

Economic Development,
Jobs, Transport
and Resources

Farm Risk Management Grants

Program Guidelines



AGRICULTURE VICTORIA

FARM RISK MANAGEMENT GRANTS PROGRAM GUIDELINES

The Victorian Government has established the Farm Risk Management Grants (FRMG) program to assist farmers plan, identify skill gaps, address management practices and implement on-farm infrastructure that improves preparedness.

This program is a key component of the Victorian Government's Drought Response Package and will strengthen the preparedness and capability of Victoria's agriculture sector.

The FRMG program is available to eligible farm businesses in north west Victoria.

The program will be available to eligible farm businesses located in the following local government areas: Buloke, Yarriambiack, Loddon, Northern Grampians, Horsham, Hindmarsh, Gannawarra, Pyrenees, Central Goldfields, West Wimmera and Ararat.

PROGRAM OBJECTIVES

The Farm Risk Management Grants (FRMG) program will:

- increase farmers' business planning, climate preparedness and risk management skills, and general market knowledge
- increase the number of farm businesses with business and risk management plans to operate in a challenging environmental and economic environment and take advantage of available opportunities
- assist farmers undertake development projects that would enhance the preparedness and longer term viability of the farm
- assist farmers identify skill needs through a skills audit and then receive targeted training
- assist farm businesses in accessing new and expanding markets.

ABOUT THE PROGRAM

The FRMG program provides business planning grants of up to \$3,000 for business planning; and development grants for preparedness activities and/or skills and training, with the combined total not exceeding \$10,000. All development grants require at least a 50 per cent co-contribution.

Farmers who already have a business plan that meet the standards required for this scheme may be eligible for a development grant of up to \$10,000.

Having a business plan, prepared, reviewed or updated within 12 months and consistent with the programs guidelines, is a mandatory requirement of the program.



Business Planning Grant

Grant requests for up to \$3,000 will be considered to engage a professional consultant to work closely with the farm business to prepare, or review and update, an applicant's existing business plan. A key component of the business plan will be a climate preparedness and skills audit to identify how climate and economic change will impact on the business and the critical training and development needs for farm businesses.

The business plan must be:

- prepared or reviewed (if an existing plan has already been developed) by a consultant who is a full member of a recognised professional body such as CPA, Chartered Accountants, Ag Institute Australia
- completed (or reviewed) within three months of the date of eligibility approval to guarantee funding and avoid the application lapsing
- assessed as complying with the minimum business plan standards required for this program (see **Attachment A** for requirements).

In broad terms the plan must:

- provide a strategic assessment of the financial, production, marketing, human, and climate aspects and likely future direction of the business
- identify skill development needs and activities arising from the business plan assessment and clearly state the likely benefits of those activities to the business
- identify medium to long term business goals
- identify risks to the business and suggest mitigation options
- identify opportunities for enhancing the productivity, sustainability and management potential of the business.

Business Planning Grants will be honoured if the business plan recommends a cease of business.

If an approved business plan is already in place, the grant of up to \$3,000 available for business planning can be used towards the Development Grant. Note: business plans that are older than 12 months must be reviewed by a consultant that is a member of a recognised professional body such as CPA, Chartered Accountants, Ag Institute Australia.

Development Grants

There are two categories of Development Grants: Preparedness Infrastructure; or Skills and Training. Applicants can request funding from both categories if both areas are reflected as priorities in the business plan.

Participants must contribute 50 per cent of the total cost of the development activity.

To secure grant funding, development activities must be completed within six months of the date of approval of the Development Grant by Rural Finance.

The grants will be administered by Rural Finance.

Preparedness Infrastructure Activities

Grants of up to \$10,000 minus the balance of the Business Planning Grant will be considered to implement development projects and/or activities identified in the business plan that will enhance the preparedness and viability of the farm.

Preparedness Infrastructure activities include the following (but are not limited to):

- adoption of reduced tillage practices, including purchase and/or modification of equipment
- initiating or upgrading information and knowledge management systems (e.g. software packages)
- improved water infrastructure for stock management (not irrigation)
- business marketing (e.g. development or re-design of business website)
- diversification of farm production to improve profitability
- farm development to improve efficiencies to farm production systems (e.g. sensor equipment, infrastructure and machinery)
- fodder storages and systems (e.g. silos, silage bunkers, hay sheds)
- re-fencing to better match property layout with land capability
- reclamation of degraded areas to deliver lasting benefits directly linked to productivity and profitability
- feeding system upgrades (e.g. feed pads)
- pasture improvements and renovation
- improving waste water and effluent management systems
- adoption of precision farming techniques (e.g. auto-steer tramlining, yield mapping and weed-seeker technology).



“Grants of up to \$10,000 combined will be considered to build capacity and knowledge within the business.”

