

Program Guidelines

Natural Disaster Relief Loan

Small Businesses



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1. Purpose

- 1.1. The purpose of the Natural Disaster Relief Loan –Small Businesses Program (the Program) is to provide a concessional interest rate loan to eligible small businesses to assist with recovery from a declared natural disaster.

2. Objectives and outcomes

- 2.1. The objective of the Program is to provide a concessional interest rate loan to eligible small businesses to assist with the costs associated with essential working capital for up to 12 months from the date of the declared natural disaster to continue business operations until normal income resumes or until the next major income is received and/or to replace and/or to repair property damaged as a result of the declared natural disaster.
- 2.2. The required outcome of the Program is that eligible small businesses have continued business operations and/or have repaired and/or have replaced property damaged as a result of the declared natural disaster.

3. Loan value and assistance available

- 3.1. This loan is defined as a grant under the NSW Grant Administration Guide (the GAG) and is compliant with the GAG.
- 3.2. Eligible small businesses impacted by the declared natural disaster can apply to borrow a maximum amount of \$130,000.
- 3.3. All loans have an initial 2-year interest-and repayment-free period. This period is followed by a loan term of up to 10 years (the maximum term is 12 years).
- 3.4. Principal and interest loan repayments are made monthly, half-yearly, quarterly or annually.
- 3.5. The interest rate is a concessional rate of interest. The rate applicable at the time of loan commencement is shown on the NSW Rural Assistance Authority's (the Authority) website.
- 3.6. The interest rate applied to the loan is fixed for the term of the loan.



4. Key dates

Applications open

Applications open on the date of declaration of a Category B natural disaster declaration.

Applications close

Applications close at 5:00 p.m., 6 months after the date of the natural disaster declaration (refer to www.raa.nsw.gov.au/disaster-assistance/declarations for dates).

5. Funding source

- 5.1. Funding for the Program is provided by the NSW Government under the terms of the NSW Disaster Assistance Guidelines 2021 (the DAG).
- 5.2. The Authority is part of the Department of Primary Industries and Regional Development and administers the Program on behalf of the NSW Reconstruction Authority.

6. Eligibility criteria

- 6.1. To be eligible for the loan, the small business must:
 - a. have fewer than 20 full-time (or equivalent) employees
 - b. have assets that have been significantly damaged as a direct result of the declared natural disaster
 - c. have suffered a significant loss of income as a result of direct damage from the declared natural disaster and
 - d. hold a current Australian Business Number (ABN) that was active at the time of the declared natural disaster.
- 6.2. For the small business to be eligible for the loan, the small business owner(s) must:
 - a. earn at least 50% of their gross income from the small business
 - b. have assets located in the defined disaster area for the event that have suffered direct damage as a result of the declared natural disaster
 - c. have been engaged in carrying on the small business at the time of the declared natural disaster
 - d. demonstrate that the business was viable before the natural disaster and that the assistance will ensure the small business continues to be viable
 - e. intend to re-establish or continue the small business within the same location or within the same local government area (LGA)
 - f. demonstrate that the small business has the capacity to repay the loan
 - g. provide security acceptable to the Authority
 - h. apply for the loan by the closing date shown on the Authority's website.



7. Security

- 7.1. Loans are secured by a registered mortgage over land and not necessarily a first mortgage.
- 7.2. 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 this scope of the Deed of Priority.
- 7.3. Other security, including a mortgage over land, buildings or other assets from another person may be considered.
- 7.4. Funds will not be released until all security requirements have been satisfied and the mortgage registered over security property.

8. Exclusions

- 8.1. Assistance does not provide for costs unrelated to the small business or commitments overdue at the time of the declared natural disaster, such as trading accounts, lease or hire purchase instalments, interest on borrowings or loan repayments.
- 8.2. Any loss that is claimable by insurance will not be covered by this program.
- 8.3. Publicly listed small businesses are excluded.

9. Costs

- 9.1. There are no establishment or account-keeping fees. However, you will bear the costs of registering security documents and Government Stamp Duty.
- 9.2. You will be asked to cover set-up costs for the mortgage registration fee, mortgage duty, agent fees and land title search costs. Financiers may charge fees to your account when consenting to the Authority's request to take a mortgage over the property offered as security.

