# Science to Practice Forum

**Day 2 Part 2 Program Transcript**

**8 June 2022**

**Introduction**

The Forum brought together farmers, their communities, the eight Drought Resilience Adoption and Innovation Hubs, Future Drought Fund program leaders, researchers, agribusinesses, and all levels of government to share knowledge about building drought resilience.

**Transcript**

[Event begins]

Andrew Bell:

Welcome back, everybody. Hope you had a good break. It's just nine degrees here in Canberra, but in the studio, it's warming up a bit, with a three-piece suit on. So I hope you'll forgive me. I have got rid of my jacket for the hard work of the two remaining sessions of this second day, this Wednesday.

Andrew Bell:

You're with the Future Drought Fund Science to Practice Forum. And this segment, we're going to be talking about better risk management. And we're going to start off by taking another look at one of the Hubs. So far, we have had five Hub videos. We've had presentations to go alongside them from Southwest WA, from Southern Queensland and Northern New South Wales, Tropical North Queensland, Northern WA and the Northern Territory and from South Australia.

Andrew Bell:

There are eight Hubs. We've had videos from five of them. That means there's three to go. And our first video and showcase is coming from Tasmania. A nice compact map there with Launceston in the north, Hobart in the south. And let's travel across Bass Strait to have a look at some of what is going on in Tasmania.

Dr Kathy Evans:

The Hub here in Tasmania is different to other areas and it's to do with the interactions between people, land, water and our climate. It can be pouring rain on one side of the island and dry as a bone on the other. So diversification in farming enterprises, it offers different types of income streams for farmers and the expansion of the irrigation schemes is really helping with that diversification because suddenly, when you've got the water, it gives you those options on what types you can grow. We have unprecedented expansion of our irrigation schemes and that's a great thing. That is part of drought resilience. Being able to add water in the dry conditions.

James Walsh:

We're part of the Macquarie Settlement Pipeline that delivers water into this region, which is a high surety of water at a reasonable cost. And so what I've done is attached the highest value crop that we can grow on the property to that water. We are also very out of area for the traditional wine growing regions of Tasmania. So a lot of people are watching to see how we go and whether we can produce good quality grapes.

Rob Bayles:

The water that comes out of the pipeline scheme, there's raspberry and strawberry canes. There's three dairy farms. There's a vineyard. It's just given everyone the opportunity to diversify into other crops. A lot more than just growing more sheep and cattle, can eat traditional crops, but it's given other people opportunity to expand in the different industries. Well, it's just made us sustainable in this area. It has given all the partners an opportunity to grow.

James Walsh:

I guess the extremes aren't as great here, but still we have gone through exceedingly dry times in the past and we'll have to survive those in the future. And water helps take away that risk of those dry times. It doesn't mitigate it, doesn't drought proof. But it gives you more options.

Dr Kathy Evans:

It's not just add water. Poor irrigation practises too, can have damaging effect on our soils. It can affect our water quality and it can also, just have a general negative environmental effect.

Rae Young:

We're on the farm here at Lewisham, in the Midlands of Tasmania and we grow mostly Merino sheep here. So our aim is to produce large Merino sheep so we can have wool and meat as our options. So just to hedge our bets. It's always interesting for us to embrace research and to find out and we get to know what's happening. And the research is not just in pastures, but it's also in the environment.

Dr Rowan Smith:

We're trialling different machinery to sow an autumn and winter forage mix. So we're looking at sowing, a grass mix, a brassica mix and then a multi species mix, if you like. What we're trying to, I guess, evaluate is different ways of establishing those and then use that as a feed for stock during winter.

Dr Rowan Smith:

As you can see, even though we've had a little bit of rain, we are still working with very, very little soil moisture. We're looking for ways in which we can make pastures more resilient. Obviously there is a productivity goal at the end of the day. In low rainfall environments, though, there's got to be a level of persistence of whatever that production system is. So we're looking to try and extend that sweet spot in productivity for much longer.

Dr Rowan Smith:

I think the importance of the Hub is that they are getting feedback from their stakeholders, whether that be livestock producers or vineyard owners here in Tasmania, getting what they think are the important issues, and then get snippets of information that might be relevant to them and their region and provide support in those producers being able to adopt any sort of innovation on farm.

Dr Kathy Evans:

There's enormous satisfaction when you work with groups on the ground and you can see, you might have gone back and done some of the science in the lab, but when you can see a grower have a conversation and they've integrated that knowledge into their own thinking, but they're expressing it in a different way. And they're actually articulating back to you how that they've changed and what it's meant to them. And I think that's enormously satisfying. The Hub is about bringing the different groups together. It's the know what of the experts and it's the knowhow of the farmers. And that's where the magic happens.

Andrew Bell:

The magic happening in Tasmania. Let's go live now to the Tasmanian Hub and to Hub director, Dr Kathy Evans. Hello there, Kathy, how are you going?

Dr Kathy Evans:

Look, there's been some big dumps of snow, saw some snow down at ground level in the Midlands this morning. So we're in a typical winter weather pattern at the moment, but that's coming on the back of a summer where some of our farmers in the Northwest of the State had some very unusually dry conditions. So it's nice to see some green pick out there on the land at the moment.

Andrew Bell:

Thank you very much for the weather update. You are coming through loud and clear. I'll hand the floor over to you for the Tasmanian Showcase.

Dr Kathy Evans:

Thanks so much, Andy. And you've all seen that video, but our work is not just about the opportunities and issues around irrigation. It's also for our dryland farmers, with a big focus on improving landscape function during droughts. And here is where we play our role in helping to bring the different types of knowledges together. And of course we are meeting here on Lutruwita Aboriginal land, sea and waterways. And the Hub is working hard to enable meaningful engagement with Tasmanian Aboriginal peoples.

Dr Kathy Evans:

But talking about those different types of knowledge, for example, a single project might be using remote sensing while drawing on local and First Nation knowledge, respectfully. And that can be to understand the water and land piece in a local context, but also understanding the local drought triggers. So at present, we're calling for and curating a number of projects and the project topics include redesigning grazing, what to plant where and when and at a regional scale, technologies and tools to support water allocation, water quality and what to take where and when. Big part of this is building social resilience and we are doing that by integrating it into the activities that we're supporting in the projects, especially with the on ground groups that we are working. And there's an element of capacity building there as well. And a big part of our work is facilitating conversations that wouldn't normally happen. It's very much about amplifying and augmenting existing work. So finally, I just wanted to mention our Hub partners who are absolutely vital to helping us connect and helping us to connect to over 90% of the farmers in the state.

Dr Kathy Evans:

And with that now, it is my pleasure to introduce Roly Chugg, a rural financial counsellor with Rural Business Tasmania. RBT helps farming families and small regional business through droughts and other challenges. They are a partner in our Hub because they're working directly with a cohort of farming businesses that our Hub needs to connect to. Roly Chugg has been with Rural Business Tasmania for nine years and also has 26 years experience in the banking industry. Roly also owned and managed a farm for over 25 years in Tasmania. So thank you Roly for presenting today and we look forward to hearing from you now.

