

2017 | 18 In Focus



Providing programs and services to support a competitive, profitable, sustainable and resilient primary industries sector.



**RURAL BUSINESS
SUPPORT**



Building the resilience of rural businesses

Resilience is about equipping farmers to prepare, absorb and recover from shocks and stresses to their agricultural production and livelihoods. Some shocks are short-term, others long-term.

Some come suddenly – while others are predictable. Some are more severe, while others slowly erode farmers' ability to farm.

Because of our extensive experience in working intimately with farming families at their kitchen tables, we understand well the challenges and risks



facing primary industry businesses. Through our Rural Financial Counselling Service and our innovative Farm Business Management Programs developed in response to these challenges and risks, we equip producers with the financial literacy skills and strategic awareness they need to make timely decisions and build business resilience.

With support from industry and government, we have a vision of a competitive, profitable and sustainable primary industry sector.

Building rural resilience across SA/NT

NORTHERN TERRITORY

We teamed up with NT Seafood Council to communicate how RBS can support local wild barramundi fishers being challenged by market oversupply.

NORTHERN TERRITORY

We hosted our first stakeholder meetings in Darwin and Katherine to further engage with industry groups and clients and build our NT presence.

YORKE PENINSULA

We continued our long-time tradition of catching up with local farming families at the Yorke Peninsula Field Days in Paskeville.

ADELAIDE HILLS

We reached out to assist Adelaide Hills apple and pear growers whose crops sustained devastating damage in the October 2017 hailstorms.

EYRE PENINSULA

We held strategic briefings in Wudinna (and Clare and Keith) for the Grains Industry Farm Business Strategic Review and worked with 40 grains families across the State.

RIVERLAND

Three pilot workshops for our Business Readiness Project were held to help small rural and regional businesses be better prepared to withstand natural disaster events

ADELAIDE

The 2017 Rural Media SA Awards were held, with RBS a major sponsor to encourage regional reporters and photographers to tell ag's good news stories.

MURRAYLANDS

We collaborated with local government stakeholders to support businesses impacted by the Thomas Foods International abattoir fire of January 2018.

SOUTH EAST

Farm Management for Transition workshops took place in Keith with our Farm Business Advisor John Christensen.



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Report from the Board Chair



Rural Business Support set ourselves on a course this year to further grow our profile with stakeholders and funding providers, while continuing to ensure our services are assisting rural producers in greatest need of our support.

Pleasingly, many of the desired outcomes have been achieved or progressed.

The RBS Board has a broad skills set that includes expertise and networks across the primary industry, agribusiness and rural business sectors, with all Board Members bringing a strong focus on corporate governance and business management.

Claudia Goldsmith joined the Board in October 2017, filling the well trodden shoes of Paul Mulraney after his maximum nine year term. Paul's significant contribution was formally recognised and celebrated at our stakeholder event in October.

Claudia has transitioned seamlessly into the team, bringing with her valuable expertise from a career as an accountant, a management consultant and experienced non-executive director in the not for profit sector. We look forward to Claudia's continued influence and impact around the Board table.

2017 RBS Stakeholder Breakfast

Claudia's appointment coincided with our annual RBS Breakfast Stakeholder Meeting in Adelaide on 24 October 2017. Here I had the privilege of sitting alongside Co-Manager of Pinery Grain Growers and Nuffield Scholarship recipient Derek Tiller, and Beyond Blue ambassador and Menswatch facilitator Rick Hinge for a panel interview on 'Rural Resilience'.

The 2015 Pinery bushfires tore through the Tiller family farm, community and region.

Somehow, courageously, Derek was able to take learnings from this horrifying experience as the basis for his Nuffield Scholarship study aimed at making family farming businesses more resilient, sustainable and responsive in times of hardship.

I know all of us in the room that morning sincerely appreciated Derek's informative and heartfelt words.

Another highlight of our Adelaide breakfast event was having "Captain Rural" Leigh Radford keep proceedings entertaining and on track as our Master of Ceremonies. A sincere thank you again Leigh.

Top End stakeholder events

In March 2018 the Board hosted our inaugural RBS Stakeholder Meetings in the Northern Territory, in Darwin and Katherine.

Although the visit got off to somewhat of a stormy start – we touched down in the wake of Cyclone Marcus – fortunately from there we enjoyed a smoother NT experience!

Our breakfast events were well received, providing a terrific opportunity to further build connections with RBS stakeholders from government and industry. There is just so much to be said for talking across a table rather than a fibre optic cable! Even in today's tech-driven world, sometimes there is no substitute for face to face contact, particularly with rural and regional service providers.

The opportunity to reinforce our already strong links with the Department of Primary Industries and Resources (NT DPIR), NT Cattlemen's Association (NTCA), NT Farmers and the NT Seafood Council was especially worthwhile.

It was our pleasure to have Luke Bowen, the former Executive Director and CEO of NTCA and now General Manager of Northern Australia Development and Trade address guests at our Darwin event. Luke spoke about the immense opportunity for export growth out of the Territory to the more than 22 billion people to the north of Darwin. Luke also spoke of the importance of a strong relationship with Government and Indonesian stakeholders in the aftermath of the temporary suspension to the live cattle export trade.

In Katherine we welcomed guest speaker Neil McDonald, who shared his experiences with managing the NT DPIR Katherine Research Station and the importance of the Rural Financial Counselling Service for those who needed impartial support during times of crisis.

Wrapping up the NT week, several members of our Board group attended the NTCA's Annual Conference in Alice Springs. This typically relaxed NT social setting allowed us to tell the RBS story without the constraints of suits, ties and even tighter schedules!

Through these networking events, visits to local cattle stations and the Katherine Research Centre, the Board gained a more in depth understanding of the unique issues faced by our producers in the Top End.

High on the list, the uncertainty of land tenure and effectively managing pastoral leases within the requirements of the northern land councils. Succession is an issue across many industries and borders, but it is of particular concern within the Territory's fishing industry because of the ageing population of licence holders. We

also heard of the lack of business skills programs with emerging industries and for new farmers from overseas.

Golden opportunities for producers certainly exist in NT, but scale and lack of certainty around land tenure continues to restrict investment.

Equipping and thanking our team

To our team now and, on behalf of the Board, I acknowledge the commitment, contributions and energy of our incredible staff. Without you, we simply would be unable to support a competitive, profitable and sustainable primary industry sector in the professional but heartfelt way that we do.

