



Australian Government
Department of Agriculture
and Water Resources



RURAL FINANCE

Farm Business Concessional Loans Scheme

Dairy Recovery Concessional Loans

Guidelines for Victoria

July 2017

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Key features of Dairy Recovery Concessional Loans

- Dairy Recovery Concessional Loans are for eligible farm businesses for the purposes of debt restructuring, new debt for operating expenses or productivity enhancement activities, or a combination of these.
- Loan amounts are up to a maximum of \$1 million in total.
- A concessional variable interest rate commencing at 2.47 per cent (as at 1 November 2016), which is reviewed on a six monthly basis.
- A maximum loan term of 10 years, with interest only repayments for the first five years and principal and interest repayments for years six to 10.
- The farm business must repay or refinance the remaining loan balance at the end of the loan term.
- The availability of loans is subject to funds being available—applications close on the closing date of the application period (as published on the Rural Finance website) or when funding is fully committed, whichever occurs first.

These guidelines relate solely to Dairy Recovery Concessional Loans in Victoria. Information on Drought Assistance Concessional Loans and Business Improvement Concessional Loans in Victoria is available in the guidelines for those loans on the Rural Finance website.

1 Scheme overview

The Farm Business Concessional Loans Scheme in Victoria allows eligible Farm Businesses to access three types of loans—Drought Assistance Concessional Loans, Dairy Recovery Concessional Loans and Business Improvement Concessional Loans.

Under the scheme, the Australian Government will provide Victoria with funding for Drought Assistance Concessional Loans, Dairy Recovery Concessional Loans and Business Improvement Concessional Loans. The amount of funding available in each financial year will be published on the Rural Finance website.

The Drought Assistance Concessional Loans assist eligible Farm Businesses in need of financial assistance to manage, recover from and prepare for droughts and maintain prospects for long term Commercial Viability. Drought Assistance Concessional Loans allow eligible Farm Businesses to access concessional finance for debt restructuring, providing new debt for operating expenses, drought recovery activities or drought preparedness activities, or a combination of these purposes.

The Dairy Recovery Concessional Loans recognise that the 2016 decisions of Murray Goulburn Co-operative Co. Ltd or its subsidiaries or related companies (Murray Goulburn), Fonterra Co-operative Group Ltd or its subsidiaries or related companies (Fonterra) and National Dairy Products Pty Ltd (NDP) to reduce the farm gate price of milk is having a severe impact on some dairy farm businesses. Dairy Recovery Concessional Loans are available for debt restructuring, providing new debt for operating expenses or productivity enhancement activities, or a combination of these purposes.

The Business Improvement Concessional Loans recognise that, while a current or ex-FHA recipient was by definition in financial hardship, if a farmer has improved their financial circumstances then, the farm business may benefit from being able to reduce its interest payments by restructuring and refinancing existing loans.

The scheme replaces and builds on previous concessional loans schemes—the Farm Finance, Drought, Drought Recovery and Dairy Recovery Concessional Loans schemes. It also complements a range of other drought and risk management measures under the Agricultural Competitiveness White Paper to provide assistance to drought-affected farm businesses.

The Rural Assistance Commissioner will deliver the Farm Business Concessional Loans Scheme in Victoria using funds provided by the Australian Government.

On 30 June 2016, the Victorian Government appointed a new Rural Assistance Commissioner under the *Rural Assistance Schemes Act 2016*. The new Commissioner replaces the former Rural Finance Corporation Victoria.

Through an agreement with the Victorian Government, some rural assistance schemes such as grants and loans are delivered by Rural Finance, a division of Bendigo and Adelaide Bank.

The Rural Assistance Commissioner will enter into Loan Agreements with Successful Applicants in its own name using funds provided by the Australian Government. The division of the Bank called “Rural Finance” will however administer these Loan Agreements on behalf of the Rural Assistance Commissioner. In this capacity, the role of Rural Finance will include (but will not be limited to):

- receiving Drought Assistance Concessional Loan, Dairy Recovery Concessional Loan and Business Improvement Concessional Loan applications;
- undertaking Drought Assistance Concessional Loan, Dairy Recovery Concessional Loan and Business Improvement Concessional Loan assessments in accordance with the relevant guidelines;
- conducting farm visits;

- disbursing loan funds to eligible loan recipients on behalf of the Rural Assistance Commissioner;
- managing on an ongoing day to day basis, all Drought Assistance Concessional Loan, Dairy Recovery Concessional Loan and Business Improvement Concessional Loan accounts (including arrears) consistent with the existing practices and procedures of Rural Finance.

