

First Start Loans **Guidelines Primary Producers**

1. About the program

First Start Loans are aimed at assisting you in the initial years of establishing your Queensland based primary production business.

The maximum loan available under the program is **\$2 million**.

2. How loans may be used

2.1 First Start Loans may be used to assist you to:

- (a) acquire a viable primary production business;
- (b) build to a viable primary production business by:
 - i. acquiring and operating a primary production business on a staged basis where you have defined longer-term plans; or
 - ii. entering into lease or share farming arrangements; or
 - iii. upgrading or building-up an existing non-viable business.
- (c) enter an existing family production business as part of a longer-term plan to operate a viable primary production business in your own right.

3. Eligibility

3.1 To be eligible for a First Start Loan you are required to:

- (a) have resided in Queensland for at least the past six months; and
- (b) not previously owned or disposed of a viable primary production business; and
- (c) immediately trade in your own right, except in the case of 3.3.

3.2 You will also be required to demonstrate:

- (a) concessional finance under the program is needed to secure sound prospects for success in the long-term; and
- (b) a capacity to repay the loan and sound prospects for commercial viability in the long-term development of your primary production business. QRIDA will discuss these arrangements with you in detail when your application is assessed; and
- (c) access to sufficient working capital to support the day-to-day running of the Queensland based primary production business; and
- (d) adequate industry experience or other qualifications to provide a reasonable prospect of success.

3.3 If you are entering an existing primary production business or purchasing a relative's assets, you will be required to demonstrate:

- (a) the family member is not in a financial position to completely effect transfer of the assets; and
- (b) the purchase is not simply a refinance arrangement; and
- (c) you will have the long-term ability to trade in your own right.

4. Loan terms, interest rates and repayments

- 4.1 The maximum term for First Start Loans is 20 years. QRIDA will work with you to determine the most appropriate term for your loan proposal.
- 4.2 You may ask for either of the following interest rates for a First Start Loan:
- (a) an interest rate that is fixed for a period of one, three or five years;
 - (b) an interest rate that is variable.
- 4.3 You may fix the interest rate initially for a period of one, three or five years. QRIDA will discuss interest rate structures with you when your loan is assessed. Current interest rates are available on QRIDA's website at qrda.qld.gov.au.
- 4.4 If your request under 4.3 is approved by QRIDA, the interest rate will be:
- (a) calculated by QRIDA based on the *base lending rate* for the type of interest rate approved under the request; and
 - (b) applied at the end of any period in which the interest rate is fixed or otherwise as soon as practicable.
- 4.5 At any time during the loan term QRIDA may, at its sole discretion and subject to evidence of financial need, approve an interest only period, for instance in periods of cash flow stress. The maximum total interest only period over the life of a loan is 10 years.
- 4.6 During the term of the loan QRIDA may undertake an annual review to consider whether to increase the interest rate. After the review, or at any time during the term of the loan, QRIDA may increase the interest rate for the loan to a commercial rate of interest or increase the interest rate more than once.
- 4.7 Loans will be repaid via direct debit from your nominated bank account.

5. Loan security

- 5.1 First Start Loans must be adequately secured by a mortgage over land, livestock, water or other assets. QRIDA will discuss security arrangements with you when your application is assessed.

6. How to apply

- 6.1 To apply for a First Start Loan you will need to:
- (a) read this guideline and discuss your proposal with QRIDA. You may also consider discussing your application with, or seeking assistance from, your business adviser/s; and
 - (b) complete an application form, business plan, cashflow forecast and livestock/crop schedules. These documents are located on QRIDA's website and include instructions for completion; and
 - (c) submit your application and supporting documents to QRIDA by post or email.
- 6.2 Penalties apply for providing false or misleading information.

7. How loans are assessed and decided

- 7.1 First Start Loans are subject to the availability of funds.
- 7.1 Upon receiving your application, QRIDA will acknowledge receipt by email or mail and advise you if any further information is required to commence assessment of your application.
- 7.2 Complete applications will be allocated to an assessor who will contact you to discuss your application to ensure QRIDA fully understands your proposal. QRIDA's assessor will also liaise with your business advisers or financiers as necessary.
- 7.3 QRIDA assesses applications in date order of receipt. Incomplete applications will not enter the assessment queue until all required information is received.
- 7.4 QRIDA will approve or decline First Start Loan applications and make a loan offer in writing to approved applicants.
- 7.5 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.

8. Conflict of interest

8.1 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.

8.2 As part of your application, QRIDA will ask you to declare 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 QRIDA in writing immediately.

9. Other requirements

- 9.1 First Start Loans are subject to an annual review and recipients are required to provide the necessary financial information when requested by QRIDA each year.
- 9.2 You will be required to report annually on the outcomes achieved with the loan funds relative to the agreed activities outlined in the loan agreement.
- 9.3 The interest rate for your First Start Loan may be increased to commercial rates (Current interest rates are available on QRIDA's website at qrda.qld.gov.au). If, for example, your financial capacity improves during the term of the loan to the point where the concessional rate is no longer required or if you unreasonably fail to meet all the conditions of your loan.
- 9.4 If relevant, you will be required to provide QRIDA with copies of licences, permits, approvals or other authorisations under an Act required for proposed activities.

10. More information

If you would like more information about First Start Loans contact QRIDA by phoning **1800 623 946** or visiting qrda.qld.gov.au.

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

11. Definitions

Base lending rate –

- (a) for an interest rate that is fixed – means the fixed lending rate of the Queensland Treasury Corporation (QTC), plus a margin decided by QRIDA and approved by the Minister, for a period of 1, 3 or 5 years.
- (b) for an interest rate that is variable – means the variable lending rate of the QTC, plus a margin decided by QRIDA and approved by the Minister.

Primary producer means:

- (a) a sole trader who spends the majority of his or her labour on, and derives the majority of his or her income from, a primary production enterprise; or
- (b) 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:

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