



**Goulburn Murray Hume Agcare Ltd**

Trading as  
**RFCS Victoria – Goulburn Murray Hume**

# **2013 – 2014 Year in Review**

**Annual Report Summary**



# About us

Goulburn Murray Hume Agcare Ltd (GMHA) 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 primary producers, fishers and small rural businesses experiencing financial hardship in the Upper North East, Murray Valley, Goulburn Valley and parts of Northern Victoria and bordering regions of Southern New South Wales.

GMHA operates under a Board of management comprising member representatives and independent directors drawn from private sector, industry and community groups, and government agencies.

## Our Vision

We assist rural and regional communities to successfully manage change.

## Our Mission

GMHA works in collaboration with people, governments and organisations providing rural financial counselling and other complementary services that enable eligible rural and regional businesses to better manage the challenges of change and adjustment.

## Our Values

Our values reflect how we work within our organization, with stakeholders and the wider community. We will demonstrate our organisational values in the following ways:

- ***Respect***
- ***Integrity***
- ***Positivity***
- ***Team Spirit***
- ***Clients***
- ***Caring***
- ***Involvement***
- ***Communication***

# Our Services

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

- Helping farming families assess and understand their financial positions and to identify options and develop an action plan to move forward
- Helping to identify eligibility and apply for Government and other assistance schemes including the Transitional Farm Family Payment (TFFP) and Interim Farm Household Allowance (IFHA) programs
- Assisting with loan and/or refinance options and provide support and mediation including negotiation with creditors and financial institutions
- Facilitating decision making and support farming families through the adjustment process
- Providing information and referrals to relevant professionals and agencies.

# Key Achievements

GMHA's strategic focus during 2013-2014 was on providing a high quality Rural Financial Counselling Service, leading to positive outcomes for clients and improving the level of well being within the rural communities we service.

## Key Achievements 2013 - 2014

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### **CLIENT SERVICE**

As in the previous 12 month period there was an increasing number of clients with very complex issues. In 2013-2014 the Rural Financial Counselling Service assisted 432 primary producers, fishers and small rural businesses who were experiencing financial hardship and had limited sources of impartial support to manage the challenges of industry change and adjustment. Most of these clients were derived from the dairy industry (37%) or beef, sheep and grain growing enterprises (30%). Due to ongoing structural adjustment in the region, more than 25% of support hours provided to clients over the year related to business planning, viability and cash flow analysis. A further 19% related to Farm Debt Mediation.

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### **CLIENT SURVEY**

A biennial client survey was sent out to 200 clients in February 2014. The survey recipients were chosen randomly from the Department of Agriculture RFCS database of clients that have used the service during the last two years. The survey revealed that our service is achieving high levels of satisfaction which is a very positive result.

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## **WORKSHOPS**

### **Horticulture in Transition Workshop**

The workshop was held on 11<sup>th</sup> July 2013 in Shepparton with around 30 people attending. The day was challenging due to the high level of frustration and anxiety about the future being exhibited by the growers who attended. A number of issues were raised by the growers especially their concerns about not being heard by or represented to decision makers, funding for tree pulls, lack of Government support, planning law restrictions, bio security and their future options. Thanks to Dr Doris Blaesing Consultant with RMCG; Peter Grey Director of GMHA; Colin McCormack from the Tobacco Industry and Chris Howard for their presentations and Paul Blackshaw the being MC for the day.

### **Accountant Presentations & Professional Development sessions.**

Rural Financial Counsellors Chris Howard and Bill Fell held a series of farm debt mediation professional development sessions with accountants throughout the Goulburn Valley in the second half of the financial year; the sessions also provided an opportunity for RFCs to promote the Rural Financial Counselling Service.

### **Frost affected grain grower's**

Five sessions were held throughout the region for farmers, fruit and grain growers who were affected by severe frosts. GMHA, in conjunction with the North East Catchment Management Authority, DEPI, Rotary, Riverine Plains and various local community groups assisted with the organisation of the five meetings which were held in early December 2013.

### **Industry Breakfasts**

Our Rural Financial Counsellor Tony Shirley and DEPI Beef Officer Greg Ferrier continued their regular Industry Breakfasts throughout the year which proved successful and were well attended. Highlights of the presentations were the "From the kitchen table" reports which gave an insight into the major issues confronting the farming community. A separate guest speaker presented at all meetings to discuss key issues of interest to the industry. Topics ranged from grain marketing to the financial and emotional impact of domestic violence. These meetings have raised the profile of the service within the local banking and accounting communities and have lead to many referrals from those attending.

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## **DAFF GRADUATE VISIT**

GMHA hosted eight DAFF graduates while they were in the region 30 September to 2<sup>nd</sup> October 2013. They met with RFCC Paul Blackshaw, RFC Tony Shirley and EO Nerida Kerr at Wodonga and discussed support services to farmers and the RFC service. RFC's Chris Howard and Alan Guest-Smith met with them whilst they were in Shepparton.

