



## OBA's Chewing The Cud Issue 4

1<sup>st</sup> October 2020

### The **de**-stock & **re**-stock counter argument to managing Drought as a pastoralist

The common conception, often from those not on the front line of the land, is that the answer for Livestock in terms of Drought is simply to sell off stock, with one example below further to a feature article on OBA Managing Director Brett O'Brien by the Australian & New Zealand Intitute of Insurance & Finance ([ANZIIF](#)) from 31<sup>st</sup> January 2020:



# ANZIIF FELLOW

## TAKING A STAND FOR LIVESTOCK DROUGHT INSURANCE – BRETT O'BRIEN


By Anna Game-Lopata — ANZIIF Writer | 31 Jan 2020

[General Insurance](#)
[Insurance Broking](#)
[Reinsurance](#)
[Risk Management](#)
[Claims](#)


Fourth generation Australian Farmer Brett O'Brien believes it's important to 'leave things, including your life, in a better state than you inherited them'.

Having been involved in farming for over 35 years and insurance for over 20, the ANZIIF Fellow is dedicating his time to the introduction of livestock drought insurance.

'Currently Australian farmers can't insure their precious livestock against the peril of drought as the mainstream Australian insurance market does not offer such cover,' O'Brien explains.



Full article online: [here](#)



**Ron / 01 february 2020**

Fellow

I would have thought the need for drought insurance relates more to cropping and orchards where millions are invested up front with no escape if drought occurs. For livestock as the drought worsens farmers sell done their livestock to retain only a breeding herd or worse all livestock so there is an escape from the impact of drought for livestock. Otherwise adding risk of insuring for bad farm management re stocking levels. But agree there should be a role for insurance against drought but focused more on crops and based more on insuring every year against a defined level of rainfall in a given period of months that pays irrespective of actual farm profit or loss. Let the climate science and averages work to support farming businesses - but it probably needs a government subsidy to get started.

There are several reasons this conception is flawed, rendering it a misconception, including however not limited to the following 3 matters which we unpack from an ariel perspective below:



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## 1. Cattle prices:

De-stocking: [here](#) (from \$10 per head)

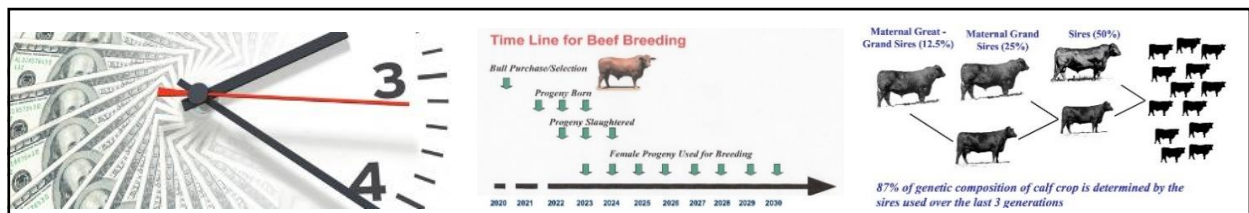


Re-stocking: [here](#)



## 2. Genetics:

The loss of genetics as referenced is this [update](#) from March 17<sup>th</sup> 2020 can be exceptionally problematic and cost counter productive from a time perspective:



Whilst introducing a sire on a herd can be considered as 'new', close to 90% of genetic composition of the next calf crop from that point is determined by sires used in the preceding 3 generations, noting the dams that make up the herd are the result of past breeding.

The highly heritable traits of the new sire will often be observed in the first generation of calves nonetheless to change a whole herd is a gradual, time consuming process.

What this means in simple terms is that to change a herd's direction takes considerable 'time'.

The value of correct, methodic, genetic selection is that it offers permanent, cumulative improvement.

You only need to ask the people on the land if they know of Drought effected pastoralists who have been forced to sell breeding stock in addition to non-breeding stock and they will tell you point blank, 'yes', further evidenced [here](#), again from update of 17<sup>th</sup> March 2020 titled '[Blood lines](#)', excerpt as follows:

'Half their prized cattle – boasting genetics built up over several decades, – had to be sold. Many were slaughtered because nobody wanted them'



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### 3. Practicality:

Hypothetically, if you were running a Hotel or a Hairdresser, both of which as industries have a myriad of markets available to them offering bespoke Business Interruption insurance would you think it was practical and/or preferable to engage in the following hypothetical scenario:

