



Goulburn Murray Hume Agcare Ltd

trading as
RFCS Victoria – Goulburn Murray Hume

Annual Report 2011 – 2012

Securing Rural Prosperity



Acknowledgements

Goulburn Murray Hume Agcare acknowledges with thanks the contribution of the following organizations over the 2011-12 financial year:

Funding bodies

Department of Agriculture, Fisheries and Forestry (DAFF)

Department of Primary Industries (DPI)

In-kind support

Department of Primary Industries (DPI)

Belmores Accounting

Moira Shire Council

Fonterra Australia Limited

RSM Bird Cameron

We would also like to thank the organisations and staff that have worked with us in delivering valuable support services to our clients, including...

- Department of Primary Industries (DPI)
- Kyabram Community Learning Centre
- Alpine Valleys Community Leadership Program
- Victorian Farmers Federation
- Centrelink Rural Service Officers

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APPENDIX 1 – AUDITED FINANCIAL STATEMENTS

About Us

Goulburn Murray Hume Agcare Limited (GMH Agcare) is a Rural Financial Counselling Service based in the Goulburn Murray Hume region. We provide financial counselling to primary producers, fishers and small rural businesses who are experiencing financial hardship and who have limited sources of impartial support to manage the challenges of industry change and adjustment.

GMH Agcare was formed in June 2006 as a non-profit company limited by guarantee. Under the trading name RFCS Victoria – Goulburn Murray Hume, the company is fully funded by the Federal and Victorian State Governments to provide rural financial counselling services to communities in the Upper North East, Murray Valley, Goulburn Valley and parts of Northern Victoria and bordering regions of Southern New South Wales.

GMH Agcare operates under the aegis of a management board comprising member representatives and independent directors drawn from private sector, industry and community groups, and government agencies.

Our Vision

We develop resilient rural and regional communities and improve their quality of life.

Our Mission

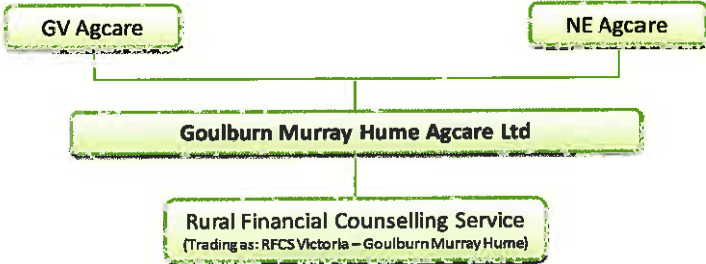
GMH Agcare works in collaboration with people, governments and organisations providing rural financial counselling and other complementary services that enable eligible rural and regional businesses to better manage the challenges of change and adjustment.

Our Values

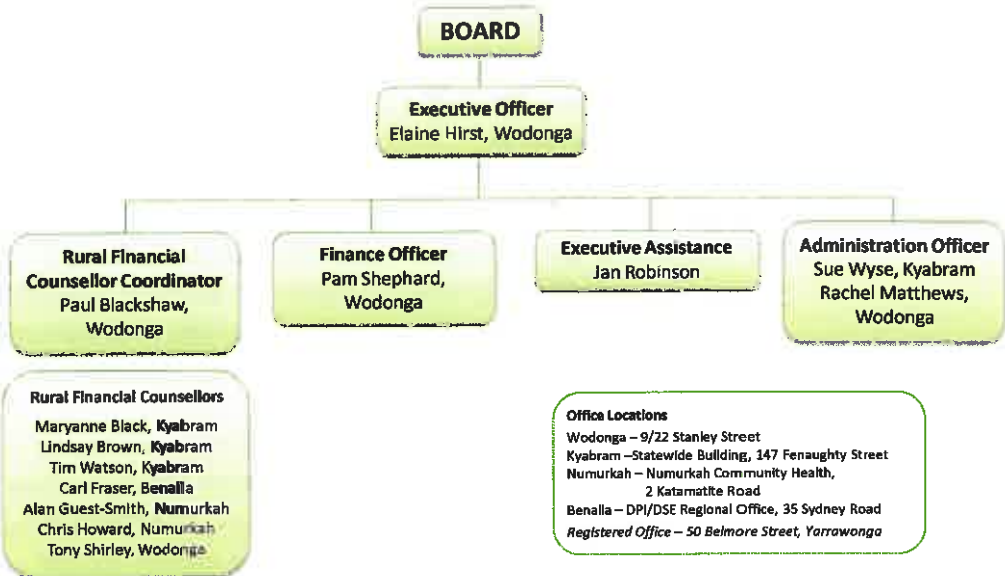
Our values reflect how we work within our organisation and with stakeholders and the wider community. We will demonstrate our organisational values in the following ways:

Organisational Value	Demonstrated behaviour
Respect	We will show respect and consideration to all those with whom we deal, by treating them with dignity, empathy, and courtesy.
Integrity	We will be honest, fair, ethical and trustworthy at all times, and take responsibility for our actions.
Positivity	We will encourage positivity within our organisation, and discourage negativity. We will effectively adapt to changing circumstances.
Team Spirit	We will work together as a team, working in partnership to achieve the goals of our organisation.
Clients	Because we care about the people and community in which we live, we will provide the best service we can to our clients, by ensuring that we are well trained, well qualified, and work in a timely manner according to the published processes and procedures of the organisation.
Caring	We will advocate and support each other and assist everyone to reach their full potential. We will contribute to ensuring that our working environment is enjoyable for all. We will encourage safe working practices in our fellow workers, and actively discourage unsafe working practices.
Involvement	We will encourage one another to be involved in activities within the organisation, by contributing to, influencing, and challenging the processes and decisions made within the organisation.
Communication	We commit to open honest and timely communication within the organisation, and open and transparent decision making.

Corporate Structure

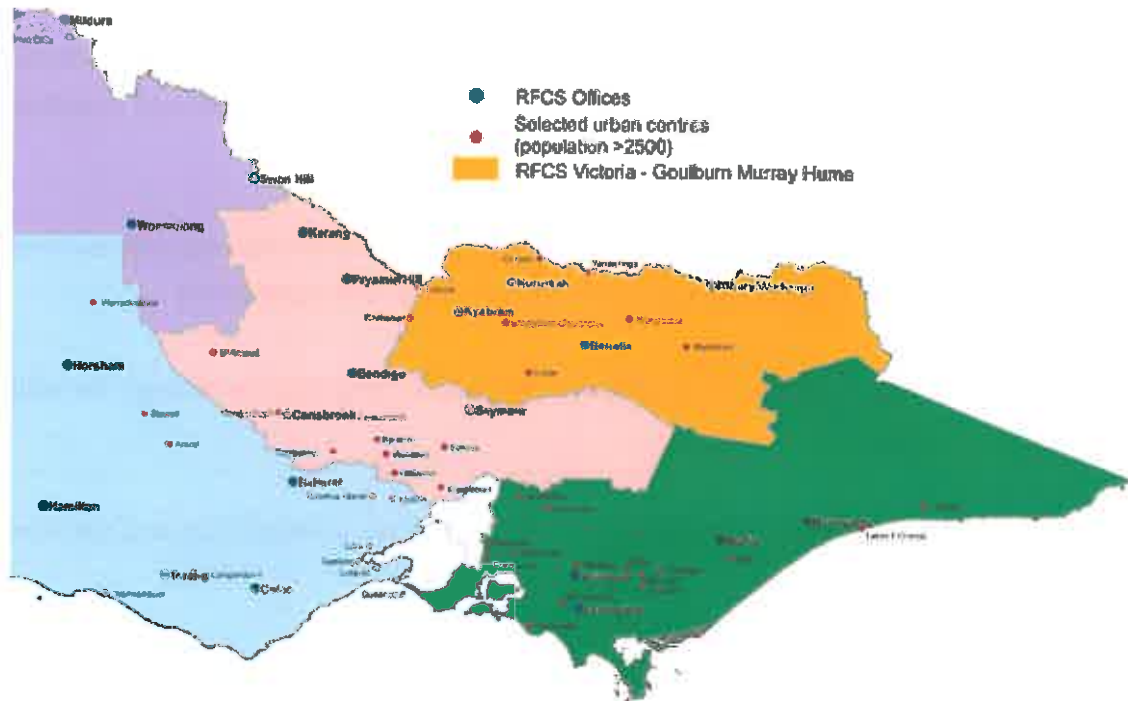


Organisational Structure



Our Region

GMH Agcare services a large part of Victoria, comprising the Goulburn Valley, Murray Valley, North East Victoria and bordering regions of Southern New South Wales. The service is administered from our head office in Wodonga, with regional offices located in Kyabram, Numurkah and Benalla.



Office Locations

Wodonga

(Head Office)

9/22 Stanley Street
Wodonga VIC 3690

Benalla

DPI/DSE Regional Office
35 Sydney Road
Benalla VIC 3672

(Registered Office)

Belmores Accounting
50 Belmore Street (PO Box 200)
Yarrawonga VIC 3730

Kyabram

The Banksia Financial Group
147 Fenaughty Street
Kyabram VIC 3620

Numurkah

Numurkah Community Health Service
2 Katamatite Road
Numurkah VIC 3636

Services

Rural Financial Counselling is a free, confidential and independent service providing information and support in the following areas:

- Helping farming families assess and understand their financial positions and to identify options and develop an action plan to move forward
- Helping to identify eligibility and apply for Government and other assistance schemes including the Climate Change Adjustment Program and Transitional Income Support program
- Assisting with loan and/or refinance options and provide support and mediation including negotiation with creditors and financial institutions
- Facilitating decision making and support farming families through the adjustment process
- Providing information and referrals to relevant professionals and agencies.

