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Department of Agriculture, Fisheries and Forestry
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By email: via 'Have Your Say' - [written submission](#)

Submission re: Statutory Review of the RIC

I write regarding the statutory review of the Regional Investment Corporation (RIC) and the Department of Agriculture, Fisheries and Forestry's request for submissions.

Grain Producers SA (GPSA) appreciates the opportunity to provide a submission to the independent assessment of the RIC Act and we hope it will assist in unlocking the best possible methods for managing the RIC into the future.

GPSA is the peak industry body representing the 4,500 grain farming businesses in South Australia who plant more than 4 million hectares of cereals, pulses, and oilseeds annually. South Australia produces an average of 7.9 million tonnes of grain each year, which contributes more than \$4 billion to Australia's gross food revenue. This is made possible by grain growing businesses and farming communities across the state.

RIC plays an important role for farmers, predominantly for those in financial need, and particularly during drought. The recent Federal Government announcement for contributions of \$100 million to the Pacific Resilience Facility and \$50 million to the Green Climate Fund, demonstrates the continued need of funding support towards the livelihoods, security, and wellbeing for people vulnerable to a changing climate.

GPSA believes that key matters to be addressed are frustrations for some broadacre farmers in accessing loans and the often-lengthy process, the need for RIC to have clear purpose, and alignment of RIC products or services to government priorities.

Questions raised in the independent review of the operation of the RIC Act of interest to GPSA are answered, as follows:

Question 2: Are the RIC's functions still relevant?

Yes, RIC loans are relevant to keep grain producers in business now e.g. paying staff and managing cash flow to enable long-term resilience and profitability. According to CSIRO¹, in southern Australia, cool-season rainfall is expected to decrease, areas prone to drought may spend more time in drought and predicted to experience higher temperatures. Time plays an inescapable role in grain production activities because of its biological nature and need for favourable seasons.

¹ <https://www.csiro.au/en/research/environmental-impacts/climate-change/climate-change-qa/how-will-climate-extremes-change-australia>

Question 7: Are the skills required of board members appropriate?

GPSA recommends the board comprise representatives with experience and skill in succession planning and given the emerging challenge of sustainability - carbon emissions and footprint strategies.

Succession planning is a complex process. Developing effective plans by addressing the component parts is more than simply estate planning i.e. consider experience in succession and estate planning documents, assessing the tax implications, and understanding family dynamics. Research² suggests that succession planning in farming is of immense importance to the Australian community to minimise risks to food security, sustainable agriculture, and a valued way of life.

Because of increasing concern amongst regional and rural communities and changes to market access, net zero carbon emissions associated with climate change (and carbon emissions as a contributory factor), many grain producers are compelled towards carbon footprint projects to better understand their farming outputs. An understanding of carbon accounting's benefits including reduced emissions, increased sustainability, and the growing scrutiny of agriculture for the role they play in variable weather conditions will benefit loan decision-making.

Question 20: Are the eligibility criteria easily understood and applicable to farmers and relevant businesses?

No, eligibility criteria are not easily understood or user-friendly.

Question 21: Do the RIC's current products and services support meeting the relevant policy objectives?

The AgriStarter program with first farmer loans and succession loans is particularly relevant for supporting government policy priorities. Investing for the future is clearly a decision to build the next generation's food security and trade opportunities. Because of the fast-rising cost of land and equipment, new entrants need to be encouraged to enter primary production industries. New entrants are challenged to demonstrate their eligibility against standard lenders criteria and to demonstrate capacity to repay any loans. Rather than a fixed maximum amount, does the lesser amount of the AgriStarter loan need to be a fixed percentage of the total debt being held in Commonwealth funded concessional loans? The physical impacts of a changing climate will present some barriers to people in securing their first farming business. How will they fund the enterprise when needing start-up capital but also ongoing funding to survive drought years and low commodity prices until they turn profitable?

Loans to new entrants to become viable in the longer term affect investment into infrastructure, machinery, and productivity enhancements that value-add to and generate climate-smart agricultural goods, encourage effective action to mitigate emissions, and adapt cropping enterprises to anticipated higher temperatures.

² https://www.griffith.edu.au/__data/assets/pdf_file/0028/205777/FPRJ-V3-ISS1-pp59-74-current-practices-in-australian-farm-succession-planning.pdf

Question 23: Are the products meeting current/future industry needs?

The AgBiz Drought loan assists small businesses that directly provide primary production related goods and services to farm businesses in drought affected communities. Yes, the AgBiz Drought loan is a product that can continue to support rural and regional populations in need.

To build on Australia's contributions to climate and energy infrastructure, future RIC programs could be further developed to include loans to assist farmers to alleviate problems transitioning to a net zero emission farming operation as this is a focus of both state and federal governments.

Question 24: Are the loan settings (e.g. loan term, maximum loan amount, interest, and principal repayments) for the current products appropriate?

Interest rates related to overarching government goals, could provide consistency to surmount challenges that develop over time. Appropriately designed objective interest rates related to the value structure of government policy that vary both over the life of loan or between different political leaderships could be considered. In addition, loan settings could be improved and minimised for grain producers in regions with sound repayment history. Again, these are just suggestions but demonstrate the need to think outside the square when it comes to improving the RIC loan process.

Thank you once again for the opportunity to provide feedback on the RIC's products and effectiveness, and we look forward to ongoing RIC loan products and activities into the future.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Brad Perry', with a stylized flourish at the end.

Brad Perry
CHIEF EXECUTIVE OFFICER
GRAIN PRODUCERS SA