



**RURAL BUSINESS  
SUPPORT**

*supporting  
a profitable,  
sustainable  
and resilient  
primary  
industries  
sector*

*year in review:  
2011-2012 highlights*

# *what have we achieved in 2011-2012?*

## *top 10 highlights*

1. Rural Business Support Projects Division created to collaborate with government and industry to better support primary industries.
2. Rural Business Support Chair Don Blesing awarded OAM for services to South Australia's primary industries sector.
3. Assisted 803 Rural Financial Counselling Service clients.
4. Rural Financial Counsellors commenced using the Plan to Profit (P2P) software package to assist clients with business planning.
5. Assisted cattlemen and small businesses in the Northern Territory to work through the issues caused as a result of the ban on the export of live cattle.
6. Completed a scoping study into the state of Northern Territory fisheries.
7. Participated in a research project on whether SA's family owned farms are at a disadvantage compared to corporately structured farms when trying to obtain access to finance.
8. "Characteristics of Profitable SA Farm Businesses 2006-2010" project commissioned and completed.
9. Updated the Rural Business Support branding to better reflect our growing organisation.
10. Launched a social media presence across Facebook, Twitter and LinkedIn.

## *strategic focus + vision*

Rural Business Support has four areas of focus as part of its Strategic Plan towards 2015:

- Work with **CLIENTS** to build resilience, resourcefulness and productivity in the agribusiness sector;
- Establish mutually beneficial **PARTNERSHIPS** with stakeholders and industry groups;
- Be an **ORGANISATION** employing best practice in governance and management; and
- Pursue **BUSINESS SUPPORT** opportunities in response to industry needs.

*“by concentrating our effort into four key focus areas, we will achieve our vision of a profitable, sustainable and resilient primary industries sector.”*

## *rural business support*

Rural Business Support (RBS) commenced operations in September 2006, as a state wide rural financial counselling service, trading as Rural Financial Counselling Service SA.

RBS maintains a flexible approach to provide assistance to primary producers to better manage change and adjustment.

Built on the foundations of the familiar and trusted Rural Financial Counselling Service Division, RBS expanded in 2011 to create the Rural Business Support Projects Division to deliver a range of farm business management services for a broader audience of agricultural enterprises.

The Projects Division collaborates with government and industry to deliver projects that support a strong and resilient primary industries sector.

RBS works closely with all of its clients to plan for the future, to be better prepared for climate variability and manage through periods of economic difficulties.



# *report from the chair...*

Rural Business Support (RBS) has an expert board and skilled staff committed to supporting primary producers and rural businesses experiencing financial hardship, or at risk of financial difficulties. It is a not for profit organisation based in South Australia (SA).

Our primary activity is delivering the Rural Financial Counselling Service Program in SA and the Northern Territory. Our second group of activities is aimed at supporting a sustainable and resilient primary industries sector, and includes projects managed by RBS and funded elsewhere, and a range of partnerships with SA Government agencies, primary industry associations and private consulting firms.

The RBS Board has seven members, each expert in one or more areas of farming, fishing, rural business, agribusiness and rural culture. We met six times in the twelve months to June 2012. One meeting was associated with a regional forum conducted in Port Lincoln including structured visits to a range of agricultural and fishing businesses.

In June 2012 RBS commenced the process of calling for applications to fill four board member positions. These are for a Chairperson with leadership and corporate governance experience; and board members with experience in marketing and communications; legal experience; and general expertise in rural culture and primary industries.

**RBS STRATEGY 2015** sets out our vision for a sustainable and resilient primary industries sector; our core business is to support primary producers, fishers and small rural businesses experiencing financial hardship, or who are at risk of financial difficulty.

Our priorities remain; to continue providing a rapid response service to those in immediate need and assisting them by using our business planning tools to maximum effect; and expanding our ability to support primary producers at risk.

This support will include managing commissioned primary industry and sector analyses; working in partnership with public and industry organisations and consulting firms to support workshops and seminars in priority regions and sectors; and providing access to independent and verified information about emerging matters critical to primary producers in future. This will include information on long term grain yields and regional climate trends, and options for managing sudden shocks including land use conflicts and rapidly increasing demands for improved animal welfare.

Kay Matthias as the General Manager of RBS has given outstanding service to primary producers in SA, to her staff, to managers of Rural Financial Counselling Services across Australia, and to the RBS Board. Thank you Kay, and thank you board members for the privilege of working alongside you.

