

# Annual Report

Rural Financial Counselling Service Victoria – Gippsland

For the 12-month period ended 30 June 2017



**Rural Financial  
Counselling Service**

Victoria – Gippsland

**Rural Financial Counselling Service Victoria – Gippsland (RFCSV-G)** is funded by the Commonwealth Department of Agriculture and Water Resources (DAWR) and the Victorian State Department of Economic Development, Jobs, Transport and Resources (DEDJTR).

The Board and management acknowledges the generous support provided by the Commonwealth and State funding bodies for the 2016-2017 financial year. In addition, we would like to thank Michael Lorenz from our local IGA (Leongatha) and Graeme Cockerell, Chairman of the Lions Humanitarian Disaster Relief and Coordinator of Need for Feed, for provision of emergency funding, support and food hampers throughout the year.

Our 2016-2017 Annual Report provides funding bodies and other stakeholders with information on our service, performance and key outcomes from initiatives undertaken during the 2016-2017 financial year.

This year we have included a Performance Report providing a snapshot of our performance against a new set of targets that our clients and stakeholders should expect from our service.

On behalf of the Board, Executive Officer and staff, I hope you enjoy reading our 2016-2017 Annual Report.



**Richard Habgood**  
Chairman – RFCSVG

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**The Rural Financial Counselling Service Victoria – Gippsland (RFCSV-G)** is a Government funded program that provides support to farming communities through free, confidential and independent assistance for primary producers, farms and small rural businesses at risk of financial hardship.

RFCSV-G have supported the rural community for over thirty years, with our experienced team of Counsellors helping clients better understand and manage their financial position, identify improvement opportunities, and assist in developing financial and other plans. We also provide support by connecting our clients with professional assistance, referrals and access to government programs, and support services to help manage personal stress.

We take pride in offering an encouraging and supportive environment to help our clients effectively manage adjustment to change while working towards their goal of being profitable, competitive and sustainable.

Our team of Counsellors assist clients to:

- understand their financial position and viability of their farming or small business;
- identify options for enhancing their financial situation; and
- develop and implement plans with the goal of improving future financial management and achieve self-sufficiency.

We offer a professional, yet personal, service with our Counsellors providing one-on-one support to clients for a period of up to three years.



# Our team

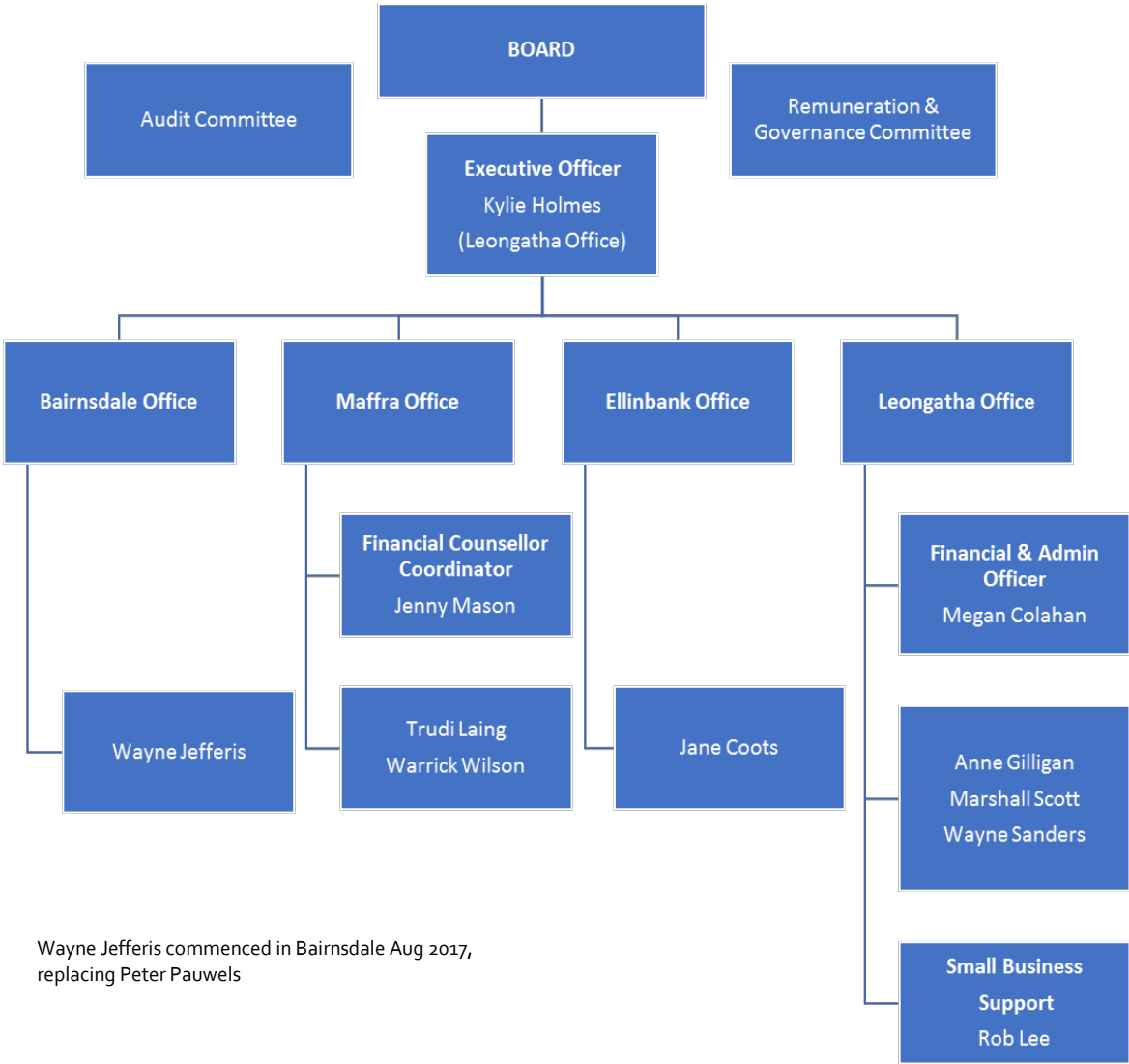
The RFCSV-G is governed by a Regional Board providing strategic direction and oversight in the implementation of RFCSV-G’s funding objectives. Board sub-committees provide in-depth direction and support for Audit and Remuneration and Governance. Our Executive Officer is responsible for the management of operations, implementing policy and project initiatives to ensure an effective and responsive counselling service that is aligned with Government and Board direction.

Our counselling team consists of nine (9) Rural Financial Counsellors including a Small Business Financial Counsellor and Coordinator. Our Coordinator provides mentoring, training and on the job support for all Counsellors.

The Executive Officer, Board and Counselling team are supported by our Finance and Administration Officer.



Front row (L to R) –Kylie Holmes, Anne Gilligan, Jenny Mason, Megan Colahan, Trudi Laing, Jane Coots. Back row (L to R) –Marshall Scott, Wayne Sanders, Peter Pauwels, Richard Habgood, Warrick Wilson, Robert Lee, Peter Jennings (previous Executive Officer).



Wayne Jefferis commenced in Bairnsdale Aug 2017, replacing Peter Pauwels

## Board of Directors

The RFCSV-G Board comprises of seven (7) Directors with collective qualifications and extensive experience in agriculture, economics, strategy, policy, health, law, people and culture, and community engagement.



**Richard Habgood (Chair)** 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 (DPI). He has provided consultancy services to industry development organisations and Government departments. Richard's early roles with DPI as a Farm Management Economist, Program Manager for Dairy RD&E activities, Manager for the Delivery of Field Services in West Gippsland, as well as participating in Policy development, has given him broad experience across the agriculture sector in Gippsland. Richard has also been involved in service clubs and a range of community activities in the Warragul district.



**Aubrey Pellett (Deputy Chairman)** Dip. Farm Management, B. Commerce (Farm Management), Post Grad Dip. Info Systems, GAICD.

Aubrey has been a Board member since 2012 and is a member of the Audit Sub-Committee.

Since 2002, Aubrey has operated a dairy farm at Hill End, West Gippsland. Before farming, Aubrey worked in rural and retail banking, as well as Bonlac Foods during 2004–2005 as a Field Officer in Gippsland. Aubrey was a Director of GippsDairy between 2010–2014, currently Deputy Chair of the Bonlac Supply Company, a Fonterra Forum Delegate since 2012, and recently appointed to Agribusiness Gippsland Board in 2017.

### Robin Lowe (Treasurer) FCA.



Robin has been a Board member since 2012 and has previously served as Deputy Chair. Robin is currently the Treasurer and Chair of the Audit Sub-Committee.

Robin grew up on a small dairy farm in South Gippsland before completing a Bachelor of Business at Monash University. He is a Senior Principal of Crowe Horwath, a Gippsland based integrated financial services provider that's 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.



**Leonie Coleman (Secretary)** GAICD, Gen Cert Nursing, Adv Cert SACS.

Leonie 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 a beef property in Glenmaggie for many years.

Leonie trained as a registered nurse 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.



### **Garry Van Sinderen JP.**

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

Garry lived on a dairy farm until married, gaining a Diploma Business Studies with Accounting

Major.

