



From the Managing Director

Rural Directions continues to develop and grow as a business. We have just been through the process of recruiting some new team members. This is always an exciting time because new team members always energise the rest of the team with the fresh enthusiasm that comes with starting a new job. This new growth has been brought about by a continued increase in project work. I always enjoy employing new people. It is extremely satisfying to see team members grow and develop as professional people.

Our latest round of recruitment has involved the recruitment of 2 graduate positions, a part time business support and a full time agribusiness consultant. The graduate positions will be located in our Freeling Office. They will spend half their time working in grain marketing services and the balance assisting with business planning and project work. The new business support role and agribusiness consultant are both located in Clare. We have also created an agribusiness support officer role. This is a support role to consultants and enables the consultant to be more productive. I would like to publicly welcome Kathy Woodrow, Brendan Wallis, David Wood and Simon Vogt.

Employing graduates is an investment in the future of the industry. This strategy has worked well in the past. This recruitment drive also means we can expand some of our services and take on additional clients.

Our Management Training program is gaining momentum. The post seeding campaign will involve more grain marketing, farm business analysis, leasing and share farming and entrepreneurship courses. If you have a need to brush up in some of these areas please have a look at our website www.ruraldirections.com. Accessing FarmReady grants means these courses can be funded through the reimbursement process.

In this edition:

- Skype
- Subscription Services
- The Cost of Selling a Commodity
- Management Training
- 2010 Seasonal Flu Vaccination



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Continued on page 2

Another exciting development has been the use of Skype across our business. Skype basically means you can talk via the internet. It is very cheap (free) and you can integrate video. I have used it through my laptop while travelling. One of the things we would like to start doing is trialing Skype and other remote technology like "Go To Meeting" to deliver face to face services to clients. I am planning to use this approach for face to face consulting meetings with clients. The key benefit is savings in travelling time and mileage. If you are interested in participating in a trial, please let me know. This technology will make business planning sessions very plausible for remote clients.

A couple of other innovations to be used within the business include the development of a modernised share farming agreement. We have been working with John Voumard, a solicitor from Jamestown to develop an agreement that reflects the modern needs of share farming. We are currently designing the next leasing and share farming course. Agreements and alternative business models will be featured in this course.

The other innovation is the development of the first farm management tool that will be based on our website. The first tool will be a grain cost of production calculator. We are in the process of developing a set of tools that will be available to clients once they have attended a Rural Directions Pty Ltd Management Training workshop. This has spurred us into having other tools developed.

I hope by the time you receive this newsletter we have all received some excellent general rains. I personally do not enjoy sowing conditions that are neither wet nor dry. The combination of mice, locusts and variable rainfall is certainly causing some grief. Managing uncertainty can be a very challenging process. It is critical everybody has appropriate support structures in place.

I hope you enjoy this edition of In-Touch

David Heinjus

Have You Tried Using Skype?

Skype is a way to talk for free using your Internet connection. Once you are set up it is as simple as finding out who else is on Skype that you can talk to. It can be used for video calls, standard voice calls and voice conferencing, and as it uses your existing Internet connection, it is free!

To download the program, go to www.skype.com and follow the links. You will need to choose a Skype name for yourself.

Skype also have some fabulous rates for monthly connections to standard land lines, both locally and internationally. If you are regularly calling overseas, this could be a much better way to communicate, either on a monthly pay as you go plan or direct using Skype to Skype.

Give it a try!!

Mention this advertisement and receive a weeks free subscription to Prices Direct

Subscribe Today

Rural Directions Pty Ltd subscription services offer the most up to date, independent agronomic and grain marketing information available to aid in the management of your agribusiness.

InCrop

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InCrop is a regular agronomic newsletter compiled by the Rural Directions Pty Ltd Agronomic Services team providing you with timely, independent and factual information to guide sound crop management decisions.

