

**JUST LIKE FAMILY**



# JUST LIKE FAMILY

*A history of Victoria's Rural Finance Corporation*

BY ADAM McNICOL AND ANDREW CHAPMAN



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*Cover: Max, Joe and Jess Tucker and Rural Finance staff member Lew Officer at the Tucker family's property near Ararat*

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## STATEMENT FROM THE TREASURER

The Rural Finance Corporation has a proud history of financial support for agricultural businesses across Victoria. For more than 70 years, farmers have had access to Government programs and assistance through the diligent administration of the RFC.

The RFC's expertise and support in rural and regional Victoria has given both new and established farmers confidence that their best interests are at the heart of the Corporation's core functions – particularly in times of hardship.

Victoria's farmers have faced many challenges during the past century. In recent times the 2009 Black Saturday bushfires, the 2011 floods and the ongoing drought in several regions have stricken many farmers and agricultural businesses.

Since 1981, the RFC has been responsible for the administration of assistance schemes worth more than \$1.5 billion, on behalf of the Victorian Government, to support local farmers and agricultural businesses during difficult times. These schemes are not just about Government assistance but are strategic programs designed to provide longer term support to farmers on a range of matters including leases, mortgages and contracts of sale.

The decentralisation of the RFC in 2003 saw the Corporation go from strength to strength by fostering closer regional connections from its new headquarters in Bendigo. Fast-forward more than

a decade and the RFC is firmly a part of regional Victoria, with offices in a large number of regional centres.

The transfer, in 2014, of the RFC's businesses and assets to the Bendigo and Adelaide Bank ensures the Corporation's long-standing relationship with rural Victoria continues. The Bendigo and Adelaide Bank and the Victorian Government will work together to administer important non-commercial programs, such as the Commonwealth's Farm Finance Scheme and natural disaster relief and recovery arrangements.

From its inception following the Second World War and its work to settle ex-servicemen on regional land, to supporting today's modern farming needs, the RFC has been a vital cog in the Victorian agricultural machine. I commend the board and staff for their significant dedication to the Corporation over the years, and thank them for their contribution to the long-term sustainable economic growth of rural and regional Victoria.

Tim Pallas  
Treasurer of Victoria



## FOREWORD

On June 7, 2010, I drove to Bendigo with my wife, Cathy, to be interviewed for the position as chief executive of the Rural Finance Corporation. I didn't know a great deal about Rural Finance at the time, but I was keen to throw my hat into the ring for a job that appealed to me.

At the same time, I was down to the final two applicants in an application process for a position in the insurance industry. It was my expectation that after meeting with the people from the RFC I would be heading to London for a 12th and final interview with the insurance group.

I met with three directors of the Rural Finance Corporation, including the chair, Sonia Petering. The atmosphere in the meeting was such that afterwards I told Cathy that I had felt more at home in that one interview than I had in any of the previous 11 interviews with the insurance group.

Later that day, I received a phone call from the insurance group. I had come second in the process and did not need to worry about travelling to London. Such calls can be hard to take, but it proved to be a blessing in disguise. By 3.06pm the next day, I had an offer from the RFC to become its chief executive. It proved to be one of the greatest opportunities in my working life to date.

When I began at Rural Finance, I used a number of sources to get a feeling for what the

organisation was like. I even asked a number of people in and around the town of Alexandra, where I own a grazing property, to give me their opinions about the RFC. One person replied, "Are you in financial trouble?" Another said, "It's a great place. If they accept you." That first reply touched on one of Rural Finance's legacy issues: that it was once seen as a lender of last resort. But the second reply gave me an inkling about what was one of the Corporation's great strengths: its sense of being a big family – not just within the staff, but also when it comes to the relationship between staff, clients and potential clients. The only challenge was being accepted into the family.

My subsequent four years with the RFC left me in no doubt that it was and continues to be an organisation with a capacity to help people affected by all manner of challenges. And although some people in the finance industry may have perceived my decision to join Rural Finance as a backward step, both financially and geographically, I never regretted joining the RFC family.

