



Australian Government



REGIONAL  
INVESTMENT  
CORPORATION

A wide-angle photograph of a dirt road winding through a rural landscape. The road is flanked by tall, golden-brown grasses. In the distance, there are several large, mature trees with dense foliage, and a fence line is visible. The sky is filled with large, white and grey clouds, suggesting a bright but slightly overcast day.

REGIONAL  
INVESTMENT  
CORPORATION  
**CORPORATE PLAN**  
2019-20

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# 1 MESSAGE FROM THE CHAIR



The Regional Investment Corporation (RIC) was established under the *Regional Investment Corporation Act 2018 (RIC Act)*. We are a Corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*, and as the accountable authority I am pleased to present the 2019–20 Corporate Plan (the Plan), as required under paragraph 35(1) of the *Public Governance, Performance and Accountability Act 2013*. The Plan is prepared in accordance with the *Public Governance, Performance and Accountability Rule 2014*.

The Plan sets out the strategic framework we use to achieve our purpose, this year and through to 2022–23. It serves as a principal planning and operational document, outlining the purpose of RIC, our strategic objectives and the functions which deliver against our key performance areas as well as how we measure our performance. The Plan also outlines the assurance framework which underpins our operations to ensure we are operating efficiently and effectively to deliver our mandate.

Through this period, we will continue to work closely with our stakeholders to understand existing and emerging challenges the Australian regional and rural communities face, including market volatility, operating uncertainty, the impacts of drought and emerging demands of our changing climate. We acknowledge those communities operate in an increasingly challenging environment and recognise the value we can provide farmers through our farm loans. These loans support farmers to position their business for future growth and increase their resilience in the face of current and future challenges.

We also acknowledge the benefits to regional and rural communities from the significant water infrastructure projects which improve water efficiency, security and sustainability into the future. Our National Water Infrastructure Loan Facility provides a mechanism for the Australian Government to work with the states and territories and private sector partners to finance the construction or enhancement of major water infrastructure projects.

I am proud of our organisation's achievements over the past year and acknowledge the significant amount of work that is still required. One of our major achievements was to establish our permanent office in Orange, NSW where we are closer to the communities we support. Our regional location allows us to better understand the challenges that exist, their impact and subsequently where our products and services can be of assistance.

Since establishment, we have worked hard to build the level of awareness around the RIC and our service offering. We will continue this over the coming year as well as focus on getting our business right, laying the building blocks for our future, and evolving our services and products in-line with external pressures and challenges.

I wish every individual at the RIC the best as we work to deliver on the Plan and fulfil the ongoing potential of RIC. Our work, through your efforts, adds real value to our farmers, our communities and ultimately our national identity.

**David Foster**  
Chair of the Board

# 2 CEO PREFACE



Our 2019–20 Corporate Plan (the Plan) provides a detailed outline of our focus for the year ahead. We will work diligently to meet the expectations of government and achieve the objectives described in this Plan for the reporting period 2019–20 to 2022–23.

As a new entity—only one year old—we have made significant progress building our corporate capacity and capability, physical and information infrastructure, and governance and accountability arrangements. During our first year of operation we approved finance for \$155 million worth of finance for over 160 farmers and launched our first natural disaster loan for flood-impacted producers.

We will continue to work closely with our stakeholders to understand, and respond to, the existing and emerging challenges facing regional and rural communities, such as market volatility, climate change and farm succession. We know many communities operate in an increasingly challenging environment and recognise that our farm business loans support farmers to position their business for future growth and increase their resilience in the face of current and future challenges.

In 2019–20 we will deliver two new loan programs. Our AgriStarter Loan will assist farmers to manage the successful transition of their businesses to another generation. The loan encourages succession within families and introduces new entrants to agriculture. Our Restocking and Replanting Loan will help farmers and graziers to rebuild their operation following drought.

