

# Program Guidelines Drought Ready and Resilient Fund Loan



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## 1. Purpose and objective

The Drought Ready and Resilient Fund (DRRF) will increase the self-reliance, sustainability, and resilience of NSW primary production enterprises to manage drought. The fund offers eligible primary production enterprises an opportunity to invest in their own drought preparedness and drought management activities including on-farm infrastructure works, business resilience activities, animal welfare and environmental activities.

The availability of loans is subject to funds being available. No loans will be offered beyond the allocated funding.

## 2. Key dates

### Applications

Applications opened on 1 December 2023.

The availability of loans is subject to funds being available. No loans will be offered beyond the allocated funding.

### Claims

Successful applicants have six months to submit claims, starting from the date the loan is established, once all legal and security requirements have been completed.

## 3. Assistance available

- 3.1. The program is offered to eligible primary production enterprises for eligible activities that support the primary production enterprise to implement their Farm Business Resilience Plan (or equivalent) as detailed in sections 4 to 7 of these guidelines.

### Maximum loan value

- 3.2. A loan of up to 100% of the net, GST exclusive cost of the eligible activity to a maximum total of \$500,000 per eligible primary production enterprise, per financial year.
- 3.3. The net cost is determined by deducting the amount of any other Government grants relating to the proposed activity.

### Draw down

- 3.4. The loan must be fully drawn down within 6 months from the date the loan is established, that is, after receipt of the signed and dated letter of offer.

### Interest rate

- 3.5. Interest rates change monthly in line with market conditions and the confirmed fixed interest rate for the loan will be the interest rate at the time of the first draw down. Current rates are published on the RAA website.
- 3.6. Interest accrues from the first draw down of the loan.

### Term

- 3.7. The maximum loan term is either 5 or 10 years and is determined by the purpose of the loan and amount borrowed, at the discretion of the RAA.

### Repayments

- 3.8. Loan repayments are interest only between the first draw down and when either the loan is fully drawn down or 6 months from the date of acceptance of the letter of offer, whichever occurs first, then loan repayments are principal and interest.
- 3.9. Loan repayments can be either monthly, quarterly, bi-annually or annually, by agreement with the RAA.

### Security

- 3.10. Loans are secured by a registered mortgage over land and not necessarily a first mortgage.
- 3.11. A Deed of Priority will be required if you have an existing mortgage on the property.
- Note:** *All existing RAA loans may be included within the scope of the Deed of Priority.*
- 3.12. Funds will not be released until all security requirements have been satisfied and the mortgage is registered over security property.

### Fees and charges

- 3.13. There are no establishment or account-keeping fees, however, costs for registering security documents and Government Stamp Duty will be borne by the applicant.
- 3.14. You must cover the costs for the security registration fee, credit checks, bankruptcy and company search where applicable, land title search costs and other applicable fees and charges. Financiers may charge fees to your account when consenting to the RAA's request to take a mortgage over the property offered as security.

## 4. Eligibility criteria

### 4.1. An eligible primary production enterprise:

- a. is a sole trader, partnership, trust or private company in NSW where the work is to be carried out and
- b. has an Australian Business Number (ABN) and declares itself for tax purposes in Australia as a primary producer and
- c. is not a public company under the meaning of the *Corporations Act 2011* (Cth) and
- d. at least one owner (sole trader, partner, shareholder or beneficiary) contributes part of their labour to the enterprise and
- e. in at least one of the last 3 financial years has generated annual gross income (the total income earned before any tax deductions) from eligible primary production income of at least:
  - i. \$75,000 and no more than \$5 million in total gross income or
  - ii. 50% of its gross income is from eligible primary production income.

**Note:** *Eligible primary production income:*

- *includes income from the ANZSIC Codes for Agriculture, Forestry and Fishing*
- *includes income from value-added products (e.g. wine) made directly from raw produce grown by the enterprise*
- *includes gross income from carbon abatement projects deemed eligible primary production gross income by the Australian Tax Office*
- *excludes gross income from activities that involve animals that are not bred for farm work, food or fibre; hunting and trapping activities; or agriculture, forestry and fishing support services.*

- f. where eligible primary production income is less than \$75,000 or 50% of total gross income, the applicant can demonstrate that in the ordinary course of business they would meet that requirement, but:
  - i. their primary production gross income is currently reduced due to seasonal conditions or biosecurity events and/or
  - ii. due to long lead times to full production, in the opinion of the RAA, they will earn such an amount of gross eligible primary production income within a reasonable period (taking into account the nature of the industry).
- g. has a farm business resilience plan (or equivalent), deemed suitable by the RAA
- h. can provide the RAA with satisfactory security in accordance with the security requirements in Section 3
- i. can demonstrate that the business has long-term viability and has the capacity to repay the loan sought (this will include an assessment of related directors and owners).

