AUTOMOTIVE SUPPLY CHAIN TRANSITION PROGRAM

TOWARDS FUTURE INDUSTRIES

Seeking suppliers to deliver services for the Automotive Supply Chain Transition Program (ASCTP)
# 1. CONTENTS

1. BACKGROUND 3
2. PROGRAM OBJECTIVES 3
3. SCOPE OF SERVICES 3
4. NATURE OF ASSISTANCE 4
   4.1 Business Transition Plan 4
   4.2 Business Transition Services and Merger Advisory Services 4
   4.2.1 Business Transition Services 4
   4.2.2 Merger Advisory Services 4
   4.3 Additional assistance 5
5. PROJECT ACTIVITIES 5
   5.1 Eligible Project Activities 5
   5.2 Ineligible Project Activities 5
6. PROGRAM DELIVERY 6
7. VALUE OF ASSISTANCE AND PARTICIPANT CO-CONTRIBUTION 6
8. TRAVEL AND ASSOCIATED COSTS 7
9. PROGRAM ELIGIBILITY 7
   9.1 Business Specialist Eligibility 7
   9.2 Supply Chain Company Eligibility 8
10. DURATION OF PROJECTS 8
11. EVALUATION CRITERIA 9
12. SERVICE STANDARDS 9
13. RULES OF USE OF THE PANEL 10
14. BUSINESS SPECIALISTS LEAVING THE PANEL 10
15. PAYMENT ARRANGEMENTS 10
ATTACHMENT A - VICTORIAN GOVERNMENT REGIONS 11
1. BACKGROUND

The Automotive Supply Chain Transition Program (ASCTP) is a Victorian Government initiative that will provide intensive tailored support to businesses in the automotive supply chain to guide them through the transition period as major car manufacturing in Victoria ceases.

The ASCTP is focused on retaining industry capability and jobs in Victoria that might otherwise be lost due to the announced closures of the three major car manufacturers (Ford, Holden and Toyota) in Victoria.

The ASCTP 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.

2. PROGRAM OBJECTIVES

The ASCTP will provide Victorian automotive supply chain companies with the support they need to plan for their future.

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 the plan.

3. SCOPE OF SERVICES

The Department of Economic Development, Jobs, Transport & Resources (DEDJTR) is seeking to establish a panel of Business Specialists to collectively deliver business transition projects for eligible automotive supply chain companies throughout Victoria.

Business Specialists may nominate to deliver business transition projects across all of Victoria, or to an individual or group of Victorian Government Regions or Local Government Areas (LGA)1.

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.

1 See Attachment A for listing of Victorian Government Regions and LGAs.
4. **NATURE OF ASSISTANCE**

The Automotive 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 ASCTP between May 2013 and November 2015, 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.
4.3 ADDITIONAL ASSISTANCE

Assistance from a representative of the Department 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 includes (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 includes (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 ASCTP:

- 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, an ASCTP Business Transition Plan. Exemptions may be made where the applicant has an established transition plan that was developed independently of the ASCTP after May 2013.

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 via the Business Victoria website (business.vic.gov.au/asctp).

All applicants must declare they have spoken to their nominated Business Specialist about the ASCTP 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

<table>
<thead>
<tr>
<th>ASCTP Activity</th>
<th>Support Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review of an established Business Transition Plan</td>
<td>$5,000</td>
</tr>
<tr>
<td>Development of a Business Transition Plan</td>
<td>$16,000(^2)</td>
</tr>
<tr>
<td>Business Transition Services</td>
<td>Up to $55,000</td>
</tr>
<tr>
<td>Merger Advisory Services</td>
<td>Up to $10,000</td>
</tr>
</tbody>
</table>

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 automotive supply chain company will be capped at $71,000.

\(^2\) Or $11,000 if a business has had an established Business Transition Plan reviewed and it has been found to require additional information.
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% 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 an ASCTP Business Specialist, applicants must:

- have an Australian Business Number (ABN)
- be registered for GST
- have a high level understanding of the automotive industry, and the Victorian supply chain in particular
- demonstrate experience providing strategic analysis (including diagnostics) and planning for businesses in Victoria
- be financially viable.