**DON BLESING**  
Chair of the RBS Board

# *support*

# 2011/2012 board members



**DON BLESING** | Chair

Don Blesing is an agribusiness advisor. Don is a member of AICD (the Australian Institute of Company Directors). In 2012 he received a Medal (OAM) of the Order of Australia in the General Division for services to primary industries.



**SHARON STARICK** | Appointed Deputy Chair October 2011

A cereal and pig producer from South Australia, Sharon Starick is a graduate of the Murray-Darling Basin Leadership Program and the AICD CDC. She has served on many regional and pork industry boards.



**CATHERINE BARNETT** | Deputy Chair to October 2011

Catherine is the CEO of Food SA. She is a graduate of the AICD CDC. Catherine currently Chairs the South Australian Rock Lobster Advisory Council and the Commonwealth Tropical Tuna Management Advisory Committee.



**PAUL MULRANEY** | Treasurer and Public Officer

Paul recently retired after a career in the Australian Army and public health administration. Paul is a Certified Practising Accountant. In 1993 he was awarded the Conspicuous Service Cross for service to the Australian Army.



**DAMIAN FITZGERALD**

Damian, originally a farmer from Cummins, is a practicing lawyer with 13 years experience. He has completed a Graduate Diploma in Corporate Governance and is a Fellow of the Institute of Chartered Secretaries and Administrators.



**MALCOLM PRIDHAM**

Malcolm is the SA State Manager of NAB Agribusiness Division and has 40 years banking experience. Malcolm continues to be involved in family farming operations in the South East. He is a graduate of the AICD and is a Justice of the Peace.



**PETER WALKER**

Peter is a horticulturist based in the Riverland. He and wife Carol produce citrus and operate a management company for owner investors producing citrus. Peter is a Fellow of the AICD.



**TANIA SARGENT** | Independent Member of the Audit Risk and Compliance Committee

Tania Sargent is a Principal Advisor at Xacumen, a business advisory firm providing specialised mentor services for small businesses owners. In her role on the Committee, Tania provides additional certainty and accountability to stakeholders and funding partners in the acquittal of RFCS program funds.

# report from the general manager

I am pleased to present my report on the activities and operations of Rural Business Support (RBS), and in particular how the RBS projects stream has added value to our core business of rural financial counselling over the past twelve months.

It is again pleasing that seasonal conditions have been excellent and as we enter the 2012 cropping season, there continues to be the promise of another outstanding year. However, there are some industries that continue to be volatile and require further support from RBS, i.e. the dairy and citrus industries just to name two.

## CLIENTS

During the year there were 803 rural financial counselling clients, and given the return to good seasons, we have continued to support our core business of working with clients to plan for a sustainable and profitable future and to manage the challenges of industry change and adjustment.

At the time of writing the 2010/11 annual report there were still several areas of the state in receipt

of Exceptional Circumstances (EC) drought relief, but all EC ceased during the current year. As each area was removed, rural financial counsellors were kept busy assisting with applications for assistance as part of the CCAP program.

The majority of rural financial counselling work was again in business planning, succession planning and business debt mediation.

Clients have continued to appreciate the value of the Plan to Profit (P2P) software package that rural financial counsellors have as an essential part of their tool kit. This software package provides clients with a clear picture of their business enterprise over a projected five year timeframe. The tool has also given rural financial counsellors the ability to graphically present a range of options a client may consider for the future of their business.

As reported last year, RBS through its rural financial counselling arm, assisted cattlemen and small businesses in the Northern Territory to work through the issues caused as a result of the ban on the export of live cattle. Charlie Goode, a very experienced cattleman himself, worked in the Northern Territory for around six months assisting many to access government assistance packages and to support them through this critical time.

While in the Northern Territory a number of systemic issues were identified, not the least of which was high debt levels. As a result, consultation occurred with both the Northern Territory and Australian Governments for RBS to conduct a pilot program in the Northern Territory to ascertain the need for a permanent service. At the time of writing, we are awaiting a final response regarding funding for this proposal.

A scoping study into the state of the Northern Territory fisheries was also concluded during the year. The report identified several sectors of the industry that were already suffering financial hardship and the likelihood of this continuing, along with the impact of the establishment of marine parks in the Northern Territory, it was expected that these sectors would continue to suffer.



## **STAFF**

Staff retention rates continue to be very high. However, we did farewell during the year long-serving rural financial counsellor, Max Baker who retired to spend more time with his family and to travel. We thank him for his outstanding service to rural financial counselling, particularly in the Riverland area and wish him and his wife Heather, a happy retirement.

