



# 8 WAYS TO FUND A PROJECT



# Contents

---

Welcome	3
Grants	4
Partnerships and mergers	5
Borrowing money	6
Investors	6
Crowd funding	7
Donations and sponsorship	7
Grow revenue and conserve cash	9
Selling up	10
Fundraising basics	11
If you are successful ....	12
Where to get more help	12
About RDA Tasmania	14

Author: Kevin Turner

Level at which  
submission has  
been authorised: Chief Executive Officer, RDA Tasmania

Contact: Craig Perkins

Position: Chief Executive Officer &  
Director of Regional Development

Return Address: Level 1, 12-16 St John Street, Launceston TAS 7250

Phone Number: 03 6334 9822

Date: January 2018

# Welcome

This guide aims to introduce different ways to raise funds for a project.

One of the most common questions asked of RDA Tasmania is when will the next **grant** be released. Whilst grants play an important role, there are alternatives to grants that can also help get a project funded.

**Partnerships** can help manage costs by sharing buildings, equipment, expertise and workloads.

**Borrowing money** can be an option if your project can repay the loan.

**Investors** are looking for opportunities to put their funds into, providing this private equity returns a profit.

People like to show support for a good cause by giving a **donation**.

**Crowd funding** uses the internet to connect with potential funders.

**Growing revenue and conserving cash** are effective ways to improve a bank balance.

**Selling up** might sound drastic, but when the time is right sometimes it is better to let go of a project and allow someone else to take control.

There is no right or wrong way to fund a project and success might be found with just one approach or a combination of the eight ways to fund a project. Looking at different ways of funding encourages projects to behave like businesses and to think creatively about how to use available resources. When a project takes a broad approach to funding it can give them greater awareness and control of their finances.

## The funding trade off

As the saying goes, *"you don't get something for nothing"* so be aware that potential funders might make you do extra work or change your project to suit their interests.

Before reading further take a moment to consider:

- What are you willing to give up or change in exchange for funding?
- Will a loss of control help or hinder you?

## The role of RDA Tasmania

RDA Tasmania are not financial advisers and, by way as a disclaimer, do not take responsibility for decisions made using this guide. What we do have is years of experience working with project proponents who often begin with nothing and finish with a funded project.

We have staff located in Burnie, Hobart and Launceston and regularly help organisations and community groups with funding submissions and grant applications at no cost.

**"IT'S THE INVESTOR'S  
MONEY, NOT YOURS.  
DON'T GO LOOKING FOR  
FUNDING WITH A SENSE  
OF ENTITLEMENT"**

Craig Perkins, RDA Tasmania

# Grants

A grant is a sum of money given by a government or other organisation for a particular purpose. Grants have application processes and the application will be assessed on how well it will do what the Grant body wants and also its eligibility against a set of rules. Grants are not expected to be repaid by the recipient as long as they successfully deliver the project.

Grant opportunities for business and community projects come up through the year. Information on grants is posted on our Facebook page and can be found in the news section of our website and by subscribing to our newsletter, via our website [www.rdatasmania.org.au](http://www.rdatasmania.org.au)

## First timers

It is not uncommon to be overwhelmed by the amount of work that goes into a grant application. An applicant will need to prove:

- There is a problem and their project is the solution, and
- The applicant is capable of delivering the project

Before a grant is opened for applications, it helps to start gathering information that could help. Try speaking to other organisations that have applied for grants and learn from their experiences.

## Checklist when looking at grants

- What does the fund hope to achieve and does this match your project?
- Do you have approval from the property owner and other key people?
- Are you eligible to apply? Sometimes grants are exclusive for certain types of organisations or purposes.
- Is your project eligible for funding? Grants will often fund certain things and not others.
- Can you meet all the criteria? Funding programs often have time lines and require the applicant to contribute to the cost.

## Match funding

A grant will often want to fund only part of the project cost and it is up to the applicant to fund the rest. The extent to which a project leverages external funding, cash or in-kind contributions from other organisations is a way to demonstrate the *value for money* offered by the project.

### CASE STUDY

## Kingborough Community Hub, Kingborough Council

A large tract of land adjacent to the town centre became vacant creating a chance to revitalise the service centre of a high growth municipality; but the investment required was significant. Community infrastructure grants were identified as a way to develop faster and more extensively. Applications were made to the Regional Development Australia Fund, National Stronger Regions Fund and we were finally successful in Round 1 of the Building Better Regions Fund. It was challenging to describe the economic benefit of a community project, and modifications were made to each application in response to feedback, including commissioning an economic assessment. Community consultation and planning undertaken helped meet the requirements of the grant, but the investment in time and resources in the hope of being successful should not be underestimated.