Roly Chugg:

Thank you so much for that, Kathy. One thing I haven't done is be a speaker, so just bear with me while I give this presentation. So my topic today is going be a brief overview of risk management on farm, financial stability and farm business coaching/counselling. I'm probably going to jump around a little bit here. So just bear with me as I go along.

Roly Chugg:

But risk management on farm, so often, farmers don't put enough consideration into this topic. They don't always have their finger on the pulse or the money. They don't have direction. They're just farming for the sake of farming. But the importance of risk management, when I talk to farmers, I probably go through about 50 different things. But I'll mention five things today.

Roly Chugg:

Some of the things that I talk to farmers about, when we're talking about risk management is, it's always good to have your cash in the bank as strong as possible. So often they're right on the line with the cash. But if you can be strong with some cash in your business bank account, that makes all the difference, by doing that, just by keeping an eye on things. So sometimes, in my experience, it might just be excessive family living. The family's spending $10,000 on an overseas trip or something when they can't really afford it.

Roly Chugg:

Another thing I always mention to them is be cautious when you're buying machinery or that type of investment. I had a particular client who was keen to buy another tractor. He was having a good year on the dairy farm, but he had a 400 acre farm, 300 acres was always well watered. The other hundred over the hill, in drought, was always a problem. So after looking at the options, he already had a John Deere 4440 and it was 150 horsepower. It was a 10 year old tractor, it was fine. So after looking at his farm, considering risk management, we ended up putting 11 water troughs over the back side of the farm. So then when there was a drought, that part of the farm he could still use, whereas in the past he wasn't able to use that.

Roly Chugg:

Another farmer I had, up the Northwest coast, he was spending too much money on machinery as well. And I think he had a mission statement, if I remember rightly. He had it in his dairy, if it's not good for the cow, we don't want it. So in other words, is buying that extra motorbike going to be good for the cow? Buying that extra tractor, is that going to be good for the cow? So of course the cow was the thing that was making him the money.

Roly Chugg:

Another thing with risk management too, some farmers I've dealt with want to by the farm next door. And sometimes, it's not always the best move. I've had to deal with a few farms who've bought the farm next door. One particular farm had a 1000 acre farm and he bought the 500 acre farm next door. He was doing fine with the 1000 acre farm, didn't do the numbers on the 500 acres, put a irrigation in on the farm. The year after he bought the extra 500 acres, the interest rates went up and the cost of the infrastructure cost went up as well. And then he ended up having to sell the farm. So the importance of looking at the various risks when you're on the farm can... If you don't do it, you can actually lose the farm if you don't do it right.

Roly Chugg:

So I always tell farmers to always look and be open. Always look at ways of minimising your risk. Sometimes look outside the square too. I can remember I had a couple of farmers pretty well identical in Southern Tasmania. Both had about 4,000 acres. The wool price had gone down about four or five years ago. And one farmer, his wool check was 120,000. Then it went down to 60,000 because he was selling his wool locally. Whereas the other farmer looked outside the square, ended up getting a buyer in Germany. And I think he still was turning over $100,000 a year, even though our wool prices were low down here. That's just another way we risk managed that particular farm.

Roly Chugg:

And also communication is underestimated when you're doing the risk management assessment of a farm. Because communication between your business partner, the wife with the husband, the husband with the wife, family members, the bank, it's so important to communicate, to mitigate that risk because I'm dealing with one right now where the husband paid all the bills. He didn't pay the rates for the last three years. And now he is got a warrant to sell the farm. And the wife only found out about that two weeks ago. So that did not go down well.

Roly Chugg:

Even with your lender. So often I hear, the farmers almost treat the bank as if it's their enemy. The bank, your financier, is on your team. So if you've got a problem with your finances, let the bank know straight away. And that all leads into financial stability. So when you're trying to have farm financial stability, basically all you're saying is you are trying to manage your farm in such a way that you have long term profitability. And so to do that, it's so important to set up your farm, to mitigate against risks. So those risks might be drought, flood, erratic rainfall. So you've really got to put things in place to try and mitigate those risks, when you know they're going to happen at some stage. So do things when in the good times to mitigate those risks.

Roly Chugg:

And to do that, sometimes it's always good to have a good team, I call them your team. You develop a good team when you're on the farm. You find that agronomist you know and trust, who can give you the right advice with the plan, find good contractors who are not going to do damage to your farm. Find good sheerers if you're at sheering farm, find that person you need in mental health too. If you're having problems with mental health, find that organisation person who can help you along those lines as well, a good accountant, a good solicitor, they're all people, they're all part of your team.

Roly Chugg:

So I think for financial stability, you've got to really develop a good team around you that can sort of give you that advice, assistance, help when you need it. And part of that team, I always sort of think the rural financial counselling service is a great person to put on your team. So because they can help you with, I know what we do. We help with cash flow budgets. We help with business plans, grant applications. I know when I had a sheep farm often, you're so busy on the farm and you're not aware that there's a grant available, but your council will let you know that there's a grant available and we'll help you do the application often. They'll also help with succession planning. They'll help negotiate with creditors. I know I've done that a number of times where the farm's been had a bit of a situation with bill they owed, we've negotiated for them and quite often have good outcomes.

Roly Chugg:

Also, the counsellor can help you with, there might be some Centrelink applications that the farmer can qualify for. The farm household allowance is a good one that only farmers can apply for. So it's a fairly detailed application, but with the help of the counsellor, we can simplify it and just might be something that the farmer can qualify for. So, so having the rural financial counselling service on your team as well, really does help with that business plan, that cash flow budget they can help you with and that other go-to person you can put on your team. And also they have a wide range of contacts. So you can tap into that as well.

Roly Chugg:

I just know sometimes there's been a ... I had one situation where a farmer had owed $20,000. He had $11,000 on his rates and he owed the neighbour 9,000 and it was critical. And us as an outsider going in, he was sort of so worried about it, but as an outsider going in, he had a 520 Meg water drive. So we suggested how about you sell 20 megs? It wasn't going to affect his farm. He only had a 400 acre farm and that 20 megs, he sold for $1,200 a Meg. $25,000 later within four weeks, that was able to sort that problem out that he had.

Roly Chugg:

With risk management, financial stability and farm counselling, it's so important to plan. So often I'll see a farmer do a business plan and they stick it in the drawers. So you've really just got to immerse yourself in that business plan, look at it regularly, continually refer back to it, change it if you have to, don't be frightened to ... You're going down this path and there's been a change you can always change. So, yeah. So I'm not quite sure how long I've got to go in this little spill, but-

Andrew Bell:

We've got some questions coming in already. So we'll probably if it's okay with you to go to the questions.

