

TOWARDS FUTURE INDUSTRIES

# LOCAL INDUSTRY FUND FOR TRANSITION

Program Guidelines



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# 1. BACKGROUND

The Local Industry Fund for Transition (LIFT) is a Victorian Government initiative that supports investment by businesses leading directly to new sustainable jobs in regions affected by the announced closures of the three major car manufacturers (Ford, Holden and Toyota) in Victoria. It will focus on new investment to create new or additional capacity that results in sustainable jobs and helps the region build its economic base.

LIFT is part of the Victorian Government's *Towards Future Industries: Victoria's Automotive Transition Plan*, which aims to:

- Help businesses in the automotive parts and related supply chain industries find new markets in the global automotive industry or other industries within Australia
- Provide assistance to automotive industry workers to find new jobs
- Support economic development in the areas most affected by the closure of the major car manufacturers.

LIFT comprises four sub-funds covering the geographical areas of:

- LIFT Geelong – Local Government Areas of Colac-Otway, Golden Plains, Greater Geelong, Queenscliff and Surf Coast
- LIFT Melbourne's North – Local Government Areas of Darebin, Hume, Moreland and Whittlesea
- LIFT Melbourne's South East – Local Government Areas of Greater Dandenong, Kingston, Casey, Frankston, Knox, Monash, Whitehorse, Maroondah, Cardinia and Yarra Ranges
- LIFT Melbourne's West – Local Government Areas of Wyndham, Melton, Hobsons Bay, Maribyrnong, Brimbank and Moonee Valley.

LIFT replaces and builds on the former Geelong Region and Melbourne's North Innovation and Investment Funds.

# 2. PROGRAM OBJECTIVES

LIFT aims to create sustainable jobs and contribute to the economic development of the local areas most impacted by the closure of the major car manufacturers. This will be achieved through supporting capital investment by businesses located, or wishing to locate, operations in these areas to build each regions' economic base and create sustainable job opportunities.

## 3. ELIGIBILITY

### 3.1 THE APPLICANT

To be eligible for assistance, applicants must have the following:

- An Australian Company Number (ACN)
- An Australian Business Number (ABN)
- Financial capacity to meet the co-contribution requirement (\$3 for every \$1 granted)
- Financial reports for the last three financial years to enable the Department of Economic Development, Jobs, Transport and Resources (the Department) to conduct a financial risk assessment (FRA).

FRAs are undertaken by the Department to establish the financial risk exposure of the applicant, and whether the applicant is likely to remain financially viable over the duration of the project.

Businesses of all sizes are eligible to apply and joint applications are acceptable, provided there is a lead applicant that is both the primary project proponent and an eligible applicant.

Where a project involves two or more businesses, the lead applicant should submit the application and will be subject to a FRA. All participating businesses will be subject to probity checks.

The following are not eligible to apply:

- 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.

### 3.2 THE PROJECT

Applications are sought from companies investing in projects that will:

- Meet the purpose of LIFT
- Create new and sustainable jobs in one of the four identified geographical areas<sup>1</sup>
- Make a significant contribution to the local economy
- Involve at least \$200,000 in eligible expenditure<sup>2</sup>
- Not involve the movement of business activity from other areas of Victoria.

To be eligible under LIFT-Geelong, a project must be proposed to be located in regional Victoria, specifically the five local government areas that comprise the G21 (Geelong Regional Alliance) Council region. These five local government areas are the City of Greater Geelong, Surf Coast Shire, Golden Plains Shire, Colac Otway Shire and the Borough of Queenscliff.

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<sup>1</sup> Creation of new jobs criteria for identified automotive supply chain businesses, as described in the Automotive Supply Chain Transition Program Guidelines or as determined by the Department, may be waived.

<sup>2</sup> Not applicable to identified automotive supply chain businesses, as described in the Automotive Supply Chain Transition Program Guidelines or as determined by the Department. For these businesses, projects with lower total project expenditure will be considered.

