



Goulburn Murray Hume Agcare Ltd

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Annual Report 2012 – 2013



Acknowledgements

Goulburn Murray Hume Agcare Ltd (GMHA) acknowledges with thanks the contribution of the following organizations over the 2012-13 financial year:

Funding bodies

Department of Agriculture, Fisheries and Forestry (DAFF)
Department of Environment and Primary Industries (DEPI)

In-kind support

- Alana Johnson, Rural Consultant
- Andrew Graham, RSMI Business Solutions
- Belmores Accounting
- Department of Environment and Primary Industries (DEPI)
- Fonterra Australia Limited
- Indigo Shire Council
- Moira Shire Council
- Numurkah District Health Service
- Rob Rendell, RMCG
- Steve Kugel, CRS Warner Kugel, Insolvency Specialists
- Woman's' Health North East Victoria

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

- | | |
|---|--|
| • Alpine Valleys Community Leadership Program | • National Australia Bank, Shepparton |
| • ANZ, Shepparton | • Office Small Business Commissioner |
| • Brian Crockart CRC Agrisolutions, | • Peat Partners Accounting Echuca |
| • Centrelink Rural Service Officers | • Peterson Westbrook Cameron, Solicitors, Bendigo, |
| • CRS Warner Kugel, Insolvency Specialists | • Rural Finance |
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| • Justin Hocking, Accountants, Shepparton | • Tatura Milk |
| • Kyabram Community Learning Centre | • Victorian Farmers Federation |
| • MI Fellowship, Shepparton | |

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APPENDIX 1 – AUDITED FINANCIAL STATEMENTS

About Us

Goulburn Murray Hume Agcare Ltd (GMHA) 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 experiencing financial hardship and which have limited sources of impartial support to manage the challenges of industry change and adjustment.

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 communities 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 develop resilient rural and regional communities and improve their quality of life.

Our Mission

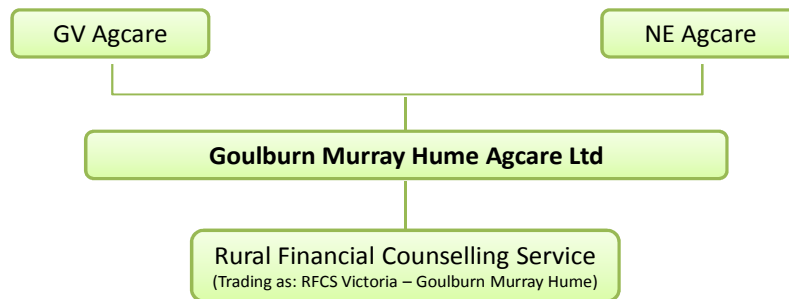
GMHA works in collaboration with people, governments and organisations providing rural financial counselling and other complementary services that enable eligible rural and regional businesses to better manage the challenges of change and adjustment.

Our Values

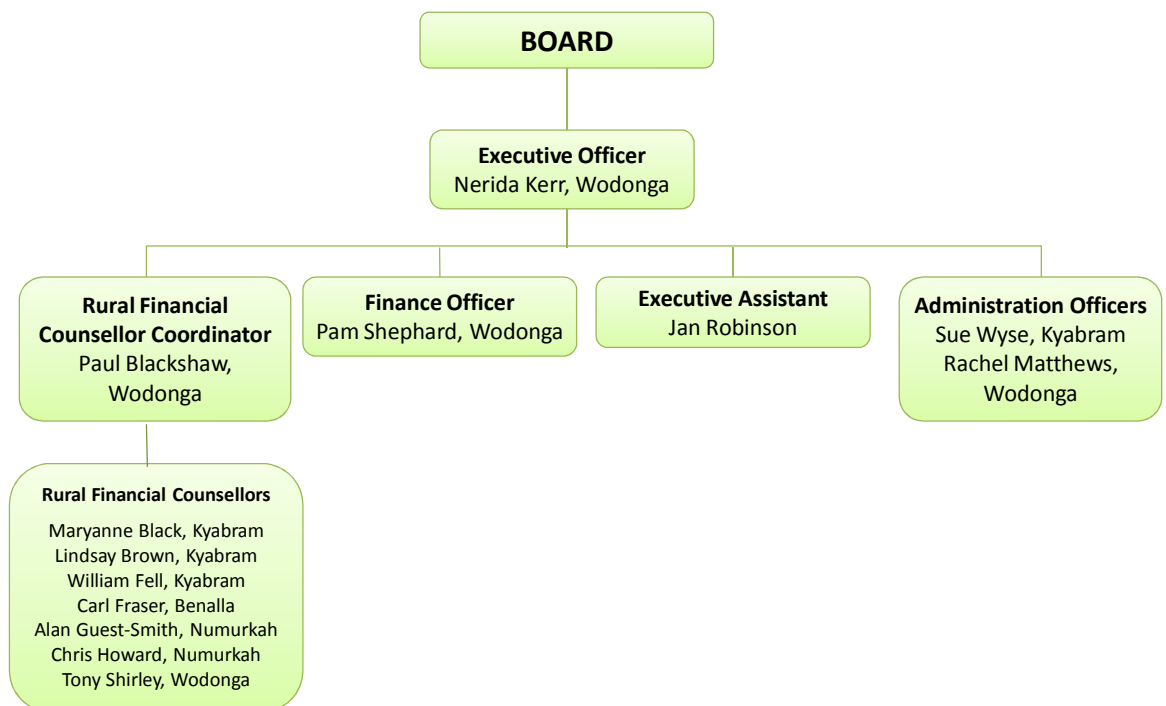
Our values reflect how we work within our organisation, with stakeholders and the wider community. We will demonstrate our organisational values in the following ways:

Organisational Value	Demonstrated behaviour
Respect	We will show respect and consideration to all those with whom we deal, by treating them with dignity, empathy, and courtesy.
Integrity	We will be honest, fair, ethical and trustworthy at all times, and take responsibility for our actions.
Positivity	We will encourage positivity within our organisation, and discourage negativity. We will effectively adapt to changing circumstances.
Team Spirit	We will work together as a team, working in partnership to achieve the goals of our organisation.
Clients	Because we care about the people and community in which we live, we will provide the best service we can to our clients, by ensuring that we are well trained, well qualified, and work in a timely manner according to the published processes and procedures of the organisation.
Caring	We will advocate and support each other and assist everyone to reach their full potential. We will contribute to ensuring that our working environment is enjoyable for all. We will encourage safe working practices in our fellow workers, and actively discourage unsafe working practices.
Involvement	We will encourage one another to be involved in activities within the organisation, by contributing to, influencing, and challenging the processes and decisions made within the organisation.
Communication	We commit to open honest and timely communication within the organisation, and open and transparent decision making.

