

# **“HOW DO I PULL IT TOGETHER”**

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**Cotton Grower ‘Argoon’ Comet, Central Queensland**

## **Farm Costs**

Any way you want to look at it, farm costs are up. I can't think of any input to our operation that hasn't risen in the last few years, some a little, others a lot. The prices of machinery, seed, technology, fertiliser, steel, pipe, water, labour (when you can get it) are all up 10 to 50% in the last 2 years. And, then of course, there is diesel, nearly double the price at the farm gate of 3 years ago. Commodity prices as you know have not risen in proportion; in fact unless you grow beef, they have stayed flat or like cotton, have fallen.

So, what to do about this? You can get out, or you can endeavour to get smarter and leaner.

Within our irrigated farm, every operation gets more consideration than ever before. Can one pass be engineered to do a few jobs? Does it need to be done at all? Can we reduce the amount that we lift water? We are cautious not to move more water than necessary; this not only saves energy inputs but also assists with WUE. As the price of fertiliser increases, manure from feedlots can look more attractive. Operating higher horsepower tractors up a gear and back on revs can save several litres of diesel per hectare with some implements. The adoption of Biotechnology has brought a level of certainty into our production costs which in today's cost environment, we see as a positive thing. In the Central Highlands, where Heliothis pressure can be relentless, paying a fixed price for that protection helps to manage our risk.

## **Interest Rates**

Interest Rates- Today as always, interest on borrowed monies is a part of any farm business and any farmer who has borrowed money, myself for one, is acutely aware of interest rates. It's the cost of money, subject to change depending on how the reserve bank board views inflation, employment, the current account deficit etc, etc. Its part of the cost structure of operating a farm and as such, is a tax deduction.

Right now, as compared to fairly recent history of 15 or so years ago – money is cheap. Talk to farmers who were at it then and you'll hear about interest rates of 20% to 25%. Today's rates of 5.75% seem paltry in comparison. The market is highly competitive with numerous options available. As part of managing the risk of a cost blow out our approach in recent times has been to fix rates or secure them with a cap as far forward as 10years. Some would question this I'm sure, as floating bill rates have been stable for a number of years. Why get tied up? – Long term rates have been available at not too big a premium to current values. This in my view is the time to get on. If the market senses rate pressure in the future, the caps and the fixed interests become more expensive. By the time it looks like trouble, you are already in it. We try to avoid getting blinded by the 0.25 or 0.5 % changes and look way ahead. Could the farm business handle a 3 – 4 or 5% increase – we don't want to find out.

This is a simple farmer's logic point of view; there is a host of interest risk management approaches available, I'm sure your banks can help.

## **-NRM- a return on investment**

What does this mean to an irrigator? The first thing that comes to mind is water. With permanent allocations in Central Queensland trading around 2,250 dollars per mega litre it's a tall order and I realise for many from other valley's that sounds cheap enough. At this point, pieces of the WUE puzzle fall into place. BMP and environmental management all roll together. Things have changed so much in a few short years. In the early eighties, when my family first started irrigating, you only worried about getting water to the top of a field, it wet the soil and the tail water, of which there was plenty, went somewhere off through the neighbours paddock to the East. Now, of course farms are designed as whole units with tail water return being of equal focus to the irrigation itself. It's about getting the use of every mega litre available, and also keeps possible contaminants out of rivers and the environment. It's the basis around which any modern flood irrigated cotton farm is designed.

Within the daily operations of the farm, the belt on water is tightened to the max. We have utilised WUE funding initiatives to assist in putting water meters on our internal pumps. Environscan probes across the farm enable us to irrigate on time, every time. Our ring tank and sump are both gauged and graphed. This has created a real conscious about losses, as before we never really knew. Now it's last in – first out. In the past year, we shortened some fields and increased syphon size saving 15% per irrigation. All of this, in the vain of more production per mega litre, a greater return on the investment.

There are also other ways to view investment in NRM. Having an appreciation of the Biodiversity on a farm is something I feel is at the core of every farmer's interest. If our soil and our waterways and riparian areas are dead, the farm will soon follow. Assisting and monitoring to keep these resources in order will ensure viable farms for our children and their children. This for us is also return on investment.

## **BMP**

I am a firm believer in the value of Cottons BMP Its not really about what it's done for my farm on any given day, but what it has done and can continue to do to change the face of this industry. The heightened level of awareness of all aspects of farm management has put this industry where many others wish to be. Try to look back and see cotton without the last ten years of BMP. I dare say it might have been totally excluded as a cropping option in some areas it is currently grown.

Looking forward, it can be an effective tool for growers to substantiate and maintain their rights to access of water, pesticide inputs, technology and fertiliser. Investors might see it as a reason to choose one farm over another.

BMP for our farm is not about the minute but more about the hour, - the Big Picture.

