



Australian Government



Regional Investment Corporation

# Corporate Plan

2024/25



## **Regional Investment Corporation**

Corporate Plan 2024 - 2025

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### Acknowledgement of Country and Traditional Owners

Regional Investment Corporation acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, sea and community. We pay our respects to them, their cultures, and to their Elders past, present and emerging.

## 1. Introduction from the Chair and CEO

The RIC Board, as the Accountable Authority, presents the Regional Investment Corporation Corporate Plan 2024-2025, which covers the period from 2024-25 to 2027-28, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*.

This Corporate Plan represents a period of excitement, anticipation, and evolution for the RIC on several fronts.

In 2023-24 we delivered a transformational change to our business model by insourcing new loan management services, technology and associated workforce previously undertaken by third parties. In the coming year we will build on our new capability and through continuous improvement in our systems and services. Working on ways to make it easier to do business with the RIC has become possible through full ownership of the customer experience that we now have, and this year we will see the benefits of this change really start to shine.

Early in 2024-25, the Statutory Review of the *Regional Investment Corporation Act 2018* (RIC Act) will have been completed and made available to the Agriculture, Forestry and Fisheries Minister, Finance Minister, Parliament, and the public. With RIC's current loan funding appropriation due to end on 30 June 2026, the outcomes of the review will be pivotal to informing RIC's role and available services beyond that date.

We have worked collaboratively with the RIC Act Reviewer, Dr Wendy Craik AM, to share information and expertise to foster a good understanding of our purpose, customers, and operations. We thank all stakeholders who put forward their views on the RIC to the Act Review team. Working through the outcomes of the review as they become available will be a priority focus for the year ahead.

We are delighted to have approved \$3.4B in loan funding to date, making a direct, on-the-ground impact for farm businesses and farm-related small businesses. We know that this positive impact for farmers also extends to the regional communities and economies in which they operate, with the economic impact of a RIC loan estimated to be a \$3.4 billion contribution to Gross Regional Product and \$1.411B generated in household income over 20 years, and 1,263 FTE jobs annually<sup>1</sup>.

Our purpose, vision, and strategic objectives through to 2026 remain the same, as part of a planned foundation for RIC to be in the best position possible to continue servicing the agriculture sector and regional Australia into the future.



Karen Smith-Pomeroy, Chair



John Howard, Chief Executive Officer

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<sup>1</sup> BDO 2023, *Regional Investment Corporation Loans Economic Impact Analysis*

## 2. About us

RIC (Regional Investment Corporation) is a Corporate Commonwealth Entity and special investment vehicle within the Commonwealth's Investment Framework that delivers government policy through concessional loans.

Our purpose is to support the growth, resilience, and sustainability of Australia's agricultural economy. This purpose has supported the agriculture sector during times of drought, disaster, and business disruption, and for investment in a stronger future.

We specialise in concessional loans to pre-farmgate agribusinesses with a focus on regional outcomes. In recognition of agriculture-dependent supply chains, we also offer a loan that supports farm-related small businesses manage through and recover from drought. We offer loans in a risk-sharing partnership with commercial banks. We manage the return of loan funds back to the Australian Government on a cost-neutral basis, an investment that benefits the government, industry, regional communities, and our borrowers.

Our customers are farm businesses and farm-related small businesses who are in financial need, but viable in the long term. Concessional loans support customers by freeing up cashflow to invest in and diversify their business, manage cost pressures, variability in conditions and revenue, and increase spending into their local economy. Improving farm business cash flow and operating position has direct and flow-on effects that benefit the rural and regional communities, economies and agricultural supply chains that depend on agriculture.



### 3. Strategy and purpose

## Outcome Statement

Encourage growth, investment and resilience in Australian farm businesses and rural and regional communities by delivering the Commonwealth's farm business concessional loans.

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## Vision

A stronger Australia through thriving regions

## Purpose

To support the growth, resilience and sustainability of Australia's agricultural economy.

