



Regional Investment Corporation Operating Mandate Amendment (Drought Loans— Interest-free Period) Direction 2019

We, David Littleproud, Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management, and Mathias Cormann, Minister for Finance, make the following direction.

Dated 19th November 2019

David Littleproud
Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency
Management

Mathias Cormann
Minister for Finance

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1 Name

This instrument is the *Regional Investment Corporation Operating Mandate Amendment (Drought Loans—Interest-free Period) Direction 2019*.

2 Commencement

- (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this instrument	The day after this instrument is registered.	

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

- (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under subsection 11(1) of the *Regional Investment Corporation Act 2018*.

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1—Amendments

Regional Investment Corporation Operating Mandate Direction 2018

1 Section 4

Insert:

drought loan means a farm business concessional loan that helps a farm business to prepare for, manage through and recover from periods of drought.

2 After section 19

Insert:

Part 3—Transitional, application and savings provisions

20 *Regional Investment Corporation Operating Mandate Amendment (Drought Loans—Interest-free Period) Direction 2019—transitional and application provisions*

Definitions

(1) In this section:

amendment means the amendment of Schedule 1 made by the *Regional Investment Corporation Operating Mandate Amendment (Drought Loans—Interest-free Period) Direction 2019*.

commencement means the commencement of the *Regional Investment Corporation Operating Mandate Amendment (Drought Loans—Interest-free Period) Direction 2019*.

Drought loans offered after commencement

(2) The amendment applies in relation to a drought loan offered by the Corporation after commencement.

Drought loans offered before commencement but not yet drawn down

(3) Subject to subsection (5), if a drought loan was offered to a farm business at any time before commencement, but the loan had not been drawn down immediately before commencement:

- (a) the amendment applies in relation to the loan; and
- (b) despite the actual terms and conditions of the offer, the loan is taken to have been offered on the basis of an initial interest-free period of 2 years, followed by an interest-only period of 3 years; and
- (c) the Corporation must give a written notice to the farm business stating the effects of this subsection and subsection (5) in relation to the particular circumstances of the loan.

Note: Paragraph (b) does not affect the terms of the offer as they apply in relation to the period of the loan remaining after the end of the interest-only period mentioned in that paragraph.

Drought loans drawn down before commencement

- (4) Subject to subsection (5), if a drought loan was drawn down by a farm business at any time before commencement:
- (a) in relation to the 5-year period starting on the day the loan was drawn down, despite the actual terms and conditions of the loan, the loan is taken to have been made upon the basis of the following terms:
 - (i) an interest-only period starting on the day the loan was drawn down and ending on 31 December 2019;
 - (ii) an interest-free period starting on 1 January 2020 and ending on 31 December 2021;
 - (iii) an interest-only period for the remainder of that 5-year period; and
 - (b) the Corporation must give a written notice to the farm business stating the effects of this subsection and subsection (5) in relation to the particular circumstances of the loan.

Note: Paragraph (a) does not affect the terms of the loan as they apply in relation to the period of the loan remaining after the end of the 5-year period mentioned in that paragraph.

Election for amendment not to apply

- (5) If a farm business to which a drought loan has, before commencement, been offered or made gives a written notice to the Corporation before 1 January 2020 electing not to be covered by subsection (3) or (4):
- (a) the amendment does not apply in relation to the offer or the loan (as the case may be); and
 - (b) the farm business is not covered by subsection (3) or (4) (as the case may be).

3 Schedule 1

Omit:

- (c) has an initial interest-only period of five years; and

substitute:

- (c) in the case of a drought loan—has an initial interest-free period of 2 years followed by an interest-only period of 3 years;
- (ca) in the case of a loan other than a drought loan—has an initial interest-only period of 5 years; and