Skills and Training

Grants of up to \$10,000 minus the balance of the Business Planning Grant will be considered to build capacity and knowledge within the business. The priority areas for training considered important include:

- financial and business management
- farm business planning and/or drought preparedness planning.

Skills and training activities include the following (but are not limited to):

- training requirements identified in the business plan related to farming or business management (including financial/risk/diversification/people management)
- training in how to use relevant computer software
- training requirements related to climate literacy (e.g. understanding seasonal risks and climate forecasts)
- one-on-one training in management skills and capacity
- participation in a leadership program
- attending an agriculture related or business/finance/risk management/diversification/people management conference or seminar.

Applications will be considered for any form of study or training, including professional short courses or workshops, as long as it:

- involves a minimum of 16 contact hours (this may involve more than one course or workshop, and may be across multiple institutions or organisations, or offered online)

and

- is delivered by a registered training organisation (RTO)

or

- is delivered by any other reputable organisation approved through discussion with the Department of Economic Development, Jobs, Transport and Resources (DEDJTR).

The Victorian Skills Gateway and training.gov.au provide information on vocational training and Learn Local organisations. You can also contact your local industry or training organisation for information on training and development programs, or your local Victorian Farmers Federation branch.

Development Grants – ineligible activities

Development activities and expenses not eligible for the grant include (but are not limited to):

- replacing existing agricultural machinery and equipment (e.g. tractors)
- travel, accommodation and childcare expenses to participate in training
- purchase, lease or acquisition of land
- purchase, lease or maintenance of transportation vehicles (e.g. cars, motorbikes, trailers and trucks)
- utilities and operating costs of the business (e.g. gas, electricity, rates)
- standard variable inputs (normal operations e.g. water, seed, fertiliser, chemicals and fodder)
- purchase of livestock or rootstock
- standard boundary or house fencing
- multi-peril crop insurance
- pre-existing annual fees
- administration, legal or insurance costs
- breeding technologies (e.g. DNA analysis, semen purchases, AI, or ET program)
- activities not related to business objectives identified in the Business Planning Grant application, or in an equivalent existing business plan
- activities not ready for implementation (e.g. infrastructure or training timelines)
- farm business exit strategy assistance.



WHO CAN APPLY?

Eligible participants are individuals who own, share or lease a primary production business in the agriculture sector, excluding start-up businesses. One Business Planning Grant and Development Grant application per farm business only.

Agriculture Sector - is taken to mean Agriculture Operations as defined by the Australian Bureau of Statistics using the Australian and New Zealand Industrial Classification, that is "activities undertaken for commercial gain, such as agricultural, pastoral, horticultural or apicultural activities and poultry farming, dairying farming or any business that consists of the cultivation of soils, the gathering of crops or the rearing of livestock". This does not include fisheries nor forestry activities.

The farm property must be located in one of the 11 local government areas in north west Victoria, which have been most seriously impacted by drought: Buloke, Yarriambiack, Loddon, Northern Grampians, Horsham, Hindmarsh, Gannawarra, Pyrenees, Central Goldfields, West Wimmera and Ararat.

Eligible participants will be required to:

- operate a farm business in Victoria, deriving at least \$50,000 gross income per annum from the business
- sign a statutory declaration showing 51 per cent of income is received from primary production OR demonstrate a minimum farm related capital investment of \$50,000 (excluding land purchase) that has been made in the business
- have off-farm assets of less than \$750,000
- have an ABN and be registered for GST
- be an Australian citizen or permanent resident.

Businesses must declare they have met the relevant criteria. Businesses may be asked to produce evidence, such as financial statements, to validate eligibility. Rural Finance may audit successful applications throughout the life of the program.

ADDITIONAL ELIGIBILITY CRITERIA

- One Business Planning Grant and Development Grant per farm business only. The maximum combined value of all grants received under the FRMG program is \$10,000.
- An applicant who operates more than one farm business may only apply for grants for one of their businesses.
- Development grants are not available where activities have already started or completed prior to the commencement of this program.

ALIGNMENT WITH OTHER PROGRAMS

Where activities can normally be funded through other Commonwealth Government and state programs they will not be funded through the FRMG program. Examples include Stock Containment Area Program and/or connections to the Wimmera Mallee Pipeline expansion. Activities or projects that have received funding from another source will be ineligible for funding under this program.

