



AgForce Queensland Farmers Limited

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22 January 2024

Dr Wendy Craik AM
Regional Investment Corporation
PO Box 653
ORANGE NSW 2800

By Email: ric.act.review@aff.gov.au

Dear Dr Craik

Re: Review of the Operation of the Regional Investment Corporation Act 2018

AgForce is a peak organisation representing Queensland's cane, cattle, grain and sheep, wool & goat producers. The cane, beef, broadacre cropping and sheep, wool & goat industries in Queensland generated around \$10.4 billion in on-farm value of production in 2021-22. AgForce's purpose is to advance sustainable agribusiness and strives to ensure the long-term growth, viability, competitiveness and profitability of these industries. Over 6,000 farmers, individuals and businesses provide support to AgForce through membership. Our members own and manage around 55 million hectares, or a third of the state's land area. Queensland producers provide high-quality food and fibre to Australian and overseas consumers, contribute significantly to the social fabric of regional, rural and remote communities, as well as deliver stewardship of the state's natural environment.

AgForce welcomes the opportunity to provide a submission to the Regional Investment Corporation (RIC) Act Review. Our submission should be read in conjunction with our submission dated 8 December 2023, RIC a 'Review of Farm Business Concessional Loans.'¹

AgForce has contributed to the National Farmers Federation (NFF) submission and is supportive of their submission, which should be read in conjunction with ours. Where any divergence of views exists, AgForce's stated position is to be preferred.

AgForce's Summary of Recommendations to the RIC Act Review:

1. Continue to provide concessional loans beyond 2026, in response to ongoing impacts of climate variability.
2. Continue to adopt a governance model and board matrix representative of sectors to which it lends.
3. RIC enhance its product offering, to include improved eligibility criteria, flexible loan terms and less restrictive loan conditions.
4. RIC loan products continue the indirect investment toward supporting our producers as our sustainable land managers.
5. The RIC extends its product service offering to a combination of capital secured loans and income contingent loans that provide concessional finance to all businesses within the agricultural sector.

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¹ [Regional Investment Corporation \(RIC\) – Product Service Review · AgForce · Advancing Rural Queensland \(agforceqld.org.au\)](#)

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6. RIC loans to be a combination of loans underwritten by RIC, backed by government and loans sponsored by government.
7. The removal of right to first mortgage over commercial lenders and caveats that restrict or may prevent agricultural businesses from adapting quickly.
8. RIC loans align with government policy objectives that target agricultural, advancement.

Why is RIC important beyond 30 June 2026?

The severity and impacts of climate variability on Australia's agricultural landscape and the effects upon the agricultural business cycle² is well documented.

Our producers manage approximately 51% of Australia's land mass, they are known worldwide for technological advances in agriculture and as climate risk managers and have a history of continuous adaptation to climate variability, minimising the triple bottom line impacts of the climate.

We recommend, the RIC continue to provide concessional finance beyond 2026, in response to ongoing impacts of climate variability and as a government mechanism to service all agricultural businesses in the sector; minimise climate risks by ensuring access to capital, concessional loans and financial products that enhance the agricultural industry productivity in regional, rural and remote communities and ensure our food security for future generations.

Support for a National Concessional Finance Program

Concessional lending offers farm businesses a source of funding alternatives. Loans adaptive to the cyclical nature of farm incomes and a response to the economic complexities the agricultural sector present. This allows farm businesses to make large scale financial investments into, innovation projects, on-farm renewable energy or emission reduction projects and infrastructure or machinery investment, which will assist producers improving the triple bottom line within the agricultural business cycles of farm businesses. This funding directive allows government to indirectly invest in regional, rural and remote communities.

Governance Model and Principles

AgForce is comfortable with existing governance arrangements and board matrix, providing it has flexibility to adapt to a future concessional lending market, eligibility criteria and access source funding. We recommend the RIC continue to adopt a governance model and board matrix representative of all agricultural sectors for which RIC lending occurs ie, agriculture sector, Future Drought Fund representation, etc.

Operating Mandate Direction of the RIC

Australian agriculture is innovative and constantly adapting to economic, social and environmental challenges. An opportunity exists for the RIC to amend its Operating Mandate Direction 2018; rules and eligibility criteria; to expanding on its purpose, regarding eligible and non-eligible loan purposes as outlined in the program guidelines. AgForce **recommends** the RIC enhance its product offering, to include improved eligibility criteria, flexible loan terms and less restrictive loan conditions eg, relax or remove percentage of commercial debt condition, length of terms or the 2-million-dollar loan limits, which are no longer fit for purpose lending in our modern-day agricultural businesses.

Why support Agricultural Production with Publicly Funded Concessional Finance?

