

## **Agricultural Competitiveness Green Paper**



**RESPONSE SUBMISSION**

**Date: Wednesday 3 December 2014**

Rural Business Tasmania delivers amongst other support services to rural enterprise the federally funded and State supported Rural Financial Counselling Service Tasmania.

Having reviewed the Agricultural Competitiveness Green Paper and through the provision of feedback on six (6) policy ideas that it feels are most relevant and topical for its current and prospective clients, and the broader Tasmania agriculture sector and associated communities, Rural Business Tasmania embraces the opportunity to respond.

### **Rural Business Tasmania's credentials to comment.**

Established in 1986, Rural Business Tasmania Inc. is a not-for-profit association that primarily offers financial expertise and support to rural and regional communities. Through the provision of various business services it endeavours to assist them manage the ever evolving demands and challenges facing the primary industry sector.

Majority funded by the Federal and State Governments, Rural Business Tasmania's flagship service, Rural Financial Counselling Service (RFCS) Tasmania, provides confidential and independent counsel to primary producers, fishers and small rural businesses that are suffering financial hardship, and that have no alternative sources of impartial support.

The Service:

- Helps clients gain better understanding of their financial position;
- Helps clients identify financial and business risk and opportunities;
- Helps clients negotiate with lenders and creditors;
- Gives clients information about government and other assistance schemes;
- Refers clients to specialist service providers including accountants, agricultural advisers and educational services;
- Refers clients to Centrelink and to professionals for succession planning, family mediation and personal counselling, and emotional and social counselling.

Other Rural Business Tasmania services include:

#### **Rural Relief Fund of Tasmania**

Established as a deductible gift recipient, the Fund, during fiscally challenging periods - ordinarily times of drought, bushfire and flood - accepts tax deductible donations and distributes them to impacted farming families and their communities. The Fund gratefully receives generous and ongoing in-kind and financial support from the Rural Youth Organisation of Tasmania whose contribution to date constitutes a majority of raised funds for the benefit of Tasmanian rural communities.

**Rural Business Admin Services**

This service primarily offers book keeping and business administration to individuals and businesses that either do not have the time, resources and/or expertise to efficiently and effectively manage this essential business function.

**Financial Support Services**

Financial Support Services assists families and businesses to better understand their financial position. It offers assistance in budgets and cash flow forecasts preparation and, if deemed necessary, with loan and/or re-finance applications. The service also as required provides highly valued impartial support and mediation including negotiation with creditors and financial institutions.

## **Overview – Rural Business Tasmania’s position**

Rural Business Tasmania is encouraged by the government’s acknowledgement of agriculture’s important role in the economic and social fabric of Australia, and its recognition as “one of the five pillars” of the Australian economy.

Rural Business Tasmania supports whole heartedly the Government’s key objective on agricultural policy development: to achieve a better return at the farm gate to ensure a sustainable and competitive Australian agriculture sector, and concurs that if attained that investment in the sector will follow, more export income will be earned, regional communities (of particular relevance here in Tasmania) will be stronger, better jobs will be created, and the health of our economy and nation will be strengthened.

The green paper rightly acknowledges family farms as “a cornerstone of Australian agriculture” and the need for rural policy to reflect this fact. There needs to be greater support too for the aspirations of those Australians who seek to participate in the sector.

As Rural Business Tasmania’s primary focus is the provision of financial and business management counsel to farmers and small agricultural business operators, it feels it is better positioned than most to offer insight in to the importance of farmers making better and more informed business decisions that will make them profitable and competitive – something alluded to in the green paper overview. Equally important is that the policy and regulatory environment be fair and empathetic to the unique and dynamic challenges including climate change facing the agricultural business sector.

The green paper notes that if they are to stay on the land farmers need a “capacity to finance the repayment and operation of the farm from returns.” As it works at the front line with rural families experiencing often extreme financial and personal stress, Rural Business Tasmania has a deep understanding of how the rigidity of current banking policies can break farming businesses that have operated for generations. To ensure sustainability and prosperity for primary producers, more elasticity in banking and financial arrangements is a necessity. Climatic impacts beyond the control of even the most savvy rural business operator MUST be a consideration during debt mediation and refinancing negotiation, and more flexible interest rates and repayment terms must and should reflect this.

