Agribusiness Role in Extension, Education and Training: A case study

Agribusiness has a crucial role to play in informing and building the capacity of increasingly innovative farmers. This study reviews six industries in one region to determine farmer needs and the ability of agribusiness to support those needs.

A report to the Cooperative Venture for Capacity Building
by Gordon Stone

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Foreword

The aim of this project is to redress the lack of detailed knowledge about the role of agribusiness in capacity building in Australia. The area studied in the project covered southern Queensland and northern NSW, and data was gathered from the meat and livestock, dairying, wine, grain, horticulture and sugar industries.

The project used a literature review, telephone interviews and a web survey to gather data and identify key issues. A range of farmers and their agribusiness suppliers were interviewed (agribusiness representatives covered field staff, regional staff and senior managers). During the project, a detailed definition of agribusiness emerged that encompassed consultants, resellers, suppliers, farmer directed groups and a broad range of ancillary advisers who facilitate farmer decision making.

The role of government extension services has now largely been taken by agribusiness. Agribusiness is emerging as a key influence on innovative farmers; however, more traditional farmers are facing real difficulties in accessing information and advisory services. Agribusiness itself is facing an emerging human capital crisis, and the role of R&D providers in the face of this change requires consideration.

This report contains a number of key findings and recommendations. Some recommendations deal with policy issues; others deal with actions that are needed to address the future role of agribusiness in supporting a vibrant and globally competitive rural sector, particularly in terms of the generation change likely to occur in innovative farming enterprises over the next five to ten years.

This project was funded by the Cooperative Venture for Capacity Building for Innovation in Rural Industries (CVCB). The CVCB is managed by the Rural Industries Research and Development Corporation for the partners who are: The Department of Agriculture, Fisheries and Forestry; Australian Wool Innovation; Meat and Livestock Australia; Dairy Australia; Land & Water Australia; the Murray-Darling Basin Commission; Grains Research and Development Corporation; Rural Industries Research and Development Corporation; Sugar Research and Development Corporation; and Grape and Wine Research and Development Corporation.

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Peter O’Brien
Managing Director
Rural Industries Research and Development Corporation
# Abbreviations

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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>AAAC</td>
<td>Australian Association of Agricultural Consultants</td>
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<td>DAFF</td>
<td>Dept of Agriculture, Fisheries and Forestry</td>
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<td>APEN</td>
<td>Australasia Pacific Extension Network</td>
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<td>BSES</td>
<td>Bureau of Sugar Experiment Stations</td>
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<td>CRT</td>
<td>Combined Rural Traders</td>
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<td>CPI/Prosper</td>
<td>Cane Productivity Initiative/Prosper Program</td>
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<td>CRDC</td>
<td>Cotton Research and Development Corporation</td>
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<td>CRCs</td>
<td>Cooperative Research Centres</td>
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<tr>
<td>DPIF</td>
<td>Department of Primary Industries and Fisheries, Queensland</td>
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<td>DTFTWID</td>
<td>Department of Tourism, Fair Trading and Wine Industry Development, Qld</td>
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<td>GFP</td>
<td>Growing for Profit Program</td>
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<td>GRDC</td>
<td>Grains Research and Development Corporation</td>
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<td>MLA</td>
<td>Meat and Livestock Australia</td>
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<td>MPD</td>
<td>Meat Profit Day</td>
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<td>NGOs</td>
<td>Non-government organisations</td>
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<td>QFVG</td>
<td>Qld Fruit and Vegetable Growers Ltd</td>
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<td>QRAA</td>
<td>Qld Rural Adjustment Authority</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>RDCs</td>
<td>Research and Development Corporations</td>
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<td>RIRDC</td>
<td>Rural Industries Research and Development Corporation</td>
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<td>SRDC</td>
<td>Sugar Research and Development Corporation</td>
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Executive Summary

The aim of this project was to examine the role of agribusiness in capacity building in Australia. The area studied in the project covered southern Queensland and northern NSW, and data was gathered from the meat and livestock, dairying, wine, grain, horticulture and sugar industries.

This study revealed three key findings, as follows:

- in the study area of northern NSW and southern Queensland, and across six rural industries, agribusiness has largely supplanted the previous government extension role
- increasingly, agribusiness is undertaking R&D work
- agribusiness has the capacity to (and does) act as an information conduit from farmers back to researchers and decision makers.

Agribusiness is defined as a person or organisation that generates income from the sale of a product or service or both, which facilitates the decision making of a farmer or land manager.

Today’s agribusiness includes consultants, trainers, accountants, associations, reinvented producer organisations, farmer-directed groups, resellers and their product suppliers, privatised or semi government organisations, banks, advisers on insurance and superannuation, marketers, and seed companies. All these people and organisations work to support farmer decision-making in exchange for money, either directly as a fee for service or indirectly through costs of service being built into the supply of products or services.

In this context, the Pareto Principle, or 80:20 rule, is alive and well. Simply put, this principle holds that 80% of business comes from 20% of clients. Some in agribusiness argue that there is a 90:10 rule while others argue that it is more like 20:60:20. Agribusinesses have applied this principle by identifying A, B and C clients, with C clients being unprofitable and actively discouraged.

A feature of this study has been the different relationships between agribusiness and “innovative” and “traditional” farmers.

Innovative farmers. Innovative farmers are those who operate in a globally focussed business environment and concentrate on ‘doing business’. They rely heavily on ‘honest brokers’, who are mostly fee-for-service consultants and have no pecuniary interest in the advice provided. They see these honest brokers as being information consolidators and advisers in the true sense of the word and value their advice as one professional to another. They are prepared to pay accordingly. Innovative farmers distinguish readily between ‘information’ and ‘advice’. Information is being increasingly provided by farmer-directed groups, which seek out relevant information and deliver it according to group and member preferences.

Innovative farmers are wary of resellers and believe that their advice often has ‘strings attached’. They will use resellers, however, for a second opinion to help confirm their thinking or decisions.

The age and experience of advisers is an issue for innovative farmers, who are wary of advice given by advisers they see as being young and inexperienced and without practical life experience. They see that a 10-year apprenticeship is needed before they trust an adviser with making decisions that could have big financial implications.

This is likely to result in a human capital crisis in the future, with there not being not enough advisers to service demand. As a result, the emerging, vibrant, business-like farming operations expect to have trouble, in the mid-term, accessing reliable advice from suitably skilled advisory personnel. If they can find these skilled advisers, they will expect similar remuneration to their city-based counterparts.
Traditional farmers. Traditional farmers are having real trouble accessing information and advice, especially because they are not willing to pay. Government services have largely disappeared, with the exception of the landcare type services, which have become surrogate, free government services. Traditionalists are scurrying to use them.

The role of resellers is important for this group as the farmers don’t recognise they are paying for the advice through product or service costs or simply choose to ignore that these costs are built in. The more innovative farmers question whether these traditional farmers are getting the best possible advice.

Agribusinesses are asking why free or subsidised government services exist when governments appear to have actively withdrawn from extension and why Research and Development Corporations also are supporting these services in some cases.

Equally, they are questioning why Research and Development Corporations fund projects developed by the remaining government services when agribusiness believes that those research and extension personnel are largely out of touch with their clients and, conversely, it is in close touch. They question whether there wouldn’t be better value for money in focussing on supporting those consultants and contractors who are actually ‘doing it’ at the coal face.

Role of agribusiness in capacity building. Both State and Federal governments need to make policy decisions about the role of agribusiness in capacity building and extension and convey them. In doing this, how such decisions are communicated to agribusiness needs to be clarified. APEN (Australasia Pacific Extension Network) could have a role in facilitating this, but it is problematic whether this organisation has enough connections with the redefined agribusiness of today or the ability to define that role and demonstrate its relevance.

The continued evolution of agribusiness’s role in capacity building is likely to encompass:

- facilitating the honest broker process so farmers can be sure they are getting the right information and the right advice to fit their needs
- continued emergence of farmer-directed honest broker groups, which can assist in both information and advisory roles
- a transition to full fee for service in 5 to 10 years for most information being supplied
- a decline in reseller advisers in favour of honest broker consultants, as long as the personnel are there to service those needs
- further development of the one-stop-shop concept through alliances and more agribusiness-to-agribusiness support
- the need to address issues associated with closed loop marketing
- professional development of advisers, along with possible accreditation
- considerable attrition of traditionalist farmers in part due to their inability to access advice and information
- short-term assistance for some laggard industries, like livestock, to facilitate their transition to full user pays services or to allow market forces to prevail completely.

The following key findings and recommendations are made in the context of the previous observations.
Key findings

Future projects of this nature need to secure support at the highest levels of agricultural organisations to ensure best results.

The issue of agribusiness’ practical role in capacity building is largely unaired in the literature with only fragmented and generalist references to overall theoretical concepts rather than practical details. The information from this study can be used to inform the more theoretical assessments of the roles of the various providers.

Information delivery models. The role of agribusiness in capacity building and extension is largely unaddressed at a policy and structural level in terms of professional, industry-wide thinking about activities, implications and future development and management. This can be seen in the various models that are emerging to meet farmer demand for information and advice. These models include: grower-directed information supply groups, including the packhouse model, which is emerging as a significant capacity building process in horticulture; agropolitical organisations taking on capacity building as one of their roles; individual staff DPIF providing a strong information conduit; the SubTropical Dairy Program, which is an honest broker, industry-directed information supplier model in the dairy industry (similar to grain and meat and livestock models); advisory and consulting services that go against the norm of minimal use of consultants in the livestock industry; electronic communication and internet-based information delivery processes; and reseller specialist advisers.

Industry training is a key means of informing producers about issues but it has yet to reach its potential and is in danger of failing and robbing traditional producers of a useful low level source of information if government subsidies are withdrawn. The financial support of FarmBis also has a significant impact on that part of agribusiness catering to the more traditional farmers.

Succession planning and professional development. Succession planning (and upskilling) to ensure a supply of skilled honest broker advisers for the future is a priority and clearly is not being addressed in the eyes of farmer clients. In this vein, the related issue of staff turnover and professional development for more junior staff is a problem for agribusiness.

In regional areas the low skill levels and comparatively lower quality of all staff, including business advisory staff such as accountants and lawyers, adversely affect the high level decision making required of the top 20% as well as the next 60% of farmers in the increasingly global marketplace.

The concept of ‘knowledge delivers power’ means that the knowledge and power in some industries are vested in a small number of growers, advisers and resellers. Should the knowledge process break down then it has the potential to have severe implications for these industries.

Role of agribusiness as advisers. Agribusinesses take a very segmented approach to their client base to the extent of recognising that larger corporate entities have to be approached using one strategy while smaller and multi-enterprise farms may have to be approached using another strategy.

While there is little hard data to support it, there was some evidence from the project to show that the connection between R&D corporations and agribusiness may not be sufficiently strong. This can be regarded as a discontinuity between the front-line advisers and the funders of the development of new technology.

Consultants will be the primary advisers in future, displacing resellers who are expected to have a more limited role. Further consideration of the implications of market and company aggregation and closed-loop marketing potential on knowledge management is needed to understand the full effects that this might have on agricultural knowledge management. It should be noted that this fits with the desire of farmers to assure themselves of access to ‘honest broker supplied information’.
Recommendation 1
That State and Federal governments, R&D corporations and Landcare and catchment management organisations, make binding policy decisions on whether full or partial user pays will operate in agriculture to create clear market signals on the issue.

Recommendation 2
That key decision and policy makers be made aware, through the CVCB, of the issues confronting the honest brokers in rural industries to determine whether it is an issue for them to act given the adage ‘knowledge is power’ and the special community-good interest in land stewardship.

Recommendation 3
That the CVCB document the extent to which RDCs use ‘real’ agribusiness extension specialists (who operate commercially on-ground) to disseminate R&D results and to provide input into extension programs and priorities for R&D work.

Successful farmers are able to access, interpret and apply a smorgasbord of information at a holistic business level. The vital roles of agronomists, consultants and some accountants are to facilitate that process and, in many cases, interpret and make available new technology, ideas and concepts, so farmers can make the best decisions about applying that technology.

The major resellers could well become the dominant future information suppliers to the livestock industry. However, concerns about closed loop marketing are an issue for this industry, which is especially concerned about its ability to access honest brokers.

Recommendation 4
That a baseline survey of the training and professional development activities and needs of agribusiness be undertaken by the CVCB, Australia wide, to assess level of technical competence of its members and how to maximise that competence.

Recommendation 5
That because of the critical nature of the personnel issues confronting agribusiness, the age structure, potential career paths, relative salaries, experience and expertise of advisers be further examined by the CVCB so that the likely deficiencies can be forecast and decision makers informed through the RDCs and APEN.

Recommendation 6
That the CVCB take some ownership of the project ‘Strategy to attract young people to horticulture’, which has agriculture-wide implications, and address its findings.

Recommendation 7
That potential future advisers to the meat and livestock industry be identified to understand more fully, Australia-wide, whether the findings of this study are an accurate reflection of the role of agribusiness in capacity building in that sector.

Recommendation 8
That the CVCB canvass whether the livestock sector should obtain short-term exemption from the proposed policy on allowing free market forces to prevail and whether MLA should take a support role until a ‘consultant culture’ becomes entrenched.
1. Introduction

1.1 The project

The purpose of the project was, firstly, to understand the current role and structure of the agribusiness sector in capacity building for rural innovation and, secondly, to identify factors influencing how that role and structure might change in the future.

The objectives of the research were to:

1. Create baseline data on the current structure and motivation of the agribusiness sector, and the contribution it currently makes to building human capacity in Australian agriculture (in a study area comprising northern NSW and southern Queensland).
2. Define the contribution that the agribusiness sector can be expected to make in the short and medium term to rural capacity building and innovation.
3. Define the opportunities and limitations of the agribusiness sector (and its various sub sectors) to build capacity for rural innovation over the short to medium term and who or what influences actions in the sector.
4. Define if and how the agribusiness sector can increase its contribution to capacity building to benefit all sectors and identify any synergy with other rural capacity building initiatives.

1.2 Proposed outcomes of research

According to John McKenzie (2003, pers. comm.) and Jeff Coutts (2003, pers. comm.), data on the role of the agribusiness sector in capacity building is limited. As well, this data is fragmented and hard to find.

The CVCB Business Plan notes that the agribusiness sector, along with governments, extension, education and training institutions, R&D organisations and farmer organisations, ‘all contribute to extension/education and learning in rural industry and communities. The knowledge base and experience of these different organisations is significant’.

Therefore, this project set out to create a baseline for the agribusiness sector to help when considering the current and future role of agribusiness in capacity building. There were three elements to creating this baseline: a literature review, interviews to define the current and potential contribution of agribusiness to capacity building, and recommending ways to increase the involvement of agribusiness in capacity building.

Outcome 1. Literature review

The literature review gathered what was known about the current and potential contribution of agribusiness to capacity building, as well as data on the composition of the sector and factors that affect its operations.

After the literature review the next stage of the project was to clearly understand the structure of the sector, as well as the motivation of agribusiness and factors that influence or limit its ability to help build capacity building. This was done through interviews and written surveys.

Outcome 2. Defining the current and potential future contribution of agribusiness to capacity building

A series of personal interviews with a range of agribusiness co-operators who were prepared to speak freely about their own business and industry operations (current and proposed) gave a practical, real insight into the sector’s structure, influences on it and the current and potential contribution of agribusiness to capacity building.
It was planned that this was to be supported by a written survey to gain further (more superficial) feedback from an additional larger group of agribusiness co-operators on these issues. Finally, it was proposed that 200 farmers representing a cross-section of industries and production systems be asked to provide their perspective on the role of agribusiness in capacity building.

Before finalising the project, data was to be analysed and a discussion paper used to obtain input from selected workers in the CVCB project. This was to ensure that their knowledge was added to this project.

**Outcome 3: Recommended ways to increase involvement of agribusiness in capacity building**

During the previous activity, a sample of agribusiness cooperators representing various types (consultants, resellers, cooperatives, etc) and various industries in southern Queensland and northern NSW were to be contacted and a representative sample of agribusiness clients surveyed.

Conclusions were then drawn on how these cooperators and their clients see the potential opportunities and limitations of agribusiness generally, and how other factors and groups might affect their ability to contribute to capacity building for rural innovation.

Recommendations were made on how to explore the greater involvement of the wider agribusiness sector and how to address key influencing factors in capacity building, across Australian rural industry and production systems.

It is noteworthy that the consultation process for this project was based mainly on phone interviews, largely due to the time poor nature of farmer and agribusiness respondents.

### 1.3 Synergy with recent work

Roberts *et al* (2004) set out to redress a lack of research into the background and professional development needs of rural service providers in Australia. To do this they undertook a mapping process to define the providers, their needs and other relevant factors. Among their respondents were some agribusiness operatives whose peers are the subject of this study.

For that reason this study aligns itself with definitions and concepts used by Roberts *et al* so that the data can be considered in tandem.

In their mapping process, Roberts *et al* address the prevailing definitions of capacity building and extension, both of which are relevant to this study. Roberts defines these terms in this way:

> Although capacity building is still an amorphous concept, easily open to (mis)interpretation, the authors conclude that it refers to ‘intervention, consequent enhancement of human and social capital plus increased motivation or commitment to act or empowerment to act independently, and the expectation of an outcome in the form of an improvement of some kind’.

This is a definition that virtually encapsulates the role of the facilitative service provider as outlined by Roberts *et al* previously. The notion that service providers and intermediaries are ‘capacity builders’ who also require their own capacity to be built is highly relevant to the direction of this study.

Capacity building is not a new concept, however, and has been observed in other work done in rural extension, though with a different emphasis.

Roberts *et al* report on suggestions ‘that extension can assist in “human development”, providing a definition of a form of extension that is virtually synonymous with theoretical definitions of capacity building.’
They also report that ‘extension is a means to facilitate and stimulate individuals and communities to take the initiative in problem definition and seeking solutions to individual and societal concerns/opportunities. The assumption is that given the right opportunity and interactive framework, individuals and communities will and can best improve their situation. It encourages people to govern themselves’.

Roberts et al note that ‘Human development or “capacity building” should thus be considered as a part of service provision or as building upon activities rather than replacing it as a concept altogether.’

They therefore conclude that there is a close connection between the concept of capacity building and extension. For this study, they are regarded as being synonymous and interchangeable terms.

Marsh and Pannell (2000) undertook extensive research on the ‘private sector’, as they called it, when assessing changes in the roles of various extension and R&D providers. While circumstances have altered markedly since this work was completed, it remains the most definitive Australia wide study embracing the role of agribusiness.

In the study area of this project, little extension work is funded by government and R&D effort is being reduced.

They reported on an expected period of change and adjustment. In the study area this period is now largely over and a ‘new order’ has become operational with agribusiness assuming a significant role in capacity building.

Other CVCB workers have addressed other concepts relevant to capacity building. For these reasons, the role of agribusiness, the subject of this study, appears to be fulfilling an important missing link in the practical implementation of capacity building in rural and regional areas of Australia.

1.4 Pareto Principle
An Italian philosopher, economist and scientist called Pareto came up with what is now commonly called the 80:20 rule. This concept contends that:

- 20% of effort produces 80% of results
- 80% of business comes from 20% of customers
- 80% of customer problems come from 20% of customers
- 80% of products are produced by 20% of businesses or producers.

The Pareto Principle, also called the 80:20 rule in this study, is used widely in the farmer and rural industry context and denotes that 20% of farmers produce 80% of the product. Anecdotally, it is contended widely in rural industry that this top 20% produce 80% of the product because they are innovative and forward thinking in their attitudes. They usually also produce higher value product.

1.5 FarmBis
The FarmBis program operates to supply subsidised training and education in business skills to farmers.

FarmBis 2 ended 30 June 2004, and in the May 2004 Federal Budget, provision was made for it to continue for another four years (FarmBis 3). FarmBis 2 was extended until 30 December 2004 to allow for a transition to a new process covering the operation of FarmBis 3. This included negotiations with all states to secure their support for FarmBis 3.
1.6 How to read this report

This report outlines the following:

- the circumstances of each of the six rural sectors as they operate in the study area
- the nature and activities of the agribusiness sector in the study area and their relationships with those rural sectors
- conclusions on the capacity building needs and solutions of each sector
- key findings and recommendations to guide the way forward.

As a consequence, there is some duplication of information, which is unavoidable. If readers want an overview only they would be best advised to read the Executive Summary, the Introduction and the Discussion. Greater detail is contained in other chapters and linkages between the agribusiness sector and each of the rural sectors are identified. The Executive Summary can be considered a stand-alone paper.
2. Methods

Farmers and agribusiness are increasingly time poor. Personal contact by phone proved to be most effective, with paper-based survey processes proving irrelevant and a web survey of some value. If it had been approved by senior staff of organisations, a web survey could have been far more valuable than it was in this study.

**Key finding**

*Future projects of this nature need to secure support at the highest levels of agricultural organisations to ensure best results.*

2.1 Proposed process

To achieve the objectives of the project the proposed research process was to cover several phases, as follows:

- determine the current status of knowledge about the contribution of agribusiness to capacity building and map the sector, including influential factors and people
- obtain data from a clearly defined range of agribusiness co-operators about their current and future goals, objectives, contributions and limitations as far as capacity building was concerned, and their perspectives on influencing factors, people, issues and forces
- seek feedback from farmers who use agribusiness services on the contribution that agribusiness made to their personal capacity building, as well as their view on the influential factors and future potential of the sector
- analyse data to draw conclusions on the issues explored
- prepare a discussion paper to obtain additional data and input from selected workers in CVCB
- write a final report and present its findings.

2.2 The consultation process

Despite a search of the literature, limited information about the role of agribusiness was found. A review of the most relevant information we did find is included in Chapter 3.

The proposed consultation process was a structured method of seeking out information from agribusiness cooperators then seeking out data from their nominated clients.

This proved to be impossible as we discovered that we needed to interview farmers from the various sectors about issues of concern to them before talking to the agribusiness cooperators. In essence, it was necessary to determine the questions to be asked to seek out the required information.

Other factors that created an ‘untidy’ but necessary and workable process were:

- It was conducted over the Christmas period, when many farmers and agribusiness workers were absent.
- The fact that many agribusiness representatives cover a range of industries and only a few cover one industry.
- The time poor nature of farmers and agribusiness representatives, which made it hard to contact them.
• The real operational difficulty of seeking third person input through the web survey or paper-based survey. This was because of the low level of electronic literacy in many industries, the time-poor nature of the people, their reluctance to take part in surveys unless spoken to personally and the diversity of information sources that emerged. This information then needed followup to get an accurate picture of what agribusiness really is.

Many of the staff in the larger agribusiness corporations were reluctant to be interviewed for the project because they were concerned about commenting on issues that involved company policy. This was especially the case with field staff. Some were prepared to comment on the basis of anonymity; others would not unless they received email approval from senior staff.

In some cases senior staff were contacted and they provided comments and approved for junior staff to comment. In other cases, both senior and field staff said they were far too busy to take the time out to comment.

Because of this general reluctance to have their comments attributed to them personally, comments are only attributed to a particular person where they gave permission. Generally, agribusiness representatives are referred to in a generic manner that identifies their role in an organisation and the general type of organisation they work for. This defines broadly their role in the industry and is adequate for this pilot study project.

A number of the farmers and small agribusiness suppliers were also reluctant to spend up to 30 minutes on a phone survey and discussion. Sometimes as many as five phone calls were needed to find a representative of the farmer or agribusiness enterprise willing to speak about the issue. If we could not contact a representative after five phone contacts we did not call again.

In summary the process that proved to be most workable was:
• seek out a known initial contact in an industry
• contact that person by phone
• interview them over the phone at a time that was preferred by them
• seek out additional contacts in the farm and agribusiness sectors
• obtain permission to use their name to facilitate an introduction for subsequent interviews
• send out a web survey to try and contact to a wider group in each sector, ideally using an industry organisation as a conduit.
The learnings from this process were:

- Phone interviews are the most cost effective way of contacting people to be surveyed.
- Industries whose members have a high level of electronic literacy are also effective.
- There is an increasing level of wariness about surveys so a high level of credibility and empathy is needed to stimulate a useful response.
- The process would have been more effective if it had more support from farmer and agribusiness organisations.
- A more formal approach to senior agribusiness staff at a national and regional level could elicit a more accurate and a wider response and facilitate greater use of the web survey process (note that in two cases project senior staff did undertake to facilitate a staff contact process but failed to do so).
- The people targeted in the project were time poor and staff in most agribusinesses, very mobile. These two factors made responding to anything other than a phone interview difficult.

**Key finding**

*Future projects of this nature need to secure support at the highest levels of agricultural organisations to ensure best results.*

While the intent of the consultation process was to be in keeping with the concept of saturation point, i.e. contact industry and agribusiness representatives to the point that no new information emerged, this proved difficult. However, the use of the phone survey technique gives the author a high level of confidence in the data that emerged given that the intent was to seek out qualitative rather than quantitative data.

**Note.** Names of individuals are used in this report only after specifically seeking their approval to do so. Where comments have been attributed to individuals who were named, those comments have been approved before use, or if the person agreed then the intent of their response was included.
3. Current knowledge: a literature review

Overall there appears to be little substantive information in the literature on the agribusiness sector and its contribution to capacity building. Despite this, some key concepts did emerge, as summarised below:

- APEN, which can be regarded as a peak body, is not well connected to agribusiness. Together with paucity of data in the literature, this is evidence that agribusiness is not yet in mainstream policy and structural thinking of CVCB and extension workers.
- The connection of advice with product sales is recognised in the literature as a strong element of how agribusiness makes its income.
- Personnel issues to do with age of advisers, training, the role of inexperienced advisers, career paths, mentoring and professional development are identified as problems.
- Governments, RDCs and NGOs providing free or subsidised advice sends mixed messages on the value of advice.
- The trend of aggregation of farms and agribusiness resulting in bigger enterprises is expected to continue.
- Charging for advice leads to it being (potentially) locked away from others, i.e. for reasons of commercial benefit.
- The retreat of government from extension activities has significant implications for research and development.
- The 80:20 rule is acknowledged as a key issue.

**Key finding**
The issue of the role of agribusiness in capacity building remains largely unaired in the literature with only fragmented and generalist references to overall theoretical concepts rather than practical details. The information in this study can be used to inform the more theoretical assessments of the relative roles of the various providers.

**Key finding**
The role of agribusiness in capacity building and extension remains largely unaddressed at policy and structural levels in terms of professional, industry-wide thinking about activities, implications and future development and management.

Overall there appears to be little substantive information in the literature on the agribusiness sector and its contribution to capacity building. This is in accord with the advice of McKenzie and Coutts (2003, pers. comm.).

A likely source of information was thought to be the APEN, which is an association of Australasian and regional extension and technology transfer specialists. However, it doesn’t have much information, and what there is touches on general issues rather than specifics. The main focus of rural capacity building and extension decision makers, including APEN, appears to be non-agribusiness extension and capacity building activities, processes and innovation.

APEN conducts annual conferences and forums where emerging and crucial issues facing extension, technology transfer and capacity building are discussed in gatherings of specialists. The fact that the varied issues as they affect agribusiness remain largely unaired in these events demonstrates that our understanding of the role of agribusiness in capacity building is in its early stages.
In their appraisal of the literature on agricultural extension, Fulton et al. (2002) indicated that there was a paucity of research on extension practitioners. They noted the Australian agricultural sector is supported by a wide and varied group of farm advisers, which they described as extension practitioners. These include ‘public sector extension officers (including those from Landcare, Bushcare, and Waterwatch), private sector consultants (on all aspects of farming, including farm management, personal relationships, finances, taxation and business development), agribusiness field officers, product sales advisers, stock agents, scientists and more.’

Fulton et al. also discuss the relative merits of the linkages between public and private models of extension as they relate to capacity building in very general terms. Roberts et al. (2004) touch on a range of structural issues that affect agribusiness. Marsh and Parnell (2000) report on a range of issues that had an impact on the sector in the 1990s.

The intent of this study was to understand today’s realities of how agribusiness actually operates by creating a baseline data set and an understanding of its ‘fit’. The project therefore focused on drawing conclusions about the future from a study area and across-sector perspective of on-ground practicalities rather than gaining additional understanding from the literature.

In a bid to glean some understanding of what is currently known and to inform the findings of this project the most relevant literature is reviewed to gain some understanding of the limited theoretical background that is available. Key points are highlighted.

### Key finding

*The issue of the role of agribusiness in capacity building remains largely unaired in the literature with only fragmented and generalist references to overall theoretical concepts rather than practical details. The information in this study can be used to inform the more theoretical assessments of the relative roles of the various providers.*

### 3.1 Literature relevant to agribusiness and capacity building

### 3.2 Accreditation of advisers and skill levels (workshop)

During the 2002 joint APEN and Australian Association of Agricultural Consultants forum some relevant issues were raised, but again there were no far reaching or deep dissertations about the real role and effect of agribusiness on capacity building. The main outputs from the Accreditation of Adviser and Consultant Practitioners Workshop, facilitated by O'Sullivan and Toohey, are shown below.

<table>
<thead>
<tr>
<th>Roles of practitioners (relevant to consultants in private practice)</th>
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<tbody>
<tr>
<td>• Providing information on how to operate systems to enable products to reach highest value</td>
</tr>
<tr>
<td>• Broker in increasingly technological age</td>
</tr>
<tr>
<td>• Structured education and training</td>
</tr>
<tr>
<td>• Provision of information independent of a product, i.e. independence</td>
</tr>
<tr>
<td>• Research and development</td>
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<tr>
<td>• Information that is holistic and sustainable by accounting for economic, social and natural environment</td>
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<table>
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<tr>
<th>Drivers of change relevant to agribusiness</th>
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</thead>
<tbody>
<tr>
<td>• ‘Give me solutions, not options’</td>
</tr>
<tr>
<td>• Increased questioning by clients</td>
</tr>
<tr>
<td>• Greatly increased accountability on issues of legal, resource impacts and stewardship</td>
</tr>
</tbody>
</table>
• Rural society change in values and full-time and part-time farmers
• Increased age of experienced consultants/advisers and attraction to young, inexperienced professionals

**Issues relevant to existing performance of consultants and advisers**

• Increasing numbers of graduates and qualifications
• Limited supply of pre-trained people
• Difficulties in offering on-the-job training in the private sector
• Government agencies with switch to short-term contracts now not offering as much in-house training
• Environment => absence of a structure
• Constraints on employers, particularly on-costs of employing people
• Matching academic and people skills
• Only a few employers are offering career paths
• The tension between technology and process skills, e.g. people, change management, engage and negotiate
• Intellectual property is posing constraints on sharing and using knowledge
• Concerns as to capacity to critically evaluate information.

**Matters to do with accreditation that require addressing**

• Providing knowledge to farmers and how to operate systems to enable products to reach highest value markets = tick for farmers (implications for consultants)
• Increasing the monetary returns of clients = dollars in the market
• True industry-driven training and education so that changes in the market can be responded to promptly
• Establish industry competencies and recognition
• Professional societies, agencies engaging industry in forward and innovative ways

**Quality control for agribusiness**

• University training no substitute for on-the-job experience
• Accreditation needs to provide something of value to consultants
• Some interest in wanting to pursue the generic and leadership competencies
• Business-related professional updates offered have been very useful (e.g. South Australia Business Centre) but rather *ad hoc* hence attractiveness of a structured approach

When related to capacity building and the findings of this study, this information reveals support for the following concepts:

• The impact of technology on information delivery and technological change that requires farmers and advisers to keep up with what is going on in business generally and in their industry specifically.
• The increased sophistication of farmers in securing information, and their need for relevant, applicable and practical information.
• The dichotomy between experienced and inexperienced advisers.
• Difficulties in accessing suitable experienced advisers in a setting where government no longer supplies enough appropriately trained staff that agribusiness can source. This means that agribusiness has to or should train and mentor staff but there are questions as to whether they can or do.

• Career paths in the private sector.

• Overall agribusiness staff skill levels. Issues include professional development, and how young people gain skills and whether they are paid appropriately for them.

**Role of accountants in the national dairy industry (review)**

After reviewing the views of accountants who operated nationally in the dairy industry, James (2002) reported ‘it would appear that there are opportunities to build the level of added-value accountancy services to dairy farmers, and that a reasonable proportion of farmers would benefit if they received this additional information.’

James noted that

…despite the interest among some accountants in providing added-value services, and despite the view that such services would be beneficial to dairy farmers, introducing them depends on farmers making a purchase decision to buy, which presumably requires a certain business-like approach. Unfortunately, the view of accountants about their dairy farmer clients is not particularly flattering, with an average of only about a quarter being judged to run their business in the same way as they would expect a similar sized ‘town’ business to be run and almost 20% judged to treat their farm more as a lifestyle than a business.

James findings (nationally) were similar to those of this agribusiness project, i.e. there is still resistance to fee for service, even though farmers know that such service outcomes would benefit them.

*(Authors note. This is compounded by the findings in the study area that dairy farmers are artificially shielded from fee-for-service realities as a result of the role of dairy processors, which supply a number of free or subsidised (through their returns from their milk) financial support services. Similarly, the DPIF still supplies some low cost and free services, which continues to muddy the waters of the perspective and realities of fee for service.)*

**Growing the Capital of Rural Australia: – the task of capacity building (report)**

The Rural Industries Research and Development Corporation manages a set of projects under the label of ‘Capacity Building for Innovation in Rural Industries’, which were commissioned in 2002. The Cooperative Venture (CVCB) group that commissioned them has as its aim is ‘to provide, through a coordinated program, the R&D basis to ensure an effective rural industries extension, learning and education system’.

*Growing the Capital of Rural Australia: the task of capacity building* addresses Project C, ‘Improving Institutional Support Arrangements for Rural Capacity Building’. It was expected to respond to Objective 3 of the CVCB’s Business Plan, ‘Promote and rethink rural extension/education through government, industry, and community groups so they respond to new and changing environments and enhance rural learning and practice’.

Capacity building is defined in the report as ‘externally or internally initiated processes, designed to help individuals and groups in rural Australia to appreciate and manage their changing circumstances, with the objective of improving the stock of human, social, financial, physical and natural capital in an ethically defensible way’.

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In the report there are minor references to issues relevant to capacity building in agribusiness. Despite its all embracing brief, agribusiness does not feature as a strong element of the report. The relevant sections to this project are:

**Enlargement of commercial farms.** The overall effect of change will continue the inexorable drive of agriculture into the hands of fewer, larger businesses, even though the vast majority will continue to be family-owned. The same volume of product is likely to continue, but with fewer, specialist people employed. The immediate consequences for rural communities are unlikely to be positive, but will probably eventually stimulate the emergence of new enterprises, many of which will be non-agricultural, and diversify many rural communities in many ways.

**Information flows.** Enlarged farms and diverse rural enterprises require good information flows for the good management, operation and innovation that generate success. Farmers hitherto have been treated to an abundance of competent, free information services to assist productivity growth, but government provision of these is drying up in favour of information services directed to environmental and social need. Productivity-related advice is deservedly becoming a for-profit service. However, one of the unfortunate consequences of National Competition Policy and market deregulation is that information which may confer an advantage to an enterprise will be locked away from competitors. The information sharing which has been traditional in rural Australia is already reducing, and while this might initially benefit the holders of the information, the long-term effects may well be detrimental to them and everyone else. A strong RD&E capacity will be essential for enterprises and industries if they are to withstand a potential information drought.

**Information and communication technologies.** New information and communication technologies have had the most pervasive, revolutionary effects of the suite of emerging, world-changing technologies. They can link anyone anywhere at any time, they are the foundations of this era of globalisation, as steamships were to an earlier era. Because they can collect, analyse, manipulate and present data very quickly, they underpin many activities that would otherwise be impossible or tediously slow – jet transport, weather forecasting, reading genetic codes, business analysis, information seeking, etc. Their pervasiveness is such that few areas of activity do not rely on them, in many cases to the point of absolute dependence. Extending their availability to all Australians is now a recognised imperative for Australian governments, and has crucial significance for the bush.

