

ECONOMIC RECOVERY FUND ROUND 1 GUIDELINES

Manufacturing
Innovation and
Regional Tourism
Infrastructure
Development

October 2023



Government of
South Australia



Contents

Overview	3
Available assistance and eligibility	4
Manufacturing Innovation	4
Regional Tourism Infrastructure Development	4
Key Dates	5
How to apply	5
What to submit	5

Photo Credit:
Tourism Australia

Economic Recovery Fund enquiries:
EconomicRecoveryFund@sa.gov.au

Department of Treasury and Finance
State Administration Centre
200 Victoria Square
Adelaide SA 5000
www.treasury.sa.gov.au

Overview

The Government has committed \$122 million to the Economic Recovery Fund (ERF) 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.

A total of **\$20 million** will be available under Round 1 of the ERF, offering grants or loans under two streams:

- 1. Manufacturing Innovation**
- 2. Regional Tourism Infrastructure Development**

Manufacturing Innovation

The objectives of the **Manufacturing Innovation** stream are to:

- facilitate diversification into new manufacturing sectors, markets or market segments in South Australia through developing commercially ready products and service offerings
- improve the productivity, competitiveness and/or export opportunities of South Australian manufacturing companies through innovation, including the development of new business processes or capabilities
- encourage modern technology adoption, product and process improvements and new capabilities for manufacturers, including decarbonisation and through collaboration with researchers and between businesses
- drive growth in emerging industries manufacturing high-value products in South Australia
- develop and retain a highly skilled manufacturing workforce
- increase the opportunities for South Australian companies to participate in global supply chains.

Regional Tourism Infrastructure Development

The objectives of the **Regional Tourism Infrastructure Development** stream are to:

- develop or enhance tourism infrastructure or facilitate new private sector investment in building new accommodation in areas of need within regional South Australia
- support private projects that require infrastructure builds or upgrades to better provide a tourism experience, such as new attractions.

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, including relevant key performance indicators, milestones, clawback and reporting requirements.

The following guidelines should be read in conjunction with the overarching ERF guidelines available on the Department of Treasury and Finance website: www.treasury.sa.gov.au/ERF.

Available assistance & eligibility

As outlined in the ERF Guidelines, assistance provided through the ERF is not intended to be ongoing. Financial assistance will only be provided to projects which align to the Fund's objectives and can be sustained by the business beyond the assistance period. Thus the financial assistance is designed to meet only the transitional costs associated with any submitted proposal.

Financial assistance offered under Round 1 is in the form of either a direct grant or Treasurer's Loan. Loans will be offered at the South Australian Government Financing Authority's borrowing rates plus an administration fee of 0.5% per annum.

Applicants are to indicate whether they are seeking a grant or loan in their application to the ERF Round 1. Minimum and maximum limits apply under each option as outlined below.

Manufacturing Innovation

Funding assistance for Manufacturing Innovation proposals are subject to the following limits:

Grants - The maximum assistance per proposal is **\$2 million** and the minimum assistance per proposal is **\$150 000**.

Applicants are expected to contribute matching eligible funds of at least the amount of the grant sought (i.e. 50:50). In addition to the applicant's contribution, applications can include other private sector, Council and/or Commonwealth funding towards the proposed project.

Loans - The maximum loan amount per proposal is **\$5 million** and the minimum loan amount per proposal is **\$2 million**. Loans will also be limited to up to 30 per cent of the overall project cost.

In addition to demonstrating that they have met the essential criteria in the overarching guidelines for the ERF, applicants to this stream must also demonstrate:

- ✓ current advanced manufacturing knowledge, capabilities, processes and business models or the potential to become an advanced manufacturer with the proposed project
- ✓ competitive neutrality – that is, the project will not be to the economic detriment of another South Australian based advanced manufacturer
- ✓ a level of innovation and uniqueness of the project, for example being new to South Australia.

Projects which involve upgrading or expanding existing equipment, technology or process without the introduction of new products, services, markets or processes are unlikely to be successful.

Regional Tourism Infrastructure Development

Funding assistance for Regional Tourism Infrastructure Development proposals are subject to the following limits:

Grants - The maximum grant per proposal is **\$1 million** and the minimum grant per proposal is **\$150 000**.

Applicants for grants are expected to co-contribute to the proposal with a maximum of up to 30 per cent of the total project cost to be provided from the State Government.

