

# Newsletter

Number 58

June 2017



**Christine Jones and Gabe Brown**

**'Upper Mooki Landcare group'**

**Warrah Creek, NSW**



[www.stipa.com.au](http://www.stipa.com.au)

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**STIPA is not an acronym.** The association was named after the *Stipa* genus of grasses, now *Austrostipa*. One of the *Stipas* is commonly known as spear grass. At its inception in 1997, the association aimed to spearhead a change in attitude to native grasses. As that change is occurring, Stipa continues to promote the use of native grasses to achieve profit from a healthy landscape.

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Size of advertisement:	Price per issue	Annual price (2 issues)
Quarter page	\$55	\$95 (\$47.50 per issue)
Half page	\$110	\$190 (\$95 per issue)

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## From the Acting Chair

### Michael Gooden

Whilst I am honoured to be the acting Chair of Stipa, I wish Annabel and her family all the strength and courage required so that she can one day recommence this position.

I am a fourth-generation grazer located halfway between Wagga Wagga and Narrandera in southern NSW. I run our family farm with my wife Heloise and children Jude 2-1/2 and Sally 10 months. Our property is 100 % grazing run loosely around Allan Savory's Holistic Management Framework and a mixture of other "systems".

Our main enterprise is an Angus cattle stud that is focused on producing animals that have been grown out in a cell grazing environment on a grass only diet, have carcass attributes that target domestic butcher markets, and are run by people with integrity and a true belief in regenerative land management.

My first introduction to Stipa was when I attended the conference held in Holbrook in 2011. I remember hearing from Dr Fred Provenza about the power of diversity and the importance of being satiated. The other joy of this conference was the interesting conversation had at morning tea and lunch with fellow attendees as we all tried to piece together our land management and



life goals.

I feel that Stipa, as an organisation, is well positioned to be a conduit between several "streams of agriculture", be it Holistic Management, Grazing for Profit, KLR marketing, Permaculture, Biodynamics and conventional farmers, by being able to demonstrate and educate land managers about truly regenerative land management based on native perennial grasslands.

I look forward to being involved with the other committee members and all Stipa members. Please feel free to contact me if you ever want to discuss any issues, ideas for Stipa or just want to talk about native perennial grasslands or even cattle!

Michael Gooden

## From the CEO

Graeme Hand

### In this report

- Annabel Walsh
- Introducing the acting chair Michael Gooden
- Multi-Species Cover Cropping Course
- Where Is the Money Going?
- Three Ways to Improve Profit
- The Armadale Declaration
  
- Sydney University Native Food and grasses for grain

#### Annabel Walsh

For those that have not heard, Annabel Walsh suffered a stroke in March. Annabel then spent 2 months in the Royal Adelaide Hospital and then on to the Adelaide Repatriation Hospital. She is now a day patient at the Adelaide Repatriation Hospital and is making slow, steady progress. I know I speak for everyone in sending her & Ken and family our best wishes.

#### Michael Gooden - Acting Chair

Michael has volunteered to fill the role of chair until Annabel's recovery is clear.

Michael, who is a Stipa executive member, farms near Wagga Wagga in New South Wales and has a great interest in management that



Photo By Lucy Hand

regenerates native perennial grasslands and the associated increases in biodiversity and soil health. Michael has already provided valuable input and project ideas.

#### Multi-Species Cover Cropping Course

There is great interest in the community on increasing soil health through using multi-species cover cropping. Stipa is running a short course at Tatura, Victoria as well as two other workshops booked. The first workshop to kick off was in partnership with Goulburn Broken CMA and Goulburn Murray Landcare

#### Where Is the Money Going?

Many of the people that I speak to argue that they need to use inputs to make money. This article shows that the experiment, on input based, production focused

## From the CEO

Graeme Hand

agriculture, is not only damaging biodiversity, soil health and food quality it is not making money for farmers. The article contains some ideas for keeping money in your bank account. Let me know your thoughts.

### Three Ways to Improve Profit

This article focuses on enterprise design to keep money in your bank account.

### The Armidale Declaration

Wal Whaley sent me this link to the Armidale declaration. Wal thought “Stipa might be able to use some ideas from the Armidale Declaration passed at the end of our Restore, Regenerate, Revegetate Conference in February this year”.

The final point recommending that governments use native flora as an essential component in landscaping works is great. A recommendation to include research on native flora in agriculture will be developed and floated.

