

# Business Growth Loan Scheme



## About the scheme

The Tasmanian Government recognises that the private sector is critical to rebuilding and growing our economy and remains committed to assisting Tasmanian businesses to develop and transition to sustainable post-COVID operating models.

The \$60 million Business Growth Loan Scheme will provide concessional loan funding to support:

- The State's businesses to recover, adapt, grow and develop enhanced business models that support employment retention and business growth, and
- New projects that contribute towards employment and growth of the Tasmanian economy.

This scheme also incorporates the Heritage Places Renewal Loan Scheme, the Tourism Refurbishment Loan Scheme and the Regional Tourism Attraction Loan Scheme.

The scheme recognises the importance of the visitor economy to Tasmania and will particularly assist businesses in this sector to improve tourism offerings within Tasmania, to build business resilience and capacity to adapt to a significantly disrupted and uncertain business environment.

## I. What the loan funds can be used for

- I.1.** Loan funds will be available for businesses:
- To assist them to recover, adapt, grow and develop enhanced business models that support employment retention and business growth.
  - For new projects that contribute towards employment and growth of the Tasmanian economy.
- I.2.** Businesses that identify with the visitor economy need to demonstrate how planned expenditure will assist the business to become more resilient, agile and responsive to a significantly disrupted and uncertain business environment. Such applications will need to clearly address alignment with the vision and long term aspirations of the *T2I Visitor Economy Action Plan 2020 – 2022* (<https://www.t2i.net.au>).
- I.3.** Businesses intending to undertake expenditure on projects associated with places permanently entered on the Tasmanian Heritage Register that facilitate their development, refurbishment or adaptation, will need to ensure the process of obtaining all necessary heritage and planning approvals is well advanced prior to submitting an application.
- I.4.** Businesses that received a loan under the COVID-19 Business Support Loan Scheme, or any other loans through Tasmania Development and Resources (TDR), are eligible to apply. An aggregate limit on loans provided without security of \$250 000 will apply.
- I.5.** Businesses under common ownership or control will collectively be eligible for the maximum loan amount. This includes all loans funded through TDR.
- I.6.** Planned expenditure should incorporate Tasmanian content to the maximum extent possible.
- I.7.** Please note that businesses can also access up to five hours of free advice through the Tasmanian Government funded Enterprise Centre Network to assist with business planning.
- For more information on the Enterprises Centres, the services they offer, and how to contact refer to [www.enterprisecentres.tas.gov.au/home](http://www.enterprisecentres.tas.gov.au/home) or the Business Tasmania website: [www.business.tas.gov.au](http://www.business.tas.gov.au)

## 2. How to apply

To apply for a loan:

- a. Read these guidelines and consider the eligibility criteria.
- b. Discuss your lending requirements with your bank to determine if your bank is able to fund, or partly fund (i.e. a co-contribution) the planned expenditure or project.
- c. Discuss your proposal with your financial or business advisors.
- d. Call Business Tasmania on 1800 440 026 if you have any questions regarding this scheme. Should your loan request be over \$100 000 you are encouraged to call Business Tasmania in the first instance before applying.
- e. Click on the website link at [www.stategrowth.tas.gov/XXX](http://www.stategrowth.tas.gov/XXX) to start an application.
- f. Businesses planning to undertake works on places permanently entered on the Tasmanian Heritage Register are expected to have discussed the proposed project or expenditure with Heritage Tasmania as part of the application process.

## 3. Eligibility

**3.1.** 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 and support Tasmanian employment.
- c. Generally have an average annual turnover of less than \$10 million across the last two financial years, or in the case of a new project, have a projected average turnover of less than \$10 million in the first two years of operation.
- d. Clearly demonstrate a history of profitability prior to the impact of COVID-19 and/or have a sustainable pathway to recovery which ultimately supports loan repayment, or for newly established businesses or new projects, satisfactorily demonstrate sound prospects that the venture will succeed and ultimately support loan repayment.

- e. Confirm that statutory payments (this includes GST, PAYG-withholding, PAYG-instalments, employer superannuation obligations, payroll tax and other taxes) lodgements and payments were up to date before COVID-19 (defined for this purpose as at 1 March 2020), and that generally any overdue amounts accrued post this date are under arrangement.
  - f. Confirm that the planned expenditure or project cannot be funded through normal banking channels.
- 3.2.** Not-for-profit organisations, including incorporated associations, located in Tasmania which operate business undertakings that generate commercial revenue streams may also be considered.
- 3.3.** Businesses that provide less than 50 per cent of the owners' total income will be eligible at the Department of State Growth's (department) discretion. Businesses in this category are encouraged to call Business Tasmania in the first instance before applying.

