



Department of  
**Jobs, Tourism, Science  
and Innovation**



**WA  
INDUSTRY  
LINK**

## Local Capability Fund Guidelines

# Supplying Key Major Projects Round

## Contents

### Local Capability Fund Guidelines

Program Objective .....	2
Objectives of this Round .....	2
Key Dates .....	2
Level of funding .....	2
“The Market” .....	3
Industry engagement.....	3
Who can apply? .....	3
Eligible activities .....	3
Ineligible activities.....	4
How do I apply? .....	5
How will my application be assessed?.....	5
Financial Assistance Agreement .....	5
When must the project be completed by?.....	5
Payment of grant .....	5
Tax information.....	6
How many times can I apply? .....	6
Reporting requirements.....	6
Amendments to guidelines.....	6

### Guidance for completing your application

Overview of applicant’s business operations.....	7
Evaluation criteria.....	7
Tips.....	9
Contact.....	10

# 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 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 specific objective of this round is to assist Western Australian SMEs improve their capability and capacity to supply to major State Government civil construction and infrastructure projects as found in the [Pipeline of work](#) (“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 WA Government infrastructure projects throughout the state. The combined value of these projects is forecast to total \$27.1 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 over \$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 WA Government on key issues such as local capacity, training and skills requirements, and scheduling of projects.

## Key Dates

The SmartyGrants portal will provide details on the closing date of the round in the event that the closing date changes. The Department of Jobs, Tourism, Science and Innovation (the department) aims to assess the applications and notify applicants within 14 weeks of the round closing.

Below are indicative timelines which are subject to change at the discretion of the department:

Round Opens	20 July 2021
Round Closes	20 September 2021
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 2022

## Level of funding

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

## “The Market”

The focus of this round will be on key State Government projects as found in the Pipeline of work.

Consideration may be given to applications from SMEs seeking to supply to key 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 construction<sup>1</sup>
- » defence
- » marine

An application form is available and can be found at [Lcf.smartygrants.com.au](http://Lcf.smartygrants.com.au)

## 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 in the Pipeline of work 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.

## Who can apply?

To be eligible for funding, applicants must:

- » have an Australian Company Number (ACN) or an Australian Business Number (ABN)

- » be a for-profit organisation or business
- » have been operating for at least 3 years at the time of making the application
- » have its principal place of business (operating facility) based in Western Australia and continue to be based in Western Australia for at least the next 12 months
- » employ less than 200 people.

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

- » the business having complied with the requirements of the Financial Assistance Agreements entered into for the prior funding; 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
  - › 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.

<sup>1</sup> 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.

- » 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
  - › 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 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 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
- » acquiring second-hand equipment or machinery through a dealer
- » modifying existing, equipment or machinery
- » upgrades or expansions to applicant owned business operating facilities
- » specialised motor vehicles including, but not limited to, bobcats, forklifts, cherry pickers, LR class heavy vehicles and heavier. Modifications to existing motor vehicles to meet mine site specifications would be eligible.
- » 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 the department 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. (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
- » upgrades or expansion to leased or rented property<sup>2</sup>
- » internal research and development activities
- » expenditure of an operational nature, including staff salaries
- » in-house training (training delivered by employees of the business)
- » training by organisations without the 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

<sup>2</sup> Leasehold improvements may be considered in some cases.

- » 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.

## How do I apply?

Applications are submitted online via the SmartyGrants portal.

A preview of the application form is available through the application portal.

[Lcf.smartygrants.com.au](http://Lcf.smartygrants.com.au)

Before applying, you must read and understand these guidelines and the Financial Assistance Agreement available through the application portal.

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

[lcf@jtsi.wa.gov.au](mailto:lcf@jtsi.wa.gov.au)

## How will my application be assessed?

Applications are assessed by an evaluation panel following the closure of the round. The panel comprises of officers from the Department of Jobs, Tourism, Science and Innovation plus external expertise if required.

Applications are assessed against their eligibility and round objectives, 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, 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 assessing recommended applications. The final decision on applications where a High Risk of Failure report is returned will be at the discretion of the department.

Illion is an independent, third party used to carry out due diligence and is not associated with, or part of, the department. Further information on Illion can be found on [their website](#).

Applicants will be notified on 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 the department. A preview of the FAA template is available through the application portal.

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

## When must the project be completed by?

All activities must be completed, and claims for payment submitted to the department, by 30 June 2022. Claims for payment are to be made through SmartyGrants.

## 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. The grant will be paid as a lump sum payment in one single reimbursement on completion of all agreed activities. No progress instalments will be considered except in exceptional circumstances.

This payment will be made on submission of a Tax Invoice to the department 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 the FAA.

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

**The department must receive the claim for reimbursement by 30 June 2022.** If a claim for payment is not received by this date the grant approval will lapse and the funding agreement terminated, except in rare circumstances that are agreed in advance.

