

Food Innovation Australia Limited (FIAL) Cluster Programme Guidelines

1. General

The Cluster Programme is being provided through the Project Fund, a key offering under the Industry Growth Centre initiative - <https://industry.gov.au/industry/Industry-Growth-Centres/Pages/default.aspx>.

The Programme is to support the development of clusters in food, beverage and agribusiness.

The evidence is clear from many studies (https://ec.europa.eu/growth/industry/policy/clusters/observatory_en and <http://www.tci-network.org/ckc/resources>) that strong, innovative clusters (usually based on a specific geographic region) accelerate:

- New knowledge and capabilities;
- New product development;
- New business start-ups;
- Private & public investment;
- Productivity improvements;
- Increased competitiveness, and
- Export growth.

While clusters are a natural occurrence, the development of clusters is being enhanced in many countries through clustering initiatives that more closely align the cluster's stakeholders around common agendas, addressing both opportunities and impediments to growth. Cluster development is, in part, removing the isolation and building a culture of co-opetition - firms that

simultaneously compete and collaborate in non-threatening areas.

Many food-related clusters are now under development across Europe and the Americas. Cluster engagement is central to Europe's regional 'Smart Specialisation' strategy (<http://s3platform.jrc.ec.europa.eu/>).

Cluster development is centered on identifying strengths and then establishing collaborative growth partnerships across the value chain, led by business with support from relevant government agencies, research partners and universities. Most partners are likely to be geographically close, although the right partners can be located further afield and even overseas.

Through 1:1 matched funding, this support programme encourages businesses, public agencies, researchers and educational institutions to align and work together, to build on their competitive advantage, address opportunities and develop solutions to challenges that they otherwise could not resolve on their own.

Proposals must address one or more of the Growth Centre objectives:

- Improving capabilities to engage with international markets and global supply chains
- Enhancing management and workforce skills



- Increasing collaboration and commercialisation between researchers and industry
- Identifying opportunities to reduce regulatory burden

The cluster's challenges *may* link to the FIAL "Researcher and Development Priority Areas" and/or the "Management Capability Priority Areas".

Researcher and Development Priorities:

- A Global Market Place
- Future Consumers
- Enhanced Production and Value Addition
- Food Security and Sustainability

Management Capability Priorities:

- Learning and development models that build the leadership skills and knowledge of the industry and government for better business results.
- Managerial systems for the administration of operations such as business and strategic planning, including technical systems like innovation strategies for the effective and efficient use of scarce resources.
- Physical and technical systems such as software and robotics that improve efficiencies and reduce costs of production through automation, whilst improving data management of business and customer information, through the use of customer relationship management platforms.

You can find further details about the Knowledge Priority Areas in the *FIAL Sector Competitiveness Plan 2025* (pp 16-20) at https://fial.com.au/Attachment?Action=Download&Attachment_id=37

2. Funding and Assistance

Financial support will be provided to support the management of the cluster, and for small-scale projects.

If not already in place, it is expected that a dedicated cluster manager will be appointed. The main role of the cluster manager is to connect the cluster stakeholders, to facilitate the development of the cluster's forward-agenda and to catalyse collaborative development activities.

Two levels of support will be provided, one for more mature clusters that have been established and operating for at least one year, and one for more embryonic clusters that are in the development phase, not fully established and are wishing to fast track their formation.

- **Mature clusters** will be awarded matched contributions of up to \$300,000 per year, over three years.
- **Embryonic clusters** will be awarded matched contributions of up to \$150,000 per year, over two years.

FIAL will determine which level of support is awarded. FIAL is expecting to support **two - four** mature clusters and **one - three** embryonic cluster, depending on available funding.

In addition to financial assistance, FIAL will offer:

- Guidance on eligibility and assistance in the preparation of your Expression of Interest (EOI).
- Support in preparation of your full Application Form, including business plans.
- Ongoing support and advice on the cluster development process, including the



appointment of the cluster manager; design and/or establishment of a business led board; fast tracking cluster development and activities.

- General guidance to ensure reporting obligations are met.

3. Eligibility

Cluster Eligibility

- FIAL will fund applications submitted by a cluster, or on behalf of a cluster.
- The application must be linked to one or more of the objectives of the Food and Agribusiness Growth Centre, and ideally to one or more of the Keys Knowledge Priority Areas (as outlined in section 1 (General) above).
- The proposal should identify:
 - The strategic position, vision and the growth potential of the cluster within the contexts of Australia, and globally.
 - Strong market insight and evidence of customer/consumer/market pull including the cluster's functional region and development obstacles.
 - The potential for mobilisation of participants to address the functional region and development obstacles, or realise global market opportunities.
 - The opportunity for the creation and application of new research based knowledge that is a world first.
 - The willingness of cluster-participants to partner and collaborate in this proposal (this may be demonstrated through a letter of intent or commitment form the cluster management committee).

vi. A promotional plan to share with the broader Australian food and agribusiness sector, cluster learnings, activities and success stories.

- Activities paid for by the cluster using non-cash considerations (or 'in-kind' contributions) are not eligible expenditure.
- Activities undertaken to better understand consumer, customer or market behaviour are eligible, as are projects investigating value chain options.

