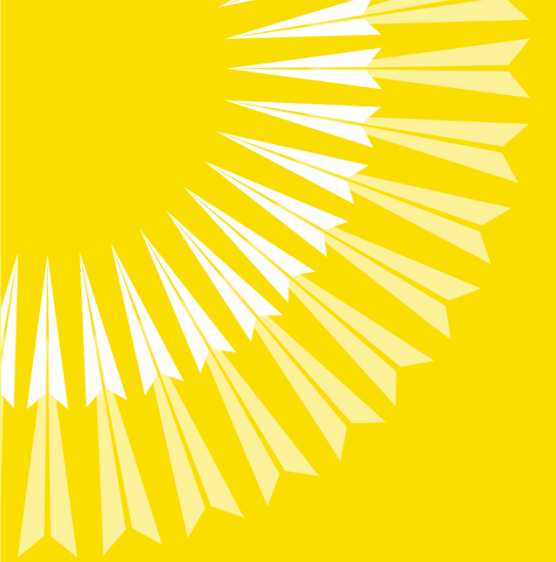




Prepared for the Regional Investment Corporation

Farm Investment Loan (FIL) Medium-Term Evaluation

Final Report
5 November 2025





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Executive Summary

The Context for this Evaluation

The Regional Investment Corporation (RIC) is an Australian Government delivery agency providing concessional loans to long-term viable businesses in short-term financial need. The Farm Investment Loan (FIL) is available to farm businesses across Australia to support their long-term strength, resilience and profitability. The FIL is available to all farm businesses that are in financial need, are viable in the long term and either currently or intend to supply products into supply chains that are interstate and/or outside Australia.

Farming is an important part of the Australian economy, employing 2.1% of Australia's workforce, contributing 2.4% to GDP and generating 10.8% of goods and services exports. It also plays a critical role in national food security, with domestic production supplying 90% of fresh fruit and vegetables, meat, milk and eggs consumed in Australia.

Beyond its economic contribution, agriculture is vital to the sustainability of regional and rural communities. With 81% of the agricultural workforce residing in these areas, farming supports local economies, livelihoods and community resilience.

As of July 2025, the FIL has a total value of \$370.72 million which represents approximately 10% of the total value of the RIC loan book. This makes the FIL the second most common RIC loan behind the Drought loan, which is almost 80% of the total value of all RIC loans.

How this Evaluation was Conducted

The findings of this evaluation are based on a range of quantitative and qualitative data sources collected between 2018 and July 2025. This has included the RIC's administrative data, JWS Research Customer Survey data, focus groups with key personnel from the RIC and the Department of Agriculture, Fisheries and Forestry (DAFF) and data from a survey deployed to FIL clients in August 2025. Interviews were also conducted with select FIL clients to understand their experiences and the impact of the FIL on their businesses. The details of the scope, approach and methodology can be found in the next section, with a summary of key limitations and caveats further detailed in Appendix B.

Factors that Impact the Success of the FIL

There are several external factors in the broader policy and agricultural business environment that may impact the final delivery (i.e. success) of the medium- and long-term outcomes of the FIL. This includes several factors noted in the FIL program design including changes to government priorities, climate and weather conditions, global trade, Australian agricultural prices, and economic conditions including commercial lender interest rates.

As demand for the FIL is based on financial need due to external causes generally outside of the control of the business, there may be variations in demand and uptake that reflects the exogenous factors listed above. Additionally, the FIL's multiple policy drivers i.e. to support farm businesses to recover from the cause of financial hardship; to improve their risk management and resilience; and to build or maintain market diversity means it is important to assess how the FIL has actually been used by loan recipient's over time. Continuing to enhance the RIC's ability to understand and capture information on FIL loan use and the activities businesses have undertaken is essential to understand the extent to which each policy driver is being met and determine how the FIL and future loan products can remain fit for purpose.



What this Evaluation Found

This report discusses the medium-term evaluation of the FIL by examining one Key Evaluation Question (KEQ):

1. To what extent did the Farm Investment loan help farm businesses who may be experiencing financial strain improve their financial performance and either build or maintain market diversity in Australian or overseas markets?

On balance and within the scope of this evaluation we find to a large extent the FIL has directly supported farm businesses to improve their financial performance and manage debt associated to events outside of the control of the farm business. To a lesser extent, and as a secondary consideration, once financial performance has improved, the FIL has been used to undertake productivity enhancements and risk management activities. Lastly, as a third order consideration, diversification and expansion into new markets has been undertaken by a small number of farm businesses.

As such, the RIC (in partnership with DAFF where appropriate) should consider the primary purpose of the FIL across the potential uses outlined above, and where necessary, adjust its loan eligibility including but not limited to the loan value and key definitions.



Evaluation Findings

The table below outlines the consolidated findings in this report, which can also be found in the report body alongside further context and analysis. The confidence levels attached to these findings are categorised by validated evidence, partial evidence, and limited evidence and further explanation of this rating method can be found in Table 4.

Table 1: Consolidated Findings

#	Findings	KEQ	Confidence Level
FIN.01	The nature and scale of a change to FIL repayment rates is challenging to predict due to the multiple factors that influence how prospective and/or current FIL loan clients perceive the relative benefits and costs between FIL at P&I repayment and commercial loans.	1.1	Validated Evidence
FIN.02	The FIL recipient pool has become more aligned to the credit risk appetite and tolerance since its launch where a significant majority of FIL's are within the RIC's credit risk target cohort. This supports RIC's policy objective of providing concessional loans to farm businesses in financial need but are long-term financially viable and suggests the RIC's enterprise approach to the risk management of its FIL and other loan portfolios, specifically credit risk management policies and procedures are effectively implemented by staff. This is likely complemented through RIC initiatives to equip its staff with pragmatic capability uplift to deliver operationally within its stated risk appetite and associated risk thresholds.	1.2	Validated Evidence
FIN.03	To a large extent the FIL loan recipients have maintained serviceability of the FIL primarily through using the loan to refinance existing debt.	1.3	Validated Evidence
FIN.04	While the serviceability of the loan is not an issue for FIL clients at present, the FIL loan structure and external factors such as increased land valuation and competitive commercial interest rates will likely result in some FIL clients seeking to refinance their loan upon commencement of the P&I period. See <i>Findings and Recommendations in KEQ 1.1</i> for more context.	1.3	Validated Evidence
FIN.05	The FIL has directly contributed to the strengthening of financial viability, profitability, and risk management for the vast majority of its clients. FIL clients' primary consideration has generally been to use the FIL to recover from financial hardship. A secondary and subsequent consideration is using the FIL to undertake productivity enhancement and risk management activities. Available data suggests that while diversification could be an attractive activity, it is a tertiary consideration.	1.4	Validated Evidence
FIN.06	The FIL has been predominantly used to support recovery from financial impacts rather than to encourage investment by farm businesses to expand and/or diversify their business. Although there is evidence to suggest the latter is occurring to some extent.	1.5	Validated Evidence



Evaluation Recommendations

The table below outlines a summary of recommended changes to the FIL loan program for consideration. These recommendations have been made with the intention of strengthening the design intent and improving the administrative efficiency and effectiveness of the FIL and the design of any future loan programs. The recommendations can also be found in the report body alongside further context and analysis.

Table 2: Consolidated Recommendations

#	Recommendations	KEQ
REC.01	Future re-design should consider how the current interest rate determination is perceived by prospective clients; which is based on reviews in line with the 10-year Australian Government Bond rate (including administrative costs) results in a varying perceived benefits and costs between FIL at P&I repayment and commercial loans. This may warrant a reconsideration of the interest rate determination where RIC loan concessionality is exceptionally weak in certain macroeconomic scenarios.	1.1
REC.02	In order to strengthen future monitoring and evaluation activity, the RIC should continue current and planned initiatives to strengthen the understanding of its FIL and broader loan book, for example through enhanced data collection, review mechanisms, and regular customer interaction to better understand the type and status of loan activity undertaken and the appropriateness of this activity against intended FIL outcomes.	1.4
REC.03	The RIC should ensure its assurance framework is fit-for-purpose to holistically examine the data collection, review mechanisms, and regular customer interaction described in Recommendation 3. This should be risk-based and proportionate to understand the extent to which its clients have used the loan for its intended purpose over time. This may include mechanisms for more structured reporting between loan clients and the RIC, particularly where these mechanisms may be adapted from other loan products for use within FIL (for example, the 'Drought Management Plan' for the Drought Loan). This should be proportional and consider administrative burden for the RIC and customer experience implications.	1.4
REC.04	To strengthen future monitoring and evaluation activity, the RIC and DAFF should continue to refine and develop how it conceptualises 'resilience' alongside profitability, viability and risk management capability for the FIL and other products. This should be done alongside defining and agreeing the measures for these concepts in the short, medium and long term.	1.4
REC.05	Future re-design should consider the primary intended purpose of the FIL between facilitating financial recovery and investment to expand and/or diversify farm businesses. This should be undertaken in the context of Finding 6 which suggests a linear journey between recovery, investment, and diversification into new markets.	1.5
REC.06	Future re-design should consider the appropriateness of the FIL maximum loan value of \$2 million in the context of changes to the cost of business, to ensure it is sufficient to drive the outcomes that are being sought within the current loan quantum range.	1.5
REC.07	Future re-design should consider the appropriateness of eligibility tied to 'primary production' in the context of agribusiness entrepreneurship and innovation opportunities.	1.5



