

National Rural Financial Counselling Conference 2008

Collation of Key Messages

Introduction

The National Rural Financial Counselling Conference 2008 brought together rural financial counsellors, executive officers and board chairs of rural financial counselling services, independent advisors to the Office of Rural Financial Counselling and officials from the Australian Government Department of Agriculture, Fisheries and Forestry (DAFF) and Centrelink. Over 170 people participated in the conference held in Adelaide on 11 and 12 June 2008.

The conference started with Ms Georgina Williams, Nganki Burka (which means a female indigenous elder) of the Kurna (pronounced 'Garna') people, who welcomed conference participants to the Adelaide region in both English and her native language. Ms Williams noted the importance of working with the land and environment. She expressed interest in the importance of the conference for the Rural Financial Counselling Service (RFCS) Program and was impressed with the role played by rural financial counsellors in helping people to make decisions regarding their future. The 'Welcome to Country' demonstrated a mark of respect to the traditional custodians of the land where the conference took place.

Ms Glenda Kidman, General Manager of the Climate Change Training and Adjustment Policy Branch of DAFF, officially opened the conference. In her opening address Ms Kidman identified three main aims for the conference:

- to acknowledge progress in the development of the RFCS Program and the contribution and achievements of the people involved in the program
- to provide an opportunity for participants to network with colleagues from around Australia, and
- to look to the future challenges and opportunities for the agricultural sector and the role of the RFCS Program in promoting positive change within the agricultural industry and the communities it supports.

Ms Kidman noted that the conference was being held at an important time of change to Australian Government policy directions related to agriculture and rural adjustment. She noted that the RFCS Program has been acknowledged as playing a catalytic role in enabling structural adjustment within agriculture and that the program is a key part of new policy initiatives and programs. She said that the conference would provide an opportunity to begin to disseminate information and discussion on these changes with rural financial counsellors and other participants.

This report provides a summary of the key information and messages delivered by speakers and the participants of the conference. There were four main sessions:

1. Insights into the dynamics of the Australian agricultural operating environment
2. Introduction to the Australian Government policy directions
3. Perspectives on social and people issues associated with change
4. Encouraging change and adjustment: tips and techniques.

1. The dynamics of Australian agriculture

The first conference session focussed on the current operating environment for the agriculture sector. Mr Vince O'Donnell, Manager of Commodity Outlook at the Australian Bureau of Agricultural and Resource Economics (ABARE), provided up-to-date information on the economic situation for Australian agriculture. Professor Will Steffen, Director of the Fenner School for Resource and Environment at the Australian National University, then presented participants with an introduction to climate change science and the current state of knowledge about climate change in Australia and internationally.

During the session, participants heard that recent extraordinary world economic growth has seen prices for commodities rise. However, high exchange rates and large increases in costs of inputs such as fuel and fertiliser have reduced the price benefits flowing to Australian farmers.

The Australian agriculture sector is also in the process of recovery from drought. Mr O'Donnell suggested that the ability of individual farmers to recover from drought is determined by the equity they hold and the profitability of their business. Mr O'Donnell identified that approximately half of farmers have high equity and high profitability and are well positioned to recover, while other farmers have both low equity and low profitability and could be likely to exit the industry during the recovery phase.

Climate change provides a longer term challenge for agriculture that must be dealt with now. Professor Steffen outlined that there is consensus amongst scientists that human influence on the carbon cycle, by the emission of large amounts carbon dioxide and other greenhouse gases into the atmosphere, is driving rising temperatures and changes to climatic conditions. The climatic impacts of this warming trend will include more intense natural disasters and changes to rainfall patterns. In particular, there is growing evidence that increasing sea surface temperatures are linked to decreasing rainfall in key agricultural regions in southern Australia.

Professor Steffen emphasised that scientists are working on trying to better communicate to farmers the changes they might see in their region as a result of climate change. In particular, work is being done to look at the reliability of rainfall in different regions to allow farmers to adjust to new rainfall patterns. He suggested that the agricultural community needs to continue to ask the scientific community questions to ensure that relevant research can be undertaken and information communicated appropriately.

Both presenters suggested that if humans caused changes to climatic conditions they also had an opportunity to reduce their impacts and therefore reduce the size of the change to levels where farmers can adapt and remain profitable over the long term.