<http://conferencecompany.com.au/revegconf2017/>



Photo By Lucy Hand

### Sydney University Native Food Park and Grasses for Grain, Narrabri, NSW,

Stipa is a partner in this project led by Sydney University and the local indigenous community. A meeting was held in Narrabri, New South Wales to discuss the design. This meeting was hosted at the IA Watsons Grain Research Institute/ University of Sydney Plant Breeding Institute in Narrabri and was funded by the University of Sydney’s Wingara Mura-Bunga Burrabugu Indigenous initiative.

Col Seis has donated seed, from his property, for this project – specifically Spreading Panic-grass (*Paspalidium constrictum*) and Arm grass millet (*Brachiaria milliformis*)

Graeme



## Workshop with Gabe Brown, Warrah Creek NSW

A 3<sup>rd</sup> workshop was organised with Gabe on the 7th November by the 'Upper Mooki Landcare group' at the Warrah Creek Hall. No one has ever heard of Warrah Creek, but it is West of Willow tree on the Southern edge of the Liverpool

cover cropping and the importance of healthy soil.

Gabe spoke with his typical entertaining manner speaking about his family farm in North Dakota and why he changed from tilling the soil and using high rates of fertiliser and pesticides and adopted multi-species cover



Col Seis & Gabe Brown with local farmers

cropping as a means of improving soil health, animal health, crop yields and profit.

Christine summed up the day by adding the science to the benefit of plants and especially

multi-species plants in improving soil health and soil carbon.

Plains.

This workshop was different to the other workshops because Dr Christine Jones and Colin Seis were also invited to speak.

By 9 am over 120 people had squeezed into the tiny hall and Colin started the day by introducing Gabe and spoke about the broad concepts of annual and perennial

After lunch, everyone headed to a nearby paddock which showed the negative effects of years of ploughing and excessive chemical fertiliser and pesticides. The three speakers discussed with the audience the benefits that multispecies crops would have on the paddock. .

## Stipa Multi-Species Cover Cropping Short Course

There is great interest in the community on increasing soil health through using multi-species cover cropping. Stipa has been running short courses as well as two other workshops booked. The first workshop to kick off was in partnership with Goulburn Broken CMA and Goulburn Murray Landcare. This course is supported by funding from the Australian government's national Landcare program.

As discussed in the previous newsletter this course was all about making

er and weeds were considered. This proved to be a big day for everyone involved.

Follow-up webinars based on making sure that all questions were answered is also believed to have helped in increasing the engagement from this course.

The three part course includes grazing, terminating your cover crop and designing your multi species summer cover crops.

Some of the key challenges for everyone was attempting to quantify the potential increase in profit while at the

same time lowering costs to reduce risk.

As with all things Stipa there is a big focus on increasing landscape function to decrease erosion while increasing

water infiltration and nutrient cycling.



sure that the barriers to adoption of multi-species cover cropping were lowered. During the first workshop, individual paddock species mixes were developed. The resource constraints on each paddock as well as matching machinery and paddock, herbicide, fertilis-

Let me know if you would like more details or if we can organise a course in your area.

Graeme

## Where is the money going?

Graeme Hand

Readers of Stipa newsletters will know that I keep pushing the line that grazing management, based on native perennial grasslands, is lower risk and more profitable, over time, than contemporary management based on inputs.

### Key Points:

- Contemporary agriculture, based on inputs, results in low net farm income
- Many farms, in the high rainfall zone, may need to be de-intensified
- New practices need to be selected based on lowering costs and risk
- Current farm economics results in farm designs that do not work in practice
- Financial planning to make sure that profit is planned before expenses is required to overcome the tendency to allow expenses to rise to anticipated income

### Low net farm income

Contemporary, 'industrial' agriculture based on inputs and focused on increasing production has had some unintended consequences.

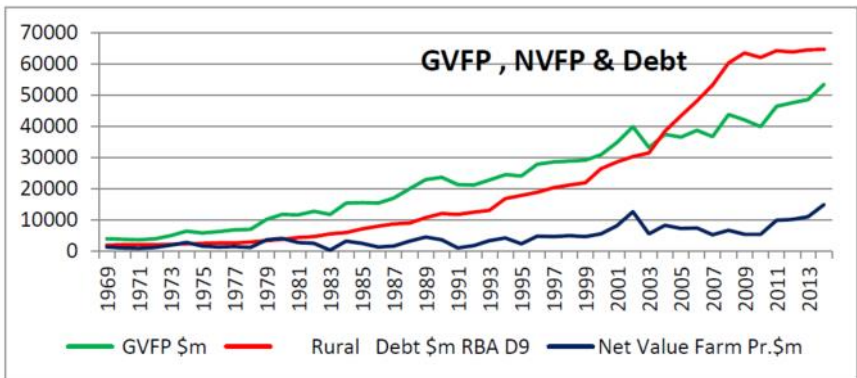
These unintended consequences are reducing biodiversity, soil health and water quality while emitting large amounts of soil organic carbon and producing a lot of low quality food<sup>5</sup>.

