

# Farm Investment Loan Guidelines

Loans for farm businesses

October 2023



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# 1 Summary

## 1.1 Who can apply

To be eligible for a Regional Investment Corporation (RIC) **Farm Investment Loan**, your farm business must:

- solely or mainly supply, or intend to solely or mainly supply, products into supply chains that are interstate and/or outside Australia
- be in financial need of a loan
- be financially viable in the long term
- have existing commercial debt
- meet the eligibility criteria in these guidelines.

## 1.2 Loan amount and terms

Loans are for up to \$2 million.

The loan term is 10 years, with interest-only repayments for the first 5 years and principal and interest repayments for the final 5 years.

The rate of repayment is structured so that the farm business does not have to repay the full principal in the final 5 years. At the end of the loan term, your farm business will need to refinance the remaining loan balance.

The variable interest rate is reviewed every six (6) months and new rates (should there be any changes) come into effect in February and August each year. Current rates are available on our website.

## 1.3 Loan uses

Our loans aim to help eligible farm businesses improve their strength, resilience and profitability in the long term. **Farm Investment Loans** are available to help farm businesses:

- refinance (restructure existing debt)
- access new debt for operating expenses and capital expenditure.

## 1.4 Applying for a loan

Consider whether a [Farm Investment Loan](#) best meets your needs.

After reading these guidelines you may wish to contact us to discuss your individual circumstances before deciding whether to apply. You can contact us on 1800 875 675, via email to [info@ric.gov.au](mailto:info@ric.gov.au) or visit [ric.gov.au](http://ric.gov.au).

When you are ready to apply, complete the [application form](#).

## 2 Overview

The Australian Government, through the Regional Investment Corporation, is providing concessional loans to eligible farm businesses. Farm businesses must be in need of financial assistance and have sound prospects of long-term financial viability.

Our farm business loans replace and build on previous Commonwealth-funded concessional loans, including the Farm Finance, Drought, Drought Recovery, Drought Assistance, Dairy Recovery and Business Improvement Concessional Loans.

Our loans also complement a range of other support and risk management measures provided by the Australian Government.

These guidelines address the requirements for the **Farm Investment Loan**.

See the glossary for definitions of key terms.

## 3 Objectives

Our loans aim to support the long-term strength, resilience and profitability of Australian farm businesses.

**Farm Investment Loans** are available to help eligible farm businesses build and maintain diversity in the markets they supply and take advantage of new and emerging opportunities across Australia and overseas.

## 4 Who can apply

You can apply for a **Farm Investment Loan** if your farm business meets all of the following eligibility criteria:

- Farm businesses that solely or mainly supply, or intend to solely or mainly supply, products into supply chains that are interstate and/or outside Australia (see section 4.1).
- Farm businesses that are in financial need of a loan (see section 4.2).
- Farm businesses with sound prospects of ongoing financial viability (see section 4.3).
- Additional eligibility criteria (see section 4.4).

### 4.1 Farm businesses that solely or mainly supply, or intend to solely or mainly supply, products into supply chains that are interstate and/or outside Australia

To be eligible for a **Farm Investment Loan**, you must demonstrate that your farm

business solely or mainly sells produce interstate and/or outside Australia, or that you intend to do this in the future.

You do not need to sell produce directly to these markets. You may sell produce into supply chains that solely or mainly distribute products interstate and/or outside Australia.

If you are applying for a loan on the basis that you intend to solely or mainly supply produce into these markets in the future, you must either:

- be proposing to use the loan funding for the purpose of particular expenditure directed at securing markets interstate and/or outside Australia in the future

or

- outline the steps you plan to undertake to access these markets.

If you are granted a loan, the terms of the loan will either require you to use the loan funding for the proposed purpose, or to take steps towards moving your farm business to supplying commodities into supply chains that go solely or mainly interstate and/or outside Australia.

Before collating evidence to support your application, you may wish to discuss your individual circumstances with us. We can help you to identify the types of evidence we require.

Examples of acceptable evidence to meet this criterion can include one or a combination of the following:

- a statutory declaration from you or a relevant third party, including your processor or wholesaler
- supply contracts or sales receipts
- a heads of agreement document
- vendor declarations
- correspondence with processors, wholesalers, retailers or other organisations in the supply chain
- correspondence with industry bodies or government authorities about access to new or existing markets
- a business plan.

#### **Mix between interstate and/or overseas sales**

You will be eligible for a Farm Investment Loan regardless of the mix between your actual or intended interstate and/or overseas sales. For example, an applicant with an actual or intended mix of 100 per cent interstate sales and 0 per cent overseas sales will be treated in the same way as an applicant with an actual or intended mix of 50 per cent interstate sales and 50 per cent overseas sales. You only need to provide evidence that you actually, or intend to, mainly supply outside your state or territory to satisfy this requirement of the eligibility criteria.

## 4.2 Farm businesses that are in financial need of a loan

To meet this criterion you must be able to demonstrate that your farm business is in financial need of a loan. To assess this criterion, we will consider four key factors, while taking into account the individual circumstances of each farm business:

- 1) Cause of impact outside the control of the farm business
- 2) Significant financial impact
- 3) Duration of the impact
- 4) Cumulative impacts.

### 4.2.1 Cause of impact outside the control of the farm business

The cause of the significant financial impact must be substantially outside the control of the farm business. For example, it may be as a result of drought or some other event such as natural disaster, pest or disease outbreak, unexpected market closure or other unexpected, sudden or significant events that are outside the control of the farm business.

You must demonstrate that the financial impacts are directly related to the cause or causes outside your farm business's control (see Option 1 and Option 2).

