

FUTURE INDUSTRIES FUND
SECTOR GROWTH PROGRAM
Program Guidelines

Victoria's
Future
Industries.



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1. BACKGROUND

The Andrews Labor Government's priority is to build a strong economy, improve economic growth and create high-skill and high-wage jobs that support diversity in employment and improve liveability. To assist the Government achieve this, the Back to Work Funds have been created. The funds include:

- the Premier's Jobs and Investment Fund
- the Regional Jobs and Infrastructure Fund
- the Future Industries Fund.

1.1 Future Industries Fund

The Future Industries Fund has been created to focus on developing key high growth, high value industry sectors to further enhance Victoria's competitive advantage by building on existing strengths in each industry sector. Specifically, the fund will focus on:

- growth and development of firms in priority industry sectors;
- developing trade capabilities and knowledge;
- building networks, innovation, skills and/or international partnerships and linkages;
- development and expansion of capital at the company level;
- building internationally competitive critical mass and scale to deliver step-change solutions;
- attracting/partnering with strategic and catalytic global players;
- promoting collaboration between firms, government and research organisations; and
- driving new energy technology development and implementation.

The Future Industries Fund identifies sectors which have strong growth potential. Sector strategies have been developed to support these growth areas including:

- Medical Technologies and Pharmaceuticals;
- New Energy Technologies;
- Food and Fibre;
- Transport Technologies;
- Defence Technologies;
- Construction Technologies;
- International Education; and
- Professional Services.

To drive growth in these sectors, the Future Industries Fund establishes a number of new programs. These are:

- the Sector Growth Program
- the Manufacturing Program
- the New Energy Jobs Fund.

2. PROGRAM OBJECTIVE

The *Sector Growth Program* provides grant funding for projects designed to support the Future Industries Sector Strategies. Specifically, projects that will:

- drive growth, productivity and competitiveness of Victorian firms;
- encourage collaboration between organisations operating in the future industry growth sectors;
- leverage co-investment into projects with clearly defined outputs/outcomes;
- create new sustainable local jobs for Victorians; and
- offer value for money from Government funding.

2.1 Program overview

The program comprises two funding streams:

- **Stream 1 – Scoping, Planning and Feasibility**
Grants of up to \$100,000 for scoping, planning and feasibility studies directed at identifying opportunities consistent with the Future Industries Sector Strategies and offering potential for growth of Victorian businesses.
- **Stream 2 – Project Implementation**
Grants of up to \$1 million to implement projects (ie. work with defined activities, timelines, budgets and outcomes) consistent with the Future Industries Sector Strategies that will generate new jobs and increase competitiveness of Victorian firms.

Applications for both streams must involve consortia, with each consortium comprising at least three members, including at least one Victorian small or medium enterprise (SME).

2.2 Stream 1 – Scoping, Planning and Feasibility

Projects that will be considered for funding under Stream 1 of the program will focus on scoping, planning and feasibility studies directed at identifying opportunities aligned with the Future Industries Sector Strategies and that offer potential for growth of Victorian businesses. Projects are expected to improve applicants' and the broader sectors' knowledge and understanding of opportunities for growth and improved productivity.

Funding of up to \$100,000 will be available for projects in Stream 1. All funding must be matched by a minimum cash co-contribution of \$1 for every \$1 funded. Projects are to be completed within six (6) months of the negotiation of a suitable grant agreement.

Relevant activities may include but are not limited to:

- road mapping
- supply chain analysis
- sector capability audits
- economic impact analyses
- feasibility studies
- sector opportunity analysis
- pathway to market strategy.

2.3 Stream 2 – Project Implementation

Projects that will be considered for funding under Stream 2 of the program will focus on the implementation of projects aligned with the Future Industries Sector Strategies that enhance the applicants' and the sectors' growth, productivity and competitiveness.

Funding of up to \$1 million will be available for projects in Stream 2. All funding must be matched by a minimum cash co-contribution of \$1 for every \$1 funded. Projects are to be completed within two (2) years of the negotiation of a suitable grant agreement.

Relevant activities include but are not limited to:

- shared infrastructure solutions
- piloting new technologies, such as demonstration plant/equipment
- establishing consolidated industry capability.

