



## Goulburn Murray Hume Agcare Ltd

Trading as  
RFCS Victoria – Goulburn Murray Hume

# 2012 – 2013 Year in Review

Annual Report Summary



## About us

Goulburn Murray Hume Agcare Limited (GMHA) is a Rural Financial Counselling Service based in the Goulburn Murray Hume region. Under the trading name RFCS Victoria – Goulburn Murray Hume, the company is fully funded by Federal and State Governments to provide rural financial counselling services to communities in Upper North East, Murray Valley, Goulburn Valley and parts of Northern Victoria and bordering regions of Southern New South Wales. 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.

Prior to the formation of GMHA in June 2006, rural financial counselling services were offered by the community based groups G V Agcare Inc, Murray Valley Rural Industry Assistance Group Inc and The North East Agcare Group Inc (which includes Upper Murray AgCare). The Murray Valley Rural Industry Assistance Group Inc de-registered in 2010 and the remaining groups are now the sole members of GMHA and make up the Board of Management along with an accountant and other invited members of the community with relevant skills and knowledge to offer.

Separate from the Rural Financial Counselling Service project, the company has also received funding from Murray Valley Rural Industry Assistance Group to use for local Community Development projects in the Moira Shire region.

GMHA has offices at Wodonga, Benalla, Kyabram and Numurkah with outreach in the Shepparton and Alpine Valleys regions. The Executive Officer, Rural Financial Counsellor Coordinator, Finance Officer and Administration Staff are all based at the head office in Wodonga.

## 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 and Transitional Income Support 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.

# Season Review

## Operational

The year started with the appointment of a new Executive Officer, Nerida Kerr. 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. We also welcomed William (Bill) Fell to the rural financial counselling 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.

In October 2012 NE Agcare Member Director Rom Reilly resigned from the Board and in December the Board welcomed two new Directors from NE Agcare member group, Cate Kirk and Wayne Donehue. In November 2012 the Board restructured to three subcommittees (Governance & Risk, Finance, and Business Development & Marketing) that will aim to ensure sound governance, organization, financial and risk management.

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.

GMHA welcomed additional funding from the Department of Agriculture Fisheries and Forestry Farm Finance Program to employ 1.5 EFT rural financial counsellors 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. We also appreciated the State Government's commitment to provide base RFC funding and .5 EFT counselling coordination position until 30 June 2015.

For further information, you are welcome to view GMHA's full annual report and 2012-2013 and audited financial statements, which are available on the Goulburn Murray Hume Agcare's website. <http://www.gmhagcare.org.au>

## 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. High dam levels and good winter runoff led to 100% irrigation allocations in all irrigation districts in our area. The start of the 2013 growing season has been excellent. 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%.

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, electricity and irrigation expenses. Hot dry spells in late spring and summer impacted production and milk quality.

Cropping harvest was completed in near ideal conditions. Despite the dry late spring wheat yields were generally average to 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.

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.

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. 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.

The fruit harvest was fairly uneventful with yields above average. Marketing continues to be a major impediment. A number of problems caused by the 2012 floods emerged with some trees originally thought to be undamaged needing to be removed. In late April SPC Ardmona, announced they were making cuts to intake with approximately 60 growers quota cut totally and another 170 affected. It is anticipated the cuts may lead to the removal of around 750ha of orchard. The market for both vineyards and orchards remains significantly depressed with very few sales. This reduces the options for our clients who may be relying on selling the asset to remain viable.

The Kyabram based financial institution Banksia was placed into liquidation in October 2012. A number of our clients were Banksia borrowers. 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. Credit funds were frozen with 65 cents in the dollar now being returned, however very few of our clients had credit funds invested.

## Key Achievements

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.

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### 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.

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## **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 16<sup>th</sup> 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 17<sup>th</sup> April 2013 was also held at Whorouly. Provided 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 21<sup>st</sup> May 2013. It 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.

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## **AUSTRALIAN CENTRE FOR INTERNATIONAL AGRICULTURAL RESEARCH**

On 19 April, GMHA's Kyabram team and Director Peter Grey 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 Rural Financial Counselling service was included in their study tour to illustrate how governments in Australia have programs targeting rural 'assistance'.

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## **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.

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## **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.

# Looking ahead

## Operational

The organisation currently provides a rural financial counselling service. In the future, these services will be expanded to achieve community health and welfare outcomes that collectively promote our Vision by enabling and resourcing rural people; leading to viable, sustainable businesses and healthy thriving communities.

In 2012-2013 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.

## Rural Outlook

The 2013-14 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. Our RFC's will 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 to 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.

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.



*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

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