## 5. Eligible activities

- 5.1. Activities that commenced (ordered, purchased or installed) on or after 1 July 2023.
- 5.2. The DRRF loan can be used to fund the activities in Sections 5.3 to 5.7 if the activities support the primary production enterprise to implement its farm business resilience plan (or equivalent).
- 5.3. Animal Welfare**
  - a. Purchasing and transporting fodder up to a maximum value of \$100,000.
  - b. Purchasing and transporting stock and domestic water.
  - c. Purchasing livestock feed storage, mixing and feeding equipment.
  - d. Transporting stock to sale or agistment.
  - e. Veterinary/professional nutrition or animal welfare advice.
  - f. Genetic banking where destocking of stock is demonstrated.
  - g. Fencing for rotational grazing, exclusion and cluster fencing, construction of containment feeding pens, stock shade structures.
  - h. Planting of trees.
- 5.4. Farm Preparedness**
  - a. On-farm water infrastructure (tanks, stock water systems, pumps, new dam construction, drilling bores, irrigation efficiency upgrades, water conservation infrastructure).
  - b. On-farm grain and fodder storage infrastructure (silos, grain bunkers, hay sheds, silage pits etc).
  - c. Livestock feeding equipment.
  - d. Infrastructure repairs/maintenance (dams, channels, fencing etc).
  - e. Upgrades and additions to planting machinery (moisture seeking points, minimum til conversions etc).
- 5.5. Income Diversification**
  - a. Income diversification funding to promote and finance diversified income streams within the farm gate.
  - b. Funding to promote and finance alternative primary production income streams within the farm gate.

### 5.6. Environmental

- a. Pest and weed control.
- b. On-farm solar power conversion to mitigate the impacts of drought.
- c. Soil conservation and earthworks (including erosion control, contour banks, overbanks (keyline), water ponding and the management of vegetation and maintaining groundcover).
- d. Soil biology, or compost making equipment.

### 5.7. Training and Business Development

- a. Training and professional development activities that improve business resilience to drought.
- b. Professional consulting services directly related to drought preparedness (e.g. animal nutrition consultation and planning).

## 6. Ineligible activities

- 6.1. Activities that cannot be supported by a DRRF loan include:
  - a. activities that commenced (ordered, purchased or installed) prior to 1 July 2023
  - b. activities that do not support the primary production enterprise to implement its farm business resilience plan (or equivalent)
  - c. all residential farm premises/buildings and/or improvements to the residential farm premises/buildings
  - d. activities beyond/outside the farm gate
  - e. own labour costs and employee wages
  - f. activities that have been used to secure funding under any other NSW State Government Scheme, including funding administered by RAA. This includes past and future programs.

## 7. Farm Business Resilience Plan

- 7.1. The RAA will determine if the submitted Farm Business Resilience Plan (or equivalent) meets the requirements for this program.
- 7.2. The plan should identify who prepared the plan and provide details of any consultation and advice sought (accountant, Rural Financial Counsellor, government advisor, education or professional development).
- 7.3. At a minimum the Farm Business Resilience Plan (or equivalent) must include:

### **About the business**

- a. Business details – include details of business structure, ownership, management, plant, equipment, and property.
- b. Current status/state of business and goals – including state of production and future goals and state of business and future goals.

### **The future of the business**

- c. Financial plan – include key financial objectives.
- d. Farm Business Resilience Plan (or equivalent) – including:
  - i. drought impact statement – what impact does drought have on the enterprise
  - ii. strategies to prepare for drought
  - iii. strategies to manage drought including trigger points for actions and how management strategies address enterprise specific risks
  - iv. strategies to recover from drought
  - v. actions already implemented (if any) to prepare for, manage and recover from drought.

## 8. Guidelines

- 8.1. These guidelines are correct at the time of publishing.
- 8.2. The RAA reserves the right to amend, alter or change these guidelines at any time, and it is the responsibility of the applicant to ensure that they check the relevant website prior to application.

## 9. Submitting your application

Apply online at [www.raa.nsw.gov.au/loans/drrf](http://www.raa.nsw.gov.au/loans/drrf).

If you need assistance with submitting your application, please contact us per below.

Phone: 1800 678 593

Email: [rural.assist@raa.nsw.gov.au](mailto:rural.assist@raa.nsw.gov.au)

If you have difficulty understanding these guidelines or completing the application form you should seek the assistance of your rural/financial counsellor, business advisor, accountant or a trusted family member/friend.

