



Information Exchange

The newsletter of the BESTWOOL / BESTLAMB network

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Dive into a carbon neutral pool

WOOLGROWERS COMBINING tree planting, Landcare work and vegetation management in their farm may be able to market part of their clip as 'carbon neutral' with the establishment of a specialty wool pool by The Merino Company (TMC).

TMC, a division of Lempriere Australia, was established in 2005 to market specialty wools as branded products for niche markets.

TMC is successfully operating a pool for organic wool that has resulted in the sale of organic-labelled wool sweaters through 40 Marks & Spencer stores in the United Kingdom.

The Carbon Neutral wool pool aims to tap into growing consumer awareness of environmental issues and global warming by selling 'ZeroCO₂' branded wool in specific markets.

TMC's approach with ZeroCO₂ Wool provides retailers with a fully traceable wool product that has had all the associated carbon emissions, from production on farm and subsequent processing along the chain, through to disposal, offset by on-farm carbon storage.

"We market and manage the wool through the supply chain



Woolgrowers combining tree planting, Landcare work and vegetation management in their farm production may have the ability to market part of their clip as 'carbon neutral'.

from the grower through to processing, transport and to the retail outlets, with the carbon offsets required calculated by an independent third party," said TMC's Claire Drum.

"With the grower's on-farm plantings offsetting wool produced throughout the entire process, we can guarantee that we have an environmentally friendly product to the consumer."

TMC's Bruce McDonald said the demand for carbon neutral wool was predominantly from Europe and the US.

"At this stage, our biggest constraint is getting a supply from growers who have native vegetation or trees in an approved, Kyoto-compliant,

registered carbon scheme," he said.

A number of carbon trading schemes are available and involve third-party certification that the farm plantings are sequestering a measured amount of CO₂.

TMC has formed a partnership with one such scheme, Landcare CarbonSMART, that provides an independent carbon management and brokering service that can offer woolgrowers an income for growing and maintaining native vegetation on their land.

Part of the current arrangement is that a 100-year covenant is applied to the property title to protect the vegetation associated with the carbon scheme.

Mr McDonald said growers

interested in being involved needed to lodge an expression of interest and in many cases would only be in a position to use their carbon credits to market a portion of their clip as 'carbon neutral'.

"The ZeroCO₂ Wool concept was launched in September 2007 and we already have had a strong interest from woolgrowers wanting to take part," he said.

The current 12-month pool for ZeroCO₂ Wool will accept wool ranging from 17 to 32 microns from accredited growers.

Wool delivered into the pool is tested and an initial payment made to the grower based on the current spot price for wool of a similar description.

Any market premiums achieved through the pool are distributed after costs, as a second payment, when the current pool winds up in September this year.

Mr McDonald hopes to have 300 tonnes of clean wool go through the TMC Carbon Neutral wool pool system within the next two years.

For more information, phone Bruce McDonald on 0418 350 738 or Claire Drum on (03) 8625 6523, or visit TMC's website at www.merino.com.au.

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Rewarded for raising the baa

ANDREW DUFTY is a committed woolgrower. The BESTWOOL/BESTLAMB member and Western Victorian farmer was the recent national winner of the inaugural Raising the Baa competition for enterprise innovation in the wool industry.

The Raising the Baa competition was run by the Kondinin Group and funded by Australian Wool Innovation, Meat and Livestock Australia, the Co-operative Research Centre (CRC) for Sheep Industry Innovation and Grain and Graze.

During 2007, Andrew ran 18,000 dry sheep equivalents at Melville Forrest, near Hamilton, made up of 13,500 Merinos.

His target is to run 15,000 grown sheep as efficiently and profitably as possible with the aim of cutting more than 50kg of clean wool per hectare.

The Dufty family moved to Melville Forest in March 2000 as part of planned expansion into wool production.

Last year the property produced a 300-bale clip, with the main line averaging 18.5 micron. The flock of 5000 Merino ewes lamb down in August and shearing is in April.

Melville Forrest is managed with a minimum of labour. Andrew works three days a week off the farm, his father is available for some occasional work and a casual works about five days a month. Contractors are used for shearing and mulesing.

The 1450ha property has been set out to make efficient use of labour, with laneways, well-designed sheep yards and a low-maintenance watering system.

