



# Victorian Bushfire Business Investment Fund Guidelines



Australian Government



# General Information

The objective of the Australian and Victorian Governments in establishing the Victorian Bushfires Business Investment Fund (VBBIF) is to restore and improve the capacity of areas of Victoria affected by the February 2009 bushfires, and enhance economic development through encouraging private sector investment and job creation in those areas.

The VBBIF is designed to provide support for private sector investment in bushfire communities to:

- develop business
- stimulate post bushfire economic investment
- stimulate job creation in bushfire affected communities

Each investment proposal (i.e. project) will be assessed against the following evaluation criteria:

1. the level of net economic benefit the investment proposal will bring to the bushfire affected communities, including:
  - a. its contribution towards the diversification of the bushfire affected regional economies; and
  - b. the degree to which it generates economic activity in bushfire affected communities;
2. the number of sustainable new full time equivalent jobs created;
3. the demonstrable capacity of the applicant(s) to successfully undertake the investment proposal outlining the skills, experience and resources to which they will have access;
4. the extent to which it does not involve the movement of business activity away from elsewhere in Australia;
5. its sustainability over the longer term without the need for ongoing government support;

6. the extent to which it would be unlikely to proceed without the subsidy;

7. its consistency with the Victorian Industry Participation Policy (VIPP).

## What is the Purpose of VBBIF?

The purpose of the Fund is to support investment aimed at creating sustainable new jobs in bushfire affected regions. Eligible investment will be in creating new or additional business capacity designed to enhance employment, business and economic opportunities with a focus on tourism, agriculture, food, forestry, energy or other sectors consistent with the objectives of local, state and federal governments.

Ancillary Infrastructure investment will only be funded where it is incidental to the new or additional business capacity being created. Investment proposals resulting in the creation of new jobs in the bushfire affected regions at the expense of jobs elsewhere in Australia will not be favoured.

There will be one competitive funding round and applications will close on 30 June 2010. However should there

be funds remaining after this round, there may be a sectoral /industry/locality based package developed consistent with the guidelines.

## How much funding is available for a project?

The minimum grant available is \$50,000 and the maximum amount is \$4 million. Funding will not be provided for retrospective activities. However, in very exceptional circumstances, expenditure incurred between notification of the approval of an investment proposal and the finalisation of the funding agreement may be determined as eligible.

Grants can be up to a maximum of 50% of the investment proposal's eligible capital costs. Applicants should note, however, that funding applications are subject to a competitive process.

Grant applications will be considered in the context of any insurance payments and other bushfire-related payments received by the applicant. Applicants must identify all other sources of funds to which they will have access for the investment proposal.

## What projects are eligible?

Private sector capital works which enhance economic development and job creation in areas of Victoria affected by the February 2009 bushfires are eligible for consideration.

## What projects are not eligible?

- Requests for retrospective funding, where projects have been completed or have commenced construction prior to receiving funding approval
- Ongoing operating costs or salary subsidies
- Projects requiring ongoing Government funding once completed
- Projects undertaken by the private sector as a result of Government contractual arrangements
- Projects requiring full funding where funding is normally provided from Government sources (Commonwealth, State or Local);
- Feasibility studies, business plans, cost benefit analyses and economic impact studies
- Utility connections to the boundary of the project site and other infrastructure external to the site.

## Who can apply?

Eligible applicants are those ABN registered businesses/commercial enterprises:

- Who are legal entities, i.e. with whom the Australian and Victorian Governments can enter into legally binding funding agreements; and
- Who can demonstrate the commitment of funding, exclusive of in-kind contribution, to the investment proposal which is free of other government funding and which at least matches the funding which is being sought from the Fund.

Applications will only be considered for proposals which are to be located in bushfire affected areas of regional Victoria (see below for definition).

Applications may require formal support from the municipal council/s impacted by the project.

Prospective applicants are strongly advised to consult their accountant or financial adviser in relation to their application.