Funding Contributions

- Eligible clusters must match in cash the total amount of funding they are applying for. Whilst applicants do not need to have all matched funding in place at the time of application, they must show that they can match the value of funds awarded throughout the lifecycle of the grant.
- The cash contribution must come from the industry members of the cluster (i.e. businesses).
- The total cash-contribution from the cluster must match the total funding applied for through this programme.
- Contributions from government agencies, government funded bodies, (Federal and/or State and/or Regional) are welcomed but do not count towards the matched funding contribution required by the cluster. By way of example, if the FIAL grant is for \$200,000 and other Government Source Contributions are \$100,000; the cluster is still required to make a cash contribution of \$200,000. Rural Development Corporations (RDCs) may be cash contributors to the cluster where the RDC contribution is provided from non-government sources (e.g. levies or royalties). Any RDC making cash contributions must provide written



statements that the funding is from a non-government source.

4. Selection Criteria

Applications will need to address the following criteria:

- a) Does the proposal address one or more Growth Centre priorities or knowledge or management capability priority areas?
- b) What is the rationale for the government to fund this proposal?
- c) What is the likelihood of success and what are the risks?
- d) What are the expected outcomes and how will they benefit the region and/or city, and the nation?
- e) What are the knowledge, capability and capacity gaps that have inhibited the cluster's development to date?

5. Application process

Applications are welcomed through the FIAL website:

<https://fial.com.au/clusterprogramme>). All applications and relevant attachments will be treated as confidential.

6. Assessment process

Expression of Interest (EOI)

The **first step** is to submit an online EOI via the FIAL website:

<https://fial.com.au/clusterprogramme> by **16 February 2018**. A review committee of two FIAL executives (Mr Peter Schutz, Chairman and Dr Mirjana Prica, Managing Director), and two external cluster experts (Tracy Scott-Rimington, RDA Brisbane & Chair, TCI-Network Oceania Chapter; and Ifor Ffowcs-Williams, Cluster Navigators Limited, New Zealand & TCI), will review all EOI

applications and shortlist **six** proposals to be invited to proceed to the next stage.

Successful applicants will be advised by **5 March 2018**.

Cluster Application Form

Successful EOI Applicants will be invited to submit a more detailed Cluster Application Form, including a business plan. FIAL will email you a link, inviting you to complete an online form. The Cluster Application Form must be submitted by **30 April 2018**.

This second application will need to include evidence of agreement between cluster participants, with regard to co-funding the initiative.

A Selection Committee will review all Cluster Application Forms and make recommendations to the FIAL Board for approval. This Committee will consist of two European cluster experts, drawn from the TCI Network (www.tci-network.org), an independent Australian food and agribusiness industry expert, and FIAL's Managing Director.

Final Decision

The FIAL Board will make a final decision, based on the Committee's recommendations. Successful Cluster Applicants will be required to enter into a legal agreement with FIAL before being entitled to the awarded funds.

Successful applicants will be advised by **30 May 2018**.

7. Reporting obligations

There are reporting obligations that clusters will be required to adhere to during the lifetime of the grant:



- a) Quarterly Progress Reports;
- b) Bi-annual Update Meetings (i.e. in person);
- c) Yearly revised Business Plans, and
- d) Annual Report

On project completion:

- e) Case Study: A one-page summary of the project and lessons learnt. This Case Study is to be shared with FIAL, promoted publically, and also made available via FIAL's website.
- f) In Confidence Report: A report containing more detailed information relating to project processes, learnings, trainings and outcomes. This report will not be made available to the public. However, FIAL will share the In Confidence Report with the Department of Industry, Innovation and Science, as part of their reporting obligations to government. The Department will maintain the confidentiality of the report.
- g) A plan of action for the cluster to lead a national approach to strengthen Food & Agribusiness growth in their particular area of specialisation

8. Payment of the grant

Annual payments will be made by FIAL in four equal quarterly sums, aligned to the Quarterly Progress and other Reports. No payments will be made before the FIAL legal agreement is signed by the cluster.

FIAL will make the final payment when the Project has been completed and all reports have been submitted.

Grant payments are subject to GST. FIAL will increase the grant amount by 10% to incorporate GST.

As general advice only, grants under the programme are typically treated as 'assessable income' for taxation purposes, unless specifically exempted. However, FIAL does not provide advice on tax matters, and recommends that applicants seek independent professional advice.

9. Contract Process

Projects cannot commence until legal contracts have been signed and finalised. Applicants must sign and finalise their contracts within 90 days from the day they are notified of their application being successful.

The general terms of the funding agreement with FIAL are not negotiable. However, project specific information, such as schedules, milestones, payments, reporting requirements etc., are negotiable and can be agreed between FIAL and the cluster.

FIAL may agree to vary the agreement where unexpected circumstances have affected project progress. The Cluster can request a project variation, including changes to project milestones or an extension of the project duration. However, requests for variations will be granted at FIAL's discretion, and are not guaranteed.

10. More Information

For more information please contact FIAL at info@fial.com.au.

