

Welcome to the March Edition of the Meridian Ag Newsletter

My middle child, Harriet, is 4. In January, a girl in Harriet's kinder class mother died from a rare form of cancer on a Tuesday night. On Thursday the little girl was at kinder because her family's mantra was that life must go on. Her resilience and courage were amazing, although she didn't know that she possessed qualities of resilience and courage. What four year old knows what courage or resilience look like?

Resilience and courage are important traits. Farmers who face the relentless variability of climate change; droughts; floods; price volatility from world-wide supply and demand, show courage and resilience. How we manage our businesses takes courage. The best decisions are not always the obvious ones.

Almost 3 months into 2016, I challenge you to think about the risks your business faces this year: low commodity prices in grains, downside risk in the livestock market, a reduced number of lamb foetuses due to drought, unhappy families, no common goal that everyone is working towards, low staff satisfaction or low cash flow projections. What are you going to do about it?

We need to make sure we have strategies to cope with the challenges, we need have a good support network, we need to be resilient and we need to have courage. Please don't confuse resilience with stubbornness or courage with being foolhardy. At times, our lives and businesses will not progress as we planned them but they will progress, either upward or downward. The direction will be dependent on the decisions you make.

Anna Cochrane

Warren Blyth joins Meridian Ag

The Meridian Agriculture team is happy to announce the appointment of Warren Blyth as a new farm business advisor servicing clients in Victoria and across Australia.

Warren is a welcome addition to our existing team of Farm Business Advisors and brings a strong commercial and corporate agriculture background to Meridian Ag. Warren specialises in strategy, improving farm management processes and empowering farm businesses with knowledge about their current position and their future pathways

Specifically he can assist with; farm financial management, due diligence, strategic business planning, business growth or contraction plans, and succession planning.

Throughout his career, Warren has managed family owned farms, worked as the Group Operations Manager for Field Air, the Agribusiness Manager for Melbourne Water and most recently as the General Manager - Farming for a start-up livestock ET/milk processing capital venture.

Already making a great contribution to the team, as well as clients' businesses, we look forward to a long and valuable partnership between Warren and Meridian Ag. If you'd like to talk to Warren, ring him on 0428 508 153 or the Meridian Ag office on 03 5341 6100.



When it rains

Does the following sound familiar? Livestock numbers are down because the prices were good and the spring wasn't. Last year's stubbles will have to be sown. The temptation is to sow more land to crop than last year and 'crop our way out'.

Unfortunately, the outlook for some commodities is flat. Independent analysts say that world wheat stocks are high and demand growth is sluggish. There are large South American corn and soya bean crops which are adding to historically high world inventories and limiting a lift in price. The same analysts predict that beef and sheep meat will remain strong and the weaker Australian dollar may push dairy product prices up.

Depending on how aggressive a cropping program is with

inputs it is possible to risk between fifteen and twenty percent of the land value on one crop. Variable costs of between \$450 and \$500/ha are usual so with overheads the loss per ha can easily be \$800/ha.

If land has not been in crop you might get a yield bonus because of nutrients in the soil, but if it is underprepared yields may not be up to expectations. It is sensible to limit the exposure to a bad season by limiting the area under crop. Of course if it is a bonzer season and people have limited the area of crop there will be a lot of 'I wish I'd cropped more'.

The questions are when and how to replace livestock and what to do with those stubbles?

There are a few choices clients have to reduce risk. The first is to allow livestock prices, which will probably lift when

it rains, to settle before buying. Purchasing a balance of breeding and trading stock may be necessary from a cash flow perspective. Agistment may be a possibility in some areas if it does not compromise animal health issues. It might even be possible to do a quick stock trade with some old crackers.

It will be important to keep stock contained until there is enough paddock feed to ensure that it is the majority of their feed intake and then gradually allow them to graze for longer periods over several days. It is also important to drench introduced animals with a highly effective drench, keep them contained for a few days to allow weed seeds to work through

the system and isolated from other stock in case of disease.

Another option is to allow someone else to take the risk of cropping some of the stubble on a share basis where you only provide the land. The third is to scratch in some oats so you have an each way bet, some early feed for yourself or agistment and some winter feed security.

It is likely that none of the options looks as profitable as owner operator cropping, although at silly lease prices leasing could be a winner. The big factor for a business which is under pressure to perform due to climate is to balance risk with recovery.

Article by Mike Stephens

Meet Phil and Paula Alcorn

Phillip and Paula Alcorn and their children Jack, Nick and Erin, operate a 4,000ha cropping and beef production business in the south west slopes of NSW.

The Alcorn family has been farming in the Harden district for over 44 years. Phillip started working with his parents Neville and Aileen while still at school.

The two Alcorn families are members of the Harden District Rural Advisory Service (HDRAS), which is the oldest farmer member group in Australia, founded over 50 years ago. Meridian Agriculture has been contracted for over 10 years to provide agricultural consulting service to more than 30 HDRAS members. This is an association which Meridian Ag values and looks forward to continuing for many years to come. Phil has had significant involvement with HDRAS, being a member of the Executive for 20 years including eight as the Chairman. Phil stepped down from the Executive group in August last year as he believes strongly in giving new members opportunities to share their ideas and develop with the group.