Market Directions®

Market Directions® independently researches agricultural commodity information, provides the grain farmer and the grain consumer a like with information that is critical to an agricultural businesses bottom line.

Market Directions® is valuable to a farm business because it provides independent pricing, market intelligence and commentary that is free of market noise.

Prices Direct

Prices Direct takes away the difficulty of keeping up with numerous text messages received from individual buyers. Prices Direct will provide you with a timely snapshot of the best published daily cash price for a selected port zone. This will include a number of commodities and seasons all year round.

Subscribe to one product or save by combining two or more. Subscribe by calling 08 8842 1103.



The Cost of Selling a Commodity

No matter how you look at it, there is a cost involved when you transact anything. Sometimes these costs are hidden and sometimes they are more transparent. Newly deregulated grain markets are essentially immature when compared to many other markets.

One of the clear outcomes of deregulation, is that people are becoming more aware of the hidden marketing costs that were always present. Some producers however, are expecting that with little or no additional investment they can achieve good marketing outcomes for their business. An investment can be either financial or in time. If a producer's time is limited, then they will need to invest money to successfully market their grain.

The traditional AWB wheat pool (pre deregulation) had a marketing fee imbedded into this product. Farmers did not have to pay this fee directly as the management fee was deducted from the pool prior to the payment being made, hence the cost was hidden. Traditional pooling providers currently operating post deregulation have adopted a similar strategy. The hidden cost for most traditional pools is approximately 3% of the FOB value with some providers charging an "out" performance fee on top of this.

An example

A pool provider quoting a 09/10 season estimated pool return of \$245 FOB (roughly \$195 cash equivalent) will earn approximately \$7.35/mt in management fees. If an "early order" tonnage based forward commitment was made to this pool you are likely to receive around \$10-15/mt over this estimated figure. Remember this value can still go down or up and further payments are still to come. At the same time that you committed the "early order" you could have sold fixed tonnage for cash in a conservative range of \$250 – 310 per tonne.

For 1000mt of wheat sold on an early order commitment to this pool your hidden management selling cost is \$7,350.

Rural Directions Grain Marketing Service clients who adopted a portfolio approach to selling through this period also incurred a transaction fee of between 0.6% (\$1.50/mt) to 1.8% (\$4.50/mt) of the cash at port commodity value.

The fee variance relates directly to volume of production. This cost was clearly transparent and invoiced directly to our client. We also provided additional services in contract management and grain transfers through warehouse at harvest. As the market changed and the season changed, additional sales were made averaging earlier sales down. Many clients averaged at least \$50/mt over the pool example with 100% of the value already in their bank account. Clearly this is not a perfect example.

We are not negative to the pooling concept, but do wish to highlight that people have incurred a selling cost.

A portfolio of product risk, spread over time, is a great way to manage commodity price volatility and in essence creates your own pool. This approach does however increase the total number of contracts and therefore becomes more complex to manage. This ultimately requires a greater investment of the producer's time to manage their portfolio.

We believe all farmers should be questioning what generates the greater value for their business. Investing more of their time, or investing in a consultant to market their grain?

The Transaction Cost Reference (page 4) has been compiled as a comparison of various costs incurred within the industry.

Watch Out for Hidden Fees and Charges!



