



Sustainability Loans

Guidelines Primary Producers

1. About the program

Sustainability Loans are aimed at helping secure the future sustainability of your Queensland based *primary production business* by providing concessional finance towards projects which enhance your:

- (a) **natural resource sustainability** by minimising adverse impacts of farming activities on your property and on the environment
- (b) **farming system sustainability** by adopting systems and practices to mitigate the effects of climate, drought, biosecurity and market risks
- (c) **financial sustainability** by increasing productivity and long-term viability of your *primary production business*.

The maximum loan available under the program is **\$1.3 million**.

2. How loans may be used

2.1 See guide to eligible activities in the appendix to this guideline on page four.

3. Eligibility

3.1 To be eligible for a Sustainability Loan at least one person in your *primary production business* needs to be a *primary producer*, as defined below.

3.2 You are also required to:

- (a) have operated your Queensland based *primary production business* for at least two years; and
- (b) have sound prospects for commercial viability and the ability to service the loan in the long term.

3.3 For purposes related to **financial sustainability** you are required to demonstrate:

- (a) concessional finance is needed to secure sound prospects for success in the long term; and
- (b) the proposal is not simply expanding an already financially sound *primary production business*, for example, by acquiring more land.

3.4 For purposes related to **natural resource sustainability** or **farming system sustainability**:

- (a) you should demonstrate the *primary production business* is not in a financial position to readily support the proposal from cash resources, or a ready capability to service increased commercial lending.

4. Loan term, interest rates and repayments

4.1 The maximum term for Sustainability 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 types of interest rates for a Sustainability 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 During the term of a loan, you may request the same or another type of interest rate mentioned in 4.2. If the request is approved by QRIDA the interest rate is calculated by QRIDA using the *base lending rate*.

4.5 If your request under 4.4 is approved by QRIDA, the interest rate will be:

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- (a) calculated by QRIDA based on the *base lending rate* for the type of interest rate that the request is approved; and
 - (b) applied at the end of any period in which the interest rate is fixed or otherwise as soon as practicable.
- 4.6 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.
- 4.7 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.
- 4.8 Loans will be repaid via direct debit from your nominated bank account.

5. Loan security

- 5.1 Sustainability Loans need to be adequately secured by a mortgage over land, livestock, water and/or other business assets. QRIDA will discuss security arrangements with you when your application is assessed.

6. How to apply

- 6.1 To apply for a Sustainability Loan you must:
- (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, project or business plan, cashflow forecast and livestock/crop schedules. These document templates 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 and misleading information.

7. How loans are assessed and decided

- 7.1. Sustainability Loans are subject to the availability of funds.
- 7.2. 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.
- 7.1 Complete applications will be allocated to an assessor who will contact you to discuss your application and ensure QRIDA fully understands your proposal. QRIDA's assessor will also liaise with your business advisers or other financiers as necessary.
- 7.2 QRIDA assesses applications in date order of receipt. Applications will not enter the assessment queue until all required information is received.
- 7.3 QRIDA will approve or decline Sustainability Loan applications and make a loan offer in writing to approved applicants.
- 7.4 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 Sustainability Loans are subject to an annual review and recipients are required to provide the necessary financial information when requested by QRIDA each year. Failure to do so may result in the interest rate on your loan being increased to commercial rates.

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 You will also be required to:

- (a) demonstrate any proposals for rationalising partnerships are not simply refinance arrangements; and
- (b) for any proposals to upgrade, replace or purchase plant and machinery, demonstrate that the plant and machinery will be used predominately for the *primary production business*; and
- (c) if relevant, provide QRIDA with copies of licences, permits, approvals or other authorisations under an Act required for proposed activities.

9.4 The interest rate for your Sustainability Loan may be increased to commercial rates if, for example, your financial capacity improves during the term of the loan to the point where the concessional rate is no longer required.

10. More information

If you would like more information about Sustainability Loans contact QRIDA by telephoning **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 for a period of 1, 3 or 5 years – means the fixed lending rate of the Queensland Treasury Corporation, plus a margin decided by QRIDA and approved by the Minister, for the period; or
- (b) for an interest rate that is variable – means the variable lending rate of the Queensland Treasury Corporation, plus a margin decided by the 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) that 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).

Appendix – Guide to eligible activities

Eligible activities to enhance natural resource sustainability may include:

- reclaiming degraded areas and prevention of soil degradation
- controlling pests, plants and animals
- managing vegetation, for example planting trees
- controlling and dispersing effluent and waste
- protecting water quality, for example controlling contaminated run-off
- fencing, for example to exclude stock from an area to protect vegetation
- developing water supplies, for example additional watering points to avoid degradation.

Eligible activities to enhance farming system sustainability may include:

- constructing or improving commodity facilities, for example grain silos and cold rooms
- constructing or improving fodder storage facilities
- constructing small scale rural worker accommodation
- carrying out projects to minimise impacts of climate change and market risk on production in plant and animal industries, for example hail and bird netting
- improving and maintaining water supplies and water use efficiency
- installing alternative systems of energy generation, for example solar energy
- value adding on or off farm
- improving the supply-chain, for example by developing packing facilities
- upgrading farm technology
- expanding farming operations through capital works projects, for example predator or exclusion fencing
- purchasing and upgrading plant and machinery to support on farm development projects.

Eligible activities to enhance financial sustainability may include:

- building up property, including purchasing, leasing or share farming additional properties
- diversifying into other on-farm enterprises
- rationalising family partnerships
- purchasing livestock, when included in a property purchase or as part of an accepted on-farm development project.

Note: QRIDA will consider other activities where it is demonstrated they will enhance your natural resource, farming system or financial sustainability.