

# **Murray-Darling Basin Regional Economic Diversification Program**

## **Co-investment funding scheme guidelines**

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## Overview

The purpose of this scheme is to support initiatives that encourage sustainable economic development in regional communities likely to be affected by the implementation of the Murray-Darling Basin Plan (MDBP). The Murray-Darling Basin Regional Economic Diversification Program (MDB REDP) co-investment funding scheme is designed to provide direct financial support to farm and post farm gate businesses to enable the development of new high value horticultural value chains.

## Summary

The Murray-Darling Basin Regional Economic Diversification Program project, **High Value Horticulture Value Chains for the Queensland Murray-Darling Basin**, aims to increase economic activity in the Balonne and Border Rivers regions of the Queensland Murray-Darling Basin (QMDB) by supporting the establishment of new, high value, profitable and resilient horticulture value chains.

The program of activities is aimed at assisting local businesses adjust to a situation of reduced water allocation in the coming years through establishing alternative cropping systems with the potential to generate higher value earnings per hectare.

The project goal is to assist local businesses address existing barriers in developing new high value horticultural value chains by assessing the biophysical and economic viability of a range of alternative cropping options, identifying access to profitable markets, providing expertise in production of new systems, marketing and co-investment support to meet capital requirements for change.

The project consists of five related activities:

- Activity 1 – Assessing crop suitability: ascertain the suitability of horticulture crops for production in the project region at certain times of the year.
- Activity 2 – Building capacity in the value chain: increase capacity of existing and new value chain participants to innovate and implement new horticulture value chain opportunities while identifying the barriers to horticultural expansion.
- Activity 3 – Developing new markets: develop understanding of new export markets for potential horticulture production within the QMDB area.
- Activity 4 – Analysing new value chains: develop a evaluation of value chain requirements and value chain economics for potential new horticultural value chains.
- Activity 5 – Direct Grant Scheme – this document outlines the guidelines the direct grant scheme which provides financial assistance to businesses on a co-investment basis to support the development of new or diversified horticulture value chains.

In line with the project goal of developing new high value, profitable and resilient horticulture value chains in the QMDB, Activity 5 provides direct financial support through a grant scheme to assist eligible applicants to develop profitable business opportunities identified through Activities 1 to 4. Funds are available to support new activities at the production, harvest, handling, processing or marketing stages of the value chain.

## Grant objectives

The objectives of the grant scheme are to increase economic activity in the project region through:

- Supporting innovative businesses, both farm and post farm gate, to enter new high value horticultural value chains.
- Creating new employment opportunities as a direct result of farm and post farm gate diversification.

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- Increasing the level of investment in both new and existing infrastructure to assist future effective value chain management.
- Assisting businesses to access new export markets, thereby increasing the value and overall volume of exports from the region.
- Fostering new partnerships and collaboration between businesses to achieve long term sustainable projects.
- Developing new value chains that will allow for better utilization of existing skills and capacity in the project area.

The grant seeks to encourage and support new businesses, both farm and post farm gate, that will contribute to diversifying the regions agricultural economy and increase economic activity within the project area.

## Funding rounds

Up to three funding rounds will be held during the life of the project through to June 2017, to the total value of \$1.2 million. As dates for each funding round are determined by the department, details of each will be advertised through local media organisations, a DAF stakeholder data base, local governments, Chambers of Commerce and grower organisations.

Please note that criteria may be reviewed and amended for subsequent funding rounds, as the funding scheme receives further input on suitable crops and potential markets.

There will be two stages in each funding round:

**Stage 1** – Applicant submits completed application form by due date for Stage 1. If compliant, the department will refer application for consideration by the MDB REDP Reference Panel. If approved by the MDB REDP Reference Panel, the applicant may participate in Stage 2.

**Stage 2** – Successful applicants develop and submit a business plan (including budget) for their project by due date for Stage 2. The grant of co-investment funds will be conditional on submission of a satisfactory business plan under Stage 2 and co-investment by the applicant. Once approved, the business plan is incorporated into the grant agreement and signed by the applicant and department.

