



Regional Development *Australia*

Developing Funding Proposals

A Guidance Manual for Practitioners

A Joint Initiative by the WA RDA Network



An Australian Government Initiative

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INTRODUCTION

All three tiers of Australian government often implement funding programs to achieve various policy outcomes. The funding programs aim to address market failure, generally arising from the market's inability, or unwillingness, to fund, or pay, the true cost of provision. This is usually the case for public infrastructure. Generally, a funding program contains several criteria to be met through the application of the funds. The fundamental objective of the criteria is to ensure the policy objective is maximised, given one or more constraints. The primary constraint is generally the quantum of funding available.

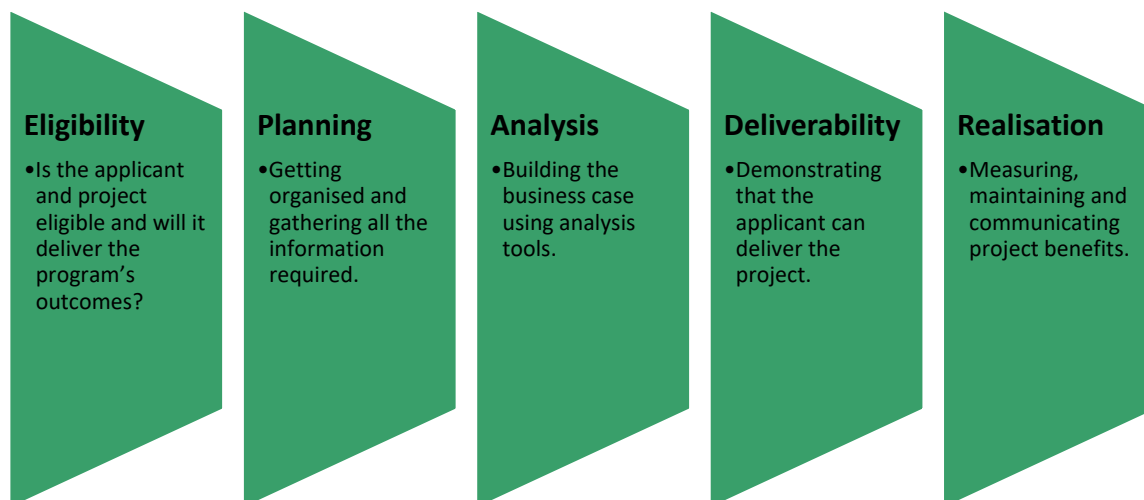
Applicants apply for funding in a program by submitting their project detailing how it meets the criteria of the funding program. Often the aggregate quantum of funding sought by applicants is much more than that available, so program administrators rigorously assess each applicant against criteria to determine the projects that will best achieve the policy outcomes. Insufficient or weak responses to criteria present an easy means for an administrator to discard an application.

As competition for available funding is always strong, applicants need to ensure that they and their project are eligible, they have undertaken sufficient planning and analysis to meet the criteria, and can demonstrate that they can deliver the project. Whilst each funding program will have specific criteria, the general approach is one of eligibility, planning, analysis and deliverability.

A quality funding submission requires the gathering and summation of many different components related to the project, often requiring external studies such as options, design, costing, economic impact and feasibility. The applicant must be prepared to make these upfront investments therefore sufficient time needs to be allocated to these processes.

The effort required to prepare a funding submission that has the best chance of success is often under estimated. This manual has therefore been prepared to assist practitioners in understanding and guiding the preparation of a funding submission.

The manual is divided into five sections



The manual can be used as a reference guide or as a step-by-step tool for preparing a funding submission. Each section provides exercises that will assist you to consider the aspects that you need for a strong funding submission.

1. ELIGIBILITY

KEY QUESTION: IS YOUR ORGANISATION AND PROJECT ELIGIBLE FOR THE FUNDING PROGRAM?

This may seem like a redundant question but it is often something that gets overlooked in the early stages. You don't want to get half way through your investigations or be writing your response to the selection criteria and then whilst checking the fine print realise that your organisation or project may not be eligible!

1.1 APPLICANT ELIGIBILITY

You need to confirm that your organisation is eligible for the funding program and that you can demonstrate eligibility with appropriate documentation. As an example, the *Building Better Regions Fund (BBRF) Program Guidelines* state who is eligible and who is ineligible.

6.2. Who is eligible?

To be eligible you must be a legal entity, have an Australian Business Number (ABN) and be one of the following entities:

- a local governing body as defined by the Local Government (Financial Assistance) Act 1995.
- a not for profit organisationAs a not for profit organisation you must demonstrate your not for profit status through one of the following:
 - Current Australian Charities and Not-for-profits Commission's (ACNC) Registration
 - State or Territory Incorporated Association status
 - Constitutional documents and/or Articles of Association that demonstrate the not-for-profit character of the organisation.

For the purposes of the program, we also consider the following organisations to be local governing bodies:

- AnanguPitjantjatjara, Maralinga, Gerard, Nepabunna and Yalata local governing bodies in SA
- Cocos (Keeling) Islands Shire Council
- The Lord Howe Island Board
- Norfolk Island Regional Council
- The Outback Communities Authority
- The Shire of Christmas Island
- The Silvertown and Tibbooburra villages in NSW
- The Trust Account in the NT
- ACT Government.

6.3. Who is not eligible?

You are not eligible to apply if you are:

- a for profit organisation
- an individual, partnership or trust (however, an incorporated trustee may apply on behalf of a trust)
- a Commonwealth, state or territory government agency or body (including government business enterprises)
- a university, technical college, school or hospital
- a Regional Development Australia Committee.

Joint Applications are not permitted under BBRF Round 2

If your project is a joint project, one partner must be the applicant with the other partners shown as contributor. Generally, the following details will be required for all project partners:

- Details of the project partner organisation (ACN, ABN, head office, contacts).
- Letter of support for the project from the organisation.
- An overview of how the organisation will work with the lead organisation and any other project partner organisations to successfully complete the grant activity/project.
- An outline of the relevant experience and/or expertise the organisation will bring to the group.
- The roles/responsibilities the organisation will undertake, and the resources it will contribute (if any).
- Evidence that it has the nominated resources available to it.

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- Details of a nominated management level contact officer.

If you are in any doubt about the eligibility of project partners seek clarification as soon as possible.

The Building Better Regions Fund Round 2 does not intend the program to enable an eligible organisation to apply on behalf of an ineligible organisation. If it appears that an applicant is not the main driver of the project, the application may not be competitive.

Documentation

A not-for-profit organisation would need to supply evidence of incorporation. However, just providing evidence of incorporation does not always clearly identify that the applicant is a not-for-profit organisation. The *BBRF Program* requires one of the following mandatory documents:

Evidence of your not for profit status:

- Current Australian Charities and Not-for-profits Commission's (ACNC) Registration, or
- Incorporated association certificate, or
- Constitutional documents and/or Articles of Association that demonstrate the not for profit character of the organisation.

Exercise: BBRF Organisation Eligibility

Type of application organisation: local government not-for-profit

Name of applicant organisation:

Supporting documentation:

ABN:

Specific eligibility questions (if any):

Is the applicant organisation eligible? Yes No

If no, why not?

1.2 PROJECT ELIGIBILITY

Once you have determined that you are an eligible organisation you need to confirm that your project is eligible for the funding program. For example, the *BBRF Program Guidelines* state what is eligible and what is ineligible.

| Infrastructure Projects | Community Investments |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>6.6 Eligible Projects</p> <p>Your project must be a capital project involving the construction of new infrastructure, or the upgrade or an extension of existing infrastructure. The replacement of existing infrastructure will only be eligible where you can demonstrate significant increase in benefit.</p> <p>To be eligible your project must also be ready to commence within 12 weeks of executing the grant agreement. We consider commencement to be taking steps to allow construction to commence including the procurement of contractors or actual construction work commenced.</p> <p>If you do not own the land or infrastructure for your project, you must have the owner’s authority. The authority must cover the project period and the benefits timeframe as outlined in section 10.4. If your application for funding is successful, you must provide evidence of this authority before you enter into a grant agreement.</p> <p>The BBRF will not fund projects that you have already started or where contracts are already in place at the time of application.</p> | <p>To be eligible your project must fall into one of the following categories:</p> <ul style="list-style-type: none"> • Local events and activities - Investment in local activities and events provides economic social and cultural opportunities for people living in regional areas. Events and activities drive economic growth, promote community participation and inclusion, encourage volunteerism and build on a region’s identity. Note: Local events and activities will only be eligible under the program once. Funding under the program is intended as seed-funding, for local events and activities that are new to the community, or a significant addition to an existing event or activity. Applicants will need to clearly outline in their applications their strategy to fund future and expanded events without Australian Government funding. Events cannot take place until a signed Grant Agreement is in place; this may take 6-8 months from the date you submit your application. • Strategic planning - Activities that facilitate the development of quality regional or sectoral plans will help to drive the development of strong regions. Plans should focus on pursuing economic opportunities and/or addressing identified challenges across a region or industry sector, and should be developed in close consultation with key regional stakeholders. Business plans, feasibility plans and Cost Benefit Analysis are not permitted under this section (look to the guidelines for ineligible activities) • Regional leadership and capability - These activities will build the capability of regional leaders, equipping them with the skills to effectively drive change and champion positive futures for their communities. All leadership and capability activities will need to demonstrate clear and definitive outcomes including broad benefits for the community. Regional leaders may include representatives from: <ul style="list-style-type: none"> ○ community organisations ○ local government ○ local industry members ○ local youth leaders ○ indigenous leaders ○ industry bodies <p>The BBRF will not fund projects that you have already started or where contracts are already in place at the time of signing the grant agreement.</p> |
| <p>6.7 Eligible Activities</p> <p>You can only spend the grant and co-funding on eligible activities directly related to the project. If your application is successful, these activities will be defined in your grant agreement.</p> <p>Eligible activities may include</p> <ul style="list-style-type: none"> • purchase of materials, this can include fit out of the infrastructure such as ICT cabling, window dressings, fixed furniture | <p>You can only spend the grant and co-funding on eligible activities directly related to the project. If your application is successful, these activities will be defined in your grant agreement. Eligible activities must be new to the community or a significant extension to current activity. They must deliver significant new benefits.</p> <p>Eligible activities may include:</p> |