Rural Business Tasmania believes that those that ultimately benefit from the work that it undertakes – the Banks - can and should play a greater fiscal and policy supportive role in the provision of financial counselling services to the rural sector. Through banking sector engagement and subsequent policy review and amendments, Rural Business Tasmania asserts that the erosion of the value of purchase would be reduced directly impacting upon the farming sectors bottom line ensuring sustainability and prosperity.

With an emphasis on the benefits of early access, Rural Business Tasmania is of the firm opinion that more resources are needed to promote the Rural Financial Counselling Service (RFCS) and the suite of financial and business management services it provides. At present in Tasmania, RFCS service providers Rural Business Tasmania offers support to farming families and agricultural business operators whose financial situation is often so dire that their options for staying on the land are extremely limited or completely unviable. If financial counselling services can reach more people at earlier stages of fiscal challenge Rural Business Tasmania is convinced the outcomes for individuals, families and their communities would be far better, and would deliver greater sustainability to the sector in general.

Rural Business Tasmania has identified an inherent need to increase professionalism and to facilitate better business practice and process across the agriculture sector in the State. Recent Australian Innovation Research Centre figures showed a 22 per cent drop in spending on technology, advanced equipment and machinery. This indicates that rural business operators are potentially not keeping up with innovation and technologies (and associated procedural practices) that will enable them to stay competitive. Targeting farm managers, Rural Business Tasmania sees huge opportunity and benefit in developing and delivering a well-resourced pro-active rural business process enhancement awareness and support programme. Details of its proposed program can be found later in this submission. The existence of such a program has the potential to attract new blood to the sector as such a facility would ensure that these individuals would be better guided and supported as they navigate their new rural business ventures.

With our nearest neighbours across Asia predicted by 2030 to account for 66 per cent of the globe's middle class the opportunity for Australian farmers is immense. The opportunity for the Australian government now through this consultative process is to harvest feedback and insight from those immersed in the sector, and through the introduction of solid policy review and refinement to not only deliver a more competitive agricultural sector that will support job creation, growth, and investment but more importantly one that will attract and retain the next generation of farmers – our future. The opportunity is now.

## Rural Business Tasmania – Response by Policy Idea

**Policy idea 3—Enhancing communications:** The Government is committed to ensuring that farmers and regional communities have access to reliable and affordable communications systems. Views are sought on areas of focus for future government and commercial investment in communications infrastructure and options to assist farmers and regional communities to use the communications infrastructure currently being deployed.

The National Broadband Network (NBN) is currently being rolled out across urban and regional Tasmania with fibre to the node (FTTN) and/or premise (FTTP) becoming a reality for many households.

As referenced in the Green Paper, Tasmania is already driving innovation and demonstrating the benefits of advanced communications technology through the public and privately funded Sense-T trials. Sense-T commercial sensor systems use a wireless network within each farm, and the NBN or 3G, to draw real-time data into a 'cloud' to be aggregated with historical and spatial data, creating a real-time digital view of the whole state. It is projected that information will be available to help businesses, governments and communities better conduct sophisticated modelling and data analysis in real-time. Sense-T will also create a range of prototype web and phone applications (apps) driven by real-time sensor data to help Tasmanian farmers manage their farms, minimise their environmental impact and maximise their access to markets.

While the Sense T project is a stellar example of advance communication technology and what it can deliver, for most farmers and agricultural business operators having access to faster data up and download speeds only creates opportunity if a full understanding of what the technology can deliver in terms of access to markets and digital marketing one's produce to local, regional, domestic and international capabilities are evident. Drawing upon feedback from and interaction with its clients, Rural Business Tasmania asserts that late adopters or those that are technology averse could and will be left behind.

To ensure that the return on investment in enhanced communication technologies and the fiscal benefits to the agricultural sector is realised, Rural Business Tasmania asserts that along with any network roll-out there needs to be, through the provision of accessible and affordable training, an upskilling of existing and potential end users. With the input of organisations like Rural Business Tasmania and their counterparts in other states, training could and should include self-auditing, financial management, and cash flow forecasting tools. Training could be complemented by the development of a practical directory of websites and on-line services that farmers and agricultural business operators can and should access to bolster business and market opportunities. The training program could and should be supported by a government co-ordinated IT Helpdesk.

