

# 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 in its own right
- (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. (This usually means that equity of at least 50 per cent in the primary production business will be required from the outset unless you have other sources of income to support the business). We will discuss these arrangements with you in detail when we assess your application; 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 and interest rates and repayments

- 4.1 The maximum term for First Start Loans is 20 years. We will work with you to determine the most appropriate term for your loan proposal.
- 4.2 You may access interest only periods up to a maximum five years if needed, for instance in periods of cash flow stress, at any time over the loan term.
- 4.3 You may fix interest rates initially for periods of one, three or five years. (Current interest rates are available on QRIDA's website at: [www.qrida.qld.gov.au](http://www.qrida.qld.gov.au)). We will discuss interest rate structures with you when we assess your loan.
- 4.4 Loans will be repaid via direct debit from your nominated bank account.

## 5. Loan security

- 5.1 First Start Loans need to be adequately secured by a mortgage over land, livestock, water or other assets. (We will discuss security arrangements with you in detail when we assess your application).

## 6. How to apply

- 6.1 To apply for a First Start Loan:
  - (a) read this guideline and discuss your proposal with us. (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 which are located on QRIDA's 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.
- 6.2 First Start Loans are subject to the availability of funds.
- 6.3 Penalties apply for providing false and misleading information.

## 7. How loans are assessed and decided

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

### 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 each year.
- 9.2 The interest rate on your First Start 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.
- 9.3 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.
- 9.4 You will also 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 we will answer any questions you may have. We can be contacted on **Freecall 1800 623 946** or visit [www.qrida.qld.gov.au](http://www.qrida.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.

### 11. Definitions

**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
- (b) involves primary production, including the agricultural, apicultural, aqua cultural, commercial wild-catch fishing, forestry, grazing and horticultural industries
- (c) holds an Australian business Number (ABN).