If you need assistance with interpreting or translating, please contact Multicultural NSW on 1300 651 500 or email [languageservices@multicultural.nsw.gov.au](mailto:languageservices@multicultural.nsw.gov.au).

If you have any questions regarding your eligibility for the program, please contact the RAA by phoning 1800 678 593, emailing [rural.assist@raa.nsw.gov.au](mailto:rural.assist@raa.nsw.gov.au) or visit [www.raa.nsw.gov.au/loans/drrf](http://www.raa.nsw.gov.au/loans/drrf).

**Please don't self-assess your eligibility for this loan. If you have any questions regarding your eligibility or are in financial difficulty, please call the RAA or your nearest Rural Financial Counsellor on 1800 319 458 (Southern and Central NSW) or 1800 344 090 (Northern NSW).**

**Applications received after the advertised application closing date cannot be accepted.**

## 10. Application process

10.1. Applications for assistance under the program must be made on the RAA's application form and be accompanied by the documentation stated in the application form.

10.2. Applicants will be required to provide the following information to determine their eligibility for the program:

- a. the last 3 years of the applying primary production enterprise's tax returns, balance sheets and financial statements (including profit and loss statements, stock trading account and depreciation schedules)
- b. the last 3 years of individual tax returns (tax file numbers removed) of all members of the primary production enterprise and a current listing of all assets and liabilities held by each individual director, shareholder, partner or trustee of the primary production enterprise

**Note:** *Tax Assessment Notices are not acceptable. Completed applications will be assessed by staff within the RAA in order of receipt.*

- c. the last 3 years of tax returns and financial statements for all related business entities that individual members of the primary production enterprise are involved in, if applicable
- d. Local Government Area (LGA) rates notice and, if available, the Local Land Service (LLS) rates notice for the property where the work is to be completed, and also for the property being offered as security (if it is different)

e. signed Consent to contact lender form, listing your existing mortgagee(s) if required

f. Farm Business Resilience Plan (or equivalent)

g. trust deed (if applicable)

h. monthly cash flow budget for the next 12 months

i. confirmation of bank details, such as the front page of a bank statement showing the account name, BSB, and account number.

10.3. If an application is missing information or is incomplete, the RAA may, in its sole discretion, work with applicants to clarify any missing or incomplete information. However, the application will not enter the assessment queue and the RAA will not start assessing the application until, in the RAA's sole opinion, the application is complete.

10.4. Complete applications will be assessed in order of receipt.

10.5. If approved, applicants will receive a letter of offer advising of the indicative fixed interest rate and repayments applicable to their loan. The confirmed fixed interest rate for the loan will be the interest rate at the time of the first draw down.

10.6. If approved, applicants have 30 calendar days to return their signed contract (letter of offer).

**If you have all documentation ready, the application should take approximately 90 minutes for you to complete. We need your documents to make sure these loans only go to genuine primary producers who are deemed eligible.**



## 11. Assessment

- 11.1. Applications will be assessed against the eligibility criteria by Assessment Officers on the Assessment Team, who are responsible for routine assessment against the criteria in these guidelines and recommend assessment outcomes.
- 11.2. Program Officers on the Assessment Team ensure the program is administered in accordance with these guidelines and the policy intent and loans are approved in accordance with the RAA financial delegations.
- 11.3. The Chief Executive of the RAA is responsible for ensuring the program is administered in accordance with approved criteria and policy intent.
- 11.4. The RAA may take into account your credit position and the status of any existing loans to help verify your intention to continue the primary production enterprise.
- 11.5. The RAA reserves the right to request further information from you or from any business or individual you have engaged to assist in assessing your application and to verify any information provided in your application. Failure to provide such information may result in the RAA refusing your application.
- 11.6. The RAA reserves the right to refuse an application where eligibility criteria are not met or where you do not or cannot provide sufficient information for the RAA to determine if eligibility criteria have been met.
- 11.7. The RAA can put an application on hold where the applicant is under investigation or has been charged in relation to the fraudulent receipt of grants or loans.
- 11.8. Applicants should note that past financial assistance under this program or any other program is not a reliable indicator of eligibility for future financial assistance under this program.
- 11.9. Applications submitted may be subject to audit by the RAA or its agents in order to determine compliance with scheme guidelines.
- 11.10. Before applying for financial assistance under this program, you should seek advice from your legal, business or financial advisers about the tax implications of this financial assistance.
- 11.11. Applications and claim forms can be submitted online.