2 Scheme objectives

Through the Farm Business Concessional Loans Scheme, the Australian Government aims to support eligible Farm Businesses by providing concessional loans.

The objectives of the scheme in Victoria are to assist:

- commercially viable drought-affected Farm Businesses to continue to operate through drought conditions, recover once the season breaks and prepare for future droughts
- commercially viable Dairy Farm Businesses through the short-term crisis caused by the 2016 decisions of Murray Goulburn, Fonterra and NDP to reduce farm gate milk prices
- a Farmer of a commercially viable Farm Business who has exhausted their full 1,095 day FHA entitlement, on or before 30 June 2018, to continue to improve the financial circumstances of the Farm Business.

3 How the scheme will operate

Rural Finance will assess and decide if Applications are eligible through a non-competitive priority process based on the order of receipt. Eligibility is based on Applicants and their Farm Business meeting the requirements of the scheme as specified in these guidelines. To apply or enquire about the scheme, contact Rural Finance.

The Australian Government has capped the amount of funding allocated to Victoria for Drought Assistance Concessional Loans, Dairy Recovery Concessional Loans and Business Improvement Concessional Loans. Rural Finance will publish the total amount of funding provided to Victoria on its website. This amount may be increased, subject to demand and at the discretion of the Australian Government.

Applications will open on the opening date of the Application Period, as published on the Rural Finance website. The availability of loans is subject to funds being available, with Applications closing on the closing date of the Application Period, as published on the Rural Finance website, or when funding is fully committed, whichever occurs first.

If the funding allocation is fully committed, no further Applications will be considered. If this happens, notification of the early closure will be published on the Rural Finance website and those who have already lodged an Application will be advised in writing.

Applicants must have existing Eligible Debt to be eligible for a Drought Assistance Concessional Loan, Dairy Recovery Concessional Loan or a Business Improvement Concessional Loan. Farm Businesses that do not have existing Eligible Debt are outside the scope of the scheme (see **Section 5**).

Applicants can apply for all types of loans under the scheme. Loan Recipients can also receive more than one Drought Assistance Concessional Loan or Dairy Recovery Concessional Loan provided the previous loan has been repaid and the farm business meets the eligibility and loan assessment criteria for the scheme.

Applicants are responsible for all costs incurred in the preparation and lodgement of their Application. Successful Applicants will be required to pay any actual costs associated with

establishing the loan (for example, title searches, mortgage registrations, personal property securities register searches and registrations and personal and corporate background checks).

Successful Applicants must also sign a Loan Agreement with the Rural Assistance Commissioner, which will set out the terms and conditions of the loan including the requirement for the Successful Applicant to provide satisfactory security.

Before applying for a Drought Assistance Concessional Loan, Dairy Recovery Concessional Loan or a Business Improvement Concessional Loan, or making any decision, Applicants should seek advice from their legal, business and financial advisors.

4 Scheme dates

Rural Finance will publish details of the Application Period for Victoria on its website.

Applications will close on the closing date of the Application Period, as published on the Rural Finance website, or when funding is fully committed, whichever occurs first.

5 Eligible Debt

Applicants must have existing Eligible Debt to be eligible for a Dairy Recovery Concessional Loan.

Eligible Debt means debt that has been established upon commercial interest rates, terms and conditions and/or debt to a dairy processor. Eligible Debt also includes existing debt that has been debt restructured under a Farm Finance Concessional Loan, Drought Concessional Loan, Drought Assistance Concessional Loan or a Business Improvement Concessional Loan. These amounts are included because the original debt was established upon commercial interest rates, terms and conditions.

Examples of non-eligible debt include, but are not limited to:

- private debt or family debt not provided at arm's length and at commercial interest rates and terms and conditions
- non-balance sheet loans
- equipment finance facilities
- funding of normal or additional working capital (with the exception of debt to a dairy processor)
- debt that was not established upon commercial interest rates, terms and conditions, such as;
 - debt established for productivity enhancement activities under an existing Farm Finance Concessional Loan
 - debt established for operating expenses or drought recovery and preparedness activities under an existing Drought Concessional Loan
 - debt established for operating expenses, drought recovery activities or drought preparedness activities under an existing Drought Assistance Concessional Loan
 - debt established at a concessional interest rate under Commonwealth and state or territory government schemes.

6 Loan amount

Loan amounts are up to a maximum of \$1 million in total.

The total amount of Commonwealth Funded Concessional Loans held by a Farm Business must not exceed 50 per cent of its Final Debt Position.