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## Strategic objectives



- 1 To be valued by customers for the outcomes we achieve
- 2 To be a key partner in agricultural policy delivery
- 3 To be a leader in Australian Government service provision
- 4 To be known for making a difference



## Enablers



### Data

Our strategic  
cornerstone



### People

The foundation  
of our success

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## Customer experience principles



- Respect my time
- Simple and seamless
- Partner with me
- Understand me

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## Culture statements



Be bold and  
act with  
purpose



We are  
down to  
earth



We embrace  
difference and  
act as one

## 4. Performance and key activities

Our performance measures in Table 1 have been refined from the 2023-24 Corporate Plan through the delivery of two measures from the prior year related to an insourced loan management system and associated workforce capability uplift.

We have reset some of the performance measures in this Corporate Plan as we to look to the future as follows:

- Our target performance measure for loan processing timeframes is retained, but our available loan facility in FY2024-25 will increase to \$318.5 million, an almost 50 per cent increase on FY2023-24 funding.
- The introduction of a new performance measure on the rate that RIC loans give customers greater confidence in the future and profitability of their business. Customer confidence has a positive impact for farm businesses and is a demonstration of government policy in action, driving a strong agriculture sector.
- We have evolved our Environment, Social and Governance performance measures to be specific about planned deliverables to measure carbon emissions having established a baseline, and the formation of our Reflect Reconciliation Action Plan.

Performance measures which remain core to our business, such as driving customer satisfaction and managing loan portfolio risk, are carried over from previous plans and will continue into the future.

Performance measures that relate to the processing of new loan applications are currently set to conclude at the close of FY2025-26 in line with our loan appropriation funding. The outcome of the Statutory Review of the RIC Act will play a role in our future direction, and the outcome at the time of writing is not known.

The key activities we will focus on to deliver on our purpose and performance measures are:

1. maintain high levels of customer satisfaction through faster time to decision for eligible loans and continuous improvement of our newly insourced loan management systems, processes and workforce
2. deliver our loans in accordance with funding appropriations
3. prudently and efficiently manage our loan portfolio across each loan's lifecycle
4. manage loan portfolio credit risk in line with our credit risk appetite
5. deliver new products or product amendments as directed by the Australian Government (if required)
6. continue to develop our Environment, Social and Governance framework and associated reporting against our baseline and establishment of our Reflect Reconciliation Action Plan
7. deliver a positive impact to farm businesses by increasing their confidence in the future through the outcomes of RIC loans

**Table 1 Performance measures**

Key activity	Our performance measures	Our target performance result	2024-25	2025-26	2026-27	2027-28
1, 3	Maintain high customer satisfaction	Customer satisfaction rating above 80% <sup>1</sup>	✓	✓	✓	✓
2	Number and value of loans approved	Support provided within appropriation limits <sup>2</sup>	✓	✓	N/A	N/A
3, 4	Risk is managed within acceptable tolerances	95% of new loan decisions are consistent with the risk appetite <sup>3</sup>	✓	✓	N/A	N/A
1	Loan processing timeframe	85% of eligible loans decisioned in 30 RIC handling days for the loan facility of \$318.5M <sup>2</sup>	✓	✓	N/A	N/A
6	Adoption of government policy and expectations on ESG	Emissions/Staff FTE <2023 Baseline Measure <sup>4</sup> Reflect Reconciliation Action Plan established <sup>5</sup>	✓ ✓	✓ ✓	✓ ✓	✓ ✓
7	That the RIC loan has given greater confidence in the future and profitability of customer farm / small business	Customer confidence level above 80% <sup>1</sup>	✓	✓	✓	✓

#### Data sources

<sup>1</sup> Customer surveys

<sup>2</sup> Monthly loan data

<sup>3</sup> Risk appetite statement and risk reporting data

<sup>4</sup> RIC ESG dashboard reporting

<sup>5</sup> RAP Action Plan reporting

## 5. Operating context

### Environment

Within the RIC, the change to our operating model described earlier from outsourced to fully insourced loan management services represents a change in our operating environment. Full ownership of the customer experience and loan management systems brings a new context to how we manage our people, technology, loan portfolio and associated risks.