The farm also incorporates a cropping program covering 200ha, an annual pasture



Bestwool/Bestlamb member, Andrew Dufty, was the inaugural winner of the Raising the Baa competition.

renovation program of 100ha, an 80ha farm forestry lease and additional areas planted to trees for environmental reasons.

A forestry lease of blue gums was established 2½ years ago to provide a guaranteed indexed income and has been established in a number of 100m to 200m wide strips of some of the property's poorer soil types.

The farm's development has been part of an informal farm plan, which uses an aerial photograph of the property, and has also involved written business and environmental management plans.

"When I finished school I studied agriculture at Longrenong, then worked in a number of businesses such as Southern Cross Machinery, VPC and Elders, before coming back to farming," Andrew said. "That experience has given me skills that we can use in the farm

business and I still work 30 to 50 hours a week off-farm for Great Southern."

Mr Dufty uses benchmarking to monitor the farm business' performance and progress and said entering the Raising the Baa competition was a great learning experience.

"We all tend to think we know what we are doing, but I learnt a lot from the competition's judges, who included one farmer and two farm consultants. It was a really worthwhile experience," he said.

The competition prize, a \$10,000 study tour for two, will be used to study the impact of environmental regulation on farming practices in Denmark and the United Kingdom.

"Over the years, we've hosted a number of overseas agricultural exchange students, which has given us an insight into how government regulations and concerns about the environment are affecting European and UK farmers," he said.

"Increasing environmental regulations are likely to become a reality for Australian producers in the future, so it's important to understand how we can address environmental concerns without sacrificing productivity for profitability."

Mr Dufty worked through the Environmental Management Best Practice (EMBP) program for Melville Forest in 2001-02.

The exercise gave him a snapshot of the property at the time, and has led to the development of an environmental management system for the whole farm.

Mr Dufty is already looking at the potential for marketing a small portion of the Melville Forest clip under an environmental banner, such as carbon neutral wool, in 2008.

Emissions trading and grazing

CLIMATE CHANGE, the push to reduce greenhouse gas emissions and their impact on grazing industries are the topics for this year's Mac Troup Memorial lecture to be held at the Royal Mail Hotel at Dunkeld on Wednesday, March 12.

Dr Richard Eckard from the University of Melbourne will deliver the lecture for the Grasslands Society of Southern Australia (GSSA).

Richard worked in South Africa as a grasslands scientist before joining the Tasmanian Institute for Agricultural Research and then the University of Melbourne.

Over the past six years, Richard has worked with agricultural industries to prepare for a future where carbon and climate are issues affecting farm production.

He has led scientists in the Greenhouse in Agriculture program and heads the Victorian Climate Change Adaptation Program looking at potential agricultural systems and land use based on projected climate change.

The Australian Government is considering a range of policies to ensure greenhouse gas emissions are reduced in the future. A key measure it is investigating is a National Emissions Trading Scheme, which would put

a price on carbon trading, which could link Australia to international carbon markets.

Richard will provide an insight into how a National Emissions Trading Scheme could affect the grazing industries and go through the myths, threats and opportunities of such a scheme.

Tickets to the lecture cost \$50 each and include a two-course meal, with drinks available at bar prices.

Anyone interested in attending the 2008 Mac Troup Lecture should phone Georgina Gubbins on (03) 5565 1490, or the GSSA office on (03) 5480 3305, before March 7.

Get ready for EverGraze

THE NATIONAL EverGraze Project is developing livestock systems using perennial pastures to increase profitability by 50%, while improving the environment in the high rainfall zone.

Perennial pasture production and persistence, matching feed supply to demand, increasing ewe fertility and lamb survival, maintaining groundcover and decreasing salinity recharge are among the goals of the EverGraze research 'Proof Sites'.

Research began two years ago, at high-input Proof Sites in Hamilton (Victoria), Albany (WA) and Wagga Wagga (NSW).

These sites are investigating combinations of grazing management, summer and winter active perennial pastures, woody perennials, high-performance livestock and stock management practices.

New Proof Sites in Albury/Wodonga, Tamworth and Orange (NSW) have been set up to investigate low-input grazing systems, such as hill country and native pastures.

On-farm 'Supporting Sites' linked to producer groups and relevant Proof Sites are being established to validate EverGraze Proof Site results on real farms.

