

ECONOMIC RECOVERY FUND FREQUENTLY ASKED QUESTIONS

October 2023



Government of
South Australia



Contents

Funding details	3
Application process	3
Eligibility criteria	4
Eligible projects	5
Eligible expenditure	5
Assessment	6
Evidence & supporting documentation	6
Funding administration	7

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

The following guidance is general in nature only. Where information provided below is inconsistent with the guidelines for specific funding rounds, the specific funding round guidelines will take precedence.

Funding details

What funding is available?

The amount and type of funding available will be detailed in the specific funding round guidelines available on the Department of Treasury and Finance website: www.treasury.sa.gov.au/ERF.

Round 1 includes grants and loans for eligible manufacturing and tourism sector businesses. Specific details, including minimum and maximum amounts, and co-contributions are detailed in the Round 1 Guidelines.

Are Economic Recovery Fund loans available?

Loans may not be available in every funding round. Guidelines for each funding round will identify whether grants and/or loans will be offered. The Treasurer retains discretion whether grants or loans will be offered in each funding round.

Is the \$20 million Round 1 allocation split between the Manufacturing Innovation and Regional Tourism Infrastructure Development streams?

The total funding available in Round 1 is \$20 million. It will be allocated across both streams reflecting the quality of the proposals received. A nominal allocation for each stream has not been set.

Application process

When will the funding program open and close?

Key dates for each round of the Economic Recovery Fund, including when applications will open, will be detailed in the specific funding round guidelines and also published on the Department of Treasury and Finance website.

Key dates for Round 1 are as follows:

Opening date	18 October 2023
Closing date for Round 1 applications	15 December 2023
Project commencement date	Within twelve (12) months of funding agreements being executed, or as separately agreed.

Is it a first-come, first-served process?

No, the Economic Recovery Fund is a competitive process where proposals will be assessed on their merits and ranked against other eligible applications for the Round.

How long will it take to assess my application?

Applications will be assessed as quickly as possible. Additional information may be sought from applicants during the evaluation process. This may impact on assessment timeframes. You may seek an update as to the status of your application by emailing EconomicRecoveryFund@sa.gov.au and quoting your application reference number.

Will I receive feedback on my application?

You may request feedback on your application once the evaluation process is complete and you have been notified of the outcome.

If I have applied for a State Government fund previously and was unsuccessful, can I apply for the Economic Recovery Fund and does my application automatically transfer from the previous fund?

There is no automatic transfer of applications from other grant funds. The funds have different criteria and application processes, and to be considered for funding you will need to submit a new application to the Economic Recovery Fund, addressing the criteria required under the Economic Recovery Fund guidelines.

Eligibility criteria

Who is eligible to apply?

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

- ✓ The organisation is a legal entity with which the South Australian Government can enter into a legally binding funding agreement
- ✓ The organisation is located in South Australia, or there is a commitment to relocate the relevant enterprise (in whole or part) to South Australia within 12 months
- ✓ The organisation is financially viable
- ✓ 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.

Who is not eligible to apply?

Applications lodged by the following will not be eligible for assistance:

- ✗ Local Government and Councils
- ✗ Local Government Associations
- ✗ Industry Associations
- ✗ State or Federal Government Agencies and/or Departments.

Specific funding round guidelines may also specify additional eligibility criteria. Applicants should ensure they read the relevant guidelines prior to submitting their proposal.

I operate my business on Council/State/Federal Government owned land, am I eligible for funding?

Local councils, state and federal government agencies and departments are not eligible to apply for funding, therefore the fund will not support investment into government owned assets. However, funding to support development of a new service or product owned by a business or organisation that is located on government owned land may be eligible for funding.

The Overarching Guidelines state that applicants are required to co-contribute eligible funds. What are 'eligible funds'?

Eligible co-contribution 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 or proof of concepts
- ✗ general overhead costs, e.g. utilities, rent, vehicles, furniture, power
- ✗ replacement or upgrades to existing equipment, including power supplies
- ✗ financing, interest, insurance, or freight costs
- ✗ any costs of preparing an application to this program.

Applicants should refer to specific funding round guidelines for information on co-contribution requirements applicable for that funding round.

Can I still apply for the Economic Recovery Fund if I receive grant funding from Commonwealth or local government programs?

Yes, applications with Commonwealth and local government funding are encouraged. However, any Commonwealth or local government funding will not count towards the applicant's co-contribution funding requirement.

Details of all Commonwealth and local government grant and/or loan funding received in the past 2 years and any pending applications for grants and loans must be disclosed on application to the Economic Recovery Fund. Funding received that relates to the provision of goods/services are not required to be disclosed.

Can I still apply for the Economic Recovery Fund if I receive grant funding from other State government programs?

No, projects receiving funding from other State government programs will not be eligible for support under the Economic Recovery Fund. Funding from other State government programs is not an eligible source of co-contribution funding for the purposes of the Economic Recovery Fund.

Details of all State government grant and/or loan funding received in the past 2 years and any pending applications for grants and loans must be disclosed on application to the Economic Recovery Fund. Funding received that relates to the provision of goods/services are not required to be disclosed.

Eligible projects

What is an eligible project?