The introduction of a new performance and assessment framework will help us better support our staff and identify training and upskilling opportunities. We also reviewed the reference to "fit and proper" as used in the RFCS funding deed, resulting in a revised code of conduct that provides clearer guidelines around the scope of advice and assistance a rural financial counsellor may provide.

Looking ahead, the Board continues to monitor areas of concern including the downturn in the pork industry and the dry conditions challenging producers in parts of SA and NT.

The Board is united in our vision to ensure RBS is well positioned to respond to all areas of need to build a stronger, sustainable and more resilient primary industries sector.

Sharon Starick

Board Chair

Our Values

TRUSTWORTHY

We build trust with our clients and stakeholders by being timely, reliable and honest in all that we say and do.

RESPECTFUL

We treat all of our clients with respect. We value the role that they play and their diversity. We strive to be supportive and helpful.

ETHICAL

We are transparent, honest and confidential in all our dealings.

PROFESSIONAL

We strive for business excellence and high performance. We take pride in our work and deliver our best.



Left to right: Caroline Rhodes, Malcolm Pridham, Sharon Starick, Peter Walker, Claudia Goldsmith, Brett Smith (CEO), John Harvey

Our Board



Sharon Starick Chair

A cereal and pig producer from SA, Sharon Starick has combined primary production interests with conservation and natural resource management. Sharon has worked as a land care officer with PIRSA, executive officer to three Soil Conservation Boards and the Soil Boards CARE Committee. Sharon has served on the Mallee Sustainable Farming Board, Pork Industry Development Board, Natural Resource Management Council and Community Advisory Committee for the Murray-Darling Basin Ministerial Council. She is a graduate of the Murray-Darling Basin Leadership Program and the AICD CDC.



John Harvey Deputy Chair

John is Managing Director/Owner of Bathe Wines and has a broad knowledge of the Australian wine industry through his current position as Chair, Adelaide Hills Wine Region, Director of the Australian Wine Research Institute and previously as Executive Director, Grape and Wine Research Development Corporation (GWRDC). John demonstrates strategic leadership and has a strong understanding of rural communities and agribusiness, governance and community engagement. He holds a number of other Non-Executive Board positions within the private and NFP sectors. John is a graduate of the Australian Institute of Company Directors, has a Master of Business Administration, as well as a BSc (Hons) and PhD from the University of Adelaide.



Claudia Goldsmith Treasurer

Claudia Goldsmith joined the Board of Rural Business Support on October 24 2017. She brings valuable expertise gained from a career as an accountant and from working as a management consultant for BDO in recent times.

She is also an experienced non-executive director in the not for profit sector, including previously as a director of the Goolwa and District Bendigo Community Bank.



Damian Fitzgerald Board Member

Damian farmed for a number of years on his family's cropping and sheep property at Cummins on Eyre Peninsula before studying law at Adelaide University. He maintains a close link with the farming community through his work in the agribusiness sector, his family and his own farming interests. Damian is the General Counsel for Viterra and Glencore Agriculture in Australia and New Zealand. He is the Company Secretary for Viterra and its various subsidiaries in Australia.

He is a Fellow of both the Australian Institute of Company Directors and the Governance Institute of Australia. He is a Member of the Association of Corporate Counsel Australia and the Law Society of South Australia.



Malcolm Pridham Board Member

Malcolm is a highly experienced banker with over 40 years in banking and agricultural finance, living and working in many locations across the state. Malcolm was brought up on the family farm on Yorke Peninsula, has a strong understanding of rural SA and continues to be involved in family farming operations in the South East. Malcolm has a Diploma in Rural Business Management, is a graduate of the Australian Institute of Company Directors, a member of the Agribusiness Association, SA Rural Media Association, Ag Institute and is a SA Justice of the Peace.



Caroline Rhodes Board Member

Caroline is the Chief Executive Officer of the peak industry body, Grain Producers SA. She has specialised in stakeholder management and regulatory affairs during her 18-year career in agribusiness, holding senior roles in the public and private sector. Caroline holds a Bachelor of Agricultural Science (University of Adelaide), a Master of Agribusiness (University of Melbourne) and a Diploma from the Australian Institute of Company Directors. She is a graduate of the Australian Rural Leadership Program and has served as a Trustee of the South Australian Grains Industry Trust Fund. Her current board appointments include the South Australian Cricket Association and the umbrella charity, Foodbank South Australia.



Peter Walker Board Member

Peter is a horticulturist based in the Riverland and has long-term experience as a Chairman and Director on a number of agricultural, seafood, tourism, government and public companies, including the Citrus Industry Development Board and Horticulture Australia. He currently is a Director for Regional Development Australia – Murraylands/Riverland. In partnership with his wife, Carole, he produces citrus and until recently has managed investment farms. Peter is a Fellow of the Australian Institute of Company Directors and holds an Advanced Diploma in Rural Business Management and an Advanced Diploma in Horticulture.

Report from the Chief Executive



Primary producers in SA and NT have proven their resilience again during 2017-18 with a year of below average rainfall in many regions and challenging industry specific events requiring many to reassess and refocus their business plans with our support.

2017 began with the driest start to the growing season in five years and, unfortunately, the drought like conditions continued into 2018 in some areas including the Eastern Eyre Peninsula, Mid/Upper Northern regions and the Mallee/Upper South East region towards the Victoria/NSW border. While conditions are not as dire as they are on the eastern seaboard, we are beginning to see a surge in calls for assistance from producers experiencing hardship as a result.

On the upside, sheep and cattle producers experienced reasonable pasture growth and received good returns from the sale of livestock.

A voice for SA/NT producers nationally

RBS welcomed new opportunities this year to influence top tier talks around initiatives that will ultimately benefit SA/NT producers. These included:

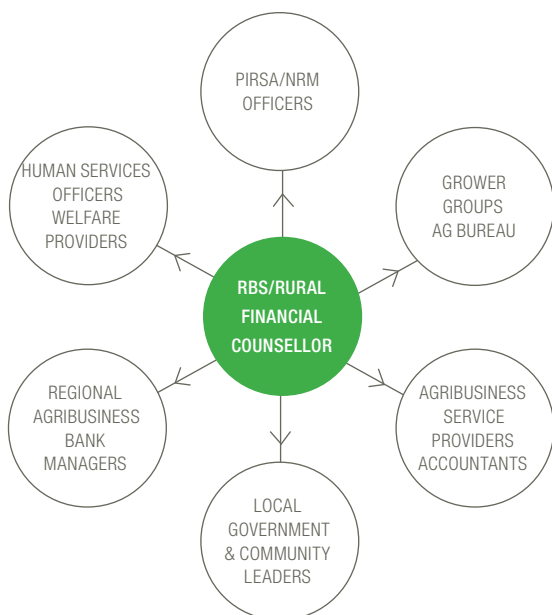
- Involvement in the RFCS & Department for Human Services' Farm Management Allowance (FHA) Working Group, which is aimed at streamlining the process for FHA applications to provide a greater degree of clarity and certainty for our clients.