The effectiveness of rural capacity building, then, will ultimately be assessed by the extent to which they empower individuals, organisations and communities to anticipate and manage change, i.e. to be truly holistic, complex adaptive systems. This complex task must build:

- awareness of themselves, what drives them, their strengths and weaknesses, how they learn
- understanding of their physical environment, its capabilities and fragilities
- acceptance of the legitimacy of opinions and desires of non-rural Australia
- awareness of the wider world and the swirls and eddies which may catch them up and carry them to disaster or success
- ability to respond appropriately to signals of change
- expectation of the unexpected, and ways of managing risk
- creativity, confidence and desire to innovate
- confidence to locate, capture, assess and integrate information
- skills for using new technologies
- relationships with others in the various communities in which they need to operate
- pervasive monitoring and reflection as guides to continuous improvement.
The capacity of people to do this requires that those who facilitate rural capacity building recognise the necessary outcomes of their work. Informed understanding of the people they work with, and their needs, is a further requirement for designing relevant ways of achieving this outcome within those contexts. Given the complexity of the operating environment, change will be facilitated by encouraging diversity in all dimensions. Because they are subject to the same changing operating environment, change agents themselves must also focus on building their own capacity to do their job, and stimulate research to better understand and improve the process of capacity building. But first and last, none of these things will be achieved unless influential people and organisations lead change at the most basic level, mindsets, and use these new mindsets as the foundations of new institutional arrangements.

The concept of communities of practice is a significant change from conventional perspectives of extension. There, public and private agencies are seen as having a responsibility to provide advisory services to target groups of users. At its extreme, each side sees the other as separate, one providing information and ideas while gaining no more than a salary or fee, and the other gaining information and ideas while providing little learning something from the other, but the extent and depth of their learning is limited by the extent to which they build meaningful and trusting relationships around the precipitating concern, and commitment to improving it. When they see themselves and each other as members of a community of practice, they can appreciate and build on their interdependence for mutual benefit.

**Diversity.** Rural Australia is diversifying rapidly. The growth of larger towns generates a widening range of business, health, cultural, travel, recreational and sporting services, better gender and age balances, and sometimes more ethnic diversity. Even where population is more dispersed the interests of people are broader because farms are more diverse, more income is earned off-farm, and farm families are better educated and more cosmopolitan in outlook.

The widening diversity of agriculture and farms is being accompanied by growth in diversity of extension arrangements.

Funding arrangements that support collaborative activity act as a catalyst in forming new relationships and networks based on realistic assessments of mutual advantage. Yet, these remain substantially restrictive. The public sector dominated provision of extension services until recently, and still has a competitive advantage in contesting the allocation of long-term funding, the bulk of which is allocated internally. They have the advantage of being seen as ‘natural providers’ by many, and have substantial administrative and intellectual backup for preparation of submissions and project design. Also, they are usually able to find fall-back funds to maintain staff when short-term contracts end.

In contrast, non-government, community and private sector providers are at a significant disadvantage. They tend not to have the administrative resources to persist in relentless competition for projects, and lack the range (though not depth) of intellectual capacity and experience to match publicly funded agencies. They also suffer from being relatively unknown, or seen as newcomers with worldviews and approaches which do not fit traditional models. Short-term funding impacts severely on them by inhibiting a build up of professional capacity.

It was concluded that the rural RD&E market was:

- conducted almost exclusively within public sector institutional and cultural settings and hence lacking in diversity
- dominated in direction and strategy terms by RDCs operating as monopolistic purchasers of RD&E services within their legislatively established charters and on behalf of the industries they represent
- generally not open to private sector RD&E providers; and fragile, given its heavy dependency on public sector policies and institutional capabilities.
The authors recommended ‘the gradual and widespread introduction of contestability whereby public sector RD&E purchasers utilise a broad range and mix of public and private sector RD&E providers’.

**Information sharing.** It was suggested that the potential for new problems to arise as public funds RD&E funds are diverted to the private sector lies in the likelihood that private sector researchers may be less willing to share information. They report that this is already evident among merchandisers and processors who are often unwilling to share information with others for reasons of commercial benefit.

**Research on agricultural extension, learning and change (report)**
Fulton _et al_ (2002) undertook a broad ranging review of this topic. While many of the issues they raised are well known at a conceptual level, there are some important conclusions they make which are relevant to this study.

They note that the retreat from agricultural extension by State departments of agriculture is expected to have a range of medium- and long-term impacts for Australian agriculture because of the following:

- ‘The capacity (inability) of the private sector to immediately provide similar levels of Research, Development and Extension services to those previously offered by government (and now being discontinued).
- Many providers depend on government support.
- There are fewer incentives for the private sector to provide public-good information in Australia.’

They also report on these issues:

- Agribusiness companies have a primary role to market their own products and services first and foremost.
- Current organisational and institutional changes have an impact on R&D processes, especially in terms of information flow back to researchers from farmers and intellectual property. The interdependence of these processes should not be ignored.
- There is a paucity of information on skill development and training for agribusiness and this has an effect on agribusiness. As an example, Fulton _et al_ report that stock and stations agents have a significant role in rural Australia in delivering information and they concluded that ‘there was huge potential for supporting the farming community and communicating research through support for stock and station agents’.
- They note that in the literature they reviewed farmer learning covers issues like: ‘farmers learn through a combination of mechanisms such as reading, experts, farmers, the media, experience and observation, groups, field days, seminars, conferences and organised training or education’ and ‘farmers prefer non-organised non-institutional learning to organised training and education’. Learning of the farm management team ‘is a function of the learning of both the male and female members of the management team’ and informal learning is defined as ‘all those mechanisms not included as part of the structured accredited courses of study offered through educational institutions’. The distinction is made between informal learning (individual learning from experience and observation, other people and the media) and education and training (as organised learning activities).
- ‘Several studies have found that there is a self-reinforcing division among Australian farmers where the better educated and informed are more likely to seek and participate in further learning opportunities than those less educated.’
- ‘The credibility of learning providers in farmers’ eyes has also been identified as a barrier.’
• ‘Barriers to the use of information technology as a vehicle for education and training that have been identified’ and they note ‘a view that Internet-based learning is inferior in quality to traditional delivery methods (a perception that is contradicted by research).’

• The New Zealand experience of using grower groups linked by private consultants to scientific endeavour thereby providing skill development.

• ‘The current agricultural development system in Australia is undergoing substantial restructuring. However, the current state of the system is not well understood. While there is some information on individual service providers and their functions, there is no coordinated documentation of agricultural development services in Australia.’

Rural Servicing in Transition (workshop)
Before the 2003 APEN Conference a workshop was convened in Tasmania to consider a range of strategic issues, some of which were:

• Government–private sector competition and its relevance and whether competition is a reality or a perception.

• The need for government–private sector collaboration. There are some isolated examples but there is the opportunity for a lot more.

• The need to address IP and financial returns for private sector and maintain some independence.

• Eighty per cent of growers need empowering while twenty per cent already are.

Mapping of rural industries service providers (report)
In their mapping project, Mapping of Rural Industries Service Providers, Roberts et al (2004) account for the similarities, differences and interactions between public and private sector providers. They address a number of issues relevant to this project, as follows:

• The changing agricultural extension environment in Australia. This reflects a worldwide trend to the privatisation of agricultural extension services, indicates a reorientation of the role of the state, and has resulted in some deregulation of key functions better suited to private provision and the discipline of that market. It identifies that the boundaries between the private and public good have not been clearly demarcated and ‘this is especially the case with agricultural service provision which exhibits a complexity of features.’

• The retreat of government from extension activities has significant implications for research and development. There are fewer incentives for the private sector to engage in R&D if they do not provide commercial benefits, government is no longer in a strong position to question the legitimacy of information for service provision, and the establishment of industry research and development corporations and their work generally have in-built coverage of issues relating to the public interest.

• Government role in R&D and private good activities. In the face of the retreat of government from direct R&D activities while continuing their indirect involvement through funding arrangements, State government departments of agriculture and primary industries are contracting out services to the private sector and are still able to ensure that objectives and outcomes satisfy public good issues.

• In their industry sample the biggest provider of employment was the government with 44% followed by the private sector with 25%. During their project core private sector issues of concern were raised, including problems with professional indemnity insurance, the cornerstone of one respondent’s career is profitability, the private sector is good at supporting new ideas, and organisations in the private sector do not focus enough on environmental health.
• Private sector clients. Along with the community and public sectors, individuals are the main source of clients in the private sector and Roberts et al report ‘other groups in the private sector also make up a significant proportion of clientele’.

• Flow of ideas across private-public sector boundaries. They report that ‘although a cross-fertilisation of ideas and knowledge may indeed occur across the various sectors, there appears to be a slight asymmetry in the relationships as the government, community and education sectors are more likely to provide services to groups in the private sector than vice versa’.

• Type of work. The project proposes that ‘the private sector provides far more services on-site in a one:one capacity and engages in comparatively less group work. In fact, delivery to groups was favoured as the predominant method of service delivery by relatively few in the private sector whereas group-based activity featured far more strongly in the public sector. It would appear that this disparity takes place due to the **diverging imperatives emerging from each of the sectors** (our emphasis). It is likely that the private sector would be frequently solicited by farmers and land managers to deal with specific on-site problems, which may be one-off in nature and requiring immediate remedial action or problem-solving to take place. The public sector (government departments and RDCs) would be far less likely to act in this capacity. The private sector also provides more of its services by writing and by phone, which may be in the form of support or follow-up activities after initial contact has been made on-site’.

The work of Roberts et al is directly relevant to this project in that it addresses the intricacies of rural service providers in all sectors, from government to community to private (agribusiness). Accordingly, where some form of connection with other work is needed this study tends to refer to the work of Roberts et al as the ‘standard’ reference.

**Agricultural Extension in Australia: The Changing Roles of Public and Private Sector Providers (Report)**
Marsh and Pannell (2000) conducted their assessment of the national situation affecting extension from data gathered in the late 1990s, included an all sector workshop held in September 1997. Their work is regarded as the current definitive work on agribusiness.

The conclusions of their report were that, as long as key problems were addressed, the changes occurring at that time were expected to lead to a system that ought to serve Australia well. They concluded that to achieve success would require care, knowledge of potential problems, and probably a lengthy and somewhat difficult period of adjustment.

One chapter of their paper outlined the public and private sector organisations involved in agricultural extension in Australia and their changing role in ‘the new extension environment’. It discussed the re-structuring of the State departments of agriculture and increasing private sector involvement in agricultural extension activities. That chapter reviewed the consequences of policy changes and some economic considerations such as arguments relating to public and private good and market failure.

Their work is very comprehensive and some key issues they raise are:

• An estimated cost for agribusiness to provide information to farmers on a non-fee-paying basis (i.e. the cost of advisers and related overheads) is about $100,000 per year per person.

• Based on 1994 figures, close to 7,000 private sector staff are involved in extension Australia wide.

• ‘Despite this large private sector involvement in agricultural extension, there is evidence of poor private sector input into public sector policy and research’ though they report changing circumstances.
• The private sector has not been slow to grasp the opportunities that have arisen. A general observation is that it is growing rapidly and taking an increasing responsibility for service delivery of extension.

• The private sector is taking a bigger role in agricultural research and extension and having a bigger input into policy and research priorities. Both these developments have previously been identified as being desirable.

• Historical recognition that much extension undertaken by State departments of agriculture has been production-focussed and problem-centred with little attention to business and marketing issues.

• ‘Marketing and management advice has not been a large component of the extension from the public sector, being more the province of the private sector, particularly private farm management consultants.’

• ‘Some organisations that are classified as private sector (called in this study ‘agribusiness’) are more truly described as co-operatives (e.g. farmer industry groups).’

• The role of statutory marketing authorities, Bureau of Meteorology, etc in providing information which may or may not be paid for.

• ‘The RDCs are rapidly becoming an exception to Commonwealth agencies’ previously minimal direct role in extension activities.’

• ‘Increasing numbers of CRCs and their increasing role in this process.’

• ‘Societies and organisations that have farmers, scientists, educators and those associated with agribusiness/marketing among their members. As well as conducting conferences, seminars and workshops, these organisations usually produce regular publications.’ They report that ‘additionally, some are directly involved in joint extension activities’.

• ‘Most State departments seem to be moving towards various interpretations of the Funder-Purchaser-Provider (FPP) model as an organisational structure (with the exception of NSW).’

• To varying degrees all State departments are moving towards privatisation (i.e. adopting a ‘user pays’ philosophy). This is causing considerable tension in an effort to cope with conflicting demands to ‘get the information out’ and to recover costs of information seen to have ‘private good’ characteristics.

• RDCs are actively courting private sector research and extension providers giving GRDC as an example.

• The issue of putting intellectual property in the hands of the private sector and the influence this might have on the availability of that information.

• The issues of the private sector only stocking and recommending certain brands of products as opposed to the full range.

• Quality control and intellectual property of research in private hands.

• Fragmentation of information flows (in a private sector setting).

• Government intervention in private and agribusiness based activities is reduced.

• The days of the State departments of agriculture and primary industries being a comprehensive service provider are gone.

• The business of servicing agriculture is growing rapidly. There is a need for increasing technical support to agriculture and the services needed are often complex and specialised. Accordingly, there are many new private sector initiatives to meet these individual extension needs (where costs can be directly recovered).
• The private sector is showing an increasing tendency to invest and work in conjunction with State or federally funded programs.

• Service providers are getting information out to a wide range of customers in a variety of ways.

• No one extension method will satisfactorily service the wide range of clientele, as their needs are many and varied.

• The private sector has developed many specialised publications that are broad and/or industry specific, e.g. *Australian Grain* and *The Australian Cottongrower*, and some are produced by farmer groups as well, e.g. the Kondinin Group’s *Farming Ahead*.

• Non-profit farmer groups as emerging information suppliers.

• ‘Many farmers already use farm consultants and this will increase.’

• A challenge for APEN is to be involved in quality management of extension.

They report on the ‘information explosion’. This description refers to ‘a situation where information providers over supply their products to a market where no quality control exists and there are no market signals from consumer to supplier’.

They conclude that ‘as the amount of information available becomes greater and more diffuse in origin, the use by farmers of consultants and information on-sellers to “sift” information is likely to grow’. They go on to say that ‘If State departments and RDCs are to make information readily accessible for farmers and other clients they will need to recognise and act to address their role as “wholesalers” of collated and coherent information. A further concern is that highly processed information may have less credibility or less value or both to growers’.

They comment on the concept of ‘crowding-out’, which refers to a reduction in private sector activity in an area of the economy because of the presence of the public sector. They say ‘it is probably less of an issue with written publications than with the type of information services described in the following section’.

Their view is that ‘consultants have already cornered a significant part of the services provided to particular industries, especially more intensive industries such as cotton, horticulture, and dairying’ and ‘in vertically integrated industries such as poultry and pig meats, the companies operating them are moving even further into traditionally public-sector territory by investing in research, development and delivery of technologies. They are prepared to do this because, for these industries, the benefits of doing so can be captured.’

They report on some issues needing attention:

• The role of AAAC. ‘Is there now a role for AAAC to be an advocate for private sector operatives?’

• The need for continuing professional development.

• General education and training issues. ‘In the past, State departments of agriculture have been regarded as the “training grounds” for agricultural graduates who have gained a broad range of skills (under the supervision of more experienced colleagues) and then sometimes moved on to work as private consultants or with agribusiness. The public sector’s ability to provide this type of training has now been severely diminished.’

• Information availability. ‘Consultants may need to develop formal avenues to extract the information they need from the public sector.’

• Feedback to researchers. ‘A number of consultants and agribusiness personnel expressed concern that public sector agencies were losing their contact with farmers. Although industry partnership
groups were being instigated, they felt that it would be difficult to formalise the free informal contacts that used to happen.’

They report that many agencies and RDCs are conducting extension activities that specifically target private sector extension agents, e.g. adviser updates and workshops for agribusiness agronomists. This appears to be more oriented to getting information out than to getting input into policy and research directions. Comments were made that ‘many agencies want to develop formal links with the private sector, but don’t seem to have got much beyond running technical workshops to meet the needs of the myriad of private sector extension providers. However, as these contacts become frequent, the value of particular information will become clearer to the public sector agencies, and the opinions of those working in the private sector will inevitably influence agencies and individuals.’

The use of the public/private good ‘decision rule’ is defined as currently influencing the change in emphasis of publicly funded extension from production-oriented extension to extension that is oriented to conservation and the environment.

In terms of relevant recommendations from their report, the following issues and recommendations emerged:

- The growing number of extension providers working in a wide range of very different employment situations raises issues of both training and continuing professional development.
- The State agencies no longer provide professional support and peer contact for many extension practitioners.
- They recommended that ‘the private sector should actively address the issue of training new, inexperienced consultants, in recognition of the reduced availability of suitably trained staff from the public sector in most states’.
- Another recommendation was ‘structures and processes that encourage co-operation and coordination in a commercialised environment are needed.
- Agriculture agencies should actively pursue the establishment of formal links between research programs and private sector consultants and agronomists’.
- ‘Research and Development Corporations and other agencies should ensure that information generated in research they fund in the private sector is not subject to restricted access.’
Conclusions
As indicated earlier, the current literature is very limited and has only an overview understanding of the role and operations of agribusiness, and the knowledge that exists is fragmented and disjointed.

Key issues and some conclusions identified from the literature review are:

- Relatively little work done to date, in an institutional sense (policy, training, skill development, structures, etc), can be certain of having direct relevance to the agribusiness sector.
- Even at the APEN level this understanding appears very limited.
- The issue of information supply based on product (chemical, nutrition, etc) dependence and linkage is an issue for consideration.
- There is a strong solutions-based approach taken by agribusiness to answer today’s questions with a holistic understanding of client’s needs. However, there is less emphasis on public good issues.
- The ages and ageing of the adviser population, with a focus on agribusiness, is an issue for consideration.
- Issues of staffing include on-the-job training in the private sector, career paths, university training no substitute for on-the-job experience, and the former role of government acting as a nursery for private sector staff.
- Intellectual property and its ownership.
- The impact of technology change in terms of keeping up with business innovations in general and innovations specific to individual industries.
- Increased sophistication of farmers in terms of their information needs and how they access information, which means agribusiness needs to keep ahead of, or at least up-to-date with, those needs.
- Overall agribusiness staff skill levels and the need for greater professional development, for young people in particular.
- Reinforcement of the 80:20 rule in the dairy industry, where farmers would benefit from business advice from accountants but their ‘buyer resistance’ to having to pay means that some don’t access this advice.
- Compared to their city counterparts, dairy farmers were judged to have more of a lifestyle approach and this was made easy for them as a result of government and processor services which supply advice at no or subsidised cost. This tended to reinforce the notion that the rules of ‘city business’, where advisory services cost money and sometimes the best services can cost more because of the skills of the advisers, simply do not apply to these farmers.
- Aggregation of rural businesses into the hands of fewer, larger businesses with clearer and more defined information needs and the emergence of further specialised businesses.
- The shift of government away from advisory activities and these activities being addressed by agribusiness is a reality and one consequence is that those who pay retain the information or feel less likely to share it. This reduces the flow of innovative ideas into the wider market place through information sharing.
- The concept of communities of practice compared with individual operators or organisations occupies considerable space in the literature because of its policy implications. The implications for agribusiness centre on the fact that there is minimal intellectual property sharing with non-clients. However, the advent of agribusiness cooperatives, e.g. packhouses and farmer marketing groups, potentially allows such communities of practice to develop.
• The major limitations of agribusiness and cooperatives are time and money. Their priority is to work for whoever pays them and not to spend time on extraneous things such as public good, policy development and innovation to benefit others than themselves.

• Private sector needs a strong focus on financial survival whereas government does not. It was reported that government has ways of retaining their staff and other resources whereas the private sector, especially the small operators, has a strong and focussed survival imperative which generally ensures it cannot be distracted by non core business.

• Role of RDCs. It was reported that, in reality, the activities of RDCs are generally ‘not open to private sector RD&E providers; and are fragile, given their heavy dependency on public sector policies and institutional capabilities’.

• Feedback on the public good and R&D to their custodians. There is potential for this two-way flow of information to be impeded because of time and money constraints, IP ownership and issues of farmer and agribusiness confidentiality.

• Farmer learning. There was discussion about the smorgasbord of farmer and adviser learning techniques, including issues of teacher/adviser credibility and the technologies used such as the internet.

• The New Zealand privatisation experience.

Key finding
The role of agribusiness in capacity building and extension remains largely unaddressed at a policy and structural level in terms of professional industry wide thinking about activities, implications and future development and management.
4. Grain industry

Grain enterprises comprise family enterprises and grain farm businesses. Grain business decision making increasingly revolves around external advice provided by fee-for-service consultants. Those farmers not accepting this paradigm shift struggle to access advice.

Issues of relevance include:

- The farmer organisation AgForce should now be considered an agribusiness information provider, as should the Kondinin Group and Conservation Farmers Inc.
- Farmers access a smorgasbord of advice from a range of services.
- Farmers actively seek an honest broker for advice that has ‘no strings attached’. This honest broker is usually a fee-for-service consultant or adviser.
- There is strong distinction between the words ‘advice’ and ‘information’.
- There is a strong feeling that the government (DPIF) is no longer a relevant force in grains information delivery, though those who struggle to access advice seek ‘a return to the old days’.

**Key findings**

Grower-directed information supply groups are emerging to provide unbiased technical information; consultants provide ‘honest broker’ advice.

Succession planning (and upskilling) to ensure a supply of skilled honest broker advisers for the future is a priority that is not being addressed (in the eyes of farmer clients).

The financial support of FarmBis has a significant impact on agribusiness that caters to the more traditional farmers.

4.1 Industry overview

The grain industry in the study area varies from the small crop and mixed farming enterprises east of the Great Dividing Range and on the western slopes of the Range, through the irrigated grain cotton areas of the Upper Condamine River system, to the mixed grain and grazing areas on the western Darling Downs.

There are real similarities in general operations and farmer knowledge needs to do with grain production throughout the northern grain belt covering northern NSW, and southern and central Queensland. The difference lies, however, in how that knowledge is applied by innovative, less innovative or traditional farm operators, and the type of enterprise to which it is being applied.

The industry is characterised by traditional family farm operations that, in many cases, contrast starkly with the grain business operations. The contrasts are particularly marked in terms of grain farm business decision making and preparedness to pay for information. Consultants feature strongly in a number of innovative grain businesses while other farmers struggle to access information from declining government support and NGOs like catchment and Landcare groups.

The enterprises in the region are characterised by those that are grain and cotton (high level of consultant input because of the influence of the cotton industry), pure grain (often a high level of consultant input), mixed farming, usually with a lesser livestock component (where consultants may or may not feature in the grain component), and livestock and grain (where the grain component is managed in a similar way to the livestock component and there is generally minimal outside advice and input).
During the 1990s, the agripolitical organisation, the Queensland Graingrowers Association (QGGA), took a role in information dissemination. It initiated information transfer events such as the series of grain marketing seminars, ‘Master your Markets’, which advised on marketing strategies, and the BIG Grain Day events which were an information smorgasbord and included scientists, agribusiness and farmer case studies. All were grower-directed initiatives managed by professional rural communications organisations.

After the creation of AgForce, through an amalgamation of the Queensland Graingrowers Association and two livestock organisations, these initiatives were modified and continued. Agforce is the parent body, under which are a number sections. The parent body manages a training segment and a communications program to inform growers on broadacre, industry-wide issues. Currently AgForce Grains is addressing ten key information areas, including biosecurity, plant breeding, soil conservation, farm machinery issues and grain receival issues.

The number of consultants and fee-for-services agribusiness advisory groups in the grain industry continues to increase and organisations like the membership-based Kondinin Group and Conservation Farmers Inc. continue to provide industry-wide advice in the northern grain belt. Usually consultants provide farm-specific advice to meet the direct needs of the farmers on their own farm, whereas the membership organisations provide more generalised information rather than advice.

Specific marketing-based organisations that may be grain buyers or marketers or both, and therefore derive income from the advice or sale of the product, also feature as part of advisory networks. Similarly, product resellers and their specialist advisers feature in this industry. Some national and local membership based organisations like Conservation Farmers Inc. also assist in information flow.

4.2 The people of the industry

One of the growers noted that in her area on the western Darling Downs many of the growers ‘are still very insular; there is not the time to socialise like we used to and often the only time you see your neighbours these days is when you are at a workshop or training program’.

She also commented, ‘I’m not sure how typical we are. We try to get to a lot of training activities and I feel comfortable in a male dominated system and sometimes I wonder whether other rural women are’.

When asked her views on the staff of resellers she commented, ‘we have used their agronomists; they are so young that they have read the information in books and they move around to gain experience but we cannot afford to put our profitability on the line by relying on someone without real experience’.

Another grower recounted his transition from being a decision maker who sought no input into his decision making four years ago, into one who now relies heavily on one agronomist firm, a grain marketer and an accountant and bank as key decision support personnel. He also noted that there are other farmers he knows who will never even start such a transition, let alone complete it. He also reported that other grain growers learn lessons from the cotton industry.

Another grower who also has strong industry and Landcare connections commented on the distinction between traditional growers and business focussed growers in the following way:

- The DPIF continues to pull its resources out of regional locations. This means that the only real source of reliable information is agribusiness. She also noted that the department had largely walked away from one-on-one extension, including soil conservation, and that DPIF staff who used to service regional needs have reduced from 40 to 10.
- The industry now relies strongly on Landcare funding to pay for the remaining DPIF staff to help growers who cannot or will not pay for advice.
• This transition means that most of the current non-fee-for-service technical advice coming is from the Landcare and catchment management system rather than the government system.

• Overall, this is only an issue for the traditional growers as the business-like growers have ‘secure access’ to information through consultants.

• She also commented that ‘grain is now as innovative an industry as cotton and is becoming as complex with its marketing and agronomic issues’.

4.3 The consultation process

As a result of the work of Gordon Stone and Associates and QGGA, which provides a baseline of farmer information needs, it was decided to capture comments from a range of the organisations involved in information delivery to give an overall qualitative sense to what is taking place in the industry. This would help provide the baseline data sought in this project by giving an overview of ‘who’ or ‘what sort of who’ was doing what to meet farmer information needs in the grain industry in the study region.

The organisation most likely to widely represent grain grower interests was thought to be AgForce Grains. Like most organisations approached during the survey, it had a low level of interest in helping with a web survey, because of the levels of electronic literacy among members, the logistics of the survey process and concerns about confidentiality. Accordingly, it was decided to do phone surveys and contact a representative group of farmers or farmer representatives and their agribusiness suppliers.

Phone survey contact was made with:

• two grain-only farmers
• two grain and livestock farmers
• Three AgForce Grains and AgForce staff
• two accountants whose clients cover grain areas
• a grain seed supplier
• a grain marketing and merchant organisation, which also represents an industry organisation
• two consultant agronomist representatives
• national reseller organisation staff.

4.4 Information needs

Through their role in managing the Master Your Markets and the BIG Grain Day events, Gordon Stone and Associates worked with grower directed groups of the Queensland Graingrowers Association to identify grower needs. These needs were to be met through information delivery at these information transfer events. These events all took place between 1997 and 1999. The grower-identified priorities at those events and the AgForce Grains’ priorities identified during this project were consistent and were as follows:

• markets and grain quality parameters to meet market needs
• information sources to ensure access to credible information
• pests and diseases, including grain storage
• new farm management technologies e.g. precision farming
• breeding and gene technology, including new varieties
• new crops and industries, including pulses
• farming systems, including climate risk and water management
• personal management and people (personnel) management
• business management
• marketing strategies.

AgForce Grains has continued its member capacity building process and focussed on some needs such as business management information (concerning duty of care and business management legalities), farm safety and QA programs. The parent body, AgForce, conducts training and workshops on topics such as chemical management and internet use. Agforce is a membership-based organisation and tries to respond directly to grower member and industry needs.

During this project, grower respondents identified their information needs in 2003-4 as being:
• what varieties to grow and what to spray and what that particular farming system agronomic needs might be
• alternative means of growing and spraying, e.g. organics
• issues they need external advice on, such as equipment and contract harvesting
• benchmarking to compare individual farm production and profitability with that of the district and industry peers
• sustainability and profitability outcomes and how to maximise both
• business management and wealth creation advice
• specialist information and advice about markets and marketing, including information on futures and hedging
• women’s role in decision making, noting there are programs that specifically address women’s needs.

One grower, who could be classed as in transition from a traditional family farm grower to a family business operation (aged between 35 and 45 years), reported his needs as being aligned to three distinct advisory services, which he uses to address three separate areas of management:
• agronomic issues, using a small nine-person consultancy based in Dalby
• marketing issues, using a grain marketer and trader based in Toowoomba
• financial issues, using both an accountant and the bank.

One of the agronomist representatives noted that growers are more financially aware because of the GST. He also noted that farmers are seeking advice on the new technology they need to implement and also are seeking an ‘honest broker’ from whom to seek that advice.

4.5 Information suppliers

Consultant agronomists, mostly from the firms of consultants located in the region, feature as advisers to leading grain growers. One grower noted that ‘until about four years ago I operated without external advice but when I discovered my current consultant agronomists that all changed. They are my sole source of advice and I will call them every second day if I have something on my mind. Using them might be dearer than finding the information out for myself but I trust their advice’.
Agronomists cover a range of industries: one firm located at Dalby, in the heart of the grain industry, is part of a three-office group covering the whole of the northern grain region. Its consultants work across the cotton, grain and pulse industries. They have different charging processes for the various industries they service and they supply chemicals as part of their role. Their spokesman reported that they are Australian owned and locally managed, in contrast to some agronomy firms that are being taken over and becoming multinational companies.

One agronomist reported that they deal with issues of crop management, soil fertility, and water management and crop nutrition. While they do have some interaction with R&D corporations, it is minimal.

The role of the DPIF is reducing so that today they are regarded as simply the suppliers of R&D services and outcomes and as conductors of training courses on topics such as the FutureProfit system and new issues like organics.

Other advisers to the farmers are accountants, financial planners (fee for service) and resellers.

The growers report that they access information from a range of specialty suppliers, including AgForce and the Kondinin Group. This is augmented by information from GRDC and Conservation Farmers Inc.

Most grain seed is purchased direct from resellers, as are inputs like fertilisers. While the resellers provide advice directly to growers, so do their product suppliers. Most product suppliers advise the resellers but many also provide advice directly to growers on a needs basis. Many have websites with technical information. One grainseed company notes that they believe the top 2 to 3% of farmers use their site to access technical data.

Grain traders provide feedback to growers on their grain quality and delivery standards, which usually translates into their $ return. This issue has real importance as growers might be paid only twice a year, after their winter and summer crops are harvested. However, there are marketing and risk management strategies that can support this process.

The Mung Bean Association and the Soybean Association have a strong information dissemination function. Both are membership organisations and have annual conferences for this purpose. They have also produced CDs on technologies associated with growing these and other crops, in association with other organisations.

The DPIF and Soybean Association run training courses for agronomists, which are partly funded by the association. Their purpose is professional development of agronomists with respect to these crops.

These associations and the main seed companies are reported to use conferences as key information dissemination and sales opportunities.

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**Key finding**

Grower-directed information supply groups are emerging to provide unbiased technical information, whereas consultants provide honest broker advice.
4.6 Information delivery processes

AgForce Grains has a branch network and uses phone contact, personal farm visits and email to connect with growers. Formal training programs are used to contact potential members, as are the organisation magazine, which is internet based; a paper-based newsletter; chat sessions on the internet; and state conference.

One grower, Jill Kidd, commented on the learning style of rural people as follows, ‘you need to target your learning style at the style of each type of grower; because some like face-to-face, others like a practical demo in the paddock, while others like to read the material.’ She notes that it is very expensive to organise demonstrations in the paddock but that the males, in particular, like to ‘touch and feel, whereas the women are more interested in hearing or reading about it’.

Benchmarking programs, results of R&D, and a number of training programs are delivered in workshops. Kidd noted ‘a lot of growers still like workshops’. She commented, however, that ‘there is no golden rule about getting to women versus men. There are hardly any women in the paddock demonstrations, only a few at the workshops and often you are dealing with the top 20% anyway so you keep bumping into the same people everywhere’.

She noted that the internet is important to them for banking and increasingly so for accessing information. She also noted that they minimise dealing with agents for advice because of a perceived ‘conflict of interest related to the sale of their preferred product, which may not necessarily be the best for us’. She reported that when some farmers deal with agents they spread their business across all (agent/reseller) groups because of their competitive pricing on certain lines.

The seed company mentioned above believes ‘the best information delivery strategy is face-to-face delivery to farmers. We try to form a team with ourselves, the agent and the farmer. This means the farmer can access the right advice and we put them in touch with the right person.’ However, this spokesperson also noted that one of the big constraints on 1:1 extension is ‘the legal implications of giving direct advice’ and he comments that this gives added prominence to the need for trials and demonstrations - ‘you need proven replicable trials in a region to demonstrate that what you are saying ought to work’.

Similarly, consultant agronomists mostly use 1:1 on farm advice and this is part of their competitive advantage of being able to communicate directly with farmers and get them involved in trials and demonstrations to contribute to the seeing-is-believing concept.

Some use group processes for benchmarking and discussing management issues.

He reported on the value of their website for both agents and farmers.

Industry associations provide training programs for agronomists. Along with grain seed companies, they use industry conferences as information delivery and sales opportunities.

One grower commented that the resellers ‘simply don’t have the intensity of advice needed for complex decision making’. She further noted that having access to a consultant agronomist, with no vested interests and costing from $5000 to 10,000 per year, is their strategy. She believes this is a small price to pay ‘for the peace of mind that you are getting the best advice available’.
4.7 The future

One of the AgForce representatives noted that five years ago growers had limited access to information; now they are overloaded with it. They propose to use internet-based network processes to connect with its members, ideally where several groups of growers can access one set of resources at the one time using chat processes.

The grower respondents all commented that the future is about being business focussed, being able to access very good advice, being prepared to pay for it and having a network of trusted advisers. One of the reasons for this is the advent of new technology, e.g. farming programs based on Global Positioning System (GPS).

One of the farmers commented that ‘it is likely that the kids will come home, although our son has gone to uni and has his own career, and perhaps this may be a decision for him and his wife in years to come’. That same farmer has been giving thought to their succession plan and has canvassed the option of leasing the property to a share farmer or some other creative option which will allow them the freedom to continue to have an income without the effort of farming.

Another farmer reported that their children are likely to continue running the farm and that for them the use of external paid advisers will be ‘just the way it is’. This farmer did question the succession process for consultants, both in terms of continued upskilling and of a new generation of farm advisers. This farmer said that the more traditional farmers are likely to get worse and worse advice unless they are prepared to pay for it and this will contribute to the continued downward spiral of their productivity. She commented that ‘they will not get the intensity of advice needed to be contemporary and if they rely only on the major resellers they will only be told what the reseller wants them to hear in terms of the products they sell’.

For the legal reasons outlined above and because ‘seeing is believing’, trials and demonstrations will retain their power as a critical means of information flow. These support 1:1 extension, which many in agribusiness in the grains industry use to connect directly with farmers and with agents who connect directly with farmers. Similarly, conferences and industry workshops appear to be entrenched as primary information delivery sources.

One of the grain marketing and trading operators reported that while industry associations with their conferences and workshops and agronomist training programs do good work, they are more directed to the service sector than farmers. Given that the service sector is a primary target audience (as they in turn advise farmers), some aggregation of industry organisations is needed to ensure this process is as efficient as possible.

He also reported that the prevailing view of these operators is that government support services, which have been strong in the past, continue their decline and as a result there is reduced reliance on their role. This has reached a point where some industry organisations do not allow government staff to take a decision-making role in these associations and their main role is to help organise conferences and workshops.

A number of statements by farmers and agribusiness about the role of government in future, leads to an overall feeling that the government is no longer a relevant force in information delivery. Generally, there is a role for government to undertake R&D as long as there is a close connection with farmers and advisers to ensure its relevance and to ensure that it meets industry priorities. Agribusiness is now one of the main conduits or even ‘the’ key conduit in the dissemination of the results.