Mr O'Donnell noted that one approach to responding to the problem is the impending introduction of an emissions trading scheme by the Australian Government. Under this scheme, a need for businesses to hold permits for any emissions will lead to a carbon price and extra costs. For example, cost increases for businesses were expected to be between 3% and 18% for livestock industries and 4% and 6% for cropping industries, depending on the details of the emissions trading scheme adopted in Australia.

The key for agriculture in this complex environment is productivity increases. Adjustment, in the form of some businesses exiting agriculture and others growing, and technology change, such as adoption of more efficient production methods in the sector, have been the key to previous productivity increases. In this environment, government policies such as Exceptional Circumstances assistance and Farm Management Deposits should not try to stop change and adjustment by providing significant or long-term financial support to farmers who are not viable. Rural financial counsellors also have an important role in supporting the decision making processes of adjustment and exit by some farmers for the long-term health of the sector.

Key messages from the dynamics of Australian agriculture session:

- The short-term forecast for commodity prices is positive but input costs are also rising rapidly.
- Scientists are 95% certain that the observed changes in climatic patterns are a result of human induced increases in carbon dioxide in the atmosphere.
- Scientists are also 80% certain that the current extended dry period is partly attributable to these climatic changes.
- Those 25% of producers who have low equity and low profitability are likely to exit the sector in the near future and climate change will place further pressure on others.

2. Introduction to Australian Government policy

The second session of the conference introduced the new policy and programs relevant to the future operation of the RFCS Program.

Participants were provided with an overview by the Australian Government of the new *Australia's Farming Future* program, which is designed to equip primary producers to adapt and adjust to the impacts of climate change. The initiative comprises three components that support research and development projects, communication and awareness activities, training, advice and adjustment assistance:

- *Climate Change Adaptation Partnerships Program* – aims to increase our understanding of climate change impacts and improve on-farm preparedness
- *Climate Change and Productivity Research Program* – seeks to undertake research on managing emissions and adaptation
- *Climate Change Adjustment Program* – aims to provide primary producers with professional advice, training and adjustment assistance.

A more detailed presentation was made to participants on the Climate Change and Adjustment Program, as the RFCS Program plays a role in this new program. This presentation indicated that the RFCS Program will now include case management, the development of action plans and reviews of client progress. Participants were given a first look at the processes being designed to guide program implementation. Farmers in the greatest financial hardship will be given greater priority within the program, while others will be managed by Centrelink in a self-managed approach. Farmers accessing the Climate Change Adjustment Program have a clearly defined mutual obligation to take action and make changes in return for financial assistance.

Participants heard that the new case management approach to be introduced within the Climate Change and Adjustment Program was developed following discussions with rural financial counsellors and executive officers. It is intended to allow farmers involved in counselling to take greater control and to formalise the process rural financial counsellors use to achieve change in the farmer's circumstances. There will be an on-going process for informing and discussing changes with rural financial counsellors including the information and training sessions to be held in the months following the conference.

DAFF also outlined the process and timing for the current Drought Policy Review, which will support the development of policies to help better prepare farmers and rural communities for a changing climate. The Drought Policy Review consists of three assessments:

- an **economic** assessment of drought support measures by the Productivity Commission
- an assessment by an expert panel of the **social impacts** of drought on farm families and rural communities, and

- a **climatic** assessment by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the Bureau of Meteorology of the likely future climate patterns and the current Exceptional Circumstances standard of a one-in-20 to 25-year-event.

Participants were encouraged to help promote the public hearings being conducted by the Drought Policy Review over the next few months, particularly the review component that examines the social impacts of drought on farm families and rural communities. It was noted that information on the location of the public hearings will be available in the coming weeks and would be provided to those involved in the RFCS Program.

Centrelink also gave participants an overview of a proof of identity trial being undertaken with rural financial counsellors in Queensland and Victoria. This new system aims to allow rural financial counsellors to certify the originality of documents used to prove a client's identity in the application process for Centrelink programs.

Following the presentations, participants asked questions of clarification and also identified for presenters what they liked about the new directions and what worried them. Participants were positive about the structured approach under the new arrangements and the potential for the approach to empower farmers. Participants were also positive about the potential for the new arrangements to get farmers to face the reality of their situations, encouraging faster exit for those whose circumstances are dire. Participants were also happy that Centrelink saw rural financial counsellors as being capable and trustworthy in the certifying of identify documents.

Participants expressed the need for more information and clarification on some components of the new directions. For example, more information was sought on the eligibility criteria for programs as there was concern that only a small percentage of existing clients were thought to be eligible under the new arrangements. Greater clarity was sought on how the case management and mutual obligation approach would work. An example Action Plan was sought by participants to help them to understand the process envisaged by the Australian Government.

