

AgriBulletin

Specialists Supporting Australian Agribusiness



• Baldwin Boyle Group
Public Affairs Counsel



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Welcome to AgriBulletin

Some of you may have wondered where AgriBulletin got to around the end of last month. We held over publication pending the announcement of **AgCareers.com**. We are very excited by this development because for the first time in Australia, **job seekers** looking for a career in agriculture and **agribusinesses** looking to source talent will have access to a purpose built, industry focussed, online career site that will provide access to the domestic and international agribusiness employment market.

Last month it was the weather rollercoaster. This month it is drought. Period. The drought has officially entered the national consciousness with mainstream media coverage outstripping rural media on a daily basis, largely because city folk are being directly affected through water restrictions and also more broadly in terms of the overall impact on the economy.

If anything good can be said to come of a drought, it is the focus of political leaders on the need for a longer term solution to sustainable water use in Australia. The Prime Minister and State Premiers heard from the Murray Darling Basin Commission at yesterday's National Water Summit that the current drought could be the worst in a thousand years. Solutions will most likely come from a combination of infrastructure renewal and construction, a greater focus on conservation and efficient harvesting of water and the further development of a market for tradeable water rights, which will allow water to flow to its most economical (and potentially sustainable) use. It has also lifted the lid on purchasing water for environmental flows and the role of the public purse in this strategy. In short we can expect that water will be the issue of the 21st century for Australia and Australian agribusiness.

October also saw AWB under continued pressure, mostly from WA growers and CBH, leading to a 40% reduction in the Pool Management Fee, which will inevitably lead to speculation that if it could be cut by that much in a single stroke, has it been too high all along and have Australian wheat growers been wearing that cost for too long?

Not surprisingly agribusiness confidence is weak in the face of the dry conditions. In the NAB's latest agribusiness survey they report that conditions in agribusiness lag the rest of the economy. This lag extends across all parts of the agribusiness value chain – from on farm to manufacturing and wholesaling, transport and property, business and finance. The 12 month confidence outlook is lower, with the higher dollar and labour costs constraining the outlook for participants. Confidence levels for crops, particularly wheat (down 22 points) fell, as they did for wool (down 28 points) and slightly for beef (down 3). The outlook for dairy remained around the longer term average.

So what else is happening this month? We check out:

- The Australian launch of the global online employment site, AgCareers.com.
- Drought, cross media ... oh, and AWB in the media.
- Does your advertising really work; and
- Planning to manage the financial impacts of drought.

It might be dry, but there is still a bit happening down on the farm ...

A handwritten signature in black ink, appearing to read "Andrew".

Andrew McConville – Editor

AgriBulletin is a joint publication of Baldwin Boyle Group, Rimfire Resources, Paterson Consulting and National Australia Bank Limited Agribusiness. Each of these businesses has as its focus, provision of the best possible support to help Australian agribusinesses succeed. AgriBulletin does this with information, news and views that can help improve business outcomes through greater awareness of the environment in which we operate. AgriBulletin is issued monthly with independent contributions from each organisation. Please read the disclaimer provided on the last page.

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AgCareers.com launch connects agribusinesses and job seekers

AgCareers.com, the world's leading online career site and HR service provider to agriculture, food, natural resources and biotech sectors, has been launched in Australia and New Zealand this week by Rimfire Resources.

AgCareers.com will bring to the Australian and New Zealand agribusiness space a new and dedicated online vehicle to connect job seekers with an unprecedented number of employment opportunities all on one website.

Katrina Dwyer, AgCareers.com Account Manager for Australia and New Zealand said that AgCareers.com will offer assistance to anyone in Australia and New Zealand that is looking for work in the agribusiness sector. It will also assist anyone in the sector looking to change jobs because of the drought.

"Currently boasting over one million page hits per month to its North American site, AgCareers.com will now connect Australian and New Zealand agribusiness job seekers with agribusiness employers across both countries and from around the globe in the agriculture, food, natural resources and biotechnology sectors," Katrina said.

"It is a very timely launch here in Australia and will assist people who have been forced to consider a change of job because of the current conditions.