## 12. Loan drawdown

- 12.1. The loan must be fully drawn down within six months from the date the loan is established, that is, after receipt of the signed and dated letter of offer.
- 12.2. Payments will be made on receipt of valid tax invoice and the NSW RAA (or an agent engaged by the RAA for this purpose) may inspect the works as per above to ensure it is eligible and compliant.
- 12.3. Invoices submitted in relation to this application may not be used or have been used to secure funding under any other NSW State Government Scheme. This includes past and future programs.

## 13. Important information

- 13.1. These guidelines are correct at the time of publishing.
- 13.2. The RAA reserves the right to amend, alter or change these guidelines at any time. It is the applicant's responsibility to ensure that they check the relevant website prior to application.
- 13.3. The guidelines that apply to your application will be the guidelines that are current at the time your application is received by the RAA.
- 13.4. Applicants should also review the DRRF 'Frequently Asked Questions' webpage prior to submitting an application at [www.raa.nsw.gov.au/loans/drrf/faqs](http://www.raa.nsw.gov.au/loans/drrf/faqs). While the RAA has taken all care in preparing these guidelines, the RAA will not be liable in any way for any errors, omissions or variation to information in these guidelines or for not advising an applicant of any errors, omissions or variations to information in these guidelines.
- 13.5. Without limiting any rights, the RAA (or another NSW agency), in its sole discretion, may recover funds from the applicant and determine that a debt is due if evidence indicates that the applicant did not meet the eligibility criteria.

## 14. Fraudulent claims

- 14.1. The RAA takes fraud and corruption seriously. Suspected fraud will be assessed and investigated as appropriate, which may require the involvement of external parties such as the NSW Police Force or the NSW Independent Commission Against Corruption (ICAC).
- 14.2. By signing the application form, you declare that the information provided in the application form and supporting documentation is true and accurate.
- 14.3. Providing inaccurate, untrue or misleading information may be a breach of the *Rural Assistance Act 1989* or criminal law for which serious penalties may apply.
- 14.4. The RAA responds to fraud by:
  - a. audit and site validation of applications and claims that are of concern
  - b. referral to the NSW Police Force or ICAC of suspected fraud
  - c. recovery of any assistance provided under a fraudulent application.
- 14.5. An application approval, or payment of a claim against an approved loan, may be delayed where the outcome of relevant legal or validation actions may impact the decision to grant further assistance.

## 15. Evaluation

- 15.1. The RAA is committed to providing excellent service that responds to your needs through well-targeted programs. For that reason, the RAA evaluates its programs. This includes surveys at various points of your application, approval and completion. The RAA may also contact you to ask about your experience of the assistance you received. The RAA will always treat the responses you provide as confidential and use the information only for the purposes it was collected.



## 16. Government Information (Public Access) Act

- 16.1. Applicants should be aware information submitted in applications and all related correspondence, attachments and other documents may be made publicly available under the *Government Information (Public Access) Act 2009* (NSW). Information that is deemed to be commercially sensitive will be withheld.
- 16.2. The *Government Information (Public Access) Act 2009* (NSW) makes government information accessible to the public by:
  - a. requiring government agencies to make certain sorts of information freely available
  - b. encouraging government agencies to release as much other information as possible
  - c. giving the public an enforceable right to make access applications for government information
  - d. restricting access to information only when there is an overriding public interest against disclosure.

## 17. Complaints

- 17.1. Any concerns about the Drought Ready and Resilient Fund Loan should be submitted in writing to [rural.assist@raa.nsw.gov.au](mailto:rural.assist@raa.nsw.gov.au).

## 18. Definitions

**Seasonal conditions:** A year or years where the primary production enterprise has not been adversely affected (financially) by drought, natural disasters or biosecurity events (like pest and disease). In reviewing past years, the objective is to determine whether there has been any one year in up to the past five years when the primary production enterprise has achieved more than 50% of its gross income from primary production.

**Valid tax invoice:** A paid invoice including the name, address and ABN (if applicable) of the entity that issued the invoice and a description of each item to which the invoice relates which is clearly identifiable as being related to approved expenditure for the applicant. The RAA can ask for proof of payment of the invoice.

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**Postal address:**

Locked Bag 23, Orange NSW 2800

**Telephone:**

1800 678 593

**Email:**

[rural.assist@raa.nsw.gov.au](mailto:rural.assist@raa.nsw.gov.au)

**Website:**

[www.raa.nsw.gov.au](http://www.raa.nsw.gov.au)

**Facebook:**

[www.facebook.com/NSWRAA](http://www.facebook.com/NSWRAA)

**Business Hours:**

8:30am to 4:30pm, Monday to Friday

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