Garry's varied experience with five years at State Bank of Victoria, twenty years in water industry management dealing with water catchment, treatment and distribution, and wastewater treatment disposal, as well as fifteen years in aged care facility management in charge of Woorayl Lodge in rural Victoria, has resulted in extensive experience in board governance, human resources and financial management of Not-for-Profit organisations. Additionally, Garry gained an increased level of understanding for the needs of others and appointed a Justice of the Peace in 1996.



### **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 the CEO of South Gippsland Hospital and has a background in nursing, accounting and business management. She has held several Non-Executive Director roles and is currently a Parks Victoria Board member. Chris and her husband live on a beef farm in South Gippsland.



### **Geoff Stephens**

Geoff 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, initially formed to get a fairer price for calves and cattle.



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

Kylie commenced in the Executive Officer role in September 2016.

Kylie has worked in the banking and finance industry, and more recently with water service and supply organisations in various management roles including finance, IT, regulation and business services. Working with water service organisations, Kylie has been involved with the rural and farming sectors assisting with water supply services.



## Our Service Area

Rural Financial Counselling services are provided across Australia. Within Victoria there are four (4) dedicated service regions as illustrated in the map below.

Our service supports rural communities across south-eastern Victoria and the whole of Gippsland covering eleven (11) Local Government Areas. Our Head Office is in Leongatha with three (3) other offices located in Ellinbank, Maffra and Bairnsdale.



Gippsland councils include: Bass Coast, Baw Baw, Cardinia, Casey, East Gippsland, Latrobe, Mornington Peninsula, Nillumbik, South Gippsland, Wellington and Yarra Ranges.

Generally, the 2016 season across our service district was good, exceptionally so in East Gippsland, transpiring to increased land prices which has provided confidence for some client's adjustment and succession planning for the next generation to take over the family farm. The outlook is currently positive with abundant feed available on paddocks and storage, strong market prices for sheep and beef meat, a tight margined, yet expanding vegetable sector, and wool prices steadily improving. The dairy industry is likely to have a slow recovery with continued low milk prices and increased pressure on dairy farmers to become more efficient, thus the requirement for continued assistance is expected.

New focus groups committed to the development of Gippsland, such as the East Gippsland Food Cluster Group, Committee for Gippsland, Latrobe Valley Authority are working to gain confidence in the region through securing Public Sector investment capital to ensure opportunities through strong regional economy in agriculture and the national food and fibre production and processing.





## Chairman's Report

Our new funding agreement with the Commonwealth Department of Agriculture and Water Resources (DAWR) has new accountability and reporting requirements for our service delivery. With this change comes a new focus on measuring client outcomes and the value that our service provides to clients, as well as the wider community. I'm pleased to say we have demonstrated a strong report card in this respect, as illustrated in our Performance Report in the following section. Our focus over the 2016-2017 year has been on continuous improvement of our service delivery and client engagement, which is reflected by a slight increase in our client's overall satisfaction rating from an already great result of 91% (in 2015-2016) to 92%.

With the retirement of our long-term and respected Executive Officer, Peter Jennings in September 2016, Kylie Holmes was appointed to the position. Kylie comes to us with many years working in the water industry and brings a broad range of experience that includes change management, accounting, IT expertise and engaging with external stakeholders including government agencies. Kylie 'hit the ground running' showing strong leadership and organisational skills in responding to what has been a challenging year, and a year of change for our service. Kylie has introduced a new client case management framework supported by a new electronic document management and filing system using a cloud based SharePoint platform. This has improved the access and security of our corporate and client information, as well improving the efficiency of our team.

The changes in accountability to our Commonwealth funding body has also created an environment of increased governance and reporting requirements, in particular the introduction of Key Performance Indicators (KPIs) and targets to monitor and measure the performance of our service. A new reporting system and framework was implemented to support the data collection for our new KPIs. The system is used to record client data on activities and action plans, referrals, outcomes and competencies achieved as a result of working with our Counsellors. The information gathered from this data provides valuable feedback on our service performance, and supports the objective of our Commonwealth and State funding bodies to provide an effective service that assists the

agricultural sector to be a thriving and sustainable industry.

A key focus for our service has been engagement, and our new Executive Officer and all Counsellors have been actively involved in a number of local support groups and industry meetings to increase our profile within the farming communities.

During the year, a peak number of 337 clients sought assistance from our service, with 68% of these clients from the dairy industry. Our service was extremely fortunate to receive funding to support two additional positions in Maffra and our head office in Leongatha, the heart of the dairy community. These Counsellors were engaged for 12 months to specifically support the dairy industry and clients that were impacted by the dairy industry downturn. In addition to the two new Counsellors, we also recruited two Counsellors late in June 2016. Our new team members bring with them a renewed vibrancy and drive, which has been well received by our clients.

The seasonal conditions across our service region varied significantly. Drier conditions experienced this year in East Gippsland is a turnaround from last year's above average rainfall. Good rainfall and weather conditions in South Gippsland are yielding better pastures and crops for our farming communities. The Australian Rainfall Deficiency Monitor still indicates that majority of our service area continues to be impacted by a 1 in 20-year rainfall deficiency pattern. This has been recognised by the Commonwealth and Victorian Governments providing farmers, affected by drought conditions, access to low interest only Drought Concessional Loans for an initial period of up to five (5) years. Many of our clients have applied for these concessional loans during the 2016-2017 year, which has helped ease some of the cost pressures of servicing farm loans.

The latest information from the Australian Bureau of Meteorology (BoM) indicates majority of our service region is likely to experience a greater than 50% chance of exceeding the median rainfall, however the East Gippsland area will be less likely, and are already experiencing this rainfall pattern. Our Counsellors are mindful of these weather and temperature forecasts and are working with clients to help prepare and mitigate risks of continued drier conditions.





The dairy industry downturn in April 2016, precipitated by a significant farmer milk price reduction, meant that milk prices over the 2016-2017 year were at, or below cost of production for many dairy farmers. On the back of prolonged dry weather conditions during 2015-2016, some farmers were faced with extreme financial hardship.

The majority of our client base has been dairy farmers needing some additional support. This has been achieved by Counsellors working with clients to apply for the Farm Household Allowance (FHA), which is a support payment scheme administered by Centrelink. Dairy Concessional Loans were available to farmers to access low interest only loans to help them through the current difficult times. Many clients applied for the Dairy Concessional Loans during the year, especially in the lead up to the end of the financial year, as it was uncertain if the Dairy Concessional Loan would continue. The Commonwealth and State Governments have now confirmed that both the Drought and Dairy Concessional Loans will be available in the coming year, which is good news for some of our clients that may not have taken up the opportunity due to various factors and time pressures. Our Counsellors are continuing to work with clients with their Concessional Loan Applications.

We were pleased to implement a State funded initiative to provide additional support to non-farming small businesses within our rural communities directly impacted by the downturn of the dairy industry. Our Small Business Financial Counselling Program was made available in September 2016 for twelve months, and although experienced a slow uptake, the support has been well received. Funding for the twelve-month initiative was received during 2016, however the Small Business Financial Counselling Program will continue until the end of September 2017.



Robert Lee (Small Business Financial Counsellor) and the Small Business Bus Victoria





















Despite the challenges of the new reporting requirements and dealing with the impacts of the dairy crisis 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 our service and our clients over the last twelve months.

And finally, thank you to all Board members for their dedication and continued support during what has been a challenging year.




