

# ECONOMIC RECOVERY FUND GUIDELINES

October 2023



Government of  
South Australia



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# Overview

As part of the 2022-23 and 2023-24 State Budget the Government has provided \$122 million to establish an Economic Recovery Fund to assist business and industry in key areas to grow secure, well paid jobs, improve productivity, increase exports and support innovative, value adding technologies in South Australia.

The Economic Recovery Fund will be available to provide financial assistance to initiatives approved by the Treasurer, including initiatives identified through various funding rounds. The Treasurer may approve funding from the Economic Recovery Fund for other initiatives at his discretion.

The Government will hold a series of funding rounds to enable organisations with complying proposals to seek funding from the Economic Recovery Fund. Sectors to be targeted and the key government objectives for each round will be announced at the commencement of each round.

The Economic Recovery Fund will be available to be accessed through an application process supported by these and other round specific guidelines.

This document provides the overarching principles that will guide future funding rounds for the Economic Recovery Fund, including:

- the nature of the financial assistance
- eligibility requirements
- the decision making criteria, assessment and approval process
- how to apply.

These overarching guidelines should be read in conjunction with the corresponding guidelines for the applicable round.

The Treasurer and/or Delegate reserves the right to vary the application of the Economic Recovery Fund as well as other key criteria and dates for each funding round as appropriate.

# Available assistance

Assistance provided through the Economic Recovery Fund is not intended to be ongoing. Funding will only be provided to projects which align to the fund's objectives and can be sustained beyond the assistance period. Thus the assistance is designed to meet only the transitional costs associated with any submitted proposal.

Financial assistance will be awarded through a competitive application process, unless otherwise determined by the Treasurer, at his discretion. Given each funding round will be limited by a set amount of resources, all submitted proposals will be ranked. It may be that some projects that otherwise meet all criteria may not be able to be funded as they are ranked lower than other proposals. Requests for ongoing assistance (including ongoing tax relief), or proposals with significant risk of ongoing assistance, will not be approved.

Financial assistance will be in the form of either co-funding grants and/or loans. Guidelines for each funding round will specify whether loans are available and the specific terms and conditions that may apply. Should loans be available, applicants will be required to specify their preference for a grant or loan.

The Treasurer retains discretion to offer an applicant a loan in lieu of a requested grant, and vice versa.

## Grants

Grants will be up to 50 per cent of eligible project/proposal expenditure. Minimum co-funding requirements will be detailed in the guidelines for each funding round.

Minimum and maximum grant amounts will be detailed in the guidelines for each funding round.

Grants will be contingent on the achievement of agreed milestones such as, but not limited to, purchase of assets, or new construction, delivery of productivity improvements or supply chain enhancements.

A single grant payment on project completion is preferred for low-value grants. However, for larger grants funding may be provided in a phased approach, based on pre-agreed performance milestones for the project including capital expenditures.

Failure to maintain agreed targets, such as jobs and/or exports, may result in a request for all or part of a grant to be repaid.

Eligible matching funds exclude the following:

- ✗ contributions made 'in-kind'
- ✗ Commonwealth or local government funding (however applications with Commonwealth or local government funding sources are encouraged)
- ✗ any activities funded from other sources such as grants or concessions
- ✗ project expenditure incurred prior to the application being received by the Department of Treasury and Finance
- ✗ project development costs such as early-stage feasibility studies, business case development, due diligence, proof of concepts or quotations
- ✗ any amount incurred in respect of ongoing operating costs including wages and salaries, recruitment, training, mentoring and procurement fees, rent or other property costs, grant applications and administration costs
- ✗ general overhead costs, e.g. utilities, rent, vehicles, furniture, power
- ✗ replacement or upgrades to existing equipment which do not substantially change the business offering to address the key objectives of the Economic Recovery Fund
- ✗ financing, interest, insurance, freight
- ✗ any other amounts that the Treasurer determines are the usual or direct requirement of business
- ✗ any costs of preparing an application to this program.

