



**GOULBURN MURRAY HUME AGCARE LTD, trading as
RFCS Victoria - Goulburn Murray Hume**

ANNUAL REPORT 2010 - 2011



***RFCS Victoria - Goulburn Murray Hume
is supported by the Australian and Victorian Governments***

Acknowledgements

Goulburn Murray Hume Agcare acknowledges with thanks the contribution of the following organizations over the 2010-11 financial year:

Funding bodies

Department of Agriculture, Fisheries and Forestry (DAFF)

Department of Primary Industries (DPI)

In-kind support

Department of Primary Industries (DPI)

Belmores Accounting

Moira Shire Council

Numurkah Community Health Service

Steven Kugel, CRS Warner Kugel

Peter Mogg, Mogg Osborne Pty Ltd

We would also like to thank the organisations and staff that have worked with us in delivering valuable support services to our clients, including...

- Kyabram Community Learning Centre
- Rochester Rotary
- Alpine Valleys Community Leadership Program
- Victorian Farmers Federation
- Centrelink Rural Service Officers
- Mike Stevenson, Succession Planning
- Steven Kugel, CRS Warner Kugel
- Simon Altschwager, Coach & Co. Pty Ltd

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Disclaimer: This report is prepared for the sole use of the Department of Agriculture, Fisheries and Forestry in accordance with the RFCS Annual Report Policy: Guidelines for the Completion and Lodging of Annual Reports. The report only includes services or activities undertaken by Goulburn Murray Hume Agcare Ltd as part of their RFCS program.

Message from the Board Chair

It has been a busy and challenging year for the Board, Management and Administration teams in ensuring the sound governance practice required of a non-profit company within available resources.

The Board is proud of our service profile in the community demonstrated by the positive outcomes of independent surveys and anecdotal evidence and compliments from clients that recognise the quality of our staff and services.

As a Board we continue to be focused on ensuring the organisation is well governed, strategic goals are met, risks are controlled and clients are receiving a quality service. The Sub Committees, along with management and Rural Financial Counsellors, have worked effectively to ensure compliance with RFCS contract and delivering quality rural financial counselling services to clients.

Key achievements this year focused on completion of strategic plan objectives that included development of internal projects such as the new website and business audits and reviews, as well as improvements in communications and governance. The recruitment of three new board directors, Peter Huzzey, Rom Reilly and Tim Clune also added value to our Board and brought valuable skills and knowledge to support our organisation.

The Board was disappointed that the decision on the RFCS funding was uncertain and delayed until the budget announcement in May 2011. The result created significant challenges to the organisation in maintaining staff and staff morale during that period.

Working in partnership with the RFCS network colleagues at national and state level has been rewarding and helped support our staff through the period of uncertainty of funding. Despite this the Board and staff remained committed to continue a quality service to clients.

The Board began strategic planning in late 2010 with a review of the 2009 – 2010 strategic plan. With new directors on board it was timely to review our current plans and performance, set new strategic goals and look to the future sustainability of our organisation and role in delivering RFCS services to rural communities.

We also considered recommendations from independent audits and surveys in determining objectives for the new strategic plan. Development started on a new client survey to be carried out by the end of 2011 to complete the Board's appraisal of our service and organisation.

The current plan objectives aim to:

- Deliver quality services that support our clients to adapt to change and work in partnership to meet gaps in need that add value to RFCS
- Become an organisation of choice for clients, staff and stakeholders
- Provide a healthy working culture and environment for our organisation
- Be more financially sustainable and minimise dependency on government funding in the future.

The Board's priorities in future are focused on continuous improvement and ongoing development of our organisation, staff and RFCS services and in building the resilience and capacity of rural communities. In these aims, we will involve our staff and stakeholders in the development process and in securing the future of our organisation.

I would like to thank our major government funding authorities, the Federal Department of Agriculture, Fisheries & Forestry and the Victorian Department of Primary Industries and acknowledge with thanks the financial and in-kind contributions we received from local government Councils, community services and business organisations.

I also wish to acknowledge the valuable contribution made by retiring founding board member Helen McGowan since inception in 2006, and retiring board member Brian Thompson for his commitment and contribution to GMH Agcare over the past 2 years.

I would like to thank our Executive Officer, Elaine Hirst for her considerable effort above and beyond the expected, and also the entire staff, Board members and RFCS colleagues for their contribution and commitment to achieving positive outcomes for the communities we serve.

Steve Cohen
Board Chair

Executive Officer's Report

Our focus this year has been on reviewing and improving our systems and processes, and developing internal capacity and capabilities of staff to maximise our resources.

The Rural Financial Counsellor (RFC) team have been involved in reviewing service standards and developing key performance indicators to track performance and monitor compliance with the Deed of Grant. This process also helped to identify the training plan for RFCs and support the Board in monitoring performance.

The Executive Officer, RFC Coordinator and administration team have been fully occupied in the operations and management of the RFCS and in remaining current with legislative and policy changes. The development, monitoring and review of policies, procedures and operational systems is an ongoing process as part of GMH Agcare's continuous improvement philosophy.

Staff have continued to be highly professional and committed to their role in maintaining momentum and supporting clients through uncertainty. Assisting clients adapt to changes in government policy and climate has been a major challenge. Referrals have remained steady which has enabled RFCs to work more intensively with clients, attend training and personal development, facilitate workshops for farmers and other stakeholders, and attend networking and update opportunities.

The normal work cycles were impacted by the flood events between September 2010 and January 2011. RFCs provided significant support to emergency management networks and agencies in supporting flood recovery centres and follow up of clients impacted by floods. The positive result has been an increase in new referrals from clients eligible for RFCS that were previously unknown to us and are now receiving case management support or referral to appropriate services in meeting their needs.

GMH Agcare was successful in delivering two Victorian state government funded projects through DPI during the 2010-11 financial year. The Transition Support Service operated from October 2009 through to April 2011. GMH Agcare worked in partnership with Coach & Co Pty Ltd to provide farmers and small rural businesses with free Business/Life Coaching sessions which assisted clients in making key decisions about the future directions of their business.

The Insolvency Support and Adjustment Program (ISAP) provided professional development for RFCs in bankruptcy and insolvency and funds to assist clients in accessing specialist advice in this area.

Succession planning has been a key area of activity this year with workshops across our region developed in partnership with Centrelink and industry networks and specialist advisors. RFCs were also active in maintaining a watching brief for clients and network partners and disseminating relevant information and advice from DPI on monitoring and management of locusts this year.

With the improvements in drought conditions, full dams and 100% irrigation allocations the outlook for most farmers has been optimistic. There have been clients who suffered major damage and losses due to the flooding last year and the psychological stress and distress has been a major factor in the case management of clients for RFCs. Professional Counsellor debriefing sessions in addition to usual professional support and supervision have been required for RFCs this year in working with clients with severe mental health issues.

Generally client outcomes have been variable depending on individual circumstances that affect their emotional and practical ability to make decisions. The anticipated increase in clients being forced into bankruptcy and exiting farming was delayed by the flood events. Consequently it is expected this issue will return in the future. Individual successes have been achieved for farmers supported to exit farming by choice or in assisting them to make sound decisions to maintain or grow their business. These positive outcomes are often as a result of intensive work and case management, which is rewarding and motivating for individual staff.

Major service issues impacting the organisation this year included:

- Staff morale and inability to implement business planning with uncertainty of funding.
- Reducing local networks and network services in rural communities, in particular the disbanding of Centrelink's Rural Service Officers.
- GMH Agcare Information technology systems and equipment were highlighted as requiring review and a potential area of risk. An independent review has been initiated and in progress for completion by the end of 2011.
- Increasing service demands and expectations with reduced financial resources kept at 2008 funding levels has been a challenge and stressful for staff. In addition, the part time Executive Officer and administration resources have continued to be stretched to the limit in terms of meeting the operational and governance requirements of the organisation and RFCS.

- Reduction in RFC staff hours during peak EC period and flood crisis due to staff member extending maternity leave which required RFC Coordinator to take on temporary part-time RFC role.

Issues that have been of most concern to RFCs included the ending of Exceptional Circumstances payments, coupled with the ceasing of Centrelink's Rural Service Officers role. RFCs expect to be case managing more complex cases in future and the RSO role assisted in a clear pathway through Centrelink for ensuring appropriate claims and timely processing. New pathways will need to be created in aiming to provide a seamless service to clients and mitigate stress and reluctance to access Centrelink offices in person.

Significant change factors in government policy, in particular the Murray Darling Basin Plan, have affected the organisation and clients during 2010 - 11. Our experience shows that farmers will continue to need our support and guidance with understanding policy implications, compliance issues and complexity of available financial support for those that are eligible.

I would like to acknowledge all staff for their professional work, ethics and resilience in what has been an exceptional year in terms of workloads and adaptation to constant change.

I would also like to thank organisations and staff that have worked with us in delivering valuable support services to farmers, small businesses and rural communities in our area.

Elaine Hirst
Executive Officer

About Us

Goulburn Murray Hume Agcare Limited (GMH Agcare) is a Rural Financial Counselling Service based in the Goulburn Murray Hume region. We provide financial counselling to primary producers, fishers and small rural businesses who are experiencing financial hardship and who have limited sources of impartial support to manage the challenges of industry change and adjustment.