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.
9.2 SUPPLY CHAIN COMPANY ELIGIBILITY

The Program will be open to automotive supply chain businesses who meet all the following criteria:

- have an Australian Business Number (ABN)
- are incorporated in Victoria
- have been trading continuously since May 2013 (when the closure of the car companies was first announced)
- are a Victorian-based business, with at least 10 per cent of revenue\(^4\) derived from new car manufacturing by the three local car manufacturers (Ford, Holden and Toyota) and their supply chain

The following are not eligible to receive ASCTP assistance:

- individuals, partnerships, or trusts, however an incorporated trustee can apply on behalf of a trust
- 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 applicant accepting the offer of funding.

Business Transition 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.

---

\(^4\) Applicants may be required to provide evidence that confirms their Victorian revenue sources.
11. EVALUATION CRITERIA

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

<table>
<thead>
<tr>
<th>Evaluation criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Professional competence</strong></td>
</tr>
<tr>
<td>11 General Capabilities</td>
</tr>
<tr>
<td>11.1 Level of services proposed in terms of alignment with program guidelines</td>
</tr>
<tr>
<td>11.2 Methodology for the delivery of transition services</td>
</tr>
<tr>
<td>11.3 Organisational location, infrastructure and appropriate staffing to support service delivery</td>
</tr>
<tr>
<td>12 Industry knowledge</td>
</tr>
<tr>
<td>12.1 Knowledge of automotive industry as it applies to the required services</td>
</tr>
<tr>
<td>12.2 Experience working with automotive supply chain companies (or similar) who are transitioning into new sectors and markets</td>
</tr>
<tr>
<td>13 Engagement Specific Capabilities</td>
</tr>
<tr>
<td>13.1 Extensive experience in providing independent, objective and impartial advice to assist in business development</td>
</tr>
<tr>
<td>13.2 Sound understanding of diagnostic processes and their impact on business improvement (if offering Business Transition Planning services)</td>
</tr>
<tr>
<td>13.3 Other areas of expertise, such as product development, market access, sales and marketing, financial management, etc.</td>
</tr>
<tr>
<td><strong>Commercial</strong></td>
</tr>
<tr>
<td>21 Financial viability</td>
</tr>
<tr>
<td>22 Risk and Insurance</td>
</tr>
<tr>
<td>23 Conflict of Interest</td>
</tr>
</tbody>
</table>

12. SERVICE STANDARDS

All transition projects must include at least 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 automotive supply chain company.

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

Any approved ASCTP 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.
## ATTACHMENT A - VICTORIAN GOVERNMENT REGIONS

### Metropolitan

**Melbourne Region**
- Melbourne
- Port Phillip
- Stonnington
- Yarra

**Eastern Region**
- Yarra Ranges
- Knox
- Monash
- Maroondah
- Whitehorse
- Manningham
- Maroondah

**Northern Region**
- Banyule
- Darebin
- Hume
- Moreland
- Nillumbik
- Whittlesea

**Southern Region**
- Cardinia
- Casey
- Frankston
- Mornington Peninsula
- Kingston
- Glen Eira
- Bayside
- Greater Dandenong

**Western Region**
- Brimbank
- Hobsons Bay
- Maribyrnong
- Melton
- Moonee Valley
- Wyndham

### Regional

**Loddon Mallee Region**
- Mildura
- Swan Hill
- Buloke
- Gannawarra
- Loddon
- Campaspe
- Greater Bendigo
- Central Goldfields
- Mount Alexander
- Macedon Ranges

**Barwon South West Region**
- Glenelg
- Southern Grampians
- Moyne
- Corangamite
- Colac-Otway
- Surf Coast
- Greater Geelong
- Queenscliff
- Warrnambool

**Hume Region**
- Moira
- Greater Shepparton
- Strathbogie
- Mitchell
- Murrindindi
- Mansfield
- Benalla
- Alpine
- Wangaratta
- Indigo
- Towong

**Grampians Region**
- West Wimmera
- Horsham
- Hindmarsh
- Yarriambiack
- Northern Grampians
- Ararat
- Pyrenees
- Ballarat
- Hepburn
- Moorabool
- Golden Plains

**Gippsland**
- East Gippsland
- Wellington
- La Trobe
- Baw Baw
- South Gippsland
- Bass Coast