

# Merrilong Pastoral Company – Changing the Family Farm

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## Overview

# Intoduction

- Merrilong Pastoral Company
- 4735 hectares on the Liverpool Plains
- North West NSW
- The business is operated with my brother and his family
- Merrilong Pastoral company aims to be profitable whilst enhancing its environment

# Merrilong Pastoral Company

- Started in 1959
- Originally sheep, fat lambs and cattle
- Cropping began in earnest in the late 60's
- Summer cropping began in 1970's
- No tillage first adopted in 1980's
- Full no till system mid 1990's
- Controlled traffic farming system 2003

# Merrilong Pastoral Company

- Issues in the Farming System
  - Erosion
  - Hard to kill weeds
  - Glyphosate resistant Rye Grass
  - Reliance on herbicides
  - Crop disease
  - Heavy residue to plant into
  - High input farming system - nutrition

# Merrilong Pastoral Company

## Issues in the business

- Staff management
- Weather
- Business planning
- Finding the next opportunity
- Growing the business
- Planning for the next generation

# Merrilong Pastoral Company

- 1980 – strict rotation 2 crops in 3 years
- 1990 – changed to 4 crops in 5 years
- 2000 – opportunity cropping began
- Farming moisture is the key to Yield
- Yield is the key to profit
- Profit enables growth and sustainability

# Merrilong Pastoral Company

- Crops grown include bread wheat, durum wheat, faba beans, barley, sorghum, maize, feed corn, summer legumes and seed crops
- 3100 hectares of dryland farming land
- 900 hectares of irrigation ( pivot and flood)
- Grain Storage capacity of 12000 tonnes on farm
- Yields range from 0 to 10 tonnes per ha

# Separating the Family from the Business

- Family Structure – Company
- Two families
- We did look at splitting business
- It just didn't make sense or cents
- What do we do now
- Employed a consultant to understand individual concerns and objectives



# Separating the Family from the Business

- Clarified goals
- Set up a Board Structure
- Independent Chairman
- Board Structure, 2 external non executive directors and 2 executive directors
- Met every 2 months for the first year
- April 1<sup>st</sup> 2005 – first meeting

# Separating the Family from the Business

- Debt restructure
- Dividend Policy
- Work Policy
- Roles and responsibilities
- Staff training and job descriptions
- Financial reporting
- Key business relationships

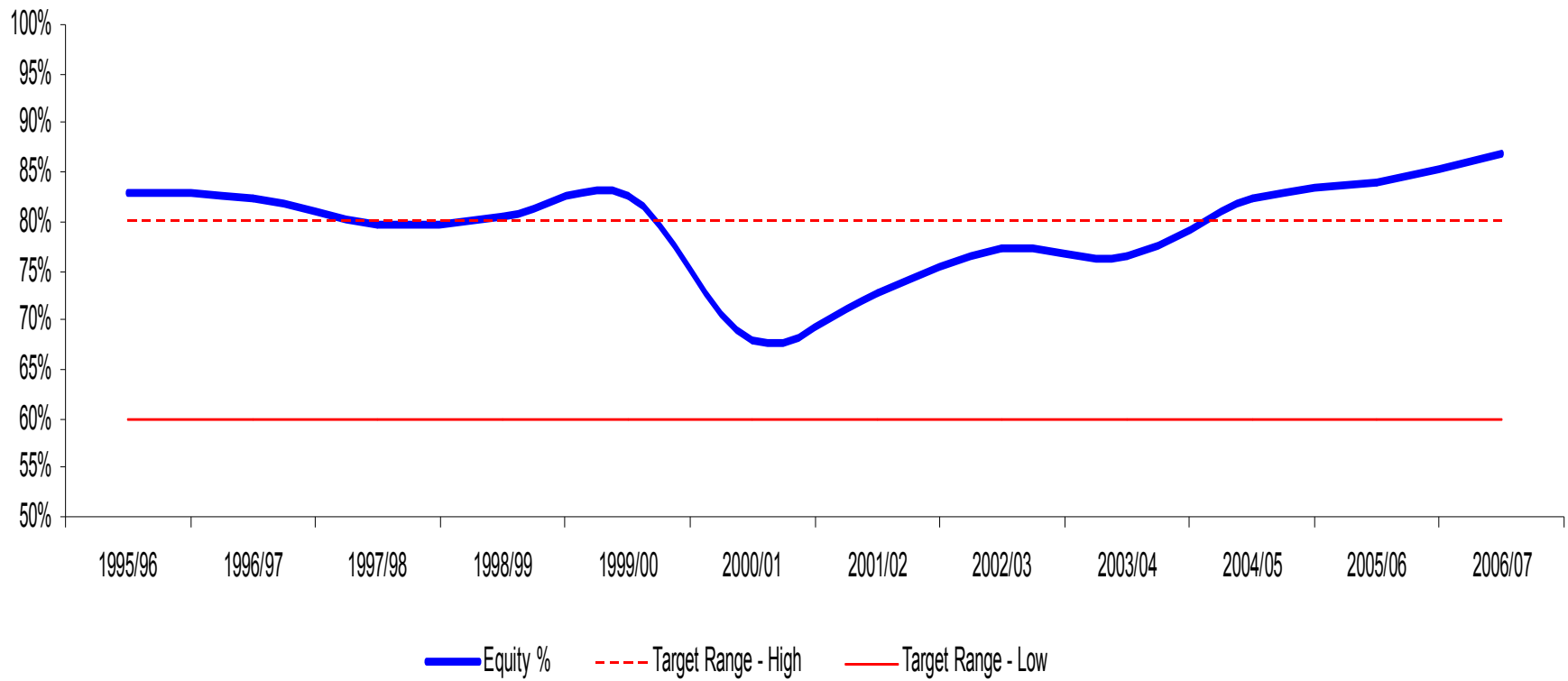
# Separating the Family from the Business