Introduction

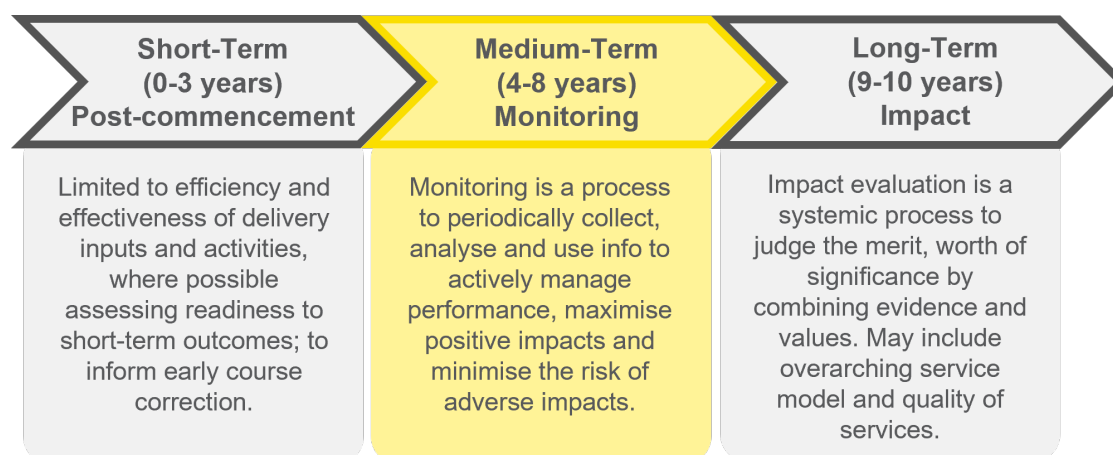
The Evaluation in Context

The Broader RIC Monitoring & Evaluation Program

This FIL medium-term evaluation is part of a series of independent evaluations on RIC loan products being undertaken by Callida. Callida was engaged in 2025 by the RIC to undertake a suite of monitoring and evaluation (M&E) activities to consider the appropriateness, efficiency and effectiveness of the various RIC loans. This primarily includes a series of short-, medium-, and long-term evaluations on all RIC loan products.

In August 2025, Callida commenced a medium-term evaluation of the FIL. This evaluation has been scheduled to report against the medium-term outcomes of the FIL expected within the 4-to-8-year period after the launch of the loan. A further evaluation assessing the FIL's long-term outcomes is scheduled to be undertaken in 2027.

Figure 1: Lifecycle of a RIC Loan Scheme M&E Program



Further, this evaluation responds to a recommendation from the RIC's 2023 medium-term evaluation of the FIL, which recommended an additional evaluation be conducted to assess medium-term outcomes for clients who settled their loans after 2020 (further discussed in Appendix A).

Scope of this Evaluation

Overview of the FIL Evaluation and Key Evaluation Questions

This evaluation is designed to monitor the RIC's progress in achieving the FIL's objective and assesses the performance of the FIL against a series of medium-term outcomes.

The evaluation is guided by the Evaluation Plan which was developed to define the FIL's objectives, outcomes and performance measures, this plan includes:

- The FIL Program Logic outlining the FIL's inputs, outputs, short-, medium- and long-term outcomes (Appendix F refers).
- The FIL Theory of Change detailing how the FIL is expected to change the behaviour of loan recipients through the various stages of the FIL's implementation (Appendix G refers).



- The Key Evaluation Questions (KEQs) which are derived from the Program Logic and are intended to understand the extent to which the inputs, outputs and medium-term outcomes have been met.
- The FIL Data Matrix including Key Performance Indicators (KPIs) for each program stage and output/outcome of the program and defines what data will be used to measure each KPI (Appendix H refers).

Table 3 below outlines the KEQ and sub-KEQs for this medium-term evaluation of the FIL. The KEQ and sub-KEQs are derived from the medium-term outcomes specified in the FIL Program Logic.

Table 3: Evaluation Questions for the FIL Medium-Term Evaluation

Key Evaluation Questions	Sub-Evaluation Questions (aligned to the FIL Medium-Term Outcomes)
1. To what extent did the Farm Investment loan help farm businesses who may be experiencing financial strain improve their financial performance and either build or maintain market diversity in Australian or overseas markets?	1.1 To what extent are businesses able to maintain and service their loan beyond the interest only period?
	1.2 To what extent is the loan recipient pool aligned to the RIC credit risk framework?
	1.3 To what extent does the loan recipient maintain serviceability?
	1.4 To what extent have farm businesses implemented activities to improve their profitability, viability or risk management capability?
	1.5 To what extent have farm businesses implemented activities to maintain diversity in the market and have accesses new opportunities?

Approach and Methodology

Approach to the FIL Evaluation

A mixed method approach to collect and analyse data was used. As such, the evaluation leverages a range of different sources and integrates a variety of qualitative and quantitative data to understand both the 'what' and the 'why' behind the extent to which the medium-term outcomes have been met.

Methodology for the FIL Evaluation

Existing quantitative data, as well as data collected directly from the RIC, the Department of Agriculture, Fisheries and Forestry (DAFF) and FIL loan recipients was drawn upon. This included an initial analysis of the RIC's FIL administrative data across the relevant reporting period and a review of survey responses from FIL clients generated by the JWS client surveys from 2021-2025.

Through data analysis, coupled with an assessment of the FIL loan guidelines and a desktop review, a survey of FIL clients was developed and deployed to understand client perceptions of the FIL loan outcomes. Concurrently, two focus groups were undertaken, one with RIC staff and one with DAFF to gain greater insights into the design, purpose and performance of the FIL. Finally, Callida drew on the FIL client survey responses to undertake one-on-one interviews with FIL clients from across Australia.



Qualitative and quantitative data was captured through the methods broadly outlined below. Further details relating to the methods of analysis, caveats, and limitations are provided at Appendix B.

- **RIC loan administrative data:** analysis of FIL loan data including information on loan status, loan value, geographic spread and credit risk rating.
- **JWS RIC customer surveys 2021-2025:** analysis and review of the annual JWS customer satisfaction survey that seeks the views of RIC clients within the last two years. Survey waves analysed related to FIL client responses across 2021 to 2025.
- **Desktop review:** a review of publicly available and internal RIC information was conducted including FIL loan guidelines and the previous 2023 Evaluation.
- **FIL client survey:** a client survey was developed to gather insights on farm business perspectives of the FIL and as all loan recipients were invited to participate, capture the diversity of views. The survey generated insights into loan purpose, loan usefulness and perception of FIL outcomes with 83 client's responding to the survey, of which 23 individuals self-nominated to participate in a one-on-one interview with Callida.
- **One-on-one interviews:** Six one-on-one interviews were undertaken with FIL clients to understand farm businesses perspectives in greater depth.
- **Focus groups:** Callida facilitated two focus groups with DAFF and the RIC. The focus groups were designed to gain a greater understanding of the design, purpose and performance of the FIL including any outcomes and/or unintended consequences that emerged.

Given the mixed methods used in this evaluation, Callida has analysed and where possible validated data sources relevant to each evaluation question, to provide a 'confidence level' for each finding. The level, explanation and legend in the report for each of these are provided in the table below.

Table 4: Evaluation Confidence Levels, Explanation, and Report Legend¹

Confidence Level	Explanation
Validated	A validated finding generally means there were 2 or more sources of information including independent analysis of raw data that was able to be corroborated/replicated.
Partial Evidence	Partial evidence finding typically refers to a finding that either has only one fully substantiated data source or it may have 2 sources i.e. quantitative data and information from focus groups, but the veracity of this information is in some way compromised or limited.
Limited Evidence	Limited evidence finding means the finding may only be supported by a singular source i.e. document analysis or aggregated data that can't be verified.

¹ This method is derived from the Better Evaluation Guide on triangulation to support the cross-verification of data across two or more sources. Better Evaluation: <https://www.betterevaluation.org/methods-approaches/methods/triangulation>, accessed 15 October 2025.



FIL Program Context

Overview and Design of the FIL

The FIL was designed to support the long-term strength, resilience and profitability of Australian farm businesses that will be viable in the long-term. The FIL was launched on 1 July 2018, alongside the Drought Loan, which were the first loan product offerings from the RIC. The FIL can be used by eligible farm businesses for:

- refinancing commercial debt and government-funded concessional loans
- new debt for operating expenses and capital expenditure
- a combination of (1) and (2).

The FIL is designed for farm businesses that:

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

Importantly, the assessment of financial need for the loan is based on four key factors:

1. cause of impact outside the control of the farm business (such as drought, pest or disease outbreak or unexpected market closure)
2. significance of the financial impact
3. duration of the impact
4. cumulative impacts (i.e. whether the financial needs is a result of a single event or multiple events such as drought followed by market closure).

A FIL is available for up to \$2 million, with no minimum loan value, over a 10-year loan term. In the first five years, FIL recipients make interest only repayments and then, in the final five years of the loan term principal and interest repayments are made. Farm business may apply to refinance up to 50 per cent of their total debt.

Like all the RIC products, FIL is intended to provide temporary relief to farm related businesses that will otherwise be viable in the long-term. In this way, FIL is not designed to impede structural adjustment in the agricultural market. Through ensuring eligible businesses have the appropriate financial arrangements (including but not limited to an acceptable credit rating, cash flow and other equity) to service the loan, the loan is designed to support eligible businesses to improve their strength, resilience and profitability in the long term whilst reducing the impact of an external factor on their businesses (e.g. drought).