10. Conditions

- 10.1. Principal and interest repayments may be monthly, quarterly, half-yearly, or annually, generally in line with your cash flow. The repayment term depends on the amount borrowed and your ability to repay.
- 10.2. Once all legal and security requirements have been completed, the RAA will draw down the loan in full and deposit it directly to the nominated bank account.



11. Getting support and submitting your application

Refer to www.raa.nsw.gov.au/loans/ndrl/small-business to complete an online application. Applications must be submitted by the closing date in Section 4.

If you have any questions regarding your eligibility or need assistance submitting your application, please contact the Authority.

Phone: 1800 678 593 (free call)
Email: rural.assist@raa.nsw.gov.au
Website: www.raa.nsw.gov.au

If you have difficulty understanding these guidelines or completing the application form, you should seek the assistance of your 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.

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

Please do not self-assess your eligibility for this loan.

12. Application process

- 12.1. Applications for assistance under the program must be submitted online and be accompanied by the documentation stated in the application form, including:
- the last 3 years of the applying small business's tax returns, balance sheets and financial statements (including profit and loss statements, stock trading account and depreciation schedules)
 - the last 3 years of individual tax returns of all members of the small business and a current listing of all assets and liabilities held by each individual director, shareholder, partner or trustee of the small business
Note: *Tax Assessment Notices are not acceptable.*
 - the last 3 years of tax returns and financial statements for all related business entities that individual members of the small business are involved in, if applicable
 - signed Consent to contact lender form, listing your existing mortgagee/s if required
 - trust deed (if applicable)
 - monthly cash flow budget for the next 12 months
 - current LGA (council) rates notice(s) for the property(s) where the damage occurred and the work is to be completed, as well as the property being offered as security (if different)
 - if the affected property(s) is leased, a lease covering the property(s) at the time of the declared natural disaster outlining the tenant's responsibilities is required
 - proof of the small business's address
 - confirmation of bank details, such as the front page of a bank statement showing the account name, BSB, and account number.

- 12.2. Applications must be submitted within 6 months of the date of the declaration of the natural disaster.
- 12.3. Applications can be submitted online via the Authority's website.
- 12.4. Applications will be assessed by Authority staff in the order they are submitted.
- 12.5. If there is uncertainty about an applicant's status, the Authority may contact NSW Fair Trading, ASIC, or the ATO to request supporting documents or further documentation from the applicant to support its application.
- 12.6. If an application is missing information or is incomplete, the Authority may, in its sole discretion, work with you to clarify any missing or incomplete information. However, the Authority will not start assessing the application until, in the Authority's sole opinion, the application is complete.

If you have all documentation ready, the application should take approximately 45 minutes to complete. We need your documents to ensure these loans only go to genuine small businesses deemed eligible.



13. Assessment and decision makers

- 13.1. Assessment Officers on the Assessment Team will assess applications against the criteria in these Program Guidelines and recommend whether to approve or decline the application to a Program Officer on the Assessment Team (the decision-maker). All applications that meet the eligibility criteria will be recommended for approval.
- 13.2. Complete applications will be assessed in order of receipt. Incomplete applications will not enter the assessment queue until all required information is provided.
- 13.3. Consideration will be given to the capacity to repay the proposed loan and existing lending at other financial institutes (including existing Authority loans) using responsible lending standards.
- 13.4. Program Officers on the Assessment Team will ensure the Program is administered in accordance with these Program Guidelines and decide whether or not to approve an application after considering the recommendations of Assessment Officers. If the decision-maker departs from the Assessment Team's recommendations, the decision-maker will record the reason(s) in your file.
- 13.5. The Authority may consider your credit position and the status of any existing loans to help verify your intention to continue the small business.
- 13.6. The Authority may request further information from you or from any business or individual you have engaged in assessing your application or to verify any information provided in your application. Failure to provide such information may result in the Authority refusing your application.
- 13.7. The Authority may refuse an application where eligibility criteria are not met or if you do not or cannot provide sufficient information for the Authority to determine if eligibility criteria have been met.



- 13.8. The Authority 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 under this or other RAA programs.
- 13.9. You 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.
- 13.10. Applications submitted may be subject to audit by the Authority or its agents to determine compliance with Program Guidelines.
- 13.11. 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.
- 13.12. Applicants who have received funding from the Authority within the previous 12 months may not need to provide tax returns and financial statements again.
- 13.13. Small businesses are entitled to assistance under either the Natural Disaster Primary Producer Loan program or the Natural Disaster Small Business Loan program, but not both.