"With Australia experiencing drought conditions, we believe AgCareers.com can occupy an important place in ensuring as many people on the land can access jobs online that will keep them on the land wherever possible.

"With AgCareers.com going live in Australia and New Zealand for the first time, agribusinesses will not only have access to a local *and* global talent pool of candidates, but also dedicated account managers with experience in writing job advertisements for the online environment.

"Along with account managers who understand agribusiness, AgCareers.com will give advertisers and job seekers a weekly e-newsletter covering current recruitment trends and issues in agribusiness as well as focussing on topical agribusiness and food industry issues," she said.

For almost a decade in the United States and Canada, AgCareers.com has been the leading recruitment website for agribusiness. Each month more than 1,000 new roles are posted to the site across the whole spectrum of agribusiness – production, sales and marketing, finance, R&D, natural resource management and general management.

"A recent survey of HR professionals revealed that niche employment sites, like AgCareers.com provide the best talent and are the number one source for attracting passive job seekers. On this basis, one of the other strengths of AgCareers.com for agribusinesses and job seekers is that it provides an opportunity for much greater exposure", she said.

Mick Hay of Rimfire said that they saw AgCareers.com as a way to bring a world class, 'agribusiness specific' job board to the Australian and New Zealand markets.

"Attracting top talent is a global issue for agribusiness, not just a local one. So along with being able to extend the online reach of agribusiness job seekers, AgCareers.com will help companies attract talent from the global market", he said.

If you are interested in learning more about AgCareers.com or in advertising positions on the site, please contact Katrina Dwyer at AgCareers.com on (03) 9676 9499

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Drought and media ownership dominate October media – oh, and AWB

It is impossible to review the media in October without mentioning the drought – so we will. Estimates released by ABARE suggest that it will wipe \$6.2 billion of farm output (about 35%) and about 0.7% for the country's total economic growth. The wheat crop is forecast to be well under 10 million tonnes, cattle prices are forecast to fall by 13% and the value of sheep meat production will fall by 35%. In October, saleyard records were set or almost equalled in Wagga, Bendigo and Wodonga while the Federal Government has gained substantial media coverage through a classic drip feed approach. In the last five weeks they have announced \$350 million of exceptional circumstances funding, \$910 million of additional drought aid, and \$200 million to small business affected by the drought, as well as a Drought Bus doing the rounds. This last initiative will be welcome in the centres it visits as it will enable farmers to apply for drought assistance and other Government support on the spot. In its first few weeks it will visit Gunning, Goulburn, Crookwell and Cootamundra Albury, Wangaratta, Kerang, Swan Hill and Mildura. Let's hope it doesn't catch up to the Australian Women's Weekly Commonwealth Bank "On the Road" Road Train visiting 101 towns over 2006-07.

The other big issue in the October news was approval of the Federal Government's media reform package. Key to the debate was concern over the protection of local content and diversity in regional areas. "Saint Barnaby of the Bush" again played well and concessions were secured that mandate minimum local content and a 2 out of 3 rule that prevents ownership of a newspaper, radio station and TV station in the same market. We expect this will keep the ACCC busy as "who" and "what" defines a market as the reach of telecommunications extends with the advent of better technology.

In news that might have flown under the radar for most, the Australian tobacco industry was given the last rites, with the Federal Government providing a \$41 million package to assist farmers move into alternative activities. The industry was doomed with the decision of British American Tobacco not to purchase after 2009. While on a positive note for development, Australia is leading the way with genetic finger printing of dairy cows. It was reported late in the month that the Dairy CRC has made significant advances in genetic marker technology – which will enable farmers to better predict on farm performance thereby speeding up herd improvement. The CRC team has linked 15,000 genetic markers with 37 key production traits.

In October also, Federal Agriculture Minister McGauran announced an overhaul to Australia's quarantine risk assessment processes by increasing the level of scientific scrutiny and improving consultation. The role of the "Eminent Scientists Group" has been strengthened, particularly in relation to Import Risk Assessments and the process of review will now have regulated timeframes. Maybe this will help protect Australia's organic farming industry which it was reported is the largest in the world with over 12 million hectares under cultivation.