There are number of implications of these conclusions, including the following: money that funds these government services and where it is best spent, the training of the private sector personnel who in many cases are previous government employees, the role of government advisers as honest brokers and where the honest broker role now resides, how government priorities for a number of their...
activities are established given their increasingly distant connection from their clients, and the role for NGOs in assisting traditional farmers who are likely to succumb to attrition.

The internet and websites are emerging as a primary information source of the future.

4.8 Other relevant data

One grower reported that their business pays an annual retainer for a consultant agronomist of up to $5,000/year. The agronomist’s firm also conducts benchmarking activities. These services are mostly funded by FarmBis so that farmers (in groups of about 20 enterprises) each pay $400/year, which is about 25% of the final cost. FarmBis pays the other 75% of the cost.

That grower reported that they have real difficulty getting all the information they need from the one source that they have to undertake investigative work to find the information they need. They are trying to arrange for a group of specialists who can all work together to advise the grower about issues in an integrated way. Their particular interest is to determine how best to arrange succession and planning for off-farm investments, given that they are not sure whether the farm will be passed on to the next generation.

Another farmer who uses a consultant agronomist firm, which is also a specialist chemical supplier, reported ‘the consultant agronomist firm works on the basis of providing advice that is paid for through the chemical they sell. There is no fee for service or other remuneration. They might be dearer (than other chemical suppliers) but I would rather stick with them because I trust their advice. Some farmers just go and buy on price alone rather than looking at the total service but I am happy with the (consultant agronomist firm) service’.

4.9 Discussion

The more innovative farmers are increasingly using consultants and external advisers and are prepared to pay to do so. These advisers cover all aspects of the farm business, from production to business to marketing issues. There is a general recognition that there is a cost to accessing reputable and unbiased advice.

Some growers reported that their peers are still making the transition from being traditional farmers, in terms of accessing general advice and information (mostly from DPIF), to becoming a more innovative farmers and accessing more specialist advice.

The more traditional farmers, who are seeking free advice, are simply becoming less able to access advice because there are increasingly limited opportunities to do so. The quality of this advice is thought to be decreasing as is the ability of these farmers to access honest brokers who will give unbiased advice. Much free advice is being supplied or funded through the landcare system.

Farmers appear to be accessing their information from a range of sources. Their consultants are highly valued because they are perceived to be honest brokers whereas resellers are not. However, many growers still seek additional sources of advice to assure themselves that they are getting the best possible advice. These sources are their peers (though they see less of their peers than they once did), product suppliers, associations and membership organisations.

Agribusiness appears to have largely tapped into the learning styles of growers and as a consequence use 1:1 processes, group processes and trials and demonstrations. There are legal implications for some of these processes.
A key issue in the industry is succession for both farm businesses and agribusiness. Related to this are factors such as intergenerational change, which impacts on learning styles as younger farmers are more electronically literate; the age of reseller advisers, who are transferred around to get experience but this inexperience is an impedient to growers relying on their advice; the age of consultant agronomists; and replacing consultants.

A related issue is upskilling, i.e. where and how SME (small and medium enterprises) agronomists access new technology, test it and then inform other growers. Overall training was not addressed during this project and is an issue that requires more careful consideration.

Some of the more strategic issues such as organics and benchmarking rely on FarmBis funding. While this project revealed no supporting information, some consultants rely heavily on FarmBis to ensure their financial viability. Should this be withdrawn, the number and distribution of consultants could change.

Growers reported some concern about relying on the quality of advice from resellers because of their close association with suppliers of products and the associated issue of pecuniary interest. Some of those surveyed expressed some concerns about the honesty of the advice from resellers and whether products were being supplied to meet the needs of growers or because of financial rebates from product suppliers, product availability or alliances between large suppliers and resellers.

Accordingly, access to an honest broker is important to everyone. Business-like growers focus on accessing information from their honest brokers such as consultants. The more traditional growers try to use the remaining government or landcare services for support or as their honest brokers.

A key issue for agribusiness and grain farmer decision making is the distinction between the words ‘advice’ and ‘information’. Information covers accessing data to inform the decision making process. Advice is a more active process of thinking through the process of deciding what to do and then actually taking the action which has been decided.

### 4.10 Conclusions

There is a strong feeling that the government is no longer a relevant force in grains information delivery. Generally, a role for government to undertake R&D is acknowledged as long as there is a close connection with farmers and advisers to ensure its relevance and to ensure that it meets industry priorities. The role of agribusiness as a key conduit in disseminating information should also be acknowledged.

There are number of implications of these conclusions, including the following: money that funds these government services and where it is best spent; the training of the private sector personnel who in many cases are previous government employees; the role of government advisers as honest brokers and where the honest broker role now resides; how government priorities for a number of their activities are established given their increasingly distant connection from their clients; and the role for NGOs in assisting traditional farmers who are likely to succumb to attrition.

It is clear that a lot of information is now available from national and membership organisations, resellers, the internet, traditional sources (workshops, peers and books) and consultants. A key influencing factor in the decision-making process and implementation of these decisions is the
pecuniary interest of those who supply information. For those reasons the role of the honest broker in this process is high priority.

The key issue, however, remains accessing relevant information and any advice needed. Legal implications of giving advice are a concern to advisers.

The continued professional development of advisers is also an issue of concern to ensure they keep up with contemporary information and technologies so they can pass these on to farmers. Similarly, the succession process for advisers remains an issue of concern because increasingly high powered grain businesses will need increasingly high powered consultant advisers.

The general uncertainty about the pecuniary interest of resellers is another reason for the need for a confirmed succession of skilled, honest broker advisers.

**Key finding**

*Succession planning and upskilling to ensure a supply of skilled honest broker advisers for the future is a priority and clearly is not being addressed (in the eyes of farmer clients).*

**Table 1. Agribusiness delivery in the grain industry**

<table>
<thead>
<tr>
<th>Information needs</th>
<th>Agribusiness suppliers/providers</th>
<th>Delivery techniques</th>
<th>Way provider income received</th>
<th>Notes</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>General all round, Industrial relations</td>
<td>Membership orgs - AgForce, Kondinin Group, Conservation Farmers Inc</td>
<td>Training programs (leading to accreditation) and workshops, Phone contact, Personal farm visits, email, Annual conferences</td>
<td>Membership, fee for service, Course fees</td>
<td>Generalised information rather than advice, Assist in information flow</td>
<td></td>
</tr>
<tr>
<td>Farm specific advice – agronomic and business</td>
<td>Consultants Reseller staff &amp; product suppliers</td>
<td>1:1 on farm, Group learning programs, Internet</td>
<td>Fee for service and/or product sales</td>
<td>Meet the direct needs of the farmers</td>
<td>New farm management technologies need to be supplied to growers</td>
</tr>
<tr>
<td>Farm specific advice – agronomic and business</td>
<td>DPIF</td>
<td>1:1 on farm, Group learning programs, Internet</td>
<td>Landcare or industry funding</td>
<td>Meets needs mostly of traditional farmers</td>
<td></td>
</tr>
<tr>
<td>Seed and planting options</td>
<td>Resellers, Mung Bean Assoc and Soybean Assoc</td>
<td>1:1 on farm, Annual conferences with strong info dissemination function, Information based CDs on technologies</td>
<td>Membership organisations</td>
<td>Mostly based on fee for service due to the quality of advice needed and capability of advisers</td>
<td></td>
</tr>
<tr>
<td>Information needs</td>
<td>Agribusiness suppliers/providers</td>
<td>Delivery techniques</td>
<td>Way provider income received</td>
<td>Notes</td>
<td>Future</td>
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<tr>
<td>Marketing and grain quality</td>
<td>Grain buyers and/or marketers</td>
<td>Internet, phone, Fax and newsletters</td>
<td>Fee for service, Sale of the grain product to customer</td>
<td></td>
<td>Likely to continue to meet industry needs this way in future</td>
</tr>
<tr>
<td>Duty of care and business management, Legalities, Farm safety, QA programs, etc</td>
<td>Membership orgs, Consultants</td>
<td>Training programs (leading to accreditation) and workshops</td>
<td>Membership, fee for service, Course fees and/ or product sales</td>
<td></td>
<td>Increasing need in future</td>
</tr>
<tr>
<td>Benchmarking</td>
<td>Consultants</td>
<td>1:1 on farm, Group learning programs</td>
<td>Fee for service</td>
<td></td>
<td>Increasing need in future</td>
</tr>
<tr>
<td>Business management and wealth creation</td>
<td>Accountants, Financial Planners, Resellers</td>
<td>1:1 advice mostly off farm</td>
<td>Fee for service</td>
<td></td>
<td>Increasing need in future</td>
</tr>
</tbody>
</table>
5. Horticulture

Over recent years industry marketing structures like packhouses have taken a bigger role in the industry. They are expected to take a greater leading role as agribusiness information providers at a regional level. The Queensland Fruit and Vegetable Growers (QFVG) also has the potential to take a higher profile role in the study area.

Some relevant issues are:
- agronomist consultants already service the industry
- industry development officers (IDO)s also have an emerging role and are employed in a range of ways
- the divide between the innovators and the traditionalists is growing
- innovators are now seeking small pieces of refined information to finetune key aspects of their business
- government information services are declining in quantity and it seems quality, and business-focussed growers use them less and less
- resellers are taking on R&D roles thereby taking over a departmental role in production horticulture.

**Key findings**

- The packhouse model of grower directed agribusiness is emerging as a significant capacity building process in horticulture.
- The agripolitical organisation metamorphosis into a capacity building process is also emerging as a significant model.

In 2003 the consultancy group Coutts, Casey and Stone was commissioned by the National Horticulture Research Network, Horticulture Australia Limited and the Australian Society of Horticultural Science to undertake a project, ‘Strategy to attract young people to horticulture’. The consultation phase of that project provided some insights nationally into producer and agribusiness views about information transfer now and in the future. Data collected from that project informs this study.

5.1 Industry overview

The horticulture industry is particularly diverse in the study area. Coutts et al (2004) describe the Australian industry as encompassing the two main components:
- amenity horticulture, including the flowers, nursery and landscaping
- the fresh food industry, including fruit, nuts and vegetables.

They describe two additional relevant sectors as being niche industries that meet specialist needs and the government sector that conducts R&D and community-good issues.

This four-sector summary describes the industry in the study area.

In recent years, industry marketing structures like packhouses have taken a bigger role in the industry. One grower study respondent described her packhouse as being a company with ten owner shareholders. It is a stand-alone business that packs and markets regional produce and provides
shareholder feedback. It also sources from suppliers who are not shareholders and provides a limited amount of feedback to these non-shareholder suppliers.

This company has staff, and its role includes providing daily information on QA, quality standards, market reports and trends, prices, etc. It markets to New Zealand and direct to the major supermarkets, as well as to the major fruit and vegetable markets in the capital cities, and packs products for other grower cooperatives.

She reports that such packhouses are more common in the wider horticulture scene and cover industries such as pineapples, strawberries and other horticultural products and are found in much of the industry in the study area. She predicts an increasing role because they provide ‘industry control and management direct at the grower level’.

In November 2000, Gordon Stone and Associates managed the Growing for Profit Program (GFP) for QFVG. A grower-based industry committee identified the key issues of interest for industry development in the vegetable industry. These priorities could be considered as relevant to the broader horticulture industry. They were delivered in a major industry event covering a one-day gathering of growers and industry people.

5.2 The people of the industry

One grower, who is a shareholder of a packhouse and has used consultant services, notes that many growers who are not aligned with packhouses and are not QFVG members, are ‘probably at a real disadvantage because today they simply would have no information sources to access’.

Growers and packhouse staff are very time poor. As a result some employ consultants to review and update their processes and generally advise them on a range of issues. Occasionally packhouses employ consultants to access grants to allow them to undertake strategic business development decisions to become more contemporary in their actions.

Two growers agreed that there is some potential for packhouses to play a pivotal role in the future of the industry. This is because they can afford to employ staff and these organisations can then ‘talk (product) deals’ because they have a critical mass of local growers who support them. This increases their potential to be information suppliers. Already some are acting in information filtering and dissemination roles for grower suppliers. They also arrange outbound grower market visits and also inbound trips by market representatives from supermarkets.

Other industry groups employ IDOs to act as an information conduit and information filter. They also act to extend the information on an industry directed basis. The State farm organisations connected with in this study, QFVG and Tasmanian Farmers and Graziers, are another conduit.

5.3 The consultation process

For the reason outlined earlier some one-on-one consultation was undertaken around Australia. This means that some anecdotal data, learnings and insights from that project add flavour to this study and its findings and interpretations.

Phone interviews with a range of growers representing different industries in the study area were also undertaken. Personal interviews were done with QFVG staff and they also agreed to distribute the web survey to staff members and grower members. The results of the web survey reveal that few people with a horticultural interest responded; one QFVG staff member responded via email. This suggests that either the web survey was not sent out or, more likely, growers were not interested in responding.
Phone and personal contact was made with:

- two growers in the study area
- two QFVG staff members
- four growers in Tasmania, including a flower grower who is the largest Australian supplier of one variety, a purchaser of the product and a major stone fruit grower
- the general manager of a major consultancy organisation based in Tasmania
- a senior manager of another consulting and R&D organisation.

5.4 Information needs

One vegetable grower defined their enterprise needs as being:

- Agronomic advice. They previously used a consultant agronomist and now make their own decisions based on the information he provided. She reports that a number of other growers use the consultant agronomist and expect to continue that relationship long term. He operates on a fee-for-service basis, and his advice covers issues including spraying, pest management, leaf analysis and soil sampling.
- Quality standards. The packhouse goes through an annual standards review process with the agronomist. Individual grower suppliers to the packhouses must be audited and accredited so they also go through a QA process.
- HACCP. This QA process is now a reality for growers and suppliers to supermarkets and needs management and monitoring.
- Seed varieties. While the seed company has a major role, the packhouse acts as a conduit to the customer to ensure the proposed varieties meet client needs, then advises growers of the varieties to plant.
- Financial advice. Most advice comes from the accountant and the packhouse while some comes from financial advisers and banks.
- Water management. Both QFVG and the DPIF provide training and information services on water issues.

A flower grower commented that he accessed critical information from:

- an OH&S consultant to ensure all the duty of care and legal issues with staff are addressed
- an insurance broker
- a financial adviser and an accountant
- an international flower-growing consultant on agronomic and business management issues
- engineers to design and construct his structures and hothouses.

Another grower reported that he uses a consultant labour management specialist. Several respondents commented on the need for bug checking and crop monitoring roles.

Several growers noted though that these advisers all have a primary role in advising them, they can make their own decisions.

Industrial relations is a key area requiring advice and specialist input. Both QFVG and Tasmania Farmers and Graziers seem to adequately fulfil this role and supply a high level of relevant service to growers.
Stone (2004 pers. comm.) reports that the grower directed GFP committee of QFVG identified issues of industry concern were as follows:

- futuring
- cool chain
- marketing and business development including new technology
- pest management
- end product issues so growers could understand the wholesale and retail chain
- farming systems
- environmentally sensitive management
- land and property management
- water management and climate and other key risks.

5.5 Information suppliers

The major information suppliers to this group are:

- Private consultant agronomists.
- The packhouse and its staff and the collective wisdom of grower shareholders. It also acts as an information broker by accessing information from a range of sources and sending it out to members. One grower describes the role of the packhouse as being ‘a leading edge supplier of information’.
- Accountant and bookkeeper at the packhouse.
- Seed company representatives who come to site.
- The supermarkets and markets in the capital cities, which use the packhouse as the conduit, although sometimes their staff do go on farm.
- DPIF. One of the few roles of the department is to provide some information on key issues like water, on the basis of the community-good issues it raises. They outsource the training to private providers who use FarmBis funds as the means to minimise costs. They conduct R&D and some trials.
- QFVG. This membership organisation forwards information to members, both individual growers and the packhouses.
- Labour management specialists.
- Resellers, including the national resellers and local suppliers who supply product and associated information, which may be either the primary source of the management information or as a ‘double check mechanism’.

Grower respondents reported a number of observations about QFVG.

According to one grower, it has a particular niche of providing industrial relations advice. QFVG is only one source of information for the packhouse information brokers, and according to one grower, the advent of proactive packhouses may have taken over some of the functions of QFVG.

This grower commented that at one time the QFVG was very relevant to their enterprise information needs. However, they (the grower) have since undertaken the suggested innovations and, together with their packhouse, have moved on from needing generalist advice to needing specific advice. They see
that QFVG cannot provide that level of advice (being a generalist) so they seek specialists who come from a variety of backgrounds and who are paid for in variety of ways.

She notes that this is a transition issue that will occur more and more as new technology and processes are taken up and acted on by more innovative growers. This grower also commented that the importance of the agripolitical and industrial relations functions of QFVG must not be downgraded but there is a fundamental question of what QFVG’s role is and what growers are prepared to pay for as members. She maintains that some, like themselves, are interested in moving on into a more focused and proactive role where a generalist is not needed and where some of the agripolitical issues are seen as being less relevant.

The general manager of a major consultancy organisation based in Tasmania noted that its role in the industry is:

- product supply and sales to meet grower needs
- providing advice through consultant agronomists
- technology transfer processes, one-on-one, group and other processes
- undertaking R&D, the results of which it transfers to clients or undertake as contact work for multinational companies or R&D corporations
- monitoring crops for clients.

Another processor noted that they have a major role in R&D and communicating results to industry. This benefits the crop production and processing of their grower suppliers. They focus on having a ‘family relationship’ with grower suppliers of the product so that they advise on production, agronomic and sustainability issues to do with the property as well as the business.

Growers commented on the important role of national resellers and their product suppliers as information providers. They also act as good sounding boards to proposed decisions: one grower used them as their honest broker for decision making at the time of product supply.

### 5.6 Information delivery processes

Some of the industry groups have employed IDOs. They use techniques of information delivery including discussion groups, training programs and newsletters.

They see their role as being an information consolidator and information conduit to growers. They see their advantage being that they are directed by industry.

Banks and accountants are seen as being powerful financial advisers in a general sense and as able to address structural business management issues when needed. Much of their information delivery is through personal contact.

In both Queensland and Tasmania, the State agriculture departments do R&D trials at research farms, which provide growers with the opportunity to see the outcomes of this work. Generally, growers do not see the departments as being relevant in terms of information delivery or as a highly credible source of information. This is especially the case for innovative growers.

One grower who was reported by his peers as being very innovative said ‘some of us are now at the stage of seeking out little bits of information from here and there to keep us at the top of the game where you need to be in this day and age’. He uses resellers ‘as a double check once I have made my own mind up’.
Both DPIF and private companies use field days as a means to allow growers to see R&D outcomes in the paddock. The department uses seminars and workshops to inform on key industry issues.

The State farm organisations use industry networks and magazines and newsletters to get information out to growers and wider industries, as well as conferences and workshops.

5.7 The future

Growers generally feel that the future lies in alliances that are grower-directed by accessing data through packhouses or using IDOs. Such processes keep growers in control and mean that information is directly relevant to grower needs and can be easily applied in a practical setting.

They see that new technology will be crucial, whether it be email or camera phones, to transmit photos of crops to buyers or to transfer information and advice. All growers reported using the internet and email but commented that many of their peers do not.

5.8 Other relevant data

One consultant agronomist works on a monthly retainer of about $200 to $300 per grower, although there is a discount arrangement to packhouse shareholders and suppliers.

The QFVG is in a stage of review and re-invention. It sees its role as being:

- an honest broker
- an adviser and facilitator of information on pests and diseases and their management
- chemical accreditation, especially informing growers on their legal responsibilities and the ways to address those issues
- accessing IDOs for particular industry groups
- an access point for commercial organisations to deliver information direct to industry
- a conduit and specialist on water use efficiency and similar key industry-good issues
- a clearing house for industry R&D and other priorities
- a consultancy conduit where growers can buy some key services, similar to how some of the packhouses see their future role
- a training conduit to allow specialists, including their own staff, to run training programs.

It could be concluded that QFVG sees itself as being a large consultancy and contracting organisation, or a one-stop-shop, where growers and industry can buy certain services and others are offered on an ‘industry good basis’ for no cost or little cost, based on external funding.

How relevant this model will be in future is uncertain.

5.9 Discussion

Horticulture is a very diverse industry with regional and local specialisation of products and industries. Nationally, the industry is made up of 43 levy paying sectors to Horticulture Australia Limited, which can be loosely divided into:

- the fresh food industry
- amenity horticulture, i.e. flowers and landscaping
- niche industries, including herbs.
This complexity makes it hard to generalise about the influencing factors and agribusiness advisers. However, a range of factors has had an impact in the study area, including the following:

- the metamorphosis of the former agripolitical organisation QFVG into an information broker and adviser (35 staff predicted in three years to take on a variety of industry support roles on a fee-for-service membership basis)
- increasing use of industry funded IDOs by commodity groups and regional groups as primary industry information conduits
- the advent of packhouses and cooperatives, which provide information and feedback to members and to produce suppliers, although on a different financial basis
- increasing use of consultants and contractor advisers on a fee-for-service group levy model; and an increased focus on product marketing with external advice and close alignment to customers (supermarkets and niche outlets), loosely following the broadacre grain and cotton models
- the role of resellers as a significant primary or secondary source of information
- the use of more sophisticated contacts and processes to access information
- the focus on collectivism in information gathering and decision making.

Once again, there is an increasing focus on the 80:20 rule where the innovators are getting larger and more aware of the market through their use of packhouses and specialist advisers, while the traditionalists are making do with less advice.

5.10 Conclusions

The divide between the innovators and the traditionalists is clearly growing. Sophisticated decision making is becoming the norm for the business minded growers, and their use of packhouses and consultants is confirming this.

Innovators are now seeking small pieces of refined information to fine tune key aspects of their business.

There are fewer government information services and the quality of advice offered appears to be declining. Business-focussed growers appear to place little value on these services while, anecdotally, their peers who are not business-focussed have few places to turn to access advice, apart from the resellers.

Even the QFVG is turning into a consultancy organisation with a range of services available to those who can pay, with special deals for members. In this way they are like the packhouse. Farmer views about the relevance of QFVG are mixed, and its niche may be to cater for growers who are starting down the innovation track.

Key finding
The packhouse model of grower directed agribusiness is emerging as a significant capacity building process in horticulture.

Key finding
The agripolitical organisation metamorphosis into a capacity building process is also emerging as a significant model.
Resellers are key information providers at a primary or double checking level. Consultants work in a range of disciplines and operate on fee-for-service basis as well as a commission sales basis.

Some agribusiness operators are also taking on R&D roles thereby depriving the departments of one of their few remaining roles. Anecdotally, there seems some evidence of private-public partnerships in R&D and extension but further investigation is needed to confirm this. Overall, however, this seems to be at a low level.

The innovators have great confidence in their industry’s and their own ability to make their way in the ever-changing business world by accessing, understanding and applying specialist advice.

Table 2. Agribusiness delivery in the horticultural industry

<table>
<thead>
<tr>
<th>Information needs</th>
<th>Agribusiness suppliers/providers</th>
<th>Delivery techniques</th>
<th>Way provider income received</th>
<th>Notes</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>General all round advice, Industrial relations</td>
<td>Membership orgs – state farm organisations – QFVG and Tasmanian Farmers and Graziers, OH&amp;S consultant, Consultant labour management specialist</td>
<td>Training programs (leading to accreditation) and workshops, Phone contact, Personal farm visits, email, Annual conferences</td>
<td>Membership, fee for service, Course fees</td>
<td>Generalised information rather than advice, Assist in information flow.</td>
<td></td>
</tr>
<tr>
<td>Farm specific advice – agronomic and business</td>
<td>Consultants, Reseller staff and product suppliers</td>
<td>1:1 on farm, Group learning programs, Internet</td>
<td>Fee for service and/ or product sales</td>
<td>Meet the direct needs of the farmers</td>
<td>Issues covered including spraying, Pest management, Leaf analysis, Soil sampling, etc</td>
</tr>
<tr>
<td>Farm specific advice – agronomic and business</td>
<td>Consultants, International flower growing consultant</td>
<td>1:1 on farm, Group learning programs, Internet</td>
<td>Landcare or industry funding</td>
<td>Meets needs mostly of traditional farmers</td>
<td></td>
</tr>
<tr>
<td>Seed and planting options</td>
<td>Resellers, Specific suppliers who deal direct with growers packhouses now taking a role</td>
<td>1:1 on farm, Market directed by client /end customer who specified variety</td>
<td>Product sale, Membership fees for packhouse and annual dividend</td>
<td>Mostly based on fee for service due to the quality of advice needed and capability of advisers</td>
<td></td>
</tr>
<tr>
<td>Market regional</td>
<td>Packhouses</td>
<td>Internet, Phone, Fax and</td>
<td>Membership pays for these</td>
<td>Sending back daily</td>
<td>Likely to continue to meet</td>
</tr>
<tr>
<td>Information needs</td>
<td>Agribusiness suppliers/providers</td>
<td>Delivery techniques</td>
<td>Way provider income received</td>
<td>Notes</td>
<td>Future</td>
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</tr>
<tr>
<td>produce and provide feedback</td>
<td></td>
<td>newsletters, Outbound grower market visits/inbound trips by market/supermarkets representatives</td>
<td>services – to members only</td>
<td>information on QA, quality standards, market reports and trends, prices, etc – only to grower shareholders</td>
<td>industry needs this way in future</td>
</tr>
<tr>
<td>Market regional produce and provide feedback</td>
<td>Industry Development Officers</td>
<td>1:1 on farm, Group learning programs, Internet</td>
<td>Industry groups arrange to employ them – various ways</td>
<td>An information conduit and information filter</td>
<td></td>
</tr>
<tr>
<td>Duty of care and business management legalities, farm safety, QA programs, etc</td>
<td>Membership orgs, Packhouses, Consultants, OH&amp;S consultant, insurance broker</td>
<td>Annual QA review, Training programs (leading to accreditation) and workshops</td>
<td>Membership, Fee for service, Course fees and/ or product sales</td>
<td>Supermarkets make annual checks mandatory, packhouses and growers need annual review</td>
<td>Increasing need in future</td>
</tr>
<tr>
<td>Design and construct structures and hot houses</td>
<td>Engineers</td>
<td>Consultancy</td>
<td>Fee for service</td>
<td>On an as required basis</td>
<td></td>
</tr>
<tr>
<td>Benchmarking</td>
<td>Consultants</td>
<td>1:1 on farm, Group learning programs</td>
<td>Fee for service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business management &amp; wealth creation</td>
<td>Accountants, Financial Planners and packhouses have an influence, Banks</td>
<td>1:1 advice mostly off farm</td>
<td>Fee for service, investment commissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New technology</td>
<td>DPIF, consultants</td>
<td>Varied</td>
<td>Through advice from consultants and group processes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water management</td>
<td>QFVG, DPIF, Consultant irrigation advisers</td>
<td>1:1 consultations, Group processes</td>
<td>Fee for service with member discounts, or free government service</td>
<td>Depends whether advice comes from current government funded water use efficiency project</td>
<td>Unlikely to continue government funded projects</td>
</tr>
</tbody>
</table>
6. Dairy

The dairy industry in the study area has been under stress in recent years. This has been compounded by the uncertainty surrounding the future of one of the major processors, which also operates as a major information provider.

Further industry attrition and restructuring is to be expected and remaining herds and farms are likely to get larger.

The independent, industry-wide organisation, Subtropical Dairy Program (SDP), has taken an honest broker role in providing information although not yet as a fee-for-service provider. The agripolitical organisation, Queensland Dairy Organisation (QDO), plays a lesser role. The DPIF is variously regarded as being relevant to some farmers while having a low level of relevance to others.

Key findings
While the DPIF organisational role declines in credibility and use in dairy, individual staff still retain high credibility and remain a strong information conduit.
The SDP provides an honest broker, industry-directed information supplier model in dairy, similar to grain and meat and livestock models.

6.1 Industry overview

The dairy industry in the study area has been under stress in recent years as a result of industry deregulation and, more recently, concerns over the future of Pauls-Parmalat. Recent activities such as the live export of dairy cattle from Queensland to Asia have widened industry horizons.

Anecdotally, relations among the processors are reported to be less than harmonious and there has been competition among them for suppliers of milk. Continued attrition in the production sector is a cause of uncertainty, and there are high debt levels among producers. Producers long for a friendly face.

The SDP provides information to all sectors of the industry and regards itself (and is generally regarded) as being an honest broker. Many producers continue to obtain information from the DPIF while also accessing information from processors and other sources.

There is a consensus that further industry attrition and restructuring is to be expected and that remaining herds and farms will get larger. There are environmental pressures and some urgency to adopt new technology.

Marketing strategies are also an area that farmers need to think about as a result of the restructuring and their ability now to sell direct to retail outlets.

The State farm organisation, QDO, is taking a role in information dissemination in a similar though less aggressive fashion than some other agripolitical organisations.

6.2 The people of the industry

The business of dairy farming is subject to great changes. In an industry sense, one of the processor representatives reported some stark facts surrounding deregulation, including:

- Between 2000 and 2003 there was a total milk output drop in the study area of around 15%.
  Between 2003 and 2005 there is expected to be another drop of 10%.
• Between 2000 and 2003 there was a drop in farm suppliers of 45%. Between 2003 and 2005 this is expected to drop another 12%.

• Between 2000 and 2003 there was an increase in per farm milk output of 60%. Between 2003 and 2005 there is expected to be another increase in per farm milk output of at least 15%.

Note. These statistics were based on the processor’s extrapolation of the effect of the 80:20 rule.

He also noted that Queensland is a net importer of fresh milk and an exporter of UHT milk.

Industry responses to changes in the dairy industry have included a significant expansion in the size many of the remaining farms, and the bigger the business, the higher the turnover and the greater the efficiency, as long as production stays within quota boundaries.

### 6.3 The consultation process

The SDP is a holistic program supported by the whole industry. It has a primary function of integrating R&D activities and whole-of-industry prioritisation. It also has a function of disseminating information.

A number of industry people concluded that the SDP has a significant honest broker role for the wider industry in the region. For this reason it was also suggested as a conduit for this project’s consultation process, i.e. using the web survey as a way of accessing data for the whole industry.

SDP agreed to take on this role. Phil Chamberlain, Executive Officer of the SDP (2004 pers. comm.), reported that the web survey was sent out to everyone on his database (100 people) and that he was confident that there would be a reasonable response, though he did note that there were already some surveys circulating in the dairy industry.

The survey was distributed and one phone call seeking clarification about one question was received. There were seven industry responses to the survey. This is a response rate of 7%, which is low.

Phone interviews were conducted with:

• Executive Officer, SDP
• two dairy farmers
• one DPIF adviser
• one milk processor representative.

### 6.4 Information needs

One grower reported his information needs as being:

• developing the best feed mix
• the role of fresh feed (pasture) and how to maximise the output of the cultivation side of the property
• mating and genetics to maximise milk and calf output
• financial and business management decisions
• benchmarking
• rations budgets at a holistic level and using concentrates, silage, etc
• ‘what if’ scenarios for the business and for production
• a sounding board once growers have assessed the implications of these information outputs
• climate risk management
• AI details, including genetics and breeding issues.

The SDP reported that, in their view, growers information needs are:
• nutrition and feed management in a systematic way including both pastures and concentrates
• herd management and general property management
• animal health, including herd management
• reproduction and genetics
• milking management, especially mastitis.

6.5 Information suppliers
A processor representative reported that a section of their company is devoted to information delivery using various forms of communication, with a focus on education and liaison (industry development). He reported that their education function is based on:
• field officers, who offer generalist advice
• feed nutritionists, who provide specialist advice
• use of electronic communication
• newsletters.

They deliver the following types of information:
• Financial. Their staff are trained in all aspects of dairy business management from cash flows through to tax planning. Their policy, however, is that farmers also ought to get independent advice on these issues.
• Animal nutrition.
• Quality parameters and how to meet them.
• Issues management.
• Environmental management issues.
• Problem solving.
• Genetics.
• Animal health.
• Milk protein.
• Mastitis.

He reported that in 2000 they stopped relying on government services when an arrangement for industry to use (previous) government extension staff finished. There is apparently a strong desire for self management within the industry.

Industry consultants include independent consultant nutritionists, who have a significant role in working out the feed needs of herds, AI and genetics consultants, herd management specialists, milk
systems consultants, business management and financial advisers, and accountants. Feed consultants offer on-property advice through regular (such as 2-monthly) or irregular on property visits.

The DPIF still has a role in the following areas:

- dairy record keeping, which include costs of production and benchmarking with other regional producers
- climate risk management
- courses partly funded by QRAA
- conducting a dairy accounting service, which includes costs of production and a benchmarking service
- some milk quality issues.

Whether this role will continue and whether it will be free are uncertain. These services link into a number of national programs initiated by Dairy Australia.

Resellers also feature as suppliers of general information while suppliers of feed mixes also provide advice. Specialist suppliers to resellers also include organisations such as pasture seed and fertiliser suppliers.

6.6 Information delivery processes

One processor reports that around 60% of farmers have access to email and up to 40% of farmers actively use electronic communication. Its longer-term objective is to deliver processor-supplier information fully electronically by 2008. It also sees a dynamic webpage process being integral to this whole process. Enterprise-specific information was planned to be on that website and operating during 2004.

In the dairy industry there is a combination of fee-for-service advice, free services from processors and government, and free or subsidised training courses.

One producer uses a mix of these services and noted that ‘you really need to access this (diversity of) information to think things through yourself. I use all these services to provide advice and a sounding board for me so that I can make the ultimate decision myself when I am fully informed’. He also seeks out ‘regularity of advice’. This relates to his animal nutrition consultant who comes to his property every 2 months and that appears to have the affect of ‘topping up my information or stimulating my strategic thinking’.

He also engages a variety of support personnel sources once he embarks on a new project or expands his business. One of the key reasons is ‘to understand my costs and the effect on the viability of my enterprise.’ He also noted that ‘the accountant has a role to put the brakes on things too’. As well, the financial adviser ‘has to look at things, like alternatives to dairying’.

This farmer said ‘we all live off the computer as a tool to research things, do all the accounts and banking and feed rations and, on top of that, there is electronic ID and auto drafting using electronic ear tags’. However, he did go on to note that ‘we are one of a small number in Australia who are into electronic processes so completely, but that is that way I see all this going’.

6.7 The future

Processor-to-farmer contact is expected to continue to rely strongly on person-to-person, field staff contact as a key element of information distribution and liaison. The webpage is also expected to become a key source of information.
There is consensus among those contacted that about 60% of dairy farmers use computerised systems, including email and internet access.

The current role of veterinarians, feed companies, nutritionists and financial advisers in a person-to-person information distribution is expected to continue strongly.

A farmer reported that in his view the current mix of advisers and payment processes would continue and he is happy with that mix. He did comment, however, that they are ‘a few years ahead of my neighbours in terms of information access and delivery’ and ‘we are involved in some innovative things which are not even on my neighbours’ horizon’.

This farmer reported that the SDP is a useful conduit, noting that his son who is in 30s ‘is more in tune with that type in information delivery process and thinking about new ideas than I am’.

### 6.8 Other relevant data

A processor representative noted that they, along with other industry organisations, also conduct R&D activities, mostly in partnership with other organisations. This links with national Dairy Australia projects and focuses strongly on extension as well as R&D.

Apparently the role of the DPIF is more focused on conducting R&D than delivering information to farmers. Its main focus appears to be to develop income streams for the government and in some areas they operate as almost a consultancy organisation. The department is thought of variously; in some areas it is not highly valued while in other areas it is highly valued, more because of the abilities of individual staff than the organisation itself.

Currently processors supply advice to farmers at no cost. This is likely to change to a form of user pays, more for personal advice than electronically delivered advice.

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**Key finding**

*While the DPIF organisational role declines in credibility and use in dairy, individual staff still retain high credibility and remain a strong information conduit.*

Accountants and financial advisers operate on a fee-for-service or commission basis.