A Farm Business' Final Debt Position comprises its Eligible Debt at the time of the loan assessment, debt established under previous Concessional Loans Schemes and any new debt approved as part of this scheme.

In all cases, the approved loan amount will be determined by Rural Finance.

7 Eligible uses

Dairy Recovery Concessional Loans are available for:

- a. debt restructuring
- b. providing new debt for operating expenses
- c. providing new debt for productivity enhancement activities
- d. any combination of a) to c).

7.1 Debt restructuring

Dairy Recovery Concessional Loans are available to restructure:

- a. existing Eligible Debt; and/or
- b. the amount of an existing Farm Finance Concessional Loan and/or Drought Concessional Loan provided the interest only term does not extend beyond the period originally approved.

The amount of a Farm Finance Concessional Loan and/or a Drought Concessional Loan can be refinanced either in full or in part and must be drawn in the same Farm Business's name.

7.2 Operating expenses

Dairy Recovery Concessional Loans are available to assist in funding operating expenses that are necessary to continue the normal operations of the Farm Business.

The full amount of a Dairy Recovery Concessional Loan may be used for operating expenses.

Examples of eligible operating expenses may include:

- paying outstanding bills on hand
- paying salaries or wages of employees
- paying creditors
- paying farm rent or rates
- buying consumables that are essential to carry on the Farm Business, for example, fuel and other farm inputs
- buying fodder or carting of water for livestock or produce or transporting livestock or produce.

7.3 Productivity enhancement activities

Dairy Recovery Concessional Loans are available to assist in funding productivity enhancement activities to the Farm Business.

The full amount of a Dairy Recovery Concessional Loan may be used for productivity enhancement activities.

Applicants will need to provide an acceptable Management Plan in their Application that outlines the intended outcomes of the proposed productivity enhancement activities. A Management Plan template is available on Rural Finance's website if required.

Examples of eligible productivity enhancement activities may include:

- enterprise build-up/expansion of existing operations or diversification of farm production to improve productivity and profitability
- purchase of livestock that will provide long term improvement to the Farm Business's productivity and profitability (e.g. breeding stock, farm business conversion programs)
- reclamation of degraded areas underpinned by ongoing monitoring to deliver lasting benefits directly linked to productivity and profitability
- farm development including modernisation and efficiencies to farm production systems (e.g. irrigation systems), infrastructure, machinery and plant and equipment (machinery and plant/equipment must predominantly be for own use)
- purchase of water or water rights to enhance farm production, but not for the purposes of water-trading
- drought and natural disaster preparedness and management projects including fodder management, water storage, irrigation efficiencies and management of waterways.

7.4 Non-eligible uses of a Dairy Recovery Concessional Loan

Examples of non-eligible activities may include, but are not limited to:

- purchase of private and domestic assets
- payment of private and domestic expenses
- purchase of and/or investment in Non-Farm Assets and expenses
- payment of tax and other statutory and legal payments
- costs associated with family succession arrangements
- Applicant's own labour costs
- reimbursement for depreciation of assets
- payment of dividends or other distributions of equity to owners
- funding activities previously funded under Commonwealth and state or territory government schemes, with the exception of any amount of a Farm Finance Concessional Loan and/or a Drought Concessional Loan being refinanced to a Dairy Recovery Concessional Loan.

8 Who is eligible to apply

To be eligible for a Dairy Recovery Concessional Loan in Victoria, a Farm Business must meet the eligibility and loan assessment criteria in place at the time their completed Application is lodged, noting that these criteria may be reviewed and amended in the future.

8.1 Eligibility criteria

An Applicant for a Dairy Recovery Concessional Loan must demonstrate that:

- a. their Farm Business supplied milk to Murray Goulburn Co-operative Co. Ltd or its subsidiaries or related companies (Murray Goulburn) and/or Fonterra Co-operative Group Ltd or its subsidiaries or related companies (Fonterra) and/or National Dairy Products Pty Ltd (NDP) in 2015–16.