Roly Chugg:

Oh yeah. Okay. Sure.

Andrew Bell:

But this question is very pertinent to what you've just been talking about. When you're advising farmers, do you often see generational tensions as in when the next generation has business change ideas, but the generation in charge still wants to carry on as, before those tensions, which are often exacerbated by the fact there are family ties.

Roly Chugg:

Yes, no, I do see that often. Not always, but I've got quite a few examples where that exactly has happened. Dad says he wants to hand the farm down, but then when it comes to the crunch, he still wants to make decisions on the farm. I had one particular farmer who dad was running beef cattle and the son wanted to turn it into dairy farm. So when the farm is being handed down, sometimes there are problems, for sure.

Roly Chugg:

I've got one that I was dealing with just recently. Mum and dad was handing the farm down to four girls, four daughters and three of the girls were on board, but the one of the daughter, the oldest one, they're all in their fifties, the daughters too, by the way. One of the daughters wanted to do something else with the farm. So you do sometimes see that conflict when the farm has been hand down to the next generation. We handle that too. It's really just at end of the day, mum and dad own the farm. So, but often they want the kids involved because they want to hand the farm down. But at the same time, sometimes mom and dad don't want to give up the rain. So that can be a problem sometimes for sure.

Andrew Bell:

You need real diplomacy in those situations, I guess. A question from Daniel Ray, "What support/advice do you recommend and this is sort of segueing out of that last question, for succession planning? When do you start having those discussions and how can you help people get to those discussions in a real way?"

Roly Chugg:

Yeah, no succession planning, what I tend to do, first of all, I treat it like a proper meeting. I'll set the rules of the meeting at the beginning. I chair the meeting, I take minutes of the meeting as if it's a proper meeting. I make sure that everyone's going to have a say. So generally we hear from each of the stakeholders, the mum, dad, each of the kids, the in-laws too, of course the in-laws are quite often involved there.

Roly Chugg:

And then individually, we actually then meet with them individually as well. So we might go to the daughter's house and get her views and so forth. So we try and assist with succession planning along those lines. And then when we play all the information, it still comes back to the owners of the house, of the property. But it's never easy when there's conflict. You know what I mean? So at the end of the day, mum and dad make the decision, but we try and facilitate discussion, fairness. And sometimes we have the tough conversations with the one that's probably not agreeing. We're happy to have those tough conversations with them as well.

Andrew Bell:

Yeah, and the final question relating to that as well, we've heard a lot in the last day and a half about building trust, memorably at the end of yesterday, from Taryn Mangelsdorf in South Australia, when she was talking about how you have to get to the next level of conversation to have a real impact. Have you got any observations on how you build trust with farmers when communicating about risk? Is it simply a listening situation or just time you move? Have you got any observations from your wide experience of this there, Roly?

Roly Chugg:

In my experience, I like to have a, I call it a win, early in the relationship when I make it really clear that I'm there not to tell them what to do. I'm just there to give them options. And as an outsider looking in, sometimes you see things that they can't see. It's probably a bit like the analogy, there's six people in a room smoking and then the seventh person comes in and goes, "Oh my God, there's some smoke in the room." And how other six go, "Oh, hey, you just got here." So it's a little bit like that when you're doing succession planning. You come into the room and you can see the smoke in the room. So I like to have a win with the farmer in that first two or three months with the relationship helping them in some way, shape, or form so they can see that I'm on their team.

Roly Chugg:

And I like to put the odds in their favour, so I have the meeting at their place. I make sure that they've got the advantage, with the conditions. I don't want to feel like I'm the one going in to tell them what to do. If I can find a little grant that they qualify for and I can get them some free money, I'll do that as well. So just have a little win so they can see that I'm really trying for them and got their interest at heart. So that's how I try and build that trust so they know just that I'm there for them to try and make a difference with that situation they're dealing with. Because succession planning can be fairly stressful. Some of the farmers that you deal with, it's really upsetting for them.

Roly Chugg:

They're trying to sort it out and sometimes they find it really handy. They've just got extra that other outside person going in with it, I call it shoulder to cry on and we can often make some suggestions along those lines. But building that trust is so important in that first two or three months of the relationship because we're talking about their farms. In some cases, their farms are worth $10 million dollars, like you're talking about a big asset and yes. So that's sort of how I handle it.

Andrew Bell:

In the business, isn't it? One very last quick question. Kate Forrest asked, "What do you think is the most important skill to have as a rural counsellor?"

Roly Chugg:

Oh, as a rural counsellor? Well, I think if you've had some lumps and bumps in your own life, that's probably helps you be a good counsellor. I must admit I'm a little bit older. So I've sort of ran a farm myself for 30 years running a sheep farm. And I've also had 26 years in the bank and the next bank manager. So those two together sort of combined well for a counsellor. But you've sort of got to have good financial knowledge to be a good counsellor because you're there at the end of the day, you're a rural financial counsellor, you know what I mean? So you're there to help them financially be more financially resilient. So if you've got good skills, looking at profit and loss statements, balance sheets and things like that, that's definitely a good skill to have when you're a financial counsellor.

Roly Chugg:

So important to have the other skills as well. So plenty of other times I've negotiated with local councils. I had one lady who her husband died and then she had a 2000 acre farm, which she hadn't run it before. And the next thing the council was acquiring some land. So if you've got some good negotiation skills, that helps you as a counsellor as well because I was able to go in and negotiate with the council on her behalf. I think the lady was going to just give a, they said, "We'll offer you $30,000 for this little bit of land." I think we end up getting $85,000 for her. So if you've got negotiation skills as well, that sort of definitely helps in the role, but obviously those financial skills and people skills obviously is an important one as well. So you're there to help, not be a hindrance. So does that answer the question for you a little bit?

Andrew Bell:

I think it does. Roly, thank you very much for bringing tales of Tasmania from the Hub today and earlier to the Hub director, Kathy Evans. Thank you both and all from across Bass Strait. And thanks for your contributions here to the FDF Science to Practice Forum. We're now going to talk about FDF Innovation Grants. Yes, dollars and cents. We're going to hear about a specific example in Queensland in a moment and to help set that up, joining me here in the studio in Canberra is Katrina Baxendell, who is the director of the Future Drought Fund Grants Program. Hello there.

Katrina Baxendell:

Hey Andy. Thanks for having me. Hi everyone.

Andrew Bell:

Lovely to have you. And now we are going to hear from Queensland, from Jo Sheppard, who's the CEO of the Queensland Farmers Federation in just a little while. They've been given a grant recently, but before we get there Katrina, tell us a little bit more about the innovation grants and this project.