Our Staff

Management & Administration

ELAINE HIRST
Executive Officer

PAM SHEPHARD
Finance Officer

PAUL BLACKSHAW
Rural Financial Counsellor Coordinator

LINDA MARKS
Administration Manager
(Resigned effective 26/04/2012)

JAN ROBINSON
Administration Assistant-Wodonga
Executive Assistant – Wodonga
(Effective 26/04/2012)

SUE WYSE
Administration Officer – Kyabram

RACHEL MATTHEWS
Administration Assistant – Wodonga
(Commenced 01/05/2012)

Executive Officer

ELAINE HIRST, Executive Officer



Elaine's professional background and qualifications include management and social work. Her career has been focused in the Government and not for profit sectors, both in the UK and Australia. Before joining GMH Agcare in May 2010, Elaine had 15 years experience in senior management roles. She was the CEO for a not for profit organisation from 2004 – 2009 responsible for the delivery of a diverse range of community services and development programs in CALD communities based in South West Sydney.

Elaine has also represented Government and the NGO sector in regional, state and national Advisory Committees and Senate enquiries that were responsible for advising, reviewing or developing government policy. She attributes her success in developing quality services to working in partnership with others to achieve common goals.

Elaine resigned from her position effective 22 June 2012

Rural Financial Counsellor Co-ordinator

PAUL BLACKSHAW – Wodonga Office



Paul joined GMH Agcare from DPI in February 2007 as a Rural Financial Counsellor and in December 2008 he took on the position of Counsellor Coordinator. He has a Degree in Applied Science (Agriculture) and also has a retail banking background. Paul is based at our Wodonga office. He resides on a small broadacre farm near Rutherglen with his family.

Rural Financial Counsellors



CHRIS HOWARD – Numurkah

A twenty year career within the agricultural sector, including small business management, coupled with an Associate Diploma of Accounting and a Diploma of Business Administration gives Chris a thorough grounding and broad based business experience from which to draw on since joining GMH Agcare.

ALAN GUEST-SMITH – Numurkah



A qualified Accountant, Alan holds business degrees in Rural Management and Agricultural Business, as well as post graduate Masters in both International commerce and Agricultural Economics. He was a research fellow and manager with the Melbourne University School of Rural Health in Shepparton and has worked for many years as a Financial Counsellor.

DAVID SHEATHER – Wodonga

(Resigned effective 31/12/2012)



With 25 years in the banking and finance sector throughout regional Victoria, David brings a wealth of experience, knowledge and understanding of banking internal processes and relationships with their customers in a rural environment to GMH Agcare.

TONY SHIRLEY – Wodonga



As an accountant, Tony has had considerable experience in both small business management and has owned his own accountancy firm. After relocating to Wodonga in 2005, Tony turned his skills to mortgage brokerage before joining GMH Agcare.

CARL FRASER – Benalla



Practical farming experience as a wool classer, shearer and farmer has given Carl a wide range of specialised knowledge that has served GMH Agcare clients over the last 15 years. Based in the Benalla office, Carl specialises in sheep, beef, broad-acre and horticultural farming services.

LINDSAY BROWN – Kyabram



Working in roles as varied as Insurance Agent, Agricultural Contractor in the shearing industry to a Union Official for the Liquor, Hospitality and Misc Union, Lindsay has a wealth of practical work experience and knowledge in both the agricultural sector and small business to draw on.



MARYANNE BLACK- Kyabram

Maryanne is based out of our Kyabram office and has been a Rural Financial Counsellor for the past 10 years. She has spent her career working in agriculture and holds a Bachelor of Agricultural Science. Her area of expertise is dairy and she has a broad knowledge of livestock, broadacre and horticultural enterprises. She returned to work in May 2012, after an extended period of maternity leave.

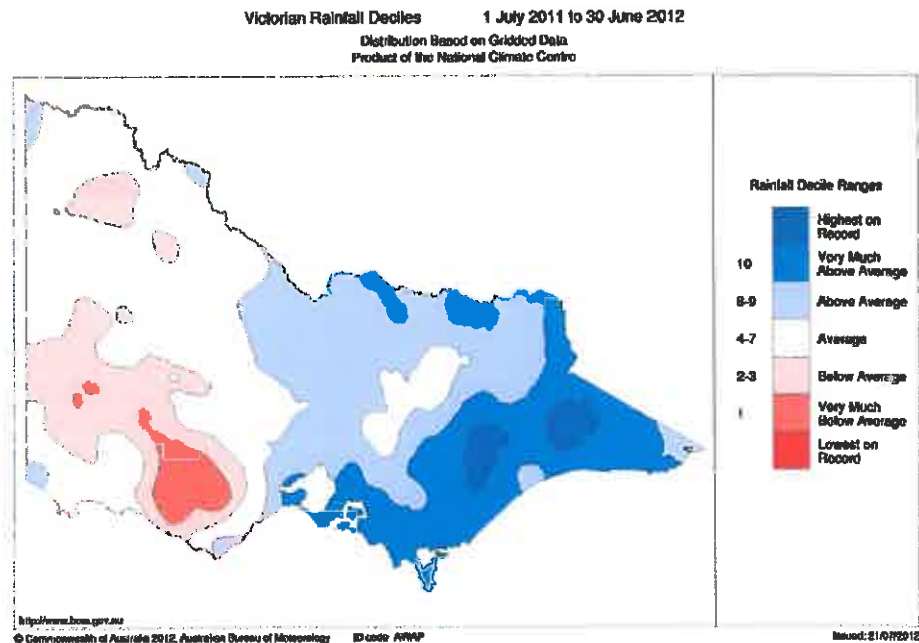


TIM WATSON – Kyabram

A fourth generation farmer, Tim holds a Diploma in Agricultural Business Management. Community oriented, he holds active roles in a number of volunteer organisations, including one as the Deputy Chair of the North Central Victorian Community Enterprise Bio-fuel project.

Rural Issues and Industry Overview

Our service area received “above average” to “very much above average” rainfall for the past year. Like the previous year this was skewed by flooding rains in February/March with most parts of our service area receiving over 300mm of rain in one week. Rainfall for the growing season was below average but assisted by carried over subsoil moisture from the previous year’s floods.



For the second year running all the irrigation systems in our area had 100% irrigation allocations. Major storages remained at very high levels for most of the year. At the end of June 2012, with much of the traditional runoff period to come, Lake Hume was 97%, Eildon 92% and Dartmouth at 91% of capacity.

The 2012 growing season has started well. Rainfall has been at or slightly below average, however excellent subsoil moisture is present. The winter has been cold with many frosts which has slowed winter and early spring growth.

Dairy

Milk prices remained at sustainable levels through the year, however the new season forecast is lower. Input costs (grain/fodder/water) were relatively cheap and many operators were able to return to profit. Those operators that have accumulated very high debt over recent years are, and will continue to struggle to trade viably and in the longer term may need to restructure or exit the industry.

The heavy rain and flooding in much of the irrigated dairy areas in February/March caused havoc with farmers facing massive cleanup and repair costs. Milk quality, reduced production and herd health issues emerged quickly post flood and impacted negatively on cash flow. In addition the window to resow damaged pastures was small before the onset of cold weather. Many financially vulnerable dairy farmers were hard hit and the impact of the floods will be felt for many months to come and some may not recover. Government relief packages provided valuable assistance, but valuable time is spent in accessing support and actually rebuilding and repairing damage. On the back of several years of severe drought this is emotionally draining.

Broadacre

Crop yields across our service area have been average with some below average mainly being affected by mice, frosts and weeds. Quality was not high with low protein levels and some rain damage. Prices were extremely low and many farmers elected to retain grain rather than accept low prices. This placed extreme pressure on cash flows that are often geared to finance commitments immediately post harvest. Many farmers were also faced with limited on farm storage space, exacerbated by large carry over from the previous year.

The floods and heavy rain in February/March led to strong weed growth and many farmers had to burn stubble in preparation for sowing the 2012 crop (not normally preferred in this area). The upside was that most 2012 crops were sown on time into excellent subsoil moisture.

Beef

Cattle prices remained good for most of the year with the traditional weaner sales around Christmas extremely strong. Despite abundant grass there is still some reluctance to return to pre drought stocking levels, especially among smaller producers. This is perhaps influenced by fear or lack of finance options.

The timing of the flooding had less of an impact on grazing farmers, however there were still reports of fencing and pasture damage and minor stock losses.

Concern remains over the long term viability of many smaller beef enterprises in our area, especially given increased debt loads accumulated over years of drought.

Sheep and Lamb

Sheep and lamb prices eased off the record levels of the past year and while there was a degree of fluctuation during the year the prices remained at good sustainable levels. Like the beef industry there is some reluctance to restock fully – perhaps driven by the

high price to do so. Wool prices remained at quite good levels, but rebounded marginally. Fly strike continued to present problems.

Horticulture

The fruit harvest was largely uneventful with some late fruit damaged by heavy rain. The flooding, however, has caused some major issues with large areas of orchard damaged with the impacts not becoming fully known until next spring. Orchardists continued to raise concern regarding industry confidence, oversupply of cannery fruit and the overflow of fruit into the already crowded fresh fruit market. A number of clients are beginning to face ultimatums from their banks. This is due to either production losses (most accumulated over many years) and/or damages from floods and rain.

Wine grapes were significantly damaged by the heavy rain and high humidity close to vintage. For the second year running many vines were left unharvested. A cloud hangs over the long term viability of this industry; with lost tonnage and prices generally well below the cost of production. The demand for bottled wine and a shrinking export market has impacted grower/winemakers.

The property market for both vineyards and orchards is almost nonexistent, with some auctions failing to attract bidders. This presents major barriers to clients who need to resort to property sales to restructure or exit the industry. The longer term outlook doesn't look bright.

Report from the Board Chair

It was yet another year full of activities for the Board and challenges for our Rural Financial Counselling Service. We have continued to develop the organisation whilst supporting our clients and the wider community.

