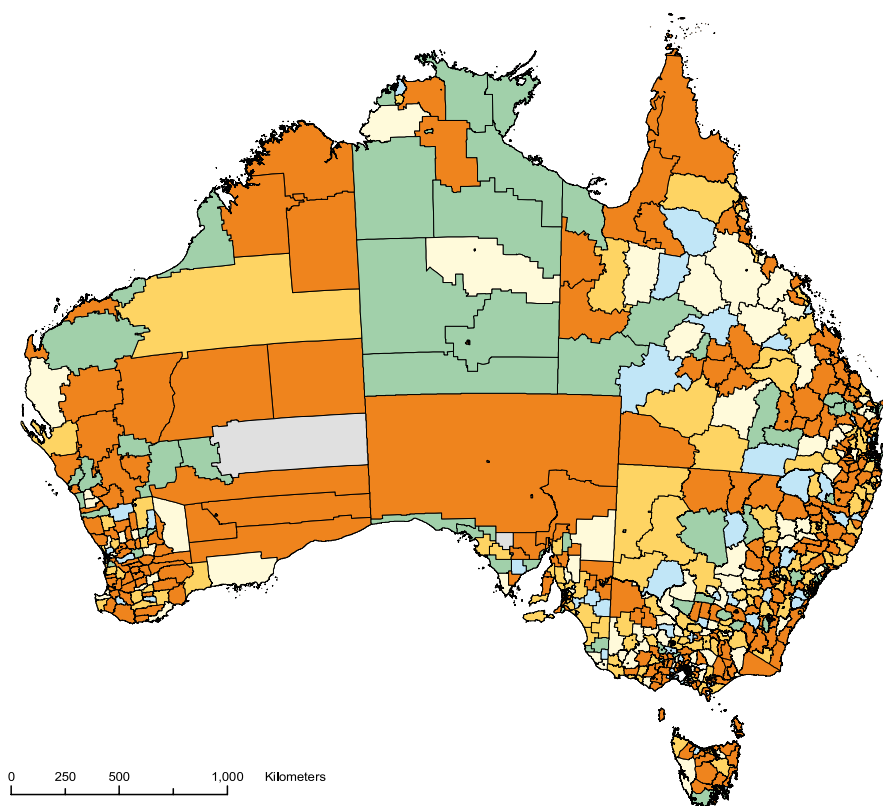


APPENDIX 20

BRS MAP OF CHANGE IN THE MEDIAN AGE OF FARMERS/FARM MANAGERS BY REGION, 1996–2001



Change in number of years

- Increased by 3 years or more
- increased by 2 years
- Increased by 1 year
- Minimal change
- Decline
- Insufficient data

Data Source: Median age of Farmer/Farm manager (1996-2001)
ABS TimeSeries Profile
Census of Population and Housing (1996-2001)

Spatial units: ABS Statistical Local Area (SLA) ASGC 2001
Projection: Lambert Conformal Conic
Datum: GDA 94

Cartography and digital compilation:
Bureau of Rural Sciences, Social Sciences Program
<http://www.daff.gov.au>

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APPENDIX 21

OUTLINE OF THE 2004 CORPORATE GOVERNANCE AND RISK MANAGEMENT WORKSHOPS

For Rural Financial Counselling Service Program Management Committee Representatives.

AIM OF THE WORKSHOP

The broad aim of the workshops are to promote good governance of the Rural Financial Counselling Service (RFCS) Program management committees. In particular to enhance the knowledge and skills of members of RFCS management committees to ensure a high standard of governance practice in discharging their responsibilities.

OBJECTIVES OF THE WORKSHOP

To fulfil the aim of a number of objectives have been set. These objectives are listed below:

- Report on Audit 2003 – the achievements and the suggested areas for improvement
- Review of the aims of the program, finance and objectives for 2004-2007
- Understand the individual responsibilities of management committee members for corporate governance
- Appreciate the obligations of the management committee to ensure good governance
- Understand your obligations under the funding agreement
- Acknowledge the obligation of members to exercise due diligence
- Appreciate the importance of accountability to the funding bodies
- Recognise the importance of undertaking the leadership role
- Ensuring an appropriate relationship with staff
- Appreciate the importance of ensuring a good relationship with the funding bodies
- Obligations of members to act with integrity
- Recognise the importance of ensuring public duty prevails over private interest

