



Australian Government
Department of Agriculture,
Fisheries and Forestry



Wheat Export Technical Market Support Grants Program

Guidelines

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1. Overview

On 1 July 2008, the Australian Government implemented new wheat export marketing arrangements under which multiple accredited exporters are able to export Australian wheat in bulk.

While the government firmly believes in the capacity of the Australian wheat industry to adapt to the new arrangements, it also recognises that some new exporters may not have experience in developing and supporting relationships with overseas customers.

It is also important to ensure that exporters of wheat in bags and containers develop and maintain overseas markets.

The government has therefore allocated \$600,000 over three years to assist Australian companies that are new to marketing and exporting wheat to deliver effective technical market support to their customers. Funding of up to \$200,000 per year will be available from 2008-09.

The assistance will be provided under the *Wheat Export Technical Market Support Grants Program* (the program). Successful applicants will be able to access up to \$60,000 on a matching dollar-for-dollar basis. Distribution of funding will be merit based and is limited to the funding limits stated above.

While all exporters are welcome to apply for funding under the program, priority will be given to new or smaller exporters with less experience or less financial capacity to deliver effective technical market support. Applicants must demonstrate that any funding received will be used to develop effective long term sales relationships, rather than one-off sales events.

2. Program objectives

To assist wheat exporters, particularly new and smaller scale wheat exporting companies or individuals to establish effective technical market support arrangements which support prosperous long term relationships with international customers.

The program is aimed at the development of innovative export ideas which establish long term sales relationships, and not one-off sales or new product development.

3. Roles and responsibilities

The Minister for Agriculture, Fisheries and Forestry has delegated decision-making powers to the Executive Manager of the Agricultural Productivity Division of the Department of Agriculture, Fisheries and Forestry (DAFF) who will act as the program decision-maker.

The program will be administered by the Wheat Industry Policy Section of the Agricultural Productivity Division of DAFF.

The Section will have specific responsibility for:

- the overall supervision of the program administration, including project assessment and management;
- making recommendations to the program decision-maker on initial eligibility;
- communicating assessment outcomes to the program decision-maker and the minister;
- communicating the program decision-maker's decisions to applicants
- communicating program requirements to stakeholders;
- negotiating and finalising funding agreements;
- determining if project objectives have been met and whether repayment of funds is required;
- arranging payments;
- approving Funding Agreement variations; and
- dispute management.

4. Who is eligible to apply?

Funding to assist technical market support services is available to:

- exporters of bulk wheat who are accredited by Wheat Exports Australia (WEA); and/or
- exporters of wheat in bags and containers.

Priority will be given to new or smaller exporters with less experience or less financial capacity to deliver effective technical market support.

Priority will also be given to:

- exporters who have not previously exported a particular category of wheat to a particular market (eg Australian Prime Hard wheat to Indonesia); or
- exporters who export to a niche market.

A niche market is a focused, targetable portion of a market. By definition, a business that focuses on a niche market is addressing a need for a product that is not being addressed by mainstream providers because of special production, packaging or storage and shipping requirements – eg closed loop supply chains, or paddock-to-plate concepts.

Exporters must have a current Australian Business Number and have Australia as their main place of business.

5. Eligible activities

Grants will only be provided for activities that contribute to the grantee's capacity to deliver effective technical market support to new customers. This will involve helping customers assess the quality of different Australian wheat grades, their suitability for

end users and advantages for particular end-products compared to wheat offered by other suppliers.

The onus is on the applicant to demonstrate how the proposed activities will deliver the program objectives. The activities could include, but are not limited to:

- the use of consultants to advise on what technical market support is required and how it can be best delivered;
- visits to potential customers to establish and develop market opportunities;
- assistance to bring buyers to Australia to develop market opportunities; and
- technical assistance on how to process Australian wheat to meet customer product requirements.

Funding assistance for travel at reasonable economy rates will be available for travel only when associated with approved activities detailed in the grantee's project plan. This assistance may cover reasonable domestic and international travel expenses.

Funding will only be provided on a matching dollar-for-dollar basis up to a limit of \$60,000 per applicant. In-kind contributions will not count towards matching contributions. Applicants should, in their project plan, include a budget indicating the costs associated with each activity it proposes to undertake and how the costs will be allocated between the grant funds and applicant's funds.