| Infrastructure Projects | Community Investments |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • external labour hire • plant and equipment hire • external consulting costs directly related to the delivery of the construction. <p>The Program Delegate makes the final decision on what are eligible activities. The BBRF cannot fund activities carried out prior to executing a grant agreement. All project activity must occur during the project period for it to be eligible.</p> | <ul style="list-style-type: none"> • Local events and activities <ul style="list-style-type: none"> ○ arts and culture events, for example theatre productions, gallery exhibitions and indigenous cultural events ○ community and public events, for example food festivals, field days, seasonal activities, veterans or memorial events ○ attracting new businesses or economic opportunities, for example hosting a conference or business event to coordinate and enable growth in a particular industry sector or address obstacles in accessing markets ○ community sporting events, for example an exhibition sporting match or hosting an interstate sports carnival ○ events or activities which attract tourists and visitors to a region. • Strategic planning <ul style="list-style-type: none"> ○ regional skills audits ○ research projects to support regional development strategic plans ○ collecting socio-economic information ○ plan development costs • Regional leadership and capability <ul style="list-style-type: none"> ○ leadership courses ○ participation and community building measures for young people ○ participation in activities to improve local business and industry leadership capability <p>The Program Delegate makes the final decision on what are eligible activities. The BBRF cannot fund activities carried out prior to executing a grant agreement. All project activity must occur during the project period for it to be eligible.</p> |
| <p>6.8 Ineligible Activities</p> <p>You can only spend the grant and co-funding on eligible activities directly related to the project and this cannot include:</p> <ul style="list-style-type: none"> • purchase of land or existing infrastructure • repair or replacement of existing infrastructure where there is no demonstrated significant increase in benefit • purchase and installation of manufacturing equipment • purchase of unfixed furniture such as desks and fridges • ongoing operating costs including utilities and staffing • payment of salaries for the applicant’s employees • project overhead items including office equipment, vehicles or mobile capital equipment. Examples include trucks and earthmoving equipment and the applicant’s internal plant operating costs • business case development and feasibility studies. | <p>Examples of ineligible activities include:</p> <p>Local events and activities</p> <ul style="list-style-type: none"> • activities where the main benefit is intended to go to only one sector or group within the wider community (e.g. a specific club, society or religious group). For example, funding for an individual sports team to attend an event is not eligible. • fundraising events • events for political/lobby groups • private events • existing events or activities (that are not new to the community, or a significant addition to an existing event or activity) • possible or future unidentified events • purchase, refurbishment or extension of permanent infrastructure or assets that have benefits wider than the specified event or activity, where the infrastructure or asset is the majority expenditure of the event or activity. <p>Strategic planning</p> <ul style="list-style-type: none"> • land use planning • service delivery planning • capital funding for research centres • feasibility studies or benefit-cost analysis for specific projects, including infrastructure development • activities that the organisation undertakes as part of its usual business practices and responsibilities. <p>Regional leadership and capability</p> |

| Infrastructure Projects | Community Investments |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none">• vocational education and training (vet)• apprenticeships• higher education qualifications• funding education and training providers• funding for staff wages or leadership positions within an organisation. |

| Exercise: BBRF Project Eligibility | |
|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| Description of project: | |
| Problem project attempting to solve or opportunity taking advantage of: | |
| Funding Stream: | <input type="checkbox"/> Infrastructure Project <input type="checkbox"/> Community Investment |
| Confirm that the project does not fit with ineligible examples or use of grant funding. | |
| Is your project eligible? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| If no why? | |

1.3 LOCATION ELIGIBILITY

A funding program may be targeted at specific geographical areas (e.g. urban, regional, rural, local government boundary, state) or areas that display certain characteristics (e.g. remote or very remote). If the project concerns infrastructure, then the location can be precise. For both streams of funding, where your project is situated or delivered in multiple sites with a mix of regional and remote classifications, your entire project location will be considered remote for the purposes of the co-funding requirement.

For BBRF grants the project must be located in Australia outside an excluded area. The *BBRF Program Guidelines* describe eligible areas as follows:

6.1 Where can your project be located?

Your project must be located in Australia and in an eligible area.

The excluded areas for the purposes of the program are the Urban Centre and Locality (UCL) cities over 1 million people for Sydney, Melbourne, Brisbane, Perth and Adelaide as defined by the Australian Bureau of Statistics' Australian Statistical Geography Standard. For the city of Canberra, the excluded area is only the part of the Canberra-Queanbeyan Significant Urban Area that is located within the Australian Capital Territory.

You may still apply if your project is located **in an excluded area** however, you must clearly demonstrate the significant and demonstrable benefits and employment outcomes which flow directly into an eligible area. A mapping tool is available on business.gov.au to assist you in determining the location of your project.

Other than eligibility the location of a BBRF program also drives a number of other elements of the program, notably:

- The level of co-funding required (see below).
- A loading applied to the assessment score in line with the remoteness of the project. In effect very remote projects will receive a higher loading than inner regional projects.

In the BBRF program the remoteness classification of the project's location drives the co-funding requirements. These co-funding requirements are minimums and an application that requests less than the maximum grant may be considered favourably.

6.5.3 Co-funding requirements

| Project remoteness classification | Co-funding requirement (cash) | Total Commonwealth Government funding |
|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------|
| Projects classified as remote or very remote | 3:1 ratio (for every \$3 of grant funding requested you must contribute at least \$1) | Up to 75 per cent of eligible project cost |
| All other classifications | 1:1 ratio (for every \$1 of grant funding requested you must contribute at least \$1) | Up to 50 per cent of eligible project cost |
| Projects granted an exceptional circumstances co-funding exemption (see section 6.5.2) | Exempt from co-funding (although any level of contribution is encouraged) | Up to 100 per cent of total eligible project cost |
| *Projects with a total eligible project cost of up to \$20,000 | Exempt from co-funding requirement (although any level of contribution is encouraged) | Up to 100 per cent of total eligible project cost |

Note: * Community Investments Stream only

Exercise: BBRF Project Application Eligibility

What is the eligibility and remoteness classification of your project?

(Use the mapping tool at: <http://maps.infrastructure.gov.au/BuildingBetterRegionsFund/>)

Eligibility:

Remoteness classification:

Project latitude and longitude:

Local government area:

Postcode:

1.4 OTHER ELIGIBILITY REQUIREMENTS

There are often eligibility requirements other than the organisation, location and project such as supporting documentation or compliance with particular regulatory requirements. If certain supporting documentation is not supplied, then the application may be deemed ineligible.

For the second round of BBRF many of the documents that were previously mandatory have been replaced by sections within the application form (subject to a tight character limit). Although this means the mandatory documents have been accordingly reduced, it is recommended that you submit sufficient information for your application to be properly assessed. This may mean attaching documentation that is no longer mandatory (within the 20MB limit per application). Again, the *BBRF Program Guidelines* state the following documentation requirements:

| 9.1. Attachments to the application | | | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------|------------------------------------|--------------------------------------|---------------------------|
| Document | Infrastructure | | Community | | |
| | Grant Requests of \$20,000 to \$1 M | Grant Requests of > \$1 M | Grant requests \$5,000 to \$20,000 | Grant requests \$20,000 to \$100,000 | Grant requests >\$100,000 |
| All Applicants | | | | | |
| Letters evidencing the cash or in-kind contribution from each contributing organisation or individual. They must be <ul style="list-style-type: none"> on the organisation's letterhead (not applicable for individuals) signed and dated by an authorised person or the individual providing the contribution set out the value and timing of contributions and any conditions attached. An authorised person completing the applicant declaration in the application form is sufficient confirmation of the applicant's contribution. Template provided on business.gov.au | ✓ | ✓ | ✓ | ✓ | ✓ |
| Business Case is no longer mandatory and has been replaced by: | | | | | |
| Question D5 Maintaining Project Benefits | ✓ | ✓ | ✓ | | |
| Question D6 Risk Management Plan | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cost Benefit Analysis | ✓ | ✓ | Opt | Opt | ✓ |
| Question D7 Project Management | ✓ | ✓ | ✓ | ✓ | ✓ |
| All Applicants applying for a Leadership Course: Current quote and course information dated within 2 months of application lodgement | | | ✓ | ✓ | ✓ |

DEVELOPING FUNDING PROPOSALS

| Not-for-Profit Applicants | | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|----------------------------------------------------------------------------------------------------------------------------------------------|---|---|
| Evidence of your not for profit status <ul style="list-style-type: none"> • Current Australian Charities and Not-for-profits Commission's (ACNC) Registration, or • Incorporated association certificate, or • Constitutional documents and/or Articles of Association that demonstrate the not for profit character of the organisation. | ✓ | ✓ | ✓ | ✓ | ✓ |
| Not-for-profit organisations are required to submit an Accountant's Declaration to confirm they can fund their share of the project costs. There is no requirement for local governing bodies to provide Audited Financial Statements or an Accountant's Declaration with their application. | ✓ | ✓ | ✓ | ✓ | ✓ |
| For incorporated trustees applying on behalf of a trust | | | | | |
| Trust documents showing the relationship of the incorporated trustee to the trust. | ✓ | ✓ | ✓ | ✓ | ✓ |
| | | | | | |
| Applicants seeking exceptional circumstances co-funding exemption | | | | | |
| Evidence to demonstrate your case for exemption | ✓ | ✓ | Not applicable if your total eligible project cost is \$20,000 or less Mandatory if your total eligible project cost is over \$20,000 | ✓ | ✓ |

Note: Opt = optional, ✓ mandatory

The BBRF Infrastructure Projects stream also requires compliance with Building Code 2013 and Australian Government Building and Construction WHS Accreditation Scheme. You must declare in your application that your organisation complies with these requirements.

DEVELOPING FUNDING PROPOSALS

It should be noted that the amount of detail provided should be relative to the project size, complexity and grant amount requested however supplying these documents is also an eligibility requirement. Not supplying them could rule your application ineligible. Even if documents are optional it may be useful to supply them.

Exercise: BBRF Documentation Eligibility

Funding Stream: Infrastructure Community

Grant amount requested: \$

Do you have for your project?

Letter evidencing your cash or in-kind contribution? Yes No

Letters evidencing your partners cash or in-kind contributions? Yes No NA

Letters of support from your partners Yes No NA

Cost Benefit Analysis? Yes No NA

Evidence of your not-for-profit status Yes No

Current quote for leadership course Yes No

Accountants declaration Yes No

Trust documents? Yes No NA

1.5 SOLUTION OPTIONS ANALYSIS

It is important to clearly state the problem that your project is attempting to solve, or the opportunity it is trying to take advantage of, and provide evidence that you have considered various solution options, including doing nothing, to determine the optimal acceptable solution that is the basis of your project.

Applications that can demonstrate consideration of several possible solutions along with a clear and acceptable method to arrive at the chosen project applied for, are likely to be more successful. Even if the program's criteria do not ask for it, the approach demonstrates a wider consideration of solutions to a problem.

Investigation of solution options can be extensive and the degree of investigation required depends upon the size of the expenditure being considered. Some projects will require extensive engineering investigations and others may have only one solution.

If there is more than one solution, then a cost benefit analysis (CBA) will be required to decide between the options. Section 3 provides several techniques for this.

For example, consider a road intersection that has been designated a black spot for traffic accidents. The problem is the intersection has a record of two or more fatalities over a five-year period which is unacceptable. The outcome from upgrading the intersection is to reduce the number of fatalities to as close to zero as possible. The options considered to deliver this outcome may include:

- Upgrading the intersection's road standard, curbing and channeling.
- Improved approach signage.
- Improved intersection lighting.
- Roundabout.
- Intersection traffic lights.
- A combination of the above.

Each of these options will have different costs and traffic disruption impacts during construction but may also have slightly different outcomes.