- Representation on a new national working group charged with the task of communicating the vital role of the Rural Financial Counselling Service directly to high level stakeholders including the Department for Human Services, National Farmers Federation and the Australian Bankers Association.
- Providing a submission to the National Financial Literacy Strategy, which highlighted the important role the RFCS plays in helping its clients develop the skills and behaviours to improve their financial awareness and understanding.

Responding to challenges

Market downturns and unexpected extreme weather events created challenges for some industries this year:

- Concerns for the mental wellbeing of pig producers heightened in March 2018 after an oversupply of pork pushed down farm gate prices and some producers were unable to find a market for their pigs. Pork SA turned to RBS for advice and it was agreed that a coordinated response including industry specialists, mental health support and the RFCS was needed. RBS was the initial contact point for pig farmers who needed help and a communications plan was actioned.
- In October 2017 an unexpected hailstorm damaged up to 80% of crops for apple and pear growers across a large area from the Adelaide Hills to Barossa Valley. RBS tapped into our industry group connections to help those affected by providing free workshops and one-on-one sessions with our farm business advisor. Our efforts to support affected producers with financial planning continue, with many facing no income until the harvest of February 2019.
- When approached this year by the creators of ifarmwell.com.au – a new online tool kit aimed at improving the overall wellbeing of farmers – it was a natural fit for RBS to endorse and promote the tool.



Stakeholder Engagement Model

Future opportunities

The relationship between the Regional Investment Corporation (RIC) and the RFCS has been strengthened through consultation and feedback during 2017-18 and we are pleased that the RIC has commenced operations in July 2018, providing better access to concessional loans by RFCS clients.

RBS will continue working with RIC to ensure clients have access to information on the loans available through RIC and assistance to apply where required.

At the time of writing, the SA Farm Debt Mediation Bill had passed through Parliament, bringing SA into line with comparative legislation in the eastern states. RBS has worked closely with the Commissioner for Small Business



on the formulation of this Bill, which will provide improved protection for producers when all other avenues of negotiation with creditors have been exhausted.

Also as I write the Federal Government has announced new FHA payments for eligible applicants and increased the FHA asset threshold, opening up this assistance to a further potential 8000 producers nationally. This news has been welcomed by many producers who are coming to terms with a drier than hoped for season and concerns about cash flow and the welfare of their livestock.

Looking ahead, all regions face uncertainty regarding yields and returns with expectations of lower than average finishing rainfall in the coming months.

To ensure RBS is well positioned to accommodate the increasing number of families seeking assistance, we have successfully applied for a \$260,000 share of the \$5 million being made available by the Federal Government for extra resourcing to manage the FHA workload.

We will ensure that our highly skilled team is equipped to respond to an increased demand for support, offering just the right balance of independent farm business advice and a confidential listening ear – often at just the right time.

Encouraged and energised by our achievements this year we will continue to adapt and respond to the needs of farming families to ensure a competitive, profitable, sustainable and resilient primary industries sector.

Brett Smith

Chief Executive Officer

Achievements

Rural Business Support has strengthened our position as a leading and respected not-for-profit provider of agribusiness services and independent support to the primary industry sector this year.

We have supported a range of producers, fishers and other rural businesses in South Australia and the Northern Territory to take action to manage change, risk and business challenges to grow in resilience.