#### **Option 1 Significant financial impacts resulting from drought conditions**

Evidence that the financial impacts are directly related to drought conditions may include, but are not limited to:

- forced destocking through sales and movement of stock to agistment or feedlots
- feeding purchased fodder to drought affected stock
- expenditure related to a reduction in water allocations
- purchasing water supplies for drought affected stock and/or crops
- a significant increase in the price of purchased feed as a result of drought conditions
- crop failure or reduced yields as a result of drought
- expenditure to help the business recover from drought conditions (for example restocking, de-silting of dams or replanting)
- other drought management strategies adopted to manage the farm business both during drought conditions and in the recovery phase.

#### **Option 2 Significant financial impacts resulting from events (other than drought) outside the farm business's control**

Evidence that the financial impacts are directly related to events outside the farm business's control may include, but are not limited to:

- notifications of natural disasters declared under [Disaster Recovery Funding Arrangements](#)
- documentation from Australian, state or local government agencies, or industry bodies, about
  - disease outbreaks
  - pest or weed incursions
  - sudden and unexpected biosecurity restrictions
  - market closures or significant restrictions
- photographic evidence (such as a localised but significant frost or hail event).

## 4.2.2 Significant financial impact

You must be able to demonstrate that your farm business has experienced a significant financial impact.

Examples of evidence to support a significant financial impact on the farm business may include documents demonstrating:

- large reductions in net cash flow
- large reductions in production or yields
- large reductions in operating margins (the percentage margin of farm receipts over farm operating expenses)
- large increases in operating expenses
- large reductions in livestock numbers through forced sales or losses.

Where the financial impact has already occurred, you must provide the farm business's financial statements and taxation returns to support assessment of this criterion. If you are forecasting the continuation of a significant financial impact you must provide your farm business budget for the relevant period.

## 4.2.3 Duration of the financial impact

If the financial impact is the direct result of the effects of drought, you must demonstrate that the impact has been (or will be over) a two (2) year period. While you can forecast an impact over the forthcoming season, you must have already managed through at least 12 months of drought.

If the financial impact is the result of some other event or cumulative events you must demonstrate that your farm business:

- 1) has experienced a significant financial impact over the past two (2) years (historical financial records); or
- 2) is likely to experience a significant financial impact over the coming two (2) years (forecast financial performance as a result of an adverse event); or
- 3) has experienced or will experience a significant financial impact over at least a consecutive two (2) year period (for example, the past 12 months and the coming 12 months).

The event or events causing the significant financial impact should have occurred or started within the last five (5) years.

## 4.2.4 Cumulative impacts

The significant financial impact on your farm business may be the result of a single event or cumulative events. An example of cumulative impacts is drought conditions followed by an unexpected market closure. If your farm business has experienced cumulative impacts, you should outline this in your application. The first event should



have occurred within the last five (5) years.

You can also outline related matters or contributing factors you think are relevant to the assessment of this criterion. While these matters may not constitute an 'event' as described in section 4.2.1, they should still be substantially outside the control of your farm business (for example, significantly low commodity prices).

The examples in this criterion have been included as guidance only. You may wish to contact us to discuss your individual circumstances.

#### **Immediate financial assistance in emergencies**

Our loans are available to help eligible **farm businesses** achieve their business goals and return to viability over the long term. If you need immediate help with household expenses or emergency assistance following a natural disaster, other forms of government assistance are available.

Your local Rural Financial Counselling Service can provide information on the full range of government assistance programs for farmers and farm businesses.

For information on the Farm Household Allowance or other social security payments, call the Department of Human Services' Farmer Assistance Hotline on 13 23 16.

For Information on Disaster Recovery Funding Arrangements, call the Australian Government Information Hotline on 180 22 66 or your relevant state government emergency management department.

Information on other government assistance measures for farmers and farm businesses is available from the Australian Government Department of Agriculture, Fisheries and Forestry or your state government primary industry department.

### **4.3 Farm business with sound prospects of ongoing financial viability**

To be eligible for a **Farm Investment Loan**, your farm business must have sound prospects of ongoing financial viability within the term of the loan.

A farm business is considered financially viable when the business generates sufficient net profit after fixed and variable expenses to:

- service borrowings at commercial interest rates
- provide an adequate standard of living for relevant members of the farm business
- allow investment on-farm to maintain the farm's productive assets
- provide funds for investment that increases long-term productivity.

### **4.4 Additional eligibility criteria**

In addition to the criteria listed in sections 4.1 to 4.3, to be eligible for a **Farm Investment Loan**:

- 1) Your farm business must:
  - a) have the capacity to repay the loan
  - b) be able to provide sufficient and satisfactory security acceptable to us
  - c) have existing commercial debt and secure the support of its commercial lender to the proposed Regional Investment Corporation loan

- d) be involved within the agricultural, horticultural, pastoral, beekeeping (apicultural) or aquacultural industries. A farm business must be engaged in primary production activities described under the Australia and New Zealand Standard Industrial Classification 2006 (ANZSIC) 1292.0 (Revision 2.0) Codes 01 Agriculture and 02 Aquaculture, with some exceptions. Refer to [Industries eligible for a RIC loan](#).
  - e) undertake all primary production aspects of the business wholly within Australia
  - f) operate as a sole trader, partnership, trust or private company
  - g) be registered for tax purposes in Australia with an ABN and be registered for GST
  - h) not be under external administration or bankruptcy.
- 2) All members of your farm business must not have more non-farm assets and liquid assets than the amount needed for prudent risk management.

#### Threshold for Non-Farm Assets and Liquid Assets

To determine the appropriate threshold for non-farm assets and liquid assets needed for prudent risk management, we will take into account the individual circumstances of each farm business, including farm type, scale of operations and structure.