The Government committed to providing more information and training on the new program in the coming months.

Key messages from the introduction to Australian Government policy session:

- Under the Climate Change and Adjustment Program, rural financial counsellors will have new roles in structured case management, the development of action plans and reviews of client progress.
- The case management approach is intended to allow farmers to take greater control and formalise the process rural financial counsellors use to achieve change in farmers' circumstances.
- Farmers will have a clearly defined mutual obligation to take action and make change in return for government financial assistance.
- The Australian Government committed to providing more information to enable effective delivery of the new components.

3. People adjusting to change

The third conference session took a social and people perspective on the process of adjusting to change.

Mr Mike Stephens, Director of Mike Stephens and Associates (MS&A), provided participants with a series of insights on the people who are involved in agriculture and the motivations they have in their own lives and businesses which can impede or facilitate the adjustment process.

Participants were engaged in a skit where 13 people, each representing 10 000 of Australia's farmers, were asked to represent the 130 000 farmers in Australia. Mr Stephens noted that only 30 000 of them regularly make a profit. The remaining 100,000 are the ones who need to change to become profitable or to adjust out of the industry. According to Mr Stephen's experience, 25% of these people are likely to adjust out because of dire financial circumstances, but the remaining 75% are likely to be slow to change.

Mr Stephens challenged participants to understand their client's perspective of their farm, and the way that they farm, in order to understand what motivates them to stay on, despite sometimes serious hardship. It was suggested that there are a variety of reasons that farmers, particularly men, will use to justify continuing farming the land they own in a particular way. This might include attachments to:

- owning tractors, machinery and other farming 'toys'
- livestock or a method of farming
- family traditions
- the farming lifestyle, and
- being a farmer.

Participants were also asked to recognise the positive aspects of adjustment and Mr Stephens related a series of stories, some personal and other drawn from *There is still life after farming*, a book written by him and Mr Nigel McGuikian in 2004, which he distributed to participants during the session. Participants were given real examples where farmers had taken the decision to leave the industry and found it to be a positive decision for their personal happiness and financial viability.

Ms Margaret Bridgeford, Chief Executive Officer of Resource Consulting Services, provided participants with insights into new research on how the human brain embraces, or does not embrace, change and suggested how these insights can be practically applied by rural financial counsellors during their dealings with their clients.

Participants were given four key take home messages on the operation of the brain when facing change:

1. *If a new idea is detected as an 'error message', the brain will not take it on:*
 - the brain does not like change because routine thoughts require less energy than new thoughts
 - new ideas and information must be delivered in a way that does not promote a defensive reaction or 'error message'.
2. *Focussing the brain gives the client power:*
 - focussing the attention of a person is essential to taking on and embracing new information
 - a good approach is to focus the client's attention on areas where they have some control and can take tangible action
 - it is advisable to draw focus away from areas that may be of concern, but that cannot be influenced (e.g. rather than worrying about the cost of fuel which you can't change, think about how to use the tractor more efficiently).
3. *Focus should generate insights to create a positive reaction in the brain:*
 - large scale behavioural change requires large scale change in mental maps
 - the brain makes its own connections and other people who already have these connections and understanding cannot simply transfer this insight to others as the individual needs to develop their own mental maps and conclusions

- people need to change their mental maps themselves by ‘joining the dots’ or having an ‘Aha!’¹ moment before the brain will really engage in change.

4. *Insights need repeated focus to permanently change mental maps:*

- brains need new information, ideas or insights to be reinforced several times before they will become embedded in a person’s thinking; and
- once something is ‘hardwired,’ people are ready for action and behavioural change.

A series of principles for powerful engagement to assist them in implementing this knowledge in their day-to-day counselling work were provided by Ms Bridgeford:

- listen, listen, listen (meet the client where they are at)
- show empathy, not sympathy (care but remain objective)
- ask questions using ‘how’, ‘what’, ‘where’ to get the client to focus on communicating
- avoid using ‘why’ because it is closely related to a judgement of right and wrong and can make people defensive
- utilise the three positions of communication (1st person [your view], 2nd person [their view], 3rd person [an objective outside view]) in order to generate perspective on a situation.