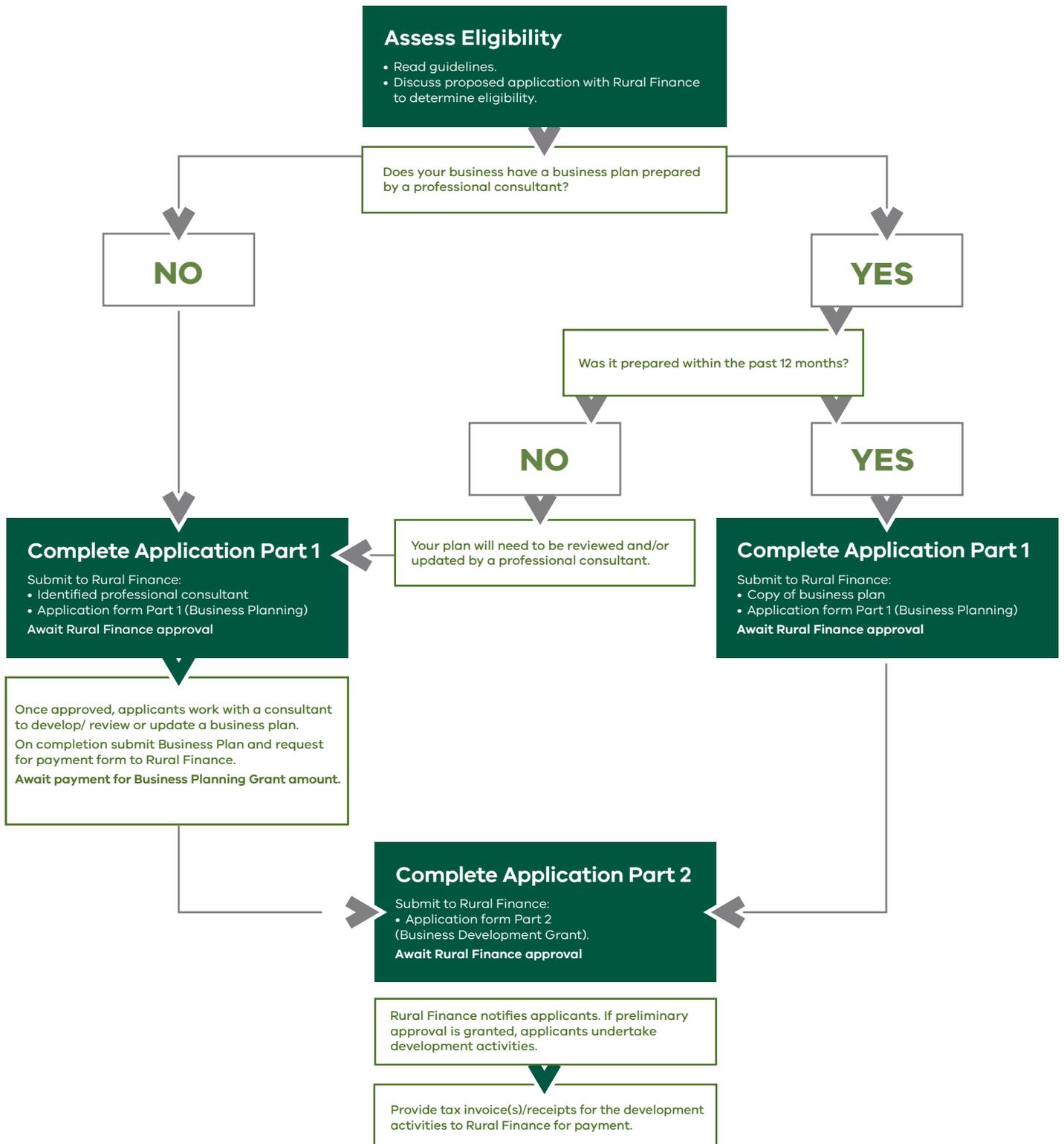
“The program targets eligible farm businesses located in one of the 11 local government areas in north west Victoria most seriously impacted by drought: Buloke, Yarriambiack, Loddon, Northern Grampians, Horsham, Hindmarsh, Gannawarra, Pyrenees, Central Goldfields, West Wimmera and Ararat.”



