



REGIONAL FOOD PRODUCERS INNOVATION AND PRODUCTIVITY PROGRAM SUPPLEMENTARY INFORMATION

These notes provide additional information and interpretation for the Regional Food Producers Innovation and Productivity Program Guidelines.

Applicants should use this information when completing an application, particularly to determine the eligible project budget. Grantees should refer to this document when completing project progress reports.

The Regional Food Producers Innovation and Productivity Program is a competitive, merit-based grants program. Funds are limited and therefore meeting eligibility and assessment criteria does not guarantee funding.

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Document Name:	Version:	Date approved:
Regional Food Producers Innovation and Productivity Program Supplementary Information	Round 1 Version 1	30 September 2008

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1. ELIGIBLE ACTIVITIES AND COSTS

1.1 ELIGIBLE ACTIVITIES

The activities that the Regional Food Producers Innovation and Productivity Program funds include:

- design of technologies to proof-of-concept through to full-scale commercialisation and implementation to meet a market need
- adoption¹ of technologies, with regional spill-over benefits
- the innovative re-design of existing production/processing lines to create efficiencies and boost productivity.

1.2 ELIGIBLE COSTS

To be eligible, a cost must directly relate to the project and be for activities that occur, or goods or services that are purchased, on or after the date a funding agreement is signed by the department.

Eligible costs include:

- ✓ labour costs for your staff working on your project
- ✓ external contracts relating to project activities
- ✓ construction of a prototype for the project
- ✓ adoption and commercialisation of project-related new technology
- ✓ costs of modification of technology for projects that involve the re-design of existing production/processing lines
- ✓ materials (such as ingredients and commodity inputs) for trial runs
- ✓ project-related travel
- ✓ technical training
- ✓ project demonstration costs

¹ “Adoption of technologies” refers to bringing in new technology for adaptation for use in a region or sector.

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2. INELIGIBLE ACTIVITIES AND COSTS

Ineligible activities and costs include:

- x retrospective project related activities (anything started before a funding agreement has been signed by the department)
- x the development of new product lines, where the project does not involve the development or adoption of new technologies
- x the purchase of land or infrastructure costs such as buildings, roads and the like, including further development, modification or maintenance
- x expenditure related to the normal day-to-day operations of a business
- x fresh food varietal/species improvements
- x farming activities related to production of commodities, harvesting activities, etc. rather than to processing or otherwise value-adding
- x innovation in farming or fishing such as planting, growing, irrigating, harvesting or catching
- x promotional activities not related to disseminating information on the benefits of the innovation to the regional food/seafood producing industry
- x remuneration and related costs of personnel not directly engaged in project activity (such as office overheads)
- x initial scoping of the market opportunity/innovation potential
- x salary, overheads or other costs of government funded agencies unless a fee for service is normally charged
- x other activities deemed to be contrary to the spirit/intent of the program or that do not directly support the achievement of the planned outcomes
- x any activities not agreed to in a funding agreement, unless expressly permitted by the program decision-maker in a funding agreement variation.

3. ELIGIBLE EXPENDITURE

This section sets out the heads of expenditure under which applicants and grantees must record project eligible expenditure in applications and project reports. Consider the 'value for money' that your project represents when preparing your application and project budget.

3.1 Staff labour costs

Eligible staff labour costs generally include any components of the employee's total remuneration package that are itemised on the employee's Pay As You Go (PAYG) Annual Payment Summaries. These can only be claimed for those employees directly employed on core elements of the agreed project, and for the time spent on those activities.

Labour costs should be fair and reasonable and accurately reflect the market value for the activities to be undertaken.

In your project budget, ensure you provide clear descriptions of the activities that staff will be undertaking, the time spent on those activities and the rates of remuneration.

Where an employee spends less than 100% of their time on the project, salary costs should be only for that time spent on the project.

Grantees must keep, and provide on request, records that demonstrate project labour costs. These records will include, as a minimum, payslips and timesheets.

Non-cash or 'in-kind' salary

A grantee cannot claim project labour costs based on an estimation of the employee's worth to the organisation, where no cash has changed hands and no amount has been credited to a loan account or current account in the accounts of the organisation.

3.2 Prototype expenditure

Expenses associated with the installation/construction of a prototype for the project are eligible. The scale and number of prototypes is limited to the level needed to prove the technical concept underpinning the agreed project.

Quotes for key prototype expenditure should be submitted with your application.

Grantees must keep, and provide on request, records demonstrating prototype-related expenditure.

3.3 Adoption and commercialisation of project-related new technology

The cost of purchasing and/or installing project-related new technology is eligible. This includes the innovative adoption of already-developed technology new to Australia, the region or sector (see section 2 on page 5 of

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the Program Guidelines) or the commercialisation of technology developed in an earlier stage of the project. In the case of the commercialisation of technology developed in an earlier stage of the project, the program will not fund full-scale roll out (for example, multiple processing lines), but may fund a single processing line.

Clearly describe the equipment to be purchased in your project budget and attach quotes for all key purchases.

If you have expenditure relating to the adoption of already-developed technology, you must include in your project budget, expenditure for the dissemination of lessons learned, under 'Project demonstration costs' (see 3.8 below).

Grantees must keep, and provide on request, records demonstrating eligible expenditure related to the adoption and commercialisation of project-related new technology.

3.4 Modification of technology for projects that involve the re-design of existing production/processing lines

The costs of parts and installation/construction expenses for the modification or innovative re-design of existing production/processing lines are eligible.

You will need to clearly describe the activities and expenses in your project budget. Where possible, submit quotes to support your application.

