

Exceptional Circumstances

Interest Rate Subsidies for farm businesses

What assistance is available under Exceptional Circumstances (EC)?

Business support is available to eligible farm businesses located in declared EC areas through the Exceptional Circumstances Interest Rate Subsidy (ECIRS) program. The subsidy assists farm businesses that are considered to be viable in the long-term, but for the exceptional circumstances, are experiencing financial difficulties.

How do I know if my farm property is located in an EC declared area?

Maps of EC declared areas within South Australia are available online at <http://www.pir.sa.gov.au/pirsa/drought>.

How do I apply for an interest rate subsidy?

ECIRS application forms and guidelines are online at <http://www.pir.sa.gov.au/pirsa/drought>.

Application forms can also be obtained by contacting PIRSA Prudential and Rural Financial Services toll free on 1800 182 235 or via fax 8226 0229.

The application form includes a checklist, which outlines information that must be provided with your application. Completed applications are to be sent to PIRSA, Prudential and Rural Financial Services, GPO Box 1671, ADELAIDE SA 5001.

Please note the closing dates for applications vary for each region. Visit the PIRSA website to find out the closing dates for your region.

What assistance is available under ECIRS?

Interest rate subsidies are available for interest payable on commercial borrowings taken out by the farm business enterprise.

The interest rate subsidy in the first year of Exceptional Circumstances (EC) declaration is up to 50% of the interest payable and up to 80% in the subsequent years.

Is there a limit on the amount of ECIRS payable to farm businesses?

The maximum amount payable to a farm business is \$100 000 per annum and a cumulative total of support of \$500 000 over five years applies (where an area is extended beyond the initial period of two years).

To be eligible to apply for support over a cumulative total of \$300 000, applicants must undertake a viability assessment to be eligible for continued assistance. An independent, suitably qualified advisor who has no interest in the farm or had no professional dealings with the farm in the past five years, must conduct this assessment.



When can I apply for ECIRS?

Applicants can apply for ECIRS during each declaration year (for a maximum period of 12 months in respect of each application or part thereof if the EC declaration is less than 12 months).

Eligibility must be assessed in each EC declaration year and approval in one year does not guarantee support in subsequent years. Applicants not receiving support in one year may be eligible in the following year/s.

Is there an assets test?

Support is not available where the net value of off-farm assets held by the farm business and its owners exceeds double the Newstart Allowance Assets Test (NAAT) for homeowners (partnered).

For applications received by 30 September 2008 or the termination date for the EC area, whichever occurs first, then the net value of off farm assets is not to exceed \$750,000. This applies for up to one 12 month period of support.

Applicants should also have disposed of all non-essential farm assets. The disposal of these assets must have been on commercial terms and the proceeds applied to the farm business.

Is there an off-farm income test?

Applicants need to demonstrate that they contribute at least 75% of their labour to the farm business and derive at least 50% of income from farming and have been a farmer for at least two years. Additionally, applicants must demonstrate that they are in need of government financial

assistance. In considering whether an applicant meets the above criteria, a range of factors are considered, including off-farm income and assets.

When is the ECIRS payment made?

Applicants who are approved in principle will be required to sign a funding agreement and provide a compliant tax invoice for the subsidy amount plus 10% GST before the ECIRS payment process can be completed.

Payment of ECIRS is calculated 12 months in advance from the date of approval (or part thereof if the declaration period is less than 12 months).

How do I obtain further information?

Further information is available online at <http://www.pir.sa.gov.au/pirsa/drought>.

Enquiries can also be made to PIRSA on the toll free number 1800 182 235 or fax 8226 0229.

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Department of Agriculture,
Fisheries and Forestry



Government of South Australia
Primary Industries and Resources SA