Apart from these unintended consequences production driven agriculture has done a fantastic job of increasing production and gross farm income. The only problem is that farmers continue to receive an ever-declining fraction of this increasing gross income while



debt is high and putting farms at risk. See Graph Australian Net Farm Income. This graph proves that focusing on production does not necessarily increase profit. A lot of agricultural research focuses on increasing production.

## Australian Net Farm Income



Compiled from: ABAREs commodity statistics Table 13, 2014

RBA online; Table D9, Rural Debt

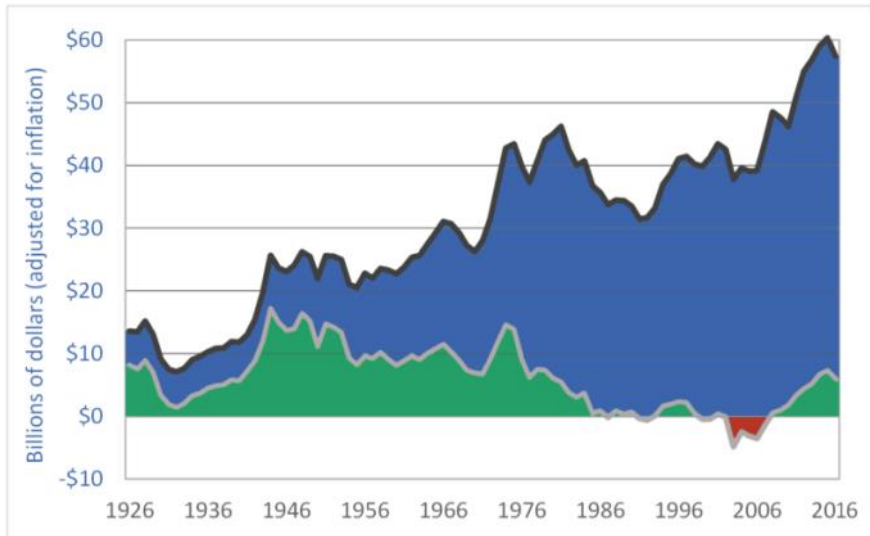
Source: Australian Agriculture: the real story, Ben Rees, 2015

## Canadian Net farm income

A recent graph of Canadian net farm income (see below) suggests that some countries are doing worse than Australia. The startling information, from this graph, is that in the “32-year period from 1985 to 2016, inclusive, agribusiness corporations captured 98% of farmer’s revenues – \$C1.3 trillion out of \$C1.35 trillion in revenues”.

## Where is the money going? (Cont)

### Canadian Net Farm Income



**Canadian net farm income and gross revenue, inflation adjusted, net of government payments, 1926–2016. (Blue area – gross revenue Green area - net farm income)**

<http://www.darrinqualman.com/canadian-net-farm-income/>

The really clever bit that agribusiness has pulled off is “they have left Canadian taxpayers to backfill farm incomes (approximately \$100 billion have been transferred to farmers since 1985). And they have left farmers to borrow the rest (farm debt is at a record high – just under \$100 billion)”.

By any measure, the ability to convince governments and farmers to borrow to fund agribusiness profits is excellent business management. The following is an attempt to work out how this can be happening.

I have looked at three different areas to explain the drivers of this illogical behaviour.

The three areas are:

- **Economics** - Barrie Ridler, Tim Hutchings
- **Marketing** - Doug McKenzie-Mohr
- **Holistic Management** - Allan Savory

## **Economics - Barrie Ridler**

Barrie Ridler is one of the economists that I have studied. His expertise is in the NZ dairy industry but applies equally to grazing and cropping.

Barrie explains in several papers and conference presentations that dairy is in a permanent state of disequilibrium. This disequilibrium is evident in systemic overstocking<sup>1</sup>.

Research at the Lincoln University dairy farm confirmed that most dairy farms are overstocked. Even though this farm was in the top 5% of NZ dairy farms for profit lowering the stocking rate by 5.2% increased production by 12.5% and profit by 15%<sup>1</sup>.

