



disaster preparedness

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Putting away for a rainy day

Jade and Craig Buchanan (pictured above) from LMB Farming in Innisfail have a two-pronged approach to managing disaster risks: a written cyclone preparation plan and a clear set of financial strategies.

Made up of four properties, the business produces almost one million cartons of bananas annually. The Buchanans bought their first banana property in 2006 soon after Tropical Cyclone Larry, and since then, have survived Tropical Cyclone Yasi in February 2011 and Tropical Cyclone Ita in April 2014.

Talking with other growers helped the Buchanans identify lessons learned from past cyclone experiences. Yasi gave them an opportunity to experiment with different things across their four properties to see what worked and didn't work, particularly with de-leafing.

"We now know exactly what stage the paddock has to be at to make de-leafing beneficial. So, we manage the farms to have a certain proportion of our total growing area at that stage going into cyclone season," Jade said.

"It comes at a cost, but what you sacrifice each year, should be made up the next time a major cyclone comes through.

"We estimate that we can reduce our return to production time to four or five months, rather than the normal 12 months.

"Having our cyclone plans in place gives us peace of mind – knowing that we've done our best to limit the impact of a cyclone on our productivity and be in a position to return our product to consumers as quickly as possible."

Business risk minimisation strategies, underpinned by sharp business practices and careful financial structuring, are the other essential part of the Buchanans' approach to disaster resilience.

The Buchanans have put money away in a Farm Management Deposit (FMD), an Australian Government scheme that allows agricultural businesses to set aside pre-tax income generated in good seasons that can be drawn on in years of low income.

"Unfortunately, under current legislation, FMDs are returned, and taxed, as personal income so the arrangement needs to be closely managed," Jade said.

"Companies can now carry back losses to receive a refund against tax previously paid, so this may be a tool to help businesses who are struggling after natural disasters."

Jade also acknowledged that this strategy takes cash out of the business's cashflow and as horticultural businesses often operate on fine profit margins, the option may not be feasible for some.

"To make it work for us, we apply core business strategies based on fundamental principles of keeping debt levels at sustainable levels, establishing strict budgets for all areas and micro-managing costs," she said.

"We invest a lot of time in strategising and working with our farm teams to find new and innovative ways to improve efficiencies in the very competitive environment of horticulture in Australia."

More details on the Buchanan's disaster risk management strategies will be available through the Whatever the Weather section of Growcom's website. Growcom's Whatever the Weather project is funded by the Australian Government.