## How is 'Bushfire affected areas of Regional Victoria' defined?

For the purposes of this Fund, Bushfire affected areas of Regional Victoria are defined as the areas within the municipal districts of the following councils established under the Victorian Local Government Act 1989, affected by the February 2009 bushfires:

Alpine Shire Council  
Baw Baw Shire Council  
Casey City Council  
Cardinia Shire Council  
Colac-Otway Shire Council  
Corangamite Shire Council  
East Gippsland Shire Council  
Greater Bendigo City Council  
Hepburn Shire Council  
Horsham Rural City Council  
Indigo Shire Council  
Latrobe City Council  
Mitchell Shire Council  
Mt Alexander Shire Council  
Murrindindi Shire Council  
Nillumbik Shire Council  
Southern Grampians Shire Council  
Whittlesea City Council  
Yarra Ranges Shire Council

## Priority Project Proposals

Priority will be given to investment proposals which:

- Relate to a community directly impacted by the February 2009 bushfires
- Rate highly in terms of demonstrable project benefits related to new employment, investment and exports (or import replacement)
- Provide broad public benefit
- Are sustainable – financially, environmentally and socially in the long term

- Demonstrate financial viability and a strong case for funding
- Are a State or Regional priority
- Maximise funding support from a range of sources
- Are ready to be implemented.

The degree of economic loss in the area or region in which the investment project is proposed to be located will be a factor in determining priority.

Where appropriate, project applications may be referred to alternative funding sources.

## Inter-Departmental Committee

The VBBIF Committee (VBBIFC) is responsible for making an appropriate recommendation regarding project applications to the Australian and Victorian Governments.

The VBBIFC includes representatives from Regional Development Victoria, the Victorian Bushfire Reconstruction and Recovery Authority and the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs.

Where relevant, comments and advice regarding a proposal will be sought from a range of Commonwealth, and State Government departments and agencies and local government.

## What if I am successful?

Public announcements of successful applications will be made jointly by the Commonwealth Parliamentary Secretary for Bushfire Reconstruction and the Victorian Minister for Regional and Rural Development. The public announcement may include details of the applicant, the value of the funding and the purpose of the funding.

All offers of funding will be dependent on the successful applicants entering into a funding agreement that reflects the investment proposal and proposed outcomes, the funding that has been approved and the conditions on which payments will be made. Funding payments will be made progressively against the achievement of agreed milestones and recipients may be the subject of publicity. Financial assistance will only be made in accordance with the provisions of the funding agreements.



A completion report, including an independently prepared Audit Certificate detailing the total cost of the project, must be submitted to Regional Development Victoria following completion of the project within the time stipulated in the Funding Agreement.

Projects must commence within one year of the offer of the grant. If a project does not commence within this first year, the grant will be reviewed and may be withdrawn.

## Guide to completing and submitting a grant application under the Victorian Bushfire Business Investment Fund (VBBIF)

### 1. Applications

All VBBIF applications received are treated as Commercial in-Confidence by the Australian and Victorian Governments. Applications from eligible applicants will be assessed against the Evaluation Criteria in the context of the merit of other applications.

Applications should consist of four parts:

- a) an overview of the investment proposal for which funding is sought;
- b) a statement that specifically addresses how the investment proposal meets the Evaluation Criteria;
- c) financial records of the applicant and, for applications where the grant sought is over \$500,000, a Financial Model of the investment proposal; and
- d) documented evidence to support claims made in the overview of the investment proposal and in the statement that specifically addresses how the investment proposal meets the Evaluation Criteria.

The specific information to be included in each of these four parts of an application is set out at 2.1 to 2.4:

### 2. Investment Proposal

#### 2.1 Overview

- a) A brief summary of the investment proposal, including, where possible, an achievable marketing plan.

- b) Details of the applicant, including evidence that the applicant has the appropriate managerial skills and experience to support the investment proposal.
- c) The estimated total cost of the investment proposal and a breakdown of the key elements.
- d) A statement of the grant sought, which can be a maximum of 50% of the investment proposal's eligible capital costs. Note that the minimum grant available is \$50,000 and the maximum grant available is \$4 million.
- e) An explanation of how the investment proposal will be funded, and by what individuals and organisations. This should state the level of funds expected to be generated from each source and the type of funding (e.g. debt or equity), and demonstrate the overall level of financial support.