3. ELIGIBILITY CRITERIA

3.1 The applicant

To be eligible for funding under either stream of the *Sector Growth Program* the application must be submitted on behalf of a consortium of organisations. Each consortium must:

- comprise at least three organisations, including a lead applicant organisation, whose principal place of business is in Victoria or with a significant business presence in Victoria;
- include at least one Victorian small or medium enterprise (SME) employing up to 200 full time equivalent (FTE) employees; and
- be able, as a consortium, to meet the co-contribution requirements (refer to 3.4 Funding, co-contributions and expenditure).

3.2 Lead applicant

Each application must be submitted by a lead applicant organisation, which must:

- be an incorporated entity (for example, a company) with an Australian Company Number (ACN), be registered for GST purposes and have an Australian Business Number (ABN);
- have its principal place of business in Victoria or have a significant business presence in Victoria;
- have sufficient dedicated resources to manage the grant and coordinate the participation of the other consortium members;
- be authorised to lead and facilitate activities supported by the grant on behalf of the other consortium members;
- be willing and able to provide financial reports for up to the last three financial years for risk assessment purposes; and
- for Stream 2 projects, be clearly accountable for the achievement of economic impact and jobs targets.

3.3 Consortium members

To be eligible to be part of a consortium funded by the *Sector Growth Program*, each consortium member organisation must:

- have an Australian Business Number (ABN);
- be entirely separate legal entities;
- not be owned by the same parent company;
- not be related bodies corporate within the meaning of the Corporations Act 2001;
- not share governance structures; or
- not have common directors, secretaries, officers or senior managers.

Each consortium member organisation making a cash co-contribution must also be willing and able to provide financial reports for up to the last three financial years for risk assessment purposes.

Consortiums are encouraged to include a diverse range of organisations and can include:

- private sector businesses;
- not for profit organisations, such as educational or health institutions, that:
 - are an incorporated body, cooperative or association (including business and industry groups), and
 - have an Australian Business Number (ABN);
- Victorian local government authorities; and
- Victorian public sector agencies.

3.4 Funding, co-contributions and expenditure

Consortium member organisations are required to make a minimum cash co-contribution of \$1 for every \$1 funded.

For Stream 1 projects, at least 50 per cent of the matching cash co-contribution must be made by private sector consortium member organisations. For Stream 2 projects, the full matching cash co-contribution must be made by private sector consortium member organisations.

In exceptional circumstances cash co-contributions made by public sector consortium members may be considered towards the matching cash co-contribution of Stream 2 projects. The consortium must demonstrate a compelling argument about why the cash co-contribution from a public sector consortium member should count towards the matching cash co-contribution.

Other cash and in-kind contributions can be made to an overall project, and the total co-contributions will be considered in assessment of the application. Each member of the consortium must be contributing either cash or in-kind contributions to the overall project.

Funds from other State or Commonwealth Government programs cannot be counted towards the matching co-contribution, but can be used towards funding of an overall project.

Definition of cash and in-kind contributions

A cash co-contribution requires evidence of a cash payment for a cost that is incurred for activities directly related to the project supported by the grant. In-kind contributions are auditable non-cash resources to be used in the conduct of the proposed project activity.

Eligible expenditure

Grant funds must be applied to specifically defined project activities. Eligible expenditure can include project related capital and non-capital expenses, such as salaries and on-costs of dedicated project personnel.

Reasonable expenditure of grant funds on items external to the consortium (such as travel and accommodation, legal costs and Intellectual Property protection) can be agreed, but is subject to negotiation between the lead applicant and the State of Victoria.

The budget information provided with the application must be comprehensive and have clearly defined line items.

Non-eligible expenditure

The following activities would generally not be considered for funding:

- business-as-usual expenses, including salaries and on-costs of existing employees and general overheads associated with normal business operations;
- initiatives seeking retrospective funding for projects that have already started or have been announced;
- projects undertaken by the private sector as a result of government contractual arrangements;
- projects requiring ongoing funding from State Government once completed;
- activities that are the core business of other government programs;
- activities that can be implemented through another government funding program;
- projects without the potential for a sustained net increase in employment and economic activity; and
- tendering costs.

