

Agriculture Energy Investment Plan

Program Guidelines - Tier 2 Grants

AGRICULTURE VICTORIA

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DEFINITIONS

Term	Definition
Applicant	means a body corporate, partnership or individual or trustee of a trust conducting an Eligible Farm Business in Victoria, which applies to the Department for a grant to implement the recommendations of a Type 2 On-Farm Energy Assessment.
Department	means the Department of Economic Development, Jobs, Transport and Resources and includes Agriculture Victoria.
Eligible Farm Business	means a farm business involving the: • cultivating or propagating of plants, fungi or their products or parts (including seeds, spores, bulbs and similar things) in any physical environment; • maintaining of animals for the purpose of selling them or their bodily produce (including natural increase); • manufacturing of dairy produce from raw material that the farm produces; or • operating of on-land aquaculture facilities. The Department reserves the right to amend the definition of an Eligible Farm Business without notice and at its discretion.
Equivalent Energy Assessment	means an assessment that: • has been funded through a government program (e.g. Sustainability Victoria) or privately funded; • meets the Australian Standard AS/NZS3598.2:2014; and • has been conducted within the previous 24 months from the date of application under the Agriculture Energy Investment Plan.
On-Farm Type 2 Energy Assessment	means a Type 2 Energy Assessment funded by the Agriculture Energy Investment Plan – Assessments Program or an equivalent energy assessment that meets the defined Australian Standards for a Type 2 Energy Audit (AS/NZS 3598.2:2014).
Project	means a proposal outlining a combination of improvements in energy productivity that underpin an Applicant's long-term farm business vision for an Eligible Farm Business and as identified through a Type 2 Energy Assessment or an Equivalent Energy Assessment
Recipient	means an Applicant that has successfully applied for and entered into a grant agreement with the Department to undertake a Project.

1 INTRODUCTION

1.0 Overview of the Agriculture Energy Investment Plan (AEIP)

The AEIP supports farm businesses to improve energy productivity, manage energy costs, improve reliability and support own-generation capacity.

The AEIP comprises:

- **assessments** – providing On-Farm Energy Assessments to assist farmers in identifying where they may reduce energy consumption.
- **grants** – to support farmers to invest in energy efficient or own-generation technology within existing energy policies.
- **demonstrations** – showing energy efficient or own-generation technology on-farm.
- **skills and education** – linking farmers and businesses to information and education resources.
- **research** – facilitating partnerships to commercialise research for the farming sector.

The objectives of the AEIP are to ensure the sustainability of Victoria's internationally competitive agriculture sector by:

- maximising the number of Eligible Farm Businesses that achieve energy efficiency gains;
- increasing the number of farmers with access to information, through On-Farm Energy Assessments, to make informed decisions about making energy efficiency improvements;
- increasing the number of Victorian farm businesses replacing energy inefficient equipment;
- increasing the number of Victorian farm businesses that have improved their energy productivity; and
- improving the capability of Victorian farm businesses to accelerate growth and adoption of new energy efficient technology.

1.1 What is an On-Farm Type 2 Energy Assessment?

On-Farm Type 2 Energy Assessments are available for eligible Applicants free of charge. The energy assessments are defined by Standards Australia in AS/NZS 3598.2:2014. Details about the national standards can be found at www.standards.org.au.

On-Farm Type 2 Energy Assessments are available until March 2020 or until the available funding is exhausted (whichever occurs first). Refer to the AEIP – Assessments Program Guidelines for further information.

2 CONTEXT

2.0 Grant Tiers

The three grant tiers are assessed according to the type of investment required:

- Tier 1 – provides grants of up to \$50,000 (excluding GST) to support farmers to replace energy inefficient equipment, install more energy efficient systems and enable own-generation capacity.
- Tier 2 – provides grants of \$50,000 to \$250,000 (excluding GST) to support farm businesses make connected energy improvements across farm systems.
- Tier 3 – provides grants of \$250,000 to \$1 million (excluding GST) to support energy projects of a strategic nature that benefit multiple farm businesses and make a positive contribution to the region.

2.1 What Projects will be considered for a Tier 2 grant?

The AEIP supports Projects that will deliver on the AEIP's objectives by undertaking activities that combine energy improvements across farm systems. Projects considered for funding under the Tier 2 stream of the AEIP must reflect the

recommended items or actions listed in an On-Farm Type 2 Energy Assessment. Projects must demonstrate a significant improvement in energy productivity of an Applicant's farming activities.