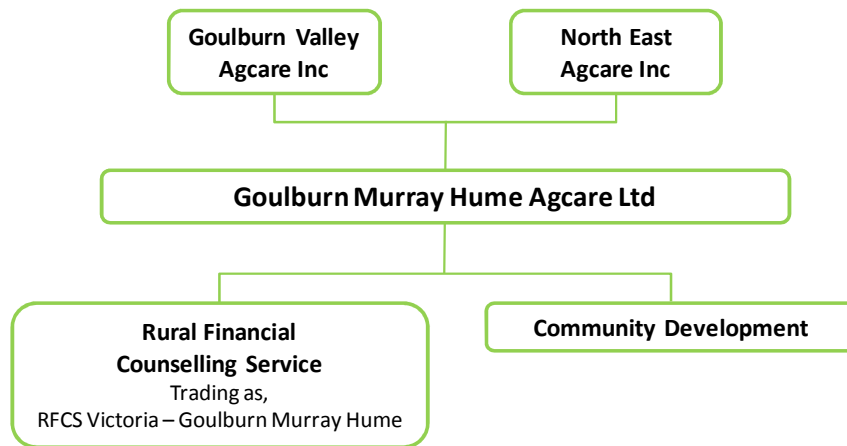
GMH Agcare was formed in June 2006 as a non-profit company limited by guarantee. Under the trading name RFCS Victoria – Goulburn Murray Hume, the company is fully funded by the Federal and Victorian State Governments to provide rural financial counselling services to communities in the Upper North East, Murray Valley, Goulburn Valley and parts of Northern Victoria and bordering regions of Southern New South Wales.

GMH Agcare operates under the aegis of a management board comprising member representatives and independent directors drawn from private sector, industry and community groups, and government agencies.

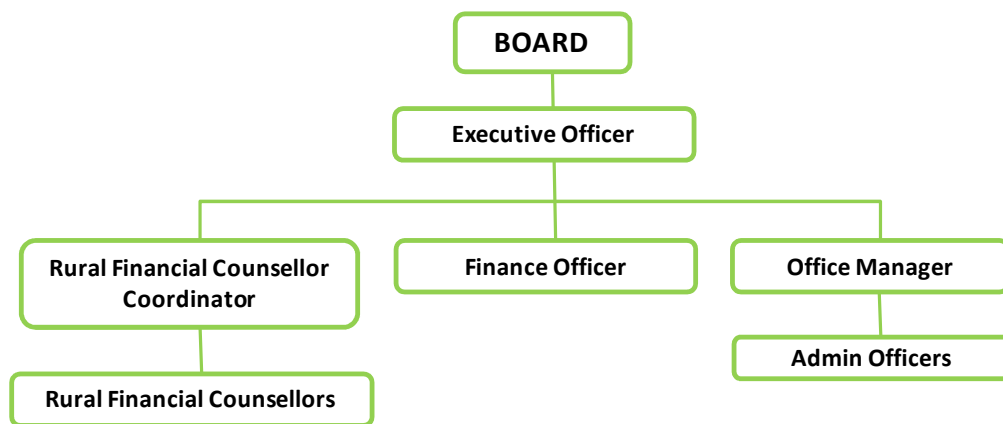
VISION	MISSION	VALUES
Our services assist rural business clients manage change and adjust to new circumstances	We work in collaboration with people governments and organisations providing services and support that enable rural businesses to better manage the challenges of change	<p>Our work is underpinned by GMH Agcare's core values of</p> <p><i>Trust</i></p> <p><i>Integrity</i></p> <p><i>Respect</i></p> <p><i>Responsive to need</i></p> <p><i>Cohesive teamwork</i></p> <p><i>Equality</i></p> <p>We aim to work as a cohesive team providing services that are prompt, respectful, practical, action orientated and responsive to client needs</p>

Organisational Structure

Corporate structure



Organisational structure



Services

Rural Financial Counselling is a free, confidential and independent service providing information and support in the following areas:

- Help farming families assess and understand their financial positions and to identify options and develop an action plan to move forward
- Help to identify eligibility and apply for Government and other assistance schemes including the Climate Change Adjustment Program and Transitional Income Support program
- Assist with loan and/or refinance options and provide support and mediation including negotiation with creditors and financial institutions
- Facilitate decision making and support farming families through the adjustment process
- Provide information and referrals to relevant professionals and agencies.

Our Region

GMH Agcare services a large part of Victoria, comprising the Goulburn Valley, Murray Valley, North East Victoria and bordering regions of Southern New South Wales. The service is administered from our head office in Wodonga, with regional offices located in Kyabram, Numurkah and Benalla.



Office Locations

Wodonga

(Head Office)

9/22 Stanley Street
Wodonga VIC 3690

Benalla

DPI/DSE Regional Office
35 Sydney Road
Benalla VIC 3672

(Registered Office)

Belmores Accounting
50 Belmore Street (PO Box 200)
Yarrawonga VIC 3730

Kyabram

The Banksia Financial Group
147 Fenaughty Street
Kyabram VIC 3620

Numurkah

Numurkah Community Health Service
2 Katamatite Road
Numurkah VIC 3636

Board of Directors

STEPHEN COHEN, Chairperson

Stephen spent 30 years as a dairy farmer including 9 years as secretary of the local LandCare Group and 17 years on the Board of an agricultural co-operative. He now lives in Tatura and runs a retail business while continuing a long history of community involvement as Chair of GV Agcare and representing the Goulburn Valley on the Board of GMH Agcare.



PETER GRAY, Company Secretary

Peter Gray lives in Shepparton and is a Certified Practicing Accountant, assisting agricultural businesses on strategic and financial management. He has worked with regional horticultural industries over many years, and has facilitated strategic reports about their future direction. Peter has a long-held interest in agricultural economics and education, and writes trade articles about the business of fruit growing.



NERIDA KERR

Nerida Kerr is currently employed as Rural Community Development Officer with Regional Development Victoria (RDV). She has a farming background, studied Social Work and has a certificate in Dairy Farm Management. Nerida was a founding member of the Upper Murray Rural Financial Counselling Service in 1991 and remains actively involved. She has also been the chairperson of North East AgCare Inc since 2000. In 1995 Nerida was awarded the ABC Radio, North East Victorian Rural Woman of the Year.



CHRIS HOWE

Chris Howe is a Chartered Accountant and a partner in Belmores Accounting based in Yarrawonga, providing a range of accounting and business advisory services to farming and regional businesses in North East Victoria and South West NSW. Chris has a broad acre farming background and is involved in many community organisations. Chris was the inaugural treasurer of North East Agcare Rural Financial Counseling Service, a position he continues to hold today and is a member of the Alpine Valleys Community Leadership Program Board.



CHRIS THOMAS

Chris is currently employed as a Regional Manager for the Milk Supply Group with Fonterra Australia Ltd in Northern Victoria and Southern Riverina. Chris is responsible for managing the company's milk supply and farm services in the region. Chris has been a Director of GMH Agcare since 2006 as a representative of the founding member group MVRIAG. Since the MVRIAG ceased to be incorporated in April 2010 Chris has remained on the GMH Agcare board as an independent director.

**TIM MANNION**

Tim Mannion has been a mixed farmer and agricultural contractor since 1949 with a wealth of experience and involvement in agricultural and community organisations. Tim was a member of the founding member group MVRIAG from 1986 and acted in the role of chairman from 2003 until the group ceased to be incorporated in April 2010. Tim has been a Director of GMH Agcare for the past four years as a representative of MVRIAG and since April 2010 he has remained on the board as an independent director. Tim was Citizen of the Year for Moira Shire in 2006.

**DR TIM CLUNE**

Tim has spent the last decade working in consulting and management roles and is currently the Manager Sustainability and Risk with North East Region Water Corporation (NEW) where he is focused on developing behaviours, strategies and systems to improve water service delivery and manage business risk. Previously, he was Centre Manager at the Department of Primary Industries, in Rutherglen working in both research and science management roles. He is passionate about sustainable agribusiness and regional communities.

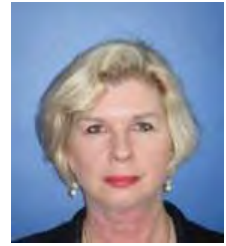
**PETER HUZZEY**

With a background in family farming, Peter's career was in corporate farming where he held management roles in an agribusiness group. Peter brings a wide range of experience to the board in the agribusiness sector as well as other disciplines including; agriculture, engineering, construction, development, marketing and information technology. He holds a Bachelor of Business Degree with a major in Marketing and is the Managing Director of a locally based website development and internet marketing business.



ROSEMARY (ROM) REILLY

Rom is currently working as a consultant with regional and rural clients in North East Victoria. From a farming background, she has delivered training to farmers in Environmental Management Systems, OH&S and Spatial Mapping for Whole Farm Planning . With qualifications in Agriculture, Education, Training and Assessing, and Post Graduate qualifications in Career Education and Development, Rom has also delivered natural resource management projects and was Project Manager for the Northern Rural Skills Connect project.



ELAINE HIRST, Executive Officer

Elaine's professional background and qualifications include management and social work. Her career has been focused in the Government and not for profit sectors, both in the UK and Australia. With over 15 years experience in senior management roles, Elaine has worked with all levels of Government and non-government organisations, businesses and communities in the UK, Western Australia and New South Wales and has secured and maintained successful tenders and service contracts with Local, State and Commonwealth Government agencies and in securing business sponsorships.



Before joining GMH Agcare in May 2010, Elaine was the CEO for a not for profit organisation from 2004 – 2009 responsible for the delivery of a diverse range of community services and development programs in CALD communities based in South West Sydney.