Cap on funding

The State of Victoria reserves the right to cap the amount of grant funding that any one organisation receives over the period of the fund.

Victorian expenditure

Grant funds must, where practicable, be used to procure goods or services from businesses based in Victoria.

Prospective applicants should consider contacting the Industry Capability Network (www.icn.org.au), which will work collaboratively with prospective applicants to help identify competitive local suppliers.

Negotiation on grant funds

The State of Victoria reserves the right to fund grants to a lower value than requested.

4. THE APPLICATION PROCESS

To maximise the identification and development of the highest value projects, applicants seeking funding will go through the following process.

4.1 Step 1: Prior to applying

Prior to submitting an application, prospective applicants are advised to:

- read the program guidelines and any guidance notes carefully to establish eligibility;
- discuss the proposed application with a relevant departmental officer; and
- read the terms and conditions upon which the funding will be offered.

Prospective applicants are advised that projects should not proceed to the formal application and assessment process where the project:

- can be implemented through another government funding program;
- does not relate to the program objectives and criteria;
- does not strongly demonstrate the generation of new jobs or economic benefits;
- does not align to one or more of the Future Industries Sector Strategies; or
- does not maximise funding support from other sources.

Once project suitability is determined with a relevant departmental officer, an application can be prepared.

4.2 Step 2: Prepare an application

An online application form is available for prospective applicants on the Business Victoria website at www.business.vic.gov.au/sectorgrowth

Prospective applicants must clearly and succinctly describe the project, its objectives, outcomes and any infrastructure requirements. Documentation to support the project must be attached to the application.

Stream 1 – Scoping, Planning and Feasibility

Applications for Stream 1 funding must clearly and succinctly describe the project, its objectives, expected outcomes and be accompanied by the following information:

- a project plan (refer to template);
- a project budget (refer to template);
- a list of consortium members;
- letters of support from all consortium members; and
- brief CVs of key personnel.

Stream 2 – Project Implementation

Applications for Stream 2 funding will undertake a staged process.

Applicants are required to initially submit an Expression of Interest (EOI), enabling the Department to assess the project's eligibility and potential viability. Projects assessed as eligible will be invited to submit a detailed business case for a merit based assessment.

EOIs for Stream 2 funding must clearly and succinctly describe the project, its objectives, expected outcomes, any infrastructure requirements and be accompanied by the following information:

- a project overview (refer to EOI template);
- a project budget (refer to EOI template);
- a list of consortium members; and
- a completed scoping, planning or feasibility study, sectoral or market research analysis.

Note: Applications for Stream 2 are not required to have undertaken Stream 1 to be considered eligible for funding. Applicants however must provide a detailed scoping, planning or feasibility study, to support the application.

4.3 Step 3: Assessment of eligibility

Applications will be assessed by the Department against the program's eligibility prior to the project's merit being assessed. Any critical risks or issues associated with the project will also be reviewed at this stage.

Further information may be sought from applicants if the documentation is not complete or sufficient.

Stream 1 – Scoping, Planning and Feasibility

Applications for Stream 1 funding assessed as eligible will proceed to a structured merit based assessment by an independent assessment panel.

Stream 2 – Project Implementation

Eligible Stream 2 EOIs will be formally invited to submit a detailed business case for a structured merit based assessment. The business case must be accompanied by the following information:

- a detailed business case inclusive of work breakdown structures and critical path analysis;
- a detailed budget inclusive of funding sources and financial projections;
- scoping, planning or feasibility study, sectoral or market research analysis;
- a list of consortium members, including key contacts;
- letters of support from all consortium members including evidence of commitment to meet the cash co-contributions; and
- brief CVs of key personnel.

Detailed business cases for Stream 2 funding must be provided within 90 days of the invitation date.

4.4 Step 4: Assessment of project merit

Eligible applications will proceed to a structured merit based assessment to ensure the proposed project meets the program's overall objectives. Applications must rate highly against all of the assessment criteria in order to be successful.

Applications will be assessed against the following criteria:

1. alignment with sector strategies and demonstrated project need;
2. direct economic development benefits;
3. indirect economic development benefits;
4. social and environment benefits;
5. demonstrated project feasibility and delivery;
6. financial viability; and
7. value to the State.