We also recognise FY2024-25 as a year for potential further operating environment change through the delivery of the independent Statutory Review of the RIC Act report to the Australian Government. Our operating context will be influenced by recommendations that the government agrees to, and we will be working hard to ensure their implementation.

Underpinning all the above existing and potential change is a strong foundation of vision and purpose, strategic objectives, workplace culture and risk management that has already delivered our fully insourced, end-to-end loan management systems and a highly engaged workforce. We are in a solid position as a service delivery agency, and we are poised and ready for what the future holds.

Externally, the agriculture sector's dominance as a driver for economic growth, domestic and international food security, export income, regional employment, and employment in post-farmgate industries, remains critical to Australia's economy and to vibrant regional communities.

The sector continues to be subject to environmental and market volatilities, with some parts of the country receiving above-average rainfall while other parts are in drought, and input costs generally remain high. ABARES forecasts overall improvement in seasonal conditions in FY2024-25, some recovery in saleyard livestock prices, and the nominal gross value of agricultural production to rise by 6%, reaching \$85 billion, or \$91 billion including fisheries and forestry<sup>2</sup>.

Demand for RIC loans is dependent on the seasonal and economic conditions, with strong interest in Drought Loans in RIC's early days pivoting to strong interest in AgriStarter and Farm Investment Loans in recent years. RIC loan eligibility criteria, except for the AgriStarter Loan, requires an applicant to demonstrate financial need and a two-year business impact, but also to be viable in the long term with capacity to repay the loan. Despite recent rainfalls, some areas of the country have been experiencing drought and we may therefore see a future renewed interest in Drought Loans.

Being there to support viable farm and farm-related business during times of drought, disaster, business disruption, and for investment in a stronger future, is at the heart of our very purpose.

## Capability

### People

Our people are the foundation for our success. We have built a modern, dispersed, capable workforce that increased in size in 2023 to deliver all the banking and systems capability we needed to insource loan management and customer experience including a contact centre. Our workforce has remained substantially located in regional Australia since RIC's inception.

Most of our workforce has ties to agriculture and banking and proudly live and work alongside the farm business communities they support. Our people are deeply motivated by the on-farm difference we make through concessional loans, and by deeper engagement with our customers now possible through our new operating model. These strong people foundations drive a positive workplace culture at the RIC.

We will continue to maintain an engaged workforce, something we are very proud of. We plan to enhance our capability in staff recognition, talent management, wellbeing, and development programs to attract and retain the best people in Australia.

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<sup>2</sup> ABARES 2024 Agricultural Commodities Report: March quarter 2024, ABARES, Canberra, DOI: <https://doi.org/10.25814/byyh-ne21> CC BY 4.0.

To achieve this, we will implement improvements that drive staff engagement and retention, streamline recruitment processes, build capability by embedding a development culture, and increase accountability.

## Technology

Our insourced operating model has delivered us new end-to-end customer and loan management technology. Coupled with this, secure and reliable data is recognised as a critical enabler that supports our strategic objectives.

We plan to continuously improve our ICT infrastructure to ensure we have accurate, robust data and systems, enabling comprehensive data analysis, and timely delivery of meaningful insights for government, management, compliance, and governance reporting.

Our cloud-based ICT system ensures data availability, reliability, cost efficiency, facilitates our dispersed workforce, and empowers our people managers with technologies to meet ever-changing demands of our business.

Our domain-specific systems remain accessible, and continuously monitored, ensuring efficient responses to security alerts. Our robust cyber security controls and internal benchmarks drive continuous improvement in security measures, allowing us to remain vigilant against emerging threats and enhancing our cyber risk management.