Elaine has also represented Government and the NGO sector in regional, state and national Advisory Committees and Senate enquiries that were responsible for advising, reviewing or developing government policy. She attributes her success in developing quality services to working in partnership with others to achieve common goals.

Board & Committee meetings

The Board of Goulburn Murray Hume Agcare Limited is comprised of two representatives from each member organisation and up to five independent directors invited to join to complement the skill set of the Board. Board Subcommittees are comprised of Directors and staff representatives. There were eight ordinary Board meetings held during the 2010-11 financial year. Board subcommittees meet on an as needs basis in cycle with board meetings. GMH Agcare had six active subcommittees during 2010-11.

Meeting attendance

Member	BOARD MEETINGS		SUB-COMMITTEE MEETINGS	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
Elaine Hirst (Executive Officer)	8	7	29	29
Steve Cohen (Chairperson)	8	8	12	11
Peter Gray (Company Secretary)	8	6	21	20
Chris Thomas	8	6	1	1
Nerida Kerr	8	2	6	3
Chris Howe	8	4	11	9
Tim Mannion	8	8	6	5
Tim Clune (<i>from 25/11/10</i>)	4	3	3	3
Peter Huzzey (<i>from 25/11/10</i>)	4	3	2	2
Rom Reilly (<i>from 25/11/10</i>)	4	4	5	5
Helen McGowan (<i>res 25/11/10</i>)	4	3	3	1
Brian Thompson (<i>res 25/11/10</i>)	4	3	-	-

Board subcommittees

GOVERNANCE & POLICY	HUMAN RESOURCES	MARKETING & SERVICE DEVELOPMENT
Elaine Hirst (EO)	Elaine Hirst (EO)	Elaine Hirst (EO)
Steve Cohen (Director)	Nerida Kerr (Director)	Steve Cohen (Director)
Peter Gray (Director)	Rom Reilly (Director)	Rom Reilly (Director)
Tim Clune (Director)	Tim Mannion (Director)	Peter Huzzey (Director)
Alan Guest-Smith (Staff rep)	Paul Blackshaw (Staff rep)	Linda Marks (Staff rep)
	Chris Howard (Staff rep)	Chris Howard (Staff rep)
		Tony Shirley (Staff rep)
		Paul Blackshaw (Staff rep)
FINANCE	INTERNAL AUDIT	REMUNERATION
Elaine Hirst (EO)	Elaine Hirst (EO)	Elaine Hirst (EO)
Peter Gray (Director)	Steve Cohen (Director)	Steve Cohen (Director)
Chris Howe (Director)	Peter Gray (Director)	Peter Gray (Director)
Pam Shephard (Finance Officer)	Peter Mogg (External rep)	Chris Thomas (Director)

Our Staff

Management & Administration

ELAINE HIRST
Executive Officer

PAM SHEPHARD
Finance Officer

PAUL BLACKSHAW
Rural Financial Counsellor Coordinator

LINDA MARKS
Office Manager

JAN ROBINSON
Administration Officer - Wodonga

SUE WYSE
Administration Officer - Kyabram

Rural Financial Counsellors

CHRIS HOWARD – Numurkah

A twenty year career within the agricultural sector coupled with an Associate Diploma of Accounting and a Diploma of Business Administration gives Chris a thorough grounding and broad based business experience from which to draw on since joining GMH Agcare.



ALAN GUEST-SMITH – Numurkah

A qualified Accountant, Alan holds business degrees in Rural Management and Agricultural Business, as well as post graduate Masters in both International commerce and Agricultural Economics. He was a research fellow and manager with the Melbourne University School of Rural Health in Shepparton and has worked for many years as a Financial Counsellor.



DAVID SHEATHER – Wodonga

With 25 years in the banking and finance sector throughout regional Victoria, David brings a wealth of experience, knowledge and understanding of banking internal processes and relationships with their customers in a rural environment to GMH Agcare.



TONY SHIRLEY – Wodonga

As an accountant, Tony has had considerable experience in both small business management and has owned his own accountancy firm. After relocating to Wodonga in 2005, Tony turned his skills to mortgage brokerage before joining GMH Agcare.

**CARL FRASER – Benalla**

Practical farming experience as a wool classer, shearer and farmer has given Carl a wide range of specialised knowledge that has served GMH Agcare clients over the last 15 years. Based in the Benalla office, Carl specialises in sheep, beef, broad-acre and horticultural farming services.

**LINDSAY BROWN – Kyabram**

Working in roles as varied as Insurance Agent, Agricultural Contractor in the shearing industry to a Union Official for the Liquor, Hospitality and Misc Union, Lindsay has a wealth of practical work experience and knowledge in both the agricultural sector and small business to draw on.

**TIM WATSON – Kyabram**

A fourth generation farmer, Tim holds a Diploma in Agricultural Business Management. Community oriented, he holds active roles in a number of volunteer organisations, including one as the Deputy Chair of the North Central Victorian Community Enterprise Bio-fuel project.

**NEIL PHILLIPS – Kyabram**

From 12 Jul 10 – 21 Feb 11

Neil held senior management positions in both the public and private sectors. He also successfully owned and operated several small businesses including providing consultancy services to a wide variety of industry sectors and community groups. He has qualifications in rural and small business management.

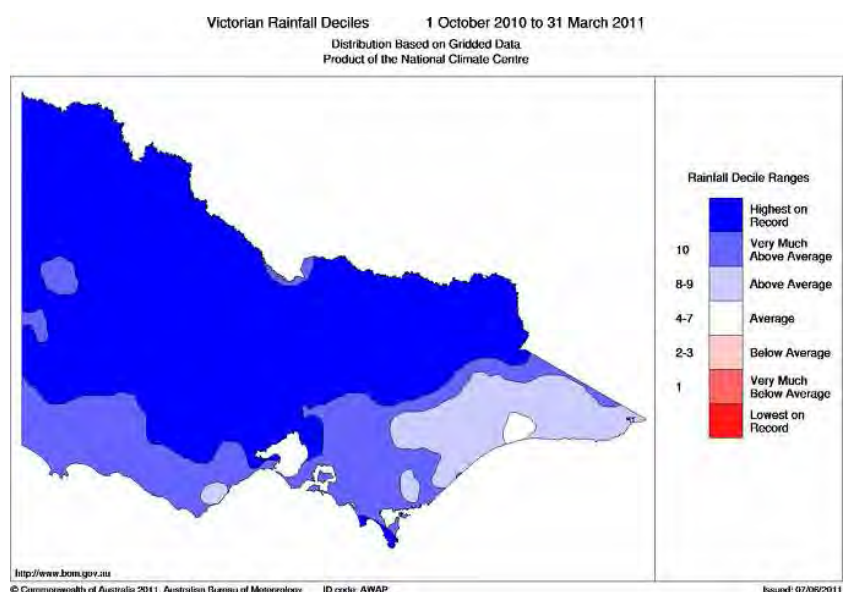
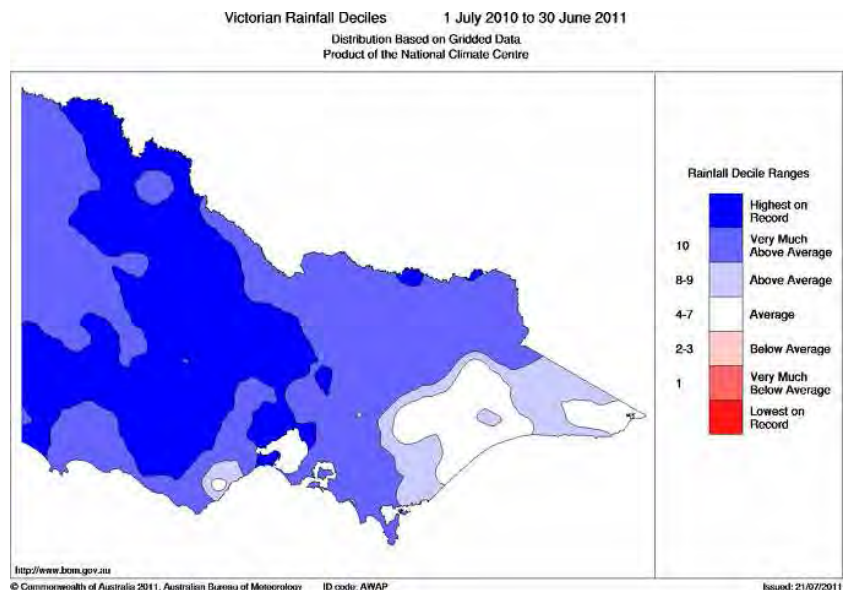


Rural Issues and Industry Overview

Our service area received “very much above average” rainfall for the past year with some areas actually recording record high falls. While this looks great on paper, in reality the timing told the true story.

Spring rainfall was average and growing conditions for all enterprises were nearly perfect, however heavy rain started in September and continued virtually nonstop until the end of February. There were a number of major floods in all of our service area from September through to February. Even areas not directly inundated were affected with heavy rainfall throughout the late spring and summer hindering harvest and hay making, reducing fruit quality and pugging paddocks.

For the first time in many years all the irrigation systems in our area had 100% irrigation allocations, ironically however due to the rain very few farmers used much of their allocation. Most major storages were the highest in many years. At the end of June 2011, with much of the traditional runoff period to come, Lake Hume was 95%, Eildon 90% and Dartmouth at 66% of capacity.



The 2011 growing season has started well. Rainfall has been at or slightly below average, however the rain has fallen just when needed and combined with significant subsoil moisture the outlook is good.