Detailed assessment criteria are available in Attachment A.

Applications for Stream 1 will be assessed against the potential job and economic impact targets that may be achieved from the implementation of the scoping, planning or feasibility project.

Applications for Stream 2 will be assessed against actual job and economic impact targets to be achieved from the implementation project.

Applicants may be invited to deliver a presentation outlining their proposal to the assessment panel.

4.5 Application timelines

The *Sector Growth Program* will be open to applications at all times, with applications for funding assessed in accordance with the following timing.

Stream 1 – Scoping, Planning and Feasibility

Applications for funding under Stream 1 will be assessed every two (2) months throughout the year.

Stream 2 – Project Implementation

Expressions of Interest for funding under Stream 2 will be assessed on a monthly basis throughout the year.

Business cases for funding under Stream 2 will be assessed every four (4) months throughout the year.

Assessment dates will be published on www.business.vic.gov.au/sectorgrowth

5. GRANT APPROVAL

Applications recommended for funding by the independent assessment panel will be presented to the Minister for Industry for consideration. In considering applications, it is expected that the Minister will consult with other relevant Ministers.

The Minister for Industry is responsible for approval of projects and the allocation of grant funding.

Subject to acceptance of a formal letter of offer sent from the Minister to a successful applicant organisation, a legally binding grant agreement will be prepared describing the project, proposed outcomes, milestones, timeframes and conditions of payment.

The lead applicant organisation is responsible for entering into the grant agreement with the State of Victoria. A separate legal agreement between the consortium members must be entered into prior to the grant agreement with the lead applicant being signed. The consortium agreement must refer to formal Intellectual Property arrangements between the consortium members.

The State of Victoria has full discretion and authority to determine which organisations are eligible to receive funding under the program and the amount of funding offered.

6. GRANT MANAGEMENT

Successful applicants will be required to enter into a grant agreement with the State of Victoria detailing all funding obligations and conditions.

The grant agreement should be finalised within twelve weeks of notification of the offer. The State of Victoria reserves the right to withdraw the offer of funding if the grant agreement is not finalised within this timeframe or projects are not commenced within the specified timeframe.

Successful applicants will be required to:

- deliver against key milestones, such as jobs and capital expenditure outcomes which will be verified through the provision of statutory declarations and independent audit opinions;
- cooperate with the Department in communicating and promoting the benefits of the program, such as the preparation of media releases and case studies;
- consult with the Department prior to the publication of any promotional materials relating to the project;
- liaise with the Department to coordinate any events or announcements related to the activity;
- provide annual company and financial reports upon request;
- submit progress and completion reports, assessing progress of the project against milestones, outputs and outcomes, and providing evidence of project completion;
- submit post-completion annual evaluation reports assessing the success of the project in meeting its stated objectives, its outputs and outcomes following completion of the funded project over the short, medium and longer term;
- contribute information on project outcomes for use in program evaluation reviews and/or marketing materials and put in place adequate data collection arrangements to capture the appropriate data in relation to outputs and outcomes;
- cooperate fully with evaluations undertaken either during or after the completion of the project; and
- acknowledge the Victorian Government's support through the provision of a grant from the Future Industries Fund.

Payment of grant funds is only to be made following documented evidence of milestone conditions being met. The approval and allocation of funding will comply with the Financial Management Act.

Funds are paid in instalments corresponding to delivery against agreed milestones. Claims for payment must be supported by appropriate evidence.

When structuring the funding agreement, for Stream 2 projects, the contract will include claw-back provisions to ensure that the expected economic benefit from the funding provided is fully realised.

7. CONFIDENTIALITY

The Department will, to the extent permitted by law, treat all information as strictly confidential and commercial-in-confidence where relevant. Any personal information will be managed in accordance with the published Privacy Policy, which can be found at www.business.vic.gov.au/privacy

8. CONTACTS AND FURTHER INFORMATION

For more information:

- Future Industries Fund webpage (www.business.vic.gov.au/futureindustries)
- Sector Growth Program webpage (www.business.vic.gov.au/sectorgrowth)
- Email the program team at sectorgrowth@ecodev.vic.gov.au
- Phone the Business Victoria Help Line on 13 22 15.