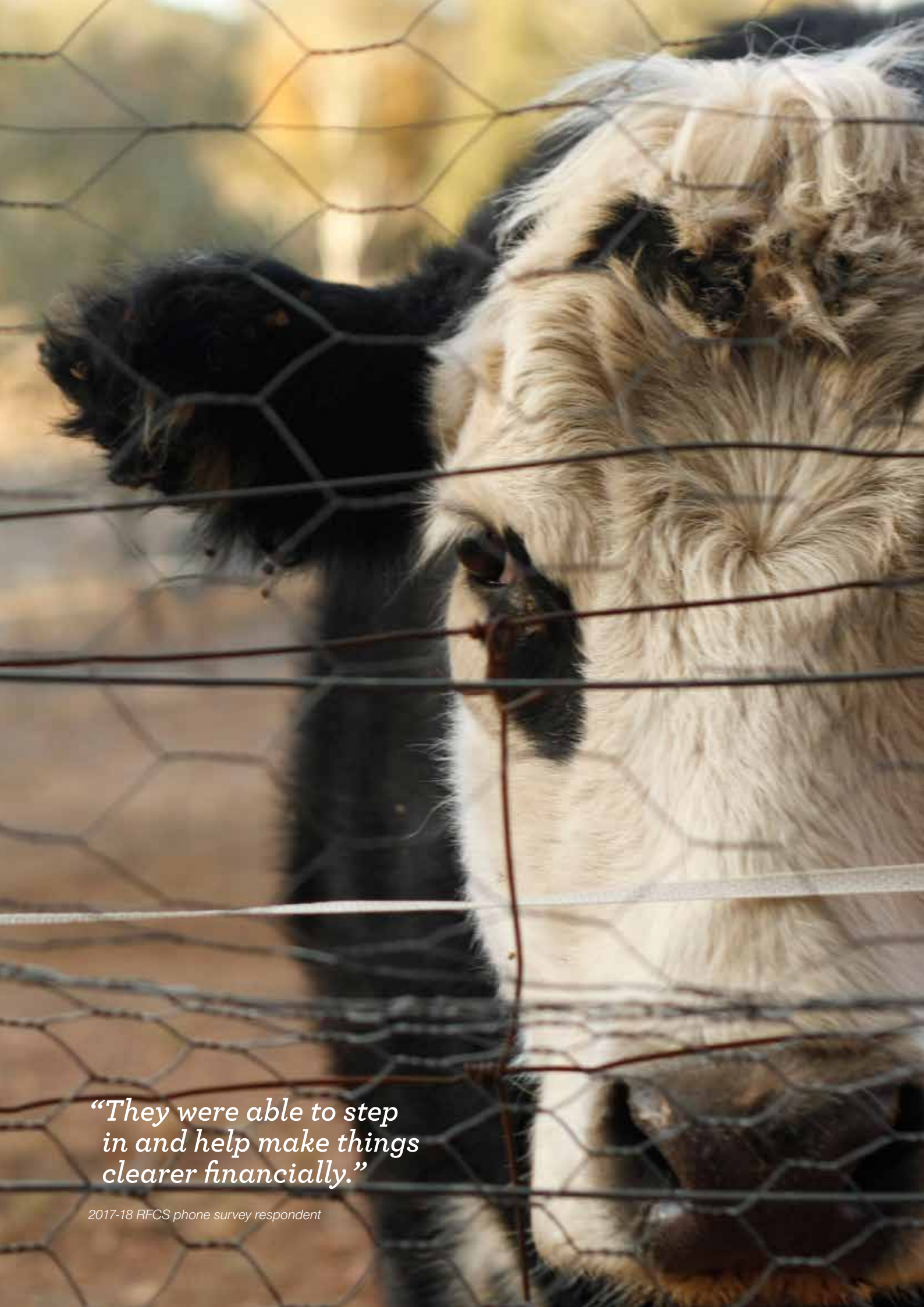
Rural Financial Counselling Service

- 1 Provided 7570 hours of service to eligible rural financial counselling clients across SA and NT.
- 2 Intensively supported Adelaide Hills apple and pear growers affected by the October 2017 hail storms by holding workshops and providing free sessions with our Farm Business Advisor.
- 3 Worked closely and quickly with Pork SA to communicate the rural financial counselling and wellbeing support available to pig farming families impacted by the industry downturn that reached crisis point in early 2018.
- 4 Continued to support SA oyster growers coping with the effects of the Tasmanian Pacific Oyster Mortality Syndrome (POMS) outbreak in 2016
- 5 Secured funding for a designated Farm Household Allowance (FHA) Coordinator role to work with FHA recipients with the goal of helping them to become financially self-sufficient.
- 6 Sought funding to increase RBS resourcing and better respond to a surge in demand for rural financial counselling support after the Federal Government announced additional FHA payment options in August 2018.



Programs and Services

- 1 Completed delivery of the Pork Farm Business Strategic Review pilot to 10 pork farming families in South Australia, supported by a \$95,000 grant from Australian Pork Limited.
- 2 Commenced rollout of the Grains Industry Farm Business Strategic Review to 40 grains farming families with support from GPSA (\$100,000), GRDC (\$50,000) and PIRSA (\$225,000).
- 3 Secured additional State Government funding to support scale-up of the FBSR across further commodities in SA with co-funding from dairy, grains and livestock industry groups. Discussions with pork, horticulture and viticulture industry groups regarding co-funding opportunities are also underway.
- 4 Commenced delivery of our Business Readiness Project with a grant from the Natural Disaster Resilience Program to help small rural and regional businesses better plan to withstand and survive natural disaster events.
- 5 Delivered Farm Management for Transition Workshops on the Eyre Peninsula and in the South East to help farming families plan for succession.
- 6 Provided free business analysis support to small regional businesses impacted by the Thomas Foods International Abattoir fire of January 2018.



“They were able to step in and help make things clearer financially.”

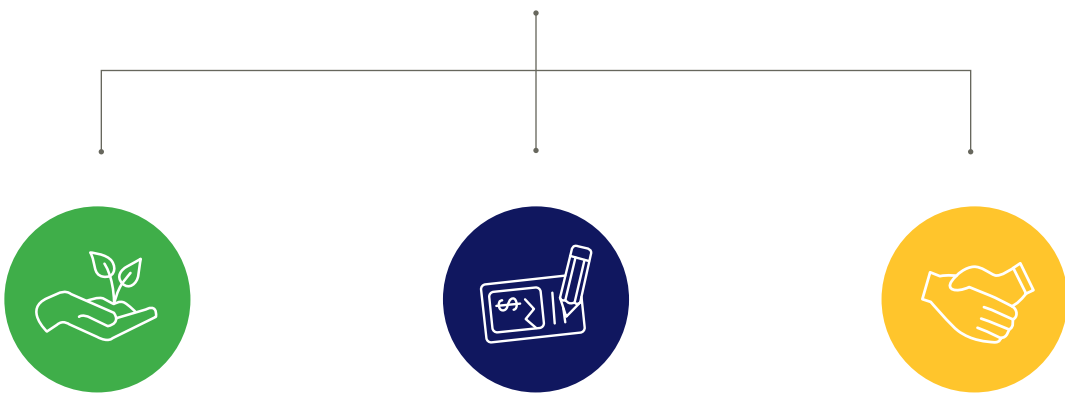
2017-18 RFCS phone survey respondent

“I had no one else to talk to. He really understood what was going on.”

2017-18 RFCS phone survey respondent



Rural Business Support



Rural Financial Counselling Service

Understanding your financial position

Providing future projections and scenarios

Preparing for bank reviews and meetings

Preparing for succession and family meetings

What other support is available

Helping with applications

Farm Business Management Programs

Farm Business Strategic Review

Farm Business Basics / Managing Your Farm Business

Business Readiness Project

Farm Management for Transition Program

Farm Business Advisory Service

Agricultural Support Services

Executive, Board and communications services

Dairy Farm Monitor Project

Engaging with our stakeholders

Board holds first meetings in Top End

Record prices for beef cattle, improved seasonal conditions and strong production in the horticultural industry were resulting in improved confidence for Northern Territory producers when the RBS Board headed north in March 2018 for our first NT Business Stakeholder Meetings.

Touching down in the wake of Cyclone Marcus and its 130km/h winds and rain, damage from the storm was widespread with plenty of fallen trees and debris around. Fortunately the damage did not hinder attendances at either of our events in Darwin and Katherine.

While our farm business analysts visit the NT up to eight times annually to assist rural businesses and meet with industry contacts, this was the first time our Board met with stakeholders as a group and in person.



Given the improved confidence for producers at the time, this visit was about encouraging preparedness for inevitable future challenges.

The Board had the opportunity to see how several local businesses operate, visiting a cattle station and another family property outside of Alice Springs, as well as the Katherine Research Station.