1. A downturn (interruption) in either guests or customers occurs due to an event, example: Bushfire
2. Your option is to sell rooms in your hotel, floor space in your hair salon IF can find a buyer willing to purchase, which is highly likely to be on the buyers terms (price)
3. Guests, customers (trade) return post the Bushfire and you again approach either averaged or maximum occupancy and/or turnover, consequently you need to re-purchase the rooms / floor space back, again likely under the terms of the seller

Notwithstanding Livestock are largely a commodity good as aposed to real estate / floor space the relativeness is not diminished within the hypothetical scenario in discussion rendering **de-stocking** and **re-stocking** largely an un-sustainable business operating model for many pastoralists:



Rhetorically does anyone in business be it as a commodity trader, Farmer or otherwise think its sustainable to sell at peanut prices only to buy at caviar prices or similar at either end of the spectrum(?).

The answer to Drought as a pastoralist is not **de-stocking** beyond desired levels be it seasonal otherwise, moreso the answer should be to be able to feed the Livestock (via Drought insurance) to keep them alive or be compensated for their true market value or thereabouts (via Drought insurance), which is not **\$10AUD per head**.

For those that say well 'boo-hoo' 🥹 to Farmers 'you picked the wrong industry / commodity' we again make the point below, additionally noting most industries (not Ag) can easily insure Business Interruption:

Whilst many Australian's within the non-rural community, understandably tire of hearing of Farmers woes, the reality is that what decimates our Agriculture sector, including however not limited to Drought, is economically felt nation-wide by the vast majority of Australian's.

It's worth bearing in mind also that whether you are vegan, vegetarian, pescatarian, carnivore or other, its highly likely somewhere in your nutrition supply chain that you will have had much less than 6 degrees of separation from the people (Australian Farmers) who grow the fresh fruit & vegetables, wheat, barley, herbs, poultry, dairy and meat most of 'us' enjoy and require from within 'our' world class Agriculture sector.

Online [here](#) - OBA Managing Director Brett O'Brien



Whilst Australia is certainly not the only country in the world where Cattle are mustered by helicopter, per capita we certainly do some of the most of it.

Australian Cattle stations, in Western Australia, Northern Territory, Queensland and NSW rank among the largest in the world by mass and some would say 'notoriety'.

We have some 20 stations that are over 10,000km<sup>2</sup> each, which to put in context the entire European country of [Luxembourg](#) is 2,600km<sup>2</sup>, notwithstanding what it lacks in mass it more than covers for in aesthetics.

As the aviation sector has seen increases in helicopter insurance premiums recently as reported by Insurance Business news 8<sup>th</sup> September 2020 [here](#) it is not surprising to see the flow on effect this has had to Australian pastoralists as reported by ABC rural 7<sup>th</sup> September 2020 [here](#):



Brett considers his time spent on Cattle Stations in the Northern Territory, whereby encounters with Black Buffalo, Crocodiles and the [Larrakia people](#) are all in a day's work (muster), surpasses for wonderment his similar experiences on stations in the USA, Europe and South America.

There are ofcourse other means to muster Cattle as serenly captured by [Trina Patterson](#) below:



"With the drought last year, that's when I upped the ante a bit because I was trying to stay positive, and find beauty in a decaying landscape," she said.



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On the 15<sup>th</sup> of September 2020 OBA was invited to participate in a Drought Insurance Survey by [AgroInsurance](#) as follows:

**Drought Insurance Survey**

The damage from drought worldwide increased to over €20 billion in 2019, while less than €2 billion was covered by insurance. Farmers and governments are now demanding insurance, while the industry is looking for the best ways to provide this. Do you want to understand this market opportunity better? If yes, please spend the next 5 to 10 minutes of your time to quickly answer these questions. Your input for this survey will be treated strictly confidential and the results shared with you in a personal meeting on via email.

**1. How would you best describe your (type of) company?**

☐ Broker  
☐ Insurance  
☐ Reinsurance  
☐ Agricultural Producer  
☐ Other (please specify)

☒ Consulting company  
☐ Government agency  
☐ Development organization  
☐ Earth observation company

**Thanks for filling the survey!**

Please leave your contact details to receive this survey results

**18. Your name**  
Brett O'Brien

**19. E-mail address**  
admin@obaconsulting.com.au

**20. Company Name**  
OBA Consulting

**Friendly reminder: Drought Insurance Survey**

Dear Colleagues and Partners,

As of today, we already received feedbacks on drought insurance markets from Malaysia, Australia, Czech Republic, USA, Ukraine, Spain, Uganda, South Africa, Germany, Morocco, Denmark, Ghana, Brazil, India, China, Canada, Myanmar, Cambodia, Vietnam and Armenia.

