

The .id

# Grant application guide

The complete, step-by-step guide to building a more compelling grant application



# Welcome to the complete grant application guide!

**If you've already picked up a copy of our grant application cheat sheet, some of this will look familiar.**

In this complete guide, our consultants step you through each step of the process outlined in the cheat sheet.

This guide will be especially useful if you're applying for funding for an infrastructure or economic development initiative, however the framework used in part one below would be equally powerful as a 'scene setter' for social and community initiatives.

## A reminder – why we wrote this guide

This guide, developed by the .id consulting team, has helped secure **\$187m in funding for local government infrastructure projects** in 2017 alone.

As urban economists, demographers and spatial analysis experts, our consulting team are both experts in their field and super-users of the free demographic and economic profiling tools that are built by .id and made freely available by subscribing councils across Australia.

Do you get your data from another source? No problem. You can still use our framework for turning plain data into compelling stories of place and change.

## All for free?

We understand that not all grant applications justify investment in expert consulting.

However, with the proven framework shared in this cheat sheet, and the step-by-step process in the full version of this guide, you can build a strong application.

The second half of this guide is more advanced. For larger grants or more complicated projects, our consulting team are available to write **independent cost-benefit or community benefit assessments**.

If that's you, let's talk! [Get in touch](#) and tell us more about your project.

**Good luck with your application!**

# Look out for these pointers

Keep an eye out for these pointers throughout this guide



## Consultant tip

Practical advice from our consulting team at critical points in the process.



## Find this data

We'll show you where to find relevant data for each step, right down to the menu, table and row.



## Ask us for help

There are certain questions we're happy to answer for free to help you wrap it all up.



## Sample text

Data doesn't win funding – data-driven stories do. We give you sample text to help you tell your story.



## Case Studies

Real-life examples based on work we've done elsewhere.

# The framework

If you picked up a copy of our grant application cheat sheet, you already have this framework. Following the outline, this guide has detailed instructions for each step.

## **Step One - Set the strategic context**

1. Demonstrate the drivers of your economy
  - a. Which industries drive the local economy?
  - b. Does a particular industry contribute more than others?
  - c. Demonstrate any localised trends of growth or decline in strategically important industries
  - d. Your population: has it changed, and how does that compare to the wider region? Are those trends affecting the local economy?
  - e. How is your population forecast to grow or change? What trends in age structure, housing and internal and external migration do you need to plan for?
2. What are the barriers to growth?
  - a. Analyse disadvantage in your area
  - b. Skills and qualifications profile
  - c. Identify any import dependences
3. How does your project fit with the strategic drivers of your area?
  - a. Develop a project-fit matrix to align your project with the strategic drivers of your area
4. Share the outcomes of similar projects
  - a. Include a case study that outlines how a similar initiative has been successful elsewhere

## **Step Two – Model the economic impact of your project**

1. Gather economic impact inputs
  - a. Source information for economic impact modelling from peak tourism bodies and regional development organisations
  - b. Define a base case or 'do nothing' scenario
  - c. Input construction impacts
  - d. Input operational impacts
    - i. Jobs

- ii. Other expenditure
- e. Input projected visitation
  - i. Local
  - ii. Non-local
- f. Choosing the right tool to model economic impact
  - i. Economic Impact Model
  - ii. Event impact calculator

### Step Three – Cost-benefit assessment

1. What is a cost-benefit assessment and when should I use it?
2. Steps in cost-benefit analysis
3. Examples of costs and benefits by project type
4. Links to how to guides from State/National government

### Step Four – Assess the wider community benefits

1. Why is it important to measure the wider community benefits?
2. Using a qualitative multi-criteria analysis, supported by quantitative evidence
3. Examples of wider community benefits
4. .id's disadvantage analysis indicators
5. Tips to undertake a wider community benefit analysis

You might have noticed steps three and four aren't as detailed as steps one and two.

The first two steps in this guide will help you build a strong application. However, for many grant applications, **independent** cost-benefit or community-benefit analyses are well-regarded, if not mandatory.

If you would like to do your own, we've included some guidelines to help you on your way. If you would like some help putting together either of these pieces of analysis, [get in touch](#), and tell us about your project.

## Get in touch

[Contact our consulting team](#) to discuss how we can help with your application.

#### Rob Hall

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# Lessons learned

Before we start, here are some tips, tricks and mistakes to avoid when applying for grants and funding.

## **Independent figures and analysis**

We worked with many local councils and project partners preparing applications for funding under round one of the Federal Government's [Building Better Regions Fund](#).