FIL Current Status

The current total value of the FIL is \$370.72 million, representing 10.04% of the total value of the RIC loan book. The below table shows the distribution of the RIC loan book as of July 2025, noting that FIL is the second most common RIC loan behind Drought, which is almost 80% of the total volume of all RIC loans.



Table 5: Distribution of the RIC Loan Book across all RIC Loan Products as of July 2025

Loan Type	Value of Loan Book (\$m)	Proportion of Loan Book (%)
AgBiz	\$34.51	0.93
AgRebuild	\$179.78	4.87%
AgriStarter	\$163.74	4.44%
Drought	\$2,942.59	79.72%
Farm Investment	\$370.72	10.04%
Total	\$3,691.35	100.00%

As of July 2025, there were 370 FIL on the RIC loan books, including approved loans (funds not yet distributed), settled and still active (approved loans with the funds distributed), and loans that have been repaid in full. Table 6 below shows the distribution of the status of FIL loans as of July 2025.

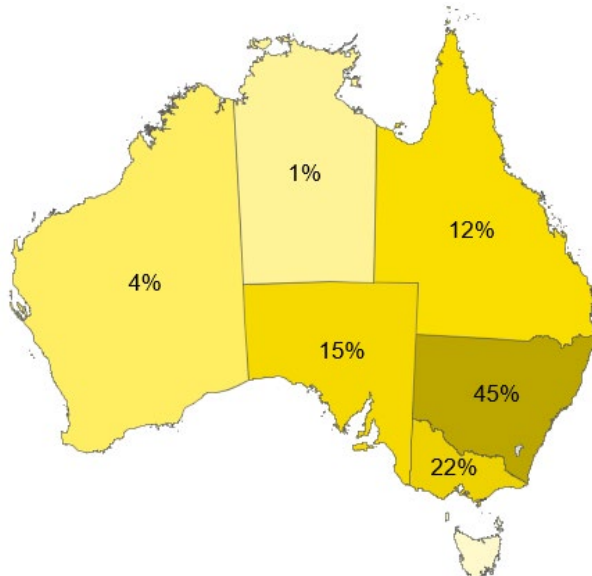
Table 6: FIL Approved, Repaid, and Settled as of July 2025

Status	Count	% of the FIL
Approved	26	7%
Settled (and still active)	303	82%
Repaid	41	11%
Total	370	100%



Currently, the geographic profile of the FIL is largely concentrated in New South Wales which has 45% (165) of all FIL loans. This is followed by Victoria with 22%, and a smaller number across South Australia, Queensland, Western Australia, Tasmania and the Northern Territory, respectively.

Figure 2: FIL Client Distribution by State and Territory as of July 2025



Lastly, Figure 3 shows the FIL profile distribution across 12 Australia and New Zealand Standard Industrial Classification (ANZIC) main codes, highlighting the main industries for the FIL are sheep, beef, cattle and grain farming, which make up 73% of FIL loans.

Figure 3: FIL Client Distribution across Industry ANZSIC Group as of July 2025

ANZSIC Industry Name	# of FIL clients
Fishing	1
Agricultural Product Wholesaling	1
Agriculture and Fishing Support Services	1
Beverage Manufacturing	1
Other Livestock Farming	2
Mushroom and Vegetable Growing	3
Poultry Farming	4
Nursery and Floriculture Production	7
Other Crop Growing	11
Dairy Cattle Farming	23
Fruit and Tree Nut Growing	45
Sheep, Beef Cattle and Grain Farming	271
Total	370



Evaluation Findings

Loan Purpose and Performance

The overarching KEQ examined in this evaluation is: *“To what extent did the Farm Investment Loan help farm businesses who may be experiencing financial strain improve their financial stability and either build or maintain market diversity in Australia or overseas markets?”*

We find within the scope of this evaluation; the FIL is to a large extent helping farm businesses improve their financial stability. Additionally, to a lesser extent the FIL is also assisting some farm businesses build or maintain market diversity.

The following key indicators have been utilised, and are discussed through this report:

- proportion of loans continuing beyond 5-year mark (principal and interest repayment period)
- RIC Credit Risk Rating data i.e. shift in Credit Risk Grade or Security Cover Grade
- loan business survival rate
- demonstrated capacity for businesses to meet their financial commitments
- whether the loan has allowed for business expansion, diversification, productivity or profitability.

Two overarching themes have been identified. Firstly, that FIL clients have predominantly used the loan to support recovery from financial impacts, prior to considering investment and/or market diversification and expansion. Secondly, some of the performance aspects of the FIL, such as increased demand for the FIL and understanding of the uses of the FIL are being supported by improvement RIC is making to its operating model, including data collection.

The focus of the evaluation relates to FIL’s objective and assesses the performance of the FIL against a series of medium-term outcomes (see Appendix E) and has included an analysis of how to maximise positive impacts and minimise the risk of any unintended adverse impacts of the FIL. The following findings and recommendations relate to:

- internal continuous improvement and knowledge uplift to support the ongoing implementation and efficiency of the FIL
- external customer-focused behaviour changes attributable to the FIL across its intended medium-term outcomes.

More detailed analysis and discussion is below.



KEQ 1.1 To what extent are businesses able to maintain and service their loan beyond the interest only period?

Due to the majority (81%) of FIL clients commencing the settlement of their loan between 2023-2025, there is insufficient data within the scope of this evaluation to assess FIL clients' ability to maintain and service loans beyond the interest only period, which commences after the first five years of the loan. For example, at the time of reporting, only one client had commenced the principal and interest (P&I) period. This limits the ability of this evaluation to develop findings relating to maintenance and serviceability of loans in the P&I period.

Input from the client survey and interviews also highlighted that it is challenging to anticipate future behaviour and repayment rates once the P&I period commences. This relates to multiple factors that influence the perceived concessionality of the RIC's interest rate, as discussed below.

Demand and Uptake of the FIL

Between 2019-2023, there was limited uptake by eligible farm businesses of the FIL. This coincided with widespread drought conditions in 2019, which led the government to offer the Drought Loan at two years interest free (applications eligible for the interest free period needed to be submitted between 1 January 2020 to 30 September 2020). Although the FIL has broader criteria, which are inclusive of those for the Drought Loan, these conditions made many farm businesses eligible for the Drought Loan, which offered more favourable terms.

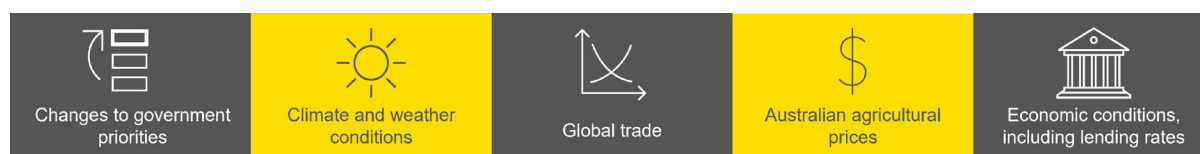
The comparatively favourable conditions of the Drought Loan resulted in high application volumes for that loan in 2019 and 2020. Demand for the FIL increased upon the conclusion of the interest free period for the Drought Loan. Clients highlighted in surveys and interviews that this was driven, in part, by the FIL's broader eligibility criteria, including for drought and other sudden and significant events that are outside the control of the farm business, resulting in a significant increase in the number of loans settled in 2023 compared to previous years.

Expected Behaviour upon Commencement of P&I Period

Input from the RIC focus group and client interviews suggest the commencement of the P&I period will likely lead to an increased repayment rate amongst FIL clients where the concessionality of the FIL reduces against commercial lending terms.

FIL clients also outlined multiple exogenous factors that may shape their informed decision-making, highlighted at Figure 4.

Figure 4: External Factors Impacting Loan Repayment Decision Making



However, the nature and scale of a change to FIL repayment rates is challenging to predict due to the multiple factors that influence how prospective and/or current FIL loan clients perceive the relative benefits and costs between a P&I FIL and commercial loans.

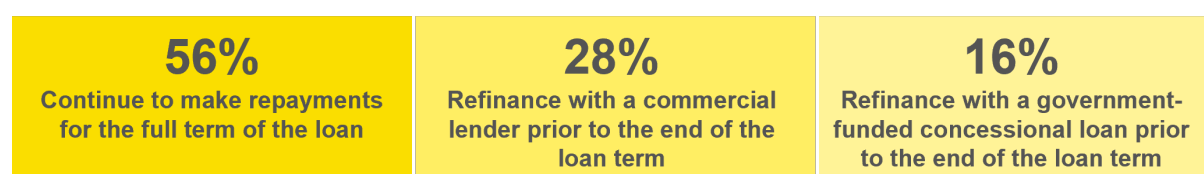
A consistent theme emerging from the client interviews is that current economic conditions have improved from when many FIL clients settled their loans. This has reduced the perceived concessionality of the FIL as commercial debt is currently lent at a more comparable interest rate to the RIC interest rate. In this way, FIL clients indicated that they are maybe more likely to be incentivised to repay the FIL during the P&I period. We heard those FIL clients expecting to refinance or repay their loan prior to the end of the loan period would do so for numerous reasons including to negotiate a better commercial interest rate by consolidating debt.



“But now it’s kind of lost its relevance because interest rates have come back down now [sic]. So you’re not getting that real advantage in interest rates and then there’s [P&I] repayments coming. So in general ... going to refinance that debt back to [the] bank.”

Notwithstanding this, the FIL client survey indicates that 56% of respondents expect to keep their FIL after commencement of the P&I period. However, as discussed above, FIL clients emphasised the uncertainty of future economic conditions makes it difficult to anticipate business decisions about whether to maintain and service their loan in the P&I period. Figure 5 provides an overview of how clients surveyed anticipate managing their repayments once the P&I period commences.