- 3) At least one member of your farm business must:
- a) be an Australian citizen or a permanent resident
  - b) have owned and operated the farm business for at least the past three consecutive years
  - c) be a farmer who, under normal circumstances, contributes at least 75 per cent of their labour and derives at least 50 per cent of their income from the farm business.

#### Recent entrants

If you are a **recent entrant** to farming and are unable to meet criteria 3b and the labour threshold of 3c outlined in section 4.4, alternative options are outlined in Section 4.5.

## 4.5 Recent entrants

We provide an option to support farmers who have recently taken ownership (including part ownership) of a farm business. The following alternatives are available for recent entrants unable to meet criteria 3b and the labour threshold of 3c outlined in section 4.4.

### 4.5.1 Alternative option to criterion 3b

At least one member of the farm business is able to provide evidence of at least three years of relevant on-farm experience (for example, experience managing a farm business or experience working closely with the manager of a farm business).

## 4.5.2 Alternative option to criterion 3c

At least one member of the farm business must be a farmer who has the farm business as their principal business pursuit (contributes at least 50 per cent of their labour and derives at least 50 per cent of their income from the farm business). This member must be seeking to move to the 75 per cent labour threshold of criterion 3c in the short to medium term.

### **If one member cannot meet both of these requirements**

If different members of the farm business meet the two recent entrants' criteria (but no one member meets both), the member with at least three years of relevant on-farm experience must be actively involved in the day-to-day management decisions of the farm business. This member may contribute less than 50 per cent of their labour to the running of the farm business and derive less than 50 per cent of their income from the farm business.

## 4.6 Gathering evidence and supporting documentation

As part of your application process, you may be asked to provide evidence that your farm business meets the eligibility criteria. The types of evidence required will depend on the individual circumstances of your farm business. Contact us if you would like to discuss your application before compiling supporting documentation.

# 5 Loan uses

## 5.1 Eligible loan uses

**Farm Investment Loans** are available for:

- 1) refinancing (restructuring existing debt) (see section 5.2)
- 2) new debt for operating expenses (see section 5.3) and capital expenditure (see section 5.4)
- 3) a combination of 1) and 2).

For a list of non-eligible loan uses see section 5.5

## 5.2 Refinancing

**Farm Investment Loans** are available to refinance:

- commercial debt (for the definition of this term – see the Glossary)
- government-funded concessional loans (for farm businesses wishing to refinance an existing concessional loan see section 6.5).

## 5.3 Operating expenses

This can include standard farm business operating expenses or those associated with implementing specific farm-related business productivity enhancements or risk management activities.

Examples of operating expenses include:

- bills
- employee salaries or wages
- farm rent or rates
- consumables essential to carry on the farm business, such as fuel and other farm inputs
- fodder or carting of water for livestock or produce
- transporting livestock or produce
- succession planning activities.

## 5.4 Capital expenditure

This may include productivity enhancements and/or risk management activities (including drought preparedness, management and recovery activities). Examples of capital expenditure include:

- enterprise build-up or expansion of existing operations or diversification of farm production to improve productivity, increase profitability or help build diversity in markets
- farm development including modernisation and efficiencies to farm production systems (for example, irrigation systems) and infrastructure
- upgrading to better or more efficient machinery, plant or equipment (must be predominantly for own use)
- purchase of livestock to provide long-term improvement to productivity and profitability, such as breeding stock or farm business conversion programs
- drought and natural disaster preparedness and management projects including fodder management, water storage, irrigation efficiencies and management of waterways
- purchase of water or water rights to enhance farm production, but not for speculative purposes
- purchase of additional farm land.

In very limited circumstances, we will consider allowing loan funding for the purchase of additional farm land where it clearly supports improving the productivity and/or risk management of the farm business and its long term viability. We will not approve a loan for the purchase of additional farm land if we are concerned that it may negatively impact the long term viability of the farm business.

### **Making a business case for capital expenditure**

You will need to outline a business case for capital expenditure in your application that includes the intended outcomes of the proposed activities. Focus on how the activities will enhance the productivity of your farm business, help to manage risks and contribute to long-term viability.

If you are proposing to use loan funding for the purchase of additional farm land, your business case will need to be supported by independent financial advice.

## **5.5 Non-eligible loan uses**

Examples of non-eligible loan uses may include, but are not limited to:

- purchase of private and domestic assets
- payment of private and domestic expenses
- purchase of and/or investment in non-farm assets and payment of non-farm expenses
- payment of tax and statutory payments (subject to the exceptions set out in the definition of that term – see the Glossary)
- your own labour costs
- reimbursement for depreciation of assets
- payment of dividends or other distributions of equity to owners
- activities funded under other Commonwealth and state or territory government programs (except for debt that is refinanced from other concessional loans).

Please contact us if you are not sure whether the activities you would like to undertake are eligible.

# **6 Loan features**

## **6.1 Loan amount**

Eligible farm businesses can apply for a loan of up to \$2 million. There is no minimum loan value.

### **6.1.1 New Debt**

A farm business may apply for new debt up to \$2 million, or the amount that would result in half the total debt being held in Commonwealth-funded concessional loans – whichever is the lesser.

The 'total debt' is the total debt owed in respect of the relevant farm business, including both commercial debt and debt established under Commonwealth-funded concessional loans.

### **6.1.2 Refinancing**

Farm businesses may apply to refinance up to 50 per cent of their total debt (excluding debts which are not in respect of the farm business, such as personal,

credit card and home loan debts), provided that the overall amount of the **Farm Investment Loan** does not exceed \$2 million.

Figure 1 provides examples of the maximum value of a loan for ‘refinancing’ and ‘new debt’ if a farm business held \$800,000 in commercial debt before applying for one of our loans.