# Partnerships and mergers

By working with others through partnerships or mergers an organisation can reduce the cost of a project, expand it or enhance it.

## What's the difference?

Partnerships work together but maintain separation while a merger combines several things into one. Partnerships are good when the benefits of working together are finite or limited to certain activities. Mergers are good when the benefits of working together would be permanent.

### Benefits

- Accessing know-how and expertise
- Making use of other's infrastructure/equipment
- Piggy backing or leveraging on other's strengths

## When competitors become partners

Competitors partner if together they can plug a hole in the industry, grow the size of the market or lobby for political support.

## Making it official

It is a good idea to recognise the agreement in writing so parties understand their responsibilities. A memorandum of understanding is a useful document to record what has been agreed and the limits placed on the partnership. A contract is a legally binding agreement that will describe what is being offered and what is considered the acceptable thing to be exchanged in return, be it money or some kind of action or liability.

Mergers can be harder to establish than partnerships (e.g. if they require constitutional change), but are worth it if the new governance and operational framework offers greater long term returns.

### CASE STUDY

## Launceston Christian School and West Tamar Council multipurpose community oval project

The outcome of this project is construction of a multipurpose oval to service both the school and community. This is an innovative partnership where the school will provide a fit for purpose school oval and regional, state and local sporting clubs will have access to an extra training/competition oval. Community use of school facilities provides benefits to council, the school and the community by utilising grounds in and out of school hours and promoting and supporting healthier communities. The partnership also provides a platform for funding for new projects through the pooling of council and school resources and expertise, creating economies of scale. A Memorandum of Understanding (MOU) binds the two partners and details the arrangement and financial responsibilities. As each stage is implemented a review of the MOU will be undertaken.

*[printed with permission by Michele Gibbins, West Tamar Council].*

# Borrowing money

---

Going into debt can be an efficient way to fund a project, but does come at a cost. It is only suitable for those who can guarantee to repay the loan. It is natural to be worried about debt and the challenges it brings to responsible financial management. Many communities have strong feelings about a government being in debt and it can create uncertainty and anxiety about the provision of services.

## When is debt good?

1. When you can repay it:

Well done, your finances are in good shape and you can negotiate a loan for your project from a suitable lender

2. When it accelerates growth:

The income generated from accelerated growth makes borrowing more feasible. For example councils may borrow millions to develop a new transport hub knowing that they will collect fees and rates from the new building that will happen around the development. This is called *value capture*.

In some grant applications debt can be nominated as match funding. The applicant can ask the lender for a conditional loan approval that would be triggered if successful in a grant application. It is crucial to check with the funding body if this is allowed.

# Investors

---

This refers to selling a stake or part ownership to an investor and the name given to this is **equity**. If you are familiar with television shows like 'Dragons' Den' and 'Shark Tank' you would have seen businesses seeking investors to help their project to grow.

What makes equity capital different to borrowing money is that if the project is a failure the investor won't get their investment back. A money lender will want their loan repaid regardless of what happens. Because of this, equity investors tend to be interested in making the project successful and often come with experience in similar or comparable projects.

## Working with investors

Investors want to see a properly documented 5-year business plan and where it is very clear what the investor funds are to be used for. Negotiation lies at the heart of equity investment. The 5-year business plan helps both parties understand what a win is, what the best and worst case scenarios are and what is their walk away position. Investors can be notoriously tough on faults in business strategies and successes often include a history of knock-backs.

## Enter a pitch event

Pitch events challenge people to talk about their project in a strict time limit as if they were pitching it to investors. They are a fun way to network, brush up public speaking skills and refine a sales pitch.

A great pitch solves a problem, tells a story, explains its differences to similar things, ends with a specific request for help and is delivered confidently. If this sounds hard, convince some friends to let you practice on them until you've perfected your pitch.

# Crowd funding

There are over 600 crowd funding platforms around the world being used by artists, not-for-profits, entrepreneurs and charitable causes. Each crowd funding site appeals to different audiences and often includes fees so research which is best for your project.

Visitors to the website pledge money in return for a reward which could be the item that needs funding, though in many cases the reward is less tangible thus making the pledge more charitable than financially driven. The four types of crowd funding campaign are; the donation model, the reward model, the lending model, the equity model.