We will provide robust advice to government on water infrastructure projects. We will work with the states, territories and other private sector partners to finance the construction or enhancement of water infrastructure to deliver public benefits such as increased water availability and security for water users in regional communities. In further evolving our National Water Infrastructure Loan Facility (NWILF) we will apply any learnings from our farm loan products to ensure the NWILF is economically viable and supports a sustainable agriculture sector and the long-term growth and development of regional Australia.

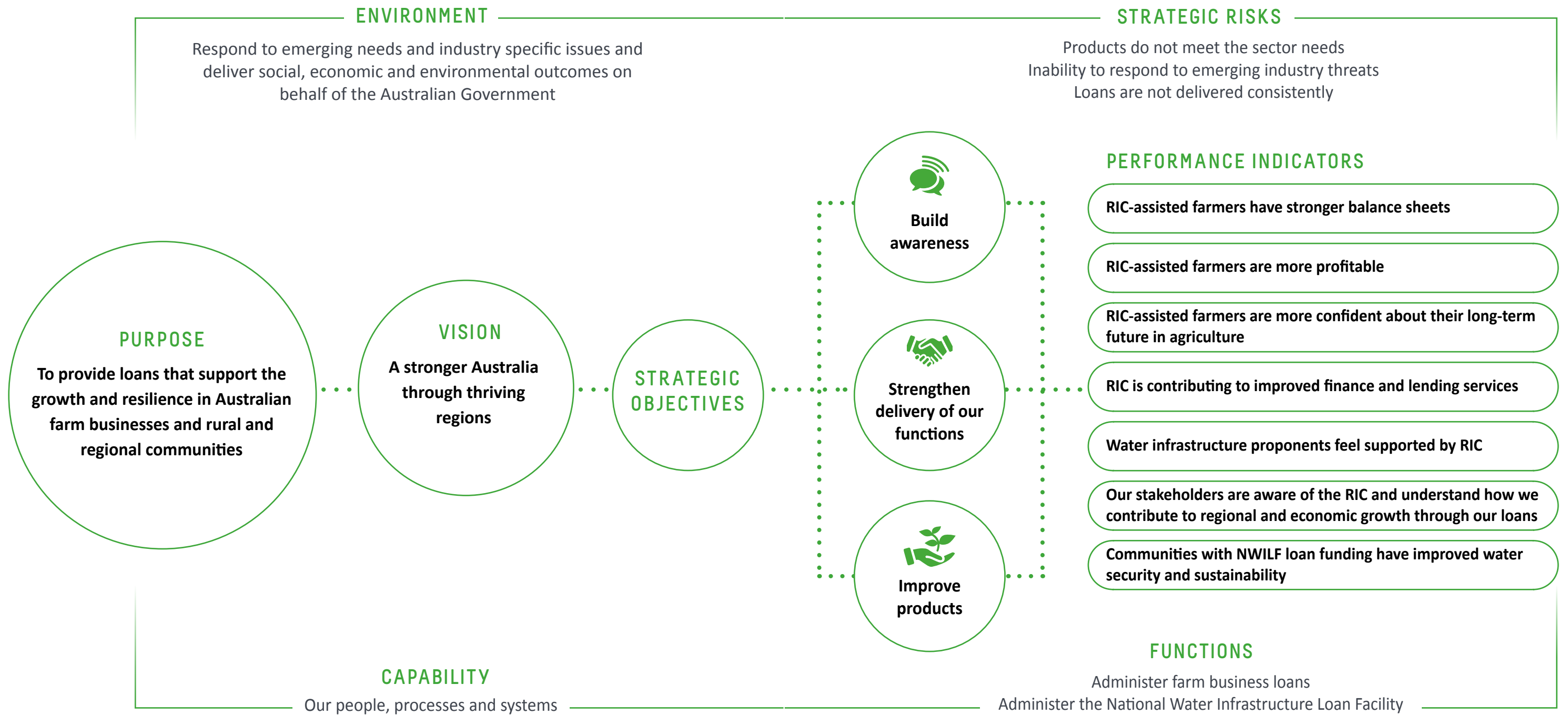
Having grown up on a beef cattle and mixed cropping property in Central Queensland, I am familiar with the opportunities and challenges farmers face on a day-to-day basis. I am proud to lead a team that will drive investment in the regions as I know the ripple effect a strong and vibrant farming sector can have on its community and the broader economy.