Exercise: Project Option Analysis

Problem project attempting to solve, or opportunity to leverage:

What is the outcome you are trying to achieve?

What are the solution options to achieve that outcome?

How are these different in terms of cost and outcome variability?

How will you decide between them to demonstrate a preferred option?

2. PLANNING

KEY QUESTION: HAVE YOU PLANNED SUFFICIENT TIME AND RESOURCES TO ASSEMBLE ALL THE MATERIAL AND INFORMATION REQUIRED FOR THE FUNDING SUBMISSION?

2.1 ARE YOU READY?

The first thing to consider before you decide to apply for a funding program is are you ready to start your project? Most funding programs require a significant amount of preparation and projects need to be ready so that the funding program can meet its policy objectives within its timeframe. For example, if you are undertaking a building project, can you get all the approvals within twelve weeks of receiving funding? That is a big ask of any building project and pretty much impossible unless it is very straight forward or approvals are already in place.

You need to carefully read the funding program requirements and ask yourself some hard questions. Funding programs are very competitive, if you take the attitude that we will just knock something up and she'll be right you will most probably fail. If you think you can get there but need another couple of months then either wait for a subsequent round, or look for another program.

As an example, answer the following questions relating to the BBRF program, assuming you are an eligible organisation with an eligible project. Should any of your responses be no then you are not ready.

| Exercise: Am I Ready? | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Co-funding <ul style="list-style-type: none"> I can meet the mandatory co-funding requirements that apply to my application All my co-funding, both cash and in-kind, is confirmed in writing I can demonstrate how my project improves connections within the community, which could include through cash or in-kind contributions to the project, or through partnerships and support from local groups who will benefit from the project | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Investment Ready <ul style="list-style-type: none"> I have identified all required regulatory and/or development approvals I can submit documentation to demonstrate that my project is well planned I will be able to enter into a grant agreement with the Government within 60 days of a written offer My <u>Infrastructure Project</u> can commence within 12 weeks of receiving the executed grant agreement OR I will complete my <u>Community Investments</u> project within 12 months of receiving the executed grant agreement I will complete my project no later than 31 December 2020 | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Mandatory Documents <ul style="list-style-type: none"> I can support my application claims with evidence, and can provide evidence of robust planning to develop my project | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Competitive Application <ul style="list-style-type: none"> My application has strong claims against each the four merit criteria (economic benefit, social benefit, value for money and project delivery) | <input type="checkbox"/> Yes <input type="checkbox"/> No |

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <ul style="list-style-type: none"> • I can quantify and support all my claims with evidence | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <ul style="list-style-type: none"> • I have engaged with my local Regional Development Australia (RDA) Committee (rda.gov.au) to present a strong application | <input type="checkbox"/> Yes <input type="checkbox"/> No |

2.2 TIME MANAGEMENT

Time management is the process of consciously planning actions and milestones to meet a deadline or deliver a project. In regard to funding submissions, time management concerns the preparation and submission of an application so that it meets all the requirements.

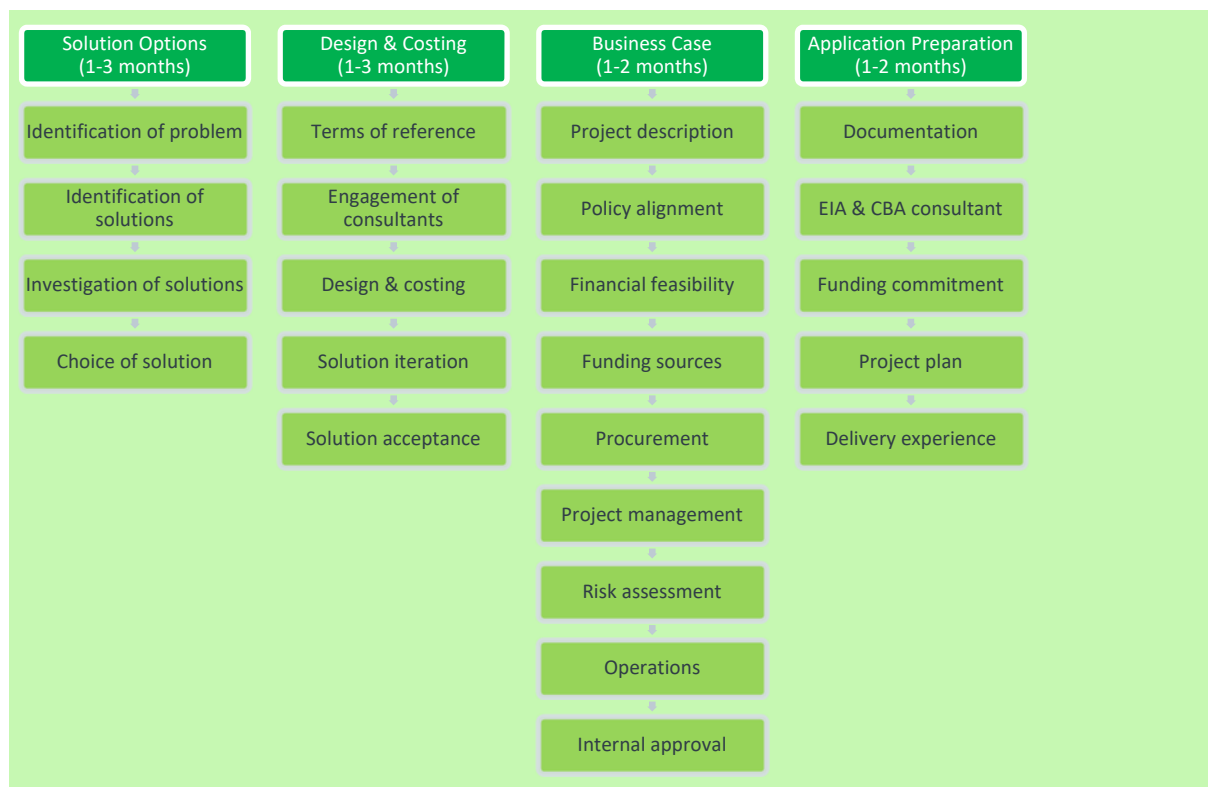
Time management also relates to the delivery of a project. Some funding programs require the applicant to be able to demonstrate that it can deliver the project within a specified timeframe.

Time management can be considered a sub-set of project management which has become a discipline in itself. Whilst there is insufficient scope within these guidelines to cover the topic in any detail, a few simple observations and pointers will suffice.

In its basic form, time management is exercising common sense about planning your funding application. The first critical point is that if you are considering an infrastructure project that requires design, costing, business case, project plan, etc., then starting a month before the application is due is not going to allow you to give it your best shot.

Secondly, if you are doing the planning for the funding submission you may need to consult and engage a range of other professionals to assist in preparing technical inputs. Alternatively, it may be that your organisation has already progressed the project to a sufficient stage that a funding shortfall is preventing any further progress and external funding program will help. In this case much of the work may have been done and it just needs to be manipulated into the form required by the funding program.

Nevertheless, to illustrate the planning of a funding application for a new medium-sized infrastructure project consider the following four step process, packages of work and broad timeframes (obviously this depends on the size and complexity of the project):



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As you can see, there are lots of aspects to consider and there is a logical timeframe for the progression of various elements that need to come together for the funding application. Ideally one person will be responsible for managing the entire process to ensure that inputs are received on time and the elements of the funding application are backed up by appropriate and sufficient evidence.

Exercise: Application Planning

For your project and funding program list the packages of work that need to be undertaken.

Identify who is best placed to undertake each component.

Identify the likely time required for each component.

If external resources are required what is the procurement/engagement process and additional time required.

Working back from the funding application submission date when do you need to start?

If you don't have this much time where can you save time? Is this realistic?

2.3 ADDRESSING ASSESSMENT CRITERIA

For any funding application to be successful it must fully meet the assessment criteria. As mentioned in the introduction a funding program is designed to deliver a policy objective and outcome. In the case of the *BBRF Program* the outcomes are:

3. Program overview

The \$481.6 million Building Better Regions Fund supports the Australian Government's commitment to create jobs, drive economic growth and build stronger regional communities into the future.

The program will run from 2016-17 to 2020-21.

The program has been designed to achieve the following outcomes in regional and remote communities:

- create jobs
- have a positive impact on economic activity, including Indigenous economic participation through employment and supplier-use outcomes
- enhance community facilities
- enhance leadership capacity
- encourage community cohesion and sense of identity.

The program will fund projects in regional Australia outside the major capital cities of Sydney, Melbourne, Brisbane, Perth, Adelaide, and Canberra (see <http://maps.infrastructure.gov.au/BuildingBetterRegionsFund/> for eligible areas).

Consequently, the *BBRF Program* merit criteria are:

1. Economic benefit

- The economic benefit your project will deliver to the region during and beyond the construction phase (15 points)

2. Social benefit

- The social benefit your project will deliver to the region during and beyond the construction phase (10 points)

3. Value for money

- The value for money offered by your project (5 points).

4. Project delivery

- Your capacity, capability and resources to carry out the project (5 points).

These merit criteria are the same for the Infrastructure Projects and Community Investment streams.

Your first steps in addressing the assessment criteria are to:

- Read and understand the funding program guidelines.
- Read the application form.
- Read any other information such as frequently asked questions (FAQ).
- Scan any previously funded projects and look for ones similar to your project.

Once you have a good understanding of what is required, make notes and questions then seek answers to your questions from the given program contacts and successful applicants.

These guidelines cover a wide range of areas required for funding submissions. However, the following sections detail how they all come together under the *BBRF* assessment criteria.

2.3.1 Economic Benefit

Stimulating economic growth is often a key assessment criteria. Infrastructure projects stimulate economic growth in two ways: firstly, through construction activity associated with the project, and secondly, through annual operation of the infrastructure and the wider economic benefits of the economic activity associated with the infrastructure.

Community investment projects can deliver economic benefits in different ways, for example:

- Events drive economic growth through visitation and showcasing, promote community participation and inclusion, encourage volunteering and build a region’s identity.
- Strategic planning can assist in providing a regional, industry or economic direction that addresses challenges and provides purpose and action.
- Leadership and capacity building equips regional leaders with the skills to drive change and deliver improved economic and social outcomes.

Consider *BBRF Merit Criteria 1*:

Merit criterion 1 – Economic benefit

Economic benefits for a region may cover increases in economic activity, improvements in productivity, wider access to markets or fairer and more equitable economic outcomes. For projects located in an excluded area (as outlined in section 6.1), you must clearly demonstrate how economic benefits flow directly into an eligible area. Examples of how your project could demonstrate these economic benefits include:

- a) increasing the number or value of jobs, new businesses or the production of goods and services in the region (this includes direct and indirect opportunities created through the project)
- b) providing opportunities for growth in existing sectors, e.g. tourism, agriculture, manufacturing
- c) the use of local suppliers and goods
- d) increasing efficiency of the transport system or service delivery
- e) increasing Indigenous economic participation – including Indigenous employment and supplier-use outcomes
- f) the degree to which the project delivers benefits beyond the construction phase.