**Policy idea 6—Strengthening farm businesses:** There are a number of State and Territory policy changes that could be made to allow farm businesses to operate more effectively. These include:

- a. implementing a nationally consistent and mandatory approach to farm debt mediation;
- b. subsidising farm energy audits;
- c. streamlining development application processes by assigning a single government official to assist a farm business as they work through the different steps;
- d. enforcing animal welfare legislation and strengthening laws to stop trespass on farms; and
- e. adopting the Co-operatives National Law to make it easier to run a cooperative across different states.

**Policy idea 6a:** In its capacity as the Rural Financial Counselling Service (RFCS) provider for Tasmania, a state that currently along with Western Australia, Queensland, and South Australia does not have farm debt mediation legislation, Rural Business Tasmania agrees with the need for a nationally consistent and mandatory approach to farm debt mediation that would protect not only the interest of farmers but promote sector sustainability.

Farm Debt Mediation is a structured negotiation process in which the mediator, as a neutral and independent person, assists the farmer and the creditor in attempting to reach agreement on the present arrangements and future conduct of financial relations between them. Mediation is a simple, voluntary and confidential process that is quick, accessible and affordable.

Debt mediation legislation aims to ensure efficient and equitable resolution of farm debt disputes. Under legislation mediation is required before a creditor can take possession of property or other enforcement action under a farm mortgage.

In states where legislation is not present debtors have little or no legal recourse. A nationally mandated approach would deliver better and fairer outcomes for farmers.

In cases where RFCS Tasmania debt mediation and intervention was requested and accessed, 85 per cent of clients in asset management avoided foreclosure. The other 15 per cent achieved agreeable exiting from the farm business.

A vital role in debt mediation is the appointment of the independent adviser who, rather than represent the clients can prepare, assist, and advise them during the process. The advisor is on hand to advise on settlement options and to assist the mediator with drafting the terms of any settlement reached. As the RFCS already has significant expertise in delivering this process, Rural Business Tasmania believes it would be more effective for the Service to be engaged nationally as the peak and preferred debt mediation body. This approach would complement any national debt mediation mandate.

**Policy idea 6c:** From the findings from a recent client survey, Rural Business Tasmania asserts that red tape overload is overwhelming many farm business operators – individuals and entities already exposed to excessive stress as a result of failing business fortunes - that access the Rural Financial Counselling Service and other business and financial management support services. In addition to business regulatory and statutory requirements are the “minefields” of employee engagement requirements, WorkSafe and OHS, and the Australian Tax Office (ATO).

The need for process streamlining and an easy navigation system is evident. The federally funded provision of specialists trained in the various bureaucratic requirements could expedite lengthy and business critical wait times for support services and resources thus minimising the stress inflicted on agricultural business operators and maximising efficient use of resources.

Capitalising on NBN technology and in the interest of digital inclusion, Rural Business Tasmania proposes the establishment of an intuitive digital hub – eFarmAssist - where all available support services could be accessed. A cross departmental access point presented in plain English, the hub could house automated versions of all relevant Department of Agriculture and Department of Human Services forms. Addressing geographic and time zone challenges, all forms with scanned support documentation could be submitted on-line.

Because of its current reach and expertise, with the provision of specialist training of existing or recruitment of designated resources, the Rural Financial Counselling Service could have its charter extended to accommodate digital inclusion considerations and could offer a specialist/s in digital hub access.

**Policy idea 10—Improving access to finance:** The Government wants effective finance mechanisms to provide farmers with the capital they need to grow. Stakeholders suggested a number of options for assisting Australian farmers to better meet their financing requirements including:

- a. making the existing concessional loans scheme permanent; and
- b. creating incentives to encourage greater institutional investment in agriculture. Options could include creating superannuation products that exchange cash for partial equity in farms and the issuing of special Government bonds to finance agricultural infrastructure investments, with taxation concessions for investors.

**Policy idea 10 a:** For Rural Business Tasmania advocating for farmer access to affordable finance is a key objective. Promoting competition in the banking sector and working with banks to ensure there are clear and transparent processes for helping farmers facing financial hardship should, in its opinion, be a policy priority for the Government.

