
FARM LOANS AND SUPPORT · PART 5 OF 10

RIC loans explained: drought, farm investment and AgriStarter

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

SHORT ANSWER

The Regional Investment Corporation (RIC) is an Australian Government lender that offers low-interest farm loans alongside your bank. As at October 2026 it lists six loans, from the \$2 million AgriStarter, Farm Investment and Drought Loans to smaller drought and recovery loans, all at a 5.71% variable rate from 1 August 2026. You need your bank's support, at least half your debt must stay with a commercial lender, and you must show financial need and a viable business.

You've heard there's a government loan at a lower rate than the bank's, and you want to know if it's real. It is. It's run by the Regional Investment Corporation, usually called RIC, and it sits beside your bank loan rather than replacing it.

I worked as a personal and business banker at Greater Bank, then in commercial and equipment finance since 2018. This guide sets out every RIC loan as RIC's website showed it in October 2026. Schemes change, so check ric.gov.au before you apply.

What is RIC?

RIC is an Australian Government lender. It gives concessional loans (loans at a lower rate than a normal commercial loan) to eligible farm businesses and some farm-related small businesses. It does not replace your bank. You need a commercial lender as well, and that lender has to support your RIC application.

Which loans does RIC offer?

As at October 2026, RIC lists six loans. Three are its main farm loans. The other three are for drought-hit small businesses, long droughts and South Australian fishers.

AgriStarter Loan

This is for people buying or setting up their first farm, and for families handing a farm to the next generation (succession). There are two types, First Farmer and Succession.

- **First Farmer uses:** buying a first farm and its assets, starting through share farming or leasing, buying machinery or infrastructure, or refinancing farm business loans.
- **Succession uses:** legal fees and stamp duty, buying land and assets when taking over, improvements, or refinancing farm loans for the succession.
- **Who:** you contribute, or plan to contribute, at least 50% of your labour to the farm business. You earn, or plan to earn, at least 50% of your income from it.

RIC expects you to have built up some equity (your own money in the deal) before you apply. Its FAQ says security can come from a cash contribution or off-farm assets such as a house.

Farm Investment Loan

This is for farm businesses hit by severe disruption that wasn't their fault. RIC looks at the cause, the size of the financial hit, and whether it lasts, or will last, over a two-year period. It also looks at several problems adding up.

You can use it to prepare for risks such as disasters, biosecurity or a market closing. It also covers productivity upgrades, running and capital costs, and refinancing. Your business must sell mainly, or plan to sell mainly, into supply chains that are interstate or overseas.

Drought Loan

This helps you prepare for, manage through and recover from drought. Uses include water projects, building feed reserves, paying bills, buying fodder, carting water, and restocking or planting when the season allows. You can also refinance some existing debt.

You need a drought management plan with your application. RIC accepts your own plan, the template in the form, or its standalone template.

AgBiz Drought Loan

This is for businesses that are not farms but supply goods or services to farms in drought-affected areas. Think of a stock carrier or a rural supplier. The business must have fewer than 20 employees (not counting casuals). It must also show lower turnover, or more unsecured debt, because of drought.

Drought Hardship Loan

This newer loan helps with short-term running costs in a long drought. Your farm must have been in drought for at least 24 months. It must also be expected to be affected for at least the next 12 months. It can pay operating costs, fodder, water carting and freight, but not refinancing.

Marine Recovery Loan

This is for South Australian wild-catch fishers and aquaculture businesses hurt by the marine harmful algal bloom. RIC announced it open in 2026. I've left the detail to RIC's page because few farm readers will need it.

The loans side by side

These figures come from RIC's loan pages and its "loans at a glance" sheet, checked in October 2026.

Loan	What it's for	Maximum	Term	How it's repaid
AgriStarter	First farm or succession	\$2m	10 years	5 years interest only, then principal and interest
Farm Investment	Severe disruption, risk, upgrades	\$2m	10 years	5 years interest only, then principal and interest
Drought	Drought prepare, manage, recover	\$2m	10 years	5 years interest only, then principal and interest
AgBiz Drought	Farm-related small businesses	\$500k	10 years	5 years interest only, then principal and interest
Drought Hardship	Long drought running costs	\$250k	5 years	Nothing for 2 years (interest builds up), then principal and interest
Marine Recovery	SA fishers and aquaculture	\$250k	10 years	5 years interest only, then principal and interest

Interest only means you pay just the interest, so the amount you owe doesn't go down. Principal and interest means each payment also pays off some of the loan.

