



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



**WA  
INDUSTRY  
LINK**

## Local Capability Fund Guidelines

# National and International Standards Compliance 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 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 National and International Standards Compliance Round is to assist Western Australian SMEs with the costs of engaging external expertise to carry out the implementation and third party certification of national and international standards. This includes, but is not limited to, such standards as:

- » quality management standards (ISO 9000) to help work more efficiently and reduce product failures
- » environmental management standard (ISO 14001) to help reduce environmental impacts, reduce waste and be more sustainable
- » health and safety standards (ISO 45001) to help reduce accidents in the workplace
- » IT security standards (ISO 27001) to help keep sensitive information secure
- » energy management standards (ISO 50001) to help reduce energy consumption
- » steel industry compliance standards such as AS/NZS 5131 to help improve the integrity of structural steelwork; and
- » quality management standards for medical laboratories (ISO 15189) and medical devices (ISO 13485) to ensure quality and safety for medical technology.

The above mentioned are some of the better known and most widely used standards. These are listed for indicative purposes only and the assistance available under this round is not restricted to these standards alone.

A comprehensive list of available standards can be found on the [International Organization for Standardization website](#) or [Standards Australia website](#).

## Key Dates

Applications for the National and International Standards Compliance Round will be considered whilst funds are available or until 31 January 2022, whichever comes first. In the event that funding is exhausted, the round will be closed to new applications. Information regarding this will be published on the SmartyGrants portal..

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Round Opens	20 July 2021
Round Closes	31 January 2022 or when funding is exhausted, whichever comes first
Assessment and notification of outcomes to applicants	Within 14 weeks of submission of application
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

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## Level of funding

The level of funding support under this round of the LCF is 75% of eligible costs up to a maximum level of funding of \$20,000 (excluding GST) per successful applicant. For example, to be eligible for the full \$20,000 an applicant needs to have minimum eligible costs of \$26,667.

## 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) 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 Industry Facilitation and Support Program (IFSP) or the Local Capability Fund 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 five (5) years, including this application. Any funding received as part of the \$10 million COVID-19 Local Capability Fund Rounds run in 2020/21 does not go towards this limit.

## Eligible activities

Assistance under this round will be provided for the costs of engaging external expertise/consultants for the purpose of

implementation and certification.

**Implementation** – This includes the following activities:

- » Assessment of current systems and practices
- » Reviewing existing procedures
- » Conducting gap analysis
- » Development of manuals, procedures and related documentation
- » Training staff

**Certification** - This includes, but is not limited to, the following activities:

- » Registration and certification fee
- » Audit fees for initial certification (expended within the financial year)
- » Travel, accommodation and meals for certification auditor

## Ineligible activities

- » Surveillance audits are not eligible for funding under this round.
- » Costs associated with the ongoing maintenance of the accreditation.
- » Works carried out by consultants without the appropriate expertise or qualifications 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.
- » In-house costs including wages and salaries of staff directly working on the implementation and ongoing maintenance.
- » 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 prior to submitting this application.

## 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 will be considered **while funds are available**. In the event that funding is exhausted, the round will close. Information regarding this will be published on the SmartyGrants Portal.

Applications will be evaluated by an independent assessment panel which meets on a regular basis to consider applications as they are progressively received during the course of the round.

The panel comprises officers from the department, plus outside 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 in funding under the LCF and its predecessor the IFSP 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)