**Financial assistance will be available to provide support for approved applicants to develop a project/business plan as outlined below.**

Funding components	Maximum indicative amounts		
Project funding amount (on a fixed percentage of actual costs basis)	up to \$30,000	\$30,000 to \$60,000	\$61,000 to \$100,000
Business plan assistance (on an actual cost basis)	up to \$2000	Up to \$3000	Up to \$5000

Applicants should be aware that funding is subject to availability from the Australian Government. If an application meets the eligibility criteria or receives approval from the MDB REDP Reference Panel, this does not guarantee that the applicant will receive funding under the MDB REDP co-investment scheme.

After the project is approved by the MDB REDP Reference Panel, the grant of funding is still subject to receipt of an acceptable business plan (determined by the department in its absolute discretion) and to the applicant entering into a formal binding written agreement with the department to govern funding expenditure and conduct of the project. Applicants should not commence their projects until the signed agreement is in place.

## Funding availability

MDB REDP co-investment funds totalling \$1.2 million have been allocated equally across each funding round with \$400,000 available per funding round. Exceptional projects with significant benefits to the

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project region may be considered at the discretion of the MDB REDP Reference Panel. If the funds allocated for any funding round remain uncommitted on expiry of that funding round, those uncommitted funds will be added to the balance of funding allocated for the next funding round.

MDB REDP co-investment funds are available to cover up to a maximum of 50% of the total budgeted cost of successful projects and up to a maximum of \$100,000 in any one funding round per project. The applicant is responsible for funding the remaining costs of the project and any budget overruns. If the project comes in under budget, the grant will be reduced accordingly, to ensure it remains within the percentage basis of the grant allocation.

Successful applicants may be considered for future funding rounds and eligibility will be determined by the MDB REDP Reference Panel at the time of assessment.

## Eligibility criteria

Before continuing with this application, potential applicants should review the requirements for applicant and project eligibility to ensure they are eligible for the MDB REDP co-investment scheme.

Applicants that do not meet the eligibility requirements or do not provide the relevant documentation by the required due dates will not be referred for consideration by the MDB REDP Reference Panel for participation in the co-investment scheme.

In order to be eligible to have an application considered for direct financial support, applicants must have lodged a completed application form with all the required supporting documentation by the Stage 1 due dates. See key dates for application process.

As the funds available under the co-investment grant scheme are capped for each funding round, applicants should note that there is no guarantee funding will be available at the time of lodging an application, or that the application will be successful. Applicants will be assessed on the eligibility criteria in place for the applicable funding round at the time they lodge a completed application (noting that these criteria may be reviewed and amended for subsequent funding rounds, as the funding scheme receives further input on suitable crops and potential markets).

## Eligible applications

To be eligible for the MDB REDP co-investment funding scheme, the applicant must demonstrate that the applicant/business operation:

- is involved in developing a new high value horticultural value chain located within the QMDB project area or benefiting producers located in the QMDB project area
- is located in the QMDB project area or the project will benefit producers located in the defined project area
- is a farm or post farm gate business
- trades as a sole trader, trust, partnership or an entity incorporated in Australia under any of the following Acts: *Corporations Act 2001* (Cwlth); *Associations Incorporation Act 1981* (Qld); *Cooperatives Act 2002* (Cwlth); *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (Cwlth); an entity incorporated outside of Australia will not be eligible
- is registered for tax purposes in Australia with an Australian Business Number (ABN) and is registered for GST
- is not insolvent or under external administration or receivership and is not subject to any deed of company arrangement, personal insolvency agreement, insolvency proceedings or winding up order
- is willing for the details and outcomes of their project to be publicly disclosed the department.  
Applicants may reserve trade secrets or commercial in confidence methods or processes.

## Eligible projects

Funds are available to support the development of **new, or expansion of existing**, horticulture value chains. Funds are available to support new activities at the production, harvest, handling, processing or marketing stages of the value chain.

The grant scheme will fund up to 50% of total **establishment** costs of a **new** project that will help establish **new** horticulture value chains in the Balonne and Goondiwindi regional council areas, up to a maximum amount of \$100,000 for out-of-pocket expenses. In general, funding will only be available to support the establishment costs of new activities and not ongoing operational costs.

