

# GRANTS FOR GROWTH:

Top 3 tips for preparing a competitive cost benefit analysis



# EXPERT PANEL

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COST BENEFIT ANALYSES

# 3 tips for securing government funding

Dr Latiffa Ling

Director, Commercial Evaluation and Management

Department of State Development, Manufacturing, Infrastructure and Planning



**Queensland**  
Government

# Disclaimer

My information:

- relates only to our experiences with departmental infrastructure projects and funding programs
- will cover only a select number of items pertaining to undertaking an economic CBA.



# Bundaberg Region Multi-use Sports and Community Centre – Stages 1 & 2





## Mission Beach Aquatic Facility

# Why do I have to do a CBA?

- The objective of a CBA is to estimate the net benefits of a project.
- It also assists decisions about the value of projects and the return to the State.
- Assessment of a CBA goes beyond the spreadsheet numbers – supporting information and evidence!



# Major infrastructure upgrade of the Cloncurry Saleyards





# Cherbourg Material Recovery Facility upgrade

# TIP ONE

Present a clear picture of all **project costs**

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- Initial construction costs
- On-going operating costs
- Consideration of whole-of-life costs
- Other costs!

# Cooktown Airport Aviation Park





# Birdsville Caravan Park Redevelopment



# TIP TWO

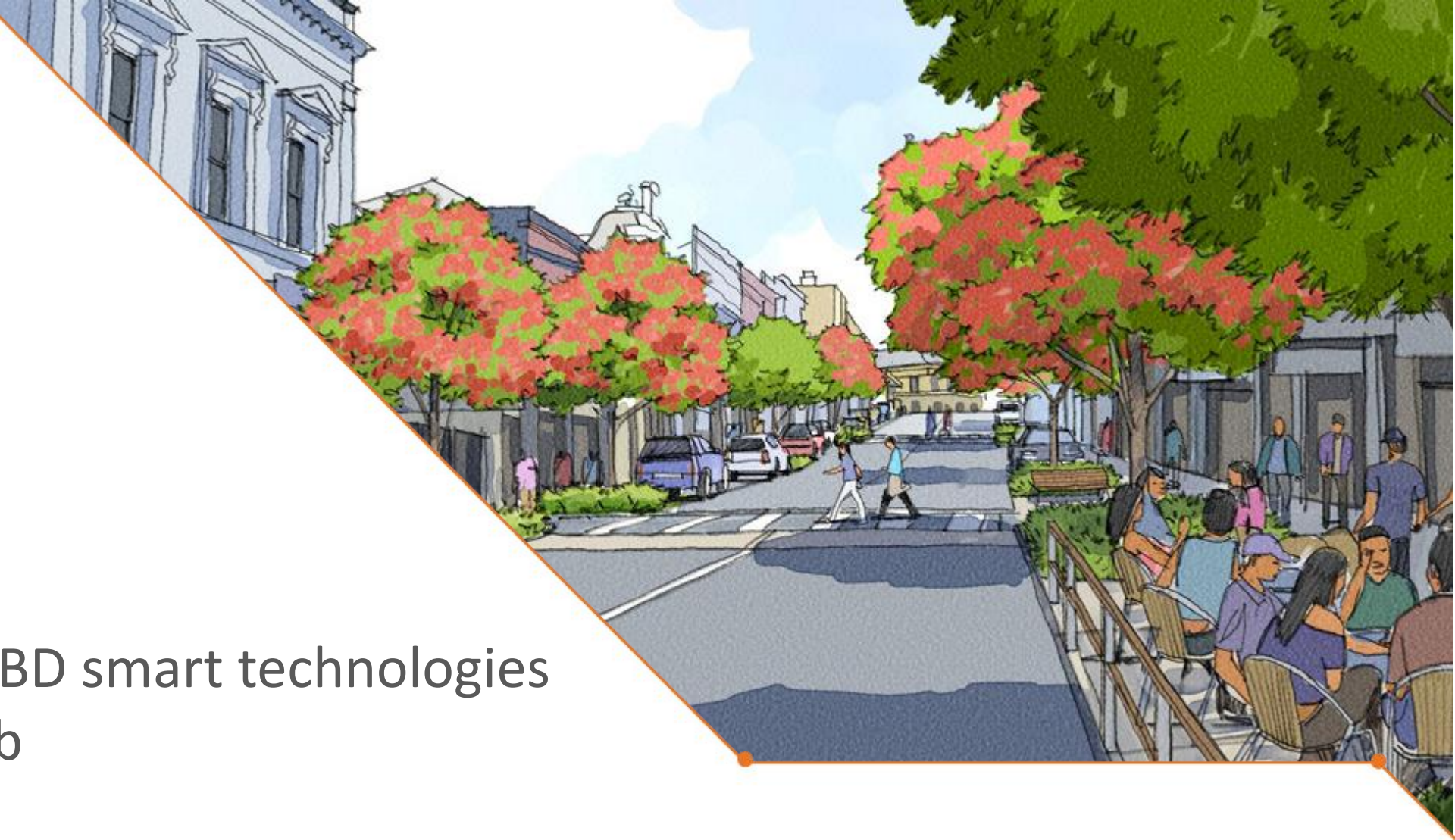
Know your **project benefits** inside and out