What is the interest rate and how is it set?

The variable rate on all RIC loans is 5.71% from 1 August 2026. It was 5.18% before that. Some RIC product pages and flyers may still show 5.18%, so go by RIC's rate notice.

The Australian Government sets the rate, not RIC. RIC says it is reviewed every six months in line with the 10-year Government bond rate, including administration costs. If it changes, the change starts on 1 February or 1 August. RIC can't negotiate a lower rate for one customer.

Fees and other terms

RIC lists no application fee and no early payout fee on its farm loans. Third-party costs, such as legal or valuation costs, may apply. Redraw isn't available, so you can't take back extra money you've paid in.

You can choose monthly, quarterly or half-yearly repayments to suit your cashflow. On the Drought and Farm Investment Loans, the principal payments in years 6 to 10 are worked out over a longer notional term. RIC's pages describe this as 15 years. So a balance is usually left at year 10, which you can refinance with a commercial lender.

Who can get a RIC loan?

Each loan has its own guidelines, but the main farm loans share most tests. Here they are in plain words.

1. **You're a real farm business.** You're in an eligible industry, such as agriculture, horticulture, grazing, beekeeping or aquaculture. All your primary production is in Australia. You have an ABN and are registered for GST.
2. **Labour and income test.** For the Drought and Farm Investment Loans, at least one person puts in at least 75% of their labour and earns at least 50% of their income from the farm, in a normal year. AgriStarter uses 50% for labour. This is RIC's off-farm income test.
3. **Financial need.** You need the loan. The Drought Loan guidelines also say you can't hold more non-farm and liquid assets than you need for sensible risk management.
4. **Viability.** The business is financially viable in the long term (AgriStarter allows "sound prospects" of becoming viable). You can show you can repay the loan.
5. **Commercial debt.** You already have a commercial loan, and your lender supports the RIC loan.
6. **Security.** You offer security (the land or other assets RIC can sell if the loan isn't repaid).
7. **Structure.** You're a sole trader, partnership, trust or private company, and not in bankruptcy or external administration. You're an Australian citizen or permanent resident.

What can't you use it for?

RIC's pages list the same exclusions on the farm loans. You can't use the money for private or household spending, non-farm assets, dividends, tax, depreciation or your own wages. You also can't use it for anything another government program already funded, except refinancing an earlier concessional loan.

How much debt can you refinance?

Refinancing means using the RIC loan to pay out some of your existing debt. RIC's commercial debt page sets two limits. At least 50% of your total debt must still be commercial debt. Your RIC loan also can't be more than your commercial debt.

RIC gives an example. With \$800,000 of commercial debt, a RIC loan used to refinance is capped at \$400,000. The Drought Loan guidelines say you can refinance up to 50% of total debt, and personal, credit

card and home loans don't count. Across all government concessional loans, a business can generally hold up to \$3 million.

What you need to apply

RIC's April 2026 checklist asks for these first:

- Financial statements for at least the last three years, for every linked entity, prepared by your accountant.
- A statement of position (everything you own and owe, using RIC's template).
- A cashflow budget for a typical year at normal production, which RIC calls "year in, year out".

During assessment it may also ask for ATO statements, three years of tax returns, 12 months of bank and loan statements, trust deeds, rates notices, water licences and certified ID. Drought Loan applicants need the drought management plan. Succession applicants need a succession plan, and a business plan may be requested.

Once you start an online application, you have 45 days to submit it before the draft expires.

How long does it take?

RIC doesn't promise a fixed time. Its loan pathway page mentions a target average of 50 days to approval in one AgriStarter example. Another family's Drought Loan was submitted and settled "within a couple of months". A Farm Investment Loan took "around four months in total".

Assessment only starts once everything is in. After approval, RIC prepares the loan documents, and your bank helps with settlement.

Why applications stall

RIC's own case studies point to the same few delays.

