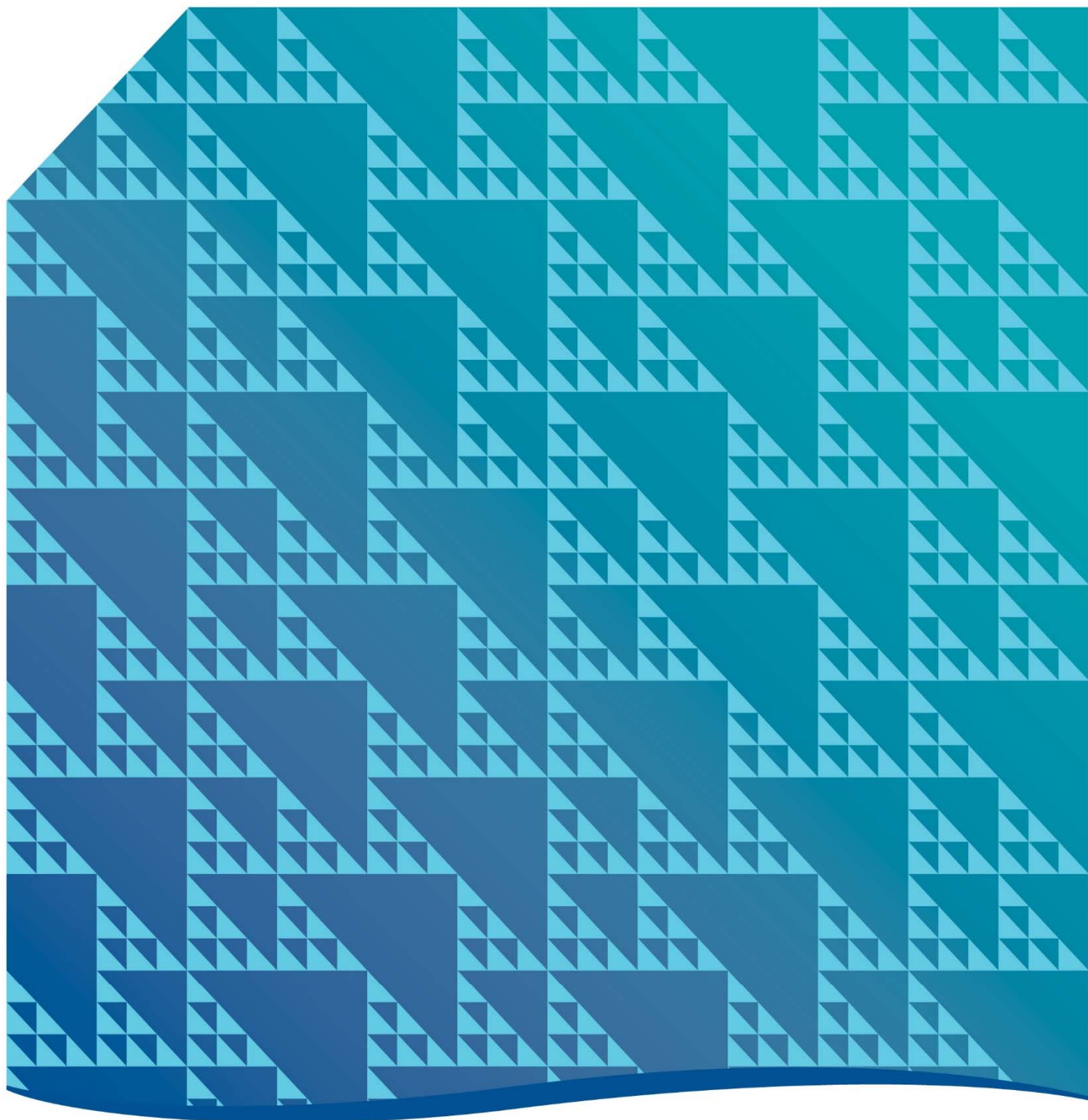


# Guidelines





## Contents

<b>Background</b> .....	1
<b>Service Objective</b> .....	1
<b>Definitions</b> .....	1
<b>Applicant and Service Eligibility</b> .....	2
Service Eligibility.....	2
Merit Criteria .....	3
1. Pricing Strategy and Funding Method .....	3
2. Marketing and Promotion Strategy .....	3
3. Passenger Facilities and End of Journey Strategy .....	3
4. Financial Capacity .....	3
5. Personnel.....	3
<b>Service Offer</b> .....	3
<b>Taxation and Financial Implications of Grant</b> .....	4
<b>Application and Evaluation Process</b> .....	4
<b>Administration</b> .....	6
<b>Timeframes</b> .....	6
<b>Confidentiality</b> .....	6
<b>Publicity of Grant Assistance</b> .....	7
<b>Right to Information</b> .....	7
<b>Personal Information Protection</b> .....	7
<b>Disclaimer</b> .....	7