Contact details (email address and/or telephone number) for funding sources should be provided in the application.

- f) A proposed development timeline for the investment proposal, including construction and commissioning phases and indicating Commonwealth, State and local government approval processes which will apply. Relevant Commonwealth, State and local government contacts should be included.

Applicants should note that further information may be sought to assist consideration of the application.

#### 2.2 A Statement Addressing the Evaluation Criteria

This is the most important part of the Application. Section 3 sets out the Evaluation Criteria with the specific points that should be addressed under each Evaluation Criterion.

Responses on specific points need not be lengthy. A clear statement against a point supported by relevant evidence will be sufficient. It is accepted that not all points under each Evaluation Criterion will be relevant to every proposal. Where an applicant considers that a particular point under an Evaluation Criterion has no relevance to the investment proposal this should be stated, and the reasons for

the lack of relevance explained where not self-evident.

The information to be submitted by the applicant is not limited to the suggested text under each of the Evaluation Criteria. As each investment proposal will be unique, additional relevant information may be provided.

The information to be submitted by the applicant should specify all costs related to the investment proposal, and highlight all eligible capital expenditure (including land, buildings and infrastructure).

Further information may be sought from a proponent following the submission of an application.

#### 2.3 Financial Records of the Applicant and Financial Model of the Investment Proposal

- a) To allow Government analysis of an investment proposal to be as comprehensive as possible, the following information should be provided:

- For applications from existing entities, the applicant's three most recent audited financial statements. These financial statements must include income statement, balance sheet, statement of equity, statement of cash flows, notes to financial statements, signed director's report, and signed report of the auditor.

- If an existing entity is not required to lodge financial reports with ASIC, contact should be made with VBRRA for advice.

- For new entities, contact should be made with VBRRA for advice.

- b) For applications for funding over \$500,000, applicants must provide a detailed Financial Model of the investment proposal. Applicants should use the Financial Model Template attached to the Application Form for this purpose.

Please note that for applications for funding over \$500,000, revenue and expense projections are requested for a minimum of five years. The Financial Model Template will be the main focus of assessment against Evaluation Criterion 5, and a key focus for assessment against

Evaluation Criterion 6. Please note that the Financial Model Template is to be completed for the investment proposal only, not additional activities undertaken by the applicant.

c) In respect of (b) above information must be provided which details the assumptions behind the projections provided in the Financial Model Template. This information is required for each year for which the Financial Model Template has been completed, and should include:

- Income statement (including breakdown of fixed and variable expenses)
- Assumptions used in deriving the revenue and expense projections
- Balance Sheet
- Statement of Cash Flows
- Capital expenditure schedule (both eligible and non-eligible capital costs)
- Depreciation rates and schedules

d) For applications for funding up to \$500,000, applicants need not complete the Financial Model Template referred to in (b) above but must provide the information required under (c), with projections for at least three years.

## 2.4 Documented Supporting Evidence

In respect of applications for funding over \$500,000, documented supporting evidence should include:

- a comprehensive business plan for the investment proposal;
- evidence of financial contributions or investor support or interest in the proposal;
- details of construction arrangements, contracts and contractors (if applicable);
- evidence of the prospect of firm contracts for the sale of the goods or services, or documented evidence of an achievable marketing plan; and
- additional information that may be relevant such as economic studies or environmental impact statements.

In respect of applications for funding of up to \$500,000 documented supporting evidence should include:

- A concise business plan outlining the investment proposal (the Business Victoria business plan template may be used as a guide - ([www.business.vic.gov.au/BUSVIC/STANDARD/PC\\_62526.html](http://www.business.vic.gov.au/BUSVIC/STANDARD/PC_62526.html)))
- Evidence of financial contributions, investor support or interest in the project.
- Where possible a marketing plan, or evidence of sales contracts.
- Any additional information that will help an assessment of the viability of the proposal.