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## **AGRICULTURAL COMPETITIVENESS WHITE PAPER**

GMHA made a submission to the Agricultural Competitiveness White Paper where we highlighted the benefits of expanding the scope of the Rural Financial Counselling Service.

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## **NATIONAL RURAL ADVISORY COUNCIL (NRAC) SERVICE REVIEW**

In 2014 NRAC commenced a review of the Rural Financial Counselling Service in response to a reference made by the Minister for Agriculture. In May 2014, Chair Steve Cohen and Executive Officer Nerida Kerr met separately with members of NRAC at Bendigo. Several de-identified case studies that outlined the business issues, RFC support provided, and outcomes for businesses and families were presented to the panel. The case studies broadly quantified the productivity, economic and social benefits of the service. Our RFC's also arranged for several clients to travel to Bendigo and speak with NRAC. We look forward to receiving a copy of the NRAC report and their recommendations to the Department of Agriculture as to the future of the RFCS beyond 2015.

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## **POLICY REVIEW & DEVELOPMENT**

Review of policies continued through 2013-2014 in accordance with scheduled review cycles. The major emphasis was on developing new Business Continuity policy and plans which also incorporate Incident Response and Recovery procedures.

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## **PLANNING**

Strategic Business Planning has continued during 2013-2014 with particular emphasis on beyond 30 June 2015, due to the uncertainty of the RFCS program continuing after that date. A Business Planning workshop was conducted in March 2014, with an external facilitator, Matt Pfahlert.

The Business Plan, Risk Management Plan and Communications Plan were reviewed in August/September 2013 and the 2013-2015 plans were submitted to the Department of Agriculture in compliance with the Deed of Grant.

The Risk Appetite statement was also reviewed and updated in November 2013.

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## **WEBSITE DEVELOPMENT**

The redevelopment of the GMHA website was completed and training in the use and further development of the site was undertaken by admin staff. The new site is now being actively used to promote the service and market activities.

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# **Looking ahead**

## **Operational**

With the end of the current RFC Deed looming and the shadow of a considerable funding withdrawal for RFC services, the Board chair and Executive Officer represented GMHA's views in relation to the future of the Rural Financial Counselling Service with the National Rural Advisory Council in Bendigo as part of the national review process. The benefits and outcomes from the current service and the opportunities and even greater value to farmers and the economy that an expanded service model could provide were highlighted.

GMHA also worked with the other four Victorian based services to look at future RFC service provision in the State. The services concluded that the status quo provided significant value and the small financial savings gained by fewer providers didn't compensate for the losses that would be incurred from less community connectedness through the five volunteer committees. We also actively engaged with the Department of Environment and Primary Industries during this process and will continue to discuss delivery models during the National and State review processes.

The Board's organisational sustainability planning started to take shape this year with several funding submissions and service proposals being submitted. We look forward to the outcome in the coming year.

## Rural Outlook

It is expected clients will continue to seek support for business planning, farm debt mediation and succession planning. If current favourable seasonal conditions persist, business planning will include opportunities for businesses to recover, grow and diversify. RFCs support may include assisting businesses with restructuring and/or refinancing activities. Additionally RFCs will empower clients to develop their financial literacy, marketing and risk management abilities.

As an ever increasing number of clients and service providers learn of the RFC service's success with clients engaged in succession planning, it is likely service promotion will increase and demand for the service will grow.

Banks, accountants and government agencies have recognised the valuable role RFCs have in farm debt mediation thus this growing awareness should see RFCs continue to provide support to clients faced with the prospects of asset management or farm debt mediation. Additionally GMHA will continue to promote the benefits of RFCs being referred sooner rather than later to clients in such positions.

Exit will continue to be a recurring option for many clients throughout the previously mentioned support activities. Whilst improved seasonal conditions and sustainable commodity prices assist some clients to sell property and exit, others will live in hope recovery is possible and exit options will be overlooked. Additionally, exit options are often dismissed by clients because of underlying issues that are not always obvious to both client and RFC, indentifying underlying issues can be exhausting for both client and RFCs and takes time. RFCs will continue to support clients who operate unviable businesses because such assistance often reduces negative consequences to individuals, their business, local economy and community.

# Season Review

## Operational

As we entered into the last two years of our Deed of Grant for the provision of Rural Financial Counselling Services in the Goulburn Murray Hume service region we were faced with a number of challenges during 2013-2014. Notably the commencement of National and State reviews of the rural financial counselling services. GMHA actively participated in the review activities. This included working with other Victorian RFC services to investigate options for the future delivery of services and active engagement with the Department of Environment and Primary Industries (DEPI) to commence high level discussions on their preferred position for service delivery.