Finally, where would we be without a monthly mention of the wheat industry ...WA's CBH has attempted to call the bluff of AWB by offering wheat prices \$20/tonne higher than the National Pool price – but of course the offer is dependent upon AWB agreeing to a bulk export permit for CBH to export directly to its mills in Indonesia. This puts AWB directly in the firing line, because for it to have any hope of increasing the pool price it will need grain from WA which means saying no, which in turn risks the ire of WA growers if it (AWB) cannot achieve similar prices. Treasurer Peter Costello weighed into the debate saying the price differential adds to his argument for deregulation, while Nationals leader Mark Vaile avoided the issue (surprised?). AWB also bowed to considerable pressure by reducing its pool management fee to AWB (International) by 40%, while the organisation did its best to put a positive spin on a difficult situation with new CEO Gordon Davis saying "AWB will continue to cut its cloth to meet the circumstances of the drought ... and if possible reduce administrative costs even further".

Does Your Advertising Work?

As we know in agriculture there are not many new products that actually get to market. But there are now more product extensions, product variations and registrations into new crops and markets than ever before. So with anything being introduced to a market it is vital that it is given the best opportunity to succeed.

In many of the markets and industries we now work in, pre testing of advertising is becoming the norm to ensure maximum impact for the advertising dollar. Our experience in pre-testing has unearthed some interesting issues.

It is common that many people will dismiss an advert with one cursory glance. Some interesting feedback includes:

"I did not like the colour", "The person did not look like a farmer", "Why use the word in association with"

What this shows is the advertiser has not understood their target market. It is a common complaint from farmers that city people do not understand them and that much of the advertising is demeaning to farmers.

So if you are going to spend good money on print, TV or radio advertising, make sure the adverts are meaningful to the target audience.

For example in the cereal fungicide market, length of protection might be the product attribute that is most important, but with a new cereal herbicide the key issue is likely to be herbicide resistance.

With each of these attributes there are words that will immediately attract attention while there are some that will almost guarantee that the reader goes no further.

Words like "new" and "powerful" have far more impact than words like "strong". "Kills" or "eradicates" is likely to have more impact than a product that just "controls".

So it is extremely important to look at a range of words that might be used and the context in which they will be used. It is probably best to develop a number of advertising concepts and then test these on the market. In the rural market is generally done by way of focus groups, but increasingly in consumer markets it can be done online.

It has been said that a picture is worth a thousand words, which is probably true - if only your client looks at the picture!

Planning to manage the financial impacts of drought

The majority of farmers struggling with the drought are viable in the long term, and so it is important that all those affected see their financial advisers sooner rather than later to consider their options.

The earlier budgets, cash flow, potential income and necessary expenditure are reviewed, the more choices are available. At NAB for example we are making sure that our Agribusiness Managers in the field continue to work with customers on the financial consequences of continuing dry conditions.

The Bank's assessment of credit risk is based on a long-term outlook - a farm's viability is considered beyond one-off bad seasons. Therefore, the Bank is not expecting customers' credit ratings to deteriorate or risk margins to increase.

There are a range of tools and solutions available to help manage the short term financial impact of events like drought. These include:

- Providing interest only facilities
- Providing additional carry on finance to cover cash flow shortages
- Restructuring existing loans free of additional bank related fees
- Extending the terms of facilities as required
- Waiving fees and charges for customers needing to access term deposits
- Utilising other financial management strategies that will assist customers to work through short term cash flow issues

The Federal Government, in announcing continuation and enhancements to their assistance package, has acknowledged some 38% of Australia is now drought declared. It is therefore important that those primary producers affected also work with the relevant agencies in regards to the benefits that may be available to them.

Action that can be taken now includes a review of equipment to determine what needs up-grading or maintenance now and what can wait.

Of course, some farmers will still have income coming in this year, due to harvest payments from last year's crop or from selling off stock. The potential tax implications need to be considered, and products such as Farm Management Deposits (FMDs) could still be an effective strategy.

It's also important to keep in mind that wheat swaps and similar risk management strategies can be used up to three years in advance, so there's nothing to stop grain growers locking in good prices for future season if the opportunity arises.

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