This year we again welcomed the rains that has provided further relief from the recent decade of dry seasons, however several major flood events has added even more financial and social stress to many of our clients and the wider community. Our service and staff again stepped up to the challenge of assisting people through recovery. Counsellors supported individual flood affected farmers across the region to adjust to the resulting financial impacts on their businesses and to access flood recovery payments, worked at flood recovery centres and attended numerous recovery meetings. I would like to thank everyone who contributed to the flood recovery task, and for the professional and seamless way in which you worked with individuals, other recovery agencies and programs. As a result of this work the profile of rural financial counselling services is increasing as more people become aware of the valuable service we provide to farm and small rural businesses.

The quality and appreciation of the service we provide was reinforced to us again when we conducted a client satisfaction survey in the third quarter of the 2011/12 financial year. The result was very pleasing to the Board as it makes all the work and time we commit to organisational development and governance worthwhile. This year the Board undertook a board skills audit and participated in further governance and risk management training. Other significant Board work included the development of a new strategic plan, conducted a business review and developed a community development plan.

Leading off from our community development plan and with funding from the Victorian Department of Primary Industries, Goulburn Murray Hume Agcare in partnership with the Alpine Valleys Community Leadership Program delivered a very successful Rural Women's Governance Program in the North East Victorian part of our service area. Several staff left the organisation during the year to pursue new career paths, our long serving office manager Linda Marks, rural financial counsellor David Sheather and our Executive Officer Elaine (Ellie) Hirst for family reasons. On the behalf of the Board; I wish to thank them all for the professional service they provided to our organisation and wish them and their families well in their future endeavours.

On the behalf of the Board, our staff and clients of the service I wish to acknowledge the funding and support we receive from the Department of Agriculture, Forests and Fisheries and the Victorian Department of Agriculture, as none of what we do would be possible without their ongoing commitment to Rural Financial Counselling Services.

I would also like to thank my fellow directors, the counsellors and administration staff for all their dedication and efforts that they have contributed to running the service and organisation over the past year. I look forward to working with everyone again in the coming year.

Steve Cohen
Chairperson

Board of Directors

STEPHEN COHEN, Chairperson

Steve spent 30 years as a dairy farmer including 9 years as secretary of the local LandCare Group and 17 years on the Board of an agricultural co-operative. He now lives in Tatura and runs a retail business while continuing a long history of community involvement as Chair of GV Agcare and representing the Goulburn Valley on the Board of GMH Agcare.



PETER GRAY, Company Secretary

Peter Gray lives in Shepparton and is a Certified Practicing Accountant, assisting agricultural businesses on strategic and financial management. He has worked with regional horticultural industries over many years, and has facilitated strategic reports about their future direction. Peter has a long-held interest in agricultural economics and education, and writes trade articles about the business of fruit growing.



NERIDA KERR

Nerida is currently employed as Team Leader Economic Development at City of Wodonga. She has a farming background, studied Business Management Social Work and has a certificate in Dairy Farm Management. Nerida was a founding member of the Upper Murray Rural Financial Counselling Service in 1991 and remains actively involved. She has also been the chairperson of North East AgCare Inc since 2000. In 1995 Nerida was awarded the ABC Radio, North East Victorian Rural Woman of the Year.

Nerida requested 12 months leave of absence from the GMHA Board for 2011/2012.



CHRIS HOWE

Chris Howe is a Chartered Accountant and a partner in Belmores Accounting based in Yarrawonga, providing a range of accounting and business advisory services to farming and regional businesses in North East Victoria and South West NSW. Chris has a broad acre farming background and is involved in many community organisations. Chris was the inaugural treasurer of North East Agcare Rural Financial Counseling Service, a position he continues to hold today and is a member of the Alpine Valleys Community Leadership Program Board.



CHRIS THOMAS

Chris is currently employed with Fonterra Australia Ltd as an Area Manager for the Milk Supply Group. Chris works in supplier relationship with the company's milk suppliers in the region and coordinates the Fonterra Supplier Forum nationally. He has carried out a wide degree of work in community organisations and has a passion for training and education for young farmers. Chris has been a Director of GMH Agcare since 2006, as a representative of the founding member group MVRIAG. Since the MVRIAG ceased to be incorporated in April 2010 Chris has remained on the GMH Agcare board as an independent director.

**TIM MANNION**

Tim Mannion has been a mixed farmer and agricultural contractor since 1949 with a wealth of experience and involvement in agricultural and community organisations. Tim was a member of the founding member group MVRIAG from 1986 and acted in the role of chairman from 2003 until the group ceased to be incorporated in April 2010. Tim has been a Director of GMH Agcare for the past four years as a representative of MVRIAG and since April 2010 he has remained on the board as an independent director. Tim was Citizen of the Year for Moira Shire in 2006.

**DR TIM CLUNE**

Tim has spent the last decade working in consulting and management roles and is currently the Manager Risk and Business Sustainability with North East Region Water Corporation (NEW) where he is focused on developing behaviours, strategies and systems to improve water service delivery and manage business risk. Previously, he was Centre Manager at the Department of Primary Industries, in Rutherglen working in both research and science management roles. He is passionate about sustainable agribusiness and regional communities.

**PETER HUZZEY**

With a background in family farming, Peter's career was in corporate farming where he held various management roles in an agribusiness group. Peter brings a wide range of experience to the board in the agribusiness sector as well as other disciplines including; engineering, construction, development, marketing and information technology. He holds a Bachelor of Business Degree with a major in Marketing and is the Managing Director of a locally based website development and internet marketing business.



ROSEMARY (ROM) REILLY

Rom is currently working as a consultant with regional and rural clients in North East Victoria. From a farming background, she has delivered training to farmers in Environmental Management Systems, OH&S and Spatial Mapping for Whole Farm Planning. With qualifications in Agriculture, Education, Training and Assessing, and Post Graduate qualifications in Career Education and Development, Rom has also delivered natural resource management projects and was Project Manager for the Northern Rural Skills Connect project.



Board & Committee meetings

The Board of Goulburn Murray Hume Agcare Limited is comprised of two representatives from each member organisation and five independent directors invited to join to complement the skill set of the Board. Board Subcommittees are comprised of Directors and staff representatives. There were nine ordinary Board meetings held during the 2011-12 financial year. Board subcommittees meet on an as needs basis in cycle with board meetings.

Meeting attendance

Member	BOARD MEETINGS		SUB-COMMITTEE MEETINGS	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
Elaine Hirst (Executive Officer)	9	8	25	21
Steve Cohen (Chairperson)	9	9	13	11
Peter Gray (Company Secretary)	9	8	23	23
Chris Thomas	9	5	4	3
Nerida Kerr	Leave of Absence			
Chris Howe	9	6	11	9
Tim Mannion	9	9	5	3
Tim Clune	9	7	11	7
Peter Huzzey	9	9	1	1
Rom Reilly	9	7	2	0

Board subcommittees

GMH Agcare commenced the 2011-2012 year with six active subcommittees. In December 2012 the Board restructured, the Human Resources, Governance and Policy and Internal Audit subcommittees merged to form the Governance & Risk Subcommittee and a Business Development subcommittee was formed. The Finance & Remuneration subcommittees continued in the previous format.

Subcommittee membership

30/06/2011 – 31/12/2012

GOVERNANCE & POLICY Elaine Hirst (EO) Steve Cohen (Director) Peter Gray (Director) Tim Clune (Director) Alan Guest-Smith (Staff rep)	HUMAN RESOURCES Elaine Hirst (EO) Nerida Kerr (Director) Rom Reilly (Director) Tim Mannion (Director) Paul Blackshaw (Staff rep) Chris Howard (Staff rep)	MARKETING & SERVICE DEVELOPMENT Elaine Hirst (EO) Steve Cohen (Director) Rom Reilly (Director) Peter Huzzey (Director) Linda Marks (Staff rep) Chris Howard (Staff rep) Tony Shirley (Staff rep) Paul Blackshaw (Staff rep)
FINANCE Elaine Hirst (EO) Peter Gray (Director) Chris Howe (Director) Pam Shephard (Finance Officer)	INTERNAL AUDIT Elaine Hirst (EO) Steve Cohen (Director) Peter Gray (Director) Peter Mogg (External rep)	REMUNERATION Elaine Hirst (EO) Steve Cohen (Director) Peter Gray (Director) Chris Thomas (Director)

01/01/2012 – 30/06/2012

GOVERNANCE & RISK Elaine Hirst (EO) Steve Cohen (Director) Peter Gray (Director) Tim Clune (Director) Tim Mannion Paul Blackshaw (Staff Rep)	BUSINESS DEVELOPMENT Elaine Hirst (EO) Steve Cohen (Director) Peter Gray (Director) Tim Clune (Director) Chris Thomas (Director)	MARKETING & SERVICE DEVELOPMENT Elaine Hirst (EO) Steve Cohen (Director) Rom Reilly (Director) Peter Huzzey (Director) Linda Marks (Staff rep to 26/4/12) Chris Howard (Staff rep) Tony Shirley (Staff rep) Paul Blackshaw (Staff rep) Rachel Matthews (Staff rep from 1/5/12)
FINANCE Elaine Hirst (EO) Peter Gray (Director) Chris Howe (Director) Pam Shephard (Finance Officer)	REMUNERATION Elaine Hirst (EO) Steve Cohen (Director) Peter Gray (Director) Chris Thomas (Director)	

Executive Officer's Report

Service Overview

It has been another very busy and challenging year for all. Our services were stretched to the limits when areas of the Goulburn Valley and North East Victoria were inundated with major flooding in November and March. The recovery response required RFC's (Rural Financial Counsellor) to provide additional support to existing clients, attendance at local and regional recovery meetings and staffing of local government recovery centres for extended periods. RFC involvement in the recovery response led to many new referrals and a high level of acceptance of support from farmers who previously would not have sought our help. RFC's will continue to provide longer term flood recovery support throughout the region.

