

Business Growth Loan Scheme

Guidelines



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About the scheme

The Tasmanian Government recognises that the private sector is critical to growing our economy and is committed to supporting Tasmanian businesses.

The \$60 million Business Growth Loan Scheme provides loans to assist Tasmanian businesses to develop or expand, or undertake new projects, that promote growth in the Tasmanian economy and align with the Tasmanian Government's strategic objectives.

The scheme provides loans of between \$100,000 and \$5 million to successful applicants, with the loan being at a variable interest rate. Loan terms of up to five years are available.

Loans under this scheme need to be secured by freehold property up to a maximum Loan to Value Ratio (LVR) of 80 per cent.

1. What the loan funds can be used for

- 1.1. Loan funds are available to assist businesses located in Tasmania to develop or expand or undertake new projects.
- 1.2. Applicants must demonstrate how the project aligns to an identified policy objective of the Tasmanian Government and promotes growth in the Tasmanian economy.

2. How to apply

2.1. To apply for a loan:

- Read these guidelines and consider the eligibility criteria and exclusions.
- Discuss your lending requirements with your bank to determine if your bank can fund the planned expenditure or project.
- Discuss your proposal, and the suitability of this scheme, with your financial or business advisors.
- Email the Department of State Growth on bgls@stategrowth.tas.gov.au, in the first instance, to discuss your proposal, or ask any questions.
- To apply, the Department will provide a link to SmartyGrants. SmartyGrants is an easy to use online loan and grant management system that can be accessed via mobile phone, tablet, or computer.

3. Opening and closing dates

- 3.1. The scheme will close at 5pm on 18 December 2026 or when all funding has been utilised, whichever occurs first.
- 3.2. The Department reserves the right to close the scheme at any time. In this situation, a notice of the loan scheme closure will be published on the Department's website www.stategrowth.tas.gov.au.
- 3.3. Applications will not be accepted after the closing time and date.

4. Eligibility

- 4.1. To be eligible for a loan, your business will:
 - a) Hold an active Australian Business Number (ABN) and be registered for Goods and Services Tax (GST).
 - b) Be located in Tasmania.
 - c) Clearly demonstrate an ability to service the loan.
 - d) Clearly demonstrate the skills and experience necessary to manage the proposed operation.
 - e) Clearly demonstrate a satisfactory ability to meet project contingencies and cost overruns.
 - f) Demonstrate the loan supports Tasmanian employment, and that Tasmanian labour and materials will be used wherever possible to complete the project.
 - g) Demonstrate that the project aligns to an identified policy objective of the Tasmanian Government - such as Tasmania's Small Business Growth Strategy 2026 - and contributes to growth in the Tasmanian economy.
 - h) Clearly demonstrate that the financial assistance from the Tasmanian Government sought under this scheme is required and that the project cannot be funded on commercial terms through normal banking channels.

5. Ineligibility

- 5.1. The following businesses are ineligible:
 - a) Any public company under the meaning as defined in the *Corporations Act 2001*. Not for profit public companies are eligible.
 - b) Any state, federal or local government body, government agency or government business enterprise.
 - c) Businesses that have, or are projecting, an annual turnover of less than \$75,000.
 - d) Any applicant that is under external administration or subject to bankruptcy or similar proceedings.
 - e) Applicants with unsatisfactory statutory payment and lodgement obligations including taxation and superannuation.
 - f) Third party submissions on behalf of a business owner.

5.2. The following uses are ineligible:

- a) Equipment purchases that are able to be financed commercially through banks or equipment financiers including, but not limited to, new vehicles, machinery and vessels.
- b) Purchase or development of land and buildings or equipment for speculative sales purposes.
- c) Business acquisitions.
- d) The funding of projects that have already commenced.
- e) Applications that are eligible for consideration under the AgriGrowth Loan Scheme.
- f) Refinancing/repayment of existing debt, creditors or other statutory or legal payment obligations.
- g) Activities for which funding has been approved from the Australian and/or Tasmanian Governments.

6. Loan amounts

6.1. The minimum loan amount is \$100,000 and the maximum loan amount is \$5 million.

7. Loan term

7.1. The loan term will be up to five years.

8. Interest rates

8.1. A variable interest rate will apply for the term of the loan.

8.2. The variable interest rate will be reviewed on a regular basis. Borrowers will be notified when changes take effect.

8.3. The interest rate will be based on Tasmania Development and Resources (TDR) cost of funds plus a margin of two per cent for the first three years of the loan. After three years, TDR's full commercial rate will apply.

8.4. The loan will revert to a full commercial rate if loan terms and conditions are not adhered to.

9. Principal repayments

9.1. Principal repayments will be negotiated in accordance with cash flow and will commence no later than 12 months after the initial drawdown of the loan unless otherwise agreed.