Figure 5: Participant Survey Responses to the Question “Upon commencement of principal and interest repayments (year 6 of loan term), what action are you most likely to undertake?”



This evaluation makes the following validated finding and recommendation in relation to KEQ 1.1:

Table 7: KEQ 1 Findings and Recommendations

Finding	Recommendation
FIN.01: The nature and scale of a change to FIL repayment rates is challenging to predict due to the multiple factors that influence how prospective and/or current FIL loan clients perceive the relative benefits and costs between FIL at P&I repayment and commercial loans.	REC.01: Future re-design should consider how the current interest rate determination is perceived by prospective clients: which is based on reviews in line with the 10-year Australian Government Bond rate (including administrative costs) results in a varying perceived benefits and costs between FIL at P&I repayment and commercial loans. This may warrant a reconsideration of the interest rate determination where RIC loan concessionality is exceptionally weak in certain macroeconomic scenarios.



KEQ 1.2 To what extent is the loan recipient pool aligned to the RIC Credit Risk Rating Appetite?

As of July 2025, all approved and settled FILs are within the RIC's credit risk appetite and tolerance. The vast majority (323 of 329) of these approved and settled FILs are within the RIC's credit risk target for the FIL cohort i.e. assessed credit risk indicates financial need but also long-term financial viability.

These two indicators and the significance of these numbers is discussed further in this section. In summary, this strong alignment to the RIC's credit risk appetite has been supported by the maturation of RIC's risk management framework, policies and procedures that inform the credit risk assessment of loan applications.

Alignment to Credit Risk Appetite

The RIC's Risk, Fraud and Corruption Control Framework (the framework) outlines the RIC's risk management approach including its management of credit risk through its Credit Risk Appetite Statement (CRAS). The CRAS describes that the RIC has a moderate credit risk appetite and tolerance to its loan portfolio meaning that it accepts a moderate level of risk of default of loans and associated decline in value of security that would result in a financial loss to the Commonwealth.

Further to this, the CRAS identifies the credit risk target cohort which refers to the range of credit risk ratings (CRRs) that the RIC intends to target for its loan recipient pool. To align with the RIC's policy objective to provide concessional loans to farm businesses that need financial assistance but have sound prospects of long-term financial viability, the RIC targets CRRs that indicate a level of financial need whilst remaining within the credit risk appetite (the range of CRR highlighted in red in the CRR matrices below).

The framework and CRAS guides the RIC's policies and procedures that inform actions, considerations and requirements for conducting a credit risk rating assessment for a loan application. The RIC has had a fully insourced loan processing model since 2023 including credit risk assessment. In this way, the RIC has increased its ability to monitor and develop staff capability to conduct credit risk assessments and target loan applications that align to the credit risk appetite. This is further supported through internal capability development initiatives such as the establishment of a "credit school" to support staff development in credit assessment. It is understood that this uplift has been effective and ongoing capability initiatives will continue to be important in enhancing assessment efficiency and effectiveness.

As the RIC's risk management approach, framework and policies have matured, the FIL recipient pool has become more aligned to the credit risk appetite since its launch. This is best demonstrated through the shift in CRR for approved and settled applications.

Table 8 shows the initial CRR for all FIL at approval and Table 9 shows the CRR for current and active approved and settled FIL's. The following can be observed in comparing the CRR matrices:

- the proportion of loans within the RIC's credit risk appetite and tolerance (green and orange shaded areas in the CRR matrix) has increased
- the proportion of loans within the RIC's credit risk appetite (green shaded area) has increased
- the proportion of loans outside the target cohort (outlined in red) has decreased.

This indicates the credit risk assessment of FIL has improved at targeting loans both within the credit risk appetite as well as the credit risk target cohort. This is further corroborated by the RIC's reporting of performance targets that show over 95% of loans approved in 2024-25 were within the credit risk appetite.



Table 8: Initial Credit Risk Ratings for all FIL (at Approval)

		Security Cover Grade							
		A	B	C	D	E	F	U	Total
Credit Risk Grade	A								0
	B				1				1
	C	1	1	2	1				5
	D	24	27	179	14	1			245
	E	6	5	73	5	1			90
	F		1	22	2				25
	G	1		1			2		4
	H								
	Total	32	34	277	23	4			370

Table 9: Credit Risk Ratings for Current Active Approved and Settled FIL (as of July 2025)

		Security Cover Grade							
		A	B	C	D	E	F	U	Total
Credit Risk Grade	A								0
	B								0
	C			3	1				4
	D	22	22	173	11				228
	E	6	3	62	2	1			74
	F			21					21
	G		1	1					2
	H								0
Total		28	26	260	14	1	0	0	329



This evaluation makes the following validated finding and recommendation in relation to KEQ 1.2:

Table 10: KEQ 2 Findings and Recommendations

Finding
FIN.02: The FIL recipient pool has become more aligned to the credit risk appetite and tolerance since its launch where a significant majority of FIL's are within the RIC's credit risk target cohort. This supports RIC's policy objective of providing concessional loans to farm businesses in financial need but are long-term financially viable and suggests the RIC's enterprise approach to the risk management of its FIL and other loan portfolios, specifically credit risk management policies and procedures are effectively implemented by staff. This is likely complemented through RIC initiatives to equip its staff with pragmatic capability uplift to deliver operationally within its stated risk appetite and associated risk thresholds.



KEQ 1.3 To what extent do loan recipients maintain serviceability?

As of July 2025, the majority (291 of 303) of settled FIL clients have maintained serviceability of their loan with currently 12 FIL clients in arrears of which four are over 90 days in arrears.

The high rate of serviceability amongst the loan recipient pool has been supported by the RIC's credit risk management approach as discussed in KEQ 1.2 as well as the main use of the FIL by clients to reduce existing financial obligations such as servicing commercial debt.

The RIC's credit risk assessment policy is designed to target loan applications where the farm business has immediate financial need and long-term viability. The selection of loan recipients against this policy means there is ongoing sound prospect of a farm business's capacity to service repayments.

Additionally, the majority (73%) of FIL clients indicated they would use the FIL to refinance commercial debt at a cheaper interest rate highlighting the loan recipient pool's engagement with the RIC to reduce existing debt burden for their farm business. Table 11 shows that most FIL's were used to refinance commercial debt compared to other types of existing debt.

Table 11: Refinance Loan Purpose (Level 1 to Level 3)

Loan Purpose Level 1	Loan Purpose Level 2	Loan Purpose Level 3	#
Debt Refinance	Commercial Lender	Cheaper Interest Rate	334
		Long Term Funding	3
	Concessional Loan	Cheaper Interest Rate	2
		Roll Over at Expiry	2
		Long Term Funding	2
	Family Loan	N/A	2
	Vendor Finance	N/A	1
	Consolidate Creditor	N/A	6

However, around 44% of FIL client survey respondents indicated they intended to refinance their loan with a commercial or other government concessional lender prior to the end of the loan term. To understand whether intentions to refinance were linked to serviceability i.e. capacity to repay, interviewees were asked about their intended choice. Broadly, interviewees reflected that intentions to refinance were mostly associated with:

- a desire for greater flexibility over the loan terms and conditions to enable greater investment and growth for their businesses and to avoid the prescribed FIL repayment period
- the FIL becoming less relevant and losing a key point of difference from commercial and other alternatives as interest rates decline.



Table 12: KEQ 3 Findings and Recommendations

Findings
FIN.03: To a large extent the FIL loan recipients have maintained serviceability of the FIL primarily through using the loan to refinance existing debt.
FIN.04: While the serviceability of the loan is not an issue for FIL clients at present, the FIL loan structure and external factors such as increased land valuation and competitive commercial interest rates will likely result in some FIL clients seeking to refinance their loan upon commencement of the P&I period. See <i>Findings and Recommendations in KEQ 1.1</i> for more context.



KEQ 1.4 To what extent have farm businesses implemented activities to improve their profitability, viability, or risk management capability?

The majority of FIL clients expressed strong positive sentiment on the impact of the FIL on the farm business' profitability, viability, and risk management capability. While this sentiment appears to support the intent of the FIL, quantitative metrics and reporting are not available to attribute the material allocation of the FIL to activities that support these medium-term outcomes. Rather, the impact of the FIL on KEQ 1.4 has been assessed using qualitative responses provided by clients through surveys and interviews, limiting visibility on actual improvements versus self-reported improvements. This is, in part, due to the impost on clients and the resource intensive nature of reporting and analysing financial information respectively.

Noting these limitations, this evaluation has been designed to capture and report on qualitative indicators of profitability, viability, and risk management capability. Primarily, this has involved collecting qualitative indicators and comparing this with other data, including JWS survey data and insights derived from one-on-one interviews with FIL clients and focus groups with RIC and DAFF.

In the context of farm business 'resilience' being a long-term outcome captured in the FIL Program Logic, we also identify an opportunity to improve the measurement of profitability, viability and risk management capability as they relate to strength, resilience and profitability of farm businesses in the long-term. We expect that any improvements in the measurement and data collection in relation to these concepts will support more robust monitoring and evaluation activity in the future. This complements a similar point made in the July 2025 short-term evaluation of the AgBiz Drought Loan.

Profitability

Overall sentiment across all available data sources indicates a high degree of confidence the FIL improves farm businesses' profitability. Figure 6 highlights the purpose of the improvement activities FIL clients have undertaken, or plan to undertake, with the FIL loan.