Meanwhile the organisation's internal focus this year has been on staffing resources; developing the Board's strategic objectives, continuous improvements to services, website development and internal communications; and implementing the recommendations of an external IT audit.

Major Service issues

There continues to be an increasing number of clients with very complex needs requiring multifaceted case management. Many of these clients' adverse financial situations are further impacted by the cessation of EC payments, family issues and declining mental and physical health.

The increased client complexity has corresponded with the reduction of professional service workers in health and welfare sectors, and the withdrawal of Psychologist and Rural Support Officers in Centrelink. To a large extent RFC's have depended on these services to support the case management of clients and the maintenance of professional networks. This has resulted in regular professional network meetings now being reduced or disbanded.

In particular, the loss of Centrelink Rural Support Officer's has extended the RFC time and resources used to access information and support from Centrelink offices as there are now no specialist rural officers available for RFC's to contact directly.

The reduction in referral options has increased pressure on RFC's to provide more intensive and longer term support to clients in order to help them meet their business outcomes and improve their financial circumstances. This has been further impacted by reduction in RFC FTE. The Rural Financial Counsellor Coordinator has been able to operate with a caseload when necessary to maintain healthy caseloads across the RFC team.

Operational highlights

A client satisfaction survey was carried out during December 2011 with 98% positive feedback on current service delivery.

The new Rural Financial Counselling Service (RFCS) contract to 2015 was welcomed and has provided a greater sense of security for some of our staff. However it also presented challenges to changeover the vehicle fleet due for renewal and opportunities to improve staff safety and communications in isolated rural areas by allowing us to update our phone technology.

IT recommendations were implemented that included contracting support, maintenance and monitoring services from an appropriate IT provider, upgrading to a new server and improving backup software solutions to ensure recovery from disaster and maintain robust security of data.

Victorian RFCS providers cooperate to provide a standardised approach to developing common policies and procedures where appropriate and contracted VECCI to review OHS policies in line with the anticipated new Work Safe and current Victorian legislation.

We participated in the national Rural Financial Counselling Service audit by Price Waterhouse Coopers which we believed to be a positive process but are yet to receive any formal findings and recommendations.

Our People

The year has been challenging on a number of fronts; especially staffing. Up until March 2012 we operated without one of our part time RFC's due to extension of maternity leave. In January 2012 a full time RFC left the organisation to pursue more secure employment options as did our long serving Administration Manager who resigned in April 2012. Their service to the organisation has been greatly appreciated and we wish them well in their future endeavours. I also resigned from the Executive Officer position and left the organisation in June 2012 to travel abroad for an extended period. However a new Executive Officer was recruited to take up the office in the new financial year.

Our staff and Board participated in and attended a range of training activities and events throughout the year which includes national and state RFCS meetings, involvement in the DAFF review of ARC; supporting the development of new programs through partnerships with complementary organisations such as Murray Dairy and Alpine Valleys Leadership Program. RFC's gave evidence at the Parliamentary enquiry in Beechworth into issues and opportunities in attracting and maintaining young farmers in the industry.

Of note the RFC's, Board and Administration staff benefitted from ongoing professional development opportunities to maintain service quality and adapt to changing service requirements. Key activities for staff included:

- External individual and group professional supervision
- Mandatory OHS training including lifting and handling, first Aid, vehicle and changes to policy have been accommodated.
- Farm debt Mediation training for RFC's
- RFC's attended VTACG twice annual training conference. This year it was organised and hosted by GMH Agcare RFCS in November 2011 and Tasmania RFCS in April 2012

The Board conducted a Board skills audit in December to identify skills and training gaps.

- Three Directors completed induction and governance training through professional agencies Australian Institute of Company Directors (AICD) and Corporate Secretaries Australia (CSA).
- The Company Secretary successfully completed the Accredited Company Directors Course run by AICD

Professional networks attended by the Executive Officer, Rural Financial Services Coordinator and Rural Financial Counsellors included:

- The Executive Officer attended the ABARE Outlook conference in Canberra
- Attending DPI Network meeting Rutherglen to meet with new DPI Directors
- Attending industry seminars and network meetings
- Joint GMH/DPI quarterly breakfast seminars for Agribusiness professionals and financial institutions in Wodonga
- Planned workshops for farmers on range of issues didn't take place due to a range of issues of likely attendance due to number of seminars and workshops in region on current and emerging policy impacts that included the flood recovery, carbon tax, and Murray Darling Basin Plan.
- The twice annual RFCS EO & Chairs conferences held in Sydney and Canberra

Acknowledgements

I would like to acknowledge the GMHA team for their resilience and commitment in another challenging year and exceptional conditions for clients and communities we serve. They have continued to be a credit to the profession.

I would also like to thank my Executive Officer colleagues and Chairs of RFCS organisations across Australia and their staff that have worked with us in delivering valuable financial counselling and support services to farmers, small businesses and rural communities.

Elaine Hirst
Executive Officer

Rural Financial Counsellors Report

Major Focus of Activity

The workload has remained high during the year with many clients continuing to present with very complex issues taking a large amount of time and emotional energy. A number of clients are facing serious financial problems. Banks appear to be placing ultimatums on clients with many having very limited options. Work with these clients revolves around helping the clients fully understand their position and using cash flows and financial analysis to develop a clear view of the financial position. This is often followed by intense and detailed evaluation of various options to improve the business viability. This may include liaison with creditors, including negotiation with the banks, and usually incorporates referrals to other specialists such as accountants, solicitors or farm consultants. Often the clients are uncertain or uncommitted to any particular course of action and require a large amount of support through this process. In many cases major life and business changes are required and if these necessitate the sale of land the depressed property market hinders progress.

Financial hardship or crisis is often linked to other issues such as mental or physical illness. Clients with these issues seem to be proportionally increasing. These clients are often reluctant to be referred to other assistance (ie social workers, Doctors etc) exacerbated by the reducing numbers of these support services that are available in a timely fashion. These problems are a major impediment to making major life and business decisions, and often need to be resolved before the client can move on. While these clients are challenging, time consuming and mentally taxing for the Rural Financial Counsellors, our service performs a critical role to assist these clients to make informed decisions.

On a positive note a large number of clients were expecting to make a return to profit. The shift from "survival" mode to "planning" mode as led to many discussions around succession planning and long term business planning

The Centrelink Climate Change Action Plan Program incorporating Transitional Income Support created a large workload. The service case managed 154 clients through the program, with 69 brand new clients to the service. The program was quite time intensive but created some great opportunities for clients to make some positive changes to their business or personal circumstance.

New or unusual trends/activities

The floods in February/March created a large workload for the Rural Financial Counsellors to assist clients in crisis. Around 118 general enquires were taken, many

from our attendance at community meetings and flood recovery centres. Most of these only required short term assistance or information. Even those requiring short term assistance are time consuming and mentally taxing as they have all been emotionally impacted and feel the need to “tell their story”. Both NSW and Victoria governments provided assistance through Flood Clean-Up Grants and Loans and a large amount of time was spent assisting clients to access this support. Some clients will require longer term assistance as the full financial impact of the floods will take many months to emerge.

The Victorian Farm Debt Mediation Act was declared in December 2011. Until the end of June 2012 the service has become involved in four Farm Debt Mediations. Early indications are that there will take considerable work, especially as we generally have a small timeframe to work in. A number of these clients will be new to the service and these will take even more time as the facts are uncovered and trust and rapport need to be developed with the clients before you can consider the options.

Client Outcomes

Client outcomes continue to be extremely variable depending on individual financial, business and personal circumstances. The main outcome is adjustment within the current business to improve financial viability. This varies from changing management or enterprise and selling assets such as land or water to reduce debt. A number of clients have left agriculture either by choice or through the actions of banks or creditors. A pleasing outcome of the overall improvement in seasonal conditions is a number of clients that no longer need assistance as their business has returned to a profitable situation.

Community Development

There has been a noticeable reduction in the size of the referral networks available to the service. This is especially noticeable in the area of personal support/welfare and the loss of the Centrelink Rural Service Officers. While the Rural Financial Counsellors continue to be involved in promoting the service and maintaining networks it has become a more difficult and time consuming task. We will need to think of new and innovative ways to continue this, supported by appropriate communication and marketing performed by the service.

Future Outlook

The 2011-12 season is shaping up extremely well. There is significant sub soil moisture and while early spring rain has been low the outlook looks promising. Most commodity prices are at sustainable levels, although milk prices have eased at least 10%. Input costs in the dairy industry are creeping up with increases in feed and energy costs. Drought in the northern hemisphere has pushed grain prices high, with wheat prices up 40% on last

year. The outlook for most industries looks promising with overall strong commodity prices. The fruit and wine grape industry are not looking as positive and are facing major challenges in the next few years to remain viable.

While the outlook looks positive for many clients, a group with high debt and other complex issues face an uncertain future and present a challenge for the service.

Paul Blackshaw

Rural Financial Counsellor Coordinator

Year in Review

During 2011-12 GMH Agcare's strategic focus was on providing a high quality Rural Financial Counselling Service, leading to positive outcomes for clients and improving the level of well being within the rural communities we service.

Key Achievements 2011-12

ALPINE VALLEYS COMMUNITY LEADERSHIP PROGRAM PARTNERSHIP

Goulburn Murray Hume AgCare, with funding provided by the Department of Primary Industries, supported a governance program for rural women in North East Victoria. A partnership between GMH AgCare and AVCLP was developed to deliver the program between February and May 2012. The Rural Women's Governance Program (RWGP) provided a specifically designed series of workshops on the topics of governance, leadership, financial skills and group dynamics.

Forty two applications were received and twenty four rural women from a diverse range of backgrounds were selected to participate in the program. Participants were from nine different local government areas.

