

PROPOSED GUIDELINES FOR NEW FUNDING PROGRAM

Introduction

Australian Government initiative to support the development and growth of self-reliant, sustainable communities by funding proposals that:

provide opportunities for economic growth and social participation

plan their futures

address environmental and infrastructure issues, and

enable structural adjustments.

Most organisations should be eligible to apply for funding but those that are **not** eligible to apply for funding are:

- individuals
- organisations that are not incorporated under state or Commonwealth legislation (for example, the *Corporations Act 2001*)
- Australian or state government departments
- lobby groups and other organisations seeking funding to support political activities, and
- in addition, commercial enterprises are not eligible to request funding for planning, studies or research

Organisations that are not incorporated under state or Commonwealth legislation may wish to have an eligible organisation sponsor their application.

No 'rounds of funding'. Applications can be made at any time.

XXX Survey supports

Regional Development Committees (Area Consultative Committees (ACCs)) covering all regions of Australia are available to help applicants develop and submit applications.

XXXX Survey report

Applicants and their other project partners are expected to make a financial contribution to the project. All applications are assessed against assessment criteria relating to outcomes, partnerships, support, project viability, applicant viability, competitive advantage and cost shifting.

To ensure the program is able to respond to emerging needs and trends, the Australian Government will regularly identify areas that are priorities for funding under the programme. The Australian Government's four priorities are:

Small or Disadvantaged Communities: Small communities and communities suffering economic or social disadvantage have the potential to be overlooked. These communities are particularly encouraged to develop projects that can address inadequacies in local community infrastructure and services.

Economic Growth and Skill Development: There is opportunity under the programme to contribute to job creation and employment-related skill development, which are fundamental to a community's economic and social wellbeing, particularly in areas of lower employment growth or where the challenges of industry change or skill shortages are being experienced. Applicants are encouraged to develop projects that will contribute to the creation of ongoing, sustainable jobs and to the development of job skills where these activities are not wholly funded by other government agencies.

Indigenous Communities: Indigenous communities are amongst the most disadvantaged in Australia. The Government is seeking ways in which the needs of these communities can be better met. These communities are encouraged to develop projects that are tailored to address their unique circumstances. Applications that assist Indigenous communities to make use of *Shared Responsibility Agreements* and demonstrate consultation with Indigenous Coordination Centres are encouraged.

Youth: Supporting leadership capabilities of young people is recognised as one of the cornerstones for building community capacity. Projects are encouraged that help young people to become more capable and involved members of their communities, support youth leadership and address the needs of youth in their region.

Applications are not limited to these priorities, however the Government expects that applications will address at least some of these priorities.

The program will not duplicate existing funding responsibilities of local and state governments or other Australian Government programmes.

ROLES AND RESPONSIBILITIES

Applicants

Organisations seeking funding from the program must submit an application for funding. RDCs are available to help applicants develop their proposal, to assist in identifying funding partners and to assist with completing the necessary paper work.

Applicants are strongly encouraged to involve their RDC in the development of their project proposal and application as RDCs have significant experience in project development and extensive local knowledge.

An applicant must be a legal entity (an organisation incorporated under Commonwealth or state legislation). Organisations that are not incorporated under Commonwealth or state legislation will need to have an eligible organisation sponsor their application. Under these circumstances, the sponsor is considered to be the applicant.

If the application is successful, applicants are required to enter into a funding agreement and they will be responsible for managing the activities funded by the programme according to the terms of the agreement.

Regional Development Committees

RDCs are non-profit, community-based organisations that are funded by the Australian Government to:

- act as key facilitators of change and development in their region
- provide a link between government, business and the community, and
- facilitate whole of government responses to opportunities in their communities.

One of their primary responsibilities is identifying and assisting develop strategic responses applications. The network of RDCs serves all regions across rural, remote and metropolitan Australia.

Applicants are encouraged to obtain advice from their RDC when applying for funding.

The RDC can:

- help applicants decide whether a proposal is suitable for funding
- help applicants develop the project
- help applicants to obtain broad community and business support for the proposal and identify possible project partners and organisations to help with the project, and
- explain and help with the application and submission process.