Ideally you need to identify and explain the economic benefits and very clearly link them to the project using robust quantifiable information and/or generally acceptable ways of measurement.

Answering this merit criteria requires the use of analysis techniques and tools that are probably outside your area of expertise. In this case, you will need assistance. That assistance can be more effective and efficient if you consider the information that is required to answer assessment criteria 1, in particular, the drivers that will drive outcomes. Several techniques and tools are contained in Section 3 to give you some knowledge of what is required.

Exercise: Measuring and Delivering Economic Benefit

What are the direct and indirect economic benefits during construction (jobs, income, gross regional product)?

What are the direct and indirect economic benefits each year beyond construction?

What new business or production of goods will occur in the region?

What industry sectors will experience growth due to the project over and above without the project?

Will there be increased use of local suppliers and/or goods stemming from the project?

Exercise: Measuring and Delivering Economic Benefit

Will there be an increase in transport or service delivery efficiencies? How can these be quantified?

Will there be increased Indigenous economic participation? What does this look like and mean?

What will the region look like in the medium (5-10) and long term (10-20 years) with the project versus without it?

How can you demonstrate, or measure, the economic benefits you have identified above?

2.3.2 Social Benefit

Some funding programs are aimed at improving social outcomes. Consider *BBRF Merit Criteria 2*:

Merit criterion 2 – Social benefit

The social benefit your project will deliver to the region during and beyond the project period (10 points)

Social benefits for a region may cover increases in regional amenity, improving community connections and inclusion and providing opportunities for learning and knowledge creation. For projects located in an excluded area (see <http://maps.infrastructure.gov.au/BuildingBetterRegionsFund/> for eligible areas) you must clearly demonstrate how the social benefits flow directly into an eligible area. Examples of how your project could demonstrate these social benefits include:

- a. making a region a more attractive place to live
- b. improving community connections and social inclusion
- c. supporting or protecting local heritage and culture
- d. increasing community volunteering
- e. increasing community participation in local decision making*
- f. the degree to which the project delivers benefits beyond the construction phase
- g. addresses disadvantage within the community.
- h. Strengthening community institution, governance and leadership capacity

Note: *Community Investments Stream only

Demonstrating social benefits is often thought of as somewhat easier than demonstrating economic benefits as the benefits can mostly be stated in qualitative terms. However, a good way to demonstrate social benefit is by describing the social status quo in quantitative terms and then directly linking the project to how it will improve social outcomes. However, as with economic benefits you need to identify and explain the social benefits and very clearly link them to the project using robust quantifiable information and/or generally acceptable ways of measurement.

For example, to demonstrate that a region is socially better off after a community investment project the change pre and post the project needs to be demonstrated using credible statistics. For example, if a region wishes to boost employment and community participation in the low season through establishing a regular event then an obvious measure is annual visitation in the years prior to the event compared to visitation in years with the event. The increased visitation means more visitor demand for services and therefore lower unemployment.

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Obviously, you need to use statistics that are relevant to the objective of the project. The following measures are suggested:

- Unemployment data, number of welfare recipients and single income families (ABS, AHIW).
- Population change, including significant population increases and decreases (ABS).
- Age of the population, percentage of the population from a non-English speaking background, percentage of the population from Indigenous or Torres Strait Islander backgrounds (ABS Census).
- Socio-Economic Index for Areas (SEIFA Index) (ABS).
- Impact of restructuring or structural change, impact of climate change (CSIRO, BoM).
- Distance from and ease of access to major service, trade and employment centres (use google maps to calculate drive times).
- House prices and rents, availability of housing (REIA).
- Education standards and skill levels of the population (ABS).
- Percentage of population engaging in volunteering.

Section 2.4 provides additional data sources that may be of use.

Exercise: Measuring and Delivering Social Benefits

What specific areas of social benefit is your project aiming to address?

For each of these identified areas what statistics can you access to demonstrated the status quo?

What goods and services will your project supply that will improve social outcomes?

How will the project continue to deliver social benefits beyond the immediate project period?

What, if any, additional regular activity might be required to sustain social benefits into the future?

2.3.3 Value for Money

As mentioned earlier there is always more funding applied for than available, therefore, it is critical that your project can demonstrate value for money. Value for money is not just about what will be produced but also about attracting additional investment, leveraging partnerships that extend beyond the project and other benefits that would not occur without the project. Again applying for a grant less than the maximum or providing a higher level of co-contribution may improve chances of success.

Consider *BBRF Merit Criteria 3*:

Merit criterion 3 – Value for money

The value for money offered by your project (5 points).

You may demonstrate the value for money through identifying:

- a. the extent to which the project leverages additional funding (this includes cash contributions above the co-funding requirement and in-kind contributions)
- b. the extent to which the project leverages additional partnerships
- c. the likelihood of the project going ahead without the grant funding. Explain how the grant will impact the project in terms of size, timing and reach.

In-kind contributions should be valued. If these are gifts of land then they can be valued against similar land uses that have transacted in the market. If these are labour based then the usual hourly rate of labour for that type of labour can be used. In the worst case the minimum wage can be used as a proxy measure.

Exercise: Developing Partnerships

What partners are involved in your project?

Are these of a financial or non-financial nature?

Have you valued the in-kind contributions?

Do you have letters of support from these partners for the project which provide confirmation of the partner's commitment and/or contribution?

What other partners could be involved to improve the outcomes of your project?

Will the project go ahead without grant funding? If so what does it look like?

What does it mean if the project cannot go ahead?

2.3.4 Project Delivery

A funding body needs to satisfy itself that applicants are ready and able to deliver the project within a certain timeframe. This means that planning and activities have already been undertaken to reduce the risk profile of the project.

Planning, depth and quality of project documentation is a clear indication of the effort and diligence that has gone into the project and can remove much of the project uncertainty from the assessment process and thereby improve project viability. Applicants should therefore invest prudently in the preparation of project documentation and any necessary approvals. The more project risks that have been identified and mitigated the better. Section 4 provides a number of deliverability aspects that will assist in demonstrating project diligence.

Additionally, you need to demonstrate an appropriate level of resources and know-how commensurate with the nature of the project whether the organisation has this in-house or has plans in place to procure them.

Plans to continually benefit from the project after it is constructed or carried out are also critical in demonstrating the ongoing benefits as well as value for money.

Consider *BBRF Merit Criteria 4*:

Merit criterion 4 – Project delivery

Your capacity, capability and resources to carry out the project (5 points).

You may demonstrate this through identifying:

- a. your readiness to commence the project with appropriate approvals planned for, or in place
- b. your track record with similar projects including managing similar grant funding
- c. your access to people with the right skills and experience
- d. your access to infrastructure, capital equipment, technology, intellectual property
- e. how you will operate and maintain the infrastructure and benefits of the project

Exercise: Demonstrating Project Viability

Does your project require planning approvals? If yes, what are they and are these in place?

Have you delivered a similar project before?

Have you managed a similar amount of grant funding before?

What skills and experience is required to deliver the project? Do you have these in-house? If not, how do you intend to procure them?

What resources applicable to the project do you have available?

Are there resources that you will need to procure? How do you intend procuring these?

Do you have a Project Management Plan? Is it of sufficient standard?

How confident are you of your costings?

Exercise: Demonstrating Project Viability

Do you have a plan to operate, and/or benefit from the project post implementation?

2.4 SOURCING DATA, ESTIMATES & OTHER EVIDENCE

Now that you have closely examined the assessment criteria and the information that may be required to address them, you will need to source data, estimates and appropriate evidence.

You will have to create a certain amount of primary and project specific data but may also need to obtain secondary or published data that will assist in assessing the economic and social benefits of your project. Other evidence may come in the form of company documents, written commitments or published reports and papers from credible sources.

Depending on the nature of the project, the creation of primary project specific data will typically involve a number of professional disciplines, for example:

| Project Area | Discipline |
|-----------------------|------------------------------------------------------------|
| Project Design | Subject Specialists, e.g. Doctors, Pilots, Public Servants |
| Infrastructure Design | Consulting Engineer (infrastructure specific) |
| Building design | Architect |
| Costing | Quantity Surveyor |
| Town Planning | Town Planner |
| Economic Benefits | Economist |
| Social Benefits | Sociologist |
| Financial Feasibility | Finance Analyst |
| Market Research | Researcher |
| Risk Assessment | Risk Analyst |
| Legal Issues | Lawyer |
| Project Delivery | Project Manager |

Many of these disciplines, especially for infrastructure projects, are found in integrated service companies and, depending on the size of the project and internal organisational capability, one or more external companies will need to be commissioned to design your project and to generate project specific data required by the funding application.

Secondary data can be obtained from several sources. The table below gives an indication of economic and social secondary data sources:

| Subject Area |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Australian Bureau of Statistics www.abs.gov.au |
| 2. Census of Population & Housing 20. Census statistical products and services 21. Historical Censuses (Pre 1996) 29. Census reference products and services |
| 3. Demography 31. Demography - general 32. Population trends and estimates 33. Vital statistics 34. Migration |
| 4. Social Statistics 41. Social statistics - general 42. Education 43. Health 44. Welfare and social services 45. Crime and justice 47. Indigenous statistics 48. Health 49. Social statistics - general |
| 46. Environment 46. Environment |
| 5. National Accounts, International Trade and Finance 52. National accounts |

| Subject Area |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 53. Balance of payments and international investment 54. International trade 55. Public sector accounts 56. Finance |
| 6. Labour Statistics and Prices 61. Labour statistics - general 62. Labour force 63. Earnings, hours and employment conditions 64. Prices 65. Consumer income and expenditure |
| 66. Labour Force 61. Labour statistics – general 62. Labour force 63. Earnings, hours and employment conditions 64. Prices 65. Consumer income and expenditure 66. Labour force |
| 7. Agriculture 71. Agriculture statistics - general 72. Livestock and livestock products 73. Crops and pastures 74. Agricultural land use 75. Agricultural financial statistics and value of products |
| 8. Secondary Industry and Distribution 81. Industry wide statistics 82. Manufacturing and energy - general 83. Manufacturing commodity production 85 - 86. Service industries 87. Building and construction Information |
| 84. Mining 84. Mining |
| 9. Transport 91. General Transport 92. Transport services 93. Motor vehicle registrations 99. Information |
| Socio Economic Index for Areas (SEIFA): <ul style="list-style-type: none"> • Index of Relative Socio-Economic Disadvantage (IRSD) • Index of Relative Socio-Economic Advantage and Disadvantage (IRSAD) • Index of Education and Occupation (IEO) • Index of Economic Resources (IER). |
| Australian Health and Welfare Institute www.aihw.gov.au |
| <ul style="list-style-type: none"> • Aging, disability & carers • Families & children • Hospitals • Housing & homelessness • Indigenous Australians • Population groups • Risk factors, diseases and death • Services, workforce and spending |
| Building Costs |
| <ul style="list-style-type: none"> • Rawlinson Publishing http://www.rawlhouse.com • Cordell http://www.cordell.com.au |
| Real Estate Institute of Australia www.reia.asn.au |
| <ul style="list-style-type: none"> • House Prices & Rents |
| Regional Data |
| <ul style="list-style-type: none"> • Progress in Australian Regions – Yearbook 2016 http://regional.gov.au/regional/publications/yearbook/ • Online regional data http://regional.gov.au/regional/data/ |

Subject Area

- Regional Australia Institute Regional Competitiveness Index <http://www.regionalaustralia.org.au/home/tools-and-products/insight/>

Reserve Bank of Australia www.rba.gov.au

- Assets and Liabilities
- Payments System
- Money and Credit Statistics
- Household and Business Finances
- Interest Rates
- Exchange Rates
- Share Markets
- Inflation and Inflation Expectations
- Output and Labour
- International Trade and External Finance

Tourism Research Australia www.tra.gov.au

- National Visitor Survey
- International Visitor Survey

Exercise: Gathering Information, Estimates and Other Evidence

Considering your project what project specific information do you think you need?