The RWGP provided women in North East Victoria involved in agribusiness, industry, agritourism and community organisations, with specifically designed governance skills to enhance their leadership roles in local, regional and national organisations.

WEBSITE DEVELOPMENT

GMH Agcare reviewed its website in order to better meet key business and communication objectives. In consultation with Webmatrix a new website and intranet were developed with the aim of:

- Improving internal communication and staff/directors access to information
 - Raising public awareness of the organisation and its services
 - Raising the profile of the organisation
 - Promote community, service and business partnerships
 - Improve accessibility and facilitate early intervention with clients
 - To seek feedback from clients and stakeholders eg. online surveys
 - To promote future products & services and have an e-commerce function for future online transactions.
-

CLIENT SATISFACTION SURVEY

In December 2011, a client satisfaction survey conducted. Surveys were forwarded to 200 randomly selected clients. Of the 200 surveys forwarded 78 were completed and returned. Over 78% of clients were "very satisfied" and 91% were either "satisfied" or 'very satisfied". Some very positive comments in support of individual Rural Financial Counsellors and the service overall were also received. This is a fantastic positive reflection of the high regard in which our Rural Financial Counsellors are held in the farming community.

PLANNING

Business/Strategic Planning – A workshop was conducted in August 2011, facilitated by Cath Botta from Regional Development. New Strategic, Risk Management and Communications Plans for 2011-2015 were developed.

Board Subcommittee Review – Board subcommittees were restructured in December 2011, to continue the implementation of outcomes from the organisational reviews and ensure sound governance, organization, financial and risk management.

Strategic Plan Review - In February 2012 a review of the strategic plan was conducted, facilitated by Andrew Graham from RSM Bird Cameron. The direction of the organisation was assessed and future directions were set in place.

Risk Management Plan - The Risk Management Plan was reviewed and the Board have been working together to develop a formal Risk Appetite Statement.

POLICY REVIEW & DEVELOPMENT

Policy review and development has been consistent throughout 2011-2012 by Board subcommittees and internal staff. An external audit of HR and OH&S policies was conducted by VECCI and confirmed GMHA's compliance with current legislation. .

AUDIT/PERFORMANCE REVIEW

A National RFCS Performance Assessment of GMH was conducted by PricewaterhouseCoopers in May 2012. The objective of the Audit was to assess the performance of our organisation with specific focus upon, Corporate Governance, Financial Management & Service Delivery. Although we are awaiting formal findings and response the initial feedback is that Goulburn Murray Hume have performed highly.

An Internal Financial Audit was also carried out by an external auditor who also conducted audit of Finance policies and procedures and no significant issues were raised.

Activities

The following activities were undertaken in accordance with the objectives of GMH Agcare's communications plan.

CORPORATE IDENTITY

- Procure and develop new website.

MARKETING / MEDIA

- Radio Interviews and service promotion on ABC radio.
- Regular media releases and advertising of the service through local papers, other service providers publications and directories.

TRAINING, SEMINARS & WORKSHOPS

RFC Training 2011-12

- Training session on iPhones
- Information session with DPI Policy Dept on Farm Debt Mediation
- CCAP & TIS Training (RFCS Gippsland)
- Mental Health First Aid (one RFC)
- VTARCG Three Day Training Conference (Wangaratta)
- Goulburn North East Women's Health – training on various programs
- VTARCG Two Day Introduction to Mediation Training Workshop (Attwood)
- FCRC Foundation to Professional Supervision (Melbourne) (RFCC)
- VTARCG Three Day Training Conference (Hobart)
- Identifying Family Violence Training (Shepparton)

Admin & Board Training 2011-2012

- Administration & RFC Coordinator attended VECCI briefings re New OH&S Law (Wangaratta)
- AICD – Governance, Finance, Strategy & Risk for new Directors (Melbourne)
- AICD – Company Directors Course (Correspondence)
- Conscious Governance Nonprofit Masterclass in Advanced Strategy, Risk & Governance workshop. (Melbourne)

EVENTS, MEETINGS & NETWORKING ACTIVITIES

Presentations at:

- Agribusiness Service Providers Forums (Wodonga in conjunction with DPI) (X2)
 - Victorian Farmers Federation (Rutherglen branch)
 - Numurkah Rotary (Presentation)
 - Farm Debt Mediators Training Workshop
 - DPI Better Beef Group (Mudgegonga)
-

- La Trobe University Older Farmers Form
- Car Bonnet Meetings for Flood Affected farmers (Cudgewa & Walwa)
- Alpine Valleys Leadership Program
- Parliamentary public hearing into the capacity of the farming sector to attract and retain young farmers and respond to an aging workforce in the farming industry. (Beechworth -August 2012)

Attendance and participation at:

- Centrelink Shepparton Network Meeting
- Rochester Community House Meeting
- Sheridan Partners Accountants Network and Info meeting (Kyabram)
- Echuca Primary Care Partnership Meeting
- Indigo North Health Meeting
- Indigo Shire Resilience Committee
- Holbrook Landcare Farmers Forum
- Next Step Accountants network and info meeting (Albury)
- Murray Dairy (various workshops and farm walks)
- National Centre for Dairy Education Succession Planning Workshop
- NVIRP Information Sessions (Shepparton & Echuca)
- Henty Machinery Field Days
- Campaspe Shire & Dept Human Services Flood Recovery Meeting (Rochester)
- Alpine Valleys Agribusiness Forum
- Towong Drought Recovery Committee
- NSW DPI Network and Info meeting (Albury)
- North East Greenhouse Alliance
- Red Cross Flood Recovery Committee (Rochester)
- Buraja Cropping Group Workshop
- Murray Darling Basin Plan (MDBC)Community Forum
- MDBC Economic Influence and Impact Prediction Forum
- DPI "The Right Price for Water" workshop
- Dairy Business Expo
- FCRC Development Workshop
- DPI Pasture Development Day
- Moira Shire Flood Recovery Committee
- Hume Region Ag Recovery Committee
- DPI Rural Network Night (Rutherglen)
- VECCI Carbon Tax Seminar
- VECCI New OH&S Legislation briefing
- Dept Human Services Regional Flood Recovery Committee
- ABARE Conference (Canberra)

Statistical reports

All statistical reports are based on figures provided by the Office of Rural Financial Counselling, Service Profile Report for RFCS – Goulburn Murray Hume for the period 1 July 2011 to 30 June 2012.

ANNUAL SNAPSHOT

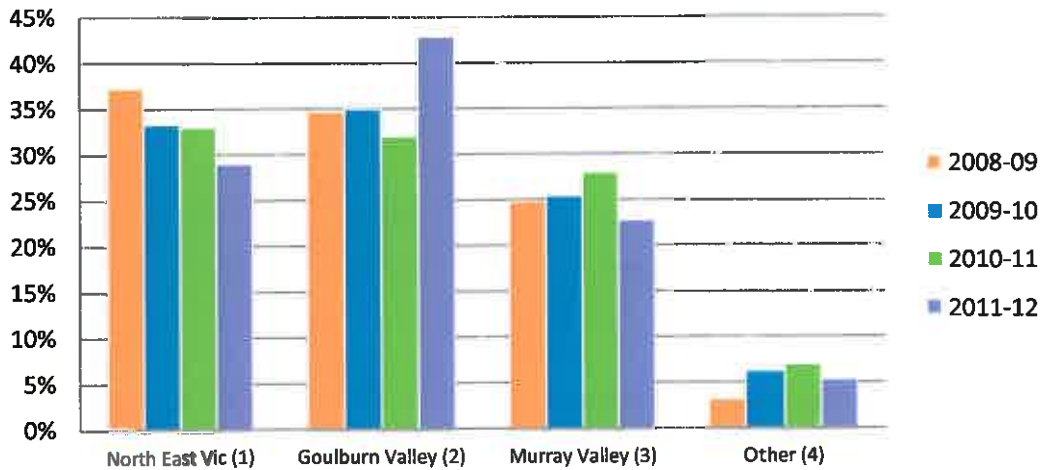
	2008-09	2009-10	2010-11	2011-12
Number of RFCs (FTE)	6.1	7.2	7.2	7.2
Number of clients assisted	649	583	622	573
Average clients per RFC	106	81	86	80
Primary enterprise type:				
Dairy farming	37%	40%	38%	38%
Sheep, beef cattle & grain growing	36%	36%	31%	27%
Major assistance type:				
Business Planning, cash flow & viability	26%	31%	27%	24%
EC Assistance	47%	30%	24%	1%
Clients on an action plan	N/A	71%	83%	84%
Average hours of assistance per client (ex travel)	5.2	9.6	7.6	7.9
Average hours of travel per client	1.6	2.3	1.7	1.7
Major cause of client difficulty - Climatic variation				
	82%	70%	69%	69%
Client financial position:				
Average debts	\$ 482,771	\$ 643,233	\$ 710,760	\$ 726,405
Average bank debts	\$ 430,680	\$ 545,193	\$ 587,966	\$ 623,649
Average income position	-\$ 43,363	-\$ 63,433	-\$ 52,991	-\$ 47,640
Client outcomes:				
Government assistance (EC)	30%	56%	31%	12%
Government assistance (Other)	10%	13%	29%	43%
Adjusted with primary production	46%	19%	26%	35%
Adjusted out of agriculture	14%	10%	11%	9%
Client referrals:				
To GMH Agcare	220	464	352	243
From GMH Agcare	505	269	443	297

CLIENTS SUPPORTED

The number of Rural Financial Counsellors fluctuated during the year from 6.6 to 7.2 FTEs due to staff turnover and one staff member returning from maternity leave. The total number of clients assisted during the 2011-12 financial year was 572 (an average of 80 clients per RFC). This was a decrease of around 10 percent from 2010-11. This corresponded with a slight increase in average hours of assistance per client.

