

POMS Recovery Concessional Loan Scheme

The Scheme at a Glance

The Tasmanian Government's Loan Scheme of \$5 million is provided to offset the effects of the Pacific Oyster Mortality Syndrome (POMS).

Key features of the POMS Recovery Concessional Loan Scheme:

- Loans of up to \$250 000 for eligible Tasmanian owned and operated Oyster Growers, Hatcheries and Nurseries (affected businesses) that are located in areas affected by the Pacific Oyster Mortality Syndrome (POMS). Loan amounts will generally be no less than \$30 000.
- Loans will be available to affected businesses for:
 - Stock purchases and clean-up costs
 - Operating costs necessary to restart, continue and redevelop operations whilst recovery occurs
 - Modifications to infrastructure to mitigate against future POMS events, including improved biosecurity practices and industry certification
 - Reconstruction of existing business term debt.
- Loans exceeding \$250 000 may be considered on a case by case basis for projects that either provide broad benefits to the industry (for example, the development of POMS resistant spat) or demonstrate the feasibility of new and improved farm practices to mitigate against future POMS events.
- Applicants are required to demonstrate a genuine financial need for any assistance.
- The maximum loan term will normally be up to 5 years, although longer terms may be considered in specific circumstances.
- Variable concessional interest rates will apply, currently in the order of 3.30 per cent per annum, for a maximum period of five years.
- Interest only payments are available for a maximum of 5 years.
- Loans must be repaid in full or fully refinanced at the end of the agreed loan term.
- Applications will be assessed on the criteria contained within these guidelines.

Are You Eligible to Apply?

To help decide whether you are eligible to be considered for a loan, you should be able to answer yes to all of these questions:

1. Was my oyster business sustainable leading up to POMS?
2. Can my oyster business meet all its financial commitments over the agreed loan term of a POMS Recovery Concessional Loan Scheme?
3. Will my business expect to be in a position to repay the proposed loan within five years?

To determine your eligibility to apply for an POMS Recovery Concessional Loan Scheme, you must:

1. Demonstrate that your business can:
 - meet the eligibility criteria to be assessed for the scheme.
2. Speak with one of our Agribusiness Finance Managers by calling Business Tasmania on 1800 440 026:
 - Once you have spoken to our Agribusiness Finance Manager, you must complete and submit an application form (available from the Department of State Growth) including the required supporting financial information/documentation including the general support from your primary bank or lender.
 - You must provide a brief synopsis that shows how your business will achieve its long-term objectives.
3. Be able to provide suitable security for the loan.

POMS Recovery Concessional Loan Scheme

1. Objective

The POMS Recovery Concessional Loan Scheme will provide financial assistance to Tasmanian oyster growers that have been affected by POMS, as indicated by the Department of Primary Industries, Parks, Water and Environment. Assistance is being provided to assist eligible businesses to undertake the following activities that otherwise could not be funded under normal banking arrangements:

- Stock purchases and clean-up costs
- Operating costs necessary to restart, continue and redevelop operations whilst recovery occurs
- Modifications to existing infrastructure to mitigate against future POMS events
- Developing new farming methods to mitigate against future POMS events
- Reconstruction of existing business term debt.

2. Application Period

Applications for the POMS Recovery Concessional Loan Scheme will re-open in April 2017 and may remain open until 1 May 2018

If the \$5 million total funding allocation for the Scheme is fully committed prior to the closing date for applications, the application period may close early and no further applications will be considered.

If this happens, notification of closure will be published on the Department of State Growth's website (www.stategrowth.tas.gov.au/POMS) and those businesses that have already lodged an application will be advised in writing.

3. Costs

Applicants are responsible for costs incurred by them in the preparation and lodgement of a complete application.

Successful loan applicants will reimburse Crown Law legal fees associated with the preparation of loan documents. If required, other costs associated with the proposed loan, for example valuation fees, will also be payable by the applicant.

4. How to Apply

You must call one of our Agribusiness Finance Managers through Business Tasmania on 1800 440 026.

An application form will be provided by our Agribusiness staff once your eligibility has been confirmed.

Eligible applicants should lodge their completed application forms including required documentation to the

Rural Finance Manager
Department of State Growth
GPO Box 536
Hobart TAS 7001
Email: businessfinance@stategrowth.tas.gov.au

Applications lodged after the application period closing dates will not be accepted.