Price setting for finance or any other product or service is based upon the simple premise of “what the market will bear”, thus when a group of providers work in concert either formally by collusion or informally by a close understanding of each other’s business, there is little doubt that they will test the upper limits of the price elastic. It is only by the introduction of a non-aligned competitor that reductions can be achieved.

This is amply demonstrated by the Australian Government offering, at interest rates below the norm, its Farm Finance Package and associated concessional loans. Understandably many farmer and agri-business operators were and indeed are attracted by this lower cost finance to either fund productivity enhancements or for existing debt refinancing. Faced with a competitive threat banks’ agreed to lower their interest rates to match the Farm Finance Package rates.

The retention of the Farm Finance Package (or similar offer of long term finance) will help achieve the aim stated in the Green Paper. It is interesting to note that it was the threat of lower competitive finance rather than actual uptake of it that achieved the desired goal. It can therefore be construed that it was only the fact that there was a single, independent, and non-banking sector entity’s (in the form of the Government) competing product in the market that forced the banks to offer more affordable finance products to primary industry customers.

Rural Business Tasmania maintains that there remains a need for a thorough investigation of the methods used by banks to maximise their income including the arguably collusive arrangement between sixteen banks, including the four major banks and their subsidiaries. To offer a consumer protection service “The Code of Banking Practice” seemingly operated in such a manner as to protect the banks rather than their clients is questionable.

A further step would be an evaluation of the presently harsh and unconscionable lending contracts offered by the banks in the form of their Standard Form lending agreements where the contract "Variations" clauses are virtually identical and include the ability of the lender to "vary any clause in this agreement" while the borrower has no option other than to terminate the agreement and return the borrowing in full along with substantial penalties for doing so.

As alluded to earlier in this submission, it is noted that there is no nationally consistent method of farm debt mediation. While this may be a problem for some borrowers it is negligible by comparison to the greater concern around the terms of the borrowing agreements.

Mediation by definition is a process that seeks to resolve differences between parties and in the financial sector. The mediation is addressing the differences between the terms of the lending agreement and the borrower's performance against that agreement. Mediation against a set of conditions that are harsh and unconscionable, as offered by the banks in their standard form lending agreements, can never achieve a fair outcome irrespective of the process.

This problem is exacerbated by the fact that the banks protect themselves against the borrowers under the terms of "The Code of Banking Practice" which purports to be an offer of fair trading and complaint resolution but in operation is a process the banks use to ensure that a borrower has no avenue for redress. Concern about the validity and utility of the Code has led the Australian Securities and Investments Commission (ASIC) to begin an investigation into this practice the findings of which could and should deliver recommendations for much needed fundamental change to a currently bank benefiting rather than consumer protecting status quo.

The Green Paper makes reference to the Rural Financial Counselling Service as being a valuable service to assist farmers in financial difficulty. It is also a valuable tool for reducing any potential loss by lenders. Experience shows that a well-managed process for dealing with impaired debt produces better results for all parties rather than the often precipitous actions by bank lenders who are prone to cut losses and rely on guarantees to recover the loan advances. It is therefore clear that banks are also substantial beneficiaries of the Rural Financial Counselling Service though they contribute nothing to its operational costs.

Government could justifiably pursue the banking industry to part fund, perhaps through independent channels such as the Financial Ombudsman's Service, the cost of providing the expert service and support available through the Rural Financial Counselling Service. This would provide a far a better outcome for taxpayers than the current arrangements.

**Policy idea 12—Farm business improvement:** Farm businesses need to consider the most appropriate business structure for their circumstances, and access business information and rural services that allow them to operate at their best. To promote more competitive farm businesses with better support for farmers, stakeholders suggested:

- a) establishing a programme offering independent business advice and assistance to farmers to improve decision-making and performance;
- b) expanding the role of Rural Financial Counselling Service to assist ‘at risk’ businesses, promote learning and extension activities and provide links with mental health support services; and
- c) establishing a programme to encourage collaboration between agricultural businesses by providing a networking service to bring interested parties together.

**Policy idea 12a:** A recent Rural Business Tasmania survey of rural business operators indicated limited access to business advisory services able to provide up-to-date relevant information within the rural sector for low-reasonable cost.

The survey found that in Tasmania the top 20% of agricultural businesses can afford and seek out high level commercial technical and business advice but that those experiencing financial hardship were not inclined to do so. Mid-range operators have limited support but have the strongest growth capacity.

