

Exceptional Circumstances

Interest Rate Subsidies for small businesses

What assistance is available under Exceptional Circumstances (EC)?

Exceptional Circumstances Interest Rate Subsidy (ECIRS) support is available to eligible small businesses deriving at least 70% or more of their normal business turnover from the provision of goods and services for farm businesses located within EC declared areas. This support assists eligible small businesses that are considered to be viable in the long-term, but for the exceptional circumstances, are experiencing financial difficulties.

What is a small business?

Small business means a viable commercial enterprise (not hobby) that:

- has less than 100 full time employees or equivalent;
- holds a registered Australian Business Number; and
- derives 70% or more of its normal total business turnover from the provision of goods and services for farming enterprises in EC declared areas.

Or

- operates in towns that are substantially reliant on farmer income;
- have less than 10,000 populations;
- located in an EC declared area; and
- the business is dependent on income from farming clients.

How do I calculate the number of full time employees employed by my small business?

Full time work is not less than 35 hours per

week. Businesses with a range of employment arrangements should calculate the number of hours worked by casuals and part-time workers and divide that total by 35 to determine full time equivalents. (For example three casual employees working 12 hours per week work a total of 36 hours per week, equates to one full-time employee).

Where can I obtain details about EC declared areas?

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 ECIRS?

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 small 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 small businesses?

The maximum amount payable to small business enterprises is \$100 000 per annum or part thereof if the declaration is less than 12 months.

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 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 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 business assets. The disposal of these assets must have been on commercial terms and the proceeds applied to the small business.

Is there a non-business income test?

Applicants need to demonstrate that:

- they contribute at least 75% of their labour to the small business (or in the case of the applicant also being a farmer, at least 75% of their labour to the small business and farming enterprise);
- at least 50% of the total business turnover is derived from the small business;
- the business has operated for at least two years; and
- additionally, applicants must demonstrate that they are in need of government assistance.

In considering whether a small business enterprise meets the above criteria, a range of factors including the level non small-business income and assets is considered.

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 made for 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 their toll free number 1800 182 235 or fax 8226 0229.

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Department of Agriculture,
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Government of South Australia
Primary Industries and Resources SA