Katrina Baxendell:

Okay, so $29 million was provided in innovation grants in early March that was announced and it's funding a lot of innovative projects with the potential to help farmers and communities thrive through future droughts. Yesterday we heard from Nick Callow about the water smart dams project in WA, that's also a FDF funded Innovation Grants project. And this Queensland Farmers Federation Project is also under our innovation grants. The project aims to deliver new insurance products for farmers that integrate crop management strategies, that maximise profitability and income stability.

Andrew Bell:

That's great Katrina, you've set it all up. Now we can actually go to Queensland and join up with Jo Sheppard. As I said, is the CEO of the Queensland Farmers Federation. Hello there Jo, what else can you tell us about this project as you begin your presentation?

Jo Sheppard:

Hi everyone. Thanks very much for having us this morning. It's great to be with you in this national forum. So just quickly, if you could start sharing the screens please, my TAS team, that would be wonderful. Just quickly, a little bit about the Queensland Farmers Federation. So we are the united voice of intensive semi intensive and irrigated agriculture in Queensland. We are a Federation and we represent the interests of peak state and national ag industry organisations who are our members.

Jo Sheppard:

Our mission is to secure a strong and sustainable future for Queensland farmers. And we represent common issues across the different membership, commodity groups, which are relevant to all membership. Some of our members will include the likes of Cotton Australia, Grow com, Canegrowers, east AUS milk, Nursery and Garden Industry Queensland, many organisations that you guys probably will be familiar with. So if we go to the next slide, we'll start just talking a little bit about this project.

Jo Sheppard:

So obviously as we all know, when farmers are impacted by flood cyclone, hail, or drought, we really need adequate protections to mitigate the risk of loss and to ensure that farm income is not compromised. QFF believes crop insurance is a really effective way to manage these risks, but crop insurance can be hard to come by or premiums are considered to be prohibited, very excessive. But I think we're at a stage now that we really need to have an intelligent and practical conversation around risk and the role of insurance. So interestingly, the origins of this project actually came out of cyclone Debbie. The loss was so catastrophic from that event and it became very clear that many farmers did not have insurance, let alone adequate insurance. So QFF and the broader agricultural industry at the time began to think, "Okay, we need to do something that's actually outside what we currently have, to make sure that farmers can protect themselves adequately. And there is a real need to look, specifically at crop insurance in particular."

Jo Sheppard:

After cyclone Debbie, not only were farmers not adequately insured, we also saw the withdrawal of multi peril insurance products more generally from the market and an all round increased risk of farmers, not being able to take out appropriate insurance. So this project aims to build on the previous body of work, which has been done through the drought climate change adaptation program. And it gives industry the opportunity to build on that work at a national level. So in short, QFF is really pleased to be the recipient of some funding from the Australian government's Future Drought Fund for this project. We think it's a really important project. And then I'll quickly just run through some details around the project. If we could go to the next slide, these are ... I'll just wait for that slide to come up so that you can have a look.

Jo Sheppard:

So these are some of the types of insurance that we typically have as farm business owners. Many of you will be familiar with a lot of those insurance products. But specifically the topic for today is in farm crop and livestock insurance. This sits alongside the typical farm pack insurance that covers equipment, machinery, infrastructure and public liability. But we'll go through the details of that now. If you could go to the next slide, please.

Jo Sheppard:

So we're going to talk about parametric index insurance. So parametric or index risk insurance is relatively new, but innovative approach to provide insurance that pays out benefits on the basis of a predetermined index for loss resulting from weather and catastrophic events. So unlike traditional insurance, parametric insurance uses a model to calculate the payout of the insurance policy. This payout model aims to closely mirror the actual damage on ground and it enables a much more rapid payment as no loss adjusters are required after the event to assess the actual damage. So that's a critical difference in terms of this type of insurance. QFF has been working with its partners, the university of Southern Queensland, Willis Towers, Watson and Celsius Pro to test farmers' appetite for this type of insurance. So this type of insurance for crop, would give farmers the opportunity to customise their cover according to specific parameters and agreed zones between the farmer and the insurer. Just go to the next slide, please.

Jo Sheppard:

So in terms of benefits, we've defined six key benefits for farmers of a parametric index based insurance. So the first three benefits really, as you can see in your screen, flexible policies designed for the specific locations, exposures and business risk management objectives, flexible structure, single season annual or multi-year arrangements and claims settle quickly after the policy trigger, usually around 14 days. So if we could go to the next slide please. But the flexibility and quick claim settlement is really critical for farmers to enable them to get back to production quickly, efficiently and to build their resilience.

Jo Sheppard:

If we go onto the other key benefits that we see. Loss payments respond to the occurrence of a pre agreed trigger event index. There are no exclusions, no ambiguity and no lengthy loss adjustment process. So in short, the farmer defines the terms, the risk, whether it's cyclone hail, too much or too little rainfall, the farmer pays a pre premium. There are no exclusions and there's no assessor coming on site to visit you and often striking items off the list during that visit. So farmers have the opportunity to build their insurance cover specific parameters that reflect their specific risk and put simply and this is an insurance product that can be developed wherever there is a clear parameter and adequate data. An insurance of this type really gives the grower clarity and certainty and empowers them to manage their own risk effectively. If we go to slide seven, please, team.

Jo Sheppard:

So this project, it's a new project. It's funded through the Australian Government's Future Drought Fund and Innovation Grants. We want to share the research, finding and prototypes with the Hub network. We have a number of delivery areas planned for Queensland and New South Wales. And we will be including industries, such as sugar cane, horticulture, cotton and sorghum. We're really keen to collaborate with anyone in the Hub network who would like to know more or people in the network who are looking or witnessing their own farm community struggle with insurance.

Jo Sheppard:

We'll be engaging with farmers developing insurance products that are fit for purpose with our partners, Willis Towers, Watson and Celsius Pro and building an online portal. So the work that we've conducted so far, is already on the QFF website, but we look forward to sharing the results of this project as we move forward. I think it's really important that people, farmers and regional community leaders who have an interest in this project get involved. Because I think if we are able to develop an appropriate insurance, this is really going to be a game changer for farmers and their ability to manage risk. So that's the end of my formal presentation, but my colleague Kerry Battersby is online with me today as well. And we're both keen to answer questions if there are some.

Andrew Bell:

Kerry, if I can ask you, thanks for joining us, just as a practical thing, you are the project manager of the project. What does that mean for you?

Kerry Battersby:

So what that means for me as part of QFF is really delivering an innovative program and risk solutions to farmers, obviously within Queensland to start with, but this is a national program. So we're working collaboratively with the drought Hubs, with Future Drought Fund and really any farming agricultural industry group that sees lack of insurance, lack of crop insurance as a real issue. So yeah, we are very keen. So my role as project manager is really to be the key conduit between this wonderful collaboration between research insurance industry and farmers.

Andrew Bell:

Okay. Let's get onto some questions. First one we've got in, what regions will this cover in its delivery. Don't know who can speak to that, Jo or Kerry or both.