**Figure 1 Maximum value of RIC loan if commercial debt of \$800,000**

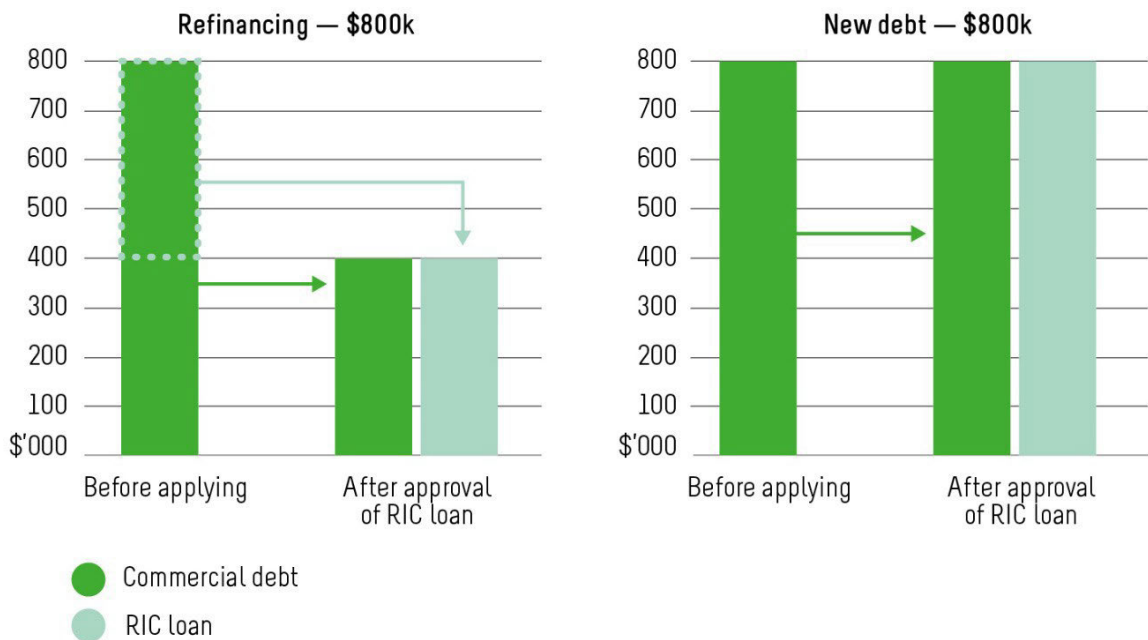
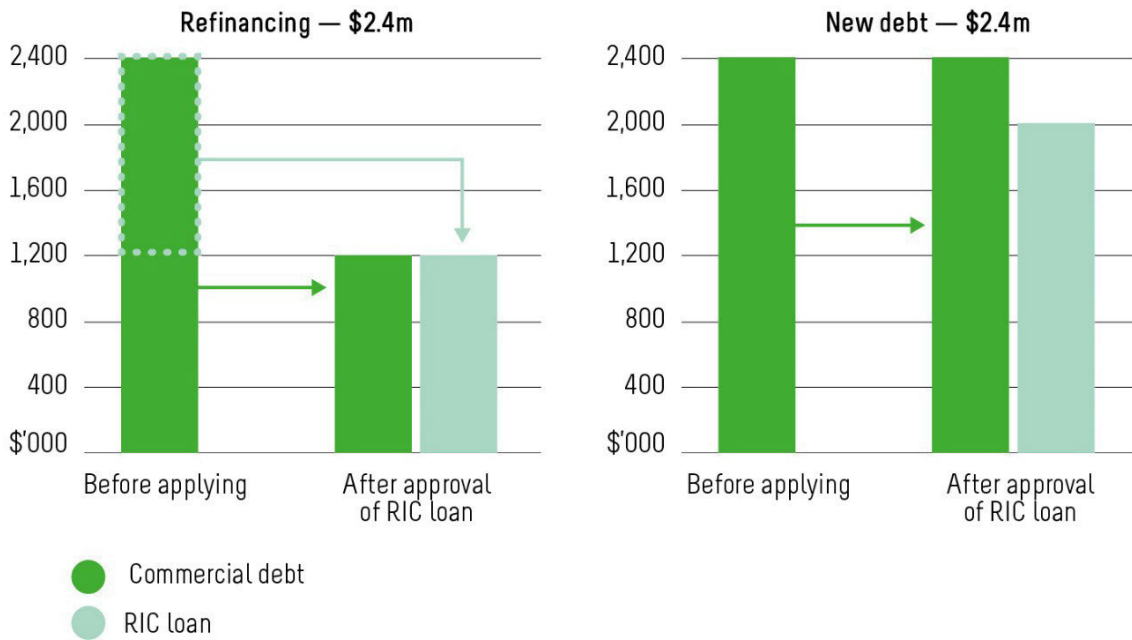


Figure 2 provides examples of the maximum value of a loan for ‘refinancing’ and ‘new debt’ if a farm business held \$2.4 million in commercial debt before applying for one of our loans.

**Figure 2 Maximum value of RIC loan if commercial debt of \$2.4 million**



Note: Under a new debt of \$2.4 million, the loan amount does not match the amount held in **commercial debt** because the maximum amount of a loan is capped at \$2 million.

**Maximum value of loans across multiple schemes**

A farm business may only hold up to \$3 million in concessional loans across previous and existing **government-funded concessional loans** (including our loans), with the exception of Dairy Recovery Concessional Loans. Farm businesses that hold a Dairy Recovery Concessional Loan may hold up to \$4 million in total. For information on refinancing debt from existing government-funded concessional loans, see section 6.5.