Where will this information come from and how will it be obtained?

What secondary data do you think you will need?

What other evidence is required (funding program specific) and where will it come from?

2.5 GATHERING SUPPORT FOR PROJECTS

Whilst not always asked for in funding application submissions, an indication of documented support from the community and its leaders is often a good mechanism to indicate the level of support for a project. Areas where support can be demonstrated include:

- Community surveys undertaken independently and of sufficient sample size and demographic coverage to be representative of the community.
- Letters of support from:
 - Regional Development Australia Committees.
 - Significant employers.
 - Business groups, i.e. chamber of commerce, tourism networks.
 - Religious organisations and other prominent not-for-profit organisations.
 - Universities and major training institutions.
 - Media organisations.
 - Special interest groups, e.g. RACWA, AHA.
 - Local governments (mayor & councillors).
 - State and Federal politicians.

Community surveys need to be carefully worded and can reflect polarised opinion, particularly if incorrect or misleading information is in general circulation, or if there is organised opposition to the project. In this case a community education process may be necessary.

Letters of support should give an indication of the specific benefits that constituents are likely to experience from the project.

| Exercise: Demonstrating Community Support | |
|------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Is the project of sufficient prominence that the community is sufficiently aware of it? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Does the project exist in any strategic or planning documents? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| If no, would the community generally show high levels of support for the project? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| If no, why? | |
| What could you do about it? | |
| If yes, what questions would you ask them? | |
| Make a list of the business and community organisations in the region impacted by the project. | |

3. ANALYSIS

KEY QUESTION: HAVE YOU UNDERTAKEN SUFFICIENT ANALYSIS OF YOUR PROJECT AS REQUIRED BY THE FUNDING PROGRAM CRITERIA?

3.1 COSTING

It is important to undertake accurate and comprehensive costings for your project so that you know the true cost and the amount of grant funding you are requesting. Generally, if you are successful in securing funding and then experience cost increases, the funding body will not increase their funding and your organisation and partners will need to find the additional funds.

Accurate costing also reflects the effort that has gone into your project planning. Costing is also used to assess the economic benefits, cost benefit analysis and in the business case. There are several types of costs to be considered:

- Infrastructure project: Capital costs and ongoing operational costs are needed to ensure that the infrastructure continues to deliver the levels of service for which it was designed.
- Community project: The project costs and potentially ongoing costs are required to ensure the initial benefits are sustained into the future or as far into the future as realistically possible.

3.1.1 Capital Costs

The estimation of capital costs needs to be undertaken by appropriate independent professionals. At a minimum this will require investing in an engineering or building design and costing by quantity surveyors. It is generally not acceptable to provide a costing based on a square metre rate from a resource such as Rawlinsons (2016). Best practice capital cost estimation guidelines are available, such as that by Evans & Peck (2008).

The first capital cost estimate is produced during project scoping. As the project progresses capital cost estimates should be gradually refined with the most accurate costs being driven by competitive tendering prior to securing funding. Costing must be underpinned by a combination of sufficient investigation and definition, preliminary design of key elements to ensure constructability, expert knowledge to advise on the design, definition and construction, comparison with benchmark costs, appropriate risk and contingency allowances and rigorous review.

The structure of a project cost estimate (also known as Outturn Cost) should include the following key components:

- Base Estimate comprising the sum of Construction Costs and Owner's Costs (staff and land acquisition).
- Contingency allowance that is applied to the Base Estimate to cover a specified level of risk in the project implementation.
- Cash Flow applied to the Base Estimate plus Contingency based on a project program.
- Escalation that is applied to the Cash Flow and which takes account of increased costs through the period from the date of the estimate to the completion of construction.

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An example of a capital costing presentation for a road project split into these components is given below.

| Item | Base Estimate | Contingency | | Base Estimate + Contingency | % of Base Estimate |
|-------------------------------------------------|------------------|-------------|------------------|-----------------------------|--------------------|
| Phase: Scoping | | | | | |
| Base date of Estimate: June 2008 | | % | Amount | | |
| Concept Development | | | | | |
| Route/Concept/EIS | 300,000 | 10% | 30,000 | 330,000 | |
| Project Management Services | 250,000 | 15% | 37,500 | 287,500 | |
| Sponsor | 120,000 | 20% | 24,000 | 144,000 | |
| Community Liaison | 85,000 | 30% | 25,500 | 110,500 | |
| <i>Subtotal Concept Development</i> | <i>755,000</i> | | <i>117,000</i> | <i>872,000</i> | <i>1.6%</i> |
| Detailed Design and Documentation | | | | | |
| Investigation and Design | 2,500,000 | 20% | 500,000 | 3,000,000 | |
| Project Management Services | 1,250,000 | 25% | 312,500 | 1,562,500 | |
| Sponsor | 125,000 | 20% | 25,000 | 150,000 | |
| Community Liaison | 160,000 | 30% | 48,000 | 208,000 | |
| <i>Subtotal Detail Design and Documentation</i> | <i>4,325,000</i> | | <i>855,500</i> | <i>4,920,500</i> | <i>8.5%</i> |
| Property Acquisition | | | | | |
| Acquire Property | 3,750,000 | 30% | 1,125,000 | 4,875,000 | |
| Professional Services for Property | 275,000 | 25% | 68,750 | 343,750 | |
| Project Management Services | 180,000 | 25% | 45,000 | 225,000 | |
| Sponsor | 120,000 | 20% | 24,000 | 144,000 | |
| <i>Subtotal Property Acquisition</i> | | | <i>1,262,750</i> | <i>5,587,750</i> | <i>9.1%</i> |
| Total Owners' Cost | 9,115,000 | | 2,265,250 | 11,380,250 | 19.2% |
| Construction | | | | | |
| <i>Contractor's Direct Costs</i> | | | | | |
| Utility Adjustments | 3,000,000 | 40% | 1,200,000 | 4,200,000 | |
| Bulk Earthworks | 5,500,000 | 15% | 825,000 | 6,325,000 | |
| Drainage | 1,250,000 | 15% | 187,500 | 1,437,500 | |
| Retaining Walls | 2,400,000 | 25% | 600,000 | 3,000,000 | |
| Bridges | 3,000,000 | 25% | 750,000 | 3,750,000 | |
| Pavements | 8,500,000 | 20% | 1,700,000 | 10,200,000 | |
| <i>Other Costs</i> | | | | | |
| Noise Barriers | 1,200,000 | 25% | 300,000 | 1,500,000 | |
| Road Lighting | 750,000 | 20% | 150,000 | 900,000 | |
| Road Furniture and Safety Barriers | 650,000 | 30% | 195,000 | 845,000 | |
| Road Markings and Signage | 425,000 | 20% | 85,000 | 510,000 | |
| Traffic Signals | 0 | | | | |
| Traffic Information Systems | 0 | | | | |
| Environmental Works | 360,000 | 25% | 90,000 | 450,000 | |

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| Item | | Base Estimate | Contingency | | Base Estimate + Contingency | % of Base Estimate |
|----------------------------------------------------------------------------|-----|-------------------|-------------|-------------------|-----------------------------|--------------------|
| Landscaping | | 300,000 | 20% | 60,000 | 360,000 | |
| Other | | 125,000 | 30% | 37,500 | 162,500 | |
| <i>Subtotal Contractor's Direct Costs</i> | | <i>27,460,000</i> | | <i>6,780,000</i> | <i>33,640,000</i> | |
| <i>Contractor's Indirect Costs</i> | | | | | | |
| Preliminaries | 24% | 6,590,400 | 25% | 1,647,600 | 8,238,000 | |
| Contractors Offsite Overhead and Margin | 13% | 4,426,552 | 20% | 885,310 | 5,311,862 | |
| Total Construction Cost (TCC) | | 38,476,952 | | 8,712,910 | 47,189,862 | 80.8% |
| Base Estimate (Owner's Cost + Construction Cost) | | 47,591,952 | | 10,978,160 | 58,570,112 | 100.0% |
| Contingency – Inherent risk | | | | | | |
| Contingency – Contingent risk | 15% | | | | 8,785,517 | 141.5% |
| Base Estimate + Contingency | | | | | 67,355,629 | |
| Cash Flow: Start Construction July 2009, Finish Construction December 2010 | | | | | | |
| Escalation (applied to Base Estimate + Contingency) | | | 17.5% | | 11,787,235 | 24.8% |
| Total Outturn Cost | | | | | 79,142,864 | 166.3% |

Note: If the project contains major separable portions which need to be monitored separately, the above information should be repeated for each portion.

Source: Evans & Peck (2008).

Exercise: Identifying Capital Costs

Thinking about your project. Identify what the Owners' Costs are likely to be as opposed to the Construction Costs?

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3.1.2 Operational Costs

3.1.2.1 Infrastructure

Infrastructure operational costs are the ongoing annual capital costs of maintaining and running the infrastructure so that it continues to deliver the levels of service that it was designed for, within its design life:

- Capital costs - Annual depreciation costs concerning investments, renewals and maintenance of infrastructure assets.
- Running costs - Annual recurring (other) maintenance and operational expenditures.

Estimates of these costs can be supplied through the project scoping phase.

Exercise: Identifying Infrastructure Operational Costs

Thinking about your infrastructure project identify what the operational costs are?

3.1.2.2 Community Investment

If your project is a community investment, then there will be operational costs for the initial project and then ongoing costs to maintain that initial investment. For example:

- **Event:** If the community investment is in a new event then the initial project will be establishing and operating the inaugural event whilst the ongoing costs will be operating the event periodically (e.g. every year or second year) in the future.
- **Strategic Plan:** If the community investment is in an economic development strategy then the initial project will be establishing the plan whilst the ongoing costs will be in implementing the associated action plan. There may also be a periodic review (every second year) to ensure that the strategy remains on track and valid.

Exercise: Identifying Community Investment Operational Costs

Thinking about your community investment project identify what the initial project costs are?

What are the post project costs? How often are they required?

3.1.3 Economic Activity Costs

In addition to the direct project costs there may be costs (and benefits) from the economic activity that the project facilitates. For example:

- **Water Treatment Plant:** The availability of additional potable water may facilitate an industrial subdivision and attraction of industry and jobs.
- **Economic Development Strategy:** Identification of reuse opportunity for neglected assets may result in renovation expenditure and job creation to occur.