Evidence that the Farm Business supplied milk to Murray Goulburn and/or Fonterra and/or NDP in 2015–16 may include:

- A copy of a milk supply contract with Murray Goulburn and/or Fonterra and/or NDP
 - A copy of a milk supply statement with Murray Goulburn and/or Fonterra and/or NDP
 - Any other evidence Rural Finance considers necessary; and
- b. their Farm Business has existing Eligible Debt (see **Section 5**) and their Farm Business has not already borrowed up to 50 per cent of its Final Debt Position from the Commonwealth; and
- c. they own and operate the Farm Business and their Farm Business:
- i. operates as a sole trader, trust, partnership or private company; and
 - ii. is a Dairy Farm Business; and
 - iii. is wholly located in Australia; and
 - iv. is registered for tax purposes in Australia with an Australian Business Number (ABN) and is registered for GST; and
 - v. is not a public company under the meaning of the *Corporations Act 2001* (Cwlth); and
- d. at least one member of the Farm Business must be a Farmer who, under normal circumstances, contributes at least 75 per cent of his or her labour and derives at least 50 per cent of his or her income from the Farm Business; and
- e. the majority of their Farm Business is conducted in Victoria; and
- f. at least one member of the Farm Business is an Australian permanent resident; and
- g. their Farm Business is not under External Administration or bankruptcy.

9 Loan assessment criteria

An Eligible Applicant for a Dairy Recovery Concessional Loan must demonstrate that:

- a. their Application is for:
- i. debt restructuring
 - ii. providing new debt for operating expenses
 - iii. providing new debt for productivity enhancement activities
 - iv. any combination of i) to iii); and
- b. their Farm Business has the capacity to repay the concessional loan and has sound prospects for Commercial Viability within the term of the concessional loan; and
- c. they are able to provide satisfactory security acceptable to Rural Finance (see **Section 12**).

If a loan is sought for productivity enhancement activities, Applicants will need to provide an acceptable Management Plan in their Application that outlines the intended outcomes of the proposed activities (see **Section 7.3**).

10 Key loan features

10.1 Loan term

The maximum term of a Dairy Recovery Concessional Loan is 10 years.

10.2 Interest rate

A concessional variable interest rate will apply for the 10 year loan term. The interest rate set by the Australian Government as at 1 November 2016 is 2.47 per cent. The current concessional interest rate is published on the Rural Finance website.

The variable interest rate will be calculated based on the average of the daily 10 year Commonwealth bond rate over a specified six month period. The concessional interest rate will be reviewed and revised if necessary in accordance with material changes to the Commonwealth 10 year bond rate, where a material change is taken to be a movement of more than 10 basis points (0.1 per cent).

Any interest rate change will be effective from 1 February and/or 1 August each year as applicable. Loan Recipients will be notified of any changes by Rural Finance in writing and via the Rural Finance website when changes take effect.

How interest is calculated and charged will be set by Rural Finance and will be outlined in the Loan Agreement.

10.3 Loan payment

Successful Applicants must fully draw-down their Dairy Recovery Concessional Loan from the Rural Assistance Commissioner within six months of approval or as otherwise agreed with Rural Finance.

The full amount of the Dairy Recovery Concessional Loan provided for operating expenses and/or productivity enhancement activities will be paid by Rural Finance on behalf of the Rural Assistance Commissioner to the Successful Applicant's nominated bank accounts. A Dairy Recovery Concessional Loan for debt restructuring will be applied directly to the Successful Applicant's loan account with their bank or financial institution. Details for payment of the loan will be specified in the Loan Agreement.

10.4 Loan repayment

The repayment amounts and frequency offered to Successful Applicants will be determined by Rural Finance based on its assessment and will be detailed in the Loan Agreement.

The minimum repayment over the first five years of the loan term is the interest component, with interest and principal repayments required for years six to 10. The principal and interest repayment amounts will be calculated on the basis of a 10-year loan term, meaning that, generally, only a proportion of the principal will be repaid during the loan term. At the end of the loan term, Loan Recipients must repay or refinance any remaining loan balance, for example, through successfully obtaining commercial refinance.

Conditions relating to loan repayments, arrears, defaults and penalties will be as detailed by Rural Finance on behalf of the Rural Assistance Commissioner in the Loan Agreement. At any time during the term of the Dairy Recovery Concessional Loan, Loan Recipients may prepay the whole or any part of their loan, without incurring any additional fees.

In no circumstances can Loan Recipients redraw on repaid Dairy Recovery Concessional Loan amounts.

11 Relationship between concessional loans

Loan Recipients under previous Concessional Loans Schemes may also be eligible for a Dairy Recovery Concessional Loan if the Farm Business meets the eligibility and loan assessment criteria set out in these guidelines. An Applicant that obtains a Dairy Recovery Concessional Loan may also

be eligible for a Drought Assistance Concessional Loan and/or a Business Improvement Concessional Loan if the Farm Business meets the eligibility and loan assessment criteria for those loans. Information relating to Drought Assistance Concessional Loans and Business Improvement Concessional Loans in Victoria are set out in the guidelines for these loans available on the Rural Finance website.

