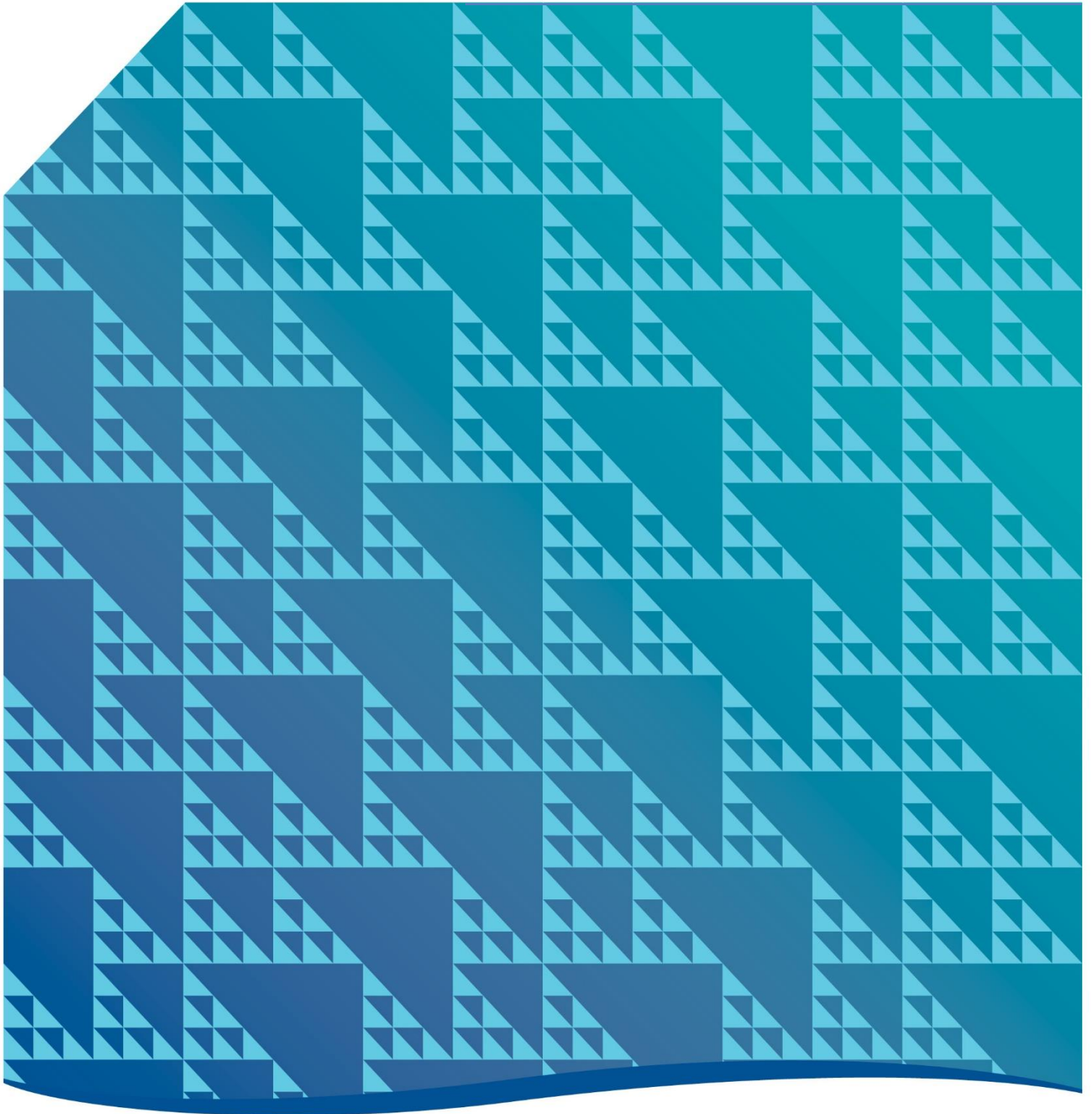


TASMANIAN FLOOD

RECOVERY

Flood Recovery Loan Scheme

Guidelines – small business



Flood Recovery Loan Scheme – Small Business

At a Glance

The Tasmanian Government is providing a loan scheme to assist small businesses directly affected by the 2016 floods.

Assistance under this scheme is by way of loan and is not compensatory. Applicants therefore need to be in urgent and genuine need of assistance.

Key features of the Flood Recovery Loan Scheme:

- Loans from a minimum of \$25 000 to a maximum of \$200 000 for eligible small businesses located in areas affected by the 2016 floods.
- Loans will be available to affected businesses for:
 - essential working capital
 - replacement and repair of damage caused to the property, associated improvements and plant and equipment not covered by insurance.
- Loans will be offered for a maximum term of seven years. Initial interest and repayment free periods of up to two years are available.
- 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. Can my business meet all its financial commitments over the agreed loan term of a Flood Recovery Loan?
2. Will my business expect to be in a position to repay the proposed loan within the term of the loan?
3. Can you meet the eligibility criteria listed in section six of this document?
4. Can you provide suitable security for the loan?

