

Drought Communities Small Business Support Program Guidelines

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Administering entity	Community Grants Hub
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Contents

1. About the grant	3
1.1 Program overview	3
1.2 Objectives of the program	3
1.3 Outcomes of the program	4
1.4 Key features of the program	4
1.5 Collection of data	8
1.6 Program administration	8
2. Grant amount and grant period	8
3. The grant selection process	9
3.1 Eligible grant activities	9
3.2 Ineligible grant activities	10
4. Who will approve the grant?	10
5. Notification of the grant	10
5.1 The grant agreement	10
5.2 Payment of the grant	11
5.2 Other terms and conditions of the grant	11
6. Announcement of the grant	11
7. Grant evaluation	11

1. About the grant

1.1 Program overview

The purpose of this grant is to fund financial counselling and related services for small regional businesses facing hardship due to drought, the COVID-19 pandemic or bushfires.

The \$12.785 million (GST exclusive) program will be implemented by the Department of Agriculture, Water and the Environment (the department) and delivered through the existing 12 providers of the Rural Financial Counselling Service (RFCS) to 30 June 2021.

This grant will be administered by the Community Grants Hub on behalf of the department.

1.1.1 *The Rural Financial Counselling Service*

The RFCS has been in operation since 1986, providing free financial counselling services nationally to farmers, fishing enterprises and small, related businesses suffering financial hardship. The RFCS program has been funded until 30 June 2021.

The RFCS seeks to help eligible clients through the provision of rural financial counselling services, to understand their financial position and the viability of their enterprise, and to develop and implement plans to improve their financial self-sufficiency.

Each service provider is an incorporated entity run by a board of directors comprising a chairperson and other members. Service providers are run on a not-for-profit basis, with the majority of the funding from the Commonwealth.

The RFCS program is well established with the current 12 service providers ideally placed to deliver the program. The 12 providers have national coverage and are experienced in case managed financial counselling and promoting their service. The RFCS is locally focussed and trusted in regional communities.

1.2 Objectives of the program

This grant will support eligible small regional businesses with targeted assistance to manage adjustment pressures and remain viable in the long term. Broadly it meets the Australian Government policy objective of responding to the drought, COVID-19 and bushfires. The program will support small, regional businesses to remain resilient while facing a downturn and maintain the capacity to rebound when normal trading conditions resume.

To provide support to small regional businesses to improve their financial capability, the program will:

- employ 22 full-time equivalent (FTE) small business financial counsellors in regional communities over 18 months, with an additional 22FTE financial counsellors and 10.2 (FTE) support staff in the final 12 months of the program, from 1 July 2020 to 30 June 2021.
- establish a Professional Services Fund to provide clients with access to specialist third-party advice, such as financial planning, legal, specialist taxation and accounting advice.

1.3 Outcomes of the program

The intended outcomes of the program are to:

- assist eligible small businesses to understand their financial position and identify options and implement plans to improve the viability of their enterprise over the long term
- collect key data to inform future demand for small business financial counselling, and assess the impact of the program
- test innovative approaches to service delivery and program administration to maximise counsellor reach and client engagement.

1.4 Key features of the program

1.4.1 Clients

Grantees will be required to provide free and confidential financial counselling to eligible small businesses in their region.

To be eligible to receive counselling, a small business must:

- employ 19 or fewer people
- be, in the opinion of the financial counsellor, experiencing, or at imminent risk of, financial hardship as a result of drought, COVID-19 and/or bushfires.
- be located in a regional area (defined as 'MMM2' to 'MMM7' on the Department of Health's Modified Monash Model rurality classification¹)
- be ineligible to access services under the existing RFCS program.

Where uncertainty exists on the eligibility of clients, or for consideration of clients outside the eligibility criteria, Grantees must consult with the Commonwealth prior to acceptance.

Grantees must ensure that any individual applying for financial counselling is provided with a client services agreement, including Privacy Notice and consent form as part of the application process. The terms of the Privacy Notice and consent form will be determined by the Commonwealth and advised to Grantees from time to time, and will set out the matters that the individual must be notified of according to the *Privacy Act 1988* (Cth) in relation to the personal information that will be collected for the purposes of the individual's request for financial counselling services, and program monitoring and evaluation.