Our Team would like to thank everyone leaving their

'The damage from drought worldwide increased to over €20 billion in 2019, while less than €2 billion was covered by insurance. Farmers and governments are now demanding insurance, while the industry is looking for the best ways to provide this.'

OBA formerly referenced [AgroInsurance](#) [here](#) on 23<sup>rd</sup> December 2019, with their 2021 international conference [here](#) in Tibilisi:

**INTERNATIONAL CONFERENCE**  
Agricultural Insurance, Reinsurance & Brokerage  
CIS, EUROPE, ASIA

**Conference New Dates April 19-21, 2021**

**Goals of the Conference**

- The goal of the conference is – to enhance the dialogue between the keyplayers on the agricultural insurance markets of Europe and Asia. Insurance, Reinsurance and Broker companies get the great opportunity to discuss various issues related to developing markets.
- Conference Agenda is always built to widen participants' views of modern insurance applications in managing extreme climate hazards and calamities.

**Learning Objectives**

- Receive clear practical vision of European & Asian insurance markets in development
- Evaluate challenges and opportunities at fast-growing developing markets
- Enhance cooperation between insurance companies and governments of various countries
- Learn innovative effective instruments for a more rapid development of new insurance programs

**Target Audience**

This Conference is organized for Insurers, Reinsurers and Brokers – who practice and develop agricultural insurance worldwide. Government and Non-Government representatives – who influence agricultural insurance markets in their countries. Banks & Leasing Companies – involved in agriculture finance. Input Suppliers & Aggregators – who plan or already introduce complex insurance solutions for farmers.

**Conference Organizer**

AGROINSURANCE  
WWW.AGROINSURANCE.COM

Within [Issue 5](#) of Chewing The Cud we referenced that it is reported \$8billion has been put into Agriculture to combat Drought in recent years, a figure industry insiders say is more accurately stated at \$20billion.

With that in mind, as reported 23<sup>rd</sup> September 2020 [here](#), it's interesting to note the bill from a series of national Australian disasters between September 2019 and July 2020 totalled \$3.8 billion, which may not even consider into let alone include the above:

**Expert warns on “gaping holes” in Australia’s natural disaster preparedness**

Further to reference to worldwide agriculture insurance premium subsidy's in [Issue 1](#) Chewing The Cud and climate change referenced above the following from the Nigerian Guardian reported 21<sup>st</sup> September 2020 [here](#), excerpt below:

**BusinessAgro**

**Farmers can get 50% subsidy on insurance premiums, says NAIC**

By Femi Ibirogba  
21 September 2020 | 3:04 am

Managing Director, Nigerian Agricultural Insurance Corporation (NAIC), Mrs Folashade Joseph, explains how farmers can access insurance policies to minimize losses as climate change triggers disasters such as drought, pest infestation, and flooding of farmland. She sheds light on the processes of insuring and claiming indemnity after losses. FEMI IBIROGBA, Head, Agro-Economy, reports.

**Worldwide Agriculture insurance premiums & Government support %**

Australian Government subsidy is the lowest of any world region at 0%



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Further to [Issue 6](#) of Chewing The Cud whereby reference was made to Bushfire metrics released by the Insurance Council of Australia (ICA) calls have now come for Government lead Bushfire insurance [here](#), with excerpt below as reported 12<sup>th</sup> September 2020:

UK US CA AU NZ Asia

**Insurance**  
BUSINESS AUSTRALIA

**Report calls for government-led bushfire insurance**



Thousands of homes in bushfire-prone areas in Australia might soon become uninsurable as climate change worsens. However, a new report suggests that a government-led insurance scheme might be the most ethical solution.

Per Brett's email to Scott Morrison February 26<sup>th</sup> February 2019 [here](#) the Government being involved in Bushfire insurance is not dissimilar to its involvement in Flood insurance [here](#)





Thus notwithstanding the ministerial rhetoric above right the Federal Government being involved in insurance be it Drought, Bushfire, Terrorism, Cyber Attack or Flood is nothing new.

One could even argue that in addition to being involved in Flood, Cyber and Terrorism insurance, among others, on the basis the Government offers grants, [per below](#), which can be used to replace Livestock lost due to extreme weather that the Government are already providing an avenue of financial recourse thus as a nation it would be prudent to put some rigidity around this for the next Drought and the [next generation](#) as aposed to this reactive, adhoc, cyclical behaviour in what is the [2<sup>nd</sup> driest continent of earth](#).