Often, we worked with councils on their second round applications, after they weren't successful the first time around. There were multiple instances where councils failed to provide independent figures, modelling and analysis to support their claims.

On obtaining these figures, a number of these councils were successful under the second round of funding.

## **Show the value to the wider region**

Don't limit the demonstration of benefit to your Local Government Area (LGA).

People and companies don't operate within LGA boundaries. Use modelling that demonstrates the wider economic and social benefits of your project.

## **Point to a precedent**

Make use of the [case studies we publish on our website](#) that showcase our work for a variety of sectors. If a similar initiative to yours has been funded, delivered and had a positive impact elsewhere, that is a powerful precedent for your project.

These case studies back up your claims, showing how similar initiatives have had positive impacts elsewhere.

## **Writing an effective executive summary**

We recommend you keep the executive summary short (2-3 pages), and lead with the most compelling reason for the project and focus on the major headline statements.

Think of it like a press release - highlight the strongest point first, back it up with one chart.

Don't go too deep, but make sure the report can back up the claims. And avoid simply copying and pasting findings from the main report. Tailor it to match the requirements of the guidelines, using similar language and key words as found in the guideline.

Here are some questions our consulting team ask when developing an executive summary;

- What is the problem? For example, an employment precinct facing weak economic/employment conditions as a result of a shock, such as a highway bypass
- What is the solution? E.g. Public realm improvement
- What are the major (quantified) benefits of the proposed solution?
- Why investment is required now



### Sample text

*Our analysis concludes the Project will strengthen the underlying economic conditions of <place>, providing a catalyst for opportunities for new business investment. The project has the potential to generate \$10 million in net community benefits, create 20 ongoing jobs and drive a range of social benefits, including its positive impact on reducing the level of disadvantage faced by the local community.*

### Direct jobs versus modelled job creation models

If you're only talking about the creation of jobs directly associated with your project, you're under-selling the value of your project.

By using a modelled-job tool, you can demonstrate the flow-on effects of investment for jobs in supporting sectors, suppliers, both jobs and output.

# Part 1. Set the strategic context

In this section, you are going to illustrate what's happening in your community to demonstrate why your project is needed.

Using data is important, but telling a story with that data is critical.

Let's dive in.

## Why is strategic context important?

Understanding the economic and demographic processes at work in your region provides a framework for understanding what role the industries and workforce play.

This can guide what policy responses and investment may be appropriate to support the growth of businesses and maintenance of a vibrant economy in the future.

In this step we are seeking to answer the question:

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



### Input example

#### Have you developed an Economic Profile for your region?

An Economic Profile tells a story about your economy and identifies your strategic drivers and barriers to growth.

Having this economic story at hand can make this first step easier, as you have already identified the type of projects that will make a difference in your region.

To get an idea of the format, check out this [Economic profile we developed for Toowomba.](#)

If you would like an economic profile for your area, to support this grant application and other investment opportunities, [contact us here.](#)



## Telling the story

At .id, we use a question-based approach to build the evidence base.

These questions are important because they help focus on the story, and save you from analysis paralysis (something you don't need when facing a grant application deadline).



To help you get started, we have shared our strategic context framework, based on the common questions we answer when conducting our kick-off meetings.

## 1.1 - What are the drivers of your economy?



### Consultant tip

Identifying the industry most likely to benefit from the project can really help elevate your proposal.

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

Typically, industry-focussed projects have one of the following objectives

- You have an industry that is critical to your area and you want to make it stronger
- Growth in an established sector is inhibited
- There is an emerging sector of great potential that will thrive if supported
- You need to reduce dependencies on old sectors and diversify to support the growth of other sectors.

Identifying the relevant category and telling this story is a critical part of the strategic context.



**Show which industries employ your population with a dominant or emerging industry analysis.**



### Find this data

Open your [.id economic profile](#)

/Local employment

/Employment by industry (Total)

**Does a particular industry contribute more than others to your economy?**

If funding will benefit an industry, quantify the value of that industry to the local and regional economy.

The *Location Quotient* tool in the [.id economic profiles](#) demonstrates the strength of an industry (or opportunity to grow), relative to the wider region, state or country.

Point out industry specialisations using a location quotient or similar tool (especially if one of these industries will benefit from the funding).

If you'd like to learn more about why we developed the location quotient tool, we've written about it in a blog called '[How to understand your region's competitive edge](#)'.



## Find this data

Open your [.id economic profile](#)

Location quotient

/Local employment

/Employment by industry (Total)

We recommend you choose a regional benchmark, rather than a state or national benchmark.



