, she has to cover a lot of overheads. It costs Rayleen \$15,000 per month to keep her business running, so her income has to be bigger than that. This is her budget for her business.



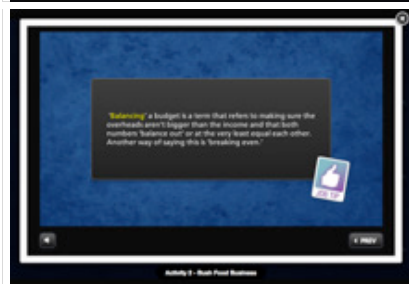
Job Tip

Income, or revenue, is the money Rayleen makes from her business. Income is also a word that is used to refer to someone's personal earnings, or pay.



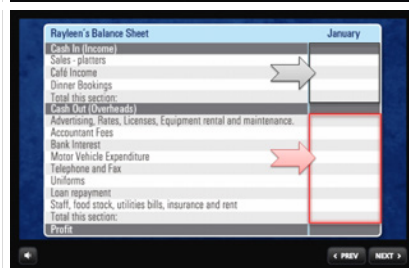
Balancing a Budget

Rayleen would have a balance sheet in her computer similar to this that shows all the costs of her business, and the incoming money from her sales. Ideally, the income from her business wouldn't just 'balance,' it would be much better than her overheads.



Job Tip

'Balancing' a budget is a term that refers to making sure the overheads aren't bigger than the income and that both numbers 'balance out' or at the very least equal each other. Another way of saying this is 'breaking even'.



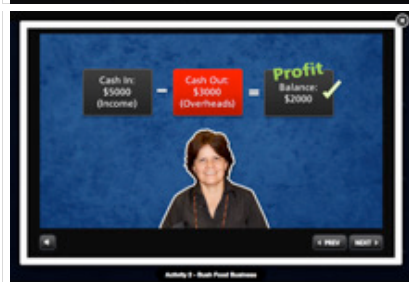
Rayleen's Balance Sheet

Rayleen receives bills or invoices from all the places she owes money to, and the amounts are entered into the cash out section of her budget sheet. Her income, or money that people give her in exchange for her services, goes in the 'cash in' section.



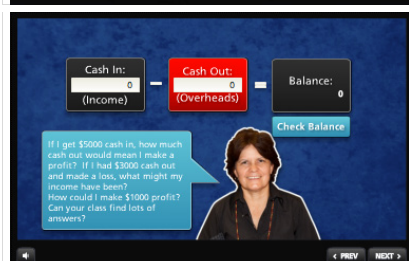
Thinking & Discuss

Some of these overheads and incomes change every month. Some months are busier than others. What do you think are the busy times for Rayleen's catering business? When do people have a lot of parties or social functions?
(Same text on screen)



Cash In: \$5000 – Cash Out \$3000 = Balance: \$2000 Profit

In order to 'balance up' her budget, Rayleen has to subtract all the cash out or overheads from the cash in, or income like it says here. If the number is a positive number, she's made a profit!

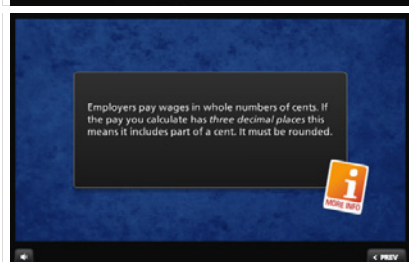


If I get \$5000 cash in, how much cash out would mean I make a profit? If I had \$3000 cash out and made a loss, what might my income have been? How could I make \$1000 profit? Can your class find lots of answers?



Activity

Calculate the costs of staffing for the hours they work. Type the answer in the box for each member of staff.



More Info

Employers pay wages in whole numbers of cents. If the pay you calculate has decimal places this means it includes part of a cent. It must be rounded.



Activity

Another cost to Rayleen's business is superannuation. Calculate the superannuation Rayleen pays these staff members at 9% of their pay. Enter the cost of staff for this event.

There are 10 events like this in January. Enter the total cost of staff for the month.

Staff and Pay Rate	Cost per Event	Cost per 10 Events
Junior Cook	\$4.00	0
Senior Cook	204.00	0
Senior Waitress	78.00	0
Total Staff Costs	0	0

Activity

There are 10 events like this in January. Enter the total cost of staff for the month.