Figure 6: Participant Survey Responses to the Question "What was the main purpose of the activity that you have or plan to undertake using the Farm Investment Loan?"



These activities are intended to support the client to recover from events outside their control and/or enable investment to improve farm business efficiency and resilience. This includes both small- and large-scale capital and operational activities expected to improve profitability.

"[We bought] orchard netting to reduce risk from birds, bats, and hail

"[The FIL loan helped us] build, large complex of grain silos to improve harvesting and spread market risk of sales after harvest where prices are typically depressed"



This is corroborated by annual survey data undertaken by JWS on behalf of the RIC, as outlined in Table 13. Between 2021 and 2025, approximately 75% of respondents indicated they “strongly agree” and “somewhat agree” the FIL has allowed their farm or small business to grow.

Table 13: FIL client responses between 2021-2025 to JWS survey question “The loan has allowed me to grow my farm or small business”

Strongly Agree	Somewhat Agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree	Total
152	113	72	10	6	353

Financial Viability

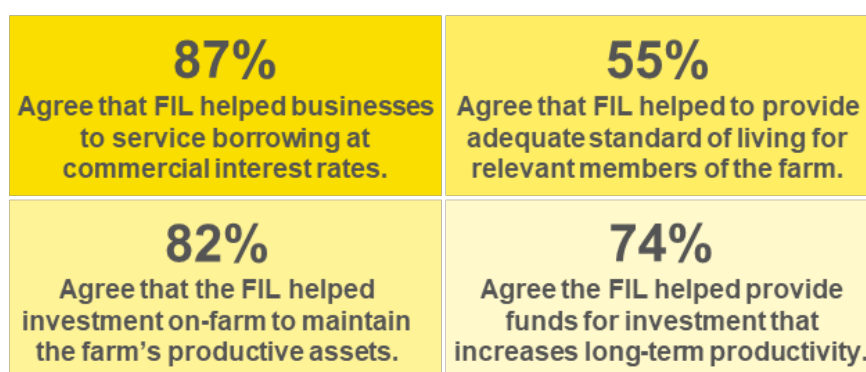
To qualify for the FIL, farm businesses need to have sound prospects for ongoing financial viability. This evaluation has sought to understand the impact of the FIL in improving financial viability as farm businesses recover from the financial impact of disruptive events.

Farm businesses are considered to be financially viable when they generate 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.²

As shown in Figure 7 against these indicators, the majority of FIL client survey respondents agree the FIL supports financial viability.

Figure 7: Participant Survey Responses to the Question “Based on your experience with the Farm Investment Loan, please indicate the extent to which you agree or disagree with the following statements?”



FIL clients have emphasised the criticality of the FIL in supporting the sustainment of their operations in the short-term as well as to improve long-term viability by enabling access to capital that supports growth in farm businesses.

² The definition of ‘financial viability’ is drawn from the FIL loan guidelines.



"The bank wouldn't support us anymore. We had to sell the family car to inject cash as much as possible to keep us solvent. [The FIL] has now enabled us to have cash flow and to access more capital."

"I went to a heap of other banks; I got knocked backed and RIC was the only one to accept us."

"We have improved our irrigation field layouts, built new irrigation channels and installed new irrigation structures which all improve water efficiencies and improve the bottom line of our gross margins."

"Using the money, we saved from paying commercial loan interest [we could purchase] farm machinery that makes better use of the rainfall."

These findings are supported by the credit risk assessment at approval where the majority of the FIL recipient pool are within the target cohort of CRRs which indicates a level of financial need but long-term viability.

Risk Management Capability

The FIL is intended to support clients to increase access to capital for activities that improve the long-term resilience by increasing the risk management capability of the farm business.

While both focus groups share the belief the FIL is more likely being used to support recovery rather than investment, qualitative responses from FIL clients indicate that their use of the loan is multipurpose, and that over time, their use has evolved to support investment activities.

In conjunction with the FIL initially being used to increase cash flow, 37 out of the 73 FIL clients that provided a description of specific activities undertaken with the loan described activities related to building resilience. These activities included, but were not limited to, modernising farm production systems and infrastructure, upgrading machinery and equipment, and undertaking drought and natural disaster preparedness and management projects.

"Restructured debt to put the business in a stronger trading position while also allowing investment in fodder storage for drought."

Refinancing commercial debt to reduce cost pressure; dam and drain cleaning to increase drought resilience; investing in a liquid kit system for our seeder to enhance crop productivity."



Although many FIL clients expressed that they were unwilling to take on new debt for investment activities whilst experiencing financial hardship, there is evidence the FIL indirectly enables investment activities. This is enabled through increased cash flow and expedited recovery from financial impacts outside the farm businesses' control, which then allowed investment activities to be undertaken.

Collection of quantitative metrics and reporting on specific activities undertaken by FIL clients over the loan term would further support direct and indirect attribution of the FIL on risk management capability as well as profitability and financial viability. This would be achieved through a more in-depth understanding of the nature and scale of activities undertaken attributable to the FIL.

This evaluation makes the following validated finding and recommendations in relation to KEQ 1.4:

Table 14: KEQ 4 Findings and Recommendations

Finding	Recommendation
FIN.05: The FIL has directly contributed to the strengthening of financial viability, profitability, and risk management for the vast majority of its clients. FIL clients' primary consideration has generally been to use the FIL to recover from financial hardship. A secondary and subsequent consideration is using the FIL to undertake productivity enhancement and risk management activities. Available data suggests that while diversification could be an attractive activity, it is a tertiary consideration.	REC.02: In order to strengthen future monitoring and evaluation activity, the RIC should continue current and planned initiatives to strengthen data collection, review mechanisms, and regular customer interaction to better understand the type and status of activity undertaken and the appropriateness of this activity against intended FIL outcomes.
	REC.03: The RIC should ensure its assurance framework is fit-for-purpose to holistically examine the data collection, review mechanisms, and regular customer interaction described in Recommendation 3. This should be risk-based and proportionate to understand the extent to which its clients have used the loan for its intended purpose over time. This may include mechanisms for more structured reporting between loan clients and the RIC, particularly where these mechanisms may be adapted from other loan products for use within FIL (for example, the 'Drought Management Plan' for the Drought Loan). This should be proportional and consider administrative burden for the RIC and customer experience implications.
	REC.04: To strengthen future monitoring and evaluation activity, the RIC and DAFF should continue to refine and develop how it conceptualises 'resilience' alongside profitability, viability and risk management capability for the FIL and other products. This should be done alongside defining and agreeing the measures for these concepts in the short, medium and long term.



KEQ 1.5 To what extent have farm businesses implemented activities to maintain diversity in the market and have accesses to new opportunities?

The majority of FIL clients expressed the FIL has allowed for the expansion of business operations within the same market, while only an approximated one quarter agreed the FIL helped with diversification into new markets. This indicates the FIL has enabled clients to build and maintain diversity in the markets they currently supply but has, to date, had less impact on farm businesses' ability expand into new markets interstate or overseas.

This aligns with a recurring theme of this evaluation that the FIL supports business diversification and expansion once the impacts of financial hardship are addressed.

Evidence collected through this evaluation suggest the FIL effectively supports clients to maintain operation within existing markets as they recover from financial hardship, and, to a lesser extent, diversity into new markets.

Table 15: Participant Survey Responses to the Question “Based on your experience with the Farm Investment Loan, please indicate the extent to which you agree or disagree with the following statements?”

	Strongly Agree	Somewhat Agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree	Total
Expand business operations within the same market	11	42	20	6	1	80
Diversify into new markets	4	14	45	15	2	80

Maintain and expand in existing markets

FIL clients reflected the FIL allowed their farm businesses to continue to operate by supporting them to cover operating expenses and to meet financial obligations. This prevented reductions to farm production that otherwise would have impacted supply to the market including market exit.

“Hold our existing breeding herd and then expand our breeding numbers.”

“Enabled to continue operating as a farming enterprise”

There is further evidence the FIL supports clients to expand within the markets they supply with the majority (73 out of 80) of respondents agreeing with this sentiment, described by Table 15 above. This was corroborated in interviews with loan clients, where respondents elaborated the more stable financial footing facilitated by FIL has supported operations to:

- increase the volume and quality of stock to service existing market arrangements



- increase the retention time of stock to acquire higher premium prices within existing market arrangements.

Diversify Business Operations into New Markets

In the context of diversifying business operations into new markets, data from the FIL client survey indicates that approximately 22% of respondents agreed the FIL helped diversification into new markets, as highlighted at Table 15. This is supported by views shared in focus groups that while some funds are used for working capital or minor capital expenditure, investment in new markets is less common.

As previously discussed, generally, FIL clients' primary consideration has been to use the loan for recovery from financial hardship. A secondary and subsequent consideration is using the loan to undertake productivity enhancement and risk management activities. Available data suggests that while diversification could be an attractive activity, it is a tertiary consideration.

This could be attributed to the design of the FIL, specifically the maximum loan value of \$2 million, which focus groups agreed may constrain a farm business' ability to access a level of capital necessary to meaningfully diversify into new markets. For example, both interviewees and focus groups noted the increased valuation of farmland impacted the perception of the FIL as an appropriate vehicle for investment, as larger loans are needed to undertake projects that drive the type of growth necessary for expansion.

“\$2 million doesn't get that far in agriculture, if you want to purchase land, especially when you count indexation. It would be good to look at ways to increase the capacity of loans.”