Excerpt from Shanes Stone's 'Staying Connected' newsletter of the 18th September 2020 [here](#) noting this grant was announced in April 2019 following QLD floods of February 2019:

**'These co-contribution grants of up to \$400,000 are flexible and can be used to replace lost livestock, lost plants or damaged on-farm infrastructure.'**

OBA suggested directly to the Minister for Agriculture at the time this was announced in April 2019 that: 'this should include insurance premium subsidy for insuring Livestock against Flood & Drought':







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Per below, subsequent to the [ARPC](#) webinar OBA participated in on 3<sup>rd</sup> September 2020 the ARPC will explore extending coverage as reported 10<sup>th</sup> September 2020 [here](#)

UK US CA AU NZ Asia

**Insurance**  
BUSINESS REINSURANCE



## ARPC report explores value of extending coverage to include cyber terrorism

The Australian Reinsurance Pool Corporation (ARPC) has released the findings of its cyber terrorism research project, which touched upon the benefits of extending insurance coverage to include cyber terrorism in the country.

  
Australian Government  
Australian Reinsurance Pool Corporation

**Cyber Terrorism Research and Insurance Webinar**

Rescheduled 3 SEPTEMBER 2020

THIS IS TO CONFIRM THAT  
Brett O'Brien


HAS ATTENDED THE FOLLOWING WEBINAR  
ARPC's Cyber Terrorism Research and Insurance Webinar

Dr Christopher Wallace  
ARPC CEO

1 September 2020

Further to reference to such in [Our Journey](#) and [Issue 4](#) Chewing The Cud we were informed on the 22<sup>nd</sup> September 2020 that we were selected to progress to interview at a state level for the Nuffield Farming Scholarship:

**Nuffield Australia**  
PO Box 495, Kyogle, NSW 2474  
Ph: 0402 453 299  
Email: [enquiries@nuffield.com.au](mailto:enquiries@nuffield.com.au)  
Website: [www.nuffield.com.au](http://www.nuffield.com.au)  
ABN 33 092 327 396



22 September 2020

To: Brett O'Brien, Southbank VIC  
Email: [admin@obaconsulting.com.au](mailto:admin@obaconsulting.com.au)

Re. Nuffield Scholarship State Selection Interview

Thank you for your application for a 2021 Nuffield Australia Farming Scholarship. Based on your written application and eligibility we are pleased to offer you an interview. Your application and details have been forwarded to the relevant State Selection panel and your interview details have been set.

**Your interview details are:**


**Date:** Thursday 1 October  
**Interview Time:** 3:00pm  
**Venue:** Online virtually, via the Zoom platform

You must login exactly 15 minutes prior to your interview time. This will allow time for a short briefing on the Nuffield Australia program. Your interview will take approximately 20 minutes and your punctuality would be appreciated.


Successful applicants will be notified of the final, national interview selection date following the State Selections, in due course.

Upon receipt of this letter please sign and return it by email to Nuffield Australia to confirm your ability to attend an interview via Zoom.

Yours sincerely,

  
Jodie Redcliffe  
2013 Scholar and Chief Executive Officer

OBA has applied for a 2021 Nuffield Scholarship:

  
BE A CHANGE MAKER  
\$30,000 bursary to study leading-edge global agriculture  
14 weeks scholarship  
Applications open 29 June 2020  
#NuffieldAg [www.nuffield.com.au](http://www.nuffield.com.au)

Successful applicants are required to commit to 14 weeks study over a period of two years including:

**October 12, 2020:** Final national selection interview  
**2021:** Contemporary Scholars Conference (CSC), Norfolk, England, UK  
**2021:** Global Focus Program Tours  
**2021-2022:** Individual research component  
**2022:** 10,000 word written report  
**September 2022:** Verbal report presentation at the 2022 National Conference, Tasmania

**NUFFIELD AUSTRALIA**


**Become a Nuffield Scholar**


**The Benefits**

- To research a topic that you believe will add value to the Australian agricultural industry
- Become a member of Nuffield to promote agriculture and related issues
- Become a member of a worldwide, unique network of more than 1,700 scholars, who have enjoyed the scholarship experience

Nuffield Scholars are part of a select group of innovative, free thinking people. After the study, scholars produce a written report and communicate the new knowledge and experience to others in the industry.

Nuffield Scholars are scholars for life. There is on-going communication with our alumni, plus events, workshops and the chance to be involved in additional learning opportunities.

  
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Nuffield state based interview invitation

Nuffield excerpt [Issue 4](#) Chewing The Cud

Notwithstanding we were pleased Nuffield selected our submission to progress to state-based interviews, we have nonetheless withdrawn our application for a myriad of reasons.

