



# ANNUAL REPORT

## 2015-2016

**Supported by the Australian and Victorian Governments**



Mixed dairy herd - Nambrok

**The Rural Financial Counselling Service  
Victoria – Gippsland  
(RFCSV-G)**

is funded by the

**Department of Agriculture and Water Resources**

and the

**Department of Economic Development, Jobs, Transport &  
Resources.**

The Board of the Rural Financial Counselling Service  
Victoria – Gippsland gratefully acknowledges the generous support of  
the following contributors to the service  
in 2015 – 2016:



**Australian Government**

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**Department of Agriculture  
and Water Resources**



**Department of  
Economic Development,  
Jobs, Transport & Resources**

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## SERVICE CONTACTS

### Executive Officer:

Kylie Holmes	Leongatha	03 5662 2566
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### Admin/Finance Officer:

Megan Colahan	Leongatha	03 5662 2566
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### Offices:

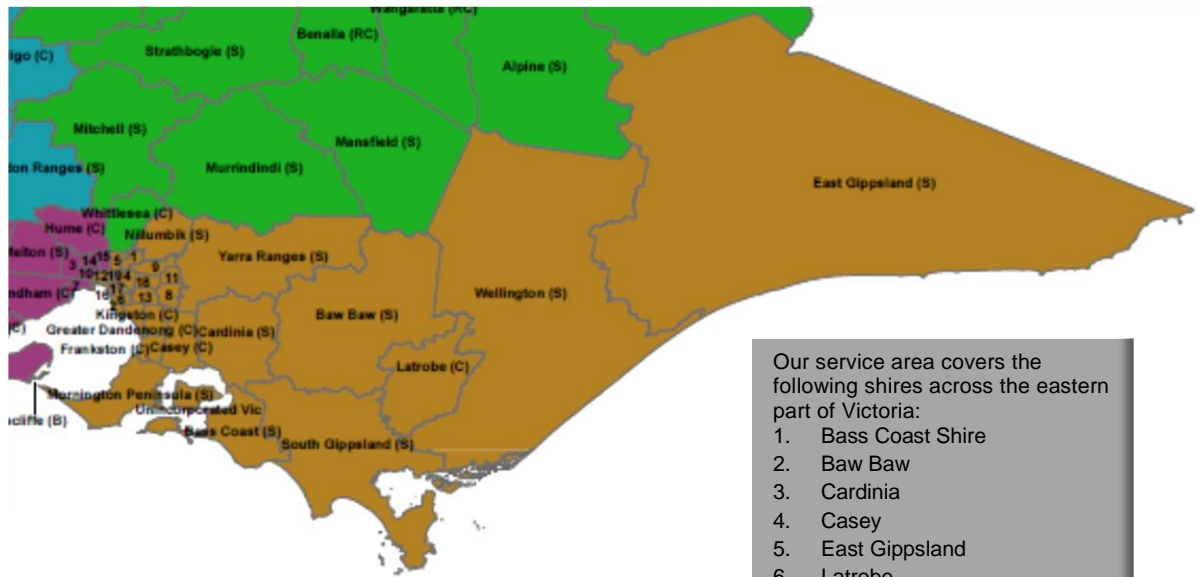
Leongatha	03 5662 2566
Maffra	03 5147 0855
Ellinbank	03 5624 2286
Bairnsdale	03 5152 1514

### Rural Financial Counsellors/Coordinator:

Jenny Mason - Coordinator	Maffra	0400 182 840
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Jane Coots	Ellinbank	0418 511 460
Anne Gilligan	Leongatha	0418 512 298
Trudi Laing	Maffra	0427 618 520
Peter Pauwels	Bairnsdale	0429 991 956
Marshall Scott	Leongatha	0407 898 735
Wayne Sanders	Leongatha	0419 245 734
Warrick Wilson	Maffra	0427 568 602

## OUR SERVICE AREA



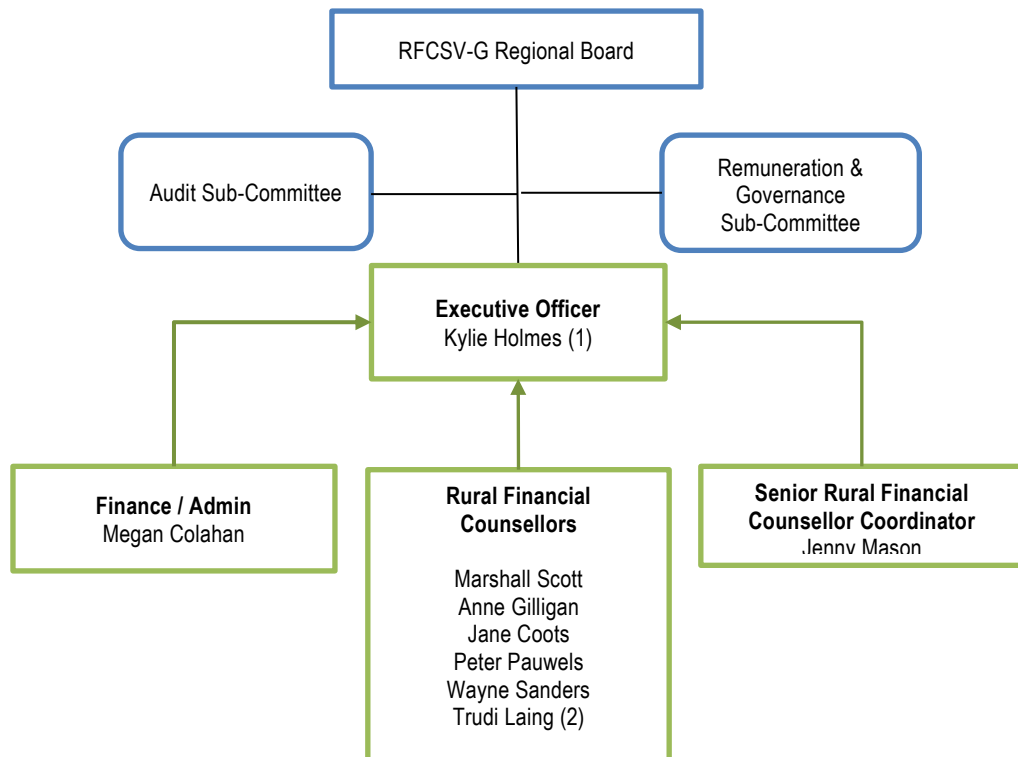
Our service area covers the following shires across the eastern part of Victoria:

1. Bass Coast Shire
2. Baw Baw
3. Cardinia
4. Casey
5. East Gippsland
6. Latrobe
7. Mornington Peninsula
8. Nillumbik
9. South Gippsland
10. Wellington
11. Yarra Ranges



Toongabbie canola fields

## ORGANISATIONAL STRUCTURE



(1) Kylie Holmes replaced Peter Jennings in September 2016.

(2) Trudi Laing replaced Ross Neilson who retired in July 2016.

## BOARD OF DIRECTORS

### Chairman

**Mr Richard Habgood** Dip. Agriculture, Bach. Economics, Grad. Dip. Marketing, Grad. Cert. Evaluation.

Richard Habgood has been a board member since 2010 and was appointed Chair of the Board in November 2011. Richard is a member of the Remuneration and Governance Sub-Committee.

Richard has lived in West Gippsland since 1979 working for much of the time for the former Department of Primary Industries. He has provided consultancy services to industry development organisations and government departments.

Richard's early roles with DPI as a farm management economist and manager for the delivery of DPI field services in West Gippsland has given him broad experience across the agriculture sector in Gippsland. He was the program manager for DPI's dairy RD&E activities and as well as being involved in policy development.

He has also been involved in service clubs and a range of community activities in the Warragul district.

### **Vice Chair and Treasurer**

**Mr Robin Lowe** has been a board member since 2012 and was appointed Vice Chair of the Board in 2016. Robin is the Chairman and Treasurer of the Audit Sub-Committee.

Robin grew up on a small dairy farm in South Gippsland before completing his Bachelor of Business at Monash University. He is a Senior Principal of Crowe Horwath, an integrated financial services provider within Gippsland and part of an international accounting network.

Robin has over 35 years in public practice and has spent his entire working career in advisory roles. A diverse client base of small to medium enterprises provides exposure to a very wide range of business situations. He has a keen interest in the not-for-profit sector and is a long serving President of the Sale Tennis Club as well as serving on advisory committees with Tennis Victoria.

Robin is a Fellow of the Institute of Chartered Accountants, a Registered Tax Agent and a Registered Company Auditor.

### **Past Vice Chair**

**Mr Alan Clyne** was an inaugural member of the RFCSV-G Board and was Vice Chair up until his retirement from the Board in early 2016.

Alan has been actively involved with the management of the family's two dairies for over 50 years, and its previous beef enterprise.

Alan has enjoyed involvement with many agricultural organisations at board level including the Maffra Herd Improvement Centre for 28 years, with 5 years as Chairman. He was also an inaugural Chairman of Beefcheque.

Alan and his wife Christine have implemented many changes to their farming business, and are in the process of implementing succession to their children.

*The Board thanks Alan for his long standing commitment and contribution to the Rural Financial Counselling Service Vic-Gippsland, and its predecessor, the Gippsland Rural Financial Counselling Service.*

### **Secretary/Public Officer**

**Ms Leonie Coleman** has been a board member since 2008 and is the Secretary/Public Officer. Leonie is a member of the Remuneration and Governance Sub-Committee.

Leonie grew up on a dairy farm in Tinamba and was actively involved in the management of her in-law's beef property at Glenmaggie for many years. Leonie originally trained as a nurse after leaving school and has worked in corporate roles in both the health and community sectors.

Leonie has also managed private businesses and is currently employed at ImpRes Pty Ltd.

Leonie has extensive knowledge of accounting principles, human resource management and all legal facets of publicly funded organisations.

Leonie is a Graduate of the Australian Institute of Company Directors (GAICD).



## **Members**

**Mr Garry Van Sinderen** has been a Board member since 2010 and is a member of the Audit Sub-Committee.

Garry lived on a dairy farm until he was married. After leaving school, he obtained his Diploma of Business Studies with an accounting major.

Garry's working life has been varied with five years with the State Bank of Victoria, twenty years in water industry management dealing with water catchment, treatment and distribution, and wastewater treatment disposal. This was followed by fifteen years in aged care management in charge of Woorayl Lodge, an aged care facility in rural Victoria. This range of work resulted in extensive experience in board governance, human resources and financial management of not-for-profit organizations. Additionally, Garry gained an increased level of understanding for the needs of others. Garry was appointed a Justice of the Peace in 1996.

**Mr Geoff Stephens** has been a board member since 2011 and is a member of the Audit Sub-Committee.

Geoff has been engaged in farming all his life having grown up on the family farm at Loch in South Gippsland.

In 1984 Geoff and his family moved to Denison where he dairy farmed for 14 years before selling that farm and moving a short distance to their present property on the Thompson River with beef cattle.