Challenges were raised about the use of RIC loan products to support farm businesses to expand into markets outside of 'primary production.' For example, it was identified that expanding a farm business into new markets such as Agritourism is outside the scope of eligibility for the FIL. This evaluation identifies that this barrier to market diversification should be considered alongside other policy settings, such as tax and other incentives, that inform farm business decision-making.

In response to question regarding market diversification: “I ain't going there, 'cause I already know what it looks like, so I think we maximise what we can from what we have.”



This evaluation makes the following validated finding and recommendations in relation to KEQ 1.5:

Table 16: KEQ 5 Findings and Recommendations

Finding	Recommendation
FIN.06: The FIL has been predominantly used to support recovery from financial impacts rather than to encourage investment by farm businesses to expand and/or diversify their business. Although there is evidence to suggest the latter is occurring to some extent.	REC.05: Future re-design should consider the primary intended purpose of the FIL between facilitating financial recovery and investment to expand and/or diversify farm businesses. This should be undertaken in the context of Finding 6 which suggests a linear journey between recovery, investment, and diversification into new markets.
	REC.06: Future re-design should consider the appropriateness of the FIL maximum loan value of \$2 million in the context of changes to the cost of business, to ensure it is sufficient to drive the outcomes that are being sought within the current loan quantum range.
	REC.07: Future re-design should consider the appropriateness of eligibility tied to 'primary production' in the context of agribusiness entrepreneurship and innovation opportunities.



Appendix A: Status of the FIL Evaluation Work

The FIL has been in operation since 1 July 2018, and as noted above a previous medium-term evaluation of the product was completed internally by the RIC in 2023. The 2023 Evaluation focussed on the outcomes of the loan since the loan's inception from July 2018 to October 2022. The evaluation recommended a further medium-term evaluation be undertaken in late 2024. This was because a large portion of FIL loans were not settled (i.e. funds distributed) until 2022 and as such it was challenging for the 2023 Evaluation to determine the extent to which customer behaviour had changed because of the loan, as a large majority of clients were yet to receive their funds.

Given this context and the recommendations from the 2023 Evaluation, Callida has undertaken a second independent medium-term evaluation of the FIL from August 2025 to October 2025. This evaluation has included FIL data collection and analysis from 2018 to July 2025. This has enabled consideration of the previous evaluation, the specific environment of the FIL and enhancements and changes to the loan product that have occurred over the relevant period.

Additionally, including the recommendation relating to a further evaluation, the 2023 Evaluation made six recommendations. These six recommendations and their status as reported by the RIC in September 2025 are provided in Table 17 below. This table shows, as assessed by the RIC, there are four recommendations which are complete. One recommendation has been determined by the RIC as not applicable, noting that refinance remains an eligible use of the FIL. The last recommendation relating to a further medium-term evaluation is reported as 'underway', which is the subject of this report.

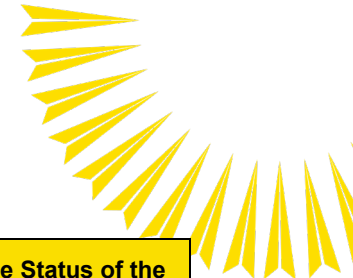


Table 17: 2023 Evaluation Recommendations and Status

FIL 2023 Medium-Term Evaluation Recommendations		Management Response	Intended Actions (2023)	RIC Comments on the Status of the Recommendations
1	The Australian Government and the RIC should review FIL Program Guidelines to clarify the objective and make the eligibility and financial need criteria clearer. The FIL loan in its current form could be repurposed as a general recovery loan or would require a review of the financial need criteria to align the loan to the stated objective.	Agree	1. Develop a brief for DAFF and MO on misalignment of objective and design 2. Develop an integrated plan on how FIL can be used more deliberately in business disruption recovery scenarios 3. Develop FAQ on how FIL can be used for recovery/rebuild purpose 4. Explore potential to change name to better reflect current loan design 5. Reframe public messaging to align to product design 6. Provide to DAFF/MO on current limitations of Loan to drive Farm Investment and deliver stated objective	Complete: • Messaging in communication and public materials was updated (Completed July 2023) to provide greater clarity of criteria and purpose of loan (Before you apply - Regional Investment Corporation). This included creation of an eligibility quick quiz, educational materials and FAQs. • In 2024 an independent review was conducted of RICs operations. This review recommended minor amendments to the framing of the Farm Investment Loan (RIC Act Review Recommendation 4.1). Government is currently reviewing these recommendations. • Since 2024 the RIC has progressively refined the Farm Investment Loan through updated public communications, revised guidelines, and strategic internal planning, informed by independent review and executive-led repositioning efforts.
2	The RIC should deliver tailored and targeted messaging surrounding all eligible impacts outside the control of the farm business and clearly highlight the need for applicants to demonstrate they must meet the	Agree	1. Develop simplified communication materials around constitutional eligibility 2. Integrate into website and application process	Complete • As above. FIL Guidelines updated and significant additional supports and materials provided



	constitutional eligibility surrounding solely or mainly supply or intend to solely supply products into supply chains that are interstate and/or overseas to be eligible for the FIL.			via website to assist customers in understanding FIL eligibility requirements.
3	As part of the current data capture piece of work which is being undertaken by the RIC to determine and implement critical reportable data points, the RIC should review FIL data processes (loan use, efficiency and benefits) and implement targeted collection points to amend data deficiencies and demonstrate loan impact and benefits.	Agree	3. Data collection requirements to be developed and briefed to Business Performance and Program Delivery business units for implementation, aligned with system implementation	Complete - As part of the in-housing of lending services RIC reviewed and implemented additional data capture for all loans (incl FIL). - In 2024–25, additional critical data points—such as loan purpose and drought management activities—were incorporated into ongoing reporting and program evaluations, enhancing the evidence base for decision-making.
4	The Australian Government and the RIC should consider the appropriateness and benefits of refinance remaining an eligible loan use, and should refinance remain, consider appropriate mechanisms to determine refinance use and monitor progress.	Noted	N/A	N/A – Refinance remains an eligible use.
5	The Australian Government and the RIC should consider the appropriateness of 'drought' remaining an eligible cause of impact outside the control of the farm business.	Agree	1. Drought use will be reviewed in public facing materials to provide a clearer distinction between loan purpose	Complete Outcome is captured in updated online materials and reframing of FIL (see above)
6	The RIC should undertake a further medium-term evaluation of the FIL in quarter 4 2024 to more effectively demonstrate loan use efficiency and impact.	Agree	1. Schedule additional evaluation in RIC Evaluation plan	Underway – Expected completion Oct 2025



Appendix B: Data Sources, Methods and Caveats

The following table details the data sources, methods and relevant caveats and limitations of all the data sources included and excluded relevant to the Farm Investment Loan evaluation.

Broadly a mixed method, sequential explanatory approach was undertaken to this evaluation. That is, the evaluation drew on both qualitative and quantitative information and data sources through first collecting and analysing quantitative data and then using qualitative methods to explain and elaborate on the quantitative results.

Table 18: Data Sources, Methods, Caveats

Data Source / Type	Methods	Caveats and Limitations
RIC loan administrative data	Descriptive analysis of FIL loan data including information on loan status, loan value, geographic spread and credit risk rating from 2018 to July 2025. This data was extracted by RIC staff at Callida's request and based on engagement with RIC Subject Matter Experts. It is primarily extracted from the RIC Salesforce system and Finnacle which capture information on the RIC loans across their lifecycle from October 2023 onwards. Analysis and review of data provided was undertaken independently by Callida.	Arrears information is not currently easily reportable over time due to limitations in the Salesforce system. The Salesforce System is a live dataset, as it is used to manage loans on daily basis. While arrears information is available across monthly reporting snapshots can only be extracted at the time of reporting. The RIC has advised that enhancements to the system are underway to improve functionality and view of loans in arrears over time.
JWS RIC customer surveys 2021-2025	Descriptive analysis and review of the annual JWS Research customer satisfaction surveys that seek the views of RIC clients within the last two years. Survey waves analysed related to FIL client responses across 2021 to 2025. This provided an aggregated view of FIL clients experiences across the relevant time period. Analysis and review of data provided was undertaken independently by Callida.	These surveys were not undertaken by Callida and were designed, delivered and deployed by JWS Research, a third-party provider. Callida understand the JWS survey is not strictly longitudinal i.e. it captures different client groups randomly selected from the broader RIC loan population group. The survey is run each year and captures clients or individuals who engaged with the RIC within the last two years. The RIC has separately engaged JWS Research to run several client experience surveys (since 2020) to understand the experience of RIC clients and their satisfaction with RIC loans. Callida has previously engaged with JWS Research to understand and gain access to the survey information as a relevant source for evaluative analysis.