Our producers are responsible for their land management and contribute to domestic and global food security in an increasingly challenging environment with the effects of climate change, weather events, market forces and economic factors.

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² [agforce-agricultural-business-cycle.pdf \(agforceqld.org.au\)](https://agforceqld.org.au/agforce-agricultural-business-cycle.pdf)

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Our producers value investments into programs that drive innovation, improve our production systems and our climate management techniques. We recommend RIC loan products continue the indirect investment toward supporting our producers as our sustainable land managers to continue to advance solutions, techniques and remain global agricultural leaders. The indirect investment offered through concession lending supports regional communities to grow and preserves their agricultural knowledge, creates jobs and improve agricultural productivity.

RIC Products and Services

AgForce recommends the RIC extends its product service offering to a combination of capital secured loans and income contingent loans that provide concessional finance to all businesses within the agricultural sector. The type of product dependent on the purpose of the loan.

Capital secure loans offered in support of long-term capital investment. Income contingent loans: designed to support short-term or long-term projects that otherwise would not receive commercial funding but have a sound business case to support an investment or loan amortised over the lifecycle of the business investment. Our suggested examples of capital secured, and income contingent loan types is highlighted below:

Capital Secured Loans

- Drought loans, in line with Australian Government Drought Policy, Drought Cycle³: a response to drought preparedness, in-drought and drought recovery loans, in conjunction with the Future Drought Fund program initiatives ie, long term drought capital investment
- Sustainability Loans ie, productivity projects
- Farm Invest or Infrastructure Loans ie, exclusion fencing
- First Starter, or in combination with
- Succession planning Loans
- Refinancing debt services

Income Contingent Loans

- Resilience loans ie, short term drought projects
- Disaster assistance, recovery Loans
- Succession planning loans to assist with cost of title transfers ie, capital gains, transfer costs, party equity payments
- Innovation Loans ie, adoption of new technology, soil testing, emission projects etc
- Renewable energy projects loans
- Funding of farmer education programs

RIC's Funding Model, Operations and Loan Delivery

The RIC's current funding model is designed to break-even over the life of RIC programs, with interest rates applied relative to operating costs. Currently RIC is a separate legal entity to commonwealth government funds, with revenue from RIC remitted to consolidated revenue.

We recommend future RIC loans be a combination of loans underwritten by RIC, backed by government and loans sponsored by government ie, income contingent loans, designed to targeted agricultural sector investment, growth, innovation, on-farm renewable energy or emission reduction projects and enhance the triple bottom line within a producer's agricultural business cycle; benefiting the communities within which they operate.

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³ [Drought policy - DAFF \(agriculture.gov.au\)](https://www.daff.gov.au/agriculture/drought-policy)

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We recommend, the removal of right to first mortgage over commercial lenders and caveats that restrict or may prevent agricultural businesses from financing or refinance quickly or adapt to the impacts of economic, social or environmental risks to agricultural businesses.

The RIC Efficiency and Effectiveness – Loan Delivery and Management

AgForce's approach to producer funding, investment, innovation, the development of production systems and productivity improvements is considered in accordance with the needs of each commodity demographic; recognising productivity challenges of our varying landscapes and the rural, regional and remote communities they serve.

How the Agricultural Sectors Assist Government Policy Objectives

The RIC concessional loans allow the agriculture sector to explore opportunities and solve challenges as presented by government policy objectives, such as the government's energy transition and decarbonization strategies progressing toward net zero emissions by 2050. Producers seek the opportunity to be part of the renewable energy story and invest in bio-fuel refineries, bio-circular economies or hydrogen hubs, with producers integral to feedstock or bagasse production and firm market buyers of liquid/hydrogen fuel produced; alleviating pressure on this difficult to abate sector.

We recommend RIC loans align with government policy objectives that target agricultural advancement ie, innovation, infrastructure and renewables projects.

First Nations Engagement and Inclusion

AgForce supports policy that is inclusive and unifies all peoples; respects property rights of all landholders and supports rural, regional and remote communities in line with our policy positions on Indigenous Engagement⁴ and Cultural Heritage⁵. AgForce is generally supportive of data collection that enables tailored and targeted lending programs that benefit all rural, regional and remote communities.

AgForce thanks RIC for the opportunity to provide input to this review. If you have any questions or require further information, please contact Sam Forzisi, AgForce Policy Director, by email

[Redacted email address]

Yours sincerely



Mike Guerin
Chief Executive Officer

⁴ [Policy Position: Indigenous Engagement · AgForce · Advancing Rural Queensland \(agforceqld.org.au\)](#)

⁵ [Policy Position: Cultural Heritage · AgForce · Advancing Rural Queensland \(agforceqld.org.au\)](#)

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