Barrie argues that this illogical position can be partly explained by the following:

- Systemic misinformation because dairy uses non-economic farming models and performance measures
- Dairy farmers are more interested in building long-term assets rather than profit.

## **Economics – Tim Hutchings**

Tim Hutchings who has written his PhD on risk in agriculture has shown that underestimating risk and adopting practices that increase costs and intensify the farm business results in farm businesses losing money over time frames such as 10 years<sup>2</sup>.

In a paper that he co-authored the abstract states – *“This analysis shows that innovations need to be assessed more on their ability to reduce costs rather than to increase income”*.

## Where is the money going? (Cont.)

The paper goes on to state – *“Further analysis shows that the current static measures of financial performance (Gross margins, profit and cash margins) do not characterise the risk-adjusted performance of the various farming systems and almost certainly result in a flawed specification of best practice farm management in south-eastern Australia”.*

### **Doug McKenzie-Mohr<sup>3</sup> - Marketing**

The behavioural change expert, Doug McKenzie-Mohr provides an insight into the marketing ability of agribusiness. Agribusiness has developed a complete marketing package that has governments, researchers, farmers and the community incorrectly believing that their products are necessary to produce food.

The table below is an attempt to show the barriers that agribusiness has overcome. Not only has agribusiness convinced farmers that they need these products but that it is socially unacceptable not to use them. This is no mean feat when you realise that many of these products are poisonous to people and the environment while at the same time reducing biodiversity and depleting soil health.

<b>BARRIERS</b>	<b>TOOLS</b>
Lack of Motivation	Commitment Norms Incentives
Forget to Act	Prompts
Lack of Social Pressure	Norms
Lack of Knowledge	Communication Social Diffusion
Structural Barriers	Convenience

Source: McKenzie-Mohr, Doug. *Fostering Sustainable Behavior: An Introduction to Community-Based Social Marketing* (Kindle Locations 2095-2103). New Society Publishers. Kindle Edition.

## Where is the money going? (Cont.)

This table shows some of the barriers people face when adopting new behaviours. When you analyse agribusiness through the lens of making sure people adopt and maintain new behaviours, then it is clear that agribusiness has spent large amounts of time and effort addressing each of these barriers.

If I use this table to think of just one practice - spreading fertiliser:

**Motivation** – agribusiness provides incentives, contacts people to obtain commitment and has made it a social norm to spread fertiliser.

**Forget to act** – agribusiness provides reminders through advertising in rural papers, television etc. as well as direct contact to individuals to “plan your upcoming needs for the season to make sure that you don’t miss out”.

**Lack of social pressure** – agribusiness has convinced many farmers that if you are not putting on fertiliser then you are mining the soil and you are a bad farmer even though there is a great deal of research showing that most cropping and grazing soils are being over fertilised.

**Lack of knowledge** - agribusiness provides experts to read soil tests as well as using departments of agriculture and NRM organisations to provide the same service and training.

**Structural barriers** - agribusiness provides services to the level of spreading fertiliser on your farm. This service is incredibly convenient when compared to the work and skills required to increase perennial grass density and diversity with decomposing litter in the inter tussock space to increase nutrient cycling through grazing management.

## Where is the money going? (Cont.)

### Allan Savory – managing holistically

These paragraphs from Allan Savory's textbook<sup>4</sup> have always made sense to me

*“After years of consulting in many countries for clients of great variety in sophistication, enterprises, and economic circumstances, I was struck by what they all shared in common. Each of them finished the year in the same nail-biting suspense over their bottom line. No matter what state, country, or currency, no matter what size of business, what product, market, or price conditions, the same picture emerged consistently. Planned income: \$ 200,000; expenses \$ 195,000.*

*Planned income: \$ 10,350,000; expenses, \$ 10,340,000. Like the unanimous elections in totalitarian countries, this defied logic. Profit margins simply could not be so uniform and proportionately small across so many widely differing situations.*

*Eventually it dawned on me that the problem must lie in the only common factor: human nature. Like most people, my clients were allowing their expenses to rise to meet the income they anticipated receiving. I suffered from the same weakness.”*

### What can we do to keep money?

To summarise, agribusiness and banks capture most farm income due to:

- Poor economic information, research and advice
- Excellent marketing
- Tapping into human nature that allows expenses to rise to meet income

If these are the causes, then the following should allow farmers to keep more money in their bank.

- Do not use gross margins, research and advice but confirm which enterprises are profitable under your management on your land.