Kerry Battersby:

So I might take that one if that's okay. Yeah. So we are, we are delivering in at least seven service areas under the agreement and that includes the main cropping horticultural areas in Queensland, but also cotton mixed farming in Northern New South Wales. And so that's initially we have two years to deliver the program, but we're very keen to work with horticulture groups, cotton, continuing our good relationship with the sugar cane industry as well. And delivering it within those areas everywhere from really north of Queensland, around air and Charters Towers and Ingham or all the way through to Armidale and any further south, but very very keen to hear from any industry groups or individuals that are very interested in this topic.

Andrew Bell:

Kate Forrest is interested in this topic. She's asking if you are working with particular insurance providers or the insurance industry at a higher level. Who can speak to that?

Kerry Battersby:

Well, I'll take that again and maybe pass the next question to Jo, but yes, we're working with Willis Towers Watson, which is a global insurance firm and also Celsius Pro. Again, global, but both Willis Towers Watson and Celsius Pro have a very large presence in Australia. So they're our project partners and we've been working successfully with them over the last few years and we believe we can really develop some very fit for purpose products with those two partners.

Andrew Bell:

Adrian Domazette is asking and if I can put this to you, Jo, "Is the underdevelopment of agricultural industry specific insurance products unique to Queensland, or are there similar gaps for other states and territories?"

Jo Sheppard:

Yeah, I think I'll start off Kerry and you can jump in if you've got some further thoughts, but I think there are issues across the board in Australia, but I think what potentially is unique to certain areas in Australia and Queensland falls into this category is the increased extreme weather events that we are seeing. We're certainly experiencing that in Queensland, which I think is exacerbating this insurance gap problem. But I think there are other pockets around Australia who are in the same boat as us. So I think also it's, so to answer your question, I do think it's relevant to all of agriculture across Australia, but certainly a high priority for those farmers who are operating in areas that have a high risk of more frequent extreme weather events. Did you have anything to add Kerry?

Kerry Battersby:

No, I think that's a pretty good summary. It's really, we've spent a lot of time at QFF looking at the vulnerabilities of different industries within agriculture. So it's really picking up on that. And obviously with Queensland cyclone risk is a huge problem. And with so much of the agricultural industry based along the coastline, we have focused on that in previous research. So it's really a national issue, which is, I think it's why we are very keen to work with the drought Hubs through Future Drought Fund. And there's so much potential for this project, even beyond the two year scope and life of the project. So we are very, very keen to work with anyone who's interested in the topic and to really progress this for the good of farmers who really want to manage their natural hazards risk.

Andrew Bell:

There's plenty of interest being reflected in the Q and A box. Another question here from Stuart Watt. He's interested to hear, "What engagement is taking place between the project and insurance brokers?"

Kerry Battersby:

I'll take that one. So thank you for the question. We are exploring that market. So we have two very good partners and part of this and part of the work that QFF has done in recent years is really to look at where the need is and where the gap is. We've seen a decline, obviously in multi peril crop insurance products. We know of producers who receive their annual insurance updates, ready to pay their premium, look at their premium, which might have increased, but realise that a product like hail insurance may have dropped off the list. So we've really worked at identifying the gaps and working with, with providers who are across the crop insurance. So this is very much about providing solutions to crop insurance and ensuring that farmers can actually manage their basis risk and see what we can do to really improve farm profitability and obviously production levels.

Andrew Bell:

I think we've got time for just one last question. Thanks to everyone for sending your questions in, as I keep on saying, they're being eyeballed by the team from DAWE. Ewan Malica asked, "Do you take into account future climate change projections, in this case 20 years and more, to determine premiums? And if you do, on what source do you base those?"

Kerry Battersby:

We missed the start of that question, but if you are asking about premiums ...

Andrew Bell:

Yeah.

Kerry Battersby:

This is where we as an industry, peak industry body, really work with ... We are offering fit for purpose product. So the premiums will vary and that's the beauty of an index based insurance product because we can customise that to you. So whatever your key risk is that you've identified, the premium will be based on that plus your inherent vulnerability, your basis risk. So that's where we work with the insurance firms, to really identify the best products. So we've got a really good team in the project partners, including of course, University of Southern Queensland-

Andrew Bell:

Technology has intervened there, but at a full stop, which is good. Thank you, Kerry. I don't know if we've lost her because we're coming to the end of the presentation. Jo, thank you very much for joining us today and best of luck with the project. And before we leave this topic, back to Canberra and the studio here and Katrina. From the FDSF's point of view, what's the expected outcome of all of this?

Katrina Baxendell:

Well, as Jo's shown the project's aim is to create insurance products to maximise farmer's income stability and drought resilience. The project's funded for three years. So it will be a little while before we see any potential realised, but ultimately it's hoped that the products developed picked up by farm insurance companies more broadly.

Andrew Bell:

Now a favourite term in government is 'next steps'. So what's the next step for projects like these funded under the FDF innovation grants?

Katrina Baxendell:

So FDF grantees currently getting on with their projects. The FDF monitors grantees progress through six monthly reports updates and they deliver a final report that can be used more broadly to share the findings and with the aim of being adoption of drought, resilience practices across relevant regions and commodities. For people watching, if you're interested in being notified about upcoming Future Drought Fund grant opportunities, I encourage you to subscribe to the Future Drought Funds, have your say emails. Link to subscribe is about to appear in the chat and we want to help to progress innovative ideas. And if you're a subscriber, you'll be among the first to know about future funding rounds.

Andrew Bell:

Always good to be first to find out. Katrina, thank you very much for showcasing the presentation about that project in Queensland and also thanks to Jo and Kerry as well. Onto our next item and systematic risk management in farming, its geographical distribution and diversity within it. Well, climate and financial viability are so strongly linked. And that's the starting point for this next presentation from Dr Thong Nguyen from the University of Southern Queensland. And let's hear what he has to say.

Dr Thong Nguyen:

Hi everyone, I'm Thong Nguyen, a research fellow from the Future Drought Fund Hub at USQ. I'm going to talk about geographic distribution and diversity as a feesible adaptation strategy to manage systemic risk in farming systems. As we know, climate reliability strongly influences agricultural profitability, in particular extreme weather conditions such droughts, floods and storm can lead to a partial or complete loss of crops. For example, gross farm production in Australia has dropped by 27% on average during drought events over the past 50 years. And the damage bill from the recent flooding in Queensland and New South Wales, is expected to top two billions.

Dr Thong Nguyen:

This means that where they can, today's primary producers need effective risk transfer solution and adaptation strategies in farming to reduce the losses. However, the spread of extreme events over location and times, known as a systemic risk, is also a significant challenge for implementing risk transfer solution and adaptation strategy. Many risk transfer solution and practice have been adapted such as insurance contracts, crop rotation and so on. But here I am going to talk about my applied research into the geographical diversification strategy, that is diversifying farming system across different geographic areas to reduce the impact of the city increase and the changes in order types of factors.