Transaction Cost Reference

<p>Rural Directions Pty Ltd</p> <p>A spread of 0.5% to 2.0% (depending on production size) of cash port value (approx \$35 under FOB value).</p> <p>Provides:</p> <ul style="list-style-type: none">• Market reports, daily cash price SMS service, best daily cash price email• Target price orders where the seller can easily reset the order value• Independent advice. Both via phone and small group briefing sessions• Training opportunities.• Comprehensive system support which include brokerage and position documentation.• Farm business analysis.• Harvest Arbitrage and transfer of grain.
<p>Traditional Pooling Provider</p> <p>3% of FOB value (3.8% of cash value) often plus further "out" performance fees.</p> <p>Provides:</p> <ul style="list-style-type: none">• Market access• Access to finance.• Acts as grain accumulator• Sells on either "track" or "FOB" markets.• Potential to overlay some more advanced risk management hedging utilizing derivatives.
<p>Livestock</p> <p>5 – 6% of the sale yard value</p> <p>Provides:</p> <ul style="list-style-type: none">• Established network of buyers and sellers• Market values often determine by open outcry auction system or ex farm based on the values a recent auctions• Settlement of funds
<p>Wool</p> <p>4-5% of the store value</p> <p>Provides:</p> <ul style="list-style-type: none">• Established network of buyers and sellers• Market values often determine by open outcry auction system or privately based on the values a recent auctions• Settlement of funds
<p>Real Estate</p> <p>In a range of 2-4% depending on location and ultimate deal value.</p>
<p>Manage investments schemes</p> <p>Entry and Exit fees – from 0 to 10% depending on complexity</p> <p>Yearly MER (Management Expense Ratio) 0.5-5% depending on complexity</p>

Management Training

Rural Directions Management Training was launched in January 2010. Since then, Rural Directions Pty Ltd has delivered 11 different Management Training courses across South Australia. 'Creating Great Farm Employers' was also delivered in Western Australia.

Rural Directions Pty Ltd is focused on delivering quality, practical training outcomes. We are proud to say this has been achieved through the delivery of 42 training days to over 300 primary producers since January 2010.

As shown in the graph below, the majority of participants found the courses they attended highly beneficial, scoring various components of the course 'very high' and 'high' value. This indicates that Rural Directions Pty Ltd has an understanding of primary producer's needs and can deliver training to meet these needs.

Participants have indicated that these courses have increased their management skills and knowledge to be able to make more confident, informed decisions in their business. The courses have also provided participants with access to decision making tools which they can apply within their business immediately.

Some of the most popular courses have included 'Leasing and Share Farming – From both sides of the fence', 'Grain Marketing - A year round responsibility' and 'Successful Agribusiness Management'.

When asked how participants would describe the course they attended to someone who had not completed it, this is what some participants said:

Farm Business Analysis – An Introduction

'If you want to know how your business is performing and what areas need to be worked on, then this course gives you the tools to find that information out'

Leasing and Share Farming – From both sides of the fence
'A good course to do, especially if you are looking into leasing or share farming in the future'

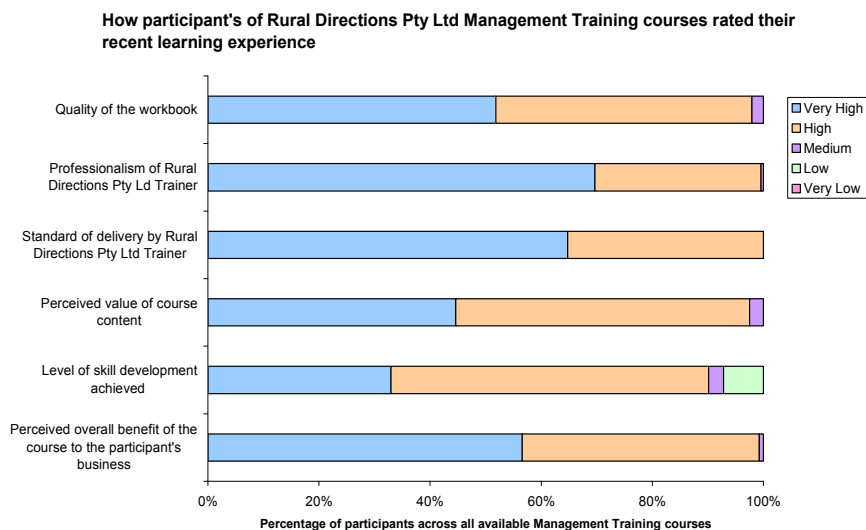
Grain Marketing – Post Harvest Management

'I would definitely recommend it and suggest that all parties involved in their business attend one of these courses. The three (grain marketing) courses tie together really well'

We are looking to continually improve and develop new training courses to meet the needs of primary producers who are managing farming businesses in a challenging environment. New courses that will be available in the next round of training will include Advanced Grain Marketing Products and Assessing the Real Costs of Farm Machinery, which are both one day courses.