Grantees must keep, and provide on request, records relating to their expenditures on the modification of technologies.

3.5 Materials for trial runs

Costs of materials, such as ingredients and commodity inputs, used in trial runs for the project will be eligible provided an income has not been obtained from sale of the resultant produce.

The materials to be used, and quantities, must be clearly specified in your project budget.

Grantees must keep, and provide on request, records relating to their expenditures on materials for trial runs.

3.6 Project related travel

The program will pay the agreed proportion of reasonable travel and accommodation costs necessary for the success of the project.

Only the travel of key individuals from participating organisations can be claimed as a project expense. Applicants need to identify each person travelling and state their role on the trip and itinerary details. Airfares will be recompensed at the economy rate and will normally be available for a maximum of two travellers to each destination.

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Acceptable accommodation and meal expenses will be calculated using the [Australian Taxation Office's guide for reasonable travel and meal allowances](#), based on an employee having an annual salary of \$90,000 or below. Applicants should use this guide when calculating travel allowances for their project budgets.

Grantees must keep, and provide on request, receipts for airfares, boarding passes, hotel receipts and other documents that demonstrate the agreed travel occurred.

3.7 Technical training

Costs of technical training where the skills are specific and necessary to the requirements of a project are eligible. For example, the costs of training staff to operate new technologies that have been adopted or implemented as part of the project would be considered.

Grantees must keep, and produce on request, appropriate records of technical training expenditure.

3.8 Project demonstration costs

Projects based around the adoption (purchase) of existing technologies must include a project demonstration component to disseminate the lessons learned from the implementation of the technology.

For projects based on the development of new technologies or the innovative redesign of existing production processes, dissemination of lessons learned is encouraged to broaden the likely regional food industry benefits and will improve the competitiveness of your application.

Demonstration at trade shows is not eligible if it is for prospective buyers and the project is at the point where the outcome can be brought to market.

Grantees must keep, and produce on request, appropriate records for their project demonstration costs.

4. OTHER INFORMATION ON EXPENDITURE

Matching contributions

Grantees will need to fund 50 per cent of project costs, in cash.

In-kind expenditure

In-kind expenditure or non-cash payments cannot be claimed.

5. REGIONAL AND INDUSTRY BENEFITS

Regional and industry benefits are important outcomes of any Regional Food Producers Innovation and Productivity Program project. The following are considered as key benefits which may be derived from a project:

National productivity and economic growth

The potential of the project and/or resulting commercialisation activities to achieve one or more of these outcomes:

- improve the efficiency, competitiveness and productivity of Australia's regional food industry
- create and sustain a competitive advantage for the Australian regional food industry
- contribute to the development of effective innovation networks within the Australian regional food industry
- lead to the establishment of new Australian food production or processing sectors, with associated employment opportunities.

Diffusion of knowledge and skills to other parts of the Australian economy.

The potential of the project and/or the resulting commercialisation activities to achieve one or more of these outcomes:

- develop and share knowledge with other regional food businesses and research organisations
- enhance regional Australia's skills base
- encourage strategic alliances and cooperation between research providers and food businesses
- encourage innovation within and between food businesses
- develop a field or area of innovation not currently well represented in Australia and/or
- enhance Australia's overall innovation capacity.

'Flow-on' economic benefits.

The potential of the project and/or the resulting commercialisation activities to achieve one or more of these outcomes:

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- directly benefit consumers (for example, create higher quality and/or less expensive products) and/or
- improve a supply chain (for example streamlining production, storage, or transport processes, or enhancing inputs and ingredients).

6. REPORTING REQUIREMENTS

For project acquittal purposes, there is a requirement to track project activities and project expenditure. Documentation with supporting evidence will be requested as confirmation on the progress of the project. Grantees will need to submit supplied activity reports, expenditure lists and budgets for each milestone, plus an independent audit report once the project has been finalised.

6.1 Activity Report

The activity report is a template used to provide details and description of project milestone activities and the progress on objectives achieved. It provides a written account of the project progress compared to the activities set out in the funding agreement, including any obstacles or changes to the project that may require consideration for a funding agreement variation.

6.2 Expenditure List

An expenditure template will be supplied to capture details of expenditure that will be claimed against the project. It lists all expenditure items with descriptions of how the expenditure relates to the project. The list makes it clear what is being claimed and helps makes sense of corresponding evidence such as receipts and time sheets when they are submitted for acquittal.

6.3 Budget

As each milestone is completed the expenditure recorded in the expenditure list will be transferred to the project budget tracking expenditure against the project budget. It provides a snap shot of how the project is progressing with grant expenditure.

6.4 Independent Audit

Grantees are required to submit an independent audit upon completion of their project. This audit needs to be completed by a qualified auditor or accountant, who has no affiliation or commercial interest with the grantee's organisation. The audit will need to verify that expenditure has been spent in accordance with the budget set out in the funding agreement.

7. MONITORING AND EVALUATION

The aim of program monitoring and evaluation (M&E) is to capture information that allows grantees to manage and report on their progress efficiently. It also enables the department to measure and report on the success of its investment. Grantees will sign a legally binding funding agreement to deliver clear outputs, with clear timing and budgets. The funding agreement will also include requirements to report against milestones, activities and expenditure. This will ensure clarity in delivery and reporting expectations. The program will develop an implementation and M&E database that will capture project information that will feed into departmental annual reporting.

The program database will be invaluable for internal and external audits and any independent post program evaluation of overall program achievement against the main program purpose and objectives. The program implementation and M&E database will be crucial in providing information and deriving lessons learned for future programming.