Rayleen pays for food stock, utilities bills, insurance and rent, on her premises every month. Find the total for this month, then add the total to the balance sheet.

Stock and material	Electricity and Water	Insurance	Rent	Utilities and Superannuation Contributions
2800.00	420.00	200.00	2800.00	5077.23

Activity

Rayleen pays for food stock, electricity, water, insurance and rent every month. Find the total for January.

Rayleen's Balance Sheet January

Cash In (Income)	
Sales - platters	
Café Income	
Dinner Bookings	
Total this section:	
Cash Out (Overheads)	
Advertising, Rates, Licenses, Equipment rental and maintenance	
Accountant Fees	
Bank Interest	
Motor Vehicle Expenditure	
Telephone and Fax	
Uniforms	
Loan repayment	
Staff, food stock, electricity, water, insurance and rent	9727.23
Total this section:	
Cash In (Income)	

Correct Answer

Rayleen's Balance Sheet

Staff, food, stock, electricity, water, insurance and rent = 9727.23

Drag and drop the other costs into the balance sheet. Then find the total of the Cash Out for this month and enter it.

Cash Out (Overheads)	
Advertising, Rates, Licenses, Equipment rental and maintenance	3635.00
Accountant Fees	200.00
Bank Interest	100.00
Motor Vehicle Expenditure	500.00
Telephone and Fax	140.00
Uniforms	100.00
Loan repayment	900.00
Staff, food stock, electricity, water, insurance and rent	9727.23
Total this section:	12102.23

Activity

Drag and drop the other costs into the balance sheet. Then find the total of the Cash Out for this month and enter it.

Rayleen has 9 dinner bookings at \$1500 and 10 regular bookings for platters (fruit and sandwiches) at \$150 that rate charged this month. Her café also made \$4000 in sales. Enter these incomes into the balance sheet and find the section total.

Rayleen's Balance Sheet January	
Cash In (Income)	
Sales - platters	0
Café Income	0
Dinner Bookings	0
Total this section:	0

Activity

Rayleen has 9 dinner bookings at \$1500 each and 10 platters (fruit and sandwiches) at \$150 each this month. Her café has also made \$4000 in sales. Enter these incomes into the balance sheet and find the section total.

If Rayleen only made bookings for dinners how many would she have to make to 'break even'? How many would she need to make to make \$3000 profit? Round your answer to the nearest whole number.

Break Even	Profit
Dinner Bookings @ \$1500	Dinner Bookings @ \$1500
Cash Out: \$10,000.00	Cash Out: \$10,000.00

Extension

If Rayleen only make bookings for dinners how many would she have to make to 'break even'? How many would she need to make \$3000 profit? Round your answer to the nearest whole number.



Job Tip

Diversifying: People usually only have special dinners on weekends, and there are not enough weekends in a month to make these bookings! This is why having a lot of different things your business does is helpful in making more money. Raylene has a café, and makes platters for small functions, as well as caters for week-long conferences, weddings and private parties as well.



Activity

Now it's time to calculate the monthly Profit of Raylene's business. Deduct the Overheads (cash out) from the Income (net cash).



Thinking & Discuss Reflection

Are you good at organizing information? Could you manage a budget like this? Would you like to be responsible for your own income and keeping your business running?

Are you good at keeping your information organised?

Could you see yourself managing a budget like this?

How would you feel about being responsible for generating your own income and keeping your business running?

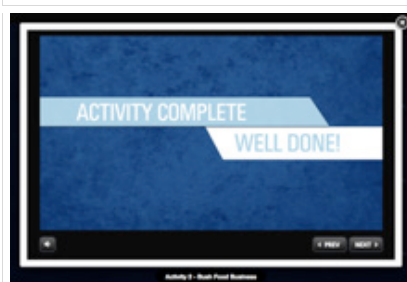


Key Points

Well Done! This activity focused on:




- Calculating monthly profit by working out overheads and payroll
- Using a budget balance sheet

You've calculated the monthly overhead expenses and profits, and used a budget balance sheet to record all the income and costs to see what profit was made.