1.4.2 Case management

Grantees will be expected to have a comprehensive case management approach suitable for small business clients. This approach is expected to encourage behavioural change and drive decision making for positive outcomes.

Grantees will have the option of using their preferred client management system or software, including templates and documents to record and assist client outcomes. Confidential client

¹ More information on Modified Monash Model classifications is available at www.health.gov.au/modified-monash-model. To search for eligible areas visit www.health.gov.au/health-workforce-locator.

information must be kept separately from regular RFCS client records. The Rural Financial Counselling Portal will not be used for this program.

Within a case management framework, the role of counsellors includes helping clients:

- understand their financial position
- understand the benefits and drawbacks of different options to manage financial issues
- develop budgets and cash flows
- negotiate with creditors
- access dispute resolution services
- understand their rights and access broader professional advice and support
- access government and community grants, programs or schemes.

In providing financial counselling, Grantees or counsellors cannot:

- provide counselling or other services to individuals who are not eligible clients
- charge any form of payment for providing counselling—this includes receiving in-kind payments, or charging for any expenses associated with delivery of services
- complete any sections of client documentation (i.e. succession plans, application forms etc) where legal, financial, accounting or taxation advice is required
- provide advice on accounting, taxation or legal aspects of a client's enterprise
- provide advice on debt agreement administration under the *Bankruptcy Act 1966* (Cth)
- provide family, social or emotional counselling
- provide technical advice for clients' enterprises
- provide advice on specific (branded) products.

1.4.3 Credit and Financial Services Licensing

The Australian Securities and Investments Commission (ASIC) issues licensing exemptions for financial counselling agencies providing financial product advice and credit assistance in the course of providing financial counselling. These exemptions are known as ASIC Corporations (Financial Counselling Agencies) Instrument 2017/792 and ASIC Credit (Financial Counselling Agencies) Instrument 2017/793, respectively (see ASIC website).

These instruments set out the financial products advice and credit assistance that can be provided under these licensing exemptions and the requirements that must be met in the provision of such advice/assistance.

Grantees must only provide advice on generic types or categories of products covered by these instruments and not provide advice on specific products.

It is not mandatory for Grantees to provide advice on financial products or credit assistance. If they chose to do so, they must ensure counsellors providing this advice/assistance are appropriately trained as described in these instruments in order to benefit from the licensing exemptions.

Grantees must only provide advice on generic types or categories of products covered by these instruments and not provide advice on specific (branded) products.

1.4.4 Professional Services Fund

Grantees must administer their allocation of a Professional Services Fund to allow clients to access specialist third party advice (eligible professional services) when the inability to afford specialist advice is a barrier to recovery, or to resolve an issue that has been identified through the case management process.

The grantee's Executive Officer will approve expenditure up to a cap of \$5,000 (GST exclusive) per eligible client. If funding is sought for a client beyond \$5,000, prior approval must be obtained from the Commonwealth. The Executive Officer will take into account the relevance and need for the specialist advice identified by the small business financial counsellor during the case management process with the client. Value for money must also be considered (i.e. through multiple quotation processes).

Not all clients will have a legitimate need for accessing the Professional Services Fund and the Executive Officer will be responsible for managing the limited funds for their service.

Grantees are expected to keep accurate and up-to-date financial records for the Professional Services Fund, including quotes, invoices, copies of the advice and documentation to substantiate the specialist advice was provided by an appropriately qualified person. The Commonwealth retains the right to request all records relating to the management of the Professional Services Fund within three weeks of making the request.

Grantees are expected to act with integrity when administering the Professional Services Fund. A complete reconciliation of the funds will be required on completion of the program. Any unspent funds will be returned to the Commonwealth.

Eligible professional services

Eligible professional services are defined as advice, services and activities directly related to business recovery and the long-term viability of the small business, including:

- financial advice (financial planning, credit advice, financial product advice etc.)—typically requiring the provider to hold an Australian Financial Services Licence or Australian Credit Licence
- specialist taxation, accounting, legal and business planning advice about:
 - business structures and relationships, and business plans
 - monitoring and reviewing business performance
 - managing risk
 - succession planning
 - preparing for drought and natural disasters
 - diversifying the business enterprise
 - adding value to products and services produced by the business enterprise
- strategic marketing and communication advice

- workforce planning and work health and safety advice
- specialist training and study directly related to the core functions of the business.