RDCs also provide advice on all applications from their region. They provide a rating of need with comments on each proposal including comments on the alignment of each proposal with their Strategic Regional Plan.

RDCs develop Strategic Regional Plans in response to the needs of their communities and taking into account the priorities of the Australian Government. RDCs use these Plans to support the identification of projects which address areas of need within their communities.

Applications are assessed against the extent to which they meet the program objectives, the program assessment criteria and are consistent with Australian Government policy.

Projects will be assessed against the following criteria:

- the **outcomes** that will be achieved
- the level of **partnership funding**
- **local support** for a project
- the **project's viability**
- the **applicant's viability**
- the extent of any **competitive advantage**, and
- the extent of any **cost shifting** by other levels of government.

These criteria are discussed in more detail below.

OUTCOMES

Outcomes are the long-term benefits that a project brings to a community. For example, outcomes might include an increase in employment, increase in education opportunities, improved community services, the delivery of improved financial services, expansion of infrastructure to service a larger proportion of the community,

upgrades to community facilities which result in community benefits or an increase in community capacity.

Projects should have a positive outcome and represent value-for-money.

Project outcomes must be consistent with program objectives:

Applications will have a greater chance of success if they can quantify or otherwise demonstrate what the project will achieve, what the ongoing community benefits will be and what the level of need is for the particular project or intervention in a community.

For example, the benefits that the project will deliver may vary depending upon local circumstances. Some communities have very low levels of employment and limited opportunity for skills or jobs training. Applications that address these issues should provide an understanding of these circumstances and identify the number of jobs or training positions that will be created.

Where funding is being sought to upgrade or develop community infrastructure the application should explain the reason the project should be funded and the number of people who will use the community infrastructure created or services provided.

An important project outcome that will be considered is the cost effectiveness of delivering the desired outcomes and the value-for-money for the Australian Government.

It is not possible to develop simple assessment benchmarks to describe what represents good value-for-money outcomes — local community factors and project variables make this impractical. However, the following examples describe good value-for-money outcomes:

- where job creation is a focus, each ongoing full-time or equivalent job has been supported by less than \$25,000 of grant funds
- where job-related training is a focus, each person trained has been supported by less than \$10,000 of grant funds
- where community infrastructure is a focus, the grant funds have been less than \$1,000 for each likely user of the facilities
- where provision of professional services is a focus, each new service or group of services has been supported by less than \$500 of grant funds for each likely user of the services, and
- where planning is a focus, a commitment to provide at least 50% of the required funding to implement the plan has been provided.

PARTNERSHIP FUNDING

Developing partnerships and securing funding support is a requirement for project funding.

Funding contributions from partners are assessed on the level of the funding offered. Partnership funding can be money contributed to the project or it can be time and/or materials donated to the project (that is, in-kind contributions) from other sources.

Generally, a partnership contribution of at least 50% is required to meet this criterion. The programme will not necessarily make up funding shortfalls from other sources (for

example after banks have decided to limit the extent of the finance they will provide). Applicants will be required to provide evidence and/or verification of all partner cash contributions to a project.

Applicants are required to detail secured and committed cash and in-kind contributions by the project participants that:

- have been appropriately costed (unless providing specialised or professional services, volunteer labour should be valued at \$20 per hour), and
- represent a genuine cost to the contributor.

How are partnership contributions assessed?

The assessment of partnership funding is usually considered as follows:

- whether appropriate funding stakeholders are involved and whether their level of funding contribution is appropriate. Contributions from state government sources, local business, community fund raising and the applicant are considered to be appropriate
- whether alternative funding sources have been sought
- whether contributions are secured and committed
- how genuine the contributions are (for example, whether there is evidence of commitment from funding contributors), and
- whether contributions are calculated appropriately.

Partnership contributions are rated during the assessment process as being either weak, adequate, good or excellent as outlined below:

Projects (percentages relate to total co-funding amounts)

Partnership support for this project is considered...