As well as a lifelong interest in mainstream politics, Geoff has always been involved in rural politics through the UDV and District Council and then Central Council. Additionally, Geoff was a founding member of Vic Stock which was initially formed to get a fairer price for calves and cattle.

Even though Geoff is no longer involved in dairying he still takes a keen interest in the affairs of the industry as well as broader rural issues.

**Mrs Chris Trotman** - JP; GAICD; MoE, B.Bus (Acc); Grad Dip Ed (Health); Gen Cert Nursing.

Chris has been a board member since 2012 and is a member of the Remuneration and Governance Sub-Committee.

Chris is a former CEO in the not for profit sector has a background in nursing, accounting and business management. Chris is a member of several Boards, including Parks Victoria and Gippsland Southern Health Service and also serves on a number of audit and risk committees.

Chris lives in South Gippsland and is involved with her family's beef farm, taking a keen interest in calf rearing and genetics.



**Mr Aubrey Pellett** - Dip. Farm Mgmt, Bach. Commerce (Farm Mgmt Major), Post Grad Dip. Info Systems, Dip. Company Directors (GAICD).

Aubrey has been a board member since 2012 is also a member of the Audit Sub-Committee for the RFCSV-G.

Aubrey lives at Hill End in West Gippsland where he has operated a dairy farm business since 2002. Before farming Aubrey worked in rural and retail banking and for Bonlac Foods during 2004 – 2005 as a field officer in Gippsland.

Aubrey was a director of GippsDairy between 2010 and 2014. He is now Deputy Chairman of the Bonlac Supply Company and has also been a Fonterra Forum Delegate since 2012.

Aubrey was awarded a 2014 Nuffield Scholarship, supported by the Geoffrey Gardiner Dairy Foundation.

### **Executive Officer**

**Mr Peter Jennings** B Sc; Grad Dip Ed; Dip Management; GAICD.

Peter is from a farming family, originally in NSW. He worked as a science and maths teacher in NSW before moving to Giffard in Gippsland to resume his involvement in farming in 1981. Peter has a history of community involvement including time in local government. Peter also has experience in corporate governance and is a graduate of the Australian Institute of Company Directors.

Peter commenced with the Service as a rural financial counsellor in 1997, a position he held for four years. He returned in 2007 to take on the role of Executive Officer and will leave in September 2016 after nine successful years.

**Kylie Holmes** CPA, B Bus (Accounting), GAICD.

Kylie commenced in the Executive Office role in September 2016. Kylie has worked in the banking and finance industry, and more recently with water service and supply organisation in various management roles including finance, IT, regulation and business services. Working with water service organisations, Kylie has had involvement with the rural and farming sectors assisting with water supply services.



Alan Clyne (retiring Board member) and wife Christine, Richard Habgood, Peter Jennings (April 2016)

## STAFF PROFILES

### **Administration / Finance Officer**

**Ms Megan Colahan** was employed by the Gippsland Farmers Support Group prior to the merge of the two Gippsland services in 2006. She has continued in her role since this merge, assisting the Executive Officer and providing admin support to the counsellors. Megan's position is to manage the general administration, accounts and payroll, budgets and reporting to the Board and Executive Officer, as well as to the Department of Agriculture and Water Resources.

Megan successfully completed a Diploma in Business Administration in 2014 - 2015. Other qualifications include Cert III Small Business Management and various training including corporate governance, payroll and taxation, Quickbooks, mental health and computer courses.

### **Senior Rural Financial Counsellor Coordinator**

**Jenny Mason** was appointed to the Senior Rural Financial Counsellor Coordinator (SRFCC) position in 2009. Prior to this she worked as a rural financial counsellor with the RFCSV-G from its formation in 2006 and with the Gippsland Rural Financial Counselling Service (2004-2006) as a rural financial counsellor and special projects officer. Her project work focused on farm succession, employment, retirement and selling farms. The culmination of this work was presented at the Farmers Choosing Change Expo followed by a workbook and DVD.

Further employment history included working in a Gippsland rural accountancy practice and as a workplace trainer/assessor and coordinator for business, accountancy and finance studies.

Jenny grew up on a dairy farm and has continued to be involved in the dairy industry as a farm business owner/operator in partnership with her husband since 1984. This background provides Jenny with a very comprehensive and practical understanding of both business and operational issues confronting farmers in Gippsland.

Formal qualifications and accreditation include Business, Accounting, Community Services (Financial Counselling) & Welfare Work, Training & Assessment, Family Meeting Facilitation, Professional Supervision.

**Marshall Scott** commenced work as a rural financial counsellor with the Gippsland Farmers Support Group in 2002 and when the opportunity arose he came to the RFCSV-G after a short stint in banking.

Marshall grew up on the family farm which included beef cattle, sheep and dairy at various times. Marshall has worked in banking, corporate recovery and business advisory services and assisted dairy farmers with the advent of dairy deregulation. Marshall has a young family which keeps him busy.

Marshall has completed the Dip. Comm Service (Fin Counselling) and has graduate and post graduate qualifications in business, agriculture and horticulture.

**Ross Neilson** has lived in the Maffra district for most of his life. After leaving school, he trained as a fitter and turner with a local dairy company. Since completing that apprenticeship, he has operated service stations, worked in the dairy service industry in various roles and when the drought ended this work in 1997, he was offered a position as a Financial Planner. During the 10 years as a Financial Planner, Ross completed two Diplomas in Financial Services. At the end of this period, Ross was employed as the manager of a small engineering workshop in Maffra. After two years he decided that he needed a challenge and in 2009 applied for the position of Rural Financial Counsellor, based in Maffra. Over the past six years the role has certainly provided its challenges and Ross has enjoyed working with his clients and helping them achieve outcomes.

**Note: Ross retired from the service in July 2016.**

Trudi Laing commenced work as a Rural Financial Counsellor in July 2016 – replacing Ross Neilson.

**Anne Gilligan** started as a Rural Financial Counsellor in January 2010. She lives in Buffalo with her husband Ross. They owned and operated their family dairy farm at Buffalo until 2008.

Anne has a background in finance having worked at the Commonwealth Bank and a local finance organisation. She also worked at the Department of Primary Industries for six years assisting in various departments in a casual administration role.

Anne completed her Diploma of Community Services (Financial Counselling) in late 2011.

**Peter Pauwels** commenced as a Rural Financial Counsellor in August 2011. Previously he worked as a Rural Financial Counsellor in South West Queensland since 2008. He comes from a farming family which provided experience in dry land cropping, stud and later beef cattle and wool enterprises. Peter has maintained an interest in primary production.

Peter studied economics before entering into the commerce world. He has worked with businesses in Australia and in emerging economies overseas and specialised in business analysis and commercial activities including agribusiness and Greenfield enterprises.

Peter has completed the Diploma of Community Services (Financial Counselling) and also holds qualifications in commerce, agriculture, management, business, human resources, OH&S, training and auditing.

**Jane Coots** was appointed as Rural Financial Counsellor in April 2016 and is based in the Ag Victoria Ellinbank office, servicing West Gippsland and the Yarra Ranges. Together with her husband, she dairy farmed in Trafalgar for 15 years before leaving the industry at the end of 2015. As Chairman of the Board of Trafalgar Community Bank® she has formed a valued connection to local communities in the area.

Jane holds a degree in Business & Commerce (Accounting) and was previously employed as an accountant. She is working towards CPA accreditation and has commenced the Diploma of Financial Accounting.

**Wayne Sanders** commenced as a Rural Financial Counsellor in Leongatha in June 2016.

Wayne has a background in banking and finance in the Gippsland region of over 25 years. Previous roles have included Regional Finance and Regional Finance/Administration Manager with Wesfarmers, Branch Manager with Bendigo Bank and Gippsland Area Finance Manager with Westpac/AGC. Over the last 10 years Wayne has worked in employment within the job network and retail management in Leongatha.

Wayne has lived in Berry's Creek for 22 years and is an active CFA firefighter for 20 years.

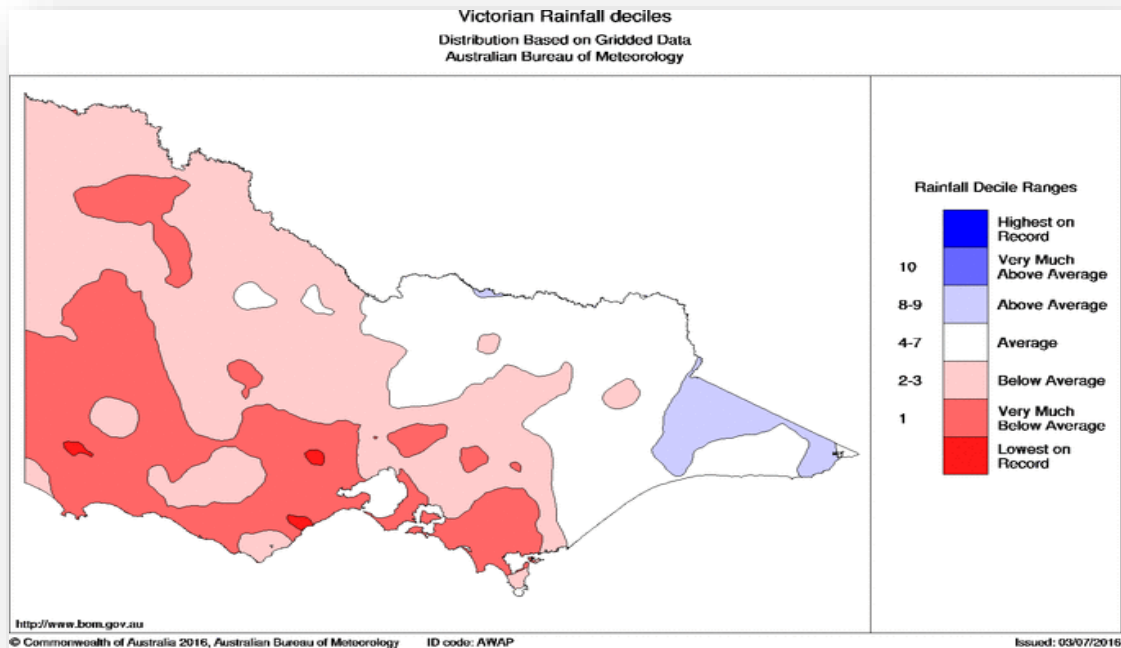
Wayne is currently undertaking the Diploma of Financial Counselling – Rural.



November 2015 Annual General Meeting – (L to R) Marshall Scott (RFCSV-G), Cr Debbie Brown (Baw Baw Shire), Aubrey Pellett (RFCSV-G Board), Senator Ricky Muir, Peter Armour (DHS), Richard Habgood (RFCSV-G Chair)

# RURAL ISSUES INDUSTRY OVERVIEW

## SEASONAL CONDITIONS



### West and South Gippsland

Very dry climatic conditions were experienced in West and South Gippsland with much of the region experiencing a 1 in 20 year rainfall deficiency. This resulted in poor fodder harvests and farmers having to purchase significant amounts of feed through the summer and autumn.