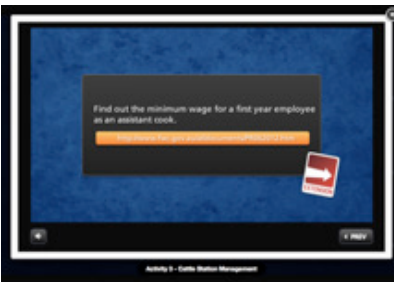


Activity Complete

Well done!

Slide Image	Activity A3 Cattle Station Management
	<p>Activity 3 Cattle Station Management</p> <p><i>In this story, you'll meet Fenton, Derek and Steve, who work at and manage a successful cattle station at Mistake Creek.</i></p>
	<p>Key Points</p> <p>This activity will focus on:</p> <ul style="list-style-type: none"> • Calculating staff costs based on cattle industry award and qualifications • Calculating irregular and regular costs due to seasonal changes • Calculating profit dependent on export and abattoir prices <p>Note: Values used in this activity are examples for education use.</p> <p><i>Later on, you'll see how Steve has to think about all the costs on the business. He also has to think about how much income the cattle station will generate by exporting or selling cattle locally, but now here's a clip about some of the things that happen on the station.</i></p>
	<p>Derek and Fenton – Station Hands; Steve – Station Manager 02:23 Minutes</p> <p>Fenton: <i><indistinguishable> mustering cattle, taking 'em back and mustering them and watering them. There might be 300 or 400 or 500.</i></p> <p>Derek: <i>Before we go mustering and that, we go and that and get the horses run the horses and put shoes on them. If the horse got a big foot on them, take here, and you see a little mark there like that there on them, and that's a bit smaller, so you come in and hit it and when you put it back there it be wider and that and probably go up there. We just get around them muster them, that's what you call like mustering, we go around them, hold them up, everything there. Herd animals you know and all they want to do is get together</i></p>

	<p>Steve: When we're drafting, the animals come into here, come out of that yard into this, into the pound, the round yard then the bush cows, which is the cows, will go out here. You have wieners will go up here. Calves will go into this yard and any other animals or maybe our bulls, our stud bulls, if we want to check our herd bulls over, they go into here. Then we'll have either our branded steers go into this yard which is normally last year's calves, male calves, go into there, to be taken off mum and this yard here which is normally the heifers from last year, 12 months old heifers like going, getting taken off mum come into this yard and then, later on when we're truckin, this yard here is the one they go up to to go into a road train, to go for a boat ride</p>
	<p>Vocabulary</p> <p>Salary Pay Scales Award Overhead Costs Stock Maintenance Abattoir Live export Revenue and Income Markets</p> <p>Here are some of the words that will be used during this activity. After you think about these words, have a listen to Steve talking about staff costs.</p>
	<p>Steve – Station Manager 01:46 Minutes</p> <p>We have different salary levels for yeah, for your job description. You have your basic which is when you start off with livestock and I think there's three classes there in the livestock section, then you have your sort of permanent staff like you're bore runner and mechanic and operator and your leading hands, overseer, but them fellas there, they go up to about level eights and stuff, but a lot of people on the livestock sort of go probably around level three, level four. Depends on their qualifications with their certificate and stuff. If they've done a fair bit of training, you pay 'em accordingly. If they've got certificates. Yeah, so it's a benefit to get a certificate in the rural industry.</p>

	<p><i>There's normally me and Joe have a discussion and say well, you know this person can be paid at this level which is, the likes of Fenton and Derek , like next year they come back we probably, when we're doing some mentoring stuff, we'll pay them extra for those days, for the training days, 'cause I think they're worth it. They're good value for the station the likes of them fellas. Yeah, so they'll be paid extra on top of their normal salary, so that's something we've gotta budget for, yeah.</i></p>
	<p>Different Kinds of Staff Rollover the images to learn more</p> <p><i>Fenton and Derek are two of the stockmen at the station. There are a lot of other jobs to do at the station as well. The work isn't permanent or year-round because of the seasonal nature of work on a station in the Top End, when wet season can slow things down.</i></p>
	<p>Thinking</p> <p>How would each of these kinds of workers spend their time on the station?</p>
	<p>Job Tip</p> <p>They also learn about different jobs on the station so they can help out each other when a fence or a bore needs fixing. This makes them more valuable employees.</p>
	<p>More Info</p> <p>There can also be helicopter pilots, teachers, fence maintenance workers, cooks, mechanics, grader operators, gardeners and other stockmen on a station's payroll.</p>

