



Local Capability Fund Guidelines 2022/23

Supplying Key Projects Round

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Local Capability Fund Guidelines

Program objective

The Local Capability Fund (LCF) is a funding program under the Industry Facilitation Scheme (The Scheme). The Scheme is an approved guideline under section 10 of the *Industry and Technology Development Act 1998*.

The objective of the LCF is to provide small and medium-sized enterprises (SMEs) with funding support to enhance their capacity, capability and competitiveness to supply major projects and markets in Australia and overseas.

Objectives of this round

The objective of the Supplying Key Projects Round is to assist Western Australian SMEs improve their capability and capacity to supply to major State Government, civil and construction and infrastructure projects as found in the Pipeline of Work and other major public and private sector projects ('the market').

This includes but is not limited to assisting SMEs with:

- » Meeting the requirements for prequalification, contractual or technical compliance of the market
- » Overcoming barriers and constraints to participate in the market
- » Purchasing plant and equipment
- » Engaging expert advice

The Pipeline of Work initiative is a continually updated 4-year listing of Western Australian Government infrastructure projects throughout the state. The combined value of these projects is forecast to total \$30 billion through to 2024.

The pipeline will include details on timing, regional location, scope and the agency responsible for the project, including agency contact information. Initially it will list Recovery Plan projects valued at more than \$1.5 million, and this will be expanded

to all infrastructure projects, updated and maintained as the site evolves. This information will help industry engage with the Western Australian Government on key issues such as local capacity, training and skills requirements, and scheduling of projects.

Key dates

The Supplying Key Projects Round closes at 3pm (AWST) on 21 September 2022. Information regarding the closing date of the round will be published on the SmartyGrants portal in the event that the closing date changes. The Department of Jobs, Tourism, Science and Innovation (JTISI) aims to assess all applications and notify applicants of the outcome within 14 weeks of the round closing.

The timelines below are indicative only, and are subject to change at JTISI's discretion.

Round opens	9 June 2022
Round closes	3pm (AWST) 21 September 2022
Assessment and notification of outcomes to applicants	Within 14 weeks of round closing
Execution of Financial Assistance Agreement	Within 30 days of notification of outcome
Completion of activities and claim for payment submitted	No later than 30 June 2023



Level of funding

The level of funding support available under this round of the LCF is 75% of eligible costs (excluding GST) up to a maximum of \$50,000 per successful applicant. For example, to be eligible for the full \$50,000 you would need to have minimum eligible costs of \$66,667 (excluding GST).

'The Market'

The focus of this round will be on key State Government projects as found in the [Pipeline of Work](#). However, due consideration will be given to major public and private sector projects that fall outside the scope of the Pipeline of Work.

Consideration may be given to applications from SMEs seeking to supply to key public and private sector projects where the applicant can provide evidence of the project and which package they intend to supply to, however this will be on a case by case basis.

Key private sectors projects will be considered from the following priority sectors:

- » Energy (oil and gas and renewables)
- » Mining
- » Civil construction¹
- » Defence
- » Marine

Industry engagement

All applicants, whether existing or prospective suppliers to the market, must explain how they have engaged, or intend to engage, with the project identified and if relevant, provide evidence to demonstrate the intended engagement. The proposed activities the applicant is seeking funding for must support the intended engagement with the relevant project.

¹ This relates to the creation of infrastructure involving anything to do with water, earth or transport. It involves the maintenance, design and construction of both natural and physically built environments such as roads, railways, buildings, water reservoirs, subdivisions, airports, bridges, sewer systems, tunnels and dams.

Who can apply

To be eligible for funding, applicants must:

- » Be registered for GST;
- » Have an Australian Business Number (ABN);
- » Be a for-profit organisation or business (i.e. not-for-profits and charities are ineligible);
- » Have been operating for at least 3 years at the time of submitting an application for funding;
- » Have its principal place of business (operating facility) in Western Australia and continue to be based in Western Australia for at least the next 12 months following application submission date; and
- » Employ less than 200 people.

Previous recipients of funding through the Industry Facilitation and Support Program (IFSP) or the LCF are eligible to apply, subject to:

- » The business having complied with the requirements of the Financial Assistance Agreements entered into for the prior funding - including all reporting requirements; and
- » The business having received no more than \$300,000 in grant funding under the LCF program and its predecessor (the IFSP) in the last 5 years, including this application. Any funding received as part of the \$10 million COVID-19 LCF rounds run in 2020/21 does not go towards this limit.