In general, less than one third of crowd funding campaigns reach their goals. Factors that determine success include length of campaign, updates to the campaign page, starting and finishing strong, and adding new rewards particularly in response to feedback.

## CASE STUDY

### Flow bee hives

The Anderson family of Byron Bay promoted their Flow bee hives on the Indiegogo crowd funding platform hoping to raise US\$70,000. Unexpectedly the crowd funding campaign went viral and within fifteen minutes had raised US\$250,000. By the end of the first day they had raised US\$2.18 million and they finished the campaign with US\$12.2million in advanced orders.

*[source: [www.honeyflow.com.au/pages/about-us](http://www.honeyflow.com.au/pages/about-us)]*

# Donations and sponsorship

From the sausage sizzle to the gala fundraiser, Australians love helping out a good cause. An estimated 14.9 million Australian adults gave in total \$12.5 billion to charities and non-profit organisations over 12 months in 2015-2016. *[Source: Department of Social Services, Giving Australia 2016].*

## How to collect donations

There are hundreds of different methods used to collect donations and new ways are being invented all the time. A search online for fundraising ideas will uncover lots of suggestions. Big organisations will employ fundraisers to coordinate telephone campaigns, street fundraising, letterbox drops, and television advertising and door knock appeals. Community groups use time honoured methods such as raffles and sponsored activities.

Decide on a strategy on how to get donations. If you are looking for one big chunk of funding, then your strategy will be different to fundraising smaller amounts from multiple investors.

At the end of the day, regardless of what approach you use, remember to give people a reason for choosing to donate. The most common reasons for choosing to give include:

- The cause aligns with personal or cultural values
- Personal satisfaction and caring about doing the right thing
- Giving back

## Getting organised

People will trust you with a donation if you keep it professional, so their money can be accounted for as it is collected and then spent on the cause they are donating to.

It is essential to check with the Consumer Affairs and Fair Trading Office to understand the law around asking for donations. The *Collections for Charities Act 2001* contains rules for the conduct of charities and for the use of money, goods or services donated or bequeathed. The Act applies to anyone who asks a member of the public to make a donation for a charitable purpose in Tasmania. This includes charities, marketing organisations, incorporated and non-incorporated bodies, religious organisations and individuals. Applying for approval is free.

## Philanthropists

Philanthropically funded foundations and trusts exist to provide major donations as an extension of their beliefs and purpose. Some have application processes and some will accept unsolicited requests, always do your homework.

## Corporate Sponsorship

Sponsors are a special kind of donor who see a benefit from a working relationship with you, and in return can be willing to provide cash, expertise and access to products and services. Sponsoring can be a one-off donation or support over a set period. Local Businesses may provide sponsorship in return for the positive image it portrays, particularly if it involves their target audience.

When approaching corporate sponsor be clear on what benefit the project sponsorship gives their business. For example: Hydro Tasmania sponsoring the Asthma Foundation (clean energy = clean air) or a local hotel sponsoring a local sporting club (after game functions and increased patronage).

### CASE STUDY

## Bellamy's Organic Tornadoes

"The Launceston Tornadoes are a semi-professional women's basketball club representing Northern Tasmania and have competed in the SEABL competition since 1994, winning the Championship in 1995.

Something the club's Board of Management focuses on is being both a professional club that plays in an elite league with a strong connection to the local community.

In Bellamy's Organic we saw a company who was doing the same in their industry of nutritious food for children. We began discussions with them about what each of us could offer the other which led to them committing to our top sponsorship tier of becoming our Naming Partner.

We have since got involved with Bellamy's Organics' team building activities, branding and promotion both on Game Days and with events within the schools and community environment. Their financial contribution is obviously important, but they have also provided expert advice on marketing, consumer engagement, social media and other professions.

The challenge with sponsorship is thinking you can't offer them enough of a return on their investment. It is both an art and a science, you need to be clear on the numbers such as audience reach, but you also need to be creative in how you might help them unlock growth in their business."

*[Printed with permission of Janie Finlay, Chair Launceston Tornadoes Basketball Club Inc.]*

# Grow revenue and conserve cash

This approach provides an opportunity to re-imagine your operation and identify ways to save money and make money.

## Do what you do, but better

First thoughts often go to finding savings, reducing spending and stopping leakages. But this approach also provides an opportunity to re-imagine the business and foster innovation.