## 4. FUNDING

### 4.1 LEVEL OF FUNDING

The program provides grants of up to 25 per cent of eligible project expenditure, with a maximum grant of \$2 million. Applicants will need to outline the expected returns from the investment, including jobs and other economic benefits.

**Projects with total eligible expenditure of less than \$200,000 will not be considered for this program.<sup>2</sup>**

Funds from any other government program (Commonwealth or state) cannot form part of the co-contribution.

Applicants are required to demonstrate the need for government funding, including the likelihood of the project proceeding if the application is unsuccessful.

If two or more businesses are applying jointly, all businesses may contribute to project expenditure to meet the co-contribution requirement.

There is no guarantee that an application will be supported for funding, or that the amount of funding requested will be offered.

### 4.2 ELIGIBLE PROJECT ACTIVITIES

Funding will only be provided to meet a successful applicant's eligible expenditure on the approved project.

Eligible project expenditure may include:

- Purchase of equipment or machinery to assist business establishment or expansion (including for example, second hand or repurposed automotive manufacturing equipment)
- Direct labour costs incurred on employees directly employed on implementing and/or commissioning the agreed project
- Construction or fit-out of a new building or extension to existing premises
- Associated project management costs.

Applicants must meet the co-contribution requirement with expenditure on eligible project activities. **In-kind contributions are excluded** (i.e. non-monetary resources).

Funding will not be provided for retrospective activities (i.e. where project expenditure is incurred prior to receipt and acceptance of a letter of offer). Applicants that commence their projects prior to execution of a grant agreement do so at their own risk.

Projects will be expected to commence within 90 days of execution of the grant agreement. Applicants will also need to provide evidence, in the form of a purchase order and/or invoice from the supplier/s, that at least ten per cent of eligible project expenditure has been committed by this date.

Eligible project expenditure must:

- Be incurred by the grant recipient within 18 months of execution of the grant agreement or by the project completion date in the grant agreement<sup>3</sup>
- Be a direct cost of the project
- Be exclusive of the Goods and Services Tax (GST).

### 4.3 INELIGIBLE PROJECT ACTIVITIES

The following activities will not be supported through the program:

- Investment to retain existing jobs<sup>4</sup>
- Costs related to preparing the grant application, preparing any project reports and preparing any project variation requests
- Website development (unless the website is part of the value proposition of the project) marketing, sales and promotional activities
- Prospecting, exploring or drilling for minerals, petroleum or natural gas for the purpose of discovering deposits, determining more precisely the location of deposits or determining the size or quality of deposits
- Research or scoping activities
- Routine operational expenses, including communications, accommodation, office computing facilities, printing and stationery, postage, legal and accounting fees and bank charges
- Routine replacement or a minor upgrade of plant and equipment
- General business management and administration not directly related to the eligible project.

The above list of ineligible activities is not exhaustive. Other activities or types of expenditure may be ineligible where the Department delegate decides they do not directly support the achievement of the planned outcomes for the project or that they are contrary to the objectives and intention of the program.

### DURATION OF PROJECT

**The activities being undertaken are to be completed within 18 months of the date of the Grant Agreement.** Completion of the project within this timeframe will be a legally binding commitment in the Grant Agreement.

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<sup>3</sup> With the exception of final audit costs, which can be incurred within three months after the project completion date.

<sup>4</sup> Not applicable to identified automotive supply chain businesses, as described in the Automotive Supply Chain Transition Program Guidelines or as determined by the Department. For these businesses, investment that leads to transitioned and/or retained jobs will be considered.

