

NSW Government Cooperative Loan Scheme

Frequently Asked Questions

What is the NSW Government Cooperative Loan Scheme?

The NSW Government Cooperative Loan Scheme facilitates loans to help NSW cooperatives expand or modernise their operations. A brief outline of the scheme is provided below. Full details and conditions are available on request.

Under the scheme, NSW based cooperatives that have been in operation for three or more years may qualify for a loan.

The scheme aims to encourage investment in regional industries that deliver job security and economic growth in regional parts of the state.

Why apply for a loan?

Benefits of taking out a loan under the scheme may include:

- interest payments on a monthly or quarterly basis until the loan's maturity date, at which point the principal is repaid
- potential tax deductions under section 120(1)(c) of the *Income Tax Assessment Act 1936*. Applicants should seek independent legal or tax advice to confirm their eligibility.

Who is eligible?

The scheme is available to NSW based cooperatives that have been operating for at least three consecutive years that can demonstrate an ability to repay the loan and to obtain the required bank guarantee.

What can I use the loan for?

Loans must be used in line with the principal activity of your cooperative. Loans must be used for the improvement of production facilities or purchase of capital assets to expand or modernise.

What security is required?

A bank guarantee from an Australian bank with a credit rating of A or higher for the total loan amount plus six months interest.

If the application is successful, the NSW Treasury Corporation will liaise with the cooperative regarding the respective bank guarantee arrangements before preparing a loan agreement on behalf of the state.



What are the eligibility criteria?

Applicants are required to demonstrate:

- they are based in NSW
- they have been operating for at least three consecutive years
- they are able to repay the loan
- they can provide a suitable bank guarantee
- the loan will be used in line with the cooperative's principal activity.

How are applications assessed?

The NSW Department of Premier and Cabinet assesses the eligibility of each application before the NSW Treasury Corporation prepares loan documentation on behalf of the state.

If you are uncertain if you are eligible to apply for a loan under the scheme, contact the Office of Regional Development on **regionalnsw.business@dpc.nsw.gov.au** or **1300 679 673**.

How is the loan repaid?

Payments are made to the NSW Treasury Corporation, acting on behalf of the state. Interest payments are made on a monthly or quarterly basis during the term of the loan, and the loan principal is repayable when the loan matures.

Prepayments may be made but a \$1,000 fee is payable for each prepayment. Break costs may apply.

How do I apply for a loan or request more information?

Contact the Office of Regional Development on **regionalnsw.business@dpc.nsw.gov.au** or **1300 679 673** to discuss your eligibility for the scheme and to request an application form.