# Background

The Government has committed to fund the trial of a two year regular air passenger service between Hobart and Strahan, operating three times a week, as part of its 'Supporting the West Coast' policy package delivered prior to the last election.

The Government has committed up to \$300 000 to help deliver the trial. \$6 000 has been allocated to enable improvements to be made to the Strahan Airport by the owner, West Coast Council.

There are currently no regular air passenger services operating within mainland Tasmania. The only regular services in operation are between northern airports and the Bass Strait Islands. Historically, a mixture of regular air services has been provided throughout Tasmania. Strahan had a regular air service until the early 2000s.

Strahan Airport currently provides infrastructure suitable for helicopter and fixed wing flights for charter flights into the south-west wilderness area, or over locations in western Tasmania, as well as for the Royal Flying Doctor Service.

The Tasmanian Visitor Survey showed that Strahan experienced an eight per cent growth in overnight visitors between December 2014 and December 2017, compared to a 2.1 per cent State-wide average, and touring routes to the West Coast wilderness region increased by 7.7 per cent, compared to a general increase of 3.1 per cent across Tasmania.

The funding commitment will enable air service providers to test the market for air connections to Strahan, which is expected to be primarily tourism related. The cessation of the previous service indicates that local demand for an air connection has historically been low.

## Service Objective

To assess the commercial viability of a regular passenger transport air service from Hobart to Strahan.

## Definitions

**Eligible Expenditure** is expenditure paid, that is:

- directly attributable to the Project Costs, and provided for under a Grant Deed;
- incurred by the Recipient on or after the date that an Applicant and the Department execute a Grant Deed; and
- incurred on or before the completion date as set out in the Grant Deed.

**Expressions of Interest (EOI)** is a form of request to organisations or individuals to express an interest in providing particular goods or services, entering a lease agreement or other commercial arrangement, seeking information from the respondents that demonstrates their capacity to perform a contract and can result in the respondent entering a negotiation for a contract or being shortlisted for a subsequent tender.

**Grant Deed** means a Grant Deed entered into between an approved applicant and the Crown in Right of Tasmania.

**Panel** means the Panel appointed by the Department to assess EOI applications under the Service.

**Project Cost** includes costs incurred in delivery of the service and may include establishment costs incurred by a recipient directly attributable to the Service, excluding acquisition of aircraft.

**Recipient** means the successful applicant selected by the Panel.

**Service** means the Hobart to Strahan Trial Air Passenger Service.

# Applicant and Service Eligibility

## Service Eligibility

To be eligible for funding, applicants must:

1. Be compliant with Australia's State Aviation Safety Service Programme<sup>1</sup>;
2. Provide proof of appropriate certification for the operation of commercial air passenger transport operations from the Civil Aviation Safety Authority including those relating to:
  - Aircraft Safety;
  - Cabin Safety;
  - Airworthiness; and
  - Civil Aircraft Register.
3. Provide proof of adherence to applicable Air Services Australia Safety Management Systems<sup>2</sup>:
  - Achievement of good safety outcomes;
  - Safety surveillance; and
  - Promotion of Safety.
4. Have an Australian Business Number;
5. Have recent proven successful experience in the delivery and operation of commercial aviation services;
6. Must not be a Commonwealth, State or Local Government agency or body (including government business enterprises);
7. Must not be subject to any current legal disability, including administration, receivership, bankruptcy or liquidation; and
8. Must have aircraft appropriate to the aviation infrastructure at Strahan Airport that are available to service this route (or proven capacity and resources to acquire such aircraft) prior to the commencement of the service and the ability to provide back-up in the event of mechanical failure.

