

FARM LOANS AND SUPPORT · PART 6 OF 10

Drought support for farmers: loans, payments and help

By Nick Clunes · Updated 26 October 2026 · 10 minute read

SHORT ANSWER

Federal drought help is there all year: RIC Drought and Drought Hardship Loans, the Farm Household Allowance for families in hardship, and the free Rural Financial Counselling Service. State help is patchier. As at October 2026, NSW, Queensland and South Australia have drought loans or grants open, Victoria has one household payment open, while WA's dry season package has closed. Start with a feed budget, talk to the bank early, and ring a rural financial counsellor before the pressure builds.

The dams are dropping, the feed is going faster than you planned, and you've started doing sums at 2am. That's the time to find out what help exists, before you need it badly. Most of it is free, and some of it is open all year.

I worked as a personal and business banker at Greater Bank, then in commercial and equipment finance since 2018. This guide lists federal and state drought support as I found it on official sites in October 2026. Programs open and close often, so check each link before you apply.

Federal support, open all year

RIC Drought Loan

The Regional Investment Corporation (RIC) is a government lender. Its Drought Loan is up to \$2 million over 10 years, with the first 5 years interest only (you pay just the interest). The variable rate is 5.71% from 1 August 2026. You can use it to prepare for, manage through or recover from drought, including fodder, water carting and restocking.

You need a drought management plan, your bank's support and security. At least half your debt must stay with a commercial lender. My RIC loans guide covers every test and a worked repayment example.

RIC Drought Hardship Loan

This is for long droughts. Your farm must have been in drought for at least 24 months, and be expected to be hit for at least the next 12. It lends up to \$250,000 over 5 years. There are no repayments for the first 2 years, but interest builds up and is repaid from year 3. It covers running costs, fodder, water carting and freight, but not refinancing.

Farm Household Allowance

Farm Household Allowance (FHA) is a Centrelink payment for farming families in financial hardship, from any cause. It's run by Services Australia. You must be a farmer, or a farmer's partner, who puts significant labour and capital into a farm business with a commercial purpose.

- **What it pays:** a fortnightly payment at the same rate as the maximum JobSeeker Payment or Youth Allowance. You also get a Health Care Card and a case officer.
- **Activity supplement:** up to \$10,000 over your lifetime, for things like training or advice that improve your finances.
- **Assets test:** your combined personal and farm assets must be below \$5.5 million net.
- **Income test:** combined farm and off-farm income must be under the JobSeeker income cut-off. Farm losses can offset up to \$100,000 of off-farm income a year.
- **Time limit:** 4 years in a specific 10-year period.

Rural Financial Counselling Service

The Rural Financial Counselling Service (RFCS) gives free, confidential help from qualified counsellors. They can help you build a budget and cashflow, look at whether the business is still viable, and talk to your lender. They also help with applications such as FHA and RIC loans. They don't give financial product, legal or mental health advice, but they'll refer you.

It's for farmers, fishers, foresters and small related businesses in, or at risk of, financial hardship. Ring 1300 771 741 to reach your nearest office.

Future Drought Fund: Farm Business Resilience

The Future Drought Fund pays for programs that help farms get ready for the next drought. Its Farm Business Resilience Program is delivered by each state. It offers subsidised training in business management and risk, help with a farm business plan, and one-on-one advice.

In NSW it's run by DPIRD. Its coaching ranges from a 2-hour review of one area to a 20-hour whole-business program. Some coaching may have a small cost, with waivers available.

Farm Management Deposits

A Farm Management Deposit (FMD) is a special deposit that lets primary producers set money aside in good years to help with years of varying income. The ATO sets limits, including an \$800,000 cap on total deposits and a \$100,000 limit on off-farm taxable income in the year you deposit. The tax treatment depends on your situation, so ask your accountant. The details are on the ATO's FMD page.

Tax averaging

For tax averaging, see the ATO's tax averaging page and talk to your accountant.

State support, as at October 2026

New South Wales

Two Rural Assistance Authority (RAA) drought loans are open until funding runs out.

