

InTouch



July 2021

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CEO update

I cannot believe we have just celebrated our first birthday as Pinion. Our first year has been spent working on team and service integration across the whole business. We have also recruited additional people to assist with client services and internal business management. We have just reached 70 employees.

As clients who have heard me talk about farm and business management will know, I am a fan of strategic planning, culture, building teams and business systems. This has all been our complete focus for the past year. This all needs to happen while continuing to provide increased value to clients. Managing and providing support for change has been a big need for us.

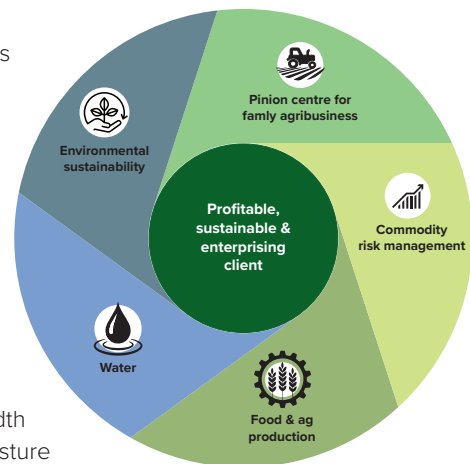
As I reflect on our first year, I believe we have come along way and, for most clients, it has still been the same valuable client experience.

The next year will focus on additional business systems integration and the development of new services that provide solutions to common client pain points. There are some exciting initiatives coming up...

Our client outcome is 'developing a profitable, sustainable and enterprising client'. This outcome is underpinned by proven economics, management and science principles. Recommendations will always be practical and easily adopted. They must create value for the client.

In this edition of InTouch, you will start to see the breadth of our services. This includes interesting articles on pasture management, grain storage, water resource management, growing and developing people through our Next Gen program and native vegetation clearance approval processes.

Dave Heinjus



Firing up the next generation with the Next Gen Breakthrough program

The Next Gen Breakthrough Group program started in early 2020 in South Australia and is about to kick off in Tasmania. The program aims to develop key business management skills in the next generation of farmers, to provide a platform for success as succession occurs. Delivered over 3 years the program focusses on:

- Improving financial literacy by analysing your business's performance
- Strategic planning
- People management
- Management succession
- Corporate governance
- Decision making

Daniel Petersen is now halfway through the 3-year program, and we asked him some questions about what he's found so far.

What do you do and where is your business?

"I farm alongside my Dad, Michael, at Petersville on the central Yorke Peninsula, SA. We grow wheat, barley, lentils and canola, and also purchase trade lambs to finish through our feedlot."

What did you do before returning to the farm?

"I completed a Bachelor of Agricultural Science with Honours in Plant Science before working in the weed science research team at the University of Adelaide."

Why did you join the Next Gen Breakthrough Group?

"My Dad was flying by the seat of his own pants when he first started farming, so he was eager to seek professional help to better equip the next generation. We saw this program as the perfect opportunity to, not only, further develop my skillset as a farm manager, but also assist with making the succession of the business a smooth transition."

What have you found valuable so far?

"Adopting the family corporate model has established a more formalised business environment that facilitates strong communication between Dad and I. These foundations have been important for the development of a mentee/mentor relationship instead of one that is purely based on being father and son."

The family corporate model has also resulted in the implementation of sound due diligence processes in our business to guide more informed decisions. Consequently, we have undertaken extensive benchmarking to understand how we are performing, while we have also conducted a thorough analysis of machinery cost of ownership. These factors have helped remove emotion from investment decisions and further enhanced the development of sound business cases to improve structural efficiencies, gross margin optimisation and overall profitability.

The capability assessment tool has identified areas for personal development. Annually reviewing these results has provided quantifiable progression and has helped to formulate a clear plan to improve on weaknesses. This has added a level of accountability to strive to attain the targets that have been set out.