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<sup>1</sup> [https://infrastructure.gov.au/aviation/safety/ssp/files/Australia\\_Aviation\\_State\\_Safety\\_Serviceme\\_May\\_2016.pdf](https://infrastructure.gov.au/aviation/safety/ssp/files/Australia_Aviation_State_Safety_Serviceme_May_2016.pdf)

<sup>2</sup> <http://www.airservicesaustralia.com/about/our-safety-commitment/>

# Merit Criteria

Proposals will be evaluated against the following evaluation criteria, which have equal weighting. However, projects must meet all criteria to a minimum sufficient standard to be considered for funding.

## 1. Scheduling

Adequacy of proposed service schedule to achieve the Service Objective, and evidence to support the proposed service schedule (which may include alternative schedules to three return services a week).

## 2. Pricing Strategy and Funding Method

The pricing strategy for the route that takes into account the provision of the grant and the need to attract patronage, while providing a pathway to commercial viability after the initial two year trial.

Proposed method of utilising grant funds to provide:

- certainty of service; and
- value for grant funding.

## 3. Marketing and Promotion Strategy

A plan to promote the route to deliver patronage and achieve commercial viability of the Service, which includes consideration of regional partnerships to promote the Service.

## 4. Passenger Facilities and Transport

Provision for ground facilities for passengers, including arrangements at terminal and arrangements for transportation.

## 5. Financial Capacity

The applicant's financial capacity (or a financial strategy) to cover project costs not proposed to be funded through the Grant.

## 6. Personnel

Capacity of the applicant to deliver the proposal including:

- key personnel and project team skills;
- technical, management and professional capabilities; and
- degree, appropriateness and currency of experience.

# Service Offer

The maximum grant payable under the Service is \$300 000 (plus GST). Applicants can only receive one grant under the Service.

Grants may only be used for Eligible Expenditure.

The Department retains the right to determine the final offer and the conditions attaching to that offer, or not to approve funding, at its sole discretion.

*Note to applicants*

Applicants should note that offers may be structured:

- to cover all or part of the Project Costs sought, up to the limit of \$300 000;
- to cover only part of the Project Costs sought; or
- to make an offer, or part of an offer, conditional on completion of certain milestones or work.

## Taxation and Financial Implications of Grant

Grants under the Service attract GST. Grant payments to Recipients are increased to compensate for the amount of GST payable.

The receipt of funding from this Service may be treated as income by the Australian Taxation Office (ATO). While grants are typically treated as assessable income for taxation purposes, how they are treated will depend on the grantee's particular circumstances.

It is strongly recommended that the potential applicants consider seeking independent advice about the possible tax implications for receiving a Grant under the Service from a tax advisor, financial advisor, and/or the ATO, prior to submitting an application.

## Application and Evaluation Process

The evaluation process will consist of the following steps:

### **Step 1: Submission of application**

Applications are to be submitted to the Department using the application form. Applications can be submitted by email, or posted to the contact officer (see Administration below).

Applications must be lodged by the closing date and provide:

1. a fully completed and signed application form;
2. evidence that Service Eligibility is met by the applicant; and
3. evidence to address the applicant's claims against the Merit Criteria.

The completed application remains the property of the Department. The Department has the right to reproduce parts of the documentation for the purposes of Service publicity and evaluation. All applicant details will be held in confidence and managed in accordance with the *Personal Information Protection Act 2004*.

All expenses and costs incurred by an Applicant in connection with making an application, including (without limitation) preparing and submitting an application, providing the contact officer with further information, attending interviews and participating in any subsequent negotiations, are the sole responsibility of the Applicant.



## **Step 2: Assessment**

The eligibility of all applicants will be assessed by an evaluation panel (the Panel) established by the Department. The Panel will consist of appropriately qualified individuals to manage the evaluation of applications. The Panel may second specialist firms or individuals to assist them in the assessment of applications, if necessary.

Applicants and Projects will be assessed according to the Service Eligibility Requirements outlined in this document.

Noting the maximum grant fund of \$300 000, eligible applications will be assessed by the Panel against the Merit Criteria on a competitive basis, relative to the merit of other applications received.

During the assessment process, applicants may be contacted by the Department to provide further information about the application. Failure to provide any requested information in a timely manner (normally one week) may result in the Department being unable to assess the application or the application not being approved.

The Panel may exclude from the process any application it determines to be deficient against one or more Merit Criteria, and that those deficiencies cannot reasonably be remedied by the applicant.

## **Step 3: Notification**

Applicants will be notified of the result of the application once assessments have been finalised.

Should an application be unsuccessful, Applicants will receive a letter outlining the reasons for the Department's decision. Applicants will also have the opportunity to discuss this decision with an officer of the Department.