## Where is the money going? (Cont.)

- Ignore salesman/ agronomists, that have the answer to your problem, and do your own research that addresses the cause.
- Only adopt practices that lower costs and risk. See article on three ways to improve profit in this newsletter.
- Use Allan Savory's Financial Planning™ process that makes sure that profit is planned before expenses

### Conclusion

The 70+ year experiment, that is high input, production based agriculture is over and it fails for profit, landscape health and healthy, nutrient dense food. If farmers wish to continue with these practices then the community should be charging the full cost of damage to the environment and our health. This would quickly shift the focus to regenerative agriculture and research on practices that address these issues.

### References:

1. The intensification of the NZ dairy industry – Ferrari cows being run on two stroke fuel on a road to nowhere. Fraser P.J., Ridler B.J. and Anderson W.J. New Zealand Agricultural and Resource Economics Society (Inc.), 2014. Source: [http://ageconsearch.umn.edu/bitstream/187491/2/Fraser\\_etal\\_2014.pdf](http://ageconsearch.umn.edu/bitstream/187491/2/Fraser_etal_2014.pdf)
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3. McKenzie-Mohr, Doug. Fostering Sustainable Behavior: An Introduction to Community-Based Social Marketing (Kindle Locations 2113-2114). New Society Publishers. Kindle Edition.
4. Savory, Allan. Holistic Management, Third Edition: A Commonsense Revolution to Restore Our Environment (Kindle Locations 6190-6197). Island Press. Kindle Edition.
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## Three ways to improve profit

Graeme Hand

There are essentially three ways to increase your farm profit.

### 1. **Decrease overheads:**

Land with attached fences, corrals, buildings, etc. and people along with the tools and equipment used to do their work.

### 2. **Improve gross margin:**

That's total returns minus direct costs for the enterprise. The direct costs are those that vary with the number of animals. They are typically feed, vet services and meds, sales commissions, trucking and livestock handling supplies.

### 3. **Increase turnover:**

This can relate to volume or size of business or to the turnover of saleable assets with the current business size.

The above three ways are from an article by Burke Teichert, How to Ranch Simply, yet Successfully<sup>1</sup>.

### **Decreasing Overheads**

Through grazing management many are decreasing overheads by reducing machinery and machinery costs such as tractors and other vehicles. With livestock in one mob the people required to check and move stock can be reduced freeing up time for marketing and managing the business.

### **Improving Gross Margins**

Grazing management can lower animal health costs, pasture costs and feeding costs. Major steps in improving gross margins are being achieved through individual animal identification and careful selection for animals that are more profitable<sup>2</sup> under your management on your farm<sup>2</sup>.

## Increasing Turnover

Increasing turnover (intensification), in a grazing business increases risk if the enterprise design, stocking rate management systems<sup>3</sup> and perennial grass pasture base are not in place to make sure you never run out of grass.

Only after increasing perennial grass available at extreme low cost, through grazing management, based on management skill not inputs, does intensification increase profit.

The following from the July 2013 Stipa Newsletter is just one of many success stories from farmers being “understocked” based on district averages.

George Taylor and family in his presentation “Agriculturally to Hell and Back” states:

*My father John Taylor bought 900 acres in 1935 and it was not until 1949 that he made his next move. The family have always stocked their land conservatively. By 2001 they had increased their holdings to 25 000 acres near Wellington plus another block near Carinda, carrying a total of about 50 000 DSE's.*

George and family have always been “accused” of being understocked while they massively increased their holdings. People told George that when they were small they were “lucky to make money being understocked” and after expansion now “they could afford to be understocked”.

We do not see graziers fail from being “understocked” Let me know if you would like more case studies or details.

## References

1. [www.beefmagazine.com/management/how-ranch-simply-yet-successfully](http://www.beefmagazine.com/management/how-ranch-simply-yet-successfully)
2. Mark Gardner, Vanguard Business Service, Dubbo, unpublished data
3. Spring Spelling - can we design grazing to always make a profit? , Stipa Newsletter, No 54, August 2015.

## Membership renewals

### Please note

Stipa is changing the way they renew memberships. We will endeavour to mail/ email out your renewal tax invoice one month prior to your expiry date. If you would like to renew please mail us a cheque or EFT your membership.

Please remember to make reference on all EFTs and return cheques your **INVOICE NUMBER** (found on the top of your Stipa tax invoice).

## Attention all members

To ensure that you continue to receive Stipa newsletters and updates, please remember to advise us of any change of email address.

Also if you wish to receive emails about forthcoming events and other matters of interest, it is important that we have your correct email address.

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