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# RIC – a program for all seasons

Presented by  
Craig Turner

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## About us

- Established in July 2018 to provide a nationally consistent approach to the administration of Commonwealth loans
- We provide low-interest concessional loans to rural Australia to encourage growth and resilience
- Our head office is in Orange, NSW and we have staff and assessors in every Australian state



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## Our farm business loans

- Low-interest concessional loans for farm businesses impacted by events outside their control that are viable in the long term and demonstrate a financial need
- Keep customers in control of their business and build long-term profitability



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## Progress to date

Since July 2018 (our inception):

- We have approved more than **2840 total loans** valued at over **\$3.08 billion** (as at 30 June 2022)
- **Approval rate 78%**



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A woman wearing a brown hat, a light blue button-down shirt, and dark jeans is walking hand-in-hand with a young boy in a light blue shirt and jeans. They are walking on a dirt path in a rural setting. In the background, there is a large flock of sheep and a large tree trunk on the right side. The sky is clear and blue.

# Current loans



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# RIC Loan Programs

## AgriStarter Loan



To assist first time farmers and support farm succession arrangements

## Drought Loan



To assist primary production enterprises deal with, prepare for or recover from drought

## Farm Investment Loan



To assist primary production enterprises to improve their strength, resilience and profitability

## AgBiz Drought Loan



To assist small businesses that supply primary producers with goods and services with working capital or improve cash flow during times of drought



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# Farm Investment & Drought loans





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## Farm Investment & Drought Loan - Terms

- Maximum loan amount **\$2,000,000**
- Loan value must be **no more than 50% of eligible commercial debt**
- **10-year term**; guaranteed 5 years' interest only then 5 years' principal and interest
- The amount owing after year 10 is expected to be refinanced by the bank
- Current variable interest rate **2.31%**
- No fees and charges
- No redraw facility





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## Examples of uses for RIC Loans



Refinancing existing debt to free up cashflow



Access new debt for operating expenses and capital improvements



Drought and Natural Disaster recovery activities, preparedness and management



Enterprise development, diversification and future-proofing



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## Farm Investment & Drought Loan - Uses

- Productivity improvements; including diversification, addressing environmental challenges, upgrading water infrastructure, upgrading plant/machinery
- Additional land purchases are eligible, especially if identified as a risk mitigant
- Biosecurity planning and response; including re-alignment of infrastructure, storing of genetics for future use i.e. embryos/semen
- Management of feral animal risk e.g. exclusion fencing
- Drought preparedness e.g. additional on-farm fodder storage, increased watering points



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# Farm Investment & Drought Loan - Guidelines

- Enterprise needs to demonstrate viability within loan term
- Business required to demonstrate a 2 year negative financial impact from circumstances beyond their control. i.e. dry conditions, market closure, impacts to supply chains, biosecurity issues etc
- At least one applicant is required to derive more than 50% of their income and spend more than 75% of their labour within the farming enterprise
- Financial need to be demonstrated
- Security required; generally land, the RIC generally has an agreed 2<sup>nd</sup> position behind commercial lender
- Drought Loans NOT predicated on state declarations



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## Common misconceptions

- Not a lender of last resort
- Mortgage priority arrangements are mutually agreed
- Bank support is not binding for the length of the loan
- No problem to pay out early