Corporate Structure

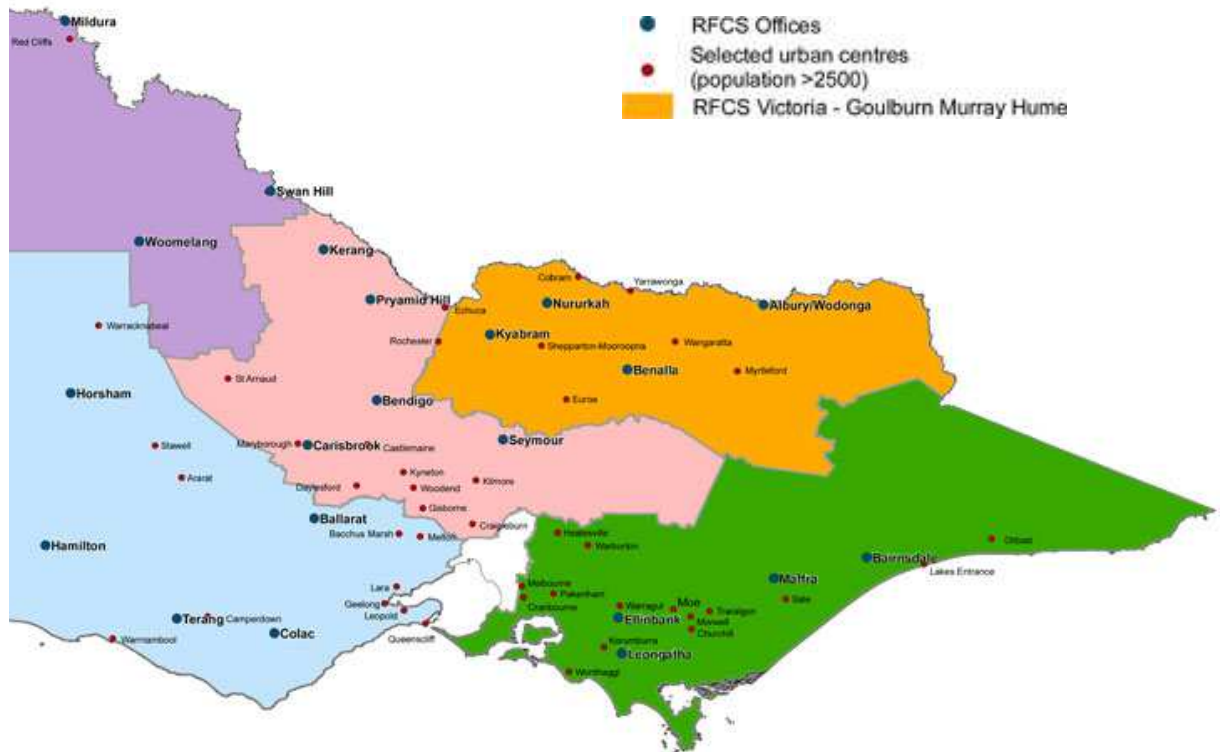


Organisational Structure



Our Region

GMHA 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)

2/109 Hume Street
Wodonga VIC 3690

Kyabram

147 Fenaughty Street
Kyabram VIC 3620

Benalla

DPI/DSE Regional Office
35 Sydney Road
Benalla VIC 3672

Numurkah

Numurkah Community Health Service
2 Katamatite Road
Numurkah VIC 3636

(Registered Office)

Belmores Accounting
50 Belmore Street
Yarrowonga VIC 3730

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 Climate Change Adjustment Program (CCAP) and Transitional Income Support (TIS) program
- 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.

Our Staff

Management & Administration

NERIDA KERR
Executive Officer

PAM SHEPHARD
Finance Officer

PAUL BLACKSHAW
Rural Financial Counsellor Coordinator

JAN ROBINSON
Executive Assistant-Wodonga

RACHEL MATTHEWS
Administration Assistant – Wodonga

SUE WYSE
*Administration Officer – Kyabram
(Resigned 26/6/2013)*

Executive Officer (EO)

NERIDA KERR, Executive Officer



Nerida commenced full time employment with GMHA, as Executive Officer in July 2012. She has studied Business Management Social Work and has a certificate in Dairy Farm Management.

Prior to commencing her employment with GMHA she was employed as a Team Leader of Economic Development with the City of Wodonga. Previously she was employed as a Development Manager and a Rural Community Development Officer at RDV for over ten years. During that time she established and maintained extensive community, agency and business relationships and networks with several local governments within the Upper Hume Region. She also gained extensive knowledge of Victorian State Government programs and process.

On 13 March 2013, Nerida was inducted into the Victorian Women's Honour Role for services to the community, of which rural financial counselling was a major component.

Rural Financial Counsellor Co-ordinator (RFCC)

PAUL BLACKSHAW – Wodonga Office



Paul joined GMHA from DPI in February 2007 as a Rural Financial Counsellor and in December 2008 he took on the position of Counsellor Coordinator. He has a Degree in Applied Science (Agriculture) and also has a retail banking background. Paul is based at our Wodonga office. He resides on a small broadacre farm near Rutherglen with his family.

Rural Financial Counsellors (RFC)



CHRIS HOWARD – Numurkah

Chris has a twenty year career within the agricultural sector, including small business management. He has an Associate Diploma of Accounting and a Diploma of Business Administration which gives him a thorough grounding and broad based business experience from which to draw on since joining GMHA.



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.



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 GMHA in October 2007.



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 GMHA 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

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



MARYANNE BLACK- Kyabram

Maryanne is based out of our Kyabram office and has been a Rural Financial Counsellor for the past 10 years. She has spent her career working in agriculture and holds a Bachelor of Agricultural Science. Her area of expertise is dairy and she has a broad knowledge of livestock, broadacre and horticultural enterprises. After an extended period of maternity leave, Maryanne returned to work in May 2012.



WILLIAM (BILL) FELL – Kyabram

Bill commenced working with GMHA in October 2012. Over the past 20 years he has assisted and advised farming families and rural businesses. He has focused on helping people to use their energy, imagination and skills to transform their dreams into a realistic commitment. Bill's business, financial and project management experience is used to facilitate people working together, exchanging ideas, sharing technology and resources to create long-term prosperity, continually improving their performance. Bill lives at Corop and has a Diploma in Agricultural Science.



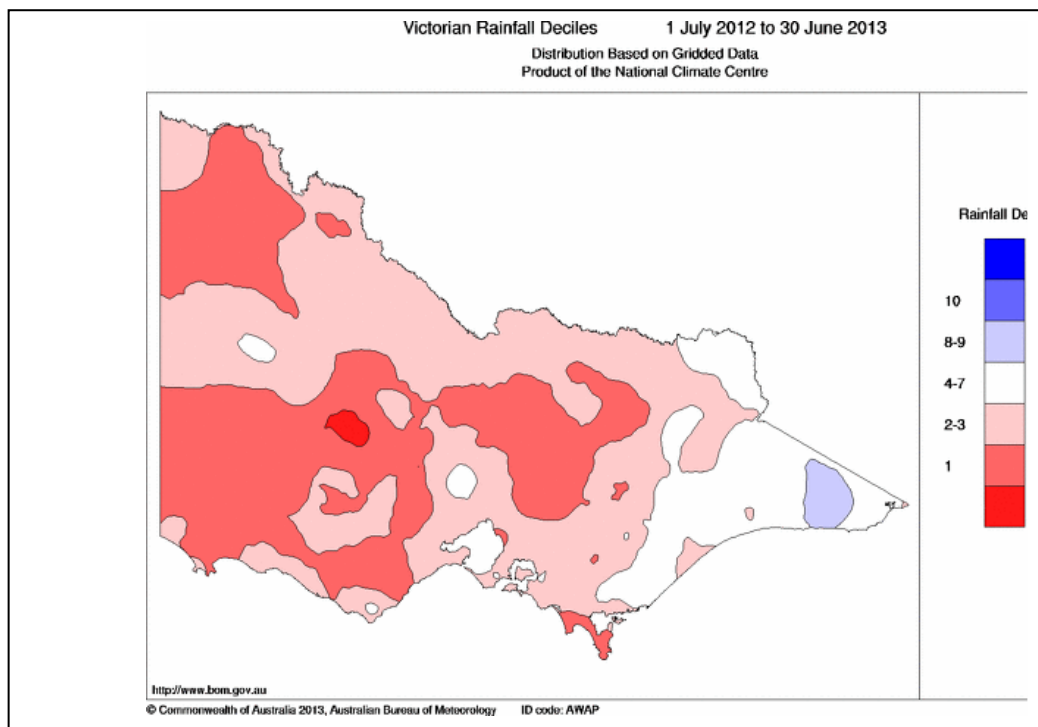
TIM WATSON – Kyabram

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.

Tim resigned from GMHA effective from 3rd August 2012.

Rural Issues and Industry Overview

Rainfall for the financial year in our service area was below average in the flatter areas and average in the higher valleys. The early growing season was quite good, however the critical later spring rains, although present, were not great. The early part of 2013 was fairly dry with long periods without rain. Temperatures were about average, although the summer was hot and dry and winter of 2013 has also been warmer than normal.



High dam levels and good winter runoff led to 100% irrigation allocations in all irrigation districts in our area. At the end of June 2013 our major storages held significant volumes with Lake Dartmouth 94.4%, Lake Hume 62.3% and Lake Eildon 70.2%.

The start of the 2013 growing season has been excellent. Above average rainfall combined with warmer temperatures has led to one of the best starts in recent memory.

Dairy

Milk prices opened around 10% lower than the previous season. This placed considerable pressure on cashflows, compounded by high costs of many inputs such as grain, pellets and electricity. Hot dry spells in late spring and summer impacted production and milk quality, while increased irrigation expenses. Most farmers cut non essential spending and unsecured creditors (many local small businesses) carried a large percentage of debts. Despite lower milk prices a number of dairy farmers, mostly those in the higher rain fed,

pasture based north east valleys, continued to trade profitably. For most farmers high accumulated debt continued to be a major impediment to profitability/viability.