Desktop Review	Callida extracted and reviewed publicly available information including the FIL program Guidelines, RIC Act Review and the RIC FIL website. Callida also reviewed internal documents provided by the RIC including the previous internal medium-term 2023 evaluation.	Where these have been used in the report the relevant source is cited, and any specific limitation is noted.
FIL Client Survey	Callida developed a client survey to gather insights on farm business perspectives of the FIL and as all loan recipients were invited to participate, capture the diversity of views. The survey was deployed on 18 August and was sent to select FIL clients by the RIC on behalf of Callida. The survey was voluntary and anonymous. The survey was comprised of 11 questions including Likert scales, multiple choice and free text questions. The survey was deployed to 83 FIL clients from 18 August 2025 to 18 September 2025 who had repaid, settled or approved loans. Significantly the survey allowed each respondent to self-nominate for a one-on-one interview with Callida to discuss their responses in detail. The survey generated insights into loan purpose, loan usefulness and perception of FIL outcomes with 83 clients' responding to the survey, of which 23 individuals self-nominated to participate in a one-on-one interview with Callida.	Given the focus on the medium-term outcomes of the FIL and the extent to which it has delivered on these outcomes for clients, declined, ineligible, lapsed and withdrawn applications were not included in the scope of the survey. Of the total 370 FIL clients, the survey was deployed to 344 clients. Two clients were unable to be reached via email or phone.
One-on-one Interviews	Through the deployment of the FIL Client Survey, 23 clients nominated for a one-on-one interview with Callida. Due to time and resourcing constraints only a total of eight interview slots were available. To provide each client with an equal chance of an interview and to cover the diversity of FIL clients including farm location and loan use, Callida took a stratified random sampling approach. This divided FIL clients into unique groups (or strata) based on their location and loan use. A random sample was then taken from each group to identify an initial 16 individuals who were offered an interview slot. Of the 16, six FIL clients confirmed a slot, and six one-on-one interviews were undertaken to understand their farm businesses perspectives in greater depth.	Given the time and resourcing allocated to the FIL medium-term evaluation only a small sample of FIL clients were able to participate in an interview. The views expressed are solely the views of the individuals participating in the interviews and are not necessarily representative of the whole FIL cohort. For privacy reasons and to ensure the robustness and candidness of information, interviewee and interviewee information is anonymous and de-identified as presented in the report.



Focus Groups	Callida facilitated two separate focus groups with DAFF and the RIC staff. The focus groups were designed to gain a greater understanding of the design, purpose and performance of the FIL including any outcomes and/or unintended consequences that had emerged. Participation in the focus groups was entirely voluntary. The RIC and DAFF were provided guidance on the information and perspective Callida was seeking to support the identification of relevant staff from each agency.	The views expressed are solely the views of the individuals participating in the Focus Groups. For privacy reasons and to ensure the robustness and candidness of information, Focus Group information is anonymous and de-identified as presented in the report.
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Appendix C: Glossary

The below table provides a glossary of the key terms used throughout the report in relation to the evaluation of the Farm Investment Loan.

Table 19: Glossary

Term	Working Definition
Approved	Refers to loans that RIC has deemed eligible and suitable but have not been 'settled' where the funds have been disbursed.
Commercial debt	Commercial debt is debt that has been established on commercial interest rates, terms and conditions.
Concessional loan	A concessional loan is a loan made on more favourable terms than the borrowers could obtain in the market. This includes lower interest rates and extended repayment time frames.
Credit risk grade (CRG)	The CRG calculates the relative rating of the probability of default on the loan where the probability of default becomes higher with the progression of CRG from A through to H.
Credit risk rating	The credit risk rating is comprised of the credit risk grade (CRG) and the security cover grade (SCG).
Declined	The loan application has been assessed by RIC as unsuitable or otherwise ineligible for the loan.
Financial viability	A small 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 small business • allow investment to maintain the business's productive assets • provide funds for investment that increases long-term productivity.
Finacle	Finacle is an internal RIC system holding financial and other customer data on RIC loans.
Ineligible	The loan application does not meet the eligibility criteria of the loan.
Lapsed	The time for the prospective client to continue proceeding with the loan application has passed.
Loan processing time	Refers to the time between a client submitting an application for a loan and the RIC providing an outcome or decision on that application (including approvals, rejections and instances where applicants withdraw their submission).
Refinance	Restructure existing commercial debt, including taking out a RIC loan to pay off the initial debt on typically more favourable terms and conditions.
Repaid	The loan has been repaid in full.
SalesForce	SalesForce is an internal customer-based relationship management system. Holds most of the information the RIC has on its clients including their financial, contact and loan grade information and customer feedback and interactions. Primarily holds loan application data.
Security cover grade (SCG)	The SCG indicates relative possible loss in the event of a default and a forced sale scenario.
Settled	The loan has been approved with all funds distributed to the client. The loan is 'active' on the RIC loan book.
Withdrawn	The application for the loan has been withdrawn.
Working capital	Working capital is the capital a business has for day-to-day operations. This includes cash and liquid assets to cover any short-term and immediate obligations.



Appendix D: Key Document List

The below provides a list of the key documents (non-exhaustive) used in the document analysis for the evaluation of the Farm Investment Loan.

Table 20: Key Document List

Number	Key Document
1	Raw monthly and application data from the RIC data holdings i.e. Salesforce and Finnacle
2	JWS RIC customer surveys 2021-2025
3	2023 Farm Investment Loan Medium-Term Evaluation
4	The Farm Investment Loan Program Guidelines
5	Farm Investment Loan Program Logic



Appendix E: FIL Client Survey

Survey Methods

The below outlines the methods undertaken for the FIL survey from 18 August 2025 to 18 September 2025. This includes the population of FIL clients surveyed, the clients on the loan book that were excluded and the deployment mechanism and management of the survey.

Survey Sample

The survey sample included 344 settled and repaid FIL clients on the loan book from 1 July 2018 to July 2025. The aim of the survey was to capture the views of current and past FIL clients on the loan purpose, loan usefulness and their perception of FIL outcomes.

Before the sample was chosen, RIC sought to exclude customers who had been recently approached for:

1. a targeted survey in relation to review survey questions
2. customers surveyed as part of the recent JWS customer survey.

As a result, there were no FIL customers that were included in a targeted survey (1) and a list of FIL customers surveyed by JWS were unable to be provided due to potential compromise of response confidentiality (2). All other RIC loan clients i.e. AgBiz, AgRebuild, AgriStarter and Drought were excluded from the survey.

Additionally, individuals that applied for but did not receive a Farm Investment Loan were excluded. This included any Farm Investment Loan applications that were withdrawn, lapsed, ineligible or declined. Farm Investment Loan clients from August 2025 onwards were also excluded from the sample.

Survey Development and Deployment

The survey was open from 18 August 2025 to 18 September 2025 to the 344 FIL clients between 1 July 2018 to July 2025. 83 responses were received and 23 self-nominated to participate in a one-on-one interview.

The survey was developed by Callida through Microsoft Forms and deployed by the RIC Customer Optimisation team. The survey comprised of 11 questions which included a mix of multiple choice, free text and Likert scales.

The survey was voluntary and anonymous, and results of the survey were only available to Callida. An inbox was set up by Callida to monitor any feedback and concerns raised by FIL clients. However, no emails were received.

A client survey follow-up was sent on Wednesday 3 September by the RIC Customer Optimisation team to drive stronger response rates.

Out of the 344 customers, five emails bounced back – three were updated and resent but two were unable to be contacted via email or phone



Survey Questions

The below details the survey deployed to Farm Investment Loan clients from 18 August 2025 to 19 September 2025.

Survey Overview/Introduction

We'd like to hear about your experience with the RIC Farm Investment Loan (FIL).

You're invited to take part in a short survey about your experience with the Regional Investment Corporation (RIC) Farm Investment Loan (FIL). This survey is being conducted by Callida, an independent provider, on behalf of RIC.

The purpose of the survey is to better understand the usefulness of FIL in supporting your business. Your feedback will directly inform future loan design and service delivery.

RIC and Callida strongly encourage you to participate. The survey should take approximately 10–15 minutes to complete and will remain open until 5:00 PM AEST, 18 September 2025.

All responses will be collected by Callida and will remain anonymous and confidential. Your input will be de-identified before being shared with RIC.

To ensure the best experience, we recommend completing the survey on a laptop, desktop, or tablet. While smartphones are supported, please avoid using your browser's back, forward, or refresh buttons during the survey. Use only the buttons provided within the survey interface.

At the end of the survey, you'll also have the option to express interest in a one-on-one remote interview with Callida to share more detailed insights. Participation in both the survey and any follow-up interview is entirely voluntary.

If you have any questions, please contact the RIC Helpdesk at info@ric.gov.au.

Survey Question	Response Options
Q1. What state/s does your farm business operate in? (select all that apply)	• NSW • ACT • WA • NT • SA • QLD • VIC • TAS
Q2. Which of the following best describes your farm business? (select one)	• Grain/Beef • Grain/Sheep • Beef cattle (specialised) • Sheep (specialised) • Dairy • Cotton growing • Grain growing • Aquaculture • Other crop growing • Other livestock • Other (specify)



Q3. What year did you first receive or expect to receive the funds for your Farm Investment Loan? (select one)	• 2018 • 2019 • 2020 • 2021 • 2022 • 2023 • 2024 • 2025 • 2026
Q4. What was the main activity that you have or plan to undertake using the Farm Investment Loan? (select one)	• To refinance commercial debt • To refinance government-funded concessional loans • To pay wages or salaries • To pay business expenses e.g. bills, farm rent or rates • To purchase business supplies e.g. consumables essential to carry on the farm business including fuel and farm inputs • To invest in enterprise build-up and/or expansion of existing operations and/or diversification of farm production • To invest in farm development and/or infrastructure and/or machinery and/or equipment • To invest in drought and natural disaster preparedness and management projects e.g. fodder management, water storage and irrigation management • To purchase water or water rights and/or additional farmland.
Q5. What was the main purpose of the activity that you have or plan to undertake using the Farm Investment Loan.	• Productivity enhancements e.g. activities that increase productivity and/or profitability of the farm business • Risk management e.g. activities that increase resilience of the farm business such as drought preparedness, management and recovery activities. • Both. • Other.
Q6. Please provide a description of the specific activity that you have or plan to undertake using the Farm Investment Loan. (open text)	• <Free form text max 350 words>
Q7. Based on your experience with the Farm Investment Loan, please indicate the extent to which you agree or disagree with the following statements? (Likert scale) The Farm Investment loan has helped my business to: 7.1 expand business operations within the same market. 7.2 diversify into new markets. 7.3 enhance productivity e.g. increased farm production. 7.4 improve profitability.	• Likert scale: - 1 = strongly disagree - 2 = disagree - 3 = neither agree nor disagree - 4 = agree - 5 = strongly agree