- **Missing information.** One couple's assessment was held up by information that wasn't in the first submission.
- **Complex structures.** Family trusts and several entities can need extra work from your accountant before the figures are final.
- **Security.** If your bank holds a mortgage over the land RIC also wants, a deed of priority (an agreement on who gets paid first) may be needed. That takes time between lawyers.
- **The bank isn't on board.** In one example, telling the bank early and getting its support helped the loan move quickly.

I'd add one more. A cashflow budget that doesn't add up, or doesn't match the accountant's figures, invites questions. The cashflow forecaster is a free place to start.

A worked example

This is an invented beef cattle business near Gunnedah, and the figures are illustrative. It borrows \$400,000 as a RIC Drought Loan at 5.71% and repays monthly. It has \$1.2 million of commercial debt with its bank, so the 50% rules are met.

Years 1 to 5 (interest only): $\$400,000 \times 5.71\% = \$22,840$ a year. That's \$1,903.33 a month. After five years it has paid \$114,200 in interest and still owes \$400,000.

Years 6 to 10 (principal and interest): from year 6 the repayments include principal. RIC works the principal out over a longer notional term, which its pages describe as 15 years, so the payments are lower than a straight five-year payoff and a balance is still owing at year 10, to repay or refinance. RIC sets the exact figure in your loan documents, so ask it for the repayment schedule before you sign.

The jump from interest only to principal and interest in year 6 is the part to plan for. At the old 5.18% rate, the interest-only payment would have been \$1,726.67 a month, so the August 2026 rise added \$176.67 a month. You can test your own numbers with the repayment schedule.

How a RIC loan sits alongside your bank loan

A RIC loan works next to your bank, not instead of it. RIC describes the loan as a partnership between your business, your commercial lender and RIC. In practice:

- Your bank keeps at least half your debt, and usually your overdraft and day-to-day accounts.
- Your bank must support the RIC loan, so it sees your application figures too.
- RIC and your bank both need security. They may take different properties, or agree on priority over the same one.
- At year 10, any RIC balance can move to a commercial lender.

That means the annual bank review still matters. Read what the bank looks at in a farm review and how farm loans work for the commercial side. The farm loan covenants guide covers the conditions the bank attaches.

If you're restocking after the dry and 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. See restocking after a dry year and livestock finance for more.

Where to get help

- **RIC:** 1800 875 675 or ric.gov.au. RIC recommends ringing to check eligibility rather than guessing.

- **Rural Financial Counselling Service:** free and confidential if you're in or at risk of financial hardship. The national line is 1300 771 741.
- **State agencies:** see state government farm loans and grants for RAA in NSW, QRIDA in Queensland and others.
- **NSW DPIRD Farm Business Resilience:** business planning and coaching for NSW farmers.
- **Your accountant** for tax, and a **solicitor** for the loan and security documents.
- **Drought help:** see drought support for farmers.

Farm CFO doesn't arrange loans. If you'd like the cashflow budget and statement of position built before you apply, the Bank Review Pack is \$1,850 plus GST. To see where you stand first, the Farm Health Check is \$850 plus GST.

Common questions

Can I get a RIC loan without a bank loan?

Generally no. RIC's farm loans require existing commercial debt, and you must get your commercial lender's support. The AgriStarter Loan also accepts proof that you have agreed to take on commercial debt within a reasonable time.

Is the RIC interest rate fixed?

No. All RIC loans are on a variable rate, which was 5.71% from 1 August 2026. The Australian Government reviews it every six months, in line with the 10-year Government bond rate, and any change starts on 1 February or 1 August.

How much can I borrow from RIC?

The published maximums are \$2 million for the AgriStarter, Farm Investment and Drought Loans, \$500,000 for the AgBiz Drought Loan and \$250,000 for the Drought Hardship and Marine Recovery Loans. Total RIC borrowing across all loans is capped at \$2 million. What you can actually get depends on RIC's assessment of your business, so ring RIC to check.

Do I need a rural financial counsellor to apply?

No, but it can help. RIC's own case studies mention a family whose Rural Financial Counsellor helped them prepare a complete application. The Rural Financial Counselling Service is free for farmers in or at risk of financial hardship.

What happens at the end of the 10 years?

Repayments in years 6 to 10 are worked out over a longer notional term, so a balance is usually still owing at year 10. RIC says you can refinance that remaining balance with a commercial lender. The Drought Hardship Loan is different, with a 5-year term.

Sources

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