9.2. Interest and principal repayments will be on a monthly basis, unless otherwise negotiated.

10. Costs

- 10.1. A concessional loan establishment fee of \$500 or 0.1 per cent of the loan amount will apply, whichever is the greatest.
- 10.2. Successful applicants will be responsible for fees and costs associated with establishing, maintaining and discharging the facility.

11. Loan security

- 11.1. Loan security must be to the satisfaction of TDR.
- 11.2. Loan security must include freehold security up to a maximum Loan to Value Ratio (LVR) of 80 per cent.
- 11.3. For company borrowers, Directors Guarantees will be required.
- 11.4. Other security requirements may include General Security Deeds and any other security particular to the request.
- 11.5. A registered valuation may be required (at applicant's expense).

12. How loans are assessed

- 12.1. Applicants will receive an acknowledgement email once the application has been submitted.
- 12.2. Applicants may be contacted by a member of the Department to discuss their application in more depth or to provide further information.
- 12.3. The Department may need to liaise with an applicant's lenders and business advisers.
- 12.4. Assessment will be undertaken by the Department in accordance with these guidelines on behalf of TDR.
- 12.5. Applications will generally be assessed in order of receipt.
- 12.6. Assessment will not commence until all required information is received.
- 12.7. Meeting the eligibility criteria and applying for a loan does not guarantee loan approval.
- 12.8. The funding available for this program is limited to \$60 million. Generally, projects must be close to being able to commence.

13. Decision making

- 13.1. TDR will be solely responsible for making decisions about successful applicants and application considerations in accordance with these guidelines, its usual processes and the *Tasmanian Development Act 1983*.

14. Loan drawdowns

- 14.1. If approved, loan funds will be remitted to your nominated bank account once loan documentation has been signed and relevant loan conditions met. Progressive drawdowns may be required.
- 14.2. Invoices and other documentation may be required to support the drawdown of funds.

15. Financial reporting and review

- 15.1. Financial reporting will be required during the term of the loan as detailed in the loan agreement.
- 15.2. Loan reviews will take place annually, or at other intervals required by the Department on behalf of TDR.

16. Other information

- 16.1. Planned expenditure should incorporate Tasmanian content to the maximum extent possible.
- 16.2. Businesses under common ownership or control will collectively be eligible for the maximum loan amount. This includes all loans funded through TDR. Businesses with existing TDR loans should contact bgls@stategrowth.tas.gov.au in the first instance.
- 16.3. The Department reserves the right at any time to vary these guidelines, the eligibility criteria or any other documented rule or procedure relating to the scheme. Applications outside the parameters of this scheme may be considered by exception on a case-by-case basis.
- 16.4. Providing false and misleading information may result in the loan being repayable on demand.

17. Publicity of loan assistance

The Department disburses public funds and is therefore accountable for the distribution of those funds. As part of the accountability process the Department may publicise the level of financial assistance, the identity of the recipient, the purpose of the financial assistance, and any other details considered by the Department to be appropriate. The Department may also request that successful applicants participate in the promotion of the current scheme and potential future schemes.

18. Right to information

Information provided to the Department may be subject to disclosure in accordance with the *Right to Information Act 2009*.

19. Personal information protection

Personal information collected by the Department in connection with your application will be used for the purpose of assessing your loan application, communicating with you about it, and managing your loan if you are successful. All such information will be managed by the Department in accordance with the *Personal Information Protection Act 2004*. You may access your own personal information on request to the Department and may be charged a fee for this service.

20. Disclosure

The following applies to all successful applicants:

Despite any confidentiality or intellectual property right subsisting in the loan agreement or deed, a party may publish all or any part of the loan funding agreement or deed without reference to another party.

Nothing in this item, 20. Disclosure, derogates from a party's obligations under the *Personal Information Protection Act 2004 (Tas)* or the *Privacy Act 1988 (Cwlth)*.

21. Copyright and disclaimer

Although care has been taken in the preparation of this document, no warranty, express or implied, is given by the Crown in Right of Tasmania, as to the accuracy or completeness of the information it contains. The Crown in Right of Tasmania accepts no responsibility for any loss or damage that may arise from anything contained in or omitted from, or that may arise from, the use of this document, and any person relying on this document and the information it contains does so at their own risk absolutely. The Crown in Right of Tasmania does not accept liability or responsibility for any loss incurred by an applicant that are in any way related to the Scheme. Prospective applicants are strongly advised to seek independent professional advice regarding the suitability of the program for their circumstances before proceeding with an application.

22. Questions and further information

Please contact the Department on bgls@stategrowth.tas.gov.au

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