If these economic activities are certain to occur with the project, then they should be described as a direct outcome of the project.

Exercise: Identifying Economic Activity Costs

Thinking about your project identify what are the economic activities that may be enabled with the project in place.

Identify the costs (and benefits) of these economic activities.

3.2 VALUING BENEFITS

The benefits of a project are those outcomes that will occur, and are hopefully greater than the costs - resulting in a net benefit. The easiest benefits to measure are those that have a market value or can be represented through cost savings or efficiency and productivity gains.

Benefits more difficult to measure are those that have no market, or are unpriced and are therefore not the subject of normal market transactions, including social or environmental benefits. Nevertheless, they entail the use of real resources. These attributes are referred to as 'non-market' goods or impacts. In each of these cases, quantification of the effects in money terms is an important part of the analysis. Where the impact does not have a readily identifiable dollar value, proxies and other measures should be developed.

One commonly used method of approximating values for non-market impacts is 'benefit transfer'. Benefit transfer means taking already calculated values from previously conducted studies and applying them to different study sites and situations. Considering the significant costs and technical skills needed in using other methodologies to determine values, utilising benefit transfer techniques can provide an acceptable solution.

Context is extremely important when deciding which values to transfer and from where. Factors such as population size, number of households, and regional characteristics should be considered when undertaking benefit transfer. For example, as population density increases over time, individual households may value nearby open space and parks more highly. Other factors to be considered include: the location of the original study, utilising foreign exchange rates, demographic data, and respective inflation rates.

Benefit transfer should only be regarded as an approximation. Transferring values from similar regions with similar markets is important. Results can be misleading if values are transferred between countries that have starkly different economies (for example a benefit transfer from the Solomon Islands to Sydney would likely have only limited applicability). However, sometimes only an indicative value for environmental assets is all that is required.

To value benefits that will be delivered by your project they need to be identified. This is best done by identifying stakeholders that are affected by the project and the impacts (positive and negative) that the project will have on them. The numbers of stakeholders affected and the value of the effect can then be valued.

Exercise: Identifying and Valuing Benefits

List the stakeholders impacted by your project.

List the benefits that will be delivered by your project to these stakeholders.

For each benefit think about how you might value that benefit.

3.3 COST BENEFIT ANALYSIS

Cost Benefit Analysis (CBA) is a decision making and justification/feasibility technique used to choose between options that solve a problem or leverage an opportunity. Simply put, options that either provide benefits that outweigh the costs by the most amount, or minimises costs by the most amount, are a candidate for the preferred solution. Funding application assessors often use the outcomes of a CBA as one decision criteria to choose the projects that they will fund.

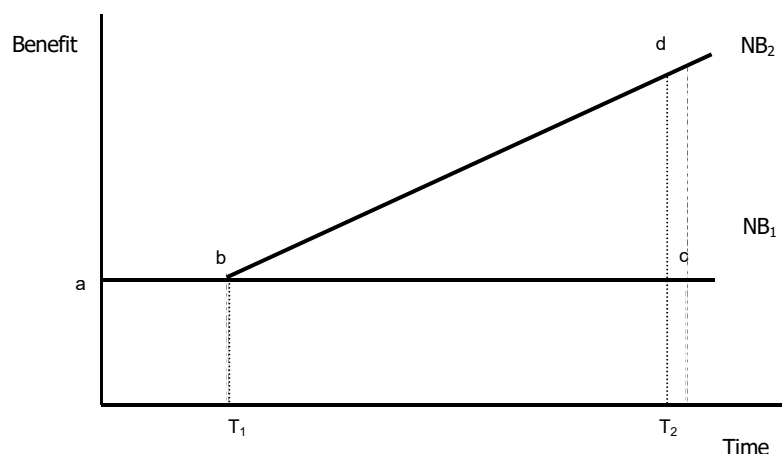
Below is a brief outline of the key points for a CBA.

General Principles

To enable a robust determination of the net benefits of undertaking a given project, it is necessary to specify the base case and alternative case options or scenarios. The base case scenario represents the ‘without project’ scenario and the alternative or ‘with project’ scenario examines the impact with the project in place.

In the diagram below, the base case (without) scenario is represented by line NB₁ (bc) over time T₁ to T₂. The investment in the project at time T₁ is likely to generate a benefit, which is represented by line NB₂ (bd). Therefore, the net benefit flowing from investment in the project is identified by calculating the area (bcd) between NB₁ and NB₂.

Illustrating the benefits of with and without project scenarios



Source: AEC

A comprehensive quantitative specification of the benefits and costs included in the evaluation and their various timings is required and must include a clear outline of all major underlying assumptions. These impacts, both positive and negative, should then be tabulated and where possible valued in dollar terms.

Some impacts may not be quantifiable. Where this occurs the impacts and their respective magnitudes should be examined qualitatively for consideration in the overall analysis.

3.3.1 Finance Costs Are Not Included

Financing costs are not included in a CBA. As a method of project appraisal, CBA examines a project’s profitability independently of the terms on which debt finance is arranged. This does not mean, however, that the cost of capital is not considered in CBA, as the capital expenses are included in the year in which the transaction occurs, and the discount rate (discussed below) should be selected to provide a good indication of the opportunity cost of funds, as determined by the capital market.

3.3.2 Calculations

As costs and benefits are specified over time it is necessary to reduce the stream of benefits and costs to present values. The present value concept is based on the time value of money – the idea that a dollar received today is worth more than a dollar to be received in the future. The present value of a cash flow is the equivalent value of

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the future cashflow should the entire cashflow be received today. The time value of money is determined by the given discount rate to enable the comparison of options by a common measure.

The selection of appropriate discount rates is of particular importance because they apply to much of the decision criteria and consequently the interpretation of results. The higher the discount rate, the less weight or importance is placed on future cash flows.

The choice of discount rates should reflect the weighted average cost of capital (WACC). A base discount rate of 7% is often used to represent the minimum rate of return, in line with Australian Government guidelines. As all values used in the CBA are in real terms, the discount rate does not incorporate inflation (i.e., it is a real discount rate, as opposed to a nominal discount rate).

To assess the sensitivity of the project to the discount rate used, discount rates either side of the base discount rate (7%) should also be examined (4% and 10%).

The formula for determining the present value is:

$$PV = \frac{FV_n}{(1+r)^n}, \text{ where:}$$

PV = present value today

FV = future value n periods from now

r = discount rate per period

n = number of periods

Extending this to a series of cash flows the present value is calculated as:

$$PV = \frac{FV_1}{(1+r)^1} + \frac{FV_2}{(1+r)^2} + \frac{FV_n}{(1+r)^n}$$

Once the stream of costs and benefits have been reduced to their present values the Net Present Value (NPV) can be calculated as the difference between the present value of benefits and present value of costs. If the present value of benefits is greater than the present value of costs, then the option or project would have a net economic benefit.

In addition to the NPV, the internal rate of return (IRR) and benefit-cost ratio (BCR) can provide useful information regarding the attractiveness of a project. The IRR provides an estimate of the discount rate at which the NPV of the project equals zero, i.e., it represents the maximum WACC at which the project would be deemed desirable. However, in terms of whether a project is considered desirable or not, the IRR and BCR will always return the same result as the NPV decision criterion.

3.3.3 Sensitivity Analysis

Sensitivity analysis allows for the testing of the key assumptions and the identification of the critical variables within the analysis to gain greater insight into the drivers to the case being examined.

A series of Monte Carlo can be used to test the sensitivity of the model outputs to changes in key variables. A Monte Carlo simulation is a computerised technique that provides decision-makers with a range of possible outcomes and the probability that they will occur for any choice of action. The Monte Carlo simulation works by building models of possible results by substituting a range of values – the probability distribution – for any factor that has inherent uncertainty. It then calculates results over and over, each time using a different set of random values from the probability functions. The outputs from Monte Carlo simulation are distributions of possible outcome values. In this way, Monte Carlo simulation provides a comprehensive view of what may happen. It describes what could happen and how likely it is to happen.

3.4 ECONOMIC IMPACT ASSESSMENT

Economic impact modelling is an analysis technique used to determine the amount of economic activity supported by a project within a pre-determined geography. It is applied to both the construction phase and the annual operation phase to demonstrate the direct and flow-on activity expected to be supported within the regional economy. Whilst there are different economic modelling techniques input-output (IO) modelling is one that is generally acceptable for projects of less than \$100 million where the sectors impacted are already present in the economy. For those projects over this figure computable general equilibrium (CGE) models are generally used.

IO modelling demonstrates inter-industry relationships in an economy, depicting how the output of one industry is purchased by other industries, households, the government and external parties (i.e. exports), as well as expenditure on other factors of production such as labour, capital and imports. IO modelling shows the direct and indirect (flow-on) effects of one sector on other sectors and the general economy. As such, IO modelling can be used to demonstrate the economic contribution of a sector on the whole economy and how much the economy relies on this sector, or, to examine a change in final demand of any one sector and the resultant change in activity of its supporting sectors.

The economic contribution of a project can be traced through the economic system via:

- **Direct impacts**, which are the first round of effects from direct operational expenditure on goods and services.
- **Flow-on impacts**, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated into:
 - **Industry Support Effects (Type I)**, which represent the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services in the intermediate usage quadrant, and subsequent round effects of increased purchases by suppliers in response to increased sales.
 - **Household Consumption Effects (Type II)**, which represent the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the economic system.

These effects can be identified through the examination of four types of impacts:

- **Output:** Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
- **Value added:** Refers to the value of output after deducting the cost of goods and services inputs in the production process. Value added defines the true net contribution and is subsequently the preferred measure for assessing economic impacts.
- **Income:** Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the project.
- **Employment:** Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow-on activity, and is expressed in terms of full time equivalent (FTE) positions.

IO multipliers can be derived from open (Type I) Input-Output models or closed (Type II) models. Open models show the direct effects of spending in a particular industry as well as the indirect or flow-on (industrial support) effects of additional activities undertaken by industries increasing their activity in response to the direct spending.

Closed models re-circulate the labour income earned as a result of the initial spending through other industry and commodity groups to estimate consumption induced effects (or impacts from increased household consumption). More information on IO modelling can be found in West (1993).

An example of the economic activity generated by the construction of a \$1.1 million project is given below along with an indication of the economic activity generated by industry.

