



# Disaster Assistance Loans (Essential Working Capital) Guidelines **Small Business**

## 1. About the program

The objective of this assistance measure, provided under the *Disaster Recovery Funding Arrangements*, is to support communities to recover after an *eligible disaster*.

The Essential Working Capital Loans Scheme provides concessional loans to *small business owners* who have suffered a significant loss of income as a result of an *eligible disaster*.

Loans are provided for continuing the normal operations of the *small business*.

## 2. Available funding

### 2.1 The maximum loan amount is \$100,000; and

- a) the amount available is based on an assessment of an applicant's financial position, including any amount recovered under an insurance policy; and
- b) cannot be more than the amount of *essential working capital* reasonably required.

## 3. How funding may be used

### 3.1 Loan funds provided are to be used as *essential working capital*, this includes:

- a) paying salaries or wages;
- b) paying creditors;
- c) paying rent or rates;
- d) buying goods, for example – fuel essential to carry-on the *small business*.

### 3.2 Loan funds are not provided to:

- a) compensate for loss of income suffered as a result of the disaster; or
- b) provide assistance relating to direct damage suffered as a result of the disaster.

## 4. Eligibility criteria

### 4.1 To be eligible for a loan:

- a) the applicant must be a *small business owner*;
- b) before the *eligible disaster*, the applicant carried on a *small business* in the *defined disaster area*;
- c) the applicant has suffered a significant loss of income as a result of the *eligible disaster*.

### 4.2 To be eligible applicants must also:

- a) provide adequate security and loans must be secured by:
  - i. a mortgage of land and other assets satisfactory to QRIDA; and



- ii. any other security considered necessary, for example – a Specific Security Agreement over plant and machinery, or a General Securities Agreement
- b) continue to carry on the small business in the defined disaster area;
- c) have reasonable prospects for carrying on the small business on a viable basis with the assistance given;
- d) have used all liquid assets and all normal credit sources up to normal credit limits (this will be assessed in relation to the expected cost of recovery and projected cash flow shortfalls);
- e) have no reasonable prospects of obtaining commercial finance to carry on the business;
- f) have not received another concessional loan for loss or damage that was related to the eligible disaster;
- g) have not taken excessive risks in carrying on the small business.

## 5. Interest rates and loan terms

5.1 The term of the loan is decided by QRIDA up to a maximum of ten years.

5.2 An interest only period of up to two years may be granted.

5.3 The initial annual interest rates for these concessional loans are:

<i>Rate</i>	<i>Eligible disaster</i>
1.37%	Severe Tropical Cyclone Trevor and associated low pressure system, 19 – 27 March 2019
1.37%	North and Far North Queensland Monsoon Trough, 25 January – 14 February 2019
1.37%	Central Queensland Bushfires, 22 November – 6 December 2018
1.32%	Severe Tropical Cyclone Nora and Associated Flooding, 24 – 29 March 2018
1.32%	North Queensland Flooding, 6 – 10 March 2018

## 6. How to apply

6.1 To be considered for a loan please submit a completed application form, accompanied by the documentation stated on the application form.

6.2 Application forms and related information can be accessed at [www.qrida.qld.gov.au](http://www.qrida.qld.gov.au).

6.3 Complete applications are assessed in order of receipt and QRIDA may request further information to help assess an application.

## 7. Terms and conditions

7.1 Loans given are subject to an annual review and the necessary financial information must be provided when requested each year by QRIDA.

7.2 If QRIDA considers an applicant's financial position has improved, it may increase the interest rate up to a commercial rate.

7.3 Loan recipients must provide *evidence of expenditure* in relation to amounts drawn against the loan when requested by QRIDA.