### East Gippsland

The above graphic illustrates the central and east Gippsland areas have generally had average or above average rainfall for the year. There have been no particular seasonal issues caused by climatic or weather extremes.

The major industries in Gippsland are dairy, beef, wool, sheep meat, horticulture and cropping. In general, when compared to last year, the price of milk has been stable, beef prices have improved since January, sheep and lamb remain high, wool has steadily improved, and horticulture and cropping unchanged.

- Dairy – the 2015 opening prices were lower than the previous year with Murray Goulburn announcing a weighted average price of \$5.60 per kg milk solids. Due to a decline in the price of export products there were no step-ups in price during the year. In April 2016 Murray Goulburn (MG) announced a price reduction. The announcement was followed by MG and Fonterra advising suppliers of an ‘overpayment’ debt. This caused a major upheaval in the dairy industry, and on the back of low opening milk prices, has contributed to the spike in dairy farmer support provided by our service.

- Beef prices at the start of the year were at high levels (\$3.06c/kg live weight) and have steadily increased to \$3.48. The high country weaner sales this year were the best for many years. The good beef prices were also a positive for dairy farmers who could off load excess cattle at good prices.
- Lamb prices have been very good this year. The year started with an indicator price of 614c/kg carcass weight, fell to 440c/kg in November then steadily rose back up to 630c/kg in June 2016.
- Wool prices have shown steady improvement this year – the Eastern Market Indicator traded between 1,175c/kg and 1,320c/kg, with an average of 1,270c/kg; this is an improvement of 6%. The market has become concentrated on Chinese demand representing 80% of our wool exports, and Italy, Japan and India taking most of the balance.
- Gippsland wheat and barley crops are mostly sold direct to the dairy stock-feed market. Prices have been lower than last year; as an example, feed barley in June was \$236/tonne compared to \$281/tonne at the same time last year.
- There is such a vast array of horticultural products grown in Gippsland that it is not possible to give an assessment of the commodity prices for all of them. High production costs, meeting the demands of the major supermarket chains, processors and consumers, and competing with imports are constant challenges with all of the horticultural products.



Daffodil Farm – Warragul South



## CHAIR'S REPORT

2015-16 was a year of change for the Rural Financial Counselling Service Program.

Victorian services entered 2015-16 knowing that funding for the RFCS Program was assured until 30 June 2019, but individual services faced the uncertainty of a merit based competitive tender process to secure funding for their region. After a significant amount of effort in preparing our bid, RFCSV-G was notified in December 2015 that our bid was successful. RFCSV-G wound up the previous program at the end of March 2016, and made the transition to the new program commencing 1 April 2016.

The new RFCS Program has some important changes, which include:

- At a national level the RFCS Program was reduced from fourteen to twelve service providers. Victoria consolidated from five to four service providers which resulted in a small increase in the Eastern Victoria (Gippsland) service area around the fringes of Melbourne.
- Funds are allocated to services based on farm numbers, this had minimal impact on RFCSV-G. A ten percent funding contingency is held back to be allocated during the year on a needs basis. We have been a beneficiary of these arrangements to help respond to the current dairy downturn.
- The eligibility for services has been expanded to include farmers, fishing enterprises, forest growers and harvesters and small related businesses. However, to be eligible to receive counselling it must be demonstrated a client is suffering financial hardship. It is an expectation that majority of clients will exit the program within three years.
- To provide robust corporate governance the composition, roles and accountability of boards has been more clearly defined. Board accountability now includes clearly specified key performance indicators with associated targets.

Over this period (and into the future) the Victorian Government continues its funding support of rural financial counselling services in Victoria.

Seasonal conditions across Gippsland over the last twelve months have been mixed. In East Gippsland rainfall was above average with generally good growing conditions for pastures and crops through the year. In West and especially South Gippsland it has been a different story with rainfall well below average. South Gippsland experienced a rainfall deficiency worse than a 1 in 20 year event and most of West Gippsland experienced a worse than a 1 in 10 year event, which triggered farmers' eligibility to apply for Drought Concessional Loans. Assisting farmers with Drought Concessional Loans has been a major focus of our counsellors this year.



Product prices for our major agricultural industries have also been very mixed. Meat prices especially beef have been very good however wool prices have been subdued. What started out looking like a year of tight milk prices for dairy farmers turned into a disaster with the region's two main milk processors significantly reducing their farm gate milk price. The increased demand for rural financial counselling services was immediate with client numbers increasing by around 30% over a six-week period.

With milk prices likely to be below the cost of production for the 2016-17 season dairy farmers will continue to face tough financial times with many farmers having to confront and make difficult decisions. The pressure on our services will continue. Both the Commonwealth and Victorian governments have reacted quickly and provided us with funding which has allowed us to recruit two extra rural financial counsellors. With the impact spreading beyond the farm sector we will also be appointing a small business financial counsellor early in the new financial year with funding from the Victorian Government.

The year saw the departure of three long time members of our organisation, Alan Clyne, Ross Neilson and Peter Jennings.

With seventeen years on our Board Alan has seen many changes to the RFCS Program. He brought to the Board an understanding and compassion for fellow dairy farmers in difficulty times and always offered common sense and good judgement to the decisions of the Board.

Long time counsellor at Maffra, Ross Neilson, retired late in the year. Ross has provided an outstanding service to farming families in financial stress. On retiring Ross was heard to say "this is the best job I ever had" which I believe reflects the passion and commitment he brought to rural financial counselling.

Our Executive Officer, Peter Jennings, announced his retirement in June and will leave the organisation in September. Peter has a long and distinguished record of service with the RFCSV-G starting in 1997 as a rural financial counsellor for four years then taking on the role as Executive Officer in 2007. Over that time Peter has worked quietly and efficiently for RFCSV-G building the respect of staff, Board members and the broader rural community. I know from working with rural financial counselling services across Australia that Peter is held in very high regard by his peers.

Despite the changes and associated uncertainties of the program funding arrangements during the year our staff continued to do what they do best, support farmers in financial difficulty. I thank all staff for their ongoing dedication to the RFCSV-G and our clients over the last twelve months.

And finally, I thank my fellow Board members for their dedication and continued support during what has been a challenging year.

**Richard Habgood**

## LOCAL NETWORK GROUP REPORT

The South Gippsland Local Network Group (SGLNG) was established to provide a forum for industry and farmers to connect and to share what is happening in the 'on the ground' and from an industry perspective, as well as provide a forum to raise any emerging concerns.

The SGLNG covers the Shires of South Gippsland, Bass Coast, Baw Baw, Cardinia, Casey, Latrobe, Mornington Peninsula, Nillumbik and Yarra Ranges.

During 2015-2016 the SGLNG continued to meet on a regular basis, with four meetings held during the year. Typically, the SGLNG would only meet three times per year, however the downturn in the dairy industry created a need for an additional meeting.

The meetings were well attended by representatives of various industry organisations including the Department of Economic Development, Jobs, Transport and Resources (formerly DEPI), Department of Human Services (Centrelink), Rabobank, Rural Finance, South Gippsland Shire, Bass Coast Shire, Burra Foods, Murray Goulburn Co-Op Ltd, as well as our Board member, Garry Van Sinderen, and several local farmers.

A summary of meetings held during 2015-2016 is presented below:

### **October 2015:**

A past RFCSV-G client attended the meeting to thank the service for the assistance she and her husband received through their time exiting farming after many years, and under most difficult circumstances.

Farmer representatives expressed their concerns regarding planning for possible risks ahead and conserving fodder after a fairly dry winter and spring. Some areas were very dry, particularly from Yarram to Inverloch. Pre-drought meetings, feed planning and water management workshops commenced.

It was noted that there were difficulties in securing good employees that are skilled-up and prepared to work full-time and/or extended hours.

Land was selling if priced realistically and beef prices continued to rise.

A number of Farm Household Allowance (FHA) recipients decided to discontinue with support payments due to incomes being higher than expected, which is a positive outcome. Applicants were still experiencing issues with the web based program, and were still uncertain about the process of possible overpayments.

### **February 2016:**

The dry season continued and most farmers were revisiting their cash flows, specifically how to pay for feed and water. Silage was well down and crops underperforming, dams were emptying, therefore general drought enquiries and Drought Concessional Loans applications were increasing. In Bass Coast, neighbouring farms had taken the initiative to lay pipes and pump water across farms. Farmers were looking for immediate solutions, but also realised that long-

term solutions needed to be developed as period of drought will continue to present challenges.

Global dairy commodity prices were depressed with a huge stockpile of product and China demand uncertainty was adding to the issues. Whilst there had been a good opening price for milk, the forecast was that step-ups were unlikely, and in fact the milk price could even go down.

#### **April 2016:**

Dry conditions and a weak autumn break saw an increase in farmers applying for FHA. Feed costs were a lot higher than anticipated. Herd health was a concern, particularly evident by high number of cows not in calf (sometimes more than 20%).

Forced sale of livestock was being regarded as income for FHA, which was negatively impacting applications.

Lots of fodder coming into the district.

Farm budgets were being updated monthly and there was an increase in banks' lending throughout the region. Some debt levels considered unsustainable - certainly not ideal conditions with winter approaching. Stress levels were noticeably on the rise, even more so with concerns about the next season's opening price.

On a more positive note, the RFCSV-G was successful in securing funding and will be able to continue providing support. Funding approval up to June 2019.

#### **June 2016:**

After an initial surge of enquiries following the April 21016 announcement of a reduced milk price, most dairy farmers went through stages of shock and anger. The Leongatha RFCSV-G office alone fielded more than 50 enquiries in the first two weeks following the announcement – 50% of enquiries from existing (or past clients) and 5% from new or potential clients.

Most farmers were still struggling with overdue feed bills, store accounts, shire rates, ATO and other creditors from the dry summer and autumn.

RFCSV-G work focused on mainly cash flow projections and monitoring budgets. Many dairy farmers were requesting loans be changed to 'interest only'.

RFCSV-G welcomed the additional Federal Government funding to assist with the dairy situation, and commenced recruitment of new counsellors immediately.

The ongoing variability and extreme seasonal conditions as well as the uncertainty of the dairy industry in the first half of the year reinforced the need for the rural financial counselling service to continue support services.

## **EXECUTIVE OFFICER'S REPORT**

### **SERVICE ISSUES**

#### **Competitive Merit-Based Grant Round**

In October 2015 RFCSV-G submitted an application through the competitive tender process to deliver rural financial counselling services in the Eastern Victorian region. In December 2015 our bid was declared successful with the new funding arrangements to take effect on 1 April 2015 until 30 June 2019.