Loans - The maximum loan amount per proposal is **\$5 million** and the minimum loan amount per proposal is **\$1 million**. Loans will also be limited to up to 30 per cent of the overall project cost.

In addition to the list of ineligible applicants in the overarching guidelines, applications made under the following are also not eligible for assistance.

- × Regional Development Australia
- × Regional Tourism Organisations.

In addition to demonstrating that they have met the essential criteria in the overarching guidelines for the ERF, applicants to this stream must also demonstrate:

- ✓ projects will be located in at least one of the 11 tourism regions listed in this section
- ✓ projects will deliver tangible economic benefits to regional South Australia, including through increased interstate and international tourism or supporting other increased economic activity
- ✓ projects will align to the South Australian Visitor Economy Sector Plan 2030 and South Australian Regional Visitor Strategy 2025
- ✓ the project will address a need in the region that enhances the region's tourism experience
- ✓ projects will attract interstate and/or international visitors.

Examples of eligible projects include:

- New accommodation or expansion builds
- Infrastructure to enhance visitor engagement, including cellar doors
- Infrastructure required to develop a new tour offering utilising existing products and experiences.

The 11 tourism regions that are recognised by the State Government and SA Tourism Commission are:

- Adelaide Hills
- Barossa
- Clare Valley
- Eyre Peninsula
- Fleurieu Peninsula
- Flinders Ranges and Outback
- Kangaroo Island
- Limestone Coast
- Murray River, Lakes and Coorong
- Riverland
- Yorke Peninsula

Projects located in metropolitan Adelaide and surrounds are not eligible for funding under the Regional Tourism Infrastructure Development stream.

Key dates

Applications for Round 1 open on 18 October 2023.

Final applications for Round 1 must be submitted **by 17:00 ACST on 15 December 2023** via: www.treasury.sa.gov.au/ERF.

Applicants will be notified of the outcome of their application to Round 1 of the ERF as soon as practicable.

The Government may notify successful applicants at any stage in the process (even prior to the closing date for applications of 15 December 2023).

Opening date	18 October 2023
Application closing date for Round 1	15 December 2023
Project commencement date	Within twelve (12) months of funding agreements being executed, or as separately agreed.
Acquittal	As per funding agreement

How to apply

All applications to the Economic Recovery Fund are to be submitted via: www.treasury.sa.gov.au/ERF.

DTF staff are available to discuss funding applications with proponents via: EconomicRecoveryFund@sa.gov.au.

What to submit

Applications must include:

- name of applicant
- contact details for the authorised person who will act as the nominated contact for the application and from whom more information or clarification about the application can be sought, if required
- the most recent two years financial reports (displaying financial outcomes for three full years), including a Profit and Loss Statement and a Statement of Financial Position, which identifies both assets and liabilities, professionally prepared by a qualified accountant
- a business case for the proposed project, including:
 - details of the nature, location, type, scale of project/program
 - profit and loss, cash flow, and balance sheet projections for any construction/development and operation phase for at least three years including any other grants and contributions to the project, and supporting documentation (including, where available, quotes from suitably qualified contractor/s or design or other consultants)
 - key assumptions underpinning cashflow projections

- details of project/program financing, including information regarding the availability of borrowings or internal financing for the project, as well as other sources of financing (including other government grants or private contributions).
- details of all State and Commonwealth grants and loans received in the past 2 years and any pending applications for grants and loans
- a project plan and delivery timetable, including provision for necessary approvals (if applicable). Timeline to demonstrate that the project will commence by the proposed commencement date
- clear identification of project benefits, including against the objectives of the Economic Recovery Fund Guidelines and Round 1 - Manufacturing Innovation and Regional Tourism Infrastructure Development Guidelines
- estimates of direct employment generated or supported including the type, number and location of ongoing direct jobs. This is the number of the full time employees directly employed by the applicant as a result of the project, excluding contractors, and is to be calculated as:
$$\frac{\text{ordinary hours worked (excluding overtime) over 12 months}}{1950 \text{ (i.e. 37.5 hours per week for 52 weeks)}}$$
- details of any labour force skill uplift that improves productivity, capability or innovation
- an undertaking to use Australian certified steel products
- any other supporting project preparation documentation (e.g. cost-benefit analysis, project scoping, options studies, design and other relevant work) demonstrating compliance with the eligibility criteria.