Out of-pocket-expenses are direct costs incurred and paid by the business and must be supported by a valid Tax Invoice or other means of justifying the cost, and could include (but are not limited to) the following:

- purchasing, building, upgrading:
  - Equipment, eg machinery, grading machines, packaging machines, irrigation equipment, crop monitoring, processing or grading hardware or software
  - Production and processing facilities, eg cold rooms, packing sheds,
  - Protected cropping structure eg netting, tunnels, shadehouses etc
  - Crop support structures eg trellises, hydroponics systems
  - Earthworks for irrigation etc
- Engaging consultants to develop and implement new markets or business systems eg quality assurance systems (manuals, staff training, certification costs), HR Systems (management structures, compliance, policies & procedures etc ), irrigation systems design
- Travel associated with developing new markets
- Establishment rootstock for perennial crops
- Machinery fuel and operating costs directly attributable to the project

**The costs of staff labour and business owner labour associated with a project can be counted as total project costs but not as out-of-pocket expenses.**

## Items NOT eligible for funding

- Ongoing operational costs not directly associated with the establishment of a new project (eg fertiliser, seed, etc)
- Land rental
- Interest & loan repayments
- Insurance etc
- Administration expenses
- Project management fees
- Feasibility studies.

## Merit criteria

Applicants will need to clearly demonstrate and communicate how the project will contribute to the following criteria

1. Implementation and development of new high value horticultural production systems or post farm gate business opportunities
2. Creation of new job opportunities and increased economic activity for the project region
3. Better utilization of existing infrastructure and water allocation
4. Development of new market opportunities
5. Project outcomes result in a sustainable long term business opportunities
6. Sufficient skills and capacity that will ensure successful project outcomes.



## Assessment criteria

In assessing eligible applications for stage 1, the MDB REDP Reference Panel will consider whether the proposed project is aligned to the Merit Criteria above and delivers value for money for the project region. The assessment criteria are:

a. Relevance to the merit criteria – criteria weighting 60%

In assessing applications, the MDB REDP Reference Panel will consider the quality of the project outcomes and alignment to the Merit Criteria. Applicants may indicate merit by demonstrating an effective work plan to undertake project that will enable the development on new horticultural value chains, increase job opportunities in the region, better utilization of existing infrastructure, developing new markets, achieving productivity gains to improve sustainability and access to the appropriate expertise.

b. Value for money – criteria weighting 40%

Value for money criteria will be assessed by the MDB REDP Reference panel through consideration of the overall project proposal and alignment to increasing economic activity in the project region. Applicants may indicate merit by clearly demonstrating how the proposed project budget will support the defined activities and by indicating the anticipated increase in the level of increased economic activity reflected through the proposed gross annual turnover of business at full maturity. The level of co-funding provided by the applicant as a percentage of the total project cost will also be considered as an indication of the value for money offered by the project.

## Key dates

Funding Round 3, 2015/16 financial year:

Opening date	Stage 1 – application closing date	Applicants notified of outcome	Stage 2 – required business plan from successful applicants
Friday 4 March 2016	Friday 29 April 2016	In due course after closing date	Within six weeks of applicants being notified

Future funding rounds will be delivered at a suitable time determined by the department.

## Application process

### Stage 1 – Applications

Applicants are requested to fill out the attached application form and return the completed form to the Queensland Department of Agriculture and Fisheries (details below) by the closing date for Stage 1 (see table above). Once applications have been received, the applicant may be contacted to discuss further details about the project to clarify intended scope.

When an application is determined to be complete and has met the applicant and project eligibility requirements, it will be assessed against the assessment criteria by project staff. This assessment will be based on the information and evidence provided in the application. This initial assessment will then be submitted to the MDB REDP Reference Panel for a final assessment. Successful Stage 1 applicants will be notified of the success or otherwise of applications in due course after fund closing date. Successful Stage 1 applicants will be invited to submit a business plan as part of Stage 2. Funds of between \$2,000 and \$5,000 (depending on the size of the project) will be available to successful Stage 1 applicants to fund the development of their business plan. Final project approval will be subject to the submission on a satisfactory business plan by the applicant.