There was a general feeling from the respondents that the ‘farmer beware’ concept is alive and well in terms of objectivity of information and pecuniary interest of resellers and product sellers. This was closely linked to the concept of ‘information overload’, which is especially relevant to the more innovative farmers. According to Chamberlain (2003, pers. comm.), the biggest challenge is ‘how farmers sift through the information and determine what is the better information to access’.

Chamberlain commented that key emerging roles for the SDP are to be the main information broker and to enable Queensland dairyfarmers to access to relevant information. According to Chamberlain there are about a thousand farmers and around 33% are already accessing SDP sources of information. SDP are developing a computerised database of this information and it will be accessible on a website. He reports that this is where some specialists choose to connect with the industry, i.e. by putting their information on the website.

He also reports that there is a high level of computer literacy in the whole dairy industry, including farmers.
6.9 Discussion

The dairy industry is characterised by a close association of farmers with milk processors, in part because their milk quotas determine farmer income.

The main sources of information in the industry are:

- DPIF, which provides objective information on milk quality and milk production and implementation of national projects that cover costs of production, animal health, etc. There is a view that the DPIF now accesses external funds to conduct R&D and some extension for the dairy industry.
- Milk processors, whose services range from detailed advice on all aspects of the business – financial, animal nutrition, milk quality, QA, issues management, environment, genetics and breeding, animal health, milk protein, mastitis – to individual animal issues, based on accessing detailed farmer records.
- Subtropical Dairy Program is a government- and industry-funded information broker which operates to break the information overload cycle so that farmers can access objective information on an as needs basis. Information is delivered in simple terms on a web-based system. Farm advisers also use the program to access data. About a third of Queensland dairy farmers use the program, which is a holistic, industry-wide project.
- Specialised consultancies augment processor-supplied information on a fee-for-service basis. They supply information on topics such as herd management, genetics, milk production issues, nutrition management and animal health.

Some key issues relevant to the dairy industry are:

- The industry will continue to contract.
- Innovators generally have a high debt load as a result of new technology and farm purchases.
- Innovators actively seek out advice, not only from the milk companies, but from honest brokers.
- Financial advisers have an important role to help dairy farmers consider wealth creation outside the industry.
- Agribusiness services are a mix of those that are fee-for-service and those that are free from dairy processing companies (noting this is expected to alter soon) and DPIF.
- Dairy farmers have a high level of computer literacy which they use to manage new technology and to access information. Electronic ID is a reality and this focuses all operations. About a third of dairy farmers, however, are yet to access electronic means of information delivery.
- The milk output per farm is expected to increase as numbers of farms decrease.
- The 80:20 rule applies, i.e. the bigger the business, the higher the turnover and the more efficient the business.
- Quotas generate and dictate income. Over-quota production is a negative issue for processors and farmers so a very tight management process is needed to manage milk production.
- Industry morale is an issue as a result of industry restructuring.
- Milk companies use field staff on a one-on-one farm adviser basis, and they also have specialists in their groups.
- By 2008, the level of computer literacy and dependency in the industry is expected to be very high.
The SDP is emerging as an important honest broker information source and about a third of the industry values this role and accesses its resources. While processors have significant influence in providing information, some farmers are sceptical about their real motives and they see a need for the honest broker.

The DPIF has varied influence and this is judged mostly on the basis of the skills of the individual staff. Consultants are used more extensively by the industry innovators.

6.10 Conclusions

The dairy industry in the study area continues to feel the effect of recent changes as a result of industry restructuring. These changes are expected to continue the move to a smaller number of larger farms with more sophisticated business focussed processes and higher efficiencies and effectiveness. Farmers are likely to move strongly towards being business managers rather than lifestyle farmers. In the future, it is likely that today’s innovators will make up a higher portion of the industry and that they will remain as long-term business operators.

The role of the DPIF is viewed variously, from being largely irrelevant to highly valued.

Processors take a major role in capacity building and this is facilitated by their close relationship to the farmers, i.e. they pay them and can provide feedback on milk quality that is a significant determinant of their payments. Minor concerns about their true motives are held, however, especially by the more innovative farmers who appear to want to question the accuracy of their advice more. Those who use fee-for-service consultants value them.

The role of resellers as information suppliers features strongly.

The entry of the SDP into the information provision process has provided an honest broker, one that the whole industry supports. The fact that about a third of farmers use its services and that these services are increasingly electronic (and potentially keeping pace with farmers’ own upskilling) means that there appears a synergy between information needs and delivery by SDP.

**Key finding**

*The SDP provides an honest broker industry directed information supplier model in dairy (similar to grain and meat and livestock models).*
<table>
<thead>
<tr>
<th>Information needs</th>
<th>Agribusiness suppliers/providers</th>
<th>Delivery techniques</th>
<th>Way provider income received</th>
<th>Notes</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutrition</td>
<td>Consultant</td>
<td>1:1 extension</td>
<td>Fee for service</td>
<td>Stay the same</td>
<td></td>
</tr>
<tr>
<td>Breeding</td>
<td>AI consultant</td>
<td>1:1 extension</td>
<td>Fee for service</td>
<td>Stay the same</td>
<td></td>
</tr>
<tr>
<td>General on farm production and business mgt</td>
<td>Processor, DPIF and consultants – varied</td>
<td>1:1 extension, Phone, Computer and email, Some workshops/seminars</td>
<td>Fee for service and commissions, and Free</td>
<td>Stay the same</td>
<td>A lot more electronically based on individual animal ID</td>
</tr>
<tr>
<td>Financial advice and business planning</td>
<td>Accountant and financial planner</td>
<td>1:1 extension, Phone, Computer and email</td>
<td>Fee for service and commissions</td>
<td>Stay the same</td>
<td>May alter according to actions of processors</td>
</tr>
<tr>
<td>Off farm investments</td>
<td>Accountant and financial planner</td>
<td>1:1 extension, Phone, Computer and email</td>
<td>Fee for service and commissions</td>
<td>Stay the same</td>
<td></td>
</tr>
<tr>
<td>Production information – general (option 1)</td>
<td>DPIF</td>
<td>1:1 extension, Phone, Computer and email</td>
<td>Free</td>
<td>Expect to move to some form of fee for service</td>
<td>Move to benchmarking</td>
</tr>
<tr>
<td>Production information – general (option 2)</td>
<td>Processors</td>
<td>1:1 extension, Phone, Computer and email</td>
<td>Included in payment from processors</td>
<td>Expect to move to some form of fee for service</td>
<td>Move to benchmarking</td>
</tr>
<tr>
<td>Milking processes</td>
<td>Processor, DPIF and consultants – varied</td>
<td>1:1 extension, Phone, Computer and email, Some workshops/seminars</td>
<td>Fee for service and commissions, and Free</td>
<td>Includes milk quality issues</td>
<td></td>
</tr>
</tbody>
</table>
7. Livestock

The livestock sector can be considered as being in a capacity building crisis with traditional government services being withdrawn and little replacing them. Unless they are subsidised, consultants and trainers do little business in the sector and more traditional producers show little interest in using them. In turn, these services will not grow unless they are patronised. Resellers are a key conduit for supplying information in association with product sales.

The divide between the top producers and the traditional producers appears to be widening, and access to information is an important element of this division. The internet is emerging as a key means of accessing information for most producers. Some producer-managed groups are emerging as key conduits for information flow.

Because of issues of distance, seminars and workshops are key information transfer mechanisms as well as providing opportunities for social interaction. These activities cannot be considered as advisory processes.

**Key findings**

*Future work on the niche and smaller livestock industries could be useful, particularly given that some have active industry associations who provide and facilitate information access.*

*There are some novel and exceptional advisory and consulting services operating in the study area, which go against the norm of minimal use of consultants in the livestock industry, and they warrant review to see whether their methods could have wider applicability.*

*In the livestock sector the internet is becoming a useful means of communication and accessing honest broker information. Its limitations are accessibility to good ISP services and knowledge on its use.*

*Agribusiness has a role as a catalyst for change in information delivery methods, especially regarding electronic communication and internet based information delivery processes.*

*Industry training is a key means of informing producers about issues but it has yet to reach its potential and is in danger of failing and robbing traditional producers of a useful low level source of information if government subsidies are withdrawn.*

7.1 Industry overview

In the study area the livestock industry covers rangeland cattle grazing, small holder cattle grazing, intensive livestock (beef and pork), sheep for meat and wool production and a range of niche and emerging livestock industries.

This study focussed on rangeland cattle grazing and sheep for meat and wool. The main reason was to capture the ‘pure’ grazing information needs and delivery processes as well the mixed farming and grazing enterprises that make up the primary land uses and production issues.

**Key finding**

*Future work on the niche and smaller livestock industries could be useful, particularly given that some have active industry associations who provide and facilitate information access.*

Within the study area there are some interesting information seeking and delivery processes that affect the role of agribusiness in grazier decision making.
One of these is the member-managed producer group, Traprock Wool. This group has membership covering the traprock land system based in the area southwest of Toowoomba on the eastern Darling Downs. This organisation facilitates information flow and has close relations with many agribusiness organisations. In some respects it can be classed an honest broker as it acts as a conduit, self-help and quality conduit for members.

In contrast, the Charleville and Tambo area to the west covers a representative area of broadacre rangeland country that has traditionally been the mainstay of wool production. In recent years there has been an industry shakeout, which has now reached equilibrium. According to one grower who has had a number of industry leader roles, the remaining growers are business-minded and production- and customer-focussed enterprises which were able to ride out the turbulent 1990s.

He notes that the wool industry in Queensland covers three main areas: the traprock and adjacent areas of southeast Queensland; the St George area, which covers the western Darling Downs; and the southwest, covering Cunnamulla to Tambo. The State’s industry has gone from 16 million sheep to about 4 million today.

One grazier represented beef production for the domestic and export supply industry from the rangelands of the western Darling Downs, and another the mixed farming areas of the western Darling Downs. They served to broaden the producer focus to encompass all variations of the livestock industries in the study area.

Through their work with Meat & Livestock Australia (MLA) until 2001, Gordon Stone and Associates worked with a number of producer committees to identify issues of interest as the basis for the programs of Meat Profit Days, which have been held in the study area for over a period of almost a decade. Because of their close association with organisations like the producer-driven Regional Beef Research committees, which have mostly an R&D rather than an extension function, these events provide a valuable insight into grassroots producer wants and needs.

Early in this study, it became clear that the only sources of information and advice available to producers are the minimal government services, a very small number of consultants and accountants, agents, product resellers, and industry training, such as MLA’s Edge Network, along with organisations like AgForce Cattle and the Regional Beef Research committees. There is very limited non-government, non-industry or non-subsidised training to augment the information accessing activities of producers.

### 7.2 The people of the industry

The consensus from the consultation process is that the top 10 to 20% of meat and livestock producers are relatively well informed over most areas of their business, i.e. marketing, business management, financial planning and management, and on-farm production issues of genetics, herd management, nutrition and pests and diseases.

Most of these enterprises have small numbers of staff with the exception of the corporate farms and larger family enterprises and intensive enterprises such as feedlots. These larger enterprises usually have someone in the business who is computer literate and is able to access electronic information. Where there are younger family members or the next generation has returned to the business, they often have with additional business and marketing skills gained at tertiary level.

The bottom 80% of the industry are thought to be largely without access to traditional government services or electronic communication and will have few options to seek external advice unless they pay for it. The exceptions are accessing information rather than advice from landcare and catchment groups as well as subsidised training activities and levy-funded support programs initiated by MLA or other R&D corporations.
Paying for advice is not a cultural norm in livestock industries, apart from that given by accountants. Even then, according to one accountant, there is real resistance to paying more than a small, average annual fee, which is generally much less than what an SME turning over an equivalent amount might pay in the city.

In terms of the western wool industry one of the growers commented that ‘most of those who now remain in the industry are quite innovative in their thinking’, which means that they embrace concepts such as benchmarking at an individual and industry level.

Other advisers or information providers are accountants, fee-for-service financial planners and agents who buy cattle for them on a commission basis. Resellers play a role, as does AgForce Cattle and the Kondinin Group (for a more complete description of AgForce see Chapter 4).

There are a very few consultants and generally they use subsidised training activities as a key part of their income.

One trainer reported that, of the people who attend his training courses, they could be grouped into:

- the next generation
- new industry entrants
- those who are changing their business direction.

7.3 The consultation process

For the same reasons outlined in the chapter on the grain industry, AgForce Cattle was not an option for surveying producers.

Apart from the three Regional Beef Research committees, which agreed to participate in the web survey (maximum of thirty responses expected), there were few other avenues to survey producers apart from personal interviews.

The web survey was distributed through the chairman of Traprock Wool to about sixty members, which covers 50 to 60% of the industry in that area. The chairman did caution that the organisation had recently surveyed its own members and was planning another survey for a project that had been recently approved and concluded that they ‘might be all surveyed out’.

Accordingly, a series of phone interviews were done to gather qualitative and quantitative data. People surveyed included:

- the coordinator of MLA’s Edge Network
- two of their course trainers
- three producers involved in Traprock Wool
- one past industry leader representing the western wool industry
- two mixed farmers and beef producers
- one beef producer.

7.4 Information needs

The author notes that, through his work on Meat Profit Days, industry needs over the period 1997 to 2001 in areas such as Roma, northern NSW and north Queensland can be categorised into:
• futuring, i.e. some sense of the future industry opportunities and the implementation of new technology
• markets and marketing, including an understanding of all consumers, their expectations and quality standards
• business management, including financial management, internet options, and risk management, including climate risk
• production issues, including animal nutrition, land productivity, organics, breeding and genetics, pests and diseases, and property management strategies.

During the project additional specific detail was provided about current needs, as follows:
• Environmental management systems.
• Personal development.
• Wool quality parameters.
• Chemical handling and effectiveness.
• Wildlife conservation, catchment management and landcare issues.
• Financial management and financial planning. While AgForce is delivering financial management workshops, there is some concern that the deliverers are city based and don’t have enough empathy with rural producers. Some wool growers are using futures and hedging to secure and lock in their financial position.
• Water management in the Great Artesian Basin, including electronic management devices.

One of the contentious issues is cell grazing, whether it is relevant and how to react to it.

Another wool grower reported a strong feeling among his peers about being independent in their decision making so they can make up their own minds on key issues. This is a key issue of concern, i.e. the notion of honesty and accuracy of information and advice.

7.5 Information suppliers

Traprock Wool operates through the voluntary commitment of its office bearers as there are no paid staff. One of the benefits of such a role is the personal development of individuals when they take on leadership roles in such an innovative group.

The information sought by the Traprock Wool group comes both from the major resellers and what they research themselves. One of the group cautions, however, that the quality of the information depends on the skills of the advisers: ‘there is one key person (in one reseller) who really knows in detail what they are talking about, so it is important to get directly to that person, rather than some of the other staff’.

In terms of the wool industry the growers conclude ‘there are not the returns in the industry to allow us to use consultants – the costs are just too high’.

The group reportedly uses the internet to communicate internally and to access information globally. This is an important issue as most of their market information relates to wool pricing and supply at a global level.

In terms of meat and wool marketing, the major agency groups like Elders and Landmark have speciality marketing divisions and staff. They are able to link genetics for breeding the preferred product to meeting the market needs with the end food product. To do so they have facilitated the
dissemination of market signals and addressed quality and consistency issues. Groups like Traprock Wool access these resources as needed to secure information and products. These agribusiness organisations also report that a number of their clients use many of their supply chain services.

One manager of a regional outlet for a national reseller reported that they could categorise their client base into 20% innovators, 60% followers and 20% traditionalists.

Accountants are now moving from addressing just tax issues to focussing on broader financial issues, recognising their legal and accreditation responsibilities. One beef producer reported on the specialised financial management advisers and sources he uses to manage his business affairs. He noted that the second generation of under 30s who are now involved in his property management are conversant with many of these management scenarios, having been exposed to them during their tertiary education.

That beef producer said that many of his contemporaries, who are not so familiar with these financial management processes and programs, are stuck in a traditional tax/accountant groove. He noted, however, that some others are walking down a more novel and financially beneficial path. The use of financial planners is becoming more common among the top 20% of the beef producer community.

He also reported that, like one of the wool producers, he goes out of his way to make personal contact with business people outside the industry who will expose him to a different way of thinking.

Private consultants who advise 1:1 on management and business issues are not common in the livestock industry in the study area although some of the agronomists who service the grain industry also operate to a small extent in the livestock industry. The promoters of cell grazing Australia wide have some followers in the study area. An interesting case study could be to examine this although they could be likened to some of the larger agribusiness ‘product suppliers’ as they have a defined product to sell.

**Key finding**

*There are some novel and exceptional advisory and consulting services operating in the study area, which go against the norm of minimal use of consultants in the livestock industry, and they warrant review to see whether their methods could have wider applicability.*

## 7.6 Information delivery processes

Traprock Wool has been known to identify overseas customers and arrange for them to come to group meetings and speak to and meet with producers. They have regular update meetings during the year, and quality and accreditation workshops.

Part of the rationale of the group is a self help mentality, i.e. believing that is important for the industry to take its own destiny into its own hands. This is regarded as preferable to legislative implementation of management rules.

Another activity of the group is to produce and distribute a paper-based newsletter, the value of which is that it can be circulated to everyone in the household.

The livestock industry particularly values personal contact and when this doesn’t occur it becomes a disincentive for contact with agribusiness. One nominated example was that banking for one of the big banks is now being managed through a call centre in Townsville, which cuts most potential for personal contact out of the relationship. One producer was especially critical of this development.

Another producer reported on the importance of one-on-one discussion for thinking through concepts and canvassing ideas.
The internet is increasingly valuable for graziers in isolated areas as it allows them to access information for decision making and to refer to others for advice. Several respondents felt at a disadvantage, however, because they know of the capability of the internet and yet they cannot use it well enough to access the information they need and know is there. While little formal training exists, one grower noted that this training would be valuable. He also reported that the internet had an important use as an honest broker to double check information.

One beef producer noted that, even though he cannot use the internet himself, he has organised some of the next generation to be his ‘internet user and researcher’ and reports that this process works well. He concluded that among the group of leading edge beef producers that he associates with, only 15 to 20% use the internet at all. He reported that ‘the cattle industry is really among the most traditional industries and much of this (internet use) will not occur until there is a generational change’.

MLA employs industry trainers to deliver its products. In the absence of other industry or government supported information delivery processes, formal training is emerging as one significant way of doing this. Agribusiness providers report that they only target their training at those who can and will pay. Once again this selects against the more traditional producers.

The biggest constraint to this is the geographic spread of the industry. This makes the time and costs of these activities high in an industry that is very price sensitive. One of the trainers noted that, as a general rule, the industry lacks commitment to industry training activities; ‘I might schedule a course, get twelve enquiries, work on ten definite attendees and structure my costs accordingly, then maybe get ten attendees, most of whom are not among the original twelve!’

He commented, ‘the way I see it, livestock producers have the idea that they would like to know about certain things, but at the end of the day they don’t think they need to know’. He commented that only about 10% of the industry access information available and has the ability to use this information to work things out to a logical and satisfactory conclusion. He also reported that part of his training scenario is to inform producers of the science underpinning why things take place to explain why the practical outcomes occur so they can evaluate their decisions on the basis of the outcomes they ought to expect. He suggested this element of complexity may be a disincentive to the less informed producers.

### 7.7 The future

There is a strong feeling that the internet and email will be key information dissemination tools in the near future. However, as reported above, uptake is likely to be slow until the next generational change occurs or a significant event such as market reports only being available on the internet becomes a catalyst for change.

One grower made these comments about the viability of the industry; ‘this is an exciting industry to be in (wool) but in reality it is a sunset industry and people from the district continue to leave the industry as they cannot see a future’.

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**Key finding**

In the livestock sector the internet is becoming a useful means of communication and accessing honest broker information. Its limitations are accessibility to good ISP services and knowledge.

**Key finding**

Agribusiness has a role as a catalyst for change in information delivery methods, especially with electronic communication and internet-based information delivery processes.
A beef producer said that over the last decade there have been significant changes in the technology of business decision making and financial and technological changes and that ‘in the next five years we need to make more quantum shifts in production issues like stock nutrition and soil fertility’.

Overall, the information needs have not altered greatly and the findings of this study support the work of the author and MLA in identifying the key areas of interest to producers.

Future delivery methods are likely to include more formalised training than is currently the case, however, the identity and funding of the trainers is a key question for consideration. DPIF and MLA may need to be players as commercial operators will only focus on where they can make an income.

Once again this reinforces the issue of user pays and the fact that those who are prepared to pay will access high quality information while those who are not prepared to pay, will not have access to such information. This also explains the high reliance, even among trainers and consultants, on FarmBis funding as that program pays for 75% of the real cost of approved activities.

One of the training providers forecast that demand will be strong for formal training in 3 to 5 years and that the main issue to address will be to change the cultural of not paying for advice. He concluded that the level of professionalism is on the increase and this will be one manifestation of that transition.

<table>
<thead>
<tr>
<th>Key finding</th>
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<tbody>
<tr>
<td><em>Industry training is a key means of informing producers about issues but has yet to reach its potential and is in danger of failing and robbing traditional producers of a useful low level source of information if government subsidies are withdrawn.</em></td>
</tr>
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</table>

### 7.8 Other relevant data

It is reported that often seminars and workshops in the more extensive areas of the study area also have social function. Traprock Wool runs trials with the DPIF and other service providers to gather its own data and occasionally to apply for grants to try out technology that may have a positive impact.

Office bearers of the organisation Traprock Wool have noted that as new members join the group so their interpersonal and other personal development skills often increase markedly. It is noteworthy that the group has been going for about 12 years, which they believe is somewhat of a record among similar self-help groups. The groups contend that it is the main information provider to its members. Anecdotally this is generally supported by its members as being true.

One training provider noted that ‘at present the only viable private technical advice area for the livestock industry is the single consultant or two to three person operation with very low overheads’. He also notes that there will need to be significant cultural change in the industry to make it viable to move from group consultancy or training work to individual producer work. The overheads, including travel, are just too high.

### 7.9 Discussion

Of all the industries, the meat and livestock industry relies most on government services and traditional advisory services, mainly provided through the product resellers and selling agents. They remain traditional in their operations and approach to doing business, although there are innovators. Larger aggregations are focussed on a supply-chain delivery mechanism and feedback processes.
There is a trend, however, for the under 30s to be more discerning in terms of who and where they access information. They are also more computer literate and are now starting to have an impact on the industry, although their decision making remains limited.

While a more complete scan is needed, consultants (with a few notable exceptions) report that graziers are reluctant to pay for advice apart from basic tax and compliance advice and, at a low level, a fee for training (which still requires subsidisation from MLA/QRAA/FarmBis to put it in an acceptable price bracket). Removing these support mechanisms could have serious implications for information flow in the industry.

Currently the level of computer literacy among mainstream meat and livestock producers is low. The few openings for consultants to advise about property management and production issues are for single or very small firms which can operate with very low overheads so that they can charge $800 a day or less, including travel.

In the next 3-5 years, there is a feeling that government advisory services will not exist. With the current concentration in the industry on marketing and business management, it is thought that some crucial production advice will be needed shortly as more producers swing back to looking at the additional gains that can be made in that part of their business.

The only sources for that type of advice will be consultants, agents, product resellers, and industry training (such as MLA’s Edge Network). Very limited non-government, non-industry and unsubsidised training exists.

Once again, the conclusion is that the top 10 to 20% of meat and livestock producers are relatively well informed over most areas of their business, i.e. marketing, business management, financial planning and management, and on-farm production issues of genetics, herd management, nutrition and pests and diseases. Computer literacy is not high among business owners and managers, although usually in aggregated enterprises a staff or family member can access electronic information. Electronic information seems to be a high priority as a means of accessing information. Some of these larger family enterprises report the next generation is returning to the business with additional business and marketing skills gained at tertiary level.

The real area of concern will be the bottom 80% who will be without access to traditional government services and will have few options to seek that advice unless they pay for it.

Group training work may become more important in their decision making. Once again, training relies on subsidies and in many cases there is a lack of follow-up to facilitate practical implementation of the learnings. Sheer logistics of delivery of group training in extensive pastoral areas is an impediment to such delivery in terms of delivery of materials and getting enough producers to access the services. Other issues are professional development of trainers and the change in thinking required by graziers to learn in a group environment.

Two final factors are markets and seasons, i.e. should grazier incomes increase, they may use fee-for-service consultants more.

Programs like the PIRD (Producer Initiated R&D) program provide financial support for group activities. They may be one way of altering the livestock information uptake model, which focuses largely on individuals rather than encouraging groups.
7.10 Conclusions

There appear to be a series of conundrums within the livestock industry:

- Many of the remaining traditionalists are expected to have real difficulty accessing high quality advice over the next three to five years.
- Traditionalists have a cultural norm against paying for advice and yet the sources of free advice they have used are rapidly drying up. This means they may have to rely on the remaining free services which are landcare services and the resellers. Some of their more business-like peers fear that these may be biased or lacking in quality.

These peers use the internet and a range of processes to double-check advice to seek out honest brokers or simply to ensure that the advice is accurate and relevant.

The shakeout in the wool industry has driven innovation and it appears that a high proportion of producers who remain are ‘street wise’ in terms of accessing and understanding information.

The western woolgrowers are thought to be mostly very business focused and attuned to where and how to get good advice. While they do use some low level group processes, the Traprock Wool Group is a remarkable self-help case study which almost acts as a consultancy service to its members. This group accesses, checks, distributes and interprets information and then obtains specialist contributors and speakers for members to access. It uses a variety of delivery processes and recognises where members are up to in their personal understanding of issues. They address group-marketing issues too.

These woolgrowers use agribusiness product suppliers, consultants and advisers on a needs basis with an honest broker checking process in place. This gives them confidence that they are getting the best advice at the best price for relevant reasons. Members also have peers they readily relate to.

The more business-like livestock producers – the top 10 to 20% – also use advisers including fee-for-service consultants for a range of production and business management issues.

Most appear to use the internet to access advice and as conduits to address issues and processes they do not know about or feel they need to know more about. All of the producers spoken to expect their children to return to manage the property in some way (including one family who noted that they may put managers in for the children to work with), recognising that the younger generation are more electronically literate and able to think outside the current livestock paradigms. A number reported that they as well as some of their peers and some of the next generation use innovative advisers and advisory practices, especially in business and financial management areas.

A number of industry networks operate to support producers although, anecdotally, their focus mostly appears to be on the traditionalists who are still seeking free or subsidised information and advice.

The more business-like livestock producers appear to have no great need to access information from AgForce resources or the MLA programs, though they do use them when there are relevant learning opportunities. AgForce and MLA are tending to use more formal training processes although there are logistical problems with delivering formal training.
<table>
<thead>
<tr>
<th>Information needs</th>
<th>Agribusiness suppliers/providers</th>
<th>Delivery techniques</th>
<th>Way provider income received</th>
<th>Notes</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Futuring</td>
<td>Producer managed groups, Industry organisations</td>
<td>Seminars, Industry events, Personal discussions, Internet</td>
<td>Subsidised, Free, membership based, Levy based</td>
<td>Brings specialist contributors to regional areas</td>
<td>Same</td>
</tr>
<tr>
<td>Markets and marketing</td>
<td>Resellers, Producer managed groups, Industry organisations</td>
<td>Seminars, Industry events, Personal discussions, Internet, Update meetings, Accreditation workshops, Paper based newsletter, 1:1 contact</td>
<td>Subsidised, Free, membership based, Levy based</td>
<td>Includes quality issues</td>
<td>Same</td>
</tr>
<tr>
<td>Business management – personal development</td>
<td>Tax and business planning accountants, Financial planners, Producer managed groups Industry organisations</td>
<td>Seminars, Industry events, Personal discussions</td>
<td>Subsidised, Free, membership based, Fee for service, Product based returns, Levy based</td>
<td>Includes financial management, the top % use these specialist whereas others do not</td>
<td>Same</td>
</tr>
<tr>
<td>Production issues – animal nutrition</td>
<td>Resellers, Producer managed groups</td>
<td>Seminars, Industry events, Personal discussions</td>
<td>Subsidised, Free, membership based, Product based returns, Levy based</td>
<td>Same – More information needed in future</td>
<td></td>
</tr>
<tr>
<td>Production issues – land productivity and property management strategies</td>
<td>Resellers, Producer managed groups</td>
<td>Seminars, industry events, Personal discussions</td>
<td>Subsidised, Free, membership based, Product based returns, Levy based</td>
<td>Same – More information needed in future</td>
<td></td>
</tr>
<tr>
<td>Production issues – breeding and genetics</td>
<td>Resellers, Producer managed groups</td>
<td>Seminars, Industry events, personal discussions</td>
<td>Subsidised, Free, membership based, Product based returns, Levy based</td>
<td>Same – More information needed in future</td>
<td></td>
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<tr>
<td>Environmental management systems</td>
<td>Resellers, Producer managed groups</td>
<td>Seminars, Industry events, Personal discussions</td>
<td>Subsidised, Free, membership based, Product based returns, Levy based</td>
<td></td>
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</tr>
</tbody>
</table>

Note 1. The use of consultants for on farm and one-on-one contact is minimal
Note 2. The use of the Internet swings from minimal to very high for those involved in producer-managed groups
Note 3. A very strong use of reseller supply chain services in this sector
Note 4. Some livestock producers are strong information seekers – going to industry events, and seeking out further advice through networking, followed by personal contact
8. Sugar

The sugar industry is facing difficult times in terms of its global market position and many growers feel uncertain about their future. It is a regulated industry and, because of this, growers have limited information needs.

As with other rural industries there are both innovators and an older and less responsive group of growers. The Bureau of Sugar Experiment Stations (BSES) is emerging as a major agribusiness information provider and it complements the role of resellers and their supplier advisers. It is generally regarded as a key provider in conjunction with the sugar mills.

Some growers are information seekers and actively use the internet. Some use other industries as models from which they can obtain novel ideas. Many see no future in the industry. Clearly there is more significant change still to come for this industry and its people.

**Key findings**

- Reseller specialist advisers can be considered part of the process of cross fertilisation of ideas from industry to industry.
- Succession of advisory staff is a key issue in the sugar industry, as is professional development.

8.1 Industry overview

The sugar industry in northern NSW and southern Queensland is reasonably homogeneous. In fact, in northern Australia there are three major sugar areas linked to the location of mills: a southern area (northern NSW and southern Queensland based around the border), a central area (the areas surrounding Maryborough and Bundaberg) and a northern area (extending from the Burdekin to north of Townsville).

For this project, the study area is the southern area bounded by Rocky Point Mill centred on Beenleigh and the Gold Coast, and the Condong Mill centred on Murwillumbah.

In recent years the global market position has meant that returns to sugar growers have been below the cost of production and there is widespread concern about the future of the industry. These concerns and the industry situation are well documented and there a Federal Government financial support package was announced in 2004.

In Queensland there has been a process of attrition and consolidation due to mill closures, a recent one being Nambour in 2003. The BSES has been a primary provider of R&D and extension advice in Queensland for many years, and it has expanded to NSW in response to needs.

The northern NSW industry is much more deregulated than its Queensland counterpart and the BSES is a relative newcomer (last 8 to 10 years) to an extension role in that State. It has an ‘approval of works’ role as part of the industry self regulation.

A range of alternative uses for sugar and its by-products is being investigated as a way of contributing to industry viability. Examples are ethanol, bagasse to sell to the electricity grid and plastics. BSES is a major contributor to this investigative process.

Most sugar farms are undiversified, apart from the introduction of soybeans in some areas as a soil conditioner and extra source of income. Some growers, however, have diversified during more profitable years into rental property, alternative businesses (to augment income, or for their children), while some manage investments such as share portfolios and futures contracts.
In northern NSW the Condong Mill Cooperative has a broad role. It runs the three mills and the refinery. This delivers the raw sugar and does the selling and marketing – even to the extent of doing their own packaging for delivery to Woolworths. Because of this the growers generally don’t need personal market signals, as the cooperative markets the commodity on their behalf.

A similar arrangement operates in the Rocky Point Mill area where a five-person ‘mill suppliers’ committee’, operating under the auspices of the organisation, Canegrowers, undertakes all price and transport negotiations with the mill for grower suppliers and deals with day-to-day management issues of environment, burning, drainage and other operations issues with State and local government. The head office of Canegrowers deals with State and national agripolitical and trade issues while linking with local mill suppliers committees.

In Queensland BSES does core R&D and extension based on an 8 to 9c/t levy from growers equalled by another levy paid by mills. In NSW they are contracted annually by the mill cooperatives to provide a specific service at a fee of 24c/t. BSES also accesses funds from government and external contracts and does some work on behalf of the Sugar R&D Corporation (SRDC).

Organisations at State and local levels can contract BSES to deliver specific services. BSES is a key provider of new technology and advice in the industry and conducts R&D activities as well as trials in the paddock in consultation with growers. Outside organisations also contract BSES to manage other projects relevant to the industry.

BSES is taking a more innovative approach in north Queensland through its multi-organisation-funded project ‘Cane Productivity Initiative/Prosper’ (CPI/Prosper) which has a strong focus on increasing cane production and using grower groups to share information and motivate and support growers through a change process. It is supported by cross-industry research and development committees and on-farm trials.

Apart from BSES, all other information providers are the conventional product resellers and their suppliers, which conduct trials as needed. Elders and Landmark were the two resellers mentioned by survey respondents as suppliers of general information. Banks and accountants feature strongly as sources of specific information.

Consultants generally do not feature in the industry and most income derived from the agribusiness providers is based on sale of product in return for the advice.

Each area has a productivity board, which has between one and three staff and covers pest, disease and variety information. The boards are funded by a mill and grower levy.

Generally internet and email are little used among growers and mostly growers do not have computer skills although the (smaller) numbers of younger growers are more skilled and do use software packages. There is general acknowledgment that the computer provides the avenue to access information, the constraint being that, culturally, older growers are outside their comfort zone using computers.

8.2 The people of the industry

A high percentage of growers in the industry are over 50 years of age: in one region of the study area only six out of one hundred and twenty growers are less than 40 years of age. The average age of growers in the industry is 50 years. In general, most growers have no succession plans in place. According to one industry leader ‘many growers have the attitude that they will sit it out until retirement or they will simply sell up when it suits them’.
Because of the regulated and managed nature of the industry there is a strong feeling of complacency among growers. This translates into a general view that there is not much they can do for their industry and for their farm. This is made worse by English literacy problems among some migrants and the age structure of the industry.

Issues of complacency among growers were summed up by one of the older growers who won an industry award on several occasions: ‘a lot of the problems are to do with whether people have the will to (even) listen’. This same grower went on to comment on the changes in information delivery by saying ‘if you asked me five years ago whether information delivery would change I would have said no, but it has changed a lot since then and I expect it to change even more in the future’.

While the average grower might be complacent, the leading growers are not. This is shown by evidence of the increasing use of soybeans to improve soil structure and provide another source of income.

8.3 The consultation process

The industry is characterised by a very strong reliance on organisations, either mill committees or BSES, for information. These two appear to be the main conduits for information flow. Resellers and their specialist supporters are other significant conduits who provided input to this study and were interested in the outcomes.

Because of the very low levels of computer literacy in the industry it was not possible to conduct an electronic (web) survey. The consensus from contacting some in the industry was that there would be little value (and interest) in a paper-based survey either.

It was recommended by one respected adviser, and supported by a grower leader, that individual phone interviews with growers, and follow-up with their nominated key agribusiness advisers by phone, was the most effective process of seeking information. A phone survey was undertaken and a web survey sent to all BSES extension staff.

One BSES adviser was phone surveyed, and most advisers were web surveyed. The phone-surveyed adviser provided a random list of sixteen growers from his database and a group of six were randomly picked from that list.

A total of six growers were surveyed and they represented older growers with three aged about 70 years and three between 40 and 50 years of age. Four of the nominated agribusiness advisers were surveyed by phone.

