

# AgriBulletin

Specialists Supporting Australian Agribusiness



• Baldwin Boyle Group  
Public Affairs Counsel



Volume 2 Issue 4 May 2007

## Welcome to AgriBulletin

Welcome to the bumper May 2007 edition of AgriBulletin. Ahh, the magical sound of rain on a tin roof. While not drought breaking, many areas of experienced a traditional autumn break, with some parts of the Wimmera in Victoria claiming it is the best start they have seen in years. Most of the country has received something, while in south-west WA; they have had a little too much. But while rain on the roof has been music to all our ears, catchments remain perilously low and soil moisture is non-existent in many places. In the Wimmera last week, run-off represented 10 per cent of current capacity, but it only boosted storage levels from 3.5 to 4 per cent. The Snowy Hydro scheme is unlocking past secrets with the old town of Adaminaby flooded by Lake Eucumbene over 50 years ago, emerging from the murky depths as storage levels drop to 10 per cent.

Elsewhere, the Government is realising just how difficult the politics of the wheat industry really are with it yet to provide any indication of what direction it will take the industry with its decision on the future of the Single Desk. Such have been the delays and posturing that anything is possible and nothing is likely. AWB meanwhile has had some serious questions asked of its hedging strategies and Agriculture Minister Peter McGauran is probably wondering what he did to deserve all this, with OzPulse Director Peter Howard (who previously took AWB all the way to the High Court as a Director of New England Agricultural Traders) issuing a writ in the Supreme Court over the Minister's failure to issue permits.

Unfortunately for Australian agribusiness, politics and posturing of this nature does nothing to make a career in agriculture an attractive prospect. Falling numbers in agribusiness and agricultural disciplines at universities and a chronic shortage of skilled and unskilled labour are tough enough without industry sectors imploding. As committed supporters of Australian agribusiness, we should all be concerned at the problem before us. While we can quickly point to the impact of the current drought on sector productivity, a failure to address the lack of skills in agribusiness may make the impact of drought seem small by comparison. We all have a role to play in helping promote agribusiness as an exciting, interesting and rewarding career and in developing strategies to attract and retain the best talent to take Australian agribusiness forward.

This month we also check out:

- How to make sure staff training helps provide competitive advantage
- Water issues dominate, the dollar remains strong and growth in biofuels make news;
- NAB provides an overview of its latest agribusiness confidence outlook; and
- We report on what climate change and the environment is doing to consumer behaviour across the globe.

At last we are splashing in puddles down on the farm....

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

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.*

## How to ensure training actually contributes to your competitive advantage

Acquiring and maintaining skills is essential for any effective business. While business owners and leaders understand this, they also understand that up skilling employees can be time consuming, costly and unfortunately at times may have little impact, if any, on overall business performance.

Training and skills development is critical to business success. Managing it effectively presents a number of challenges including:

- How to ensure the correct training needs are identified and met;
- How to ensure training “sticks” and delivers long term business benefit; and
- How to identify ways to fund training.

**Ensure the correct training needs are met:** How do you ensure you are training in the “right skills”.

The simple trick is to link your training strategy into your business planning processes. What skills do you need to keep your business competitive in the next 5 years? Once you have developed your business plan, consider the internal culture and competency mix required to achieve your business aspirations.

In developing this competency framework use a hierarchy:

- *Organisational needs:* What skills/mindsets will be required by the business in the future? Consider your environmental analysis (skills, weaknesses, opportunities and threats) and think about the skills/mindsets that will be required to capitalise on these opportunities and minimize threats.
- *Position needs:* What skills/mindsets will be required for the position to achieve the key result areas and meet key performance indicators?
- *Individual needs:* What are the skills/mindsets required for individual employees to competently fulfil their roles as well as advance within the business?

This hierarchy will provide a “training needs matrix” for the business. Conducting a skills audit (through observation as well as more formal processes like performance management) that identifies the existing skills level allows a comparison of required and actual skills. This will result in a training and development needs analysis that identifies both the content of training and its priority.

**How to ensure the training “sticks” and adds long term benefit to your business** – How to make training effective is a major organisation challenge. Unless it is given substantial thought, an employee may attend a very effective training program but fail to deliver on what has been learned back in the workplace. This is a costly failure for the organisation.

To make sure that training sticks, organisations might want to consider:

- A focus on learning (not training) and development. Make it clear to those attending a training session that there is a clear expectation that what is learnt needs to be applied back in the workplace. Consider appointing a mentor who has responsibility for ensuring skills are applied in the workplace. Develop a learning agreement with the individual prior to attending the training. Have the employee prepare a post training report outlining reactions and how they see what they have learnt being applied in their daily work.
- Consider sending a cohort of employees to the same training so individuals don’t feel alone when they return to the workplace.
- Is there any value having the program conducted in house? This usually helps with transfer of learning and might be a more cost effective outcome.

- Engage with the training provider prior and post training - to outline expectations and gauge reactions to participation. Such an approach provides the opportunity to get more value from your training investment and can help the provider get a better understanding of your needs.
- Finally, consider if you really need an external provider. Many skills reside in house and skills can be developed or acquired through job swaps or rotation. There might also be people in the business who can act as mentors or coaches to work with staff in developing skills and knowledge.

