



## **Farm Finance Concessional Loans Scheme**

### **Frequently Asked Questions**

#### **Q1 What is the aim of this scheme?**

Farm Finance is an Australian Government initiative that aims to build the ongoing financial resilience of Farm businesses, including through the provision of Concessional Loans. In Tasmania, the Concessional Loans Scheme will assist Farm businesses experiencing debt servicing difficulties but are considered potentially viable in the longer term.

#### **Q2 How much funding is available?**

\$15 million will be provided in the 2014-15 financial year. Loans will be available for Productivity Enhancement and and/or Debt Restructuring purposes. NO more loans will be available once the cap has been reached. Funds may be reallocated between Productivity Enhancement Concessional Loans and Debt Restructuring Concessional Loans within an application period subject to a review by the Department of State Growth, on behalf of Tasmania Development and Resources, on the number of applications received for each loan type.

#### **Q3 How will round two differ from the first round?**

Funding for round two has been broadened to allow both a Productivity Enhancement and Debt Restructure loan, capped at \$650,000 in total.

Round two will also be open longer - until 30 April 2015, however may close sooner if the loan scheme is fully subscribed.

Also, farmers can apply if they can prove that they have owned and operated a farm business for five years, not just in Tasmania.

#### **Q4 What if I received funding in round one for either Productivity Enhancement or Debt Restructure and the amount was for less than \$650,000?**

Recipients who received loans under the previous Productivity Enhancement or Debt Restructure funding of less than \$650,000 in round one, are able to request additional funds, up to a maximum combined loan amount of \$650,000 in total, for the alternate purpose to the original approval.

#### **Q5 Who can apply for this assistance?**

Any Individual, Partnership, Private Company or Trust may apply who carry out farming activities in Tasmania. Public Companies are ineligible to apply.



**Q6 I have farm lands in another State, can I apply in that State also?**

You will only be able to apply for a loan in the State where the majority of your farm business is conducted.

**Q7 Is there a limit to the assistance I can apply for?**

The amount of assistance is limited to a maximum amount of \$650,000.

**Q8 What is the term of the loan and do I have to repay it?**

The term of the loan is 5 years. During that period you may be required to make regular principal repayments. At the end of that period you will be required to repay the loan in full either from your own resources or by refinancing with another lender.

**Q9 What interest rate will apply to my approved loan?**

The interest will initially be fixed at a concessional rate of 4.50% per annum, however it will be reviewed each February and August and may increase/decrease in line with the 5 year Commonwealth Bond rate.

**Q10 Will my loan repayments include principal and interest?**

Yes if you wish, however your loan can be interest only for the term of the loan.

**Q11 When will my repayments commence and when will they be due?**

Interest will be calculated on the daily outstanding balance of your loan and payable monthly, quarterly, half yearly or annually. Information about your first payment will be detailed in your loan agreement.

**Q12 How will I make my interest payment?**

An Instalment Notice detailing the amount of interest payable will be issued either monthly, quarterly, half yearly or annually. You will either arrange for an Electronic Funds Transfer, payment at any of the Service Tasmania outlets or by forwarding a cheque to the Department of State Growth (the Department).

**Q13 Can I apply in 2014-15 if I am unsuccessful in 2013-14?**

Yes. However you will need to lodge a fresh application for 2014-15 as your application for the previous year will not be held over.

**Q14 What are considered to be eligible debts?**

Debt Restructuring Concessional Loans in Tasmania are only available to refinance Farm Business related debts that have been established upon commercial interest rates and terms and conditions.

Eligible debts include loans approved by a commercial lender to assist with the purchase of a farm and/or consolidation of farm operating debts.



These would typically be borrowings approved for terms in excess of 5 years such as Term Loans, Farm Development Loans or Commercial Bills, all of which are secured by your farm property.

**Q15 What debts are excluded for this assistance package?**

Any Overdraft facility, all Hire Purchase and/or Lease commitments, Credit Card debts, Family Loans, Investment Property Loans, Margin Loans etc irrespective that your farm may be used as security, either in full or part, to support these borrowings.

**Q16 When can I lodge my application?**

Round two opens on 11 August 2014. Applications will be open for specific periods throughout the program. These periods will be advised on the Department's web site.

**Q17 Is there a need to provide security to support my loan?**

Yes. Applicants must provide satisfactory security in accordance with the Department's established security requirements and commensurate with the amount of the loan.

The security required must include a mortgage over the farming lands or other assets and any other security the Department considers necessary.

**Q18 How will this assistance be provided?**

Only complete applications with all the required additional information, as per the "Check List" on the application form will be accepted.

Assessment of all complete applications will be on a "First Come" basis until the allocated funding for that year is fully committed. No application approvals will be carried over into the next year.

**Q19 Can I appeal your decision to refuse my application?**

Yes. However you must provide the Department with your reasons for appeal in writing within 20 business days of receipt of the original decision notification. For further details refer to Section 14.2 of the Tasmanian Guidelines for the Farm Finance Concessional Loans Scheme.

**Q20 What costs will the Department apply in approving my loan?**

The Department will apply only those charges/fees it incurs relating to the preparation and registration of its loan documentation. These include legal fees, registration fees, title search fees, and any other associated fees in establishing the security. The Department will advise the actual amount once your loan has been approved.

You will need to be aware that your existing lender may also charge you fees in relation to this assistance/production of title.



**Q21 Why do I need to complete a 5 year Business plan and what should it provide?**

A plan gives your business direction and helps you prepare for the future. A good plan can help you secure finance, define the direction of your business and create strategies to help achieve your goals.

**Q22 How do I apply and where can I locate the application form?**

The application form is available via the Department of State Growth web page - [www.growth.tas.gov.au](http://www.growth.tas.gov.au)

Applications should be returned to:

Senior Program Manager  
Farm Finance  
Department of State Growth  
GPO Box 536  
Hobart TAS 7001

Or

Email: [businessfinance@stategrowth.tas.gov.au](mailto:businessfinance@stategrowth.tas.gov.au)