

# PIRSA

## Regional Growth Fund 2019-20

Guidelines



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## All Enquiries

Regions SA  
Primary Industries and Regions SA (PIRSA)  
Level 14, 25 Grenfell Street  
GPO Box 1671, Adelaide SA 5001  
T 08 8226 0995  
E [PIRSA.RegionsSA@sa.gov.au](mailto:PIRSA.RegionsSA@sa.gov.au)

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# Purpose

The Government of South Australia recognises that our regions are fundamental to the success of South Australia's economy. The \$150 million commitment over 10 years in the Regional Growth Fund (RGF) is to support projects that unlock new economic activity in our regions, create jobs, grow export opportunities and strengthen regional communities. The RGF is a \$15 million annual grant fund administered by PIRSA.

The purpose of the RGF is to facilitate new economic opportunities, and build and strengthen communities for regional South Australia.

The Fund consists of two components, a \$5 million competitive pool and a \$10 million strategic pool.

The \$5 million per year competitive pool will be available through a single competitive round.

The \$10 million strategic pool will be available year round for strategic projects that meet the key principles of the Fund and leverage additional funding opportunities.

## Am I eligible to apply?

Applications to the Regional Growth Fund are limited to:

- Local government bodies
- Incorporated Associations, and
- Business Clusters.

Business clusters are a group of two or more non-associated organisations, willing to **share financial commitment** to a project. They may be a joint venture, consortia, partnership or other model - or only collaborating for the purpose of this project. It is up to the applicant to determine the right clustering model for their project. If no formal arrangements have been made to bring the non-associated organisations together, a lead partner must be identified that will accept responsibility for contractual obligations.

Examples of business clusters funded in the 2018-19 Regional Growth Fund include:

- Lot 100 Beverage Consortium
- Goolwa Pipi Co
- Apple and Pear Growers' Association.

Individual commercial enterprises are not eligible to apply.

### Stronger

Partnerships well defined and/or lead organisation easily identified.

### Weaker

No evidence of financial commitment from project partners.

# What will the grant fund?

Funding will be provided for projects that deliver a tangible benefit to regional South Australia. This may include new or improved capital works, infrastructure, facilities and similar investments.

Applicants can seek grants from \$50,000 up to \$2 million.

The project must be located within South Australia with the outcome and benefits in regional South Australia.

## Stronger

To receive public funding your project should demonstrate value to the South Australian community.

## Weaker

Relying on public funding for something you were going to deliver anyway.

To ensure the greatest value to the people of South Australia, there are activities and projects that **will not be funded**:

- Plans, including feasibility studies, business cases, reports and development plans
- Costs associated with the preparation of the application
- Operational expenditure, including wages, utilities, repairs and maintenance
- Retrospective funding, where projects have been completed or have commenced prior to the application being approved by the Minister
- Purchase of land or a business
- Projects that require ongoing recurrent State Government funding
- Projects undertaken on behalf of third parties, and
- Projects that have already received assistance from the RGF or other relevant grant funds to achieve the same project outcomes.

Applicants are encouraged to consider whether grant funding or private commercial finance is the best option for the project.

Applicants are encouraged to leverage funding from other sources, including Commonwealth Government grant funding, however care should be taken to demonstrate what outcomes would be delivered by RGF funding compared with the outcomes to be delivered from the other funding sources.

# What do I need to apply?

Applications can be submitted using the online application form on the PIRSA website at: [www.pir.sa.gov.au/regionalgrowthfund](http://www.pir.sa.gov.au/regionalgrowthfund)

The following information is required with your application:

- Documents that demonstrate that the applicant (or lead of a cluster) is a legal entity eligible to apply: including an Australian Business Number (ABN), Incorporated Association Certificate.
- A project plan, including scope, budget and timeframes.

Applicants are invited to consider whether to submit additional information which demonstrates the technical and financial feasibility of the project, and the management of risks.

## Stronger

Project and budget clearly defined and detailed.

## Weaker

Funding sources don't meet minimum requirements.

For projects under the **Strategic Pool**, applications **must** demonstrate that the project leverages funding from other non-State Government sources, such as the Commonwealth Government.

# What is the criteria for assessment?

Project proposals focused on enhancing the productive infrastructure to support economic development that drives regions to be long term strong economic contributors, will be considered favorably. Projects should foster collaboration and demonstrate a commitment to local employment, and investment supplier inputs wherever possible.

Projects will be assessed on their ability to:

- Drive new economic activity to produce outcomes that would not occur otherwise
- Demonstrate transformational change for an industry or sector, rather than incremental improvement
- Create new or additional sustained economic benefits for the community/region beyond the applicant
- Connect to a specific regional community
- Ensure that further intervention by government after the funding is provided, is not required to sustain the project or its benefits.

Projects will also be assessed on secondary criteria including their contribution towards:

- Growing regional population and promoting skilled migration
- Providing productive economic infrastructure
- Increasing merchandise and service exports, import replacement and direct investment into South Australia
- Business facilitation factors (eg. greater skills training opportunities)
- Building the resilience of the economy to deal with shocks and take advantage of emerging opportunities
- Reducing the cost of doing business in South Australia.

## Stronger

Clearly demonstrated and quantified impact on the regional economy measured by some or all of the criteria.

## Weaker

Documentation is general or not descriptive and does not identify how benefit can be measured.

# Is the project technically and financially feasible?

Applicants are asked to provide financial and business information in support of their application to ensure they can demonstrate financial capacity to complete the project, including reliance on any other contributions.