AREAS SERVICED

Client location
(Percent of clients in main GMH Agcare service areas)

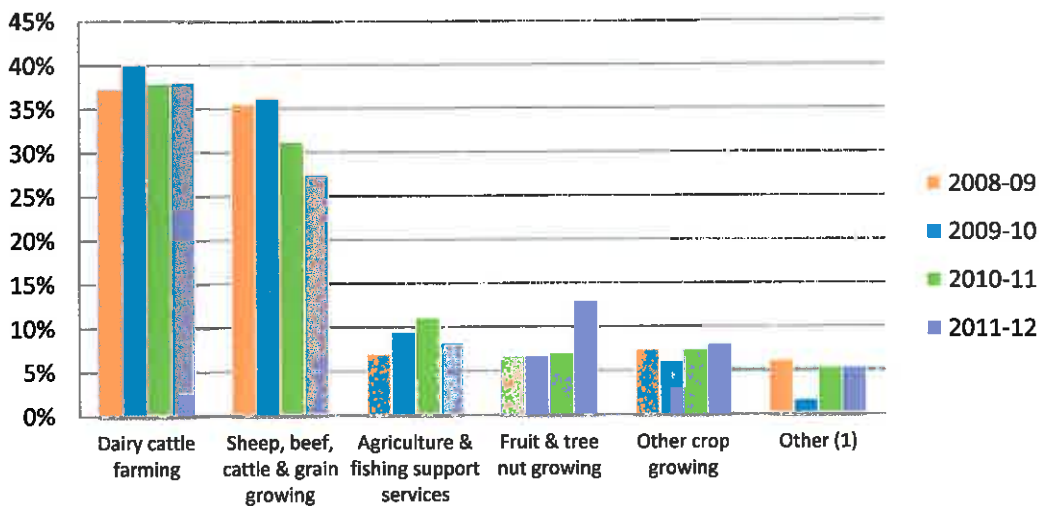


1. LGAs include: Vic - Wodonga, Wangaratta, Benalla, Indigo, Alpine, Towong; NSW - Albury, Greater Hume, Corowa, Tumbarumba, Berrigan. 2. LGAs include: Vic - Greater Shepparton, Strathbogie, Moira, Gannawarra. 3. LGAs include: Vic - Campaspe; NSW - Murray. 4. Other includes clients with invalid postcode or from LGAs outside the GMH service area.

INDUSTRIES SERVICED

Primary enterprise type of the client serviced remained similar to the previous financial year, with the bulk of our clients coming from dairy (38%) or beef, sheep and grain growing (31%) enterprises. There has been a noticeable increase in the number of horticulture clients from 7 to 13%.

Client enterprise type



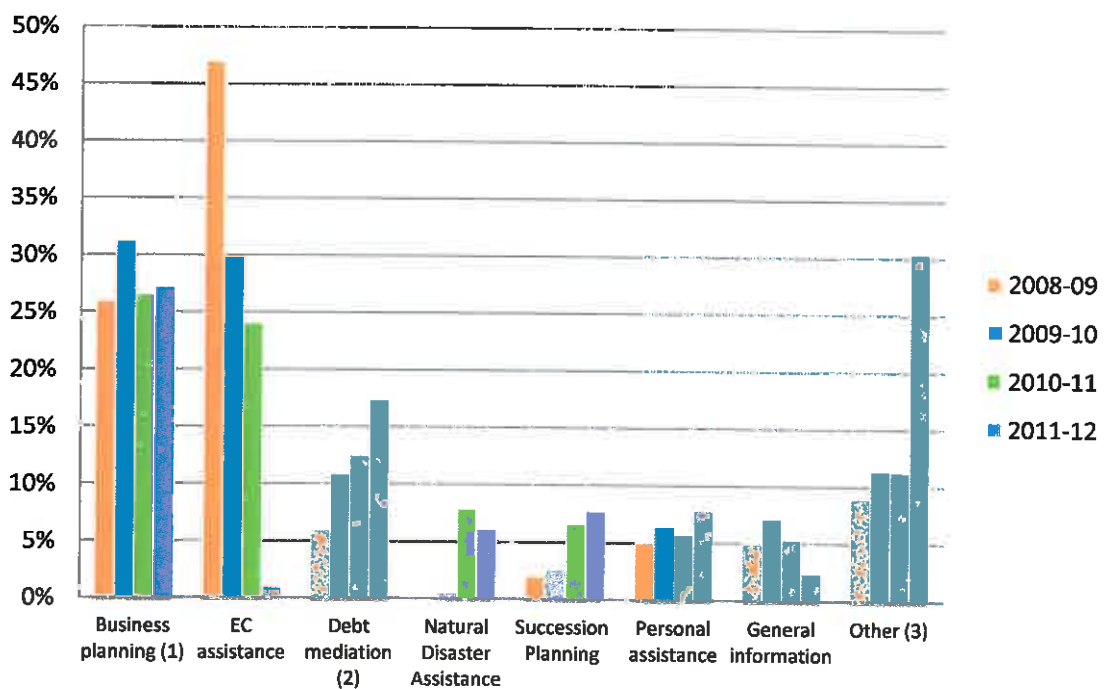
1. Includes: Other livestock farming, Nursery and floriculture production, Mushroom & vegetable growing, Poultry farming.

ASSISTANCE GIVEN

With the cessation of Exceptional Circumstances (EC) in all our service area the previously major assistance type of EC assistance is now redundant. Business planning, cash flow and viability analysis are now the major types of assistance. Debt mediation and succession planning (pre referral) continue to be increasing areas of activity for our Rural Financial Counsellors. Assistance for the Climate Change Action Plan (CCAP) program through Centrelink that supported a number of clients post EC is reflected in the “other” category.

Natural disaster assistance remained at high levels reflecting another year of severe flooding.

Type of assistance given
(Percent of total assistance time, excl travel)



- 1. Includes cash flow analysis and viability analysis
- 2. Includes loan application/restructure and client representation
- 3. Includes CCAP admin & forms preparation, EAP forms preparation, Centrelink assistance (not EC), Government assistance (not Centrelink)

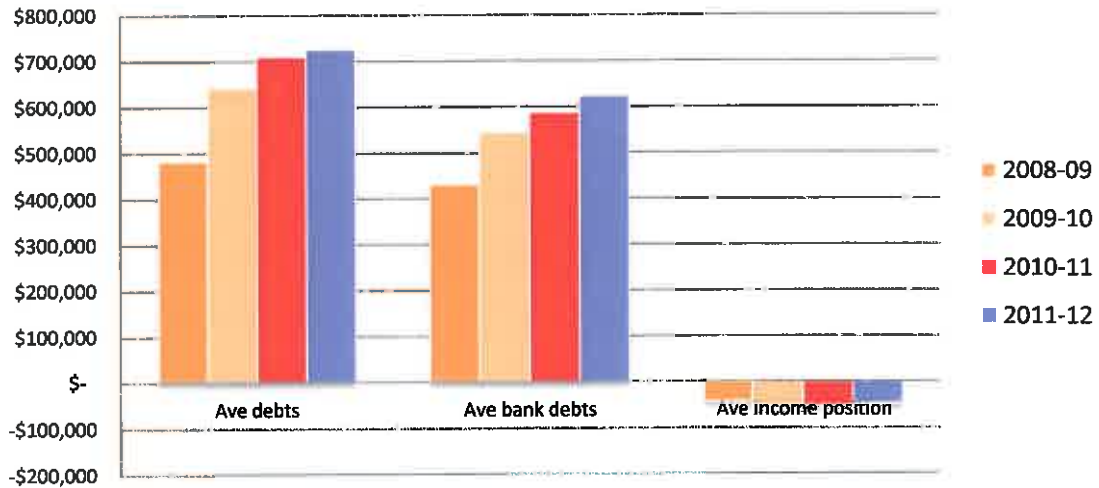
CAUSE OF DIFFICULTY

The major cause of client difficulty across all primary enterprise types was reported as “climatic variation” at sixty-nine percent (69%) of clients. Personal factors, debt levels and enterprise management skills were other factors causing difficulty.

CLIENT FINANCIAL POSITION

Clients overall financial position has continued to worsen. This would be expected as the financial impact of improved seasonal conditions will not yet be reflected in financial performance and significant financial recovery is expected to take many years. Many clients financial performance was also adversely affected by severe flooding for the second year running.

