

and are located in the EC declared areas.

2. The small business is in financial difficulty due to the impact of EC on farm enterprises. In considering financial difficulty Rural Finance shall take into account:
  - the total amount of interest payable per annum
  - the estimated business turnover over the medium term
  - the owner or lessee's equity in the business in relation to the amount of current and future indebtedness, together with the business and other assets and income.
3. Without support under these guidelines the small business would not have the capacity to achieve or maintain sustainable long-term viability.
4. The small business has been viable in the past and has the potential to return to viability in the future. In assessing the likelihood of long-term viability of the enterprise the following factors shall be taken into account:
  - i) the expected future capacity of the business to operate profitably (without Government support) as measured by its ability to meet its future financial commitments relating to:
    - operating costs
    - living costs of the operator
    - servicing of the business debts
    - future capital requirements for plant and improvements
    - investment requirements to return business to profitability;
  - ii) the long-term economic trends which impact on the business enterprise;
  - iii) the demonstrated technical, financial and business management performance of the owner;
  - iv) the provision of financial support for the business enterprise by commercial lenders through the EC period and beyond.

5. The owner is primarily reliant on the business for his/her livelihood. In this regard it is expected that the owner has operated the business for at least two years and under normal circumstances contributes at least 75% of his/her labour to the business enterprise and derives at least 50% of income from the business.
6. The applicant is able to demonstrate a need for financial assistance. In this regard, the personal resources of the family are relevant.
7. The owner has disposed of:
  - all non-essential business assets, and
  - non business assets such that the net value is not to exceed \$750,000.

#### **Procedure for Application**

An application form can be downloaded from the website [www.ruralfinance.com.au](http://www.ruralfinance.com.au) or obtained from Rural Finance's head office located at 57 View Street Bendigo.

Completed applications should be forwarded to:

Rural Finance  
PO Box 1313 Bendigo Central 3552  
**Ph:** (03) 5448 2600  
**Fax:** (03) 5441 8901  
**Email:** [admin@ruralfinance.com.au](mailto:admin@ruralfinance.com.au)  
**Website:** [www.ruralfinance.com.au](http://www.ruralfinance.com.au)



## ***Exceptional Circumstances Interest Subsidy Support for Small Businesses***

Revised Guidelines effective from  
25 September 2007  
for all EC areas in Victoria  
(excluding South Western Victoria and  
South and West Gippsland).



**Australian Government**  
Department of Agriculture,  
Fisheries and Forestry

## **Exceptional Circumstances Interest Subsidy Support**

A small business that derives at least 70% of its normal turnover from the provision of goods or services for farming activities in Exceptional Circumstances (EC) areas, or operates in towns that are substantially reliant on farmer income, have less than 10,000 population and are located in an EC declared area, may apply for EC Interest Subsidy Support. The declared areas are the Goulburn Irrigation System, Eastern Mallee, North East, Central, Northern, Central and East Gippsland, South East Mallee, Mallee/Northern Wimmera and Murray Valley. A more detailed definition of these areas is available on the website [www.ruralfinance.com.au](http://www.ruralfinance.com.au).

To receive assistance small business operators will be required to meet eligibility criteria established by the Minister for Agriculture, Fisheries and Forestry, which are summarised herein.

The scheme is funded by the Australian and Victorian Governments and administered by Rural Finance.

Essentially assistance is for small businesses that would normally be considered viable but which, due to Exceptional Circumstances are experiencing financial difficulties and are in need of assistance.

### **Definitions**

- Small Business means a commercial enterprise that has less than 100 full time employees or equivalent and holds a registered ABN.
- Employee means a person paid for his/her labour and does not include directors, partners, owners or independent contractors.
- Full time work is not less than 35 hours per week. For part time or casual employees the aggregate of hours worked divided by 35 will determine the equivalent number of full time employees.
- Business Turnover means the value of all goods and services supplied or likely to be supplied by the Small Business from its business activity for a 12 month period (excluding GST, sale of business assets and sales of a personal nature).

- Business Activity means legal activity for profit directly associated with the applicant's viable commercial business (not a hobby) and measured by business turnover.

### **Purpose of Support**

The support will facilitate one or more of the following strategies:

- Improvements in business viability
- Business continuity
- Debt restructuring.

### **Subsidy Support**

A subsidy is available based on the interest payable on, and associated costs of, borrowings supplied by a commercial institution, vendor or by private arrangements. Support will be provided where loans are provided on commercial terms, at arms length and at a competitive interest rate with that which is generally applicable to the type of loans being subsidised. Commercial borrowings or associated costs of borrowings already subsidised under any other Commonwealth scheme will not be considered for support.

Rural Finance may deduct from the commercial borrowings the full cost of capital purchases where the capital purchase was made since 7 November 2006 for small businesses reliant on farming activities or since 25 September 2007 for small businesses operating in towns of less than 10,000 population.

The level of support for the 2008/09 year will be up to 80% of the interest payable on eligible business debt to an amount that creates a breakeven result.

Support for the 2009/10 year will be assessed on a pro rata basis using estimated projections.

The closing date for applications for the 2008/09 year is 30 September 2009. The closing date for applications in the 2009/10 year is 31 March 2010, except for Central and East Gippsland (revised) which closes on 30 April 2010. A 28 day grace period may apply.

Assessments are based on 2007/08 estimates or actual

results.

The provision of support in any year does not guarantee support in a subsequent year. Likewise businesses that did not receive support in a previous year may be eligible in a subsequent year.

Applicants can apply for an additional interest rate subsidy within the same period as their last successful application, provided this is for additional debt in relation to drought carry on. Any additional support will be provided on a pro rata basis and the total amount payable is not to exceed \$100,000.

Where a business is already in receipt of support an application for a further period of support cannot be lodged earlier than three months after the date of that support.

Rural Finance with the agreement of the Australian Government may attach other terms and conditions to the support considered necessary for any particular case.

Rural Finance may also terminate support under the scheme and where necessary seek recovery of subsidy amounts where subsidy recipients do not rectify any identified breaches to terms and conditions of support.

The total amount of support payable in each EC year for a business may not exceed \$100,000 or part thereof if the EC period is less than 12 months.

Where an owner, lessee operates more than one small business or a farm and small business, the operator can receive collectively a maximum of \$100,000 on the business(es) and farm related debts.

### **Eligibility Criteria**

In assessing the eligibility of a small business for EC Interest Subsidy Support the following factors will need to be satisfied:

1. The small business derives at least 70% of its turnover from the provision of goods and services for farming activities that are located within EC areas, or operates in towns that are substantially reliant on farmer income, have less than 10,000 population