Staff continued to receive high-level training in areas such as bankruptcy and insolvency; collaborative farming; succession planning; and management accounting theory and resource economics. This increases their ability to provide a high level of service to our clients.

Several staff members undertook tertiary studies during the year in Rural Sciences – Agricultural Consulting; Rangelands Management; and Business Management.

We continue to place a high priority on staff training and are pleased to support staff with ongoing professional development.

## **PROJECTS DIVISION**

The projects division, which is the second stream of our business, is now well established. The goal of the projects division is to build the resilience of rural businesses, assist them to overcome impediments to longer term sustainability, and enhance their ability to adapt to challenges such as climate change, global market fluctuations and economic downturns.

The projects division concluded one major project during the year, with several smaller projects undertaken. It is anticipated that this area of the business will continue to grow during the coming year.

The major project completed during the year was “Characteristics of Profitable SA Farm Businesses 2006-2010”. RBS, in partnership with PIRSA, commissioned Rural Directions to undertake a study of 33 South Australian primary production businesses in late 2011. The purpose of the study was to identify

the common features and characteristics which enabled these businesses to remain profitable through the tough climatic conditions experienced during the 2006-10 period. The outcomes of the research is tabled elsewhere in this report.

Plans are now underway to continue the second part of this project: to undertake forums across South Australia with leading farmers, community leaders, financial institutions, etc. to gather information to influence the next generation of learning and development programs that will be available in coming years.

*“the goal of our new projects division is to build the resilience of rural businesses, assist them to overcome impediments to longer term sustainability, and enhance their ability to adapt to challenges.”*

# report from the general manager *cont...*

## **BRANDING AND COMMUNICATION**

Following the launch of our RBS Projects Division, we commenced a branding and communications project to better communicate the broad range of services we now offer to clients. This exercise has included updating our brand identity to clarify our position as Rural Business Support incorporating Rural Financial Counselling Service and our new Projects Division and launching a social media presence across Facebook, Twitter and LinkedIn. We are also developing a new corporate brochure to better communicate our offer and a new website which we will launch towards the end of 2012.

Once again the media has played a pivotal role in getting our message out to rural and farming communities. I thank them for their interest in our service and more particularly in the work we do.

## **SUPPORT**

I would like to thank the board for its support, and to all of the staff, who continue to provide an outstanding service to our clients. I would particularly like to thank my Executive Assistant, Julie Arbery, for her outstanding support and loyalty. To Catherine Barnett who retires from the board at the annual general meeting, thank you for your work on the board, and particularly for supporting me in her role as the marketing practitioner on the board. I wish her well in the future.

I could not conclude this report without thanking outgoing Chair, Don Blesing. Don has worked closely with me for the past six years. His leadership, mentoring and friendship have been invaluable to me in the start-up of a new organisation, in its consolidation and more latterly as it has changed direction to include another stream of business.

His value to the organisation and his support to staff and me personally has played a pivotal role in the success of Rural Business Support. I wish him and Dianne all the best in the future, and trust he will remain a close friend of RBS for a long time to come.

## **FUTURE**

Having several good seasons in a row it is very easy to forget those horrendous years of drought. However, RBS must continue to work with its clients to plan for the inevitable time when drought will return. Drought policies are emerging as an issue again, and the government is well down the track of considering what drought assistance, if any, will be available in the future. I have no doubt that preparedness will be critical in any future policy. To this end RBS will continue to work with its partners to ensure that we are in a position to take any opportunities to continue to support a resilient and viable agri-business sector in the future.

I look forward to another year of leading our outstanding organisation.