Overall, networking with young like-minded people on a similar journey has been invaluable. This program makes you feel comfortable to be vulnerable about your business and receive constructive feedback from others. It creates conversations that you would not normally have with family members or other people that you do business with."

What are you looking forward to?

"Refining our strategic plan and setting goals for our business will provide a clear direction on further growing our business. I am also looking forward to the remaining Next Gen sessions; these are a great opportunity to reconnect with others in the course, which always stimulates informative conversations and new ideas."

If you want to hear more about the Next Gen Breakthrough group program, then please contact us. Registrations are currently open for a new group in Tasmania, please contact Ashley Evans for more details at 0418 854 536 or aevans@pinionadvisory.com.

We are also taking expressions of interest for new groups in SA and Victoria.

Improving pasture production without renovating?

Olivia Woodiwiss

As pasture yields drop and weedy species take over, many of us assume this is the distress signal that pasture renovation is imminent. Often, how positively preferred pasture species (such as ryegrass, cocksfoot, phalaris, fescue, brome, kikuyu and prairie grass) respond to effective grazing strategies is underestimated. By improving utilisation and nutrient management we can have a greater effect on pasture persistence and production.

It's important to consider the persistence of a perennial grass pasture species via tillering, not seed, as each tiller can survive independently with its own leaves and root system. Therefore, we want to encourage that plant to tiller as much as possible to improve overall persistence and production. Tillering is encouraged by adequate light interception and nutrient supply – both of which we can significantly influence.

Firstly, for nutrients, we recommend conducting soil tests every other year to ensure nutrient availability is sufficient for a pasture-based system. Soil pH is always the main priority as this can limit the availability of nutrients for the plant. This is followed by addressing any other macro nutrient deficiencies, particularly phosphorous.

Secondly, to ensure adequate light can get to the base of the parent plants, grazing is our best option. Ideally, we want to be rotationally grazing in a fashion that allows enough time for the plant to recover and, at the same time, reduces shading of the base of the plant. Especially at key times of the year (such as spring and autumn), when growth rates are at their peak.

Immediately post grazing, the plant uses the energy reserves in its base and roots to push out the first leaf. Following emergence of the first leaf, root regrowth resumes before the second and third leaves emerge. By frequently removing the leaves (as per 3-leaf rotational grazing practices), the plant is encouraged to build root mass (Figure 1) and increase energy reserves which stimulate a higher yield (kg DM/ha). A larger root mass creates stronger plants that have greater access to water at depth and soil nutrients, which promotes the growth of new tillers and their persistence. This grazing strategy also improves the ability of the pasture to outcompete weeds (such as barley grass, fog grass and broadleaf weeds), which don't respond so well to being rotationally grazed.

To achieve this, we need to ensure the pastures are being fully utilised. Here, the concentration is on grazing intensity - which is a function of stocking rate and the length of time livestock remain on the pasture. Best practice is to allow livestock two to three days on one allocated area to reduce selective grazing. If this isn't practical, then reducing the amount of time spent in one area, where possible, will still be beneficial. After grazing, the first leaf is like candy to livestock, and they will repeatedly graze that small, 'sweet' leaf over any other available feed. This results in overgrazing of those most favourable pasture species, leading to retardation of the root system, decrease in tiller emergence, undesirable nutrient ratios and eventually the weed species outcompeting them. Optimal grazing areas and frequent movements are key to ensuring livestock graze all pasture on offer.

Overall, the benefits of a new pasture variety will be limited if we haven't already maximised production through improving soil nutrition, grazing management and then weed control.

Pinion Advisory offers a pasture management course, Pasture Principles. Pasture management is a fundamental skill that determines the profitability of pasture-based grazing systems and is the key driver of stocking rate. Held over 12-months, the sessions align with key seasonal pasture management timeframes and supports producers to make proactive decisions for their business. Pasture Principles has been attended by over 100 businesses in South Australia, Victoria, New South Wales and Tasmania.