3 FUNDING AVAILABLE AND PROJECT COMPLETION

3.0 Funding available and Project completion

Funding of \$50,000 to \$250,000 (excluding GST) will be available for Projects under the Tier 2 grants stream of the AEIP. All funding provided under the AEIP must be matched by Applicants with a minimum private cash contribution of 50 per cent. Projects must be completed within twelve (12) months of the execution of a grant agreement, unless otherwise agreed by the Department¹.

Tier 2 grants are available until March 2020 or until the available funding is exhausted (whichever comes first).

4 ELIGIBILITY

4.0 Applicant eligibility criteria

To be eligible for a grant under the AEIP, Applicants must meet the following criteria:

- a) be a legal entity;²
- b) be a business with an Australian Business Number (ABN);
- c) be in receipt of an On-Farm Type 2 Energy Assessment undertaken as part of the AEIP Energy Assessment Program, or an approved equivalent energy assessment;
- d) conduct an Eligible Farm Business located in Victoria;
- e) spend more than \$25,000 per annum (including GST) on electricity, gas, LPG and diesel (excluding transport related energy costs);
- f) be able to meet the agreed (minimum 50 per cent) private cash contribution, and provide evidence of the contribution³;
- g) attest to having obtained all relevant regulatory permits and approvals for the Project to commence (where applicable)⁴;
- h) meet all industrial relations obligations as an employer in accordance with the National Employment Standards;
- i) have at least three (3) years of trading history;
- j) agree to participate in future program evaluation activity;
- k) provide audited financial reports for the last three financial years to enable the Department to conduct a Financial Risk Assessment (FRA) (including Profit & Loss, Balance Sheet and notes to the accounts) and management or interim accounts for the current year, if the most recent Financial Report is more than six months old^{5,6,7}; and
- l) provide relevant business information on the Project including costs.

¹ Applicants will have the opportunity to negotiate longer term project execution timelines from the beginning of the project, or discuss any required extensions during the project's implementation, on a case by case basis. It is preferable for all projects to be completed within eighteen (18) months of the closure of the grants program.

² A legal entity includes an incorporated association or a company.

³ Evidence of a contribution includes evidence of support from the Board or business that it can undertake the project and meet its co-contribution costs, and one of the following i) an approved loan facility (including loan amount), or ii) cash at bank (current bank statement) or iii) management accounts demonstrating satisfactory cash flow or liquid assets.

⁴ Exceptions may be granted in extraordinary circumstances and will be negotiated on a case by case basis.

⁵ Financial Risk Assessments are undertaken by the Department to establish the financial risk exposure of the Applicant, and whether the applicant is likely to remain financially viable over the duration of the project.

⁶ It is the Applicant's responsibility to ensure all requested documentation is supplied to the Department. Failure to do so may result in the application being rejected.

⁷ If the Applicant's accounts are not audited, the Department will accept unaudited accounts, which have been prepared by their accountant.

All Applicants must be financially viable in order to be eligible for a grant.

The State of Victoria reserves the right to cap the amount of grant funding that any one organisation receives over the period of the fund.

4.0.1 Trust Structures

- a) A legal entity or an individual acting in its or his/her capacity as a trustee on behalf of a trust can apply for a grant provided that the trustee is entitled to be indemnified under the terms of the trust for any liability it undertakes on behalf of the trust; and
- b) The trustee must meet the criteria as set out under items a) to l) in 4.0 above.

4.0.2 Partnerships

- a) An individual may apply for a grant on behalf of a partnership provided that all members of the partnership remain jointly and severally liable for the completion of the Project; and
- b) The partnership must meet the criteria as set out under items a) to l) in 4.0 above.

4.0.3 Individuals

- a) An individual operating as a sole trader may apply for a grant provided that person meets the criteria as set out for Applicants under items a) to l) in 4.0 above.

4.0.4 Multi-site farms

Applicants conducting Eligible Farm Businesses across multiple geographical sites in Victoria and/or under multiple ABNs or through multiple legal entities are eligible to apply for funding. In order to meet the objective of maximising the number of Eligible Farm Businesses that achieve energy efficiency gains under the AEIP, Applicants will need to demonstrate that each Eligible Farm Business is being conducted as a separate farm business to warrant multiple grant applications.

4.0.5 Group Energy Assessments

Eligible Farm Businesses or groups of Eligible Farm Businesses that have received an On-Farm Type 2 group Energy Assessment are eligible to apply for a Tier 2 grant on an individual or group basis if they meet the eligibility criteria as set out for Applicants under items a) to l) in 4.0 above.