## Input example

### A step-by-step guide to using the Location Quotient tool

- 1 Open the [economic profile](#) for your area
- 2 Under economic tools, choose Location Quotient
- 3 We recommend you choose the regional, rather than a state or national benchmark

The screenshot shows a dropdown menu titled 'Current benchmark:'. The menu is open, displaying three options: 'Greater Adelaide' (highlighted in green), 'South Australia', and 'Australia'. A green arrow points down from the 'Greater Adelaide' option.

- 4 *Employment (total)* as measure that demonstrates a jobs trend

Measure

Employment (Total) ▼

Employment (Total)

Employment (FTE)

Value Add

Output

Total Export

International Export

Domestic (Interregional) Export

Total Import

International Import

Domestic (Interregional) Import

- 5 *Comparison year* depends on how quickly your economy is changing. As a general rule, we recommend a 3-5 year comparison period.

Comparison year:

2012/13 ▼

2014/15

2013/14

2012/13

2011/12

2010/11

2009/10

2008/09



### Ask us for help

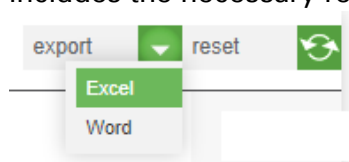
If you're not sure which of these metrics to use, [ask our consulting team](#) -they'll be happy to make a recommendation.

- 6 Find the row for the industry of interest (click the row for more detailed information)
- 7 We recommend referencing the following figures:
- Current % (what contribution that industry makes to the local economy)
  - Regional % (what contribution that industry makes to the regional economy)
  - Location quotient (contribution of that industry to the local economy, relative to the regional economy)
  - Location quotient reference

At the top of the Location Quotient page, you'll find a scale that you can use to make these figures meaningful in your submission.

**For example** - a LQ under 0.8 indicates an industry which is more important in the region than the local area, and may represent an economic weakness or opportunity for growth).

- 8 You can export the complete table to Word or Excel to create a table that includes the necessary reference information.



### Still looking at the industry or industries of interest, demonstrate any localised trends of growth or decline in an important industry

Growth or decline in any local industry will usually be, at least in part, caused by wider trends in that industry or the economy more broadly.

The **shift-share analysis** shows how an industry has performed locally, **net** of these trends (called the *Regional Competitive Effect*).

This localised picture of industry performance offers important strategic context for your project.

While it's unlikely your project will have a significant effect on the national economy, or even the wider industry, it should impact on how your area contributes to a given industry.



### Find this data

Open your [.id economic profile](#)

/Industry focus

/Industry sector analysis

/Shift share analysis



### Input example

## A step-by-step guide to using the shift-share tool

- 1 Open the [economic profile](#) for your area

- 2 Under economic tools, choose shift-share analysis
- 3 We recommend you choose the 'regional' benchmark

Current benchmark:

Greater Adelaide ▼

Greater Adelaide

South Australia

Australia

- 4 'Employment – total' shows the jobs trend, and is the recommended indicator

Measure

Employment (Total) ▼

Employment (Total)

Employment (FTE)

Value Add

Output

Total Export

International Export

Domestic (Interregional) Export

Total Import

International Import

Domestic (Interregional) Import

- 5 Again, *Comparison year* depends on how quickly your economy is changing. As a general rule, we recommend a 3-5 year comparison period.

Comparison year:

2012/13 ▼

2014/15

2013/14

2012/13

2011/12

2010/11

2009/10

2008/09

2007/08

2006/07

- 6 Find the row for your industry of interest (you can click the row for more detailed information)
- 7 Interpreting this table:

We recommend referencing the following figures

- Change (how many jobs were added or lost in this industry)
- Benchmark growth effect (how much of this change can be attributed to population growth or decline in the region?)
- Industry mix effect (how much of this change can be attributed to growth or decline in that industry nationally?)
- Regional competitive effect (local performance for that industry, net of national economic and industry-specific trends)



## Shift-share analysis - putting it all together

In the example below, we look at what a shift share analysis reveals about the Agriculture industry in Byron Shire.