We wish scholars attending the Contemporary Scholars Conference in England (2021) and the Global Focus Program Tours (2021-2022) well.

*Bon Voyage*




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On October 28<sup>th</sup> 2019 we referenced Brahman Cattle under the heading 'Resilience' [here](#) for their unique ability to deal with several conditions in Australia, not least of all heat tolerance:



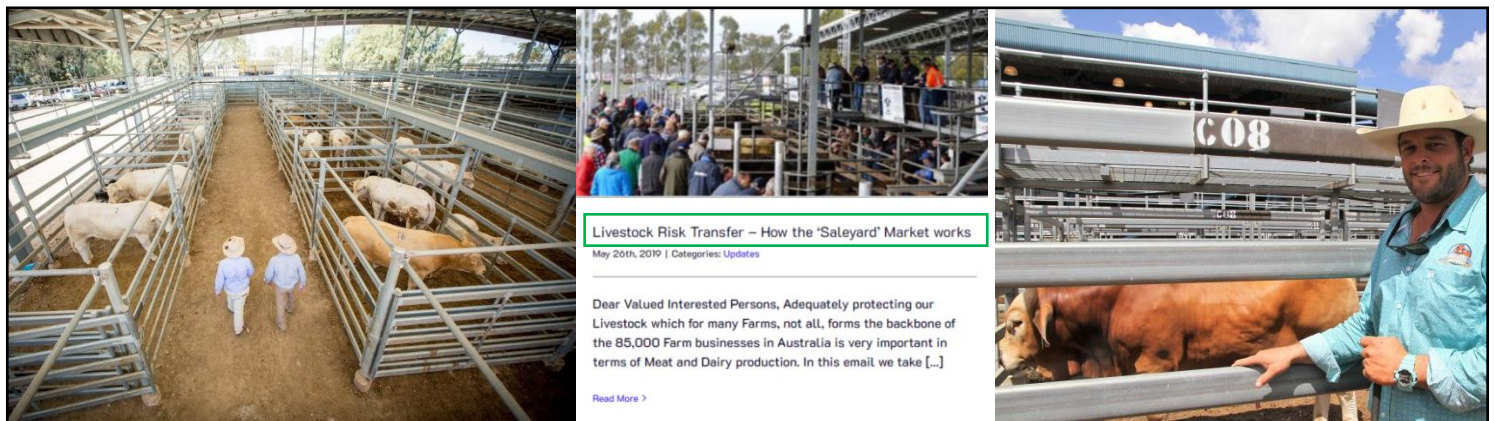
With that in mind and with a name like [Droughtmaster](#) we felt compelled to reference this annual bull sale which just set a record price of \$160,000 with a Brahman bull named Rondel Whisky as reported 16<sup>th</sup> September 2020 [here](#) 



Noting Rondel Whisky's owners expected to fetch \$50,000 for him, were optimistic of getting \$100,000, we can well imagine the whisky's and similar did flow at the auctions record sale price of \$160,000 - *salute!*

For OBA readers keeping count / record at home with a scrotal measurement of 39cm Rondel Whisky falls 7cm short of 41/97 [here](#) 😊🤔 notwithstanding Rondel is yet to turn 2 y.o.



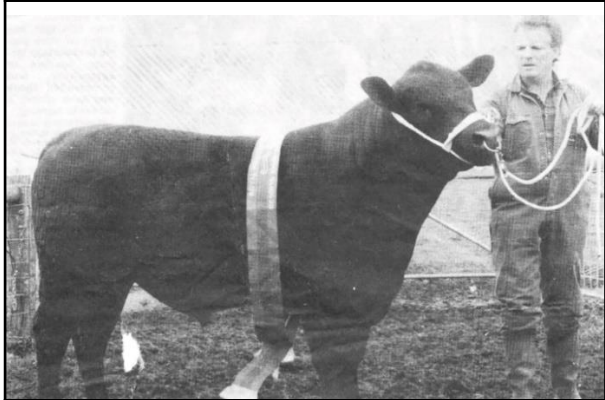

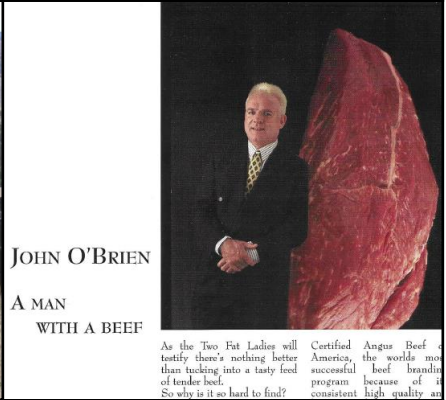
Notwithstanding the above was an annual bull sale for a high level reference on How the 'Saleyard' market works refer our update 26<sup>th</sup> March 2019 [here](#)