4.0.6 The following are not eligible to apply:

- a) farm businesses engaged in forestry, on-sea aquaculture and agriculture transport operators;
- b) farm businesses that have energy expenses below \$25,000 (excluding GST);
- c) Individuals;
- d) Commonwealth, State and Local Government agencies or bodies;
- e) publicly funded research institutions;
- f) industry associations;
- g) not-for-profit organisations; and
- h) community-based organisations.

If you are unsure about your eligibility or have a question about the application process or the AEIP, please contact the Department at agenergy@ecodev.vic.gov.au.

4.1 Funding conditions

Tier 2 AEIP grants are capped at a maximum of \$250,000 (excluding GST). The maximum government contribution will be 50 per cent, up to the capped amount. The grant will only be provided for up to a maximum of 50 per cent of eligible and actual expenditure. Recipients must contribute a minimum private cash contribution of 50 per cent. A cash contribution requires evidence of a cash payment for a cost that is incurred for activities directly related to the Project supported by the grant.

For example, if the total cost of a Project is \$550,000 (excluding GST) the maximum amount of the grant will be \$250,000 (excluding GST) and the remaining \$300,000 (excluding GST) must be paid by the Recipient.

Funds from other State and Commonwealth Government programs⁸ and in-kind contributions cannot be included as part of the cash contribution.

There is no guarantee that an application will be supported for funding, or that the amount of funding requested will be offered. Grant funds are awarded on an open and contestable basis through review of the application's alignment with the On-Farm Type 2 Energy Assessment and evaluation of merit in accordance with the assessment criteria.

The Department reserves the right, in its absolute discretion, to amend the funding conditions without notice.

4.1.1 Duration of Projects

Projects must be completed within twelve (12) months from the date of the grant agreement unless otherwise agreed by the Department. The Department reserves the right to withdraw funding and terminate a grant agreement for a Project which is not completed within the twelve (12) month period. An application for an extension of time must be made no later than one (1) month before the conclusion of the twelve (12) month period.

Where a duration is envisaged to be longer than twelve (12) months at the time of application, this must be made clear in the application and will be considered as part of the assessment of the application.

4.1.2 Payment of a Grant

Payment of a grant will occur at Project completion. The Department may, in its discretion and on a case by case basis, give consideration to paying a grant in up to three (3) instalments. The Department will give greater consideration to paying in up to three (3) instalments where the grant amount exceeds \$150,000. Payment milestones may include: at purchase or order of equipment and Project completion and in some cases on return of any Commonwealth Government energy grant funding. Unless a grant payment condition has been agreed, any upfront payments must be covered by the Recipient. Funding will not be provided to cover expenditure incurred prior to execution of a grant agreement.

The Department will require certain documentation in order to pay grant instalments. This documentation may include:

- a) a valid tax invoice from the Recipient;
- b) a Statutory Declaration which states that the Project has been completed to the Department's satisfaction;
- c) evidence of equipment ordered or purchased;
- d) a certificate of electrical safety or compliance report (where applicable – as demonstration of compliance to electrical standards, occupational health and safety requirements) upon final milestone payment;
- e) final report to the satisfaction of the Department and/or any additional documents, photos, copy of final invoice/statement from supplier or other evidence as the Department may reasonably require as evidence of Project completion;
- f) an audit opinion⁹ evidencing Project expenditure; and
- g) in the instance of overlap with other State or Commonwealth programs, an additional milestone payment will require evidence of the provision of other government funds (where an upfront subsidy is not granted).

The request for a grant to be paid in instalments must be made at the application stage.

⁸ Deemed Victorian Energy Efficiency Certificates (VEECs) and Small Technology Certificates (STCs) are not considered as co-contribution, rather Project savings to be shared by the Applicant and Government. Future revenue streams generated from VEECs under its 'Project based activities' and Large Generation Certificates (LGCs) (Commonwealth) will be considered as project co-contributions and may impact the level of funding provided by the State Government.

⁹ Audit opinion requirement only applicable for grants of over \$100,000 (excl GST).

5 PROJECT EXPENDITURE

Project expenditure is to be incurred only after a grant agreement has been executed. Funding will not be provided for retrospective activities. Applicants will need to meet the cost of any ineligible expenditure associated with their Project. Any additional costs incurred for a Project will be the sole responsibility of the Recipient.