#### **Staff Resources**

With our successful funding application, we recruited Jane Coots to work as a full time counsellor based at Ellinbank. Jenny Mason who had been previously been filling this position in a part time capacity was able to resume her position as the RFC Coordinator.

As a result of the milk price drop and the subsequent surge in requirement for RFCV-G services the Commonwealth and State Governments made funding available for the recruitment of two additional counsellors. We recruited Wayne Sanders (June 2016) to work from the Leongatha.

Ross Neilson retired in June 2016 after seven years as a counsellor. Ross was well regarded by both his work colleagues and clients as shown by the responses to two client satisfaction surveys undertaken during his time. Trudi Laing was recruited to fill Ross' position in July 2016.

Peter Jennings, the Executive Officer tended his resignation in late June 2016 and Kylie Holmes was recruited (September 2016) to fill Peter's position.

#### **Equipment**

Counsellors continue to provide a mobile service although office appointments are often arranged for clients; they are provided with laptop computers fitted with wireless broadband technology, Next G mobile telephones and late model cars fitted with Bluetooth technology. Counsellors were provided with new equipment during the year.

#### **Operations**

RFCSV-G has implemented a flat staffing structure. All staff report to the Executive Officer. The Executive Officer also has responsibility for dealings with the Board, the Rural Financial Counselling Section of the Department of Agriculture and Water Resources (DAWR), the Victorian Dept. of Economic Development, Jobs, Transport and Resources (DEDJTR) and the financial and business management of the service. In addition, we have a Finance and Administration Officer who deals with business operations and a Senior RFC Coordinator who deals with service delivery issues and counsellor support and training.

## **Policy**

The Board continues to develop and amend policies on a needs basis. This year, new policies for the provision of motor vehicles and for diploma fee reimbursement were developed and adopted.

## **SERVICE DELIVERY**

The main focus of client support included:

- budgets and cash flow forecasting;
- planning for on farm adjustment (expansion, succession and exit);
- assisting with applications for Government assistance, in particular the Farm Household Allowance (FHA) and concessional loans;
- Farm Debt Mediation; and
- loan restructuring.

The FHA provides an income support payment for up to three years requiring case management of recipients by Department of Human Services (DHS) staff, often with assistance from our counsellors. The service gained many new clients through this program. The application process for FHA requires recipients to develop an action plan and our counsellors as well as DHS have held regular reviews with applicants throughout the year as the plan is implemented and monitored. The FHA assistance became very prominent after the milk price decrease was announced in April and resulted in additional new clients for RFCSV-G.

Farm Debt Mediation is a Victorian Government legislated requirement that ensures that prior to foreclosure, financiers provide an opportunity for farmers to develop and present an acceptable proposal. This process is extremely detailed and complex.

## **TRAINING ACTIVITIES & EVENTS**

Training topics and courses attended this year included:

- Dealing with Stress
- Having the Difficult Conversation
- Succession Planning
- Introduction to Cattle Feeding (Cert III)
- Tactics for Dry Times
- Dairy Farm Monitor program
- Livestock Trading (KLR Marketing School)
- Looking Over the Farm gate
- Finance, Feed and Friends
- Mental Health First Aid
- Farm Business Management
- Debt Collection and Enforcement (Financial and Consumer Rights Council)
- Concessional Loans

## **SENIOR RFC COORDINATOR REPORT**

**Senior Rural Financial Counsellor Coordinator: Jenny Mason, Maffra**

### **Overview:**

This year we had five experienced RFCs (two full time and three part time which included myself at 0.5FTE) covering the Gippsland region. We had fewer clients than normal but many with complex issues.

Following on from government funding announcements, two new full time RFCs were employed in April and June 2016, to be based at our Ellinbank and Leongatha offices respectively. This moved our team to four full time and two part time RFCs with my role reverting back to a Coordinator only position.

Throughout the year my role consisted of:

### **Supporting Rural Financial Counsellors:**

- Monitor workloads and emerging issues in a year that has been particularly turbulent;
- Assist with complex cases and mentor as required in particular with client engagement difficulties, referral options and counsellor stress;
- Provide counsellors with the correct information on government assistance programs that is both current and relevant;
- Developing a mentoring and training system with our counsellors that provides support and professional development within the team;
- Maintain relevant local referral networks and provide contact lists.

### **Training & Development:**

- Identify training needs and options as required through individual, service or state level delivery;
- Industry specific training and development programs such as DairyBase, Agritrain and ProActive;
- Organised training and monitored delivery of Government assistance programs – Farm Household Allowance, Drought Concessional Loans and Dairy Recovery Concessional Loans;
- Stakeholder reporting changes – Portal data entry system and requirements.

The new data collection and reporting program was a significant change from the previous ARC program and will continue to require ongoing training to review procedures and check that relevant information is being recorded consistently. Much time has been spent learning the platform and developing checklists to assist counsellors understand the system.

### **Reporting & Advocating:**

- Regularly promote the service to stakeholders, industry groups and farmers;
- Provide quarterly regional reports to Victorian Government (DEDJTR) to provide information on emerging issues and identify main areas of assistance currently being sought by clients;
- Attend regular State meetings to provide and gather feedback on RFCSV-G work which includes:
  - Update on Government assistance programs - delivery issues and farmer uptake;
  - Emerging issues that RFCs have identified in their locality which is often different throughout the Gippsland region. For example, South Gippsland was particularly dry this year while East Gippsland had a very good season;
- Presented at a Victorian Farm Debt Mediation panel discussion on 'the role of the Rural Financial Counsellor in Farm Debt Mediation';
- Attended the Vic Women in Agriculture Forum organised by the Minister for Agriculture the Hon. Jaala Pulford.

### **In closing:**

In this particularly turbulent year, it has been invaluable having the experience of a respected Executive Officer, Finance/Admin Officer and a team of Rural Financial Counsellors who have been able to adapt quickly and professionally to the unpredictable events that have, and will continue to occur within the farming sector.



Jenny Mason Vic Women in Agriculture meeting (March 2016) with Hon. Jaala Pulford Minister for Agriculture.



## **RURAL FINANCIAL COUNSELLOR REPORTS**

**Rural Financial Counsellor:**

**Jane Coots, Ellinbank**

**Area Covered by the Report:**

Latrobe Valley up to Morwell, whole of Baw Baw Shire, parts of Cardinia and parts of Yarra Ranges that have been re-allocated to RFCSV-Gippsland due to boundary changes.

**Major Focus of Activity:**

- Cashflow analysis to assist farmers in negotiations with lenders and to plan for the year ahead.
- Assisting clients to identify options available to them.
- Farm Household Allowance applications
- Dairy and Drought concessional loan applications
- Farm Debt Mediation – assisting farmer to understand the process.

**New or Unusual Activities and Trends:**

No trends or unusual activities have been identified due to me having only recently started with RFCSV-Gippsland and this year will be the base year against which the future will be measured.

**Views and Comments for the next 12 months:**

- The milk price offered by the milk companies is putting many farmers under financial pressure. This pressure is compounded by the dry spring in 2015 that forced many farmers in the area to purchase feed. This was as a result of hay and silage crops failing to produce the normal quantity of fodder.
- Farmers that have prepared their budgets early will have a better opportunity to explore the options available to them than farmers who do little or no planning leaving these farmers exposed to the risk of financial difficulty later on.

**Community Events and Promotional Activities:**

Attended the following events:

- Lardner Park Field Days
- Several Tactics for Tight Times Workshops
- Farm Financial Literacy Course in Warragul to address participants
- Liaised with representatives from milk companies, banking Institutions and Centrelink.
- Gippsland Regional Financial Counsellor Network meeting.

**Client Outcomes:**

- Applications for Farm Household Allowance are being slowly processed by Centrelink which will assist farmers in the short term to cope with reduced cashflow.

**Rural Financial Counsellor:****Jenny Mason, Maffra <sup>1</sup>**

Prior to the milk price collapse (26<sup>th</sup> April, 2016) the majority of farmer assistance was associated with high debt levels. With the predominant factor in many cases; the farmers' ability to obtain finance through various sources that could not be supported by cash flow. This scenario then created complex caseloads with not only dairy farmers but also with horticulture and broiler farms.

**Client Outcomes:**

- Several Farm Debt Mediations led to farmer controlled sale of property
- Two voluntary farmer exits – option selected after business viability analysis and risk assessment completed (took 6+ months of discussions and other options investigated first)
- Unfortunately, with many farmers, fear of change prevents them from making decisions early and then they are forced into decisions by others through financial, health or family pressure.

**Rural Financial Counsellor:****Anne Gilligan, Leongatha****Area covered by report:**

Shires of South Gippsland, Bass Coast, Casey, Latrobe and Mornington Peninsula

**Major focus of activity:**

Our area started off well with a mild winter, farmers appreciated the good calving season. The spring season was short and rainfall scarce however farmers conserved as much fodder as possible. The season continued to be mild throughout summer, however rainfall was lacking with water supplies drying up quickly on many farms. Farm crisis meetings were held with local service providers to address the situation in localised areas. Plans to pipe water over many kilometres were put in place as carting water was expensive and only used where there were no alternatives. Dams were cleaned out and enlarged, and new bores were drilled. Autumn commenced with light rains however heavy rain didn't come until May, this was when farmer's water catchments and reserves were replenished and the region went from a drought to floods in a matter of about three weeks.

The announcement from Murray Goulburn in April 2016 of a lower opening milk price set off a panic amongst the dairy world, other milk companies followed suit. Our assistance was sought to develop new cash flow budgets based around the \$4.75 Kg/MS. Discussions with banks, accountants and farm consultants took place while the dairy industry networks ran meetings for farmers facing a very difficult situation. This has resulted in a run on Government assistance available. The situation became worse once a firm opening price was announced in June of between \$4.31 – \$5.30/kg/MS depending on the milk company.

<sup>1</sup> During the reporting period Jenny Mason provided rural financial counselling services part time (0.6FTE).

**New & unusual activities/trends:**

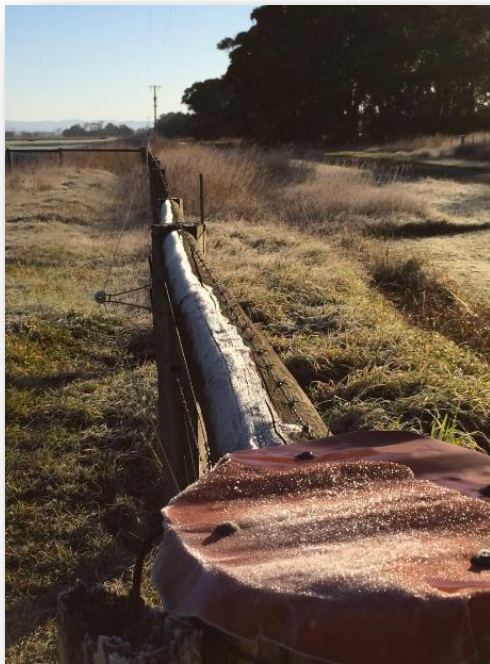
A new database for our services' statistics and records commenced in April; staff are adjusting to the new reporting system which captures information relating to the case management of clients. Many dairy farmers have been looking to other milk companies available to them to see if they can obtain a higher price than that offered by their current processor.