Attending the 2018 AgriFutures NT Rural Women's Awards was another highlight.

RBS has had a strong presence in the NT since 2011, when we worked closely with industry and pastoralists affected by the temporary suspension to the live cattle export trade. As well as delivering the RFCS, we work with a wide spectrum of rural industries from Darwin to Katherine and further south, including Alice Springs.

The March visit wrapped up at the NT Cattlemen's Association (NTCA) conference in Alice Springs, which provided the opportunity to meet new Federal Minister for Agriculture and Water Resources David Littleproud for the first time.

Challenges on the horizon for NT producers

At the time of producing this publication, several issues were starting to raise concerns for some industries.

The closure of the Darwin meatworks, the impact of Indonesia's '5 to 1' rule becoming clearer and a 25% decline in live cattle export prices is challenging some cattle producers.

For citrus growers, the Citrus Canker virus and resultant temporary ban on fruit leaving the NT means some business plans are needing to be revisited and decisions made about how to weather this industry hurdle.

For some in the fishing sector, an oversupply of farmed barramundi is causing uncertainty and fishers are concerned about the future viability of their business.

Whatever the situation, whether a business is in a perceivably strong position or not, RBS is committed to supporting eligible NT primary producers – at no cost to them – to help them move forward.



More than 150 people attended our nine stakeholder events across SA, including our popular Stakeholder Breakfast Meeting at the Adelaide Showgrounds in October 2017.

“The rural financial counsellor was marvellous. They brought some great new ideas to the table.”

2017-18 RFCS phone survey respondent

Rural Financial Counselling

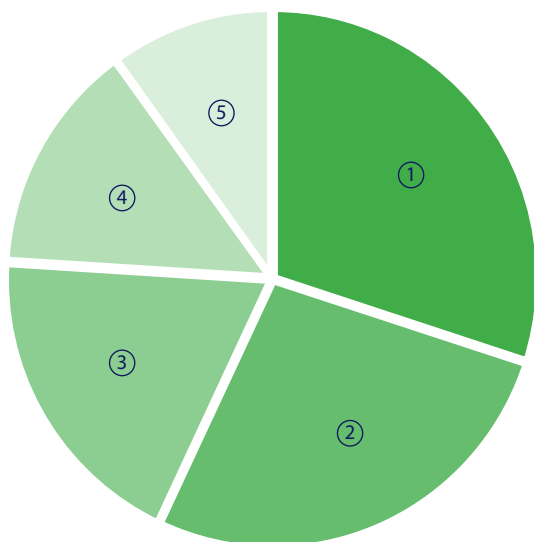
Working at the kitchen table to help farming families absorb and recover from shocks and stresses to their business.

Rural Business Support through the Rural Financial Counselling Service SA/NT supported 543 farming family members in 2017-18 to plan and implement actions to improve their financial position.

A routine audit in 2018 of our RFCS records found that 90% of clients worked with our support on proactive actions including:

- Applying for government assistance
- Making payment arrangements with the ATO/creditor
- Providing cash flow budgets and business plans to banker/financier
- Applying for re-finance with another bank
- Arranging family meeting to discuss succession

RFC time spent with clients



- ① 30% - Helping clients to understand their financial position (analysing cost of production, financial/business situation, cash flow and budgeting)
- ② 27% - Assisting clients to access other assistance (Government and other professional services)
- ③ 19% - Business management and planning work
- ④ 14% - Case management activities
- ⑤ 10% - Assistance with creditors

Case management process reviewed

A new case management process was developed and implemented this year to ensure our rural financial counsellors are better equipped to identify and support clients with immediate crisis management needs.

The benefit in reassessing our case management processes was identified during our annual meeting with the Department for Human Services in December 2017. While our previous processes aligned with the core objectives and deed of grant funding, we wanted to formalise the fact that often a client's immediate concerns such as a lack of cash flow or impending creditor action need to be managed before a more structured assessment of their situation can happen.

In addition to preparing a new case management process map incorporating a 'crisis management?' prompt, we also looked at the data collection tools required by rural financial counsellors to monitor and manage client needs more effectively.

This resulted in the development of a case management checklist covering a client's initial engagement and sign up, assessment, through planning and implementation stages and lastly, to when they exit the service.

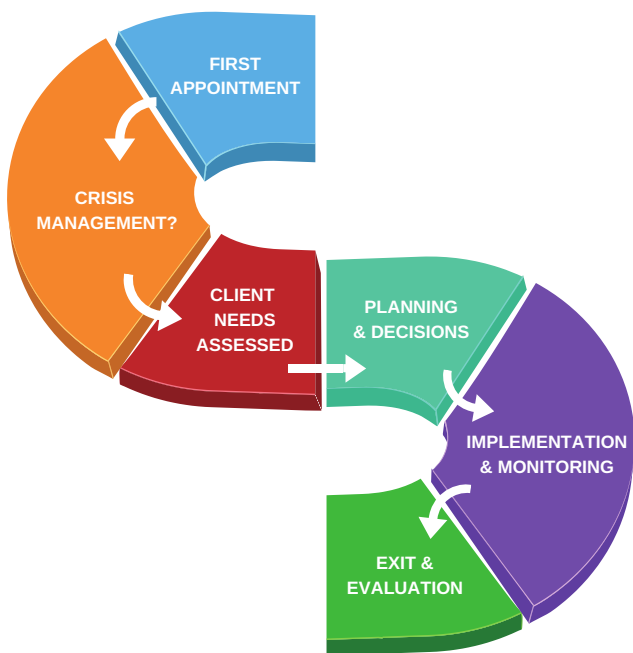
Strengthening stakeholder relationships

More than 150 stakeholders attended nine RBS network events across regional South Australia this year to learn more about the services provided by the RFCS.

Different audiences and locations from previous years were chosen to ensure awareness of the RFCS among key referral sources including banks, agribusiness, rural suppliers, rural and regional service providers.

Other stakeholder engagement activities included:

- Attendance at key SA and NT Field Days and conferences
- Paskeville, Lucindale, Riverland Field Days and Karoonda Farm Fair
- NT Cattleman's Association Annual Conference
- Board stakeholder events and meetings in the NT in March 2018
- Meetings with key organisations and stakeholders including government, industry and agribusiness service providers in the NT



“The rural financial counsellor was so willing to help and happy to fit in with our farming and family schedules.”

