

*‘It Doesn’t Rain Money!’
Opportunities for restocking and recovery
in Queensland.*



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QRAA

What is on offer today?

- What is available to allow you to restock economically
- What else is available to provide working capital
- A look at drought-proofing and preparedness for the future



Program Snapshot

- Drought Recovery Concessional Loan and Drought Concessional Loan are federally funded
- These drought related loans close on the 31st October 2016
- An enterprise may not borrow more than a combined \$2 million through federal drought loans.



Program Snapshot

- Sustainability Loans are Queensland state government funded and are only available in Queensland
- Sustainability Loans and First Start Loans (for entering primary production and succession) are available year round.
- There are no fees and charges with any of the programs discussed today.



Drought Recovery Concessional Loans

- Loans are available for planting and/or restocking
- 50% eligible farm debt to maximum \$1,000,000 (may be in addition to a Drought Concessional Loan)
- Currently 2.66% per annum, interest only basis
- 10 year term – first 5 years are interest only, then years 6 to 10 are principle and interest. Meaning there will be a proportion to be refinanced at the end of 10 years
- Eligible Uses:
 - Replanting
 - Restocking



Drought Recovery Concessional Loans

- Eligibility – all applicants will be required to provide a BOM rainfall deficiency report
- Applications are accepted and assessable IF significant financial impact from drought for a 3 year period can be demonstrated
- Applicants are encouraged to apply and have approval in place to provide certainty that they can act promptly as seasons improve



Drought Recovery Concessional Loans

Tips and Tools

- Funding is for all associated costs with restocking i.e purchase, cartage, supplements
- Funding through this scheme relies on commercial debt as the gateway to eligibility

‘What if I reduced my debt with sales and forced sales during the drought?’

- No problem, advise your ‘normal’ core debt levels prior to the sell down
- Your bank can help with this information also

Drought Recovery Concessional Loans

Tips and Tools

'What if I now have no debt?'

- QRAA can assist if you are borrowing to restock.

Say you need to borrow \$300k to restock;

Current Debt	\$0
\$\$ Needed to restock	\$300k
\$\$ Borrowed from bank	\$200k
<u>\$\$ QRAA can fund</u>	<u>\$200k x 50%=\$100k</u>
...Bank + QRAA funds	\$300k

Drought Recovery Concessional Loans

Tips and Tools

'I was running cattle but wish to restock with sheep?'

No problem! What is the property's 'normal' carrying capacity?

'Breeders are too expensive can I buy trade cattle?'

Yes, it is for you to manage your enterprise's recovery. These low interest loans are only part of the overall recovery program.



Drought Recovery Concessional Loans

Tips and Tools – Drought Management Plan

- Rainfall Deficiency Map



Australian Government
Bureau of Meteorology

RAINFALL DEFICIENCY REPORT

To support the Australian Government Drought Recovery Concessional Loans Scheme and the Drought Concessional Loans Scheme

AGENCY REFERENCE: n/a

BUREAU ID: af2d21afaab9

DATE PRODUCED: 06/09/2016

REPORT VALID UNTIL: 05/11/2016 (60 calendar days from the date report produced)

REPORT FOR LOCATION: -22.8635° 143.7575°

PERIOD ASSESSED: 01/08/2014 to 31/07/2016

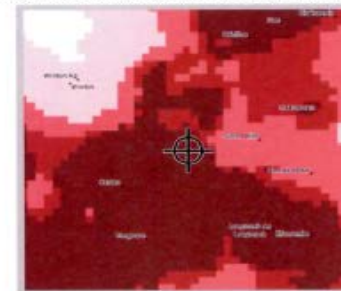
PERIOD OF LOWEST PERCENTILE RAINFALL: 01/09/2014 to 31/12/2015

LOCATION HAS EXPERIENCED A 1 IN 100 YEAR RAINFALL DEFICIENCY: YES

LOCATION HAS EXPERIENCED A 1 IN 50 YEAR RAINFALL DEFICIENCY: YES

LOCATION HAS EXPERIENCED A 1 IN 20 YEAR RAINFALL DEFICIENCY: YES

LOCATION HAS EXPERIENCED A 1 IN 10 YEAR RAINFALL DEFICIENCY: YES



Rainfall deficiency ranking



Coloured areas on the map show regions which have experienced a rainfall deficiency, which is equivalent to or worse than either a 1 in 100 year, 1 in 50 year, 1 in 20 year or 1 in 10 year rainfall deficiency event for the lowest rainfall percentiles recorded for every grid cell over all of the 91 potential periods assessed within the two year assessment period from 01/08/2014 to 31/07/2016.

Drought Recovery Concessional Loans

Tips and Tools – Drought Management Plan

- Evidence of significant financial impact
- Drought preparedness activities
- Livestock and Cropping management
- Confirmation of seasonal conditions



Drought Concessional Loans

- Loans equating to 50% of eligible farm debt to maximum \$1,000,000
- Currently 3.05% per annum, interest only basis
- 5 year term, commercial lenders to refinance at end of term



Drought Concessional Loans

- Eligible Uses:
 - Restructuring existing debt (including Farm Finance Concessional Loan)
 - Operating expenses necessary for normal continuation of business
 - Drought preparedness activities

Drought Concessional Loans

Key Criteria:

- Demonstrate both the physical impact of drought and the financial impact of drought
- Within 2 years prior to application, enterprise to have experienced the equivalent or worse than a 1 in 10 or 1 in 20 year rainfall deficiency which extends for a period of 12 consecutive months or more.
- Evidence of this will be through:
 - BOM Rainfall Deficiency Reports

Drought Concessional Loans

Key Criteria:

- Demonstrate a significant financial impact as a result of severe drought conditions over at least 2 years – this can include the forthcoming season
- Security required



Sustainability Loans

- To assist with improving the productivity and sustainability of a primary production enterprise.
- Maximum Loan - \$650,000
- Term of up to 20 years, with 2 years interest only available



Sustainability Loans

- Current Interest Rates –
1 yr: 3.24%, 3yrs: 3.11%, 5 yrs: 3.22%
- Landed security is preferred but not 1st mortgage
- Must have been operating as a viable primary producer for minimum 2 years

Sustainability Loans

Suitable drought related activities:

- Improving water infrastructure inc. sinking bores
- Desilting dams
- Upgrading irrigation infrastructure



Sustainability Loans

Suitable drought related activities:

- Building/Upgrading fodder infrastructure i.e silos, silage pits, hay sheds (not repairs)
- Feral animal fencing/control
- Macropod exclusion fencing

Sustainability Loans are NOT for providing carry-on finance nor restocking or recovery purposes.



For Further Information

- Don't self-assess, contact QRAA to discuss
- Offices in Emerald, Roma, Bundaberg, Kingaroy, Rockhampton, Mackay, Toowoomba, Innisfail, Brisbane and Longreach by appointment
- Freecall 1800 623 946
- www.qraa.qld.gov.au
- www.facebook.com/QRAAmedia/

So what are you waiting for?



thank you