



Local Capability Fund Guidelines

COVID-19 Business Recovery and Growth Round

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Local Capability Fund

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 Enterprises (SMEs) with funding support to enhance their capacity, capability and competitiveness to supply major projects and markets in Australia and overseas.

The specific objective of the COVID-19 Business Recovery and Growth Round is to assist Western Australian SMEs that supply to, or are part of, priority industry sectors (see list of priority industry sectors under the “who can apply?” section) and whose business operations have been adversely impacted by the COVID-19 pandemic.

This round is also open to industry associations that represent SMEs who supply to these priority industry sectors.

Assistance to SMEs may include upgrading plant and equipment; staff training and upskilling; implementing improvements to internal business infrastructure; overcoming barriers and constraints impacting on business viability; and seeking specialist advice on eligible activities such as:

- » Implementing on-line solutions to enhance existing business operating models including sales, marketing, cyber security

and networking.

- » Implementing new solutions and internal operational changes where COVID-19 has impacted business viability.
- » Addressing gaps in capability that have been identified as a result of COVID-19.

Assistance to industry associations will be extended to include operational funding in recognition of their different cost structure and business objectives compared to SMEs.

“Adversely impacted” by COVID-19

“Adversely impacted” means having experienced at least a 15% reduction in turnover since the beginning of the June quarter 2020.

The reduction will be measured as a comparison between equivalent financial quarters in 2020 and 2019. This means that the financial quarter ending 30 June 2020 will be compared to the financial quarter ending 30 June 2019 and the financial quarter ending 30 September 2020 will be compared to the financial quarter ending 30 September 2019 etc.

Level of funding

The level of funding support is 75% of eligible costs up to a maximum of \$100,000 (excluding GST) per successful applicant.

Who can apply?

This round is open to Western Australian SMEs, and related industry associations, that supply to the following industry sectors and whose business operations have been adversely impacted by the COVID-19 pandemic:

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

To be eligible for funding, applicants must meet the following criteria:

- » Have an Australian Company Number (ACN) or an Australian Business Number (ABN) and be solvent
- » Be a for-profit organisation (except industry associations)
- » Have their operating facilities based in Western Australia and continue to be based in WA for at least the next 12 months
- » Have been trading for at least 3 years
- » Have experienced a reduction in turnover as a result of the COVID-19 pandemic of at least 15% since the start of the June quarter 2020 compared to the same comparable period in 2019
- » Have less than 200 employees (although JTSI reserves the right to support applicants with more than 200 employees on a case-by-case basis)

¹This 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.

Eligible activities

A. External expertise for the purpose of

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

- » Strategic and business planning
- » Writing 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
- » On-line sales and marketing
- » Implementation and certification of national and international standards and management systems
- » Operational and other activities identified as necessary to meet the pre-qualification requirements of target markets

Training - This includes, but is not limited to:

- » Up-skilling of employees which leads to improved operational processes
- » Training linked with the acceleration of Australian apprenticeship and traineeship completion rates

- » Training that is part of the employer's staff development
- » 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
- » Modifying existing, equipment or machinery
- » Upgrades or expansions to business operating facilities (leasehold improvements, in some cases, may be considered)
- » Specialised computer hardware and software e.g. tender management software; project management software; on-line sales and marketing systems

C. Operational costs:

(For Industry Associations only) – It is recognised that industry associations often have an important role in supporting the capability and competitiveness of their SME members and that their funding needs may be different to those of SMEs. For this round of the LCF, industry associations will be eligible to apply for operational funding assistance in addition to activities listed under A and B above.

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 (unless such vehicles are specialised equipment considered vital to the operations of the business and are used exclusively for business purposes)
- » General computer hardware, software and office equipment upgrades and purchases e.g. Microsoft Office/Windows operating systems, photocopiers etc. (Unless it is specialised equipment considered vital to the operations of the applicant's business and is used exclusively for business purposes)
- » Land and property acquisitions
- » Internal research and development activities
- » Expenditure of an operational nature (except for industry associations)
- » In-house training
- » Training by unregistered training organisations
- » Tertiary education
- » In-kind contributions are not considered as part of the business commitment to activity costs.
- » Retrospective activities will not be funded. The activity or expenditure on the activity must not be undertaken prior to submitting this application.



- » Activities for which other Federal, State or Local Government funding has been, or is likely to be, granted.

Application process

LCF applications will be considered whilst funds are available.

Applications are evaluated by a Panel which meets to consider applications as they are progressively received during the course of the round.

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

Approval of funding is subject to the applicant agreeing to reporting requirements and entering into a Financial Assistance Agreement (FAA) with the Department of Jobs, Tourism, Science and Innovation (JTSI).

When must the project be completed by?

All activities and claim for payment under the LCF must be completed and submitted to JTSI by 30 June 2021.

Payment of grant

The LCF is a re-imbusement scheme and therefore successful applicants will need to pay for the activity before making a claim for the approved grant. A lump sum payment will be made as a single reimbursement of approved activity expenditure.

Payment will be made on submission of a Tax

Invoice to JTSI for the GST exclusive value of the grant and this 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.

JTSI must receive the claim for payment by 30 June 2021. If a claim for payment is not received by this date, the grant approval may 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 tax advice.

How many times can I apply?

Only one (1) application per round is allowed for each applicant.

How do I apply?

Eligible applicants can submit their application online via the SmartyGrants portal. A preview of the application form with details and



information required is available through the application portal.

Lcf.smartygrants.com.au

Before applying, you should read and understand these guidelines, Frequently Asked Questions and the Financial Assistance Agreement published on the SmartyGrants portal.

How will my application be assessed?

Applications will be accepted whilst funds are available.

Applications received are assessed by a Panel comprising officers from the Department of Jobs, Tourism, Science and Innovation plus outside expertise as required.

The Panel meets on a regular basis to consider applications as they are progressively received during the course of the round.

Applications are assessed against their eligibility, round objectives and the following evaluation criteria:

- » Relevance/Need
- » Level of impact
- » Capability and Capacity
- » Value for money
- » Financial viability and risk

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

Reporting requirements

Approval of funding is subject to the applicant entering into an LCF Financial Assistance Agreement (FAA) with the Department of Jobs, Tourism, Science and Innovation (JTSI).

The FAA requires the applicant to provide **a report within six months and 12 months** of receiving payment on the outcomes achieved (a reporting template will be provided at the relevant time interval).

The FAA also stipulates that at any time within two (2) years of 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 application form during the course of this round if required.

Contact

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

lcf@jtsi.wa.gov.au