Broadacre

Cropping harvest was completed in near ideal conditions. Despite the dry late spring wheat yields were generally average the above average with good prices (\$250 - \$260/tonne), but low protein levels were common with resultant price penalties. Canola yields were around average but with higher than expected oil content prices were excellent (commonly \$520/tonne). Gross income was generally the highest for years with many farmers returning to profit. Some clients warehoused grain at harvest on no other basis that that is what they have always done.

Beef

Beef prices varied considerably during the season, but were generally lower. Prices received at the major weaner/vealer sales around Christmas were around 20% back from the highs of last year. The dry spring reduced confidence in the industry, however good pasture growth in autumn has helped lift spirits.

Sheep and Lamb

Prices for sheep and lambs were also variable during the season. Prices in spring were around 35% down from the previous year, but had begun to recover by the autumn. The dry hot summer weather created some drink water issues compounded by farmers carrying higher numbers due to poor prices.

Wool was also very variable with prices in spring around 35% lower than the previous year, however by autumn prices had rebounded fully and were heading towards recent highs.

Horticulture

The fruit harvest was fairly uneventful with yields above average. Marketing continues to be a major impediment. Fresh fruit growers seem to struggle to manage a constantly changing demand with overall lower demand, while the SPC Ardmona intake requirements for canning fruit seemed to change by the minute. A number of problems caused by the 2012 floods emerged with some trees thought to be undamaged need to be removed.

In late April the local cannery, SPC Ardmona, announced they were making cuts to intake with approximately 60 growers quota cut totally and another 170 affected. Growers are unlikely to satisfactorily supply any other markets with this fruit and there are not many other options. It is anticipated the cuts may lead to the removal of around 750ha of orchard.

The wine grape harvest was generally good quality, except for some sunburn. Finding markets for the fruit continued to be a problem and prices for fruit sold often did not cover the cost of production.

The market for both vineyards and orchards remained significantly depressed with very few sales. This reduced the options for our clients who may have been relying on selling the asset to remain viable.

Other

Kyabram based financial institution Banksia was placed into liquidation in October 2012. A number of our clients were Banksia borrowers, and given the nature of the Banksia business these could generally be described as less viable enterprises. A considerable portion of the Banksia loan book was sold on unchanged, however, there remain a number of clients who are being asked to refinance. Given the nature of these businesses this is proving to be very difficult, but they continue to work with the Banksia administrator towards a resolution. Credit funds were frozen with 65 cents in the dollar now being returned, however very few of our clients had credit funds invested.

Report from the Board Chair

Another year with general good seasonal conditions has resulted in good water storage levels for irrigators and feed for livestock however hay supplies became very short due to drought conditions in other areas. For GMHA it was a year full of change, challenges and contemplations for the Goulburn Murray Hume Agcare Board and staff.

Change

We increased the Executive Officer's hours from three days per week to full time and expanded the position to put an increased focus on strategic organisational development. Nerida Kerr was appointed to the role and commenced mid July. After a short settling in period; we also reorganised the way the Board operated to optimise the Board members' time and expertise along with increasing the opportunity for Board member involvement in subcommittee work and strengthening organisational transparency. We now have bi-monthly Board meetings and on the alternate month the three sub-committees meet consecutively. This format has resulted in increased Board engagement with the operations of the organisation, enhanced Board collegiality and reduced Board costs.

The Board also welcomed two new Board members; Wayne Donehue and Cate Kirk who replaced Nerida Kerr and Rosemary (Rom) Reilly, who resigned due to her relocation from the GMH region.

Challenges

Once again the uncertainty of funding overshadowed the organisation and it was with great disappointment that the State Government chose to cut their funding for the Rural Financial Counsellor Coordinator (RFCC) from 1EFT to 0.5EFT for the 2013-2014 year and ceased funding the drought and flood recovery Rural Financial Counsellor (RFC). This came at the same time that SPC Ardmona cut canning fruit contracts by 50%, dairy farmers were receiving prices for their milk that were below production costs, beef prices were down and the first round of Farm Debt Mediation clients were going through the system. However we welcomed the States commitment to baseline RFC funding to the national RFC agreement until 30 June 2015.

As we faced the prospect of reducing counsellors and administration staff the Federal Government announced the Farm Finance Package and we were successful in receiving funding for 1.5EFT RFC's which meant we were able to retain all our counselling positions.

However this situation again highlighted the organisations vulnerability to Government policy and funding changes and heightened our strategic focus onto sustainable funding sources.

Likewise we had invested a lot of time and resources into corporate governance and now are in a good position to shift our focus from governance to sustainability; however we have remained diligent to continuously improving governance processes including the splitting of procedures from policies and amalgamating policies to reduce the number and some repetitiveness. The PwC audit conclusion, that GMHA has a high level of compliance with Department requirements, confirmed GMHA's strong governance performance.

Contemplations

This year GMHA Board spent a lot of time looking to the future. We prioritised Business Development within Board meeting agendas, introduced a new rolling business development reporting process and prioritised the business development subcommittee within the subcommittee structure. We also revised and redeveloped our business plan and the Board participated in an in-depth strategic planning process facilitated by RMCG, these living plans will guide the organisations development in the short and long term.

GMHA has been actively involved in the development of a future national service model which is centered on the ongoing provision of RFC services, adding additional services to support farm families, expanding our services to small rural businesses especially food manufacturing and supply chain business, further involvement in rural capacity building and supporting the implementation of Government programs and initiatives in rural regions.

Acknowledgements

On behalf of the Board, our staff and clients of the service I wish to acknowledge the funding and support we receive from the Department of Agriculture, Forests and Fisheries and the Victorian Department of Environment and Primary Industries, as none of what we do would be possible without their ongoing commitment to Rural Financial Counselling Services.

I wish to thank my fellow directors for their individual contributions to the organisation throughout the year and the counsellors and administration staff for all their work and dedication to running the service and organisation over the past year. I also wish to thank Rom Reilly for her two years of dedicated service as a Director on the Board and acknowledge the service and commitment of staff members Tim Watson (RFC) and Sue Wyse (Administration Officer) who both resigned for personal reasons during the year.

I look forward to working with everyone again in the coming year.

Steve Cohen

Chairperson

Board of Directors

STEPHEN COHEN, Chairperson

Steve 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 GMHA.



PETER GRAY, Company Secretary

Peter Gray lives in Shepparton and is a Certified Practising 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 was a founding member of the Upper Murray Rural Financial Counselling Service in 1991 and remains actively involved. She was the chairperson of North East AgCare Inc from 2000 to 2012 and served as a Director on the GMHA Board from 2006 until her resignation in July 2012 to take up the position of GMHA Executive Officer.



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.



CHRIS THOMAS

Chris is currently employed with Fonterra Australia Ltd in the Milk Supply Group. Chris manages the Fonterra Supplier Forum nationally as well as the BSC Leadership Program. He has carried out a wide degree of work in community organisations and has a passion for training and education for young farmers. Chris has been a Director of GMHA 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 GMHA 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 GMHA 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 Risk & Business Sustainability 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 various 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; 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 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. Rom resigned from her position of Director effective 15/10/2012.



WAYNE DONEHUE

Wayne accepted nomination as a Director on the GMHA Board in November 2012. Over the past 15 years Wayne has been involved with the Landcare movement, in particular with the Ovens Landcare Network and the North East Catchment Management Authority and is currently chair of the North East Ecological Farmers Group. He has helped develop, support and organise many projects encouraging sustainability in the rural areas of North East Victoria. As well as being heavily involved with community groups Wayne also runs a small rural business involved in sustainable water use. He currently lives on a small beef cattle property in the Upper Ovens area.

**CATE KIRK**

Cate accepted nomination as a Director on the GMHA Board in November 2012. She has a strong background in agriculture, in particular in the Goulburn Murray and Upper Murray areas, having been raised in the Tallangatta region. She has worked in the agricultural service industry, as an agricultural educator and as a dairy sharefarmer. Currently Cate farms part of her family farm and assists in the management and running of the commercial beef property. Cate was a participant in the 2012 Alpine Valleys Community Leadership Program and was a finalist in the 2013 Victorian Rural Women of the year (RIDC Award) (Project - Succession Planning). Cate was awarded the Charles Green Governance Scholarship for 2013 (National Award). Cate is also involved with community service groups and is a member of Albury Rotary.