Ineligible professional services

Ineligible professional services include advice, services and activities that form part of routine business management and operations, or advice, services and activities that sit outside of a commercial business operating environment (i.e. personal financial matters), including:

- servicing creditors or personal debts
- annual business tax or accounting services
- the purchase, hire or lease of physical goods and equipment
- travel costs and incidentals incurred by the client in the process of obtaining professional services
- the cost of marketing activities, advertising placements and marketing and communication production costs (i.e. graphic design, printing etc.).

Where uncertainty exists on the eligibility of professional services, Grantees must consult with the Commonwealth prior to authorisation.

1.4.5 Minimum qualifications

Small business financial counsellors will be required to hold a Diploma of Financial Counselling or a Diploma of Financial Counselling (rural). New counsellors can commence employment with a service provider without the minimum qualification, provided they:

- have been assessed by the service provider as having a base-level of skills and experience in a related financial capability role suitable for the provision of financial counselling
- begin the diploma within 6 months.

Grantees are expected to provide professional development opportunities for their small business financial counsellors that align with the requirements of the job and the prior skills and experience of the counsellor.

1.4.6 Promotion of the program

Grantees will be required to promote the program in their service region so that potential clients are aware of the program.

Promotional activities should serve to balance demand with the availability of counselling services. Promotional activities must accurately reflect client eligibility and the intended outcomes of the program.

1.4.7 Innovative service delivery

Grantees are encouraged to be innovative in the manner in which they undertake service delivery so as to maximise counsellor reach (within the geographic boundaries of the service region) and client engagement (number of clients who are effectively case managed).

Grantees will be required to report on approaches which are piloted in their region to best reach clients and the relative success of trialled approaches.

Further detail on service delivery, including the requirement to provide a counsellor deployment approach, is specified in the grant agreement.

1.4.8 Governance

Grantees must, in all aspects of program delivery, including financial management and resources, demonstrate clear separation between the governance body delivering the program and any parent organisation.

Grantees must maintain separate client and financial records for the program, including for the professional services fund.

1.5 Collection of data

Grantees will be expected to provide monthly dashboard updates to the department using departmental-supplied templates, including key client and program uptake data.

Grantees will be required to maintain accurate and consistent data on clients that will assist small business financial counsellors in their daily work of effectively case managing clients.

De-identified data will be made available to the department via monthly dashboard updates using departmental-supplied templates. Examples of data may include the level of assistance being given to clients, progress of clients in improving their financial situation, location of clients, type of business and how long the client receives assistance.

The department may seek direct feedback from each grantee to assess outcomes for clients and effectiveness of the service provided in order to assess the pilot program.

During the course of the grant agreement term, the department will also seek feedback from clients through entry and exit surveys using departmental-supplied templates.

Details on data collection requirements are specified in the grant agreement.

1.6 Program administration

This grant will be administered by the Community Grants Hub on behalf of the department.

The grant is to be undertaken in accordance with the *Commonwealth Grants Rules and Guidelines (CGRGs)*.²

2. Grant amount and grant period

The Australian Government has committed a total of \$12.785 million for the program to 30 June 2021.

² www.finance.gov.au/government/commonwealth-grants/commonwealth-grants-rules-guidelines

3. The grant selection process

Under this grant, the Commonwealth will allocate funding for the program as outlined in Table 1.