Current benchmark:

Regional NSW

Measure

Employment (Total)

Comparison year:

2010/11

reset

Shift-share analysis to Regional NSW

export

reset

Byron Shire - Employment (Total)		2015/16	2010/11	2010/11 to 2015/16			
<div>Industry</div> <div>(Click rows to view sub-categories)</div>		Number	Number	Change	Benchmark growth effect	Industry mix effect	Regional competitive effect
Agriculture, Forestry and Fishing		554	601	-47	+12.0	-1.7	-57.1
Agriculture		465	509	-44	+10.2	-1.0	-53.1
▪ Aquaculture		4	5	-1	+0.1	-0.0	-0.9
▪ Forestry and Logging		14	15	-1	+0.3	-0.4	-1.4
▪ Fishing, Hunting and Trapping		12	14	-2	+0.3	-1.1	-1.6
▪ Agriculture, Forestry and Fishing Support Services		58	56	+2	+1.1	+0.2	+0.5



## Sample text

*Agriculture is an important contributor to the local economy of Byron Shire. However, in the five years 2010/11-2015-16, the sector saw a decline of 44 local jobs.*

*Modelling by the National Institute of Economic and Industry Research (NIEIR) shows a slight decline in the Agricultural sector accounts for only a single job loss in this period, while the effect of regional growth ought to have seen 10 jobs added.*

We therefore can point to a net **regional competitive effect of -53 jobs**, highlighting a localised impediment to growth and productivity in the sector that needs to be addressed.



### Consultant tip

Having made a strong argument using the data above, it is helpful to remind the reader of the human impact of your analysis.

Include a local story, (in this instance, it may be an anecdote from a local farmer) as context for your project.

**Your population – how has it changed, how does it compare to the wider region, and how are these trends affecting the local economy?**

Share a population story that is related to the problem your initiative will address.

You'll probably have an awareness of local demographic trends, such as an ageing population or an emerging group of recent graduates needing work.

Use the community profile to show how this trend is prominent in your area, compared to the wider region, or how that group has changed over time.



### Find this data

Open your [.id community profile](#)

Where you go next really depends on what story you want to tell!

Under the *area profiles* menu, find a topic that is relevant to changes in your community - age, education, ethnicity and language, employment and housing are good starting points.

Add context by showing how your population compares to the wider region (benchmark area), and how it has changed over time (comparison year).

**Population forecasts – what do we need to plan for?**

A population forecast will reveal more than just growth or decline in the overall number of people living in your area.

Many people mistake 'not growing' for 'not changing'. One of the key demographic insights delivered by our population forecasts is change to the age structure of a community's population, which has significant implications for housing, service requirements and more.



### Find this data

Open the [.id population forecast](#) for your area

/Forecast results  
/Forecast population, households and dwellings  
/Household types

## 1.2 – What are the barriers to growth?

### Analyse disadvantage in your area

In most cases, social benefit is an important criteria for funding applications, so demonstrating disadvantage in your community (and how your initiative will address that disadvantage) is essential.

The *Socio-Economic Indexes For Areas* (SEIFA) index of disadvantage is a good place to start.



### Find this data

Open your [.id community profile](#)

/Specialist profiles  
/SEIFA – disadvantage

While SEIFA is an important indicator of social disadvantage, there are other indicators you can use.

We recommend going beyond SEIFA to develop your own table, that combines metrics from your community profile and economic profile to demonstrate a clear picture of disadvantage using indicators that are relevant to your initiative.

The table below is included as a guide, but we encourage you to include metrics that are relevant to social disadvantage in your area. The first data set you choose will typically be for the area your project will impact, and the benchmark you choose should then highlight how your area is different to the wider region, be that LGA, wider region, state or even the country as a whole.

This table would also be the ideal way to include data from other reputable, independent studies or indicators specific to the issue you are addressing (drug use, domestic violence, household vacancy rates etc).



Measure	Unit	Local area	Region	State
<b>Overall levels of disadvantage</b>				
SEIFA*			● 954.6	995.8
<b>Prosperity</b>				
Low income households (under \$650 per week)	%	● 23.5	● 24.9	17.8
Median income	\$	● 1,060	● 994	1,486
Unemployment rate	%		● 8.7	5.2
<b>Education</b>				
Population completed Year 12	%	● 34.7	● 33.9	52.1
Population with university degree*	%	● 10.0	● 34.3	34.7
<b>Disadvantaged groups</b>				
Population aged over 65 years	%	● 23.0	● 26.4	16.3
Speaks a language other than English at home	%	● 2.9	● 4.0	25.2
Indigenous	%	● 6.9	● 5.5	2.9
Disengaged youth*	%		● 8.3	9.3
Households without an internet connection	%	● 18.4	● 18.5	14.0
Households without access to a car	%		● 4.7	8.8
<b>Health</b>				
Population aged 18+ years that are obese	%		● 35.1	0.0
Has need for assistance	%	● 7.8	● 7.7	5.4
<b>Community participation</b>				
Population that volunteer	%	● 19.9	● 19.9	18.1



### Consultant tip

#### The importance of looking beyond area averages

Often, a significant issue in a small, localised pocket of disadvantage can be concealed by a neutral average for the entire area.