5.0 Eligible expenditure

Eligible Project expenditure includes any of the following activities relating to the proposed Project:

- a) A combination of energy improvements as detailed in the On-Farm Type 2 Energy Assessment;
- b) Direct and contract labour costs for employees and contractors working on the implementation of identified energy measures;
- c) Plant and equipment;
- d) Commissioning;
- e) Non-labour commissioning costs on fuel, spare replacement parts etc;
- f) Non-labour and contract costs associated with energy measurement and verification activities such as temporary site meters;
- g) Capital expenditure (but does not include motorised transport vehicles);
- h) Wheeled equipment supporting irrigation, technology advances eg. centre pivots and remote weeding, (as identified in the On-Farm Type 2 Energy Assessment or Equivalent Energy Assessment report);
- i) Training specific to the technology for safe operation (external costs only); and
- j) Minor building alterations and fit-out costs (as identified in the On-Farm Type 2 Energy Assessment).

Preference will be given to items which achieve the greatest energy efficiency and productivity.

Eligible Project expenditure must be:

- a) incurred by the Recipient within twelve (12) months of execution of the grant agreement;
- b) a direct cost of the Project; and
- c) exclusive of the Goods and Services Tax (GST).

Applicants will be required to provide at least one quote for each item requested in the application. The Department may request an applicant to provide additional quotes. The grant proposal must align with recommendations from the On-Farm Type 2 Energy Assessments or Equivalent Energy Assessment.

5.1 Ineligible expenditure

The AEIP does not support expenditure which involves:

- a) Any item that is not listed on the On-Farm Type 2 Energy Assessment;
- b) Capital expenditure (unless recommended in the On-Farm Type 2 Energy Assessment);
- c) Training courses (non-safety related e.g. language);
- d) On-farm motorised transport vehicles (e.g. tractors);
- e) Off-farm infrastructure;
- f) Ongoing or routine maintenance costs;
- g) Internal costs, salaries or resources of the Recipient;
- h) Non-farm business activities on the specific geographical site/parcel of land e.g. Café, Bed and Breakfast;
- i) Non-farm activity e.g. trucking or other non-farm related transport;
- g) Costs associated with applying for government grants and funding programs;
- h) Basic professional services such as ongoing or routine accounting, tax and legal business requirements, licensing, costs associated with export documentation, legal/intellectual property costs, financing fees;
- i) Travel and entertainment costs;
- j) Any administrative fees or surcharges for administering the expenditures listed above; or
- k) Any other expenditure as determined by the Department that does not meet the AEIP guidelines or objectives.

6 APPLICATION PROCESS

6.0 Application process

Applicants are required to go to <http://www.business.vic.gov.au/support-for-your-business/grants-and-assistance> and submit an application online. The Department will not accept physical (hardcopy) applications.

Documentation required at the application stage includes:

- a) A minimum of one itemised quote for all equipment items and/or fit-out costs identified in the energy assessment report;
- b) An itemised energy assessment report that relates to the Applicant's equipment requirements for individual Applicants that have received a Group On-Farm Energy Assessment;
- c) A copy of an equivalent energy assessment, if not undertaken through the AEIP;
- d) Documentation required for undertaking a financial risk assessment report.

Applicants may be contacted by the Department to provide additional supporting documentation. The Department reserves the right to request additional information from Applicants on quoted prices to ensure competitive market rates.

6.1 Financial Risk Assessment

Audited financial reports for the last three (3) financial years¹⁰ are required. These should be 'final accounts' with Director's Report and Declaration and should include:

- a) Profit and Loss Statement
- b) Balance Sheet
- c) Cash flows
- d) Notes to the accounts

If the latest financial report is more than six months old, Applicants will need to provide:

- a) Up-to-date Management or Interim Accounts for the current year including Profit and Loss Statement and Balance Sheet
- b) In the case of public listed corporations, a half yearly financial report.

Applicants must provide the current farm Business Plan, or Project proposal.

Applicants must provide financial projections¹¹ for the next three (3) financial years, including:

- a) Profit and Loss
- b) Cash flow

6.2 Assessment process

Applications for funding will be considered in order of submission of a complete application to the Department. The Department will endeavor to notify all Applicants of the outcome of their application within twelve (12) weeks of submitting an application. New applicants should expect delays on receiving notification of the outcome of their application during the caretaker period (30 October to 24 November 2018).

Applications will be assessed by a Departmental assessment panel. All applications will be assessed against the eligibility criteria, assessment criteria and available funds through an open and contestable process.

¹⁰ If the Applicant's accounts are not audited, unaudited accounts from their Accountant will be accepted.

¹¹ The cash flow projections should include Project expenditure and Project funding as separate items in cash outflow and inflow. The financial projections should cover the life of the Project and should reflect the financial benefits expected to be generated from the Project.