After consultations with grower leaders and industry advisers it was concluded that the southern area and the central area of the northern industry were both relatively homogenous and the project conclusions could be extrapolated to both.

For future surveys it is recommended that the industry organisations, especially BSES, the productivity boards and Canegrowers, be formally asked to support the initiatives and their networks be used as the means to access grower opinions.
8.4 Information needs

Growers mostly are seeking and need productivity related information, as marketing is not a big issue for them because their reliance on mill committees. Some seek out business management information.

In the July 2001 issue of the BSES Courier, BSES Extension Officer, Peter McGuire, outlined the benchmarks for the top 9% of growers in the Condong Mill area. These include issues such as return per cultivated hectare, drainage, seed management, planting time, weed control and task management. These remain the key issues for growers to address according to one of the grower respondents who is one of the top 9%.

Currently there are few requests for small business management advice. BSES previously ran courses on QUICKEN and CANEMAN packages but the poor level of computer skills and poor record keeping means that these are not generally needed by most growers. Those that do use them have attended the courses and, according to respondents, do actively use computer programs and send the discs to accountants and banks. Those who want business management information have probably accessed it and there will be a need for subsequent refresher courses.

Increasing interest in fine-tuning business management skills will become a necessity, according to McGuire (2004, pers. comm.) and several leading growers support this view.

They forecast that growers will need further advice on better business management and record keeping to address ways to save money and use machinery more effectively, for instance. Some of these activities may occur at the individual level or they may occur at the mill committee level, as all levels of the industry look for ways to cut costs by pooling machinery and managing transport costs.

According to McGuire and several respondents, another catalyst for this will be the advent of environmental management plans, which are a reality in NSW and are expected in Queensland.

The sugar industry is increasingly moving to industry self regulation and projects like CPI/Prosper are designed to ensure industry takes control of its own destiny. This is in place in Queensland and it is expected that it will come in NSW.

According to several of those surveyed, it is expected that EMS will make growers operate more effectively from a business management and record keeping perspective as they will have no option.

There is some interest in futures trading and share trading among growers. These are regarded as being personal pursuits although it does indicate the calibre of some growers and their level of income diversification.

While the survey demonstrates that personal experience (including intergenerational information) and personal observation of what other growers do supply significant information to most growers, the leading growers report that they are more interested in the results of R&D programs and outcomes. The leading growers in particular report that they need to access information and that adoption of the results of R&D, whether they are trials by BSES or resellers and their suppliers, is a key issue for innovation.

Generally, accountants provide advice on tax, not financial planning. Respondents differed about who should provide advice on the financial management aspects of the sugar business. Some noted this as being the role of accountants, some have computer packages from banks into which they enter their financial data and then seek the advice of their banks, while others use the financial arm of the major agency groups (with Landmark being specifically mentioned.)

Some respondents who were jaded with their financial results and clearly were not leading growers believed that it was all very well to increase production output but to what purpose? They questioned the viability of the industry and their own business. Their general approach to life and the industry could be summarised as ‘despondent’.

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8.5 Information suppliers

BSES is contracted by the cooperative in NSW to provide advice and information dissemination. In northern NSW the consensus is that they are a primary and valuable supplier. Because this is a fee-for-service arrangement between BSES and the Condong Mill Cooperative, the BSES can be considered an agribusiness information supplier. BSES provides a senior extension officer, and the junior officer employed by the Productivity Board is being mentored by this senior officer. This mix of skills and ages seems to suit the growers. Respondents advise that the presence of the senior officer gives them confidence in the information being provided.

The cooperative runs information meetings but, because BSES is contracted as the technical specialist, the cooperative takes more of a supporting role.

In Queensland, BSES can be considered an agribusiness supplier too as it operates on a levy basis and is a key supplier of information and R&D support to the wider industry, including other agribusiness. It may follow the model of NSW and become a contract supplier as there is discussion about its role in the industry and the best way to fund it.

There are mixed views in the Queensland industry about the value of buying the services of BSES although one industry leader did comment that ‘BSES know they have to perform. They are a key provider of information and both growers and BSES are after the communication of new technology’.

Some growers use banks as suppliers of information on money management, not only for farm incomes but also for off-farm investments. Landmark is reported to supply similar services to those provided by the banks on investment and money management.

Resellers like Elders and Landmark play a pivotal role in supplying merchandise and, where needed, technical advice on applying chemicals and fertilisers. These resellers refer technical inquiries on to specialists within chemical companies and fertiliser companies and it is likely that the number, role and importance of these company specialists will increase. Growers report that they routinely check the advice of these specialists with BSES who they regard as the honest broker.

Resellers are ‘very good at getting specialists from Bayer Crop Science, Incitec-Pivot and parent companies out to service our needs with people who know what they are talking about,’ according to a leading grower respondent. They are known to be credible because ‘this is a very accountable system - if they stuff up, they lose the sale and word travels fast among farmers’.

BSES coordinate courses like chemical accreditation courses. They show growers how to use chemicals and, according to one grower respondent, ‘they also show you how to save on quantities and ensure the greatest effectiveness, which is a great financial saving’.

NSWDPI and the Soybean Association of Australia are good suppliers of information on all aspects of growing and marketing soybeans according to growers in NSW. The growers report, however, that NSWDPI is only involved because the crop is considered to be innovative and the industry an emerging one so they conduct trials, which ‘they have given up on in more mainstream crops like sugar’.

The productivity board in each area has up to three staff members who also cover information such as pests, diseases and varieties. In some areas they have more resources than BSES.

Little was reported about financial matters in the sugar industry apart from noting that accountants are used for tax purposes and banks have a role in financial matters, as do some agency companies.
8.6 Information delivery processes

Benchmarking programs, where interested growers can see where they fit against their peers, are an element of the BSES process. These are field- and information-based with data distributed through the normal channels.

BSES staff answer questions over the phone, do field visits, produce newsletters every month and an occasional mailed update newsletter, organise workshops which are very practical, and act as the filter for electronic information. They then pass this filtered information on to growers in the normal course of the above processes and during shed meetings.

Their mailouts cover nutrition and variety advice but, generally, chemical and fertiliser input are covered by resellers.

It is noteworthy that government extension services are not available to sugar growers in either Queensland or NSW because of the presence of BSES. Generally the government is irrelevant to them as an information provider, apart from supporting the soybean program in NSW. They are still exposed to the regulatory framework of government instrumentalities.

On-farm trials are used to investigate varieties and plant nutrition for extension to growers. Both BSES and resellers and their company supporters do these trials, sometimes individually and at other times in collaboration.

Generally seminars and workshops are well supported by growers and thought to be very useful.

Resellers and their technical support people in other companies liaise with growers (and BSES) through phone contact, office contact and on-property contact plus they do on property trials. They refer problems and issues to other companies, including opposition resellers and suppliers if needed, and they access fact sheets electronically, then they get the information out to whoever needs it by whatever means are relevant.

BSES runs CANECHECK shed meetings once a year, usually linked with bus trips for growers to look at innovative practices.

BSES and resellers and their technical specialists speak at meetings.

Most of the work of BSES is 1:1 extension work and a proportion of the resellers’ and specialists’ work is also 1:1. Often the 1:1 extension of resellers and their specialist advisers is troubleshooting or establishing trials sites, either on an individual level with growers or as a group of specialists operating under the umbrella of, say, Elders.

8.7 The future

Anecdotally (from survey respondents) the belief is that there will be more attrition in the industry and it is likely that a percentage of growers will leave. The future of the industry and its continued viability are still uncertain.

Respondents also think it unlikely that many more contentious issues will arise in the industry. Rather, the industry has a lot fewer issues of concern than other rural industries, largely as a result of the relative simplicity of the marketing and management structures in place.

The future is likely to be similar to now, however, the consensus from a number of respondents is that the industry ought to expect a lot more information to be supplied in a web-based format, including consignment notes from the mill. They expect that when the consignment notes do become web based,
this will be the catalyst for the industry to rapidly increase its computer literacy, and other on-line information will rapidly follow.

It is suggested that BSES will remain a key force in leading grower decision making into the foreseeable future. Similarly, there will remain a strong role for resellers and their support network to continue their operations in much the same way as they do now.

A greater focus on group processes is also likely and this can be seen from the structure of CPI/Prosper program.

The industry is keen on and prepared to pay for 1:1 extension work and this will link with more grower to grower learning and a likely reduction in shed meetings.

The biggest issue will be accessing people’s time to undertake the 1:1 contact and there is likely that growers will share experiences more as a result of these changes.

8.8 Other relevant data

There was consensus that the 80:20 rule operates in the sugar industry: a small number of leading growers produce more cane and generally have diversified to generate additional income. This is borne out by the data revealed in the BSES Courier newsletter, July 2001.

One grower reported using the cotton and horticultural industry as benchmarks for introducing innovative practices and concepts so he monitors their innovations and looks for ways of applying those ideas himself. He uses specialist contacts from the resellers who operate in these industries, as well as sugar, to assist his personal investigations.

<table>
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<th>Key finding</th>
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<tr>
<td>Reseller specialist advisers can be considered part of the process of cross fertilisation of ideas from industry to industry.</td>
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</table>

In the industry there is virtually no traditional consultancy model of fee-for-service activity; specialist advice is largely based on the role of the BSES contract and also the product sales of resellers. It is assumed that accountants operate on their usual fee-for-service model.

This is not to say that growers do not pay for advice, rather it is simply charged for in different ways. These ways are the including these costs to the resellers in the price of goods and the grower and mill levy paid by the mill to BSES and also to the productivity boards.

One of the specialist herbicide advisers who works across several rural industries reports that sugar is the hardest industry to conduct extension activities in because of low levels of English and computer literacy. He comments that their attitude to knowledge exchange is in general less innovative than in the other industries. He also notes that, even in the context of the sugar industry, corporate growers are taking on larger areas and have more focussed and specific needs than do the smaller growers.
8.9 Discussion

The role of BSES can be described as covering entomology (parasites), pathology, plant breeding and extension. They cover the following areas of extension activity:

- fostering new ideas on issues like controlled traffic, fallow planting and changes to cropping systems
- disease control and management
- day-to-day advice on planting, management and harvesting
- strategic issues like farming systems.

In all these roles BSES staff work closely with growers and with resellers and their specialist staff. In this way they operate in similarly to the DPIF extension officer.

The consensus among growers in northern NSW is that BSES is the most important agribusiness supplier to them, followed by the resellers. Both these groups appear to meet the needs of growers and have found the operational niche that will continue successfully into the future. The grower payment process also appears to be satisfactory to all concerned as long as the advisers continue to deliver an outcome that the growers approve of.

One of the growers did raise the question of how they, or anyone, identify value for money.

Another issue raised by growers relates to the identity of the people who are at the forefront of the extension. A grower in Queensland commented that the success of BSES (and this was noted in NSW in context of the resellers) is that they supply senior staff who have experience. This grower noted that in some areas of Queensland the less-than-enthusiastic response to BSES related to the age and experience of the advisory staff, which leads to the question of succession in extension staff. The Productivity Board of the Condong Mill has responded to this either consciously or unconsciously by employing younger staff who are learning from the more senior BSES staff.

This issue raises the question of mentoring of junior staff and the need for professional development of the advisory staff of all the agribusiness suppliers of information.

Because many in agribusiness have a pecuniary interest, the BSES is regarded as a valuable honest broker.

Grower respondents to the survey commented on this issue in these ways ‘If we don’t survive, then they lose their jobs’; ‘in the case of BSES we just don’t reappoint them’; and ‘in the case of the resellers we just don’t go back there’.

Increasing industry self-regulation through the mills and through the cooperatives means that a lot of ‘prior notification’ is going on to show that the industry is on the front foot.

‘I have every confidence in BSES, Elders and the specialist advisers that I call on to assist me because what they don’t know here they will always find out for me,’ according to one of the leading growers. ‘However, I do cross reference regularly between them all so that the information I get can be verified between all parties to give me complete confidence in the information quality I am getting.’ And, ‘We have plenty of examples of resellers who have given bad advice and suffered loss of clients as a result – this is industry self-regulation at its best’.
The use of BSES and resellers is regarded as being very accountable by the growers. All of these providers are competing; if they make a mistake then they lose the sale and, in the case of BSES, they are using industry levy funds and have a renewable contract which can always be terminated.

8.10 Conclusions

In many ways the sugar industry can be regarded as a sheltered industry where:

- the mills have an almost ‘protective role’
- growers don’t have to think about what many other industries regard as being one of the most difficult parts of their business, i.e. marketing and customer relations
- growers have a one-stop-shop with BSES, which is their main information provider (and researcher) and remains a quasi commercial entity
- there seems to be a very comfortable relationship between growers and their resellers and their specialist advisers
- there is a generally positive attitude to the role of BSES although this is not unanimous across the study area
- the luxury of 1:1 extension remains in this industry because of the nature of the providers and geographically restricted extent of the growers.

Jeff Coutts (2004, pers. comm.), who is undertaking program evaluation work with BSES, notes that there are significant changes being proposed for how BSES operates in the sugar industry. One of these is the CPI/Prosper pilot project. Coutts suggests that these changes will give BSES a more contemporary approach to its liaison with growers and will give it a commercial focus. He further comments that, from his understanding, BSES will feature strongly in extension and information delivery in the industry of the future.

Leading grower respondents, expected to be those that remain in the industry over the long term, feel that resellers will continue to be an important source of information. They rely strongly on the individual skills of the resellers and the specialist advisers so the skills levels of those resellers and advisers needs to remain high (as it does with BSES and the productivity boards) to ensure high quality advice continues to be given. Such advice has to recognise local circumstances and needs.

Limitations that are not understood well are professional development of advisers and continued training on technical and communication issues. These areas of uncertainty are made all the more difficult because of the broader industry uncertainty.
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<th>Future</th>
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<tbody>
<tr>
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<td>Agency companies, Productivity Board, Soybean Association of Australia, NSW DPI, Resellers, chemical companies, Fertiliser companies, BSES</td>
<td>Courses, 1:1 extension work, Fact sheets, Seminars and workshops, On farm trials, Shed meetings, Field visits, Newsletters, Phone, Benchmarking programs</td>
<td>Levy, Product prices</td>
<td></td>
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<tr>
<td>Small business management advice</td>
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<td>Seminars and workshops, 1:1 extension work,</td>
<td>Levy, Product prices</td>
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<td>Record keeping</td>
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<td>Courses, 1:1 extension work,</td>
<td>Levy, product prices</td>
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</tr>
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<td>Environmental Management Systems</td>
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<td>TBC</td>
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<td>Futures and share trading</td>
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<td>R&amp;D programs and outcomes</td>
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<td>Courses, 1:1 extension work, Fact sheets, Seminars and workshops, On farm trials, Shed meetings, Field visits, Newsletters, Phone, Benchmarking programs</td>
<td>Levy, product prices</td>
<td></td>
<td>Same</td>
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<tr>
<td>Tax information</td>
<td>Accountants</td>
<td>1:1 extension work, Computer packages</td>
<td>Fee for service</td>
<td></td>
<td>Same</td>
</tr>
<tr>
<td>Financial management</td>
<td>Accountants, Banks, Agency groups e.g. Landmark</td>
<td>1:1 extension work, Computer packages</td>
<td>Fee for service and other</td>
<td></td>
<td>Same</td>
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9. Wine

While the wine industry in the study area cannot be categorised in a way that closely relates it to the larger and more professional enterprises elsewhere in Australia, it is developing an increasing level of professionalism and is linking its core wine making business with a tourism and hospitality function.

Consultants feature strongly and there remains some government support which is expected to decline over the next five years or more. Some agribusiness specialisation is occurring as some business supporters predict that this industry will grow markedly and want a close association with this growth.

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</tr>
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<tbody>
<tr>
<td>Consultants are needed in the wine industry to fulfil a range of specialist functions including viticulture and oenology. Consultants in various areas of business management, such as sales and marketing, also appear to be increasingly needed.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little in-depth knowledge about consultants and their extent and the disciplines they cover was obtained for the wine industry during the project. It seems reasonable to assume that the non-viticultural or oenological consultants used by the wine industry are used across other industries and cover a range of disciplines. Respondents used word of mouth as the means to access knowledge about suitable consultants or relied on industry groups to find them.</td>
</tr>
</tbody>
</table>

There is a question surrounding the ability of the consultants working in the area and in the disciplines to access enough work to remain viable.

9.1 Industry overview

Since the mid 1990s, the wine industry has taken a very productive industry development approach. A defined growth strategy, *Strategy 2025*, guides the industry’s development.

According to Coutts *et al* (2004), the Australian wine industry is made up of 1,465 wineries with 96.5% of them located in southeastern Australia. Production for the past two years has exceeded one billion litres with exports of $2.1 billion. The industry has grown at an average annual rate of 42% over the past five years.

The industry growth phase continued until 2002-3; in 2003 it became clear that the industry was moving into a consolidation phase. This phase has caused an industry shakeout with an oversupply of certain wines and confirmed the amalgamation into four major wine groups producing over 80% of Australian wine supply. The remaining 15 to 20% of the wine is produced by small and medium-sized wineries.

The small- to medium-sized wineries employ less than ten people and are generally family enterprises of up to five full-time people with many casuals and contractors working in production. The exceptions are the niche wineries with strong cellar door and hospitality or tourism functions. Many are also contract suppliers of commodity wines produced to meet the needs of the big four wineries.
In the study area all the wineries fall into the category of small to medium-sized wineries, many of which have cellar door sales or are developing them. This means that they can be regarded as much tourist enterprises as wine enterprises.

The big four wineries (which employ about 5,500 to 6,000 people in total in Australia) have about 10% of their staff complement directed to viticulture/wine making/R&D staff. This staff is made available to help the technical wine making activities of their commodity wine suppliers.

Some commodity wine suppliers (SMEs), which may or may not be suppliers to the big four wineries, may only have one specialised person they access outside the family business group. This person is usually a viticulturist. Sometimes that person is a family member.

At an industry-wide level, Winetac is an incorporated body that manages the education and training program of the Cooperative Research Centre for Viticulture. Its vision is ‘that by 2010 a learning culture will be embedded as a key factor in strengthening the competitive advantage of the Australian grape and wine Industry’.

The Winetac mission is to facilitate learning and skill development within the Australian grape and wine industry. Winetac describes itself as ‘committed to achieving our mission through working in a collaborative manner, being responsive to the needs of industry, acting with integrity and generating innovative approaches to learning and skill development’.

Consultants to the industry are generally sought if they have experience, and ten years experience is the generally accepted minimum, according to Roger Bailey, of the consulting company Wine Network Australia (and other wine industry authorities.) This organisation of twelve people is based in southern Australian and works through out the country and offers across industry advice on most management and business issues.

National groups and their regional associations, like the Wine Makers Association of Australia, conduct field days and training programs on a range of relevant issues to the SME wine makers.

In the study area this is done through the Queensland Wine Industry Association and regional groups like the South Burnett Wine Makers Association and Granite Belt Wine Industry Association. The Wine Makers Federation, which is the organisation that drives Strategy 2025, is a further source of advice and training for all wine makers.

In the study region, the Granite Belt and the South Burnett, as well as locations along the Great Dividing Range through to Toowoomba, are the more geographically suited areas for wine making. The other localities, especially on the Sunshine Coast and Gold Coast and their hinterlands that have developed in recent years, are more tourism focussed than wine making focussed.

All the wineries surveyed rely heavily on cellar door sales and this was generally regarded as adding to the enterprise profitability. In some cases action has been taken by more progressive wineries to create links with restaurants and bottle shops and other boutique outlets. This then allows direct access and entry to other market segments for value adding purposes.

In 1997 the Queensland Government established a wine industry development program over the whole of the State and after the 2004 State election created an Australian first, the Department of Tourism, Fair Trading and Wine Industry Development (DTFTWID). It is expected that the training and business support and mentoring role will evolve and reduce as the industry becomes more self sufficient over time, to the extent that in 3 to 5 years there will be far greater industry self management and minimal government support and information being provided.
9.2 The people of the industry

The industry in the study area comprises SMEs, ranging from serious wine making enterprises, to wineries that both make wine are tourist outlets using cellar door sales, to wineries that are largely tourist enterprises with their product being blended from out-of-region supply or even bottled out of the region.

A number of the wineries have developed in recent years and, as with the development of most ‘glamour industries’, find the reality is vastly different from expectations. Anecdotally, some are finding it hard to be financially viable.

The industry has developed from a nucleus of wineries on the Granite Belt, which are in some cases have been there for more than 25 years. According to one young second-generation winery operator, there have been two important recent developments in the study region:

- The Queensland State Government has started to take the industry seriously and has recognised that there are tourist benefits to be had from a more vibrant industry.
- Over the last two years the peak wine industry organisation, the Wine Makers Federation, has started to recognise the Queensland industry as developing and vibrant. This has resulted in them devoting more resources to facilitating industry development in the area.

An outcome of the consultations in the study area is that the following conclusions can be drawn about the segmentation of the winemaking decision-makers:

- older established family enterprises with decision makers over 40 years of age
- younger members of the established enterprises – perhaps second generation – up to the age of 40 years
- newer, serious winemakers
- newer, more tourist-orientated wine enterprises.

Some of these people can be considered innovative, while others might be thought of as more conservative. The more innovative are involved in enterprises such as satellite cellar door enterprises where the wine (cellar door) is taken to the consumer in tourist locations rather the tourist coming to the cellar door. The rationale of this process is that during high visitation months the on-site cellar door is busy whereas, during low visitation times, cash flow can be boosted through sales away from site. Others are actively pursing export market opportunities.

The more conservative are thought by their peers to be more risk averse and keen to stay with the traditional processes and practices that they started out with. In contrast, the greater Australian industry is rapidly adopting new technology to stay viable and to remain contemporary in their thinking and operations, according to Bailey (2003, pers. comm.)

9.3 The consultation process

In keeping with the usual project process, phone interviews were started with the winery operators in this study region. It quickly became obvious that the operators of many of the 56 wineries are very time poor and generally not receptive to surveys.

In many cases up to five phone calls had to be made, and in some cases respondents had to be persuaded about the merits and value of the project. Some of those contacted refused to be surveyed. The results of the process are:
Table 6 – Responses in the wine industry to requests to be surveyed

<table>
<thead>
<tr>
<th>Response to request to be surveyed</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential respondents</td>
<td>56</td>
<td>100</td>
</tr>
<tr>
<td>Phone survey done</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Not available – after at least 2 attempts</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td>Refused to be surveyed</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Total number contacted</td>
<td>21</td>
<td>38</td>
</tr>
<tr>
<td>Additional wine industry specialists surveyed</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

Because of this general unresponsiveness, the combined phone survey and web survey process was not attempted; rather a phone survey alone was used in a bid to obtain better results. It is recommended that, should any processes like this be needed in future, industry organisations be approached to be the conduit.

It is noteworthy that only women agreed to be interviewed. This could be related to the fact that, anecdotally, women are the business operators in this industry while the men are the field operators.

This may mean that the males in these businesses are extremely busy, to the extent that they cannot find time to undertake non-core business activities, such as answering surveys that, in this case, may have a beneficial flow-on effect to their enterprise later on.

9.4 Information needs

Because most of the wineries have a strong tourism element all aspects of the tourism business feature strongly in most of their information needs. One younger winemaker in her late 30s said that ‘the tourist industry is not forgiving any longer in terms of poor service and low standards. This means for my winery I need multiskilled staff who can fulfil a number of roles, including retailing and customer service.’

She also noted that staff management is a key issue for her own and similar-sized wineries to ensure the multi skill is effective, given her inability to employ more than a small number of part-time staff. She described the wine industry as being very clearly segmented into the big four, the innovators and the ‘Ma and Pa’ wineries.

According to Craig Rutledge, Wine Industry Development Officer, Department of Tourism, Fair Trading and Wine Industry Development (2004, pers. comm.), ‘of the wine establishments in Queensland, you could describe them as fitting these categories: 5 to 10% are highly innovative and market focussed businesses, around 40 to 50% are passionate and active and trying to grow their businesses, while you could say 30 to 40% are lifestyle driven because they love what they are doing.’

The Winemakers Federation supplies information on most aspects of the technical side of wine making. The State and regional associations also provide the localised perspectives on some issues, such as production issues.

Accountants and financial advisers are used to advise on financial and tax issues.

Sprays to deal with pest problems are key issues for the industry. Some of the resellers and their specialist advisers are key sources of this information, along with the DPIF.

Another key agronomic issue is soil fertility. Some of the younger growers have an interest in sustainable production systems and seek some specialist input.
General production and agronomic issues to do with viticulture need to be addressed, as well as more specialised issues to do with oenology, both winery vintages and blends.

One respondent noted that they pay to access the weather charts over the internet.

Another noted the importance of domestic and export marketing while another noted the importance of accessing the media and uses a consultant to help do this.

9.5 Information suppliers

During separate interviews with two staff members of one of the big four wineries (located in southern Australia) it became apparent that the objective of the larger wineries was to become the sole quality adviser to their commodity wine suppliers. Therefore they advise these growers on issues of agronomic practices, grape growing, wine making and quality management procedures.

However, they advised that their suppliers do not extend as far as northern NSW or southern Queensland, the study area.

The Winemakers Federation is funded by an industry levy. It conducts programs for wine makers and wineries on business management and most aspects of the wine business, including production and agronomic issues.

Because the Queensland State Government is now focussing strongly on the wine industry as a growth industry it has also established support through staff members of the DTFTWID. They facilitate training and information programs, as does the DPIF in Queensland through their Stanthorpe-based research station. However, one grower reports that the services available through the DPIF are gradually declining in quantity, although they remain an active information supplier. This can be explained by the move of the department into stronger support of the table grape industry than the wine grape industry.

The Queensland Wine Industry Association and regional groups like the Granite Belt Wine Industry Association and South Burnett Wine Makers Association also facilitate wine specific information delivery that supports the activities of the Winemakers Federation.

Organisations like the Southern Downs Tourist Association and the South Burnett Tourist Association conduct training programs on tourism related issues.

Accountants and financial advisers are key conduits of financial planning and tax issues. One wine maker noted that ‘I hate banks because their advice is so poor and they are generally ineffective in giving me anything relevant to growing my business’.

Resellers are also a key conduit of information. Some like Landmark have a booklet available on sprays which is supplied annually to growers. According to a senior executive of Landmark they have targeted the wine industry as a growth area and they are devoting effort to supporting the industry. Similarly, a specialist product supplier to the resellers, Bayer Crop Science, has also put effort into the wine industry and has created their own viticulture magazine. They have one employee, an extension specialist, who has the responsibility of writing and producing it.

Some wine makers use consultants: one in the South Burnett uses a consultant from Stanthorpe who regularly travels thought the area to their winery and another uses a consultant from Victoria and, apart from some visits to the site, most liaison is through email. These consultants operate on both a fee-for-service basis and a retainer.

Another respondent uses Dalby Agricultural College as a source of information.
9.6 Information delivery processes

The consensus is that attending workshops is a key delivery mechanism that meets growers’ needs. The preferred workshops are run by Winemakers Federation and the State and regional associations, as well as key ones by the DPIF. Growers also go tourism workshops run by the tourism associations.

From a winemaking perspective, master classes are a preferred way of picking up new technology in producing good wines. One of the respondents reported that her brother is the wine maker and ‘he finds it best to go to other countries to develop his own palate’.

This same wine maker reported that ‘the cost of consultants and contractors is very dear and, as well as having limited funds, we want to learn for ourselves and we have to learn this by doing’. She also reported that they engaged a business coach to help with the business management aspects of their operation.

In terms of the production issues, the Winemakers Federation and the State and regional associations are generally thought to run the best information delivery programs, followed by the DPIF.

Many of the regional tourist associations run training programs and activities on the tourism and marketing issues relevant to wineries, as do all the winemaker associations at a national, State and regional level.

Some of the resellers and the specialist advisers put out annual and regular magazines on pests and diseases and how to control them, as well as production issues. Some of these apparently fulfil the role of handbooks and are referred to regularly by growers, although usually they check the accuracy of the information with other credible sources.

For some the internet is a key source of information, although once again it is checked for accuracy with other sources. This extends to marketing information, according to one respondent.

Resellers, their specialist suppliers and other companies wishing to do business with the wine making decision makers regularly run trials to demonstrate how their products work. They also run field days to discuss and show these products being operated. These field days cover a range of issues, including mulches and irrigation technology.

A number of these specialists provide personal and 1:1 advice direct to the growers.

9.7 The future

The consensus is that the current situation is expected to be the same in the future although the current strong State Government industry development role is expected to decline over the next 3 to 5 years (Rutledge, 2004 pers. comm.)

The most likely change for the younger people in the industry will be the role of the internet, which they see as assuming greater relevance to their information-seeking activities. According to one grower, the moderating influence was ‘you don’t know the truth behind the information on the internet’.

Another respondent advised that they see the internet being a key conduit for future product sales. Another long established winery noted that they believe part of their future activities will be accessing export markets. They are actively looking into finding a consultant to help them determine how to achieve this goal.

There is a social issue in the industry, however, and that is the need for personal interaction among growers. For this reason, going to workshops, field days and trials will remain popular, along with the desire of wine makers to ‘see the products in action so we can make up our own minds.’
There is some distrust of resellers in terms of the honesty and accuracy of the information they provide although this concern appears to be addressed by occasional checking of the data with other trusted sources.

9.8 Other relevant data

The wineries in the study area have little in common the big four wineries. For a more meaningful review of the more professional, viticulture-focussed industry of Australia, the larger wineries based in southern Australia and Western Australia would need to be contacted.

9.9 Discussion

The industry is a fledgling industry in the study area. All its businesses are SMEs and there is no connection with the big four wineries. Their staff complements are small (fewer than ten people) and most decision making is made by up to three people.

These factors alone distinguish the industry in the study area from the industry in the rest of Australia. However, the resources being put into the industry by the State Government and by the Winemakers Federation indicate that they perceive the industry to have significant growth potential. Similarly, the fact that larger agribusiness organisations like Landmark and Bayer Crop Science are dedicating resources specifically to the industry indicates that they too have faith in it.

The organisations above are key information providers to the industry, along with consultants, regional tourist associations and regional wine makers associations. The communications strategies and techniques used by the providers appear to be meeting current and future needs.

The information dissemination processes of this industry are spread among industry-funded organisations, both levy- and membership-based, as well as agribusiness. Agribusiness comprises:

- resellers and their specialist advisers
- consultants
- private company product suppliers.

The Winemakers Federation also could be called an agribusiness supplier, as it is a levy-based service.

The one area of service reduction appears to be the DPIF, although the reduction is less marked in this industry than in other rural industries.

According to some in the industry, there is a lot of hard work behind the glamour. They note that the really successful wineries are rarely single business activities, rather they are more likely a combination of:

- a winery producing a quality wine product, which may or may not be solely their own vintage
- a tourist enterprise which encourages customers to the door for a tourist experience
- a marketing enterprise, which gets their wine product to other market segments off-site.

The breadth of information being sought is indicative of these considerations. Added to this seems to be a distinction between the thinking of the more conservative, older and sometimes established producers, contrasted with the new entrants and second generation operators who are thought to be largely under 40 years of age. The younger people reported that they (perceive that they) tend to be more interested in innovation.
In general, consultants feature strongly in the industry and they are of local origin as well as being based interstate. The greatest need for consultants appears to be in the viticultural area, although increasingly business coaches and marketing specialists are featuring. This indicates that some business management issues are featuring strongly in the industry as farmers investigate how to value add to their wines and access skills in the tourist discipline.

**Key finding**

*Consultants are needed in the wine industry to fulfil a range of specialist functions including viticulture and oenology. Consultants in various areas of business management, such as sales and marketing, also appear to be increasingly needed.*

Coutts *et al* (2004) report a general oversupply of wine makers in Australia and a low turnover of these positions. However, few wineries in the study area can afford to employ a wine maker so their need is for contractors or consultants. One respondent reported on the poor quality and quantity of oenologists in the study area.

Little comment was made about the quality of the consultants covering other issues of business management, although there was comment about the cost of consultants. One respondent who reported on the quality of the Victorian consultant she employs intimated, though did not state, that the quality of consultants in the study region was poor.

One respondent did note that there is a need for specialist advisers, whether they be consultants, resellers or the specialist suppliers, to be very familiar with the region and its specifics.

**Key finding**

*Little in-depth knowledge about consultants and their extent and the disciplines they cover was obtained for the wine industry during the project. It seems reasonable to assume that the non-viticultural or oenological consultants used by the wine industry are used across other industries and cover a range of disciplines. Respondents used word–of-mouth to access knowledge about suitable consultants or relied on industry groups to find them.*

Some form of readily accessible wine industry consultant register could be a useful initiative.

There is a question surrounding the ability of consultants working in the area and in the disciplines to access enough work to remain viable.

One of the key areas of frustration appears to be addressing the hospitality functions, i.e., wineries becoming a tourist enterprise, when the core business is making wine. This frustration manifests itself in the need to access training in areas such as customer service, silver service and high quality coffee making.

One issue addressed by respondents related to accessing an honest broker to check the authenticity of agribusiness advice and recommendations or, at the very least, to act as a sounding board. The role of the industry wine making and tourist organisations appears to facilitate this process, especially as a result of the fact that wine industry people gather (and presumably network) at seminars and workshops.
9.10 Conclusions

Clearly the wine industry is very dependent on the breadth of agribusiness services available to it and largely happy with the outcomes.

The communications processes, from both agribusiness and industry organisations, are meeting their needs.

There are emerging business management needs that appear to be partly unmet and wine makers are seeking more advice in that area. The role of consultants is emerging to fulfil a range of needs, although the industry is only now gradually accepting and using them.

There is a question about how and from where does industry access consultants. There is another question about the credentials of consultants giving advice on wine making and business management.

There appears to be a need for an honest broker function although industry seminars, workshops, field days and trials appear to be an opportunity for the honest broker process to be addressed via discussion between growers. Although this was not articulated, it is assumed that the Winemakers Federation and the regional bodies are meeting those needs also and will continue to do so.

Table 7 – Agribusiness delivery in the wine industry

<table>
<thead>
<tr>
<th>Information needs</th>
<th>Agribusiness suppliers/providers</th>
<th>Delivery techniques</th>
<th>Way provider income received</th>
<th>Notes</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical side of wine making – viticulture and oenology</td>
<td>Winemakers Federation, Consultants,</td>
<td>Master classes, Personal visits, Training programs, Trials &amp; field days, 1:1 advice, DTFTWID information services</td>
<td>Levy &amp; member ships, Fee for service, Free service through DTFTWID</td>
<td></td>
<td>Decline of DTFTWID support</td>
</tr>
<tr>
<td>Production issues</td>
<td>Resellers &amp; specialist product suppliers, DPIF, Consultants</td>
<td>Personal visits, Annual &amp; regular magazines, trials &amp; field days</td>
<td>Product prices, Fee for service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agronomic issues</td>
<td>Resellers &amp; specialist product suppliers, Consultants</td>
<td>Personal visits, Annual &amp; regular magazines, Trials &amp; field days, 1:1 advice</td>
<td>Product prices, Fee for service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information needs</td>
<td>Agribusiness suppliers/providers</td>
<td>Delivery techniques</td>
<td>Way provider income received</td>
<td>Notes</td>
<td>Future</td>
</tr>
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<td>-------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>General information</td>
<td>Qld Wine Industry Association, Dalby Agricultural College</td>
<td>Attending workshops, Personal visits, Annual &amp; regular magazines, Internet, Trials &amp; field days, 1:1 advice</td>
<td>Product prices, Levy &amp; membership, Fee for service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial and tax issues</td>
<td>Accountants &amp; financial advisers</td>
<td>Personal visits, 1:1 advice</td>
<td>Fee for service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sprays to deal with pest problems.</td>
<td>Resellers &amp; specialist product suppliers, Consultants</td>
<td>Annual &amp; regular magazines, 1:1 advice</td>
<td>Product prices, Fee for service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Soil fertility</td>
<td>Resellers &amp; specialist product suppliers, Consultants</td>
<td>Personal visits, 1:1 advice</td>
<td>Product prices, Fee for service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weather charts</td>
<td>Internet</td>
<td>Membership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>Consultants</td>
<td>1:1 advice</td>
<td>Fee for service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>Regional associations, Accountants &amp; financial advisers, Consultants, Business coach</td>
<td>Attending workshops, Personal visits, training programs, 1:1 advice</td>
<td>Product prices, Fee for service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tourism</td>
<td>Southern Downs Tourist Association, South Burnett Tourist Association</td>
<td>Attending workshops, Personal visits, Training programs</td>
<td>Fee for service, Membership</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Regional associations denotes the Qld Wine Industry Association, South Burnett Wine Makers Association, Granite Belt Wine Industry Association, etc
10. Agribusiness

One of the key issues about capacity building is that it is about people, i.e. farmers, their partners and their families. Agribusiness sometimes explicitly and often implicitly separates the words and concepts of ‘information’ and ‘advice’.