APPLICATION AND ASSESSMENT PROCESS

<p>Step 1 Assess Eligibility</p>	<ul style="list-style-type: none"> • Read the guidelines carefully to establish eligibility. • Applicants may contact Rural Finance for general enquiries about the application process, or if they are unsure of their eligibility for the grants.
<p>Step 2 Submit Part 1 application to Rural Finance for assessment</p>	<ul style="list-style-type: none"> • Submit application form Part 1 (Business Planning Grant) and await formal confirmation from Rural Finance that application meets eligibility criteria.
<p>Step 3 Undertake business planning activities</p>	<ul style="list-style-type: none"> • Applicant engages consultant to prepare (or review existing) business plan.* • Submit business plan and a paid tax invoice (that provides evidence of payment to consultant) to Rural Finance for assessment. • As the FRMG program are reimbursement grants, the applicant/business must pay for the consultant initially and then Rural Finance will forward payment of the grant amount, ex-GST, once the business plan is complete. • Rural Finance reimburses applicant the money they have paid to engage consultant (up to a maximum of \$3,000), ex-GST. <p>* If the applicant already has a business plan that was previously developed (or reviewed) by an approved consultant and wishes only to apply for the Development Grant they are still required to complete Part 1 of the application. Where a business plan is older than 12 months but has been reviewed by a consultant as required under the program, the cost of the review may be claimed.</p>
<p>Step 4 Submit Part 2 application for Development Grant Activities</p>	<ul style="list-style-type: none"> • Submit application form Part 2 (Development Grant) and await Rural Finance confirmation that the submission for the Development Grant meets the eligibility criteria.
<p>Step 5 Undertake Development Activities</p>	<ul style="list-style-type: none"> • To secure funding, the business development project and/or training activity must be completed within six months of the date of approval of the Development Grant by Rural Finance. • On completion of the development project and/or training activity, grant recipients are required to forward paid tax invoice/s to Rural Finance. • The applicant/business must pay for the project and/or activity initially and then Rural Finance will forward payment of the grant amount, ex-GST, on completion. • The grant amount will be 50 per cent of the total cost of the development project or training activity (up to \$10,000, ex-GST).

APPLICATION AND ASSESSMENT PROCESS





APPEALS PROCESS

Requests to review a declined decision must be submitted in writing to Rural Finance within ten business days of receipt of the original decision notification from Rural Finance. Applicants must provide Rural Finance with sufficient information detailing why the decline reason was incorrect.

Examples may include: factors an applicant believes may have been overlooked by Rural Finance in determining eligibility to receive a grant; and/or relevant information an applicant believes may have assisted the original application, but may not have been included for consideration.

A Review Panel will consider the appeal request, make a decision regarding the appeal, and give notice to the applicant of the appeal decision.

FUNDING SOURCE

The Victorian Government is implementing a \$27 million Drought Response Package. The package targets north west Victoria, which has been most seriously impacted by drought over a prolonged period. As part of the package, \$1.5 million has been provisioned for the FRMG program.

DURATION OF THE PROGRAM

The grants will be available from 1 July 2016 until 30 June 2017, or until the FRMG program funds are fully allocated, whichever occurs first.

EVALUATION OF THE PROGRAM

The Victorian Government may conduct an evaluation to determine the extent to which the FRMG program has contributed to Victorian Government policy objectives. Grant recipients may be requested to provide information to assist in the evaluation after the program's completion.

REVIEW AND AMENDMENT

DEDJTR may review and amend the grants program at any time.

FOR FURTHER INFORMATION

Rural Finance

Telephone: 1800 260 425 (Free call)

Email: industryprograms@ruralfinance.com.au

Web: ruralfinance.com.au

Postal address: GPO Box 1313, Bendigo Central, Victoria, 3552. Fax: 03 5441 8901

Agriculture Victoria

For more information about other drought support being provided by the Victorian Government, please contact Agriculture Victoria.

Telephone: 136 186

Email: drought.support@ecodev.vic.gov.au

Web: agriculture.vic.gov.au/agriculture/farm-management/drought-preparedness

“The Victorian Government may conduct an evaluation to determine the extent to which the FRMG program has contributed to Victorian Government policy objectives.”



ATTACHMENT A

Purpose

Business plans that are developed must represent a comprehensive analysis of the existing and future business. In broad terms the plan must:

- provide a strategic assessment of the financial, production, marketing, human and natural resource aspects and likely future direction of the business
- identify medium to long term business goals
- isolate risks, including climate risks, to the business and suggest mitigation options
- identify opportunities for enhancing the productivity, sustainability and management potential of the business, and
- provide referral and “next step” options where appropriate.

Business plan content

At a minimum, the business plan must include:

Operational Background	<ul style="list-style-type: none"> • Farm location, ownership structure (e.g. sole trader, company, trust) and how long it has been operated • Scale and type of farming operation • Operator contribution detailing who does what in terms of management and decision making • Farm infrastructure • Labour resources • Natural resource management issues
Financial Position	<ul style="list-style-type: none"> • Historical cash-flow and P&L analysis • Statement of Assets and Liabilities (balance sheet) • Equity and Debt analysis
Strategic Business Review	<ul style="list-style-type: none"> • Strategic assessment of existing business position. • SWOT Analysis, or similar • Risks facing the existing business, including climate risks • Risk Management plan - what changes are considered necessary to better position business for known, or anticipated, risks
Future Strategy/ Direction	<ul style="list-style-type: none"> • What are the long term goals of the business • What options are possible to achieve these goals • Which options are recommended • What development activities are required to achieve the long term goals
Conclusions and recommendations	<ul style="list-style-type: none"> • Each recommended project and/or action must include details in the report of how, when and why it should be undertaken