

HAZELWOOD SUPPLY CHAIN TRANSITION PROGRAM

SEEKING SUPPLIERS TO DELIVER SERVICES
FOR THE HAZELWOOD SUPPLY CHAIN
TRANSITION PROGRAM (HSCTP)

1. BACKGROUND

The Hazelwood Supply Chain Transition Program (HSCTP) is a fund of up to \$5 million that will provide intensive tailored support to businesses in the Hazelwood supply chain to guide them through the transition period as Hazelwood power station and mine closes.

The HSCTP is focused on retaining industry capability and jobs in the Latrobe Valley that might otherwise be lost due to the Hazelwood closure.

The HSCTP is part of the Victorian Government's \$40 million Latrobe Valley Economic Development Program (LVEDP) which targets the needs of the region and intensifies the government's efforts to support its economic diversification, growth and resilience.

2. PROGRAM OBJECTIVES

The HSCTP will provide Hazelwood supply chain companies with the support they need to plan for their future, including access to new sectors and markets.

This will be achieved by:

- > Providing intensive support to equip supply chain companies with options and strategies for transition
- > Offering assistance to implement key recommendations identified in their transition plan.

3. SCOPE OF SERVICES

Regional Development Victoria (RDV) is seeking to establish a panel of Business Specialists to collectively deliver business transition projects for eligible energy supply chain companies in Hazelwood.

The panel of Business Specialists approved to deliver projects will be listed on the Business Victoria website. Individual entries will include areas of expertise, geographic service locations and contact details.

4. NATURE OF ASSISTANCE

The Hazelwood Supply Chain Transition Program offers two separate stages of assistance.

4.1 BUSINESS TRANSITION PLAN

Independent Business Specialists will provide intensive support to participating companies, including the completion of a business diagnostic to help identify future opportunities and assistance required. The diagnostic outcomes will then form the basis of a Business Transition Plan, which will be developed by the Business Specialist and the participant.

The Business Transition Plan will identify target sectors and markets for diversification as well as the strategies and capabilities the company needs to pursue to transition.

Where a supply chain company has an established transition plan that was developed independently of the HSCTP prior to November 2016, a Business Specialist may be engaged to undertake a review of the existing plan. The review will determine if appropriate strategies are in place to assist the supply chain company through the transition period, and make recommendations for change where appropriate. A supply chain company may be eligible for assistance to develop a revised Business Transition Plan if necessary.

4.2 BUSINESS TRANSITION SERVICES AND MERGER ADVISORY SERVICES

4.2.1 Business Transition Services

At the completion of the Business Transition Plan stage, participating supply chain companies may be eligible to receive assistance towards business transition activities identified in their plan. The nature of support will depend on the outcomes identified in the Business Transition Plan. Where common needs are identified across a number of program participants, group delivery of specialist services may be appropriate and cost-effective. Business Transition Services may be delivered by one or more Business Specialists.

4.2.2 Merger Advisory Services

Where business merger has been identified in the Business Transition Plan as the appropriate course of action, support for Merger Advisory Services may be provided to maximise retention of industry capability and jobs. Merger Advisory Services are designed to provide advice on the strategies required for a business merger. Merger Advisory services must be delivered by one Business Specialist.

4.2.3 ADDITIONAL ASSISTANCE

Assistance from a representative of RDV will be incorporated into all program streams, providing the supply chain company with information on existing State and Federal industry support programs.

5. PROJECT ACTIVITIES

5.1 ELIGIBLE PROJECT ACTIVITIES

Activities funded under Business Transition Services include (but is not limited to):

- > new product development
- > business matching
- > assistance with management skills
- > sales and marketing strategies
- > financial management
- > market access activities.

Activities funded under Merger Advisory Services include (but is not limited to):

- > business valuations
- > asset valuations and registers
- > due diligence
- > intellectual property (IP) frameworks
- > leasehold premise obligations.