The team at Rural Directions Pty Ltd is looking forward to delivering the next round of Management Training courses available from June 2010.

See page 7 for courses available from June 2010. For the full range of courses offered and/or to register, please visit www.ruraldirections.com or call us on 08 8842 1103.



Register now and utilise the \$1500 (ex GST) grant you have available to you to cover FarmReady approved training.

Rural Directions Pty Ltd offers a range of workshops which attract this funding.

The availability of the FarmReady Reimbursement Grant is proving to be a very good initiative to assist primary producers to attend Management Training short courses.

FarmReady offers eligible primary producers \$1500 (ex GST) each financial year to cover course costs. They also offer funding up to \$500 (ex GST) to cover associated costs such as child care, travel, accommodation and meals.

To make the most of the funding available you are required to submit a FarmReady Pre-approval Application Form to FarmReady at least 5 working days before the course starts. The earlier you are able to submit this form the better. You require approval before you attend the course from FarmReady to be able to claim the course costs back.

A new round of FarmReady Reimbursement Grant funding will be available from 1 July 2010. This means primary producers are eligible for another \$1,500 (ex GST) grant to undertake FarmReady approved training courses.

Keep an eye out for new FarmReady approved courses on the website, www.ruraldirections.com and Management Training E-news.

Management Training E-news

If we have your email address you should be receiving the Management Training E-news. This e-newsletter provides you with up to date information about courses which are available and links to the Rural Directions Pty Ltd website.

If you have any feedback about the Management Training E-news we would like to hear from you, please email admin@ruraldirections.com. Likewise, if you have not been receiving this e-newsletter and would like to, please email admin@ruraldirections.com

1 Day Courses Now \$500 (GST incl)

Rural Directions Pty Ltd has been delivering up to eleven different FarmReady approved courses (of both one and two day duration) over the past 5 months and has done an analysis of the costs of doing so.

The results of an internal Rural Directions Pty Ltd review indicate that to continue delivering and developing quality, practical workshops relevant to you and your business we needed to increase the cost of the current one day courses to \$500 (GST incl).

After the 1st of July 2010 any new one day courses developed by Rural Directions Pty Ltd and approved through FarmReady will be at the new price of \$550 (GST incl).



Successful Agribusiness Management

a workshop for farmers wanting to take a critical look at their farm business

Attending this one day workshop will provide you with information and tools to:

- Understand the fundamentals of agribusiness success
- Better manage risk
- Interpret farm finances
- Understand commodity risk management
- Assess livestock versus cropping
- Assess leasing, share farming and land purchase opportunities

Funded by Barossa General Practice Network, this workshop is available at **no cost** to participants at:

**Nuriootpa, 28 June
Beckwith Park
30 Tanunda Road**

Register today with Rural Directions Pty Ltd on 08 8842 1103
www.ruraldirections.com



Fully reimbursable training available now!

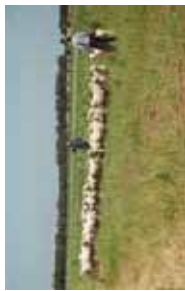
A grant of \$1,500 (each financial year) is available to cover training course fees for eligible primary producers who undertake FarmReady approved training.
REGISTER TODAY! www.ruraldirections.com or phone 08 8842 1103



Creating great farm employers (1 day course)

Have you employed somebody and felt exposed because you have not got everything together? Or do you need some help, but cannot find anybody? If this is the case, the 'Creating great farm employers' course will help you understand what it means to become an employer of choice.