Eligible activities

A. External expertise for the purpose of:

- » Planning and business advice. This includes, but is not limited to:



- > Strategic and business planning
- > Development and implementation of marketing plans
- > Supply chain facilitation
- > Tender submission advice and preparation
- > Preparation and submission of applications for other government and international grants
- » Improvements to internal business infrastructure / systems. This includes, but is not limited to:
 - > Production systems
 - > Transportation and distribution systems
 - > IT and communication systems (including cyber security measures)
 - > Operational and other activities identified as necessary to meet the pre-qualification requirements of the target market
- » Training. This includes, but is not limited to:
 - > Up-skilling of employees which leads to improved operational processes
 - > Training that is part of the employer's staff capability development requirements
 - > Travel and accommodation costs associated with training – where local options are not available
 - > Costs involved in bringing registered trainers to deliver local group training

B. Plant and Equipment. This includes, but is not limited to:

- » Acquiring new equipment or machinery
- » Acquiring second-hand equipment or machinery through a dealer
- » Modifying existing, equipment or machinery
- » Upgrades or expansions to applicant owned business operating facilities
- » Specialized motor vehicles. These are vehicles which perform specific and specialised functions and are used

- exclusively for business purposes (i.e. bobcats, forklifts, cherry pickers, back hoes, bucket trucks etc).
- » Specialised computer hardware and software e.g. tender management software; project management software; on-line sales and marketing systems

Ineligible activities

- » Works carried out by consultants without the appropriate expertise to deliver the service.
- » Works carried out by third parties that are perceived by JTSI not to be at arm's length from the business.
- » Support of any legal action.
- » Equipment and machinery acquired second-hand through a private sale
- » Motor vehicles which are not specialised.
- » General computer hardware, software, and office furniture and equipment upgrades and purchases e.g. Microsoft Office/Windows operating systems, photocopiers etc.
- » Land and property acquisitions
- » Upgrades to leased or rented property.²
- » Internal research and development activities.
- » Expenditure of an operational nature (i.e. business as usual expenditure such as wages, advertising, office expenses, accounting, legal, IT maintenance services etc).
- » In-house training (training delivered by employees of the business).
- » Training by organisations without appropriate expertise and experience.
- » Tertiary education – this includes certificate level courses at TAFE or private colleges.
- » In-kind contributions are not considered as part of the business commitment to activity costs and are not funded under the LCF.
- » Retrospective activities will not be funded. The activity or expenditure on the activity must not be undertaken

² In some circumstances leasehold improvements may be considered depending on lease term and type of upgrade.



- » prior to submitting this application.
- » Activities implemented outside of Western Australia.

Note: JTSI may, at its discretion, consider requests for grant funding being used towards some of the above activities depending on individual circumstances.

How do I apply?

Eligible applicants must submit their application online via the SmartyGrants portal. A preview of the application form detailing the information required is available through the portal.

lcf.smartygrants.com.au

Before applying, you must read and understand these guidelines and the Financial Assistance Agreement found on the portal.

Applicants may contact the Industry Development Division should they require additional assistance or clarification regarding their application.

lcf@jtsi.wa.gov.au

How will my application be assessed?

Applications will be assessed by an independent Evaluation Panel which will meet to consider all submitted applications following the closure of the round. The Evaluation Panel will comprise of officers from within JTSI as well as external expertise, as required.

Applications will be assessed against their eligibility as well as the round objectives, and will then be scored against the following evaluation criteria and weightings:

- » Relevance/need 30%
- » Level of impact 30%
- » Level of market/industry engagement 10%
- » Value for money 15%
- » Financial viability and risk 15%

To mitigate risk, a Risk of Failure report is obtained through Illion (formerly Dun & Bradstreet) for recommended applicants. A

High Risk of Failure on the report will be taken into consideration when determining successful applications. The final decision on applications where a High Risk of Failure report is returned will be at JTSI's discretion. Illion is an independent, third party used to carry out due diligence and is not associated with, or part of, JTSI. Further information on Illion can be found on its [website](#).

Applicants will be notified of the outcome of their application via the email address provided in the application form.

Financial Assistance Agreement

Approval of funding is subject to the applicant entering into a Financial Assistance Agreement (FAA) with JTSI.

Applicants must read the FAA template prior to submitting an application. This template includes the non-negotiable terms and conditions that successful Applicants will be required to agree to when entering into an FAA with JTSI.

When must the project be completed by?

All activities must be completed, and claims for payment submitted to JTSI, by 30 June 2023. Claims for payment are to be made online through the SmartyGrants portal.