## **Biotech**

In the early nineties 15 insecticide sprays was typical to grow cotton on our farm. Single gene technology reduced that to 5 to 8, today; multiple gene cotton has reduced it further. This year, 2 sprays for Mirid and 1 for Silver Leaf White Fly. With over the top selective herbicide available since the late nineties and now second generation herbicide tolerant varieties just around the corner, we have not had to chip our fields in years. To put it bluntly, 'Argoon' loves Biotechnology. A huge reduction in the use of insecticides speaks for itself, and with that also comes peace of mind. I just don't worry as much. Of course, there are still responsibilities, with 2 gene cotton, belongs a refuge, correctly grown, watered and nurtured. We are in our second year of using the

grain refuge option and incorporating it as a rotation around the farm. Starting the season with a fixed input base for *Heliothis* control is a major benefit in these times of lean margins.

Downsides to Biotech are varied depending on your view. Some say we won't really know the impact of Biotech crops on our environment for 30 to 50 years. I would like to believe that Research and Development has modelled the doomsday outlook completely off the page.

Over production of easy cotton, I believe that this is real, and is somewhat responsible for recent commodity glut and low prices. Particularly, where the technology is pirated; imagine all the benefits with no licence fee, its hard to compete with that. Refuge control and the jeopardizing of the life of the technology is also a major concern in these cases.

A large swing to herbicide tolerant cotton is also one to watch closely as the system involves a heavy reliance on one chemical group. Weed resistance must be closely monitored. Drift onto non tolerant crops will need extreme vigilance. On our own farm the technology has been used to great effect, allowing us to follow July harvested corn with October planted cotton. With careful ground rigging and low drift nozzles the concept for us is a winner.

## **Crop Management Tips**

The management of a cotton crop is hugely challenging, worthy of many millions of dollars of research and years of continuing development. I would think that my ideas on crop management are fairly run of the mill and certainly always open to change and modification when over the fence is working better.

Through the season we work closely with our agronomist, soil testing after the previous crop sets the scene for the next. Varieties are selected based on strong performance in our hot northern climate. We favour lighter plant stands 7 to 8 per metre of row, high density plant stands tend largely to rank vegetative growth with high losses from boll rot.

As mentioned in an earlier heading, we like Bollgard, We've planted 100% since it has been available, and before that, we were trial co operators with a 100% area, the year before that, a 20ha commercial site. It's in my view, the ultimate cotton IPM and being next to a major river, also the ultimate in environmental protection.

Plant growth is monitored in season with the early season diagnostic tool backing up gut feel. Insects are scouted thoroughly once a week, a second check if pressure necessitates. In the Bollgard, Mirids are the early focus, up to December, from then on Silver Leaf White Fly takes the stage until defoliation. Protocols have been developed in the Central Highlands for checking and monitoring this pest.

Irrigations are aimed to be timely with data from down loadable Environscan probes. The Bureau of Meteorology website, bom.com.au gets plenty of business as well, assisting to figure out just how bloody hot it will be in days to come, pending storm fronts affecting spray conditions, etc. Work has been done recently to irrigate fields more quickly, yielding water use efficiencies and better crop performance. We ground rig as much as possible up to and including defoliation.

Round up ready is used with about 70% planted on our farm last year. Round Up Ready Flex will be welcome if not too pricy.

Through the season, wheels turn with cultivation, side dress, shield spray, typical of the operations on most other farms.

## **Business Management Tactics**

When you grow up on the family farm, and the black soil is part of your blood cell count, the work comes easy. Daylight to dark is hardly a challenge; you learn to use your hands, and your back. You drive big machines and after all, playing in the mud and growing stuff is really really fun. Time flies by, roles and responsibilities develop and change and suddenly you wake up with the mortgage and overdraft not behind Dads name, but your own.

Its time to give serious though to some business management tactics!

The core of our family farm business is our staff, the farm is bigger than the work one couple can do, and we need help!

When we are interested in our staff, they become interested in us. We utilize industry developed training and education when possible. Field days, area wide meetings, trial work, machine demonstrations are shared, the goals become common, and the knowledge stimulates valuable discussions. We recognise that our staff have a life of their own, and work to incorporate this with the demands of the farm.

We endeavour always to keep the farm clean, and tidy, from workshop to tail drain, this fosters a pride of place and with that comes a good attitude. It also helps the bank manager feel better about his investment.

Our irrigated crop production is diversified with cereal and pulse crops on at least 30% of our area each year. This spreads our production risk and aids in cash flow as well as benefiting our soil.

As briefed before under an earlier heading we have chosen to take control of our interest costs on all borrowed monies. We are part of a local buying group that utilizes economy of scale to bulk purchase fertilizer, seed and chemicals at lower prices.

Marketing of our commodities has been particularly challenging with depressed prices and low water allocations. In more conventional times, forward sales pre plant to cover cost of production has been a goal. The rest split between early fruiting and after picking. In the last two seasons unfortunately it's barely been cost of production.

Being active in the industry is important to our business, it's a great way to keep up with ever changing and evolving issues that can impact the farm in years to come, and it's a fantastic way to meet truly inspirational people.

Most importantly, keep time to enjoy family and friends. For myself and I believe many farmers, this is easier to say than to do. The daily demands of the farm are always there, industry, field, or office. Take stock occasionally, make sure you're still having fun, and be fare to the others in your life. Robyn and I have a small saying that we sometimes remind each other of. 'The hardest part of doing anything is thinking about it.'