**Richard Habgood**  
**RFCSV-G Chairman**

# Performance Report

KPI	KPI Details	Target	Q1	Q2	Q3	Q4	Result	Rating	Notes on performance - based on 15 month period
<b>Service Provision</b>									
KPI 1	Eligibility of clients	100%	97%	89%	88%	82%	96%		All contacts are recorded yet Counsellors can spend up to 4 hrs with a contact before either converting to eligible client or exiting (discontinuing service), hence the result is less than 100%.
<b>Service Performance</b>									
KPI 2a	Clients are case managed	100%	-	100%	100%	100%	100%		New Case Management Framework (CMF) implemented Oct 2016. Counsellors trained and client files updated to reflect new requirements from QTR 2 onwards. Client file audits conducted monthly to ensure compliance with CMF requirements.
KPI 2b	Clients have action plans	90%	95%	97%	98%	97%	97%		Monthly client file audits commenced in Oct 2016. Reviews support data included in reporting system. Level of detail for action plans and format of plans can vary significantly between counsellors. Evidence from client file audits indicate some action plans have not been communicated with clients with Counsellor(s) taking full responsibility for monitoring. Improvement opportunity.
KPI 2c	Clients are referred	80%	35%	57%	66%	97%	69%		Result in QTR 1 due to new system implementation (Apr 2016) issues : transferred client data and timing of training for counsellors (Sep 2016). The improved results for QTR 4 reflects a better understanding of system and reporting requirements.
KPI 2d	Client exit reasons captured	100%	100%	95%	88%	74%	91%		Varied results over the 15 month period due to system changes and changes in DAWR data input requests for FHA client information. Exited contacts (not clients) and related contacts are affecting the results obtained from DAWR reporting system.
KPI 2e	Returning client reasons captured	100%	83%	95%	92%	100%	100%		All returning clients are reviewed by Coordinator or Executive Officer. Analysis of returning client reasons indicate that changes in circumstances (milk prices, family situations) have contributed to seeking further assistance from RFCS
KPI 2f	Client satisfaction	80%	91%	91%	91%	91%	92%		Result of 91% satisfaction rating for beginning of 2016-17 was based on last annual survey (Nov 2015). New process for exit interviews implemented in Oct 2016 indicates 92% of exited clients are satisfied with service provided.
KPI 2g	Clients have gained skills & proficiency	80%	4%	28%	8%	39%	34%		Client reporting system only requires counsellors to input competencies when client progresses to new service stage within the system. Counsellors are adding data as per system requirements. Information obtained from exit and annual client survey indicate a better result for client's perception on competencies gained as a result of working with counsellor.
KPI 2h	FHA recipients achieving FIAs	80%	95%	97%	98%	97%	97%		Results based on KPI 2b. Counsellors capturing FIAs in action plans, which counsellors assist and monitor in accordance with Case Management Framework.
<b>Community Awareness</b>									
KPI 3a	Community awareness of RFC	75%	-	-	-	-	-		DAWR portal data not available and not feasible to collect data to assess this target. Communication & Stakeholder Engagement Plans have been revised and being implemented 2017-18 to maximise service awareness, as well as increasing online presence with the launch of new website Nov 2017. Events represented by RFCSV-G seek feedback from attendees regarding awareness of our services, and also implemented new KPI for Counsellors to attend a min. of 2 networking meetings per month.
KPI 3b	Communication strategies	100%	-	-	-	-	-		Responses to media advertising campaigns captured. Two campaigns undertaken in 2016-17 across service region (Planning for the Future and Take a Breath).
<b>Governance</b>									
KPI 4a	Compliance with funding deed	100%	100%	100%	100%	100%	100%		Refer to compliance statement in Annual Report
KPI 4b	Annual reviews by DAWR	Yes	n/a	n/a	n/a	n/a	0%		Annual review not yet conducted. As indicated from the interim review conducted in Dec 2016, our service is progressing well and are meeting all milestones, as per funding deed.
KPI 4c	Independent performance audit	Yes	n/a	n/a	n/a	n/a	0%		Not yet conducted.
KPI 4d	Timely reports submitted to DAWR	100%	100%	100%	100%	100%	100%		All milestone reporting as per funding deed has been achieved.
KPI 4e	Client records updated within 14days	100%	100%	100%	100%	100%	100%		Internal process of updating file notes and action plans within 48hours for all key client interactions.

KPI Report is prepared on data captured by the Commonwealth Department of Agriculture and Water and Resources (DAWR) system and reporting functionality, and is prepared on the basis that data is accurate. Client data is de-identified for reporting to DAWR to maintain confidentiality. KPI data that is not captured within DAWR reporting system is based on evidence or indicators of success.

QTR 1 = 1 Apr 2016 to 30 Sep 2016 (new system and carryover of data from previous ARC reporting portal). KPI Report reporting on 15month period. Results for QTR 1 reflect Milestone 4 report submitted to DAWR, the remainder of results captured quarterly have been reported to Board. Full KPI report analysis for period 1 April 2016 to 30 June 2017 have changed/improved as the system allows counsellors to retrospectively update some KPI data.

- 
 Rating based on reaching KPI target
- 
 Rating based on not achieving KPI target, but less than 15% variance from target
- 
 Rating based on not achieving KPI target (greater than 15% variance)

## Service provision

During 2016-2017 our service received additional funding to support dairy farmers facing financial hardship due to the downturn in milk prices. Two (2) new full-time Rural Financial Counsellors (RFC) were recruited, which increased our full-time equivalent (FTE) RFCs from 5.8 (2015-2016) to 6.3, reflecting a vacant position at our Bairnsdale office as at the reporting date for 2016-2017. Additional Counsellors meant we were well equipped to assist a record number of farmers that sought assistance from our service during the year.



### Our Clients

Major industries in our service area are dairy, beef, sheep wool and meat, horticulture and cropping.

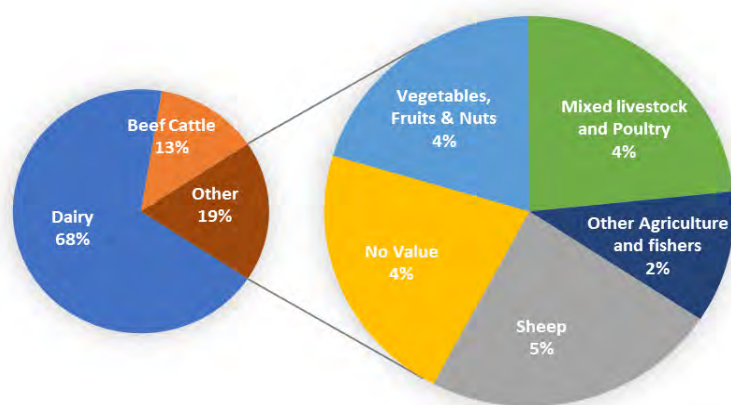
A total of 337 (170 new) clients sought assistance from our service during the year. As anticipated, our client base has been dominated by dairy farmers (68%) seeking support because of the dairy milk pricing. Whilst there is a continued need for dairy industry support, the percentage of our total client base for dairy clients has decreased from last year (77% in 2015-2016). Beef and cattle farmer clients mainly located in the East Gippsland area has increase to 13% (6% in 2015-2016).

All other industry categories have remained relatively the same as previous year, with Counsellors continuing to support some longer-term clients (167 returning and existing clients).

## Service performance

During the year a new Case Management Framework was introduced to provide Counsellors and clients with a process to track progress along the journey of client support. The framework also requires the Counsellor to record key client interactions and achievement of goals recorded in action plans. Action plans for clients can range from a simple to do list, to a more complete business planning document. This is all dependent on clients' needs, and the Counsellors' experienced assessment of client's financial situations. As indicated in our Performance Report KPI2a, 100% of eligible clients are progressing through our case management process, and 97% of clients (KPI2b) have an action plan that their Counsellors are monitoring progress on. These action plans incorporate the planning requirements for clients that apply for the Farm Household Allowance through Centrelink (KPI2g).

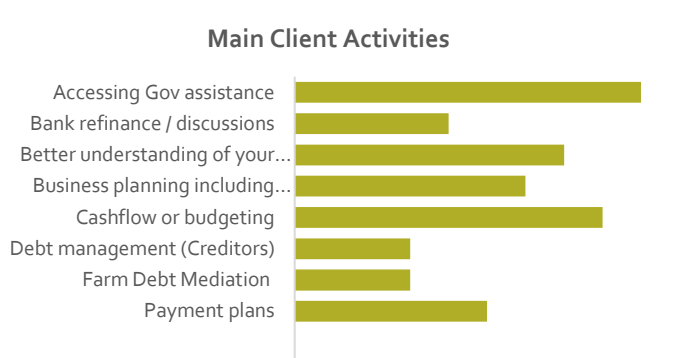
With the introduction of any new system, collection of data improves over time. This is evident in the results recorded for our service performance KPI2c over the year, with the last quarter result indicating that 97% of clients have now been referred to other support services or professional and/or industry advisors (as per our service objectives to connect clients with specific agencies). However, the overall (averaged) result for the year (69%) is less than target.



Clients assisted during 2016-2017

The KPI2g, capturing client competencies and skills, are less than target. These results are based on the data recorded within the reporting system, yet does not reflect at what stage the client is along their journey of support. Our service adopts a case management approach for managing and monitoring client progress, and the capture of this data may be a timing issue, as the system only requires this data at certain stages. Counsellors need to capture this information more regularly to record client skills and competencies gained as a result of working with their Counsellor and our service.

The preliminary results obtained from our 2017 Client Satisfaction Survey conducted in August 2017, indicates that client support activity in 2016-2017 focused mainly on applying for Government assistance, and through that process, our clients have gained a better understanding of cash flow and budgeting, as well as a better understanding of their financial position.



Our service has supported 337 clients during the year, and approximately 50% of these were returning clients. This is an important indicator that our clients value the service provided and 85% of clients that have exited<sup>1</sup>



our service indicated they would refer our services to other farmers.

A number of returning clients (37%) indicated that declining profitability (dairy clients) was the contributing factor of seeking our services again. Of the 167 returning clients, 16% were existing clients that were transferred from the previous client reporting system. All returning client information is captured in the reporting system (KPI2e).

During the year our service introduced client exit surveys to help monitor the level and effectiveness of our service provision. The exit surveys conducted via phone provides an opportunity for clients to give real and informative feedback. A total of 174 client files were closed during the year, with 48% achieving their goals, and 60% of closed client files recorded positive



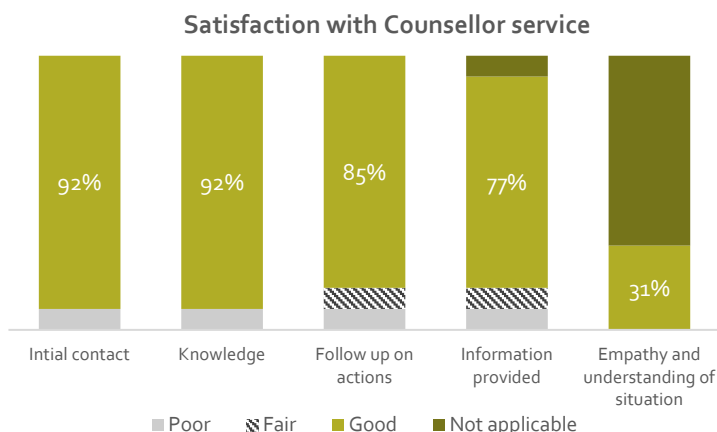
The responses collated from our client exit surveys indicate that [overall] 92% of clients were satisfied with our service, a slight improvement from the collated results from our 2015 Client Satisfaction Survey (91%).