With no Royal Melbourne show on this year due to Covid-19 we wind the clock back to 1989 when Brett's father John O'Brien, bred the bull 'Hotshot' who won: 1<sup>st</sup> prize in the 18 to 20 month Angus Bull class & Reserve Junior Champion Royal Melbourne Show:

 <p>JOHN O'BRIEN'S PRIME BLACK ANGUS CHIEF'S BEST BEEF GUIDE</p>	<h2 style="text-align: center;">The hotshot of the Royal Show</h2> <p>Royaline Hotshot, an 18 month-old Angus bull, brought success to part-owners John O'Brien of Warriorn and Alan Huggins of Apollo Bay when he won first prize in his class at the recent Royal Melbourne Show.</p> <p>Competing in the 18 to 20 month Angus bull class, Royaline Hotshot also took out the Reserve Junior Champion to a bull that eventually went onto become Senior Champion. His dam was bought at the first ever</p> <p>pick of the herd sale held by the Te Mania Stud at Barongarook West in 1987 for \$11,000.</p> <p>Semen from his sire, O'Neill's Renovator an American bull, was used in an embryonic transfer with four calves Royaline Hotshot and two full brothers and full sister being the result.</p> <p>Mr O'Brien said the bull would be sold along with his brothers at the Suzuki Angus Classic Show and Sale at Albury in March 1990.</p>	 <p>JOHN O'BRIEN'S PRIME BLACK ANGUS CHIEF'S BEST BEEF GUIDE</p>
		 <p><b>JOHN O'BRIEN</b> A MAN WITH A BEEF</p> <p>As the Two Fat Ladies will testify there's nothing better than tucking into a tasty feed of tender beef. So why is it so hard to find?</p> <p>Certified Angus Beef America, the world's most successful beef branding program because of its consistent high quality and</p>
<p>From the Colac Herald 1989: John O'Brien &amp; Hotshot</p>	<p>John immersed in Cattle in rural Victoria</p>	<p>Supplying Melbourne's fine dining scene 1990's</p>



John above left working with & observing Cattle in Australia and above right with Brett in Kansas, USA 1994

Considered by several breeders in Australia, USA, New Zealand & Europe as one of the world's best Cattle judges John has spent over 60 years breeding, observing, steering & critically assessing / improving Cattle

In 2020 John owns and operates [Natures Blueprint Cow](#) & [SAIMCo](#)



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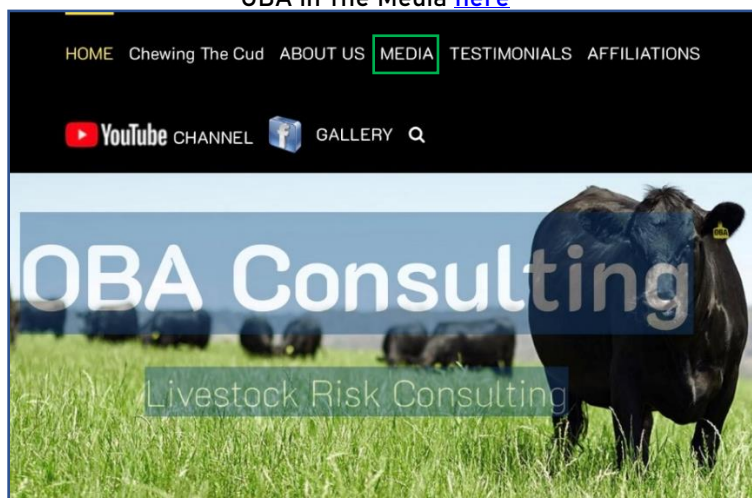


Previous iterations of [Chewing The Cud](#) are now available online as follows:



This tab also includes archived [Updates](#) from April 2019-20

OBA in The Media [here](#)