## 5. ASSESSMENT CRITERIA

Successful applications will need to rate highly against each of the following key selection criteria:

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### Assessment Criteria

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#### 1. The level of job creation

- Number and type of new and sustainable full-time equivalent jobs generated through the project and timeline for job creation<sup>1</sup>
- The extent to which the project will create jobs for local workers facing retrenchment due to the closure of automotive manufacturing operations<sup>5,6</sup>

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#### 2. The level of net economic benefit

- The level of investment generated by the project
- The extent to which the project will contribute to the region's economic base, without movement of existing activities from other areas of Victoria
- The extent of innovation in the project, including new technology
- Expected future growth in business operations

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#### 3. The demonstrated skills, experience and resources available to the business to successfully undertake the project

- Governance arrangements, e.g. company structure
- Evidence that the business has the capability to implement the project, e.g. CVs of lead project team, record of success in implementing similar initiatives
- Project implementation plan

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#### 4. Sustainability of the project and need for Government support

- Evidence that the business activities will continue beyond the project completion date without Government support
- The impact of the grant on the project size and timing
- The extent to which the project would go ahead without the grant
- If the applicant's annual turnover is more than \$100 million, the applicant will need to demonstrate a particularly compelling argument about why government support is needed

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<sup>5</sup> Project funding can only be used to employ the following categories of people: permanent resident of Australia, citizen of Australia or New Zealand, spouse of an Australian permanent resident or citizen (e.g. visa subclass 300, 309) or refugee. Successful applicants that hire employees on other classes of visas will be determined to be in breach of their funding conditions and the grant agreement may be terminated.

<sup>6</sup> In the case of LIFT Geelong, preference will also be given to projects that create jobs for workers retrenched due to the closure of Alcoa's Point Henry and Anglesea operations.

## 6. APPLICATION PROCESS

Potential applicants are encouraged to consider carefully their ability to meet the program requirements and how they will perform against the assessment criteria before committing significant resources to developing an application. For contact details and further information please contact Business Victoria on **13 22 15** or visit [www.business.vic.gov.au/LIFT](http://www.business.vic.gov.au/LIFT).

Applications are assessed against the key selection criteria.

### 6.1 HOW TO APPLY

There is a two-stage application process:

- Expression of interest (EOI), followed by
- An invitation by the Department to submit a formal application.

EOIs can be submitted at any time.

Formal applications will only be accepted within 90 days of an invitation to apply.

#### 6.1.1 Expression of Interest (EOI)

In the first instance, applicants are requested to submit an EOI via the online application form available on the Business Victoria website at [www.business.vic.gov.au/LIFT](http://www.business.vic.gov.au/LIFT).

The EOI will:

- Determine the applicant's eligibility
- Advise the Department as to the principal activities of the applicant
- Provide the name and a brief description of the project seeking funding
- Briefly address how the project aligns with the objectives of the program.

The EOI can only be made using the online form. Printed, facsimile, posted or other methods of delivery of the EOI form will not be accepted.

All sections of the EOI form must be completed in full.

All EOIs will be considered by the Department and businesses should expect to receive feedback on their EOI within approximately four (4) weeks of the date of its submission. Short-listed applicants will then be invited to formally apply for funding within 90 days of the date of invitation to apply.

There is no guarantee that an applicant will be short-listed or invited to formally apply.

Businesses with annual turnover of more than \$100 million will not be invited to formally apply for funding unless the EOI demonstrates a particularly compelling argument about why government support is needed.

Applicants whose EOIs are not supported will be advised via email.

## 6.1.2 Applications

Applications can only be made in response to a formal invitation from the Department following short-listing of their EOI.

Applications can only be made using the electronic link provided in the notification email and must be submitted online. Printed, facsimile, posted or other methods of delivery of the application form will not be accepted.

All sections of the application form must be completed in full and all requested attachments provided.