Phil and Paula are clients of Meridian Agriculture's Harden team.

What is the biggest change you've seen in agriculture/your business in recent years? *The dramatic increase in the price of red meat has had the single biggest impact on our business and resulting profitability. We have tried to structure our operation so that we can take advantage of economic/climatic changes so that while not necessarily changing the focus of our business. We are able to lean more heavily to the livestock side or to the cropping enterprise if there are opportunities, as there have been with the cattle industry in recent years.*

What do you think will be the biggest changes or challenge in the next 5-10 years for your business? *Probably the price of red meat going back down – but hopefully not!*

Phil believes that the availability of skilled labour across all agricultural industries looms as a real problem. Mostly we hear about this in relation to the wool industry with a shortage of shearers and shed staff, but all industries are affected.

Keeping employees' "minds in the business" is the key to Phil retaining valuable staff. He likes to entrust them with responsibility, but also believes they must then accept some responsibility for and learn from their mistakes in return.

Why do you use Meridian Agriculture? Phil and Paula have always used consultants through HDRAS and both recognise the benefit to their business in engaging quality, independent advisors. Phil likes Meridian Agriculture's whole farm approach and the ability of their consultants, especially Andrew Daley, to gather agronomic, livestock and financial information relevant to his business and help him make informed decisions going forward. Risk avoidance strategies recommended by Meridian Ag are also important.

Phil's business philosophy is "If you don't go hard and try to make it work – it probably won't". Phil enjoys Andrew Daley challenging his thinking with regard to the farm operation and business management and is always open to new ideas.

Would you recommend us to your neighbours? *Most definitely.*

Phil believes results speak louder than words and is willing to discuss his experience with Meridian Ag with anyone (all good, of course!).

Where has your most recent holiday been? *"Get in, have a crack and you'll get the spoils..... if you don't – you don't!". This is the motto employed by Phil, Paula and their children. They all work very hard on the farm so that they can enjoy the benefits they believe hard work brings. The annual family holiday has become a valued tradition for the Alcorns. Last year they enjoyed a 4WD holiday in the Kimberleys, with lots of fun and lasting memories.*

Best piece of advice ever given? Some of the best advice Phil has been given includes:

"Know when a price is a good price and take it! Don't hold out for the top price".

"Don't let a budget mess up a good idea!". Meridian Ag business consultants will be cringing and would add – seek advice from them before proceeding, but would agree that all ideas are worth investigating further.

Those who know Phil well will probably think, this question should have been "Best piece of advice you have ever given!" Phil is a character who is open and very giving of his time to share his experience and advice in an effort to help others benefit. Thank you Phil.

Article by Susan Manwaring



In pursuit of the Modern Merino

Efficient production ewenits and pressurising the system

The main profit driver in any livestock operation is kg/ha of product.

So, to quickly take one step back from that statement, the more grass we grow per hectare will naturally increase the kg/ha produced. Cue the pastures agronomy team! But to take advantage of the grass, we need to have an animal that can maximise the investment we've made in our pastures.

Let's look at the merino ewe as a **production 'ewenit'** that produces wool and meat.

What do we want from this 'ewenit'?

1. **Ease of maintenance** – skin type, structural soundness, WEC figures.
2. **Minimal input costs** – health costs (drench/fly), feed costs.
3. **Maximum turnoff of wool and meat** – fleece weight, carcase weight, dressing percentage.
4. **Reproduction** – lambs on the ground.

That is a very broad list, but under those four points we should be able to address all the other important elements. These are the elements we need to keep foremost in our minds when developing our breeding objectives – as it is these that directly translate through to the financial performance of the business.

Merino enterprises continue to achieve outstanding results across a range of benchmarking and data trials in many areas



of the country and those who have gone into cropping in a big way are now realising the benefits of introducing sheep back into their rotations. BUT, the ones who do it well will tell you themselves that they have a **structured breeding program** with clearly defined objectives.

Many of us have breeding objectives in mind, but often breeding objectives when buying rams differ from those objectives when culling! When we are facing tough times like dry seasons, we should take advantage of these 'forced culling's' and sell stock that don't align with our breeding objective – so when we come out of it we will have, albeit smaller, a foundation that will provide a spring board to get our flock rebuilt, without starting all over or with sheep that don't fit the bill.

We need to produce animals we love breeding (and that are relevant to our target markets). It's why we do it, but we need to maintain reasonable objectivity on the four points above for our businesses.

Article by Dan Korff & James Whale

Getting the best value for Money?

Most pastures in Victoria are underperforming as a direct result of nutritional deficiencies.

Despite the long awareness and use of phosphorus fertilisers, phosphorus deficiency is still a major limitation in many pastures. There are other nutrient deficiencies such as potassium and molybdenum, that are widespread and which slip under the radar as well.

