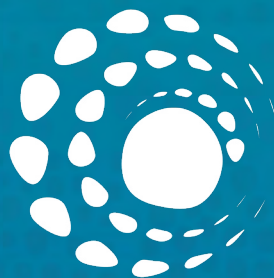




ECONOMIC DEVELOPMENT FUND GUIDELINES



DEVELOPING
EAST ARNHEM



Overview of Developing East Arnhem Limited

Who we are

Developing East Arnhem Limited (DEAL) is an independent, not-for profit economic development company with an experienced Board of Directors. DEAL was established in November 2014, in response to Rio Tinto's decision to curtail production at the Gove alumina refinery. DEAL received seed funding of \$2 million from each of its Members: the Northern Territory Government and Rio Tinto. Rio Tinto also transferred 250 properties in Nhulunbuy for DEAL to provide housing for eligible businesses and organisations and generate income to invest in the region.

What we do

Our mission is to drive economic development in East Arnhem to promote the resilience of the region and opportunity for its people.

DEAL's long-term vision for East Arnhem is:

- a resilient East Arnhem economy;
- Nhulunbuy as a sustainable regional centre; and
- Yolngu as leaders and partners in economic life.

To deliver our East Arnhem economic development vision, DEAL works in partnership with all regional stakeholders across the four development domains outlined below. These domains are informed by our understanding of the regional policy context, consultations with our stakeholders and economic development theory – which emphasises the need for integrated approaches to development, targeting a range of social, economic, political and environmental drivers.

DEAL's Development Domains

Businesses

To grow and thrive, regional businesses and entrepreneurs require access to finance and support from formal and informal networks. Businesses require strong management practices to support strategic and innovative decision-making.

Human capabilities

Economic development requires that people live healthy lives and have an adequate standard of living, with access to housing and appropriate social services. They feel empowered to participate in their community and the economy. Regional communities are inclusive and connected.

Infrastructure

Transport and information infrastructure are required to facilitate access to markets, and promote agglomeration and innovation. Energy and essential services infrastructure must be reliable and affordable for residents and businesses, and promote environmental sustainability.

An enabling environment

There are broader policy and governance conditions needed to enable success across the other domains. These conditions include strong and culturally appropriate institutions that enable local leadership, and the right policy settings to facilitate development. Regions require strong economic planning and cross-sector coordination, and financial investment from both the public and private sectors.

DEAL's Activities

The pursuit of work across the development domains, delivering on our vision and addressing the region's challenges is not the responsibility of DEAL alone. It requires close collaboration between all regional stakeholders – including governments, land council, businesses, investors, residents and traditional owners. DEAL specifically contributes to this work through its five integrated activities:



Leadership

Working with partners, DEAL drives and coordinates economic development planning, as well as advocating for East Arnhem and gathering evidence to guide development.



Industry attraction and development

DEAL leads planning and coordinated action to support industries and acts as a front door for investors.



Housing

DEAL manages its 250 housing assets in Nhulunbuy to support ongoing economic and business growth.



Business support

DEAL supports businesses to access information, networks, services and funds, and supports business development in East Arnhem.



Capital

DEAL invests in businesses through its Economic Development Fund, and in critical enabling infrastructure in partnership with government and other funders.

You can read more about DEAL's vision and activities in our [Strategic Plan 2020-2025](#), which is available on our website or in hard copy from our office. You can learn more about the East Arnhem region at eastarnhemland.com.au.

Overview of the Economic Development Fund

What is the Economic Development Fund?

As part of DEAL's Capital activities, DEAL manages its Economic Development Fund (EDF) to invest in businesses across the East Arnhem region and uses it to leverage other investment into projects at different stages of development, and of different scales.

The primary purpose of the EDF is to invest in sustainable East Arnhem businesses and business proposals that contribute to DEAL's economic vision and mission. DEAL also views EDF applications through the lens of how they contribute to and support DEAL's work across the identified development domains and our other integrated activity areas.

Each year, DEAL allocates funds in its annual budget for EDF investments. The allocated amount may vary from year to year. There is no minimum or maximum amount of investment that can be sought by a business or organisation, but DEAL will consider all applications in the context of its ability to support other projects through the EDF.

To get you inspired, read about some of our EDF success stories below.

East Arnhem Veterinary Services

DEAL supported East Arnhem Veterinary Services to undertake renovations, purchase new equipment and relocate to a new clinic space located in the Nhulunbuy town centre. This project increased the efficiency of operations, customer satisfaction and created additional jobs in the region.



Gulkula Mining Company

DEAL invested in Gulkula Mining Company to enable establishment of a plant nursery to produce quality planting stock for mine rehabilitation, as well as develop stock for a range of timber and non-timber products such as bush tucker species to support new industry development and supply in East Arnhem.