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- Be sure to capture not only the direct benefits such as fees and charges arising from the asset, but also flow-on benefits
- Ensure that the benefits apply only to the staged development
- Bottoms up approach with evidence when possible!
- Demonstrate the linkages with key community stakeholders and local/regional businesses!



# Rockhampton CBD smart technologies and working hub





## Rockhampton CBD smart technologies and working hub



# TIP THREE

Be **realistic**, not idealistic

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- Ensure a clear understanding of the project and its scope
- Include realistic whole-of-life costs
- Residual value – realistic assumptions
- Provide supporting evidence, statistics, letters of support to demonstrate the linkages and supporting the analysis

# Steger Road Infrastructure Enabling Project – Toowoomba Enterprise Hub





# Maryborough Portside Cultural Precinct – Stage 3



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# **THE PEREGIAN DIGITAL HUB GRANT APPLICATION**

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## **A CONSULTANT'S PERSPECTIVE**





# THE PEREGIAN DIGITAL HUB

A world-class environment, gigabit internet, top tech colleagues & entrepreneurial support for start-ups and tech workers.



# ➤ TOP TIP 1

## Start with the grant guidelines

- Ensure the project outcomes align with the grant objectives.
- Reflect the project outcomes in the cost benefit analysis.

- Business generation
- Knowledge sharing
- Collaboration and innovation
- Diversify the economy

Co-working space  
Meeting rooms  
Technology  
Larger office areas

## ➤ TOP TIP 2

### Provide cost evidence

- Ensure that the project costings have basis and backing.

- Planning & design
- Building construction
- Utility costs
- Labour costs
- Landscaping
- Internal fit-out

Quantity survey report

Quotes

Schedule of Rates

Previous projects

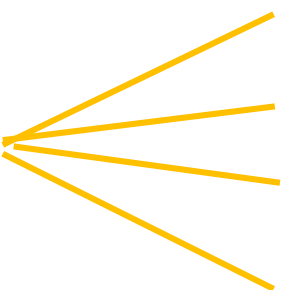


# ➤ TOP TIP 3

## Look to the future

- Show how the project benefits will continue to be delivered into the future.

- Management costs
- Maintenance & operations
- Utility costs
- Asset renewal cycle



- Water, power, telecommunications
- Proposed management agreement
- Cleaning, gardening, security
- Painting, carpets, resources

# ➤ SUMMARY

- Ensure the project outcomes align with the grant objectives.
- Reflect the project outcomes in the cost benefit analysis.
- Ensure that costings have basis and backing.
- Show how the project benefits will continue to be delivered into the future.

Thank you!