Board & Committee meetings

The Board of GMHA is comprised of two representatives from each member organisation and 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 2012-13 financial year. Board subcommittees meet on an as needs basis in cycle with board meetings.

Meeting attendance

Member	BOARD MEETINGS		SUB-COMMITTEE MEETINGS	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
Nerida Kerr (Executive Officer)	8	8	15	15
Steve Cohen (Chairperson)	8	8	14	12
Peter Gray (Company Secretary)	8	6	15	11
Chris Thomas	8	6	8	7
Chris Howe	8	4	5	5
Tim Mannion	8	7	9	9

Tim Clune	8	5	11	9
Peter Huzzey	8	7	5	5
Rom Reilly	3	1	1	1
Wayne Donehue	5	5	8	8
Cate Kirk	5	5	5	5

Board subcommittees

GMHA commenced the 2012-2013 year with five subcommittees. In November 2012 the Board restructured to three subcommittees that will aim to ensure sound governance, organization, financial and risk management.

Subcommittee membership - 30/06/2012-22/11/2012

GOVERNANCE & RISK	BUSINESS DEVELOPMENT	MARKETING & SERVICE DEVELOPMENT	FINANCE	REMUNERATION
Nerida Kerr (EO) Steve Cohen Peter Gray Tim Clune Tim Mannion Paul Blackshaw (RFCC)	Nerida Kerr (EO) Steve Cohen Peter Gray Tim Clune Chris Thomas	Nerida Kerr (EO) Steve Cohen Rom Reilly Peter Huzzey Paul Blackshaw (RFCC) Chris Howard (SR) Tony Shirley (SR)	Nerida Kerr (EO) Peter Gray Chris Howe Pam Shephard (FO)	Nerida Kerr (EO) Steve Cohen Peter Gray Chris Thomas

Subcommittee membership 2/11/2012 – 30/06/2013

GOVERNANCE & RISK	BUSINESS DEVELOPMENT & MARKETING	FINANCE & REMUNERATION
Nerida Kerr (EO) Steve Cohen Peter Gray Tim Clune Tim Mannion Paul Blackshaw (RFCC)	Nerida Kerr (EO) Steve Cohen Wayne Donehue Peter Huzzey Chris Thomas Tim Clune Peter Gray Cate Kirk Paul Blackshaw (RFCC)	Nerida Kerr (EO) Steve Cohen Peter Gray Chris Howe Chris Thomas Pam Shephard (FO)

EO-Executive Officer, FO-Finance Officer, RFCC –Rural Financial Counsellor Coordinator, SR-Staff Representative

Executive Officer's Report

It is with great pride that I present my first annual report as Executive Officer of Goulburn Murray Hume Agcare Ltd (GMHA). Firstly, I wish to thank the GMHA staff and Board for all the support they have provided to me and our clients and the huge contribution they have made to the organisation and the Goulburn Murray Hume community.

Service Overview

Once again it has been an eventful year full of activity, uncertainty and change for GMHA. Our services were in high demand throughout the year as Exceptional Circumstance financial support came to an end and our farmers were faced with some very difficult financial decision making. Farm Debt Mediation (FDM) support became a core component of the counsellor's work and significantly increased the workload on top of the case management clients. We welcomed a new RFC to the team and farewelled an RFC and an Administration Officer from the Kyabram office. In addition to this we hosted a series of Farmers in Transition workshops and Horticulture in Transition workshop. The Board welcomed two new Board members, implemented a new Board and subcommittee meeting cycle and undertook a significant strategic planning process. However our biggest challenge was the significant loss of funding from the State Government, conversely we were also successful in obtaining addition funding for 1.5EFT rural financial counsellors from the Federal Government's Farm Finance Program. Meanwhile the organisations internal focus this year has been on the cost of doing business and we have reviewed all our major cost centres and had a look at how we do business to assess for achievable business efficiency gains. IT and car fleet costs and management remain a challenge for our sized organisation and our business model.

Major Service issues

The greatest threat to our service was the prolonged period of funding uncertainty and the subsequent reduction in funding received from the Victorian State Government. The Victorian Government in previous years had funded a 1 EFT RFCC position which was reduced to 0.5EFT and a 1 EFT Drought/Flood recovery RFC funding was not continued. This reduction in funding occurred during a long period of high demand for rural financial counselling services and would have significantly reduced our capacity to provide timely support to farms families experiencing financial hardship.

This situation again highlighted the organisations vulnerability to changes in Government funding and heightened our need to secure more sustainable income streams.

Farm Debt Mediation (FDM) has resulted in a considerable increase in workloads for all our counsellors. Most FDM clients are complex, have few options and resources available to them, are very stressed and have added health issues affecting their ability to manage the situation. RFC's support their preparation and attendance at FDM sessions (usually two RFC's per FDM client) and then they support them to work through the mediated outcomes which are often proving to be very difficult and takes a long time to resolve.

SPC Ardmona's fifty percent reduction in canning fruit contracts impacted on the financial and mental health of fruit growers in the Goulburn Valley and has affected the confidence of remaining contracted growers and questioned the future of the Goulburn Valley canning fruit industry. Initially this resulted in a small increase in demand on the RFC services, we are expecting demand to significantly rise over the next 12 months and beyond as people struggle to find markets for fruit and start running out of resources.

Mental health remains a major issue for farm families and continues to have significant financial impacts on families and farm viability. We now have fewer services than ever to refer clients to. More often than not the only option is to refer clients to their local general practitioners, who generally provide excellent clinical treatment but struggle to provide follow up support due to the lack of personal counselling and family case management services. This situation affects RFC's ability to achieve timely outcomes with farm families because of their impaired decision making ability due to inadequately treated mental health.

Telephone access to Centrelink customer service officers who understand benefits available to farm families is becoming increasingly difficult for our clients. People are contacting RFC's in a distressed state seeking help to access Centrelink services and payments.

Increasing client complexity exacerbated by lower farm valuations, tighter lending practises by banks and phasing out of drought/flood support programs have left clients with few options to restructure. This, together with decreasing availability of support services for rural families, is resulting in clients staying with the RFC service for long periods of time which will continue to place pressure on our services.

Operational highlights

GMHA welcomed additional funding from the Department of Agriculture Fisheries and Forestry Farm Finance Program to employ 1.5 RFC EFTs from 1 July 2013 to 30 June 2015. This funding allowed us to retain 1.5 of the EFT counsellor positions that were no longer funded by the State Government and gave us the ability to continue to provide the same level of service. The funding came at a critical time for our service as we were experiencing high service demands and it allowed us to keep our very experienced and skilled counselling team in place. We also appreciated the State Government's commitment to provide base RFC funding and .5 EFT counselling coordination position until 30 June 2015. All of which has provided some much needed stability to the service for the next 18 months.

GMHA actively worked with a representative group of RFC groups from around Australia to develop a new expanded service delivery model for future RFC service provision beyond 30 June 2015. We believe the skill set of the RFC services has a lot more to offer and could be integral service providers to help grow Australia's future in family farm agriculture production, agribusiness and strengthen the capacity of rural communities to positively adjust to change. This work will continue in preparation for future funding rounds in relation to drought policy, agriculture productivity, agribusiness and rural community capacity building.

GMHA has actively reviewed and renewed a range of organisational and operational policies and procedures for business efficiencies in response to internal audit findings in relation to policies.

GMHA hosted Graduate Diploma Counselling and Psychotherapy student Robert Scapin (BA & MBA) to complete his final placement. Robert worked alongside our RFC's to provide counselling support to a small group of clients over a six month period. Having a social counsellor within the organisation with the ability to go to farm families proved extremely beneficial and would be a model for future service delivery.

We also held a Board strategic planning day facilitated by Rob Rendell of RMCG which assisted us to clarify the organisations direction and identified a range of opportunities to achieve the desired outcomes.

Our People

The year started with my commencement as the new Executive Officer. Whilst I was very comfortable with my knowledge of the organisation and the rural financial counselling service; it was a steep learning curve into the intricacies of the organisation's daily operational, governance and strategic administration. However this was made much easier thanks to the support of all GMHA's staff, especially the administration team.

Sadly Tim Watson RFC from Kyabram left us to return to full-time farming and Sue Wyse our Kyabram based Administration Officer resigned so she could provide more support to her family. I thank both Tim and Sue for their contribution to the wellbeing of our farming community and for their services to GMHA which was greatly appreciated.