Additionally it was uncovered that many agricultural businesses make decisions based on accounting and tax financial data as their only source of business advice and do not look holistically when making management decisions about opportunities, links with other industries (e.g. tourism) and innovative projects. The survey found that agricultural enterprises are time and resource poor and focused on working IN the business rather than ON the business.

Current Tasmanian Government funded business mentoring programs like CoacheStuff and Enterprise Centres Tasmania are primarily focused on new micro and small business. Expertise to coach existing agricultural business operators and to identify viable business diversification opportunities is currently not readily available, and existing external consultant based assistance has proven unsuitable when balancing the demands of running a small business.

Based on its review of current service providers, Rural Business Tasmania has found that the demand for an affordable business coaching service is evident, and that if available and marketed well such a service would have a fiscally positive impact upon the sustainability of agricultural businesses in the State.

To address the evident need for professional and proven business advice, Rural Business Tasmania, in its recent submission for Australian Small Business Advisory Service funding, proposed the provision a specialised rural business and financial management coaching service.

The *Good. Better, Best! Business and Financial Management Coaching Service* would be offered on a one-on-one on premise basis or as a seminar for minimum four (4) participants.

As identified through Rural Business Tasmania's recent client survey coaching focus areas would include:

1. Business Plan Development - including comprehensive retrospective business analysis
2. Financial Business Management - cash flow forecasting, book keeping
3. Bank and creditor negotiation skills - refinancing
4. Marketing including traditional and digital channel development

Unlike existing State government funded business mentoring services, *the Good, Better, Best! Business and Financial Management Coaching Service* would, as a starting point utilising Rural Business Tasmania's proven and systematic financial and business data analysis tools and frameworks, provide in-depth analysis of a client's current position, and then would work with them in developing a new or revised business plan and associated action plan to achieve positive outcomes.

Leveraging the considerable professional and in-field experience of its team, Rural Business Tasmania proposed it would work with other relevant stakeholder bodies in ensuring that its network is mobilised for the positive economic development of regions in which the *Good. Better. Best! Business and Financial Management Coaching Service* was offered and delivered. Through active referrals, this would include inviting specialist mentors to work with clients in specific areas of expertise.

Rural Business Tasmania subscribes to a formalised case management model whereby there is mutual agreement and prescribed obligation for clients to take ownership of a collaboratively developed action plan and its subsequent implementation. So that progress can be effectively tracked, bench marking at commencement of the program would be undertaken and key performance indicators set for those time intervals. This model would be applied to the *Good. Better. Best! Business and Financial Management Coaching Service*.

Rome was not built in day and as such a feature of the *Good. Better. Best Business and Financial Management Coaching Service* would be client follow-up at 6, 12 and 24 month intervals. Agricultural business operators that have accessed and completed coaching would

automatically join the Rural Business Tasmania Small Business Network - a hub for idea and intelligence sharing. It is envisaged over time that through regular communication this will develop into an ongoing support resource across the State

A primary benefit of service provision would be to position agricultural businesses to withstand the long term industry variability, and to create opportunities for innovative business development. This would assist the agricultural sector to build successful industry leaders and also lessen reliance on government when volatility and external impacts impede growth. Success will be evident through improved business outcomes not just on farm but across rural communities in general.

It is the firm opinion of Rural Business Tasmania that the provision of a business and financial management coaching service would assist marginal agricultural business enterprise become self-sustaining and innovative. This would in turn provide the economy with opportunities for jobs growth, export growth, increased profitability and build local communities resilience and diversity. A policy that would support provision of such a service should be pursued with fervour.

**Policy idea 12b:** Rural Business Tasmania fully supports an expanded role for the Rural Financial Counselling Service (RFCS), of which it is a part, to promote learning and extension activities, and to provide links with mental health support services. Within its existing charter, Rural Business Tasmania asserts that it already undertakes to a certain degree this broader work.

Through its current work supporting “at risk” clients most of which as a result of their business fortunes are experiencing heightened levels of stress and emotional suffering, Rural Business Tasmania’s rural financial counsellors where appropriate refer individuals and families to third party experts including Beyond Blue, Rural Alive and Well (RAW) and other available wellbeing service providers. This work was recently acknowledged with Rural Business Tasmania being anointed an Anglicare Rural Wellbeing Champion. The Anglicare Rural Wellbeing Champions awards recognise and highlight the work of individuals and organisations that promote and enhance wellbeing within Tasmanian rural communities.