Through our finance, we can make a real difference to Australian farm businesses, rural and regional communities and the broader Australian economy, all of which will continue to demonstrate the RIC's value and credibility.

**Bruce King**  
Chief Executive Officer



# 3 CORPORATE PLAN – AT A GLANCE







## 4 OUR OPERATING ENVIRONMENT

Australia's \$59 billion agriculture sector has undergone considerable change in the past few decades, driven through shifts in consumer demand and market volatility, innovation supported through technological advances and emerging environmental challenges such as climate change.

Australian farmers own, manage and care for 48 per cent of Australia's land mass. They are at the frontline of delivering social, economic and environmental outcomes on behalf of the Australian community, with 94 per cent of Australian farmers actively undertaking natural resource management.

Through our loans, we have an opportunity and responsibility to support and build on the strength of existing farm businesses and to deliver benefits for Australian farmers and the broader Australian economy.

Our work involves collaboration and consultation with the Australian Government and state and territory governments, the agricultural sector and rural and regional communities to build awareness, better define and strengthen our working relationships and identify opportunities where our finance can help build resilience and encourage growth.

These loans provide breathing space for farmers hit by events outside their control, but they also present an opportunity to modernise, diversify and head in a new direction.

The RIC administers up to \$500 million in loans annually to support the long-term strength, resilience and profitability of eligible farm businesses. These loans provide breathing space for farmers hit by events outside their control, but they also present an opportunity to modernise, diversify and head in a new direction. These loans replace previous state-delivered loans and streamline the application process, ensuring applications are assessed in a nationally consistent way.

Australia's water is critical to the future of agriculture and the health of the environment and communities. The NWILF provides a mechanism for the Australian Government to work with the states and territories and their private sector partners to finance the construction or enhancement of major water infrastructure projects.

Unlike farm business loans where we work with individual applicants, our primary stakeholders in managing the loan facility are state and territory governments. We provide independent recommendations on water projects to the responsible Ministers.



# 5 OUR STRATEGIC OBJECTIVES

## 5.1 BUILD AWARENESS

Building national awareness of our role and offerings to farmers, rural and regional communities and state and territory governments is critical to our ongoing success. We will continue to build and maintain effective partnerships across Australia.

We will also continue to actively identify and engage a variety of stakeholders with an interest in the NWILF including key state and territory and Australian Government departments who have responsibility for water infrastructure, local government, key market players, project proponents, consultants, academia and water associations.

In 2019–20 our activities will include:

- undertaking targeted evidence-based communication and engagement activities
- building and maintaining networks and partnerships across Australia with industry, government and community
- working collaboratively across our business to deliver water and farm business loans.

## 5.2 STRENGTHEN DELIVERY OF OUR FUNCTIONS

The customer is at the heart of our business and it's vitally important that their experience with us is positive. It is important that we facilitate efficient, fair and transparent lending practices and continually improve our delivery model. We aim to improve our customer experience through improvements in technology, formal evaluation and internal process improvement so that we can provide:

- clear, concise and accessible information about loans and how to apply for them
- a loan application process that does not place an unnecessary burden on applicants
- a high level of customer service standards, consistent with our Operating Mandate.

In 2019–20 our activities will include:

- working collaboratively with stakeholders to understand their support and investment requirements
- improving the customer experience, making it easier to do business with us
- seeking ways to improve and enhance our service delivery model by using the technology and easy-to-use digital channels our customers expect from us
- establishing and sustaining an agile and flexible delivery model supported through our people, systems and policies.