# Making a Compelling Case

Breadth of Benefits  
Capacity for Success

February 2019



# Case Example: \$6m Upgrade to The Events Centre

## Stakeholders:

- **Federal Government** Building Better Regions Fund - \$3 million granted
- **Sunshine Coast Council** dollar-for-dollar funding partnership - \$3 million allocation



# Case Example: \$6m Upgrade to The Events Centre

## Beyond demonstrating the market opportunity, we needed to:

- demonstrate monetary and non-monetary benefits that serve the strategic objectives of funding partners
- show proposed outcomes are highly relevant to the unique characteristics of the area/s where you will be implementing the project
- demonstrate capacity to achieve success

# Monetary and non-monetary benefits

## Additional time limited jobs (construction phase)

### Additional ongoing jobs

- expected to be occupied by locals
- expected to be occupied by 15-24 year olds
- with wages above median household income

## Projected increase in patronage and visitor nights

## Projected increase in revenue

## Projected flow on benefits – extra spend in local supply chain – further job creation

*Linking all of these outcomes to the unique characteristics of the area*



# Capacity for success

## Gaining the funders confidence you have the required internal environment and capability to achieve the proposed benefits

- **Financial strengths** – your recent track record, sources of project support ...
- **Physical advantages** – how your physical assets could be leveraged to maximise outcomes ...
- **Technological advantages** – the technical systems to contribute to effectiveness and efficiency ...
- **Organizational advantages** – duration of existence, governance and quality assurance systems ...
- **Human resource strengths** – longevity and expertise of workforce, culture, connectivity with strategic partners ...
- **Reputation** – how you are viewed by industry and customers ...

# Recap of 3 top tips

## Don't just focus on demonstrating the need or opportunity for your proposal

- Quantify or qualify as many monetary and non-monetary benefits as you can – relevant to funders strategic objectives
- Link your proposed outcomes to the unique characteristics of the area/s you will be implementing the project
- Demonstrate you have the required internal environment and capability to achieve the proposed benefits

Thank you



# Building the evidence base for a compelling case

Presented by Robert Hall

February 7 2019

# Building the evidence base

How does my project fit the strategic drivers or need for my region?

Economy.id allows you do:

- Demonstrate the drivers of your economy
- Identify the barriers to growth
- Estimate the economic impacts

The screenshot shows the 'economic profile' page for the RDA Sunshine Coast Region. The header includes the 'idcommunity' logo and a search bar. The page title is 'RDA Sunshine Coast Region | economic profile'. A navigation bar shows 'community profile' and 'economic profile' (the latter is highlighted). The left sidebar lists various sections: Home, Economic indicators, About the area, Infrastructure, Economic profile (highlighted), Custom industries, and Economic tools. The main content area features a large heading 'Welcome to the RDA Sunshine Coast Region Economic Profile' and a quote: 'RDA Sunshine Coast Region's Gross Regional Product is estimated at \$18.55 billion, which represents 5.9% of the state's GSP (Gross State Product)'. Below the quote, there is a paragraph explaining the data sources and a note about the model used. At the bottom, there are four tabs: 'Important', 'GDP', 'Population', and 'Unemployment'.

idcommunity | demographic resources

Search for places, topics...

RDA Sunshine Coast Region | economic profile

community profile economic profile

Home

Economic indicators →

About the area

Infrastructure

**Economic profile**

Economic value →

Local employment →

Businesses →

Industry focus →

Journey to work →

Local workers →

Resident workers →

Market profile →

Housing cost →

**Custom industries**

Tourism and hospitality →

**Economic tools**

Economic impact model

Event impact calculator

Share Export

## Welcome to the RDA Sunshine Coast Region Economic Profile

“RDA Sunshine Coast Region's Gross Regional Product is estimated at \$18.55 billion, which represents 5.9% of the state's GSP (Gross State Product).”

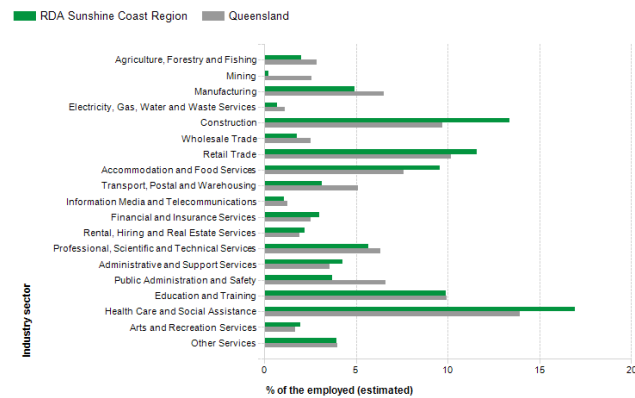
The RDA Sunshine Coast Region's economic profile presents economic information that enables you to describe the area's role within the broader economy, explore options for economic development and promote the area's strengths. The information presented here is derived from official sources of information (Australian Bureau of Statistics) as well as Australia's leading economic modellers, [NIEIR](#). The latest data from each series is always presented in this site.