Producer groups, such as BESTWOOL/BESTLAMB have the opportunity to monitor the progress of Supporting Sites in their local area, and to learn about the improved pasture, grazing and livestock management practices being trialled on the sites.

In Victoria, several Supporting Sites have been initiated in the North East, Goulburn Broken, East Gippsland, Glenelg Hopkins and Corangamite catchments.

Field days will be held on many of the Supporting Sites during April and any one is welcome to come along and learn about the EverGraze grazing systems and how to get involved in a supporting site group.

Topics covered at the field days will vary according to what is being trialled on the sites. Examples include summer and winter active perennial pasture establishment and management, native grass identification and management, reading soil tests, lamb survival and ewe ovulation.

For more details about the field days and EverGraze activities in your area phone Kate Sargeant at Seymour on (03) 5735 4352 or Anita Morant at Hamilton on (03) 5573 0732, or visit www.evergraze.com.au.

Kyneton Meat Profit Day

RED MEAT producers have the chance to hear about the latest industry research, products and trends at the Kyneton Meat Profit Day (MPD) on Friday, April 4.

Changing consumer demand, animal genetics and feed options are all part of the program for the day being held at the Kyneton Racecourse by the Central Highlands Agribusiness Forum and Meat & Livestock Australia (MLA).

The speakers will include MLA chairman Don Heatley, EL & C Baillieu Stockbrokers director Alex Hay and Ford Health CEO Dr Toby Ford.

Three concurrent modules featuring three industry experts – Paddock to Plate; Alive and Kicking; and Creative Minds – will give producers the chance to explore a number of topics during the day.

Paddock to Plate covers producing beef and lamb to consumer requirements, getting consistent eating quality, genetics and sire selection.

Alive and Kicking will cover increasing the efficiency of farm production by grazing cereals, using tropical species to extend the growing season and the impact of changing weather patterns.

Creative Minds will feature a presentation about finishing lambs including the chair of the Maryborough BESTWOOL/BESTLAMB group, Stuart Robinson, as well as speakers on the role of futures, hedging and targeting niche markets.

Theo Castricum, the lamb manager with Castricum Brothers, will present the Royal Agriculture Society of Victoria Prime Lamb Carcase Awards, followed by a casual dinner from 5.45pm.

Since 1993 more than 20 MPDs have been held, covering every State in Australia. MPDs are held 2-4 times a year. They usually attract around 500 people and are a great social and business networking opportunity.

The cost for the day is \$20 for MLA members and \$30 for non-members if registered before March 28. The dinner costs \$20 per head.

Child minding for children aged four to 14 is available free, but needs to be booked when registering in advance.

Registration on the day will cost \$30 for MLA members, \$40 for non members and \$20 per head for dinner.

For more information, phone Sue Morgan on (03) 5424 8456.

AT A GLANCE

Flystrike CD

AWI has released an extensive flystrike prevention and management CD, a declaration form for the sale of unmulesed wool (defined as sourced from woolgrowers who are no longer mulesing) and a swing tag for retailers.

'Fighting Flystrike' is a practical guide for Australian woolgrowers. The training tool has been developed by AWI to help woolgrowers:

- better understand the factors that lead to flystrike; and
- implement management plans to prevent and, where necessary, treat flystrike.

The program is divided into six modules that allow woolgrowers to quickly and effectively access the information that best suits their situation. Each module is accompanied by practical tools and case studies to demonstrate how other woolgrowers are managing the risk of flystrike.

A new, simple form that declares that the practice of mulesing is no longer being used is available from brokers and agents from the start of 2008.

To order the free CD, phone the AWI helpline on 1800 070 099.

Innovation update

BESTWOOL/BESTLAMB, in conjunction with AWI and MLA, is planning a sheep and wool research update forum on April 30 at the Bendigo Exhibition Centre.

A similar event in WA was popular with sheep producers. It was designed to keep them up to date with the latest in sheep research and innovation.

The event will start with a keynote speaker and dinner, followed the next day by a combination of presentations and interactive concurrent sessions.

More information will become available in coming months.

Thanks Mackinnon

Thanks you to the Mackinnon Project for the feed budget reproduced in the October issue of this newsletter.

Newsletter contributions

WE are keen to hear suggestions for this newsletter and are happy to take contributions. Phone Annette Taylor on 5355 0531.