## 4. Ineligibility

- 4.1.** The following are ineligible:
- a. Public listed companies, local councils, state or federal government agencies and state or federal government business enterprises.
  - b. Any applications which do not support or expand existing business undertakings or business opportunities in Tasmania.
  - c. Businesses that have an annual turnover of less than \$75 000.
  - d. Businesses under external administration or bankruptcy.
  - e. Applicants with unsatisfactory statutory payment and lodgement obligations.
- 4.2.** The following uses are ineligible:

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

## 5. Loan amounts

- 5.1. The minimum loan amount is \$20 000 and the maximum loan amount is \$3 million.
- 5.2. Loans above \$100 000 will generally require an up-to-date, suitably detailed business plan that addresses loan scheme eligibility, clearly addresses the need for assistance, and provides a financial model that demonstrates financial viability and capacity to repay.
- 5.3. Loan amounts will also be assessed based on business need and aligned with capacity to repay.

## 6. Opening and closing dates

- 6.1. The scheme will open for 12 months or until all funding has been utilised, whichever occurs first.
- 6.2. The department reserves the right to close the scheme at any time should circumstances require it to do so.

- 6.3.** Notice of the loan scheme closure will be published on the department's web site [www.stategrowth.tas.gov.au](http://www.stategrowth.tas.gov.au).
- 6.4.** Applications will not be accepted after the closing date.

## 7. Loan terms and interest rates

- 7.1.** The loan term for loans up to \$100 000 will be up to 3 years.
- 7.2.** The loan term for loans over \$100 000 will be up to 5 years. However, longer terms may be considered on a case-by-case basis.
- 7.3.** Loan interest will apply from the commencement of the loan at the department's variable Business Loan Concessional Interest Rate. Currently the variable interest rates are 2.5 per cent for secured loans and 4 per cent for unsecured loans.
- 7.4.** The variable Business Loan Concessional Interest Rate will be reviewed on a regular basis. Loan recipients will be notified when changes take effect.
- 7.5.** The variable Business Loan Concessional Interest Rate will only apply if all the loan terms and conditions are adhered to during the term of the loan. Failure to comply will result in loans attracting full commercial rates.
- 7.6.** Principal repayments will commence after the first year.
- 7.7.** Interest and principal repayments will be on a monthly basis, unless otherwise negotiated.

## 8. Loan security

- 8.1.** Loans up to \$100 000 may be approved without loan security. However, the department reserves the right to require security where deemed appropriate.
- 8.2.** Loans over \$100 000 will need to be fully secured to a level that is satisfactory to TDR. Director guarantees will be required, as well as mortgages over freehold property and charges over other assets or any other security TDR considers acceptable.
- 8.3.** A registered valuation may be required (at applicant's expense).

## 9. Costs

- 9.1.** A concessional loan establishment fee of \$150 will apply.
- 9.2.** Successful applicants will be responsible for fees and costs associated with establishing, maintaining and discharging the facility. Such fees and costs may include security registration fees, the cost of obtaining a registered valuation, and any other fees and costs incurred.

## 10. How loans are assessed

- 10.1.** You will receive an acknowledgement email once you have submitted your application.
- 10.2.** You may be contacted by a member of the department to discuss your application in more depth or to provide further information.
- 10.3.** The department may need to liaise with your lenders and business advisers.
- 10.4.** Assessment will be undertaken by the department in accordance with these guidelines on behalf of TDR.
- 10.5.** Applications will generally be assessed in order of receipt.
- 10.6.** Assessment will not commence until all required information is received.
- 10.7.** Meeting the eligibility criteria and applying for a loan does not guarantee loan approval.
- 10.8.** Projects may need to include detailed costings and applicants may be required to have costings independently certified by a recognised consultant as part of the assessment process.
- 10.9.** The funding available for this program is limited to \$60 million. Generally projects must be completed within 6 months of approval and therefore the planning approval process needs to be well advanced prior to application.

## 11. Loan drawdowns

- 11.1. If your application is 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.
- 11.2. Invoices and other documentation may be required to support the drawdown of funds.

## 12. Financial reporting and review

- 12.1. Financial reporting will be required during the term of the loan as detailed in the loan contract.
- 12.2. Loan reviews will take place annually, or at other intervals required by the department on behalf of TDR.
- 12.3. Failure to comply with reporting requirements may result in interest rate concessions being removed and for the loan to be repaid.

## 13. Other information

- 13.1. Providing false and misleading information may result in the loan being repayable on demand.
- 13.2. Loan reviews may be conducted to confirm that loan funds have been used for the approved loan purpose. If the loan has not been utilised in accordance with the loan purpose, the loan may become repayable immediately and/or the loan interest rate concessions removed.
- 13.3. 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. Any announcement will be published on the department's web site.

## 14. Decision making

- 14.1. The department will undertake an assessment of applications in accordance with these guidelines on behalf of TDR.



- 14.2.** 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*.
- 14.3.** The decision whether to approve a loan is at the full discretion of TDR.
- 14.4.** Decisions of the TDR will be final.

## 15. Questions and further information

Please contact Business Tasmania on 1800 440 026.

Frequently Asked Questions will be updated to provide guidance and clarity as required.