- **Drought Ready and Resilient Fund Loan:** up to \$500,000 for preparing for, managing and recovering from drought. Uses include fodder and water, feeding equipment, fencing and infrastructure. The fixed rate was 4.96% for 5 years or 5.57% for 10 years, set on the day you draw it down. It needs a registered mortgage as security.
- **Drought Relief Loan:** up to \$100,000, with an upfront payment of up to \$25,000. It's 5 years at 4.96% fixed, and no security is needed. It can't be used for fuel, vehicles or refinancing.

For both, you must earn at least 50% of gross income, or at least \$75,000 in one year, from primary production. The February 2026 package also funded free feed and water testing through Local Land Services and drought adoption officers to December 2026. The NSW Government said then that it was not offering transport subsidies.

Queensland

- **Drought Preparedness Grants (open):** QRIDA pays up to 25% of the cost of permanent drought infrastructure, to a lifetime total of \$50,000. Examples are water points, fodder storage and feeding equipment. You need a Farm Business Resilience Plan, and work can't start before approval.
- **Drought loans (announced, not yet open):** on 28 July 2026 the Queensland Government reinstated Emergency Drought Assistance Loans (interest free, up to \$50,000) and Drought Carry-on Finance Loans (interest free, up to \$250,000). The new declarations covered Balonne, Goondiwindi, Southern Downs and the southern part of Maranoa. In October 2026, QRIDA's site said full details would come once arrangements were finalised.

Victoria

- **Household Financial Relief Program (open):** up to \$1,000 per eligible farming family in parts of south-west Victoria and some West Wimmera postcodes. It's delivered by the Country Women's Association of Victoria. It closes on 31 December 2026, or sooner if funding runs out.

- **Closed:** Farm Drought Support Grants (up to \$5,000, or \$10,000 in the south-west) and the Farm Advisory Service both closed on 30 September 2026. The livestock duties waiver ended on 30 September 2026.
- **Ongoing:** the Farm Business Resilience Program runs to 2029.

South Australia

- **SA Drought Loan Scheme (open):** up to \$250,000 over up to 10 years, with no repayments for the first 2 years while interest builds up. For 2 years the rate is half the 10-year Commonwealth bond rate. It's for dryland cropping and livestock farms in the Murray Mallee, Riverland and Upper North. It's for working capital only, and QRIDA processes the applications. It closes on 31 December 2026, or sooner if funding runs out.
- **Rural Support Grant:** up to \$1,500 for SA primary producers and rural small business owners in significant hardship, through Rural Business Support.
- **Closed:** the On-farm Drought Infrastructure Rebate Scheme.
- **Help line:** the PIRSA Recovery Hotline on 1800 931 314 can help with applications.

Western Australia

WA's dry season package has closed. The \$5,000 Hardship Support Grant was fully committed. The interest-free loans of up to \$25,000 had a closing date of 30 November 2024. I couldn't find a current WA state drought loan or grant in October 2026, so federal support is the main option.

Tasmania

NRE Tasmania says the state has no formal drought declaration process, and hardship support is available at all times. That includes RFCS Tasmania, Farm Debt Mediation Tasmania and the federal programs above. I didn't find a current drought-only grant. FarmPoint is on 1300 292 292.

A worked example: the feed budget

This is an invented sheep farm near Condobolin, and every figure is illustrative. It runs 1,500 ewes and has 150 tonnes of hay on hand. Its nutritionist has set a ration of 1 kg of hay per ewe per day.

1. **Daily use:** $1,500 \text{ ewes} \times 1 \text{ kg} = 1,500 \text{ kg}$, or 1.5 tonnes a day.
2. **Days of feed:** $150 \text{ t} \div 1.5 \text{ t} = 100 \text{ days}$.
3. **The gap:** the family plans for 150 days without useful pasture. That's 50 days short, or $50 \times 1.5 \text{ t} = 75 \text{ tonnes}$.
4. **Option A, buy feed:** at a quoted \$400 a tonne delivered, 75 t costs \$30,000.
5. **Option B, sell 500 ewes now:** 1,000 ewes use 1 tonne a day, so 150 t lasts the full 150 days. At an offered \$150 a head, the sale brings in \$75,000.