This is where tools like the social atlas or community profile are essential to visualise and pinpoint clusters of disadvantage or advantage.

## Case study: Byron Shire

According to the SEIFA index, Byron Shire has relatively low levels of disadvantage.

However, these broad indicators hide the real story, ignoring the important role of Byron Shire within the region.

The Bangalow Agricultural Area faces social disadvantage across several indicators including increasing levels of low income households.

The proposed project would help raise the income profile of the Bangalow Agricultural Area. New employment opportunities for Byron's youth may also help address the high levels of disengaged youth.

Understanding the economic and demographic processes at work in Byron Shire provides a framework for understanding what role the industries and workforce of Byron play in the context of the NSW, specifically as a major commercial hub of Far North Coast of NSW.

This can guide what policy responses and investment may be appropriate to support the growth of businesses and maintenance of a vibrant economy in the future.



## Skills and qualifications

Does your area have adequately qualified workers to service a critical industry?

Is there a surplus of highly skilled workers who travel outside your area to find work?



### Find this data

Open your [.id community profile](#)

/Area profiles

/Who are we?

/Education

## Import dependence

If a significant industry in your area relies on product or service imports, this reliance can represent risk or inefficiency, both of which are potential barriers to growth.



### Find this data

Open your [.id economic profile](#)

/Economic value

/Imports



### Consultant tip

In the case of products, imports can incur tariffs or transport costs, expenses that are built in to the supply price. Services, such as financial and professional services ‘imported’ from a big city, may mean ‘big city prices’ – there may be an opportunity get these services from local suppliers at a better price.

## 1.3 – How does the project fit with the strategic drivers?

Now you’ve set the scene, it’s time to demonstrate how your project fits with the strategic drivers of your economy.

We have found the following approaches can be useful. Choose one (or more) that suit your application.

### Project fit matrix

A simple matrix is the best way to demonstrate the strategic fit between issues and opportunities in your community and the deliverables of your project.

The following matrix is from a recent consulting project we completed (we have redacted sensitive information about the location).

Issue/Opportunity	Strategic fit – The Project
Rapid population growth is forecast to continue	<ul style="list-style-type: none"> <li>Address community infrastructure demands in an area of high population growth</li> </ul>
Dominated by younger age groups	<ul style="list-style-type: none"> <li>Library and the Community Centre will be able to target these groups by tailoring services and programs.</li> </ul>
Located near Train Station	<ul style="list-style-type: none"> <li>The project can take advantage of its location to meet the needs of a wide catchment.</li> <li>This location close to public transport provides greater access to disadvantage groups.</li> </ul>
Areas of disadvantage – qualifications and disengaged youth	<ul style="list-style-type: none"> <li>The project can introduce new programs and services directly targeted at improving the wellbeing of these disadvantaged groups.</li> </ul>
Increasing unemployment rates and spatial inequalities	<ul style="list-style-type: none"> <li>Generates additional construction employment and ongoing operational employment in area central to the catchment area.</li> </ul>
Need to boost engagement due to low community participation and high rates of disengaged youth	<ul style="list-style-type: none"> <li>New ongoing jobs will provide casual employment opportunities for young people</li> <li>Specific programs are likely to be developed and targeted to the catchment area</li> <li>Integrated Community facilities can support community interaction and social inclusion in the catchment.</li> </ul>



## Ask us for help

Demonstrating the strategic fit between your project and issues and opportunities in your community is critical.

If you'd like some help from our consulting team, [get in touch here.](#)



## Consultant tip

### Real, local stories

This is a good place to include an anecdote from local industry to demonstrate the link between economic data, the real-world experience of local operators, and the solution offered by your project or initiative.



### Sample text

*"Figures show agriculture has historically been an industry that contributes strongly to the local economy. While the economy has continued to grow in the region, a local slow-down suggests a local impediment to growth and productivity.*

*Speaking with local farmers, we hear the bridges aren't adequate to facilitate import of raw materials (eg. Fertiliser) and export produce."*

## 1.4 – Share the outcomes of similar projects

In wrapping-up the strategic context for a project, a case study that demonstrates how a similar initiative achieved a positive result elsewhere can be very compelling – it's a precedent to show your project can deliver real social and economic benefit.