We also welcomed William (Bill) Fell to the RFC team, based in Kyabram. Bill brought with him an extensive range of agribusiness knowledge and experience and has quickly become a valued member of the RFC team.

GMHA's greatest strength is its people; we have a talented and committed team of people working within the organisation and a capable Board who provide leadership and oversight. GMHA recognises the importance of supporting our team with ongoing professional development, professional supervision and are actively working towards being an employer of choice. We value all our staff and know the investment it takes to skill up new staff members, particularly RFCs because of the unique skill set they possess. For this reason we are actively working to keep our whole team in place to ensure we can continue to provide high quality services throughout the region.

Acknowledgements

I acknowledge all the GMHA team for their good humour, tireless work and dedication to their jobs and for the support they provide to farm families in the Goulburn Murray Hume region. I thank to the Board of Directors for putting their trust in me, their leadership and courage to reposition the organisation's strategic focus and their preparedness to take on an uncertain journey.

I would also like to thank DAFF and DEPI staff and management for the support they have provided to myself and GMHA throughout the year, and also the other RFC service Executive Officers, their Boards and staff who we have worked with around Australia to deliver much needed rural financial counselling and support services to farmers, small businesses and rural communities.

Nerida Kerr

Executive Officer

Rural Financial Counsellors Report

Major Focus of Activity

The number of clients assisted by the service in 2012-2013 was down approximately 30% from the previous year. This is partly a reflection that we didn't see the high number of flood clients as we did the previous year. Despite the lower client numbers the RFC's have had a very busy year. The complexity and difficulty of issues faced by clients is constantly increasing. RFC's need to spend a considerable amount of time working with clients to dissect, understand, prioritise and develop action plans. In many cases there are no clear or positive pathways for the client and the number of clients facing major financial difficulty, including insolvency and bankruptcy issues, continues to grow. Banks are frequently placing ultimatums on clients and are often referring farmers to our service as a last resort prior to Farm Debt Mediation.

As well as practical support, clients also need a lot of "emotional" support in these circumstances as things start to unravel around them. RFC's spend considerable time and emotional energy in these very difficult cases. We continue to see clients presenting with mental and physical health issues and have ongoing concerns around the lack of provision of services, in particular personal counselling.

Assisting clients with Farm Debt Mediation has become a major part of our work. The service has been involved in 35 Farm Debt Mediations with corresponding jump in the type of assistance given in ARC (now 31% of all time). This work takes substantial time, as many clients are new to the service, referred by the Office of Small Business Commissioner, who manage Farm Debt Mediations in Victoria. RFC's take considerable care to uncover all the facts, build client trust and rapport as well as develop a multitude of options for clients to take to the mediation.

In April SPC Ardmona, the local fruit cannery, made significant cuts to its intake dropping 60 growers totally and dramatically reducing another 170. We have had some increase of clients in this industry through working with Department of Environment and Primary Industries (DEPI) on a farm visit program, as well as attendance at various industry meetings and workshops. This is a particularly difficult sector to work in with engagement complicated by cultural issues and we are finding that those farmers who do engage have very few options open to them.

The service has worked with 39 clients who are participating in the Centrelink Transitional Farm Family Support Package (TFFP). These clients are taken through a twelve month action planning process that has proven to be a useful tool to engage farmers in change. Uptake of this program is low, as many clients are deemed ineligible having accessed previous Centrelink programs such as the Climate Change Action Program (CCAP).

Client Outcomes

The major shift in client outcomes is that a number of clients are now returning to profitability as a result of improved seasonal conditions. Otherwise client outcomes are extremely variable depending on individual business and personal circumstances. The Farm Debt Mediation process is a positive step in some ways, as it “forces” clients to face reality and make necessary changes.

Clients are continuing to change on-farm management or enterprise, while many are selling assets such as land and water to reduce debt. A number of clients have left agriculture either by choice or through the actions of banks and/or creditors. Off farm income by at least one member of the farm family continues to be a significant part of most farming enterprises in our service area.

Community Development.

Promotion of the service and maintaining networks has continued during the year; however it is an increasingly difficult task. We have found that our service has needed to take a lead in a number of areas such as running Farming in Transition Workshops and local service provider’s breakfasts. The size of our referral networks, in particular personal support and welfare support, has continued to shrink.

The SPC Ardmona cutbacks have given us an opportunity to raise our profile in the Shepparton and Cobram areas, not just within the fruit industry, but overall. We have reinforced our role as an integral part of a strong support network in this area.

Future Outlook.

The 2013-2014 season has started in brilliant fashion with excellent growing conditions. Most commodity prices are at sustainable levels including significant increases in milk price. Many farmers will continue their recovery post-drought with the RFCS working positively with many clients faced with the lovely decision of how best to use previous year’s profits.

However we continue to work closely with a smaller number of clients who have very major and complex issues. These usually have unsustainable debt levels and look unlikely to recover aside from significant changes or adjustment. In many cases the winding up of the farm business, and in some cases bankruptcy, are likely. While it is emotionally and physically draining for RFC's working with these clients, it is a privilege to assist people through major life changing decisions. They often have no one else to turn for support. Farm Debt Mediation will be an increasingly important part of this process, and the RFC's are becoming extremely skilled in assisting clients in these mediations.

It appears that property prices will continue to reduce. There are a large number of farms on the market; some for many months. There have been suggestions that a significant correction of property prices is looming and this may have major implications for the equity positions of farmers. It is probably that a large number of clients will have to take a much more realistic view of the value of their property to meet the market and move on. This is particularly the case for orchards and dairy farms in some areas.

The cutbacks announced by SPC Ardmona are likely to lead to a significant structural adjustment in the Goulburn Valley. Growers will face major change with many looking at alternative enterprises or leaving the industry or farming altogether. Although uptake of our service has not been all that high we believe it will increase significantly later in 2013. This may not be until realty begins to hit home and for some this will not be before they start picking unwanted fruit.

Paul Blackshaw

Rural Financial Counsellor Co-ordinator

Year in Review

During 2012-13 GMHA's strategic focus 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 2012 - 2013

CLIENT SERVICE

Our service assisted 399 clients in 2012-2013, including an increasing number of clients with very complex issues and farmers going through the Farm Debt Mediation process. The majority of our clients were from the dairy industry in the Goulburn Valley region, however, we also provided services to farm businesses in the sheep, beef cattle and grain growing sector and demand in the horticulture sector has continued to increase. We were successful in assisting a number of clients to returned to profitability, others required assistance to access Government support programs. Most clients were able to adjust within agriculture; however a small percentage were assisted to adjust out of farming. We also helped a small number of clients to restructure their small rural businesses. On average our clients overall financial position improved during the past year.

WORKSHOPS

Farmers in Transition Workshop Series

GMHA, in partnership with DEPI, La Trobe University, Centrelink and a number of local Governments, developed a series of futures planning workshops in North East Victoria and the Goulburn Valley.

Workshop 1 – 'Next Generation Farmers' was conducted on Tuesday 16th April 2013 at Whorouly Victoria. The workshop provided a range of information aimed at people interested in taking on the family farm. The workshop was well attended by young farmers in the region.

Workshop 2 – 'Today's Farmers Looking Towards Tomorrow' on Wednesday 17th April 2013 was also held at Whorouly. Information aimed at existing farmers looking to change their farming operation by bringing a family member into the farm business, looking at other farming options or considering transitioning into retirement.

Workshop 3 – 'Getting the Most from Working with Professionals' was held at Beechworth on Tuesday 21st May 2013. The workshop was aimed at people considering transitioning into farming, transitioning out of farming or adjusting within the farm business. The workshop provided a range of technical information, understanding what farmers can expect from the different professionals and preparation to maximise their investment in professional expertise.

AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH

On 19 April, GMHA's Kyabram team and Director Peter Gray hosted La Trobe University and visiting Indian agriculture officials and researchers as part of the Australian government's ACIAR project, focused on the administration of the Watershed Development program. Details of the project are available at <http://aciar.gov.au>. The RFC service was included in their study tour to illustrate how governments in Australia have programs targeting rural 'assistance'.

The group included the Principle Secretary and two senior officials from the Andhra Pradesh Department of Rural Development, one official from the national government that monitors the state's administration of Watershed Development (called the National Rainfed Area Authority) and three researchers from the Indian Institute of Management and one researcher from the International Water Management Institute.