If you answered yes to all of the above questions, please speak with one of our finance managers by calling Business Tasmania on 1800 440 026.

Once you have spoken to our finance manager, you must complete and submit an application form, available from the Department of State Growth (State Growth), including the required supporting financial information/documentation.

Flood Recovery Loan Scheme – small business

1. Objective

The Flood Recovery Loan Scheme will provide financial assistance to Tasmanian businesses that are located within flood declared local government areas and have suffered direct damage as a result of the 2016 floods.

Assistance under this scheme is by way of loan and is not compensatory. Applicants therefore need to be in urgent and genuine need of assistance. In assessing this requirement State Growth will take into account all cash reserves, investments, undrawn overdraft balances plus loans with redraw facilities.

Funding by way of a loan is available to for:

- **Essential Working Capital:** the amount required to continue business operations for the next 12 months from the date of the flood or until the next major income is received.
- **Replacement and repair of damage caused to the property, associated improvements and plant and equipment not covered by insurance:** assistance does not cover costs unrelated to the business enterprise or commitments overdue at the time of the disaster, such as trading accounts, lease or hire purchase instalments, interest on borrowings or loan repayments.

2. Application period

Initial applications should be submitted by 31 March 2017.

3. Costs

Applicants are responsible for costs incurred in preparing and lodging their application.

Successful loan applicants will also be responsible for all costs associated with registration and lodgement of security arrangements.

4. How to apply

You must call one of the Department of State Growth's finance managers through Business Tasmania on 1800 440 026.

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

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

Senior Program Manager
Flood Recovery Loan Scheme
Department of State Growth
GPO Box 536
Hobart TAS 7001

Email: businessfinance@stategrowth.tas.gov.au

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

Scheme details will be available on the State Growth website at www.stategrowth.tas.gov.au or by contacting Business Tasmania on 1800 440 026.

5. Assessment

Completed applications will generally be assessed in order of receipt. Incomplete applications will not be assessed until all the required information is provided by the applicant.

State Growth may liaise with the applicant, their bankers, insurers, professional advisors, and any other person or entity that the Department deems necessary to confirm information provided. State Growth may visit and inspect the business as part of its assessment and decision making process.

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

6. Eligibility and assessment criteria

To be eligible you must:

- earn the majority of your GROSS income from your business enterprise
- be in working occupation of your business enterprise
- conduct your main business enterprise within a local government area that has been declared affected by the 2016 floods
- have suffered damage to your business premises as a direct result of the 2016 floods
- be in urgent and genuine need of financial assistance (note: in assessing this requirement State Growth will take into account all cash reserves, investments, undrawn overdraft balances plus loans with redraw facilities)
- demonstrate that in the absence of the assistance your business enterprise would be placed in financial difficulty
- demonstrate that your business enterprise has long-term viability
- demonstrate that your total business enterprise has the capacity to repay the loan sought
- provide security, acceptable to State Growth
- lodge an application within the application period.

7. Security

Successful applicants will be required to provide suitable loan security that the State Growth considers necessary in accordance with established security requirements.

Where applicable, assets provided as security must be insured (for example against fire and other perils) to the satisfaction of State Growth.

8. General conditions of the Scheme

a. Amount of loan

Applications for loan amounts from a minimum of \$25 000 to a maximum of \$200 000 will be accepted.

b. Term of the loan

Loans will be offered for a maximum term of seven years. Interest and repayment free periods of up to two years are available, with the loan to be repaid in full within the remainder of the maximum term.

c. Interest rate

During the repayment term, a concessional rate (currently 2.71 per cent) will apply. The concessional interest rate will be reviewed on 1 July annually throughout the term. The current concessional interest rate may change between the date of application and the date interest becomes payable.

d. Loan drawdowns

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

Loan drawdowns will be made available to a successful applicant by TDR once all the legal documentation has been finalised 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.

e. Loan repayment

Regular repayments of principal and interest generally in line with the applicant's cash flow.

f. 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 State Growth will undertake an assessment of applications in accordance with these guidelines on behalf of the TDR. TDR will be solely responsible for all decisions regarding loan applications, in accordance with its usual processes and the *Tasmanian Development Act 1983*.



Department of State Growth

GPO Box 536

Hobart TAS 7001

Phone: 1800 440 026

Email: businessfinance@stategrowth.tas.gov.au

Web: www.stategrowth.tas.gov.au/floodrecovery