2017-18 RFCS phone survey respondent

The new RFCS Case Management Process graphic.



Healthy succession talks enabled Steve to pursue his own farming goals

*When the *Jones family finally decided to contact Rural Business Support, their business was facing a range of challenges that had become so overwhelming they couldn't see a clear way forward.*

How would the business support three families into the future? Was the business viable long term? Their financing was in need of attention and the business was vulnerable to external political and climate influences.

Our NT business analyst met with the family at their property and looked over their historical financials, before helping them to develop a business strategy and project their financial outlook.

We helped them to identify options to build their financial resilience, including the restructuring of loans and initiating succession talks.

From here it was evident that generational and labour transition was happening already and, for it to be a smoother transition, a succession plan needed to be in place.

This plan included:

- A plan for the care of elderly family members.
- Identifying business direction and developing a management plan.
- A family agreement and plan for the distribution of assets.
- Establishment of a deed of family arrangement between each generation and between the returning son/daughter and the off farm siblings.

Through getting those succession conversations started, the family's eldest son *Steve was enthused to return to farming after being self-employed as an irrigation consultant for many years. He wanted a farming operation over a small area, so researched high value, irrigated crops, where he could control the marketing and have value adding opportunities.



The family agreed for Steve to take over the smallest of the farm land titles at the value of the debt on that land. Steve worked with us to put his business idea to paper, culminating in a succinct financial, production and marketing report that was used to successfully seek bank finance and commence operations.

All was going well – until an ill-timed natural disaster wiped out Steve's first harvest. The disaster prompted the government to release financial aid, but this did not include any compensation for lost income.

The fallout from the natural disaster meant Steve's new venture quickly spiralled into a cashflow crisis situation and he contacted RBS again.

Our initial crisis management priorities involved helping Steve to access Farm Household Allowance (FHA) and successfully apply for short term hardship relief terms for his bank payments.

Steve re-gained confidence that his business could be sustained through to the next harvest, when it was expected the financial strain would ease.

However when the hardship relief period with his bank expired, Steve was not yet in a position to make any more

monthly payments and his loan was placed into credit management.

Under this strain he became mentally and physically withdrawn and was simply unable to follow up with the bank due to his poor health.

Fortunately our business analyst routinely followed up with Steve and, as a result, he formally authorised us as his banking advocate while he focused on getting well again.

The bank responded well to Steve having RBS in his corner.

After the provision of updated budgets and business plans, on farm visits and joint teleconferences, the bank regained confidence in Steve's business and offered longer term financing and an increased overdraft.

Finally, Steve can move on from his cashflow crisis. While he has a larger long term debt, he can confidently focus on rebuilding his business knowing that although the natural disaster was out of his hands, his response to how he handles its impact is back within his control.

*Names have been changed to ensure client confidentiality.

Programs and Services

Equipping producers with financial literacy skills and strategic awareness to build business resilience.

Rural Business Support continues to grow our suite of programs and services to support and equip family farm businesses to better manage change, risk and challenges. Our Farm Business Advisor provides a dedicated and professional service to primary producers and small rural businesses.

In 2017-18 we were involved in developing and rolling out a number of programs:

Dairy Farm Monitor Project (DFMP)

Working with Dairy Australia on their national benchmarking program, RBS was responsible for data collection, validation and analysis. This was followed by preparation of the annual DFMP State report and presenting the results to industry representatives in the South East and on the Fleurieu Peninsula.

Business Readiness Project

Funded by the Federal and State governments under the National Strategy for Disaster Resilience (NSDR), this project aims to increase the number of small rural and regional businesses that survive a natural disaster event such as bushfire, flood and drought, by working with them on preparedness and survival planning. The project aims to reach 135 businesses which have limited capacity, access and/or resources to develop business survival plans. During the year we developed an online tool for the project that was piloted in the Riverland and Murraylands, with very positive feedback received. A further 24 workshops are planned across SA starting in the South East.

“Simple to understand. Very relevant to my business.”

“Made you think about your business, vulnerabilities and risks.”

Support for businesses affected by Thomas Foods International fire

Rural Business Support was engaged by the Department of State Development (DSD) to work with businesses directly impacted by the fire that affected the Thomas Foods International Murray Bridge processing plant.

Farm Management for Transition Project - Aussie Farmers Foundation

We held workshops across the Eyre Peninsula and in the South East for 28 families who registered for our Farm Management for Transition Project, a program funded by the Aussie Farmers Foundation. The workshops centred on succession, developing skills and capabilities to allow for a smooth transition of the farming business to the next generation. It was pleasing to see up to three generations in attendance.

SARMS 3IP Round 4

We assisted two parties with their SARMS3IP Round 4 applications. One of the projects related to converting farm area from flood irrigation to sprinklers and growing lucerne for the organic feed market. The other project related to an irrigation upgrade, partial vineyard replanting as well as the purchase of machinery and a marketing campaign. Both projects were successful in their applications and are now well underway.

Prescribed Advisor – Farm Finance Assessments

Our prescribed advisor service is for recipients of the Farm Household Allowance (FHA) who require a farm financial assessment.

Farming Together program – Southern Cross University

The Farming Together (Farm Co-operatives and Collaboration Pilot Program) program is a Federal Government initiative aimed at providing farmers with knowledge, skills and materials on collaborative ideas, co-operative structures and collective strategies. We conducted initial needs assessments for several farming businesses around Australia to identify the type of future support the farmer group needs and wants. We then provided expert support to a number of businesses to help them plan their way forward.



“Great tool and good discussion and insights into planning for disasters and why to plan - the statistics you quoted say it all!”

Sandy I, Regional Development Australia, Murraylands & Riverland, on the pilot workshop for our Business Readiness Project.

Farm Business Strategic Review

New approach to financial literacy proven

Rural Business Support has developed and proven a new proactive approach to financial literacy and strategic awareness. The Farm Business Strategic Review (FBSR) was adapted and expanded to South Australian grains and pork farming families in 2017-18, building on the program's proven success with participating dairy families in 2016-17.

Widely regarded as a new – and needed – proactive approach to financial literacy and strategic awareness, the FBSR helps farming families to better understand the strategic position of their business, analyse their financial status and identify opportunities to improve productivity and profitability.

The FBSR web tools help families to quickly see where their business is at now and where it could be in the future factoring in different scenarios. This important review process then enables the development of a strategic action plan, budget and monthly cash flow, with implementation linked to banks and consultants.