**How to identify ways to fund the training:** A learning and development strategy can be expensive. Make it part of your budgeting but also look for other funding sources.

State and Commonwealth governments provide an array of funding programs that cover a wide range of training programs – from managerial skills to technical training. Web sites including [www.ausindustry.gov.au](http://www.ausindustry.gov.au) and [www.dest.gov.au](http://www.dest.gov.au) provide insight into the breadth of training programs available to employers and while the process can be time consuming, it is often worth the effort. Similarly in dealing with Registered Training Organisations (RTOs) it can be tiresome, but always be sure to work with them in designing content that suits your needs – don't accept "off the shelf" programs – make these providers earn their money.

A learning and development strategy is a long term investment. Think about whether your business has to time to grow your own skills – or is it better strategy to "buy" these skills (via recruitment) or is a mixture of both the best approach?

For further information, please contact Dennis Hoiberg on 03 9676 9900 or [dhoiberg@rimfireresources.com.au](mailto:dhoiberg@rimfireresources.com.au).

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#### **Water, the dollar and biofuels – what's news?**

The month's reporting began with the Aussie dollar hitting a 17 year high of US82.70 cents. The strength of the dollar has had immediate impact with expectations becoming more modest in both the wool and wheat industries. Every US1c rise in the dollar reduces the wheat price by A\$6-\$10 per tonne. But while on wool, scientists in New Zealand have developed a wool fabric claimed to be perfect for making shirts. The fabric is lightweight, pure wool, machine washable fabric made possible by retro fitting specially designed rollers onto existing spinning frames.

Several papers ran with articles pointing to the worsening rural skills shortage and an emerging recognition that the lack of skills and labour shortage in Australian agribusiness is a long term problem which requires long term thinking in order to address it. News came early in the month from a conference in Adelaide organised by the Australian Institute of Agricultural Science and Technology that more must be done to promote the value and importance of agriculture, improving awareness in schools and scholarships to encourage greater participation in agriculture/agribusiness based courses. One of the more interesting articles reported on a survey done as part of the 2006 Year of the Outback which although suggesting young people want to stay in the country, the key issues are employment and education.

The Managed Investment Scheme industry obtained a reprieve for non forestry related schemes, but only for 12 months. Interestingly, the government's decision, combined with the drought may see further growth in MIS forestry as investors seek to capitalise on the continuation of these schemes and as drought affected farmers look to get off the land or change land use patterns.

Meanwhile, Agri Energy announced it intends to build a second ethanol plant at Murtoa to compliment the plant currently being built at Swan Hill in north west Victoria. The plant, to be operative in 2009 would produce 200 million litres of ethanol each year and require 60,000 tonnes of cereals. The Swan Hill project expects to be up and running in 2008, so no doubt,

Agri Energy like many others has welcomed the autumn break in the Wimmera Mallee. In other biofuels news, the Deputy PM claimed this month that sales are expected to grow by 100 per cent this year to over 200 million litres. Currently 520 sites across the country sell biofuel blends.

In late April, state and federal ministers met in Brisbane to consider drought response strategies and the water crisis in the Murray Darling Basin. The PM grabbed all of the headlines by stating that without substantial rain there would be no allocations for the coming year but the real issue is the impact this will have on rural and farming communities across the basin and how will tradeable water rights help or hinder the movement of water.

Finally, harking back to the days of milk in schools, NSW Farmers Association is leading a promotion to distribute 70,000 apples over two weeks into NSW schools. The AppleQuest program aims to promote apples as a healthy and delicious snack among school kids. The program is funded by a growers levy fund.

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#### **Agribusiness confidence up - NAB Quarterly Survey**

Despite the negative impacts of the on-going drought, the latest Quarterly Agribusiness Survey from National Australia Bank (NAB) highlights that agribusiness conditions (post-farm gate production and processing) surged to a two-year high in the March quarter 2007.

Conditions were much stronger than previously anticipated due to stronger trading conditions, improved profitability performance and employment gains. While exports were weaker on the back of the drought, respondents cited increased customer confidence and company specific factors as the key drivers of improved trading conditions.

Stronger conditions were reported across all agribusiness sub-sectors (except retail), with agribusiness related finance, business and property services continuing to report robust conditions. Agribusiness manufacturing and wholesaling reported the largest improvement in conditions, with most agribusiness related sectors (except for retailing and transportation) now performing broadly in line with their counterparts in the wider non-farm economy.

Despite the drought, agribusiness respondents remain most concerned about demand, with 35% of respondents expecting a lack of demand to be the key constraint on profitability over the next twelve months. Drought is the next key concern however, with 28% of respondents seeing this as the key constraint to profitability.

The tight labour market is also seen as a constraint, with 10% of respondents concerned about sourcing suitable labour, and 8% citing wage costs as their key concern. While interest rates and exchange rates have risen, only 3% and 4% of respondents, respectively, cite this as the main constraint to profitability.