Economy.id industry structure and industry sector profiles use a National Accounts regional econometric model developed by National Economics (NIEIR).

Important GDP Population Unemployment

<https://economy.id.com.au/rda-sunshine-coast/home>

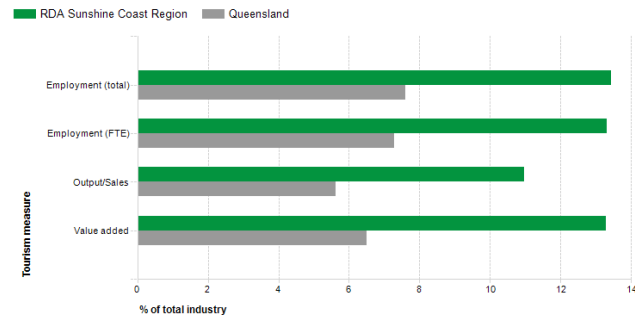
Employment (total) by industry 2017/18



Source: National Institute of Economic and Industry Research (NIEIR) ©2018  
Compiled and presented in economy.id by .id the population experts

.id  
the population experts

Value of tourism and hospitality 2016/17



Source: National Institute of Economic and Industry Research (NIEIR) ©2016  
Compiled and presented in economy.id by .id the population experts

.id  
the population experts

# #1 Identify the industry most likely to benefit from your project

This is critical to understanding industry-specific drivers, barriers and supply chains.

Economy.id can help you answer these questions:

- What is it's economic contribution?
- How does this compare to benchmarks?
- Is the industry growing? If not, what is holding it back?
- What are the worker characteristic of this industry?
- What is the supply chain?

# #2 Quantify the benefits

Type	Measurement	Technique
Economic	Additional visitor expenditure	Productivity method – Use Event impact model (direct value added)
	Additional sales	Productivity method -Use Economic impact model (direct value added)
	Increased labour incomes from new jobs	Market wages (for individuals who would have otherwise been involuntary unemployed) – See Local Worker Incomes
Social	User benefits of attending event or visiting a facility (compared to no event behaviour)	Travel cost method (users x time x ~\$17/hr)
	Non-user benefits (option value)	Surveys (e.g. non-user value of libraries estimated at \$66 per user <sup>1</sup> )
	Avoided health costs	Labour productivity loss caused by physical inactivity <sup>2</sup>



# Types of benefits by project typology

Project	Typical benefits
Event	<ul style="list-style-type: none"><li>• Additional visitor expenditure</li><li>• User benefits (e.g. locals)</li></ul>
Art Gallery / Museum / Conference Centre	<ul style="list-style-type: none"><li>• Additional venue sales</li><li>• Additional visitor expenditure</li><li>• User benefits</li><li>• Volunteering</li></ul>
Community centre / Library / Recreational facility	<ul style="list-style-type: none"><li>• User benefits</li><li>• Career development</li><li>• Non-user benefits</li></ul>
Road infrastructure	<ul style="list-style-type: none"><li>• Travel time savings</li><li>• Productivity benefits (e.g. freight)</li><li>• Environmental benefits</li></ul>
Business Incubator	<ul style="list-style-type: none"><li>• Productivity benefits</li><li>• Additional employment</li><li>• Career development</li></ul>

# #3 Always show net additional impact

If you are not comparing the project case to a realistic base case, you may be generating an exaggerated benefit/impact. This could be looked at unfavourably in the assessment of your application

Need to assess what would have happened without the project or event?