Participants asked a series of questions of the presenters during a panel session. This session emphasised the importance of persistence in getting all members of a family to focus on a problem. It was also suggested that in looking at an individual farm’s ability to make a profit it is useful to examine opportunities for the farmer to improve their skill, scale or off-farm income. Finally, it was suggested that in dealing with depression, focus can help develop a positive frame of mind, but if someone will not acknowledge their position they may need professional help before focus and a change process can begin.

Key messages from the people adjusting to change session:

- Approximately 100 000 of Australia’s farmers are not profitable and need to change.
- Understanding a farmer’s individual situation and their perspective is essential to helping them change.
- When encouraging anyone to make large scale change you should remember that:
 - new ideas detected as ‘error messages’ will not be accepted by the brain
 - focussing the brain gives the client power
 - focus should generate insights to create a positive reaction in the brain, and
 - insights need repeated focus to permanently change mental maps.
- Adjustment out of agriculture can be a positive experience for farmers and their families.

4. Encouraging change and adjustment: tips and techniques

The final session of the conference examined practical ways in which rural financial counsellors can encourage change and adjustment. The session was an interactive workshop where participants had an opportunity to both share experiences and learn from others.

¹ A term that refers to a moment where someone suddenly puts information together to understand a key particular issue or concept, also sometimes referred to as when ‘the penny drops’.

An introduction to the workshop was provided by Ms Fran Rowe, who has been a rural financial counsellor for 22 years and has been involved in the RFCS Program since its inception. Ms Rowe drew on her experience and built on the presentations and perspective provided in the People Adjusting to Change session.

Ms Rowe identified a number of barriers to adjustment she has experienced. These matched closely to those identified by Mr Stephens earlier in the conference and included:

- love of the land
- history and tradition of land ownership
- pride and satisfaction in producing
- fear about what a person's or family's role might be beyond farming, and
- adjustment out of agriculture is a big lifestyle change.

Ms Rowe emphasised to participants that she has found it useful to understand the grieving process. She has recognised that during the adjustment process, farmers and families will go through similar stages and that where they are in this process can influence their readiness to change. In her opinion, rural financial counsellors can help people to break through this grieving cycle and make a good decision for their future.

Ms Rowe also shared with participants her own 'stepping stones' to adjustment, which link well to the key messages Ms Bridgeford provided on insight into what the brain needs to change presented earlier in the conference:

Ms Rowe also identified that there has been an important change in the context for adjustment in recent years when she compares her recent experiences to those in the 1980s and 1990s. In earlier decades she noted that there were higher interest rates, low commodity prices, low land values and a lot of pressure from banks which made the adjustment process more challenging. Currently the banks are placing less pressure on people, and commodity and land prices have improved. In this situation, there is a much greater opportunity for those in unviable enterprises to exit with dignity.

Following Ms Rowe's presentation, an interactive discussion between participants was held that allowed individuals to provide their own insights and perspectives to steps used in adjustment.

In a workshop session, participants were asked to discuss and share perspectives around four key questions:

- What are some of the strategies that you already adopt to create focus for your clients?
- What have you learned from yesterday that you could adopt to help create and maintain your clients' focus?
- What strategies can you use to help create the 'Aha!' moment (how do you help the client to join the dots instead of you)?
- In a situation where only one person has engaged with you ('Aha!') and the other/s haven't, what are the strategies that you could adopt?

The result was an in depth and practical discussion of the tips and approaches used by participants in assisting clients who are adjusting out of agriculture. The main tips identified by the group are summarised below under a series of themes together with the words used by conference participants in describing the issues and approaches discussed and used:

Theme: Developing rapport and defining things in their terms is important

- Build rapport, develop trust
- Offer to take out some milk or bread or pick something up from town to save them a trip
- Try to define the real problem which may not be how they originally communicate it
- Define problem from their perspective
- Let client tell their story and distil key messages
- Use the service declaration to build rapport

Theme: Creating and using options is crucial

- Never give options numbers so they are equal in status
- Discuss options and details
- Assess the financial impact of options
- Options generated by the client themselves are the best way to get an 'in'
- Outline options and keep them all open
- Identify skill, scale or off-farm income issues and opportunities

Theme: Let the client set the pace and tone as much as you can

- Let the client speak and be prepared to shut up
- Be flexible and let the client set priorities
- Accept that things will take time and let things take time
- Let the client come to their own conclusions
- Fear of failure is a primary issue for male farmers and it takes time to overcome
- Keep it simple and don't lecture or provide solutions
- Opportunities for reflection are necessary