- Be aware of the correct use of information
- The importance of observing the rules of confidentiality
- Know the obligations not to use Board resources in an inappropriate manner
- Recognise the obligations with respect to the privacy policy
- Appreciate the importance of adopting a code of conduct and meeting procedures
- Adopting a risk management approach to managing a financial counselling service
- Acknowledge the importance of adopting a strategic approach
- Distinguish between steering and rowing
- Be aware of the common rules for the conduct of meetings
- Suggest approaches to creating a good meeting ambience
- Indicate the skills to facilitate in debate
- The importance of keeping the records of the meeting, and
- State the duty of the chairperson to conduct a meeting.

APPENDIX 22

SUMMARY OF THE PROS AND CONS OF THE FIVE MODEL OPTIONS FOR THE RFCS PROGRAM DISCUSSED IN THE REVIEW REPORT

MODEL 1 — CONTINUATION OF THE CURRENT RFCS MODEL

The Australian Government offers Rural Financial Counselling Service Program grants through a periodic competitive application process to local rural communities committing to matching grant funds (50:50) to employ suitably qualified rural financial counsellors to work with primary producers in agriculture, fishing and some small rural businesses who are experiencing financial difficulty by providing information and assistance to make decisions about their future business directions.

Pros

- Management committees members are all volunteers lowering cost to government spreading resources further
- Use of volunteers consistent with government policy for community capacity building and social cohesion
- Local community management brings the following benefits:
 - Local community support, networking and infrastructure
 - Attracts local community funding through local 'ownership'
 - Local service demand and need addressed in timely manner
 - Early identification local emerging issues
 - Creates opportunity for local employment
 - Federal funds injected into local community economies
 - Direct access to local knowledge and expertise
 - High regard and acceptance of service independence
- Recognition that while delivery is variable that there are community models of excellence

Cons

Management committee Issues:

- 'Perceived' local ownership inhibits mobility to respond to new events
- Institutionalising medium to short-term intervention
- Difficulty getting or maintaining management committee volunteers
- High and vulnerable risk exposure for members of committees
- Variable and or low committee member management/organisational skills
- Variable or limited capacity to fulfil governance requirements
- Limited capacity to cope with increasing accountability and reporting
- Service, counsellor and administrative performance masked by confidentiality or misinterpretation of confidentiality requirements
- Potential for serious conflicts of interest being embedded in local community
- Difficulty in raising/maintaining community funding
- Perceived roles of rural financial counsellors greater than core requirements

Fragmented delivery:

- Fragmented RFCS program delivery nationally
- RFCS variable or lacking strategic direction
- Difficulty in meeting FSRA requirements for exemption
- Variable delivery through unclear roles by/of Commonwealth/state/local
- Supports the 'battler' culture rather than assisting positive adjustment

Local 'capture' of RFCS delivery:

- Limited broader regional awareness and communication of service
- Risk and evidence some committees run/captured by counsellors
- Variable and or low skilled counsellor skills in remote locations
- Loss of objectivity through long-term and personal association

Lack of consistent standards:

- Lack of rigour and veracity from client feedback
- Lack of or no direct supervision of counsellor or quality control
- Lack of operating standards or benchmarks

- Poor identification or substantiation of need for services
- Lack of equity nationally as success on funding based on good grantsmanship
- Limited capacity to maintain/develop counsellor skills through training and ongoing professional development

MODEL 2 — OPTION 1: NATIONAL COMMITTEE BASED MODEL

The Australian Government offers Rural Financial Counselling Service Program funding (and or in partnership with any participating states committing funds), to deliver services directly or through an appropriate common regional, state-wide or national employer engaging suitably qualified rural financial counsellors to work with primary producers in agriculture, fishing and some small rural businesses throughout the state who are experiencing financial difficulty by providing information and assistance to make decisions about their future business directions. Delivery of services would be supported by the establishment of local reference groups in locations where rural financial counsellors are placed that meet demonstrated short to medium term need with adjustment.