Payment of grant

The LCF is a re-imbusement scheme and therefore successful applicants will need to pay for the activity prior to making a claim for the approved grant funding. The grant will be paid as a lump sum reimbursement on completion of all agreed activities. Progress instalments will not be considered except in exceptional circumstances.

The grant payment will be made on submission of a Tax Invoice to JTSI for the GST exclusive value of the grant and must be accompanied by copies of suppliers' invoices and receipts as proof that the activity has been paid for in line with the application and FAA.



Claims for payment, and submission of the above documents, are to be made online via the [SmartyGrants portal](#).

JTSI must receive the claim for reimbursement by 3pm (AWST) on 30 June 2023. If a claim for payment is not received by this date the grant approval will lapse and the funding agreement terminated.

Tax information

JTSI is registered for GST and has been issued with Australian Business Number (ABN) 90 199 516 864.

Grants paid under the LCF are not regarded as payment for a supply to JTSI. Therefore, JTSI will not increase the grant to include GST, nor will it reimburse a grant recipient for GST paid to a third party.

Grants are assessable income for taxation purposes. We recommend you seek independent professional advice on your taxation obligations or seek assistance from the [Australian Taxation Office](#). JTSI does not provide taxation advice.

How many times can I apply?

Only one application per round per financial year is allowed for each applicant. Unsuccessful applicants may not reapply in the same financial year for the same round. This is also subject to the applicant having received no more than \$300,000 through this grant program in the last five years, including this application. Any funding received as part of the \$10 million COVID-19 LCF Rounds run in 2020/21 does not go towards this limit.

Reporting requirements

Approval of funding is subject to the applicant entering into an FAA with JTSI.

The FAA requires the applicant to provide a **report at six months and 12 months** after the end of the financial year that the grant is awarded. These reports are to be submitted through the SmartyGrants portal.

The FAA also stipulates that at any time within **2 years** of receiving payment, JTSI may contact the applicant for verbal updates on business performance generally.

Amendments to guidelines

JTSI reserves the right to amend these guidelines and related documentation through the course of the round, if required.

Contact

If you have any questions regarding this assistance program, the application form or your business' eligibility for funding please contact:

lcf@jtsi.wa.gov.au



Guidance for completing your application

The application form is broken into a number of different sections. The following will guide you through each section to ensure that you are providing the required information in your application.

Overview of applicant's business operations

What is the major industry sector in which the business operates?

Please select the industry sector from the drop down menu that best reflects the sector in which the business operates. These are based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) which is a standard classification developed by the Australian Bureau of Statistics for use in Australia and New Zealand for the analysis of industry statistics. If the business operates in multiple sectors, select the industry for which the business generates the highest value of turnover.

What are the business's core business and products/services?

Provide an explanation of the business's core business and products/services and how these are supplied to the market e.g. Is the business a direct supplier to the sector? If there are major projects within a sector/market that the business has supplied to, provide details of the project and what work the business did.

Public sector markets

In terms of public sector markets, of particular interest to assessors will be your involvement as a supplier to projects listed in the Pipeline of Work.

Evaluation criteria

Relevance/need 30%

How are the proposed activities to be funded by this application going to assist

the business in supplying to the key project the business is targeting?

Provide an explanation of how the activities in your application will improve the business's ability to supply to the targeted major project in the Pipeline of Work or the Market.

Provide an explanation of the major opportunities, constraints and risks faced by your business. Elaborate on how the proposed activities and the grant funding will assist the business to take advantage of these opportunities and to overcome the constraints/risks.

Level of impact 30%

You should endeavour to answer all questions in this section in 2 parts. First, what the expected outcome is – this should be a number if possible, for example 5 new contracts. Second, provide an explanation of how that outcome would occur from the activity you are seeking funding for.

Quantify and qualify

Assessors of your application will be looking to see that your answer is quantified (there is a number), that it is achievable by undertaking the funded activity (your explanation of how the outcome will occur), and that it is realistic for the business.

Please note the assessors of your application will take into consideration the annual turnover figures of the business that you provide to measure whether the expected outcomes for contracts, employees and estimated income are a realistic projection.

There may be some aspects of the section where you do not expect that there will be outcomes from the funded activity. This is okay, not all businesses would have outcomes in all categories necessarily, and not all funded activities may lead to some of the outcomes listed. However, you should try to answer as many of the categories as you can and if you answer 'N/A' to all of them then this will result in a low score for this section.



The categories outlined are what you will be required to report against at 6 months and 12 months if your application is successful.

Level of market/industry engagement 10%

What part of the targeted project is the business hoping to supply to?