6. Ineligible activities

Funding will not be provided for the following activities:

- purchase of infrastructure or equipment;
- general operational costs which would be incurred regardless of whether a specific project was undertaken;
- any activities under the project that have already been funded by other Australian, State or Local government grant programs; and
- any other activities that are deemed by the department to be inappropriate.

Subject to any agreement to the contrary, the grantee must not spend the funding on:

- costs incurred before a funding agreement is signed; or
- expert advice that is already provided free of charge through government businesses or government extension services. This does not include fee for service activities of agencies such as Austrade.

7. When must the application be made?

To be eligible for funding in the 2008-09 financial year, applications must be lodged by **31 January 2009**. These applications can include funding for the 2009-10 and 2010-11 financial years.

A maximum of \$200,000 will be allocated to projects lodged by 31 January 2009.

New applications for funding in the following years must be lodged by **30 June** of the financial year before the year the funding is sought. These applications may be lodged

at any time. Unsuccessful projects in earlier rounds can be the subject of further applications in later financial years.

8. Merit Criteria

Applications will be evaluated with eligible projects being ranked and recommended for award of grants by reference to the extent to which:

- Criterion 1.* the project is likely to lead to the development of new exporters of wheat or new market opportunities for wheat;
- Criterion 2.* the project will lead to growth opportunities in the targeted market;
- Criterion 3.* the project is likely to bring together domestic and international industry participants to encourage the establishment of long term sales relationships with international wheat customers;
- Criterion 4.* the applicant has comparatively less experience or less financial capacity to deliver effective technical market support;
- Criterion 5.* the project involves the new export of a particular category of wheat to a particular category of market or involves export to a niche market;
- Criterion 6.* the applicant has the resources and capability to carry the project through to finality; and
- Criterion 7.* the applicant is able to demonstrate that the project meets their business'/organisation's strategic goals.

9. Lodging an application

Application forms will be available for download from the DAFF website www.daff.gov.au.

Applications should be posted to:

*Wheat Export Technical Market Support Grants Program
Wheat Industry Policy Section
GPO Box 858
CANBERRA ACT 2601*

Or emailed to:

wetmsgp@daff.gov.au

10. What documentation must be supplied?

Applicants must provide a project plan which includes:

- the objectives of the project;
- evidence to show that a market opportunity exists including prospective sales volumes and financial returns to the grantee for the supported activity;
- a growth strategy;
- capacity to build supply capability;
- details of activities required to deliver support to ensure future sales to the market in question, including the role and function of any proposed consultant;

- identified risk and proposed risk management;
- outline of required communication strategy;
- the level of support requested under the program;
- an itemised annual budget detailing composition of matched funding and any additional finance that will be provided by the applicant showing a breakdown of expenditure by the key milestones against which payments will be made; and
- the performance indicators used to assess completion of milestones.

Applicants exporting wheat in bulk must also provide a copy of their accreditation by WEA, including any conditions that apply.

All information provided to the department will be treated as commercial-in-confidence and handled on a strict need-to-know basis. However, an application may be disclosed by the department to other Commonwealth agencies, the Minister, or Parliament in order to meet reporting and audit obligations. The information collected is necessary to ensure a fair and equitable decision on funding, but it is recognised that some details, particularly financial information may be sensitive. The department is obliged to, and will, protect any personal and private information in accordance with the *Privacy Act 1988*.

11. Conflicts of Interest

Applicants must declare any conflicts of interest in the initial application for funding.

For example, applicants should disclose any associated entity relationships that exist that may result in a conflict of interest. Associated entities are entities that have substantial interests but not control over another company.

To be an associated entity, an individual or company must have significant influence (but not necessarily control) over the associate and the interest must be material. A conflict may arise where an applicant and its associated entity or entities apply for grants under this program.

Applicants must declare conflicts of interest as and when they arise. In particular, if a conflict of interest arises after an application has been submitted but before a decision to grant funding has been communicated to the applicant, that conflict should be immediately disclosed to the department.