<i>Weak</i>	Less than 50% partnerships
<i>Adequate</i>	50% up to 59.9% partnerships
<i>Good</i>	60% up to 74.9% partnerships
<i>Excellent</i>	75% and over partnerships

Anticipated income from a commercial activity is not regarded as a partnership contribution.

Community considerations

Lower levels of partnership funding may be considered where a community or group faces unusual challenges, including applications where:

- the project benefits small communities or disadvantaged groups which have a low average income base or are remote

- the project benefits areas suffering from economic decline or natural disaster (such as prolonged drought, bush fire, large scale flooding or storm damage), or
- the applicant is a local council in a remote area where:
 - there are only a small number of rate payers
 - the majority of people have low incomes, or
 - the council will contribute cash to the project.

EVIDENCE OF LOCAL SUPPORT

Applications are required to address the support criterion by demonstrating involvement by appropriate stakeholders.

Consideration will be given to the degree that the broader community or related businesses support the project, including a commitment to keeping the project going after the funding period.

Applications need letters of support and evidence of endorsement (through consultation), particularly if the project will impact on another group or organisation in the community. Where possible, applicants should obtain letters of support from community organisations, local businesses that may be affected, community leaders or elected representatives of the three levels of government.

PROJECT VIABILITY

Project viability is considered from two perspectives. Initial viability relates to whether the project can be completed, and ongoing project viability relates to how the project outputs will be maintained so that it results in sustainable community outcomes.

Applications are required to address aspects of viability appropriate to their application including:

- ownership of equipment or facilities or other assets that may be funded under the project
- the accuracy of the budget and costings, feasibility studies or project plans
- information on whether there is any need for planning approvals or licences and that these requirements have been met or fully considered
- the provision of business plans and cash flow projections
- ongoing maintenance and management
- funding that may be required for future stages of the project
- identification of key milestones and the proportion of project funding for each of the milestones
- if the project had previous stages, how it was funded in the past, and/or
- the results of any independent viability assessments if relevant.

The success of a project requires that it is viable beyond the duration of the project funding.

How is project viability assessed?

All projects will be assessed to determine the viability of the project proposal based on the extent to which the criteria above are satisfactorily addressed and whether the project can deliver sustainable outcomes beyond the life of the project funding.

Projects that are seeking more than \$250,000, or are assessed as having a high project or applicant risk, may need to provide a business plan and be subject to an independent external financial viability assessment. This will involve consideration of:

- ownership and management structures and financial records, and
- the business plan and financial projections for the project.

Where an independent external assessment is required, the length of time taken to assess the application may be increased depending on the quality of information supplied by the applicant.

This assessment may also seek comments from other government agencies concerning the project.

An existing independent financial viability assessment may be accepted (for example, an assessment undertaken by a bank or reputable funding partner) if the applicant has a recent assessment available.

APPLICANT VIABILITY

Consideration will be given to the nature of the organisation and the sort of project that is proposed. Important considerations will be:

- the type of organisation (for example, whether the organisation is local government, private enterprise, community group etc.)
- evidence of expertise/skills to manage the project
- the credentials of the applicant
- the ability of an applicant to deliver the outcomes, and
- the level and likelihood of the risks involved, including how identified risks will be managed.

COMPETITIVE ADVANTAGE

Applications that seek funding for projects that will operate in a commercial environment will need to demonstrate that the project will not result in the applicant (or any other party) developing a competitive advantage over other commercial operators.

Applications will not be funded if they would have the effect of reducing the viability of existing businesses, including competing businesses outside the region.

Consideration will be given to the extent of possible competition and the effect on existing business competitors.

COST SHIFTING

An important consideration in the assessment of applications is whether the project funding represents cost shifting by another level of government, or other government body, and the extent of that cost shifting.

For example funding for essential services, roads, public housing and major community infrastructure is largely a state government funding responsibility.

Many services are delivered or supported through other Australian Government programmes and initiatives such as employment services, telecommunications, and large scale environmental and water projects.

Applications that seek program funding which duplicate existing activities will not be supported.

In some instances, where a community is experiencing significant disadvantage or a large amount of partnership funding has been provided from another level of government, or other government body, program funding may be considered.