GRADUATE STUDENT PLACEMENT

GMHA hosted graduate student Robert Scapin (BA & MBA) who completed his final placement for his Graduate Diploma in Counselling and Psychotherapy. Rob worked alongside our rural financial counsellors to provide counselling support to GMHA clients over a six month period.

POLICY REVIEW & DEVELOPMENT

Policy review and development has been ongoing throughout the year. The major focus has been around developing Business Continuity and Disaster Recovery policy, plans and procedures.

PLANNING

Business/Strategic Planning - Board Business Planning workshops were conducted in August 2012 and April 2013. The April workshop was facilitated by Rob Rendell, Principal Consultant with RMCG Business Consultants. Following on from the workshop the direction of the organization was assessed and the 2011-2015 Business Plans revised.

Risk Appetite Statement - GMHA recognises that the management of risk is a key component of delivering our vision. Importantly, a clear statement of GMHA's willingness to tolerate risk was established by the Board. As such the Board developed and adopted a formal Risk Appetite Statement.

Risk Management Plan – The 2011-2013 Risk Management Plan was reviewed in September 2012 in compliance with DAFF Deed of Grant.

Board Subcommittee Review – In November 2012 the Board restructured from five to three subcommittees, ie Finance and Remuneration; Business Development & Marketing and Governance and Risk.

WEBSITE DEVELOPMENT

A review of the GMHA website was conducted in May 2013 and the Board approved redevelopment of the site to improve function and usability by all Board, staff members and clients.

AUDIT/PERFORMANCE REVIEWS

The final report for the National RFCS Performance Assessment of GMHA, conducted by PricewaterhouseCoopers in May 2012, was received in April 2013. The overall performance assessment and conclusion from the review was that RFCS Vic GMH was assessed as a “High” performing organization. Underpinning this assessment was the organisation’s high level of compliance with Department requirements, as well as additional instances where the auditors believe our organization had demonstrated better practices and/or innovation.

An internal financial audit was also carried out by an external auditor, no significant issues were identified.

Activities

The following activities were undertaken in accordance with the objectives of GMHA’s communications plan.

CORPORATE IDENTITY

- Continual development of GMHA website.
 - GMHA Quarterly Newsletter.
-

MARKETING / MEDIA

- Radio Interviews and service promotion on ABC radio.
 - Regular media releases and advertising of the service through local newspapers, other service providers publications and directories.
-

TRAINING, SEMINARS & WORKSHOPS**RFCS Training 2012-13**

- Advanced Professional Supervision Workshop
 - Web matrix Training
 - Suicide Awareness Workshop
 - VTARCG Training Conference, Yarra Valley
 - Level Two First Aid, Kyabram
 - ASIC Financial Literacy Training
 - Family Violence Awareness Workshop – Womens Health North East
 - Mental Health First Aid
 - Cropping review/Outlook – John Sykes
 - Dairy Australia Taking Stock Accreditation
-

- VTARCG Training Conference, Creswick
- Defensive Driver Training
- Manual Handling Training
- Bankruptcy & Insolvency Workshop

Admin Staff Training 2012-2013

- Microsoft Excel and Outlook - RFCS Admin Conference Bendigo,
- Mental Health First Aid
- ACNC Training Melbourne

Board Training 2012-2013

- Director Cate Kirk was awarded the Charles Green Governance Scholarship for (2013) and in June attended a Governance Training course in Melbourne for five days during June 2013. Training sessions will be ongoing over the next 12 months.

EVENTS, MEETINGS & NETWORKING ACTIVITIES

Presentations at:

- DPI/GMH Agcare Service Providers Breakfast, Wodonga (Oct 12)
- Banksia Information Day, Kyabram
- Alpine Valleys Community Leadership Program
- Womens Rurality and Economic Abuse Forum
- DPI Better Beef Group
- Indian Agriculture Delegation
- Fruit Growers Victoria Meetings (Shepparton & Cobram)
- Farmers in Transition Workshop run by GMH Agcare (Whorouly X2)
- Farmers in Transition Workshop run by GMH Agcare (Beechworth)
- Aust Government Mobile Service Unit (Centrelink Bus), Cobram
- DPI/GMH Agcare Service Providers Breakfast, Wodonga (May 13)
- Oaklands Agribusiness Diploma Students

Attendance and participation at:

- Moira Shire Flood Recovery Meetings
- Echuca Primary Care Partnership
- Campaspe Shire
- DHS Regional Flood Recovery Meeting
- Rochester CFA Meeting
- Farmers Forum, Wangaratta
- Murray Dairy Network Breakfast, Kiewa
- Murray Dairy Service Providers Breakfast, Shepparton
- Dairy Australia/DPI Down to Business Workshop
- Goulburn Murray Water Project Briefing
- Murray Dairy Business Forum

- Murray Dairy Tactics for Tight Times
 - Murray Dairy Service Providers Breakfast, Shepparton
 - Murray Dairy Service Providers Breakfast, Echuca
 - DPI/Dairy Australia Down to Business Workshop
 - Goulburn Murray Water Briefing
 - Numurkah and District Health Service Meeting
 - Campaspe Primary Care Partnership
 - GRDC Farm Business Update
 - Goulburn Murray Water – Water Pool and Irrigation Update
 - Farmer Power Meeting
 - ABARE Conference (Canberra)
-

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 2012 to 30 June 2013

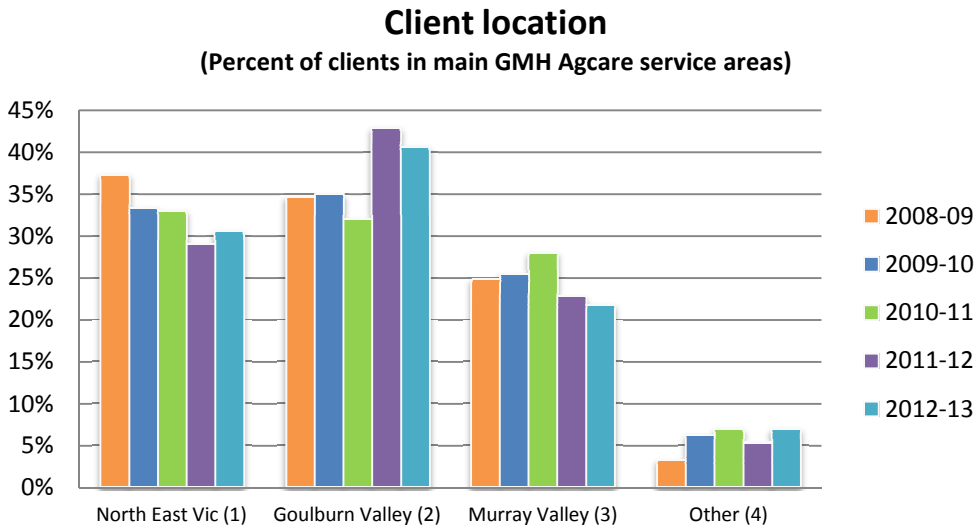
ANNUAL SNAPSHOT

	2009-10	2010-11	2011-12	2012-13
Number of RFCs (FTE)	7.2	7.2	7.2	7.2
Number of clients assisted	583	622	573	399
Average clients per RFC	81	86	80	55
Primary enterprise type:				
Dairy farming	40%	38%	38%	39%
Sheep, beef cattle & grain growing	36%	31%	27%	26%
Major assistance type:				
Business Planning, cash flow & viability	31%	27%	24%	38%
EC Assistance	30%	24%	1%	0%
Debt Mediation (Inc FDM)	11%	13%	17%	31%
Clients on an action plan	71%	83%	84%	88%
Avg hours of assistance per client (ex travel)	9.6	7.6	7.9	13.9
Avg hours of travel per client	2.3	1.7	1.7	1.9
Major cause of client difficulty - Climatic variation	70%	69%	69%	58%
Client financial position:				
Average debts	\$643,233	\$710,760	\$726,405	\$535,098
Average bank debts	\$545,193	\$587,966	\$623,649	\$449,255
Average income position	-\$ 63,433	-\$ 52,991	-\$47,640	-\$38,933
Client outcomes:				
Government assistance (EC)	56%	31%	12%	7%
Government assistance (Other)	13%	29%	43%	54%
Adjusted with primary production	19%	26%	35%	25%
Adjusted out of agriculture	10%	11%	9%	11%
Client referrals:				
To GMHA	464	352	243	158
From GMHA	269	443	297	221

CLIENTS SUPPORTED

Client numbers dropped around 30% from the previous year. This is partly due to a shift away from assisting farmers in crisis (ie drought and flood). There was a corresponding increase in the time spent with each client reflecting the increase in complexity of the issues faced by clients. The time spent on debt mediation, including Farm Debt Mediations has risen dramatically.

