



Drought Ready and Recovery Finance Loans Guidelines

1. About the scheme

The Drought Ready and Recovery Finance Loan Scheme aims at helping primary producers operating a Queensland based primary production business to undertake drought ready and recovery activities and improve drought resilience.

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

2. Eligibility criteria

2.1 To be eligible for a Drought Ready and Recovery Finance Loan, applicants must:

- (a) demonstrate at least one person in the primary production business is a primary producer;
- (b) demonstrate that the project/s and activities identified in the Farm Business Resilience Plan will improve the drought readiness and recovery prospects of the primary production business;
- (c) have prospects for viability and the ability to service the loan;
- (d) present a Farm Business Resilience Plan satisfactory to QRIDA.

2.2 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.

3. How loan funds may be used – Drought ready measures

3.1 To be eligible for funding, the drought ready project must:

- (a) involve the purchase and installation of new permanent capital infrastructure;
- (b) improve the ability of the primary production business to prepare for, continue to operate in, or recover from, drought conditions;
- (c) be a drought preparedness activity listed in your Farm Business Resilience Plan for the primary production business; and
- (d) not have already commenced the project before the assistance is approved. (Deposits however may be paid for the purchase of materials or engaging contractors up to 90 days before the approval of assistance).

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- 3.2 The drought preparedness measures may be used for new permanent capital infrastructure, including: (Note: This is not an exhaustive list)
- (a) pipes, water tanks and water troughs;
 - (b) dam construction and/or expansion including dam desilting;
 - (c) drilling a new working bore;
 - (d) water conservation infrastructure and equipment including more efficient irrigation;
 - (e) water pumps and power supply used to run water pumps;
 - (f) storage, mixing and feeding out equipment for grain, fodder, molasses and other supplements;
 - (g) grain storage and equipment that improves the ability of the business to manage drought;
 - (h) reasonable freight components to purchase and install equipment or infrastructure;
 - (i) consumables including fuel for own machinery used in relation to the drought preparedness project; and
 - (j) contractor costs or non-salaried employees' costs directly associated with implementing the drought preparedness project.

3.3 Ineligible purposes for drought preparedness measures include:

- (a) employee salary expenses;
- (b) contractor costs not associated with the drought preparedness project;
- (c) purchase of machinery and equipment to complete capital works;
- (d) motor vehicles;
- (e) dry hire for own machinery;
- (f) own operator costs;
- (g) replacement, repairs or maintenance of existing infrastructure or machinery;
- (h) conducting feasibility studies;
- (i) costs associated with drilling of dry bore or test bores; and
- (j) repayments, refinancing or restructuring existing loan arrangements.

4. How loan funds may be used – Drought recovery measures

4.1 To be eligible for funding, the drought recovery activity must:

- (a) involve replanting, preparing the land for replanting or restocking;
- (b) improve the ability of the primary production business to recover from drought conditions;
- (c) be a drought recovery activity listed in your Farm Business Resilience Plan for the primary production business; and
- (d) not have already commenced the activity before the assistance is approved. (Deposits however may be paid for the purchase of materials or engaging contractors up to 90 days before the approval of assistance).

4.2 Eligible purposes for drought recovery activities include:

Replanting, including:

- (a) removing unviable crops, plants or trees

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- (b) purchasing and planting new seed, seedlings or trees
- (c) purchasing a chemical, fertiliser and soil ameliorant to plant new seed, seedlings or trees
- (d) purchasing consumables for equipment required for the planting of crops or permanent plantings
- (e) contracting expenses and/or non-salaried employees' costs directly required for land preparation, in-crop spraying and fertilising and harvesting.

Restocking, including, but not limited to the costs of:

- (a) purchasing and vaccinating new stock;
- (b) reasonable freight and transport costs; and
- (c) drenching new stock.

For replanting and restocking activities applicants will need to provide evidence to demonstrate that seasonal conditions allow for activities to commence. If this information is not available at the time of application, approval in principle may be granted if all other criteria are met.

4.3 **Ineligible purposes for drought recovery activities include:**

- (a) purchase of machinery and equipment for recovery activities; and
- (b) refinancing or restructuring existing loan arrangements.

5. Farm Business Resilience Plan requirements

5.1 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

5.2 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.

5.3 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.

6. Loan terms and interest rates

6.1 The maximum loan term for Drought Ready and Recovery Finance Loans Scheme is 10 years.

6.2 The first two years of the loan term will require interest only payments at a concessional interest rate. (Current interest rates are available on the QRIDA website at www.qrida.qld.gov.au). We will discuss interest rate structures with you when we assess your loan.

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6.3 Following the initial two years, principal and concessional interest payments will apply for the remaining term of the loan.

6.4 Loan repayments are required to be made by direct debit from your nominated bank account.

7. Loan security

7.1 Drought Ready and Recovery 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).

8. How to apply

8.1 To apply for a Drought Ready and Recovery 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 Ready and Recovery Finance Loan application form, Farm Business Resilience Plan, 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.

8.2 Drought Ready and Recovery Finance Loans are subject to the availability of funds.

8.3 Penalties apply for providing false and misleading information.

9. How loans are assessed and decided

9.1 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.

9.2 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.

9.3 We assess applications in date order of receipt and incomplete applications will not enter the assessment queue until all required information is received.

9.4 We will decide Drought Ready and Recovery Finance Loan applications and make a loan offer in writing to approved applicants.

9.5 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.

10. Conflict of interest

10.1 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.

10.2 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

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potential conflict of interest or that one might arise in relation to your agreement, you must inform us in writing immediately.

11. Other requirements

- 11.1 Projects approved for drought ready measures should commence within 90 days and should be completed, with approved funding drawn within six months from entering into a loan agreement.
- 11.2 Drought Ready and Recovery Finance Loans may be subject to an annual review and recipients are required to provide the necessary financial information when requested each year.
- 11.3 Appropriate regulatory approvals have been obtained.
- 11.4 Penalties apply for providing false and misleading information.
- 11.5 You may be required to report annually on the outcomes achieved with the loan funds relative to the agreed activities outlined in the loan agreement.
- 11.6 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.

12. More information

If you would like more information on the Drought Ready and Recovery 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@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.

13. Definitions

Primary producer means:

- (a) a sole trader who
 - i. spends the majority of his or her labour on, and derives the majority of his or her income from a primary production enterprise; and
 - ii. either
 - derives the majority of his or her income from the primary production enterprise; or
 - in the opinion of the authority, based on the demonstrated production potential of the primary production enterprise, will eventually derive the majority of his or her income from the primary production enterprise; or
- (b) a partnership, company or trust that carries on a primary production enterprise, any partners, shareholders, or beneficiaries
 - i. spend the majority of their labour on a primary production enterprise; and
 - ii. either
 - derive the majority of their income from the primary production enterprise; or
 - in the opinion of the authority, based on the demonstrated production potential of the primary production enterprise, will eventually derive 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

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- (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).