



[BUSINESS IN REGIONAL NSW](#) > [Business Drought Assistance](#)

## Business Drought Assistance



The NSW Government's Business Drought Assistance Program provides a range of measures to help established regional non-farm businesses to survive the drought.

Under the program, administered by the Department of State and Regional Development, payroll tax relief is available to help regional businesses with up to 200 employees. Businesses involved predominantly in the production and sale of farm machinery and supplies, transport, or those dependent on farm produce may be eligible for assistance.

Assistance is available through the Financial Position Assessment and Mini Diagnostic, an assessment service that diagnoses the health of a business and provides financial guidance.

Help is also available to help small and medium enterprises affected by drought to implement business improvement or recovery strategies or diversify their operations.

### 1. Payroll Tax Relief (FY 2008/2009)

Payroll tax relief will be provided to businesses that support the farm industry sector and can show a decrease (or expected decrease) of 50 per cent in Annual Sales or Earnings Before Interest and Taxation (EBIT) over the period 1 July 2008 to 30 June 2009, compared to the base period 1 July 2001 to 30 June 2002.

#### Eligibility

To be eligible for payroll tax relief, your business must:

- be predominantly engaged in the manufacture, assembly or marketing of farm machinery/supplies, OR be able to demonstrate their business is dependant on farm produce as the major raw material input to their business
- have suffered a 50 per cent reduction in annual sales or EBIT for the period 1 July 2008 to 30 June 2009, when compared to the period 1 July 2001 to 30 June 2002
- employ no more than an average annual equivalent of 200 full-time employees
- retain at least 85 per cent of its full-time equivalent employees during the period 1 July 2008 to 30 June 2009
- undertake to retain these employees beyond the period of assistance
- be able to demonstrate that it is a viable business, under normal conditions
- be a business based in regional NSW (i.e. outside the Sydney metropolitan area)
- be located in, or service, an area that has been drought declared for a total of six months out of the previous two years at the time of application.

### 2. Financial Position Assessment and Mini Diagnostic

Assistance is available to help non-farm businesses undertake an objective snapshot of their current financial position and develop some possible options for improvement.

#### *Financial Position Assessment*

Using basic information from your business financial records, the financial position assessment will use your cashflow, balance sheet, and assets and liabilities to provide a picture of your current financial position. Financial assistance of up to \$500 is available.

#### *Mini Diagnostic*

Following the financial position assessment where appropriate, the mini diagnostic will examine business turnover, cost structures, collection procedures, basic financial ratios and business trends, to identify areas of weakness and to assist with developing possible options for improvement. Financial assistance of up to \$500 is available.

#### Eligibility criteria

A business will be eligible for the Financial Position Assessment and/or the Mini Diagnostic if:

- it primarily services or draws supplies from farmers,  
OR
- it is located in a farm-dependent community with a population of less than 15,000,  
AND
- it is located in, or services, an area which is drought declared  
AND
- it can demonstrate a reduction in turnover related to the drought.

### 3. Business Improvement and Recovery Strategies

Assistance is available for small businesses that need to implement credit or business management strategies to help sustain operations during and beyond the drought. Assistance of up to \$3,000 is available for businesses to directly implement these strategies or engage experts to provide necessary advice in the following areas:

- improved credit management
- financial restructuring
- risk management
- voluntary mediation with creditors

- improved water use/re-use management
- marketing strategy
- product/service market diversification (new domestic or international markets)
- owner training
- development of other key business area.

#### Eligibility criteria

To be eligible for this assistance the applicant must:

- primarily service or draw its supplies from farmers  
OR
- be located in a farm-dependent community with a population of less than 15,000  
AND
- show evidence its performance has been adversely affected by the drought (this can take the form of declining turnover, or the firm's product or service range being affected by reduced agricultural output and or/farm income)
- be able to demonstrate it is a viable business, under normal conditions
- have long term prospects of profitability
- be a business based in regional NSW
- be located in, or service, an area that is drought declared.

#### HOW TO APPLY

To find out more about the NSW Government's programs and services and for application forms for the Business Drought Assistance Program, please contact your nearest DSRD office.

#### Other business initiatives

The Department of State and Regional Development also has a range of programs to help regional businesses grow.

The Regional Business Development Scheme encourages regional growth by attracting firms from domestic and offshore locations to start-up, expand in or relocate to regional areas.

The Regional Economic Transition Scheme addresses the adverse impacts of structural adjustment in regional communities by assisting to develop more diverse regional economies and attract new investment and sustainable jobs.

The New Market Expansion Program assists regional companies to pursue new market opportunities and develop markets outside of their traditional base.

#### Business seminars and workshops

The Department runs specialised seminars and workshops that provide expertise on a range of business topics that may be of benefit to businesses in drought-affected areas.

The Department also supports businesses to participate in specialised seminars and workshops, such as the Beyond Survival workshops, to help them understand and improve their financial performance.

#### Other information

Each application is assessed against program criteria on a case by case basis and financial assistance is at the discretion of the Department of State and Regional Development.

Please note that the Department's Business Drought Assistance Program does not cover compliance work undertaken by your accountant.

The Rural Assistance Authority also provides drought assistance to eligible small businesses.

The Small Business Exceptional Circumstance Interest Rate Subsidy provides financial assistance to eligible small businesses in a declared exceptional circumstance area. Visit [www.raa.nsw.gov.au/assistance/ec](http://www.raa.nsw.gov.au/assistance/ec) for more information.

#### For more information

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