Some agribusiness has ways of categorising clients into ‘desirability’ at A, B and C levels. The aim is to either remove C clients from their list or, at most, provide low levels of service. Agriculture fits the criteria of the Pareto Principle, more commonly known as the 80:20 rule, although this might vary to 20:60:20.

Agribusiness recognises that there are significant impediments to change in some sectors like livestock, some parts of horticulture and sugar, all which have a group of unsustainable clients. It notes that government and R&D corporations continue to intervene in the role and activity of free market forces, especially in terms of landcare and catchment management activities, which appear to be a return to free advisory services. This creates an inconsistent message from government.

Electronic communication provides a significant opportunity to improve capacity building activities; however, in some cases a generational change or a catalyst to change (from marketers or product purchasers) may be needed to alter the current low levels of adoption.

There are certain economies of scale that dictate the size and scope of agribusiness. The issue of pecuniary interest and legal implications of their activities are considerations. There are now more consultants and they have a significant role as honest brokers.

There is recognition that those farmers whose knowledge acquisition is price driven (perhaps 60 to 80% of them) are the most vulnerable to problems of accessing honest and accurate information. There is a strong view that the price (value) of advice in rural Australia in not at the same level as in mainstream business: there is inconsistency between the fees and charges of mainstream, city-based, city-focussed professionals (engineers, accountants, lawyers, etc) and rural professionals with equivalent expertise.

In contrast, the innovative farming enterprises are thought to be far more complex and need far more intensive and multi-disciplinary input than equivalent city-based businesses.

**Key finding**

Agribusinesses take a very segmented approach to their client base to the extent of recognising that larger corporate entities have to be approached using one strategy while smaller and multi-enterprise farms may have to be approached another way.

**Key finding**

While there is little hard data to support it, there was a flavour coming out of the project that the connection between R&D corporations and agribusiness is not strong. This can be regarded as a discontinuity between the front line advisers and the funders of the development of new technology.

**Key finding**

Consultants will be the primary advisers in future displacing resellers who are expected to have a more limited role.
Key finding
Further consideration of the implications of market/company aggregation and closed loop marketing potential on knowledge management is needed to understand the full effects that this might have on agricultural knowledge management. This fits with the desire of farmers to assure themselves of access to ‘honest broker supplied information’.

Key finding
Anecdotally product inventories are reported as being stocked based on their level of profitability to the reseller, as much as if not more than, on their functional value to the end user. This is considered to discriminate against some national suppliers who are reported as being less able to ‘wheel and deal’ and to farmer users who may have specific needs for which products are available but not stocked.

Key finding
The issue of staff turnover and professional development until staff have enough relevant advisory experience is an important one for agribusiness.

Key finding
The low skill levels and comparatively lower quality of all staff, including business advisory staff like accountants (and lawyers) in regional areas, adversely affects the high level decision making required of the top 20% and next 60% of farmers in the increasingly global marketplace.

Key finding
The concept of ‘knowledge delivers power’ means that the knowledge power for some industries is vested in a small number of people, i.e. growers, advisers and resellers. Should the knowledge process break down then it has severe implications for this industry.

Key finding
Government, through Landcare, R&D corporations and some government services, continues to foster ‘free advice’ or ‘a bit of user pays’.

Recommendation 1
That government, at a State and federal level, with R&D corporations and Landcare/catchment management, makes binding policy decisions on whether full or partial user pays will operate in agriculture as a way of creating clear market signals on the issue.

Recommendation 2
That key decision and policy makers be made aware, through the CVCB, of the issues confronting the honest brokers in rural industries to determine whether it is an issue for them to act, given the adage ‘knowledge is power’, and the special community good interest in land stewardship.

Recommendation 3
That the CVCB document the extent to which RDCs use ‘real’ agribusiness extension specialists (who operate commercially on-ground) to disseminate R&D results and to have input into extension programs and priorities for R&D work.
10.1 Industry overview

Agribusiness (advisers) is defined as a person or organisation that generates income from the sale of a product and/or service which facilitates the decision making of a farmer (or land manager).

In the study area and across the range of industries, a representative selection of agribusinesses was contacted. In keeping with the project philosophy, the intent was to maximise input of people representing the organisations, while not being intrusive. It was also to recognise areas of commercial in confidence, areas of conflict with the aims of the project, and issues that might cause concern if they were reported widely among industry.

The agribusiness representatives who were contacted cover a range of providers and obtain their income a number of ways. Fee-for-service and product sales, or a combination, are the primary ways.

Because of the opportunistic nature of the study, some additional key contacts were made.

When considering capacity building, there is much variation among agribusiness providers and their reason for existence and rationale for their operations. Some take a very specific and narrow focus depending on their market niche while others take a broad role. This varies from defined roles and product sales such as animal nutrition or fertiliser application, to a whole-of-enterprise (such as consultancy work or accounting) and, in some cases, a whole-of-industry approach such as a focus on supply-chain management.

The agribusiness supply-chain management approach was described as follows: ‘we are a major supplier of inputs to clients in Australia and marketing of outputs to the customers, including finding (new) markets into which to supply the product’.

Other agribusiness operators included specialists such as a herbicide extension horticulturalist, seed company representatives, a grain marketer, accountants and bankers.

It is noteworthy that few are involved in direct financial advice, and there is a distinction between the words ‘information’ and ‘advice’.

10.2 The consultation process

The identification processes for agribusiness providers incorporated a number of methods:

- those known to the author
- those which farmers referred to as their providers (of information and products and services) and, in some cases, allowed their name to be used so as to provide an introduction to those providers
- some major known providers
- some which were industry specific with potentially a small market niche
- some which have across-industry roles
- interviewing staff with national or State level management roles, i.e. senior staff
- contacting regionally based staff (field staff) who interact personally with a range of clients
- individuals in organisations who were prepared to be interviewed (some were not)
- individuals who could be reasonably easily be contacted or took less than five contacts to reach.

The intent was to consult with organisations at two levels:
• personally, mostly via phone interviews or face-to-face interviews
• impersonally, using a web survey.

The nature of the study, as well as the agribusiness representatives and their work activities, meant that the process for contacting them was often disjointed and it was usually a case of ‘contacting them any way possible’.

10.3 Agribusiness providers who were contacted (agribusiness people)

A range of providers was contacted and is categorised in a general way below. For reasons of commercial in confidence, specific organisations are not named unless their staff agreed to be identified. The groupings of organisations and the type and level of the staff consulted are outlined, as are their client bases:

• National resellers: three organisations (Elders, Landmark and CRT) provided input through staff at the level of a national manager (one organisation), a State manager and regional merchandise manager (second organisation) and franchise owner (third organisation).

• National reseller suppliers of products: input from two fertiliser, herbicide and seed company technical specialists, who are suppliers to the resellers.

• An organisation with a national focus but with a series of key business units based in Tasmania (Serve-Ag) and employing 80 people. Their business units are R&D, resource management, analytical services, and sales and consulting. The organisation services to ‘90% of agriculture related industries’ and their clients vary from family farms to their own business units and large national corporations such as McCains and Simplot.

• Small SME consultancy organisations.

• Other input specialists, such as a herbicide specialist, who works in several industries, including sugar, macadamias, fruit, viticulture and vegetables, as well as a fertiliser specialist who operates in a similar way. The fertiliser specialist reports that about two-thirds of their business comes from dealers, agents and resellers.

• Agronomist consultants who generally operate in a specific geographic and production system area (‘within 150 km from my office base’), with a range of clients (one who has seven full-time staff and two part time staff and services sixty clients and covers 450,000 acres and another who has nine staff, of which 5.5 are field based technical staff, and that contracts bug checkers and services eighty clients), operating on a retainer basis (on an acreage rate over a whole year and monitors the crops, the soils, the agronomy and some business management and benchmarking activities as well as machinery and water management needs) and often on a whole-farm and whole-enterprise basis.

• A grain marketing company which services 400 to 500 farmers, provides specialist niche market grain to niche end users and provides feedback to growers.

• Peak organisations: the Wine Makers Federation, AgForce, Queensland Fruit and Vegetable Growers, BSES, Sub Tropical Dairy Program and Meat & Livestock Australia were contacted.

• Associations: organisations like the Soy Bean Association and the Mung Bean Association, while not interviewed, are reported as being influential conduits. They prepare materials like CDs and training courses, focussing on professional development for agronomists.

• Grower and industry directed organisations: Traprock Wool, horticultural packhouses, grower marketing groups and a lucerne cooperative were unearthed, as were other organisations that have a strong capacity building role.

• Two banks gave input.
• Two accountants gave input – one from the mixed farming belt and one from Toowoomba who has practices around southern Queensland.

10.4 Information needs

The agribusiness information providers commented on some of the specific needs of farmers and graziers:

• Serve-Ag reports that through their sales and consulting unit, which is most relevant to this study, they mostly deal with production agronomy, e.g. crop selection, soil management, irrigation, pest and disease, nutrition, and post harvest. They also deal with management issues including business management, HR, and people issues and tend to become a holistic adviser by ‘going inside some businesses and almost becoming part of the business’.

• One consultant who serves the pastoral areas reported that the information being sought by clients covers animal husbandry, marketing, finance and business, personal skills, HR and government legislation.

• A senior manager in a national reseller organisation (sometimes called an ‘agent’ or ‘agency’) commented on the importance of taking a supply chain approach, where a direct communication link is set up between a producer and a consumer, and establishing a profit-driven model to generate the correct outcomes with that organisation taking an intermediary role. He related the supply chain model to an information flow model and information path, noting that the more progressive farmers allocate more resources to the information flow process.

• A senior manager of a national reseller noted that they have employed both specialist and generalist staff, which allows for the creation of a one-stop-shop and enables leveraging off core business to other units. While he reports that their core business areas are important, the notion of leverage and meeting related farmer needs linked to the core one-stop-shop relationship is crucial. The areas they cover include banking, insurance, agronomy, ‘seedstock livestock’ sales, risk management for commodities and for business, merchandise, grain trading, insurances and all aspects of wool and livestock. He reports that one of the biggest issues of concern is that farmers want many different levels of information and meeting all those needs is a challenge. This is exacerbated because agriculture is so diverse and fragmented with so many levels of interest and expertise.

• One national supplier organisation representative notes that ‘growers really do not like change and they question about paying for advice…then they question the value of the advice…then they question how much better off they will be with the advice’.

• A national reseller representative commented on risk management by saying that ‘my service is all about getting the farmer to understand their best risk management strategy, from the perspective of them as an individual and their own risk profile and how it translates into every element of their business, even to the genetics they use and the relevance of those genes to the markets. The hardest thing is to get the farmers to clearly understand their own business and what their personal and business objectives are’.

• A broadacre, grain-focussed agronomist consultant noted that farmers seek his advice on every aspect of running the farm ‘we don’t get too heavily into business management and only basic benchmarking, and some R&D work is done on a contract basis for one of the R&D corporations’. The agronomist noted that they do not cover some key areas of enterprise management, such as marketing, financial management, risk management, currency work and reselling products (chemicals or fertilisers), as they wish to remain (and be seen to be) totally independent of any pecuniary interest.

• An accountant reported the need for independence while providing the one-stop-shop concept. Both accountants reported that they bring in outside specialists such as professional financial planners and advisers. Both reported that they are generalist business advisers ‘almost like a GP’,
as well as tax specialists. Both noted the importance of not being ‘a master of everything’ but
being able to support client needs to ensure they cover budgeting, succession planning, tax
consequences, etc, and also to be a ‘sounding board for clients’.

- Landmark has a complementary (non core) role in a range of external organisations like
  addressing salinity issues, to the extent of helping landholders develop salinity plans.
- The major resellers cover disciplines of wool, livestock, merchandise (farm inputs), fertilisers,
  real estate, financial issues and insurance and have a strong focus on diseases, chemicals and
  client contact.
- The resellers focus on the one-stop-shop concept too, supported by strong internet presence to
  facilitate farmer focussed electronic activities and get feedback on wool clip, sales, etc.
- Another agronomist said they take care of everything to do with ‘getting and keeping the crop in
  the ground’. This includes soil fertility and managing nutrient levels, as well as pests and diseases
  and water management.

One national manager commented ‘The problem for the 80% is that they don’t know what they don’t
know’.

10.5 Information suppliers on an industry basis

Seed companies fall into broad and niche markets. During this project, those contacted specialised in
pasture, forage crops and grain crop seeds. Other specialisations include horticultural seed production.

The grain marketer reported that they act as a conduit for information from the end user (sometimes a
specialist) to grower suppliers. This role is similar to that played by horticultural packhouses. Both
operate based on developing strong relationships throughout the supply chain, this being the key to
their role as a conduit.

A representative of one of the reseller (agency) organisations reported in general terms on their
specialist people:

- agronomy – they have a strong web presence and well in excess of 200 field staff who have an
  advisory role
- R&D and agronomy – they have a small team of around 20 people who work with field staff and,
  in turn, with growers
- taking up government slack – their R&D advisory and sales focus has been developed to take the
  niche vacated by government staff
- specialist horticultural agronomists – these operate on a fee-for-service basis and cover key
  industries of tropical fruit, sugar cane, cotton and viticulture
- animal nutrition advisers – a specialist team is being developed
- wool – specialist wool preparation and marketing staff exist and are being refined
- risk management – a range of products exist with appropriate sales and advisory staff
- specialist livestock services – covering areas of genetics, classing, sales, marketing, etc.
- finance – a range of services are supplied to meet farmer finance and banking needs.
10.6 Information delivery processes
The most highly favoured means of contact between agribusiness and its clients is 1:1 contact.

1:1 contact
One national reseller, at a regional merchandise manager level, reported that:

- he has three regional agronomists on the road servicing the production needs of grain farming clients in terms of weeds, pests and diseases for crops
- he has one person responsible for livestock pests and diseases
- there are three agronomists located by his company in a neighbouring horticultural area
- they have one specialist viticultural adviser in the region whereas during the project it became clear that another national reseller is setting up this activity as a point of difference from its competitors on the basis that they can service this potential growth industry (picking winners in terms of emerging industries).

Others commented that:

- one national SME organisation has 45 people in its sales and consulting team
- most organisations reported that their skill in personal contact was their main strength and selling point or company differentiation
- one organisation reported that the strength of their personal contact can be borne out by the fact they are now advising the second generation of farmers.

A senior manager with a national reseller reported that good, skilled, regional staff will always be needed, especially those who can take a global model approach to their thinking and pass that on to the customers.

An agronomist noted that 1:1 is very expensive but is still the most effective way of informing growers. He reported that the annual employment cost for a good agronomist in a regional area is at least $100,000, so those costs have to be covered and a profit generated.

Another local reseller commented that, in the mixed farming areas, it can take up to ten years to develop a strong relationship with farmers based on trust and mutual respect. This local reseller has five staff covering administration, agronomy, animal health and irrigation support.

One of the national reseller representatives noted that ‘national resellers and their associated suppliers and organisations have tremendous reach in terms of getting access to farmers and also great credibility with the farming community’.

Over-the-counter advice
One of the national reseller representatives advised that often the first point of contact for advice is farmers seeking information over the counter. Farmers might be able to access advice from specialist staff in this way, or if their product order was large enough, they may be given free on farm personal advice.

His organisation reported that this a good way of adding value to their services by being able to refer clients on to other specialist staff in the organisation, including banking and financial and insurance staff.
Newsletters
Newsletters are a common form of follow-up activity. One variation is the weekly market report used by the grain marketers, which includes national reports from organisations such as AWB and Graincorp.

One bank puts out a regular industry summary of local and global trends and issues of interest to the industry. This is regarded as a technical publication and is used by bank staff and clients.

Websites
Often over-the-counter enquiries to national resellers are addressed by accessing the website or referring customers to it, especially those customers whose orders or relationships with the organisation do not justify personal or on-farm contact. This is made easier because of the extensive links from suppliers to the national reseller’s sites.

In many cases, especially for the national resellers and their suppliers, the websites are the repository for considerable technical information.

One bank has given clients a password access to the data on their website. This includes financial trends and other data gathered by the bank’s specialist staff.

Email
Often email is used to supplement other advisory processes. It is being used more by most agribusinesses.

Phone contact
Often personal contact is by phone, especially when the specialist knows the situation of the farmer and the advice is general.

One national reseller uses SMS to advise of grain prices.

Group processes
These are used by a number of consulting groups and agronomists. In one case, a potato farmer group looked at impediments to their production and assistance with general upskilling, and the agribusiness facilitated this process with them.

One herbicide specialist reports that they take growers on study tours and may pay up to 90% of the costs. These tours go around Australia and have been taken to New Zealand also. One significant purpose is to broaden their (growers’) thinking about issues. Having these growers in his ‘sphere of influence’ is another key outcome he seeks to build relationships (a key factor) so that he can explain attributes of products (though this is less important than the technical issues of ‘expanded thinking’).

Field trials, R&D outcomes demonstrations and field days
One herbicide specialist works on the basis that field trials are needed to develop and showcase new technology and the implementation of innovations. His main focus then is to establish such trials and demonstrations. Then it is to get growers into their trial program and also for them to attend demonstrations to see for themselves how the products work.

This philosophy is followed by the major resellers and their national suppliers. A range of smaller agribusinesses with niche products such as irrigation and mulch suppliers, also conduct their own trials and demonstrations or connect with larger organisations or both.

Working with key growers
The herbicide specialist also works on the basis that he needs to engage with key growers who are opinion leaders. He feels that, especially in more traditional industries like sugar, they are a key factor
in influencing how others think. For those reasons he works to run trials and demonstrations on their farms so that others can see how these concepts work in a practical setting.

He is a strong advocate of the ‘diffusion process’, where opinion leaders can function as a means to influence the thinking of others. However, he does report that one impediment to this process is a reluctance of the large more influential growers to share their information.

**Role of women**

One national organisation reported that women are a key information conduit into the enterprise because of their role in record keeping and that ‘they often take a very holistic view of the enterprise’.

**Influencing resellers**

A herbicide specialist says that while influencing key growers is very effective for contacting more growers, another key issue for him is to influence the resellers at a corporate level and at an agency and outlet level. They in turn access more growers through their contact processes and outlets.

A fertiliser representative noted that while the ultimate product user is the farmer, the dealers, agents and reseller networks are key influential people in the process. Therefore he segments his target audience ‘the primary target is the distributors, agents and resellers, while the secondary target is farmers, in terms of our extension material’. He also reports that they have ‘a strong commitment to training distributors; there are about 1,000 of them in regional Australia’.

This representative notes that they do try to give agents, etc some direction on techniques to use to implement their communication and extension strategies on-ground.

This concept of the reseller/distributors/agents being the key market was repeated in the seed industry sector.

Several national reseller suppliers commented that they provide extension training to reseller staff. They do so to increase the skill levels of the resellers and also to improve the resellers’ understanding of their products and what their requirements for the effective operation of, and communication about, the products. This is both an information and sales process.

**Direct mail (including fax outs)**

The herbicide specialist reports that they use direct mail by defining what the growers’ information needs might be at certain times of the year and during crop cycles and then direct mailing them with relevant information. He notes that usually this is done on a company-by-company basis, although sometimes the reseller does it.

**Specialist publications**

One reseller and a herbicide company have both focussed on the wine industry as an emerging industry that they wish to target. Both have created individual specialist magazines that serve both technical and sales functions.

One company has a specialist extension specialist who writes the magazine. Their focus is on crop production issues so that they are regarded as a ‘viticultural specialist’.

Two seed companies put out specialist brochures and technical publications aimed at their key audiences, i.e. resellers and growers.

Peter Shaw, National Marketing Manager, Heritage Seeds, commented ‘a lot of our promotion is very technical and you could classify that as being extension, for example our twenty-page dairy pasture guide has gone out over the last ten years to every dairy farm in Australia with all the technical
information on the seeds, their management and grazing strategies. Our feedback is that many dairy farmers appreciate the supply of such a valuable manual and they have come to expect it’.

**Other notes**
A representative of one national organisation noted that ‘you have to understand the personality of the client to gauge whether they want or need new technology and often it is based on the personal characteristics of those involved’. This person reported on centre pivot irrigation technology and how it was widely adopted in one area they serviced, mainly for lifestyle reasons rather than cost benefit reasons. His staff reported this case study based on the unusual purchase reasons stated by farmer purchasers.

A senior manager of a national organisation reported that ‘many farmers have a comfortable, tried and true information development processes and some just get stuck in a victim mentality. They don’t seem to realise that you just have to go out and get what want and need and that you might have to do it differently from how it has been done before’.

A national supplier representative commented that one ‘connection’ strategy has to be adopted for the larger corporate farms, whereas another has to be adopted for the smaller farmers, and often a different strategy if they are multi-enterprise.

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<td>Agribusinesses take a very segmented approach to their client base to the extent of recognising that larger corporate entities have to be approached using one strategy while smaller and multi-enterprise farms may have to be approached another way.</td>
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### 10.7 How agribusiness generates its income

**Costs of staff liaison with clients built into product sales**
This is a common technique used by:
- national resellers in the grain industry
- other consultancy and sales organisations at a small and large level.

The products cover crops and animal inputs, including seed, chemicals (such as herbicides and tickicides,) and fertilisers, as well as equipment like soil moisture monitoring gear.

**Fee for service**
Some organisations work on a daily rate or a retainer or both (options are monthly or 6-monthly to link to crop sales). Others work on an acreage rate that covers all their costs for the physical area of the farm that is covered by the contract.

One consultant categorically stated that his organisation would not be involved in any product sales because of a perceived conflict of interest.

**Fee for service and product sales**
A number of resellers and consultancy organisations that have some specialist products or chemicals to service their clients’ particular needs use a combination of fee-for-service as well as income from product sales.

The smaller and independent agronomists and others who supply chemicals report ‘we try to keep our chemicals at about the market figures’.
Reliance on FarmBis
A number of consultants reported a strong reliance on government funding through the FarmBis program. Its withdrawal would adversely affect some of the current advisory and training services.

Other notes
Another agronomist reported that he charges a fee for service for some crops and some clients, whereas for others ‘if we spend more that four hours on the place, we expect they buy their chemicals from us’. This organisation is part of a ‘three-office group’. He reported that chemical sales are an important element of their cash flow.

A reseller commented that full fee-for-service is a reality, but there is ‘strong buyer resistance, especially in the 80% category. I believe it will take five to ten years for full acceptance of fee for service’.

A number of the reseller organisations spoke of the one-stop-shop concept, as did the accountants. The evolution of this concept will be an important development, over time, in agribusiness. It will assume greater importance as alliances develop.

10.8 Agribusiness servicing its clientele
Some agribusiness has ways of categorising clients into ‘desirability’ to summarise their varied levels of expenditure and innovation, which appear to be the key determinants of levels of service they would receive. Clients were categorised into the following types: ‘A’, who were supplied with close contact and high services levels; ‘B’, who received a level of service; and ‘C’, clients who were not really wanted.

One reseller expects that his A clients (innovators) will stay about the same in number, while the B clients (followers) will increase in number and the C clients will decrease because they will go out of business. He sees the mix in future moving from the 80:20 rule to 20:60:20.

Agribusiness organisations reported a range of issues to do with servicing clientele:
- the need to be very collaborative with their clients
- a need to have ‘consistency of relationship between staff and clients so they can jointly determine solutions for problems’ ‘which makes it far easier to do business with clients’
- the need to be aware of new technology so they could advise clients on their implementation of that technology
- while information is plentiful, the implications of the information and its applicability to the enterprise are key issues.

There was general agreement with the Pareto Principle, where 20% of producers produce 80% of the product. These are generally considered the more innovative farmers. One consultant did conclude that perhaps there is a 20:60:20 rule, where farmers identified as ‘followers’ should be a focus. One national supplier organisation representative felt that ‘while the 80:20 rule stands well, it could go to a 90:10 rule as the big growers are getting bigger and they will ultimately exclude most small growers apart from the serious boutique grower’.

One accountant from the mixed farming areas reported ‘the top 20% are innovators and getting a return on investment but the other 80% are really just hanging in there’.

Another senior manager did comment that it is important to keep the ‘big operators’ interested in accessing information. A key factor is to determine beforehand is what their information needs are likely to be so that these needs can be serviced in a timely way.
A fertiliser representative gives agents and others some direction on techniques to use to implement their communication and extension strategies. They include:

- direct canvassing to growers
- their own fertiliser days, as well as linking into general reseller field days and field based events
- point-of-sale material
- website
- recommendation software covering soil tests, crop nutrition requirements, etc
- direct contact with farmers with a focus on analysis of results of soil samples, etc
- training materials for resellers to use and pass on to growers
- connecting with consultants as another means of contact with growers
- setting up trials for R&D and extension purposes.

One consultant agronomist, Michael Caster, Goondiwindi, commented that their organisation is already a conduit for information to farmers. He already works in close consultation with farmers ‘to ensure we know and meet their needs’. He sees that they can take the feedback from growers to the R&D providers to help develop priorities for R&D programs and projects, then help with the trials and then act as the conduit for the information back to the farmers. In turn, their role is already about helping farmers adopt technology, so this is a logical extension of that role. He comments, ‘the problem with researchers is that they think they know how to do everything: we are already a successful conduit, why not just use this operating conduit’.

One bank has employed sector specific marketing and research staff who focus on the individual industries of beef, wine, horticulture, grain, dairy and sugar. One of their prime roles is to provide industry updates for clients and staff to ensure access to the most up-to-date information.

The bank representative commented on the role of Meat Profit Days (MPDs), which, in his opinion, provide a holistic view of the industry ‘the value of MPDs is to give both our clients and our staff access to a smorgasbord of interconnected and ‘whole’ information they wouldn’t otherwise get’.

Another agronomist reported on their interaction with GRDC and CRDC, noting ‘there is not a lot of contact with them; generally this is through the more progressive farmers who are also our clients’.

A wine industry specialist was critical of the Grape and Wine R&D Corporation and noted ‘at least 25% of grape growers will not be engaged in their activities’.

**Key finding**

While there is little hard data to support it, there was a flavour coming out of the project that the connection between R&D corporations and agribusiness is not strong. This can be regarded as a discontinuity between the frontline advisers and the funders of the development of new technology.

One of the seed companies reported that its strategy revolves around:

- having eight to ten senior staff out in the field
- developing suitable trial sites to conduct R&D and demonstrations
- promoting the results of plant breeding programs and other trials
- holding field days directed at resellers and leading farmers
• developing brand awareness of their products
• providing high level support to resellers, including technical data
• developing a group of collaborating farmers.

The spokesman reported a high level of success with this strategy.

10.9 The future

The general consensus is that there are some key ways of providing information that will be a high priority for agribusiness in the future:

• One-on-one extension is so effective that it will remain a very high priority means of contact, both to sell and to access/supply information.
• Phone contact will be a priority to clarify information and also to address social interaction, which is needed because of distance as a factor.
• The ‘seeing is believing’ concept of trials, field days and demonstrations will remain important as a way of promoting social interaction as well as accessing information.
• One national supplier organisation representative commented that the leading growers use specialist consultants as an important part of their advisory chain. His organisation sees the consultant as being a key target audience to connect with to get their message out to growers. He further predicted that consultants will be the primary advisers in future, and that resellers will have a more limited role in that area. He went further saying that there would be a real increase in the role of the consultant in the boutique industries of horticulture, particularly in vegetables. He commented that in his experience there are some innovative resellers that are also thinking of setting up for the ‘boutique future where consultants are key elements of advisory work’.

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<td>Consultants will the primary advisers in future displacing resellers who are expected to have a more limited role.</td>
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There are some other ways that will be a priority for the future:

• Computer based information dissemination, both by itself and in support of one-on-one. This requires a far higher degree of computer literacy than currently exists, however, and part of the role of agribusiness will be to decipher what the data means and how it can be applied. This use of computer, email and internet are crucial because of factors such as remoteness.
• This technological literacy is likely to translate into a strong focus on e-commerce and familiarity with electronic systems.
• Currently, many in agribusiness are in highly collaborative relationships with clients, and this is likely to increase as agribusiness cements its connection with clients.

There are some issues that will need to be addressed for and by agribusiness in the future:

• The livestock industry is generally regarded as being slow to change.
• The intervention of government in the free market in delivering information and giving advice.
• Members of some of the horticultural industries, as well as sugar and livestock, have very low levels of electronic communication literacy. It is highly likely that this will only change with generational change unless there is some major catalyst for change (in the sugar industry this may
the web posting or emailing of mill output results and prices which are crucial financial decision making issues)

- Some of the farmers in horticultural industries still have low levels of English literacy so communication in general is an issue for them, as is computer literacy. One agribusiness person who works with these groups puts the literacy problem in this order: cane is the hardest, then vegetables, then pome fruit.

- One agronomist said that one-on-one and group processes are the most effective. However, group learning and internet and other non-personal processes should only be regarded as supports to the key process.

- The legal implications of ‘giving advice’ and what the ramifications may be for certain circumstances.

- Most smaller, relationship-based agribusinesses report that their key issue is to be aware of pecuniary interest so that farmers feel confident in the honesty and integrity of their advice. One said ‘we err on the side of caution (in terms of recommending chemicals)’.

**Expansion potential**
Most of the consultancy organisations reported confidence for the future. They reported the ability to generate more work and then expand their activities.

Some noted that a significant percentage of their work relied on government funding through the FarmBis program (one respondent said 25% of their work and another said they would go out of business if the funding was withdrawn).

The general consensus is that farmers will realise that they will have to access advice and that this can only be done through agribusiness providers. As farmers become more professional, as they will have to, and address some of the compliance issues, the role of these paid providers will be more assured.

Training also features as an element of this expansion process.

One seed company reported that smaller, independent agents and resellers who ‘do not have agronomists’ are losing ground to the larger ones.

**Fee for service is a reality**
A fertiliser company representative commented that the fee-for-service model is ‘here to stay’. He noted that consultants are ‘now part of the scene and a lot of the really big growers have their own consultants and advisers’.

He further commented that he can see strong consultant models operating in horticulture, wine industry, nurseries, grain, pasture management and dairy industries.

One agronomist who services only the grain industry notes that his business is growing through demand from ‘farmers who are disgruntled with advice they are getting from government and resellers’.

One accountant from a mixed farming area reported their average fee level of $1,500 to 2,000 and noted that $5,000 is a large fee. He reported that in the larger centres with higher levels of the top 20% of farmers, fees would be higher.
Market power and its relevance to capacity building

The findings of this study indicate the importance of knowledge management in agriculture. There is potential for aggregation of the knowledge management processes to affect the flow of unbiased data that meets the honest broker needs of farmers.

One project respondent, Peter Valentine, Executive Director, Serve-Ag, held some concerns about this issue and commented:

I see 2004 as being a real watershed in Australian agribusiness. With the recent creation of some large rural entities, I can see the potential for tight closed loop marketing. This could cut many of the smaller rural relationship based companies out of the equation especially if decisions are based largely on price.

It seems to me that we can equate this to the supermarkets adding pharmacies to their business. The real value in a pharmacy is being able to ask someone who knows, about the best product to use, so the customer can make an informed decision. At that point the customer decides whether to make a purchase or not.

In the supermarkets it is pretty much a case of making up your own mind by reading the label or asking someone, if you can find them, and who may or may not know, before making a purchase.

In agriculture the question is, ‘is this the best approach?’ given that we have our businesses to run and we also have to address our land stewardship responsibilities.

He reported on recent large and high profile agency/reseller aggregations and pointed to the effect that this could have on the current face of agriculture. Given the influence that these new large ‘supermarket like entities’ might have on knowledge management by further aggregations or price management, especially on farmers whose complete knowledge acquisition is price driven, they may be able to exert significant influence on future knowledge management.

One national supplier organisation representative noted that, to him, ‘control of the end user, the one who gets the product to the market, gets the control of the value chain, and that is a problem to us as an inputs’ provider back near the farm gate’.

Those farmers whose knowledge acquisition is price driven (perhaps 60 to 80% of farmers) would be the most vulnerable.

The added potential for this to occur is that these outlets are all based in rural and regional areas where the critical mass is low and this could have a ‘bank-like effect’ where the withdrawal of services might affect information flow by:

- reducing the number and variety of outlets
- exerting influence on farmers at the time of product purchase
- stocking only product that meets reseller pricing and purchasing structures and preferences
- taking value out of the value chain in rural areas
- reducing the potential for value adding.

During the study these scenarios have all been raised by farmers, when canvassing the need to be able to access an ‘honest broker’ that does not have any pecuniary interest or price or product allegiance.

Key finding

Further consideration of the implications of market/company aggregation and closed loop marketing potential on knowledge management is needed to understand the full effects that this might have on agricultural knowledge management, noting that this fits with the desire of farmers to assure themselves of access to ‘honest broker supplied information’.
Valentine (2004, pers comm.) reported this concern because, in their case, Serve-Ag prides themselves on the quality and efficacy of their product. And yet, national organisation product decisions, and therefore advisory decisions and discussions, are made based on price, volume, and deals rather than (necessarily) on the quality and relevance of the product to consumers.

Key finding
Anecdottally, product inventories are reported as being stocked based on their level of profitability to the reseller, as much as if not more than, on their functional value to the end user. This is considered to discriminate against some national suppliers who are reported as being less able to ‘wheel and deal’ and against farmer users who may have specific needs for which products are available but not stocked.

Assessing effectiveness of the processes of agribusiness extension
Caster (2004, pers comm.) reported that ‘if you look at history, one-on-one is the most effective and most expensive technique; groups are next most expensive. But always remember that the growers of today are too busy to read reams of stuff and access the internet. They need someone reliable to interpret it for them on their farm’. He further supports his argument by saying ‘the RACs (Regional Advisory Committees of GRDC) say the biggest problem is in accessing information, but growers who use consultants don’t say that!’

Knowledge conduit
One accountant reported that he saw himself as ‘a knowledge conduit rather than a number cruncher’. He says this is a two-way process; as a specialist he has access to more advisers who are in touch with world and industry affairs, many of which impact on his clients. He has taken the view that he is a watchdog looking out for issues that might affect his clients and, for clients who have specialised needs, to seek out specialised responses.

Most consultants, resellers and national suppliers would also regard themselves as specialised knowledge conduits.

Farmers seek advisers who can provide maximum advice, from maximum separate networks in minimum quantity of information, to alert them to unfolding global or industry issues, and allow them to access defined information.

10.10 Other relevant data
While the cotton industry was not covered in this project, there was some interesting data that emerged.

Fee for service for cotton and chickpeas but not for grain or livestock or horticulture
Some organisations charged fee for service (a ‘normal’ practice) for cotton and chickpeas advice but not for other industries. A national reseller does the same.

Pest monitoring
Bug checking is regarded as a fee-for-service activity.

Agribusiness staffing issues
One national organisation reports a high staff retention rate with many being in the organisation for some 20 years in a stable work setting.
One of the farmer criticisms of the national reseller organisations is their high staff turnover and transfer rate although they note that they (farmers) remain unprepared to use younger and therefore inexperienced staff.

Another consultancy organisation responded that they continually research information to pass onto clients and access staff with diversity of experience.