Dr Thong Nguyen:

More specifically, because the impact of climate varies from location to locations, we've proposed a framework based on a modern portfolio theory and statistical technique for spacially diversifying farming system for two study cases: wheat crop and grazing. The ultimate objective is to optimise the trade-off between profit and loss. We know it isn't possible for everyone, but it can be an option.

Dr Thong Nguyen:

For the first case with wheat crops, we addressed the problem that, suppose we are growing wheat at three different location. The question then is, what the percentage of the total hectares should be allocated to each location, to achieve our expected profit and risk target reductions? To demonstrate the problem, we selected three location located in Victoria, South Australia and Western Australia with the historical data from the Department of Agriculture and Water Resources as the case study.

Dr Thong Nguyen:

From the figure, we can see that the marginal return in South Australia appears to be the most stable, except for 2007/08. The extreme losses occurring in all zones for the periods 2006/07, maybe associated with one of the most safe drought condition on record, caused by the El Nino events across most of Australia. However, we can see that the marginal return at each zone, generally move in an opposite direction to that in other zones. We can see that during the El Nino years in 2006/07, while the marginal return at the South Australian and the Western Australian farms, dropped severely, that at Victorian farm increased considerably. Or we can see that the marginal return at Victorian and South Australia farms fluctuate during the five consecutive El Nino years from 1991 to 1995. However, that of the Western farm remains stable or increased.

Dr Thong Nguyen:

It may not seem like it, but the unpredictable nature of the marginal returns at these study zones actually suggests that the geographical diversification can be considered as a feasible risk management strategy to reduce the losses. From the figure, we can see that the results give the options that the optimal share allocated to each growing zone varies depending on the different expected marginal returns and risk levels. For the second case with grazing, we address a similar problem. However, we involve the ENSO information into the model so that we can compare the diversification option with and without the climate information. For this study, we selected four locations in Queensland, the Northern territory and Western Australia. From the figure, for example, in the neutral phase, it will all allocate 20% of production to the Kimberly and 80% to the Barkly Tablelands, that gives us an expected business profit of $2.30/ha and risk of $1.3/ha.

Dr Thong Nguyen:

A risk-taker may allocate production to the Charlottesville and Longreach areas in El Nino years to reach the highest expected business profit up $4.13/ha, but with the potential high risk of $8.54/ha, which is the average of all extreme losses lower in the worst 5% of case. However, in the same La Nina condition, a risk-averse producer with the means, could instead see about 23% of their production to The Kimberlys and 20% to the Barkly Tablelands for a risk reduction of 25% and a risk reduction in expected business profits of 41%.

Dr Thong Nguyen:

In general, the optimised portfolio models provide a better range of risk resolution and profit increasing options, relative to when ENSO information is used compared to when it is not. The research framework applied to other parts of the world and could provide value-based information for agricultural risk reduction and insurance solutions. Again, we recognise having property across a range of regions might not be possible for all producers, but this model can be useful to those for whom this is an option. Thank you very much for listening.

Andrew Bell:

And thank you to Dr Thong Nguyen there. Unfortunately, he's not feeling very well at the moment and he's unavailable for the Q&A, but he is available for you to contact with him. We'll post his contact details in the chat so you can inquire more into that presentation, Systemic Risk Management in Farming. Now it's always nice during this event, having been here last year to reacquaint ourselves with people who joined us in 2021 and see how they're going in 2022. And one of the people that we really enjoyed having on our screens last year, is going to join us again now. That's Alex Hicks, who's team leader of the Younger Farmer Business Program, which seeks to empower 18 to 35 year olds in agriculture to build up better businesses, helping producers get the skills that the need for the office and anywhere else that matters. And this year, Alex is going to be joined from Coonamble by a farmer, Henry Moxham. Alex is joining us now, I can see you there. Now some call it Dubbo. You call it Dub Vegas, are you in Dub Vegas today?

Alex Hicks:

Great memory, Andrew. I am in Dub Vegas.

Andrew Bell:

Well, it's lovely to see you, Alex. Take it away for your conversation between yourself and Henry and keep the questions coming in, viewers.

Alex Hicks:

Thank you very much, Andrew. So my name's Alex, I'm based in the Central West in Dubbo, in the middle of New South Wales. And Henry joins me. Whereabouts are you, Henry? Can't quite hear Henry, but I can see him looking good in the paddock. Let's see if maybe Henry's on mute or maybe it's just catching up with me. I'm not sure. So while Henry organises his audio there, we are in the Farm Business Resilience Program and Young Farmer Business Program is part of our program. We are now business coaching 140 farm businesses across New South Wales. So Henry was in business coaching a couple of years ago. So I wanted to talk to someone who's been on this journey years ago to see the impact that business coaching has had many years down the track.

Alex Hicks:

So let me introduce Henry. He is based at New Coonamble, which is north of Dubbo, long way from Sydney. And he's on a very large property, which is 20,000 acres, around 8,000 hectares, Henry with his wife, Rosie and their four children. I'm not sure how they have any time for farming, but they do manage to get out and they are cropping and running livestock as well. So Henry was in a business coaching at the end of the drought. The drought ran 2017, '18, '19 that we may all remember.

Alex Hicks:

And so we in the young farmer business program started business coaching around 2018, just a pilot program. We had three businesses. We had a business coach, we were hoping the whole thing would work. And it was a really, really high impact program, a roaring success on these three businesses. So it was two farmers from each business joined us and they had this intense 10 months with a business coach who would coach them every fortnight for an hour at a time. They would get homework after each meeting and then they would go and do their homework. And then, hey, I can hear you now, Henry. I can hear the...

Henry Moxham:

Maybe it must be ... Rural telecommunications can sometimes be bit challenging.

Alex Hicks:

Henry joins us from Telstra. No, just kidding. So Henry, I would love to know, let's go back to 2019 and the drought, you had been in three years of drought. I think this is Future Drought Fund that we're all working within programs funded by today. What was the three year impact of that drought on your farm?

Henry Moxham:

It was a very challenging three years. That's for sure. We were a bit quite lucky because we're quite early in our farming career, so we learned a lot from it. Particularly because we are primarily cropping, it's sort of like, you could say, the silent drought because we're not out there feeding cattle and sheep as much as a full time livestock producer would be. But just amazing having three years of no income, just the dramatic drought occurring in our bank account, I suppose.

Alex Hicks:

That's almost a bit invisible because a lot of people were feeding animals every day and it's very grinding because you're cropping, there's just no crop.

Henry Moxham:

Yeah, that's right. We kept some cattle and sheep and fed them, but nothing of the scale of some of those guys, but yeah, the cropping guys, just a very long harrowing thing. And it's a big machine that you can't stop feeding as in paddock maintenance, spraying, getting ready, being ready to go for when the big rain does come. And yeah, it was a very long three years and extremely costly. But thank God we were able to hold on because it's certainly been a dramatic turnaround since.