## 5.3 IMPROVE PRODUCTS

We will identify threats and opportunities for our customers and work with government and our commercial partners to develop new and improved products and services that encourage continued growth and resilience in rural and regional communities. Under the RIC Act, discretion is afforded to us in advising responsible Ministers on activities which could be undertaken and for the responsible Ministers to direct us to deliver on these in the future.

In 2019–20 our activities will include:

- developing a collaborative ecosystem of subject matter experts that use their collective intelligence and experience to influence and inform our decision making
- active engagement with government to inform rural financial policy including:
  - ensuring products are informed by analysis and stakeholder engagement
  - developing clear pathways to progressive rural finance which is cognisant of emerging risks and trends across the sector
- expanding collaboration with other agencies at Australian Government, state and local levels
- expanding awareness of issues, opportunities, market changes and trends.





## 6 OUR FUNCTIONS

We deliver our objectives through two functions—administration of farm business loans and the National Water Infrastructure Loan Facility. Through our activities we strive to encourage growth, investment and resilience in Australian farm businesses and rural and regional communities.

### OUR FUNCTIONS

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#### Administration of farm business loans

On behalf of the Australian Government we administer farm business loans, to help farmers support their long-term strength, resilience and profitability.

Administration of farm business loans includes:

- providing such loans to farm businesses, subject to relevant lending criteria being satisfied
- consulting with commercial lenders and other industry bodies representing persons likely to seek a loan
- determining, in accordance with the strategies and policies decided by the Board, the terms and conditions on which approved loans are provided
- managing approved loans, and if required, enforcing the security taken for an approved loan.

#### Administration of the National Water Infrastructure Loan Facility

On behalf of the Australian Government we administer financial assistance to states and territories in relation to water infrastructure projects.

Administration of the NWILF includes:

- liaising, negotiating and cooperating with states and territories and other parties on possible water infrastructure projects
  - providing advice to responsible Ministers on a water infrastructure project
  - implementing directions of the responsible Ministers to enter into agreements, on behalf of the Australian Government, for the grant of financial assistance to states or territories in relation to water infrastructure projects
  - periodically reviewing financial assistance granted, and the terms and conditions.
-



# 7 HOW WE MEASURE PERFORMANCE

Our 2019–20 annual performance statements will measure and report on our performance in delivering against our 2018–19 PBS performance criteria and achievement against our key strategic performance indicators. As part of developing our performance measures, we have assessed the data sources that will underpin our performance framework. We believe that as we embed our systems and processes, enhance our internal capabilities and build on our experience, our methods for measuring our performance will also evolve.




In many cases, we will use 2019–20 to establish our baseline performance levels against which future performance can be measured and our uplift in outcomes can be quantified.

## 7.1 DATA SOURCES

In measuring our performance, we will draw on several information sources, including:

- Our operational data—reporting on loan enquiries, assessment, approvals and management. This will also capture details regarding our loan portfolio including loan amounts, farm business loan uses and the agriculture industries our loans are supporting.
- Water infrastructure loan project reports—states and territories are required to provide progress and milestone reports as part of water infrastructure loan agreements.
- Surveys of farm loan recipients—our customers may be asked to participate in surveys during their loan term. The surveys will focus on the short, medium and long-term impacts of the loan on their farm business, and the customer’s experience with us. These surveys will identify areas for improvement in customer service and our current products. They will also help inform potential targeting of our future products.
- ABARES data—ABARES holds a range of reference data such as local investment and business growth, local population, infrastructure and changes in water use.
- Feedback provided by stakeholders and the public—including through stakeholder forums, correspondence, our customer service hotline, the responsible Ministers, the Department of Agriculture and the Department of Infrastructure, Transport, Cities and Regional Development.

