

# AgriStarter Loan paves the path for dairy succession

**Dairy farmers looking to pass on their business to the next generation or seeking to enter the industry can now access low-interest loans to help them achieve their goals.**

The Regional Investment Corporation launched the AgriStarter Loan on 1 January 2021.

At the current low variable interest rate of 1.77 per cent, this loan enables generational farmers with an effective tool to assist with farm business succession.

It also provides new entrants with a loan creating the opportunity to build equity and develop their enterprise.

The AgriStarter Loan has a 10-year term and is interest-only for the first five years, with principal and interest repayments for the remaining five years. Principal repayment terms will be structured in consultation with applicants.

The loan can be used to refinance existing commercial debt, provide funds for purchase of land, plant, machinery or livestock or provide working capital.

It is open to applicants who contribute, or plan to contribute, at least 50 per cent of their labour to the farm business and earn, or plan to earn, at least 50 per cent of their income from the farm business under normal circumstances.

Applicants need to be financially viable or have sound prospects of reaching that milestone within the term of the loan. Financial need must be demonstrated

and applicants must also be able to repay the loan.

Business Development Manager for Queensland Craig Turner said the loan offered up to \$2 million, with applicants required to hold at least half of their debt with a commercial lender.

“The AgriStarter Loan has two uses – supporting new farmers to purchase, establish or develop their first farm business, or assist existing farm businesses with their succession planning arrangements,” he said.

He said opportunities for new entrants and succession planning were important for the ongoing strength and diversity of Australia’s agriculture industry.

“It is encouraging that many dairy farmers I have been speaking with see the opportunity succession provides in harnessing the drive and experience of their children and ensuring the longevity of successful operations,” he said.

“If your children are in their 20s and 30s and looking to take over the family business, it’s a good time to be looking to the future and putting plans in place.”

Applications for a succession loan need to be supported by a succession plan.

This loan is also intended to help first farmers start a new business or buy a controlling stake in a business.

It can also help eligible farmers who have recently purchased a farm business, yet need a loan to invest in infrastructure or



machinery to develop their farm business and make it their primary income earning source.

The interest-only repayments for the first five years will certainly appeal to new farm business owners to allow them to focus on establishing their operations and cashflow.

Applicants are expected to provide sufficient security within standard lending practices and security is assessed on a case-by-case basis.

AgriStarter Loan applicants are expected to have built up equity prior to applying.

The applicant’s cash contribution to their purchase and off-farm assets can assist security requirements, for example their residence or investments.

The RIC recommends applicants seek advice from a financial advisor or accountant to determine if the loan suits their circumstances and if assistance is needed to complete their loan application.

The Rural Financial Counselling Service (RFCS) is a free service available to help farmers understand and improve their financial position. ■■

**The guidelines for this loan and the application form can be found at [www.ric.gov.au/agristarter](http://www.ric.gov.au/agristarter)**