This course will provide you with an overview of human resource principles as well as practical templates that can be easily applied on-farm.



Creating great farm employers (2 day course)

This course is an extension of the one day course and includes the legal requirements of employment, developing an employment package, how to effectively lead and manage and finding that right person for your business. At the end of the course, you will have the skills to develop strategies to manage the challenges of recruitment, staff retention, conflict resolution and management and OH&S, including policy and procedural development.

28 - 29 July 2010, Clare
3 - 4 August 2010, Murray Bridge
8 - 9 September 2010, Port Lincoln

"Gave clear guidelines about what steps are required and systems to put in place to facilitate the process of employing people to work on farms"

Farm Business Analysis - an introduction

Would you like a better understanding of where your business is positioned and the opportunities that exist? This course will provide you with an understanding of key performance business indicators used and will provide you with the confidence to collect accurate data and review provided outputs to analyse business performance.

You will be exposed to, and learn about a new benchmarking tool that can be incorporated into an annual review process to ensure continued business improvement. As a result you will have a deeper understanding of your own business after completing a simple whole of business analysis.

17 June 2010, Freeling
30 June 2010, Clare
2 July 2010, Jamestown
5 July 2010, Freeling
7 July 2010, Loxton
8 July 2010, Bordertown
14 July 2010, Maitland
15 July 2010, Bute
22 July 2010, Cummins
29 July 2010, Cleve



Fast track to entrepreneurship

Do you have a good idea, but not sure how to turn the idea into a business, or do you have lots of ideas, but lack the time to get them going? If this is the case, 'Fast track to entrepreneurship' will provide you with some new knowledge and skills to help you consolidate existing business or build a new business.

Clare (7:30am - 1:00pm)
Session 1 - Tues 29 June 2010
Session 2 - Tues 6 July 2010
Session 3 - Tues 13 July 2010
Session 4 - Tues 20 July 2010
Session 5 - Tues 27 July 2010



Grain Marketing - a year round responsibility

This course will enable grain growers to expand their knowledge and ability to apply mainstream grain marketing products to the needs of their own business. The course will equip you with an increased understanding of the various grain marketing products that are available, and determine the most appropriate strategy for your business.

16 July 2010, Freeling
23 July 2010, Cleve
2 August 2010, Clare
4 August 2010, Loxton
26 August 2010, Bordertown

Grain Marketing - the impact on your business

Grain growers will gain the confidence to collect accurate data and analyse the data to determine enterprise performance. They will gain knowledge of how to calculate and analyse the cost of grain production for their own business to help them make precise decisions on when and how to sell grain.

5 July 2010, Wirrabara
22 July 2010, Bordertown
4 August 2010, Clare
16 August 2010, Freeling

Grain Marketing - post harvest management

Grain growers will increase their understanding of current market trends and learn how this information can assist them in managing the timing of selling their grain, focusing on the grain marketing 'plan'. Participants will understand the advantages and disadvantages involved in setting up on farm storage options.



Assessing the Real Costs of Farm Machinery

Completion of 'Assessing the Real Costs of Farm Machinery' will give primary producers the knowledge to be able to make sound decisions regarding farm machinery purchase and replacement. The course will allow the participant to think strategically about the real costs of owning and running machinery and provide them with the confidence to make decisions about the most suitable ownership model for their business.

26 July 2010, Clare
6 August 2010, Freeling

"Very valuable if you are considering 'big ticket' machinery purchases. Will definitely add some structure to our machinery decision making policies." W Stanton, Kangaroo Island



Advanced Grain Marketing Products

This course is ideally suited to grain growers who wish to gain an in depth knowledge of complex grain marketing products, giving them the confidence and skills to use them as effective risk management tools for their grain enterprise.

