



Local Capability Fund Guidelines

Personal Protective Equipment (PPE) Manufacturing 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 emphasis of the Personal Protective Equipment (PPE) Manufacturing Round will be on securing potential local manufacture of certain PPE items¹. Objectives of this Round include:

- » Meeting critical market needs
- » Improving the applicant's capability and capacity to service the PPE market, including the purchase of plant and equipment
- » Meeting the regulatory requirements to supply the market
- » Overcoming barriers and constraints to participate in the market
- » Staff training and upskilling
- » Job creation
- » Improving overall applicant competitiveness

Level of funding

¹ Refer to the section "PPE cover by this LCF round" for list of PPE items covered.

The level of funding support under the PPE Manufacturing Round is based on a sliding scale between 50% and 90% of eligible costs up to a maximum of \$500,000 (excluding GST) per successful applicant.

The sliding scale will be applied as follows

Total Investment	Government contribution
Up to \$100,000	90% of eligible costs
\$100,001 to \$250,000	\$90,000 + 75% of eligible costs above \$100,000
Above \$250,000	\$202,500 + 50% of eligible costs above \$250,000

Important Information on the Therapeutic Goods Administration (TGA) and the Therapeutic Goods Act 1989

The Therapeutic Goods Administration (TGA) is part of the Australian Government Department of Health, and is responsible for regulating therapeutic goods including medical devices, of which PPE is included.

Almost any product for which therapeutic claims are made must be entered in the Australian Register of Therapeutic Goods (ARTG) before it can be supplied in Australia.

Under the Therapeutic Goods (Declared Goods) Order 2019, non-sterile protective or

safety apparel or equipment used in the home or for occupational or recreational use is declared non-therapeutic. This means that non-sterile PPE including masks, gowns and gloves that do not make any therapeutic claims are regulated as general consumer items and do not need to be included on the ARTG before they can be supplied.

If you are manufacturing PPE that makes therapeutic claims or is intended for use in a clinical setting, your product will meet the definition of a medical device and must meet the regulatory requirements under:

- » the Therapeutic Goods Act 1989
- » the Therapeutic Goods (Medical Devices) Regulations 2002
- » the Therapeutic Goods Regulations 1990

For further information, refer to the TGA website tga.gov.au

PPE Covered by this LCF Round

Applications under this round must relate to the manufacture of the following PPE items:

- » Gowns
- » Hand sanitisers
- » Masks
- » Ventilators
- » Safety glasses
- » Face visors
- » Wipes
- » Disinfectant
- » Swabs
- » Coveralls
- » Thermometers

- » Gloves
- » Reagents

Industry engagement

All applicants, whether they are current suppliers or new suppliers to the PPE market (“the Market”), must detail their engagement with the Market, and provide evidence to demonstrate such engagement.

The engagement must support the activities the applicant is seeking funding support for.

Access to funding will be influenced by a range of factors, including:

- » Criticality of the proposed supplies
- » Assessment of demand in Western Australia and other markets
- » The presence of existing local capability
- » Estimated volume and value of production
- » Estimated workforce number and skills created
- » Proposed location
- » Estimated levels of local participation for supply of inputs and distribution of end product
- » The long-term viability of the initiative

Who can apply?

Businesses, whether they are current suppliers or new to the PPE market, are eligible to apply. Applicant businesses must meet the following criteria:

- » Have an Australian Company Number (ACN) or an Australian Business Number (ABN) and be solvent
- » Have operating facilities based in Western Australia and that will continue to be

based in WA at least for the next 12 months

- » Have been trading for at least 3 years
- » Have fewer than 200 employees (although JTSI will reserve the right to support businesses with more than 200 employees on a case-by-case basis and depending on specific circumstances)
- » Can demonstrate the long-term viability of the proposed PPE manufacturing initiative (e.g. via an independent feasibility study)
- » Both for-profit and not-for-profit organisations may apply

SMEs which haven't yet completed a feasibility study can apply for financial assistance to complete the feasibility study through the PPE Market Feasibility Round of the LCF (<https://lcf.smartygrants.com.au/PPEMarketFeasibility>)

Eligible activities

A. External expertise for the purpose of:

- » Business, market and strategic planning
- » Improvements to internal business infrastructure / systems - This includes, but is not limited to:
 - » Production systems
 - » Transportation and distribution systems
 - » IT and communication systems
 - » Implementation and certification of national and international standards and management systems
 - » Meeting the regulatory requirements of the Therapeutic Goods Act 1989
 - » Operational and other activities identified as necessary to meet the regulatory requirements of the target market

- » Training - this includes, but is not limited to:
 - » Up-skilling of employees that leads to enhanced productivity
 - » Training that accelerates Australian Apprenticeship/Traineeship completion rates
 - » 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
- » Specialised computer hardware and software e.g. tender management software; computer aided drafting; project management software linked to a specific outcome and to raise capability; on-line sales 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 (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, office furniture and 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
- » 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

The PPE Manufacturing Round is a competitive grant process.

Applications are evaluated by an independent assessment panel consisting of officers from the Department of Jobs, Tourism, Science and Innovation and other expertise from within the State Government, plus additional outside expertise if necessary.

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 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 must be completed and claims for grant payment submitted 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. Instalment payments on incurred expenditure can be made based on the completion of agreed milestones which will form part of the financial assistance agreement.

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 details of the project expenditure being claimed and copies of suppliers' invoices and receipts as proof that the expenditure has been paid for in line with the application and Financial Assistance Agreement.

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 Smarty Grants 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 Smarty Grants portal.

Your application must be submitted before the closing date in order to be considered for funding.

Closing date: 30 October 2020

How will my application be assessed?

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

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

To mitigate risk, JTSI will obtain a Risk of Failure report 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 6, 12, 18 and 24 months of receiving payment (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.

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' eligibility for funding please contact the Industry Development Division:

lcf@jtsi.wa.gov.au