

Diversification adding value to farming business

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THE VINEYARD HAS ADDED A NEW DIMENSION TO THE JAESCHKE BUSINESS.

Value-adding existing farm enterprises has helped create a sustainable model by reducing enterprise costs and maximising overall returns for the Jaeschke family.

Their vertically-integrated family farming business, based in the Hill River district, near Clare, includes a cropping and livestock regime, sheep feedlot, poultry business, vineyard, export hay processing plant and livestock pellet press.

This mix of enterprises enables them to value-add the products they produce, with some of the grain and hay they produce pelleted and fed to their sheep and poultry and manure from their broiler sheds used as a fertiliser on cereal crops.

The business is owned and operated by Robert and Lyn Jaeschke, their sons Craig and Grant, Craig's wife Nicole and Grant's wife Megan. The family employs 13 full-time staff, plus casuals, trainees and contractors throughout the year. The Jaeschke family crop approximately 2,700 ha of owned and leased land between Hill River and Hilltown, north-east of Clare.

Craig Jaeschke, part-owner of Hill River Hay, says the focus of the business has been to add value to the existing products produced, get closer to the end user and

lower the external inputs and costs in the supply chain.

"Our focus has always been to value add on the raw products we produce, and by doing this we can reduce costs from each enterprise and manage a sustainable system.

"We wanted to do something outside the square to complement our existing farming operations and participate in an agribusiness operation that was different to conventional farming.

"The key factor is to keep the businesses separate from each other so they stand alone," he said.

The Jaeschke family crop approximately 2,700 ha of oaten hay, wheat, durum, canola, barley and lucerne, with oaten hay production accounting for more than a third of the entire cropping business.

"Of the 2,700 ha cropped, up to 1,200 ha can be oaten hay," Craig said. "Oat varieties such as Mulgara, Wintaroo, Riel and Forrester are used to manage maturity times and to meet quality parameters for the export, pellet or domestic markets.

"We also grow wheaten hay to give our customer a choice and increase the marketing mix. With wheat we also have the option of leaving it in the paddock and reaping it if the grain prices are good

that year and it enables us to use pre-emergent herbicides such as Boxer Gold, which we can't use on oats.

"We use sustainable farming methods where possible, including direct drilling or no-till farming, as well as retaining straw."

With half the property receiving average annual rainfall of 600 mm, Craig says there have been some challenges farming in the area, which he has been able to overcome with diligent farming practices.

"On the wetter parts of the property we have experienced some water logging issues. This has been reduced by growing lucerne and establishing underground drains in some areas to help take away excess water," he said.

"The wetter areas of the farm generally have poorer soil structure and fertility. We have been trying to improve these areas with the use of chicken manure, gypsum and lime. We have also increased seeding rates through these areas, which seems to be as effective as increasing fertiliser rates.

"Retaining the high stubble loads has led to an increase in pests; everything from slugs and snails to earwigs and millipedes. These pests are becoming harder to control and may affect our ability to grow certain crops into the future."

Seeder

Sowing is a critical time for the Jaeschke family, with many of their businesses relying on the success of their cropping program.

The importance of grain production to many of their enterprises prompted them to buy a new Horwood Bagshaw Precision Seeder, which they used for the first time in 2007, after closing up the row spacing to 222 mm.

“When we purchased the seeder, we decided to change the row spacing so the rows were close enough to keep the hay windrows up off the soil,” Craig said. “However, this has created some issues at seeding time because of our heavy stubble loads and we are finding that getting the stubble height correct at harvest is important to maximise seeding efficiency.

“The precision system enables you to work in marginal conditions and have the knowledge the seed will still be placed in the correct areas,” he said.

Processing

As part of their mixed farming model the Jaeschkes run an export hay plant and a pellet plant.

With hay accounting for a large percentage of the business, Craig says having their own processing plant means they can be sure of the quality of their product when it leaves the property.

“Most of the hay produced is processed through the export plant and goes to dairy and beef producers in countries like Japan and Taiwan,” he said. “All the hay is tested for nutritional value and other factors such as visual appearance and texture. The results of these tests



HILL RIVER HAY LIVESTOCK PELLETS – GOOD ENOUGH TO EAT.



CRAIG JAESCHKE WITH THE HORWOOD BAGSHAW PRECISION SEEDER IN THE MACHINERY SHED.

determine the grade of the hay and the end uses it is suitable for. We have a full traceback system in place, with fertiliser and chemical records made available for the buyer.”

In 2003, the family identified an opportunity to make livestock pellets from excess hay grown on their farm. Today more than 200 dairy, cattle and sheep farmers, plus equestrian enthusiasts, goat and alpaca producers around the Clare Valley and beyond, feed Hill River Livestock Pellets to their animals.