Employees are one area to look for innovation. Often closer to the customer or supplier, they might have ideas on how to improve staff productivity, find new customers, find new markets, justify price increases or negotiate price decreases for direct costs.

## Diversify

Diversification is a way to build on what you have but to profit in a different way. A classic example of diversification is the farm that converts a farm building into a holiday rental.

Follow these steps to brainstorm diversification ideas:

1. List customer groups you have access to and things they need
2. List all the things you have, such as assets and their special attributes
3. Make a list of what you enjoy doing (even if you don't get paid)
4. List your skills and abilities
5. Look across the lists and look for a connection that shows that you have what it takes to meet a customer's need.

Tasmanians with a business idea can get five hours of free advice from their local Enterprise Centre. Contact **Business Tasmania** on telephone number 1800 440 026 to find out more.

### CASE STUDY

## Northern Suburbs Social Enterprise

The Northern Suburbs Community Centre in Launceston looked at how to grow revenue and reduce costs and have diversified into three businesses; seasonal veggie boxes, garden maintenance and cleaning services. These were enterprises where there was an identified need amongst local customers; they had some of the equipment already; people at the centre enjoyed team projects and there were skills in small business management and volunteer management.

*[printed with permission by Denise Delphin, Northern Suburbs Community Centre]*

# Selling up

One way to fund a project is to sell it to someone in a better position to make it happen. It is possible to have a great project but it never gets off the ground, or a project that once was great but the situation has changed. If a project would be better-off in someone else's hands then why not pass it to them?

Selling a project may not be like selling a property. The vendor may need to work with the purchaser for a long time to help them build their capacity to become the project owners. Negotiating a sale provides the opportunity to install conditions on the future of the project. Peppercorn rate or rental is a traditional term for a low value price offered for an initial period while the new owners settle in and invest in refreshing the operation.

Selling up can also help an organisation become more efficient, all ready for their next challenge!

## CASE STUDY

### Dorset Council and Derby

The redevelopment of the cafe and interpretation centre in Derby is a motivating example of an organisation selling a tourism asset so under someone else's ownership it can achieve its purpose to drive visitation. The Trail of the Tin Dragon was developed as a major draw-card for north east Tasmania. Based on the history of mining and the role of the Chinese, it forecasted 60,000 visitors a year and its centrepiece was the \$2.1 million Tin Dragon Interpretation Centre in Derby. The Trail of the Tin Dragon wasn't as popular as predicted and as owners of the asset Dorset Council found it unprofitable. In 2017 Dorset Council put the property on the market, with Councillor Howard, Mayor, being quoted "It's not the sort of business that we think we should be in and that's why we put it up for sale"<sup>1</sup>

*[printed with permission by Tim Watson, Dorset Council].*

1 <http://www.examiner.com.au/story/4795772/dragon-centre-tender-received/>

# Fundraising basics

## Talking about the project

We can all benefit from adopting some basic lessons from the business world and applying them to fundraising. Preparing a pitch for a project is a good way to talk confidently and clearly about it to potential investors. A pitch involves highlighting what the project is going to do and how it helps. It describes the project's vision, purpose, strengths, differentiators and opportunities for investors to become involved.

E.g. a new roof for the changing rooms will fix the leakage issues and qualify the club for senior and junior competitions; funds are needed for construction materials and labour.

## Using a fundraising strategy

A fundraising strategy helps an organisation stay focused, avoid pitfalls and hopefully reach its fundraising goals sooner.

The following steps for a fundraising strategy come from the **Funding Centre**:

Step 1:	Step 2:	Step 3:	Step 4:
Designate a fundraising coordinator; it helps to assign overall responsibility to someone who can champion and lead the fundraising strategy.	Set your parameters; decide what parts of the project needs fundraising, start and finish times.	Identify your fundraising methods; this guide introduces eight ways to fund a project, a fundraising strategy may need just one or it could use multiple methods.	Get your systems in order; to demonstrate proper use of funds a project should have a system that records donations and can show where the funds have gone and has protected itself from fraud and theft.
Step 5:	Step 6:	Step 7:	Step 8:
Get under way; start with a low risk activity that gets the ball rolling.	Monitor; check what is working well and what isn't and the likelihood of reaching the fundraising target.	Say thanks; plan how volunteers, donors or sponsors will be acknowledged and also celebrate the successes.	Review; list the key internal and external factors impacting on fundraising and consider how relationships with donors are going.