Alex Hicks:

And so what does it mean in say 2019 when you're at the end of the drought, does it mean you're still prepping? Still selling? Are you putting seed in the ground with the hope of rain that doesn't come?

Henry Moxham:

That's right. So 2018 and '19, we both prepped and sowed portions of our country in those years. Not as much as we would normally. But yeah, so we still had those outgoing expenses and because we lease some additional country, like those kind of payments, they don't take a holiday during the drought and yeah, so it was just a nonstop three years with not much reward. But anyway, we're in the lucky position where we could just draw down on equity in our business and keep ourselves in the game so that when it did turn around, we were here and ready to go.

Alex Hicks:

Yeah, just eating into the bank, into the financial bank.

Henry Moxham:

Yes.

Alex Hicks:

It's really interesting, Henry. Everybody in the drought used to say to me, "Oh, we're not taking charity because we are not that badly off." And now I hear you saying it, some more worse off than others. Might there be a farmer that did it tough in the drought? Because there are none.

Henry Moxham:

Yes, yes, no, it was. But everyone just ... We were all in it together and all those kind of stoic kind of sayings, but it was, it was really, really hard. But yeah, I think we look at it, there was a massive learning experience. My wife and I'd only just joined the business a few years prior to that. So some positives out of it there. And I think we certainly are a lot more prepared for it next time I hope.

Alex Hicks:

That's a great, I love the background to it all. Could I be rude enough to ask how young you are?

Henry Moxham:

Yeah. 33. When I came back, we came back even when I was about 28, I think my wife and I, but 33.

Alex Hicks:

So you were following the Young Farmer Business Program in some way you were aware of our government funded program in New South Wales. Somewhere you found business coaching, I'm guessing in late 2019 during the drought, you must have found us somehow.

Henry Moxham:

Yeah, via they had the inaugural forum in Dubbo in 2019 I think. Or it could have been 2018. Either one of those two. And-

Alex Hicks:

Yeah, the conference?

Henry Moxham:

Yeah, the conference, yes. So that sort of was quite a meeting point too, because everyone was in a little bit of a difficult position with the drought. And then we saw an ad up for the coaching program. My wife and I are lucky enough that we have been to university and studied business management, but we just thought, "Geez, this has been a bit challenging and do we need to re-look at what we are doing?" And thank God we applied. And we were lucky enough to be one of six in the intake for that year that joined the group.

Alex Hicks:

And so just to explain for everybody that's joining us, so you applied for the program. We interviewed lots of farmers and we selected six farm businesses, which is around 12 people, two people from each farm. It was a selective process to get in, then you were chosen for the opportunity to have a business coach for 10 months. You paid us $1,500. Each farm business paid $1,500 to participate. And then we, as the government have paid in the background, the contractor, the business coach to supply the service. So for them for 10 months, you have this new guy show up in your life, which is Richard Groom who's our contractor, who's our supplier to the Young Farmer Business Program. And what happens then? You have Richard Groom in front of you. You have all these other businesses that are also getting coached one on one and tell us what happens across 10 months.

Henry Moxham:

Yeah. Along comes Richard and as do the six or five other business participants. And yeah, we sort of had a good chat, a few, because it was still a bit COVIDy, I think, a few chats over the phone. And then we met up for the first time and we just started to unpack each of us, our own businesses to the coordinator, Richard. And then at the same time, when we all caught up with the other business participants, we discussed our businesses openly and honestly with each other, which was a bit of a daunting task because some of us had massive debts, some had lower debts, big businesses, small businesses.

Henry Moxham:

And we just sort of laid everything out on the table with Richard as the facilitator and the coach and discussed what we'd done during the drought. Luckily when the program begun, it was 2020. Things had started to rain and it was quite exciting. And yeah, we sort of work through all of our businesses and what they're up to. And mainly trying to initially establish a strategic direction of where we all wanted to be. And I suppose creating a roadmap of how we wanted to get there. Obviously everyone has different goals for their particular business. And-

Alex Hicks:

I remember Henry, that all the businesses we put in were when we within DPI and New South Wales DPI was selecting the farmers. We were looking for diversity. So you had some chicken and egg people. Then we had people in the very far west near [Department to confirm]. We had you guys at Coonamble. We had coast. That's where we had oyster grower. Fantastic. So good for eating oysters in your group at near Batemans Bay. So every business was getting coached every fortnight. So talk us through it's a very intensive program. I think you join up to get help and then suddenly this guy, this business coach, every fortnight, is making you have a meeting and giving you homework. What's it like?

Henry Moxham:

Yeah, it's very well put that it is extremely intense. So it only goes for 10 months, a fortnightly meeting over Zoom with Richard, the coach, as well as five catch ups with the growers on their farms. As Alex mentioned, there's oyster, chook, a range land grazing business and a couple of mixed farming businesses like ourselves. And certainly the constant connection with the coach was I think quite amazing at getting our strategies in place of how we run our day to day business. Obviously we know how to grow crops, but I don't think we are quite as good with our fiscal management or fiscal reporting to ourselves. And yeah, so just having that fortnightly catch up with someone essentially cracking the whip on you saying, "Well, you said you were going to do this. You haven't done it." And even to a lesser degree with the other participants, we are all each other's board, I suppose. So when we'd catch up, we'd all say about what Henry and Rosie were doing well or not well and so on and so forth for the other groups.

Alex Hicks:

I remember Henry coming to a group meeting. So there was the 12 farmers in the room from the six businesses and the business coach and me and I thought, "Wow, this is very intimidating for all of you. It was like, great. Here's Henry and Rosie's financials from the last three months." And you could see people's finances. And yet it was such a safe space because no one was from within your region. No one was your neighbours. You didn't know anybody in the program to the best of my knowledge that everybody was quite as strangers and distant different region. So there's no competition or not even competition. There's just no threat of confidentiality being breached or, "Oh, Henry is your dad, Bill." Like it's not an issue because they don't know Henry's story. And do you think in that room then you became this board, so someone would bring a problem was my ... You would see someone would raise a question or I'm just wondering about how much I should be, paying myself and then the group would all chat about that.

Henry Moxham:

Quite an unusual situation to be in. But and exactly like you said, the beauty was that we had a common interest, but also we were removed enough from each other that you could just come into this safe space and there were lots of laughs but plenty of tears along the way too. And like it was an amazing process of growth for everyone. And we all felt we could see growth in each other's businesses in a short 10 months. And we all came in, like we want to get the most out of this. And the way to get the most out was to put the most in or open ourselves up the most, I suppose. But yeah, it was fantastic.

Alex Hicks:

Can you tell us, it's great, I'm so glad you've gained so much from it, Henry. And this is two years down the track. When you look back at that 10 months, can you think of some of the big decisions that the business coach helped you make or changes you did in your business? Were there behaviours you put into place within that time?

