



Commonwealth Drought Relief for Small Business

Background

On 9 December 2002 the Commonwealth announced a one-off additional drought assistance package for farmers and small businesses in severely drought-affected areas.

These measures recognise the unique circumstances of the present drought, including the rapid onset of severe drought conditions and its widespread impact.

Small businesses in areas where Exceptional Circumstances (EC) has been declared can access Interest Rate Relief to help in servicing new and existing commercial borrowings.

Who is eligible?

The Commonwealth Government will provide relief to those businesses that are, but for drought conditions, sustainable. Small businesses play an integral part in rural economies, and Commonwealth Government assistance at this time will assist firms to survive until the drought breaks.

Solvent firms will need to meet all the following criteria:

- minimum annual turnover of \$50 000, **and**
- be in, or have a demonstrated close business connection to, an EC-declared area (additional criteria applies to this point), **and**
- business turnover/cash receipts has fallen by 50 per cent in the past six months, **and**
- assets testing will apply.

The Commonwealth Government recognises that, in some cases, the drought can have a significant impact on small businesses outside EC-declared areas. Accordingly, certain small businesses that are outside EC-declared areas but whose major business activity involves agricultural products or services inside an EC area may qualify for assistance. Please call Centrelink to discuss your individual circumstances.

What can your business get?

Commonwealth Government assistance will be available on existing or new commercial loans to small businesses at a rate of five percentage points or 50 per cent of the interest cost, whichever is the lower. You can apply for the assistance on a range of loans provided that the total of the loans on which assistance is sought does not exceed \$100 000.

Businesses with loans in excess of \$100 000 can still apply for Interest Rate Relief on the first \$100 000 of their loan.

Maximum assistance payable in Interest Rate Relief cannot exceed \$5 000 per annum for two years and is payable in six-monthly instalments with payments



made in advance. If relief payable is under \$2 500 per annum it will be paid in one instalment. While you will only be required to apply once for the assistance, eligibility will be reviewed after 12 months to ensure you remain entitled to the Interest Rate Relief.

How do small businesses apply?

Centrelink is delivering these new drought assistance measures for small business in EC-declared areas on behalf of the Commonwealth.

Particular consideration has been given to minimising the compliance cost to you, and a streamlined application form is available.

How do I qualify?

Income and Assets Test:

- No income test applies.
- Non-business assets tested only. Assets disregarded when calculating the value of your non-business assets include:
 - assets essential to the long-term sustainability of your small business,
 - your family home,
 - your superannuation, **and**
 - your life insurance.

How to find out more

For further details **contact your local Centrelink office or phone the Centrelink Drought Assistance line on 13 2316***.

For information in languages other than English ring **13 1202***.

Information on other Commonwealth programs and services can be obtained from the Commonwealth Regional Information Service on **Freecall™1800 026 222***.

* Calls to 13 numbers cost 25 cents from anywhere within Australia. Calls to 1800 numbers are free of charge. Calls from public pay phones or mobile phones will be charged at a higher rate.