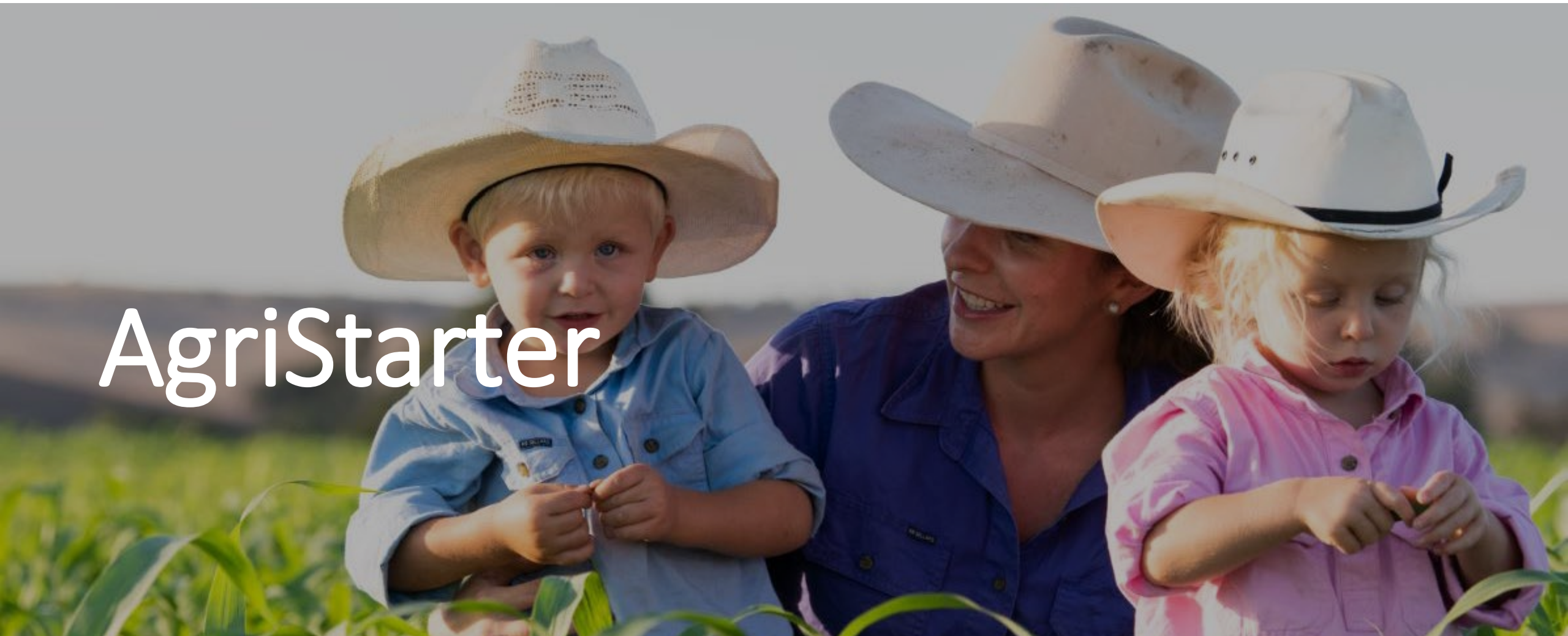


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# AgriStarter





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# AgriStarter Loan - About

- The AgriStarter Loan launched on 1 January 2021 to assist first time farmers and support farm succession arrangements.
- Use to buy an existing farm, establish a new farm business, develop a recently acquired new farm business, undertake on-farm succession or developing leasing or shareframing.





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## AgriStarter Loan - Terms

- Maximum loan amount **\$2,000,000**
- Loan value must be **no more than 50% of eligible commercial debt**
- **10-year term**; guaranteed 5 years' interest only then 5 years' principal and interest
- The amount owing after year 10 is expected to be refinanced by the bank
- Current variable interest rate **2.31%**
- No fees and charges
- No redraw facility
- Now a core RIC product, no end date, funded as required.



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# AgriStarter Loan – Who can apply?



## First Farmer

- Purchasing or developing a farm business which the applicant holds or ***will hold the sole or controlling interest***
- Develop a recently (in previous 3 years) acquired farm business



## Successor

- Farm business or farm asset successor
- Recently (in previous 3 years) inherited/acquired or will inherit/acquire farm assets or an interest in a farm business under a succession plan
- Have at least one member who intends to have the enterprise as their ***principal business pursuit***.





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# AgriStarter Loan – Who can apply?



## First Farmer – Share farming or leasing

- Purchasing or developing a farm leasing or share farming business which the applicant holds or ***will hold the sole or controlling interest***
- Develop a recently (in previous 3 years) acquired share farming or farm leasing business
- Develop a share farming or leasing business including property purchase



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## AgriStarter Loan – Key eligibility

- Have obtained or will **obtain a loan on commercial terms.**
- Demonstrate **financial need**
- At least one member of the applicant entity will achieve **50% of income and spend over 50% of labour in the farm business** within loan term.
- **Viable** or achieve viability within term of the loan.
- Provide sufficient **security** for the loan (N.B. in most instances landed security will be required).
- **Not for those** engaged in longer term build-up and are not yet viable, unless leasing or share farming.



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# Thank you

Craig Turner

[craig.turner@ric.gov.au](mailto:craig.turner@ric.gov.au)

0466 515 307



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