The maximum combined amount of a Drought Assistance Concessional Loan, Business Improvement Concessional Loan, Farm Finance Concessional Loan, and/or Drought Concessional Loan that can be held by a Farm Business is \$2 million in total. In addition to this, a Farm Business may also hold a Dairy Recovery Concessional Loan of up to \$1 million. The amount for the Dairy Recovery Concessional Loan cannot exceed \$1 million and the combined total of all loan amounts must be no more than 50 per cent of the Farm Business's Final Debt Position after the provision of a concessional loan.

Examples of different combinations of concessional loans available to a Farm Business are provided.

- A Farm Business with \$1.5 million in Eligible Debt may be eligible for a Dairy Recovery Concessional Loan of up to \$1 million (\$500,000 for debt restructuring and \$500,000 for new debt). The Farm Business's Final Debt Position would be \$2 million, with the Commonwealth and the commercial lender each lending 50 per cent

Type	Commercial lender	Commonwealth	Total
Eligible Debt (following debt restructure of \$500,000)	\$1,000,000	\$0	\$1,000,000
Non-eligible debt	\$0	\$0	\$0
Dairy Recovery Concessional Loan amount	N/A	\$1,000,000	\$1,000,000
Final debt position	\$1,000,000	\$1,000,000	\$2,000,000

- A Farm Business with \$1.5 million in Eligible Debt that has an additional Drought Concessional Loan of \$750,000 for operating expenses may be eligible for a Dairy Recovery Concessional Loan of up to \$750,000 for new debt. The Farm Business's Final Debt Position would be \$3 million, with the Commonwealth and the commercial lender each lending 50 per cent.

Type	Commercial lender	Commonwealth	Total
Eligible Debt	\$1,500,000	\$0	\$1,500,000
Non-eligible debt	\$0	\$750,000	\$750,000
Dairy Recovery Concessional Loan amount	N/A	\$750,000	\$750,000
Final debt position	\$1,500,000	\$1,500,000	\$3,000,000

- A Farm Business with \$1.5 million in Eligible Debt that includes a Farm Finance or Drought Concessional Loan of \$350,000 for debt restructuring may be eligible for a Dairy Recovery Concessional Loan of up to \$800,000 for new debt. The Farm Business's Final Debt Position

would be \$2.3 million, with the Commonwealth and the commercial lender each lending 50 per cent.

Type	Commercial lender	Commonwealth	Total
Eligible Debt	\$1,150,000	\$350,000	\$1,500,000
Non-eligible debt	\$0	\$0	\$0
Dairy Recovery Concessional Loan amount	N/A	\$800,000	\$800,000
Final debt position	\$1,150,000	\$1,150,000	\$2,300,000

Applicants should note that past financial assistance under any other program (including loans approved under previous Concessional Loans Schemes) is not a reliable indicator of eligibility for a Dairy Recovery Concessional Loan.

12 Security

Successful Applicants must provide the Rural Assistance Commissioner with satisfactory security in accordance with Rural Finance's established security requirements.

The security provided must include:

- a registered mortgage over land or other assets satisfactory to Rural Finance; and
- any other security Rural Finance considers necessary.

Rural Finance will consider livestock, water and other chattels as possible loan securities on a case-by-case basis. Additionally, mortgage priority arrangements are settled through mutual agreement with the Applicant, the Applicant's commercial lender and Rural Finance. Decisions on what constitutes security will take into account the individual circumstances of an Applicant.

Where applicable, assets provided as security must be insured (e.g. against fire) to the satisfaction of Rural Finance.

Applicants are advised that Rural Finance reserves the right to act under its securities where terms and conditions are not met or default occurs.

13 How to apply

Information relating to Dairy Recovery Concessional Loans, including an Application and these guidelines, are available on the Rural Finance website. You can also call Rural Finance on 1800 260 425 (free call) for more information.

To ensure your Application has addressed all the requirements:

1. Read these scheme guidelines.
2. Complete the Application and all required supporting documents.
3. Personally deliver, post, email or fax the completed Application along with all required supporting documents by no later than the closing date of the Application Period, as published on the Rural Finance website (see below for lodgement details).

Personal delivery: 57 View Street, Bendigo, VIC, 3550

Postal address: GPO Box 1313, Bendigo Central, VIC, 3552

Email: industryprograms@ruralfinance.com.au

Fax: 03 5441 8901

Applications must be received by Rural Finance no later than the advertised Application Period closing date.