7.4 Penalties apply, including call-up of the loan provided apply where false or misleading information is provided.

## 8. Defined disaster areas

<i>Eligible disaster</i>	<i>Defined disaster areas</i>
<ul style="list-style-type: none"> <li>Severe Tropical Cyclone Trevor and associated low pressure system, 19 – 27 March 2019</li> </ul>	<ul style="list-style-type: none"> <li>Cook Shire Council</li> </ul>
<ul style="list-style-type: none"> <li>North and Far North Queensland Monsoon Trough, 25 January – 14 February 2019</li> </ul>	<ul style="list-style-type: none"> <li>Burdekin Shire Council</li> <li>Burke Shire Council</li> <li>Carpentaria Shire Council</li> <li>Charters Towers Regional Council</li> <li>Cloncurry Shire Council</li> <li>Croydon Shire Council</li> <li>Douglas Shire Council</li> <li>Etheridge Shire Council</li> <li>Flinders Shire Council</li> <li>Hinchinbrook Shire Council</li> <li>McKinlay Shire Council</li> <li>Richmond Shire Council</li> <li>Townsville City Council</li> <li>Winton Shire Council</li> </ul>
<ul style="list-style-type: none"> <li>Central Queensland Bushfires, 22 November – 6 December 2018</li> </ul>	<ul style="list-style-type: none"> <li>Gladstone Regional Council</li> <li>Mackay Regional Council</li> <li>Rockhampton Regional Council</li> </ul>
<ul style="list-style-type: none"> <li>Severe Tropical Cyclone Nora and Associated Flooding, 24 – 29 March 2018</li> </ul>	<ul style="list-style-type: none"> <li>Cairns Regional Council</li> <li>Cassowary Coast Regional Council</li> <li>Hinchinbrook Shire Council</li> </ul>
<ul style="list-style-type: none"> <li>North Queensland Flooding, 6 – 10 March 2018</li> </ul>	<ul style="list-style-type: none"> <li>Cassowary Coast Regional Council</li> <li>Hinchinbrook Shire Council</li> </ul>

## 9. More information

For more information on the Disaster Assistance Loans Scheme contact QRIDA on **Freecall 1800 623 946** or email [contact\\_us@qrda.qld.gov.au](mailto:contact_us@qrda.qld.gov.au).

QRIDA also has [Regional Area Managers \(RAMs\)](#) who are available to assist:

Location	Phone	Mobile	Location	Phone	Mobile
<b>Brisbane</b>	07 3032 0118	0427 763 787	<b>Kingaroy</b>	07 4182 1816	0417 778 317
<b>Bundaberg</b>	07 4154 2874	0417 775 547	<b>Mackay</b>	07 4967 0728	0427 770 147
<b>Cloncurry</b>	1800 623 946	0427 007 240	<b>Rockhampton</b>	07 4936 1872	0417 775 245
<b>Emerald (with an office in Longreach)</b>	07 4987 5807	0417 775 345	<b>Roma</b>	07 4622 8527	0427 029 141
			<b>Toowoomba</b>	07 4634 8987	0427 690 448
<b>Innisfail</b>	07 4064 2824	0429 497 757	<b>Townsville</b>	1800 623 946	0408 180 644

## 10. Definitions

**Defined disaster area** for an *eligible disaster* means the area that the appropriate Minister has defined for the purpose of activating the *Disaster Recovery Funding Arrangements*. These are published on QRIDA's website (also see section 8 above).

**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).

**Eligible disaster** means a bushfire, cyclone, flood, earthquake, storm surge, landslide, meteorite strike, tornado, tsunami, storm – including hail, rain and/or wind event or terrorist act.

**Essential working capital** means, money that is necessary to continue the normal operations of the *primary production enterprise* for up to one year.

**Evidence of expenditure** means a tax invoice showing full details of goods or services (identifiable as relating to damage from the eligible disaster) and the corresponding official receipt. The relevant cheque butt or bank transfer documentation is required if unable to provide an official receipt.

**Small business** means a business that holds an Australian Business Number (ABN), is not a public company within the meaning of the Corporations Act and employs fewer than 20 full-time (or full-time equivalent) employees. A *small business* does not include a body corporate under the Body Corporate and Community Management Act 1997.

**Small business owner** means

- a) a sole trader who spends the majority of his or her labour on, and derives the majority of his or her income from a *small business*; or
- b) in relation to a partnership, company or trust that carries on a *small business*, the partners in the partnership, shareholders in the company or beneficiaries of the trust who spend the majority of their labour on, and derive the majority of their income from, the *small business*.