Funding will be provided for projects that can demonstrate alignment with the objectives of the Economic Recovery Fund, as well as any other objectives and criteria relevant to each specific funding round, as detailed in the guidelines.

Only new projects are eligible for funding and must not have commenced prior to lodging an application.

Can I apply for multiple projects?

Yes, as long as each project meets the required objectives and criteria for the Economic Recovery Fund.

When can the project commence?

Projects may commence any time after a grant/loan agreement has been executed or such other time as agreed with the Treasurer, and must commence within the timeframes published for each funding round.

Note that applicants may be asked to provide justification for the funding request and the project commencement date should be clearly identified on the submitted project delivery timeline.

What do you mean by 'commence'? Our project will have started design, planning and approvals within the timeframes published for the relevant funding round, but may not be in production/construction stage by that date.

Preliminary planning works (e.g., early stage proof of concept activities, feasibility studies or investments) to progress a business case and get a project to a Final Investment Decision would not count as 'commencing'. Note that the application should contain a detailed project delivery timeline.

Eligible expenditure

What is eligible project expenditure?

There is not a prescribed list of eligible expenditure, however it is expected that the funds will contribute towards the costs of implementing the project. A key requirement is that the proposal is sustainable in the longer term without the need for ongoing government assistance.

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, 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).

What is ineligible project expenditure?

Economic Recovery Fund assistance will not be provided for:

- × ongoing assistance
- × 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.

Applicants should refer to the overarching Economic Recovery Fund guidelines and specific funding round guidelines for any other ineligible expenditure categories that may apply.

Can I include the cost of writing my application in the overall project cost?

No, you can not include the cost of writing your application in the overall project cost.

Can an Economic Recovery Fund grant or loan be used to cover employee expenses?

A key requirement of the Economic Recovery Fund is that applicants must prove their proposal is sustainable in the long term without ongoing government support. An application seeking funding for employee expenses is unlikely to meet this requirement, unless these expenses are directly related to project management tasks for the project.

Is the purchase of land an acceptable expense under the Economic Recovery Fund?

Yes, the purchase of land is an acceptable expense. The funding application (through the business case and financial projections) needs to clearly demonstrate a link between the project expenditure and economic outcomes.

Assessment

Who decides on whether my application is successful?

The Treasurer has sole discretion to approve funding from the Economic Recovery Fund.

A governance committee, comprising key senior officials from across government, will make recommendations to the Treasurer on the merits or otherwise of any proposal.

Is there an appeals process if I am unhappy with the outcome of my application?

The Treasurer has ultimate discretion to approve/not approve applications to the Economic Recovery Fund and as such that decision is final.

The Department of Treasury and Finance is able to provide feedback on your application.

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

Evidence & supporting documentation

What evidence do I need to supply to demonstrate my financial contribution to the project cost?

You will need to provide sufficient evidence to demonstrate how you will fund your co-contribution. If you are contributing cash or using funds from debt facilities, we will require documentation to confirm you have these funds available. A recent bank statement or internet banking screenshot would generally be acceptable. If you are using external financing, an approval letter from the bank/financier for the amount noted is required. This approval needs to be confirmed/committed and not indicative or preliminary in nature. If there is also a contribution from an investor or co-contributor, sufficient evidence should be provided that may include evidence of cash holdings, a share issue, or a binding written agreement.

Is an Australian Registered Body Number (ARBN) sufficient or do applicants require an Australian Business Number (ABN)?

The organisation is required to have an Australian Business Number to be eligible for funding from the Economic Recovery Fund. Generally speaking, an entity conducting business within Australia will have both an ARBN and an ABN.

The guidelines require two recent, full financial statements to be submitted in support of an application. How recent should the financial statements be?

Financial statements need to be prepared by a qualified accountant for financial years 2021-22 and 2022-23.

If the 2022-23 statements have not yet been finalised, draft statements and/or internally prepared management financial reports (i.e. from MYOB, Xero or similar) showing business income statement, balance sheet and cashflow statement for the period ending 30 June 2023 and financial statements for 2021-22 will be sufficient to meet this requirement.

The Department of Treasury and Finance may also request financial statements from previous years when undertaking due diligence on applications.

New businesses without annual financial statements will have to provide two sets of monthly financial reports, a statement of your assets and liabilities, business forecasts/projections including profit and loss, cash flow, and balance sheet, and/or any other documents such as tax or GST statements. Please email EconomicRecoveryFund@sa.gov.au if you need further clarification or assistance.

Funding administration

When will Economic Recovery Fund assistance be provided?

Individual funding agreements will be signed with successful applicants with the terms of payment to be negotiated.

Grant funding may be provided in a phased approach, based on agreed performance milestones for the project including expenditures.

Loan drawdowns and repayment schedules will be determined on a case by case basis and be incorporated as part of the individual funding agreement.

If the grant or loan is drawn down over multiple years can the applicant's funding contribution be invested on a matching timeframe?

Yes.

What if the proposal doesn't result in the agreed milestones?

Individual funding agreements will be signed with successful applicants specifying agreed performance milestones. Failure to maintain agreed targets may result in a requirement for all or part of the assistance to be repaid.