**Views & Comments on the next 12 months:**

The forecast for South and West Gippsland predicts average rainfalls until February 2017 then below average from March until July 2017 (Elders weather forecast) so perhaps we will be looking at another dry autumn going into the next winter season. A number of dairy farmers will move from, or sell out of dairying with the current forecast of low milk price and the adjustment for last season's overpayment of milk price. A difficult year ahead, dairy farmers will need to make good decisions.

**Community events/ activities undertaken:**

Meetings with Centrelink, banks, milk companies, Local Network Group, Focus Farm group, Tactic's for Dry Times, Crisis meetings and meetings with numerous other service providers.



Farm gate on a frosty morning - Nambrok

Training – Cert 3 Introduction to Feeding Cattle, Dairy Base Program, Succession Planning workshop, Drought Concessional Loans training, Managing Change & Succession, New Portal Training, Social & Emotional Wellbeing, MG Suppliers Meeting, attended the South Gippsland Dairy Expo and a Farm Debt Mediation.

**Client Outcomes:**

Two voluntary bankruptcies, one Farm Debt Mediation and two farmers deciding to sell and retire with a positive outcome. Farm House Allowance assistance and successful case management with many clients achieving their goals. Empowering clients to manage their own cash flows has been of high importance.

**Rural Financial Counsellor:****Peter Pauwels, Bairnsdale****Geographical area covered by this report:**

The office is located in Bairnsdale, servicing the whole of the East Gippsland Shire and the eastern part of the Wellington Shire.

**Major focus of activity:**

The major focus and activity was in the areas of:

- Farm Household Allowance assistance for farmers experiencing financial hardship;
- Via the case management model, assisting with enterprise planning, utilising options and strategies identified in the interview process, implementation and monitoring *action plans* then closing off clients;
- Assessing client viability;
- Assigning tasks to clients to complete and monitoring progress;
- Assisting with preparation of business plans to support refinance proposals, including assisting producers to identify areas of change and improvement to their enterprises. The work performed included some ex Gippsland Secured Investment clients who were seeking assistance to refinance away from the Botany Trust which closed its loan book and ordered all borrowers to repay their loans within 60 days;
- Succession planning preparation assistance pre-referral, this included assisting some families to arrange and conduct family meetings; and
- Throughout the year 22 clients were assisted in various stages of financial literacy.

**Views and comments on next 12 months:**

Beef prices are likely to remain high, spurring investment in capital improvements, equipment and incrementally higher land prices. Sheep meat prices are likely to remain at current prices for the next 12 months. Wool is enjoying slow but steady improvements in pricing to the point where producers are becoming less disgruntled and more satisfied with returns, especially if they have adjusted flocks to dual purpose sheep. Dairy returns are likely to remain poor for the next 12-18 months however any changes to sanctions on trade with Russia will assist the dairy commodity price recovery hopefully to levels that would be considered acceptable and at “average” level.

Disinvestment in dairy will result in a shortage of dairy milkers. A price spike for herd replacement is likely to occur when the farm gate return improves for producers.

Several closures of various primary production related businesses and support businesses has occurred throughout the year. Smaller towns in East Gippsland remain in a steady slow decline. This is a worrying trend as the demographic changes and services are further reduced.

### **Community events and promotional activities undertaken:**

- KLR Marketing School – livestock production costing; Having Difficult Conversations Workshop; Drought Concessional Loan Training - Rural Finance Industry; Succession Planning Workshop – ProActive and the new reporting system “Portal”.
- Promotional activities:
  - East Gippsland Sustainable Agriculture Network; East Gippsland Food Cluster; Better Beef Conference
  - Delivery of presentations at Succession Planning Workshops held for primary producers at Genoa and Bonang.

### **Client outcomes:**

Several clients have transitioned to retirement and passed farms over to the next generation of farmers, as a result of supporting clients through succession planning.

Non-dairy clients that have been assisted with refinancing have improved their business performance. Dairy clients are still requiring assistance and support.



Cross bred lambs - Gifford

**Rural Financial Counsellor:****Marshall Scott, Leongatha****Area covered by this report:**

Shires: Bass Coast, Baw Baw, Cardinia, Casey, Latrobe City, Mornington Peninsula, and South Gippsland.

**Major focus of activity within the reporting period:**

Informing farmers and increasing the awareness of assistance continued to be a major focus of the period. Centrelink income support through the Farm Household Allowance (FHA) program remained available and the Drought Concessional Loans Scheme was also introduced. However, the interest in the Drought Concessional Loan Scheme was low. This may have been due to lack of awareness, perceived difficulty in applying and also overall farmer satisfaction with their financial provider.

The drought had a major impact during the period with a dry spring followed by a very long summer ultimately resulting in a late autumn break. The silage and hay harvest was well down and many farmers faced winter with very little feed reserves. Water for livestock also became an issue with many dams running dry. Some farmers were forced to truck or pipe water in from neighbouring properties or even stop production altogether. The positive aspect was how well the community responded to the plight of these farmers and worked together to provide an outcome.

**New or unusual activities/trends within the reporting period:**

The removal of commercial net fishing from Port Phillip Bay commenced during the period. This resulted in the phasing out of commercial fishing in the bay over an eight year period. There are a number of professional fishers that will lose their licence. This saw some fishers accessing RFCSV-G for assistance.

The surge in beef prices continued throughout the period. This was an upward trend that has potentially never been seen in the past. However, due to the dry conditions there were farmers that were not able to take advantage of the improved prices and for some, the cost of restocking became very restrictive.

At the start of the period there were fewer farmers applying for Farm House Allowance (FHA) with some farmers making the decision to withdraw from the financial support. However, by the end of the period there was an increase in farmers, primarily dairy farmers, applying for assistance. The announcement by Murray Goulburn and Fonterra to immediately reduce the farm gate price as well as to introduce price adjustment provisions sent more than a ripple throughout the industry. This issue is ongoing and will impact farmers for some time moving forward.

**Views about what might happen in their area over the next 12 months:**

It is expected that there will be an increase in dairy farmers accessing the service as well as applying for government assistance. Many dairy farmers will not be in a situation to meet their commitments, with some looking to exit the industry.

Fortunately, there is an expectation that the seasons may improve with more favourable weather conditions anticipated. This should result in farmers having a better spring and summer and be in an improved position in terms of fodder and water reserves.

**Community events or promotional activities:**

South Gippsland Dairy Expo; meetings with Centrelink Farm Household Case Officer; interviews for “How Now Gippy Cow” and Weekly Times; meeting with State Minister for DEDJTR; Gippsland Dairy teleconferences; workshops – succession planning, dealing with difficult conversations, drought concessional loans; Local Network Group meetings and staff related training; presentations – Tactics for Tight Times, South Gippsland Service Providers.

**Client outcomes:**

There have been a number of farmers exiting agriculture. Assisting these farmers can be a very time consuming process and it can take many years before an outcome is ultimately achieved. For many, farming is the only life they know. We assist with what can be a complex adjustment process and provide options for farmers that are remaining in the industry.



## PERFORMANCE – THE YEAR IN REVIEW

### KEY OUTCOMES

The performance objectives of the RFCS Programme are to:

1. **BUILD CAPACITY AND EMPOWERMENT**  
Clients accept the need to make changes to their businesses and achieve goals to improve financial self-reliance and long-term sustainability (for some this may include considering exiting from farm or small rural business ownership).
2. **IMPROVE PRACTICES**  
Clients increase their adoption of sound and proactive approaches to farm or small rural business management and regularly review their situation.
3. **SELF RELIANCE**  
The RFCS Program helps clients to effectively manage change and adjustment and be more profitable, competitive and sustainable.

Our counsellors support clients to achieve the above objectives. 80% of our clients that exited our services experienced positive outcomes by realising their goals, improving their enterprise or voluntary adjustment from agriculture.

Client outcomes recorded for the period 1 July 2015 to 29 Feb 2016 <sup>(1)</sup> are summarised below:

OUTCOME	2015-16	2014-15
Adjusted out of agriculture <ul style="list-style-type: none"><li>• Forced (due to financial reasons)</li><li>• Voluntary</li></ul>	8 7	3 8
Adjusted within primary production: e.g. diversification, improved management and/or financial skills, off-farm income etc.	54	86
Gov't assistance application completed	38	40
No outcome – file closed	16	16
<b>TOTAL <sup>(1)</sup></b>	<b>123</b>	<b>153</b>

(1) Outcome statistics for 2015-16 have been sourced from previous reporting database (ARC) and are representing the period 1 July 2015 to 28 February 2016. Reporting from the new database is still being developed at the time of writing this report.

## COMMUNICATIONS PLAN

RFCSV-G promotes our services by attending networking and outreach forums. Networking provides RFCSV-G the opportunity to share how the service can assist farmers and rural related small businesses in financial difficulty. Information and contact details are circulated by means of distribution of business cards and brochures. Other communications by RFCSV-G include a number of targeted articles written for industry and local newsletters, newspapers and other industry publications. There has also been some participation in radio interviews when appropriate. RFCSV-G relies heavily on client referrals and spends minimal funding on marketing our services to generate new clients.

Specific network and outreach forms are highlighted in the individual Counsellor's reports in previous sections.

All new clients of RFCSV-G are provided with a letter of introduction. The letter sets out the expectations of each party and is accompanied by a Service Agreement and Declaration. The agreement provides details on the services provided by RFCSV-G and is required to be signed by all new clients before assistance can be offered.

The following table summarises our communication plan and activities for 2015-16:

Activity	Comments
Client introductory letter	Issued to all new clients by RFCs
Client Survey	Conducted biennially – last in 2014.
Brochures	Two types used – DA publication and RFCSV-G publication
Media	Four radio interviews and several press items. (example below)
Publications	Nil this year
Website	Provided updates to the Dept. of Agriculture and Water Resources RFCS website.
Forums	Several attended as listed above and in Counsellor reports.
Direct contact	Networking at industry meetings, forums, seminars, field days.
Correspondence	RFCSV-G promoted by correspondence to MPs, agribusiness managers.
Annual Report	Distributed to all Shires within our service region and local MPs.

Some of the organisations and forums that have provided opportunities for RFCSV-G staff to promote our service are listed below:

Centrelink; Macalister Extension Group; Dept. of Human Services; Dept. of Economic Development, Jobs, Transport and Resources; Murray Goulburn Field Services; South Gippsland Local Network Group; East Gippsland Field Day; Service Provider's meeting – Wonthaggi; Fonterra Field Services; Dairy Australia; Lardner Park Field days; Tubbut/Bonang Farmer Group; Financial and Consumer Rights Council; Gipps Dairy; Leongatha South Focus Farm; South Gippsland Dairy Expo; banks; Orbost Regional Health Service; Landcare.