In determining the financial feasibility of the project, the proportion of the project to be funded through the grant will be considered. Applicants are expected to contribute **at least half** of the total financial costs of the project, or make a strong case for why more public investment is required.

You must therefore identify other sources of funding and the amounts that can be combined with any grant funding. This can include:

- your organisation's own financial contributions
- funding from project partners
- other in-kind contributions or donations
- commercial borrowings, and
- alternative sources of grant funding from other government programs (including state, territory and local government).

Regional Growth Fund grants will be paid on a reimbursement basis by default. Therefore the applicant should demonstrate the capacity to manage the costs of the project until key milestones are met, or make a strong case that upfront payment is necessary and the risk of any mismanagement of funds is well managed.

## Stronger

Project and budget are detailed.  
Commitments to funding are verified.

## Weaker

Budget unconfirmed or conditional on external factors. Budget planning incomplete.

# Are the risks associated with public investment well managed?

In delivering public investment for projects, assurance is needed that any risk of the project not proceeding or failing has been well addressed.

Preference will be given to projects that are able to be commenced within 6 months of approval, with the funds fully acquitted within 24 months of commencement.

Applicants should consider what contingencies may be necessary for the project to withstand unexpected external changes, such as changes in commodity prices.

## Stronger

Relevant approvals are in place.  
Applicants have strong personal and directorship history.

## Weaker

Risks poorly contemplated or managed. Applicants have adverse criminal or corporate governance history.

# What is the process for assessments?

## Competitive round projects

Applications to the competitive round will be assessed on a competitive basis against the Fund's criteria. Consideration will also be given to the extent to which they demonstrate a commitment to employing locally, local investment and local supplier inputs.

Applications to the competitive pool will be assessed by a three member panel, which will include an independent chair. The panel will consider applications and submit its advice to the Minister for Primary Industries and Regional Development for consideration.

Applications will also undergo comprehensive due diligence process to determine the applicant's financial capability and the project's commercial feasibility. Assessment of criteria will be weighted to ensure projects are prioritised against the Fund's key principles.

The assessment will also consider whether a project, or elements of a project, are more appropriately considered for funding by other State, Commonwealth and/or Local Government or industry sources.

## Strategic projects

Strategic projects will be assessed against the Fund's key principles and criteria. Part of the assessment of strategic projects will also consider any additional leveraged funding sources.

Applications for Strategic projects will be assessed by Primary Industries and Regions SA which will provide direct advice to the Minister for Primary Industries and Regional Development for approval.

Applications will also undergo comprehensive due diligence process to determine the applicant's financial capability and the project's commercial feasibility. Assessment of criteria will be weighted to ensure projects are prioritised against the Fund's key principles.

The assessment will also consider whether a project, or elements of a project, are more appropriately considered for funding by other State, Commonwealth and/or Local Government or industry sources.

## How will we manage the grant process?

If successful, applicants will be required to enter into a standard Crown approved Funding Agreement with the Government of South Australia in order to receive assistance. The Funding Agreement will outline all the conditions of the provision of Funding. This would be subject to the Government's Contract Disclosure policy (see: <http://dpc.sa.gov.au/documents/rendition/B17980>).

Grant payments are generally made on a reimbursement basis upon presentation of paid invoices for approved project expenditure, including evidence of eligible applicant contributions.

Final payments are made on receipt of a final report evidencing project completion to the satisfaction of the Minister for Primary Industries and Regional Development.

The following conditions will be expected of any financial assistance recipients:

- Complete the project as stated in the application
- Meet all key milestones and obligations as defined in the Funding Deed
- Seek prior consideration and approval, from the Minister through PIRSA, before making any changes to the project, and
- Acknowledge the contribution of the Government of South Australia on any promotional material and provide opportunities for the Minister for Primary Industries and Regional Development or a representative to take part in any formal project milestones and launches.

Grants may be subject to GST and income tax. Successful applicants should seek advice on these and other tax implications from their tax advisers or the Australian Taxation Office.

### Stronger

Project has clearly defined achievements that be measured and can readily be transformed into payment milestones.

### Weaker

Project description is too general to identify clear progress milestones. Project planning is inadequate to demonstrate sequence.

# Additional information for successful applicants

## Industry Participation Policy

Successful applicants to the Regional Growth Fund will need to meet the requirements of the South Australian Industry Participation Policy (the Policy).

The Policy requires that private projects which receive more than \$2.5 million in monetary support (or value-in-kind) from the Government of South Australia need to apply the Policy. The details of the Policy can be found at: [www.saipp.sa.gov.au](http://www.saipp.sa.gov.au)

Office of the Industry Advocate  
Phone 8226 8956  
Email: [oa@sa.gov.au](mailto:oa@sa.gov.au)

## Public Works Committee

When a successful applicant receives funding from the Government of South Australia of between \$4 million and \$15 million and where the total amount is for construction the Minister is required to refer the project to the Public Works Committee of Parliament.

Further guidance on the Public Works Committee's requirements is available from the committee's website, [www.parliament.sa.gov.au/committees](http://www.parliament.sa.gov.au/committees)

Enquiries can be directed to the Parliamentary Officer  
Ph (08) 8237 9284, Fax (08) 8231 9130,  
Email: [PWC.Assembly@parliament.sa.gov.au](mailto:PWC.Assembly@parliament.sa.gov.au)