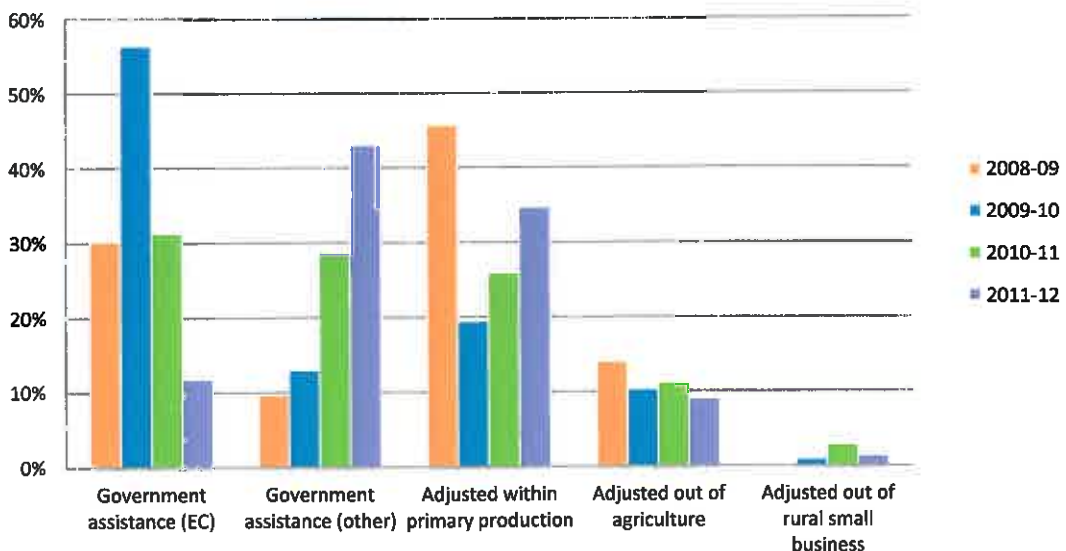
Client financial position



CLIENT OUTCOMES

Outcomes for clients in 2011-12 changed dramatically reflecting the cessation of EC support (down from 31% to 12%). A number of these were replaced by the CCAP program reflected in Government Assistance (other) rising from 29% to 43%. Flood related grant programs were also reflected in this category. Encouragingly, 35% resulted in adjustment within primary production, primarily through improved farm operation and management (up from 26%)

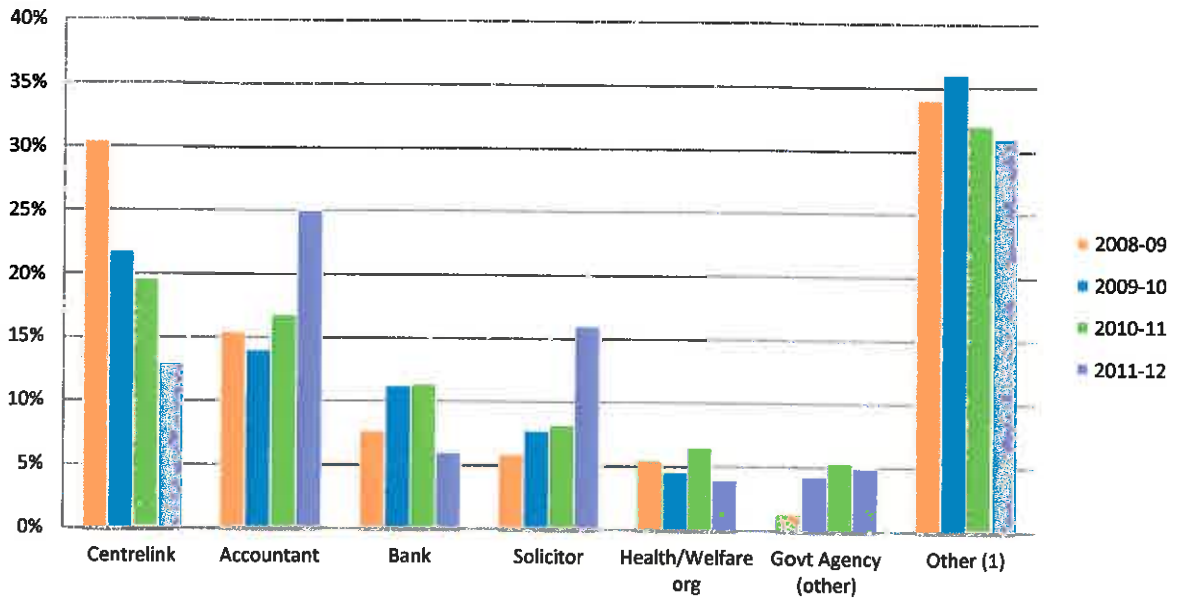
Client outcomes



REFERRALS

GMH Agcare received a total of 243 referrals and made 297 client referrals during the 2011-12 financial year. The RFCs' have noted the "shrinking" of their referral networks and this is represented by lower numbers this year (down around 30 and 35% respectively). The withdrawal of the Rural Service Officers in Centrelink has made the referral process with that organisation very difficult and this is reflected in a drop this year.

Client referrals to other organisations / professionals



1. Other includes Industry organisation, DAFF, Financial Planner/Advisor, Rural Consultant, Water Authority, Doctor, Training organisation, Community group, Insolvency agency, Transition Support Service, MP, Another RFC, Real estate agent, Associate, Stock agents.

Financial Report

Audited financial statements for the year ended 30 June 2012 are included in Appendix 1

Funding Certification

I, Stephen Cohen of 73 Tatura-Underra Road, Tatura VIC 3616 in my capacity as Chairperson for Goulburn Murray Hume Agcare Limited hereby certify that the funding has been acquitted in accordance with the deed of grant for the past financial year.

A handwritten signature in black ink, appearing to read 'S. Cohen', with a horizontal line extending to the right.

Stephen Cohen
Chairperson

Date: 18 October 2012

**GOULBURN MURRAY HUME AGCARE
LIMITED**
ABN 42 120 418 582

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

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GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report together with the financial report of Goulburn Murray Hume Agcare Ltd (the Company) for the year ended 30 June 2012 and the auditors report thereon.

DIRECTORS

The names and details of the directors of the company in office during the financial year and until the date of the report are:

Name	Years of Service	Occupation
Steve Cohen	6	Small Business Operator
Dr Tim Clune	2	Manager Sustainability & Risk
Peter Gray	6	Certified Practising Accountant
Chris Howe	6	Chartered Accountant
Nerida Kerr (Retired 11/07/2012)	6	Rural Community Development Officer
Tim Mannion	6	Mixed Farmer
Peter Huzzey	2	Managing Director
Rosemary Reilly	2	Community Development Consultant
Chris Thomas	6	Regional Supply Manager

Directors Meetings

Directors meetings are currently held every 6 weeks.

Principal Activities

The principal activity of the company is to provide rural financial counselling services to farmers & small business in the Goulburn Murray & Hume regions

Trading Results

The operating profit for the 2012 financial year before income tax was \$47,864 (2011 - \$135,994) Income tax was NIL. The operating deficit after extraordinary items was \$202,893(2011 - \$73,196). Extraordinary items included:

Returns of Surplus funds	DAFF	\$183,867
	DPI	<u>\$32,925</u>
Total Surplus Fund		\$216,792
Provision for Wind Up		33,763
Transfer to Reserves		\$201

The provision for wind up has been brought to account on the basis that the current contract for Rural Counselling expires on 30 June 2015 and comprises:

- Administration Costs on Wind up
- Employee Redundancy Payments
- Run off insurance
- Costs of asset realisation and finalisation of operating leases

Return of surplus funds comprise grant money paid in prior years and not expended on Rural Financial counselling services.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2012

Review of Operations

Gross income for the year was \$1,318,743 comprising

(i) Australian government grants	\$972,451
(ii) Victorian state government grants	\$141,608
(iii) Special Australian government grants	\$Nil
(iv) Special Victorian state government grant	\$150,000
(v) Donations & Reimbursements	\$17,861
(vi) Interest Received	\$36,823

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company during the financial year under review

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company in subsequent years.

Likely developments

No material likely developments are foreseen at this time that may affect the Companies operations. Further information about likely developments in the operations of the Company and the expected results of those operations in the future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Directors Benefits

Chris Howe is a director and share holder of ACN 007 062 866 Pty Ltd, trading as Belmores. During the course of the year Belmores, Chartered Accountants, provided accounting and management consultant services to the company. For this service they received payment from the Company of \$6,000 (Excl GST)

No other director received or become entitled to receive a benefit (other than a benefit included to aggregate amount of enrolment received or due and receivable by directors shown in the accounts) by reason of a contract made by the Company of a related corporation with the director or with a firm which he or she is a member or with a company in which he or she has a substantial financial interest

Indemnification and insurance of Directors and Officers

During the year, a premium of \$2914 (Excl GST) was paid in respect of a contract insuring Directors and Officers of the Company against liability. The Officers of the Company covered by the insurance contract include the Directors, Executive Officers, Secretary and employees. In accordance with normal commercial practice, disclosure of the total amount of premium payable under, and the nature of liabilities covered by, the insurance contract is prohibited by a confidentiality clause in the contract. The auditor of the Company has not been indemnified

Dividends

As the company is a non profit public company limited by guarantee no dividends are paid or payable to members

Auditors Independence Declaration

A copy of the Auditors independence declaration as required by section 307C of the Corporations Act is set out on the attached declaration

Signed in accordance with a resolution of the directors

A handwritten signature in black ink, appearing to be 'S Cohen', written over a horizontal line.

S Cohen (Chairperson)

Dated at Yarrawonga this

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Revenue	2	1,318,743	1,512,235
Employee benefits expense		(848,132)	(857,482)
In kind support expenses		(16,661)	(20,094)
Depreciation and amortisation expenses		(43,870)	(39,030)
Other expenses		<u>(362,216)</u>	<u>(459,635)</u>
Profit before income tax expense	3	47,864	135,994
Income tax expense		<u>-</u>	<u>-</u>
Profit for the year		<u>47,864</u>	<u>135,994</u>
Profit attributable to member of the company		<u>47,864</u>	<u>135,994</u>

The accompanying notes form part of these financial statements.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Profit for the year		47,864	135,994
Other comprehensive income:		<u> </u>	<u> </u>
Other comprehensive income for the year, net of tax		<u> </u>	<u> </u>
Total comprehensive income for the year		<u>47,864</u>	<u>135,994</u>
Total comprehensive income attributable to member of the company		<u>47,864</u>	<u>135,994</u>

The accompanying notes form part of these financial statements.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	878,905	913,331
Trade and other receivables	6	24,178	3,331
TOTAL CURRENT ASSETS		<u>903,083</u>	<u>916,662</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	206,236	167,573
TOTAL NON-CURRENT ASSETS		<u>206,236</u>	<u>167,573</u>
TOTAL ASSETS		<u>1,109,319</u>	<u>1,084,235</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	239,444	46,128
Short-term provisions	9	115,764	115,068
TOTAL CURRENT LIABILITIES		<u>355,208</u>	<u>161,196</u>
TOTAL LIABILITIES		<u>355,208</u>	<u>161,196</u>
NET ASSETS		<u>754,111</u>	<u>923,039</u>
EQUITY			
Reserves	10	265,918	231,954
Retained profits		488,193	691,085
TOTAL EQUITY		<u>754,111</u>	<u>923,039</u>