Rural Business Tasmania has identified through its client interaction a need for literacy assistance. Working with the State-funded 26TEN program, the organisation has facilitated discreet access to what most would consider a basic right and business critical impacting educational need.

The attached dossier of client testimonials clearly conveys the need for and appreciation of counselling services that reach beyond the current RFCS service charter. (See Appendix A).

Coming from its experience working at the coal face and in the interest of prevention being better than cure (or in some cases, exit), Rural Business Tasmania is of the opinion that any policy reform that supports a holistic approach, and that promotes the benefits of early access to agricultural business and wellbeing support services should be actioned and supported whole heartedly.

**Policy idea 12 c:** Identifying the need for all of sector collaboration and a collegiate approach to bettering the fortunes of the often challenged agricultural business operators, their families and communities, in its capacity as a federally funded rural sector support service provider, in 2007 Rural Business Tasmania convened a rural support stakeholder group. Meeting quarterly the group shares thoughts and ideas on how best to navigate the ever fluctuating challenges of agricultural business operation.

Through the proposed provision of extra-curricular initiatives like the *Good. Better. Best! Business and Financial Coaching Service*, which features a mentoring element, Rural Business Tasmania would be a conduit connecting successful agricultural business operators with those that could learn from those individuals' experience and information sharing.

Additionally Rural Business Tasmania engages twice a year with the banks and financial service providers convening forums to discuss topical issues and economic climate conditions that effect or may affect its clients and the broader agricultural sector.

In 2000, Rural Business Tasmania created the Rural Relief Fund. In times of crisis (primarily resulting from bush fires, flood and drought), the Fund with the support of suppliers to and supporters of the primary industry sector, raises money and distributes support to families and communities enduring hardship.

In short, Rural Business Tasmania has extensive networks that connect quickly and deeply into rural and regional communities. Any national mandated programme that further encourages collaboration between agricultural businesses by providing a federally endorsed and funded networking service to bring interested parties together would only further advance the social and economic benefits of collaboration, resource and idea sharing.

Rather than the creation of a new service however, better resourcing and promotion of established representative industry network groups could deliver better outcomes as these organisations are already imbedded in our rural communities and enjoy a certain level of industry engagement. If a new service was to be introduced, the Rural Financial Counselling Service (RFCS), due to its established networks nationally, would be the obvious vehicle to manage and administer a networking service.

**Policy idea 14—Strengthening agricultural education:** Young people, including those in rural and remote Australia, should have access to a comprehensive education. This should include a clear pathway for agricultural education and training from high school to tertiary level, to training opportunities for lifelong learning for those in the industry. Stakeholders frequently raised the difficulties faced by young farmers in getting a foothold in the industry, due to lack of clarity about career options and growth possibilities and high capital costs. Options include:

- a. working with States and Territories to ensure agricultural high schools and colleges have the resources to continue to specialise in agriculture in the future;
- b. establishing a young farmers’ mentoring and networking programme to help new entrants, including offering clear advice and information on education pathways for agricultural careers;
- c. increasing financial support for regional education by extending the Assistance for Isolated Children (AIC) allowance and providing living away from home allowances for students from remote areas studying tertiary agriculture; and
- d. creating national agricultural tertiary centres of excellence in regional areas for education, training, research and extension.

**Policy idea 14b:** The opportunity now for the Australian government through this consultative process is to garner feedback and insight from those immersed in the sector, and through the introduction of solid policy review and refinement, to not only deliver a more competitive agricultural sector that will support job creation, growth, and investment but more importantly one that will attract and retain the next generation of farmers – our future.

Rural Business Tasmania robustly supports the establishment of a young farmers mentoring and networking programme, and encourages particular emphasis on financial and business literacy in the context of agricultural business operations. Leveraging its vast knowledge, experience and expertise, the Rural Financial Counselling Service (RFCS) is well placed to develop and deliver youth facing educational training in financial and business matters including important operational considerations pertaining to the banking and financial services sector.