Table 1 Funding breakdown for the Drought Communities Support Program

RFCS region	Counsellor FTE	Support staff FTE	Base funding	Professional services funding	Subtotal (GST excl.)	GST	Total (GST incl.)
NSW Central	3	0.5	\$686,363.64	\$215,833.00	\$902,196.64	\$90,219.66	\$992,416.30
NSW Northern	4.5	0.75	\$1,029,545.45	\$323,750.00	\$1,353,295.45	\$135,329.55	\$1,488,625.00
NSW Southern	5	1.5	\$1,106,363.64	\$327,500.00	\$1,433,863.64	\$143,386.36	\$1,577,250.00
QLD Northern	2	0.5	\$448,181.82	\$135,833.00	\$584,014.82	\$58,401.48	\$642,416.30
QLD Southern	4	0.5	\$924,545.45	\$295,833.00	\$1,220,378.45	\$122,037.85	\$1,342,416.30
SA-NT	8	2.2	\$1,656,363.64	\$511,668.00	\$2,168,031.64	\$216,803.16	\$2,384,834.80
TAS	2	0.5	\$448,181.82	\$135,833.00	\$584,014.82	\$58,401.48	\$642,416.30
VIC Eastern	3	0.5	\$686,363.64	\$215,833.00	\$902,196.64	\$90,219.66	\$992,416.30
VIC North East	3.5	1.25	\$763,181.82	\$219,583.00	\$982,764.82	\$98,276.48	\$1,081,041.30
VIC North West	3	0.5	\$686,363.64	\$215,833.00	\$902,196.64	\$90,219.66	\$992,416.30
VIC Western	3	1	\$658,181.82	\$191,668.00	\$849,849.82	\$84,984.98	\$934,834.80
WA	3	0.5	\$686,363.64	\$215,833.00	\$902,196.64	\$90,219.66	\$992,416.30
Total	44	10.2	\$9,780,000	\$3,005,000	\$12,785,000	\$1,278,500	\$14,063,500

This grant opportunity has been established as an ad hoc grant. There will be no competitive selection process. The department considers using the existing RFCS providers to be an effective and efficient model of delivery.

3.1 Eligible grant activities

Grantees must:

- employ and manage suitably qualified full-time equivalent small business financial counsellors. The counsellors are expected to be deployed within the pre-defined RFCS service region that has the greatest need for small business support
- administer their allocation of a Professional Services Fund to allow clients to access specialist third-party advice beyond the scope of financial counselling services
- provide regular program data and other reports to the department using departmental templates.

The grant can be used to cover the cost of:

- small business financial counsellor salaries, including total remuneration and other administrative and operating costs such as vehicle allowance, work-related travel expenses, professional training expenses (such as the diploma) and office costs to accommodate the small business financial counsellor
- promotion of the program and services
provision of a Professional Services Fund, which must be managed separately to general funds.

3.2 Ineligible grant activities

The grant cannot be used to cover the cost of:

- hospitality
- wages of other staff costs not directly associated with the grant activities
- 'business as usual' communication activities
- case management of regular RFCS clients.

4. Who will approve the grant?

The Minister, or the Minister's delegate, will make the final decision to approve a grant.

The decision is final in all matters, including:

- the approval of the grant
- the grant amount to be awarded.

5. Notification of the grant

5.1 The grant agreement

Grantees must enter into a legally binding grant agreement with the Commonwealth.

The grant agreement will state:

- the maximum grant amount to be paid
- how the grant will be paid
- the activities that can be undertaken and how they can be undertaken

Individual grant agreements may have specific conditions determined by the assessment process or other considerations made by the Minister. These will be identified in the agreement.

5.2 Payment of the grant

The Commonwealth must execute a grant agreement with a grantee before grant payments can be paid. The Commonwealth is not responsible for any expenditure until a grant agreement is executed. If grantees choose to start grant activities before a grant agreement has been executed, they do so at their own risk.

The Commonwealth may recover grant funds if there is a breach of the grant agreement.

5.2 Other terms and conditions of the grant

5.2.1 Grant acquittal and reporting

Grantees must submit reports in line with the timeframes in the grant agreement. The department will supply the reporting templates. Reports will include:

- progress and overall achievements against the intended outcomes, activities and key performance indicators
- evaluation of the impact or effectiveness of the program and commentary about how program parameters could be improved in the future to extend program reach and effectiveness
- details of all media and communication activities
- plain English summaries of the above suitable for public release.

Grantees will also be responsible for:

- meeting the terms and conditions of the grant agreement and managing the grant activity efficiently and effectively
- complying with record keeping, reporting and acquittal requirements as set out in the grant agreement
- participating in a grant program evaluation as specified in the grant agreement.

6. Announcement of the grant

Your grant will be listed on the [GrantConnect](#) website, 21 days after the date of effect as required by Section 5.3 of the CGRGs.

7. Grant evaluation

The department will evaluate this grant to measure how well the objectives and outcomes have been achieved.

Your grant agreement requires you to provide information and data to help with this evaluation.