## **Step 4: Conditions of Funding**

The following conditions will apply to the approved Service:

1. the successful applicant must enter into a Grant Deed with the Crown in Right of Tasmania before funds can be paid;
2. payments will be conditional on satisfactory evidence that sufficient progress against the agreed milestones has been made and expenditure claimed is Eligible Expenditure;
3. the Recipient will be required to report on the progress of work, addressing performance and expenditure as specified in the Grant Deed;
4. on completion of all agreed milestones under the Grant Deed, and before the final grant payment is made, the Recipient may be required to provide an independent audit certificate covering all Project Costs, as well as a final Project report;
5. Eligible Expenditure must be incurred on or before the date for completion of the approved purpose, with the exception of final audit costs, which can be incurred within three months after the completion date.

To accept the offer, the Grant Deed must be signed in accordance with the applicant's legal signing authority and returned to the Department. The Department, at the earliest opportunity, will return a copy of the Grant Deed to the Recipient.

No commitment for funding is in place until both parties have signed a Grant Deed.

## **Step 5: Payment**

For payment we will require the following:

1. fully executed Grant Deed by both parties;

2. an invoice made out to the Department, including the Recipient's ABN and the grant amount plus GST being claimed; and
3. the Recipient's nominated account details. The grant will be paid by Electronic Funds Transfer.

## Administration

The Service will be administered by the Department of State Growth on behalf of the Crown in Right of Tasmania.

Any person requiring further advice or information on the Service, or submitting an application, is asked to direct enquiries to:

Contact Officer - Arun Kendall

Strategy, Policy and Coordination - Infrastructure Policy Branch

Department of State Growth

GPO Box 536

Hobart TAS 7001

Phone: (03) 6166 3485

Email: [cis@stategrowth.tas.gov.au](mailto:cis@stategrowth.tas.gov.au)

## Timeframes

All potential applicants must read the guidelines carefully to determine their eligibility for funding under the Service.

Applications for funding under the Service must be submitted by 10am, Monday, XXX 2018. Late applications will not be accepted.

Should the evaluation panel request further information to support or clarify an application, it must be provided within the requested timeframe, normally one week, or the application will be rejected.

## Confidentiality

The relevant parties will use and disclose the information provided by applicants for the purposes of discharging their respective functions under these Service Guidelines and otherwise for the purposes of the Service and related uses. The Department may also:

1. use information received in applications in any other Departmental business;
2. use information received in applications and during the performance of the Project for reporting; and

3. during the assessment of applications, and in the course of administering the Service, consult with other Government Departments and Agencies about an applicant's claims and disclose information about applicants as needed. The Department may also engage third parties (including auditors) to review applications to provide technical or financial advice on a contract basis.

## Publicity of Grant Assistance

The Department of State Growth disburses public funds and is therefore accountable for the distribution of those funds. As part of the accountability process, the Department may publicise the level of financial assistance, the identity of the recipient, the purpose of the financial assistance, and any other details considered by the Department to be appropriate.

There will be public announcements of the successful applicant. Prior to each announcement, the successful applicant will be notified of the outcome of their application. The public announcement may include details of the successful applicant, the value of the grant and the purpose of the grant. In addition, the Department will report details regarding the award of each grant on its website.

## Right to Information

Information provided to the Department of State Growth may be subject to disclosure in accordance with the *Right to Information Act 2009*.

## Personal Information Protection

Personal Information will be managed in accordance with the *Personal Information Protection Act 2004*. This information may be accessed by the individual to whom it related, on request to the Department of State Growth. A fee for this service may be charged.

## Disclaimer

Although care has been taken in the preparation of this document, no warranty, express or implied, is given by the Crown in Right of Tasmania, as to the accuracy or completeness of the information it contains.

The Crown in Right of Tasmania accepts no responsibility for any loss or damage that may arise from anything contained in or omitted from or that may arise from the use of this document, and any person relying on this document and the information it contains does so at their own risk absolutely.

The Crown in Right of Tasmania does not accept liability or responsibility for any loss incurred by any applicant that are in any way related to the Service.



Department of State Growth

GPO Box 536, Hobart,

TAS 7001 Australia

Phone: 03 6166 3485

Email: [cis@stategrowth.tas.gov.au](mailto:cis@stategrowth.tas.gov.au)

Web: [www.stategrowth.tas.gov.au](http://www.stategrowth.tas.gov.au)