In May 2018, the SA Minister for Primary Industries and Regional Development provided a letter "... supportive, in principle, of a state wide program across all of the primary industry sectors."

Negotiations to scaleup the FBSR through pilots with livestock, wool, horticulture and viticulture in SA are underway, in hand with continuing the program in grains, dairy and pork. Primary Producers SA (PPSA) in hand with the National Farmers Federation (NFF) have instigated negotiations to utilise the FBSR process as part of the national drought policy.

Dairy industry pilot and rollout results

The FBSR pilot with 30 dairy families in 2016 commenced prior to the Murray Goulburn price crash. The 25 families that completed the pilot reported significant emotional and economic benefits in an independent EconSearch report. The economic analysis indicated new investment intentions of \$3.6 million – or 12 times the value of the funder's grant.

This initial pilot was funded by the Government of South Australia through a \$300,000 grant from Primary Industries and Regions SA (PIRSA), with the active support of PPSA and SA commodity groups.

The dairy pilot's success resulted in the SA dairy industry and SA Government funding the rollout of the program

in 2017. Despite the intense economic pressure due to ongoing low prices in the commodity milk market, the approach was again well received and exit surveys indicated new investment intentions of \$3.3 million – or 27 times the value of the funder's grant.

United Dairy Victoria has endorsed the FBSR and negotiations to commence a pilot in Victoria are underway with the support of Victorian Farmers Federation.

"We have never seen a program with such high endorsement from dairy families."

Ken Lyons, SA Dairy Industry Fund

Pork industry pilot results

A pilot with 10 pig farming families, funded by Australian Pork, was successfully completed in December 2017.

The results of the pork pilot mirrored the outcomes in dairy, with all participating families strongly endorsing the new approach and exit surveys indicating new investment intentions of \$1.2 million – or 12 times the value of the funder's grant.

"A great positive outcome, from projected new investment...mental health and business security."

Graeme Pope, Lead Pork Consultant

Grains industry pilot underway

With the support of PPSA and the SA commodity groups, the SA Government provided a \$200,000 grant to RBS, through PIRSA, to adapt the new proactive approach to meet the needs of the grains industry.

The government's commitment was supported by a \$100,000 grant from Grain Producers SA (GPISA) and a \$50,000 grant from the Grains Research and Development Corporation (GRDC), with participating families each contributing \$500.

The engagement process, strategic review tools, web tools and on-farm support were adapted to meet the needs of the grains industry. Significant effort was directed to visualising the GRDC Profit Drivers benchmark research, led by Rural Directions, for the grains Southern Australian region.

Our initial call for 35 registrations for the pilot Grains Industry Farm Business Strategic Review was oversubscribed, with 40 families signing on. PIRSA generously provided an additional \$25,000 to allow all of the families to take part.

Kimba's Inglis family Trevor, Greg and David taking part in the Grains Industry Farm Business Strategic Review.



In March we hosted strategic briefings at Wudinna, Clare and Keith to explain the program and its requirements to participating families, before on-farm visits commenced as seeding finished in June and July in line with the dry seasonal conditions. More than 120 farm visits were made, with Rural Directions and private consultants working with 20 of the 40 families and RBS farm business analysts working with 20 families.

These visits involved reviewing physical and financial data, as well as confidential discussions about each family's strategic opportunities. The program's web tools were then used to provide each family with a summary Strategic Action Plan report.

An EconSearch 'before survey' report confirmed that 80% of the grains families in the pilot were larger than the state average in terms of size and income, however 70% were achieving below the state average for profit. This result was directly linked to families allocating insufficient time to business and finance planning, in hand with a lack of benchmarking.

The EconSearch 'after survey' commenced in late August. At the time of writing this publication the preliminary exit surveys indicated a similar result to that achieved in dairy and pork, validating the new approach in grains.

“The Grains Industry Farm Business Strategic Review is the largest commitment by GPSA to an individual project. Our mission is to ensure a viable and sustainable grains industry and we believe financial literacy is a vital component of achieving this.”

Wade Dabinett, Chair Grain Producers SA



Industry outcomes of the Farm Business Strategic Review:

- Adapts a new proactive approach to each industry (majority of members are family businesses)
- Assists members to develop a better understanding of their financial and strategic position
- Supports timely negotiations with banks and investors to provide the capital for industry growth
- Supports timely succession planning and industry rationalisation
- Assists members lacking viability to implement planned exit
- Reduces supply chain and industry risk factors and protects industry brand and asset values
- Demonstrates industry commitment to growth and seek greater government support for growth

“The new targeted process developed by RBS shows that it is possible to redirect government funding from crisis to crisis prevention. We believe it is critical through productivity and profitability growth to move attitudes within the farming community to government funding ‘from reliance to resilience’.”

Tony Mahar, CEO National Farmers Federation



Watch the video:

Scan the QR code to see RBS Business Development Manager Nigel Robinson talk about the Grains Industry Farm Business Strategic Review.

Pig farmer supported to prepare cash flow plan

A Mid Murray pig farmer now feels better equipped to financially face the next 12 months after turning to RBS for help with managing cash flow challenges.

Concerns for the wellbeing of South Australian pig farming families heightened this year after an oversupply of pork pushed down prices at the farm gate and some processors introduced quotas.

Concerned for the mental wellbeing of their members, Pork SA turned to RBS for advice. There was an increasing level of concern across the industry that the pressure would be too great for some to bear.

At a meeting with key representatives of Pork SA, it was agreed that there needed to be a coordinated response involving industry specialists, mental health and wellbeing support and the RFCS. RBS was promoted as the initial contact point for pig farmers who needed support and a coordinated communications plan was actioned to ensure that pig farmers in SA knew where to go for help.

In response to a direct electronic mailout by RBS to Pork SA members and with encouragement from a pork industry officer, the Mid-Murray pig farmer contacted us.

While initially reticent to ask for help, the pig farmer eventually acknowledged that it was a great relief to be able to share his family's concerns about their business. Based on their calculations, their income for the next financial year would drop by more than \$300,000 - well below the cost of operation.

While helping the family to apply for Farm Household Allowance (FHA), our rural financial counsellor (RFC) asked if they had any plans for managing their cash flow. The farmer wasn't familiar with the practice of cash flow budgeting. The family had always managed their cash flow based on how much cash they had in their bank account at any given time.

With support from the RFC, a cash flow budget was prepared for the next 12 months to show when there would be a shortfall in cash.