# If you are successful ....

---

Here are some tips on how to stay onside with your funding partner:

- Make sure you undertake the project as described in the grant deed or contract
- Keep funding partner informed if things change– no surprises!
- Have the systems in place to manage and be accountable for the funds
- Understand what reporting is required and if you need to get audited
- Set up ways to measure progress from the start
- Check if there are any other requirements of the funding body (e.g. reporting, media launches, signage etc.)
- Celebrate! Thank all those who have helped you achieve your funding goals.

## Accessing

---

RDA Tasmania have staff in Hobart, Launceston and Burnie and can meet project proponents to discuss accessing public and private funding, see final page for contact details.

---

### Professional advice

Expert advice is easily accessible in Tasmania. There are independent and corporate professional financial advisers in every major town with expertise in law, tax, business strategies and industry insights. Obtaining professional advice is critical to ensure any transaction is properly understood and paying for professional services should be costed into a budget.

## Government support

Government advice is available from:

### Department of State Growth

Located across the state to assist business, industry and the greater community with their development inquiries and business needs.

#### Head office - South

Level 1 Reception,  
22 Elizabeth Street, Hobart, TAS 7000

Phone: 1800 030 688

#### Regional office - North

Level 1 Cornwall Square Transit,  
12-16 St John Street, Launceston, TAS 7250

Phone: 03 6777 2809

#### Regional office - North-West

2nd floor Harris Building,  
Cnr Alexander & Cattley Streets, Burnie, TAS 7320

Phone: 03 6477 7091

If you are unsure which department or regional office can assist you with your inquiry please call the head office on 1800 030 688.

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

### Office of the Coordinator-General

The lead agency for investment attraction and is your first point of contact within the Tasmanian Government if you want to establish, relocate, diversify or expand your business in Tasmania. They specialise in:

- helping link potential investors to local opportunities
- introducing local businesses who are looking for new investors
- Showing global location consultants why Tasmania offers an unbeatable business location.

Level 1 Cornwall Square  
12-16 St John Street  
Launceston  
Tasmania AUSTRALIA 7250

Phone: +61 3 6777 2786

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

Web: [www.cg.tas.gov.au](http://www.cg.tas.gov.au)  
[www.enterprize.space](http://www.enterprize.space)

### Entrepreneurs Programme

The Programme uses experienced Advisers and Facilitators, drawn from industry, to ensure businesses get the advice and support needed to improve their competitiveness, productivity and to seek growth opportunities.

Web: [www.business.gov.au/assistance/entrepreneurs-programme-summary](http://www.business.gov.au/assistance/entrepreneurs-programme-summary)

### AusIndustry

AusIndustry is the Australian Government's principal agency for delivering assistance, programmes and services which support industry, research and innovation.

(03) 6230 9900

Level 4, NAB House, 86 Collins Street, Hobart TAS 7000

### Enterprise Centres Tasmania

Enterprise Centres Tasmania is a statewide network of business advisors and mentors, created to help small businesses and their owners to reach their potential. Enterprise Centres Tasmania is a free service supported by the Tasmanian Government and is designed for every stage of your business life.

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

Telephone 1800 440 026

### Community, Sport and Recreation

Subscribe to their free grant alert email by contacting [csrgrants@dpac.tas.gov.au](mailto:csrgrants@dpac.tas.gov.au)

# About RDA Tasmania

---

Regional Development Australia (RDA) is a national network of Committees made up of local leaders who work with all levels of government, business and community groups to support the economic development of their regions.

RDA Tasmania represents the entire state of Tasmania with staff located in Hobart, Burnie and Launceston who:

- Collaborate with relevant stakeholders to identify economic opportunities and leverage private and public sector investment to the regions;
- Connect regional businesses, councils and industry sectors with international trade partners, financial markets and potential investors
- Support community stakeholders to develop project proposals to access funding
- Engage with regional entrepreneurs and emerging business leaders to explore new opportunities to grow local jobs in their regions

## **Office address**

Level 1, Cornwall Square  
12-16 St John Street  
Launceston  
Tasmania 7250

## **Postal address**

PO BOX 85  
Launceston  
Tasmania 7250

**Telephone** (03) 6334 9822

**Email** [rdatasmania@rdatasmania.org.au](mailto:rdatasmania@rdatasmania.org.au)

**Website** [www.rdatasmania.org.au](http://www.rdatasmania.org.au)