12. What conditions are attached to funding?

If you are awarded funding, you will be required to sign a Funding Agreement that sets out (among other things):

- the rights and obligations of the Australian Government and the grantee;
- the agreed activities and a timetable for completion;
- the milestone payments;
- the conditions to be met to acquit the use of the funds;
- reporting and accountability obligations;
- requirements for recognition of the Australian Government contribution; and

- penalties for failing to meet obligations including legal action or interest on overdue payments.

All terms and conditions of a grant related to the Funding Agreement are not necessarily set out in these guidelines. No legally binding relationship exists until a Funding Agreement is agreed and signed. An example of the Funding Agreement will be published on the department's website. Grantees should seek independent legal advice before entering into a Funding Agreement.

13. How much funding is available?

Funding is limited to a maximum of \$60,000 for each applicant over the three years of the program period. For successful applicants, this may be accessed at any time over the three year period provided the applicant complies with all guidelines and conditions of funding.

14. How is the grant paid?

Payment will be made against agreed milestones under the project plan in accordance with the terms of the Funding Agreement between the grantee and the Commonwealth:

- 25 per cent of total funding will be provided to successful applicants upon acceptance of an agreed project plan, following signing of the Funding Agreement by both parties; and
- the remaining 75 per cent will be paid in accordance with the completion of agreed milestones, with a minimum of 25 per cent to be paid upon completion of the project.

Applicants should carefully consider this implication in the design of their project budget. Applicants will need to demonstrate that they have access to the required amount of funding for the life of the project and that expenditure will not impact on the financial viability of their business.

Funding is on a strict dollar-for-dollar basis to the agreed amount. The department will not fund an overall cost over-run for the project. In-kind contributions will not count towards matching contributions.

Total project costs should be calculated as the cost of all eligible project activities, undertaken or commissioned by project partners.

No other sources of government funding can account for any of the expenditure within a project.

Applicants may no longer be eligible for support from other government programs if they receive funding from this program. Applicants should check any potential impacts with the grant officers responsible for the other programs.

The grants will be considered income for the purposes of paying income tax. However associated expenditure may be tax deductible. Applicants should seek professional

advice on potential taxation impacts on their business of funding from this program, in particular whether the grant will have additional GST or other taxation implications. Applicants may also request a private ruling from the Tax Office on tax related matters.

When submitting a project budget, applicants should provide amounts exclusive of GST.

15. Payment of funding into a nominated bank account

All of the funding paid by the department to the grantee will be deposited into a nominated bank account. The bank account must only be used for the purposes of receiving and disbursing the funding unless otherwise approved in writing by the department. The grantee must give the department details of the bank account within seven days of notification of such a requirement. Any interest that is earned on the funding is treated as funding money and must be used for the project.

The grantee must be able to acquit any expenditure if asked to do so.

16. Spending the funding

The grantee must not spend any further funding money if the department provides written notification that no further expenditure of grant funding is to be undertaken. The department may issue such a notice if the grantee:

- has not completed a report that was due before the date of notification;
- has not met a key performance indicator that was due before the date of notification;
- has not achieved a milestone that was due to be achieved before the date of notification; or
- is otherwise in breach of the funding deed.

17. Repayment of funding

If the grantee spends the funding otherwise in a fashion which is outside the parameters of their project and the funding agreement, the grantee is liable to repay to the Commonwealth the amount of money so spent and the Commonwealth may recover that money from the grantee as a debt due to the Commonwealth.

18. Unexpended funding

If at the end of the project there is unspent and uncommitted funding money, the grantee must refund the unspent money to the Commonwealth within 10 business days of receiving the Commonwealth's request to do so.

19. Reporting

Grantees must report against all agreed milestones in their project plan according to the agreed key performance indicators for each milestone.

Milestone reports must include:

- details of expenditure for the period against forecast budget;
- proof of expenditure (e.g. receipts) as per budget. For travel expenses, this includes trip reports, boarding passes, diary notes and/or other evidence that are accepted as supporting documentation to substantiate the details of the trip; and
- a written report confirming the milestone and associated activities have been completed. The report should also outline the benefits of these activities to the overall project and detail any issues that could affect the project's completion.

A final report detailing whether the project achieved its objectives is also required. The report must detail how the grantee achieved the goals stated in the milestone period, measuring performance against the key indicators outlined in the project plan. This could include evidence that future sales will take place.