# Tips

1. Identify the regional drivers and the industry most likely to benefit.
2. Quantify the benefits (with level of detail proportionate to the likely impacts)
3. Always show net additional impacts

<https://economy.id.com.au/rda-sunshine-coast/home>

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Supporting information

A large dark gray curved shape in the top right corner, a solid black circle, and a smaller dark gray circle in the bottom right area.



name: Type of event: Significance of event: Start date:

Arts and Heritage Local

Duration of event (days): Est. attendance per day: Est. avg daily spend (\$): Event total spend:

1 5 \$5

Submit

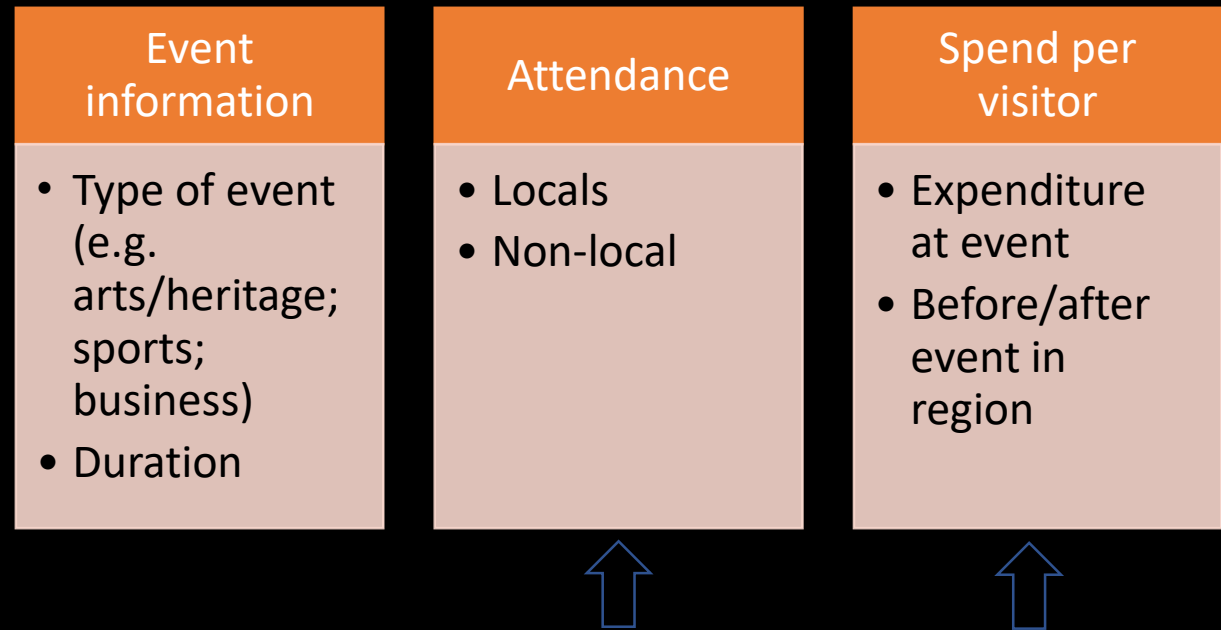
## Event Impact Summary

# What is an event impact model?

- Events can grow the economy through exports
- Event impact model allows you to estimate income and employment impacts of events
- Model designed for Sunshine Coast Region economy (not state multipliers)
- Evidence to inform grant applications
- Not a cost-benefit analysis (on its own), but can be used to inform inputs.

	Value-added (\$ mil)	Employment (annual FTE)	Res (a)
Impact	9	0.0	
Direct impact	4	0.0	
Indirect impact	3	0.0	
Impact on Sunshine Coast economy	16	0.0	

What  
information is  
required to run  
the event  
impact model?



# Example input for an event

3 day event – cultural based  
drawing visitors from all over  
Australia

Event name:	Type of event:	Significance of event:	Start date:
<input type="text" value="Festival"/>	<input type="text" value="Arts and Heritage"/>	<input type="text" value="State"/>	<input type="text" value=""/>
Length of event (days):	Est. attendance per day:	Est. avg daily spend (\$):	Event total spend:
<input type="text" value="3"/>	<input type="text" value="1000"/>	<input type="text" value="30"/>	<input type="text" value="\$90,000"/>
			<input type="button" value="Submit"/>

- Based on spectator counts we estimated 4,000 people attended
- Survey found that 50% were from outside of the Sunshine Coast Region (2,000).
- Survey found 50% of non-locals visited the region due to the event (1,000)

Survey found that visitors  
spent \$30 on average per day.