Dairy

Strong milk prices and low input costs painted a good picture for the dairy industry. Only farmers with significant carry over debt were not able to forecast profits. The supermarket price war was constantly in the back of most dairy farmer's minds, with concerns that they have no control over this threat to their business.

The constant and unseasonably heavy spring and summer rain caused major issues including several major floods. The impact was extremely variable with the Upper Murray sustaining isolated severe flood damage through to the Goulburn Valley where the flooding was on a more widespread and lingering scale. Many farms experienced loss of fencing and access lanes as well as other damage to homes, buildings and pastures.

Apart from the flooding, the unseasonal rain restricted farmers' ability to cut and bale hay and silage, pugged up paddocks and laneways and created foot and herd health issues. The warm and humid weather over the peak milk production period led to reduced volumes and quality issues, and therefore reduced incomes.

The financial impact of the flood may not become clear for many months, but most dairy farmers will have suffered significant financial damage. Government relief packages provided useful assistance, but valuable time is spent in accessing support and actually rebuilding and repairing damage. On the back of several years of severe drought this was emotionally draining.

Many dairy farmers used very little of their irrigation allocation – receiving plenty from the sky or runoff from the neighbour or from a local creek. Locusts caused isolated and seemingly random damage with some paddocks totally wiped out. Most farmers were well prepared for locust infestation and carried out appropriate monitoring and control measures in conjunction with Government authorities.

Broadacre

The season was looking perfect with the rare outlook of above average yields and high prices, however the heavy rain during spring and summer created major problems. Vast areas were unable to be harvested in a timely fashion because wet weather and many paddocks became waterlogged and untrafficable. Horrific stories of headers bogged to the axle emerged and anger and frustration took over from the earlier

optimism. The wet and humid weather negatively impacted the quality and weight of the grain that was harvested. Grain and canola that reached higher quality grades received very good prices. Reasonable feed grain prices and the need to clean up paddocks before the next sowing led to harvest continuing well into March which is virtually unheard of. The summer rain led to strong weed growth and many farmers had to burn stubble in preparation for sowing (not normally preferred in this area).

The emotional impact of this harvest is likely to be severe. While the damage is unlikely to lead to the massive drought based financial losses of recent years the emotions of seeing a “once in a lifetime” harvest with high prices and yields disappearing before their eyes is very hard to take.

Beef

Beef prices were very strong though the year creating a positive outlook in the industry. Unfortunately most producers had de-stocked during the drought and didn't have sufficient numbers to capitalise on the high prices. Re-stocking was also a costly exercise with many choosing not to do so.

Again the rain caused issues, with some farms suffering major flood damage (mainly fencing and pasture damage, pugging and minor stock losses), while many struggled to cut and bale hay or silage in a timely fashion.

Concern remains over the long term viability of many smaller beef enterprises in our area, especially given increased debt loads accumulated over years of drought.

Sheep and Lamb

Sheep and lamb prices reached record levels during the past year. Sale yard numbers were down, due to low flock numbers but also perhaps indicating that producers are holding back females to rebuild numbers.

Wool prices also improved significantly in the past year with prices reaching 25 year highs. There is now some chance that shearing will actually be a profitable exercise.

The wet humid weather created massive fly strike problems with farmers struggling to keep up with control and drenching.

Horticulture

The fruit industry had a mixed year with pears and apples producing well, while some fresh fruit varieties and cherries were damaged by rain and hail. The tomato industry in the Goulburn Valley was virtually wiped out by flooding and unseasonal rain and

will be lucky to survive. Overall confidence in the industry is low, not helped by the closure of a number of processing plants, low prices and complexity in marketing fruit. The closure of two major processing plants is a bitter blow for small communities, not only from an agricultural perspective but the loss of jobs. Many of these jobs are seasonal and a good source of off-farm income for our clients. A number of horticulturists are moving into vegetable production as the viability of their other enterprises wanes and there is concern that they may not have sufficient expertise to grow and market vegetables.

The grape harvest in our area was disastrous. Due to the weather conditions a high percentage of fruit was affected by Botrytis and Downy Mildew with hundreds of tonnes being picked onto the ground or left on the vine. Any fruit that was harvested for wine was of poor quality. The impact is that many growers who were already suffering from drastically depressed prices may choose not to go on and abandon or remove their vineyards. A number of large vineyards have been placed on the already crowded market.

Other

Most small rural businesses in our area also suffered as a result of the unseasonal weather and flooding, many suffering direct damage. Hay and harvest contractors were worst hit, while gravel, earthmoving and fence contracting small businesses faced a massive increase in workload that they couldn't cope with.

Paul Blackshaw
Rural Financial Counsellor Coordinator

Rural Financial Counsellors Report

Areas /regions covered

GMH Agcare services a large part of Victoria, comprising the Goulburn Valley, Murray Valley and North East Victoria. Parts of southern NSW bordering the Murray River are also serviced. The area comprises two main regions: the irrigated flatter land to the west around Kyabram, Shepparton, Numurkah and Cobram; and the predominately dryland country around Wangaratta, Benalla, Albury-Wodonga, into southern NSW, and stretching to the higher country and alpine areas around Corryong and Myrtleford.

Major focus of activity

Exceptional Circumstances (EC) declarations expired in all of the GMH Agcare service area at the end of March 2011 due to improved seasonal conditions. Although the season was one of the best for many years, generally it did not translate into a financial recovery. In many cases this recovery will take years and clients are still suffering from financial hardship. A large part of our work was assisting clients to access the last round of EC Interest Rate Subsidies. This presented an ideal opportunity to discuss with clients how their business would remain viable without, in some cases significant, interest subsidy and EC Income Support. Many clients remained in some form of denial about their circumstances and this presented a challenge to the Rural Financial Counsellors.

There was considerable activity around the Centrelink Climate Change Action Plan Program incorporating Transitional Income Support. As a new program to our area it presented a challenge to the Rural Financial Counsellors to learn and understand the program at the same time as accepting referrals from Centrelink. The actual workload required was difficult to plan, but there has been a steady flow of clients, with 72 clients being case managed in the program at the end of August 2011. Around half of the CCAP clients are new to our service, so it has opened up a new client base.

The service continues to work with a number of clients facing complex and severe issues. The closing of EC has brought to a head a number of “simmering” problems that now must be addressed by the clients. This included a number of clients who faced bankruptcy or insolvency. Financial hardship or crisis is often linked to other issues such as mental or physical illness and while the actual number of these clients is not high they are time consuming and mentally taxing for the Rural Financial Counsellors.

New or unusual trends/activities

The floods over spring and summer created a large workload for the Rural Financial Counsellors to assist clients in crisis. Around 150 general enquires were taken, many from our attendance at community meetings and flood recovery centres. Most of these only required short term assistance or information, but a number (around 30) became full clients. Even those requiring short term assistance are time consuming and mentally taxing as they have all been emotionally impacted and feel the need to “tell their story”. Both NSW and Victorian governments provided assistance through Flood Clean-Up Grants and Loans and a large amount of time was spent assisting clients to access this support. Some clients will require longer term assistance as the full financial impact of the floods will take many months to emerge.

As clients emerged from the long term drought their focus seemed to move from short to long term planning. This often included succession planning and during the year the service was involved in organising and delivering three succession and future planning workshops attracting 54 farmers.

Client Outcomes

Client outcomes continue to be extremely variable depending on individual financial, business and personal circumstances. Outside of clients receiving government support, the main outcome is adjustment within the current business to improve financial viability. This varies from changing management or enterprise, selling assets such as land or water to reduce debt, and increasing borrowings to cover trading losses. A number of clients have left agriculture either by choice or through the actions of banks or creditors.

Despite the flooding spring and summer rains, a pleasing outcome of the overall improvement in seasonal conditions is a number of clients no longer needing assistance as their business has returned to a profitable situation.

Community Development

Rural Financial Counsellors continued to be involved in promoting the service and maintaining networks. The various local government drought support or community resilience committees that have played a vital role in the past are either winding up or meeting much less regularly. The service will need to ensure that our networks and our service promotion don't suffer as a consequence. Already the Rural Financial Counsellors are devoting more time to maintain networks and promoting services, and will need to think of new and innovative ways to continue this, supported by appropriate communication and marketing performed by the service. The loss of five

Centrelink Rural Service Officers (RSO's) in our area has been a disappointment as they were a major source of inward and outward referrals.

Future Outlook

The 2010-11 season is showing great promise. Rain has already been around average and has fallen when it was needed. The outlook for most industries looks promising with overall strong commodity prices. The fruit and winegrape industry are not looking as positive and are facing major challenges in the next few years to remain viable. There is also long term concern over the impact of water policy on our irrigated areas, especially the revised Murray Darling Basin Plan. High accumulated debt levels, understocking and poor decision making appear as the most likely impediments to a wide scale return to profitability for many of our clients within the near future.

Paul Blackshaw

Rural Financial Counsellor Coordinator

Year in Review

Key Achievements 2010-11

TRANSITION SUPPORT SERVICE

Delivery of the DPI funded Transition Support Service (TSS) in partnership with Coach & Co Pty Ltd provided farmers and small rural businesses with free Business/Life Coaching sessions which assisted clients in making key decisions about the future directions of their business.

The free service was accessed by clients ranging in age from 24 to 76 years, both husbands and wives, from a variety of farming and business backgrounds. Clients completed an initial 12-session program with follow up sessions. Over the course of the program clients moved from attaining short-term, immediate impact goals to developing longer-term strategies to improve their overall situation. There were many individual examples of client's circumstances improving beyond what they believed possible, providing a significant impact on their business, career, family relationships and home life.