- Removed the emotion from discussions
- Partners are invited to meetings that effect them
- Board papers are distributed to all Family members
- Protocols for topics to be brought up at meetings

# Debt Restructure

- Allocated Assets to security- not just lumped as one
- Understood how the bank structured loans for best pricing
- Individuals allocated assets to borrow against – thus can make own investment decisions
- Independence in a Family business

## Balance Sheet



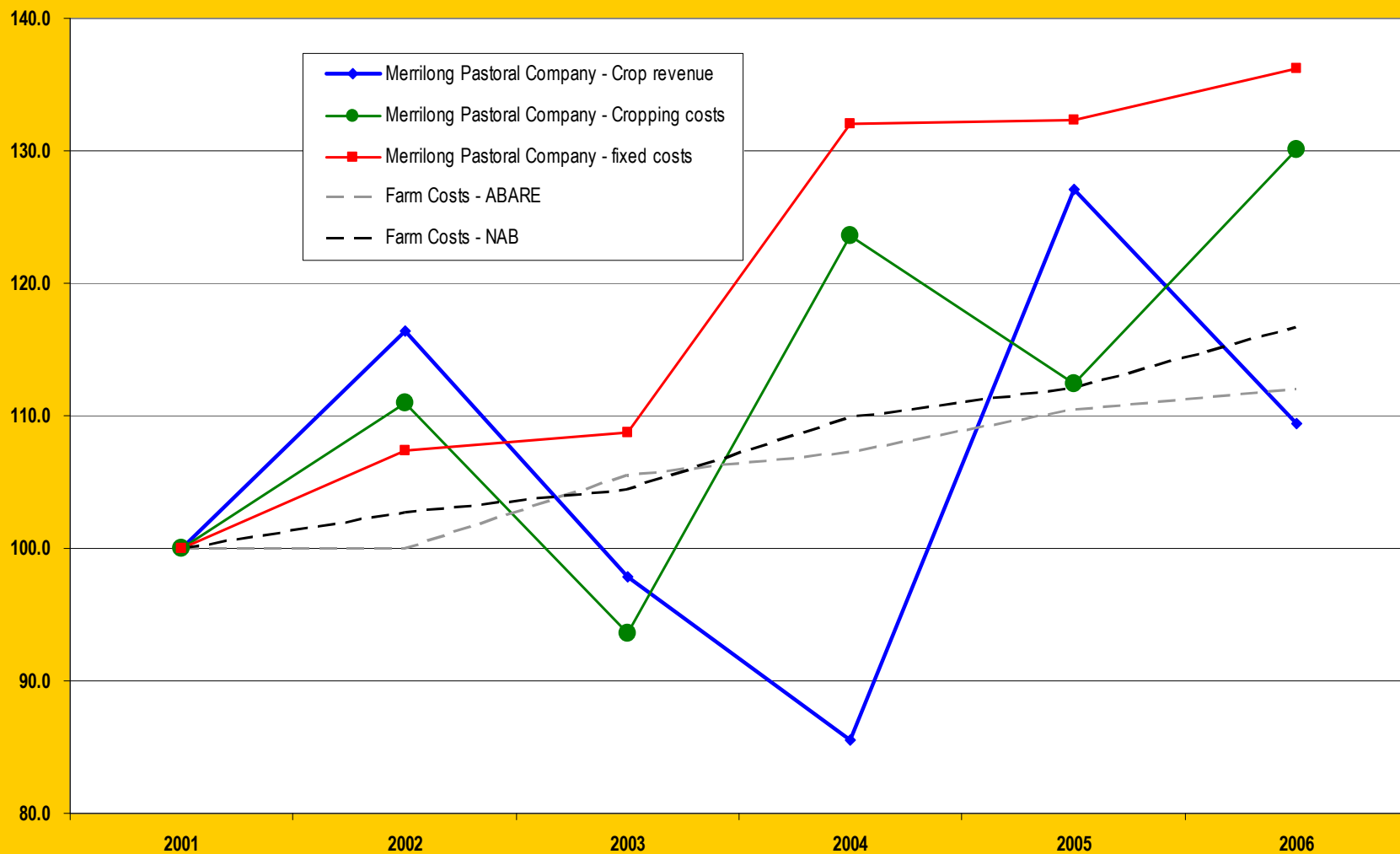
# Staff Training

- Monday morning meetings All staff
- Meet again Thursday to check progress
- All tasks listed on whiteboards in lunchroom
- Myers Briggs
- Communication workshop
- Social activities

# Merrilong Pastoral Company

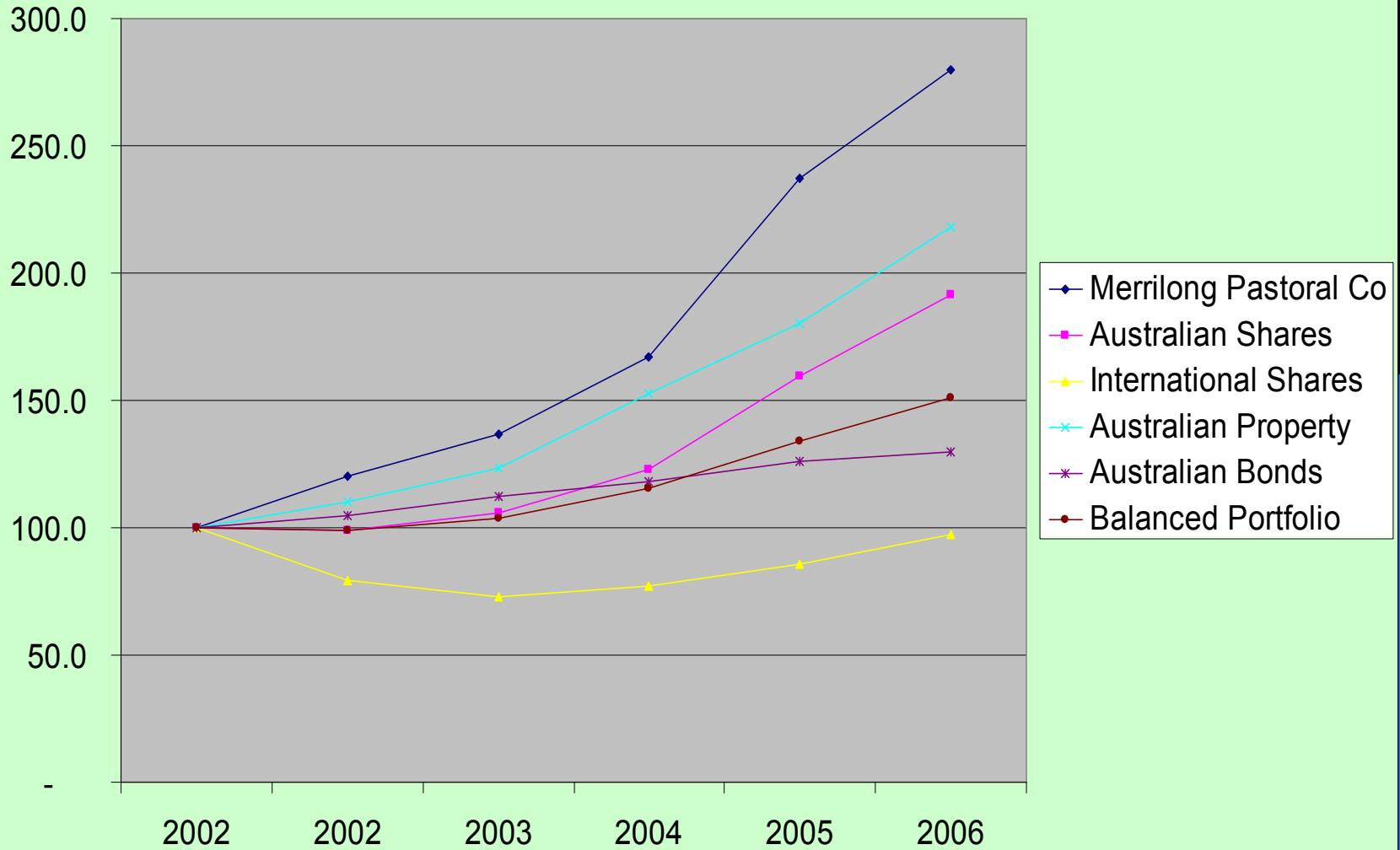
- Where to now
- Professional approach
- Innovative
- Grow the Asset base
- Plan for the Future
- Develop the business