## 6.2 Loan term and repayments

The term of a **Farm Investment Loan** is 10 years.

Loan recipients make interest-only repayments for the years 1-5; and principal and interest repayments for years 6-10. Principal repayments will be calculated on the basis of a longer loan term, meaning that only a proportion of the principal will be repaid during the life of the loan. At the end of the loan term, the loan recipients must repay or refinance any remaining loan balance through commercial finance (or repayment by other means).

The principal of the loan may be repaid (wholly or partly) at any time during the term of the loan without incurring a fee.

We will determine the repayment amounts and frequency offered to successful applicants and this will be detailed in the loan agreement.

Under no circumstances can a loan recipient redraw on repaid **Farm Investment Loan** amounts.

## 6.3 Interest rate

The current variable interest rate is published on our website. We will review and revise the interest rate if necessary in accordance with material changes to the Commonwealth 10-year bond rate, where a material change is a movement of more than 10 basis points (0.1 per cent).

Any interest rate change will be effective from 1 February and/or 1 August each year, as applicable.

We will give loan recipients advance notice of any changes in writing and on our website.

We will determine how interest is calculated and charged and outline this in the loan agreement.

## 6.4 Loan draw down

Successful applicants must fully draw down their **Farm Investment Loan** from us within six (6) months of signing the loan agreement or as otherwise agreed with us.

We will pay loans for refinancing directly to the farm business's existing commercial loan with their bank or financial institution. We will specify details for repayment of the loan in the loan agreement.

We will pay loans for new debt to the Australian bank account held by the loan recipient and nominated by the applicant or relevant third parties at the time of settlement.

## 6.5 Relationship with other concessional loans

An eligible farm business may only hold up to \$3 million in concessional loans across previous and existing government-funded concessional loans (including our loans), with the exception of the Commonwealth's Dairy Recovery Concessional Loans. Farm businesses that hold a Dairy Recovery Concessional Loan may hold up to \$4 million in total.

At the time a RIC loan is approved, the eligible farm business must have commercial debt equal to or more than the amount held in government-funded concessional loans (including our loans).

### 6.5.1 Refinancing a government-funded concessional loan

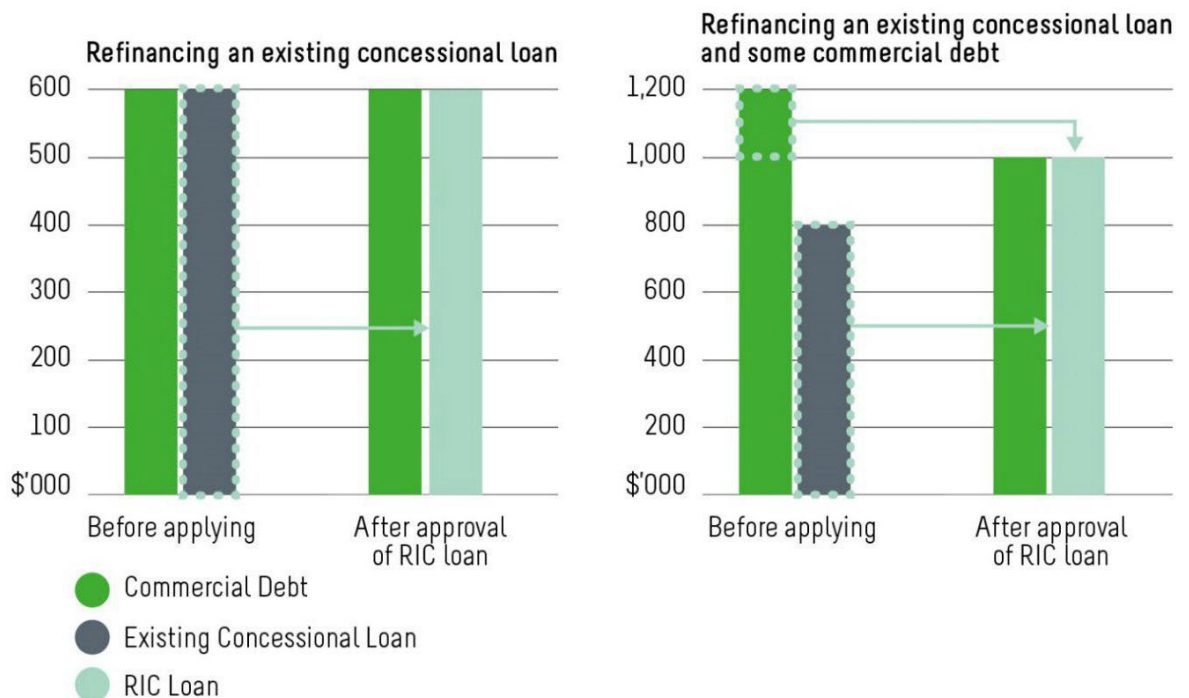
If you hold a government-funded concessional loan, you may be eligible to refinance some or all of the loan with us. This is subject to meeting the eligibility criteria listed in these guidelines. Existing concessional loans can be refinanced either in full or in part and must be drawn in the same name.

The refinanced loan must be drawn in the same name as the existing concessional loan.



Figure 3 shows two (2) scenarios. The first scenario shows how a farm business might refinance a previous government-funded concessional loan with the RIC in full. The second shows how a farm business might refinance some commercial debt as well as a previous government-funded concessional loan with the RIC. In all cases, after draw-down, the total amount of the RIC loan must be equal to or less than the amount held in commercial debt.

**Figure 3 Refinancing an existing concessional loan and/or commercial debt**



These are examples only. There are many ways to refinance existing debt. You should discuss the best option for you with your accountant or financial advisor.