This information can also be vital when justifying the inputs into the economic impact model and benefit cost analysis.

### Finding a case study

Find [case studies](#) on the .id website from a range of industries and services.

The .id blog also contains a number of articles tagged [economic analysis](#) that contain useful stories you may wish to reference as a precedent.



### Ask us for help

#### Can't find a case study that fits?

Our consulting team work with councils, businesses and service providers across the country to help them attract funding for important projects, so there's a good chance we've worked on a project similar to yours.

If you're struggling to find a case study to support your application, [ask our consulting team for one that fits.](#)

## Part 2 - Model economic impact

You've painted a picture of your place and where the project fits. The strategic scene is set!

### So, what is your big idea going to deliver?

In this section, we show you how to model the economic impact of your project using the economic impact and event impact calculators in the full version of .id's [economic profile tool](#).

If your council subscribes to these tools, you're in luck! This powerful economic impact modelling tool already has local economic data for your area loaded – all you need is a few variables and you're in business.

## Modelling the flow-on

The benefit of the .id tool is it uses independent modelling from NIEIR to show localised flow-on effects of economic productivity and jobs creation resulting from the impact of your event or project to other sectors and the total economy.

The economic impact model takes a bottom-up approach and is specifically tailored to your economy, utilising a local input-output matrix that describes how the different industries in an economy interrelate, and how supply chains operate in the local area. The impact of local production on areas outside the local area is also modelled, based on Journey to Work information from the Census, updated for known recent employment projects.

If you are not using the NIEIR model, you need to ensure your model caters for:

- Import leakage – the reduction in local impacts due to the fact that a large amount of supplies are imported into the region
- Income leakage – the reduction in local impacts due to the fact that workers and business owners may reside outside the region

But before you can model the economic impact of your project, you're going to need some figures to put into your modelling.

## Finding the inputs for your economic modelling

There are a number of sources we recommend you use to help tell the story of your area and support your application.

These sources vary state by state, but you should be able to find your equivalent;

- Peak tourism bodies ([Destination New South Wales](#), [Visit Victoria](#), [Tourism & Events Queensland](#), [Tourism Western Australia](#), [South Australian Tourism Commission](#), [Visit Canberra](#), [Tourism NT](#), [Tourism Tasmania](#))
- Investment agencies ([Trade & Investment Victoria](#), [Department of Industry NSW](#), [Trade & Investment Queensland](#), [Department of Jobs, Tourism, Science and Innovation WA](#), [Investment Attraction South Australia](#), [Coordinator-General's Office Tasmania](#), [Invest Canberra](#), [Invest NT](#))
- State based regional development agencies (e.g. [Regional Development Victoria](#))
- [Regional Development Australia](#) Committees (RDAs)

The RDA for your region will give you valuable advice to ensure your project is aligned with the desired regional development outcomes.

- Construction costs
- Operational expenses
  - Jobs
  - Other expenditure (maintenance, utilities, cost of operation, etc)
- Visitation – projected figures
  - Local
  - Non-local (identify those additional visitors to the area generated specifically because of the new event, campaign or infrastructure)



### Consultant tip

For events or tourism infrastructure, be sure to include projections of **non-local** visitation, which is highly valued, as it represents investment from outside your area.

Local visitation and spending is important, however it could be argued that investment would've been spent in the area anyway just on something else (a recirculation of existing spending), so local spend doesn't necessarily represent a **net economic benefit** to the area. In addition, to get a more accurate picture of the event or infrastructure's impacts, non-local visitors who would have visited the area anyway should be removed from calculations. You should be looking for only those visitors whose main reason for coming to the area is to attend the event i.e. the induced new visitation.

### Visitor surveying

Some of the most important information required for input into events or tourism infrastructure impact modelling is where people come from and how much they are spending in the area.

Surveys are the best way to capture this. You could do a comprehensive survey such as that conducted by larger tourism bodies (see [Tourism Tasmania's Visitor Survey Questionnaires](#) for examples). Otherwise, just focus on questions related to expenditure and provide a list of possible expenditure items to help memory recall (e.g. accommodation, meals, transport, tours, admission fees, souvenir purchases). Be sure to only capture spending that occurred within the area.

If a survey is not possible for logistics or cost reasons, Tourism Research Australia can provide you basic average expenditure estimates. They have [tourism profiles](#) for a large number of LGAs in Australia. However, the more information you can gain about the visitors (interstate or international, private or commercial accommodation etc) will help provide a more realistic profile to attach an assumed expenditure amount to.