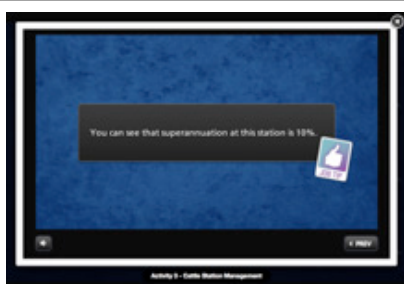
	<p>Pay Scales</p> <p><i>Pay is determined by age, experience and how many skills you have. This is a legal and usual system of pay that exists across the country.</i></p>
	<p>More Info</p> <p>Minimum wage changes over time. These wages are based on the Northern Territory Cattle Industry Award 2011, they have gone up since then. You could search on the internet for the latest award.</p>
	<p>Extension</p> <p>What is the national minimum wage for employees per week? What are some reasons you might get less than this wage?</p> <p>http://www.fwc.gov.au/alldocuments/PRO62012.htm</p>
	<p>Cattle Industry Award</p> <p><i>There is also an award system for Cattle Industry Employees across Australia. This ensures that people employed in the cattle industry get fairly paid and working conditions are kept at the same level across the industry.</i></p>
	<p>More Info</p> <p>Find out about Awards here:</p> <p>http://www.fwc.gov.au/</p>

	<p>Safety</p> <p>Find the maximum number of hours an employee works before they are entitled to a meal break. Look for 15 breaks.</p> <p>http://www.fwc.gov.au/</p>
	<p>Discuss</p> <p>What would a 16 year old junior employee with less than 12 months experience as a farm and livestock hand earn according to the Pastoral Award? Look for Part 4 – Broadacre Farming and Livestock Operations.</p> <p>http://www.fwc.gov.au/</p> <p>Answer</p>
	<p>Answer</p> <p>80% of \$640.90 is $80 \times \\$640.90 \text{ divided by } 100 = \\512.72</p>
	<p>Extension</p> <p><u>Working Conditions:</u> Find the working hours rule for Derek and Fenton if they were expected to work on a Saturday. How many hours, on average, should the station manager limit them to in a four week period? Look for 30 (ordinary hours of work and rostering).</p> <p>http://www.fwc.gov.au/</p>
	<p>Job Tip</p> <p>Because sometimes the stockmen have to spend time gathering cattle from different parts of the station, they may have to work more than 8 hours a day, and more than 40 hours in a week. Their hours would be less during the other weeks in a four week period if this was the case. See 'working hours' section of the Award. Look for 30 (ordinary hours of work and rostering).</p> <p>http://www.fwc.gov.au/</p>



This is how Steve and Jo-Anne enter Staff costs into their balance sheet.

This is how staff payroll is entered onto the balance sheet for March. They multiply the award each employee has by the number of weeks they work in a month.



Job Tip

Superannuation at this station is 10%. The award rates are a minimum, some employees choose to give their employees more.



Station Manager Costs & Activities

Now you'll hear Steve talk about the different costs and activities that he has to budget for in his job as station manager.



Steve – Station Manager
02:56 Minutes

Well on Mistake Creek for the last four years, we've been using LSS which is Low Stress Stock handling through Jim Lindsay. Jim comes to us every year. We do a two-day school and all our helicopter pilots that do our mustering, they have to do that course as well. Basically, he just puts everyone on the same page when we're mustering. We budget for that every year, for the Low Stress stuff and we're sort of venturing into a new direction now with other training for, you know, kids still in school, like before they leave school, just an introduction to the pastoral industry.

When we first came here we were paying \$1,500 for a bull but now, after probably 15 years I suppose going to Queensland, we average, the average price now is about \$4,000 for a bull and making sure people understand how much, the product, whatever they're using costs, so they can't go wasting like vaccines, like a lot of our animal care products. Now if you just let your staff know say that thing there cost \$3 a shot, every time you needle an animal, put a 2.5 ml dose into it, that's \$3 and they think that's a lot of \$3 in that thing you know .

