

### What is the role of agricultural support?

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The Options (not exhaustive)

1. To take a farm to break-even
  - a. Stop the loss of cash flow
  - b. This will not provide a living wage
  - c. Keeps the farm needing a “portfolio of revenues” approach to managing the business
  
2. To take a farm beyond break-even to the point of delivering a “living wage”
  - a. Greater level of support than 1. above
  
3. To protect the farm asset from de-capitalisation, including protection from:
  - a. Long term degradation in farm natural capital e.g. “fertility”, biodiversity etc.
  - b. Long term devaluation of underutilised machinery assets

NB. Always taking account of ROTA (return on total assets). The harder a business can make its assets ‘work’ (natural capital, land, livestock, machinery, buildings etc.), the greater the profitability.

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