Rural Business Tasmania has identified an inherent need to increase professionalism and to facilitate better business practice and process across the agriculture sector in the State.

Recent Australian Innovation Research Centre figures showed a 22 per cent drop in spending on technology, advanced equipment and machinery. This indicates that rural business operators are potentially not keeping up with innovation and technologies (and associated procedural practices) that will enable them to stay competitive.

Targeting potential and existing farm managers, Rural Business Tasmania sees huge opportunity and benefit in developing and delivering a well-resourced pro-active rural business process enhancement awareness and support programme. Its *Good. Better. Best! Business and Financial Coaching Service* should be considered as a potential vehicle for this.

The existence of such a program has the potential to attract new blood to the sector as such a facility would ensure that these individuals would be better guided and supported as they navigate their new rural business ventures. Additional funding to support programme content development and delivery methodology that leverages new and emerging technologies should be considered as a viable service charter extension.

**Policy idea 16—Increasing drought preparedness:** While a strong and profitable farm business is the best way to prepare for and manage drought, there were a number of specific options that were suggested to improve preparedness:

- a. introducing accelerated depreciation—for example, at 100 per cent in the first year—for new water and fodder infrastructure;
- b. encouraging multi-peril crop insurance by providing a grant to reduce the cost of the risk assessment process for commercial insurance products or the States and Territories removing stamp duty on insurance products; and
- c. improving climate information through better tools for use by farmers and additional weather stations.

**Policy idea 16c:** In its capacity as rural financial and business counsellors, Rural Business Tasmania sees great value in proactive and pre-emptive planning and activities that could ensure better returns during seasons impacted by climate.

Working in partnership, for example, with National Landcare Programme, projecting gross margins based on climatic conditions and exploring options on more drought resistant crops could yield long term benefits for farmers that could be affected.

Rural Business Tasmania would enthusiastically support the introduction of climate impact interpretation agency that could guide and assist it to deliver better and informed advice on more sustainable options that could increase preparations for, and ensure survival through, periods of drought.

Demonstrating its commitment to proactive action, at its recently convened Preparing for the Dry Rural Stakeholder Forum, Rural Business Tasmania facilitated the development of a Surviving the Dry Resource Kit that contains a range of vital information on a broad range of topics including a support services directory that will better equip farmers and their families to access resources that they may need during extended periods without significant rain.

Working at the front line with already distressed agricultural business operators and with a view to further fostering early intervention and business preserving early access, the Rural Financial Counselling Service is well placed to be a direct channel to market for this important and business planning and outcome impacting data and information.

**Policy idea 17—In drought support:** There are community expectations of a role for government in providing appropriate support to farm families and otherwise viable farm businesses suffering severe droughts. Options include:

- a. additional mental health support in times of drought; and
- b. provision of additional assistance for prolonged and severe drought that is beyond any capacity of farmers to prepare for, such as a one in 75-year drought.

**Policy idea 17a:** As alluded to in its response to Policy Ideas 12b, Rural Business Tasmania is of the opinion that any policy reform that would support a holistic approach to the health and wellbeing of farming families and that promotes the benefits of early access to agricultural business and wellbeing support services should be actioned and supported whole heartedly.

Rural Business Tasmania works closely with mental health support organisations including Rural Alive and Well (RAW) and Beyond Blue. In times of extreme to severe drought the demand for services increases. Funding for greater service provision should be a serious consideration.

To maximise support and prevent duplication coordination of the response and effort of support organisations is crucial. Rural Business Tasmania is well positioned to undertake that vital coordination role.

**Policy idea 17b:** Rural Business Tasmania supports whole heartedly the provision of additional assistance for agricultural businesses experiencing, through no fault of their own, hardship due to prolonged and severe drought.

Through it Rural Relief Fund, Rural Business Tasmania raises monies for and administers crisis support to farming families in need. This includes bushfire, flood and drought relief. In times of severe drought, any additional assistance for Tasmanian farmers and their families could be channelled and administered through this established facility.

