

# DROUGHT RECOVERY RESTOCKING ASSISTANCE SCHEME

---

## Guidelines

The Drought Recovery Restocking Assistance Scheme (DRRAS) will provide short-term financial assistance to farming enterprises in Exceptional Circumstances declared areas to support restocking investment following drought.

The DRRAS will provide loans of up to \$250 000 to eligible applicants for restocking investment on farm. This includes pasture redevelopment (seed, fertiliser etc) and livestock.

### Eligibility Criteria

Applications will be accepted from applicants that:

1. carry on a farming business on a property in Tasmania in an area that has been formally declared as Exceptional Circumstances within the last two years; and
2. meet ATO criteria as a primary producer involved in plant and animal production; and
3. prior to the Exceptional Circumstances declaration, derive the majority of income from land based primary production of food, fodder and extractive crops; and
4. are registered for goods and services tax (GST).

All applicants will need to:

5. own and occupy the property where the development is occurring or operate a share farm at the property where the investment is occurring or be a registered leasehold tenant of the property where the investment is occurring; and
6. have an up to date drought recovery plan or equivalent, to the satisfaction of the department; and
7. demonstrate that the farming activity to be funded by the loan is appropriate, given the level of water availability; and
8. demonstrate the potential to achieve productivity gains; and
9. demonstrate that the business is unable to source capital support from commercial lenders or other sources and that it does not hold significant non-farm assets or farm management deposits.

### Not Eligible

Applications will not be accepted from:

- any government body or agency; or
- not-for-profit organisations; or
- primary producers deriving the majority of income from fishing, aquaculture or tree farming and felling.

Loans will not be approved for the purchase of water rights.

## Assessment Criteria

- Applicants must identify the expenditures for which the loan is sought and demonstrate that it is directly associated with drought recovery.
- Applicants must demonstrate the management capability to implement the proposed project.
- Financial viability and ability to service and repay the loan must be demonstrated via financial statements and cash flow budgets based on normal seasonal conditions and in line with the drought recovery plan.
- Applicants must be able to provide satisfactory loan securities and enter into sustainable repayment schedules.

## Operation of the Scheme

- The DRRAS commences 1 July 2009 and will operate until 30 June 2010
- Applications may be assessed on a competitive basis and approval of loans may depend on the availability of funds
- Applications will be considered by the Department of Economic Development, Tourism and the Arts under the *Tasmanian Development Act 1983*
- The Department of Economic Development, Tourism and the Arts is responsible for administration of the Scheme.
- Applicants authorise the department to access information provided to the Department of Primary Industries, Parks, Water and Environment in relation to a property's Exceptional Circumstances status

## Terms of Proposed Facility

- Loans of up to \$250 000 will be offered.
- Loan facilities will need to be fully drawn down within six months of the initial drawdown.
- An initial maximum loan term of six years applies following the final loan drawdown from the department.
- Interest rates in accordance with the Department's Interest Rate Determination Policy and terms and conditions will apply to all DRRAS loans. The interest rate will generally correspond to the rate that would be charged by the private sector for a comparable credit facility.
- Specific terms such as the repayment schedule, which includes the option of deferred payments, will be negotiated with the applicant on a needs basis.
- Security for all loans must be provided and may include joint and several guarantees from the owners or operators of the enterprise in addition to any other available security. Registered mortgages over real estate and debenture mortgages from companies will be required where applicable.

## For further information please contact Business Point on:

Phone: 1800 440 026

Email: [businesspoint@development.tas.gov.au](mailto:businesspoint@development.tas.gov.au)

Web: <http://www.development.tas.gov.au/>