*RSCSV-G thanks all businesses that have supported our services.*

## Counselling service secure

More than 220 farm or fishing businesses in Gippsland accessed Gippsland Rural Financial Counselling Service last year.

In giving an overview of the service's activities at the recent annual general meeting, executive officer, Peter Jennings, said a range of assistance was provided, including financial assessments, cash flow budgeting, help with government programs, farm debt mediation, development of business options, loan applications and succession planning.

In delivering his annual report at the Traralgon meeting to staff, service providers, local government representatives and Senator Ricky Muir, chairman Richard Habgood said that in the past year the rural financial counselling program had undergone a national review, which made 33 recommendations, one of which was for a continuation of the program.

"Minister for Agriculture,



**Ross Neilson, Senator Ricky Muir, Jenny Mason and Alan Clyne at the recent Gippsland Rural Financial Counselling Service annual general meeting in Traralgon, which heard the Gippsland service is secure. (P5)**

Barnaby Joyce, has a good understanding of the program and is very supportive of it. He (Mr Joyce) had responded to a number of the recommendations from the review and met with services from across Australia early in the year to discuss the way forward," Mr Habgood said.

Mr Habgood also said the program was undergoing a competitive grant application process after which there would be 12 services nationally with four in Victoria, one of which will continue to operate in Gippsland. In discussion after the meeting, Mr Muir said he was impressed with the

breadth of issues that the rural financial counsellors were able to assist with and the obvious professionalism of the counsellors.

"I was honoured to be invited to the Gippsland Rural Financial Counselling Service AGM, and to gather a good understanding of the comprehensive services

they offer," he said.

"This organisation is an essential service for farm, fishing and from April 2016, forestry businesses in the region; I wish them success in their grant application process."

A rural financial counsellor may be contacted at Bairnsdale or Maffra.

Bairnsdale Advertiser 30 November 2015

## OPERATING STATISTICS

### NUMBER OF EMPLOYEES (FTE) AS AT 30 JUNE 2016:

Employees	No.	Funding
Executive Officer	0.7	DAWR
Rural Financial Counsellors	4.0 1.8	DAWR DAWR & DEDJTR
Rural Financial Counsellor Coordinator	0.8	DEDJTR
Admin Assistant	0.9	DAWR
<b>TOTAL EFT EMPLOYEES</b>	<b>6.1</b>	

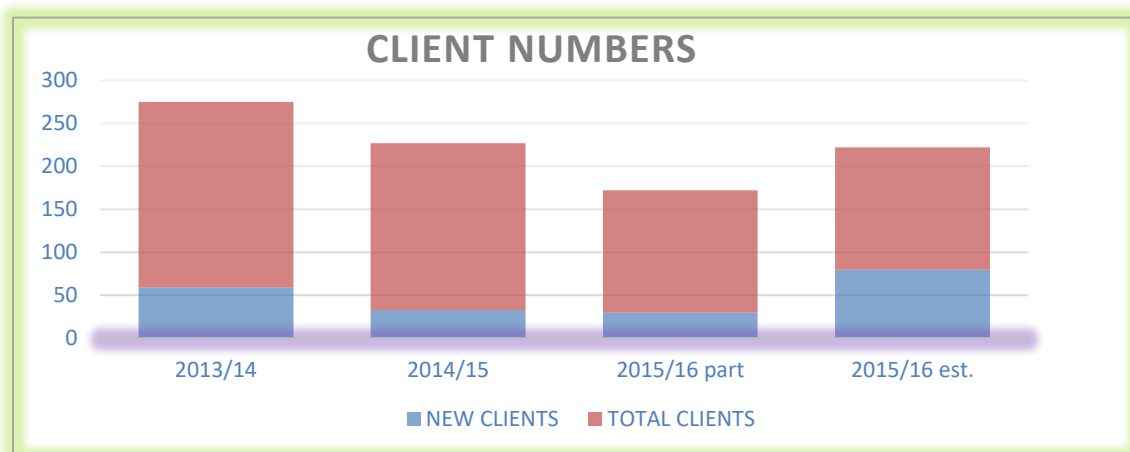
DAWR - Department of Agriculture and Water Resources

DEDJTR - Department of Economic Development, Jobs, Transport and Resources.

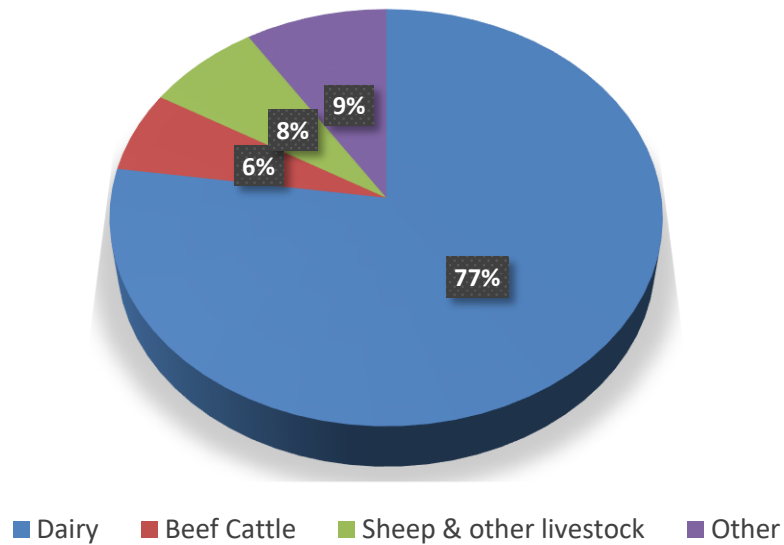
### CLIENT NUMBERS

RFCSV-G provided assistance to 172 clients for the period 1 July 2015 to 28 February 2016, of which 33 were identified as new to the service. In April 2016 a new client database was implemented. The new database is reporting 167 clients as accessing the service between 1 April 2016 and 30 June 2016. Some client activity will appear in both total client numbers as a number of client files were transitioned into the new system. An estimate of 142 clients and 80 new clients have been reported as at 30 June 2016, as represented in the client number graph below.

As a result of the dairy industry downturn in April 2016 a total of 71 enquiries were received up to 30 June 2016, contributing to the spike in new clients. The level of enquiries and attendance at multiple industry network group meetings has increased the number of referrals from other industry organisations and has improved the awareness of our services within the farming community.

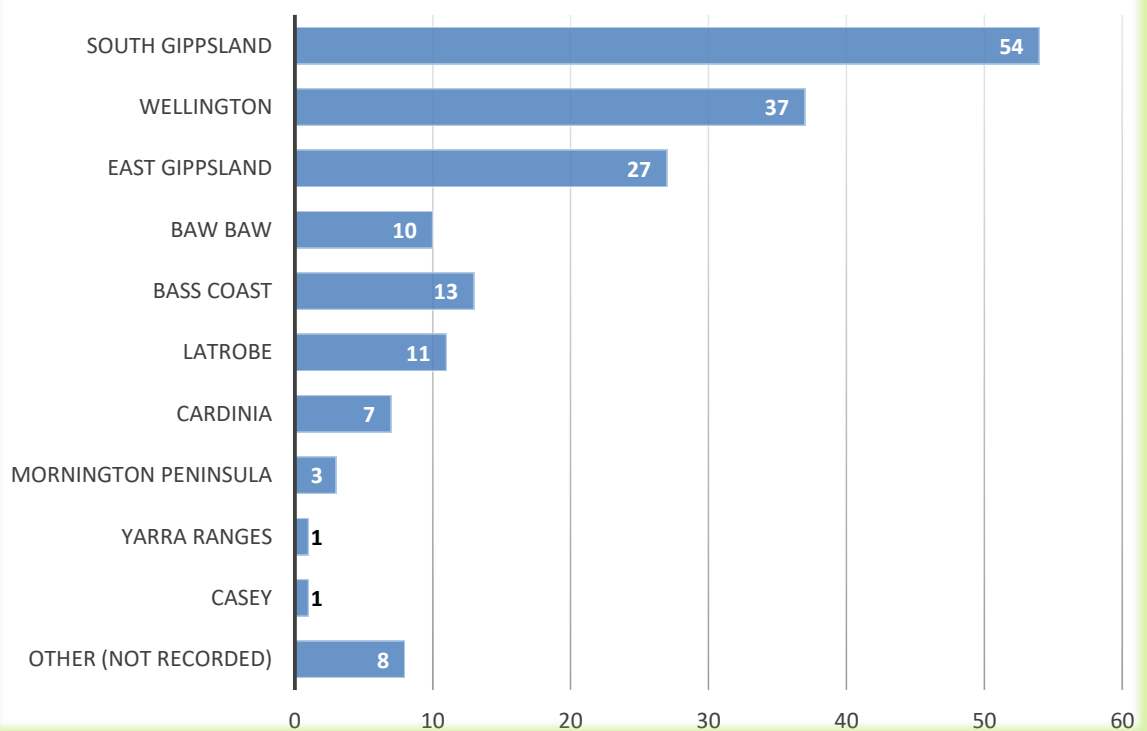


### ENTERPRISE TYPE AS AT 30 JUNE 2016

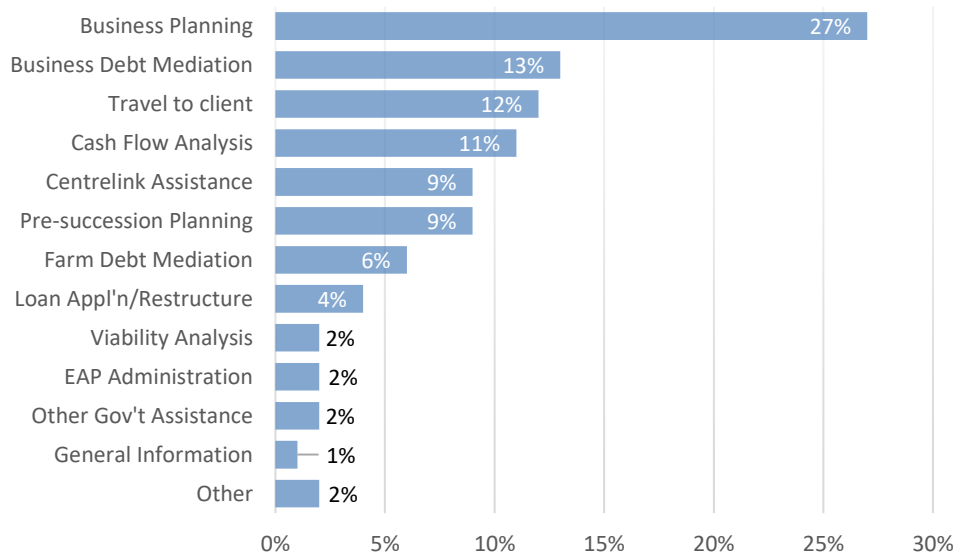


The following graphs represent data as at 1 March 2016. The data entered into the new portal after that date presents different information. These graphs do not represent the true client numbers for the full year, but provide a representation of our client base and counsellor activity.