7 APPLICATION CRITERIA

7.0 Assessment criteria

Projects will be assessed against the following assessment criteria:

- Preference will be given to Projects which incorporate an energy usage data measuring or monitoring system.
- Preference will be given to Projects which demonstrate more than 10 per cent savings on energy use.
- Preference will be given to Projects that reduce or mitigate negative environmental impacts.

Assessment Criteria	Weighting %
1. The extent to which the Project will improve the energy efficiency and productivity of the farm business: • percentage of on-farm energy efficiency and productivity savings, • degree to which the Project improves energy reliability.	40
2. The extent to which the Project maintains and improves the competitiveness of the farm business and contributes towards a competitive Victorian Agriculture industry: • degree to which the Project facilitates improved cost management, • degree to which the Project contributes to long term farm business sustainability, • economic contribution beyond the farm business.	40
3. The extent to which the Project represents value for money: • demonstration that the submitted quote represents market value, • expected return on investment period – more than 2.5 and less than 8.5 years.	20

To be competitive, an application must address each assessment criterion and make the best possible case for funding, including providing full details of all underlying risks and assumptions.

The Minister is responsible for final approval of successful Projects and the allocation of grant funding. A letter of offer signed by the Minister will be forwarded to successful applicants. Applicants will have 30 calendar days from the date of the letter of offer to accept the offer in writing and 60 calendar days from the date of acceptance to execute the grant Agreement with the Department. The offer may be withdrawn if the Grant Agreement is not executed within the 60-day timeframe.

Decisions by the Minister and the Department are final. There is no right of appeal. Feedback will be provided to unsuccessful Applicants upon request.

8 TERMS AND CONDITIONS

The Department reserves the right to make changes to these guidelines as required.

Grant Agreement

Subject to acceptance of an offer by an Applicant, a legally binding grant agreement will be prepared reflecting the Project, proposed outcomes, milestones and conditions of payment.

An Applicant will have 60 days to execute and return the grant agreement to the Department. The Department may withdraw the offer if the grant agreement is not executed and returned within the 60-day period.

Post Project Evaluation

All Recipients will be requested to complete a post-Project evaluation demonstrating the energy efficiency and/or productivity outcomes achieved. All Recipients must agree to comply with the Department's performance monitoring and evaluation regime.

The evaluation surveys may be required for up to three years following completion of the Project. This is a non-negotiable requirement for all participants of the AEIP. Non-compliance could affect an Applicant's future applications to the Department's funding programs.

Successful outcomes may be used in AEIP evaluation reviews and Department marketing material.

Publicity

Recipients may be asked to assist the Department in promotion of the AEIP. This may include involvement in media releases, case studies or promotional events and activities.

The Department may request Recipients to fact check any text and seek approval to use any owned imagery associated with the Project prior to the publication of any such promotional materials.

Recipients must not make any public announcement or issue any press release regarding the receipt of a grant without prior written approval from the Department.

The Department may publicise the benefits accruing to the Recipient and/or the State associated with the provision of a Tier 2 grant and the State's support for the Project. The Department may include the name of the Recipient and/or grant amount in any publicity material and in the Department's annual report.

If requested by the Department, the Recipient must ensure that the State's support for the Tier 2 grant is acknowledged on all promotional materials and appropriate signage consistent with the Guidelines for Victorian Government Advertising and Communications (available at www.dpc.vic.gov.au) or as otherwise specified by the Department.

Confidentiality

Any personal information provided by the Applicant or a third party in an application will be collected by the Department for the purpose of program administration. This information may be provided to other Victorian Government bodies for the purposes of assessing on-farm energy grants in the future.

Data gathered through assessments may be compiled, aggregated and anonymised by the Department for program evaluation and research purposes.

Any personal information collected, held, managed, used, disclosed or transferred will be held in accordance with the provisions of the Privacy and Data Protection Act 2014 (Vic) and other applicable laws.

The Department is committed to protecting the privacy of personal information. The Department's Privacy Policy can be found online at www.economicdevelopment.vic.gov.au. Enquiries about access to information should be directed to the Enquiries about access to information should be directed to the Department's Privacy Unit by phone on (03) 9651 9749 or email privacy@ecodev.vic.gov.au.

Accessibility

If you would like to receive this publication in an accessible format, please telephone Agriculture Victoria on (03) 8392 7133 or email agenergy@ecodev.vic.gov.au.

This document is also available in HTML and Word format at www.agriculture.vic.gov.au