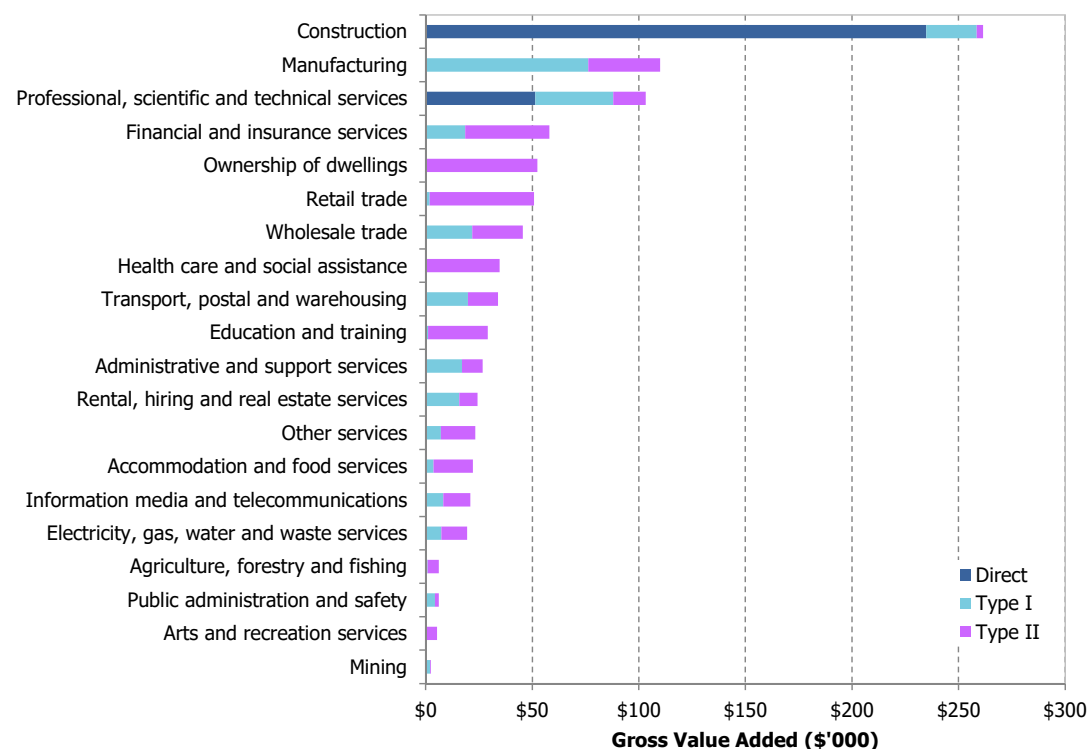
Example IO modelling of a \$1.1 million construction project

| Impact | Output (\$'000) | Gross Value Added (\$'000) | Incomes (\$'000) | Employment (FTEs) |
|-----------------|------------------|----------------------------|------------------|-------------------|
| Direct | \$575.0 | \$185.3 | \$98.6 | 2 |
| Type I Flow-On | \$365.5 | \$156.5 | \$90.7 | 1 |
| Type II Flow-On | \$375.8 | \$209.8 | \$104.4 | 2 |
| Total | \$1,316.3 | \$551.6 | \$293.8 | 4 |

Source: AEC

It is estimated the \$1.1 million capital investment will directly deliver \$575,000 in industry output for regionally based businesses in total, with a further \$741,300 supported through flow-on activity. A total of \$551,600 in gross value added (GVA) activity is estimated to be supported within the regional economy over the construction phase in total. Around four FTE jobs for regional workers are estimated to be supported as a result of construction over the period, providing \$293,800 in wages and salaries. More than \$250,000 in GVA activity is estimated to be supported in the area’s construction industry during construction. Over \$100,000 in GVA is also estimated to be supported in the manufacturing and professional, scientific and technical services industries.

Example of GVA supported by industry of a \$1.1 million construction project



Source: AEC

Economic impact assessment is a technical skill but often the focus by decision makers is on the quality of the inputs rather than the end results. Consequently, it is important to focus attention on the accuracy of the costs of project construction, operation and activity facilitated by the project.

3.5 BUSINESS CASES

The decision to proceed with a project is generally supported by a business case - which is a single document that makes the case for the project based on accurate and credible investigations and evidence. It contains all the relevant supporting information to facilitate the decision-making process. A business case is not a mandatory document for the BBRF application, but it is likely to be a document you can't manage without. It contains within it much of the information needed to complete a good BBRF application.

There is generally no prescribed format for a business case, although some funding programs, i.e. The WA Royalty for Regions Program, do supply a template. The contents of the business case will therefore largely be dependent on what the decision-making body considers important. As such the contents and language of the business case should be orientated towards the requirements of the funding program.

As an example, elements of a business case could include:

- Executive Summary
 - Problem to be solved, why it's a problem, or opportunity to be leveraged, desired outcomes, solution options, investigations undertaken, option analysis, implementation aspects, recommendations
- Table of Contents
- Introduction
 - Problem to be solved, why it's a problem, or opportunity to be leveraged
 - Desired outcomes
 - Solution approach
 - Contents of business case
- Solution Options
 - Description of each option
 - Investigation of each option
 - Stakeholder impacts (including costs and benefits)
 - Quantification of costs and benefits
- Options Analysis
 - Cost benefit analysis
 - Economic impact assessment (optional)
- Implementation
 - Funding and funding avenues
 - Project management plan and timeframes
 - Action plan - who
 - Procurement plan
 - Risk assessment – identification, assessment and mitigation
 - Organisation functional impact – operations, finance, human resources, legal
- Levels of Support – community, business, government
- Summary and Recommendation
- References
- Supporting Appendices

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- Letters of support
- Designs
- Relevant technical studies
- Costings
- CBA detail
- Economic modelling detail
- Consultation outcomes

As you may have already realised, the business case pulls together all the elements required for funding program submissions. All the elements are covered in these guidelines.

Exercise: Business Case Development

Using the work completed for your project through these guidelines start to populate the content for each area of the business case and identify where you have information and where you will need to develop additional information.

4. DELIVERABILITY

KEY QUESTION: ARE YOU ABLE TO DEMONSTRATE THAT YOU CAN DELIVER AND SUPPORT THE PROJECT IF IT IS FUNDED BY THE PROGRAM?

4.1 ABILITY TO DELIVER A PROJECT

You may have a very attractive project and an excellent business case but if a funding body has no confidence that you have the ability to deliver it, they are unlikely to provide funding.

Delivery not only refers to the capability to deliver but also that the project can be delivered in the required timeframe dictated by the funding agreement. For example, should there be a significant risk of project commencement delays, due to the need to obtain planning permits, the project may not be able to be delivered in the required timeframe.

To demonstrate that you have the ability to deliver the project, consideration should be given to the following:

- Significant project planning has already occurred and the project can commence (e.g. on ground works) within, for example, a twelve-month period.
- A detailed and realistic project management plan is in place.
- All appropriate planning, construction, zoning, environmental and/or native title approvals are in place or will be in place within, for example, six months of funding being granted.
- The applicant and their partners, can demonstrate that it has successfully delivered projects of a similar scope and scale.
- All funding sources, including provisions for contingencies, are fully committed to.
- The applicant has the financial resources and experience to maintain and operate the project on completion.
- A full risk assessment has been undertaken and mitigation plans are in place.

A project management plan shows all the steps in implementing the project from commencement to completion. Its complexity is relative to the scope and scale of the project. It defines what, when, duration, resources and costs for each stage of the project. A well-defined project management plan allows analysis and control of the project to occur including such elements as critical path analysis. Principles and generic guidelines on project management are provided in ISO 21500:2012. It is not a mandatory document within the BBRF application, but you are unlikely to be able to manage your project without one, and it is recommended that you nevertheless complete a full project plan for your project.

Exercise: Demonstrating Ability to Deliver

Has your organisation, or partners, delivered a similar project before? Yes No

If yes what was it? If no, how might you demonstrate ability to deliver?

Do you have a detailed project management plan? Yes No

If yes does it contain sufficient detail for the size of the project? If no, how might you develop one?

How can you demonstrate sufficient resources and know-how for your project?

4.2 RISK MANAGEMENT & MITIGATION

Risk management are coordinated activities to direct and control an organization with regard to risk. Like engineering, risk management is a profession and is tightly integrated with project planning, since activities to manage risk need to be considered in planning. Principles and guidelines on risk management are provided in ISO 31000:2009 which is an international standard for effective risk management.

The first step in risk management is establishing the context of risks. Broad areas of consideration can include risk during design, funding, construction, operation, etc. Within these areas specific events, uncertainties or opportunities can be identified and assessed.

A simple risk assessment approach is to identify the risks then assess the likelihood of them occurring and the consequences associated with the specific risk. To assess the likelihood and consequences of a risk occurring, you should also consider the current controls that are in place to address the risk. An example is:

Example likelihood/consequence framework

| Likelihood/Consequence | Insignificant | Minor | Moderate | Severe | Catastrophic |
|------------------------|---------------|--------|-----------|-----------|--------------|
| Almost Certain | Medium | High | Very High | Very High | Very High |
| Likely | Medium | High | High | Very High | Very High |
| Possible | Low | Medium | High | High | Very High |
| Unlikely | Low | Low | Medium | Medium | High |
| Rare | Low | Low | Low | Low | Medium |

Source: AEC

Once the level of risk has been identified, you should evaluate which risks need treatment and the priority for treatment implementation. Treatment techniques for risks fall into one or more categories:

- Avoidance (eliminate, withdraw from or not become involved).
- Reduction (optimize – mitigate).
- Sharing (transfer – outsource or insure).
- Retention (accept and budget).

Part of any risk management plan is implementation in terms of staffing arrangements to continuously monitor and manage risks.

An output of risk management and mitigation planning is a risk register - an example of which is given in Appendix B.

| Exercise: Basic Risk Management |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Establish the Context: Chose an area of risk for your project, e.g. financial.</p> <p>Identify the Risk: Identify uncertainties or adverse things that could occur.</p> <p>Analyse the Risk: For each of these, assess their likelihood and consequence.</p> <p>Evaluate the Risk: Rank the risks in order of severity and prioritise which risks require treatment.</p> <p>Treat the Risk: Determine how you might treat the risk to reduce its likelihood and/or consequence and the residual risk level post the mitigation strategy.</p> |

4.3 PROCUREMENT PROCESS

Procurement is the acquisition of goods or services from another party. The aim of a procurement process is to acquire the goods or services that represent the best value for money.

Procurement objectives and policies will vary depending on the procuring organisation. Public sector organisations generally include objectives that represent value for money, encourage competition, and are efficient, effective, economical, ethical and accountable and transparent.

In some cases, standing offers from pre-approved providers have been developed at a commonwealth, state or local level, which are intended to reduce or remove some steps in the procurement process and lock in prices and other conditions.

Some funding programs require a procurement plan that outlines how the applicant will procure goods and services for their project. Typical information in the procurement plan may be:

- Procurement method to be used (e.g. open tender, pre-qualified tender, limited tender, standing offer).
- Specification of the goods or services required.
- Evaluation process and timeframes.
- Selection criteria used to evaluate submissions.
- Contracts to be used.
- Probity arrangements.

The funding program may determine the procurement policy to be used, however, it is likely that your organisation already has a procurement policy. However, supplying the procurement policy is not a substitute for describing how you will procure the project.

Exercise: Developing a Procurement Plan

Does your organisation have a procurement policy? Yes No

What procurement method will you use?

What documents will you need for the procurement?

How long is procurement likely to take? Is the procurement timeframe recognised in the project plan?