### CLIENT NUMBERS BY MUNICIPALITY



### ASSISTANCE PROVIDED (PERCENTAGE OF ALL COUNSELLORS' TIME)



# AUDITOR'S REPORT



## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Rural Financial Counselling Service Victoria – Gippsland

We have audited the accompanying financial report, being a special purpose financial report, of Rural Financial Counselling Service Victoria – Gippsland, which comprises the statement of receipts and payments for the year ended 30 June 2016, the annual statement of financial performance and cash flow statement for the year then ended, notes to the accounts and the declaration by members of the board.

### Board's Responsibility for the Financial Report

The board of Rural Financial Counselling Service Victoria – Gippsland is responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the *Associations Incorporation Reform Act 2012* and is appropriate to meet the needs of the members. The board's responsibility also includes such internal control as the board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Independence

In conducting our audit, we have complied with the independence requirements of the standards issued by the Accounting Professional and Ethical Standards Board (APESB).

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### Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Rural Financial Counselling Service Victoria – Gippsland as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

### Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the board's financial reporting responsibilities under the *Associations Incorporation Reform Act 2012*. As a result, the financial report may not be suitable for another purpose.

A handwritten signature in dark ink, appearing to read 'JA B1'.

Justin Brook  
Director  
GippsAudit Pty Ltd

7 October 2016

# **FINANCIAL STATEMENTS 2015 -2016**

## **RURAL FINANCIAL COUNSELLING SERVICE VICTORIA - GIPPSLAND**

### **STATEMENT OF RECEIPTS & PAYMENTS**

#### **SUMMARY OF ACCOUNTS**

	<b>Balance</b>			<b>Balance</b>
	<b>1 July 2015</b>	<b>Receipts</b>	<b>Payments</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Operating Account	68,665.27	898,472.38	934,725.64	32,412.01
Online Saver Account	203,325.22	52,575.97	50,000.00	205,901.19
Reserve Funds Account	191,224.29	72,123.25	69,618.04	193,729.50
Emergency Assistance Account	4,793.41	10,000.00	10,950.00	3,843.41
Joint Venture Account	-	1,000.00	1,000.00	-
<b>TOTAL</b>	<b>468,008.19</b>	<b>1,034,171.60</b>	<b>1,066,293.68</b>	<b>435,886.11</b>

**RURAL FINANCIAL COUNSELLING SERVICE  
VICTORIA - GIPPSLAND**

**STATEMENT OF RECEIPTS & PAYMENTS  
For the year ended 30 June 2016**

**RFCSVG RESERVE AND STATE FUNDS ACCOUNT**

<b>Balance as at 1st July 2015</b>		<b>191,224.29</b>
<b>RECEIPTS</b>		
State Funds	68,618.04	
Transfer from Joint Venture Account	974.20	
Interest Earned	2,531.01	72,123.25
<b>PAYMENTS</b>		
Transfer to Joint Venture Account	1,000.00	
Transfer State Funds to Operating Account	68,618.04	69,618.04
<b>Balance as at 30th June 2016</b>		<b>193,729.50</b>

**RFCSVG EMERGENCY ASSISTANCE ACCOUNT**

<b>Balance as at 1st July 2015</b>		<b>4,793.41</b>
<b>RECEIPTS</b>		
Donation - IGA	10,000.00	10,000.00
<b>PAYMENTS</b>		
Farmer Assistance:		
- Donations		
- Essentials Cards	10,950.00	10,950.00
<b>Balance as at 30th June 2016</b>		<b>3,843.41</b>

**RFCSVG JOINT VENTURE ACCOUNT**

<b>Balance as at 1st July 2015</b>		<b>-</b>
<b>RECEIPTS</b>		
Transfer from Operating Account	1,000.00	
Interest Earned	-	1,000.00
<b>PAYMENTS</b>		
Transfer to Operating Account	974.20	
Bank Charges	25.80	1,000.00
<b>Balance as at 30th June 2016</b>		<b>-</b>

## **Annual Statement of Financial Performance (audited)**

**Service Name: RFCS Vic Gippsland**

	Notes	2015-2016 Approved Budget (9 mths)	2015-2016 Actuals	2014-2015 Actuals
<b>Revenue</b>		\$	\$	\$
Australian/state government annual grant income	2	446,581	673,448	622,784
Special grant funding income	11	38,438	95,938	127,000
In-kind support (revenue)	3	10,500	14,000	14,000
Other revenue / interest / sundry	4	4,500	6,169	6,865
<b>Total Revenue</b>		<b>500,018</b>	<b>789,554</b>	<b>770,649</b>
<b>Expenditure</b>				
Employment related expenses	5	390,000	518,536	455,301
Movements in annual staff provisions - cash expense	6	-	-	-
Vehicle costs (running and lease costs)	7	40,500	51,861	48,159
Board costs	8	21,000	28,662	22,393
Insurance	9	9,500	8,511	6,323
In-kind expense (equal to in-kind revenue)	10	10,500	14,000	14,000
Special grant funding expenditure	11	38,438	70,025	135,468
Other expenses	12	24,250	22,066	16,803
Approved expenditure from prior year surplus	1(f), 13	64,500	101,213	56,999
Other expenditure - non cash	14	28,395	46,317	15,249
<b>Total Expenditure</b>		<b>627,083</b>	<b>861,191</b>	<b>770,696</b>
<b>Surplus / (Deficit)</b>		<b>(127,064)</b>	<b>(71,635)</b>	<b>(47)</b>

## Statement of Financial Position (audited)

**Service Name: RFCS Vic Gippsland**

		2015-2016 Actuals	2014-2015 Actuals
Assets	Notes	\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	15	238,313	271,990
Trade and other receivables	16	-	-
Other current assets	17	-	-
<b>Total current assets</b>		<b>238,313</b>	<b>271,990</b>
<b>Non Current Assets</b>			
Property, plant and equipment	18	77,767	60,758
<b>Total Non Current Assets</b>		<b>77,767</b>	<b>60,758</b>
<b>Total Assets</b>		<b>316,080</b>	<b>332,749</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	19	9,588	17,946
Revenue received in advance	20	-	-
Interest bearing liabilities	21	-	-
Short-term provisions	22	127,718	85,463
<b>Total Current liabilities</b>		<b>137,306</b>	<b>103,409</b>
<b>Non Current Liabilities</b>			
Interest bearing liabilities	21	-	-
Long-term provisions	22	96,091	108,325
<b>Total Non Current Liabilities</b>		<b>96,091</b>	<b>108,325</b>
<b>Total Liabilities</b>		<b>233,397</b>	<b>211,735</b>
<b>Net Assets</b>		<b>82,683</b>	<b>121,014</b>
<b>Equity</b>			
Prior year accumulated surpluses		121,014	121,061
Current year surplus / (deficit)	1(f), 13	(38,331)	(47)
Reserve - wind-up			
Funds received in advance			
<b>Total Equity</b>		<b>82,683</b>	<b>121,014</b>

## **Cash flow Statement (audited)**

**Service Name: RFCS Vic Gippsland**

	2015-2016 Actuals	2014-2015 Actuals
<b>Cash flows from operating activities</b>	\$	\$
Grant receipts	768,760	824,762
Interest received	2,576	4,114
Cash donations received	-	-
Other receipts	3,593	2,751
Payments to suppliers and employers	(775,300)	(817,535)
<b>Net cash provided by (used by) operating activities</b>	<b>(371)</b>	<b>14,092</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of plant and equipment	12,000	9,100
Purchase of plant and equipment	(45,306)	-
<b>Net cash (used in) investing activities</b>	<b>(33,306)</b>	<b>9,100</b>
<b>Cash flows from borrowing activities</b>		
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
<b>Net cash provided (used in) financing activities</b>	<b>-</b>	<b>-</b>
Net increase (decrease) in cash held	(33,677)	23,191
Cash at the beginning of the financial year	271,990	248,799
<b>Cash at the end of the financial year</b>	<b>238,313</b>	<b>271,990</b>

# **Notes to the Accounts (audited)**

## **Service Name: RFCS Vic Gippsland**

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### **Note 1: Accounting Policies**

These financial statements are a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Reform Act 2012 (Victoria). The Board of Rural Financial Counselling Service Victoria - Gippsland has determined that the Association is not a reporting entity. The following material accounting policies, which are consistent with the previous year, unless otherwise stated, have been adopted in the preparation of these financial statements.

### **Reporting Basis & Conventions**

The statements are prepared on a modified cash basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

#### **(a) Income Tax**

The organisation is exempt from income tax.

#### **(b) Property, Plant & Equipment**

Items of property, plant & equipment are included at cost, all assets excluding freehold land and buildings are depreciated over their useful lives or at the depreciation rates set by the Commissioner of Taxation. Gains and losses on disposals are determined by comparing proceeds with the carrying amount, these gains or losses are included in the income statement.

#### **(c) Goods and Services Tax (GST)**

GST is accounted for on a cash basis. Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

#### **(d) Annual Leave and Long Service Leave**

The liability for long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value expected to be paid when the liability is settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

#### **(e) Provision for Wind Up Costs**

In accordance with instructions from the Department, a provision has been recognised for estimated wind up costs when funding ceases.

#### **(f) Approved Expenditure from Prior Year Surplus**

The Annual Statement of Financial Performance includes approved expenditure from prior year surplus relating to capital expenditure, which comprises of the cost of motor vehicles, net of trade-ins. The inclusion of capital expenditure in the Annual Statement of Financial Performance causes a difference between the Surplus/ (Deficit) on the Annual Statement of Financial Performance and the Current Year Surplus/ (Deficit) on the Statement of Financial Position, where capital expenditure has been incurred.

#### **(g) Going Concern**

The financial statements have been prepared on an on-going basis. The funding for the RFCS Vic-Gippsland has been extended from 1 April 2016 to 31 October 2019.

#### **(h) Revenue - Government Grants**

Government grants are recognised as operating revenue on receipt or when the entity obtains control of the grants and meets certain criteria as outlined by AASB 1004 Contributions, whichever is the sooner, and disclosed in the Revenue Statement as government grants.

#### **(i) Comparatives**

The comparative figures disclosed in the annual statement of financial performance are for the year ended 30 June 2015 and those disclosed in the balance sheet are as at 30 June 2015.

