



Drought Carry-on Finance Loans Guidelines

1. About the scheme

The Drought Carry-on Finance Loan Scheme aims at helping primary producers operating Queensland based primary production business that has been significantly financially affected by drought, with carry-on finance assistance.

The maximum loan available under the Scheme is **\$250,000**.

However, the maximum combined outstanding loan balance under both the Emergency Drought Assistance Loan Scheme and the Drought Carry-on Finance Loan Scheme is \$250,000.

2. How loan funds may be used

2.1 The Drought Carry-on Finance Loan may be used for working capital expenses, for example

- (a) paying employee wages;
- (b) paying creditors;
- (c) paying rent and rates;
- (d) buying goods, including fuel, for carrying on the business.

3. How loan funds may not be used

3.1 The Drought Carry-on Finance Loan cannot be used for the following, as they are not working capital expenses:

- (a) refinancing existing business loans or equipment finance;
- (b) purchasing new equipment or other assets.

4. Eligibility criteria

4.1 To be eligible for a Drought Carry-on Finance Loan, applicants must:

- (a) demonstrate at least one person in the primary production business is a primary producer;
- (b) have carried on the primary production business for at least 12 months;
- (c) have taken reasonable precautions to minimise the effect of drought on the primary production business;
- (d) demonstrate they can service the loan;
- (e) demonstrate financial assistance is required because the primary production enterprise has been significantly financially affected by drought;
- (f) demonstrate the primary production business cannot support carry-on from existing cash and other liquid resources, or from within existing available commercial lending facility limits;

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- (g) present a Farm Business Resilience Plan, satisfactory to QRIDA, within a reasonable period of time. (Appendix I, on page four, provides a guide to requirements of a Farm Business Resilience Plan).

4.2 To be eligible for a loan applicants must also not have:

- (a) made an application to the Department of Agriculture and Fisheries supported by an invoice issued in the past six month period for assistance under:
 - i. a freight subsidy under the Drought Relief Assistance Scheme; or
 - ii. the Emergency Water Infrastructure Rebate under the Drought Relief Assistance Scheme;
- (b) a loan that is current under the Scheme; and
- (c) received a loan under the Scheme in the past five years.

5. Loan terms, interest rates and repayments

- 5.1 The maximum loan term for a Drought Carry-on Finance loan is 10 years.
- 5.2 The first two years of the loan term will require interest only payments at a concessional interest rate. (Current interest rates are available on QRIDA's website at www.qrida.qld.gov.au). We will discuss interest rate structures with you when we assess your loan.
- 5.3 Following the initial two years, principal and concessional interest payments will apply for the remaining term of the loan.
- 5.4 Loans repayments are required to be made by direct debit from your nominated bank account.

6. Loan security

- 6.1 Drought Carry-on Finance Loans need to be adequately secured by a mortgage over land, livestock, water or other business assets. (We will discuss security arrangements with you in detail when we assess your application).

7. How to apply

- 7.1 To apply for a Drought Carry-on Finance Loan:
 - (a) read this guideline and discuss your proposal with us. (You may consider discussing your application with, or seeking assistance from your business adviser/s); and
 - (b) complete a Drought Carry-on Finance Loan application form, statement of position, production schedules and cashflow forecast, which are located on the QRIDA website. Instructions for completion are included in these forms. Please contact us should you require any assistance; and
 - (c) submit your application and supporting documents to us by post, email or fax.
- 7.2 Drought Carry-on Finance Loans are subject to the availability of funds.
- 7.3 Penalties apply for providing false and misleading information.

8. How loans are assessed and decided

- 8.1 Upon receiving applications, QRIDA will acknowledge receipt by email or mail and let you know if any further information is required to commence assessing your application.
- 8.2 Complete applications will be allocated to an assessor who will contact you to discuss your application and ensure we fully understand your proposal. Our assessor will also liaise with your business advisers or financiers as necessary.
- 8.3 We assess applications in date order of receipt and incomplete applications will not enter the assessment queue until all required information is received.

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- 8.4 QRIDA will decide Drought Carry-on Finance Loan applications and make a loan offer in writing to approved applicants.
- 8.5 If offered a loan, you will be required to enter into a loan agreement with QRIDA which will be prepared in conjunction with loan security documentation. This agreement will include details of loan terms and conditions, repayment details and interest rates.

9. Conflict of interest

- 9.1 A conflict of interest may arise due to a business dealing with QRIDA, if your private interests' conflict with your obligations under the agreement. Conflicts of interest could affect the awarding or performance of your agreement. A conflict of interest can be:
- real (or actual);
 - apparent (or perceived); or
 - potential.
- 9.2 We will ask you to declare, as part of your application, any business dealings that may be considered an actual, perceived or potential conflict of interest or that, to the best of your knowledge, there is no conflict of interest. If you later identify that there is an actual, apparent, or potential conflict of interest or that one might arise in relation to your agreement, you must inform us in writing immediately.

10. Other requirements

- 10.1 Drought Carry-on Finance Loans may be subject to an annual review and recipients are required to provide the necessary financial information when requested each year.
- 10.2 Penalties apply for providing false and misleading information.
- 10.3 Please be aware that early repayment (prepayment) or early closure of any fixed interest rate repayment arrangements you enter into may incur an economic cost.

11. More information

If you would like more information on the Drought Carry-on Finance Loan Scheme, we are happy to answer any questions you may have. We can be contacted on **Freecall 1800 623 946** or email contact_us@qrda.qld.gov.au

Regional Area Managers located in Brisbane, Bundaberg, Townsville, Cloncurry, Innisfail, Kingaroy, Emerald (with an office in Longreach), Mackay, Rockhampton, Roma and Toowoomba are also available to assist you.

12. Definitions

Primary producer means:

- a sole trader who spends the majority of the person's labour on, and derives the majority of the person's income from a primary production enterprise; or
- in relation to a partnership, proprietary company or trust that carries on a primary production enterprise, any partner in the partnership, shareholder in the company or trustee of the trust who spends the majority of their labour on, and derives the majority of their income from, the primary production enterprise.

Primary production business means a business that:

- is carried on by a sole trader, trust, partnership or proprietary company; and
- that involves primary production, including the agricultural, apicultural, aqua cultural, commercial wild-catch fishing, forestry, grazing and horticultural industries; and
- holds an Australian Business Number (ABN).

Appendix I – Farm Business Resilience Plan requirements

A Farm Business Resilience Plan, (or similar plan) should include content that addresses the following:

- (a) **Production risks**
 - i. climate and weather
 - ii. natural resource management
 - iii. biosecurity
- (b) **Business risks**
 - i. financial viability
 - ii. market
- (c) **Personal risks**
 - i. workplace health and safety
 - ii. key people

A Farm Business Resilience Plan should identify if these risks need to be managed and if so, also include an Action and/or Implementation Plan for specific activities that have been identified to manage these risks.

A Farm Business Resilience Plan may reference other supplementary material that support the plan, for example, a current industry Best Management Practice (BMP) output, a farm biosecurity plan and/or a succession plan.