Arnhem Allied Health Centre

DEAL invested in Arnhem Physiotherapy's (now Arnhem Allied Health Centre) goal of increasing community access to essential allied health services by attracting health professionals to East Arnhem. This involved a relocation to the Nhulunbuy town centre and a full internal building refurbishment to create eight fully equipped consultation rooms and an exercise studio.



EDF application and approval process

DEAL is committed to delivering outcomes to the East Arnhem region in a simplified and transparent manner, including through how it administers the EDF. These guidelines set out the process for applying for an EDF, and the matters DEAL considers when making decisions about EDF applications.

Definitions

Applicant	The person/business applying to receive an EDF investment
Eligibility Criteria	Criteria the Applicant must meet to be eligible for an EDF investment (see page 8)
Assessment Criteria	Criteria DEAL uses to assess an EDF application (see page 10)
Funding Agreement	A formal agreement signed by the Applicant and DEAL once an application is approved by the DEAL Board
Milestone	A significant stage of the project agreed upon by the Applicant and DEAL in the Funding Agreement

1 Starting an application

The first step for any potential Applicant who has a project idea and would like more information about the EDF is to contact the DEAL office to schedule a meeting to discuss the project on (08) 8987 0558 or by email at ea@developingeastarnhem.com.au.

Once the Applicant has met with DEAL, DEAL will consider whether the project is likely to meet the Eligibility Criteria and if it has the potential to meet the required standard against the Assessment Criteria. DEAL will then contact the Applicant and advise on what steps to take next.

2 Preparing an application form

Submitting an EDF application is a partnership approach and the DEAL team will support the Applicant to ensure the application has the best chance of success. DEAL will provide feedback on draft applications and may ask for further information or supporting documentation to boost the application against the Assessment Criteria.

If an Applicant requires assistance with business planning, DEAL can help to navigate the support options available in the region and can provide links to relevant resources and templates where needed.

3

Submitting an application form

The application form should be formally submitted to DEAL with requested supporting documents such as a business plan and cashflow projection.

The application with all requested supporting documents must be received three weeks prior to Board meetings to enable assessment and preparation of Board papers. Board meetings are generally held once per quarter. The DEAL team will notify the Applicant of upcoming meeting dates throughout the application process.

4

Application assessment

Initial application assessment

DEAL will assess the application against the Assessment Criteria and provide advice to the Applicant on whether further information is required or if the application meets the required standard for presentation to the DEAL Board.

DEAL Board application assessment

Applications are made available to the Board one week prior to the Board meeting. The Board will then approve, conditionally approve or reject the application at the Board meeting.

Notification

After the Board meeting the Applicant will be notified of the Board's decision, within one week from the date of the Board meeting.

If the application is rejected that does not necessarily prevent the Applicant from resubmitting a revised application at a later stage. If the Board rejects a submission, they may provide feedback for the Applicant to address before resubmitting.

5

Funding agreement

If an application is approved by the Board, DEAL will work with the Applicant to set project Milestones and the associated payment schedule. All necessary licences, permits and approvals that have not been provided to DEAL will need to be submitted at this stage. Once the Milestones of the project have been set and the necessary documentation provided, the Applicant and DEAL will sign a formal Funding Agreement.

6

Payment schedule

Payments are made by DEAL to Applicants only upon evidence of a Milestone achievement set out in the Funding Agreement's payment schedule and the presentation of an invoice to DEAL.

7

Ongoing commitments

On signing the formal Funding Agreement, the Applicant agrees to the following ongoing commitments:

- Deliver the project on time and on budget with evidence of completion of the agreed Milestones;
- Promote the EDF and the project through their own channels, and participate in DEAL promotion of the EDF such as our website, social media, newsletter and Annual Report; and
- Submit required Milestone reports and participate in DEAL project evaluations after the project is complete. This is to ensure the long term benefits are realised and reported on for the region.



Eligibility criteria



To be eligible to apply for an EDF investment the Applicant must meet all of the following criteria:

Have a project idea

The Applicant must have a business project or idea in mind for which they require an EDF investment.

Be a new or established business in East Arnhem

The Applicant must have evidence of operation or that they plan to operate in the East Arnhem region.

Provide evidence that other areas of funding have been explored

There is a range of other funding options available to East Arnhem businesses through the Northern Territory and Federal Governments as well as other private sources. An overview of some of these funding options is available in the [East Arnhem Business Support Pathway](#) document available on the DEAL website or in hard copy from the DEAL office. DEAL will seek information from the Applicant about other funding areas that have been explored and any other funding applied for and/or received for the project.

Be able to contribute at least 50% of the project's capital

The Applicant must be able to contribute at least 50% of the project's capital. This can include other third party capital received.

Please note: DEAL does not include any retrospective payments made towards the project prior to a Funding Agreement being signed as contribution towards the required amount of capital.

Declare any conflicts of interest

To ensure transparency the Applicant will be required to declare any actual, perceived or potential conflicts of interests with DEAL employees or Board members.