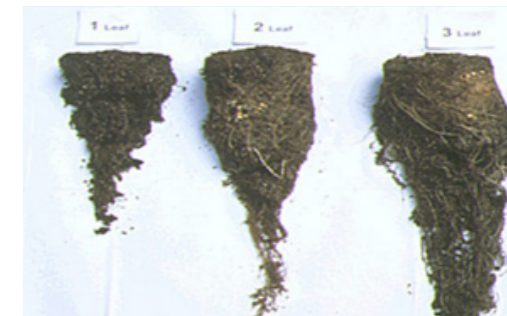


Figure 1 Effects of long-term grazing at 1-leaf, 2-leaf and 3-leaf on pasture root growth (Source: NRM South)



Figure 2 Ryegrass sward, Landfall, Tamar Valley

Lake Meadowbank water infrastructure

Fletcher Pegus

Our water resources team has been busy helping Hydro Tasmania to work with farmers during preparation for essential dam maintenance over the next couple of years.

Hydro Tasmania are Australia's largest generator of hydro-electric power, producing about 9,000 gigawatt hours, enough to power 900,000 Australian homes and businesses. Hydro Tasmania's assets include 30 power stations and 50 major dams. Pinion Advisory were engaged by Hydro Tasmania to undertake pump station assessments at properties adjacent to Lake Meadowbank in Tasmania's Central Highlands.

Hydro Tasmania are required to carry out essential maintenance work on the Meadowbank Dam crest gates in February to April 2022 and February to April 2023. To facilitate this work, Lake Meadowbank's water level needs to be lowered 2m and 6m throughout that time.

The Lakes level is generally kept relatively constant, within a 0.6m range, to achieve maximum power generation. However, its full operating range is 6m.

Landowners (primarily farmers) adjacent to Meadowbank Lake can install water infrastructure that operates within the 0.6m range, for agricultural and domestic purposes, but are encouraged by Hydro Tasmania to consider the full operating range when making



personal and business decisions. This is important because Hydro Tasmania, as owners of the Lake Meadowbank asset, have the right to, and can manage Lake Meadowbank across its full 6m operating range at their discretion.

Hydro Tasmania also recognises the importance of Lake Meadowbank to the local agricultural community and wants to consider the potential impacts on users that would be adversely affected by the lowering of the Lake.

Pinion Advisory undertook a water infrastructure assessment of all 16 properties (54 pump sites) that pump from Meadowbank Lake for irrigation, stock, or domestic purposes. Information from this report was provided to Hydro Tasmania to identify requirements for farmers to continue their operations whilst the lake is lowered during periods of maintenance on the Hydro Tasmania infrastructure.

An initial site visit and was completed by Brock Nadler and Fletcher Pegus, to obtain information on all water infrastructure, discuss with landowners how they use their pumps,

take photographs, and survey the height of the pumps (+/- 20mm). A second site visit was undertaken with Dave McLaren and Fletcher Pegus the following week when a trial drawdown of 2m was implemented by Hydro Tasmania. We were able to undertake a visual assessment and survey the water level at each location, to determine to impact of the draw down at each pump site.

This information, paired with bathymetric data provided by Hydro Tasmania, has been used by Brock to develop concept solutions and high-level cost estimates to upgrade the infrastructure at each pump-site. This will ensure that the farmers in the area can continue to operate their irrigation effectively when the Meadowbank Lake is operating at its full range, for maintenance or other reasons in the future.



Aerial photo highlighting the agricultural region that uses water in Lake Meadowbank, upstream of the Power Station operated by Hydro Tasmania. This is also the primary source of Hobart's drinking water with the main treatment plant some 10km downstream

Investing in on-farm grain storage

Brendan Wallis

On-farm grain storage has been a hot topic of late, with more and more growers looking to invest in some form of storage system on-farm.

On-farm storage systems can come in varying forms, sizes and capacity. They also differ in the level of investment. Planning is an important aspect when it comes to investing in on-farm storage. The decision needs to be strategic because grain storage systems are a long-term investment that cannot be easily changed or sold.