<sup>1</sup> Exit surveys are conducted within 3 months of the client file being closed in the reporting system.



Clients have provided valuable feedback that our Counsellors are performing well and that the initial meetings with clients, and the knowledge the Counsellor brings to the table, are well received.



To help measure the value that our service provides clients, the exit survey drilled down on what the client perceived as their improved skills and knowledge as a result of working with their Counsellor. It is encouraging that our clients believe, in most cases, that they have a better understanding of cash flow and budgeting and are therefore better placed to manage their financial matters.



## Community Awareness

During 2016-2017 our service embraced a new look, refreshing our existing logo and new corporate image. We achieved this by utilising local talent and resources to minimise cost. New brochures for our service, as well as our new small business support, were developed and issued throughout our farming communities - at farming expos, industry meetings, and various meetings with community reference groups to help enhance our profile and promote to ensure community awareness of our services. All Counsellors now have an embedded performance

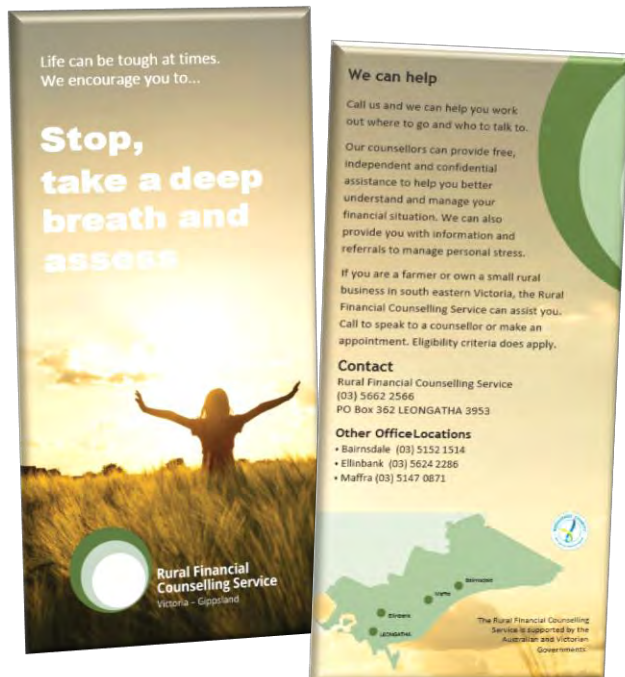
target to attend a minimum of two (2) network meetings per month.



Various media initiatives and advertising campaigns, addressing planning and farmer health, were published during the year. A 'Planning for the Future' campaign was issued in March 2017 to remind our farming communities that our service was available to help them plan to improve their financial situation, preparing for tax, and generally assisting farmers in need of navigating a path forward. The media campaigns also promoted our small business support services.



Our 'Take a Breath' campaign was the outcome of many discussions with farmers, industry groups and health professionals as a recognition that our farmers work hard, and sometimes, despite their best efforts, difficult situations arise. 'Take a Breath' campaign officially launched in June 2017 to remind potential clients that our service was available to help, and encourage clients to make that first, often difficult, phone call.



We attended promotional events at farming expos and industry meetings as an opportunity to network with other providers and potential clients, with Counsellors attending the Korumburra Dairy Expo (Sep 2016), Bass Coast Agricultural Show (Jan 2017), Farm World at Lardner Park (Apr 2017), and various other industry and stakeholder meetings.



Jane Coots (Ellinbank RFC) and Jenny Mason (Counsellor Coordinator) attending 2017 Farm World at Lardner Park



Kylie Holmes (Executive Officer) supporting the Lions Need for Feed food hampers.

Wayne Sanders (RFC), Kylie Holmes and Jenny Mason (Counsellor Coordinator) at the Korumburra Dairy Expo.

The continued support from Michael's Super IGA and the Lions Need for Feed is greatly appreciated. The IGA donations to our service provides food vouchers for clients that are in need of emergency support.



Gary Van Sinderen (RFCV-G Board Member), John Markham and Michael Lorenz (IGA), Peter Jennings (retired Executive Officer RFCV-G)

### Gippsland Dairy Industry Leadership Group

The Gippsland Dairy Industry Leadership Group (DILG) was formed in June 2016 to collaborate with support service organisations, and the wider dairy industry, to deliver a coordinated and effective industry response to the seasonal and market conditions being experienced in Gippsland. The objective of the group was to provide guidance for farm level support and coordinate the emergency support and rollout of Government assistance packages to dairy farmers impacted, either financially or emotionally, due to the current situation. A number of support networks feed into this group, including government agencies (Agriculture Victoria, Department of Human and Health Services (DHHS)), Regional Development Victoria, Rural Financial Counselling Service, and



Health Care providers), Local Council representatives, industry bodies (GippsDairy, United Dairy Victoria), milk companies, and dairy network groups (Regional Extension Committee).

The DILG meet every two months to monitor and coordinate efforts of individual services, and to communicate back to the State and Federal Governments responsible for emergency support. Key outcomes of the DILG was the creation of a network for providing a coordinated and responsive approach for support and assistance for dairy farmers, or any future emergency response efforts – not just for the dairy industry. Our service is honoured to be part of this group in an ongoing role.



John Droppert (Dairy Australia) presenting at our 2016 AGM in November 2016.

### Local Network Meeting

The Local Network meetings are a forum for industry and farmers to connect and share 'on the ground' knowledge to identify any emerging trends and concerns.

Meetings were held in August, November, December, February and May, attended by farmers, representatives from DEDJTR, DHHS, Murray Goulburn Co-op, Burra Foods, Bass Coast Shire, South Gippsland Shire, Rabobank, Rural Finance, National Centre for Dairy Excellence, and our Counsellors, Executive Officer and Board members.

The network meetings are coordinated our RFCSV-G Financial and Administration Officer and meetings are facilitated and chaired by DEDJTR.

A special thank you to Megan Colahan for her extraordinary efforts in coordinating all our stakeholders and organising these valuable networking events.



Local Network Meeting – function Dec 2016

Key outcomes from the Network include:

- Monitoring the impacts and effects of dairy price downturn on farmers;
- Communicating available government assistance packages and initiatives (Farm Household Allowances, Concessional Loans);
- Raising awareness of support for farming communities;
- Addressing farmer concerns; and
- Ensuring consistent messages within the community.

## Governance

Our Board has extensive experience in farming and agriculture, and some members are financial and governance experts. The Board meets six times per year, typically in July, September, November, February, April and June. The Audit sub-committee meet a minimum of four times per year, and the Remuneration sub-committee meet as required.

A summary of meetings attended by individual Board members is provided below:

Board member	Meetings Attended
Richard Habgood (Chair)	6
Aubrey Pellett	5
Leonie Coleman	6
Robin Lowe	5
Gary Van Sinderen	6
Chris Trotman	4
Geoff Stephens	6

Our service hosted the State (Oct 2016) and National (Mar 2017) Rural Financial Counselling meetings in Melbourne and Canberra. These meetings are an opportunity to network and share experiences and knowledge with other services, as well as receive feedback from our funding bodies.

In December 2016, the Chair and the Executive Officer attended a meeting with DAWR to review progress on delivering the RFC program, achievement of KPI targets, the use of the client reporting system, and a general review of our service's overall performance. Outcomes of the meeting were positive, with all compliance reporting milestones achieved. The Assistant Secretary of the Farmer Assistance Branch confirmed and acknowledged our satisfactory performance in a letter dated 5<sup>th</sup> September 2017.

Our service is yet to conduct a performance audit, however considerable effort has been expended in improving our service provision frameworks currently reflected in the improved satisfaction rating from our client exit surveys and the preliminary results from the satisfaction survey.



## The year ahead

The focus for our service for the short to medium term is to consolidate improved stakeholder engagement, and increase the profile of our service. A focus of targeted media campaigns utilising multiple streams will help to achieve this goal. An initiative already underway is to combine efforts and resources with other Victorian Rural Financial Counselling Services for improved media coverage. The initiative includes the production of a promotional video that can be used by all services on social media, print, and television. This initiative may be rolled-out to other states.

We have commenced the development of our website, which will help achieve the goal of increasing our profile and online presence. It is intended that the website functionality will include linkages to other community and stakeholder websites and events for promotional and educational purposes. The website will be launched in November 2017.

Our focus in 2017-2018 will be on enhanced promotion of the service to potential clients with a focus on smaller industry sectors and groups of clients at risk (based on industry trends), especially those industries currently doing well such as meat and wool.

The Board intends to review the Strategic Plan and corresponding plans to ensure the service is in the best position to be of value to our clients and community, and to renew priorities and targets in line with industry and funding bodies.



## Our Client Stories

To demonstrate the value of our service and performance outcomes, the following three (3) client case studies illustrate the journey of client support and the assistance offered by our Counsellors through action planning, referrals, and imparting clients with valuable skills and proficiencies.

These case studies provide the background and context of why clients sought assistance and demonstrates the activities undertaken by our Rural Financial Counsellors to support and assist clients to accomplish their goals and become financially self-sufficient.