# Example output for an event

## Event Impact Summary

export



reset



Sunshine Coast - - Modelling the effect of \$90,000 from a Arts and Heritage event with Local significance

Use this as an input in cost-benefit analysis. Remember to discount if a future or ongoing benefit.

	Output (\$)	Value-added (\$)	Employment (annual FTE)	Resident Jobs (annual FTE)
Direct impact	77,400	42,204	1.2	--
Industrial impact	37,928	17,294	0.2	--
Consumption impact	24,852	10,319	0.1	--
Total impact on Sunshine Coast economy	140,180	69,816	1.4	--

Source: National Institute of Economic and Industry Research (NIEIR) ©2016. Compiled and presented in economy.id by [.id](#), the population experts.

Note: All \$ values are expressed in 2014-15 base year dollar terms.



# GRANTS FOR GROWTH:

Top 3 tips for preparing a competitive cost benefit analysis

## Q & A Session



# Moderated Panel Discussion (inserted post-event)

Q. What types of evidence should be incorporated when preparing a CBA for competitive grants? (Latiffa)

A. The following are all examples of evidence to be incorporated when preparing a CBA for competitive grants:

- Detailed Project Plan, Business Case, Detailed Delivery, Works Schedule and Construction Schedule
- Regional/community/economic profile
- Independent consultancy/engineering reports
- Local community survey/studies
- Technical reports, such as engineering studies and other studies completed by independent third parties, in respect of any components of costs and benefits
- Industry/business reports
- For IT infrastructure: Technical reports highlighting adoption/penetration rates, adoption benefits for households, adoption benefits to businesses and a feasibility study
- Published statistical databases – ABS, Tourism & Events Queensland, Queensland Government Statistician's Office and Tourism Australia
- Letters of Support - business/community stakeholders organisations and groups
- Council minutes, financial reports and incident reports

# Moderated Panel Discussion cont'd (inserted post-event)

Q. What and how do you capture flow-on benefits from a project? (Kerrienne)

A. To help your project stand out from other funding proposals there is value in articulating the potential flow on benefits by looking at the unique characteristics of the area where the project will be delivered. Start by looking for the unique social or economic challenges of the locality, such as higher than average unemployment, or lower than average household incomes, or low employment self-containment and the like. Once identified you can then link how your proposed project will deliver a positive impact on the exceptional local challenges – it will be important to qualify how and quantify the extent of the impact.

Q. What approaches are acceptable when identifying benefits (Rob)

A. Where possible, market values should be used to quantify costs and benefits. For example, wages for additional employment generated, or value added for additional visitor expenditure captured (outputs from an economic impact model can help estimate this). In many cases however, monetary values like value added or wages do not exist, especially for projects that provide a public good. For example, libraries generate a wide range of social benefits that are not easily valued. Other techniques are required to estimate such benefits, including the travel cost method, survey data or other shadow prices (e.g., avoided health costs). Economic impact modelling can also support your CBA, especially if the application asks for direct and indirect jobs created by your project.

Q. How to handle eligible / ineligible costs (Robyn)

A. Grant program guidelines will often clarify that applicants may only receive grant funding for eligible project costs, and often include examples of what are eligible and ineligible project costs. To ensure you submit a high quality grant application, it is important to make sure that you clearly list the eligible project costs for which you are seeking grant funding. And it may also add value to outline the ineligible project costs, for two key reasons. Firstly, it demonstrates your, or your organisations, financial commitment to the project. Secondly, by listing all project costs (both eligible and ineligible), it will demonstrate that the project costing process has been comprehensive, thorough and robust.

# Questions from the Audience..

## Q. What resources are available to search for funding opportunities?

- A. There are a range of search tools and support resources available across the Sunshine Coast which you can use to ascertain open and pending funding opportunities.
- Both Sunshine Coast Council and Noosa Council offer grant support for small businesses, community groups and not-for-profits in their LGAs. You can link directly to each of the Council's grant support services from the RDA Sunshine Coast [Grants and Funding Opportunities](#) webpage. RDA Sunshine Coast also facilitates access to a broad range of government grant and funding opportunities via this page.
  - Grant support resources, as well as strategic advice for projects of significance to the Sunshine Coast region, can be found via RDA Sunshine Coast's [Grants and Funding assistance](#) webpage.
  - The best way to keep yourself informed of current and pending government grant opportunities is to sign up to RDA Sunshine Coast's social media pages and newsletter distribution list.