While uptake was relatively low (15 clients during 2010-11), the feedback from participants was extremely positive with clients making gains in some of following areas: business opportunities, communication & negotiation, exit strategies, alternative income streams, personal development, time management, brainstorming solutions, balanced sustainable lifestyle, financial security, health & wellbeing, business/career direction.

INSOLVENCY SUPPORT AND ADJUSTMENT PROGRAM

Delivery of the DPI funded Insolvency Support and Adjustment Program (ISAP) that included a state-wide training conference for RFCs in August 2010 and ongoing specialist advice and assistance for clients and RFCs regarding bankruptcy and insolvency issues.

The conference aimed to increase Counsellor skills and knowledge to support better outcomes for clients with life changing decisions and was attended by 51 participants from RFCS services in Victoria, Tasmania, Southern NSW and staff from other relevant networks including Centrelink, Upper Murray Family Care and Kyabram Community Learning Centre. Pre and post conference evaluations showed significant improvement in participants skills and knowledge in the areas of succession planning, insolvency and bankruptcy, and understanding and responding to clients with complex personal issues.

FUTURES PLANNING / SUCCESSION PLANNING WORKSHOPS

Provision of farmer and stakeholder Futures Planning Workshops developed and coordinated by GMH Agcare RFCs for succession planning and exit options with Centrelink and specialist providers.

Workshops were held in Shepparton (Nov 2010), Corryong (June 2011) and Tangambalanga (June 2011) with a total of 54 attendees.

Policy development and review has been ongoing by internal staff groups and board subcommittees, resulting in completion of OHS and HR policies and procedures, Finance policies and standard operating procedures manual, and preparation for external audit by VECCI.

Three new Board Directors were recruited and inducted into the organisation following the resignation of two Board Directors at the AGM in November 2010.

Finance interim audit was carried out by external auditor. No significant issues were raised and confirmed appropriate financial control and risk management in place.

Risk management and compliance reviews to monitor performance and identify any new risks.

ICT initiatives included:

- Upgrade of laptops, office broadband and mobile phones
 - Procuring and development of the new website
 - Initiation of an IT audit to review current status and identify any issues and new risks.
-

Promotion of RFCS services, succession planning and ensuring access to effective services and information during flood events.

Independent surveys of internal staff and external stakeholders to review staff needs and satisfaction and our service presence in the community.

Activities

GMH Agcare strives to strengthen relationships with key stakeholders and maintain a high profile to raise awareness of the Rural Financial Counselling Service and organisation, ensure communication enhances accessibility to the organisation and its services, and to facilitate early interactions of clients with the service. Training and development was also a priority this year for Board, Management and staff.

The following activities were undertaken in accordance with the objectives of GMH Agcare's communications plan 2010-11:

CORPORATE IDENTITY

- Procure and develop new website for release in November 2011
- Provided company branded uniforms for staff

MARKETING / MEDIA

- Engaged Marketing Consultant to develop Communications strategy
- Regular media releases and advertising of the service through local papers, other service providers publications and directories
- Production of promotional video (adaptation of TV commercial)
- Several interviews and service promotion on ABC radio and local television stations

EVENTS, MEETINGS & NETWORKING OPPORTUNITIES

- City of Greater Shepparton Service providers network meeting
 - AgFutures Forum (Tallangatta) (x 2)
 - Locust Information Seminars
 - Landrace Field Trip (Holbrook/Wagga)
 - Wodonga Service Providers Breakfasts (organised in conjunction with DPI) (x 2)
 - Farm Family Business & Succession Planning Day (Alma Park & Balldale)
 - NSW Dept of Industry & Investment Information day (Corowa)
 - Henty Field Days (part of Centrelink stand)
 - Chestnut Blight Meeting (Myrtleford)
 - Goulburn Valley Locust Consultative group
 - Fairley Leadership Group
 - Gateway Mental Health Information Night (Wodonga)
 - Relationships Australia Succession Planning Day (Euroa)
 - Murray Darling Basin Plan (MDBP) information sessions attended by RFCs in Oct/Nov 2011 (Echuca, Shepparton & Albury)
-

-
- Murray Darling Basin Plan (MDBP) parliamentary enquiry attended by RFC Coordinator in January 2011
 - Flood Community Meetings & Recovery Centres (various locations)
 - Future Planning Day (Shepparton East – jointly organised with Relationships Australia & Centrelink)
 - Murray Dairy “Taking Better care of Your Finances Today” seminars (various locations)
 - Murray Dairy Service Providers Meetings (various times & locations)
 - Moira Shire Climate Change Community Consultation (Numurkah)
 - Financial and Consumer Rights Council Regional Meeting
 - Indigo Shire Community Resilience Meeting
 - Boroondara Cares/Moira Shire “Evening with the Stars” (Katunga)
 - Future Farming Families Workshop (Eskdale)
 - DPI Extended Lactation Workshop
 - Towong Shire Drought Committee
 - Fonterra Dairy Industry Breakfast
 - Succession Planning Workshop – Corryong (presented by GMH Agcare)
 - Succession Planning Workshop – Tangambalanga (presented by GMH Agcare)
 - DPI Rutherglen Rural Business Network Evening
 - Campaspe Primary Care Partnership Network Meetings
-

TRAINING, SEMINARS & WORKSHOPS

- Mandatory OHS training for staff that included defensive driving, first aid and manual handling for RFCs
 - Board skills audit, new Director induction from November to December 2010, and training in governance.
 - Chartered Secretaries Australia seminars on governance and risk management were completed by the Executive Officer and the Board Secretary.
 - Our Community Conference on board governance in February 2011, attended by the EO and board admin assistant
 - End of Year Financial Update (2 days) attended by Finance Officer, Sydney June 2011
 - Bankruptcy and insolvency training conference in August 2010, attended by RFCs from Victoria, Tasmania, Southern NSW and staff from other relevant networks
 - The RFCs, Board Chair and Executive Officer attended the VTARCG training conference in Creswick in November 2010 that included workshops and information on credit licensing legislation, mental health and counselling skills
 - Administration and RFC Coordinator have attended OHS and HR briefings by VECCI and Worksafe for updates with changes in legislation
 - Additional professional supervision and support for debriefing was provided to RFCs as required for dealing with clients in crisis
 - VTARCG Training Conference for RFCs, EO & Board Chair at Creswick in November
-

2010

- VTARCG Training Conference for RFCs, EO & Board Chair at Warrnambool in March 2011
 - National conference for RFCS Executive Officers in October 2010 and July 2011
 - National conference for RFCS Executive Officers and Board Chairs in Melbourne in February 2011
 - Diploma of Financial Counselling (completed for new RFC)
 - Supporting Better Outcomes for Clients with Life Changing Decisions –two day conference (Wangaratta)
 - Mike Stephens Succession Planning workshops – two day workshops
 - Myers Briggs Personality Assessments
 - Working with Challenging Clients – Professional Development Workshop
 - CCAP & TIS Training with Centrelink
-

Statistical reports

All statistical reports are based on figures provided by the Office of Rural Financial Counselling, Service Profile Report for RFCS – Goulburn Murray Hume for the period 1 July 2010 to 30 June 2011.

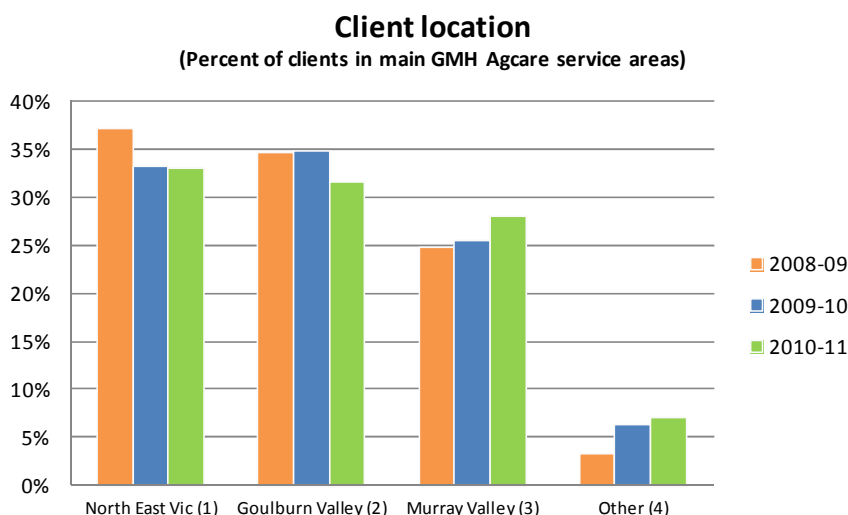
ANNUAL SNAPSHOT

	2008-09	2009-10	2010-11
Number of RFCs (FTE)	6.1	7.2	7.2
Number of clients assisted	649	583	622
Average clients per RFC	106	81	86
Primary enterprise type:			
Dairy farming	37%	40%	38%
Sheep, beef cattle & grain growing	36%	36%	31%
Major assistance type:			
Business Planning, cash flow & viability	26%	31%	27%
EC Assistance	47%	30%	24%
Clients on an action plan	N/A	71%	83%
Average hours of assistance per client (ex travel)	5.2	9.6	7.6
Average hours of travel per client	1.6	2.3	1.7
Major cause of client difficulty - Climatic variation	82%	70%	69%
Client financial position:			
Average debts	\$ 482,771	\$ 643,233	\$ 710,760
Average bank debts	\$ 430,680	\$ 545,193	\$ 587,966
Average income position	-\$ 43,363	-\$ 63,433	-\$ 52,991
Client outcomes:			
Government assistance (EC)	30%	56%	31%
Government assistance (Other)	10%	13%	29%
Adjusted with primary production	46%	19%	26%
Adjusted out of agriculture	14%	10%	11%
Client referrals:			
To GMH Agcare	220	464	352
From GMH Agcare	505	269	443

CLIENTS SUPPORTED

The number of Rural Financial Counsellors fluctuated during the year from 6.6 to 7.2 FTEs due to staff turnover and extension of maternity leave for one staff member. The total number of clients assisted during the 2010-11 financial year was 622 (an average of 86 clients per RFC). This was an increase of almost 10 percent from 2009-10 mainly due to new referrals seeking flood assistance, but this also corresponded with a 9 percent decrease in average hours of assistance per client.