## Loans

Loans of up to 50 per cent of eligible project/proposal expenditure will be interest-bearing and for terms up to 15 years. All loans will be administered by the South Australian Government Financing Authority (SAFA). Eligible project expenditure may include pre-construction costs such as design, engineering and professional services costs.

Minimum and maximum loan amounts, as well as the specific applicable interest rates (typically SAFA's borrowing rate plus an administrative fee) and loan terms, will be detailed in the guidelines for the relevant funding round. SAFA will provide recommendations to the Treasurer on milestones, clawback mechanisms and reporting obligations that will need to be adhered to by any successful applicant.

Loans will not be provided to refinance existing debt or repay other creditors.

Loans will generally be secured over real or personal property on the basis of appropriate security arrangements. The Treasurer reserves the right to charge an additional margin reflecting the nature of proposed security arrangements.

Drawdowns on approved loans will be subject to a schedule agreed with SAFA.

# Eligibility

General Economic Recovery Fund eligibility criteria is provided below, noting this should be read in conjunction with round specific guidelines that may outline additional eligibility criteria.

## Who can apply

Businesses and organisations are eligible to apply for Economic Recovery Fund assistance where they can demonstrate that:

- ✓ ongoing jobs will be created, existing workforces will be upskilled or the workforce becomes more secure (permanent compared to casual jobs) in South Australia as a result of the Economic Recovery Fund assistance or the assistance will contribute towards a significant productivity improvement, value added production, supply chain efficiencies, new products or growth in exports or will contribute to a transformational industry change, including decarbonisation, that is expected to contribute to an improved South Australian economy over the long term. The primary focus of each funding round will be announced at the relevant time
- ✓ the organisation is a legal entity with which the South Australian Government can enter into a legally binding funding agreement. The State may require related entities (for example, holding companies) to be a party to the funding agreement as guarantor of both performance obligations and the repayment amount should a repayment event occur
- ✓ the organisation is located in South Australia. If located outside South Australia, consideration may be given to an application where the Government believes there to be special circumstances e.g. where there is a commitment to relocate the relevant enterprise (in whole or part) to South Australia within 12 months
- ✓ the organisation is financially viable, as evidenced through financial and other relevant information provided in the application including independently prepared financial statements, to be reviewed by SAFA
- ✓ the enterprise does not engage in illegal activity
- ✓ the organisation has an Australian Business Number
- ✓ the organisation is registered for GST
- ✓ the organisation is not tax exempt.

The Treasurer has the discretion to accept a proposal that doesn't meet the eligibility criteria or guidelines but provides significant economic benefits to the South Australian economy.

## Who is not eligible to apply

Applications that are lodged under the following will not be eligible for assistance:

- ✗ Local Government and Councils
- ✗ Local Government Associations
- ✗ Industry Associations
- ✗ State or Federal Government agencies.

## Essential criteria

All applicants for funding under the Economic Recovery Fund, will be required to demonstrate that:

- ✓ the business proposition, after the initial Economic Recovery Fund support, is sustainable over the longer term without further government assistance
- ✓ the project will create ongoing jobs, upskill existing workforces or create more secure long term employment conditions in South Australia, contribute towards a significant productivity improvement, value added production, supply chain improvements, new products or growth in exports or will contribute to a transformational industry change, including decarbonisation, that is expected to contribute to an improved South Australian economy over the long term
- ✓ the project demonstrates alignment with the South Australian Government's priorities for each funding round
- ✓ the project can commence within timeframes published for each funding round
- ✓ the project would not be able to proceed without government support
- ✓ the organisation has the managerial capability and financial capacity to implement the project.

