

FARM WATER DEVELOPMENT LOAN SCHEME

Guidelines

The Farm Water Development Loan Scheme (FWDLS) will provide short-term financial assistance to farming enterprises to facilitate the uptake of irrigation infrastructure with the overarching aim of boosting their agricultural productivity.

The FWDLS will provide loans generally ranging from \$100 000 to \$750 000 to eligible applicants for irrigation infrastructure and on farm water storage.

Eligibility Criteria

Applications will be accepted from applicants that:

- carry on a farming business in Tasmania; and
- generally derive the majority of income from land based primary production of food, fodder and extractive crops and meet ATO criteria as a primary producer involved in plant and animal cultivation; and
- are registered for goods and services tax (GST).

All applicants will need to:

- own and occupy the property where the development is occurring or operate a share farm at the property where the development is occurring or be a registered leasehold tenant of the property where the development is occurring; and
- have an up to date Farm Management Plan or equivalent, including a Farm Water Plan, to the satisfaction of the department; and
- demonstrate that the farming activity for which the irrigation infrastructure is required is appropriate, given the level of water availability; and
- have the relevant statutory approvals for the proposed water project (where applicable).

Not Eligible

Applications will not be accepted from:

- any government body or agency; or
- not-for-profit organisations; or
- primary producers deriving the majority of income from fishing, aquaculture or tree farming and felling.

Loans will not be approved for the purchase of water or water rights.

Assessment Criteria

- Applicants will need to demonstrate the potential to achieve on-farm productivity gains arising from the investment in irrigation infrastructure facilitated by the loan provided under the FWDLS.
- Applicants must demonstrate the management capability to implement the proposed project and have an appropriate governance structure in place.
- Applicants must demonstrate financial viability and the ability to service and repay the loan, via financial statements and cash flow budgets, to the satisfaction of the Department.

- Applicants must provide satisfactory loan securities and enter into sustainable repayment schedules.
- Preference will be given to those applicants who can demonstrate:
 - higher value production, a clear route to market and good potential revenue streams; and
 - net economic benefits, such as increased employment, consistent with the Department of Economic Development and Tourism's Financial Assistance to Industry Principles (available on the Department's website at www.development.tas.gov.au).

Operation of the Scheme

- The FWDLS commences 1 July 2009 and will operate for a period of up to four years from that date.
- Applications may be assessed on a competitive basis and approval of loans may depend on the availability of funds.
- Applications will be considered and administered by the Department of Economic Development and Tourism under the provisions of the *Farm Water Development Act 1985*.

Terms of Proposed Facility

- Loans generally ranging from \$100 000 to \$750 000 will be offered.
- Loan facilities may be held for up to 12 months following approvals but will need to be fully drawn down within six months of the initial drawdown.
- A maximum loan term of four years applies following the final loan drawdown from the department.
- Interest rates in accordance with the Department's Interest Rate Determination Policy and terms and conditions will apply to all FWDLS loans. A discounted interest rate equivalent to the Department's cost of funds plus a discounted administration rate will apply for two years from the initial loan drawdown. Loan interest rates after the first two years will not be discounted, and will be at a rate generally corresponding to the rate that would be charged by the private sector for a comparable credit facility.
- Security for all loans must be provided and may include joint and several guarantees from the owners or operators of the enterprise in addition to any other available security. Registered mortgages over real estate and debenture mortgages from companies will be required where applicable.
- Specific terms such as deferred interest payments will be negotiated with the applicant.