Henry Moxham:

Yes. Certainly. Well just our lessons learned about making ourselves setting rules for ourselves to follow, but certainly following at the end of that, we made a purchase on a neighbouring property, which there's no way we would've had the confidence to do. I don't think if we hadn't stuck with the coaching program and then we replicated that process again, 12 months down the track with another neighbouring place. So yeah, I think it's just having that, growing our confidence and understanding what we were and were not capable of is to be handed alone.

Alex Hicks:

I wish we had that quote in writing that the drought came when you were so young. I'm not sure how you can be so positive. It's great. This is why farmers are so resilient, right? That's why we're all in the business. Henry, there's a lot of questions coming in for us. Can I ask you one thing, when we fast forward two years down the track, you've had this intensive experience for 10 months and then we stood back and we said, Henry the program's over, what happened at the end?

Henry Moxham:

Yeah. So it was a bit of a ... At the end of the 10 months, all five of us plus ourselves six participants, it was like, "Well shit, what happens now?" But we chose, as did a few others to continue employing Richard, which we have done since the completion of that program. It's funny, before joining this program, we would've never considered an external source to come into our business on a regular basis and analyse us and help us. Whereas now we find it's hard to imagine not having Richard in the background. Just keeping us on the straight and narrow, I suppose. And making us be accountable to the rules that we set ourselves.

Alex Hicks:

Love it, Henry. Let's go to questions. We've got some coming in, I think.

Andrew Bell:

Oh, we have indeed. And I've taken an executive decision. We're just going to extend this session for about another seven minutes. So put the kettle on. It'll be delayed slightly, but there's so many questions coming in. Most of the questions directed to you, Henry from your personal experience. Robert Coellie asked, "You mentioned that you are hopefully more prepared for the next drought. What lessons did you learn and are they mostly around land management practices or business management options?"

Henry Moxham:

I think myself and our other growers in Coonamble would be a bit of A and a bit of B. We had a lot of land management help during the drought from similar funding programs delivered by you guys. And I think that certainly helped us get stronger, but yeah, I think the big one is our financial management and making sure ... You just don't need that shed full of hay, but making sure we've got the financial strength to wear a hard season. So I suppose a bit of A and B. But I would imagine after that '17, '18, '19, everyone it's still so fresh in our minds I suppose. I think that we would all still have that fairly well branded into the back of our heads.

Andrew Bell:

We got a question from an anonymous contributor, Henry. "Looking back, what would you change from those first few months of coaching? And adding to that, did you take on board everything the coach suggested?"

Henry Moxham:

Certainly, it's a bit hard sometimes hearing things that you don't want to hear about might be handling some things, but it was in an extremely supportive environment. There are a few things that took longer for me to get my head around a bit. We spoke a lot, I suppose, as the question was for the first part of the course, then getting ourselves comfortable and open as quickly as possible, increased how much we were getting out of it dramatically. So I suppose we're doing it again just to be more open and upfront, to get going so you can get learning faster because you've only got 10 months in the course.

Alex Hicks:

Henry, I had another farmer say the same thing from an earlier program. They said, I wish I hadn't spent three months arguing with the coach, only you guys were right and I wasted all that time arguing with him.

Henry Moxham:

Yeah. Yes, yeah.

Andrew Bell:

Creative tension.

Henry Moxham:

Yes.

Alex Hicks:

It's really interesting, isn't it?

Andrew Bell:

Jordan Mills is asking you Henry, for some tips that you might give to other young farmers who are returning home as you did to the family farm.

Henry Moxham:

Yeah. I could write a long book. I don't know whether that would be helpful or not. But it is hard young people coming back into the farm. Obviously my parents have been doing it for a lot longer before us and you come back with bright eyes, fresh from university and you're going to have set the world on fire. But yeah, I suppose I think just being considerate about people that have done your job before you. It's very hard, you've got all these ideas, but amazingly, some things do just take time and experience and not to be disheartened if the world hasn't changed in five minutes since you've been home and that it's a long game. I think I felt like we wanted to get to certain goals per say at a certain time and mother nature or markets or all these things sometimes don't have that in store for you, but to not be disheartened like that '17, '18, '19 was hard, but it does rain again. And yeah, things will keep moving.

Andrew Bell:

And I'm going to let you put your phone down in a minute or two, but keep it there just for one more question, Henry. Christine Augie's asking, "How do you need to change your mindset from your experience during the good times to prepare for the next drought?" Because that seems a long way away over the next ridge line or two, but what, from your experience, have you learned about how to get yourself in the right place?

Henry Moxham:

Obviously I haven't been farming for that long, only 10 years maybe, but I think changing your mindset for preparing. I suppose we're lucky at Coonamble we are in a possibly you could say a marginal area. So we know that next pinch isn't far away. I'm amazed it hasn't been, we've had another above average season as it is. So I suppose how to change your mindset or have we changed? I think so. I think we're always just preparing for that next variability, because I think with the changing things, there's going to be really good years, which we need to capitalise on, but we need to know how to pull our heads in and tighten our belt in those more challenging years, whether that's financially having been stronger behind, but also like we were saying land management practises and drought, forage, storage, those kind of things.

Andrew Bell:

It's all connected. One last question from me. To you, Alex, Henry mentioned the stoicism of farmers. I wonder if you could reflect finally, sometimes that stoicism is a double edged sword, isn't it? And is this program part of the way of getting people to get more on the front foot to talk about the challenges they're facing?

Alex Hicks:

Yes, I think it's really great to bring the diversity from across New South Wales where you are not necessarily talking to your neighbour, because it can be so intimidating to talk to your neighbour about your business or your numbers, because it's such a comparison. It can be very too close to home. Probably you went to school with them or they're your uncles. So what we've tried to do is bring this diversity of the businesses from across New South Wales into a group, where they don't know each other and they can't really compare their numbers of my sheep to your sheep because they don't both have sheep, because we've intentionally put beef with cattle, with chickens, with oysters. And then it's kind of safe to say how many lambs you do have because nobody knows if that's a good or a bad number. So I think it's been very powerful and farmers talking about business Andrew, because generally farmers like to talk about the weather or the animals or the crops rather than about the numbers in the office.

Andrew Bell:

Alex, Henry, thank you so much for joining us through the vagaries of telecommunication. It's been great to see on your veranda and in Dub Vegas, Alex. I'm sure we'll hear from you again very soon. Thanks, have a great afternoon.

Alex Hicks:

Thank you.

Henry Moxham:

See you later.

Andrew Bell:

And that's it for session two. We're going to have afternoon tea and we'll be back in approximately 25 minutes time. The booths are still open for business. We've got six of the eight Hub videos available to be viewed there. So if you missed any of those videos, go and have a looksy now. And we'll be back very shortly to talk about more resilient communities. Don't go away.