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## Stage 2 – Business plan

Successful Stage 1 applicants will be required to submit a business plan for the project by the due date for Stage 2 of the funding round, which must include:

- an outline of timeframes,
- a breakdown of the overall project cost/budget,
- a cost/benefit analysis of the project and
- further detail on the key components of the project.

The business plan should follow the format below:

Key components of project plan	Description
<b>Executive Summary</b>	
<b>Project Aim –</b> Aim of the project, clearly define your project outline (valued proposition)	At the beginning of your project plan it is important accurately describe your current business, clearly outline the project proposal, define how you intend to deliver successful project outcomes and how the project aligns with the grant objectives.
<b>Project Deliverables -</b> Description of the project deliverables.	Make it clear, this will include key components of the project and what you actually need to produce in order to meet project goals.
<b>Key stakeholders</b>	Consideration should be given to external key stakeholders that will be required for the successful completion of the project. This may include wholesale agents, transport logistics, marketing, Regional Council requirements, understanding target consumer or any other external factors that may influence the project
<b>Project scheduling</b>	Clearly define project timeframes and when project outcomes will be delivered.
<b>Project Resources –</b> Outline resources required to undertake project.	What are the resources required to successfully complete the project including staff, knowledge and skills. This may include intended management structure and key decision makers.
<b>Project finances and budgets -</b>	Clearly document project budget for completion of project, list your key financial objectives, including cash flow budgets, profit and loss forecast and any research undertaken in developing these figures.
<b>Co-Investment funding –</b> Clearly outline what grant funding will cover.	Ensure that you are clear on what the funding will be used for.
<b>Regional project benefits –</b> Outline regional benefits the project will deliver.	Quantify as many benefits as you can, to describe the regional benefits that the project will deliver.
<b>Cost / benefit analysis -</b>	A cost benefit analysis is used to evaluate the total anticipated cost of a project compared to the total expected benefits in order to determine whether the proposed implementation is worthwhile.
<b>Risk Analysis –</b> Analysis of project risks (e.g. financial, operational, market)	Describe the project risks and how you will manage them
<b>Market Research -</b>	Describe what statistical research you have undertaken to help analyse your target market, including size of market, emerging trends, potential growth and projected sales.
<b>Project Monitoring –</b> How will the project be monitored	Describe in detail how the project will be monitored to allow timely reporting through to fund co-ordinator

### **Project Summary -**

Summary of the information above, including your goal, objectives and vision for your business. This could include an outline of the next steps on completion of this project – is further funding required?

## **Funding agreement**

If the projects business plan is assessed and approved by the MDB REDP Reference Panel, the applicant will need to enter into a comprehensive written grant agreement with the department (substantially in the form and on the terms attached), including provision for at least matters such as:

- Requirement/confirmation that appropriate insurance cover is held by the applicant;
- Negotiation of milestones and reporting that are satisfactory to the department, with completion before 30 June 2017 required at the latest;
- where there is more than one party comprising the applicant, joint and several liability;
- risk allocation satisfactory to the department, including release/indemnity in favour of the department;
- comprehensive intellectual property licence to the department;
- consent to release information about the details and outcomes of the project publicly;
- other relevant provisions to ensure accountability for the grant of public funds and assess whether the grant objectives are being met;
- provisions requiring the applicant's acknowledgement of the financial co-investment in any publicity about the project.

Future funding is likely to have a similar process; however potential applicants should regularly check the department's website for updated processes, guidelines, eligibility criteria and application forms.

## **Submitting application**

Please submit completed application form before 5pm, **Friday 29 April 2016** to:

Post: Justin Heaven  
Senior Industry Development Officer  
Department of Agriculture and Fisheries  
Applethorpe Research Station, New England Highway, Applethorpe Q4378  
Po Box 501, Stanthorpe QLD 4380

Email: [justin.heaven@daf.qld.gov.au](mailto:justin.heaven@daf.qld.gov.au)

For more information, contact us on 13 25 23 or visit us at [www.daf.qld.gov.au](http://www.daf.qld.gov.au)