

Decisions and Advice



"At the end of the day, it's about having information to make informed decisions to make more money."

James Richardson,
Farm manager, Lismore

Farming is a complex business

Most days, farmers will need to make decisions about all sorts of issues that affect the farm business. Things like buying and selling stock, what crops to sow, when to sow them, what are the best feed options, what is the best way to market produce, sell now or later, buy now or later, upgrade plant and equipment, or hire more labour.

Decisions made now will effect the future prosperity of the farm and sometimes farmers will want to seek advice to assist them to make the best decision.

Decisions

Decisions can be characterised as:

- Simple decisions - one right easy answer
- Complicated decisions - one right difficult answer
- Complex decisions - a number of difficult answers.

One of the challenging things about farming is that many of the decisions on a farm fall into the complex category.

The most important element of any decision is that it is made from a position of being well informed. This might mean putting some time into researching options, talking to others who have faced similar situations, and taking the time to consider the implications of each possible choice.

The element of risk is important to any decision. The size and complexity of a decision determines how big the risk is. Sometimes it can seem so big that the decision gets ignored because it seems too complex. Farm succession planning is often in this category. However, failure to make the big complex decisions can lead to unfortunate, expensive and unintended consequences.

One way to approach decision making is as follows:

1. Be clear on your goals and be objective
2. Spend time seeking advice and researching your options
3. Consider and consult with all the people that will be affected by the decision
4. Compare the cost and consequences of each of the options
5. Make a decision based on the option or combination of options will give you and every one involved the best mix of benefits
6. Take steps to put the decision into action.

Consequences and costs that should be considered include:

- Financial consideration - How much is the initial cost? Is the decision final and what is the cost of changing your mind? Are there tax implications?
- People consequences - What will the decision mean for you and your family? Will it affect their relationships with each other? Does the decision risk your peace of mind and all these relationships, now and in the future?
- Resources - Will the decision affect your family and farm resources and your farm viability and sustainability?

Seeking Advice

"Good advisers don't tell you what to do. They help you to understand ... and that helps you make the decisions ... All these big decisions are ultimately up to the farmers."

Nigel McGuckian,
Agricultural consultant



Making decisions can be difficult, especially when dealing with large complex issues. You should seek specialist advice from professionals. This can be costly, so putting some time and thought into the process may well be worthwhile.

Step 1 – Define the problem

The first step is to work out exactly what the problem is – sometimes there is something less obvious that is the real cause of an issue. Once the problem is defined, you can look at the information you already have and work out what other information you need. While this may seem obvious, for large complex issues, there may be a number of problems to be solved. Breaking the big problem into smaller sections can make finding solutions easier. This allows a step by step approach to problem solving and participation by more than one person in finding answers to the problems.

Step 2 – Do some research

Do your own research first if you can. This will help to understand the problem, and allow you to be clear about what you already know and what you need to seek advice about. Suggested sources of information include:

- Internet – most organisations have their own web site with lots of freely available information. The Australian Taxation Office, all government departments and local councils, industry organisations, banks, Law Institute of Victoria, Australian Securities and Investment Commission, Consumer Affairs and educational institutions all have web sites with information that may be useful
- Department of Primary Industries
- Books and magazines
- Library
- Family and friends who have faced similar problems.

Step 3 – Choose an advisor

When you choose your advisor you need to bear in mind that they are offering advice but ultimately you are responsible for the decisions you make. It can be useful to ask another person or your friends and family who they would recommend as an advisor for a particular problem. If you are not happy with the first person you meet with, try someone else. Remember that you are buying their services.

Some people will find it helpful to use a consultant right from the start of the process of addressing a problem – a consultant will be able to offer assistance in defining the problem and working out options for resolution.

Some organisations will give recommendations for professionals that specialise in particular problems. For example, the Law Institute of Victoria will give recommendations for solicitors in your area that practise in the area of law you require.

Look for an advisor who:

- You feel comfortable with and trust
- Has appropriate qualifications and experience in the area of your concern
- Is able to work with your other advisors
- Has no conflict of interest.

Where to get more information

- Rural Law Online www.rurallaw.org.au.
- “Your Farm, Their Future ~ Together” by Nigel McGuckian, Mike Stephens, Robert Brown and Helen McGowan. Published 1995 by Lachlan Advisory Group Inc, Tottenham NSW.
- www.dpi.vic.gov.au/new-landholders. Steps to decision making with farm diversification.
- Rural Financial Counsellors provide free, independent and confidential assistance to farmers and small rural businesses. They can assist your decision making and with referrals to other organisations. To find your local Rural Financial Counsellor in Victoria go to www.vtarcg.org.au or call 136 186.
- Law Institute of Victoria’s referral service - www.liv.asn.au Phone: (03) 9607 9311.
- Department of Primary Industries call 136 186.

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