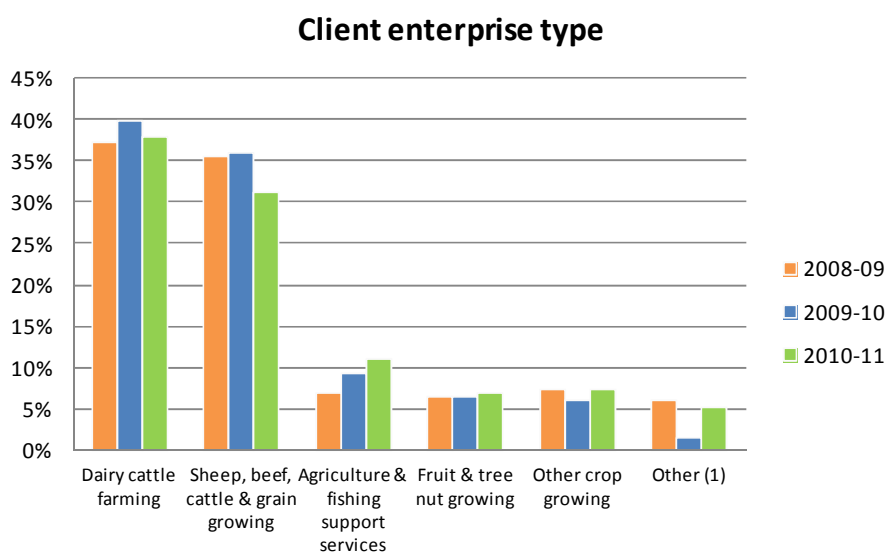
AREAS SERVICED



1. LGAs include: Vic - Wodonga, Wangaratta, Benalla, Indigo, Alpine, Towong; NSW - Albury, Greater Hume, Corowa, Tumbarumba, Berrigan. 2. LGAs include: Vic - Greater Shepparton, Strathbogie, Moira, Gannawarra. 3. LGAs include: Vic – Campaspe; NSW – Murray. 4. Other includes clients with invalid postcode or from LGAs outside the GMH service area.

INDUSTRIES SERVICED

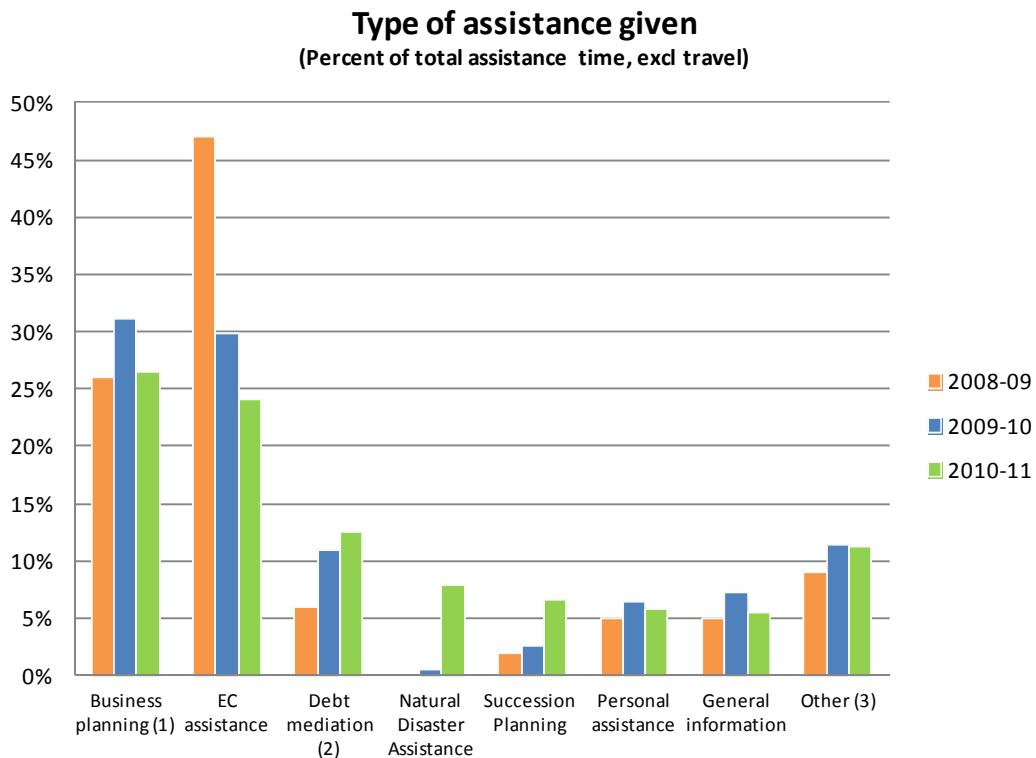
Primary enterprise type of the client serviced remained similar to the previous financial year, with the bulk of our clients coming from dairy (38%) or beef, sheep and grain growing (31%) enterprises.



1. Includes: Other livestock farming, Nursery and floriculture production, Mushroom & vegetable growing, Poultry farming.

ASSISTANCE GIVEN

The major type of assistance provided to clients during 2010-11 was EC assistance and business planning, cash flow and viability analysis. As expected, with the expiration of EC in our area at the end of March 2011 EC assistance was significantly lower than the previous two years. Debt mediation and succession planning (pre referral) continue to be increasing areas of activity for our Rural Financial Counsellors. The Victorian floods lead to an influx of clients seeking natural disaster/emergency relief assistance. Ironically, some clients were still receiving assistance for the 2009-10 bushfires while applying for flood assistance.



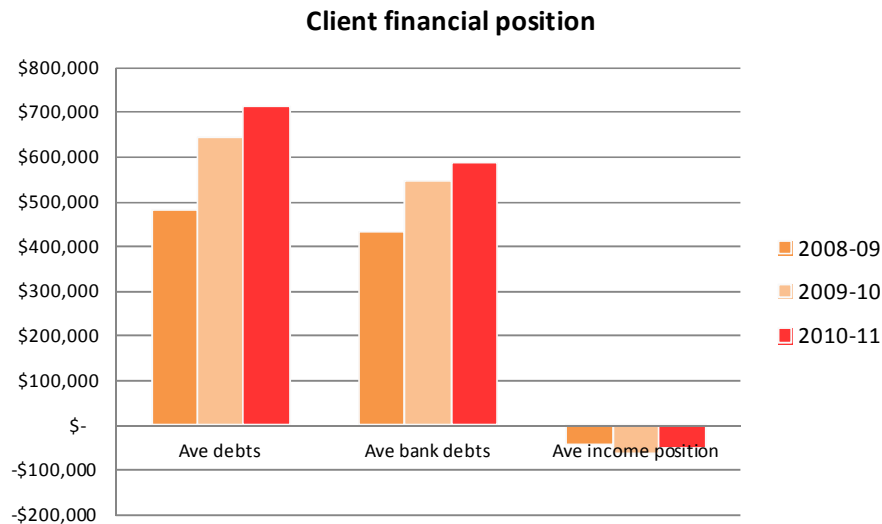
1. Includes cash flow analysis and viability analysis
2. Includes loan application/restructure and client representation
3. Includes CCAP admin & forms preparation, EAP forms preparation, Centrelink assistance (not EC), Government assistance (not Centrelink)

CAUSE OF DIFFICULTY

The major cause of client difficulty across all primary enterprise types was reported as “climatic variation” at sixty-nine percent (69%) of clients. Increased operating costs, debt levels and low sales/commodity prices were also reported as significant factors for dairy farmers, while “personal factors” presented as a significant area of difficulty for sheep, beef and grain growers.

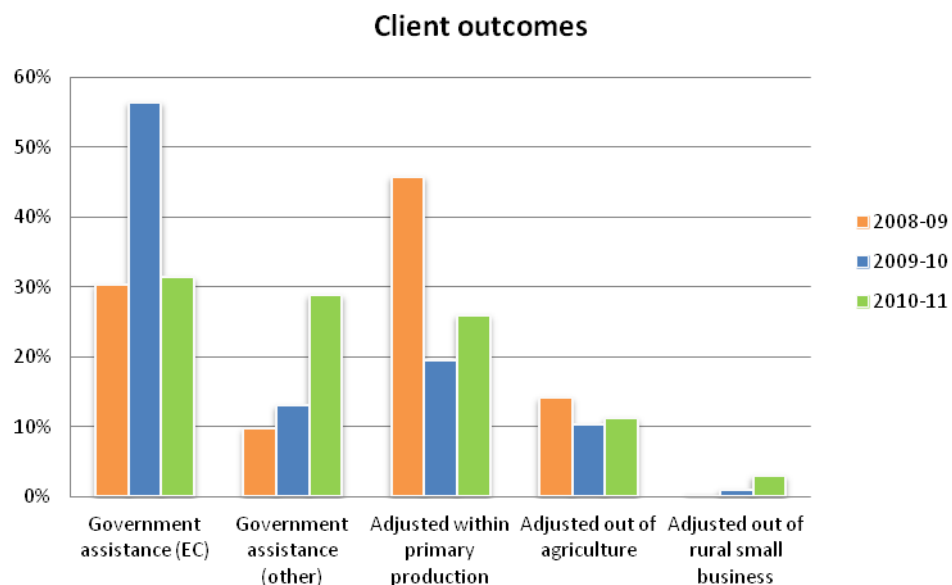
CLIENT FINANCIAL POSITION

Clients overall financial position has continued to worsen. This would be expected as the financial impact of improved seasonal conditions will not yet be reflected in financial performance and significant financial recovery is expected to take many years.