## 7.2 OUR STRATEGIC PERFORMANCE INDICATORS

OBJECTIVE	PERFORMANCE INDICATORS	2019–2020 MEASURE	2021–2023 MEASURE
<b>BUILD AWARENESS</b> 	Our stakeholders are aware of the RIC and understand how we contribute to regional and economic growth through our loans	Case study analysis and referral data to establish baseline	5% YoY improvement over baseline data
		\$500 million is made available to eligible farm businesses in need to improve their circumstances (2019–20 and beyond)	\$500 million is made available to eligible farm businesses in need to improve their circumstances (2019–20 and beyond)
<b>STRENGTHEN DELIVERY OF OUR FUNCTIONS</b> 	RIC is contributing to improved financial and lending services	Case study analysis and surveys of staff to establish baseline	5% YoY improvement over baseline data
	Water infrastructure proponents feel supported by RIC	Market testing through surveys with satisfaction and referral indicators to establish baseline	5% YoY improvement over baseline data
	All eligible farm businesses have access to farm business loans and flood recovery loans.	Establishment of a nationally consistent delivery model	Delivery channels ensure timely and accurate access to information and assessment for all eligible farm businesses
	The water loan facility is available to states and territories	No days are lost in the transfer of the administration of the loan facility to RIC	N/A
	Loan monies (farm business loans, flood recovery loans and water loans) are disbursed and received accurately and in line with contractual and legislative requirements	100%	100%
<b>IMPROVE PRODUCTS</b> 	RIC-assisted farmers have stronger balance sheets	Market testing through surveys of farmers across the regions to measure confidence in the strength of their balance sheets	Rolling 5-year equity levels have been maintained or are increasing in 85% of farms
	RIC-assisted farmers are more profitable	Market testing through surveys of farmers across the regions to measure confidence in their profitability	Rolling 3-year EBITDA increasing year on year in 85% of farms
	RIC-assisted farmers are more confident about their long-term future in Agriculture	Market testing through surveys of farmers across the regions to establish baseline	5% YoY improvement over baseline data



# 8 OUR CAPABILITIES

Underpinning and integral to our success are the core capabilities of our people, processes and systems. In strengthening these capabilities through 2019-20 we will focus on:

- accessing data to inform decisions
- recruiting and developing people with the right skills
- allocating resources to the highest priority
- leading our teams to identify opportunities and solve problems.

We cannot deliver our objectives without our passionate and purpose-driven workforce who demonstrate our values of respect, relationships, collaboration and innovation in all they do. Whether this be strengthening our internal systems, working across government or engaging directly with RIC-assisted farmers, our workforce operates in a manner that upholds our brand and welcomes participation.

As an entity which is maturing, we are committed to continuing to build our corporate capacity and capability to fulfil our objectives now and into the future. We will invest in our workforce to ensure we maintain the right people with the right skills to deliver our objectives as we respond to evolving government priorities and rural and regional community expectations.

Our ability to deliver on our objectives requires a culturally diverse and multi-disciplinary workforce. Our workforce strategy will focus on recruiting and maintaining people with diverse skills and backgrounds, including people with deep experience in the agricultural and farming sectors, complimented by business and government acumen. We will grow our team through a wide geographical net, drawing from both local communities and urban areas. Essential to the future sustainability of our organisation will be the ability to work in an agile manner and be adaptable to our evolving operating environment.

## CAPABILITIES

### PEOPLE



#### Human resources

- We take pride in the contribution we make and are confident in the capability of our people
- We are building a productive, safe, diverse and respectful workplace, effectively managing risks and resources, and ensuring we have the capability to deliver government priorities now and into the future

#### Relationship management

- We continue to strengthen stakeholder engagement and collaboration. We understand the vital importance of ongoing collaboration with our stakeholders in working together
- We invest in methods to improve and support effective stakeholder engagement, including equipping our staff with the right skills and tools

### PROCESS



#### Governance, compliance, risk, security and property

- We will focus on establishing sound and consistent governance and risk management practices that enhance operational performance and meet our obligations under the *Public Governance, Performance and Accountability Act 2013*
- We will develop a culture that engages with risk and makes informed decisions
- We have a contemporary governance framework that is client focused, professional and cost-effective

#### Marketing and communications

- We establish relationships and build trust with internal and external stakeholders and communities and enhance organisational reputation
- We have a cross-functional capability for collecting, organising, sharing and gaining insight about our industry and customer information