We have 23-25 thousand on the books, of cattle, that's 23 thousand or 23-25 thousand head of cattle . Someone rings up and they've got a, they need 1,500 steers and you say oh, we just put them back in there, well. And if it's, you've gotta weigh it up, if the price is right you say oh, well, we can still make money by going and bringing them in, it's not gonna be a big cost to muster 'em. They're the sort of things. Like we just let cows go the other day and I get home and check my emails and there's an order for that thing, but we've already just let 'em go, they've gone back to the paddocks so I just wasn't interested in that, to send 'em and I explained to my head stockman about it, you know, He said ...





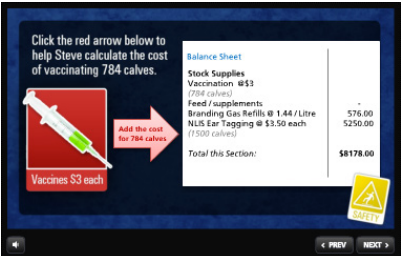

Staff Training

Help Steve calculate the cost of the Low Stress Stockhandling training for the 10 staff.

Training all the staff involved with mustering is an investment Steve makes every year. Ten staff take part in the training, and he needs to budget for that each year as well.



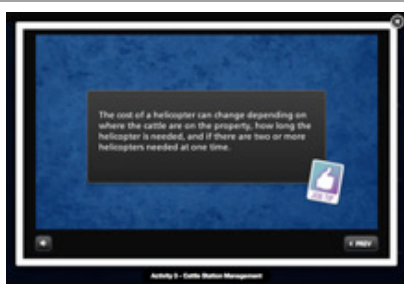
Balance Sheet

	<p>Safety</p> <p>The Cattle Industry is one of the most dangerous in the country. Safety training would also be included as an induction for all new employees. It is the Station's legal responsibility to provide staff with Health and Safety Inductions. The Low Stress Stockhandling Training also maximizes the safety and comfort of the animals.</p>														
	<p>Job Tip</p> <p>This training would only be done once a year. As an employer, it is important to spend money on developing the skills of your staff. It helps improve the quality of the work they do, as well as the service or product you produce.</p>														
	<p>Animal Care Costs</p> <p>Help Steve calculate the cost of vaccinating 784 calves.</p> <p><i>The vaccines Steve mentioned are \$3 each. If they vaccinated the entire stations cattle over the course of a year, this would add up to a huge amount. There is also food, water, veterinary bills, and other 'animal care' products to budget for.</i></p>														
	<p>Click the red arrow below to help Steve calculate the cost of vaccinating 784 calves.</p> <table border="1"> <thead> <tr> <th colspan="2">Balance Sheet</th> </tr> </thead> <tbody> <tr> <td colspan="2">Stock Supplies</td> </tr> <tr> <td>Vaccination @ \$3 (784 calves)</td> <td></td> </tr> <tr> <td>Feed / supplements</td> <td>576.00</td> </tr> <tr> <td>Branding Gas Refills @ 1.44 / Litre</td> <td>5250.00</td> </tr> <tr> <td>NUS Ear Tagging @ \$3.50 each (1500 calves)</td> <td></td> </tr> <tr> <td>Total this Section:</td> <td>\$8178.00</td> </tr> </tbody> </table>	Balance Sheet		Stock Supplies		Vaccination @ \$3 (784 calves)		Feed / supplements	576.00	Branding Gas Refills @ 1.44 / Litre	5250.00	NUS Ear Tagging @ \$3.50 each (1500 calves)		Total this Section:	\$8178.00
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Total this Section:	\$8178.00														
	<p>Safety</p> <p>Vaccination: Because the cattle are the product of the ranch, Steve has to do his best to take care of them and ensure they are healthy. Vaccinating them against illnesses is one way of doing this.</p>														



Mustering Costs

To help Derek and Fenton do their mustering jobs, the helicopter is called in to find out where the cattle are in different parts of the station, and generally guide them towards where they need to go.



Job Tip

The cost of a helicopter can change depending on where the cattle are on the property, how long the helicopter is needed, and if there are two or more helicopters needed at one time.



Click the red arrow below to help Steve calculate the mustering costs.