You may want to provide some context of the project beyond only naming the package you are hoping to supply to. It is helpful if you are able to tie the proposed activity that you are seeking funding for to how you will be better placed to supply to the project.

What other similar projects or markets has the business done work for in the past and what was the nature of the work done?

Detail here can provide assessors with a sense of how realistic it is that the business can supply to the major project it is targeting with your application. Provide information on how the business supplied to the project(s) or market(s), did the business supply directly, what was the length of the business's participation in the project or market?

How has the business engaged with the project it is targeting or the State Government department/head contractor overseeing the project? Please upload any evidence of your engagement where relevant.

The assessment panel is looking to see that you have begun engagement with the project the business is targeting in your application. If there is communication or other relevant documentation showing this engagement then providing a copy will assist your application. If the business has not engaged with the project yet, then it is worth providing some detail about what the business's plan is to engage with the project so that assessors can see that the business has thought out a strategy to become a supplier for the project.

Value for money 15%

It is critical that you a) seek competitive quotes for the activity the business is seeking funding for, and b) provide copies of those alternative quotes with your application. It is

expected that the business will get at least two quotes for each activity.

The importance of alternative quotes and research

If you do not provide alternative quotes, you must provide an explanation as to why you have not sought/provided them. There will be some situations where it is simply not possible/feasible to get alternative quotes, such as when there is only one supplier of a particular product or service. This is acceptable but you need to explain this so that assessors can understand why there are no alternative quotes.

Assessors will be considering whether the activity you are seeking funding for represents value for money for the government (and for the business) and without alternative quotes it is very difficult for them to properly consider this.

Provide a good explanation of why you have chosen the particular consultant/supplier. Does it represent better value for money (remember that 'value for money' does not always mean cheapest)? Will the service be delivered faster than the alternatives (and so you will be able to see the benefits of the activity sooner)?

Financial viability and risk 15%

If you answer yes to any of the questions, you must provide an explanation of what occurred, the current position and what outcomes occurred (if any). The evaluation panel considers whether providing funding would present a risk, and so it is advised that you provide an explanation that is detailed enough (without being too long) to demonstrate that while senior officers of the business may have had business ventures that haven't worked out in the past that the current business is sustainable.

Up-to-date financials

When providing a copy of the latest financial statements, you must provide a copy of both the balance sheet and the profit and loss statement for the last financial year (if you are applying in 2022/23, you must provide financial statements for the 2021/22 financial year). The financial statements must cover



the entirety of the financial year they are for (i.e. do not provide financial statements that only cover part of a financial year). If the financial statements do not show figures for previous years then please provide copies of the previous year's financial statements as well.

If the latest financial statements have not yet been audited, then please provide an unaudited copy with an explanation of when these will be expected to be audited.

If there are significant drops in turnover, net profit or equity between years in the detail you provide in the table for the last three financial years, please provide an explanation regarding these. Any significant drops may suggest that there is some financial risk involved in providing funding to your business, so a good explanation of why these drops occurred will help to assure assessors that your business is financially viable and sustainable.

Tips

1. Always double check your application. It is worth getting someone else to read over it, if possible, before you submit it to ensure it makes sense.
2. Remember that assessors may not be experts in your field. Overly technical answers may be difficult for assessors to understand which could lead to lower scores. When writing your application it is useful to write it in a way that anyone could understand, not just those who work in your industry. A good way of doing this is to imagine you are promoting your business via your website or social media where the public will need to understand the core activities of your organisation.
3. Give yourself enough time before the closing date to be able to source quotes and relevant documents. Applications without quotes or relevant documents will be scored lower and these documents can often take a bit of time to get hold of, with quotes sometimes taking a number of weeks. If you start an application a day before the closing date and don't have the necessary documents ready to go then you might run out of time to get them.
4. Good applications provide sufficient detail but are also concise. While you definitely want to provide enough detail to ensure assessors are able to properly assess your application, if you overwhelm them with large amounts of detail it may be difficult for them to determine the point you are trying to make. Again, it is worth double checking your application and getting someone else to look over it to make sure that it is detailed, but to the point.
5. Assessors are only able to make a recommendation based on the information you provide in your application. If there is something important that will help your application stand out then do not forget to include it.
6. Always read the eligibility criteria and the eligible activities carefully to ensure you are eligible to apply, and that the activities you are seeking funding for are eligible. A good application takes time to write, so if you are ineligible you don't want to spend time on an application that will be rejected straight away. If you have queries about whether you are eligible (or an activity is eligible), feel free to contact the LCF team at lcf@jtsi.wa.gov.au.