South Australia Drought Loan Scheme

Guidelines

1. About the Scheme

The South Australia Drought Loan Scheme (the Scheme) provides grain and livestock businesses located in the Murray Mallee, Riverland, and Upper North regions that have been financially affected by drought with working capital on favourable terms to assist with drought recovery.

The maximum loan available under the Scheme is **$250,000**.

The Scheme is being managed by the Department of Primary Industries and Regions (PIRSA), who are working with the Queensland Rural and Industry Development Authority (QRIDA) to administer the loans on behalf of the South Australian Government.

2. How loan funds may be used

2.1 A loan under the Scheme may be used to meet the working capital expenses of the primary production business, for example:

(a) paying employee wages;

(b) paying creditors;

(c) paying rent and rates;

(d) buying goods, including fuel, for carrying on the business;

(e) direct cropping and livestock expenses.

3. How loan funds may not be used

3.1 The Scheme cannot be used for non-working capital expenses, for example:

(a) refinancing existing farm business debt;

(b) private/domestic asset purchases or expenses;

(c) non-business investments or expenses;

(d) tax payments or statutory obligations;

(e) paying dividends, distributions, or similar, to shareholders/owners;

(f) any expenses already funded by government grants or loans (state or Commonwealth);

(g) purchasing new equipment or other assets.

4. Eligibility criteria

4.1 To be eligible for a loan under the Scheme, the *primary production business* must:

(a) operate as a dryland cropping or livestock enterprise in the Murray Mallee, Riverland and Upper North regions (the *eligible regions*);

(b) demonstrate the majority of their *primary production business* in normal years is conducted as a dryland cropping or livestock enterprise located within an *eligible region*. Indicators include the majority of farm income being derived from, and the majority of labour contributed to, a dryland cropping or livestock enterprise located within an *eligible region*;

(c) operate as a sole trader, partnership, trust or private company within South Australia;

(d) be registered for tax purposes in Australia with an ABN and be registered for GST;

(e) not be under external administration or bankruptcy;

(f) have at least one (1) member that has owned and operated the primary production business for at least the past three (3) consecutive years and who, under normal circumstances, contributes the majority of their labour and derives the majority of their income from the primary production business;

(g) be intending to continue carrying on the primary production business within the eligible regions;

(h) demonstrate the primary production business is financially impacted by drought;

(i) demonstrate the primary production business has the capacity to repay the loan and reasonable prospects of commercial viability with the assistance provided for recovery of their business. QRIDA will discuss these requirements with applicants in detail when their application is assessed;

(j) demonstrate the primary production business is in need of financial assistance to support the drought recovery measures; and

(k) provide an approved Farm Business Resilience Plan within the first two (2) years of the loan.

4.2 To be eligible applicants must also not have already received a loan under the Scheme.

5. Loan terms, interest rates and repayments

5.1 The maximum loan term for a loan under the Scheme is 10 years. The loans have a concessional interest rate for the first two (2) years of the term (Years 1 and 2) based on 50% of the 10-year Commonwealth bond rate (CBR). During the last eight (8) years of the term (Years 3 to 10) the rate will be based on 100% of the 10-year CBR. (Current interest rates are subject to review and are available on QRIDA's website at qrida.qld.gov.au).

5.2 For the first two (2) years (Years 1 and 2) of the loan term there is a repayment holiday with no interest and principal repayments, however interest will be accrued and added to the loan principal. During the last eight (8) years (Years 3 to 10), interest and principal repayments will be made.

5.3 The interest rates is fixed for the first two (2) years (Years 1 and 2) of the loan term and will then be reviewed annually for the remainder of the loan term (Years 3 to 10).

5.4 Loan repayments must be made by direct debit from a borrower's nominated bank account. Monthly, quarterly, semi-annual and annual instalment options are available.

6. Loan security

6.1 Loans under the Scheme need to be adequately secured by a mortgage over farming land and any associated water licences/water access entitlements. (QRIDA will discuss security arrangements with applicants in detail when they assess their application).

7. How to apply

7.1 To apply for a loan under the Scheme:

(a) read this guideline. Applicants may wish to discuss the proposal with QRIDA, or seek assistance from other business adviser/s; and

(b) complete a South Australia Drought Loan Scheme application form, statement of asset and liabilities, production schedule/s and cashflow forecast, which are located on the QRIDA application portal website. Instructions for completion of each of these forms are included in each form. Please contact QRIDA if assistance is required; and

(c) submit the application and supporting documents to QRIDA via the QRIDA online application portal, post, email or fax.

7.2 Applications for the Scheme may be made up to **31 December 2026**, subject to the availability of funds.

8. How loans are assessed and decided

8.1 Upon receiving applications, QRIDA will acknowledge receipt by email or mail and advise applicants if any further information is required to begin assessment of the application.

8.2 Complete applications will be allocated to an assessor who will contact applicants to discuss their application and ensure the proposal is fully understood. The assessor will also liaise with the applicant's business advisers or financiers as necessary.

8.3 QRIDA will assess applications in date order of receipt, with incomplete applications not entering the assessment queue until all required information is received.

8.4 QRIDA will decide South Australia Drought Loan Scheme applications and make a loan offer in writing to approved applicants.

8.5 If offered a loan, approved applicants will be required to enter into a loan agreement with QRIDA which will be prepared in conjunction with loan security documentation. This agreement will include details of loan terms and conditions, repayment details and interest rates.

9. Conflict of interest

9.1 A conflict of interest may arise due to a dealing with QRIDA if a person's private interests conflict with their obligations under the agreement. Conflicts of interest could affect the awarding or performance of an agreement. A conflict of interest can be:

- real (or actual);
- apparent (or perceived); or

- potential.

9.2 As part of their application, applicants will be asked if any dealings that may be considered an actual, perceived or potential conflict of interest or that, to the best of their knowledge, there is no conflict of interest. If applicants later identify that there is an actual, apparent, or potential conflict of interest or that one might arise in relation to their agreement, they must inform QRIDA in writing immediately.

10. Other requirements

10.1 Loans under the Scheme will be subject to an annual review and borrowers are required to provide the necessary financial information when requested each year.

10.2 Penalties apply for providing false and misleading information.

11. More information

For more information about the South Australia Drought Loan Scheme, visit the Scheme website pir.sa.gov.au/regions-and-support/drought/drought-support/sa-drought-loan-scheme or contact QRIDA by phoning 1800 623 946 or emailing contact_us@qrida.qld.gov. au.

12. Definitions

Eligible regions mean the Murray Mallee Region, Riverland Region and Upper North Region.

Murray Mallee Region means the local government areas of Karoonda East Murray, Mid Murray, Southern Mallee, Coorong, and Murray Bridge.

Riverland Region means the local government areas of Renmark Paringa, Berri Bamera and Loxton Waikerie.

Upper North Region means the local government areas of Orroroo Carrieton, Peterborough, Northern Areas and Mt Remarkable.

Primary production business means a business that:

(a) is carried on by a sole trader, trust, partnership, or private company within South Australia; and

(b) involves primary production, including the agricultural, apicultural, aqua cultural, commercial wild-catch fishing, forestry, grazing, and horticultural industries; and

(c) holds an Australian Business Number (ABN).