Theme: Use referrals to get the process going or keep it going

- Getting some emotional help for a client first can be an important precursor to good decision making
- Need to be upfront in suggesting referrals
- Try to get them to a point where they have immediate needs for food, money etc. satisfied so they can focus on longer term decision making
- Work with other professionals they are using to build consensus

Theme: Setting up and managing the meetings is very important to the outcome you get

- Put some effort into setting up the right location for the meeting (at the farm or in town)
- Meet face to face as much as you can
- Get them to put some thoughts on paper before the meeting and have a to do list yourself
- 1st session is an icebreaker and time to build detailed understanding of their situation and trust
- Clients have different preferences for location which you need to recognise
- Explain process for session clearly in the introduction
- Include a solo farm tour to get the farmer to talk, participate in their day
- Use blank business plan to get them to understand the planning process, use visual aids
- Involve the client in the financial assessment process so they understand what it means when you are finished
- Create a break in a meeting to transition from getting to know them to starting to work through process and substance of financial assessment
- Conclude meeting with a written summary, document everything so they have something to refer to later
- At the end of one meeting create the agenda for the next meeting, plan a follow up meeting always
- Make a task list for follow up/Give the client homework between meetings

Theme: Techniques to get the conversation flowing and keep it flowing

- Active listening is important and you can also summarise what you have heard at the end to confirm you understand
- Reframing things the client says in a more positive way can help build their positive focus
- Use a scenario to get an understanding of what their options are (e.g. if you had to leave tomorrow where would you go)
- Ask where the client sees themselves in the future to get a positive orientation or to set a goal
- Use questions to keep things flowing
- Use a reverse scenario (if you won the lottery, what would you do?)
- Identify positives in their lives
- Ask questions and consider being direct
- Don't use 'why'
- Use cash flows to hone them in on the reality of the business

Theme: Managing couples and their relationships can require a variety of approaches

- Try to have both people in the room
- Mediation techniques are very useful
- Separate the couple
- Provide insights to couple on their relationship as a third person
- Deal with couples separately as well as together
- Be a catalyst for improving communication between the family

Theme: Focus on the things they can do something about or have some control over

- Try to get back to things they can do something about
- Break a process into small steps
- Focus on areas they can control
- Link discussions you are having with activities they can undertake
- Get the client to take a small action to get them moving

Theme: Counsellors acknowledging their skills and needs

- Counsellors need to recognise and build upon the skills they themselves bring to the situation
- Know your boundaries, be confident of your skill set, use mentoring and other opportunities and learn whenever you can
- Have an expectation that people are resilient and make it so you can focus on being objective

5. Information session on Financial Planning Association Pro Bono Program

Participants were introduced to the Financial Planning Association Pro Bono Program by Ms Jo-Ann Bloch, Chief Executive Officer and Director of the Financial Planning Association (FPA). The program provides a framework and governance process for connecting financial planners and people in need via rural financial counsellors.

Participants heard how the program has been successfully piloted in the Sunraysia district of Victoria by Lyn Heaysman of RFCS Victoria – Sunraysia and the FPA, with seven client referrals and thirty registered advice providers. The FPA is now seeking to roll out the program nationally and sought the support of the rural financial counsellors in this process.

During questions, participants appeared positively orientated towards the program but sought clarification on availability of planners, eligibility of clients for referral to the program, whether fees for product sales received by planners would be rebated and the length of time a pro bono relationship could exist.

Key messages on the information session on the pro-bono financial assistance:

- The pro bono program can provide free financial advice to people judged by rural financial counsellors to be in genuine need.
- The FPA is seeking to roll the program out nationally.
- Rural financial counsellors require more detailed information before they can actively engage in the program.

Conclusions

Overall, the conference was reported by participants to be a positive opportunity for people involved in the delivery of the successful RFCS Program to acknowledge their contributions, be informed on key issues likely to impact the agricultural sector in the coming years, and to spark ideas on adjustment techniques that could be used by rural financial counsellors.

New directions in the RFCS Program and Australian Government initiatives will be further communicated to conference participants in the coming months to ensure smooth and successful implementation of the initiatives.

Participants reported that they valued the opportunity to engage with their colleagues from around Australia and share experiences. In particular, newer rural financial counsellors said that the insights from experienced rural financial counsellors had given them confidence to continue to improve the services they deliver and continue to challenge themselves with trialling and adopting new approaches to help farmers in financial difficulties to make informed decisions. Experienced rural financial counsellors also reported that ideas and approaches used by newer rural financial counsellors were useful for them to continually improve the services they provide to farm clients.