Equipped with a better understanding of their financial position, the farmer was able to make plans to contact their banker to arrange an overdraft facility.

The extra support from the FHA for living expenses and a plan for the year ahead gave the client confidence that there was a future for their business and they would be well placed to recover from the industry downturn when prices improve again.





Mid North farmer has renewed confidence in decision making

A Mid North producer says RBS gave him “new ideas and options” that have helped him take his mixed farming business from imminent foreclosure in January 2018 to a once unimaginable position of stability and sustainability.

*Dave runs a small scale mixed farming operation with sheep, pigs and cropping.

He had been in the process of selling off land and was facing foreclosure on the long-time family property when his bank manager suggested calling RBS for assistance.

“I knew that I needed to take action or I’d lose the farm,” he said. “This was my last resort.”

“Three to four years ago I was actually told to walk away from the farm and that we’d be better off selling up – but I wanted to keep going.”

After Dave’s significant first phone call to set up an appointment, our rural financial counsellor (RFC) sat across from him in his living room and mapped out some suggestions aimed at helping the business regain financial stability.

Dave was at a negative point in his life where it all felt too hard and he lacked the confidence to make the right decisions for the future. All the knowledge he needed was in his head but he just needed a hand to filter through it and map out his next steps in an organised and constructive way.

Dave describes that initial meeting as lifting “a big weight off the shoulders”.

“The RFC was very easy going,” he said. “He came out and did a general summary of what we were doing and talked through the options I had. He gave me a few more things to think about.

“He then helped to mediate with the banks while we looked at ways to make the farm viable.”

After working through his financial figures with the RFC, Dave decided that reducing his crops and buying more sheep was necessary to improve the viability of his business. Multiple cash flow projections were done accommodating various scenarios – more crop, less sheep; more sheep and so on.

Dave had been wanting to reduce his cropping area from the original planning and replace with more sheep. The cash flow projections backed this scenario up, with still a reasonable amount of cropping being completed.

With average rain, the returns forecast in the RFC’s cash flow projection satisfied the bank – and Dave’s personal situation.

As fate would have it, Dave received good winter rainfall and his crops are growing well. With harvest still a few months away and Dave hopeful of a reasonable spring, he feels back in control and is more confident about making decisions.

“Whatever the final outcome is, it has been a blessing to have someone to talk me through the situation and it has helped me deal with the confusion in my mind,” Dave said. “At the moment I’m at peace.”



328,432

Kilometres driven to meet with families on farm - the equivalent of 8 laps of the Earth!

Across

148

Postcodes

11

Rural Financial Counsellors

543

Families supported

7,570

Hours of direct support provided

6

trips to NT by our farm business analysts

9

stakeholder events across SA/NT

Communications and Marketing

Sharing our vision for a competitive, profitable and sustainable primary industry sector.

Rural Business Support has increased efforts this year on building awareness of our services and programs through several key communication channels.

Building social media audiences

Significant efforts were invested this year to increase the frequency and variety of posts on the RBS Facebook page. We also increased the number of 'Boosts' to support region specific activities where increasing registrations or attendances was a goal.

These activities paid off, with the number of RBS Facebook Followers increasing by 70% over the course of the year (to 548 at the time of writing). We attribute the rise in page interaction to Facebook effectively behaving as the online version of the ever trusted 'word of mouth', considered especially reliable in rural communities.

Activity on Twitter and Linked In continues to build.

Strengthening our media connections

RBS appreciates the support of media across South Australia in helping to ensure farming families who need our services and support are aware of who we are and what we can do to help them.

We have welcomed interview opportunities with the following this year:

- ABC Radio (SA and NT)
- Stock Journal
- The Country Hour
- The Advertiser
- Eyre Peninsula Tribune
- Port Lincoln Times
- The Murray Pioneer
- The Border Watch
- The Transcontinental
- The Islander
- West Coast Sentinel

Our co-sponsorship of the Rural Media SA Awards with Telstra supports our belief that regional reporters and photographers have a vital role to play in telling agriculture's good news stories to build resilience in their communities.

From record numbers of outstanding entries, News Corp's former Rural Editor at The Advertiser, Belinda Willis and News Corp photographer Matt Turner won the major prizes at the 2017 Rural Media SA Awards.

Monthly Stock Journal presence

RBS appreciates the opportunity to contribute an advisory column in the Stock Journal each month. This is coordinated with valued support from Ag Communicators.

Website improvements ongoing

Adjustments were made to the RBS website this year to improve the user experience, including the addition of a

new scrolling home page banner to highlight important current events and fresh images to highlight sub menus.

Work will continue on making the site easier to navigate and more user friendly, as well as ensuring content is relevant and up to date.

Electronic communications successful

A new initiative for RBS, we introduced bulk email campaigns to support the Grains Industry Farm Business Strategic Review, explain the Farm Household Allowance (FHA) changes and to highlight the appointment of our new rural financial counsellor on Eyre Peninsula.

We also collaborated with the NT Seafood Council on an email to members outlining how RBS could support wild barramundi fishers facing challenges due to an oversupply of farmed fish.

All campaigns achieved well above average open and click through rates – a reflection of how well regarded RBS and the RFCS is with clients and stakeholders.

An SMS campaign for the Grains Industry Farm Business Strategic Review participants also was trialled. With participating families busy preparing for seeding at the time, we needed to consider the most convenient and responsive form of communication - and the bulk texting proved effective.

Refreshing our collateral

A new series of banners was developed to support the RFCS, our NT services and Programs and Services division.

Our suite of brochures is also progressively being updated to ensure communication to clients and stakeholders is clear, professional and on message.

We also worked with Pork SA on a flyer outlining the support available to their members through RBS.

Communicating RFCS nationally

Our CEO and Communications Manager were invited to contribute to the National RFCS Communications Working Group this year.

The group is exploring ways to improve the lines of communication between the 12 service providers of the RFCS nationally and top level stakeholders including Federal and State Governments, the National Farmers Federation (NFF) and Australian Bankers Association (ABA). This activity continues in 2018-19.



“Congratulations RBS team!! What a great initiative & I hope many growers seek out your assistance.”

Sara Pixley, RBS Facebook page - on launch of Grains Industry Farm Business Strategic Review

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Murray Bridge

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Berri

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RURAL BUSINESS SUPPORT

www.ruralbusinesssupport.org.au