Have not received an EDF investment in the past two years

Applicants who have received an EDF investment in the past are eligible to apply again two years' after their previous Funding Agreement was signed. Recipients of previous EDF investments must clearly demonstrate their previous project met the agreed milestones in the Funding Agreement and achieved the results and outcomes as detailed in their EDF Application.

Provide evidence the proposal relates to new or expanded business activities

The Applicant should be able to clearly demonstrate the project supports the diversification or significant growth of a business. DEAL does not invest in projects that we consider 'business as usual' activities. Business as usual in this context is defined as projects that will not result in significant change in the current operations and employment of the business or organisation. Efficiencies in current operations are not generally viewed as significant changes.

Provide evidence of a sustainable business and provide requested documentation

The Applicant must demonstrate they have the capability and capacity to deliver on the proposed project. To demonstrate this, the following documentation must be provided:

- Proof of business registration
- Detailed business plan or willingness to develop one
- Projected cash flow statement for at least 12 months or willingness to develop one
- Evidence based supply and demand demonstrating market need to support the business' cash flow projections

Provide evidence of compliance with any land tenure, Nhulunbuy Corporation trading requirements and relevant codes and standards where applicable

- If the Applicant's business operates or will operate on Aboriginal land, evidence of engagement with the Northern Land Council on land tenure requirements must be provided.
- If the business operates or will operate on the Nhulunbuy town lease, evidence of engagement with the Nhulunbuy Corporation on compliance with applicable requirements must be provided.
- If the project requires any codes or standards to be met, evidence must be provided of compliance. For example, compliance with building codes or Power and Water standards.



Assessment criteria



Applications will be assessed by DEAL prior to being submitted to the Board for approval. Applications are assessed on a case by case basis and are not required to meet each criterion; however, applications must score strongly against the Assessment Criteria overall to be considered.

The following Assessment Criteria is used to score applications:

Capital investment

- Amount of capital investment requested from DEAL for the project.
 - DEAL will pay up to 50% of the project cost.
- Amount of capital investment contributed by the Applicant for the project.
- Amount of third party capital investment received for the project.
- Evidence the business does not have sufficient capital to proceed with the project without a DEAL EDF investment.

Anticipated business impact

DEAL will focus on the below impact areas in its business impact assessment of the application:

Sustainability and market demand

- The proposed project should be sustainable, meet market demand and differ to services/products/capacity currently offered by business competitors within the East Arnhem region.

Number of new jobs created in the region

- The number of new jobs the project will create (this can be the addition of staff that are part time, full time, casual or an increase in hours for existing staff).
- The expected salary range of the new jobs created.
- The percentage of the new jobs created that are expected to be filled by Indigenous workers.

Number of traineeships/apprenticeships created in the region

- The number of traineeship and/or apprenticeship opportunities created in the region.

Revenue increase

- The forecasted amount of increased revenue for the Applicant's business as well as flow on revenue and benefits to regional businesses through the delivery of the project. For example, engaging local contractors to complete project building works.

Risks

- Any current or future threats to financial sustainability or any other issues that may be found in a credit or media check have been declared.
- If there are any other major risks associated with the application.

Additional contribution to DEAL priorities and vision

Yolngu leadership

- Is the Applicant a Yolngu-led entity and/or is the Applicant partnering with a Yolngu organisation for the project?
- Could the activity be perceived to undermine Yolngu interests?

Regional focus

- Is the project based in and/or will it service a remote East Arnhem community or homeland?

Industry focus

- What is the main industry the project relates to?
- Does the project relate to any additional industries?
- Does the project align with any of DEAL's current focus industries?

Alignment with DEAL's development domains

DEAL is interested in understanding how EDF investments contribute to the Development Domains under the DEAL Strategic Plan.

- Will the project support your business or other East Arnhem **businesses** to diversify, innovate and plan ahead?
- Will the project contribute to the region's future **infrastructure** needs? (e.g. transport; energy; serviced land; and post-mine transition)
- Will the project contribute to development of **human capabilities** in the region? (e.g. workforce development; secure housing; supporting quality and appropriate services)
- Will the project contribute to the broader **enabling environment** needed for the region's success? (e.g. improved collaboration and planning; increasing investment and access to finance; empowering Yolngu through planning and governance)

Other information

Privacy

Through the application process, the Applicant will be providing DEAL with private information. The Applicant's private information is protected and handled by DEAL in accordance with our [Privacy Policy](#) which is available online or in hard copy from the DEAL office.

Tax

The funding itself is classified as "Income" by the *Income Tax Assessment Act 1936 (Cth)*. Applicants need to be sure they can meet any taxation payments created by the acceptance of funds. It is recommended the Applicant discusses this with their accountant prior to finalising an EDF application.

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* Developing East Arnhem Limited (DEAL) is a not-for-profit organisation developed to promote economic development in the East Arnhem region.