



## NORTHERN TERRITORY CATTLEMEN'S ASSOCIATION INC.

Advancing and protecting the interests of cattle producers in the Northern Territory  
Member - National Farmers' Federation & Cattle Australia

Our Ref: DC: WE: DPID

Your Ref:

14<sup>th</sup> December 2023

Dear Department of Agriculture, Fisheries, and Forestry,

### **Re: Independent Review of the operation of the Regional Investment Corporation Act 2018**

The Northern Territory Cattlemen's Association (NTCA) is the peak body for the Northern Territory (NT) cattle industry, providing leadership at the Territory, national and international level on industry, trade, resource management, and economic and social policy.

As the predominant primary industry sector, the cattle industry underpins the economic, social, and environmental foundations of the Territory and Northern Australia. The NTCA has taken a pro-active approach on environmental policy, sustainable development, and social responsibility in the modern beef industry.

The NTCA provides policy leadership across the primary industry sector including pastoral land conservation, market development and trade, regional development, Indigenous employment, and international engagement.

Ensuring access to finance to support small businesses, including farm businesses, is vital to the agricultural sector and rural communities, ensuring businesses can continue to grow and contribute to employment opportunities and the broader economy. Farm businesses are inherently risky, they are dependent on unpredictable environmental, weather and market factors and as such, obtaining finance through standard products offered by major banks can often prove to be difficult. The NTCA supports the role of the Regional Investment Corporation (RIC) in delivering concessional loan products to agricultural businesses, to strengthen the agricultural industry and build regional and rural communities.

### **The scope of the RICs activities after 30 June 2026**

NTCA supports the functions of the RIC through administering farm business loans, setting interest rates, providing advice to Minister for Agriculture, Fisheries and Forestry, Senator the Hon Murray Watt and to borrowers. The agricultural industry faces ongoing uncertainty and threats in particular the soaring cost of land and critical farm inputs, extreme weather events (drought and flood) and biosecurity threats and as such the



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scope of RICs activities must remain relevant and flexible enough to adapt to changing economic environments.

### **Governance arrangements for the RIC**

The NTCA finds no issues with the current governance arrangements of the RIC, as a corporate Commonwealth entity with an independent board appointed by 2 responsible Ministers, the Agriculture Minister and the Minister who administers the PGPA Act (currently the Finance Minister). The RIC's responsible Ministers are currently Senator the Hon Murray Watt, and Senator the Hon Katy Gallagher, respectively. The skill requirements of the board members are appropriate although it may be beneficial to have cross-industry representation on the board to ensure the diverse nature of Australian agricultural businesses is recognized.

### **Effectiveness of the RIC and concessional loans as a policy tool**

The NTCA supports the role of the RIC in delivering concessional loan products to farm businesses as a policy tool to strengthen agriculture, build drought resilience and build regional, remote, and rural communities.

### **Legislative framework and eligibility criteria**

The NTCA acknowledges that the RIC is constrained by its legislated mandate. However, to better accommodate the diverse needs of the agricultural sector, the RIC must adjust eligibility criteria and ensure terms and conditions are appropriately flexible. At a minimum, the RIC must be empowered to adjust criteria once products are in-market. This will improve the accessibility and necessary flexibility of RIC support to primary producers.

### **Products and services**

To remain relevant to farm businesses, the NTCA recommends that the RIC should regularly reflect on the broader economic and industry context and make the necessary adjustments to its eligibility criteria and terms and conditions to ensure that the purpose of the RIC has a meaningful impact on the agricultural sector. The NTCA suggests the following changes:



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1. Increase the maximum loan amount from \$2 million to a minimum of \$5 million for RIC packages to maintain relevance and offer a viable alternative to commercial lenders. This recommendation applies to drought loans, investment loans, and AgriStarter loans alike, as the current limit is no longer reflective of relevant inflationary factors and broader industry needs
2. Explore longer-term loan options and a combination of fixed versus variable interest rate loans. Farmers need increased flexibility to determine which loan is most suitable for their farm businesses and their unique financial circumstances. Longer-term loans reduce the size of periodic payments and can further de-risk entry to the industry. This is particularly relevant to the AgriStarter loans.
3. Include a minimum two-year interest-free period in drought loans to support farm businesses to manage drought conditions, cash flow. The announcement in November 2019 of a two-year interest-free period on the RIC's Drought Loans, and a further three years of interest-only repayments, was well-received by drought-affected farmers. Despite lengthy processing times, this loan package helped ease pressure on farm businesses.
4. Encourage diversification of income streams as a valuable risk management strategy. Enabling farm businesses to create or expand value-add capacity and explore new markets is also an efficient de-risking strategy and must be encouraged. As more farmers seek to expand and diversify their income, current eligibility criteria must be reviewed and updated to reflect those changing needs.

### Funding model, operations, and loan delivery

The NTCA supports the current funding model and loan delivery of the RIC. Whilst the NTCA acknowledges that the number of loan applications and approvals has varied substantially across its operating history.

- 140 loans valued at \$132 million in 2022/23
- 180 loans valued at \$186 million in 2021/22
- 1,983 total loans valued at \$2,140 million in 2020/21

For the past 2 financial years loans have remained relatively stable. NTCA queries the employment of 82 ongoing staff given that in recent months only 33 applications were received per month and processing time is approximately 75 days. NTCA requests a review of current operations and business process efficiencies to cut down on processing times. Should demand for RIC packages increase, this demand must



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be processed in a timely manner. Any opportunity to expedite approval processes and streamline paperwork would significantly improve applicants' experience and reduce unnecessary stress for producers. Without an increased capacity to deliver financial support in an appropriate timeframe, the RIC risks creating a perception that it is unable to deliver financial support when it is needed.

### First nations engagement and inclusion

The NTCA finds nothing in the eligibility criteria that inadvertently excludes First Nations farm businesses from applying to the RIC. The NTCA is of the opinion that should First Nations farm businesses meet the eligibility criteria for RIS assistance then the RIC is an appropriate vehicle for assistance. We also note that additional support for First Nations businesses is provided through a suite of government initiatives. The NTCA is supportive of the involvement of all businesses in the agricultural industry irrelevant of race, religion, sex, or status.

If you have any further questions, please contact the NTCA at [office.darwin@ntca.org.au](mailto:office.darwin@ntca.org.au).

Regards,

A handwritten signature in black ink, appearing to be 'Will Evans', followed by a long horizontal line.

Will Evans

Chief Executive Officer

Cc: via [https://haveyoursay.agriculture.gov.au/ric-review/survey\\_tools/review-of-the-ric-act](https://haveyoursay.agriculture.gov.au/ric-review/survey_tools/review-of-the-ric-act)