Adversity (reduced budget and unscheduled expenditure) lead to resourcefulness as we continued to look for cost savings in 2013-2014. We started the year by relocating the Wodonga office from Stanley Street to 2/109 Hume Street this saved us several thousand dollars in rent cost but it also gave us the opportunity to reorganise our work space and provided RFC's with individual offices for increase client privacy, better parking and a more efficient and homely environment. We also reviewed our phone contracts and were able to contain costs.

The review and renewal of policies and procedures continued during the year; and we concluded the final outstanding items recommended in the PwC organisational audit. A new website was developed and is now being actively used to promote the service and market activities.

This year one of rural financial counselling's longest serving Board members Mr Tim Mannion announced his retirement after over 27 years of volunteer service, including many years as Chairman of the Murray Valley Rural Industry Assistance Group and as an inaugural member of the GMHA Board. Following Tim's resignation we welcomed Richard Raymond, Fonterra Regional Manager Milk Supply and HR specialist, to the Board.

Several GMHA staff faced a number of personal challenges throughout the year and needed to be away from the work place for periods of time to provide care for family. This resulted in the need to provide flexible working arrangements and required all staff to work as a close team to ensure that the organisation and our RFC service functioned as normal. All our staff continued to engage in a range of professional development activities throughout the year. Regrettably we received Rural Financial Counselling Coordinator (RFCC) Paul Blackshaw's resignation to take up a state wide position with DEPI. Paul will be a great loss to our service and he will be missed by the many clients he has assisted over the years. We welcomed Chris Howard into the RFCC position and we all look forward to working with him in this role.

## Rural Issues and Industry Overview

Overall the Goulburn Murray Hume region experienced favorable weather that resulted in good growing seasons. However the heavy late spring frosts caused extensive damage to cereal crops, early fruit crops and vines. The very hot summer ended with good rains in mid-autumn as paddock feed supplies had run out and farmers were starting to hand feed. The timely rains resulted in autumn and winter fodder growth and allowed farmers to save hay and silage for mid-winter feed deficits. Like most years our region was again hit by fires, the large blaze in the Goulburn Valley caused extensive damage to fencing and pastures.

With more favourable seasonal conditions and commodity prices allowing for business consolidation and profitability there has been a notable increase in succession planning activity from 7% to 12% in 2013-2014.

The need for Farm Debt Mediation (FMD) amongst clients has remained relatively steady from the previous year and accounts for 32% RFC activity. Whilst FDM requires significant support in the lead up to mediation it is evident just as much or more assistance is required post farm debt mediation. Many of the stakeholders involved in the FDM process have become advocates of the RFC service including the Small Business Commissioner, banks and mediators. In particular there is anecdotal evidence some banks are now proactively referring clients to the RFC service before asset management or FDM is initiated.

### **Dairy**

With excellent milk prices, sustainable input costs, 100% water allocation in irrigation areas and a weakening dollar the dairy industry has enjoyed ideal conditions for 2013-2014. For dairy farming clients of the service these conditions have allowed for better business planning and debt reduction, much needed investment in existing farm infrastructure and for some the opportunity to sell and exit agriculture. Competition for milk supply amongst milk processes increased throughout the year as a variety of schemes and products emerged to entice and/or maintain dairy farm supply.

### **Broadacre**

A delayed start to the season and drier than normal spring, had little affect across the GMHA service area, with yield results ranging from average to excellent. However October and November frosts resulted in significant yield losses for some crops throughout north and north east Victoria.

### **Beef**

Once again, there were a host of challenges for beef producers to manage throughout the 2013-2014 year including, a dry spring and hot summer and the influences of the northern drought on local markets. Autumn produced favorable pasture growing conditions however optimism was limited, as the forecast El Nino event created indecision regarding destocking options.

### **Sheep and Lamb**

Prices for sheep and lambs began strongly and continued to climb throughout the year, in April lamb and sheep prices were 60 – 70% higher than the same time last year and have

remained strong. Wool prices reached a two year high throughout the year, spiking midyear and then eased towards the end of the year.

### **Horticulture**

Many fruit growers across the GMHA service area reported a good harvest with improving demand and prices as the Australian dollar weakened. SPCA was successful in its bid to state government for financial support to carryout infrastructure upgrades and improvements, as well as increased product supply to major supermarkets. Grape growers grappled with low prices and challenging seasonal conditions throughout 2013-2014.

### **Community Development**

The service continued to promote and provide community development workshops throughout the year. GMHA took the lead role in a number of community development activities such as Horticulture in Transition workshop in response to the SPCA fruit intake cutback announcements, service promotion to Shepparton Centrelink staff and Towong Shire council, professional development for Goulburn Valley Based Accountants on the subject of Farm Debt Mediation and in partnership with DEPI Wodonga service provider workshops that addressed relevant rural industry issues.

For further information, you are welcome to view GMHA's full 2013-2014 annual report on the Goulburn Murray Hume Agcare website. <http://www.gmhagcare.org.au> Audited financial statements will be made available on request.



*Providing a free, confidential and independent rural financial counselling service to primary producers, fishers and small rural businesses.*



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