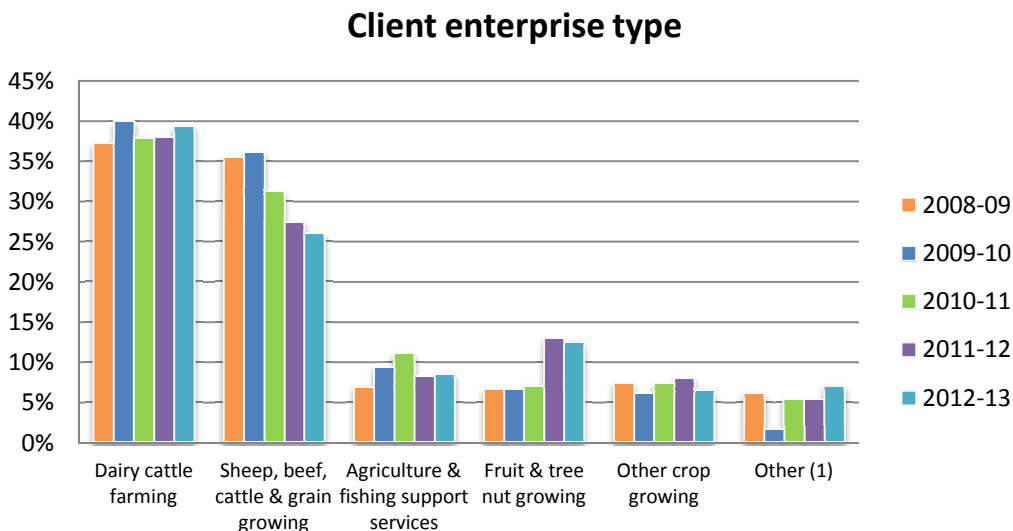
AREAS SERVICED



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

The majority of our work continues to be in the Dairy industry (39%). We have continued to see slightly less demand in the Sheep, beef cattle and grain growing sector (26%) perhaps as a reflection of the improved cropping conditions, while demand in the horticulture sector has continued to grow (13%).

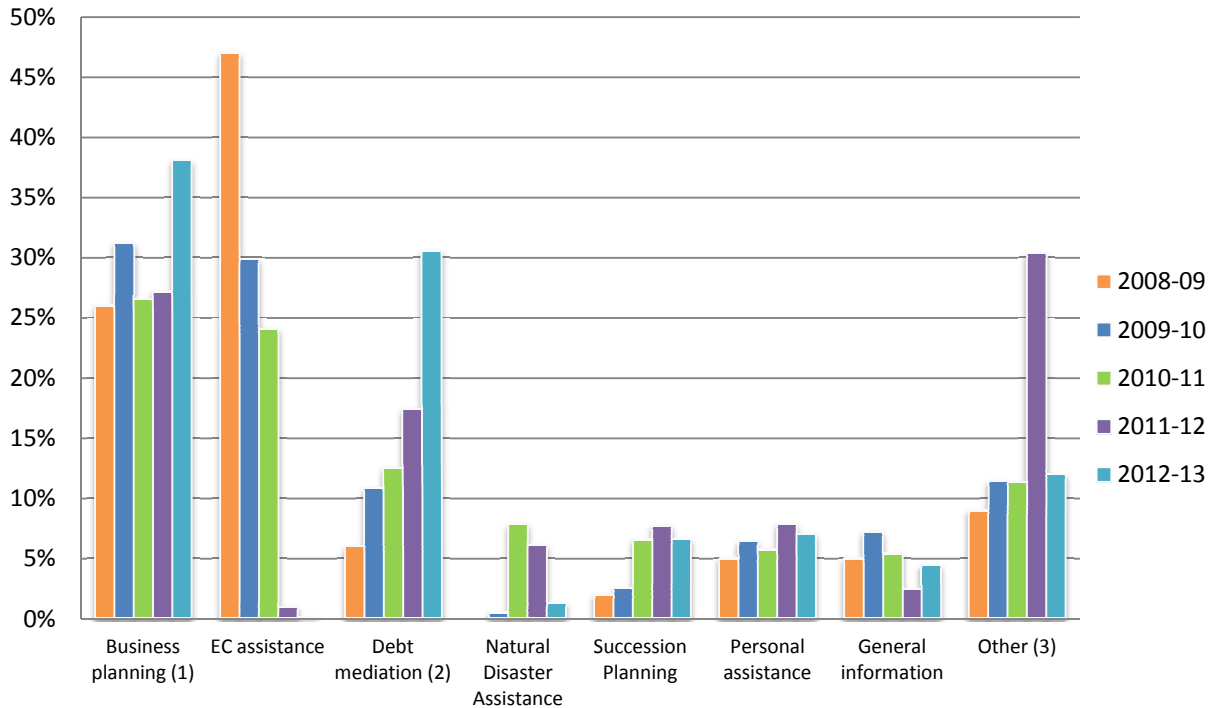


1. Includes: Other livestock farming, Nursery and floriculture production, Mushroom & vegetable growing, Poultry farming

ASSISTANCE GIVEN

With the impact of Exceptional Circumstances now well behind us the main assistance we give clients has continued to move away from EC assistance towards business planning, including cash flow analysis and viability analysis. Assisting clients with debt mediation, including Farm Debt Mediations has risen dramatically and is now the second most common assistance type at 31%.

Type of assistance given
(Percent of total assistance time, excl travel)

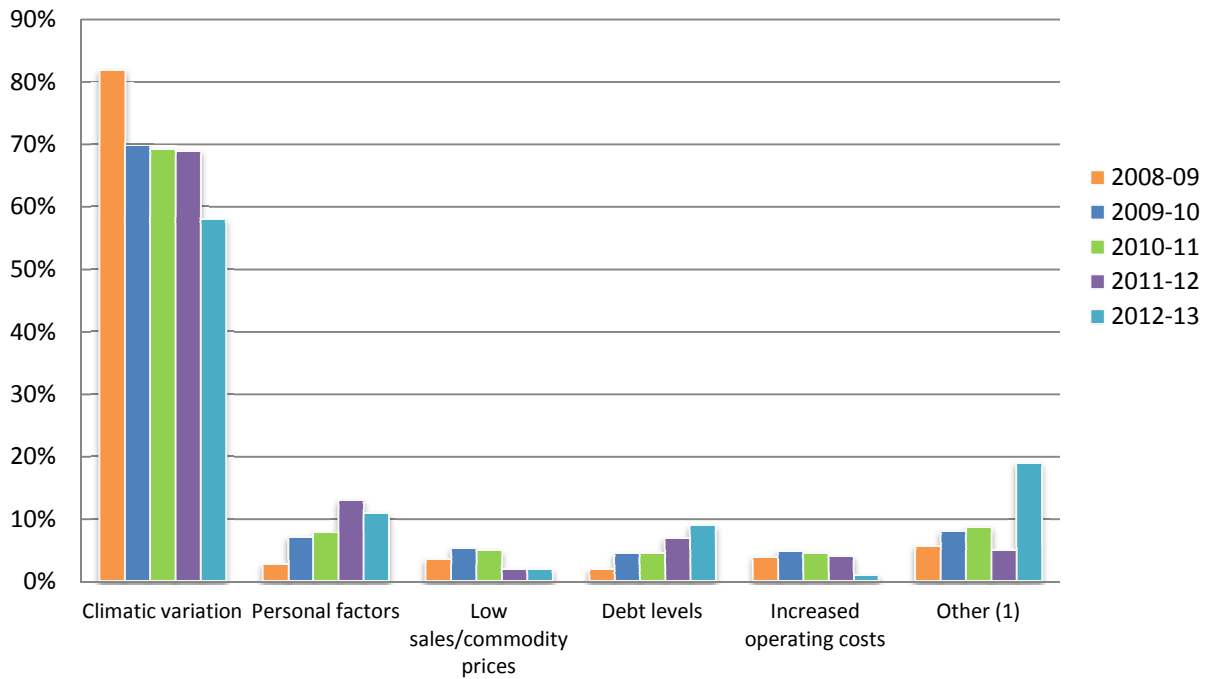


- 1. Includes cash flow analysis and viability analysis
- 2. Includes Business and Farm Debt Mediation
- 3. Includes CCAP and TFFP