The following cases are de-identified and summarised to maintain client confidentiality. All case studies have been discussed with the client(s) providing consent to use deidentified details for reporting purposes.

### Case Study – Making the Tough Decisions

#### **Background:**

The client is a 55 year old single farmer ('the client') with 32 years farming experience including 10 years on current farm. Initially the client contacted our service in 2007 to seek assistance with drought relief (exceptional circumstances), and again in 2016 presenting a business facing increasing costs of production, increasing debt levels and low milk production.

The business was "just surviving" on subsidies (exceptional circumstances – income support and interest subsidies) since 2007. The client was experiencing considerable stress and the financial situation had reached critical level, having pursued all options prior to seeking support. Creditors had commenced legal proceedings to recover debts.

The client applied for Farm Household Allowance, but was ineligible for any Farm Business Concessional Loans.

#### **Goals:**

Initially the client was determined to stay farming, however through the process the goal changed to exiting the farm with enough funds to purchase a house.

#### **Options discussed:**

The client raised the possibility of joining the neighbouring farm to increase milking capacity and income to service debt level. This option was subject to conditions making the reality of this option unlikely.

Option to continue to trade as is was explored, hoping things may improve, but no positive outcome was predicted. The client realised the only option was exiting the industry.

#### **Activities undertaken:**

Negotiations with creditors resulted in hardship provisions being applied. With the assistance of our Counsellor, the client arranged timeframes and conditions for the sale of assets to settle debts.

We assisted with bank negotiations and exit planning, with a detailed exit plan developed with the client, which included settling legal and financial obligations, and planning a future beyond farming. The client was able to explore employment options off-farm.

#### **Outcomes:**

With the assistance of the Counsellor, the client was successful in negotiating with multiple creditors the acceptance of full and final payment of the debt(s).

The Counsellor's professional relationship with the bank allowed for an outcome that both the client and bank were satisfied with.

The client has now exited farming with clear plans for the next 12 months with off-farm employment, relocation, and purchase of a house.

The client had suffered depression and stress related illnesses due to continued financial pressure which has eased since making the decision to exit.

The client is happy with the outcome, and most importantly, has walked away with pride.

## Case Study – Impact of Dairy Industry Downturn and Farm Debt Mediation

### Background:

Two farmers ('the clients') both mid to late forties and have worked on farm for up to 30+ years. Their initial inquiry in September 2016 was for our service to aid in the application for Farm Household Assistance (FHA) to improve cash flow problems emphasised by the dairy industry downturn.

The clients were currently milking 130 cows on a 115ha farm.

The client's situation revealed an equity holding of 53%, and serious cash flow concerns (\$120K outstanding creditors > 90 days overdue), the overdraft was in default of (\$14K overdrawn), and the client had recently fallen behind on their loan (\$3.5K). The clients had not completed their tax returns for the last three years.

After the initial assessment, the clients were faced with Farm Debt Mediation (FDM) instigated by their bank in November 2016 and conducted in February 2017.

The reality of the clients situation was dramatically different to the information provided at the initial assessment, which changed the priorities and action plans for the clients.

### Goals:

Initially the clients needed to improve short term cash flow with support from Farm Household Allowance (FHA) and to restructure their farm debt with a low interest Dairy Recovery Concessional Loan. Their longer term goal was to be a viable business and to continue with the family farming business.

### Options discussed:

The clients acknowledged that they could improve cash flow with increased milk production, which could be achieved by buying more cows (estimate \$100K) and maximising the use of existing under utilised land. The clients wanted to apply for the Dairy Concessional Loan, however defaults on current loan made them ineligible.

A longer term option was to transfer from dairy to beef in five to six years time.

### Activities undertaken:

Initially, RFCSV-G assisted the clients to apply for government assistance to access cash (FHA), however this was delayed due to clients' lack of financials. Multiple meetings were arranged to progress the FHA application and to prepare clients to complete their tax returns with their accountant.

Whilst these activities were underway, plans were put in place to start planning for the bank FDM process. The clients and Counsellor worked closely together to develop options and plans to present to the bank. The clients were provided support and assistance with their preparation and understanding of FDM process.

The counsellor worked with the client to identify options, short and long term goals, and together developed action plans to improve the clients cash flow to better manage payments to creditors.

As part of the initial assessment and ongoing support, detailed budgets were developed and our service assisted the clients with cash flow management and monitoring.

### Outcomes:

Farm Household Allowance was approved and back paid (Mar 2017) which allowed for some creditors to be paid, and immediately alleviated some financial stress.

Successful FDM (Apr 2017) allowed the clients to continue farming with restructured lending and additional funding to purchase cows and pay creditors.

Clients are becoming self sufficient, with the skills and confidence to monitor their financial situation and cash flows to track towards achieving their goals.

The current situation (June 2017) – the bank is happy with ongoing progress, the clients have increased herd numbers and cash flow is being maintained as per budget.

We are maintaining minimal contact with clients, with a review scheduled for April 2018 to consider reapplication for a Business Concessional Loan.

## Case Study – Good Business Trumped

### Background:

The client, a chicken meat producer (Broiler) first contacted the service in April 2017 after several failed attempts to receive assistance from other farmer organisations.

The business had been operating for 16 years as a viable, though relatively small producer. In August 2016, the client obtained further finance to improve watering and shedding facilities. Shortly after extra finance was received, the contract was not renewed by their processor. The client immediately pursued other processing options however no contracts could be sourced. This placed the client under extreme stress and financial hardship.

The client contacted their bank and requested a period of hardship, which was granted.

Early in 2017, the client attended field days arranged by an industry group who presented operating options to farmers who had lost broiler production contracts. Loss of contracts was being experienced across the industry. Referrals to organisations that would provide free assistance was handed out at the meeting. Due to a lack of awareness, RFCSV was not on the list. After receiving no assistance from one of the listed organisations, the client through further contact with the industry group, was eventually referred to our service.

Initial assessment of the client's situation identified the ongoing lack of income had impacted their ability to manage day to day living expenses, pay creditors and deteriorated their relationship with the bank.

### Goals:

Due to the size and burden of compliance with the new broiler processing requirements, the client realised that continuing as a chicken farmer was no longer viable.

The client identified that staying on the farm was the priority, and this could only be achieved by sourcing alternative on-farm income from diversification.

### Options discussed:

Our Counsellor worked closely with the client to identify Government assistance available to address

the immediate cash flow situation, and continued to investigate alternative business options within the broiler industry, or other types of industry, to generate income to allow the client to remain on the farm.

Sale of land was also discussed however the client prioritised on-farm alternative income.

### Activities undertaken:

- Immediately applied for current Government assistance to assist cash flow, in the form of Farm Household Allowance and the Farm Business Concessional Loan;
- Contacted hardship departments for the bank, local Council, and credit card departments to discuss payment options and timeframes to allow the client to properly assess financial capability and options;
- Reduced client's stress by developing a plan with identified actions and timeframes;
- Developed a business plan to identify business capability and direction;
- Accessed personal support through GP;
- Accessed industry support; and
- Continued to monitor situation for decision making.

### Outcomes:

The client was able to access other income support through Centrelink which freed up pressure and allowed time to work through the business plan, and all options, to stay on the farm.

The client was successful in securing other alternative sources of income, which was is not a long-term option.

The client has now made the decision to sell the property and has received positive appraisals and sale prospects from the real estate agent.

We are continuing to support the client.

The industry group now has a better appreciation of our service and what we can assist clients with. Our service along with other RFC services are now included in their referral list.

## Counsellor Update

### Leongatha Head Office

Our head office is located in Leongatha, where three (3) Rural Financial Counsellors (RFC) and our Small Business Financial Counsellor (SBFC) are based. The RFCs cover the shires of Bass Coast, Baw Baw, Cardinia, Casey, Latrobe City, Mornington Peninsula, South Gippsland and Wellington. Our SBFC operates across our service region but has mainly focused on supporting small rural businesses impacted by the dairy industry downturn.

Our service assisted farmers to access Centrelink income support through the Farm Household Allowance (FHA) Program, as well as work with farmers applying for the Rural Finance administered Farm Business Concessional Loans. Part of our role, not only directly help farmers, was to provide referrals and increase the awareness of our service and support options currently available.

*"Clients are becoming more aware of the importance of good financials to make better business decisions. They are looking at their spending patterns and where they can get the best return." (Anne Gilligan, RFC).*

The Counsellors provided assistance and support for farmers making decisions to stay or leave farming, diversify or retire. Tough decisions were being made with the harsh reality of high debts from previous years, impacts of prior year drought, and the announcement of continued low milk prices. These clients have worked closely with our Counsellors to help them prepare for succession plans. Other major client activity focused on preparing budgets and cash flow forecasts to help clients understand their financial situation, working closely with milk processing companies to ensure all production information is understood and agreed, accuracy of income estimates, and supporting clients to maintain open and positive relationships with their Ag Business Managers to negotiate interest rates, loan restructures and future lending opportunities.