Option B turns feed into cash, but the family has fewer ewes when it rains. Restocking may cost more than the sale price. Option A costs money now and keeps the flock. Neither answer is right for every farm, which is why you do the sums early. NSW DPI uses a 50 kg wether at constant weight as 1 DSE (dry sheep equivalent), which helps compare stock classes in a budget.

What to do in the first weeks of a dry season

1. **Do a feed budget.** Count feed on hand, set a ration with your adviser and work out the days left. Plan for longer than you hope.
2. **Make destocking decisions with numbers.** Compare feed cost with stock prices now. Sell the stock you'd least want to keep first, while prices and condition hold.
3. **Run the cashflow.** Put the feed bill and lower sales into a monthly forecast. The season stress test shows what a poor year does to the overdraft.
4. **Talk to the bank early.** Ring before you go over a limit, not after. Bring the feed budget and cashflow. See what the bank looks at in a farm review.
5. **Apply for support.** Ring the RFCS first. Then look at FHA, a RIC loan and your state's scheme above.
6. **Look after yourself and your family.** Drought wears people down. The numbers below are there to use.

When it rains, read restocking after a dry year. If you want to finance the stock itself through a commercial lender, Farm CFO by Clunes Rural refers people to stock agents and lenders that offer livestock finance, such as Elders. Farm CFO receives no referral fee for that.

Mental health and community support

- **Lifeline:** 13 11 14, or text 0477 13 11 14. Crisis support 24 hours.
- **Beyond Blue:** 1300 22 4636, open 24/7.
- **Rural Aid:** 1300 327 624, for fodder, water and counselling help.
- **In an emergency:** ring 000.

Where to get help

- **Rural Financial Counselling Service:** 1300 771 741, free.
- **RIC:** 1800 875 675 or ric.gov.au.
- **Services Australia** for Farm Household Allowance.
- **State agencies:** NSW RAA 1800 678 593, QRIDA 1800 623 946, PIRSA 1800 931 314. See state government farm loans and grants.
- **NSW DPIRD Farm Business Resilience** for planning and coaching.
- **The ATO and your accountant** for tax, FMDs and averaging. **A solicitor** for legal questions.

If you're in hardship, the RFCS is the right first call, and it's free. If you'd like a cashflow and bank pack built before the review, the Bank Review Pack is \$1,850 plus GST. The cashflow forecaster is free.

Common questions

Does my area need to be drought declared to get help?

It depends on the program. Farm Household Allowance is for financial hardship from any cause. RIC's Drought Hardship Loan needs your farm to be in an affected area or for RIC to be satisfied the area is in drought. Queensland's drought loans are linked to declared areas. South Australia's page says drought doesn't need to be declared for farmers to get its general support.

How long can I get Farm Household Allowance?

Services Australia says you can get it for 4 years in a specific 10-year period. The fortnightly payment is the same as the maximum rate of JobSeeker Payment or Youth Allowance. Your combined personal and farm assets must be below \$5.5 million net.

Is the Rural Financial Counselling Service really free?

Yes. The Australian Government funds it, and it's free and confidential for farmers, fishers, foresters and small related businesses in or at risk of financial hardship. Ring 1300 771 741 to reach your nearest office.

Can I pull money out of a Farm Management Deposit in a drought?

The ATO lists some drought and natural disaster situations as exceptions to the 12-month rule. The rules are detailed, so ask your accountant before you withdraw anything.

Should I sell stock or buy feed?

That's a decision for you, with your agent, vet or nutritionist. A feed budget shows how many days of feed you have and what the gap will cost. Compare that with what you'd get for the stock now and what it might cost to restock later.

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General information only, not financial, tax or credit advice. Worked examples use made-up figures.