Another agronomy consultancy representative commented on one of his biggest issues ‘the skill sets of consultants in agribusiness should be regarded as equivalent to engineers, doctors and lawyers. If you want professional advice then you employ a professional who has the required training and experience, and you pay them accordingly’.

One accountant said the issue of getting and keeping appropriately skilled staff in regional areas who can deal with increasingly complex rural businesses is becoming a more serious problem. He said ‘it is perceived to be a big outing to go from Brisbane to regional areas. Young people come from uni to regional areas to get experience, when we really need experienced staff for our work, then once we train them, they are lured to the city and never come back’.

He says the implications are:

- low skill levels are endemic
- high salaries are needed to get good people
- those who stay long term are often of lower quality and can’t get a good job
- their thirst for knowledge is poor so they don’t keep up with concepts of globalisation of rural markets and industries
- the effect on farmers is that they can’t get access to the high level advice needed in this highly compliant and quality-conscious global business environment.

Small industries mean that small numbers of agribusiness advisers have a large influence. One herbicide specialist reports that that the macadamia industry is an interesting case study. Around half of the Australian crop comes from an area around Bundaberg and is grown by ten growers. In contrast, the rest of the crop is grown by a large number of small growers.

The bigger growers are generally part of one of five consultant groups which advise on crop nutrition and pest and diseases. This specialist uses chemical resellers who deal with about 80% of the growers to get his herbicide message out to them.

He reports a similar situation in fruits on the Granite Belt. Respondents in Tasmania report a similar situation.

Key finding

The concept of ‘knowledge delivers power’ means that the knowledge power for some industries is vested in a small number of people: growers, advisers and resellers. Should the knowledge process break down then it has severe implications for this industry.
Changing nature of doing business

One agronomist commented that, for farmers, doing business is now a full-time task so they need to concentrate on the business of doing business. While farmers need to make the big business decisions, with the right advice, the actual operations and implementation are best left to others who have direct expertise in these (on-farm) disciplines.

One farmer reported on his experience in grain marketing where, over 4 days when he sat in his office and, managing the interaction between his field operations and the marketer and other advisers, he was able to generate an extra $200,000 ‘by delivering straight from the paddock into the hold (of a ship at dock in Brisbane)’.

One accountant reported that the business environment is becoming more complex and demands higher levels of compliance than previous. This requires a far more proactive business approach. In this context, the one-stop-money shop is a key issue for those farmers and businesses wanting to take a holistic approach.

This accountant commented that, in his view, ‘accountants who are just into tax compliance will be out of business in ten years because the forward thinking clients with a holistic approach to business need specialist support, someone who can understand where they are coming from’.

He reported that ‘(proportionally) more businesses in regional areas are larger than city counterparts with million dollar turnovers’. It is now becoming ‘a very specialised task to deal with the needs and changes of rural businesses’.

Generational change

A number of farmers (mostly the top 20%, who took a business-like approach to the enterprise) were expecting the next generation to return to the farm after having had experience in other business disciplines. They expected that these younger people would be able to bring business experiences back to the farm enterprise with them.

Consultants and other agribusiness advisers saw this as being positive. They noted that many of this next generation would have a different attitude to new ideas, innovation and ways of information uptake and interpretation.

One accountant commented that ‘those farmers who turn a profit are bringing their children home to a good profitable business that will likely aggregate and add more to it’.

AgForce reported a strong focus on young people with a dedicated and defined ‘18-35 years young member development’ program. They take this further with schools programs and school liaison officers.

Chemicals

One reseller representative noted that the supply of chemicals is altering with ‘the whole ag. chemical industry becoming homogenised. Off-label chemical sales are increasing and access to generic brands is becoming easier. A lot of independent operators can more easily access them because now there are fewer barriers to their entry into the market.’

He also commented ‘the big farmers are increasingly going to seek supply of these products by tender. This means the margins decrease and the opportunity to offset the costs of our field advisory staff are decreasing. This means full fee-for-service has to increase over time’.

He noted that, increasingly, chemical sales are made on the web meaning that supply does not necessarily come from the local region in which a farmer is located. This reinforces that e-business is an increasing feature of agriculture and agribusiness.
10.11 Discussion

One of the key issues about capacity building is that it is about people, i.e. farmers, their partners and their families.

Another key issue is that the agribusiness information suppliers vary greatly in the study region. Some consultants are single operators with niche markets. Others are small organisations of up to five and from five to fifteen staff.

Their potential competitors are large national resellers. The resellers have huge potential buying power and many already have relationships with the national and multinational product suppliers which they use to enter into buying arrangements to offset their advisory costs with product sales.

This is a similar scenario to the relationship between the corner store and supermarket.

In terms of the professionalism of advisers, there is a strong prevailing view emerging that the top 20% (or 10%) of farmers are prepared to pay market rates for accessing professional advice in the same as they pay for doctors, lawyers, etc. In rural industry, however, there is a prevailing view among the other 80% that ‘you can’t value advice, therefore why should you pay for it’. Consultants and SME operators made a number of relevant comments on this issue, summarised as follows:

- ‘Farmers have a prevailing view that information should be free. Is this the case in mainstream industry?’
- These concepts are reinforced by resellers who artificially cover up the cost of advice, but it simply reinforces the view that in rural industry advice has a low value.
- Rural industry has to bite the bullet and put a value on advice to ‘wean farmers off the old government system’.
- There are not enough competent and consistent advisers to meet the emerging needs. How will this ever change if they are not seen to be valued?
- Governments, through some remaining services, are still providing free advice or access to services, including through R&D corporations and landcare: this continues to foster the ‘free advice mentality and creates mixed signals’.

It is noteworthy that:

- Coutts et al (2004) report on the Federal Government’s attitude to the role of free market forces, yet it does not consistently apply a policy of providing advice on a cost-recovery basis.
- In rural areas, even mainstream professionals suffer from the effect of this approach. The two accountant respondents noted the low preparedness of farmers to pay at the same rate as their ‘other industry SMEs in their same locality’, although there was consensus that the leading farmers who use consultants are prepared to pay as they have experienced value for money. One accountant reported that this selected against his ability to ‘access the necessary bright minds to bring cutting edge advice to rural areas and to keep information updated’.

One agronomist said ‘it is probably as simple as letting market forces prevail as long as they are true market forces without artificial floors in the process - through semi government intervention via landcare and R&D corporation based low cost or no cost advisory services’.

Key finding

Government, through Landcare, R&D corporations and some government services, continues to foster ‘free advice’ or ‘a bit of user pays’.

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Recommendation 1
That government, at a State and federal level, with R&D corporations and Landcare/catchment management, makes binding policy decisions on whether full or partial user pays will operate in agriculture to create clear market signals on the issue.

10.12 Conclusions
Throughout this project, farmers have reported the need for an honest broker process. They report that usually this is fulfilled satisfactorily by agronomist consultants who have no reseller allegiance or perceived pecuniary interest. However, those who report this observation can be regarded as the top 20% who are innovators and gradually this may include a possible 60% who are followers.

A number of agribusiness operators have reported product stocking decisions based on price rather than quality and effectiveness parameters. Valentine (2004, pers. comm.) reported his concern about market power and its relevance to capacity building. A product supplier reported the demise of small agencies and organisations which cannot compete with the market power or staffing complement of larger organisations.

Coutts et al (2004) report on the current federal government focus on ‘market forces’ as the key policy driver. The questions are ‘is agriculture any different from other industries in terms of the need for and value of honest brokers?’ and ‘Does the land stewardship requirement make agriculture a special case?’

Recommendation 2
That key decision and policy makers be made aware, through the CVCB, of the issues confronting the honest brokers in rural industries to determine whether it is an issue for them to act, based on the adage that ‘knowledge is power’ and the special community good interest in land stewardship.

Another key issue is the relationship between R&D corporations and agribusiness. Both farmers and agribusiness report low levels of relevance of State Government services, with agribusiness largely taking its place. Quasi government services, such as landcare may or may not be long-term information conduits.

If State Government roles continue at their current level, whether R&D organisations should be focussing more on agribusiness alliances and relationships than those with government needs be to be clarified. This matter is dealt with further in Section 1.4 of this report and has been flagged by Marsh and Pannell (2000).

Recommendation 3
That the CVCB document the extent to which RDCs use ‘real’ agribusiness extension specialists (who operate commercially on-ground) to disseminate R&D results and to have input into extension programs and priorities for R&D work.

Table 8 – Expected future means of agribusiness connection with clients

<table>
<thead>
<tr>
<th>Priority</th>
<th>Techniques</th>
<th>Purpose/role</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>1:1 personal contact</td>
<td>Sell products and facilitate info access</td>
<td>By consultants and resellers and other specialists</td>
</tr>
<tr>
<td></td>
<td>Phone contact</td>
<td>Clarify information, make sales</td>
<td>Also to support social interaction of above groups</td>
</tr>
<tr>
<td></td>
<td>Trials, field days and demonstrations</td>
<td>Accessing information Working with key growers/opinion leaders</td>
<td>The ‘seeing is believing’ concept</td>
</tr>
<tr>
<td>Priority</td>
<td>Techniques</td>
<td>Purpose/role</td>
<td>Notes</td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Specialist consultants</td>
<td>Expected to be the primary advisers in future – with a particular role in niche and boutique industries</td>
<td>Adviser for farmers and target market for other agribusiness to get product /advice to farmers</td>
</tr>
<tr>
<td></td>
<td>Group processes</td>
<td>Facilitate information access, canvass use and implications of information, allow for connection with others (farmers and agribusiness)</td>
<td>Complement 1:1 contact, support other processes</td>
</tr>
<tr>
<td></td>
<td>Publications</td>
<td>As for group processes</td>
<td>As for group processes</td>
</tr>
<tr>
<td></td>
<td>Women</td>
<td>Connect with key influencers</td>
<td>Other techniques used – but women often key conduit in decision making</td>
</tr>
<tr>
<td></td>
<td>Influencing resellers</td>
<td>Connect with another conduit to the farmer</td>
<td>Uses their networks and processes – greater diffusion of messages and sale of product</td>
</tr>
<tr>
<td>Medium</td>
<td>Computer based information dissemination – email and Internet</td>
<td>Both by itself and in support of 1:1</td>
<td>Requires a far higher degree of computer literacy than currently exists</td>
</tr>
<tr>
<td></td>
<td>e-commerce</td>
<td>To connect with all business activities and source information</td>
<td>As above – but will be driven by agribusiness</td>
</tr>
<tr>
<td></td>
<td>Collaborative relationship with clients</td>
<td>Cement relationships with all clients and relevant family/business decision makers</td>
<td>Recognises collective decision making that can occur in a farm business</td>
</tr>
<tr>
<td></td>
<td>Training programs</td>
<td>To inform and educate</td>
<td>High level of reliance on FarmBis among traditionalists</td>
</tr>
<tr>
<td></td>
<td>Reseller employed consultants/specialists</td>
<td>As for specialist consultants</td>
<td>Farmer take a different view of those aligned with resellers and product suppliers than independent consultants</td>
</tr>
<tr>
<td></td>
<td>Direct mail</td>
<td>Target information needs – and general contact</td>
<td>Targets are ad hoc</td>
</tr>
<tr>
<td>Low</td>
<td>Bus tours (and similar)</td>
<td>Seeing is believing, bring farmers into sphere of influence</td>
<td>Highly regarded as a means of exposing rural industry to innovations</td>
</tr>
</tbody>
</table>
11. Discussion

Capacity building is about people, i.e. farmers and agribusiness advisers. To continue to meet farmers’ changing and increasingly focussed needs, the people delivering agribusiness services will need to rise to the challenge.

This requires a capacity building process within agribusiness itself, as well as continued capacity building of farmers. A range of policy and structural issues has been identified that will have an impact on the future role of agribusiness, and these issues will, in turn, affect farmers.

More innovative farmers have altered their decision making to reflect greater access to agribusiness services while more traditional farmers remain in denial.

Government and RDCs have some tough policy decisions to face about whether they are in or out of extension. If they are not in then they need to stay out as their current ambiguous stance only muddies the water. If they are serious about staying out, then free market forces need to prevail. This, in turn, requires some serious thinking about resource stewardship and rural and regional development issues.

In terms of RDCs, they need to reassess their connection with agribusiness to determine the most cost-effective farmer connection and capacity building methods to be used. In this context their relationship with government extension services also requires re-examination.

Key findings

Access to, interpretation of and application of a smorgasbord of information, at a holistic business level, categorise successful farmers. The vital role of agronomists, consultants and some accountants is to facilitate that process. In many cases, because of their professional ability, the role of agribusiness is to interpret and make relevant new technology, ideas and concepts, so farmer business people can make the best decisions about application of relevant technology.

Farmer directed groups are spontaneously appearing and disappearing, as new agribusiness organisations, to meet and to supply unmet demand for information with market forces governing their survival.

Some farmers are prepared to pay equivalent remuneration to high quality consultant advisers as they would to ‘conventional city based professionals’ while others are not. Those who benefit are prepared to pay; those who do not, are not prepared to pay, and this reflects free market forces in operation.

The major resellers could well become the dominant future information suppliers to the livestock industry. The concerns, however, about closed loop marketing are an issue for this industry, which is especially concerned about its ability to access an honest broker.

Recommendation 4

That a baseline survey project of the training and professional development activities and needs of agribusiness be undertaken by the CVCB, Australia wide, to appreciate the level of technical competence and how to maximise it.
**Recommendation 5**
That because of the critical nature of the personnel issues confronting agribusiness advisers, the age structure, potential career paths, and relative salary/experience/expertise of advisers involved in agriculture be further examined by the CVCB to identify likely deficiencies and inform decision makers through the RDCs and APEN.

Work undertaken by Coutts *et al* (2004) articulates an emerging issue about attracting young people to agriculture. The findings of that project and this study articulate a far wider problem, which is low replacement rates for professional advisers in the study area.

**Recommendation 6**
That the CVCB take some ownership and address the findings of the project, ‘Strategy to attract young people to horticulture’, which have implications agriculture wide.

**Recommendation 7**
That the identity of potential future advisers to the meat and livestock industry be investigated to understand more fully, Australia wide, whether the findings of this study are an accurate reflection of agribusiness’s role in capacity building in that sector.

**Recommendation 8**
That the CVCB canvass whether the livestock sector should obtain short-term exemption to the proposed policy on allowing free market forces to prevail and whether MLA should take a support role until a ‘consultant culture’ becomes entrenched.

**11.1 Overview of capacity building**

One of the key issues about capacity building identified in Section 10 is that it is about farmers, their partners and their families.

This study reveals that there is also an issue about the capacity of agribusiness. For agribusiness to continue to meet the needs of farmers in the future, its capacity needs to be built also. This study identifies a number of issues that need to be addressed, including:

- an ageing adviser population coupled with a desire of farmers not to use young and inexperienced advisers
- the training of advisers to ensure continued professional development and a competent level of advice
- financial viability as agribusiness will only continue to function effectively if it remains financially viable.

Agribusiness sometimes explicitly and often implicitly separates the words and concepts embodied in ‘information’ and ‘advice’. It is increasingly wary of the word ‘advice’ because of the legal implications of providing advice.

Some members of agribusiness have ways of categorising clients into ‘desirability’ at an A, B and C level. The objective is to remove C clients from their list or, at most, provide low levels of service to them.

In assessing the role of agribusiness, there anecdotally (qualitatively) appears to be a close fit with the criteria of the Pareto Principle, more commonly known as the 80:20 rule. Some in agribusiness contend, however, that there may be a variation from the 80:20 rule to a 20:60:20 rule, where there are 20% innovators, 60% followers and 20% who are unsustainable. At an industry wide level, any debate on this issue is of low priority as each agribusiness has its own commercially relevant view on the
issue, which in turn influences individual agribusiness adviser’s and organisational decisions, i.e. free market forces prevail.

Roberts et al (2004), reported in Section 3 of this study, conclude that there is a close connection between the concept of capacity building and extension. For this study, they are regarded as being synonymous and interchangeable terms.

Other key capacity building issues that emerged in this study are ‘time’ and ‘relationships’: these issues were common to all industries and all agribusiness respondents. This theme is about the time it takes both to develop the practical knowledge of agribusiness personnel and to create personal connections between farmers and agribusiness personnel. A general time horizon of 10 years seemed to be the length of time needed to really achieve a suitable knowledge base and interpersonal connection between the personnel of these sectors.

These concepts assume importance given that most farmers appeared to have a long-term and even inter-generational perspective and time horizon when managing their business.

A lot of the farmers interviewed in this study discussed the high probability of the enterprise being managed by another highly skilled family generation into the long term. Many farmers were assessed to be in the top 20% and they had a reasonable expectation that the next generation could well stay in the top 20% of farmers.

An issue raised by most farmers was their increased isolation from their peers due to pressure of work. They emphasised the importance of 1:1 contact and group processes in their ‘social context’. While this has greater relevance at a farmer-to-farmer level, the role of agribusiness continues to have a social impact on farmers.

One reseller commented that increased isolation appears to affect the lower 80% more than the top 20% because the latter are interacting with business associates as well as friends. The reseller concluded that the lower 80% have less personal interaction due in part to the decrease in government services, which removes an interpersonal connection.

Most survey respondents talked about the value of holistic information. One banker reported ‘farmers who can relate production, financial and business information into a holistic package will be those who prosper’.

It appears that the top 20% of farmers are those who can access, interpret and apply business information to all aspects of the business. These comments were repeated across most agribusiness respondents. Marsh and Pannell (2000) also addressed this issue and reported on information overload and similar impediments.

Key finding
Successful farmers are categorised by their access to, interpretation of and application of a smorgasbord of information at a holistic business level. The vital role of agronomists, consultants and some accountants is to facilitate that businesslike process. In many cases, because of their professional ability, the role of agribusiness is to interpret and make relevant new technology, ideas and concepts, so farmers can make the best decisions about application of relevant technology.
11.2 Statement of agribusiness
Who or what is agribusiness?

The representation of agribusiness identified in this study, as it relates to capacity building in the study area, includes: producer organisations with an agripolitical background which have added a capacity building function to their operations, farmer-directed groups, accountants and financial advisers, banks, seed companies, marketing organisations and traders, consultants in general and agronomists in particular, OH&S advisers, national reseller organisations (agents), interest associations such as Mung Bean Association, suppliers of products to farmers and generally through resellers, IDOs, packhouses, product brokers such as insurance agents, engineers, processors (especially of milk and sugar), NGOs like BSES and winemaker and tourist groups, and agricultural colleges.

The extension techniques they use are summarised in Section 10, Table 8.

11.3 Agribusiness – the current and future situation in capacity building

Extension processes
Agribusiness uses a series of tried-and-true extension techniques that are likely to continue into the future. The literature and the results of this study reveal that 1:1 personal contact technique is the most favoured for conveying information and that, while it is expensive, the results favour its use.

Table 8 reveals that, in order of interest and relevance, agribusiness favours 1:1 personal contact, then phone contact, trials, field days and demonstrations, specialist consultants, group processes and publications, connecting with women and influencing resellers. All these methods are high priority.

In the medium priority category, computer-based information dissemination using email and the internet is followed by e-commerce, developing collaborative relationships with clients, training programs, reseller employed consultants/specialists and direct mail. Bus tours and similar activities fall into the lowest priority category.

Honest brokers
Farmers repeatedly reported a need to be able to access an honest broker to ensure unbiased advice free of pecuniary interests.

The conclusion from study respondents is that full fee-for-service consultants and some that offset their fees with product sales, fulfil this role.

There is, however, a general view that the major national resellers (agents) are not honest brokers. There remains some doubt about the honest broker status of their product supplier.

Should the fears of Valentine (2004, pers. comm.) come to pass, it is clear the farmers could be concerned at the consequences. Closed-loop marketing would see their worst fears realised (see Recommendation 2). There is a general view that, because of the pecuniary interest issue, the influence of resellers may decline in favour of full fee-for-service consultants. A role for the CVCB is to remain vigilant about this issue.

Training and professional development
In the livestock sector, training programs are the greatest means of accessing information and in the foreseeable future are likely to remain the main means of information transfer. Training programs are a more formal means of capacity building than many of the techniques outlined in Table 8. These training programs have a social function for farmers, too.
For agribusiness, training and professional development are regarded as generally underrated and the processes of doing so largely unknown.

Recommendation 4
That a national baseline survey of the training and professional development activities and needs of agribusiness be undertaken by the CVCB to identify the level of technical competence and how to maximise it.

11.4 Influencing factors on the role of agribusiness

Opportunities

Technology and decision hub: the advisory hub

Farmers rely on key advisers who, in turn, rely on other key advisers, mostly specialists, in today’s increasingly complex business world. This process is illustrated by the following model, called the advisory hub.

Figure 1 – The advisory hub
The role of the farmer in the tentacles attached to the hub is as the manager of the information flow so they can direct and access this flow.

This active and directive role signifies the proactive process taken by the businesslike and innovative top 20% of farmers. They are in control of the information flow rather than being passive participants. In contrast passivity is thought to characterise the traditional farmer.

A key element of such an active process is electronic communication, for reasons of:
- distance, both regional and global
- speed of access to information
- storage of information and re-accessing it
- reviewing information with advisers
- ability to graze on the information smorgasbord provided by websites and emailed data.

One of the factors relevant to the advisory hub is that many advisers have their own specialities and are no longer generalists. To be part of the advisory hub, they also need access to the expertise of other specialists, with the farmer driving the process.

As one accountant put it, this specialisation means that ‘everyone has to stick to his or her role and speciality. Those who have specialist and generalist roles need to know and act on their role definitions from a legal and moral and ethical perspective’.

**Decline in government services**
Throughout this study, the recurring theme of declining government extension and advisory services, the low level of relevance of remaining services and the substitution by agribusiness, appeared strongly.

Agribusiness is actively taking the place of government services and the role of market forces appears to be operating effectively, according to most project respondents, especially those in the top 20%. This demonstrates that market forces are governing who are the suppliers of information and the value of services and quality of services.

Anecdotally, many farmers, particularly those in the bottom 80% are being left with little or no access to information because of this change process. A number may suffer adversely as a result of their inability to address and move with these changes.

Overall, the decline in government services has provided commercial opportunities for agribusiness. NGOs and farmer organisations are also reinventing themselves as quasi-agribusiness operators with varying success.

**Farmer-directed groups**
In response to clear concerns about the quality, quantity and honesty of the information they are receiving, farmers in many sectors have created information broker groups, such as Traprock Wool, horticultural packhouses, Kondinin Group, Conservation Farmers Inc., regional Wine Associations and Sub Tropical Dairy Program.

In addition, membership-based agripolitical groups like AgForce, QFVG, and QDO are developing information brokerage sections to meet these perceived needs. BSES has also reinvented itself into a similar organisation.
It is noteworthy that these farmer-directed groups are information suppliers rather than providers of advice.

**Key finding**

Farmer-directed groups are spontaneously appearing and disappearing, as new agribusiness organisations, to meet and supply unmet demand for information with market forces governing their survival.

**Limitations**

*Implications of skill level on advice quality*

A number of relevant issues emerged:

- The top 20% of farmer innovators operate in a highly competitive, compliance-based, quality-focussed, global market.
- They need high level advice on production, quality, sustainability, business, management and marketing issues.
- Potentially, at least 60% of followers who will seek out similar advice over the next few years (up to ten years).
- Agribusiness will be the only ones able to provide that advice in a complex and holistically focussed business environment.
- All industries will have no choice but to operate in such an environment.
- Business focussed next generation young people, or aggregated business operations (family or non-family based), will be the likely future farm operators.

The operators will focus on business management, while leaving production and operational issues increasingly to honest broker consultants or contractors.

In terms of the advisers needed:

- It is likely that farm business operators will retain the desire for independent, honest broker advice.
- The most valued of these advisers will have to have at least ten years practical, relevant experience to meet farmers’ needs, which will be an issue for resellers who will be cost-driven and are likely to transfer young people around to get experience.
- Those who are sought-after advisers will need to be well paid whether they be agronomists, vets, nutritionists, accountants, lawyers, etc.
- City-based enterprises are likely to offer higher pay to attract quality people than their rural counterparts.
- Few quality, business, holistic, global-market-savvy advisers will remain to provide the high level advice needed in rural areas when current advisers move out of their roles.
- Coutts *et al* (2004) report on the issue of attracting young people to horticulture and extrapolate this to agriculture: unless some action is taken to redress this issue, human capital will suffer in rural areas.
- Who will facilitate and pay for the process of mentoring young people so they can gain the ten years experience needed to be a viticulturist, accountant, lawyer, agronomist, etc. and provide relevant advice to globally focussed, high level, farm business operations?
Where will the researchers come from and be located to ensure focussed, relevant and honest broker R&D is undertaken that meets real farmer priorities?

How will the R&D be extended to farmers when there appears to be a nexus between researchers and consultants, R&D corporations and consultants, pecuniary interest by resellers, reseller and consultants, etc?

The findings of the project point to a discontinuity of experience and expertise needed by increasingly sophisticated farmers and a potentially static, declining and ageing advisory force. Difficulties of salary, payment, mentoring, gaining of experience and retention are likely to plague the advisory forces and their employers. This is likely to be compounded because of the uncertainly of how the various rural industries will evolve, along with likely increased specialisation of each industry.

The whole issue of human capital, as outlined by Coutts et al (2004), Marsh and Pannell (2000) and other researchers, is one of the priority issues confronting capacity building in rural Australia.

Both authors make strong recommendations on these issues, and the results of this study reveal that little appears to have changed since the work of Marsh and Pannell. Indeed, APEN is grappling with its role in this process now as it was then. Accordingly, the CVCB ought to take some form of leadership with APEN on this matter.

**Recommendation 5**
That because of the critical nature of the personnel issues confronting agribusiness advisers, the age structure, potential career paths, and relative salary/experience/expertise of advisers involved in agriculture, be further examined by the CVCB to identify likely deficiencies and inform decision makers through the RDCs and APEN.

**Recommendation 6**
That the CVCB take some ownership and address the findings of the project, ‘Strategy to attract young people to horticulture’, which have implications for all agriculture.

**The value of information vs advice**
Sourcing information is an activity that takes time, effort and skill, and it is recognised that information overload is a real phenomenon. Marsh and Pannell (2000) refer to this as an ‘information explosion’ and have discussed the phenomenon in some detail.

Often farmers need advice from a skilled facilitator (just as a business person in the city might) to identify problems that need a solution, the correct information to input to decision-making, the interpretation of the implications of that information, the processes to create the solution and then the correct action to take.

Many study respondents reported that ‘their consultant (agronomist, etc.)’ is the skilled honest broker who facilitates the advisory and decision making process. This is in no small way because of the personal professional skills of that person.

This process is akin to going to the doctor or seeking legal advice or building a structure that requires specialist builder and engineer input.

In today’s litigious society, these advisers, both on- and off-farm, can be caught up with farmers in issues such as litigation on food safety and security. These advisers are facilitating the income production of farm business owners so their advice can be crucial to decisions and therefore incomes.

Some farmers are prepared to pay farm consultants similar fees to doctors, lawyers and engineers. Other farmers question the value of advice.
Laggard industries
The meat and livestock industry is demonstrated through this project as being slow to adopt fee-for-service advisory services, because of:

- poor uptake of electronic communication
- resistance to user pays concepts
- consequent lack of services by consultants
- a low focus, in general, on accessing external advice.

Accordingly, few fee-for-service consultants could be located during the study that actively service that industry in the study area. It is noteworthy that the major resellers are focusing strongly on the meat and livestock sector, especially wool.

The only other industry that has poor adoption of fee-for-service consultants is the sugar industry. The BSES has a strong role in supporting the industry and Coutts (2004, pers comm.) supports the view that BSES appears to be focussing on a future role as a major consultancy adviser to sugar growers.

Key finding
Some farmers are prepared to pay equivalent remuneration to high quality consultant advisers as they would to ‘conventional city based professionals’ while others are not. Those who benefit are prepared to pay; those who do not, are not prepared to pay, and this reflects free market forces in operation.

Recommendation 7
That potential future advisers to the meat and livestock industry be identified to understand more fully, Australia-wide, whether the findings of this project are an accurate reflection of agribusiness’s role in capacity building in that sector.

Lack of policy clarity on free government and semi-government services
Throughout this study both farmers and agribusiness reported that the government at a federal and State level (especially regarding Landcare and catchment management) and RDC level has an ambiguous policy position. This sends out mixed messages.

By subsidising landcare and catchment management initiatives, and by allowing RDCs to subsidise advisory services which could be the province of agribusiness, false hope is provided to traditional farmers and unsustainable farmers who seek a return to the ‘good ole’ days’ of free government extension services.

A clear, government-wide policy position is needed (see Recommendation 1).
FarmBis funding
The livestock industry in particular relies on external funding from FarmBis to continue training programs. Without this funding some consultants could not continue and their training activities could well be markedly reduced. To continue this funding, however, contributes to the ambiguity of the government policy position outlined above.

Accordingly, the role of FarmBis funding ought to be considered as part of the consideration of Recommendation 1.

Recommendation 8
That the CVCB canvass whether the livestock sector should obtain short term exemption to the proposed policy on allowing free market forces to prevail and whether MLA should take a support role until a ‘consultant culture’ becomes entrenched.

11.5 Recommended direction for capacity building relevant to agribusiness

The future of agribusiness hinges on commercial realities of:

- free market forces
- ability of users to pay
- value for money provided by agribusiness
- the honesty and relevance of the information.

Factors that affect this process include:

- governments sending confusing market signals
- governments and NGOs ‘dabbling’ in extension
- the known disincentive for people to live in rural and regional areas
- succession of advisers where a steady stream of relatively experienced advisers is needed to replace those who leave
- adequate training and professional development of advisers
- quality control through accreditation.

The only reasons for government to take any role in this process of capacity building are:

- to maximise capacity in rural and regional areas
- to support natural resource stewardship and balance any inputs with equivalent outputs to maintain a level playing field concerning Landcare and catchment management without compromising its market forces principles
- to support rural industry because of its input to regional and national employment and economies.

Because government is sending confusing market signals, some clarification is needed so that consistent messages are in place (Recommendation 1) through clearly articulated policy positions.

RDCs receive industry and public funds to conduct R, D & E. This study revealed a minimal connection between RDCs and agribusiness. Further investigation of this connection is needed to determine the facts and to determine whether:
• RDCs are disproportionately supporting declining government services when they should be supporting expanding agribusiness services with expanding expertise.

• RDCs and agribusiness can develop a closer synergistic relationship given that agribusiness is now becoming the front line information and advisory conduit. (See Recommendation 3).

It is noteworthy that Marsh and Pannell (2000) flagged this issue and recommended similar actions take place.

11.6 Role of CVCB concerning capacity building and agribusiness

This study has revealed a series of issues that influence the role of agribusiness in capacity building. Many need the consideration of an overarching group like the CVCB. The issues relevant to the CVCB are:

• The relative value of free market forces vs. subsidised extension and establishing a clear unambiguous policy position.

• The role of RDCs in information delivery.

• The relationship between RDCs as R&D funders and agribusiness, as both an R&D priority setting conduit and an extension provider and conduit.

• To address the issues of succession and capacity building of advisers, as well as training and professional development, in the increasingly sophisticated global market where farmers operate. They clearly need the advice of equally sophisticated advisers at a time when living and working in a rural and regional setting can appear unattractive.

• Whether the livestock sector is being disadvantaged under a market forces regime (for its extension and capacity building needs) and what action is needed.

• Whether APEN is taking, or ought to take, a more significant role with agribusiness on issues such as accreditation, training and professional development.

• The need to take a leadership role to ensure more young people enter agriculture to facilitate succession throughout all sectors, particularly in terms of advisers.

• Whether some form of mentoring is needed to augment the adviser professional development process.

• Monitor the existence of honest brokers as to meet farmer needs while being mindful of the free market forces concept preferred by agribusiness.

Accordingly, it is proposed that the CVCB take a strong leadership role in addressing Recommendations 1 to 8 as supported by the key findings of this project.

11.7 Summary

Agribusiness has now taken the lead in extending information to farmers across all six industries in the study area of northern NSW and southern Queensland. Its activities are building farmer capacity by using a range of tried and true techniques. Government services are more irrelevant to farmers in general and this is likely to increase.

The agribusiness sector itself has a range of capacity building issues that needs to be addressed. The wider rural industry may need to support this process to facilitate the best possible farmer decision making of the future.

The more innovative farmers are comfortable and thriving with agribusiness taking the role of their main adviser. Both enter into a business relationship and money changes hands, in free market forces setting, and two professionals are dealing with each other.
Traditional farmers are unhappy and disadvantaged by this process because culturally and financially they appear not to be able to make the transition. Government and RDCs are not assisting this process as they are sending mixed signals to the market.

More work is required on a range of issues to fully understand the agribusiness situation. These issues are defined in the key findings and recommendations of this study. The CVCB has a significant leadership role to play.

Accessing data for such studies as this means contacting time-poor farmers and agribusiness personnel. Many are wary of survey-based processes and so the phone survey method allows a relationship and credibility to be built with respondents. While web surveys are valuable there is an increasing need for a more personal process. While this leads to some difficulties with this study there are ways of overcoming these issues for future work.

The CVCB now has a crucial role in deciding a future direction for supporting the development of the agribusiness sector given that it has a significantly increased role in capacity building for farmers.