**Anne Gilligan RFC** - 39 clients assisted (72% Dairy), 23 closed files; 20 returning clients.  
Main client activities : FHA (13); Concessional Loans (7); Cash flow & Budgeting; Creditor Management  
Most memorable moment of 2016-2017 : "My client receiving FHA after many, many months and being back paid just before Christmas - the joy of the family was heart wrenching"



**Marshall Scott RFC** - 61 clients assisted (61% Dairy, 21% Beef); 25 closed files, 48 returning clients.  
Main client activities : FHA (37), Concessional Loans (11), Referrals, Prep work Farm Debt Mediation.  
Most memorable moment of 2016-2017 : "Helping farmers with adjustment off farm - and seeing them realise there is life beyond farming"



**Wayne Sanders RFC** - 51 clients assisted (100% Dairy), 8 closed files, 1 returning client.  
Main client activities - FHA (52) and Concessional Loans (25) applications; Farm Debt Mediation (1); Lending Restructure; Creditor Management.  
Most memorable moment of 2016-2017 : "Working with clients through a difficult process and seeing a positive outcome for them"



**Robert Lee** - Small Rural Business Support (new initiative for 12 months), covered all areas within service region. 20 clients assisted. Main activities : creditor management, cash flow, budgeting and business planning. Main area for concern is lack of business planning and financial literacy.  
Most memorable moment of 2016-2017 : "Supporting small businesses plan for their future"



## Ellinbank Office

Jane Coots is located at our Ellinbank office. Jane is fortunate to be able to share office space with the team at Agriculture Victoria. This is a great opportunity to network and share ideas to assist our farming communities.

Jane covers a service region spanning Baw Baw, Cardinia, Latrobe Valley and Yarra Ranges Shires. Jane has a farming and financial background so she is well equipped to assist clients to prepare cash flows and budgets to help clients better manage financial matters, as well as exploring options for improving their financial situation.



**Jane Coots RFC** - 72 clients assisted (81% Dairy), 31 files closed, 25 returning clients  
Main activities : FHA(29), Concessional Loans (12), creditor management, cash flow, budgeting, business planning  
Most memorable moment of 2016-2017 : "Having the privilege to combine my love of farming and helping clients - most are good farmers just needing a little help to overcome a difficult period of their lives"

## Maffra Office

The Maffra office is located within the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) offices. Our Maffra team includes the Counsellor Coordinator, and two (2) Rural Financial Counsellors. An additional 12 month Counsellor position was created to assist with the increased demand on our service as a result of the dairy industry downturn, and

Warrick Wilson joined the team in August 2016 .

The impact of the dairy industry is reflected in the number of dairy clients assisted by the Maffra team, and a shift in the client base from beef and other other livestock to dairy.



**Jenny Mason - Counsellor Coordinator**  
Main activities : Promotion of our services, training & mentoring Counsellors, assisting with counsellor and client needs, coordinating statewide training with other RFC Coordinators.  
Most memorable moment of 2016-2017 : "Seeing many stakeholders, community groups and other support groups coming together to support dairy farmers"



**Trudi Laing RFC** - 56 clients assisted (63% Dairy, 13% Beef), 33 closed files, 22 returning clients.  
Main activities : FHA (26), Concessional Loans (8), preparing for succession planning and FDM (1), creditor management.  
Most memorable moment of 2016-2017 : "Assisting clients achieve their goals, their appreciation for that assistance, and knowing that we are providing valuable and worthwhile service"



**Warrick Wilson RFC** - 27 clients assisted (70% Dairy, 15% Beef), 16 closed files, 17 returning clients.  
Main activities : FHA (21), Concessional Loans (16), cash flows, budgeting, preparing for succession planning and FDM (2), creditor management.  
Most memorable moment of 2016-2017 : "The genuine thanks and appreciation from clients, and assisting them to navigate through some difficult times and seeing a path forward"

## Bairnsdale

The Bairnsdale office is located within the Latrobe Community Health building. Peter Pauwels was the resident Rural Financial Counsellor who supported clients across East Gippsland and Wellington Shire. Majority of clients were beef and sheep farmers, which were long term clients indicated by the high number of returning clients (transferred from previous reporting system).

Peter left the service in November 2016 and the position was vacant for the remainder of the financial year.

Clients continued to be supported via Counsellors from the Maffra office. Recruitment for this position has been completed with a new Counsellor appointed and commenced in August 2017.



**Peter Pauwels RFC** - 38 clients assisted (37% Beef, 30% Sheep, 18% Dairy), 28 returning clients  
Main activities : Preparing clients for succession planning; creditor management, cash flow, budgeting, business planning and mentoring in financial literacy.  
Most memorable moment of 2016-2017 : "Seeing results for clients"



## Finance Report

The Board resolved to include all bank accounts owned and operated by our service in the financial statements. In previous years these bank accounts were reported and accounted for separately, as per the requirements from our funding bodies. As a result of the change, all balances and transactions relating to these accounts have now been recognised in the comparative [restated] figures for 2015-2016 and included in the 2016-2017 results.

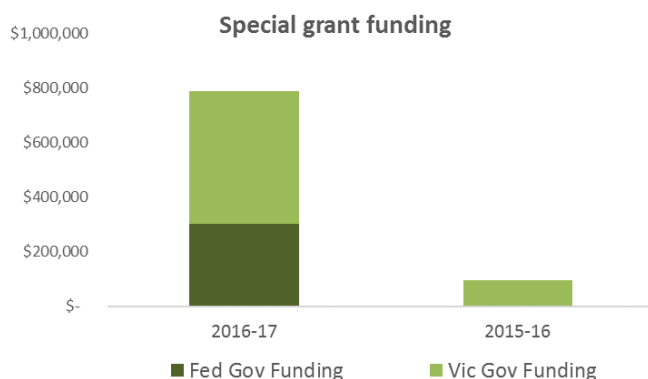
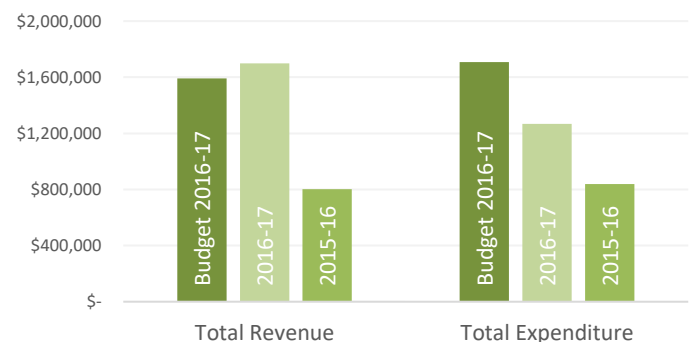
The net profit reported for 2016-2017 is \$429,252 and is a significant change from the reported loss position of \$36,776 in 2015-2016. The key change contributing to this result is the increased special grant funding received, from both the State and Commonwealth, to support dairy farmers affected by the industry downturn. As indicated in the graphs below, only 12% of total funding received in 2015-2016 was allocated to special (non-core) activities – mainly to the fund the Coordinator position (State) and costs associated with the transition into the funding framework (Commonwealth).



For 2016-2017, an additional \$268K (State) and \$425K (Commonwealth) was received as special grant funding, representing nearly half (48%) of the total funding received for 2016-2017. Some funds (\$368K) have not been fully expended as at 30 June 2017, contributing the significant profit of \$429K reported

for the year. Further details on special grant funding and expenditure is included in the notes to the financial statements (refer notes 2 and 3).

A total of four (4) new Rural Financial Counsellors commenced with the service in early 2016-2017. Two (2) Counsellors filled vacancies at our Maffra and Ellinbank offices, and an additional two (2) Counsellors were recruited using special grant funding. The operating expenses of our service increased with new staff members and the associated training, marketing and office accommodation, however expenditure was not aligned to funding budget expectations creating a surplus of funds. All surplus funds are being carried over to 2017-2018 and will be used to extend employment contracts for two (2) Counsellors until 30 June 2018. These Counsellors were initially contracted until 31 December 2017. Other key budgeted expenditure deferred, or savings realised, in 2016-2017 relates to lower expected vehicle costs as a result of vacant position (\$20K), deferred website development (\$13K), IT support and training costs associated with new system (\$16k) and other promotional and support activities for special grant funded positions (\$85K). The variances in total revenue and total expenditure from budget and compared to previous year results are highlighted in the below graph.



# Compliance Statement

Statement of Compliance for the Rural Financial Counselling Service Victoria – Gippsland (RFCSV-G) for the twelve-month period ending 30 June 2017.

I acknowledge that this statement of compliance is required under section 9 of the Funding Deed Schedules.

**Item 9.2 of the Funding Deed Schedule**, requires the Grantee to provide a statement confirming that the Grantee has:

- a) A statement certified by the Chair of the Board that funding for the past year has been spent and acquitted in accordance with the Deed; and
- b) A statement certified by the Chair of the Board that for the past year that activities carried out by the Grantee were in accordance with the Deed.

## **Item 3.7 of the Funding Deed Schedule - Qualifications and Training of Rural Financial Counsellors**

I certify that the Grantee has:

- ensured that Rural Financial Counsellors hold a Diploma of Community Services Financial Counselling as a minimum qualification;
- provided new Rural Financial Counsellors on the job training and mentoring; and
- Where Counsellors have been recruited without the minimum qualifications, we have ensured new Counsellors commence studying for the minimum qualification within six months of commencing employment.

## **Referring to Budgetary Consideration and Endorsement**

I certify that the Board has considered and endorsed the 15 month budget, as approved by the Department, and the Annual Financial Statements provided in the Annual Report for the twelve-month period ending 30 June 2017.