Craig says having a hay processing plant made the decision to make livestock pellets easier.

“We already had the export plant in place and the raw products to produce the feed, so the next step was to make the product,” he said.

“We saw an opportunity to turn the waste hay grains and chaff from our export hay business into a marketable and saleable product to the livestock industry. We also recognised a feed shortage in our own livestock feeding program and responded by making pellets for our animals.”

There is a 12-month cycle from paddock to the final pellet.

“The growing season is probably the most crucial element. We need to make sure we are growing the crops to the specs required for our products and use the skills of animal nutritionists to fine-tune these values. The hay and grains are then stored in our on-farm storage for up to 12 months, with batches periodically run

through the press and packaged in one-tonne, 750 kg or 30 kg bags.

“By storing the grain and manufacturing the pellets on farm we have been able to cut out links in the supply chain, reducing freight and logistics costs. Ultimately we are marketing a product, adding value to our existing business and getting closer to the end user.

“We have 11 different pellet blends, ranging from cattle finishers and ram pellets to high-protein and performance horse pellets. We are also making custom mixes.”

Family members have invested a lot of time and energy into researching and developing the pellets and responding to customer feedback to ensure they have a quality product.

“We listen to our customers and let them tell us what they want. Having our own livestock also helps, as we can recognise any behaviour changes in our livestock.”

Since its inception in 2003, Hill River Hay pellets has grown by more than 50%.

“Originally we supplied to larger feedlots but now we are delving into a speciality market, with the addition of 30 kg bags for horse clients and fodder stores,” Craig said.

“We hope to increase the productivity of the pellet business by moving into grain concentrates and mixes.”

Marketing the pellets has been relatively easy for the Jaeschkes, with much of the demand developed through word of mouth.

“We have a loyal customer base, many of whom have been buying our pellets for eight years,” Craig said. “These clients pass on our details and that’s how our business has grown. Word of mouth and recommendations have been the best ways to promote the product.”

Poultry

In 2008 the family added a poultry enterprise to their existing farming operations. The business was set up to add value to the cropping program, with the bonus of a guaranteed supply of chicken litter as fertiliser. It also provided a use for straw and a means of strengthening the pellet market.

The four broiler sheds they now operate are temperature-controlled, with gas heaters in winter and evaporative air conditioning in summer. Craig says the poultry enterprise complements the existing farming businesses, generates a good return on investment and provides an income stream throughout the year.

“We run four tunnel-ventilated broiler sheds, each holding more than 40,000 chickens.

“We have five to six batches a year, with the birds bought in as day-old chicks and sold at a weight of between 1.7 and 3.2 kilograms.”

The value of the poultry enterprise is enhanced by the supply of chicken litter it generates. This litter, which is used as fertiliser on cereal crops, is improving soil health and increasing the level of micronutrients in the cropping paddocks.

“We are looking at composting the litter



CRAIG JAESCHKE IN A HEALTHY CANOLA CROP.

with excess wheaten straw and grape marc from the vineyard to produce a fertiliser product with higher levels of phosphorus and potassium. The aim is to use a waste product, make seeding through stubble easier by reducing the amount of crop residue in the paddocks and increase the amount of fertiliser we have available to spread.”

Sheep

In addition to the poultry the Jaeschke family runs 2,700 Leahcim-blood Merino breeding ewes, which graze non-arable country through winter and are run into stubble paddocks in the summer and autumn months to help control weeds.

Craig says knowing the pasture quality and feed availability benefits the sheep enterprise.

“We match the animals’ requirements against the amount and quality of pasture available and calculate the level of supplementation required. We focus on nutrition at key times throughout the year, which has helped increase lambing percentages and is also important in getting lambs through to market weight as quickly as possible.

“We finish the lambs in an intensive feedlot through the autumn.

“Lambs to be fed grain-based pellets need gradual introduction to the pellets over a period of about 14 days, during which time they need access to good-quality hay. For hay-based pellets the access to good-quality hay is still important but the introductory period can be reduced to three to four days.”

Viticulture

One of the newest Jaeschke enterprises is a 160 ha vineyard they bought in 2009 from Penfolds; a purchase that expands their interests, and income base, beyond dryland farming.

The vineyard, which is close to their other holdings, is integrated with the other enterprises, with the vineyard providing grazing for sheep during winter and run-off from parts of their other property used to irrigate the vines.

“We entered the grape growing industry in a down cycle and have had two challenging growing seasons coupled with low prices,” Craig said. “Our focus has been on keeping production costs down and increasing efficiencies in the vineyard so we are prepared for the future.”



THE BROILER SHEDS, PICTURESQUE IN A Paddock OF CANOLA.