- Understand the major grain trading exchanges
- Understand terminology and concepts unique to futures exchanges and derivatives
- Understand the products that can be used to hedge grain sales
- Be confident in applying derivatives products for certain market circumstances

2 July 2010, Clare
21 July 2010, Cummins
5 August 2010, Loxton
6 August 2010, Freeling
27 August 2010, Bordertown

Leasing and share farming - from both sides of the fence

This course is suited to farmers who are considering leasing their farm or having it share farmed. It also suits farmers who have been presented with a lease of share farming opportunity but are unsure where to start. Participants will be able to confidently assess, execute and manage share farming and leasing opportunities and integrate this with their existing business after completing this course.

21 July 2010, Clare
22 July 2010, Murray Bridge
30 July 2010, Freeling



"I will use the materials and skills gained to develop a model to suit my business." L Merritt, Bordertown

The Rural Directions Pty Ltd website is updated as more dates are set and new courses introduced. If any of these courses interest you, please contact Rural Directions Pty Ltd on 08 8842 1103. Visit www.ruraldirections.com to learn more about the courses and funding available to you.

management training
Improving your knowledge for better results

2010 Seasonal Flu Vaccination

Flu Facts

- Influenza (flu) infection is a highly contagious and potentially deadly disease
- In Australia flu can cause up to 1,500 deaths, compared to 1,600 road deaths each year
- 1.2 million Australians are in an 'at risk' group of developing complications from the flu
- 10% of all workplace absenteeism due to illness has been attributed to influenza

Annual vaccination is the single most effective measure to prevent influenza.

The 2010 Seasonal influenza vaccine contains the A: (H1N1): A/ California/7/2009 – (swine flu strain) + 2 other influenza virus strains.

Who Should Have the Flu Vaccination?

Influenza vaccination is recommended for anyone who would like to reduce the chance of becoming ill with the flu and for anyone who is at an increased risk of complications if they become infected with the flu.

influenza vaccine has been funded for people 65 years of age and over, Aboriginal people 50 years and older and Aboriginal people aged 15 - 49 years with underlying chronic health conditions.

Since March 2010 funded (free) influenza vaccine will be expanding to include medical at risk groups who are susceptible to the complications of influenza infection.

The expanded funded (free) influenza program will also include:

- pregnant women (including those in the first trimester at the time of vaccination)
- medical at risk children (aged 6 months or older)
- medical at risk adults
- Aboriginal people aged 15 years and older

Medical at Risk groups include:

- cardiac disease
- chronic respiratory conditions
- chronic neurological conditions
- people with impaired immunity
- children on long term aspirin therapy
- other chronic illnesses.

Vaccinations are required every year as immunity only lasts 12 months. As winter is peak flu season, a vaccination in autumn will give you the two weeks needed to develop immunity and provide maximum protection at four to six weeks after immunisation.

Recommendations for Seasonal Influenza following receipt of H1N1 vaccine.

Adults who have received the monovalent Panvax H1N1 in 2009 or early in 2010 are advised to have a seasonal influenza vaccination to benefit from the other 2 virus strains included in the trivalent seasonal influenza vaccine. There is no specific time interval required between receiving a Panvax vaccine and a 2010 seasonal influenza vaccine.

How effective is Influenza Vaccination?

Influenza vaccination offers between 70% and 90% protection against the strains covered by the vaccine. As the vaccination provides immunity for one year only, annual vaccination is required to provide ongoing protection.

While the vaccine does not offer 100% immunity to anyone, people who have been immunized and still contract influenza, they experience significantly less severe symptoms of a shorter duration and are less likely to develop serious complications.

(Reference: NHMRC Australian Immunisation Handbook 9th Edition 2008)

Vaccination for Children (from 23/4/2010)

Influenza vaccination is available for children aged 6 years and up.

Christine Haydon
Mid North Division of Rural Medicine
Contact: 08 8842 1077



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Credit Card Payment on Our Website

Rural Directions Pty Ltd now has secure credit card payment facilities available on our website. Just go to www.ruraldirections.com and click on the Pay Online button.



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