I found that the farmers and the many other people involved in agricultural industries in regional Victoria place a tremendous value on the idea of helping people. There is a genuine feeling of shared ownership when it comes to tackling issues in the bush. I also found my interaction with

treasurers, ministers and secretaries in the Victorian Government to be particularly well energised to help farmers and regional folk, irrespective which side of the political divide they sat.

Very early in my tenure we had the tragic death of one of our clients in the west, who I had already had the opportunity to meet. The way Rural Finance came to the fore by assisting with the funeral details and operating the header to assist with harvest, at such a time of extreme grief, will stay with me for many years.

I had worked in agriculture and finance for many years before I joined the Rural Finance Corporation. But I found the agricultural knowledge base within the Corporation to be quite remarkable. It was certainly a competitive advantage. I recall walking through a wheat farmer's crop when a Rural Finance Relationship Manager who was with us made an observation about the heads of the wheat. The farmer turned to me and said, "Rural Finance would be the only place where a Relationship Manager could pick a crop of wheat, let alone those characteristics."

The Rural Finance Corporation had a long history of helping, whether it be in times of floods, drought or fires. The prevailing culture within the organisation was such that the staff put in whatever was needed when they were called upon, and the

people of regional Victoria knew that. While the RFC and its forefathers didn't always get it right, the early days left a very important legacy for today's Rural Finance to carry on. And I firmly believe that Rural Finance remains a genuine organisation, whose people are experts at getting on with the task in hand (such as offering a role to a candidate for the chief executive position within 48 hours, as happened in my case). Today's Rural Finance cares for its clients, and it wants to be a business that is second to none when it comes to understanding the financing needs and challenges facing Victorian agriculture.

Rural Finance has also played a leading role in boosting the perception of agriculture in Victoria. It was during my second year with the organisation that the Victorian Government conducted a study into the image of the state's agricultural industries. The study found that the image of agriculture was a barrier when it came to attracting people into the industry. As part of the response to the study, the RFC developed the Great State of Ag initiative, which is a forum to highlight Victoria's many agricultural success stories. This program has been of great benefit to the industry and the state as a whole, and it will continue into Rural Finance's new era.

The Victorian Government's decision to sell the assets of the RFC to the Bendigo and Adelaide Bank

was about ensuring a better use of funds for regional folk. It meant that I had to go off and find a new direction for my career, but it remains a decision that I fully understand and respect. The sale was the impetus for this book. It came about from my belief, and the belief of many others, that it was important to record the RFC's history during its almost seven decades under Government ownership. I hope it serves as a notable record of those who went before us and an inspiration for those who are taking Rural Finance on its new journey.

Rob Goudswaard  
Rural Finance Corporation chief executive  
2010-2014

*Opposite: The last Rural Finance Corporation chief executive, Rob Goudswaard, at his property near Alexandra*





## Chapter 1

# THE SALE

*“The sale didn’t come as a complete shock, but I guess it felt to me like the family business had gone.”*

**Rob Knight, former Rural Finance executive**

Opposite: *The last chair of the Rural Finance Corporation board, Sonia Petering*

On the morning of May 5, 2014, the Victorian Government called a press conference to be held near Parliament House. The members of the media were told only that the State Treasurer, Michael O’Brien, would be making an important announcement. At 9am, O’Brien, flanked by National Party leader Peter Ryan, took his place before a lectern. Behind him was a large banner that read, “Naphthine Coalition Government Building A Better Victoria.” The banner was a nod towards the 2014-15 state budget, which O’Brien was to hand down the following day. It was also a nod towards the upcoming state election, which was a little over seven months away.

O’Brien thanked the members of the media for attending, then proceeded to detail

his announcement. “The Government, in the 2014-15 budget, will be announcing that we have entered into a Heads of Agreement with Bendigo Bank to divest the business of the Rural Finance Corporation,” he said. “RFC is an agribusiness lender. It has got 11 branches throughout rural and regional Victoria. It is a very good business, and it is a business that has been valued very highly by the Bendigo and Adelaide Bank. This is going to be a very good outcome for the people of rural and regional Victoria.

The Bendigo and Adelaide Bank had agreed to pay a total of \$1.78 billion for Rural Finance’s highly prized loan book and a range of other assets. “The net proceeds of the sale, which will amount to over \$400 million [after the \$1.3 billion that