When it comes to on-farm grain storage there are three key points to consider:

1. What is your strategy: Can you define the purpose of the investment?
2. How can you leverage existing plant/equipment and labor?
3. Work through the numbers to create a business case. Simply being frustrated with an existing bulk handler is *not* a business case.

When defining the strategy, there is a need to take a market first, infrastructure second approach. Clearly defining the type of markets and supply chains you want to access can give perspective on the level of investment required. Is it short-term (0 to 3 month) silo bag options or is it longer-term (0 to 12 month) vertical silos or sheds?

The term, 'You do not make money on air space', is something that comes up when discussing on-farm storage, meaning that the entire facility needs to be used and leveraged. It is a long-term investment with a long payback period. The type of storage, the fit for the business and the strategy need to match.

Taking control of your grain storage and having it stored on-farm, also means that you take on the responsibility to manage the quality and logistics of the grain.

There are no shortcuts when managing grain quality. It needs to be done properly to ensure that you are delivering grain within specification to suit the end user demand. Out of spec grain can quickly erode any premiums for storing your grain on-farm in the first place.

Contracting grain on-farm or delivered to an end user takes time and resources and is another aspect that needs to be managed. A lot of the time the contracts are done on a buyer call basis. This means that you are required to deliver the grain or load contracted trucks when the buyer calls on your grain. There will be notice given to prepare and plan, however delivery or loading times do not stop for a good spraying day or other pressing duties undertaken on the farm.

At Pinion Advisory, we can work with you to help determine the strategy with on-farm grain storage and develop a thorough analysis on costs of storage. A round of workshops throughout South Australia on on-farm grain storage will be held. Dates to be determined following Covid lockdown and restrictions.

Contact grain@pinionadvisory.com for more information.

SA native vegetation assessment for removal

With Mildura based senior consultant, Troy Muster, recently gaining accreditation as a vegetation assessor for South Australia, Pinion Advisory is now well placed to assist landowners and developers in South Australia, Victoria and New South Wales manage the approval process and assessment required for the permitted removal of native vegetation.

Prior to the regulation requiring an accredited assessor, we conducted a range of detailed assessments on three large properties in the semi-arid zone. These involved detailed native vegetation assessments to confirm the types of vegetation communities and the extent of unauthorised clearing.

Rehabilitation Management Plans on two properties were approved by the relevant Government agency. On the third property, which was completely uncleared, we did an assessment and built a case for it to be offered as a potential offset area.

Pinion Advisory's mainland experience in permitted clearing of native vegetation began in Victoria as early as 2004 with a focus on the Mallee.

Since then, the need for proponents to clear vegetation has been driven by the rapid expansion of greenfield irrigation development along the Murray River, between Swan Hill and the SA border.

We later adapted to new regulations in Victoria in 2013 and further changes in 2017. Typically, vegetation assessments include both Crown land and private land. The types of developments for which we have gained approval, to remove vegetation, include major pump stations/pipelines on a waterway, regional pipeline projects, road construction/widening, solar farms, and numerous irrigation development for almonds, vines, potatoes or citrus.

Native vegetation projects require a detailed knowledge of the relevant legislation and the underlying guidelines, supported by mapping, plant ID skills and the ability to negotiate with regulatory authorities.

Troy Muster, Mildura office, assessing a small patch of native vegetation for an irrigation development near Robinvale, Victoria.



Pinion Advisory offers these skills as an integrated package with a proven record of success for our clients. In addition to the native vegetation assessment, we regularly manage the approval process for our clients and often project manage other specialists that may be required on different jobs, such as an archaeologist.

If you are looking for help assessing native vegetation or considering a development that will impact it and are keen to understand how this might be managed, please contact Troy at our Mildura office tmuster@pinionadvisory.com or call 1300 746 466.



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1300 PINION
(1300 746 466)
✉ admin@pinionadvisory.com
🌐 www.pinionadvisory.com