## **Compliance with the Funding Deed Generally**

I certify that the Grantee has:

- complied with its obligations overall under the Funding Deed and has provided the services diligently, effectively and with due care and skill; and
- provided the services in a manner consistent with the Project Objectives set out in the Funding Deed Item 2.2 of Funding Deed Schedule.

**Position of Signatory:** Chairman

**Name:** Richard Habgood

**Signature:**



**Date:** 2 October 2017



# Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

To the Department of Agriculture and Water Resources

### Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Rural Financial Counselling Service Vic - Gippsland ("the Entity"), which comprises the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies, and the declaration by members of the committee.

In our opinion, the financial report:

- i. presents fairly, in all material respects, the financial position of Rural Financial Counselling Service Vic - Gippsland as at 30 June 2017, 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;
- ii. reflects funding that has been expended in accordance with the Funding Deed.

### 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 committee's financial reporting responsibilities under the *Associations Incorporation Reform Act 2012* and has determined that the accounting policies used are consistent with the financial reporting requirements of the Commonwealth Department of Agriculture and Water Resources as per the terms of the Funding Deed and are appropriate to meet those needs. As a result, the financial report may not be suitable for another purpose.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and the Committee for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.



The Committee is responsible for overseeing the Entity's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

A handwritten signature in black ink, appearing to read 'JA Brook'.

Justin Brook  
Director  
GippsAudit Pty Ltd

Date: 6 October 2017  
Place: Sale

# Financial Statements

## Statement of Financial Performance

### Rural Financial Counselling Service Victoria - Gippsland

for the year ending 30 June 2017

	Notes	2016-2017 \$	2015-2016 \$
<b>Revenue</b>			
Australian & State Government funding	2	846,564	673,448
Special grant funding	3	788,749	95,938
In-kind support (revenue)	4	-	14,000
Other revenue / interest / sundry	5, 23	62,625	18,700
<b>Total Revenue</b>		<b>1,697,938</b>	<b>802,086</b>
<b>Expenditure</b>			
Employment related expenses	6	571,179	518,535
Movements in annual staff provisions - cash expense	7	-	-
Vehicle costs (running and lease costs)	8	45,071	51,861
Board costs	9	33,081	28,662
Insurance	10	5,674	8,511
In-kind support (expense)	11	-	14,000
Special grant funding expenditure	12	420,843	70,025
Other expenses	13, 23	182,518	33,042
Approved expenditure from prior year surplus	14, 23	-	67,908
Other expenditure - non cash	15	10,320	46,317
<b>Total Expenditure</b>		<b>1,268,686</b>	<b>838,861</b>
<b>Net Profit / (Loss)</b>		<b>429,252</b>	<b>(36,776)</b>

The accompanying notes form part of this financial report

# Statement of Financial Position

## Rural Financial Counselling Service Victoria - Gippsland

as at 30 June 2017

		2016-2017	2015-2016
	Notes	\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	16, 23	803,453	435,886
Trade and other receivables	17	53,350	-
Other current assets	18	-	-
<b>Total current assets</b>		<b>856,803</b>	<b>435,886</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	19	86,618	77,767
<b>Total Non-Current Assets</b>		<b>86,618</b>	<b>77,767</b>
<b>Total Assets</b>		<b>943,421</b>	<b>513,653</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	20	22,263	9,588
Interest bearing liabilities	21	-	-
Employee provisions	22	114,763	127,718
<b>Total Current liabilities</b>		<b>137,026</b>	<b>137,306</b>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities	21	-	-
Other	22	96,888	96,091
<b>Total Non-Current Liabilities</b>		<b>96,888</b>	<b>96,091</b>
<b>Total Liabilities</b>		<b>233,914</b>	<b>233,397</b>
<b>Net Assets</b>		<b>709,507</b>	<b>280,255</b>
<b>Equity</b>			
Accumulated surpluses	23	280,255	317,031
Current year surplus / (deficit)	23	429,252	(36,776)
<b>Total Equity</b>	23	<b>709,507</b>	<b>280,255</b>

The accompanying notes form part of this financial report



# Statement of Changes in Equity

## Rural Financial Counselling Service Victoria - Gippsland

For the year ended 30 June 2017

	Notes	Accumulated Surpluses \$	Total Equity \$
<b>Balance at 1 July 2015</b>		<b>121,014</b>	<b>121,014</b>
<b>Changes in equity for the year 2015</b>			
Adjustment for balance of reserves and emergency bank accounts	23	196,017	196,017
Restated result for the year	23	(36,776)	(36,776)
<b>Restated Balance at 30 June 2016</b>		<b>280,255</b>	<b>280,255</b>
<b>Changes in equity for the year 2016</b>			
Income for the year		429,252	429,252
<b>Balance at 30 June 2017</b>		<b>709,507</b>	<b>709,507</b>

## Cash Flow Statement

For the year ended 30 June 2017

	Notes	2016-2017 \$	2015-2016 \$
<b>Cash flows from operating activities</b>			
Grant receipts		1,581,963	768,760
Interest received		4,364	5,107
Cash donations received		46,716	10,000
Other receipts		11,545	3,593
Payments to suppliers and employers		(1,245,693)	(786,276)
<b>Net cash provided by (used by) operating activities</b>		<b>398,896</b>	<b>1,184</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of plant and equipment		39,302	12,000
Purchase of plant and equipment		(70,631)	(45,306)
<b>Net cash (used in) investing activities</b>		<b>(31,329)</b>	<b>(33,306)</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		 367,567	 (32,122)
Cash at the beginning of the financial year		435,886	468,008
<b>Cash at the end of the financial year</b>	14,23	<b>803,453</b>	<b>435,886</b>

The accompanying notes form part of this financial report

# Notes to the Accounts

## Rural Financial Counselling Service Victoria - Gippsland

For the year ended 30 June 2017

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### Note 1: Accounting Policies

These financial statements are a special purpose financial report prepared to satisfy the financial reporting requirements of the Associations Incorporation Reform Act 2012 (Victoria), and reporting purposes for the Commonwealth Government.

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 an accrual 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) Going Concern*

The financial statements have been prepared on an on-going basis. The funding for the RFCS Vic-Gippsland has been extended for the period 1 April 2016 until 30 June 2019, with allocation of wind up provisions until 31 October 2019.

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

Government grants are recognised as operating revenue in accordance with criteria as outlined by AASB 1004 Contributions, and disclosed in the Revenue Statement as Government grants (Note 2) or Special Government grants (Note 3).

##### *(h) Comparatives*

The comparative figures disclosed are for the year ended 30 June 2016 as restated (refer Note 1f and Note 23).

**Notes to the Accounts for the year ended 30 June 2017 (continued)**

2016-2017	2015-2016
\$	\$

**Note 2: Government grants received - as per Funding Deeds**

Australian Government Funding

708,945

564,753

Victorian Government Funding

137,619

108,696

**Total Government grants received**
**846,564**
**673,448**
**Note 3: Special Government grants received**

Dairy - Federal Funding

140,000

-

Dairy Contingency - Federal Funding

160,000

-

Other - Federal Funding

-

32,000

Senior Rural Financial Coordinator - State Funding

174,749

63,938

Dairy - State Funding

154,000

-

Dairy - Small Business Support

160,000

-

**Total Special Government grants received**
**788,749**
**95,938**
**Note 4: In-kind support (revenue)**

Rural Accountant/Solicitor

-

1,800

Service Promotion

-

1,600

Board &amp; Local Support Group Members

-

8,500

Meeting Room Hire

-

2,100

**Total In-kind support**
**0**
**14,000**
**Note 5: Other revenue**

Interest Earned (refer Note 23)

4,364

5,107

Sundry Income - Donations, Refunds, Misc. (refer Note 23)

55,061

12,018

Employee contributions to motor vehicle costs (e.g. for private usage)

3,200

1,575

**Total Other revenue**
**62,625**
**18,700**
**Note 6: Employment related expenses**

Base salary

368,410

371,587

Superannuation

49,300

44,478

Salary sacrifice/FBT /Sal Sac Super (employee related)

151,044

97,293

Allowances/other

1,101

4,143

Other (special grant overtime/bonus etc.)