All applications must be accompanied by the following supporting documentation:

- Evidence of co-contribution including:
  - evidence of support from the Board or business owner that the business can undertake the project and meet its co-contribution costs; and
  - an approved loan facility (including loan amount); or
  - cash in bank (current bank statement); or
  - management accounts demonstrating satisfactory cash flow or liquid assets<sup>7</sup>
- Project implementation plan, including an employment plan<sup>8</sup> (a template providing guidance about information to be included in the project implementation plan is available at [www.business.vic.gov.au/LIFT](http://www.business.vic.gov.au/LIFT) )
- Audited Financial Reports for the past three years (including Profit & Loss, Balance Sheet and notes to the accounts)
- Management or interim accounts for the current year, if the most recent Financial Report is more than six months old
- Current business plan incorporating financial projections (Profit & Loss and Cash Flow)<sup>9</sup>
- A basic marketing plan outlining how any sales objectives of the project will be achieved.

It is the applicant's responsibility to ensure all requested documentation is supplied to the Department. Failure to do so may result in the application being rejected.

There is no guarantee that an application will be supported for funding, or that the amount of funding requested will be offered.

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<sup>7</sup> The applicant's co-contribution must not rely on cash flows generated from the project when operational.

<sup>8</sup> Applicants will be required to outline the number of new employees and the skills and capabilities they require for the project. Applicants will be expected to work with the Skills and Jobs Centres to implement strategies that maximise the number of retrenched automotive workers that will transition to the project – prior to submitting applications. Recipients of funding under LIFT-Geelong will also need to consider workers retrenched due to the closure of Alcoa's Point Henry and Anglesea operations.

<sup>9</sup> The financial projections should cover the life of the project and should reflect the financial benefits expected to be generated from the project. The cash flow projections should include project expenditure and project funding as separate items in cash outflow and inflow.

## 7. ADMINISTRATION AND ASSESSMENT OF FORMAL APPLICATIONS

All applications will be assessed against the eligibility and assessment criteria, and their ability to meet the objectives of the program.

The Department will establish an Assessment Panel to review all eligible applications and provide recommendations to the Minister for Industry.

The Minister's decision is final and there is no right of appeal. Feedback will be provided to unsuccessful applicants by the Department.

Shortlisted applicants may be contacted to provide additional supporting documentation and confirm the performance targets and milestones. These agreed performance targets and milestones will be documented prior to the application being submitted for further assessment and will form the basis of payment milestones in the grant agreement, if successful.

## 8. APPROVAL AND GRANT AGREEMENT

### 8.1 APPROVAL

Businesses should expect to learn the outcome of their application within approximately eight (8) weeks of submission of the application.

The Minister is responsible for final approval of successful projects and the allocation of grant funding. A letter of offer signed by the Minister will be forwarded to successful applicants. Applicants will have 30 calendar days from the date of the letter of offer to accept the offer in writing and 60 calendar days from the date of acceptance to execute the Grant Agreement with the Department. The offer may be withdrawn if the Grant Agreement is not executed within the 60-day timeframe.

### 8.2 GRANT AGREEMENT

Subject to acceptance of the offer by the applicant, a legally binding Grant Agreement will be prepared reflecting the project, proposed outcomes, milestones and conditions of payment.

### 8.3 PUBLICITY

Recipients must:

- Agree to cooperate with the Department in the preparation of materials used to promote the benefits of the program to industry, such as a media release or case study on the project
- Consult with the Department prior to the publication of any project promotion materials.

## 9. REPORTING

### 9.1 REPORTING AND EVALUATION

All recipients of grant funds must agree to:

- comply with performance monitoring requirements, including written reports and face-to-face meetings
- participate in formal evaluations of the program by the Department.

## 10. CONFIDENTIALITY

The Department 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](http://business.vic.gov.au/privacy).

## 11. CONTACTS AND FURTHER INFORMATION

For more information:

- LIFT webpage ([www.business.vic.gov.au/LIFT](http://www.business.vic.gov.au/LIFT))
- Email the program team at [lift@ecodev.vic.gov.au](mailto:lift@ecodev.vic.gov.au) or contact your local Victorian Government business representative
- Phone the Business Victoria Help Line on **13 22 15**.

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**Please note that engagement with DEDJTR or any Victorian Government representative does not constitute endorsement of any application for assistance.**

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