Applicants will also be required to:

- commit to using Australian certified steel products where projects require steel as an input, in accordance with the South Australian Industry Participation Policy: [https://www.industryadvocate.sa.gov.au/\\_data/assets/pdf\\_file/0011/941780/20230914-South-Australian-Industry-Participation-Policy-1-January-2023.pdf](https://www.industryadvocate.sa.gov.au/_data/assets/pdf_file/0011/941780/20230914-South-Australian-Industry-Participation-Policy-1-January-2023.pdf)
- comply with the requirements of the South Australian Industry Participation Policy for grants to the private sector. See section 3.9 and Table 1 of the procedural guidelines below: [https://www.industryadvocate.sa.gov.au/\\_data/assets/pdf\\_file/0008/941777/20230914-South-Australian-Industry-Participation-Policy-Procedural-Guidelines-1-January-2023.pdf](https://www.industryadvocate.sa.gov.au/_data/assets/pdf_file/0008/941777/20230914-South-Australian-Industry-Participation-Policy-Procedural-Guidelines-1-January-2023.pdf)
- provide information on how the industry may be impacted in South Australia (including potential competitors)
- provide information on the justification for the funding request.

## Eligible expenditure

Eligible project expenditure considered for funding must be:

- ✓ a direct cost of the project. This can include wages for skilled staff directly employed for the project (term appointment), or professional service providers such as designers, engineers and technical consultants
- ✓ incurred by the applicant within the project period (between project start date and end date stipulated in the funding agreement).

Economic Recovery Fund assistance will not be provided for:

- ✗ ongoing assistance (i.e. day-to-day operating expenditure including administration or marketing activities)
- ✗ leadership or administrative staff costs not directly related to project management tasks for the project, including Chief Executives, accountants and lawyers
- ✗ financing, interest, insurance or freight costs
- ✗ early stage proof of concept activities, feasibility studies or investments
- ✗ business cases or costs associated with preparing applications and project management fees and costs to submit an application
- ✗ projects that are being undertaken to directly or indirectly meet a legal or contractual requirement
- ✗ replacement or upgrades to existing equipment which do not substantially change the business offerings or capabilities
- ✗ retrospective funding, where projects have been completed or have commenced prior to the application being received by the Department of Treasury and Finance
- ✗ a project, or elements of a project, which are more appropriately funded by other State, Commonwealth and/or Local Government or industry sources
- ✗ projects that require ongoing recurrent State Government funding
- ✗ projects which are solely transactional in nature and do not lead to any transformational or positive significant economic impacts to South Australia
- ✗ projects undertaken on behalf of third parties.

## Required information

Economic Recovery Fund applications must be supported by a summary of the proposal including a business case if available, and financial forecasts for the construction and operation phase for at least three years including any other grants and contributions to the project. These projections must demonstrate ongoing viability beyond the Economic Recovery Fund assisted phase.

Applications must demonstrate that the proposed project meets the essential criteria of the Economic Recovery Fund, which will be set out in each funding round.

Details of all State and Commonwealth grants received in the past 2 years and any pending applications for grants must be disclosed on application to the Economic Recovery Fund. Projects receiving funding from other State government programs will not be eligible for support under the Economic Recovery Fund.

# Decision making criteria, assessment and approval

A Governance Committee(s) will be established to assess applications and make recommendations to the Treasurer as to the merits or otherwise of any proposal.

Additional criteria outlined by SAFA will apply to loan applications and will be determined on a case-by-case basis.

## Key decision making criteria

Submissions for funding will be assessed according to whether they:

- meet the eligibility criteria outlined above and/or specified in each funding round
- have a viable business case (template provided) and a proponent that has managerial capability and financial capacity to implement the project
- do not face other significant barriers to commencement should funding be approved
- can commence within 12 months of the application being approved
- provide value for money for comparable job types
- are likely to catalyse additional benefits in other firms or industries, or broader economic benefits to the state
- demonstrate additional benefits where applicable, such as increased productivity, supply chain efficiencies, environmental benefits, and planning outcomes
- are best suited to support through the Economic Recovery Fund, or other State, Commonwealth and/or Local Government or industry sources.