A proposal for a 3- to 5-year program for the CVCB and others follows:
**Agribusiness Capacity Building Program (ACBP)**

<table>
<thead>
<tr>
<th>Key Issues</th>
<th>Program management of ACBP</th>
<th>Policy initiatives to ensure strong, vibrant private sector</th>
<th>Strategies to attract young people into agriculture as advisers (ages 14-30 years)</th>
<th>Establish an agribusiness adviser succession process (aged 30-45 years)</th>
<th>Strategies to ensure older advisers remain in rural areas (over 45 years)</th>
<th>Coordinated professional development and training of agribusiness</th>
<th>Develop strong connection between RDCs and agribusiness</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Objectives</strong></th>
<th>Create a cost effective management program under the CVCB</th>
<th>Develop a position on subsidised extension</th>
<th>Review the horticulture project for broader application across all agriculture</th>
<th>Undertake a demographic study and draw conclusions relevant to all industries and regions (Note: links with Informing process *)</th>
<th>Undertake a skills audit and training needs analysis across all of agribusiness (See *)</th>
<th>Create a baseline</th>
<th>To determine what connection there is currently between RDCs and agribusiness</th>
</tr>
</thead>
</table>

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<tr>
<th><strong>Year 1</strong></th>
<th>Seek out a project champion/manager to drive project</th>
<th>Review the livestock sector to ensure its adviser viability</th>
<th>Conduct a forum of all workers who have addressed the young people issues – and develop a road map</th>
<th>Create an Action Plan to retain skilled staff in regional areas</th>
<th>Create a professional development and training plan</th>
<th>Assess the implications of the findings</th>
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</table>

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<tr>
<th><strong>Outcomes</strong></th>
<th>An established management process and suitable personnel</th>
<th>A clear industry position on the top 3 issues and have an action plan in place</th>
<th>A clear whole of agriculture strategy and road map with Action Plan in place and signed off</th>
<th>A clear strategy in place that meets the needs of all rural sectors and regions</th>
<th>An agreed professional development (PD) and training plan</th>
<th>Action plan to maximise connection between RDCs and agribusiness</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectives</td>
<td>Program management</td>
<td>Policy initiatives</td>
<td>Young people</td>
<td>Succession process</td>
<td>Older advisers</td>
<td>PD and training</td>
<td>RDCs and agribusiness</td>
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<tr>
<td>To continue the integration of a focused ACBP into broader CVCB capacity building program</td>
<td>To continue to address the next 3 key issues that have policy implications – and ad-hoc issues that start to arise</td>
<td>To achieve outcomes on key agreed issues for Year 1</td>
<td>To put in place key actions to address – the (expected) decline in experienced rural advisers – and the wider study outcomes relevant to this issue</td>
<td></td>
<td></td>
<td>Commence PD and training</td>
<td>Put strategy in place</td>
</tr>
<tr>
<td>Objectives</td>
<td>Year 2</td>
<td>Year 2</td>
<td>Year 2</td>
<td>Year 2</td>
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<tr>
<td>Integrate the ACBP project team into the wider CVCB project team</td>
<td>Integrate the ACBP project team into the wider CVCB project team</td>
<td>Consider the role of an industry advocacy group to support the sector</td>
<td>Implement actions in the schools sector</td>
<td>Investigate relevance of traineeships</td>
<td>Implement strategy findings</td>
<td>Deliver one high priority training program at key sites around Australia</td>
<td>Undertake projects that demonstrate mutual benefit</td>
</tr>
<tr>
<td>Support the emerging ABCP issues across whole program</td>
<td>Support the emerging ABCP issues across whole program</td>
<td>Determine whether there is a role for government/other support</td>
<td>Implement actions in the tertiary sector</td>
<td>Investigate relevance and structure of an employment agency</td>
<td>Develop action plan</td>
<td>Undertake one professional development program at key sites</td>
<td>Evaluate the projects as required</td>
</tr>
<tr>
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<td>Determine whether there is a role for government/other support</td>
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<td>Develop action plan</td>
<td>Undertake one professional development program at key sites</td>
<td>Evaluate the projects as required</td>
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<td>Ad-hoc issues</td>
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<tr>
<td>Implement actions in the VET sector</td>
<td>Implement actions in the VET sector</td>
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<tr>
<td>Strong action and outcome based program management</td>
<td>Action taken on top 3 issues</td>
<td>Have actions in place that support the strategy</td>
<td>Actions implemented to address expected decline in experienced rural advisers</td>
<td>Successful PD and training activity reviewed for expansion</td>
<td>RDCs using agribusiness as key conduit</td>
<td>RDCs using agribusiness as key conduit</td>
<td>RDCs using agribusiness as key conduit</td>
</tr>
<tr>
<td>Program management</td>
<td>Objectives</td>
<td>Outcomes</td>
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<tr>
<td><strong>Young people</strong></td>
<td><strong>To continue the integration of ACBP into broader CVCB capacity building program</strong></td>
<td><strong>Continued support of ACBP and consider further initiatives</strong></td>
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<tr>
<td><strong>Older advisers</strong></td>
<td><strong>To continue to address the next 3 key issues that have policy implications and ad-hoc issues that start to arise</strong></td>
<td><strong>Review program for continued expansion coordination</strong></td>
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<tr>
<td><strong>Succession process</strong></td>
<td><strong>Continue to support young people in agriculture strategy</strong></td>
<td><strong>Review for continued expansion/coordination</strong></td>
<td></td>
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<tr>
<td><strong>RDCs and agribusiness</strong></td>
<td><strong>Implement and monitor the strategies developed above</strong></td>
<td><strong>Determine future of ACBP</strong></td>
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</table>

**Year 3**

- **To continue strong connection with CVCB capacity building program**
- **Continue to implement actions**
- **Seek out further mutually beneficial activities**
- **Conduct concurrent evaluation**
- **Commission scoping project to gather data to evaluate progress**
- **Review program for effectiveness and expansion**

**Outcomes**

- **Ensure data demonstrates change at school, tertiary, VET and employer levels**
- **Ensure suitable outcomes are being achieved towards building capacity of advisers and information providers**
- **Establish additional opportunities if relevant**

**Notes**

- **Determine future of ACBP**
- **Review for continued expansion/coordination**
12. Glossary

**Agricultural extension (Extension)**
Agricultural extension refers to the delivery of services in a premeditated, planned and systematic manner, which uses various forms of communication to elicit positive change for the farmer or land manager.

**Agribusiness**
Agribusiness is defined as a person or organisation that generates income from the sale of a product or service or both, which facilitates the decision making of a farmer or land manager.

**Capacity building**
Capacity building refers to externally and internally initiated processes that help individuals and groups in rural settings to better manage changing circumstances through enhancing the stock of human, social, financial and natural capital available.

**Client**
A client is a recipient of services, and includes individual farmers, groups in the public and private sectors and other service providers. The clients of agribusiness vary greatly, and most agribusiness advisers do not limit themselves to servicing a particular type of client.

**Cooperative Venture**
The Cooperative Venture for Capacity Building (CVCB) is a joint program whose partners are: the Department of Agriculture, Fisheries and Forestry, Meat and Livestock Australia, Dairy Australia, Land and Water Australia, the Murray-Darling Basin Commission, the Grains Research and Development Corporation, Rural Industries Research and Development Corporation, the Sugar Research and Development Corporation, and the Grape and Wine Research and Development Corporation.

**Farmer**
Farmer is a generic term referring to business operators who own or manage an enterprise that mainly uses the land as the basis for a rural enterprise that creates a food or fibre product. For the purposes of this study, farmers cover enterprises in the rural industries of sugar, wine, meat and livestock (beef and wool), dairy, horticulture and grain.

**FarmBis**
This program, funded by the Department of Agriculture, Fisheries and Forestry (DAFF), provides subsidised training to the rural sector. Before 30 June 2004, FarmBis 2 was in operation and this will be followed by FarmBis 3 in 2005.

**Industry**
The agricultural sectors in which agribusiness and farmers operate, e.g. wine and sugar.

**Marketing**
Strategies and processes that allow the sale of a product or service to be made to customers.

**NGOs**
In this study, NGOs are regarded as membership-based or voluntary organisations that are generally not-for-profit but are completely or largely government/grant funded, e.g. landcare, catchment management.

**Oenology**
The study of wines.
**R&D**
R&D refers to research and development activities that are funded and conducted by a range of organisations and service providers. This term does not exclude extension, which can be integrated with research and development, as denoted by the term R,D&E.

**RDCs**
RDCs refers to research and development corporations which fund R&D activities and conduct and facilitate some capacity building and extension activities.

**Resellers**
An agribusiness that acquires a product at wholesale price (from a ‘supplier’) and retails it to a client is a reseller. Resellers may also supply services.

**Sales**
The processes and techniques of making a sale to a client.

**Sector**
Sector refers to the agribusiness representative’s (employer and) type of industry, e.g. dairy or sugar, in the private sector as well as to the rural industry type or grouping, e.g. wine or grain.

**Service provider**
The term service provider refers to any intermediary, consultant, adviser or extension officer or practitioner who provides information, research, technology, skills and other processes to farmers and land managers to facilitate positive change.

**Viticulture**
The cultivation of grape vines.

(These definitions draw on those used by Roberts *et al* (2004) ‘Mapping of rural industries service providers’.)
13. References

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Master Your Markets – a grain farmer marketing training course conducted for the Qld Grazinggrowers Association by Gordon Stone and Associates, 1997

Roberts, K; Paine, M; Nettle, R and Ho, E (2004) – Mapping of rural industries service providers; Prepared for the Cooperative Venture for Capacity Building and Innovation in Rural Industries, Roberts Research and Evaluation Pty Ltd, Institute of Land and Food Resources, Melbourne University, April 2004


The BIG Grain Day – an technology transfer program run in Roma 1997 and Emerald 1998 conducted for the Qld Grazinggrowers Association by Gordon Stone and Associates
Appendix 1

Survey of agribusiness views on information exchange

This survey is part of a Capacity Building for Innovation in Rural Industries Co-operative Joint Venture project (managed through the Rural Industries Research and Development Corporation – RIRDC) entitled the role of agribusiness in extension, education and training. The project is being undertaken by Gordon Stone & Associates, and your assistance through filling out this survey would be much appreciated.

One of the most significant issues facing rural industry today is how to access relevant information, from whom and at what cost. With the decline in traditional government extension services, one of the sectors which is increasingly taking on this role is agribusiness.

Some of the unknown issues about agribusiness are – the makeup of the agribusiness sector, their current and future role in rural innovation, how those who access the information pay for it and what could be done in the future to enhance the role of agribusiness.

The definition covering this matter is ‘Agribusiness advisers are a person, or organisation, that generates income from the sale of a product and/or service which facilitates the decision making of a primary producer (landholder).’

The aim of this survey is learn more about the role that Agribusiness plays in education, extension and training through the eyes of agribusiness. Your reply to this survey is completely confidential. The results of the survey will be available as part of the report published by RIRDC. If you have any questions, please contact the Project Coordinator, Gordon Stone at gordon@stoneco.com.au or on 074615 2255.

Thank you for participating in this survey

1. Our people
The number of professional and technical advisory people in our organisation is approximately:

One person 7.1% (1)
1-5 people 28.6% (4)
5-10 people 14.3% (2)
10-20 people 7.1% (1)
20-50 people 14.3% (2)
over 50 people 28.6% (4)
comments Qld sugar industry 7.1% (1)

2. The likely growth in our advisory people over the next 3-5 years, can best be described as:

Static 50.0% (7)
Reducing 35.7% (5)
Increasing 14.3% (2)

3. Our business
Our organisation can best be described as:

one office 35.7% (5)
2-5 offices/outlets 14.3% (2)
6-10 offices/outlets 14.3% (2)
over 10 offices/outlets 28.6% (4)

most business done locally 14.3% (2)
most business done regionally 14.3% (2)
most business done statewide 7.1% (1)
Other: BSES Limited 7.1% (1)

4. Our business is done mainly in the following sector(s):
dairying 42.9% (6)
meat and livestock 7.1% (1)
wool 7.1% (1)
sugar 35.7% (5)
horticulture 21.4% (3)
wine (0)
other agribusiness (0)
government 14.3% (2)
Other: rdcs 7.1% (1)

5. The type of business we are in can be described as one/some/all of these:
Selling product (eg chemicals, seeds) (0)
Selling machinery/equipment (0)
Providing enterprise on farm management/consultancy advice (when to spray etc) 57.1% (8)
Providing specific services (accounting, financial management, marketing etc) 35.7% (5)
Providing more general business management information 35.7% (5)
Providing training 50.0% (7)
Other: industry association 7.1% (1)
Other: Milk processing company 14.3% (2)
Other: Providing RD & E to the industry as well a variety breeding program 7.1% (1)

6. We would see extension, education and training to farmers/landholders as being part of our business in the following percentage of activity of our whole business:
Extension, Education & information provision (% of our business function):
100% 14.3% (2)
20% 7.1% (1)
30% 7.1% (1)
50% 7.1% (1)
60% 7.1% (1)
60% 7.1% (1)
70% 7.1% (1)
75% 7.1% (1)
80% 7.1% (1)
90% 7.1% (1)
95% 7.1% (1)

Training (% of our business function):
10% 7.1% (1)
15% 7.1% (1)
20% 7.1% (1)
20% 7.1% (1)
25% 7.1% (1)
40% 7.1% (1)
5% 14.3% (2)
5% 7.1% (1)

Comments 20% is R&D 7.1% (1)
Comments In our region the resources are largely for extension and plant breeding. 7.1% (1)
Comments other 10% 7.1% (1)
Comments training trainers rather than farmers 7.1% (1)

7. We cover the cost of our extension, education, information and training provision primarily through:

As part of the cost of products and equipment 14.3% (2)
Specific user-pay charges 21.4% (3)
Industry-funded activities, ie. supported in some way through external funds 57.1% (8)
Government funded activities 50.0% (7)
Other: all farmers pay a levy 7.1% (1)
Other: business expense 7.1% (1)
Other: Funded directly by the milk processor 7.1% (1)
Other: voluntary levy 7.1% (1)

8. The likely growth or change in our business in terms of our role in information, education, extension or training provision over the next 3-5 years can best be described as

Response

1 Changing to meet member needs as directed by the members.
1 Directly related to farm numbers
1 Fluid
1 Less one - one extension and more group extension. A greater emphasis on user pays.
1 More group based extension activities instead of one on one.
1 Moving away from the old style one-on-one extension to find new ways to reach more people at one time using more effective resources
1 New crops
1 Normal growth
1 Our role will change to being more specific and less general as the number of farmers/suppliers becomes less, but the ones who are left to carry on will become larger and more professional in the way they run and manage their business/enterprise.
1 Steadily increasing rate of growth to meet the needs of rural enterprises in our region.
1 There will be little change in our role but the size and scope will contract as farmer numbers continue to decline.
1 We focus on helping the farmers continue to produce quality milk sustainably and economically. So projects or training will be aiming to achieve these goals. Therefore we probably wouldn't be changing our focus in the future - we work with projects that fit into our goals.
1 We will be expanding our activities in this area
9. The reasons for these expected changes are

1. Business expansion
2. Cost cutting.
4. Few farmers Bigger farms with greater production The need to become more efficient and professional in the way the business is run
5. Industry deregulation, and milk price, confidence issues
6. Low sugar prices
7. More efficient and group learning more effective (in most cases)
8. NA
9. The increasing need for high quality technical advice in the management of sugar farming systems in a tropical coastal environment.
10. We are developing a new style of business
11. We have become a membership organisation

10. **As we interact with our clients/customers today**

The role of computers/Internet/decision support packages in our business and interaction with them can best be described as

<table>
<thead>
<tr>
<th>Level</th>
<th>Percentage</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>21.4%</td>
<td>3</td>
</tr>
<tr>
<td>High</td>
<td>21.4%</td>
<td>3</td>
</tr>
<tr>
<td>Medium</td>
<td>14.3%</td>
<td>2</td>
</tr>
<tr>
<td>Low</td>
<td>28.6%</td>
<td>4</td>
</tr>
<tr>
<td>Very low</td>
<td>7.1%</td>
<td>1</td>
</tr>
</tbody>
</table>

TOTAL 92.9% 14

11. Currently the type of information being sought from us by our clients covers one/some/all of:

- Husbandry information (nutrition, soils, rotations, irrigation etc) 78.6% (11)
- Health and disease information (sprays, vaccination, etc) 71.4% (10)
- Species and varieties 78.6% (11)
- Marketing information 50.0% (7)
- Financial and business management 64.3% (9)
- Personal skills (Human Resource Management, leadership etc) 50.0% (7)
- Other: anything the farmer wants to ask about 7.1% (1)
- Other: environmental 7.1% (1)
- Other: evaluation 7.1% (1)
- Other: Natural resource management liaison and delivery 7.1% (1)
- Other: primarily agronomic 7.1% (1)

12. To provide our services to clients the techniques of client contact we generally use can best be described as one/some/all of:

- Visits by clients to us 64.3% (9)
- Visits by us to clients 92.9% (13)
- Phone 92.9% (13)
- Email and Internet or CD info 57.1% (8)
- Field days 85.7% (12)
<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>trials/demos</td>
<td>64.3%</td>
<td>9</td>
</tr>
<tr>
<td>brochures</td>
<td>35.7%</td>
<td>5</td>
</tr>
<tr>
<td>newsletters</td>
<td>85.7%</td>
<td>12</td>
</tr>
<tr>
<td>training</td>
<td>57.1%</td>
<td>8</td>
</tr>
<tr>
<td>promoting financial management</td>
<td>21.4%</td>
<td>3</td>
</tr>
<tr>
<td>promoting business management</td>
<td>35.7%</td>
<td>5</td>
</tr>
<tr>
<td>promoting wealth creation</td>
<td>7.1%</td>
<td>1</td>
</tr>
<tr>
<td>Other: Action based learning in groups</td>
<td>7.1%</td>
<td>1</td>
</tr>
<tr>
<td>Other: Discussion groups and supplier meetings</td>
<td>7.1%</td>
<td>1</td>
</tr>
<tr>
<td>Other: shed meetings</td>
<td>7.1%</td>
<td>1</td>
</tr>
<tr>
<td>Other: Shed meetings</td>
<td>7.1%</td>
<td>1</td>
</tr>
</tbody>
</table>

13. To be up-to-date in the information supplied, we:

Response

1. Are trained by professionals/experts from Australia and overseas Attend in service training
2. Access information via the Internet Read books, journals, technical articles
3. Speak to other experts or contacts
4. Attend conferences, write papers, read journals, scan the net ‘google’
5. Continually upgrade our information banks from both Industry and Research groups as well as attend staff training sessions that are are put on by our Company (Dairyfarmers), DPI and DRDC.
6. Do our own research and use the research of others. Regularly providing training at workshops and conferences to staff to to update skills, knowledge and networks.
7. Keep up to date with industry information
8. Liaise with others within the organisation and outside and attend seminars.
9. Maintain links with all possible (known) sources
10. Make sure the company networks effectively. Are always in touch with the clients.
11. Read or keep track of current industry projects and information ie. market reports. Industry contacts often provide insights into other areas.
12. Use a wide network of contacts in relevant fields
13. Use electronic and print media, shed meetings.
14. Use electronic and print publications, and have regular field days etc

14. General comments on providing information to our clients and customers today are:

Response

1. Can provide the best information all in useful formats but will never be able to get every farmers attention to get it out to all of them.
2. Encouraging clients to prioritise the learning of new information.
3. Growers are beginning to use computers more. As this increases, we can increase our targeting of their needs through this medium, especially for communication/information transfer.
4. It is becoming more challenging as external pressures on clients means they often have to work off farm or are very concerned about whether they have a future in the industry.
5. Needs to be simple and precise.
6. Some farmers actively seek information and generally challenge us so it is important to keep on top of the latest research and extension information. Most suppliers who seek information can be satisfied from our current knowledge base It is frustrating dealing with suppliers who do not want to change or who do not want any help or advice on improving their efficiency/profitability.
1. Still the most effective way of achieving change or upgrading of techniques is by one on one advisory work. We have a goal of always being on every one of our farms talking to the operators at least once a year. We also provide general monthly newsletters and tri-monthly advisory newsletters.
1. tell them, tell them and tell them again
1. Use the language they understand.
1. very much one to one.

15. **As we interact with our clients/customers in the future**

Please note any changes that you expect in the following areas over the next 3-5 years (if any):

**the way we interact with clients and customers:**

# Response

1. Ageing farming community. Unwillingness by growers to use fee for service.
1. Continue to reduce staff numbers and will need to service greater areas.
1. less personally - i.e. through different communication mediums
1. more groups and computer based interaction
1. More interaction via email greater use of computer programs and things like spreadsheets etc More specific and detailed advice and less general information
1. more targeted and more electronic communication
1. Much more electronic communication
1. Obviously the ready acceptance of computers by most of our farmers (already some 75% have access to Email) will speed up information spread. This does not necessarily mean acceptance though and personal contact to establish credibility will remain mandatory.
1. presumably fewer government services
1. We expect to provide more fee for service and operate under contractual arrangements as funding and industry margins get tighter.

16. **The type of information sought by our clients and customers:**

# Response

1. financial, cutting edge technology to give the competitive edge.
1. Is likely to change and be more financially focused than in the past. Some capacity building skills needs to be developed in our customer base.
1. long term planning may become feasible again!
1. Marketing
1. More financial information and comparison of farming systems, however still continued need for varietal and agronomic advice.
1. More interest will be shown in the financial side of farming.
1. More specific
1. more targeted information and more specific business related information
1. Technical information in relating to feeding cattle and balancing rations Where to access best quality at cheapest prices Business analysis and profitability Budgeting and cashflows

17. **The way we obtain income from interaction with clients and customers:**

# Response

1. government and industry support, and user pays
1 more specific - user pays. What they used to get for free will probably start attracting a charge.
My clients are levied indirectly through the milk processor, and I don't see this changing in the near future
NA
PBR and fee for service.
personal interaction, surveys
See 15
Service fees
Will start to focus more on user pays and through remuneration from licensed products.

18. Our general thoughts about the role of agribusiness providing information in our industry(s)
Our general thoughts on innovation in information delivery in our industry are:
# Response
Agribusiness has a role but the message from all sectors needs to be consistent
Cannot focus on computer based models or systems as the level of skill varies greatly and will miss a large number of people who could benefit the most from it
Could be better
If we don't become innovative in the way we deliver information others will do it for us and we will be left behind. We will see far greater use of computers, email and use of the Internet
It will continue to increase but will need some information still to be provided by industry R&D especially about varieties.
See 14 and 15
We are exploring the interactive web and will persist even though there is little uptake at the moment. As the value of the information we have is realised the delivery methods will evolve to protect and provide to only those who have payed for the information or service.

19. Our general thoughts on adoption of new ideas in our industry are:
# Response
Active participation in R&D leads to adoption through extension
Innovation will continue to happen and new research will find new/better ways of doing things so therefore we need to keep up with this and pass these techniques onto our suppliers as soon as possible so they can remain viable and competitive
it was bloody good until the arse fell out of it!
It will need to increase significantly in the areas of gaining greater efficiencies and better utilisation of capital. The government support package to the industry will also encourage growers/industry participants to undertake change.
See 14 and 15
slow to adopt but increasing with reduced prices
The rate of change in our region is increasing rapidly. As the operating margins are decreased the level of innovation is also increasing. Our current information transfer strategies are working well and are under constant scrutiny and can be changed rapidly to adapt to changing circumstances.
Very slack but tough times are often catalysts for change

20. The factors we think may positively influence getting information from agribusiness suppliers in future are:
# Response

1 A co-operative partnership where both partner businesses can receive benefits.
1 As times get tougher and margins slimmer farmers will depend on better and more timely advice to squeeze the most out of their enterprise.
1 Decreased govt (independent) extension so information will need to be sourced from the people who are being dealt with in each area.
1 Forming relationships with other agribusiness providers Collaborative research with other agribusiness Sharing information v's competitive advantage with our competitors Shared industry funding with our competitors for research $
1 more use of the Internet
1 Promotion of creditable products
1 The current price for the commodity and the pressure to best manage the resources in areas adjacent to the GBR. The introduction of new regulations may also increase the need for some of our services. Good customer service and value for money.
1 Tough times New developments

21. The factors we think may negatively influence getting information from agribusiness suppliers in future are:

# Response

1 Agribusiness attempting to sell product (especially if it is inferior)
1 cost, impartiality
1 Higher commodity prices. Collapse of the industry if the price goes too low. poor service and value for money
1 Lack of independence ie. perception of only needing/wanting to make a sale
1 people who don't move with the times
1 Perceived competition in the market place.
1 The unfortunate trend towards user pays. This will work against the smaller enterprise in the future and smaller farms still have a very useful role to play in the farming scene. These are generally the most innovative of our farmers.
1 Wanting to protect competitive advantages What's in it for me

22. Our general comments are:

Response

1 Fee for service in the sugar industry will be very difficult to implement because of the general nature of the industry and past history.
1 One on one is still by far the most effective although most advisory services unfortunately see it as too costly. Usually it is is simply TOO HARD.
1 Our market place may change rapidly in a very short period of time. We have recently moved to a corporate entity and are still coming to terms with customer expectations and commercial reality.
1 The face of agricultural extension and research is changing rapidly and so is the way our farms will operate/perform in the future, so we all need to work together so that Australian people are fed with Australian food/products or else it will come from overseas and we won't have a good Australian agricultural industry like we once enjoyed
1 The provision of information in the industry will change and will be driven by reduced revenue and lower staff numbers. The old adage 'worker smarter not harder’ will need to apply.
Appendix 2

Survey of farmer views on information exchange

This survey is part of a Capacity Building for Innovation in Rural Industries Co-operative Joint Venture project (managed through the Rural Industries Research and Development Corporation – RIRDC) entitled the role of agribusiness in extension, education and training. The project is being undertaken by Gordon Stone & Associates, and your assistance through filling out this survey would be much appreciated.

One of the most significant issues facing rural industry today is how to access relevant information, from whom and at what cost. With the decline in traditional government extension services, one of the sectors which is increasingly taking on this role is agribusiness.

Some of the unknown issues about agribusiness are – the makeup of the agribusiness sector, their current and future role in rural innovation, how those who access the information pay for it and what could be done in the future to enhance the role of agribusiness.

The definition covering this matter is ‘Agribusiness advisers are a person, or organisation, that generates income from the sale of a product and/or service which facilitates the decision making of a primary producer (landholder).’

The aim of this survey is learn more about the role that Agribusiness plays in education, extension and training through the eyes of landholders. Your reply to this survey is completely confidential. The results of the survey will be available as part of the report published by RIRDC. If you have any questions, please contact the Project Coordinator, Gordon Stone at gordon@stoneco.com.au or on 07 4615 2255.

Thank you for participating in this survey.

1. Our People
The numbers of people who participate in management decision-making on our enterprise are:
### Response

1 1
7 2
1 3
1 4
1 5
1 6

2. The highest formal education level obtained by one of the decision makers on our enterprise is:

- Secondary school 16.7% (2)
- Agricultural College Certificate/Diploma 8.3% (1)
- University Bachelor’s degree 58.3% (7)
- Post-graduate 16.7% (2)
3. **Our enterprise**
This enterprise is:
farming/production only 58.3% (7)
includes financial interest in post farm gate activity 33.3% (4)
has significant off- farm interests/investments 33.3% (4)
Other: breeding and fattening beef cattle 8.3% (1)

4. Our main type of farming enterprise can best be described as one/some of:
dairying 16.7% (2)
meat and livestock 33.3% (4)
wool 25.0% (3)
sugar (0)
horticulture (0)
wine 33.3% (4)
Other: grain 8.3% (1)
Other: Light manufacturing, Tourism 8.3% (1)

5. **In our business today**
The role of computers/Internet/decision support packages in the whole enterprise decision making can best be described as:
very high 33.3% (4)
high 25.0% (3)
medium 16.7% (2)
low 16.7% (2)
very low (0)

6. Currently the type of information being sought by the decision makers in our enterprise covers one/some/all of:

Husbandry information (nutrition, soils, rotations, irrigation etc) 66.7% (8)
Health and disease information (sprays, vaccination etc): 66.7% (8)
Species and varieties: 66.7% (8)
Marketing information: 66.7% (8)
Financial and business management: 75.0% (9)
Personal skills (Human Resource Management, leadership etc) 58.3% (7)
Other: Government legislation- tree clearing, water 8.3% (1)

7. From the above list, which specific type(s) of information do you obtain from Agribusiness?

Response
1 Accountant - financial and business management Industry
1 Everything from Pests, Diseases, Soils, Marketing
1 Fed rations, species and varieties
1 financial management
1 Husbandry, Diseases (Private Consultant)
1 I include Traprock Wool in the agribusiness area - I obtain information on all these issues from Traprock.
1 Marketing and information Financial and business management
1 markets, market requirements
1 Some information from each category
1 Species and varieties
1 What is agribusiness? Information is obtained from the most relevant source - so all or none depending on the specific information required at the time

8. From the same list, what specific information do you receive from government type extension (includes catchment and Landcare groups)?

Response

1 advice on chemical use both agricultural and for pest plants, climate forecasting
1 As above but increasingly the seeking out of specific information rather than being a passive recipient as implied at least to me by 'receive from'. Little from Landcare and catchment groups - why because of my perceptions as to quality of that information
1 Diseases (DPI)
1 DNR State Development - Marketing Local Agribusiness College - Horticulture traineeships Landcare - Salinity Apprentices - Tourism
1 DPI - Species and Varieties, Health and Disease Dept of State Development - Marketing & Export as needs dictate
1 Husbandry information Health and disease information Species and varieties
1 Similar to above
1 Soils advice, irrigation etc. financial and business management
1 technical information
1 Very little - Traprock covers catchment/property planning etc Traprock does source some of its info from govt ext officers
1 weed control crop and pasture selection

9. The information that we currently pay for covers:

Response

1 Accountant- Financial and Business management Consultants - Marketing and Wine Making
1 Consultants - Vineyard and Marketing
1 financial/accounting/legal
1 Husbandry information
1 Is part or the cost of our grain ration. Business management
1 Mainly market issues
1 N/A
1 Over the last twelve months all but personal skills in your list above
1 soil testing and fertiliser use accounting advice
1 Weather - we pay an Agribusiness to receive weather charts Testing of vineyards Other - Analysis of wines for nutrients
1 Wine making through a Consultant regarding own decision making

10. Those who currently provide information or advisory services that directly or indirectly cost us money can best be described as (define the types of suppliers eg, accountant, national agency organisation, bank, seed company, etc):

Response

1 accountant
1 Accountant Agronomist - Soil testing Wine Research Institute Wine Makers Federation Associations local - Tax, water issues Orchard Services - Testing and Analysis
1 accountant seed and fertiliser retailers
1 Accountants, AgForce DPI
1 agents - stock and wool
1 Agronomist - Farming
1 Consultants
1 DPI, grain company,
1 Government organisations Financial institutions
1 host of organisations - information overload - after a recent severe cull still 18 inches of unread material on my office floor in 'to be read' trays
1 Wine maker Accountant

11. The way we currently pay for our information is (you can tick more than one category):

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>Percentage</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee for service</td>
<td>83.3%</td>
<td>10</td>
</tr>
<tr>
<td>Part of the cost of our product purchases</td>
<td>50.0%</td>
<td>6</td>
</tr>
<tr>
<td>Combination of fees and products</td>
<td>16.7%</td>
<td>2</td>
</tr>
<tr>
<td>From an industry or producer or alliance group</td>
<td>25.0%</td>
<td>3</td>
</tr>
<tr>
<td>Other: subs to prod group</td>
<td>8.3%</td>
<td>1</td>
</tr>
<tr>
<td>Other: Taxes, wool levy, livestock levies</td>
<td>8.3%</td>
<td>1</td>
</tr>
</tbody>
</table>

12. General comments on the role of agribusiness in our current decision making are:

Response

1 Agribusiness is fairly important these days. We are a family business and are really on our own, so providers have good quick service, up to date information, tell you definitely. All this helps to increase productivity, support you and help business grow. If researched correctly you get relevant information and embracing technology is a good thing these days. Agribusiness is an extension of your business to have specialists.
1 Definitely would not pay for a service if it did not prove to be value for money
1 If we need advice we ask for as needed
1 My definition of agribusiness is so wide that the answer to this question becomes meaningless
1 not very relevant, we make our own decisions based on climate, markets etc.
1 Quite limited
1 Slight
1 small but important
1 some are better than other at providing relevant and timely info - most consultants suck more info than they provide - I am fortunate to have other networks that provide me with the info
13. **In our expected business of the future**

Overall, the way we expect to seek our information in future is (out of 100%):

- Government services (%): 10 - 16.7% (2)
- Government services (%): 100 - 8.3% (1)
- Government services (%): 15 - 8.3% (1)
- Government services (%): 20 - 8.3% (1)
- Government services (%): 5 - 8.3% (1)
- Government services (%): 50% for Tourism & wine - 8.3% (1)
- Government services (%): 70 - 8.3% (1)
- Landcare/catchment groups (%): 10 - 16.7% (2)
- Landcare/catchment groups (%): 20 - 8.3% (1)
- Landcare/catchment groups (%): 5 - 8.3% (1)
- Industry development officers or marketing/alliance group employees (%): 10 - 8.3% (1)
- Industry development officers or marketing/alliance group employees (%): 100 - 8.3% (1)
- Industry development officers or marketing/alliance group employees (%): 20 - 8.3% (1)
- Industry development officers or marketing/alliance group employees (%): 5 - 8.3% (1)
- Industry funded training (%): 100% - 8.3% (1)
- Industry funded training (%): 15 - 8.3% (1)
- Industry funded training (%): 25 - 8.3% (1)
- Industry funded training (%): 30 - 8.3% (1)
- Industry funded training (%): 50 - 8.3% (1)
- Part of product sales price (%): 10 - 8.3% (1)
- Part of product sales price (%): 20 - 8.3% (1)
- Part of product sales price (%): 5 - 8.3% (1)
- Fee for service (%): 10 - 8.3% (1)
- Fee for service (%): 100 - 8.3% (1)
- Fee for service (%): 25 - 8.3% (1)
- Fee for service (%): 30 - 8.3% (1)
- Fee for service (%): 40 - 8.3% (1)
- Fee for service (%): 5 - 8.3% (1)
- Fee for service (%): 90% split according to needs - 8.3% (1)

Part of the costs of our packhouse, alliance, marketing group, etc self funded training program (%): 10 - 8.3% (1)

Part of the costs of our packhouse, alliance, marketing group, etc self funded training program (%): 25 - 8.3% (1)

Part of the costs of our packhouse, alliance, marketing group, etc self funded training program (%): 60 - 8.3% (1)

Other (%) - 8.3% (1)

Other (%) - 8.3% (1)

Other (%) - Professional memberships - no idea of percentages - dependant totally on the specific information required - 8.3% (1)
14. The information that we are likely to pay for in future is:
# Response
- accounting
- Accounting, Wine making, Species, Disease control, Husbandry
- Advice on export will be big in the future for us. We have learnt through experience that if you want good information you have to pay for it. We have also learnt that we would need to export goods to get bigger. Wine - analysis and vineyard
- along the lines of EDGE workshops, pasture management schools
- As above
- financial dairy cattle nutrition
- Marketing info
- Problems in general farming, marketing, financial information - taxation etc
- Soils nutrition, animal nutrition, business management
- Unknown- we cant predict the future
- Wine and Marketing Business & Financial info - Accountant Media - Consultant

15. The way we would prefer to pay for our information in future is:

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>fee for service</td>
<td>83.3%</td>
<td>10</td>
</tr>
<tr>
<td>part of the cost of our product purchases</td>
<td>25.0%</td>
<td>3</td>
</tr>
<tr>
<td>combination of fees and products</td>
<td>33.3%</td>
<td>4</td>
</tr>
<tr>
<td>from an industry or producer or alliance group</td>
<td>41.7%</td>
<td>5</td>
</tr>
</tbody>
</table>

16. General thoughts on accessing and making sense of information for our business
The factors I think may positively influence getting information from agribusiness suppliers in future are:
# Response
- Being informed yourself and then asking and making a decision based on all that information, not just accepting that there is only one way to do anything
- Good reputation and have had dealings with the problem and have the skills to deal with the problem that they are providing a service for.
- If service is prompt, value for money, competition is always good for business to strive to provide well. Government does not usually work as fast.
- Perceived value for money, availability of alternatives
- Relevance and applicability
- Strategic planning, information technology advancement
- The Internet/web is most important. If a company has a web site or information on the Internet then we would be more likely do business with them as there information is accessible to us
- the value of our end product and whether we can value add
- Their skill/knowledge base compared to my/my network skill/knowledge base

17. The factors I think may negatively influence getting information from agribusiness suppliers in future are:
# Response
- Brand power
1 Have a bad reputation on delivery the service Hard to get hold of and to find information on them Bad at returning calls and do not follow through.
1 If agribusiness suppliers were in bed with a company and only pushing their product. If there was only one agribusiness supplier, no competition, this would maybe be a problem.
1 Lack of communication with the business, too far away, long distant phone calls, no return of phone calls, no web site or email contact.
1 lack of new product development - so no commercial need to launch new products
1 See above
1 their skill/knowledge base is not up to speed - generally speaking
1 Viruses on the Internet and email, lack of good quality information, lack of Agribusiness people available in Queensland

18. General comments about the role agribusiness in providing extension, education or training to farming enterprises are:

# Response

1 Addressed well at the moment. Wine industry is relatively new in this area - cellar door and events lack of information and training in this area. For tourism hard to receive training for silver service or Coffee machines etc, unless you live in the city.
1 All for it, Primac now Elders have run nutrition schools which were excellent on a fee basis.
1 matching the farmers needs to what the service industry has to offer is difficult - to find that balance is the trick - and at a cost that is acceptable
1 often they are too commercial in pushing the product and not supplying the right information - note they might be biased because of this.
1 Unless we are talking about specialised, product training, legal or financial services I don’t see a large role for agribusiness in providing extension, education or training in our business
1 We embrace the information and service that Agribusiness has provided and it has been invaluable to our business. Field days with Agribusiness companies is a great way to show and share products/information. Not only a benefit to their business but to others in area as well. Seminars, Customer Service and Field days are all good. It is hard to go to these things, but if time is managed correctly within the business then the business will benefit from this. If more people used the information supplied by Agribusiness then their business would grow, increased productivity.
1 You either use it or you don't, we do try to be forward thinking.

19. I would like to be sent a copy of a summary of the project findings to (insert email):