**KAY MATTHIAS**  
General Manager

# *rural financial counselling division*



**MAX BAKER** | Retired Feb 2012  
Rural Financial Counsellor



**PAULA KELLY**  
Rural Financial Counsellor



**GRANT CRETTENDEN**  
Rural Financial Counsellor



**RITA PERRE**  
Rural Financial Counsellor



**CHRIS FITZGERALD**  
Rural Financial Counsellor



**DEB PURVIS**  
Rural Financial Counsellor



**JUDY GOEDECKE**  
Rural Financial Counsellor



**JOHN WHITE**  
Rural Financial Counsellor



**CHARLIE GOODE**  
Rural Financial Counsellor



**LLOYD WRIGHT** | Commenced Nov 2011  
Rural Financial Counsellor

# *rural business support head office*



**KAY  
MATTHIAS**  
General  
Manager



**ANDREW  
ADAMSON**  
Finance  
Manager



**ANDREW  
WILSON**  
Operations  
Manager  
RFCs  
Division



**JULIE  
ARBERY**  
Executive  
Assistant  
and Board  
Secretary



**CHRISTINE  
MCINNES**  
Receptionist /  
Administrative  
Officer



**DI  
BRADDOCK**  
IT Officer



**AMANDA  
STIRLING**  
(Resigned  
Dec 2011)  
Communications  
Officer

# *rural business support projects division*

The RBS Projects Division completed its first full year of operations in 2011/12. Its most significant achievement for the year was the commissioning and completion of the Characteristics of Profitable SA Farm Businesses 2006-2010 report.

Rural Business Support staff worked with Primary Industries and Regions SA (PIRSA) and Rural Directions Pty Ltd staff to undertake a study of 33 South Australian primary production businesses in late 2011. The purpose of the study was to identify the common features and characteristics which enabled these businesses to remain profitable through the tough climatic conditions experienced during the 2006-2010 period.

The key characteristics identified which were common to all of the businesses in the study were:

- competent production management techniques are employed;
- industry standard benchmarks are achieved;
- profits are allocated strategically with the future in mind;
- owners have a positive attitude and outlook, with a business minded approach; and
- planning is important to achieving success.

The Rural Business Support Projects Division also participated in a research project funded by the Australian Research Council with the University of Adelaide. This research aims to determine whether South Australia's family owned farms are at any

disadvantage compared to corporately structured farms when trying to obtain access to finance. 54 rural financial counselling clients opted to participate in the study.

Continuing the partnership with PIRSA and other industry stakeholders, RBS will use the information obtained in these studies to encourage all South Australian farming businesses to take up these characteristics in planning for a resilient and sustainable future.

*“the projects division of rural business support provides strategic financial business management, educational and advisory programs. Its clients are primary producers, fishers and small rural business owners who are at risk of financial hardship or are experiencing a short-term business downturn.”*

# *highlights*

# *case study. northern territory live cattle export industry assistance*

In July 2011, Rural Business Support appointed Charlie Goode to provide business support and rural financial counselling assistance to businesses impacted by the temporary suspension of the live cattle trade to Indonesia.

During the period from 18 July to 30 September 2011, Charlie had contact with 123 cattle producers and associated contractors. It is estimated that Charlie either visited or spoke on the telephone to 84% of cattle producers in the Top End.

For most of the time, Charlie was based in Darwin, sharing an office with the NT Cattlemen's Association and worked closely with a range of government agencies and industry organisations:

- Department of Primary Industries (NT)
- Department of Business and Employment (NT)
- Centrelink
- Department of Agriculture, Fisheries and Forestry
- NT Cattlemen's Association
- NT Agricultural Association

We thank these organisations for their support and acknowledge their assistance in ensuring that Charlie was made known throughout the Territory.

The effects of the ban on the live export cattle industry are still being felt today, with many expressing concern for the long term viability of the industry. Of concern are declining land values, the Indonesian Government's desire to become "self-sufficient", the reputational damage to the industry in both Australia and overseas as a reliable supplier of cattle.

*"it is estimated that charlie either visited or spoke on the telephone to 84% of cattle producers in the top end."*



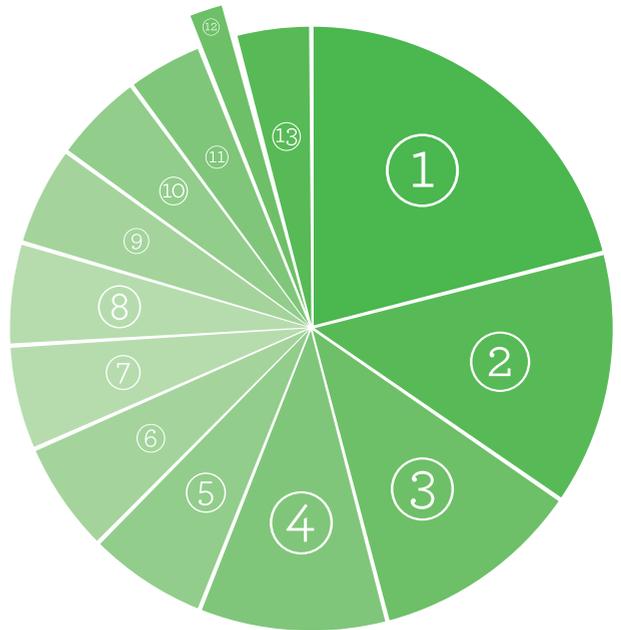
**RURAL BUSINESS SUPPORT IS  
READY TO HELP AT SHORT NOTICE,  
WHEN AN INDUSTRY EXPERIENCES  
A SUDDEN SHOCK TO THEIR  
OPERATING ENVIRONMENT.**