## Assessment and approval

A Governance Committee comprised of senior executives from Department of Treasury and Finance (DTF) and Department of Premier and Cabinet (DPC), and other government agencies as deemed appropriate from time to time will provide advice to the Treasurer on Economic Recovery Fund applications.

The Committee will be supported by a secretariat from DTF that will assess applications against specified criteria. DTF may contact applicants' nominated contact officers for clarification on aspects of their submissions. Applicants will be expected to provide a response in writing, or a copy of any additional documentation requested by DTF within reasonable timeframes specified in DTF's correspondence.

It is expected that projects/proposals will be evaluated to assess the long-term impact of the State Government's investment. In assessing applications, DTF will seek advice from subject matter experts from across government. Responsibility for due diligence and contract administration will be through SAFA.

Potential applicants should note that information received in connection with an application may be used and communicated outside the South Australian Government for due diligence purposes and may also be provided to the Australian Government and third parties engaged by DTF to assist with the assessment of the applications received, together with program monitoring, reporting and evaluation purposes.

Final decisions as to which projects will be supported through the program will be made by the Treasurer. The Treasurer is not obliged to approve any application.

Applicants will be notified of final decisions for each funding round. In some cases the Government may notify applicants of a successful funding application ahead of the closing date for applications – for example on the grounds of strong merit or urgent timeframes.

The Treasurer may consider or accept (at the Treasurer's sole discretion) any application including without limitation a late application or application from an applicant who has failed to submit in accordance with these guidelines (including for proposals outside of identified sectors and capabilities). No approval of an application, nor any notification to an applicant that its application is successful, nor any invitation to negotiate will be effective to constitute a contract or to create any legitimate expectation on the part of the applicant unless a formal written contract is executed by both parties.

Economic Recovery Fund assistance will be provided to successful applicants by DTF or if deemed appropriate, another government agency. To access the funding, successful applicants will be required to sign an agreement stipulating obligations of the applicant and the conditions under which assistance is given.

Agreements with all recipients will be structured so that they contain clear and measurable performance milestones, and where appropriate will also include:

- payments being made only after successful achievement of milestones
- partial and full clawback mechanisms which take sustained benefit into account in addition to non-performance related repayment obligations
- Reporting obligations, potentially including beyond the payment schedule.

# How to apply

The Department of Treasury and Finance (DTF) will administer the program and provide advice to the Treasurer.

Further details on information to submit will be set out in the specific round guidelines published on the DTF website.

All applications to the Economic Recovery Fund will need to be submitted via:

[www.treasury.sa.gov.au/ERF](http://www.treasury.sa.gov.au/ERF).

DTF staff are available to discuss funding applications with proponents via:

[EconomicRecoveryFund@sa.gov.au](mailto:EconomicRecoveryFund@sa.gov.au).

## Confidentiality and Commercial-in-Confidence Considerations

If an applicant believes that any information provided in their application is confidential or commercial-in-confidence, the applicant must clearly identify such information and the reason for its confidentiality.

Applicants should be aware that DTF is subject to certain legislative, Parliamentary and administrative accountability and transparency requirements of the Australian Government and Government of South Australia, including public disclosure in accordance with Department of the Premier and Cabinet policy.

DTF will treat all information provided by applicants sensitively. Any information contained in, or relating to, an application, including information identified by an applicant as confidential, may be disclosed by DTF:

- to its employees, advisers or third-parties in order to evaluate and assess an application
- within the Government of South Australia or other entities where this serves the legitimate interest of DTF
- in response to a request by a House or Committee of the Parliament of the Commonwealth of Australia or South Australia
- if the application is successful, for promotion of project activities and outcomes
- where information is authorised or permitted by law to be disclosed
- where the information is already in the public domain.

## Copyright

By applying for financial assistance an applicant will be taken to:

- license the Government of South Australia to reproduce for the purpose of this process, the whole or any portion of application despite any copyright or other intellectual property right that may subsist
- transfer ownership in the documents and any other materials constituting the application to the Treasurer.