CLIENT OUTCOMES

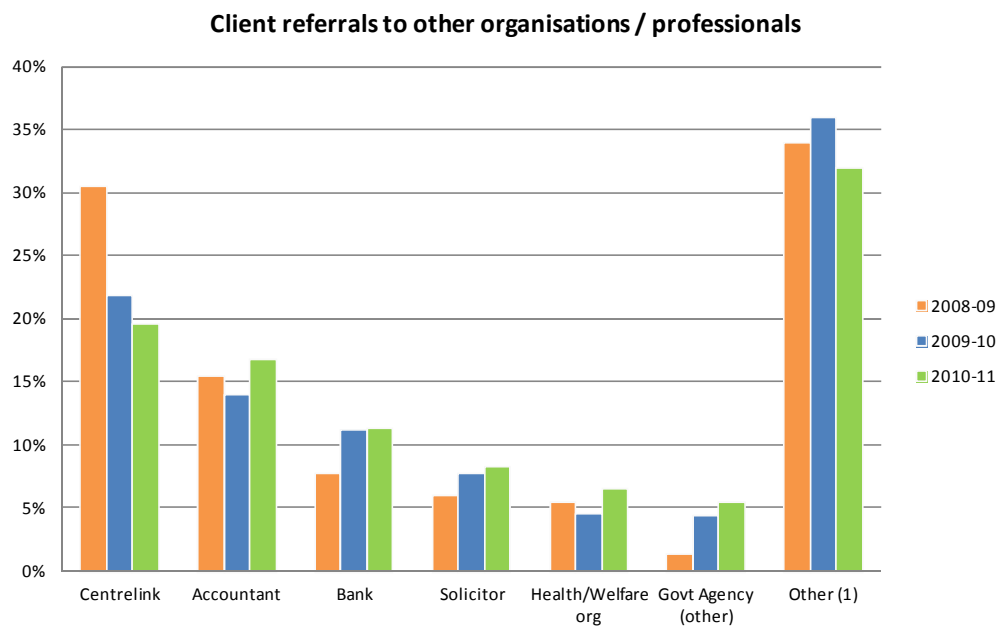
Outcomes for clients in 2010-11 still largely resulted in government assistance with 60 percent receiving either EC or other government assistance. Encouragingly, twenty-six percent (26%) resulted in adjustment within primary production, primarily through improved farm operation and management (including financial management). With the closure of EC in March this year, there was an increase in clients accessing other government assistance such as the Climate Change Adjustment Program which requires clients to develop an action plan to improve their long-term financial viability. The number of farmers resorting to off-farm income was almost half that of 2009-10. Although proportionately small, there was an increase in the number of small rural businesses closing this year (either forced or voluntary).



REFERRALS

Referrals continue to be strong both to and from the service reflecting the work that RFCs do in their local communities promoting the service and developing networks and referral pathways with other service providers and support agencies. GMH Agcare received a total of 352 referrals and made 443 client referrals during the 2010-11 financial year.

Major refers to the service are Centrelink and other government agencies, community groups, accountants, health/welfare organisations, banks and client self referral. This is largely reciprocated with Rural Financial Counsellors most commonly referring clients to Centrelink and other government agencies, accountants, banks, solicitors, health/welfare organisations, industry organizations, financial planners and rural consultants.



1. Other includes Industry organisation, DAFF, Financial Planner/Advisor, Rural Consultant, Water Authority, Doctor, Training organisation, Community group, Insolvency agency, Transition Support Service, MP, Another RFC, Real estate agent, Associate, Stock agents.

Financial Report

Audited financial statements for the year ended 30 June 2011 are included in Appendix 1

Funding Certification

I, Stephen Cohen of 880 Merrigum Ardmona Road, Tatura VIC 3616 in my capacity as Chairperson for Goulburn Murray Hume Agcare Limited hereby certify that the funding has been acquitted in accordance with the deed of grant for the past financial year.

A handwritten signature in black ink, appearing to read 'Stephen Cohen', followed by a horizontal line.

Stephen Cohen
Chairperson

Date: 20 October 2011

**GOULBURN MURRAY HUME AGCARE
LIMITED**

ABN 42 120 418 582

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

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GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2011

The directors present their report together with the financial report of Goulburn Murray Hume Agcare Ltd (the Company) for the year ended 30 June 2011 and the auditors report thereon.

DIRECTORS

The names and details of the directors of the company in office during the financial year and until the date of the report are:

Name	Years of Service	Occupation
Steve Cohen	5	Dairy Farmer
Dr Tim Clune	1	Manager Sustainability & Risk
Peter Gray	5	Certified Practising Accountant
Chris Howe	5	Chartered Accountant
Nerida Kerr	5	Rural Community Development Officer
Tim Mannion	5	Mixed Farmer
Peter Huzzey	1	Managing Director
Rosemary Reilly	1	Community Development Consultant
Jason Leeman	1	Government Officer
Chris Thomas	5	Reginal Supply Manager

Directors Meetings

Directors meetings are currently held every 6 weeks.

Principal Activities

The principal activity of the company is to provide rural financial counselling services to farmers & small business in the Goulburn Murray & Hume regions

Trading Results

The operating surplus for the 2011 financial year before income tax was \$135,994(2010 - \$189,491)Income tax was NIL. The operating surplus after extraordinary items was \$73,194 (2010 - \$123,544)

Review of Operations

Gross income for the year was \$1,512,235 comprising

(i) Australian government grants	\$922,357
(ii) Victorian state government grants	\$107,000
(iii) Special Australian government grants	\$205,836
(iv) Special Victorian state government grant	\$214,095
(v) Donations & Reimbursements	\$22,433
(vi) Interest Received	\$40,514

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company during the financial year under review

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company in subsequent years.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Likely developments

No material likely developments are foreseen at this time that may affect the Companies operations. Further information about likely developments in the operations of the Company and the expected results of those operations in the future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Directors Benefits

Chris Howe is a director and share holder of ACN 007 062 866 Pty Ltd, trading as Belmores. During the course of the year Belmores, Chartered Accountants, provided accounting and management consultant services to the company. For this service they received payment from the Company of \$8,985 (Excl GST)

No other director received or become entitled to receive a benefit (other than a benefit included to aggregate amount of enrolment received or due and receivable by directors shown in the accounts) by reason of a contract made by the Company of a related corporation with the director or with a firm which he or she is a member or with a company in which he or she has a substantial financial interest

Indemnification and insurance of Directors and Officers

During the year, a premium of \$2,864 (Excl GST) was paid in respect of a contract insuring Directors and Officers of the Company against liability. The Officers of the Company covered by the insurance contract include the Directors, Executive Officers, Secretary and employees. In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract. The auditor of the Company has not been indemnified

Dividends

As the company is a non profit public company limited by guarantee no dividends are paid or payable to members

Auditors Independence Declaration

A copy of the Auditors independence declaration as required by section 307C of the Corporations Act is set out on the attached declaration

Signed in accordance with a resolution of the directors



S Cohen (Chairperson)

Dated at Yarrawonga this

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Revenue	2	1,512,235	1,460,866
Employee benefits expense		(857,482)	(828,726)
In kind support expenses		(20,094)	(29,332)
Depreciation and amortisation expenses		(39,030)	(37,412)
Other expenses		<u>(459,635)</u>	<u>(375,905)</u>
Profit before income tax expense	3	135,994	189,491
Income tax expense		<u>-</u>	<u>-</u>
Profit for the year		<u>135,994</u>	<u>189,491</u>
Profit attributable to member of the company		<u>135,994</u>	<u>189,491</u>

The accompanying notes form part of these financial statements.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Profit for the year		135,994	189,491
Other comprehensive income:		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		<hr/> -	<hr/> -
Total comprehensive income for the year		<hr/> 135,994	<hr/> 189,491
Total comprehensive income attributable to member of the company		<hr/> 135,994	<hr/> 189,491

The accompanying notes form part of these financial statements.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 \$	2010 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	913,331	981,325
Trade and other receivables	6	3,331	38,500
TOTAL CURRENT ASSETS		<u>916,662</u>	<u>1,019,825</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	167,573	194,474
TOTAL NON-CURRENT ASSETS		<u>167,573</u>	<u>194,474</u>
TOTAL ASSETS		<u>1,084,235</u>	<u>1,214,299</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	46,127	326,865
Short-term provisions	9	115,068	100,389
TOTAL CURRENT LIABILITIES		<u>161,195</u>	<u>427,254</u>
TOTAL LIABILITIES		<u>161,195</u>	<u>427,254</u>
NET ASSETS		<u>923,040</u>	<u>787,045</u>
EQUITY			
Reserves	10	231,954	169,154
Retained profits		691,086	617,891
TOTAL EQUITY		<u>923,040</u>	<u>787,045</u>