Overall, respondents remain relatively upbeat about the outlook, with respondents significantly upgrading their twelve-month expectations for business conditions to be broadly in line with the total non-farm economy.

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#### **The climate is changing... but will consumer behaviour?**

Paterson Consulting often works with global research company Synovate, providing market research together to companies both here and overseas. As part of Synovate's relationship with Paterson Consulting, they have kindly provided the following report to AgriBulletin. It makes for interesting reading as it provides an interesting insight on consumer attitudes towards the environment and climate change. Importantly it considers how this can translate into purchasing patterns. For more information you can visit Synovate's website: [www.synovate.com](http://www.synovate.com)

Climate change is news all over the world. You only have to pick up a newspaper or stand by the water cooler to know it's a hot issue with world leaders, celebrities and regular people alike. But will all this talk lead to changing consumer behaviour? Marketers need to know.

Synovate, together with BBC World, took a look at climate change in a global survey spanning 21 markets on six continents and discovered that more than two thirds of respondents were concerned about climate change. Even more significantly for the world's marketers, 95% of these people had personally done something to reduce the effects of climate change in the past year.

### ***Hip pocket activists***

Synovate's global head of media research, Steve Garton, said that consumers were concerned about climate change and tackling the issue in a way that they could control - via their hip pockets.

"People are letting their wallets do the talking on the issue of climate change. More than half have bought green products or energy efficient devices, reduced packaging or saved power in the past year.

"Consumers are making purchase decisions on the back of their concern about climate change and marketers need to take notice.

"Many of the world's corporations are already evolving their products to meet consumers' needs for environmental friendliness but they can pick up the pace. This survey shows that people see their purchase decisions as a way to combat the effects of climate change and would undoubtedly be open to green products in most categories," he said.

The Chinese are leading the charge when it comes to buying green products, with 76% of the respondents who were concerned about climate change having done this in the past year. Given that China is about to overtake the US as the number one producer of greenhouse gases, it is notable that the Chinese consumer is taking action. Germans (69%), Norwegians (68%) and Danes (67%) are also well above the global average of 54% when it comes to buying green.

The Polish are lighting the way on purchasing energy-efficient devices, with 74% having done so in the past twelve months. Hot on their heels are the Brazilians and Australians at 67%.

### ***Hybrids to hit the highways?***

The survey also showed a global average of 20% said they have bought or planned to buy a smaller car.

Mr Garton said that this figure should make automotive marketers sit up and take notice.

"At first glance this figure was not as large as other changes that consumers are making, but when you take into account the big ticket nature of a purchase like this, 20% is a big deal.

"Some markets in particular will see very different cars on the road in the next few years. Thirty nine percent of Italians who are concerned about global climate change have bought or plan to buy a smaller car as a result of the environment, closely followed by 37% of South Africans, 34% of Australians and 31% of Brazilians.

"Change is imminent in the US too - a country known for its taste for larger cars. Twenty three percent of concerned Americans may change their vehicle in response to the threats of climate change," he said.

### ***Travellers warming to change***

Respondents were also asked whether they had changed their travel habits in the past year as a result of climate change. A global average of 28% had done so and Mr Garton said these changes could be as simple as taking public transport instead of driving, or as dramatic as electing to not travel by plane.

"There's a great deal of talk at the moment about the impact of airline and vehicle emissions. These results indicate consumers are taking note and, in some places, are prepared to change their habits."

Seventy percent of Poles who said they were concerned about climate change had also changed their travel habits as a result, followed by 58% in Singapore and 57% in Hong Kong. At the other end of the scale, only 4% of the French had made any changes to travel habits.

### ***Is the world capable of change?***

Garton asked: "Are we in the throes of large-scale change? The survey results certainly indicate a willingness to change. We also asked about recycling and the results were very heartening.

"Recycling first entered the public's consciousness on a major scale ten or fifteen years ago. Now we see it is par for the course in some markets like Germany, the UK, South Korea and Norway - and the global average for engaging in recycling activity is over two thirds (68%). We also have 78% consciously saving power.

"With consumers showing their engagement on the issue of climate change and their willingness to take actions, there is a new set of opportunities for marketers. The challenge is to deliver products and services that meet consumers' needs as well as their desire to help the planet."

### ***About the survey***

The Synovate Global Omnibus survey on climate change interviewed 14,220 respondents across 21 countries including: USA, China, France, Germany, Hong Kong, Singapore, South Korea, Australia, India, Japan, Poland, Dubai, UK, Brazil, Italy, South Africa, Norway, Spain, Denmark, Russia and Canada.

The survey was conducted by telephone, online and face-to-face throughout February 2007, during which time the Intergovernmental Panel on Climate Change (IPCC) issued a major report from the contributions of more than 2,000 scientists specialising in the topic. It indicated there was a direct link between climate change and human activities.

The figures given in this email are from a base of respondents who had indicated concern about climate change. The global average for this was 68%, with Brazilians (87%), Spaniards (87%), Australians (84%) and South Africans (82%) most concerned. The table below shows the findings on feelings regarding the effects of climate change.

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