Applications submitted by personal delivery, email or facsimile must be received by 5pm on the Application Period closing date. Posted Applications should be post marked or show other evidence of dispatch by no later than the closing time and date prescribed for the Application Period.

Applications received after the Application Period closing date, in any other circumstances, will be declined.

If the funding allocated in the Application Period is fully committed before the closing date, all subsequent Applications will be declined.

13.1 Frequency of Applications

If an Application is declined, an Applicant can reapply if they can demonstrate their circumstances have clearly changed such that the reason for the declined Application no longer applies and if the Application Period is still open. A new Application will be required to be submitted to Rural Finance, including all mandatory information and documents. The new Application will be assessed in accordance with all other eligibility criteria and in order of receipt with all other Applications.

If an Applicant has previously been declined assistance under the Farm Business Concessional Loans Scheme and they choose to submit a new Application, they must provide clear evidence in their submission that the reason for the original decline no longer applies in order for the Application to progress to full assessment.

14 How Applications are assessed

In administering the Dairy Recovery Concessional Loans, Rural Finance will use its expertise to assess and decide Applications in accordance with these guidelines and any relevant Victorian legislation.

Applicants must lodge a completed Application with all of the required supporting documentation by no later than the closing date of the Application Period, as published on the Rural Finance website. Applications will be assessed by Rural Finance against the eligibility and loan assessment criteria in place at the time a completed Application is lodged, noting that these criteria may be reviewed and amended in the future.

Incomplete Applications will not enter the assessment queue until all missing information has been received by Rural Finance. If an incomplete Application is lodged, Rural Finance will advise Applicants of any required information not provided. Applicants can submit the missing information without lodging a new Application provided it is received by Rural Finance within a timeframe specified by Rural Finance.

Completed Applications will be assessed in the order of receipt and loan offers will be based on the availability of funds at the discretion of Rural Finance. As the funds available are capped, Applicants should note that lodging an Application does not guarantee that they will receive a Dairy Recovery Concessional Loan.

When assessing Applications, Rural Finance will verify the information provided by Applicants in their Application. Rural Finance may also liaise with the Applicant, their bankers and professional advisors as required to confirm and verify documentary evidence and information provided.

Where necessary, Rural Finance has the right to request further information from an Applicant to assess their Application. If an Applicant does not provide this information in a timeframe specified by Rural Finance, their Application will be declined.

15 Notifying Applicants of loan decisions

Rural Finance will provide formal written notification of the assessment outcome to each Applicant, including reasons for the decision to declined Applicants.

16 Review and appeals process

Requests to review a decision must be submitted in writing to Rural Finance within 20 business days of receipt of the original decision notification from Rural Finance.

Applicants should ensure they provide Rural Finance with sufficient information outlining the reasons for their dissatisfaction with the decision. Examples may include:

- disagreement with Rural Finance's advice of the eligibility criteria on which the Application was unsuccessful
- factors an Applicant believes may have been overlooked by Rural Finance in determining eligibility to receive a Dairy Recovery Concessional Loan
- relevant information, beyond the required documentation, that an Applicant believes may have assisted the original Application, but may not have been included for consideration.

Within 30 business days of receiving a request for a review of a decision, the Rural Finance Dairy Recovery Concessional Loans Review Panel will review the decision, make a decision regarding the review, and give notice to the Applicant of the review decision.

Written requests to review a decision should be forwarded to:

Chair – Dairy Recovery Concessional Loans Review Panel
Rural Finance
GPO Box 1313
Bendigo Central, VIC, 3552

17 Loan conditions

17.1 Contracting arrangement

Successful Applicants will be required to enter into a Loan Agreement with the Rural Assistance Commissioner. The Loan Agreement will be for the term of the loan and sets out the full details of the individual loan terms and conditions.

The Dairy Recovery Concessional Loan offer may lapse if the Loan Agreement is not signed by the Successful Applicant, in a timeframe specified by Rural Finance, on behalf of the Rural Assistance Commissioner. Applicants should note that no contractual arrangement will exist with the Rural Assistance Commissioner until a Loan Agreement is signed by the Successful Applicant and the Rural Assistance Commissioner.

By signing the Loan Agreement, the Successful Applicant agrees that they are subject to compliance requirements specified in the Loan Agreement.

It is a condition of the Loan Agreement that if a Loan Recipient's circumstances change significantly during the term of the loan they are required to advise Rural Finance.

If a Loan Recipient's financial position changes significantly, or there are any breaches of the terms and conditions of the loan as specified in these guidelines and the Loan Agreement, Rural Finance (on behalf of the Rural Assistance Commissioner) may decide to initiate recovery or other remedial actions as specified under the Loan Agreement.