#### Finance and procurement and contracting

- A finance capability that will aid in identifying the budget and cost levers which can be pulled to bring strategies into action
- We have a procurement and contracting function that supports the establishment of our loans in an efficient and effective manner which minimises our risks

### SYSTEMS



#### Information technology

- We are investing in digital capability and process automation to streamline transactional business processes. This enables us to focus even more on strategic and operational priorities
- We will focus on both smarter and more efficient ways of collecting data from service providers and more useful reporting of data regarding our services



# 9 GOVERNANCE

We are committed to, and actively apply, a continuous improvement approach towards risk management that aligns with best practice principles. Our Enterprise Risk Management Framework aligns with the requirements of the Australian Government's Risk Management Policy and ISO 31000:2018 Risk Management—Principles and Guidelines. Risk management is important for any entity, but more so given the finance lending and complex advisory nature of our business. We build risk management into our governance, planning and performance management processes.

Our Risk Management Framework is integrated into existing planning, monitoring and reporting processes, and will be reviewed and updated regularly to adapt to changes to the RIC's operating environment (both internal and external).

## 9.1 OUR RISK APPETITE

We face a wide range of operating risks that are inherent to our responsibilities as both a service provider and policy adviser. These include risks in our core business areas of farm business lending and complex water infrastructure project advice as well as in our corporate and governance functions. We recognise that it is not feasible or desirable to eliminate all risks inherent in our work. Establishing a culture that engages in risk and accepting some degree of risk in our business practices will promote efficiency and innovation. In other areas, however, particularly the financial risk to the farm businesses we support, the level of risk we are willing to accept is very low.

## 9.2 OUR ASSURANCE

The RIC Board established under the RIC Act, as the accountable authority, is responsible for monitoring and managing the RIC's risk profile, with advice from the CEO and Audit Committee.

Our Audit Committee provides independent assurance and advice to the Board about our risk, performance, internal audit program and compliance framework. Through its functions, the Audit Committee will aid the Board in meeting the prescribed responsibilities under the RIC Act and PGPA Act. External service providers are also contracted to undertake independent audit functions.

The Executive Management Committee oversees the implementation and improvement of our business operations and governance structure, shares responsibility for building capability and promoting collaboration between business areas, other agencies and our stakeholders.

Further external transparency and accountability is provided through Australian National Audit Office audits, parliamentary inquiries and other reviews commissioned by the Australian Government.

## 9.3 OUR INTEGRITY

We take our exposure to fraud seriously and have a zero tolerance for it occurring. We take all reasonable measures to control fraud and properly manage public resources in a way that assures the integrity of RIC activities while maximising benefits for the Australian people. Our staff are expected to demonstrate high standards of professionalism, integrity and ethics. All employees will undertake training on understanding, recognising and reporting fraud and corruption.

Our Fraud and Corruption Control Plan provides a comprehensive framework for identifying, deterring, detecting, investigating and reporting fraud and corruption and meeting broader government obligations. Fraud and corruption risk assessments are also undertaken biennially to identify risks, treatment strategies, responsibilities, target dates and reporting obligations.

## 9.4 OUR SECURITY

Successfully managing our security risks and protecting people, information and assets requires an understanding of what needs protecting, what the threat is and how assets will be protected. Our security plan specifies the approach, responsibilities and resources applied to managing protective security risks. Our security plan allows us to review the degree of security risk that exists in different areas of our operations and take action to mitigate identified risks. Our Protective Security Control Plan has been developed in accordance with the Australian Government's Protective Security Policy Framework. We conduct security-focused risk assessments biennially.

Further, as part of our recruitment processes, our staff will complete security training in recognising security vulnerabilities, applying security protocols and reporting security incidents. Staff undertake basic security vetting on commencement and are required to obtain and maintain an appropriate security clearance where necessary.

We report annually on our compliance with the Protective Security Policy Framework to the Attorney-General's Department and other key stakeholders.





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