



RURAL FINANCE

DISASTER RECOVERY FUNDING ARRANGEMENTS VICTORIAN FLOODS OCTOBER 2022 (AGRN 1037)

Victorian Small Business and Not-for-Profit Flood Recovery Concessional Loans

Program Guidelines

1. About the Program

- 1.1 The program is jointly funded by the Commonwealth and Victorian Governments under the Disaster Recovery Funding Arrangements in relation to the Victorian Floods which commenced in October 2022 (AGRN 1037) (the “**2022 Victorian Floods**”). The defined disaster area incorporates the local government areas listed on the Rural Finance website or on the Australian Government Disaster Assist website.
- 1.2 The objective is to support clean-up, relief and recovery costs for Small Business and Not-for-Profit organisations that have suffered direct loss or damage as a direct result of the 2022 Victorian Floods.
- 1.3 Small Businesses and Not-for-Profit organisations play an integral part in local economies and communities. This assistance will go towards minimising disruption in the affected areas and assisting with recovery in the affected communities.
- 1.4 The program opened for expressions of interest on 25 November 2022 and will close on 25 May 2023 at 4:00 pm.

2. Loan Amount and terms and conditions

- 2.1 Concessional Loans of up to \$250,000 are available to assist those Small Business and Not-for-Profit organisations which have suffered significant damage to their assets and/or significant loss of income;
- 2.2 Concessional Loans of up to \$100,000 are available to assist those Small Business and Not-for-Profit organisations which have suffered a significant loss of income as a direct result of an eligible disaster.
- 2.3 The maximum total loan available under this program is \$250,000;
- 2.4 The amount available is based on an assessment of the applicants’ financial position, including any amount recoverable under an insurance policy and cannot be more than the amount reasonably required.
- 2.5 The following terms and conditions will apply to all concessional loans:
 - a. Concessional interest rate for a period of up to 5 years (loans revert to a commercial rate of interest for any remaining loan term after the concessional period)
 - b. Application fees will not apply however statutory costs and other charges to establish loan securities will apply.
- 2.6 The term of loan will be determined by Rural Finance and will be up to a maximum of five years for the concessional period.



Australian Government

3. How funding may be used

- 3.1 Concessional loans are provided to re-establish the normal operations of the Business and Not-for-Profit organisations. The loans are intended to be used for the purposes of restoring and/or replacing damaged assets and/or for working capital expenses that cannot be met due to a loss of income.
- 3.2 Asset replacement: Costs of restoring and/or replacing damaged Business and Not-for-Profit organisations' assets in accordance with current codes and standards. This includes costs such as:
 - a. repairing or replacing damaged plant and equipment.
 - b. repairing or replacing buildings.
 - c. supplying stock to replace lost stock and maintain liquidity of the business.
- 3.3 Working capital: Essential expenses while the business returns to its normal level of trading, such as:
 - a. paying bills
 - b. paying salaries or wages
 - c. paying rent and rates
 - d. paying for goods or services, including for example fuel, essential to carry-on the business.
- 3.4 Funding from concessional loans cannot be used to refinance existing loans.

4. Applications

- 4.1 The program will be administered by Rural Finance on behalf of the Victorian Government. All assessments of applications and payments will be managed in accordance with these Guidelines.
- 4.2 To apply for the Victorian Business and Not-for-Profit Flood Recovery Concessional Loans, an expression of interest form will need to be completed and lodged. Following assessment by Rural Finance of a submitted expression of interest form, eligible applicants will be asked to complete a more detailed application form. The expression of interest can be obtained from the Rural Finance website www.ruralfinance.com.au
- 4.3 Applications will be assessed in order of receipt against the eligibility criteria and must be submitted by the closing date shown on the Rural Finance website.