### FARM REVENUE COST SQUEEZE

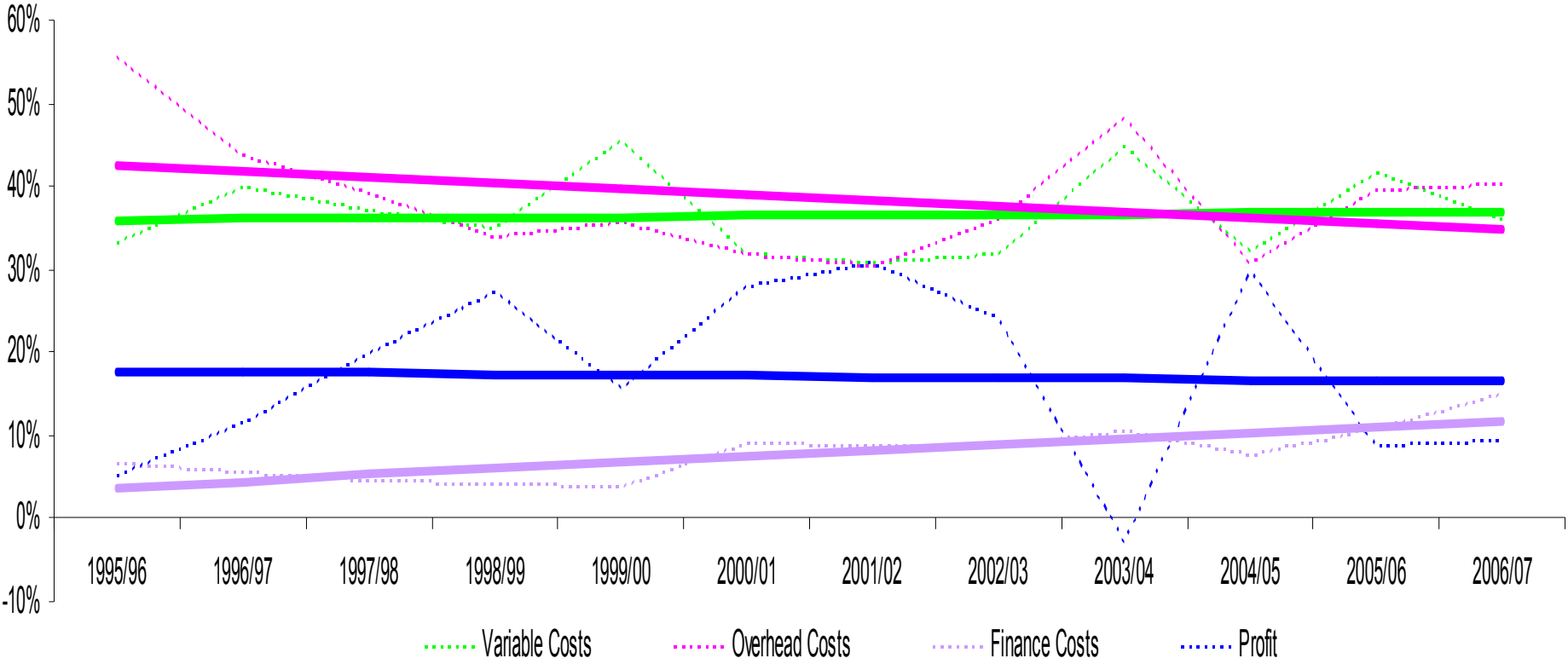




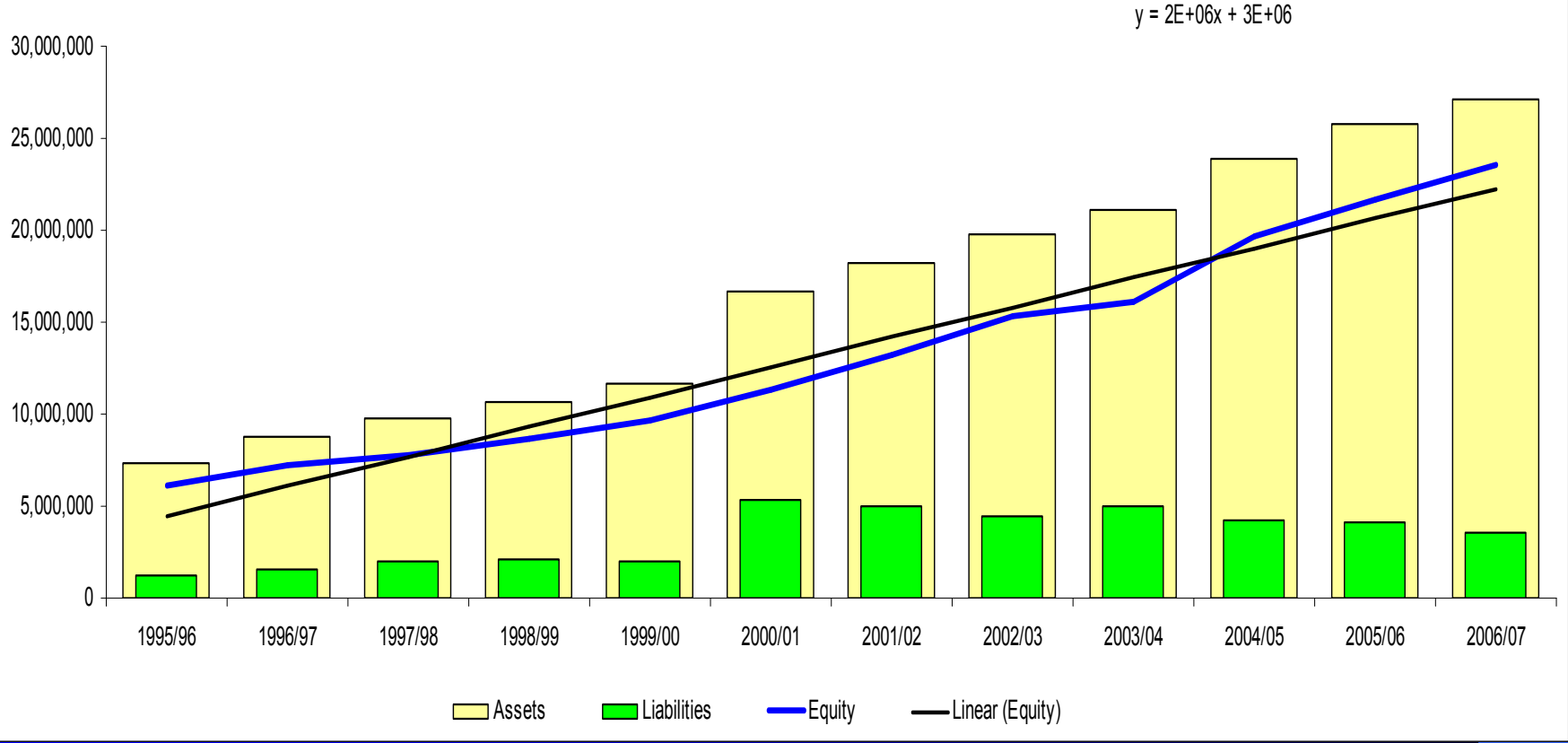
### MPC Returns vs other investments



# Financial Efficiency



### Balance Sheet



# What's motivating us