## Tax information

The department is registered for GST and has been issued with Australian Business Number 90 199 516 864.

Grants paid under the LCF are not regarded as payment for a supply to the department. Therefore, the department 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](#). The department does not provide advice on tax.

## How many times can I apply?

Only one application per round, per financial year, is allowed for each applicant. This is also subject to the

applicant having received no more than \$300,000 under this grant program 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.

## Reporting requirements

Approval of funding is subject to the applicant entering into a FAA with the department.

The FAA requires the applicant to provide **a report at 6 months and 12 months after receiving payment**. These reports are to be submitted through the [SmartyGrants portal](#).

The FAA also stipulates that at any time within 2 years of funding, the department may contact the applicant for verbal updates on business performance.

## Amendments to guidelines

The department reserves the right to amend the guidelines and application form through the course of this round if required.

# Guidance for completing your application

The LCF application form is broken into a number of different sections.

The following will provide you with guidance for sections to ensure that you are providing the necessary information in your application.

## Overview of applicant's business operations

### What is your core business and products/services?

Provide an explanation of your core business and products.

### What is the main industry sector(s) serviced by your business?

Beyond simply naming the sectors or markets that you service/supply to, provide some detail on how you supply to these sectors/markets – are you a direct supplier to the sector, how long have you been supplying to the sector, etc. If there are major projects within a sector/market that you have supplied to, provide details (and evidence, if available) of the project and what work you did.

### What is the business' growth strategy?

Outline your plans to grow your business and ensure that it is sustainable over the long term. Where possible, try to link the activities that you are seeking funding for to how you will grow the business.

## Evaluation criteria

### Relevance/Need

#### How will the proposed activities improve your business' operations?

This may include meeting pre-qualification requirements, increasing technical capability, improving internal processes,

and staff upskilling and training.

Provide an explanation of how the activities in your application will improve the operations of your business. There may be other areas outside the list of examples provided in the question that you want to provide an answer to.

### Realistic outcomes

These improvements should be realistic and directly related to the activities that you wish to carry out. In your answer you want to show a clear line between what you are seeking funding for and the improvements you hope the business will see.

### Level of impact

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 example, if you currently have 2 ongoing contracts and you state that you will win 20 new ongoing contracts, this is probably unrealistic unless you make a really compelling case).

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 these 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.

## Capability and Capacity

### Describe your commitment, capacity and capability to carry out the implementation of the proposed activities.

Where possible, you should aim to answer the 3 parts of this question: commitment; capacity; and capability.

How is the business committed to carrying out this activity? Is this something that is being driven from the top of the business? Is the activity part of any planning the business is undertaking?

Even though you may be using external consultants or suppliers to deliver the activity, this will still require some amount of your staff's time and/or a financial commitment from the business, does your business have this capacity? Don't forget that the Local Capability Fund provides payment on completion of the activity not before, so you need the financial capacity to carry out the activity before you are provided with the funding.

Does your business and your staff have the capability to carry out the activity? If you are purchasing a new piece of equipment, is your staff able to use it? If they aren't, do you plan on training them so they are? If

you are carrying out an activity that will help you move into a new market, will your staff be able to undertake this work?

The above may guide you in answering this question. Good applications give assessors an idea of where the activity fits into the business' goals and whether the business has ability to not only carry out the activity but also benefit from it.

### How will the business fund its own contribution towards the cost of the proposed activities?

The LCF is a re-imbusement scheme, which means that you will need to have paid for the activity before you can claim the amount of funding from JTSI that you have been approved for. You don't need to provide a large explanation here of how you will fund your contribution of the costs but assessors will want to see that you have funds available, whether through cash reserves, a business loan from a bank or similar.

## Value for money

It is critical that you a) seek competitive quotes for the activity you are seeking funding for, and b) provide copies of those alternative quotes with your application. It is expected that you will get at least 2 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 them/provided them. There will be some situations where it simply is not possible 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 your 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. Is the product or service superior to other similar products? 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

If you answer yes to any of the questions, you must provide an explanation of what occurred, the current position and what outcomes (if any) occurred. The assessment panel considers whether providing funding would present a risk, and so it is good to 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 most recent completed financial year (if you are applying in 2021/22, you must provide financial statements for the 2020/21 financial year). The financial statements must cover the entirety of the financial year they are for (ie. 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 those financial statements also.

If the latest financial statements have not yet been audited, then please provide the

unaudited with an explanation of when they are 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 3 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 make sure that 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 that 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 end up not having enough time to get them.
4. Good applications provide detail but are also concise. While you definitely

want to provide enough detail that assessors are able to properly assess your application, if you overwhelm them with large amounts of detail it may be difficult for them to properly get to 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 make sure that 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.

## 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](mailto:lcf@jtsi.wa.gov.au)