5. REALISATION

KEY QUESTION: HOW WILL YOU MEASURE, MAINTAIN AND COMMUNICATE THE BENEFITS OF YOUR PROJECT IN THE FUTURE?

5.1 DEMONSTRATING PROJECT BENEFITS

Benefit realisation is a term used when measuring the benefits of a project and comparing them to the stated benefits in the business case. In other words, is the project delivering the stated benefits? Measuring the benefits depends on the nature of the project and may be immediate or may take some time. For example:

Example project benefit realisations

| Project | Outcome (Benefit) | Measure | How measured | Benefit realised |
|-------------------------------|------------------------|-------------------------------|------------------------------|-------------------------------------|
| Road Upgrade | Fewer accidents | Road traffic accidents (RTAs) | Accidents reported to Police | Fewer RTAs than before project |
| New Event | Larger visitor economy | Visitors and expenditure | Visitor surveys during event | Increased total visitor expenditure |
| Economic Development Strategy | Larger economy | Employment | 5 yearly census | Number of jobs higher than trend |

Source: AEC

Measurement of benefits from a funded project is important when applying for future funding programs as it allows you to demonstrate success in acquitting public funds.

Exercise: Benefits Realisation

What are the economic benefits of your project? (see section 2.3.1)

How could you measure each economic benefit?

What are the social benefits of your project? (see section 0)

How could you measure each social benefit?

5.2 MAINTAINING PROJECT BENEFITS

The end of a defined project is not necessarily the end of your commitment to the funding organisation. Some funding agreements may require you to commit to operating and maintaining the project so that it continues to deliver benefits into the future. This is often the case with infrastructure. For example, the Infrastructure Projects Stream of the *BBRF program* requires the following:

9.4 Maintaining project benefits

In your grant agreement, you will be required to commit to operate and maintain your project infrastructure and deliver project benefits into the future. In line with your grant agreement, the operational periods are relative to total project cost.

| Project Cost | Number of Years |
|-------------------------------------------------|-----------------|
| <\$250,000 | 1 year |
| \$250,000 to \$1 million | 3 years |
| > \$1 million | 5 years |
| Projects exempt from the co-funding requirement | 5 years |

5.2.1 Infrastructure Asset Management

Infrastructure asset management is a combination of financial, operational, engineering, management and any other necessary disciplines, applied to the infrastructure to maintain the design service levels in the most cost effective manner. A typical asset management plan may include:

- Asset description and ownership.
- Standard of service definition including capacity.
- Measuring asset performance.
- Cost associated with operating and maintaining the asset to its expected life.
- Revenues that may be generated from use of the asset.
- Other benefits that may flow from the use of the asset.
- How shortfalls in revenues, if any, will be funded.
- Potential improvements or extensions.

Exercise: Developing an Asset Management Plan

Does your organisation use asset management plans? Yes No

If no, what steps will you take to prepare an asset management plan?

What % of the revenues associated with the assets will/should be used to cover the costs of maintaining the asset?

5.2.2 Returns from Community Investment

As with infrastructure projects it is also appropriate to consider the flow of returns over time from a community investment. It is also safe to assume that these investments will also require regular ongoing investment to maintain those returns. For example, an annual event will need an annual investment up front with revenue being generated from sponsorship or ticket sales later on. Where the investment generates revenue it may become self-sustaining (in fact some funding programs make this a requirement). A typical community investment plan may include:

- Investment activity description and ownership.
- Standard of service definition including capacity.
- Measuring investment performance.
- Cost associated with maintaining the returns.
- Revenues that may be generated from the investment.
- Other benefits that may flow from the investment.
- How shortfalls in revenues, if any, will be funded.
- Potential improvements or evolution.

Exercise: Developing a Community Investment Plan

Does your organisation use community investment plans? Yes No

If no, what steps will you take to prepare a community investment plan?

What % of the revenues associated with the investment should be used to cover the costs of maintaining the returns?

Will the community investment become self-sustaining? How can you demonstrate this?

5.3 REPORTING

All funding programs require progress reports and acquittal of funds spent. Whilst the requirements of the funding program will be different, timely and regular reporting demonstrates the ability of your organisation to deliver on the requirements of a funding program. Successful acquittals are important when applying for future funding programs. Regular reports at key milestones may also be tied to funding payments.

For example, the *BBRF Program* requires the following reporting requirements:

10.3.1 Progress report

Progress reports must:

- include the evidence showing you have completed the agreed project activities
- show the total expenditure incurred to achieve the milestone
- be submitted within four weeks of the milestone due date or completing a milestone (you can submit reports ahead of time if you have completed the milestone).
- be in the format provided in the grant agreement

We will only make grant payments when we receive satisfactory progress reports.

10.3.2 End of project report

Final reports must:

- include the agreed evidence as specified in the grant agreement
- identify the total eligible expenditure incurred for the project
- include an evaluation of the project, including the outcomes achieved
- be submitted within four weeks of completing the project
- be in the format provided in the grant agreement.

10.3.3 Ad hoc report

We may ask you for ad-hoc reports on your project. This may include reports to confirm progress, or to explain any significant delays or difficulties in completing the project.

10.3.4 Financial and audit report

Where your total project cost is greater than \$1 million or we consider your project is higher risk you will need to provide an independently audited financial and audit report. A financial and audit report will verify that you spent the grant as identified in the grant agreement. The financial and audit report is attached to the sample grant agreements. We will assess your report and may re-examine your claims or conduct site visits if necessary.

Exercise: Project Acquittals

Have you acquitted grant funds before? Yes No

If no, what are the acquittal requirements of the funding program?

What issues do you foresee in meeting the acquittal requirements?

How might you deal with these issues?

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ACKNOWLEDGEMENTS

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APPENDIX A: EXAMPLE RISK REGISTER

| Item | Risk/s | Likelihood of Occurrence | Mitigation Strategies | Residual Risk | Responsible Officer |
|----------------------|----------------------------------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------|
| Financial | | | | | |
| Funding | External funding delays | High | Project commencement once sufficient funding becomes available. | Very Low | CEO |
| Costs | Tenders higher than estimated construction cost | Low | Where tendered cost is <20% estimated cost: Seek additional fund raising activities, and donations through churches and colleges within the Diocese of Melbourne and the parish of St Mina and St Marina Hallam to ensure desired facility is built. | Low | CEO |
| | | Very Low | Where tendered cost is >20% estimated cost: Reconsider project and/or seek additional fund raising activities, and donations through churches and colleges within the Diocese of Melbourne and the parish of St Mina and St Marina Hallam to ensure desired facility is built. | Very Low | CEO |
| | Variations during construction | Medium | Ensure appropriate contract is in place with tenderer to account for variations. | Low | Project Manager |
| | | | Seek additional fund raising activities. | | |
| | | | Seek alternative solutions that achieve a similar outcome without financial implications or which offset financial impacts. | | |
| | | | Ensure financial contingency within estimated budgets to cover variations. | | |
| Monitoring | Lack of financial reporting / monitoring | Low | Prepare monthly finance reports to project group to ensure progress is monitored of financials against construction progress and against forecast project expenditure. | Very Low | CEO |
| Regulatory | | | | | |
| Planning/DA Approval | Delay in approval from Council | Medium | External consultant engaged to ensure appropriate documentation provided to reduced unnecessary delays. | Low | CEO |
| Grant Funding | Approval documentation not appropriately completed | Medium | Ensure all documents are completed and checked prior to being returned to responsible person/s promptly. | Very Low | Project Manager |
| Grant Funding | Acquittal documentation not appropriately recorded | Medium | Ensure appropriate financial records are kept throughout the construction. | Very Low | CEO |
| | | Medium | Ensure the expenditure is appropriate to be claimed within the Funding Guidelines. | Very Low | CEO |

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| Item | Risk/s | Likelihood of Occurrence | Mitigation Strategies | Residual Risk | Responsible Officer |
|--------------------------------------|----------------------------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------|
| Procurement | | | | | |
| Detailed Design/Tender Documentation | Delay in receiving detailed design by external provider | Medium | Engage suitably qualified consultant to undertake design works with appropriate timing contingencies in place. | Low | CEO |
| | | | Ensure that information required to undertake the work is provided timely to the consultant. | | |
| | Delay in compiling tender documentation | Medium | Engage suitably qualified consultant to undertake tender specifications. | Very Low | CEO |
| | | | Ensure that information is provided timely to the consultant with appropriate timing contingencies in place. | | |
| | | | Ensure that the tender aligns with the project brief. | | Project Manager |
| Successful Tenderer | Delay in responses from tenderers and/or engagement of successful tenderer | Medium | Engage suitably qualified consultant to prepare contract specifications documentation and ensure any queries are attended to in a timely manner. | Low | CEO |
| | | | Ensure that the successful tenderer has the appropriate approvals to undertake construction activities. | | Project Manager |
| | | | Ensure that information is provided in a timely manner to the consultant to develop contract documentation. | | CEO |
| Poor or No Response to Tender | Inadequate or inappropriate responses to tender | Medium | Review tender and target specific construction firms for feedback. | Low | Project Manager |
| | | | Rewrite tender and re-advertise. | | |
| Site/Construction | | | | | |
| Site Safety | WH&S incidents impacting the worksite (tenderer, sub-contractors, public) | Medium | Ensure tenderer has own risk management controls for safety of other person/s and that sub-contractors are the tenderer's responsibility. | Low | Project Manager |
| | | | Ensure tenderer has current and appropriate liability coverage to cover any and all events. | | |
| Surrounding Community Impacts | Noise, dust and construction activity for neighbouring residents | Medium | Ensure tenderer minimises impact to neighbouring properties via tenderer proposal and work complies with Council requirements. | Low | Project Manager |

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| Item | Risk/s | Likelihood of Occurrence | Mitigation Strategies | Residual Risk | Responsible Officer |
|------------------------|----------------------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------|
| Timeframe | Delay in construction | Medium | Request and attend regular onsite meetings with the responsible persons to ensure that issues that may delay construction are identified as early as possible. | Low | Project Manager |
| | | | Selection of a suitable tenderer. | | Project Manager |
| | Competing priorities | Medium | Ensure tenderer is capable of delivery construction and has resources available. | Low | Project Manager |
| Design Changes | Site characteristics requiring an amendment to original design | Medium | Request and attend regular onsite meetings with the responsible persons to ensure that differences to design and construction are known as early as possible. | Low | Project Manager |
| | | | Sign off from original architect/engineer of any proposed changes. | | Project Manager |
| | Changes to design by the proponent post-start | Medium | Ensure that any changes to the original design do not incur additional costs and will still be functional to meet the original intended purpose of the facility. | Low | Project Manager |
| | | | Sign off from original architect/engineer of any proposed changes. | | Project Manager |
| Construction Materials | Inadequate design materials | Low | Request and attend regular onsite meetings to ensure that any differences in construction materials used are known as early as possible, with reasons and implications clearly noted. | Very Low | Project Manager |
| Key Staff Absences | Coverage of proponent's key staff (sick or holidays) | Medium | Ensure the Project Manager and other key person/s attend regular meetings to ensure understanding of project status and continuity of project. | Low | Project Manager |