Details of application periods, including opening and closing dates and funding allocations will be available on the Department of State Growth's website at www.stategrowth.tas.gov.au/POMS or by contacting Business Tasmania on 1800 440 026.

5. Loan Assessment

Completed applications will generally be assessed in order of receipt. The Department of State Growth may liaise with the applicant, its bankers and professional advisors as required to confirm and verify documentary evidence and information provided.

Incomplete applications will not be assessed until all the required information is provided by the applicant.

Where an application has been submitted, the Department of State Growth may request additional information from the applicant to facilitate assessment of their application. If the additional information requested is not provided within the required timeframe, the application will not be considered.

The Department of State Growth may seek to visit and inspect the site to assist with its assessment and decision-making process.

6. Eligibility Criteria for Assessment

To be eligible to apply applicants must:

Be a Tasmanian owned oyster farm, nursery or hatchery operating in a POMS declared area;

All applicants must:

- Complete the loan application form, including the acknowledgement form from your bank
- Operate as a sole trader, trust, partnership or private company
- Demonstrate a clear need for the loan, to the satisfaction of the Department of State Growth
- Include a brief synopsis, to the satisfaction of the department, of how your business will recover from POMS
- Demonstrate the financial viability of your business before POMS was declared in January 2016.
- Demonstrate that your business will be sustainable within the agreed loan period,
- Be registered for tax purposes in Australia with an Australian Business Number (ABN) and be registered for GST.

7. Loan Security

Tasmania Development and Resources (TDR) is the legal entity that will provide the loan funds on behalf of the Department of State Growth.

Successful applicants may be required to provide suitable loan security that TDR considers necessary in accordance with established security requirements and commensurate with the amount of the loan.

Where applicable, assets provided as security must be insured (e.g. against fire and other perils) to the satisfaction of TDR.

Other non-freehold assets such as leasehold assets, livestock, plant, equipment or other tangible assets may be considered for security purposes.

8. General Conditions of the Loan Scheme

8.1 Loan Amounts

Generally, applications for loan amounts ranging from a minimum of \$30 000 to a maximum of \$250 000 will be accepted.

Loans exceeding \$250 000 may be considered on a case by case basis for projects that either provide broad benefits to the industry (for example, the development of POMS resistant spat) or demonstrate the feasibility of new and improved farm practices to mitigate against future POMS events.

8.2 Loan Terms

The term of the loan is up to five years. However, longer loan terms may be considered in specific circumstances and on a case by case basis.

8.3 Interest Rate

A variable concessional interest rate will apply for the first five years of the loan, currently 3.30 per cent per annum. The concessional loan interest rate may be withdrawn and TDR commercial rates may apply if the loan instalments are not paid by the required due date by the loan recipient or if the loan becomes non-compliant.

Concessional loan interest rates will return to TDR commercial rates (which are higher than the concessional rate) after expiry of a period of no more than five years.

The loan interest rate will be reviewed on a regular basis. The Department of State Growth will notify Loan Recipients in writing when changes take effect.

8.4 Loan Drawdowns

Loan drawdowns will be made available to a successful applicant by TDR once all the legal documentation has been provided and the successful applicant has provided evidence for the amounts to be paid in accordance with the agreed terms and conditions of the loan. This could be in the form of a settlement arrangement, invoice or receipt of goods and services.

8.5 Loan Repayment

The repayment amounts and repayment frequency offered to successful applicants will be determined by TDR based on its assessment and will be detailed in the Loan Agreement. The minimum repayment in the five year concessional period is the interest component.

Principal loan repayments may begin when the business reaches an agreed threshold OR at a defined time determined based on information provided in the applicant's application, business case or a review of the business during the term of the loan.

Conditions relating to loan repayments, arrears, defaults, fees, costs and penalties will be as detailed by TDR in the Loan Agreement. At any time during the five year term of the loan, loan recipients may repay the whole or any part of their loan, without incurring any additional fees or penalty interest.

In no circumstances can loan recipients redraw on repaid loan amounts or transfer the loan to another oyster lease location if the existing oyster lease is sold.

8.6 Financial Reporting

Regular financial and operating reporting will be required during the term of the loan. Generally this will encompass an annual review of financial statements and operational budgets.

9. Decision making

Officers of the Department of State Growth will undertake an assessment of applications in accordance with these guidelines on behalf of TDR. TDR, and where appropriate, responsible Ministers will be solely responsible for making decisions about successful applicants and application reviews in accordance with these guidelines, its usual processes and the *Tasmanian Development Act 1983*.