# rural financial counselling division

Coming off the back of good subsoil moisture levels in early 2011, the 2011/12 growing season generally produced average to above average grain and oil seed crops across the state. Meanwhile, wine grape yields were below long term average, but of good quality, and citrus enterprises had reasonable yields of good quality fruit.

With the end of the Exceptional Circumstances declaration for the Riverland, Lower Murray and Lakes regions, rural financial counsellors continued to provide higher levels of risk management and enterprise planning assistance. Of the 6,600 client hours recorded for the year, 41% were spent on enterprise planning work (business planning, succession planning or action planning).

In particular, the use of Plan to Profit with clients to provide a five year projection of their business, and the analysis of various options available to them, ensures that clients are planning for a resilient and sustainable future.



- ① Business Planning **21%**
- ② Succession Planning (Pre-referral) **14%**
- ③ Business Dept Mediation **11%**
- ④ EC Assistance **10%**
- ⑤ CCAP Administration **6%**
- ⑥ EAP Forms Preparation **6%**
- ⑦ CCAP Forms Preparation **6%**
- ⑧ Centrelink Assistance (not EC) **6%**
- ⑨ Cash Flow Analysis **5%**
- ⑩ Viability Analysis **5%**
- ⑪ Personal Assistance (Pre-referral) **4%**
- ⑫ Representation with Client **2%**
- ⑬ Other **4%**

# highlights

# case study.

## changing the enterprise mix

Hugh and Amy have farmed their Fleurieu Peninsula property for many years. The farm has been in the family name for at least two generations and since Hugh returned from school to work the family dairy, neighbouring properties have been purchased over time to increase the land holding.

Over that period, the core industry of the business has moved from dairy cattle with milk production to beef production with a domestic hay operation. Hugh and Amy have both been working off-farm to supplement their income.

In the last few years, Hugh and Amy observed a decline in farm profits despite Hugh investing increasing amounts of time working on the property. They decided to meet with a rural financial counsellor to look at options to ensure their situation remains both profitable and enjoyable.

The initial assessment of the farm's financials showed that the farm was becoming increasingly reliant on off-farm income to support the family, debt levels were increasing and equity was only growing due to land value appreciation. It was apparent to Hugh and Amy that the current farm operations were not going to meet their long term goals for their future.

Using the Plan 2 Profit (P2P) tool introduced to them by their rural financial counsellor, Hugh and Amy had the opportunity to explore their options:

- A move away from hay production and an increase in cattle numbers to provide improved returns with less labour input.
- Sale of a non-productive block to reduce debt levels.

The P2P analysis showed that a shift to more intensive cattle operations would produce lower returns overall, but would also reduce Hugh's labour and allow him to earn more income off-farm.

While this option provided an acceptable outcome, Hugh and Amy decided to list the unproductive block for sale to reduce their debt levels and future finance costs.

The P2P data provided Hugh and Amy with the financial information necessary to make this important decision.

*“a move away from hay production and an increase in cattle numbers to provide improved returns with less labour input.”*



# summary financial report

The primary source of funding for 2011/12 was from the Australian and South Australian Government's Rural Financial Counselling Service Program. An additional \$100,000 funding was provided by the Australian Government to provide rural financial counselling assistance to Northern Territory producers affected by the temporary ban on live cattle export to Indonesia.

In addition, the South Australian Government provided \$90,000 to manage the Characteristics of Profitable SA Farm Businesses 2006-2010 project, operated under the newly formed Projects Division of Rural Business Support.

The majority of funds were expended on employment related costs to deliver the services of the Rural Financial Counselling Service Program. Vehicle costs and Office Accommodation costs were other significant expenditure items.

The RBS Balance Sheet remains in a healthy position, with \$192,000 held in property, plant and equipment and cash/cash equivalents of \$1,137,000.

Cash reserves are adequate to cover all liabilities and employee provisions, leaving an accumulated surplus of \$473,870.