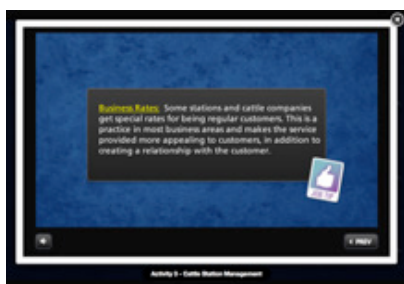
Transport Costs

The station also has to calculate how much it will cost to transport the cattle to the place where they will be taken by their buyers. This box shows how much the rates are for a road train to transport 196 animals to different places.



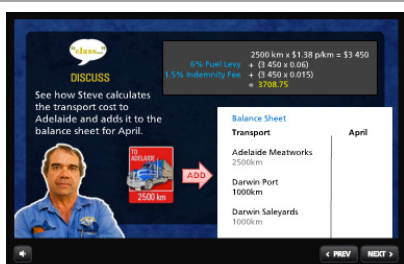
More Info

Fuel Levies or Fuel Surcharges may be added by the transport company to cover the cost of fuel. Indemnity is a payment the cattle stations can make in case the road train has an accident or the animals get hurt in any way. In this situation, the road train company can pay the cattle station back for the animals it lost.



Job Tip

Business Rates: Some station and cattle companies get special rates for being regular customers. This is a practice in most business areas and makes the service provided more appealing to customers, in addition to creating a relationship with the customer.



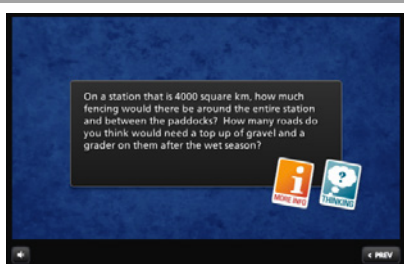
Class Discuss

See how Steve calculates the Transport Cost to Adelaide and adds it to the balance sheet for April.



Station Overheads

It costs money to maintain parts of the station like the bores, the roads, the fences and the vehicles used to muster. Steve would budget for the repair and maintenance of these parts of the station. The costs of these change month by month, depending on what happens.



Thinking

On a station that is 4000 square km, how much fencing would there be around the entire station and between the paddocks? How many roads do you think would need a top up of gravel and a grader on them after the wet season?



Answer

A 4000 square kilometer station is around 64km on each side. It would need fences on each side and between paddocks. It would need roads to get to the house, dams and stock yards.

	<p>Job Tip</p> <p>At the beginning of each season, Steve makes sure all the vehicles used on the station have a mechanical service, so the bill would be more in the first month.</p>
	<p>Steve – Station Manager 02:05 Minutes</p> <p><i>Our main market has always been the live export. They go from 270-345 kilos is the ideal weight to go to the live export now. We'd say 90 percent of our product went to Indonesia to the live export.</i></p> <p><i>When we sell 'em, they go from \$1.80 a kilo up to \$2 and if you're lucky, you may get \$2.05 or \$2.10 which normally is a chance of doing during the wet season when they can't source animals 'cause all the roads to all the big stations in the Top End are all under water or cannot be accessed by road trains.</i></p>
	<p>Revenue Revenue = Cash In Overheads = Cash Out</p> <p><i>The station needs to be able to cover all of these costs by selling their product. This is dependent on a lot of things, like how much they spend to transport the animals, the place and its distance from the station, and the price offered for each animal carcass.</i></p>
	<p>Export or Abattoir</p> <p>Revenue – Overheads = ?</p> <p><i>Steve has to decide whether the size and buying price of the order is worth the cost of mustering and transporting them. He said that live export used to be 90% of their sales.</i></p>



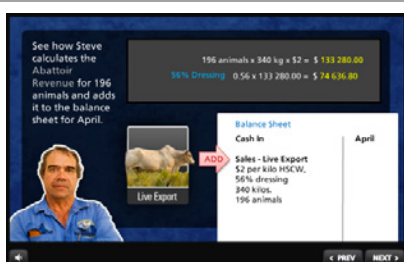
Job Tip

HSCW stands for hot standard carcass weight. It's how much the meat works or live export pays for a dead animal that's been recently butchered and trimmed of most fats and skin. Dressing depends on the muscling, fats, age, gender and weight of the animal.



More Info

To find a conversion table to find out how much the HSCW converts into Liveweight prices, look here.
<http://www.dpi.vic.gov.au/>



See how Steve calculates the Abattoir Revenue for 196 animals and adds it into the balance sheet for April.