Pros

- Local input through advisory committee without the risks or responsibilities of corporate governance, accountability and reporting requirements
- Enable high quality skill based selection for appointment of national management committee or reporting to existing body
- Improved mobility and flexibility of rural financial counsellors nationally
- Improved staff selection
- Improved operating standards and capacity to benchmarking
- Enable improved targeting of need for services nationally
- Improve counsellor objectivity and delivering core business by lessening of personal association
- Less likely potential for conflict of interest
- Allow robust employer employee relationship to be established
- Allow supervision of counsellors with ongoing mentoring, audit and ongoing quality control
- Allow more consistent operating standards and development of benchmarks nationally
- Allow improved counsellor skills and professional development by national approach

- All public servants or common employer allowing better career options nationally (eg NGO)
- Improved opportunity for awareness and communication of service nationally

Cons

- Lower acceptance and perception of independence of service
- Develop local and regional resistance to counsellors and government through perceived loss of direct access from current service locations
- Possible loss of state and community funding contributions
- Reduction in the overall number of counsellors through loss of state and community funding – fewer dollars being stretched further
- Loss of local, regional and state control and influence
- Loss of early identification of emerging, local, regional and state or territory issues
- Substantial restructure of management and delivery of service arrangements
- Delays to negotiate and establish partnership and funding agreements
- Local and regional employment opportunities become less permanent
- Loss of direct funding into local and regional economies
- Some of the most needy or remote areas (such as indigenous) not likely to be serviced
- Possible further entrenchment and institutionalising of median to short term intervention

MODEL 2 — OPTION 2: STATE COMMITTEE BASED PARTNERSHIP MODEL

The Australian Government offers Rural Financial Counselling Service Program funding to states on a partnership basis where states commit to matching funds, including cash and in-kind (50:50) and agree to deliver services directly, or through an appropriate common state-wide employer engaging suitably qualified rural financial counsellors to work with primary producers in agriculture, fishing and some small rural businesses throughout the State who are experiencing financial difficulty by providing information and assistance to make decisions about their future business directions. Delivery of services would be supported by the establishment of local reference groups in locations where rural financial counsellors are placed that meet demonstrated short to median term need with adjustment.

Pros

- Local input through advisory committee without the risks or responsibilities of corporate governance, accountability and reporting requirements
- Enable high quality skill based selection of appointed state management committee
- More surety and firm commitment of state funding
- Improved mobility of rural financial counsellors and improved targeting of need within states
- Improved staff selection
- Improved operating standards and capacity to benchmarking
- Improve counsellor objectivity and delivering core business by lessening of personal association
- Less likely potential for conflict of interest
- Allow robust employer employee relationship to be established
- Allow supervision of counsellors with ongoing mentoring, audit and ongoing quality control
- Allow more consistent operating standards within each state and development of benchmarks
- Allow improved counsellor skills and professional development by being less fragmented
- Improved career options for counsellors from common employer within states
- State governments share responsibility and funding
- Improved opportunity for awareness and communication of service within state or territory

Cons

Fragmentation and inadequate mobility between states:

- Arms length from local and regional control and influence
- Loss of local and regional financial contributions
- Set up costs servicing management committees and secretariats
- Employment opportunities in current local locations is less permanent
- Reduction of funding into local or regional economies

- Reliant on state or territory committing funding to and establishing partnership agreements
- Lack of equity nationally if state or territory decides not to participate
- Total restructure of management and delivery of services
- Delays to negotiate and establish partnership and funding agreements
- Equity between states reliant on cooperation from states and territories

RFCS still not fully at arm's length:

- Lack common employer nationally and lead to employment and operational inconsistency between State and Territories
- Not responsive between States

MODEL 2 — OPTION 3: REGIONAL COMMUNITY BASED MODEL

The Australian Government offers Rural Financial Counselling Service Program grants through a periodic competitive application process on a regional basis (where regions self identify and commit to matching grant funds 50:50) to employ suitably qualified rural financial counsellors to service broad self identified regional areas to work with primary producers in agriculture, fishing and some small rural businesses who are experiencing financial difficulty by providing information and assistance to make decisions about their future business directions. Regional management committees would be established by volunteers managing 6 to 8 service points in each self identifying region.