5.2 INELIGIBLE PROJECT ACTIVITIES

The following will not be funded under the HSCTP:

- > capital expenditure
- > legal expenses (unless specified above)
- > worker entitlements
- > sales agreement negotiations or any other activity required to formalise a business merger
- > Business Transition Services that duplicate existing government initiatives
- > Business Transition Services where the applicant has not applied for, and completed, a HSCTP Business Transition Plan.

Exemptions may be made where the applicant has an established transition plan that was developed independently of the HSCTP after November 2016. Assistance of any kind will not be provided to applicants who commence their project prior to receiving a Letter of Offer from the Department, and companies will be liable for the full project costs incurred should their application not be successful.

6. PROGRAM DELIVERY

Applications for assistance from supply chain companies must be submitted through RDV Gippsland. All applicants must declare they have spoken to their nominated Business Specialist about the HSCTP and are satisfied with the work proposed. This will be confirmed with the relevant Business Specialist by the Department prior to the assessment of any application.

7. VALUE OF ASSISTANCE AND PARTICIPANT CO-CONTRIBUTION

HSCTP Activity	Support Provided
Review of an established Business Transition Plan	\$5,000
Development of a Business Transition Plan	\$16,000 ¹
Business Transition Services	Up to \$55,000
Merger Advisory Services	Up to \$10,000

The level of support for Business Transition and Merger Advisory Services will depend on the outcomes and recommendations in the Business Transition Plan, as well as the scope of work and associated costings included in the application.

Total support provided for any Hazelwood supply chain company will be capped at \$71,000.

Supply chain companies will be required to meet any additional costs where the total project cost exceeds the value of support provided by the Department.

For example, if the total project cost for Merger Advisory Services is \$15,000, the Department will provide support of \$10,000, with supply chain companies required to contribute \$5,000 to the project.

The Department reserves the right to determine the value of the support, which may be less than the amount requested by the applicant.

Funds from other Victorian or Commonwealth Government programs cannot form part of the co contribution.

8. TRAVEL AND ASSOCIATED COSTS

Potential Business Specialists need to consider the geographic location of supply chain companies and the likelihood of travel prior to applying to become a Business Specialist.

Associated travel expenses to deliver transition projects must not exceed 5 per cent of the total project cost. In the case of applications for Business Transition and Merger Advisory Services, no other travel related expenses or costs are claimable outside of the quote included with the application.

9. PROGRAM ELIGIBILITY

9.1 BUSINESS SPECIALIST ELIGIBILITY

To be considered to become a Hazelwood Supply Chain Transition Program Business Specialist, applicants must:

- > Have an Australian Business Number (ABN)
- > Be registered for GST
- > Be a Victorian-based² business with a high level understanding of the energy industry, and the Hazelwood energy supply chain in particular
- > Demonstrate experience providing strategic analysis (including diagnostics) and planning for businesses in Victoria
- > Be financially viable³.

9.2 SUPPLY CHAIN COMPANY ELIGIBILITY

Supply chain companies must generally meet the following criteria to be eligible for assistance under the Hazelwood Supply Chain Transition Program:

- > Have an Australian Business Number (ABN)
- > Be incorporated in Victoria
- > Have been trading continuously for the past four years
- > Be a Victorian based business, with at least 20 per cent of revenue⁴ derived from the Hazelwood Power Generator and Mine and their supply chain
- > Be based in Latrobe Valley (Latrobe, Wellington and Baw Baw), with businesses located in the broader Gippsland region to be considered on an exceptions basis.

1. Or \$11,000 if a business has had an established Business Transition Plan reviewed and it has been found to require additional information.

2. Unless the services offered by the applicant are unique and cannot be delivered by a Victorian-based Business Specialist.

3. Applications to become a Business Specialist must include audited final accounts for the previous three (3) Financial Years, plus Interim accounts if the final accounts are over six (6) months.