The value of business analysis

THERE IS a business consultant in the Goulburn Valley who's favourite saying is "In God we trust, in all else bring data" and in 2008 the essence of this statement ought to be the catchcry for farm businesses.

Now, perhaps more than ever, financial analysis of each individual enterprise in our businesses is imperative if family farms are to survive and thrive.

In my experience, the vast majority of successful farming enterprises thoroughly benchmark their enterprises so that they can actively plan to be economically viable.

One of my early mentors in the farming business was Chris Shied, who worked for Resource Consulting Services at the time.

Chris helped me see the challenges faced by my business in simple terms, which then gave me the confidence to plan strategically.

He talked about farm profit in terms of three basic principles: decrease overheads; increase gross margin; and increase turnover.

Then we worked through the process of economic planning, which I believe is more important than the actual result.

Having the tools to be able to see the 'trees from the bush' was what I needed, so that I could actually identify what I did well and enjoyed, and do less of what I did poorly and did not enjoy.

In my case, moving from 13 enterprises to three (my father believed in having a foot in every camp and not paying tax)



Jamie Ramage,
chairman,
BESTWOOL/
BESTLAMB

enabled my business to shift from returning 1-2% returns on assets managed to 11.4% in four years.

The recent Front Foot Farming workshops were put together to help BESTWOOL/BESTLAMB members understand the importance of strategic planning and to assess the impact of immediate and long-term critical decisions on profit, cash flow and the balance sheet.

By using case studies as examples the program is educational rather than consulting.

It clearly shows the impact that different planning decisions can have on farm profitability over a three-year period.

It was not that long ago that I thought of strategic planning as a five-year plan with some budgets attached that appealed to the bank manager. Now, with climate variability and commodity prices as they are, I think a three-year plan has merit.

The message I think is still the same: analysis of your business and your enterprises is vital, and then plan for the future.

"By taking into account the unfavourable factors, we may avoid possible disasters."

– Sun Tzu

Now, where was I?

RECENTLY, I was diagnosed with A.A.A.D.D. – Age Activated Attention Deficit Disorder. This is how it manifests:

I decide to water my garden.

As I turn on the hose in the driveway, I look at my car and decide it needs washing.

As I start toward the garage, I notice that there is mail on the porch table that I brought up from the mailbox earlier.

I decide to go through the mail before I wash the car.

I lay my car keys on the table, put the junk mail in the rubbish bin under the table and notice that it is full.

So, I decide to put the bills back on the table and take out the rubbish first.

Then I think, 'Since I'm going to be near the mailbox, when I take out the rubbish anyway, I may as well pay the bills first'.

I take my chequebook off the table and see there is only one cheque left. My extra cheques are in the study, so I go inside, where I find the can of Coke that I had been drinking.

I'm going to look for my cheques, but first I push the Coke aside, so that I don't accidentally knock it over. As the Coke is getting warm, I decide to put it in the refrigerator to keep it cold.

As I head toward the kitchen with the Coke, a vase of flowers on the counter catches my eye – they need to be watered.

I put the Coke on the counter and discover my reading glasses, which I've been searching for all morning.

I decide I better put them back on my desk, but first I'm going to water the flowers.

I set the glasses back down on the counter, fill a container with water and spot the TV remote. Someone left it on the kitchen table.

I realise that tonight when we go to watch TV, I will be looking for the remote, but won't remember that it's on the kitchen table, so I decide to put it back in the den where it belongs, but first I'll water the flowers.

I pour some water in the flowers, but quite a bit of it spills on the floor. I set the remote back on the table, get some towels and wipe up the spill.

Then, I head down the hall trying to remember what I was planning to do.

At the end of the day:

- the car isn't washed;
- the bills aren't paid;
- there is a warm can of Coke sitting on the counter;
- the flowers don't have enough water;
- there is still only one cheque in my cheque book;
- I can't find the remote;
- I can't find my glasses; and
- I don't remember what I did with the car keys.

Then, when I try to figure out why nothing got done today, I'm baffled because I know I was busy all day and I'm really tired.

P.S. I just remembered – I left the hose running in the driveway!



BESTWOOL / BESTLAMB is a co-operative program for wool and lamb producers seeking to boost their farm profit and productivity.

For information about the BESTWOOL / BESTLAMB network, phone (03) 5355 0531, e-mail bestwool@vff.org.au or visit www.bestwool.com