If you're still having trouble, [contact us](#), and we can help you find figures.



### Consultant tip

Always show net additional impact, or the difference between the project case and the base case scenario (even if the base case is 0 benefit). The base case is the situation that would have occurred without the infrastructure, program or new event. It is not necessarily a 'do nothing' case as it is likely that some kind of change to infrastructure or operations will occur in the future regardless of whether the project goes ahead. It is often described as the 'do minimum' case.<sup>1</sup> 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.

### When to use economic impact vs event impact model (or both)

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<sup>1</sup> See: Infrastructure Australia, 2016, *Assessment Framework Detailed Technical Guidance*, p.28.

As a rule of thumb, if increased visitation (especially from outside your LGA) is the main goal of your project, an event impact model will be best. If your project involves increasing jobs, productivity or output of goods and services, an economic impact assessment is the way to go.



## Input example

### A step-by-step guide to using the economic-impact model

- 1 Open the [economic profile](#) for your area
- 2 Under *Economic tools*, select the *Economic impact model*

For many subscribers, a login will be required to access this feature. Contact your administrator for access. Not sure who your administrator is? [Get in touch with us here](#).

#### Account Information

User name

Password

Sign in

- 3 Select the industry your project will impact. Choose an impact measure (the number of jobs or sales expected to be created) and select a value, and submit.

Select industry	Impact measure:	Value:	Scenario/Organisation (optional):	
Agriculture	Jobs (number)	10	Judd's Spuds	Submit

- 4 The tool will generate a report that outlines local impacts as well as impacts outside the region. Impacts are broken into three types:

**Direct impacts:** represent the initial change in the industry selected. This refers to expenditure associated with the industry (e.g. labour, material, supplies, capital).

**Indirect impacts (Industrial):** The direct impacts from the initial expenditure creates additional activity in the local economy via increased demand through supply chains ('ripple effect').

**Induced impacts (Consumption):** An increase in revenue (from direct and indirect impacts) means that businesses increase wages and salaries by hiring more employees, increasing hours worked and raising wages. Households will then increase spending at local businesses.

The report will also show how impacts (jobs and value added) are distributed across different industries in the economy.



Select industry:  Impact measure:  Value:  Scenario/Organisation (optional):

Industry: Agriculture  
Impact modeled: ADDITION of 10 jobs  
Company name:

## Impact Summary

Coffs Harbour City - Modelling the effect of adding 10 jobs in Agriculture - Inflation adjusted

Summary	Output (\$m)	Value-added (\$m)	Local jobs	Residents jobs
Starting position Coffs Harbour City (year ended June 2016)	--	--	--	--
Agriculture and Aquaculture	206.66	81.97	1,079	1,118
All industries	11.83	4.45	27	28
Impacts on Coffs Harbour City economy	--	--	--	--
Direct impact on Agriculture and Aquaculture sector	1.92	0.76	10	--
Industrial impact	-1.92	-0.76	-10	--
Consumption impact	0.00	0.00	0	--
Total impact on Coffs Harbour City economy	0.00	0.00	0	0
• Type 1 multiplier (direct & industrial)	0.00	0.00	0.00	--
• Type 2 multiplier (direct, industrial & consumption)	0.00	0.00	0.00	--
Impact on Australian economy	--	--	--	--
Total impact outside Coffs Harbour City	0.00	0.00	0	0
Total impact on Australian economy	0.00	0.00	0	0

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.

- 5 You can export the whole report in word or pdf format by clicking on the **export** link at the top of the page, or export just the data by clicking the drop-down export button for each specific table or chart.

Export

## Part 3

### Cost-benefit assessment

A cost benefit assessment (CBA) is part of the premium consulting features offered by .id.

We can conduct an independent benefit cost assessment.

For those of you wishing to conduct yourselves, we offer these guidelines

**What is a cost-benefit assessment and when should I use it?**

A CBA is generally used to measure the net social benefit/cost of a project. Specifically, it needs to demonstrate whether the community is better (or worse) off with a project compared to the base case (no project).

### **What are the key steps in a CBA?**

Most CBAs follow a specific process:

- 1. Identify the base case and project/s case**
- 2. Identify, quantify and monetise the costs and benefits of the project case *and* the base case.**

To calculate the net social benefit, we need to estimate the marginal (or additional) private benefits and costs resulting from the project and also the marginal (or additional) social benefits and costs (also known as externalities). It is important to note that a large amount of benefits may actually be the avoided costs resulting from new infrastructure or a redevelopment. CBAs rely on monetary units, however many externalities are difficult to quantify which is why a wider community benefits assessment is often also beneficial.