## 3 Evaluation Criteria

Investment Proposals will be assessed individually against the following Evaluation Criteria:

### 3.1 The level of net economic benefit the investment proposal will bring to the bushfire affected areas, including:

- a. Its contribution towards the regeneration and diversification of bushfire affected regional economies:
- Does the investment proposal introduce a genuinely new economic activity?
  - Will the investment proposal create opportunities for existing businesses?
  - Will the investment proposal introduce new technology or skills? Will these technologies or skills have additional benefits for the bushfire affected regional economies?
  - Outline whether the investment proposal will generate further investment, for example through future expansion, and explain when this would occur.
  - The degree to which it generates economic activity through innovative projects in the bushfire affected regions:
  - Where will the project be located? Provide address details if known.
  - Does the investment proposal involve the application of innovative ideas or technology that have the potential to increase efficiencies or productivity?

- Will the investment proposal create sustainable new jobs in the bushfire affected areas?

### 3.2 The number of sustainable new full time equivalent jobs created.

- What is the number and type of jobs likely to be created by the investment proposal?
- What is the timeline for the creation of the new jobs relating to the investment proposal? Does the creation of the new jobs align with the timelines for the investment and growth of the business?
- Where will the workforce relating to the investment proposal be sourced? Can the required employment numbers and skill needs be met from the existing local workforce, or will there be a need to recruit employees from the rest of Victoria or interstate?

### 3.3 The demonstrable capacity of the applicant(s) to successfully undertake the investment proposal outlining the skills, experience and resources to which they will have access.

- Details of management experience particularly in relation to the nature of the investment proposal.
- Details of the applicant's access to customers, distributors or relevant supply chains relating to the investment proposal.

### 3.4 The extent to which the investment proposal creates new business activity.

- Will the investment proposal replace any existing capacity in the Bushfire affected regions?
- Does the applicant currently operate elsewhere in Victoria, or in another Australian State or Territory?
- Does the investment proposal include the relocation of an existing business premises from within Victoria, or from another State or Territory, and if so what is the net benefit of the move to the new location, in terms of economic benefits and jobs.



### **3.5 The sustainability of the investment proposal over the longer term without the need for ongoing government support.**

- An explanation of how the investment proposal will be funded, and an indication of the level of funds likely to be generated from each source, and the type of funding (e.g. debt and/or equity) must be provided.
- Applicants are expected to have sought private sector funding for the investment proposal. An indication of whether funding has been secured, or evidence of significant progress in negotiations for funding should be provided. Details of any special conditions applying to the provision of funding should also be provided.
- Details of all other applications for Government funding (including successful, unsuccessful and pending applications) in respect of the investment proposal.

### **3.6 The extent to which the investment proposal would be unlikely to proceed without funding from the VBBIF.**

- Why would the investment proposal not proceed without the grant?
- How would the incentive of the grant impact favourably on the scale or timing of the investment proposal?

### **3.7 Victorian Industry Participation Policy (VIPP)**

Applicants applying for a grant greater than \$1 million will be required to complete a Victorian Industry Participation Policy (VIPP) statement. This statement includes three reporting requirements: the level of local content; the number of new jobs created; and possible skills and technology transfer generated by the project. A standard clause will be contained within the legal agreement requiring grant recipients to meet the level of local content, as outlined in the VIPP statement.

#### **Evaluation**

After completion of the project, successful applicants must submit annual progress reports assessing the success of the Project in meeting its stated objectives.

Annual evaluation reports may be required for up to three years following completion of the funded project, depending on the size and scope of the project and as required in the Funding Agreement.

Successfully funded projects may be required to contribute information on project outcomes for use in Victorian or Commonwealth Government reports, evaluation reviews and/or for marketing collateral.

### **How do I apply?**

Application forms are available by calling the Victorian Bushfire Information Line on 1800 240 667. They are also available online at [www.wewillrebuild.vic.gov.au](http://www.wewillrebuild.vic.gov.au).

#### **Contact Details for further information**

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