@RDASC



@rdasc



Regional Development Sunshine Coast Inc.



@rdasunshinecoast



<https://www.rdasunshinecoast.org.au/subscribe/>

## Q. Is there a mechanism to provide feedback to funding providers on the return on investment in terms of resources and energy, relative to the size of the grant?

- A. Yes. Most, if not all, funding providers provide direct email or phone contact details for you to share constructive feedback on the strengths and weaknesses of their program and opportunities for improvement.



# Questions from the Audience.. cont'd

## **Q. Is this a role RDA may be positioned to play in terms of collating feedback for state and federal funding?**

A. Yes. RDA Sunshine Coast is happy to collate feedback relating to government grants and funding programs, to identify and pass on consistent themes for continued improvement.

## **Q. Do competitive grants and cost benefit analysis go as far as benefit realisation?**

A. No. Note, while this may not be a grant eligibility requirement, it is definitely good practices to look beyond the project life cycle and track your success over time to achieve your business goals.

## **Q. Are the Letters of Support weighted in terms of who is lending their support and whether they are standard or customised letters?**

A. Letters are generally not weighted in terms of assessing the eligibility of the project for funding, however:

- The support of key local stakeholders and strategic entities such as RDA is important in terms of demonstrating a recognised need for the initiative.
- Customised letters would be considered more appropriate than a standard letter of offering as it demonstrates reflection on the specific project for which funding is being sought.
- Note, some organisations such as RDA, require project-specific background information to be provided prior to issuing a letter of support. This assists RDA to understand the local and strategic benefits of the project and craft customised letters relative to its strategic priorities and the funding provider. Engage early and engage often.

# Questions from the Audience.. cont'd

## **Q. How community groups and not-for-profits in need of renovations or refurbishments get access to government funding, considering most grants have funding restrictions requiring land ownership?**

A. It is always important to fully explore what can and can't be funded with regard to renovations and refurbishments, as outlined within the funding rules for each individual grant. For example, sometimes there are provisions in the funding rules to allow for renovations or refurbishments for community and not-for-profit groups as long as you can provide evidence of a long lease or tenure agreement and a letter of support by the owner of the property for modifications being planned.

## **Q. Is there an age limit for who can apply for competitive grant funding?**

A. Sometimes, yes.

- Depending on the grant in question and any associated funding rules, there may be a requirement to sign off on legal documentation to receive the grant which in turn requires an 18+ status.
- Grant opportunities for young entrepreneurs do exist which may not have this requirement (or may have an option to nominate a guarantor) for the purpose of receiving the grant. The terms and conditions for the grant should state this clearly.
- If in doubt, phone the fund provider to clarify.

# Questions from the Audience.. cont'd

## **Q. How do not-for-profits seek funding to build when they lease land as opposed to owning it?**

Clarification was sought from BBRF programs, grants and services contact at [business.gov.au](http://business.gov.au) for this answer.

*A. In response to your query regarding the Building Better Regions Fund, we have sourced the following information which may assist you.*

- Please be advised that as per section 5.2 (Eligible activities) in the Grant Opportunity Guidelines, if you do not own the land or infrastructure for your project, you must have the owner's authority.*
- The authority must cover the project period.*
- If your application for funding is successful, you must provide evidence of this authority to the satisfaction of the Program Delegate before we enter into a grant agreement*

*Programs, Grants and Services*

[www.business.gov.au](http://www.business.gov.au)

# FREE GRANT SUPPORT SERVICES

## Current Grants and Funding Opportunities

<https://www.rdasunshinecoast.org.au/grants-and-funding/>

## Grants and Funding Assistance

<https://www.rdasunshinecoast.org.au/grants-and-funding-assistance/>

## Contact

**Sarah Wetton**

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[project@rdasunshinecoast.org.au](mailto:project@rdasunshinecoast.org.au)

# THANK YOU