### 6.5.2 Applying for more than one loan with us

If you have applied for and received a loan from us, you may still be eligible to apply again. This will be subject to meeting the eligibility criteria at the time of application.

The maximum amount that can be held across multiple loans with us at any one time is \$2 million. Applicants can apply for more than one Farm Investment loan or Drought loan (or a combination of the two).

## 7 Loan security

If your loan application is successful, you must provide us with sufficient and satisfactory security that meets our security requirements. The security you provide can include one (1) or a combination of:

- a registered mortgage over land or other assets satisfactory to the RIC
- any other security that we consider necessary.

We will consider a registered mortgage over livestock, a registered security interest in water rights, and a mortgage or other security interest in other chattels, as possible loan securities on a case-by-case basis. We will settle mortgage priority arrangements through mutual agreement with you and your farm business's commercial lender. We will decide what constitutes sufficient and satisfactory security based on your individual circumstances.

Where applicable, assets you provide as security must be insured to the level we require. For example, against fire or flood.

We reserve the right to enforce our security interests if you do not comply with the terms and conditions of the loan or you default on loan repayments.

## 8 How to apply

To ensure your application has addressed all the necessary requirements, please:

- read these guidelines
- discuss your individual circumstances with us
- consider discussing your application with, or seeking assistance from, a trusted advisor or your local Rural Financial Counsellor.

When you're ready, there are two (2) ways to apply for a **Farm Investment Loan**:

1. Using our online application form
  - complete the on-line [application form](#) and compile all supporting documents identified in the [Farm Investment Loan Document Checklist](#) in the application form
  - submit your application and all required information on-line. We can't start assessing your application until we get all the information we ask for, including attachments.

2. Using our PDF application form

If using the PDF application form, submit your application and all required information to us at [info@ric.gov.au](mailto:info@ric.gov.au) or send to Regional Investment Corporation, PO Box 653, Orange, NSW, 2800.

Further information on how to address each of the eligibility criteria can be found in the application form.

If you require assistance, contact us on 1800 875 675 or via email at [info@ric.gov.au](mailto:info@ric.gov.au)

## 9 How applications are assessed

We will assess applications in accordance with these guidelines, the *Regional*

*Investment Corporation Act 2018* (Cth) and any additional ministerial direction made under the Act. The eligibility and assessment criteria may change from time to time.

In conducting our loan assessments, we will refer to information provided by the applicant as well as information gathered following our own independent investigations and background checks, such as inquiries about the applicant's credit history from credit reporting agencies, as required.

We will assess applications through a non-competitive priority process based on the order of receipt. To be eligible, applicants and their farm businesses must meet the requirements of the program as specified in these guidelines.

Loan offers will be subject to the availability of funds and will be made at our discretion. Lodging an application does not guarantee that an applicant will receive a **Farm Investment Loan**.

When assessing applications, we will verify the information provided by applicants. We may liaise with the applicant, their bankers and professional advisors as required to confirm and verify documentary evidence and information provided.

If an incomplete application is lodged, we will contact the applicant to advise of any required information. Applicants can submit the missing information without lodging a new application provided it is received within the timeframe that we specify. If the applicant is unable to meet this requirement, their application may be declined.

Before applying for a **Farm Investment Loan** or making a decision about whether to enter into a loan agreement, applicants should seek advice from their legal, business and financial advisors. Applicants are responsible for all costs incurred in the preparation and lodgment of their application.

## 10 Loan funding availability

The availability of loans is subject to the availability of funds. If the funding allocation is fully committed, no further applications will be considered. If this happens, notification of the early closure will be published on our website and those who have already lodged an application will be advised in writing.

## 11 Notifying applicants of loan decisions

We will provide formal written notification of the assessment outcome. If your loan application is declined, we will give you the reasons for the decision.

If your application is accepted, you must sign a loan agreement with us in order to receive a **Farm Investment Loan**. This will set out the terms and conditions of the loan, including the requirement for the successful applicant to provide sufficient and

satisfactory security. You must pay any actual costs of establishing the loan. Costs might include title searches, mortgage registration, Personal Property Securities Register searches and registrations and personal and corporate background checks.

## 12 Decision review process

If you disagree with our decision on your loan application, you can request a review of that decision. You must submit the request for a review in writing to us within 30 business days of receipt of the decision notification.

The request should be as specific as possible and you should ensure you provide us with sufficient new information to undertake the review.

Outline the reasons you disagree with the decision and address the issues identified in the decision notification. In your review request, you should:

- explain why you disagree with our assessment that you did not meet the eligibility criteria
- outline the factors you believe may have been overlooked by us in determining your eligibility
- provide additional relevant information not included in your original application that you believe may alter the assessment outcome.

Requests to review a decision can be lodged online at: [Decision Review Request](#)

Or posted to:

Loans Review Officer

Regional Investment Corporation  
PO Box 653  
Orange NSW 2800

Within 30 business days of receiving a request for a review, the Chief Executive Officer or delegate, will review the decision, make a Determination and advise you of the outcome. The reviewer will be a person not involved in the making of the original decision.

A Determination is a final decision. There is no further appeal against the Chief Executive Officer or delegate's Determination. Our Complaints and Feedback procedure cannot be used as a review mechanism.

There is no provision in the *Regional Investment Corporation Act 2018* (Cth) for review by the Administrative Appeals Tribunal to approve or not approve a loan. Additionally, it is outside the jurisdiction of the Commonwealth Ombudsman, as it is not an Australian Federal Government agency within the meaning of the *Ombudsman Act 1976* (Cth).

## 13 Loan conditions

### 13.1 Contracting arrangement

If we accept your application, you will be required to enter into a loan agreement with us before we can give you any loan funds. The loan agreement will be for the term of the loan (10 years unless terminated earlier) and will set out the full details of the individual loan terms and conditions.