-

-

**Total remuneration package**
**569,855**
**517,501**

Workers compensation insurance

1,324

1,035

Payroll tax

-

-

FBT expense

-

-

Other

-

-

**Total Employment Costs**
**571,179**
**518,535**

**Notes to the Accounts for the year ended 30 June 2017 (continued)**

2016-2017	2015-2016
\$	\$

**Note 7: Movements in staff provisions - cash expense**

Long service leave payments cash movement	-	-
Year-end accruals cash movement	-	-
Other cash movements in provision for staff entitlements	-	-
<b>Total cash movement in staff provisions</b>	<b>0</b>	<b>0</b>

-	-
-	-
-	-
0	0

**Note 8: Vehicle costs**

Vehicle lease costs
Vehicle fuel
Vehicle rego
Vehicle insurance
Vehicle maintenance
Vehicle other (incl State Core Vehicle costs)
<b>Total Vehicle costs</b>

24,390	33,806
8,339	9,076
2,583	2,306
2,764	3,073
2,534	2,927
4,460	673
<b>45,071</b>	<b>51,861</b>

**Note 9: Board costs**

Remuneration/Salary/Allowances
Meeting costs
Travel/accom/meals
Training (e.g. corporate governance)
Board recruitment
Misc. Board & Local Support Group Costs
Other
<b>Total Board costs</b>

29,697	25,968
627	803
1,404	1,044
89	88
291	-
877	759
98	-
<b>33,081</b>	<b>28,662</b>

**Note 10: Insurance**

Office & Equipment
Professional indemnity, Directors & Officers, Public Liability
Volunteers insurance
Journey Insurance
Other - State Core
<b>Total Insurance costs</b>

923	1,025
3,213	6,471
-	289
325	726
1,213	-
<b>5,674</b>	<b>8,511</b>

**Note 11: In-kind Support (expenditure)**

Reduced Office Rentals/Meeting Room Hire
Accountant / Solicitor / Service Promotion
Board & Local Support Group Members
Service Promotion
<b>Total In-kind support</b>

-	1,800
-	1,600
-	8,500
-	2,100
<b>0</b>	<b>14,000</b>



Notes to the Accounts for the year ended 30 June 2017 (continued)

	2016-2017 \$	2015-2016 \$
<b>Note 12: Special Grant Funding Expenditure</b>		
<b><i>Dairy - Federal Funding (including Contingency)</i></b>	<b>300,000</b>	-
Employment costs	146,667	2,653
Vehicle costs	24,536	500
Office Accommodation / IT costs	19,671	-
Other costs	24,502	1,811
	<b>215,377</b>	<b>4,964</b>
<b><i>Portal - Federal Funding</i></b>	<b>0</b>	<b>32,000</b>
Employment costs	-	5,250
Travel & Accom costs	-	2,643
IT & Comms costs	-	2,131
Training costs	-	1,805
Other costs	295	1,715
	<b>295</b>	<b>13,544</b>
<b><i>Senior Rural Financial Coordinator - State Funding</i></b>	<b>174,749</b>	<b>63,938</b>
Employment costs	92,644	35,866
Vehicle costs	4,663	2,975
Office Accommodation / IT costs	8,334	7,569
Other costs	9,382	5,107
	<b>115,022</b>	<b>51,517</b>
<b><i>Dairy - State Funding</i></b>	<b>154,000</b>	<b>0</b>
Employment costs	-	-
Vehicle costs	-	-
Office Accommodation / IT costs	-	-
Other costs	-	-
	<b>-</b>	<b>-</b>
<b><i>Dairy - Small Business Support</i></b>	<b>160,000</b>	<b>0</b>
Employment costs	54,857	-
Vehicle costs	9,094	-
Office Accommodation / IT costs	4,505	-
Other costs	21,693	-
	<b>90,149</b>	<b>0</b>
<b><i>Total Special Government Funding (as per Note 3)</i></b>	<b>788,749</b>	<b>95,938</b>
<b><i>Total Special Funding Expenditure</i></b>	<b>420,843</b>	<b>70,025</b>

**Notes to the Accounts for the year ended 30 June 2017 (continued)**

2016-2017	2015-2016
\$	\$

**Note 13: Other expenses**

Executive Officer Costs	7,004	3,315
Office Accommodation Costs (incl relocation)	55,974	-
Utility Costs	2,747	4,317
Office Expenses	16,883	-
Communication Costs	15,122	-
Counsellor Travel	-	67
IT Costs	17,401	8,419
Accounting/Legal	2,541	2,370
Bank Charges (refer Note 23)	1,290	821
Staff Training incl travel/accommodation/meals	15,181	-
Staff Recruitment	5,764	-
Marketing & Service Promotion/Community Forums	2,717	-
Other Expenses/Sundry	12,825	2,783
Farmer Emergency Assistance (refer Note 23)	27,067	10,950
<b>Total Other expenses</b>	<b>182,518</b>	<b>33,042</b>

**Note 14: Approved expenditure from prior year surplus**
**Capital expenditure**

Vehicle Changeover Less Trade-In	-	33,305
IT Costs	-	-
<b>0</b>		<b>33,305</b>

**Other expenditure - operating expense**

Office Accommodation	-	44,519
Office Expenses	-	7,946
Communication Costs	-	8,179
Staff Recruitment	-	1,509
Staff Training	-	5,755
<b>0</b>		<b>67,908</b>

**Note 15: Other expenditure - non cash**

Vehicle Depreciation charge for the year	27,588	16,921
Non-cash movement in staff provisions - LSL	- 18,702	16,435
Non-cash movement in staff provisions - Annual Leave	6,543	6,687
Vehicle Changeover Profit (Loss)	- 5,109	625
Movements in provisions - Wind-Up	-	6,900
<b>10,320</b>		<b>46,317</b>

**Notes to the Accounts for the year ended 30 June 2017 (continued)**

2016-2017	2015-2016
\$	\$

**Note 16: Cash and cash equivalents**

Cash at Bank - Operating Account	41,200	32,412
Cash at Bank - Online Saver Account	192,827	205,901
Cash at Bank - DEDJTR & Reserve Funds	540,634	193,730
Cash at Bank - RFCSVG Emergency Account	22,743	3,843
Cash at Bank - Bank Guarantee Account	6,050	-
<b>803,453</b>	<b>435,886</b>	

**Note 17: Trade and other receivables**

Other receivables - State Funding (Dairy)	9,350	-
Other receivables - State Funding (Small Business)	44,000	-
<b>53,350</b>	<b>0</b>	

**Note 18: Other current assets**

Nil to report	-	-
<b>0</b>	<b>0</b>	

**Note 19: Property, plant and equipment**
**Furniture, fixture and fittings**

At cost	-	-
Less accumulated depreciation (enter as a negative)	-	-
<b>Total furniture, fixture and fittings</b>	<b>0</b>	<b>0</b>

**Motor Vehicles**

At cost		
1AF8OG	-	25,879
IAG6RS	-	26,850
ZBP320	-	25,917
Holden Captiva 1HA7BY	22,652	22,652
Holden Captiva 1HA7CP	22,652	22,652
Holden Captiva 1HN9AS (purchased 13/7/17)	22,654	-
Holden Captiva 1HQ1OO (purchased 15/7/17)	22,559	-
Ford Kuga 1HV3ZP (purchased 7/9/17)	25,418	-
	115,935	123,950
Less accumulated depreciation	(29,318)	(46,183)
<b>Total motor Vehicles</b>	<b>86,618</b>	<b>77,767</b>
<b>Total property, plant and equipment</b>	<b>86,618</b>	<b>77,767</b>

**Notes to the Accounts for the year ended 30 June 2017 (continued)**

	2016-2017 \$	2015-2016 \$
	-	-
	-	3,748
	9,670	8,216
	12,593	(2,376)
	<b>22,263</b>	<b>9,588</b>

**Note 20: Trade and other payables**

Trade payables

Credit cards

PAYG payable

GST Payable

	-	-
	-	3,748
	9,670	8,216
	12,593	(2,376)
	<b>22,263</b>	<b>9,588</b>

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

Nil to report

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

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

Nil to report

	-	-
	<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

	31,642	25,099
	83,121	102,619
	<b>114,763</b>	<b>127,718</b>

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

Provision for employee long service leave entitlements

Provision for wind up costs

	11,288	10,491
	85,600	85,600
	<b>96,888</b>	<b>96,091</b>

**Note 23: Prior year restatement**

During 2016-2017 the board resolved to include all bank accounts controlled and operated by the service into the financial statements. Previously these bank accounts were reported and accounted for separately as per the requirements from our funding bodies. As a result of the change all balances and transactions relating to these accounts have now been recognised as of 1 July 2015, and are restated below:

**Summary of prior year restatements:**
**Deficit for year ended 30 June 2016**

Interest earned on reserve and emergency accounts

Expenses relating to reserve and emergency accounts

**Restated deficit for the year ended 30 June 2016**

	(38,331)
	12,531
	(10,976)
	<b>(36,776)</b>

**Cash and Cash Equivalents**

Balance - 1 July 2015

Net decrease in cash for the year, as per Cash Flow

Recognition of reserves and emergency accounts

**Restated cash balance as at 30 June 2016**

	271,990
	(32,122)
	196,018
	<b>435,886</b>



## RURAL FINANCIAL COUNSELLING SERVICE VICTORIA - GIPPSLAND

### BOARD DECLARATION

FOR THE YEAR ENDED 30 JUNE 2017

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 2017 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.

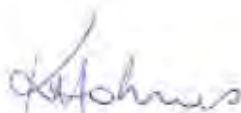
This declaration is made in accordance with a resolution of the committee and is signed for and on behalf of the Board by:



Name: Richard Habgood

Position: Chair

Date: 6 October 2017



Name: Kylie Holmes

Position: Executive Officer

Date: 6 October 2017



**Rural Financial  
Counselling Service**

Victoria - Gippsland  
ABN 52 091 551 739

**Leongatha (HEAD OFFICE)**

(03) 5662 2566

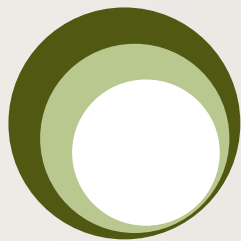
PO Box 362, 1 Peart Street,  
LEONGATHA VIC 3953

**Other Office Locations**

Bairnsdale (03) 5152 1514

Ellinbank (03) 5624 2286

Maffra (03) 5147 0871



**Rural Financial  
Counselling Service**

Victoria – Gippsland