14. Decision

- 14.1. The Authority will notify successful applicants of a conditional approval. The approval will not be finalised until all conditions are met, including the payment of any fees and the successful and correct execution of the loan documentation.
- 14.2. The Authority will notify unsuccessful applicants of a refusal with reasons the application was refused.
- 14.3. The decision-maker's decision is final in all matters, including:
 - a. the approval to award a loan
 - b. the amount awarded
 - c. the terms and conditions of the loan.

15. Claiming

- 15.1. Once all loan documents have been successfully executed and security registrations have been completed and your application is approved, the Authority will fully draw down the loan and deposit it directly into the nominated bank account.

16. Important information

- 16.1. Where significant changes are made in relation to the program, the Authority will revise these Guidelines and make them available at www.raa.nsw.gov.au/loans/ndrl/small-business.
- 16.2. The Authority reserves the right to amend, alter or change these guidelines at any time, and it is your responsibility to ensure that they check the relevant website prior to application.
- 16.3. The guidelines that apply to your application will be the guidelines that are current when the Authority receives your application.
- 16.4. While the Authority has taken all care in preparing these guidelines, the Authority will not be liable in any way for any errors, omissions or variations to information in these guidelines or for not advising you of any errors, omissions or variations to information in these guidelines.
- 16.5. The Authority will publish these Program Guidelines and any revised versions and addenda on the NSW Government Grants and Funding Finder.
- 16.6. These Program Guidelines are not an offer, recommendation or invitation by the Authority in respect of any loan. There is no funding commitment until an eligible applicant is informed in writing by the Authority that their application has been approved.
- 16.7. Without limiting any rights, the Authority (or another NSW Government agency), in its sole discretion, may recover funds from you and determine that a debt is due if evidence indicates that the applicant did not meet the eligibility criteria.
- 16.8. Note that additional important information is contained in the program Frequently Asked Questions (FAQs) at www.raa.nsw.gov.au/loans/ndrl/small-business/faqs. Applicants are advised to familiarise themselves with the FAQs.

17. Fraudulent claims

- 17.1. The Authority 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).
- 17.2. By submitting an application, you declare that the information in the application form and supporting documentation is true and accurate.
- 17.3. Providing inaccurate, untrue or misleading information may be a breach of criminal law for which serious penalties may apply.
- 17.4. The Authority 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.
- 17.5. 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.

18. Evaluation

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



19. Government Information (Public Access) Act

- 19.1. Applicants should be aware that information submitted in applications and all related correspondence, attachments, and other documents may be open access information, which must be made publicly available under the *Government Information (Public Access) Act 2009* (NSW) unless there is an overriding public interest against disclosure. Information that is commercially sensitive may be withheld.

20. Complaints

- 20.1. Any concerns about the Natural Disaster Relief Loan – Small Businesses should be submitted in writing to rural.assist@raa.nsw.gov.au.

21. Definitions

Defined disaster area: For an eligible disaster, means the area that the appropriate Minister has declared to activate the Disaster Recovery Funding Arrangements. These are shown on the Authority's website and are a Local Government Area (LGA).

Direct damage: Relates to physical damage that occurred due to the event. This means immediate damage caused by floodwaters at the time of the floods. The hazard can remain so long as floodwaters remain. There is a distinction, however, between clean-up activities that cause damage in themselves and damage that occurs as a direct result of the floods. For example, a boat damaged during the floods or while floodwaters remain high would be covered. However, a boat damaged during recovery after floodwaters have receded would not be covered.

Natural disaster: One or a combination of the following rapid onset events: bushfire, earthquake, flood, storm, cyclone, storm surge, landslide, tsunami, meteorite strike, or tornado.

Small business: A business, other than a farm enterprise, that employs fewer than 20 full-time equivalent staff. That is, the sum total of all standard hours worked by all employees (whether full-time or part-time) is less than the number of standard hours that would be worked by 20 full-time employees. The business must not be publicly listed.

Small business owner: A sole trader, partnership, private company or trust that carries on a small business who spends the majority of his or her labour on, and derives the majority of his or her income from the small business.

You and your: In the context of these guidelines and the related application process, it refers to the applicant.



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