The accompanying notes form part of these financial statements.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2012

	Share Capital				
	Retained Earnings	General Reserve - Provision for Wind Up	General Reserve - CDO - MVRAG	Total	
	\$	\$	\$	\$	\$
Balance at 1 July 2010	617,891	137,550	31,604	787,045	
Profit attributable to the member of the company	135,994			135,994	
Provision for Wind Up	(62,589)	62,589	211	211	
Subtotal	691,296	200,139	31,815	923,250	
Dividend paid or provided for	(210)			(210)	
Balance at 30 June 2011	691,086	200,139	31,815	923,040	
Balance at 1 July 2011	691,086	200,139	31,815	923,040	
Profit attributable to the member of the company	47,864			47,864	
Return of Surplus Funds	(216,793)			(216,793)	
Provision for Wind Up	(33,763)	33,763	201	201	
Subtotal	488,394	233,902	32,016	754,312	
Transfer to Reserves			(201)	(201)	
Balance at 30 June 2012	488,394	233,902	31,815	754,111	

The accompanying notes form part of these financial statements.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Receipts from Government		1,292,704	1,210,415
Receipts Other		9,942	2,340
Interest Received		35,598	40,514
Payments to suppliers and employees		<u>(1,207,012)</u>	<u>(1,309,134)</u>
Net cash provided by (used in) operating activities		<u>131,232</u>	<u>(55,865)</u>
Cash flows from investing activities			
Net increase in receivables		17,272	(12,129)
Purchase of plant & equipment		<u>(114,078)</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>(96,806)</u>	<u>(12,129)</u>
Cash flows from financing activities			
Net increase in short term debt		<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash held		(34,426)	(67,994)
Cash and cash equivalents at beginning of financial year	5	<u>913,331</u>	<u>981,325</u>
Cash and cash equivalents at end of financial year		<u>878,905</u>	<u>913,331</u>

The accompanying notes form part of these financial statements.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views other authoritative pronouncements of the Australian Accounting Standards Board. The financial report is for the entity Goulburn Murray Hume Agcare Limited as an individual entity. Goulburn Murray Hume Agcare Limited is a company limited by guarantee incorporated and domiciled in Australia.

The financial report has been prepared on an accrual basis, with the exception of Goods & Services Tax which has been reported on a cash basis, and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(b) Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and Equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge.

(c) Employee Benefits

1) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave in total are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

if) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and is measured at the actual dollar value of the accumulated cost, and is shown as a current liability. To comply with DAFF reporting requirements all employee liabilities are brought to account including those with less than five years service.

(d) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months and net of bank overdrafts.

(e) Revenue

All revenue is stated net of the amount of goods and services tax (GST).

1. Revenue from Government Grants is recognised upon receipt of the grant.
2. Revenue from other sources is recognised upon the issuing of an invoice.
3. Interest revenue not received is accrued at balance date as the amount to be received is quantifiable

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Lease income from operating leases is recognised in income on a straight-line basis over the lease term

(h) Acquisitions of assets

The purchase method of accounting is used to account for all acquisition of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

GOULBURN MURRAY HUME AGCARE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Company's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(i) Cash and cash-equivalent assets

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(k) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is considered unnecessary as all funds have been collected since balance dates.

(l) Investments and other financial assets

The company classifies its investment in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there is a possibility it will be sold in the short term and the asset is subject to frequent changes in fair value.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the companies management has the positive intention and ability to hold to maturity.

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

(n) Infrastructure, property, plant and equipment

All infrastructure, property, plant and equipment is stated at cost (or deemed cost) less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the prime cost method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Computers & Electronic Equipment	3	Yrs
Office Furniture	10	Yrs
Vehicles	8	Yrs
Other plant and equipment	5	Yrs

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(o) Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Borrowings

The company does not have external borrowing and accordingly does not account for any amortisation cost or other adjustment to the carrying amount of liabilities.

GOULBURN MURRAY HUME AGCARE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

(q) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the company's operational cycle. In the case of liabilities where the company does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

GOULBURN MURRAY HUME AGCARE LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
2. REVENUE AND OTHER INCOME			
Grant Revenue		1,281,020	1,470,266
Other income		900	1,455
Interest received	2(a)	36,823	40,514
Total Revenue		1,318,743	1,512,235
(a) Interest received from:			
Other corporations		36,823	40,514
3. PROFIT FOR THE YEAR			
Expenses:			
Net loss on disposal of non-current assets:			
Property, plant and equipment		14,272	-
4. AUDITORS' REMUNERATION			
Auditors' remuneration		9,000	8,500
Internal policy reviews		6,400	-
5. CASH AND CASH EQUIVALENTS			
GMH Agcare A/C 8271		4,768	4,858
GMH Agcare A/C 8352		321,714	188,426
GMH Agcare A/C 8379		515,930	683,752
GMH Agcare CD MVIRAG A/C 3249		36,493	38,285
		878,905	913,331
6. TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade debtors		345	-
Interest Receivable		2,112	3,331
Good and services tax		21,721	-
		24,178	3,331
7. PROPERTY, PLANT AND EQUIPMENT			

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Buildings		38,274	33,320
Less accumulated depreciation		<u>(2,452)</u>	<u>(1,645)</u>
Total land and buildings		<u>35,822</u>	<u>31,675</u>
Plant and equipment		17,970	17,970
Less accumulated depreciation		<u>(5,218)</u>	<u>(3,421)</u>
		<u>12,752</u>	<u>14,549</u>
Motor vehicles		151,996	124,312
Less accumulated depreciation		<u>(29,804)</u>	<u>(42,098)</u>
		<u>122,192</u>	<u>82,214</u>
Computer Equipment		79,908	91,752
Less accumulated depreciation		<u>(50,556)</u>	<u>(59,306)</u>
		<u>29,352</u>	<u>32,446</u>
Furniture and fittings		7,821	7,821
Less accumulated depreciation		<u>(1,703)</u>	<u>(1,132)</u>
		<u>6,118</u>	<u>6,689</u>
Total plant and equipment		<u>170,414</u>	<u>135,898</u>
Total property, plant and equipment		<u>206,236</u>	<u>167,573</u>

(a) Movement in carrying amounts
For disclosure on movement in carrying amounts please refer to note 13(a) in the end of this financial report.

8. TRADE AND OTHER PAYABLES

CURRENT

Good and services tax	-	16,125
Accrued Expenses	5,700	13,197
Trade creditors	<u>233,744</u>	<u>16,806</u>
	<u>239,444</u>	<u>46,128</u>

9. PROVISIONS

Employee Entitlements	<u>115,764</u>	<u>115,068</u>
Analysis of Total Provisions		
Current	<u>115,764</u>	<u>115,068</u>

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
10. RESERVES			
General Reserve - Provision For Wind Up			
The provision for wind up costs have been brought to account on the basis of providing for the following expenses that would be incurred and paid out on wind up:			
Provision for wages and on-costs for payout of termination payments		102,589	90,609
Insurance		32,130	30,130
Contract Payouts		23,050	18,360
Motor Vehicles		-	7,300
Administration & Liquidation Costs		40,000	32,000
Board Costs		6,700	6,700
Record Management Costs		11,500	11,500
Other Costs		3,600	3,550
Sale of Assets Costs		7,300	-
CPI Increase		7,033	-
Total Provision		233,902	200,139
CDO - MIRVAG		32,016	31,815
Total Reserves		265,918	231,954

11. COMPANY DETAILS

The registered office and principal place of business of the company is:
Goulburn Murray Hume Agcare Limited
9/22 Stanley Street, Wodonga VIC 3690

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2012

12. (a) MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment.

	Buildings	Plant and equipment	Motor vehicles	Computer Equipment	Furniture and fittings	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2010	32,491	16,346	98,815	39,493	7,328	194,473
Additions	-	-	-	12,129	-	12,129
Depreciation expense	(817)	(1,797)	(16,601)	(19,176)	(639)	(39,030)
Carrying amount at 30 June 2011	31,674	14,549	82,214	32,446	6,689	167,572
Additions	4,955	-	92,092	17,031	-	114,078
Disposals	-	-	(31,544)	-	-	(31,544)
Depreciation expense	(807)	(1,797)	(20,571)	(20,125)	(571)	(43,871)
Carrying amount at 30 June 2012	35,822	12,752	122,191	29,352	6,118	206,235

GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes which comprise the statement of financial position as at 30 June 2012, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes presents fairly the company's financial position as at 30 June 2012 and its performance for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director Steve Cohen

30 June 2012

**GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582**

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
GOULBURN MURRAY HUME AGCARE LIMITED**

We have audited the accompanying financial report of Goulburn Murray Hume Agcare Limited (the company) which comprises the statement of financial position as at 30 June 2012 and the income statement, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the director's declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the company's constitution. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: 'Presentation of Financial Statements', that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we complied with the independence requirements of Australian professional ethical pronouncements.

**GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582**

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
GOULBURN MURRAY HUME AGCARE LIMITED**

Auditor's Opinion

In our opinion:

- a. The financial report of Goulburn Murray Hume Agcare Limited is in accordance with the company's constitution including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the the company's constitution.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Malcolm Ian McLean
Chartered Accountant
146 Sanger Street
Corowa , NSW, 2646



:

Corowa

18 October 2012

**GOULBURN MURRAY HUME AGCARE LIMITED
ABN 42 120 418 582**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE MEMBERS OF
GOULBURN MURRAY HUME AGCARE LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



Name of Firm: Kilara Partners

Name of Partner: Malcolm Ian McLean

**Address: 146 Sanger Street
COROWA NSW 2646**