5. Eligibility criteria

- 5.1 To be eligible for a loan the business applicant must:
 - a. Be a small business owner or a Not-for-Profit organisation;
 - b. Hold an Australian Business Number (ABN) and have held that ABN at the time of the eligible disaster, or in the case of a non-profit organisation be an incorporated charity or non-profit entity which is registered with the Australian Charities and Not-for-profits Commission (ACNC) or an equivalent State regulatory body at the time of the eligible disaster;
 - c. Own a small business or be a not-for-profit organisation located in the defined disaster area for the eligible disaster;
 - d. Have been engaged in carrying on the small business or be a not-for-profit organisation when affected by the eligible disaster;
 - e. Be primarily responsible for meeting the costs claimed in the application;
 - f. Be intending to re-establish or continue carrying on the business or not-for-profit organisation within the same Local Government Area (LGA);
 - g. Have suffered:
 - i. significant damage to assets as a direct result of the eligible disaster; or

- ii. significant loss of income as a direct result of the eligible disaster (such as a loss in trade due to evacuation, road closures and reduced visitor numbers);
 - h. Demonstrate that the business or not-for-profit organisation has reasonable prospects of long-term viability with the assistance provided;
 - i. Use the funds for the approved purpose only;
 - j. Demonstrate that the business or not-for-profit organisation has the capacity to repay the loan;
 - k. Provide adequate security and loans should generally be secured by:
 - i. a mortgage of land and other assets satisfactory to Rural Finance (a division of Bendigo & Adelaide Bank Limited and the Victorian delivery agency); or
 - ii. any other security considered necessary, for example – a Specific Security Agreement over plant and machinery or a General Securities Agreement;
 - l. Demonstrate the business has not received another concessional loan for loss or damage that was related to the eligible disaster or where a concessional loan has been received it is replaced with a loan under this offering; and
 - m. Demonstrate excessive risks were not taken in carrying on the small business.
- 5.2 An applicant may also be eligible for a concessional loan if in the opinion of Rural Finance:
- a. Based on the demonstrated potential for income generation, the business will derive at least 50 per cent of their gross incomes from the business or not-for-profit organisation, within a three-to-eight-year period, taking into account the nature of the industry; or
 - b. if the income is less than 50 per cent of their total gross income, the applicant can demonstrate it is a commercial enterprise generating more than \$75,000 gross income from the business in an average year.
- 5.3 You may also be eligible for a concessional loan if both of the following apply:
- a. The business is located outside the defined disaster area for the eligible disaster but is carried on at least sometime on a regular basis in the area; and
 - b. Property, plant or equipment of the business situated in the defined disaster area has been damaged as a result of the eligible disaster.

6. Evidence

- 6.1 Evidence of direct damage associated with the eligible disaster may include:
- a. a list of flood-related damage, supported by photographic evidence of the direct damage; and
 - b. supporting evidence such as quotations.
- 6.2 Evidence of loss of income associated with the eligible disaster may include documentation of a large reduction in income as a result of the disaster.

7. Interest rate review

- 7.1 The interest rate on concessional loans is reviewed each financial year and reset based on the 10 year Commonwealth Government bond rate, published by the Reserve Bank of Australia, using the average bond rate for the April to June months in the preceding financial year. For the 2022-23 financial year the interest rate is 1.69%.

8. Loan reviews and reporting requirements

- 8.1 Loans will be subject to an annual review and the necessary financial information must be provided when requested each year.
- 8.2 If information in the loan application is found to be untrue or misleading, action may be taken to recover the loan; penalties may also apply and the matter may be referred to law enforcement authorities of the relevant Australian, state or territory government.

9. Definitions

Administrating Agency means the responsible agency/department/body for assessing and administrating the loan applications. The program will be administered by Rural Finance on behalf of the Victorian Government. All assessments of applications and payments will be managed in accordance with these Guidelines.

Defined disaster area means:

- **2022 Victorian Floods** events which commenced in October 2022 and occurred in the local government areas listed on the Australian Government Disaster Assist website <https://www.disasterassist.gov.au/Pages/disasters/current-disasters/Victoria/victoria-floods-06102022.aspx>
- **2022 Victorian Flood Area** is a local government area impacted by the 2022 Victorian Floods identified under the Disaster Recovery Funding Arrangements.