Q8. Based on your experience with the Farm Investment Loan, please indicate the extent to which you agree or disagree with the following statements? (Likert scale) The Farm Investment loan has helped my business to: 8.1 service borrowings at commercial interest rates. 8.2 provide adequate standard of living for relevant members of the farm business. 8.3 allow investment on-farm to maintain the farm's productive assets. 8.4 provide funds for investment that increases long-term productivity.	• Likert scale: - 1 = strongly disagree - 2 = disagree - 3 = neither agree nor disagree - 4 = agree - 5 = strongly agree
Q9. Upon commencement of principal and interest repayments (in year 6 of the loan term), what action are you most likely to undertake? (select one)	• Continue to make repayments for the full term of the Farm Investment Loan • Refinance with a commercial lender prior to the end of the loan term • Refinance with a government-funded concessional loan prior to the end of the loan term
Q10. Would you be interested in participating in a one-hour anonymous remote interview with Callida about the Farm Investment Loan to support an in-depth understanding of the usefulness of the loan? Participation in an interview is voluntary, and your input will be de-identified by Callida.	• Yes • No
Q11. If yes, please provide your email address so Callida can contact you directly.	• <Free text response>



Appendix F: Farm Investment Loan Program Logic

The below outlines the Farm Investment Loan Program Logic, developed by the RIC and jointly updated by the RIC and Callida in March 2025. The Program Logic connects the inputs and outputs to the loan product's intended short-, medium- and long-term outcomes. The highlighted text shows the focus of this evaluation i.e. the medium-term outcomes of the loan.

Vision: Strong, resilient and profitable Australian farm businesses that are financially self-sufficient						
Program Objective: To help eligible farm businesses improve their productivity, viability and manage risks, and build and maintain diversity in the markets they supply and take advantage of new and emerging opportunities across Australia and overseas						
Problem statement	Inputs	Outputs: Activities	Outputs: Participation	Short-term outcomes 0-3-years	Medium-term outcomes 4 - 8 years	Long-term outcomes 9 years onwards
Australian farm businesses operate in a challenging and volatile environment which is exposed to climatic and market shifts which affect operations. While a farm business may be profitable, there may be periods of financial strain which impact its day-to-day activities which result in limited access to credit from commercial lenders. Diversifying markets also help Australian farmers to better manage their business risk.	Australian Government commitment towards Farm Investment loans RIC (Regional Investment Corporation) (Farm Investment Rule) 2019 Program Governance, including Farm Investment guidelines, cash flow, historical budget template/financials Human Resources (RIC Staff, Department of Agriculture, Fisheries and Forestry staff, Department of Finance Staff) RIC Board Relevant Ministers Farm Business networks	Farm Investment Loans up to \$2 million Information sessions Loan applications and maintenance Product development and refinement Stakeholder engagement and product marketing Farm Investment Loan program reporting Work with stakeholders on how to apply Farm Investment loan Loan program reporting	Farm business that solely or mainly supply, or intend to supply, products into supply chains that are interstate and/or outside Australia. Farm businesses that are in financial need of a loan; and Farm businesses with sound prospects of ongoing financial viability	Demand established and converted to loans / clients Uses of loan funding commences (refinancing, new debt for operating expenses and capital expenditure or a combination of both) Farm businesses begin to implement activities to improve their profitability, viability, or risk management capability Farm businesses begin to implement activities to build and maintain diversity in markets and take advantage of emerging opportunities	Loans continue to be considered/approved Interest only period finalises, and businesses maintain loan with the RIC Loan recipient pool aligned to RIC credit risk framework Loan recipient maintains serviceability Farm businesses have implemented activities to improve their profitability, viability, or risk management capability Farm businesses have implemented activities to maintain diversity in the market and have accessed new opportunities Loan product continues to meet market demand and/or updated to meet market needs	Credit risk is managed effectively Loans are repaid and/or refinanced with commercial lenders Farm Investment loan program successfully assist recipients to strengthen the resilience of their farm business Farm businesses are more profitable financially viable, and more resilient to business risks and / or farm businesses have maintained or built diversity in the markets they supply
Assumptions: There is a strong uptake from farm businesses which positions them to strengthen their operations long term resilience and financial viability.				External Factors: Change in government priorities, demand from industry, commercial lenders offer a product with better terms, climatic conditions and other seasonal conditions, changing import/export market conditions, media perception. Commodity prices, farm input cost fluctuations, production yields, interest and exchange rate changes and wider government policy changes and tariffs.		



Appendix G: Farm Investment Theory of Change

Theory of Change Overview

In July 2025, Callida developed a Theory of Change (TOC) based on the revised FIL Program Logic and data and information available from the RIC systems as of March 2025. The FIL TOC is aligned to the FIL Program Logic inputs, activities, outputs, outcomes and impacts and explains the expected changes to occur through each of the program stages. It provides the underpinning narrative and explanation of the FIL depicted in the Program Logic. Given this, elements of the theory of change are discussed throughout the main body of the report, particularly in relation to discussing the intended objectives of the FIL and external factors that may impede its success.

The FIL TOC below was developed in July 2025 for the medium-term evaluation. It was approved by the RIC in August 2025.

FIL Theory of Change

Farm Investment Loans (FIL) have been available since July 2018 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.

Like all the RIC products, FIL is intended to provide temporary relief to a farm related businesses that will otherwise be viable in the long-term. In this way, FIL is not designed to impede structural adjustment in the agricultural market. Through ensuring eligible businesses have the appropriate financial arrangements (including but not limited to an acceptable credit rating, cash flow and other equity) to service the loan, the loan is designed to support eligible businesses to improve their strength, resilience and profitability in the long term whilst reducing the impact of an external factor on their businesses (e.g. drought).

FIL's can be used for refinancing, operating expenses, capital investment, or a combination of these. Loans are available up to \$2 million over a 10-year term, with interest-only repayments for the first five years. As of March 2025, FIL's accounted for 9.3% of RIC's loan book (335 loans valued at \$335.59 million), making it the second most accessed product after the Drought Loan.

It should be noted, there are several other external factors in the broader policy and agricultural business environment that may also impact the final delivery (i.e. success) of the short-, medium- and long-term outcomes for the FIL. This includes changes to government priorities, other climatic and drought specific conditions that may occur across the life of the loan, changes in the commercial environment and changes in interest and exchange rates.



Appendix H: Farm Investment Data Matrix

The FIL data matrix below outlines the key performance indicators (KPIs) for each program stage and output/outcome of the program and defines what data will be used to measure the KPI. In this way, the data matrix explains how the KEQ and each of the five sub-KEQs will be answered.

KEQ	Sub-question	Key Performance Indicator	Metric	Data source
1. To what extent did the Farm Investment Loan help farm businesses who may be experiencing financial strain improve their financial performance and either build or maintain market diversity in Australian or overseas markets?	1.1.1 To what extent are businesses able to maintain and service their loan beyond the interest only period?	Proportion of loans continuing beyond 5-year mark (principal and interest repayment period)	Comparison of refinance / repayment rate prior to term mid points vs. proportion of refinance / repayment post loan term mid-point.	Salesforce - Repaid Loan Reason
				Customer interviews
	1.1.2 To what extent is the loan recipient pool aligned to the RIC Credit Risk Rating Appetite?	RIC Credit Risk Rating data i.e. shift in Credit Risk Grade or Security Cover Grade	Alignment with RIC's Credit Risk Appetite i.e. greater than FD credit security grade.	Salesforce
	1.1.3 To what extent does the loan recipient maintain serviceability?	Loan business survival rate	Changes to Credit Risk Rating over time	Salesforce
				Customer interviews
	1.1.4 To what extent have farm businesses implemented activities to improve their profitability, viability or risk management capability?	Demonstrated capacity for businesses to meet their financial commitments	Number of businesses that self-declare loans are helping with financial viability.	Salesforce
				Client interviews, focus groups or client surveys this may include the impact of the RIC loan and what they would have done had they not received the loan.
			Number of loans administered by the RIC that are in arrears greater than 90 days.	Salesforce – Monthly Report
				Client interviews, focus groups or client surveys this may include the impact of the RIC loan and what they would have done had they not received the loan.
	1.1.5 To what extent have farm businesses implemented activities to maintain diversity in the market and have accesses new opportunities?	Whether the loan has allowed for business expansion, diversification, productivity or profitability	Improvements in cash flow, interest: capital and equity ratios and other key financial health metrics from a sample of the loan book since 2023.	Salesforce
				Client interviews, focus groups or client surveys this may include the impact of the RIC loan and what they would have done had they not received the loan.
			Recording on ANZSIC codes	Salesforce
			Changes to farm type or structure.	Loan application/ business plan – the primary industry of the loan recipient
			Purchase of land (loan use).	Client interviews, focus groups or client surveys.
			Number of businesses that self-declare and report trying to and / or successfully breaking into new markets.	Where available, full financial review and lite financial review.



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