17.2 Loan reviews

Rural Finance will review Dairy Recovery Concessional Loans at least annually, in consultation with a Loan Recipient's commercial lender, to monitor compliance and the ongoing capacity of the Farm Business to meet the terms and conditions of the Loan Agreement.

A review may include ensuring funds provided for operating expenses and/or productivity enhancement activities have been used for eligible purposes. Loans provided for operating expenses and/or productivity enhancement activities may be subject to more frequent reviews by Rural Finance.

Rural Finance will provide Loan Recipients with at least two months' notice of a loan review. The final loan review will include an assessment by Rural Finance of a Loan Recipient's capacity to repay the loan by the expiry of the concessional loan term.

Loan Recipients must provide evidence of expenditure against the Dairy Recovery Concessional Loan upon request by Rural Finance. Evidence of expenditure includes all tax invoices, Official Receipts, bank statements or other similar records of amounts paid.

In assessing a Farm Business's compliance with the terms and conditions of the Loan Agreement with respect to expenditure and activities undertaken, consideration will be given to the expenditure and activities identified in the Farm Business's Management Plan.

17.3 Reporting requirements

Loan Recipients will be required to provide information in line with the reporting requirements as stipulated in the Loan Agreement.

18 Conflict of interest

In line with Rural Finance's policy for managing conflicts of interest, Rural Finance will take all reasonable measures to ensure its officers involved in assessing and making decisions in relation to Applications do not have any conflicts of interest.

19 False and misleading information

If any information provided in the Application is found to be untrue, false or misleading, recovery action of the loan may be undertaken and the matter may be referred to the relevant law enforcement authorities of the Victorian or Australian governments.

Applicants should be aware that giving false or misleading information is a serious offence under the *Criminal Code Act 1995* (Cwlth).

20 Onus on the Applicant

Applicants are responsible for ensuring they have read and understood these guidelines and all documents referred to in these guidelines.

Applicants are responsible, if successful, for ensuring they have read and understood all aspects of the loan conditions and the Loan Agreement terms and conditions.

Applicants can contact the Australian Taxation Office call centre to discuss business tax enquiries on 13 28 66.

21 Privacy statement

Applicants' personal information may be used by the Victorian Minister for Agriculture ("the Minister"), Rural Finance, the Rural Assistance Commissioner and/or the Australian Government to assess an Application and administer the Farm Business Concessional Loans Scheme.

By completing and submitting the Application, Applicants consent to the Minister, Rural Finance, the Rural Assistance Commissioner and/or the Australian Government collecting, using and disclosing their personal information to assess an Application and administer the Farm Business Concessional Loans Scheme and for any other incidental or related purpose.

The Minister, Rural Finance, the Rural Assistance Commissioner and/or the Australian Government may disclose Applicants' personal information to any party engaged in the assessment or evaluation of the Farm Business Concessional Loans Scheme in any jurisdiction.

The Minister, Rural Finance, the Rural Assistance Commissioner and/or the Australian Government will store personal information collected through the Application, supporting documentation, the Loan Agreement and any monitoring and evaluation activities in compliance with their respective obligations under the *Information Privacy Act 2000* (Vic) and the *Privacy Act 1988* (Cwlth) as amended from time to time.

Applicants' personal information will not be disclosed overseas. Applicants may access or correct their personal information at any time by contacting Rural Finance via email or in writing to the address provided on the front page of these guidelines.

Further information about the relevant Australian Government privacy policy, including rights of access and complaints handling, may be accessed at agriculture.gov.au/about/privacy or by calling 1800 900 090.

22 Disclaimer

The Rural Assistance Commissioner, Rural Finance and the Australian Government do not accept any common law duty of care towards Applicants in relation to the Farm Business Concessional Loans Scheme or any information provided in relation to the Farm Business Concessional Loans Scheme. The Rural Assistance Commissioner, Rural Finance and the Australian Government will not be liable for any loss or damage however caused (including the negligence of the Rural Assistance Commissioner, Rural Finance and the Australian Government), suffered or incurred by Applicants in connection with the Farm Business Concessional Loans Scheme or any information provided by the Rural Assistance Commissioner, Rural Finance and the Australian Government in relation to the Farm Business Concessional Loans Scheme.

23 Monitoring and evaluation

The Australian Government will conduct an evaluation to determine the extent to which the Drought Recovery and Dairy Recovery Concessional Loans Scheme is contributing to Australian Government policy objectives. Loan Recipients may be requested to provide information to assist in the evaluation at times during the loan period.