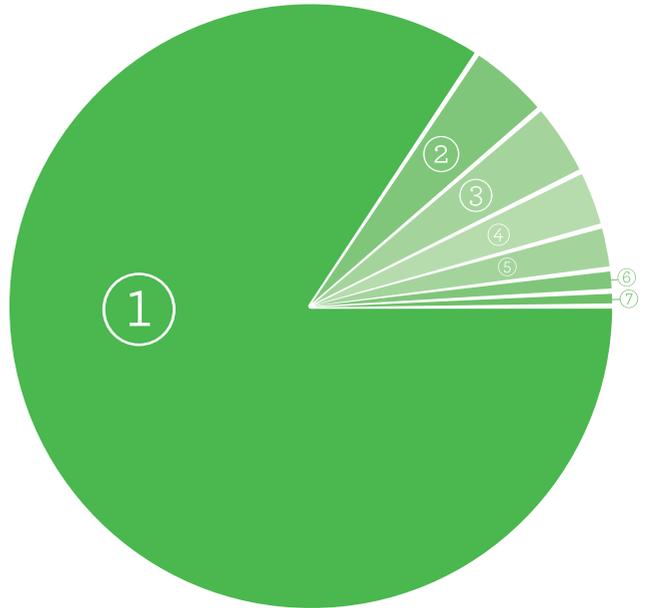
*a copy of the audited  
financial statements is  
available upon request.*



# *income 2011/2012*

*(consolidated)*

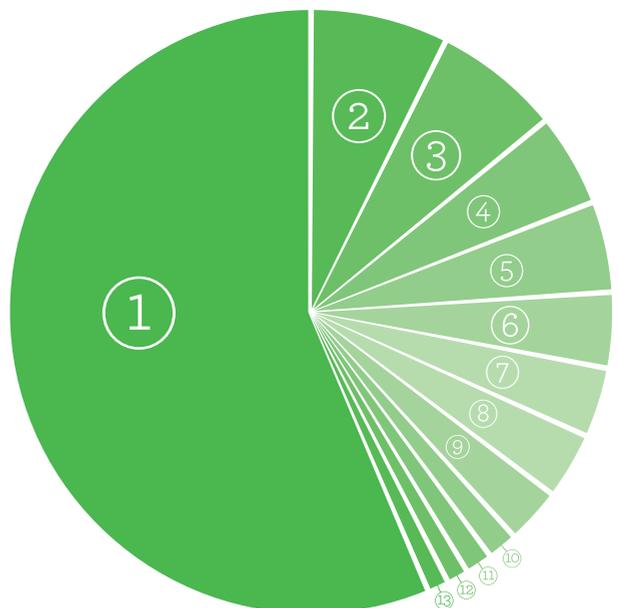
- ① RFCS Program (Aust & SA Govt) **85%**
- ② NT Live Export Cattle Industry Assistance (Aust Govt) **4%**
- ③ Characteristics of Profitable SA Farm Businesses 2006-2012 (SA Govt) **4%**
- ④ Other Income **3%**
- ⑤ Bank Interest **2%**
- ⑥ Gain on Disposal of Assets **1%**
- ⑦ NT Live Export Cattle Industry Assistance (NT Govt) **1%**



# *expenditure 2011/2012*

*(consolidated)*

- ① Employment Related Costs **56%**
- ② Other Expenditure **7%**
- ③ Motor Vehicle Costs **7%**
- ④ NT Live Cattle Expenditure **5%**
- ⑤ Office Accommodation Costs **5%**
- ⑥ IT and Communication **4%**
- ⑦ Characteristics of Profitable SA Farm Businesses Costs **4%**
- ⑧ Board Costs **4%**
- ⑨ Depreciation **3%**
- ⑩ Office Costs **2%**
- ⑪ Staff Training and Professional Development **1%**
- ⑫ Administration Costs **1%**
- ⑬ Executive Officer Costs **1%**





**HEAD OFFICE**

① 555 The Parade, Magill SA 5072

**REGIONAL OFFICES**

② 14 Gleeson Street, Clare SA 5453

③ 6 Kay Avenue, Berri SA 5343

④ Natural Resource Centre, Mannum Road,  
Murray Bridge SA 5253

⑤ 90 Ormerod Street,  
Naracoorte SA 5271

⑥ Wudinna Telecentre, 44 Eyre Highway,  
Wudinna SA 5652



**RURAL BUSINESS  
SUPPORT**

**Freecall 1800 836 211**

**[www.ruralbusinesssupport.org.au](http://www.ruralbusinesssupport.org.au)**