- 3. Identify the time frame for benefits/costs and discount.**

Most benefits and costs arising from a project are spread over a period of time. In order to aid decision making between comparable projects at a current point in time, it is necessary to calculate the net present value (NPV) of projects. This requires that future benefits and costs are converted to current values by using a discount rate. The discount rate reflects the effective cost of not having the project's future net benefit in today's money and therefore not being able to spend it or invest it in other ways. To effectively calculate the NPV you require an estimate of the project's effective life and also the discount rate. Advice on these two is usually provided by state or national infrastructure assessment bodies (e.g. Infrastructure Victoria) or Treasuries.

- 4. Conduct Sensitivity Analysis.**

This involves reporting the change in project outcomes resulting from changes in project variables and/or assumptions. It acknowledges that any estimation of future benefits and costs involves a level of risk and uncertainty. One of the most common sensitivity analyses conducted is reporting the change in NPV resulting from the application of different discount rates.

## Other resources

Some good links for finding more information on conducting cost benefit assessments include:

<http://infrastructureaustralia.gov.au/policy-publications/publications/files/Assessment-Framework-June-2017.pdf>

[https://www.finance.gov.au/sites/default/files/Handbook\\_of\\_CB\\_analysis.pdf](https://www.finance.gov.au/sites/default/files/Handbook_of_CB_analysis.pdf)

<https://www.transport.nsw.gov.au/sites/default/files/media/documents/2017/principles-and-guidelines-for-economic-appraisal-of-transport-investment.pdf>

## Part 4

### Assess wider community benefits

No all impacts stemming from a project are able to be easily quantified/monetised and therefore placed into CBA or economic impact tool.

However, many of these impacts (environmental, social) are incredibly important and can serve to justify a project's funding. A wider community benefits analysis is the tool to capture this information.

#### Multi-criteria Analysis

Multi-criteria analysis (MCA) is one tool for evaluating the benefits of unquantifiable impacts. It involves assigning a score (using a scale e.g. 1-5) to a specific set of criterion based on the projects impacts compared to the base case.

Example scale

	Rating Level (out of 5)	Description
<b>Negligible</b>	0	No impact
<b>Very Low</b>	+1	Minimal positive impact, possibly only lasting over the short term. Confined mainly to a limited area and limited number of participants.
<b>Medium</b>	+3	Moderate positive impact, possibly of short/medium/long term duration. Positive outcome may be in terms of new opportunities or outcomes such as enhancement or improvement for a moderate number of participants.

<b>Very High</b>	+5	Major positive impacts resulting in substantial and long term improvements/enhancement/opportunities that would not occur but for the program and positively effects a large number of participants.
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### Triple Bottom Line

A triple bottom line approach qualitatively measures the wider benefit generated by a project against economic, social and environmental indicators. It can be utilised with a MCA to generate an overall rating for the project. Different criterion can be scored under each theme and then scores of each theme averaged to give one total score.

Criterion/indicators under each theme include:

**Economic** – Regional branding impact, training opportunities, volunteer opportunities, PPP opportunities, induced investment opportunities

**Social** – Community health impacts, community event participation, reduced crime, youth unemployment impacts

**Environmental** – natural environment improvements, biodiversity impacts, visual amenity impacts, noise impacts, sustainability impacts, reduced emissions.

### Example matrix

	Indicator	Theme score
<b>Economic</b>	Indicator 1 score Indicator 2 score Indicator 3 score Indicator 4 score	Average of indicators
<b>Social</b>	Indicator 1 score Indicator 2 score Indicator 3 score Indicator 4 score	Average of indicators
<b>Environmental</b>	Indicator 1 score Indicator 2 score Indicator 3 score Indicator 4 score	Average of indicators
<b>Total Score</b>		<b>Average of all theme scores</b>



### Consultant tip

Try to consult as broadly as you can in the development of the indicators/criterion to evaluate and also in the scoring of criterion. Expert advice, surveys and case studies can be used where possible to add authority and reliability to the reported scores. Be sure once again to compare to the base case, not the same as a do-nothing case.

### Quantifying value – a matching projects and outcomes

If you're doing it yourself, consider finding the right benefit metric for the right type of project. Here are some common projects we work on and benefit metrics that we recommend you use.

## Stuck? Still have questions?

[Contact our consulting team](#) to discuss how we can help with your application.

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