4. Applicants must provide a statement from their accountant that confirms their revenue sources.

The following are not eligible to be an HSCTP participant:

- > Individuals, partnerships, or trusts, however an incorporated trustee can apply on behalf of a trust provided that the State is satisfied that the incorporated trustee will remain sufficiently liable for the performance or any agreement it signs
- > Commonwealth, State and Local Government agencies and bodies
- > Publicly funded research institutions
- > Not-for-profit organisations
- > Community-based organisations.

10. DURATION OF PROJECTS

Business Transition Plan projects must be completed within two (2) months of the date of the offer of funding.

Business Transition Services and Merger Advisory Services must be completed within twenty four (24) months of the applicant accepting the offer of funding.

The completion of projects within these timeframes will be legally binding commitments in the approval documentation.

All HSCTP projects must be completed by 30 June 2019.

11. EVALUATION CRITERIA

RDV will evaluate applications to become a Business Specialist against the following criteria:

Professional competence

- 1.1 General Capabilities
 - 1.1.1 Level of services proposed in terms of alignment with program guidelines
 - 1.1.2 Methodology for the delivery of transition services
 - 1.1.3 Organisational location, infrastructure and appropriate staffing to support service delivery.

1.2 Industry knowledge

- 1.2.1 Knowledge of energy industry as it applies to the required services.
- 1.2.2 Experience working with energy supply chain companies (or similar) who are transitioning into new sectors and markets.

1.3 Engagement Specific Capabilities

- 1.3.1 Extensive experience in providing independent, objective and impartial advice to assist in business development
- 1.3.2 Sound understanding of diagnostic processes and their impact on business improvement (if offering Business Transition Planning services)
- 1.3.3 Other areas of expertise, such as product development, market access, sales and marketing, financial management, etc.

Commercial

- 2.1 Financial viability
- 2.2 Risk and Insurance
- 2.3 Conflict of Interest

12. SERVICE STANDARDS

All transition projects must include at least 10 billable hours of work for every \$5,000 funded by the Department.

Business Specialists are responsible for ensuring each Program element is completed.

Business Transition Plans must be documented in a report developed by the Business Specialist, in consultation with the energy supply chain company.

Reporting templates must be approved by RDV prior to the commencement of any transition project.

Any approved HSCTP project will only be considered completed once the supply chain company has endorsed its satisfactory delivery by signing the funding agreement.

13. RULES OF USE OF THE PANEL

Business Specialists will be able to refer eligible businesses from their own clientele to apply for business transition support through the program. Once an application is accepted by the Department, the eligible business and the Business Specialist will be advised of their acceptance into the Program and the relevant project can commence. At this stage, the participating business will also be assigned a contact within the Department.

14. BUSINESS SPECIALISTS LEAVING THE PANEL

Business Specialists who leave the Panel due to poor performance, the absence of demand for Services, or at the request of the Business Specialist will be required to ensure that all information required to continue the delivery of the Services is up-to-date.

15. PAYMENT ARRANGEMENTS

Business Specialists are responsible for providing supply chain companies with invoices for the co-contribution payment after the supply chain company application has been approved by the Department.

Business Specialists are required to invoice the Department upon the completion of the relevant transition project, including sign-off by the supply chain company.

The Department will only pay Business Specialists once it is satisfied the project is complete, however milestone payments may be considered for Business Transition and Merger Advisory Services.

Invoices must include the name of the supply chain company and details of the payment being claimed by the Business Specialist. Invoices will only be paid following review and acceptance of the relevant program deliverables by the Department.

16. CONFIDENTIALITY

RDV will, to the extent permitted by law, treat all information as strictly confidential and commercial-in-confidence where relevant. Any personal information will be managed in accordance with the published Privacy Policy, which can be found at business.vic.gov.au/privacy.

17. CONTACTS AND FURTHER

INFORMATION

More information on the program can be accessed through the Hazelwood Supply Chain Transition Program webpage: (<http://www.rdv.vic.gov.au/programs-and-grants/hazelwood-supply-chain-transition-program>).

Applicants requiring further information should contact:

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