Pros

- Management committee filled by volunteers lowering cost to government spreading resources further
- Use of volunteers consistent with government policy for community capacity building and social cohesion building
- Regional community management brings the following benefits:
 - Central governance group with local input through advisory committee without the risks or responsibilities of corporate governance, accountability and reporting requirements
 - Likely to capture more skilled management committee members
 - Regional service demand and need addressed in timely manner
 - Early identification of emerging issues regionally

- Creates opportunity for regional employment
- Federal funds injected into rural regional economies
- Improved capacity for fulfilling governance requirements
- Improved capacity to cope with increasing accountability and reporting
- Less likely for potential for serious conflicts of interest than at local level
- Less likely for management committee capture or over reliance on rural financial counsellor skills
- Improved capacity to maintain/develop counsellor skills though training and professional development
- Improved ability for supervision of counsellor and quality control
- Better economies of scale than local community model
- Improvement in mobility within a larger geographic area

Cons

Removed by one step from local community based model:

- Some loss of local area input, knowledge and expertise
- Some loss of local area community support, networking and infrastructure
- Some loss of regard for and acceptance of services' independence
- More difficult to raising community funding contributions
- Entrench static services regionally lacking mobility to respond to new events outside region
- Risk exposure for volunteer members remains
- Institutionalises medium term government intervention
- Service, counsellor and administrative performance masked by confidentiality or misinterpretation of confidentiality requirements

Fragmentation and inadequate mobility between regions:

- Fragmented and patchy RFCS program delivery nationally
- Variable and fragmented RFCS program strategic direction
- Variable delivery through unclear roles by/of Commonwealth/state/regional
- Difficulty in meeting FSRA requirements for exemption
- No standardised or recognised regional boundaries

RFCS still not fully at arms length:

- Lack of rigour and veracity from client feedback
- Potential for lack of objectivity through long term and personal association
- Lack of consistent national operating standards or benchmarks
- Poor identification or substantiation of need for services state-wide and nationally
- Lack of equity nationally as success on funding based on good grantsmanship
- Counsellor skills and professional development fragmented and less likely to achieve state or national standards
- Limited capacity for broader state awareness and communication of service

MODEL 3 — OUTSOURCED TO STATE OR PRIVATE PROVIDER BASED MODEL

The Australian Government offers Rural Financial Counselling Service Program funding or grants through a periodic competitive application process or tender to either deliver services directly or through an appropriate state agency or private provider by engaging suitably qualified rural financial counsellors to work with primary producers in agriculture, fishing and some small rural businesses throughout Australia who are experiencing financial difficulty by providing information and assistance to make decisions about their future business directions. Delivery of services would be supported by the establishment of local reference committees in locations where rural financial counsellors are placed that meet demonstrated short to median term need with adjustment.

Pros

- Local input through advisory committee without the risks or responsibilities of corporate governance, accountability and reporting requirements
- Improved mobility of rural financial counsellors and improved targeting of need within states and nationally
- Private providers have established infrastructure for management and operations
- Improved staff selection
- Customer service oriented organisations
- Improved operating standards and capacity to benchmarking
- Improve counsellor objectivity and delivering core business by lessening of personal association
- Less likely potential for conflict of interest

- Allow robust employer employee relationship to be established
- Allow supervision of counsellors with ongoing mentoring, audit and ongoing quality control
- Allow more consistent operating standards within each state and development of benchmarks
- Allow improved counsellor skills and professional development by being less fragmented
- Improved career options for counsellors from common employer nationally
- Can extend FSRA exemption and enforce standards
- Outreach programs readily accepted
- Have established protocols and competencies
- Improved opportunity for awareness and communication of service within state or territory
- Draws on current knowledge and skills
- Allow integration with other social and welfare counsellors
- Greater access to professional debriefing and mentoring with larger networks
- Competition between private providers in response to competitive process
- drives continuous improvement and best practice

Cons

- Arms length from local and regional control and influence
- Loss of local, regional, and state financial contributions
- Require negotiation with states to contribute and any partnership arrangements
- Lack of equity nationally if state or territory decides not to participate
- Loss of early identification of emerging local or regional issues
- Employment opportunities in current local locations is less permanent
- Possible need for some retraining and RPL of existing rural financial counsellors if utilised by new employers
- Some loss of funding into local or regional economies
- Total restructure of management and delivery of services
- Delays to tender, negotiate and establish partnership and funding agreements
- Ensuring funding equity between states and territories and to quantifying need
- Not responsive between states
- Possible loss or diminished focus on achieving positive rural adjustment outcomes