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. Personal factors, debt levels and enterprise management skills were other factors causing difficulty

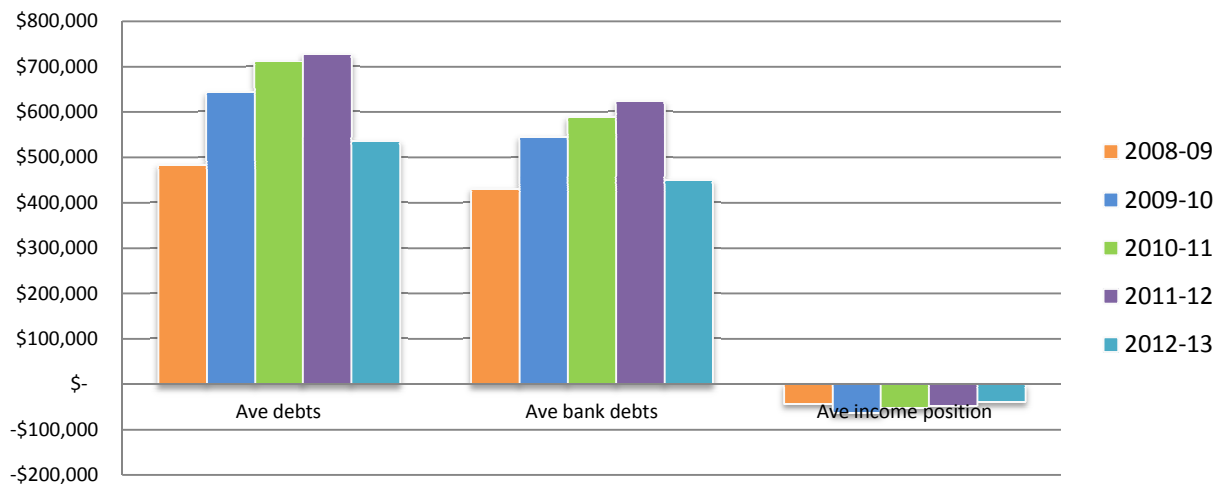
Major cause of client difficulty



CLIENT FINANCIAL POSITION

Clients overall financial position has improved in the past year. This is a reflection on continued improvement of climate conditions and recovery from the long term drought.

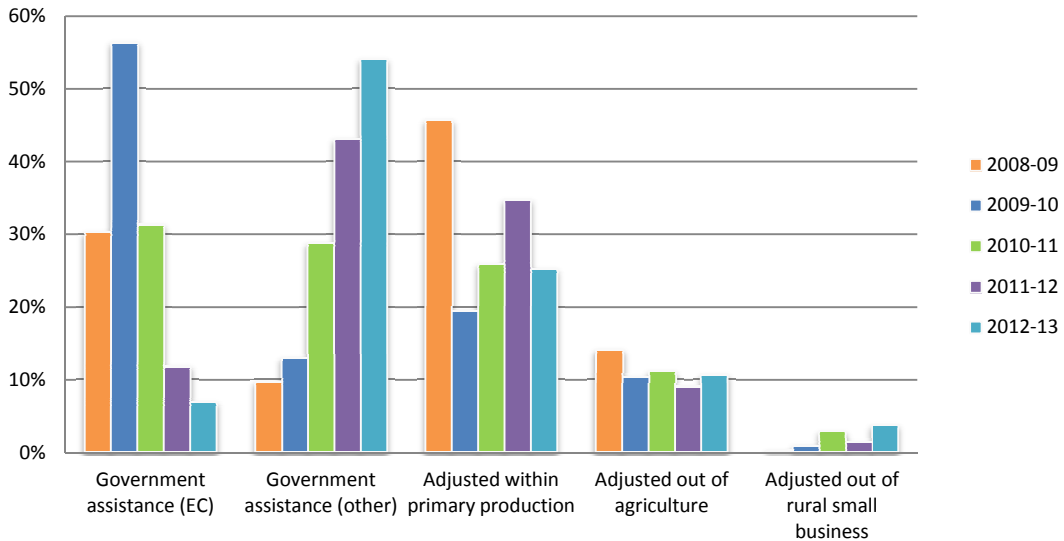
Client financial position



CLIENT OUTCOMES

Client outcomes as a result of EC assistance has virtually ceased, while other Government assistance continued to grow. This is a reflection of clients who concluded their commitments under the CCAP or TFFP programs, but also clients that we assisted in recovery post 2011 and 2012 flooding.

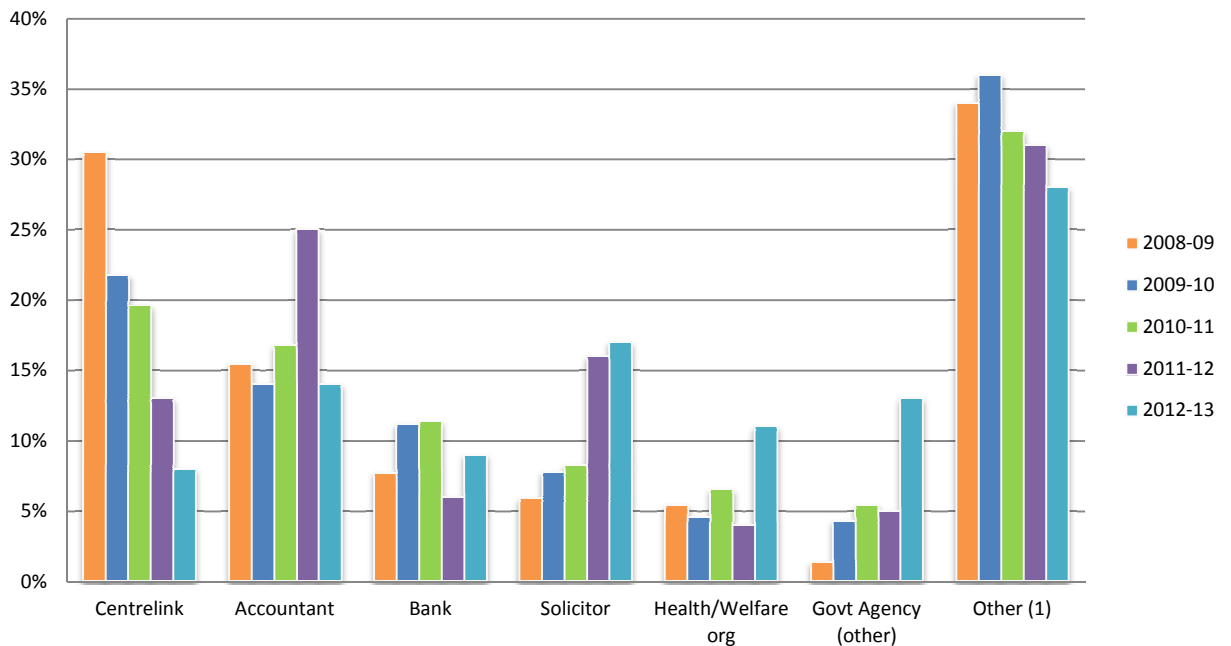
Client outcomes



REFERRALS

GMH Agcare received a total of 158 referrals and made 221 client referrals during the 2012-13 financial year. Continued declining referrals reflect the “shrinking” of referral networks post EC declaration.

Client referrals to other organisations / professionals



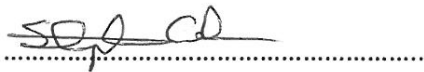
1. Other includes Industry organisation, DAFF, Financial Planner/Advisor, Rural Consultant, Water Authority, Doctor, Training organisation, Community group, Insolvency agency, Transition Support Service, MP, Another RFC, Real estate agent, Associate, Stock agents.

Financial Report

Audited financial statements for the year ended 30 June 2013 are included in Appendix 1

Funding Certification

I, Stephen Cohen of 73 Tatura-Underra 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 'S. Cohen', is written over a horizontal dotted line.

Stephen Cohen
Chairperson

Date: 24 October 2013



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



Goulburn Murray Hume Agcare Ltd

Trading as

RFCS Victoria - GOULBURN MURRAY HUME

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