The accompanying notes form part of these financial statements.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2011

	Share Capital				
	Retained Earnings	General Reserve - Provision for Wind Up	General Reserve - CDO - MVIRAG	Total	
	\$	\$	\$	\$	\$
Balance at 1 July 2009	557,554	40,000	-	597,554	
Profit attributable to the member of the company					
Provision for Wind Up	189,491			189,491	
Subtotal	(97,550)	97,550	31604	31,604	
Transfer to Reserves	649,495	137,550	31,604	818,649	
Balance at 30 June 2010	(31,604)			(31,604)	
	617,891	137,550	31,604	787,045	
Balance at 1 July 2010	617,891	137,550	31,604	787,045	
Profit attributable to the member of the company					
Provision for Wind Up	135,994			135,994	
Subtotal	(62,589)	62,589	211	211	
Transfer to Reserves	691,296	200,139	31,815	923,250	
Balance at 30 June 2011	(210)			(210)	
	691,086	200,139	31,815	923,040	

The accompanying notes form part of these financial statements.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from government		1,210,415	1,679,454
Receipts other		2,340	
Received		40,514	21,025
Payments to suppliers and employees		(1,309,134)	(1,281,746)
Net cash provided by operating activities		<u>(55,865)</u>	<u>418,733</u>
Cash flows from investing activities			
Purchase of plant & equipment		(12,129)	(68,885)
		-	-
Net cash provided by (used in) investing activities		<u>(12,129)</u>	<u>(68,885)</u>
Cash flows from financing activities			
		-	-
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>
Net increase in cash held		(67,994)	349,848
Cash and cash equivalents at beginning of financial year		981,325	631,477
		-	-
Cash and cash equivalents at end of financial year		<u><u>913,331</u></u>	<u><u>981,325</u></u>

The accompanying notes form part of these financial statements.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views other authoritative pronouncements of the Australian Accounting Standards Board. The financial report is for the entity Goulburn Murray Hume Agcare Limited as an individual entity. Goulburn Murray Hume Agcare Limited is a company limited by guarantee incorporated and domiciled in Australia.

The financial report has been prepared on an accrual basis, with the exception of Goods & Services Tax which has been reported on a cash basis, and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(b) Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and Equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge.

(c) Employee Benefits

i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave in total are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and is measured at the actual dollar value of the accumulated cost, and is shown as a current liability. To comply with DAFF reporting requirements all employee liabilities are brought to account including those with less than five years service.

(d) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months and net of bank overdrafts.

(e) Revenue

All revenue is stated net of the amount of goods and services tax (GST).

1. Revenue from Government Grants is recognised upon receipt of the grant.
2. Revenue from other sources is recognised upon the issuing of an invoice.
3. Interest revenue not received is accrued at balance date as the amount to be received is quantifiable

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term

(h) Acquisitions of assets

The purchase method of accounting is used to account for all acquisition of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

GOULBURN MURRAY HUME AGCARE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Company's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Cash and cash-equivalent assets

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(k) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is considered unnecessary as all funds have been collected since balance dates.

(l) Investments and other financial assets

The company classifies its investment in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments are at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there is a possibility it will be sold in the short term and the asset is subject to frequent changes in fair value.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the companies management has the positive intention and ability to hold to maturity.

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

(n) Infrastructure, property, plant and equipment

All infrastructure, property, plant and equipment is stated at cost (or deemed cost) less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the prime cost method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Computers & Electronic Equipment	3	Yrs
Office Furniture	10	Yrs
Vehicles	8	Yrs
Other plant and equipment	5	Yrs

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(o) Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Borrowings

The company does not have external borrowing and accordingly does not account for any amortisation cost or other adjustment to the carrying amount of liabilities.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
2. REVENUE AND OTHER INCOME			
Grant Revenue		1,470,266	1,415,237
Other Income		1,455	24,604
Interest received		40,514	21,025
		<u>1,512,235</u>	<u>1,460,866</u>
Total Revenue			
		<u>1,512,235</u>	<u>1,460,866</u>
(a) Interest received		<u>40,514</u>	<u>21,025</u>
4. AUDITORS' REMUNERATION			
Auditors' remuneration		<u>8,500</u>	<u>7,850</u>
5. CASH AND CASH EQUIVALENTS			
GMH Agcare A/C 0902		-	4,476
GMH Agcare A/C 8271		4,858	3,977
GMH Agcare A/C 8352		188,426	342,551
GMH Agcare A/C 8360		-	180,795
GMH Agcare A/C 8379		683,752	345,794
GMH Agcare Dairy A/C 3230		-	72,124
GMH Agcare CD MVIRAG A/C 3249		36,295	31,608
		<u>913,331</u>	<u>981,325</u>
6. TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade debtors		-	38,500
Interest Receivable		3,331	-
		<u>3,331</u>	<u>38,500</u>

GOULBURN MURRAY HUME AGCARE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
7. PROPERTY, PLANT AND EQUIPMENT			
Buildings		33,320	33,320
Less accumulated depreciation		<u>(1,645)</u>	<u>(828)</u>
Total land and buildings		<u>31,675</u>	<u>32,492</u>
Plant and equipment		17,970	17,970
Less accumulated depreciation		<u>(3,421)</u>	<u>(1,624)</u>
		<u>14,549</u>	<u>16,346</u>
Motor vehicles		124,312	124,312
Less accumulated depreciation		<u>(42,098)</u>	<u>(25,497)</u>
		<u>82,214</u>	<u>98,815</u>
Computer Equipment		91,752	81,486
Less accumulated depreciation		<u>(59,306)</u>	<u>(41,993)</u>
		<u>32,446</u>	<u>39,493</u>
Furniture and fittings		7,821	7,821
Less accumulated depreciation		<u>(1,132)</u>	<u>(493)</u>
		<u>6,689</u>	<u>7,328</u>
Total plant and equipment		<u>135,898</u>	<u>161,982</u>
Total property, plant and equipment		<u>167,573</u>	<u>194,474</u>
(a) Movement in carrying amounts			
For disclosure on movement in carrying amounts please refer to note 12(a) in the end of this financial report.			
8. TRADE AND OTHER PAYABLES			
CURRENT			
Good and services tax		16,125	61,808
Accrued Expenses		13,197	9,847
Trade creditors		16,805	6,758
Prepaid Income		<u>-</u>	<u>248,452</u>
		<u>46,127</u>	<u>326,865</u>
9. PROVISIONS			
Employee Entitlements		<u>115,068</u>	<u>100,389</u>

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Analysis of Total Provisions			
Current		<u>115,068</u>	<u>100,389</u>

10. RESERVES

General Reserve - Provision For Wind Up

The provision for wind up costs has been brought to account on the basis of providing for the following expenses that would be incurred and paid out on wind up:

Provision for wages and on-costs for payout of termination payments	90,609	71,700
Insurance	30,130	25,500
Contract Payouts	18,350	14,350
Motor Vehicles	7,300	2,400
Aministration & Liquidation Costs	32,000	23,600
Board Costs	6,700	
Records Management Costs	11,500	
Other Costs	3,550	
Total Provision	200,139	137,550
CDO - MVIRAG	31,815	31,604
Total Reserves	231,954	169,154

11. COMPANY DETAILS

The registered office and principal place of business of the company is:
9/22 Stanley Street, Wodonga VIC 3690

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2011

12. (a) MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment.

	Buildings \$	Plant and equipment \$	Motor vehicles \$	Computer Equipment \$	Computer Equipment - Kyabram \$	Total \$
Balance at 1 July 2009	23,346	11,375	84,677	43,599	-	162,997
Additions	9,926	6,370	29,692	17,557	7,821	71,366
Disposals	-	-	-	(2,481)	-	(2,481)
Depreciation expense	(781)	(1,399)	(15,554)	(19,182)	(493)	(37,409)
Carrying amount at 30 June 2010	32,491	16,346	98,815	39,493	7,328	194,473
Additions	-	-	-	12,129	-	12,129
Depreciation expense	(817)	(1,797)	(16,601)	(19,176)	(639)	(39,030)
Carrying amount at 30 June 2011	31,674	14,549	82,214	32,446	6,689	167,572

GOULBURN MURRAY HUME AGCARE LIMITED
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DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes which comprise the statement of financial position as at 30 June 2011, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes presents fairly the company's financial position as at 30 June 2011 and its performance for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Steve Cohen

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

INDEPENDENT AUDIT REPORT
TO THE MEMBER OF
GOULBURN MURRAY HUME AGCARE LIMITED

We have audited the accompanying financial report of Goulburn Murray Hume Agcare Limited (the company) which comprises the statement of financial position as at 30 June 2011 and the income statement, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the director's declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the company's constitution. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we complied with the independence requirements of Australian professional ethical pronouncements.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

INDEPENDENT AUDIT REPORT
TO THE MEMBER OF
GOULBURN MURRAY HUME AGCARE LIMITED

Auditor's Opinion

In our opinion:

- a. The financial report of Goulburn Murray Hume Agcare Limited is in accordance with the company's constitution including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the the company's constitution.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Malcolm Ian McLean
Chartered Accountant
146 Sanger Street
Corowa , NSW, 2646



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**GOULBURN MURRAY HUME AGCARE LTD, trading as
RFCS Victoria - Goulburn Murray Hume**

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