The risk for growers is that unless all limiting nutrients are addressed in the fertiliser program for a paddock, money will be wasted. The photo below shows the clover response to molybdenum. Outside the strip, the pasture is weedy and sparse despite the paddock having adequate phosphorus and potassium.

There is rarely enough money in farm budgets to address all the nutritional needs of pastures on a farm. A strategic approach is required to ensure that paddocks are prioritised to ensure the maximum benefit is obtained from the fertiliser budget.

Too often, farmers base their farm fertiliser program on the soil test results from a small number of paddocks. This will almost certainly result in a poor allocation of money.

A comprehensive set of soil tests for



a farm, while an up-front cost, is a strategic investment that will pay for itself. Within a farm there will be big differences between the fertiliser requirements of different paddocks. Some paddocks will only need phosphorus, while others may need phosphorus, potassium, sulphur and lime. Allocating fertiliser to a paddock needs to consider the cost of the treatment as well as the likely response from the paddock so that the most cost effective program can be developed. This can't be done unless the fertility status of all the paddocks is known.

There are often big differences in test values between the top and bottom of paddocks due to the transfer of nutrients by stock. Knowing the fertility trend in a paddock can also result in significant savings despite the increased sampling cost.

Soil tests should remain valid for 3-4 years, after which representative paddocks can be retested to assess the impact of a fertiliser program

Meridian Ag consultants can assist in developing a cost effective fertiliser program. For more detail and information about soil testing programs please contact Peter Flavel on 0427 755 507 or your local Meridian Ag consultant.

Article by Jim Shovelton

Welcome Warren Blyth



Warren is a senior Business Advisor based at Yendon Victoria. We asked him to answer a few questions about himself.

You have experience in family business, corporate agriculture and business development. What do you think are the three key ingredients to making a good business great? Strategic Planning, Financial Sustainability, Good people and culture in your business

What do you think is the biggest opportunity for Australian Agriculture in 2016? Continued export growth of agricultural commodities into the Asian market.

What is the biggest threat? Australian Agriculture must maintain high Biosecurity standards to ensure we do not damage our enviable reputation as a country of choice for clean quality produce.

Tell us about your family and three values that are important to your family life? My partner Mary and I have three children (Heidi 15, Fergus 14 and Cate 12). It is important to spend time with family, support each other and have open communication with our children.

Where did you go to school? Haileybury College. Melbourne

What is the most important lesson you have learned in life? Always be open, honest and treat all people equal.

What is your favourite holiday destination? Camping and water skiing with family and friends.

When growing a business, what is the first piece of advice you would give someone? Have a very clear plan and set yourself milestones/goals and ensure you track your progress.

What do you do outside of work? Enjoy camping, water skiing, mountain bike riding, supporting the children in their sporting endeavours

Why did you choose to work for Meridian Agriculture? I believe that there is great opportunity for me to utilise my knowledge and skills that I have developed in the past 32 years in the agricultural sector and work with other team members to ensure we offer a high level of service to our clients and grow the business.

Recovery of Containment Areas

Containment areas and letting stock back out onto pastures

As we move closer to the break, you will need to manage your containment area back to full production once your livestock are removed. What you should do will depend on what the pasture base is.

Containment areas will have had a huge amount of nutrient imported into a small area and will not require their normal autumn fertiliser application. Once stock are removed from these areas, early growth could be quite high in available Nitrogen and there could be a risk of Nitrate poisoning if grazed too early.

Broadleaf weeds such as Cape Weed and Errodium may be an issue given the likely high percentage of bare ground. Early control of these broadleaf weeds is important to allow the perennial pasture base and sub clover to recover and not be crowded out.

Containment areas which have a strong base of Australian or Holdfast GT phalaris or Kikuyu will not need to be over sown with any grasses.

Containment areas where there were perennial ryegrasses or limited perennial grass will most likely require over-sowing with an annual ryegrass, fodder cereal, perennial ryegrass or other perennial. Planting vigorous grass will help utilise the excess Nitrogen which has been imported. Again, weed control of the broadleaf weeds will be important. Containment areas present an opportunity to produce a bulk of feed of a small highly fertile area if well managed.

Care should be taken if there are any areas which have started to erode or wash when it rains. Diverting direct water flow from containment areas one way or another is very important so a small problem does not become a bigger one.

Managing the release of containment stock onto green pasture

It is important that either sheep or cattle do not go "cold turkey" from a feedlot ration to green pasture. It is a huge insult to their rumen and you may well kill some stock!

Clients build stock up on to a grain diet and the same needs to occur coming off grain when going back to green feed. Give stock 1-2hrs access to green feed then put them back into containment on day one and gradually build this up over a week or so. Don't put hungry stock out onto green shoots, especially phalaris as there are animal health issues. Gradual introduction to green feed is the best approach.

Keep stock contained until you have 1000kg/ha of green leaf on offer. This will ensure pasture growth is maximised by having a good leaf area available to the sun. If the leaf area is at 600-700kg of DM/ha then pasture growth will be much slower because of limited leaf area available for photosynthesis.

Article by Andrew Speirs

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