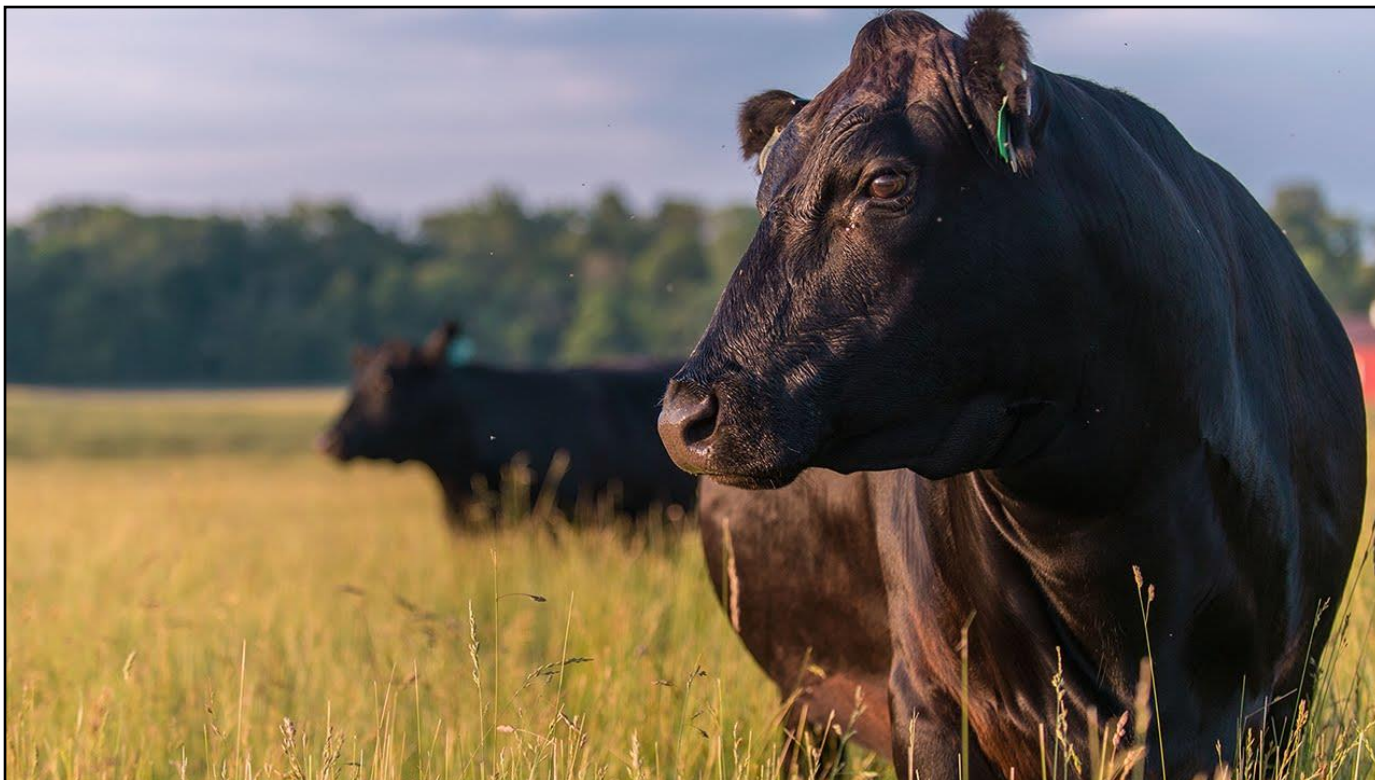


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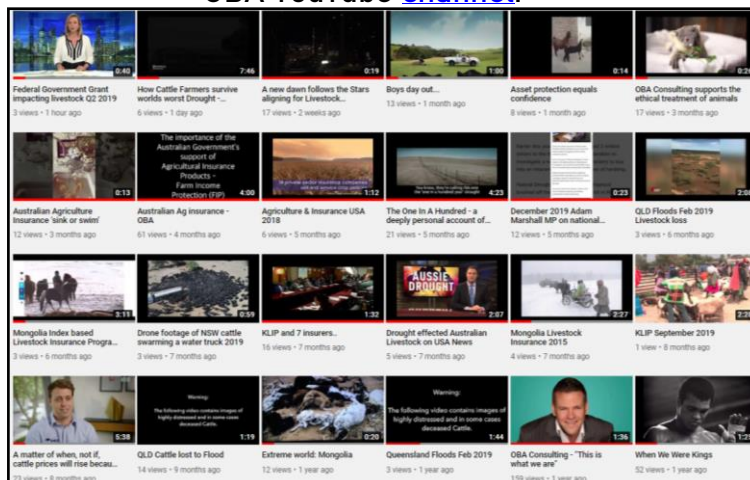




OBA [Gallery](#)



OBA YouTube [channel](#):