## APPENDIX A: Rural Business Tasmania Client Testimonials

*"We wish to place on record our sincere appreciation for the valuable assistance provided by your Rural Financial Counsellor, Mr Leigh Noye and staff over the last 12 months or so, particularly during a stressful period when our parents were transitioning to aged care. The additional impost of meeting the costs of aged care on our farming operation was placing a severe financial strain on our business and we are forever grateful for Leigh's support, knowledge and guidance in assisting us to access a claim for age pension for our parents. That support has helped ease the stress both financially and emotionally. The staff's overall professional approach and willingness to go beyond normal expectations is exceptional and a credit to them and your organisation. We have very much appreciated the experience and will have no hesitation in commending the Rural Financial Counselling Service Tasmania to anyone who may seek your assistance in the future. Please convey our sincere appreciation to Leigh and staff for a job well done!"*

***"I write to advise of the assistance provided to me by your service out of the Hobart office. Leigh Noye assisted me in the accessing of an age pension and without his assistance and knowledge in that area, I'm sure I would have given up on the claim process. The age pension will complement the farm income, which has reduced substantially over the years, as a result of reduced commodity prices, higher costs and I suspect my reduced physical capacity. At all times Leigh and staff were accessible and only too willing to assist. I thank them for the service provided and would not hesitate in recommending to fellow farmers. On a broader scale the Rural Financial Counselling Service is a most worthy program and I hope has a prosperous and continuing successful future. Thanks again."***

*"This part of the state will grow just about anything you throw at it, either crops or animals. But its stunning beauty has become a millstone around its owners' necks. They have made the tough decision to sell their own dream of paradise to save their physical and mental health. Selling the property that they worked so hard to buy is going to be difficult for all three of the husband/wife and son farming team. David worked as a farm contractor for more than 30 years so that the couple could afford to buy the property. One of the big differences between us and other farmers in this district is that we didn't inherit the farm, we had to buy it which immediately put us at a disadvantage,' Susie said 'We are still paying off the mortgage'. The family is relieved that they found out about Rural Business Tasmania and its counsellors who have helped guide them through the tough decisions that they have made."*

***"Our Counsellor's professionalism, support and advice helped us to overcome many financial and emotional issues during the drought. We were able to maintain our flock of breeding ewes during the drought and thus didn't have to purchase stock post drought."***

*"I survived drought thanks to Rural Financial Counselling Services sorting the applications. I had difficulty in that area due to general workload..."*

***"Our Counsellor made us much more aware of our financial position and gave valuable direction for future projects and farm succession."***

## **APPENDIX A: Rural Business Tasmania Client Testimonials continued...**

*"We have accessed money from services outside of the business (from Centrelink), which came about from a RFCS Counsellor, which has enabled us to buy programs for the computer and other things we wouldn't have got without this support."*

***"I was using five to seven kilos a day of grain and a tonne of pellets a week for the young cattle. It just got too much, the debt rose and rose – I finally crashed. Leigh, from Rural Business Tasmania, became a regular visitor as he tried to show the distressed couple that there was always a way through the biggest financial crises. "He was a lifesaver – he got us back together. Without Leigh we wouldn't be here."***

*"The Rural Financial Counselling Service is essential and should not be touched unless to increase its funding. It is the only Government Funded program I have ever found to be useful. This FREE financial Planning Service and sympathetic ear has saved many a farmer from the unmentionable. This unseen side of the RFCS is as important or more for farmers and their families' health and well-being. This discreet service helps farmers in times of need but is unfortunately big on help and low on hype. So many other groups are big on hype but don't deliver. Cut them out and leave the RFCS alone."*

***'This service is crucial for the sustainability of our rural sector and the support provided is essential and makes life a little easier at very some very stressful times.'***

*'I would expect we would have struggled badly without their help. The complexity of rural business often means urban consultants can't cover all aspects.'*

***'Counsellor was tremendous help giving advice in managing finance and also a huge moral support.'***

*'Our meeting with the counsellor gave us the confidence to begin our succession journey.'*

***'Provided us with an outside view on what steps needed to take and helped us communicate with the banks and Centrelink. Gave us confidence when it came to talking to professionals.'***

*'With help and input from the counsellor it has assisted this business to gradually grow from a loss of \$40,000 08/09 to a profit of \$20,000 12/13 and expected \$40,000 13/14.'*

***'It has turned our business from a struggling family operation into a profitable enterprise.'***

*'It provided us with the direction to go back to the bank and negotiate the best deal for us.'*

***'To be given a budget system that is understandable and useable which helps us financially and mentally.'***