MODEL 4 — OUTSOURCED AND ADMINISTERED BY GOVERNMENT BASED PROVIDER MODEL

The Australian Government negotiates with appropriate government program provider/s to administer Rural Financial Counselling Service Program funding to either deliver services directly or through an appropriate common national wide employer or appropriate state agencies or providers to engage suitably qualified rural financial counsellors to work with primary producers in agriculture, fishing and some small rural businesses throughout Australia who are experiencing financial difficulty by providing information and assistance to make decisions about their future business directions. Delivery of services would be supported by the establishment of local reference groups in locations where rural financial counsellors are placed that meet demonstrated short to median term need with adjustment.

Pros

- Local input through advisory committee without the risks or responsibilities of corporate governance, accountability and reporting requirements
- No pressure on local communities for funding contributions
- Fit into Centrelink core business if white badged and delivery through outreach services
- Improved mobility of financial counsellors and improved targeting of need within states and nationally
- Improved staff selection
- Improved operating standards and capacity to benchmarking
- Improve counsellor objectivity and delivering core business by lessening of personal association
- Less likely potential for conflict of interest
- Allow robust employer employee relationship to be established
- Allow supervision of counsellors with ongoing mentoring, audit and ongoing quality control
- Allow more consistent operating standards within each state and development of benchmarks
- Allow improved counsellor skills and professional development by being less fragmented
- Improved career options for counsellors from common employer nationally
- Can extend FSRA exemption and enforce standards

- Have established protocols and competencies
- Allow integration over whole range of government programs including social counselling
- Improved opportunity for awareness and communication of service within state or territory
- Perception improving helping breakdown of resistance although variable following EC delivery
- Customer service oriented organisation

Cons

- Arm's length from local and regional control and influence
- Loss of local, regional and state financial contributions
- Loss of early identification of emerging local or regional issues
- Employment opportunities in current local locations is less permanent
- Some loss of funding into local or regional economies
- Require negotiation with states to contribute and any partnership arrangements
- Total restructure of management and delivery of services
- Delays to tender, negotiate and establish partnership and funding agreements
- Ensuring funding equity between states and territories and to quantifying need
- Possible need for some retraining and RPL of existing rural financial counsellor if utilised by new employers
- Perceived low awareness of farming, fishing and small business sectors in remote and rural Australia
- Poor acceptance and perception of independence of service
- Require strong communication campaign to raise awareness and change negative perceptions
- Need to white badge and delivery through outreach services
- Possibly deter clients who are not yet 'desperate' from seeking assistance
- Possible loss or diminished focus on achieving positive rural adjustment outcomes
- Location and spread of offices and service points

MODEL 5 — NO RURAL FINANCIAL COUNSELLING SERVICE PROGRAM

As a last measure, to complete the process, the review committee considered whether the RFCS program should be discontinued.

Pros

- Provision of financial counselling services duplicates services that can be provided by alternative private sector providers
- Provide an incentive for private sector to fill gap
- Increases exit rate by allowing market forces to prevail
- No legal liability on management committees or governments
- Provides opportunity to mainstream (not have) program for rural sector
- Some other agency picks up credit and personal debt counselling services
- Removes buffer between primary producers and financial institutions
- No distortionary effect due to long term intervention
- Significant savings to the Australian Government made from reduction of RFCS program staff
- No pressure on local communities for funding contributions

Cons

- Those least able to pay not able to afford professional advice
- Divested service would still require government funding
- Rural communities will still see a role for government in providing information and decision support where rural and regional Australia are facing financial crisis and lack the skills and information to make informed choices
- Lack of management for future industry adjustment
- Adjustment process is ongoing for the foreseeable future
- Rural and regional Australia do not always have access to alternative service providers
- Create negative change in balance and relationship between banks etc and primary producers
- Government seen as withdrawing services from rural sector leading to political fallout
- Widening city versus country divide
- Less money for rural economies
- Fewer employment opportunities in rural and remote communities
- Cost of redundancies and winding up of services.