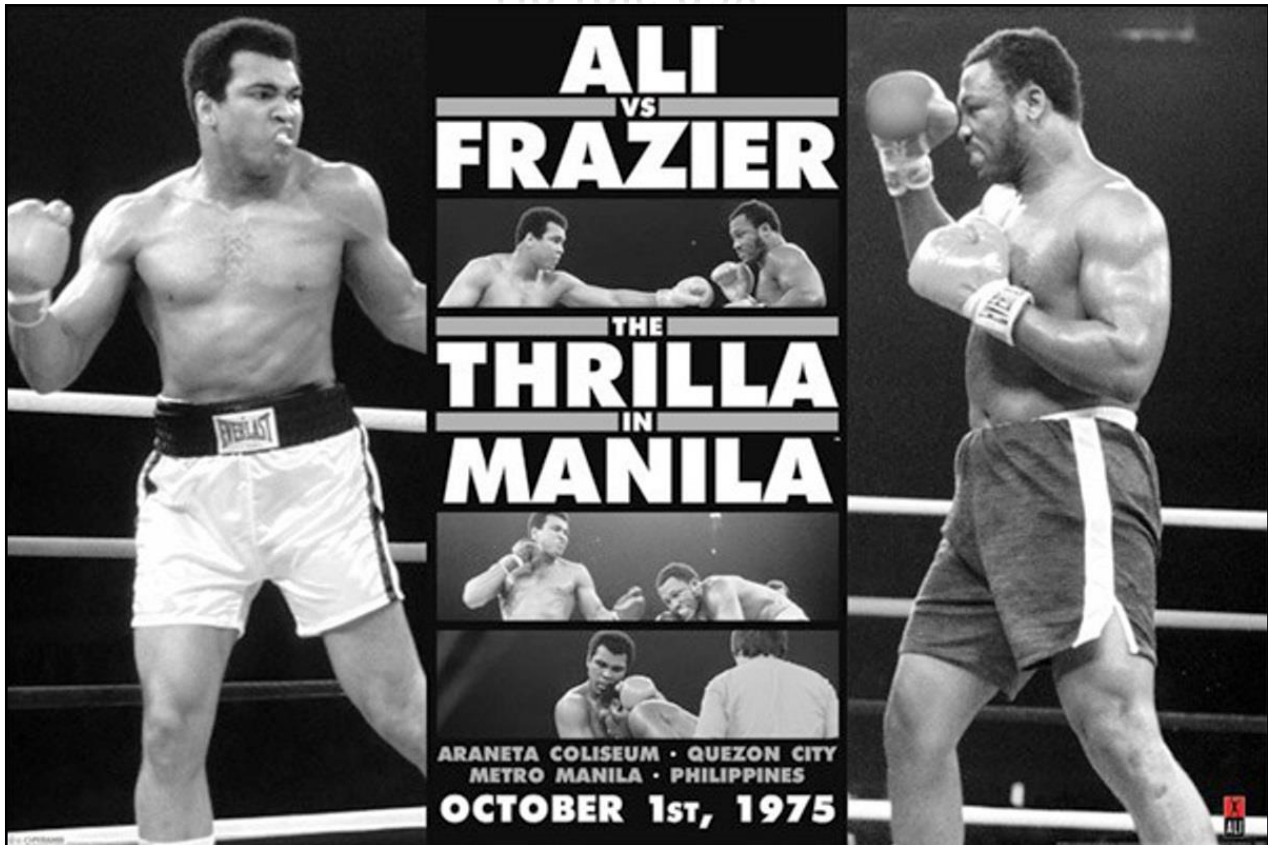


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On this day:



45 years ago today the Thrilla in Manila was the third and final boxing match between Muhammad Ali and Joe Frazier. It was contested for the heavyweight championship of the world at the Araneta Coliseum in Cubao, Quezon City, Philippines, on Wednesday, October 1st 1975. The venue was renamed from Araneta Coliseum, specifically for the match. Ali won by technical knockout (TKO) after Frazier's chief second, Eddie Futch, asked the referee to stop the fight following the end of the 14th round. The contest's name is derived from Ali's rhyming boast that the fight would be "a killa and a thrilla and a chilla, when I get that gorilla in Manila."

The bout is consistently ranked as one of the best in the sport's history and was the culmination of a three-bout rivalry between the two fighters that Ali won, 2-1. The fight was watched by a record global television audience of 1 billion viewers, including 100 million viewers watching the fight on closed-circuit theatre television, and 500,000 pay-per-view buys on HBO home cable television.







Brett O'Brien  
0421 814 401



## OBA Team



Executive



Operations



Legal



Cyber



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