Disaster Recovery Funding Arrangements means the funding arrangements as agreed between the Commonwealth and the State for providing financial assistance to communities affected by an eligible disaster (available on the Australian Government Disaster Assist Website).

Direct loss or damage means the direct and material damage from the Victorian floods that commenced in October 2022 to the applicant's property, assets, stock or equipment. It includes damage from power outages or sewerage system-wide issues in the defined flood affected area.

Loss of income means net income which would have been earned if the business had not been interrupted by the eligible disaster based on past performance during similar periods. Net income takes into account the costs that would have been incurred to earn the income.

Long-term viability means the ability of a business's operation to continue to operate and be able to meet its liabilities as they become due. Long-term would generally be considered a period greater than three years.

Non-profit organisation means is an incorporated charity or non-profit entity which is registered with the Australian Charities and Not-for-profits Commission (ACNC) or an equivalent State regulatory body.

Small business is a business, other than a primary production enterprise that:

- employs fewer than 20 full-time employees. 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 which would be worked by 20 full-time employees, as defined by the Australian Bureau of Statistics; or
- if operated by a sole trader and the business has no employees other than the sole owner, the applicant must derive at least 50 per cent of their income from the business unless they can satisfy the administrating agency that the sole trader, immediately before an eligible disaster, derived at least 50 per cent of income from the business and at least 50 per cent of the sole trader's income would have come from the small business again, were it not for the eligible disaster.

Reinstatement means the carrying out of activities that are necessary to help the small business or not-for-profit organisation to continue/resume normal trading or production as soon as possible following an eligible disaster.

Working capital means money that is necessary to continue the normal operations of the small for up to one year.

10. Fraudulent claims

10.1 By signing the application form, you are declaring that the information provided in the application form and supporting documentation is true, accurate and not misleading about a material fact.

10.2 Providing inaccurate, untrue, or misleading information may result in an offence being committed and serious penalties may apply.

10.3 If any information provided in an application or supporting documentation is found to be inaccurate, untrue, or misleading, legal action may be taken against the applicant, including action to recover the funds.

11. Privacy Statement

Any personal information provided by the applicant in an application will be collected by Bendigo and Adelaide Bank Ltd (using the brand name of Rural Finance) on behalf of the Department of Jobs, Precincts and Regions (DJPR) for the purposes of assessing eligibility for this loan, ensuring compliance with other 2022 Victorian Floods programs and, if applicable, administering reimbursement. Rural Finance may contact you. DJPR and Rural Finance will be auditing and monitoring applications and may contact you for clarification, program review and evaluation.

DJPR completes a range of eligibility assessments that may include data matching to clarify the accuracy and quality of your supplied information. The data matching can include ABN reference numbers, personal information such as date of birth or drivers licence number or any proof of identity information supplied as part of this application. We compare eligibility with active grant programs run by the department or our partners. This is part of our auditing and monitoring purposes.

If there is an intention to include personal information about third parties in the application, please ensure they are aware of and consent to the contents of this privacy statement. In the assessment of the application, it may be necessary to share personal information with State and Commonwealth Government departments and agencies.

Any personal information collected, held, managed, used, disclosed or transferred will be held in accordance with the *Privacy and Data Protection Act 2014* (Vic) and other applicable laws.

Rural Finance is committed to protecting the privacy of personal information. Enquiries about access to personal information, or for other concerns regarding the privacy of personal information, can be emailed to Rural Finance at admin@ruralfinance.com.au. Rural Finance's privacy policy is also available by emailing admin@ruralfinance.com.au.

12. Disclaimer

This publication may be of assistance to you but Rural Finance, the Commonwealth and Victorian Government and its employees do not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

Rural Finance, the Commonwealth and Victorian Government reserve the right in their absolute discretion to amend the guidelines without notice or discontinuing the program.

13. Further information

The completed expression of interest form and application form (if requested) and any attachments are to be forwarded to:

Rural Finance
PO Box 1313
Bendigo Central 3552 or admin@ruralfinance.com.au

If you require further information, please contact Rural Finance on 1800 260 425 or via email at admin@ruralfinance.com.au