If you do not sign your loan agreement within the time frame provided, your loan offer may lapse. No contractual arrangement will exist until you sign a loan agreement with us. However, a loan agreement is binding once entered, and we may take action against you if you breach its terms.

### 13.2 Loan reviews

Every year we will conduct a loan review to monitor your compliance with the terms and conditions of the loan agreement as well as the ongoing capacity of your farm business to meet those terms and conditions. During the review we may consult with your commercial lender.

We will give you at least two (2) months' notice of a loan review. You must give us evidence of expenditure of the **Farm Investment Loan** funds when requested.

These requirements will be contained in your loan agreement and are not imposed by the guidelines themselves. Evidence of expenditure includes all tax invoices, official receipts, bank statements or other similar records of amounts paid.

When we assess whether an eligible farm business has complied with the terms and conditions of the loan agreement in its expenditure and the activities it has undertaken, we will consider the expenditure and activities originally identified in the application form. As part of the final loan review, we will assess the business's capacity to refinance the remaining principal with a commercial lender when the loan term expires.

### 13.3 Reporting requirements

If your application is accepted and you enter into a loan agreement, the loan agreement will require you to provide us with information throughout the term of the loan. Your reporting requirements and the types of information you must give us will be set out in the loan agreement.

## 14 Conflict of interest

We will take all reasonable measures to ensure that those involved in assessing and making decisions about applications do not have any conflicts of interest.

## 15 False or misleading information

If we find that any information you have given us in your application is false or misleading, we may take action to recover any funds advanced. We may also refer the matter to relevant law enforcement authorities of the relevant Australian, state or territory governments.

If you give false or misleading information in your application you may have committed an offence under the *Criminal Code Act 1995* (Cth).

## 16 Onus on the applicant

When you apply for a **Farm Investment Loan**, you are responsible for ensuring that:

- you have read and understood these guidelines and all the documents referred to in these guidelines
- all information in your application is true and correct to the best of your knowledge.

You are responsible for ensuring that you have read and understood all aspects of:

- the loan agreement and its terms and conditions
- any other documents that we provide.

You should seek advice from your legal and financial advisors before you apply for a **Farm Investment Loan**. In some circumstances, we may require you to obtain such advice as a condition of approval. If you have questions about business tax, you can contact the Australian Taxation Office call centre on 13 28 66.

## 17 Privacy

This is a notice about the collection of your personal and credit-related personal information by the Regional Investment Corporation, ABN 99 528 049 038. We can be contacted on 1800 875 675, by email at [info@ric.gov.au](mailto:info@ric.gov.au), or via our online contact form at [Contact us](#).

Our full-length Notice About Collection of Personal and Credit-Related Personal Information is available on our website at [Privacy - Regional Investment Corporation](#). You can also ask us to give you a copy of the full-length Notice in another format – such as a hard copy – at any time.

The Notice contains information about credit reporting, including the credit reporting bodies to which we are likely to disclose your credit information, and the likely content of that information.

It also sets out:

- The purposes of which we collect your information to carry out our functions and activities under the *Regional Investment Corporation Act 2018*;

- The circumstances in which we usually disclose your information;
- The bodies and organisations we usually make those disclosures to; and
- Your rights in relation to your credit-related personal information.

For more detailed information, see:

- Our Credit Reporting Policy at [Credit reporting - Regional Investment Corporation](#) and
- Our general Privacy Policy, which applies in addition to our Credit Reporting Policy, and can be accessed here: [Privacy - Regional Investment Corporation](#)

## 18 Disclaimer

Neither the RIC nor the Australian Government accept any common law duty of care towards applicants in relation to **Farm Investment Loans** or any information provided about the loans.

Also, the RIC and the Australian Government will not be liable for any loss or damage regardless of how it is caused. This includes:

- damage that results from the negligence of the RIC and the Australian Government
- damage that applicants suffer or incur in relation to **Farm Investment Loans**
- damage suffered as a result of any information the RIC and the Australian Government provide about the loans.

## 19 Evaluation

We may conduct periodic evaluations to determine the contribution the **Farm Investment Loan** makes to Australian Government policy objectives. You may be requested to give us information to help us with those evaluations.

## 20 Review of the guidelines

We may amend or revoke these guidelines at any time. We will publish revised guidelines on our website.

## Glossary

Term	Definition
ABN	means an Australian Business Number issued in accordance with <i>the A New Tax System (Australian Business Number) Act 1999</i> (Cth).