24 Review of guidelines

The Australian Government reserves the right to review, revoke or vary these guidelines, in consultation with the Rural Assistance Commissioner, at any time. Revised guidelines will be published on the Rural Finance website.

Glossary

Applicant	An owner of a Farm Business that has lodged an Application for a Dairy Recovery Concessional Loan.
Application	The application form and associated documentation that an Applicant must complete and lodge with Rural Finance to apply for a Dairy Recovery Concessional Loan.
Application Period	The period from the date applications open in Victoria until 5pm on the date applications close, as published on the Rural Finance website.
Commercial Viability	<p>A Farm Business is commercially viable when the business generates sufficient net profit after fixed and variable expenses to:</p> <ul style="list-style-type: none">• service borrowings at commercial interest rates; and• allow investment on-farm to maintain the farm's productive assets; and• provide for an adequate standard of living for its Members of the Farm Business; and• provide funds for investment which increases long-term productivity.
Commonwealth Funded Concessional Loans	The sum total of any loans that a Farm Business has under the Farm Finance Concessional Loans Scheme, Drought Concessional Loans Scheme, Drought Recovery Concessional Loans Scheme, Drought Recovery and Dairy Recovery Concessional Loans Scheme and/or Farm Business Concessional Loans Scheme.
Concessional Loans Schemes	The Farm Finance Concessional Loans Scheme, Drought Concessional Loans Scheme and/or the Dairy Recovery Concessional Loans Scheme (as applicable).
Dairy Farm Business	A Farm Business that satisfies the definition of 'dairy farm enterprise' in Schedule 2 of the <i>Dairy Produce Act 1986</i> (Cwlth).
Eligible Applicant	The Farm Business whose Application is eligible to be assessed for a Dairy Recovery Concessional Loan by Rural Finance, in accordance with these guidelines.
Eligible Debt	Has the meaning given in Section 5 of these guidelines.
External Administration	Means, in respect of a body corporate, that an administrator has been appointed in accordance with the <i>Corporations Act 2001</i> (Cwlth).

Farmer	An individual who has a right or interest in land and uses the land wholly or mainly for the purposes of the Farm Business (as defined in the <i>Farm Household Support Act 2014</i> (Cwlth)).
Farm Business	A business that: <ul style="list-style-type: none"> a. operates as a sole trader, trust, partnership or private company; and b. is a Dairy Farm Business; and c. is wholly located in Australia; and d. is registered for tax purposes in Australia with an Australian Business Number (ABN) and is registered for GST; and e. is not a public company under the meaning of the <i>Corporations Act 2001</i> (Cwlth).
Final Debt Position	Has the meaning given in Section 6 of these guidelines.
Fonterra	Fonterra Co-operative Group Ltd or its subsidiaries or related companies.
Loan Agreement	A loan agreement between the Rural Assistance Commissioner and a Loan Recipient in respect of a Dairy Recovery Concessional Loan.
Loan Recipient	A Successful Applicant that receives a Dairy Recovery Concessional Loan.
Management Plan	A document that describes the productivity enhancement activities to be undertaken by the Applicant's Dairy Farm Business and outlines the intended outcomes associated with these activities over the duration of the Dairy Recovery Concessional Loan.
Member(s) of the Farm Business	A person who has a right or interest in a Farm Business.
Murray Goulburn	Murray Goulburn Co-operative Co. Ltd or its subsidiaries or related companies.
NDP	National Dairy Products Pty Ltd.
Non-Farm Assets	The net value of any asset not essential to the effective running of the Farm Business, including land or property, residential (not used as the primary place of residence) or business, for the Applicant or any Member of the Farm Business (as applicable), excluding life insurance policies and superannuation, provided the superannuation is in a complying superannuation fund for the purposes of the <i>Superannuation Industry (Supervision) Act 1993</i> (Cwlth).
Official Receipt	A receipt including: <ul style="list-style-type: none"> a. the name and address of the entity that issued the receipt b. the entity's Australian Business Number (if it has one) c. a description of each item to which the receipt relates.

Rural Assistance Commissioner	Created under the <i>Rural Assistance Schemes Act 2016</i> (Vic), the position oversees the effective delivery of financial support to rural and regional communities, on behalf of the Victorian Government.
Rural Finance	A division of the Bendigo and Adelaide Bank Limited.
Successful Applicant	An Eligible Applicant that satisfies the loan assessment criteria and has been offered a Dairy Recovery Concessional Loan.