## Risk oversight and management

The RIC Board oversees enterprise-wide risk and credit risk management and appetite. The Board has an Audit and Risk Committee that advises the Board on the appropriateness of RIC's systems of risk oversight and management. The committee regularly reviews our controls to ensure they are aligned with industry standards and government policies, including the 2021 industry standard AS8001: Fraud and Corruption Control, the Commonwealth Risk Management Policy 2023, Australian Government Investigation Standards 2022, and the Commonwealth Fraud and Corruption Control Framework (2024). We also maintain strong working relationships with our internal and external audit partners.

We maintain a Risk, Fraud and Corruption Control Framework, which is an ecosystem of policies, procedures and tools that support us to effectively manage risk, and meet legislative obligations and compliance standards. We aim to foster a positive risk culture and proactive risk management through forward thinking on threat indicators and contingency planning for potential consequences.

The insourcing of loan management functions and systems delivered in late 2023 was an impetus to concurrently review our enterprise risk approach given that a new operating environment brings with it new or different risks. The review in late 2023 revised and consolidated how we consider risk categories, consequences, and likelihood ratings. As a result, we revised mitigation strategies to cover a wide range of operational risks to deliver a balanced tolerance for accepting and managing risks. Our key enterprise risk categories are detailed in Table 2.

In accordance with the Commonwealth Fraud and Corruption Control Framework, which comes into effect on 1 July 2024, we will have a renewed focus on preventing, detecting, and responding

to fraud and corruption. Additionally, we will focus on control testing activities, functions, and programs at the highest risk of fraud and corruption, guided by the nature, velocity, and severity of specific risks.

**Table 2 Enterprise risks**

Risk categories	Risk appetite
Compliance, Fraud and Corruption	We will <b>PROTECT</b> against any opportunities that may lead us to breach compliance with legislation, regulations, policies, or procedures
People and Culture	We will <b>PROTECT</b> against any risks that detract from our ability to keep safe, attract, retain and develop our people and culture.
Reputation	We will <b>PROTECT</b> our reputation as a trusted provider of service, professionalism and expert advice on concessional lending. We will work, in partnership, with our stakeholders to be open, transparent and responsive in our communications and in our media coverage
Cyber and Information Security	We will <b>PROTECT</b> our <b>information systems</b> and defend <b>against cyber security</b> threats and uphold customer data privacy and integrity
Finance, Operations and Services	We will <b>ENGAGE</b> in opportunities to continuously enhance our operations and services for our customers, by investing in technologies to demonstrate excellence in the way we manage our business and ensuring we have progressive business practices
Credit Risk	We will <b>ENGAGE</b> with our customers to manage entitlement, ongoing loan management and the possibility of default of loans and associated decline in value of security that would result in a financial loss to the Government. We manage our loan book prudently with risk controls built into program guidelines that give effect to the directions and Operating Mandate issued to RIC by the Government
Ideation	We will <b>SEEK</b> opportunities and ideation in how we engage with stakeholders to influence government policy focused on customer experience by investing in our capabilities and engagement. We are committed to delivering high impact policies and loan products for our customers and providing research insights to inform government policy outcomes

## Cooperation

In this year of the Statutory Review of the RIC Act, we will work closely with the Department of Agriculture, Forestry and Fisheries (DAFF) and Department of Finance, under the guidance of our responsible Ministers, to implement the agreed outcomes of the Statutory Review of the RIC Act.

We continue our cooperation with both departments on the management and return of loan funding back to the Australian Government.

Through our Portfolio Budget Statements Linked Programs, we remain a key partner in delivering DAFF's Drought Programs through concessional loans that support farm and farm-related businesses manage through and recover from drought, and through the RIC Board's advisory role to the Future Drought Fund.

We will collaborate with a diverse mix of stakeholders including other government entities, agricultural industries and representative bodies, the Rural Financial Counselling Service, banks, and accountants, and most important of all – our customers in Regional Australia – to ensure education and understanding of our loan eligibility requirements and loan application processes.

Where appropriate, we will also align with other Specialist Investment Vehicles of the Australian government to identify opportunities for collaboration or efficiency and participate in communities of practice.



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