Changing Markets

Because of changing global demands and markets, cattle stations are now having to sell to different places in Australia instead of live export. Because this made 90% of Steve's sales, this could cause a lot of problems if the station management don't change who buys their product.



Job Tip

There are a lot of different factors are involved in how markets change. Foreign countries have rules about the products they buy and Australia also has rules about the products we export. Staying informed of what different countries need and want can help businesses to respond better to changes in the global market.

 <p>Thinking & Discuss</p> <p>What do you think the station could do instead of sell it's product overseas to one country? Where else could it sell animals to?</p>	<p>Thinking & Discuss</p> <p>What do you think the station could do instead of selling it's product overseas to one country? Who else might want to buy their cattle?</p>
 <p>Activity</p> <p>Enter the Payroll for April if they work 4.3 weeks in May</p>	<p>Activity</p> <p>Enter the Payroll for April if they work 4.3 weeks in May</p>
 <p>Activity</p> <p>Enter the staff training costs for a two day school in April that includes 12 people and three 15 year olds.</p>	<p>Activity</p> <p>Enter the staff training costs for a two day school in April that includes 12 people and three 15 year olds.</p>
 <p>Activity</p> <p>Enter the cost of vaccinating 700 more calves in May.</p>	<p>Activity</p> <p>Enter the cost of vaccinating 700 more calves in May.</p>
 <p>Activity</p> <p>Enter the Cost of Helicopter Mustering for two helicopters, 8 hours each in May.</p>	<p>Activity</p> <p>Enter the cost of helicopter mustering for two helicopters, 8 hours each in May.</p>

Enter the Revenues from Sales in May.

Balance Sheet

	May
Cash in (\$)	9189.82
Sales - Meatworks 196 @ \$200 kg each 34% Discount Percentage 19500 kg @ 2kg	149273.60
Sales - Live Export 392 @ 240kg each 34% Discount Percentage 19500 kg @ 2kg	241262.80
Total this section	

Activity 3 - Cattle Station Management

Activity

Enter the Revenues from Sales in May.

Enter the cost to send a 6-deck road train to a Meat works 2500 kms away

Balance Sheet

	May
Transport Adelaide Meatworks 2500km	3708.75
Darwin Saleyards 1000km	
Darwin Port 1000km	
Wyndham 350 km	
Broome 1405 km	

Activity 3 - Cattle Station Management

Activity

Enter the cost to send a 6-deck road train to a Meat works 2500kms away

Enter the cost of sending the shipment of 392 animals to live export in Darwin in May.

Balance Sheet

	May
Transport Adelaide Meatworks 2500km	3708.75
Darwin Saleyards 1000km	
Darwin Port 1000km	0
Wyndham 350 km	
Broome 1405 km	

Activity 3 - Cattle Station Management

Extension

Enter the cost of sending the shipment of 196 animals to live export in Darwin in May.



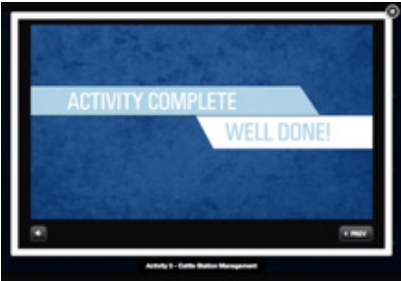
THINKING & DISCUSS

Compare the overheads with the revenues.
How much profit did your station make this month?
What might you have to think about and budget for next month?

Activity 3 - Cattle Station Management

Thinking & Discuss

Compare the overheads with the revenues. How much profit did your station make this month? What might you have to think about and budget for next month?

	<p>Key Points</p> <p>Well done! This activity focused on:</p> <ul style="list-style-type: none"> • Calculating staff costs based on cattle industry award and qualifications • Calculating irregular and regular costs due to seasonal changes • Calculating profit dependent on export and abattoir prices <p><i>Well done, you've calculated a lot of the overhead costs Steve would have to think about, and took into account how these change. You've also calculated the revenues based on changes in how you sell your animals.</i></p>
	<p>Thinking & Discuss Reflection</p> <p>Would you be able to make decisions about the profit of your business? Could you see yourself balancing a budget this big, remembering to think of all the things that change every month?</p>
	<p>Activity complete</p> <p>Well done!</p>