adequate standard of living	<p>A farm business will be assessed as providing an adequate standard of living if it generates a sufficient cash surplus from its operations (and off-farm income, if any) to provide adequate living expenses for members who are dependent on the farm business (including their relevant family members).</p> <p>Adequate living expenses will be determined based on information provided by the loan applicant. We will consider whether living expenses are adequate based on the particular circumstances of individual households with reference to the Household Expenditure Measure (as a guide), plus adjustments for other expenses as relevant, including housing costs (for example, rent).</p> <p>The Household Expenditure Measure is developed by the Melbourne Institute.</p>
applicant	A first farmer, farm business, farm business successor or farm asset successor who lodges an application for an Farm Investment loan.
application	means the application form and associated documents that an applicant must complete and lodge with the RIC to apply for an Farm Investment loan.
Australian citizen	<p>A person who:</p> <ul style="list-style-type: none"> <li>• is an Australian citizen under Division 1 or 2 of Part 2 of the <i>Australian Citizenship Act 2007</i> (Cth); or</li> <li>• both: <ul style="list-style-type: none"> <li>(i) was an Australian citizen under the <i>Australian Citizenship Act 1948</i> (Cth) immediately before the commencement day of the new Act; and</li> <li>(ii) has not ceased to be an Australian citizen under the <i>Australian Citizenship Act 2007</i> (Cth).</li> </ul> </li> </ul>
commercial debt	<p>Debt that has been established upon commercial interest rates, terms and conditions. Examples include financial institutions that take formal security and you hold signed loan agreement documents including mortgage or caveat documents of security provided to secure the debt.</p> <p>Examples of debt that <b>is not considered</b> to be commercial debt include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• consumer debt ( e.g. home loans; personal loans (for holidays, motor vehicle, medical expenses, home renovations, investment purposes) )</li> <li>• private debt or family debt not provided at arm's length and at commercial interest rates and terms and conditions</li> <li>• non-balance sheet loans</li> <li>• equipment finance facilities</li> <li>• funding of normal or additional working capital</li> <li>• debt that was not established upon commercial interest rates, terms and conditions (such as debt established at a concessional interest rate under Commonwealth and state or territory government schemes).</li> </ul>
Commonwealth-funded concessional loans	<p>Commonwealth-funded concessional loans include loans provided under the following schemes:</p> <ul style="list-style-type: none"> <li>• Farm Finance Concessional Loans Scheme</li> <li>• Drought Concessional Loans Scheme</li> <li>• Drought Recovery Concessional Loans Scheme</li> <li>• Farm Business Concessional Loans Scheme, including: <ul style="list-style-type: none"> <li>– Drought Assistance Concessional Loans</li> <li>– Dairy Recovery Concessional Loans</li> </ul> </li> <li>• Business Improvement Concessional Loans.</li> </ul>
company	means a company that is incorporated in Australia and engages in substantial trading or financial activities
drought loans	Loans offered by the RIC to help eligible farm businesses to continue to manage through drought conditions, recover once the season breaks and prepare for future droughts.



external administration	In respect of a company—the external administration of the company in accordance with the <i>Corporations Act 2001</i> (Cth).
farmer	A person who is seeking to purchase, establish or develop a farm business in which the person holds or will hold the sole or a controlling interest.
farm investment loans	Loans offered by the RIC to help eligible farm businesses build and maintain diversity in the markets they supply and take advantage of new and emerging opportunities across Australia and overseas.
government-funded concessional loans	Government-funded concessional loans include: <ul style="list-style-type: none"> <li>• Commonwealth-funded concessional loans (see definition in these guidelines)</li> <li>• State government-funded loans, including the following: <ul style="list-style-type: none"> <li>– New South Wales — Farm Innovation Fund</li> <li>– Victoria — Young Farmer’s Finance Scheme</li> <li>– Queensland — Productivity Loans (including Sustainability Loans and First Start Loans), White Spot Disease Concessional Loans</li> <li>– Tasmania — AgriGrowth Loan Scheme.</li> </ul> </li> </ul>
GST	Goods and Services tax that is payable under <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth)
liquid assets	immediate funds, including cash immediately available in personal and business bank accounts, term deposits, shares, Farm Management Deposits and other financial accounts.
loan agreement	means a loan agreement between the RIC and a loan recipient in respect of a Farm Investment loan.
member of a farm business	Where the farm business is carried on by: <ol style="list-style-type: none"> <li>a) a sole trader – the sole trader; or</li> <li>b) a partnership – a partner of the partnership; or</li> <li>c) a trust – a beneficiary or unit-holder of the trust; or</li> <li>d) a corporation (within the meaning of the <i>Corporations Act 2001</i> (Cth)) – a member of the corporation.</li> </ol>
non-farm assets	Assets that are not essential to the effective running of the farm business, including land or property, residential (not used as the primary place of residence) or business, for the applicant or any member of the farm business (as applicable). Life insurance policies and superannuation, provided the superannuation is in a complying superannuation fund for the purposes of the <i>Superannuation Industry (Supervision) Act 1993</i> (Cth) are excluded.
official receipt	A receipt that includes: <ul style="list-style-type: none"> <li>• the name and address of the entity that issued the receipt</li> <li>• the entity’s ABN</li> <li>• a description of each item covered by the receipt.</li> </ul>
permanent resident	a) A permanent resident, for the purpose of the RIC’s Farm Investment loan, is considered to be a permanent resident as defined by the <i>Australian Citizenship Act 2007</i> (Cth) or b) a New Zealand citizen who holds a special category visa.
principal business pursuit of a person	A business pursuit: <ol style="list-style-type: none"> <li>a) to which the person contributes or plans to contribute at least 50 per cent of their labour; and</li> <li>b) from which the person derives or plans to derive at least 50 per cent of their income.</li> </ol>
tax and statutory payments	means compulsory monetary contributions demanded by a government and levied on incomes, property, goods purchased or other payments prescribed or authorised by legislation. Examples include:

- Federal taxes
- state government taxes
- government-imposed fines and penalties
- court ordered payments.

#### **State government taxes**

The purchase of agricultural land is an eligible loan purpose. Loan funding may be applied to the payment of state government stamp duty (subject to the terms and conditions of individual loan agreements).

For the purpose of Farm Investment loans, 'state government payroll tax' is excluded from the definition of tax and statutory payments. Loan funding may be applied to the payment of state government payroll tax as an operating expense (subject to the terms and conditions of individual loan agreements)

#### **Council rates**

For the purpose of Farm Investment loans, 'council rates' are excluded from the definition of tax and statutory payments. Loan funding may be applied to the payment of council rates as an operating expense (subject to the terms and conditions of individual loan agreements).

trust

means a trust where at least one of the following requirements is satisfied: (a) all the trustees of the trust are **Companies**, (b) the law of the trust and the law of the trust's administration are the law of a Territory.

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