	2015-2016 Actuals \$	2014-2015 Actuals \$
<b>Note 2: Australian/state government grant income</b>		
Australian Government Grant	564,753	529,366
Australian Govt Grant - <b>Additional Portal Funding - See Note 11</b>	-	-
Victorian Government Grant - Core	108,696	93,418
Victorian Government Grant - RFC Coordinator - <b>See Note 11</b>	-	-
Please specify funding source	-	-
	<b>673,448</b>	<b>622,784</b>
<b>Note 3: In-kind support (revenue)</b>		
Rural Accountant/Solicitor	1,800	1,800
Service Promotion	1,600	1,600
Board & Local Network Group Members	8,500	8,500
Meeting Room Hire	2,100	2,100
	<b>14,000</b>	<b>14,000</b>
<b>Note 4: Other revenue / interest / sundry</b>		
Interest Earned	2,576	4,114
Sundry Income - Miscellaneous/Refunds	2,018	1,451
Employee contributions to motor vehicle costs (e.g. private usage)	1,575	1,300
	<b>6,169</b>	<b>6,865</b>
<b>Note 5: Employment related expenses</b>		
Base salary	371,587	325,670
Superannuation	44,478	40,005
Salary sacrifice/FBT (employee related)	97,293	82,819
Allowances/other	4,143	5,691
Other (special grant overtime/bonus etc.)	-	-
<b>Total remuneration package</b>	<b>517,501</b>	<b>454,185</b>
Workers compensation insurance	1,035	1,116
Payroll tax	-	-
FBT expense	-	-
Other	-	-
<b>Total salaries</b>	<b>518,536</b>	<b>455,301</b>
<b>Note 6: Movements in staff provisions - cash expense</b>		
Long service leave payments cash movement	-	-
Year end accruals cash movement	-	-
Other cash movements in provision for staff entitlements	-	-
	<b>0</b>	<b>0</b>



	<div>2015-2016</div> <div>Actuals</div> <div>\$</div>	<div>2014-2015</div> <div>Actuals</div> <div>\$</div>
<b>Note 7: Vehicle costs</b>		
Vehicle lease costs	33,806	32,790
Vehicle fuel	9,076	8,217
Vehicle rego	2,306	1,641
Vehicle insurance	3,073	2,218
Vehicle maintenance	2,927	2,879
Vehicle other (e.g. tyres, windscreens, insurance excess etc.)	673	415
	<b>51,861</b>	<b>48,159</b>
<b>Note 8: Board costs</b>		
Remuneration/Salary/Allowances	25,968	19,940
Meeting costs	803	677
Travel/accom/meals	1,044	1,095
Board secretariat	-	-
Training (e.g. corporate governance)	88	130
Board recruitment	-	-
Misc. Board & Local Network Group Costs	759	552
	<b>28,662</b>	<b>22,393</b>
<b>Note 9: Insurance</b>		
Office & Equipment	1,025	1,194
Combined Professional indemnity, Directors & Officers, Public Liability	6,471	4,855
Volunteers insurance	289	273
Journey Insurance	726	-
Other - please specify	-	-
	-	-
	<b>8,511</b>	<b>6,323</b>
<b>Note 10: In-kind Support</b>		
Reduced Office Rentals/Meeting Room Hire	1,800	1,800
Accountant / Solicitor / Service Promotion	1,600	1,600
Board & Local Network Group Members	8,500	8,500
Service Promotion	2,100	2,100
	<b>14,000</b>	<b>14,000</b>

**Note 11: Special Grant Funding**

	2015-2016 Actuals	2014-2015 Actuals
	\$	\$
<b>Funding – State RFC Coordinator</b>	63,938	50,000
<b>Expended on:</b>		
Office expenses (incl insurance other than MV)	324	309
RFC Coordinator training	262	-
Employment related costs	35,866	28,691
Communication costs	974	748
Motor vehicle expenses	2,975	2,349
IT Expenses	69	140
Board/EO/Admin Supervision	1,350	9,000
RFC Coordinator travel/accommodation/meals	2,197	1,834
Office Accommodation	7,500	15,000
Counsellor Training Costs	-	-
Other - Miscellaneous	-	1,000
<b>Total</b>	<b>51,517</b>	<b>59,069</b>
	2015-2016 Actuals	2014-2015 Actuals
	\$	\$
<b>Funding – Federal Portal 2015-2016 (Farm Finance 2014-2015)</b>	<b>32,000</b>	<b>77,000</b>
<b>Expended on:</b>	<b>Portal</b>	<b>Farm Finance</b>
Office expenses	-	464
FF Training	-	158
Employment related costs	-	47,245
Communication costs	-	76
Motor vehicle expenses	-	3,647
IT Expenses	-	233
Board/EO/Admin Supervision	-	12,000
FF Counsellor travel/accommodation/meals	-	1,161
Office Accommodation & Other Miscellaneous	-	11,000
FF Client travel/accommodation/meals	-	414
<b>Portal Funding:</b>	<b>-</b>	<b>-</b>
Associated Travel Costs	2,643	-
Associated Training Costs	1,805	-
Additional Employment Related Costs	8,403	-
IT & Communication Costs	2,131	-
Staff Recruitment	3,229	-
Office Expenses	298	-
<b>Total</b>	<b>18,508</b>	<b>76,399</b>
<b>Total special grant funding</b>	<b>95,938</b>	<b>127,000</b>

	2015-2016 Actuals \$	2014-2015 Actuals \$
<b>Note 12: Other expenses</b>		
Executive Officer Costs	3,315	4,247
Office Accommodation Costs - <b>see Note 13</b>	-	-
Utility Costs	4,317	4,847
Office Expenses - <b>see Note 13</b>	-	-
Communication Costs - <b>see Note 13</b>	-	-
Counsellor Travel	67	-
IT Costs	8,419	998
Accounting/Legal	2,370	1,708
Bank Charges	795	700
Staff Training incl travel/accommodation/meals - <b>see Note 13</b>	-	-
Staff Recruitment - <b>see Note 13</b>	-	-
Community Forums	-	-
Other Expenses/Sundry	2,783	4,302
Adjustment to balance total expenditure	-	-
	<b>22,066</b>	<b>16,803</b>
<b>Note 13: Approved expenditure from prior year surplus</b>		
<b>Capital expenditure</b>		
Vehicle Changeover less Trade-In	33,305	-
IT Costs	-	-
	<b>33,305</b>	<b>0</b>
<b>Other expenditure - operating expense</b>		
Office Accommodation	44,519	32,600
Office Expenses	7,946	7,536
Communication Costs	8,179	8,566
Staff Recruitment	1,509	-
Staff Training	5,755	8,298
	<b>67,908</b>	<b>56,999</b>
<b>Note 14: Other expenditure - non cash</b>		
Depreciation charge for the year	16,921	20,388
Non-cash movement in staff provisions - LSL	16,435	5,354
Non-cash movement in staff provisions - Annual Leave	6,687	(1,926)
Vehicle Changeover <del>(Loss)</del> Profit	(625)	4,933
Movements in provisions - Office Accom Liability	-	(25,500)
Movements in provisions - Wind-Up	6,900	12,000
	<b>46,317</b>	<b>15,249</b>

	2015-2016 Actuals \$	2014-2015 Actuals \$
<b>Note 15: Cash and cash equivalents</b>		
Cash at Bank - Operating Account	32,412	68,665
Cash at Bank - Online Saver Account	205,901	203,325
	<b>238,313</b>	<b>271,990</b>
<b>Note 16: Trade and other receivables</b>		
Trade receivables	-	-
Other receivables - GST ITC receivable	-	-
	<b>0</b>	<b>0</b>
<b>Note 17: Other current assets</b>		
Prepayments (for services)	-	-
E.g. WorkCover levy to be reimbursed	-	-
	<b>0</b>	<b>0</b>
<b>Note 18: Property, plant and equipment</b>		
<b>Furniture, fixture and fittings</b>		
At cost	-	-
Less accumulated depreciation	-	-
<b>Total furniture, fixture and fittings</b>	<b>0</b>	<b>0</b>
<b>Motor Vehicles</b>		
At cost	123,950	105,267
Less accumulated depreciation	(46,183)	(44,509)
<b>Total motor Vehicles</b>	<b>77,767</b>	<b>60,758</b>
<b>Office equipment</b>		
At cost	-	-
Less accumulated depreciation	-	-
<b>Total office equipment</b>	<b>0</b>	<b>0</b>
<b>Computer equipment</b>		
At cost	-	-
Less accumulated depreciation	-	-
<b>Total computer equipment</b>	<b>0</b>	<b>0</b>
<b>Leasehold improvements</b>		
At cost	-	-
Less accumulated depreciation	-	-
<b>Total leasehold improvements</b>	<b>0</b>	<b>0</b>
<b>Total property, plant and equipment</b>	<b>77,767</b>	<b>60,758</b>

**Note 19: Trade and other payables**

Trade payables  
Sundry payables and accrued expenses  
Credit cards  
Superannuation  
Salary sacrifice  
Accrued wages  
PAYG payable  
GST Payable  
Other - please specify

2015-2016 Actuals	2014-2015 Actuals
\$	\$
-	-
-	-
3,748	-
-	-
-	-
-	-
8,216	5,910
(2,376)	12,036
-	-
<b>9,588</b>	<b>17,946</b>

**Note 20: Revenue received in advance**

Approved carried forward amount - describe use  
Approved carried forward amount - describe use  
Approved carried forward amount - describe use

-	-
-	-
-	-
<b>0</b>	<b>0</b>

**Note 21: Interest bearing liabilities****Current interest bearing liabilities (Payable within 12 months)**

Finance lease obligation  
Other - please specify

-	-
-	-
<b>0</b>	<b>0</b>

**Long term interest bearing liabilities (Payable after 12 months)**

Finance lease obligation  
Other - please specify

-	-
-	-
<b>0</b>	<b>0</b>

**Note 22: Provisions****Short term provisions (Payable within 12 months)**

Provision for employee annual leave entitlements  
Provision for employee long service leave entitlements  
Provision for Office Accommodation  
Other - please specify

25,099	18,412
102,619	67,051
-	-
-	-
<b>127,718</b>	<b>85,463</b>

**Long term provisions (Payable after 12 months)**

Provision for employee annual leave entitlements  
Provision for employee long service leave entitlements  
Provision for wind up costs

-	-
10,491	29,625
85,600	78,700
<b>96,091</b>	<b>108,325</b>

# DECLARATION

## RURAL FINANCIAL COUNSELLING SERVICE VICTORIA - GIPPSLAND

### BOARD DECLARATION

#### FOR THE YEAR ENDED 30 JUNE 2016

The Board of Rural Financial Counselling Service Victoria - Gippsland, declare that the financial statements:

1. Presents a true and fair view of the financial position of Rural Financial Counselling Service Victoria - Gippsland as at 30 June 2016 and its performance for the year ended on that date in accordance with the accounting policies in Note 1 to the financial statements.
2. At the date of this declaration, there are reasonable grounds to believe that Rural Financial Counselling Service Victoria - Gippsland will be able to pay its debts as and when they fall due.

This declaration is made in accordance with a resolution of the committee and is signed for and on behalf of the Board by:



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Name: Richard Habgood

Position: Chair

Date: 7 October 2016



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Name: Kylie Holmes

Position: Executive Officer

Date: 7 October 2016