Please note that engagement with the Department or any Victorian Government representative does not constitute endorsement of any application for funding.

ATTACHMENT A ASSESSMENT CRITERIA

1. Alignment with sector strategies and demonstrated project need

Applications should demonstrate how the proposed project aligns with relevant Future Industries Sector Strategies and State Government policies; including:

Stream 1 – Scoping, Planning and Feasibility

- alignment with the Future Industries Sector Strategies; and
- compelling business or industry need for the project, including the problem the project is seeking to resolve.

Stream 2 – Project Implementation

- alignment with the Future Industries Sector Strategies;
- compelling business or industry need for the project, including the problem the project is seeking to resolve;
- reach of the project, as indicated by the number of participating organisations; and
- impact of the project on growth, productivity and international competitiveness of Victorian businesses.

2. Direct economic development benefits

Applications should demonstrate clearly how the proposed project will generate a range of direct economic benefits, including:

Stream 1 – Scoping, Planning and Feasibility

- potential number of jobs generated in Victoria as a result of the project and the timeline for job creation;
- potential number of existing employees transitioned into higher value, higher skilled roles and the timeline for this transition;
- potential for training/up-skilling of new and existing employees;
- potential to result in new investment or complements other investments; and
- potential to create long term benefits.

Stream 2 – Project Implementation

- number of jobs generated in Victoria as a result of the project and the timeline for job creation;
- where the anticipated workforce will be recruited from (eg local labour market);
- number of existing employees transitioned into higher value, higher skilled roles and the timeline for this transition;
- training/up-skilling of new and existing employees;
- economic growth;
- result in new investment or complements other investments;
- generates additional exports or import replacement; and
- creates long term benefits.

3. Indirect economic development benefits

Applications should demonstrate how the proposed project will generate additional economic benefits, including:

Stream 1 – Scoping, Planning and Feasibility

- building on identified competitive advantage;
- encouraging other investments to occur; or
- delivers innovation and productivity benefits.

Stream 2 – Project Implementation

- building on identified competitive advantage;
 - encouraging other investments to occur;
 - supporting the integration of the sector or region into global markets;
 - delivers innovation and productivity benefits; and
 - creates indirect employment.
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4. Social and environment benefits

Applications should demonstrate how the project will deliver social and environmental benefits, including:

- relevant community and industry support;
 - is consistent with ecologically sustainable development;
 - whether the project will take place in areas of socio-economic disadvantage, or will employ disadvantaged workers; or
 - provides additional benefits (e.g. addresses the impacts of climate change on the economy, environment and community).
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5. Demonstrated project feasibility and delivery

Applications should clearly demonstrate that the project has:

Stream 1 – Scoping, Planning and Feasibility

- appropriate organisations committed to the consortium;
- access to suitable project management resources;
- identified resources with complementary skills and capabilities, including a strong track record of key personnel;
- identified project risks;
- developed a suitable budget for the project; and
- funding from appropriate sources is identified and committed to the project.

Stream 2 – Project Implementation

- appropriate organisations committed to the consortium;
 - access to suitable project management resources in both the developmental and operational phases of the project;
 - identified resources with complementary skills and capabilities, including a strong track record of key personnel;
 - identified project risks and developed strategies to manage them;
 - undertaken financial modelling/budgeting for the project;
 - funding from appropriate sources is identified and committed to the project; and
 - identified regulatory requirements, including any land tenure, planning and environmental issues, and implemented strategies to resolve or are in the process of being resolved.
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6. Financial viability

Applications must be accompanied by supporting documentation to assess the applicant's capacity to undertake the project, including:

Stream 1 – Scoping, Planning and Feasibility	Stream 2 – Project Implementation
<ul style="list-style-type: none">• project plans;• project budget; and• audited financial reports for the past three years from the lead organisation.	<ul style="list-style-type: none">• business case;• project budget;• business plan incorporating financial projections (Profit & Loss and Cash Flow);• audited Financial Reports for the past three years; and• management or interim accounts for the current year, if the most recent Financial Report is more than 6 months old.

The level of information required will be commensurate with the level of funding and risk associated with the project. Recommended applicants will be subject to a Financial Risk Assessment. The purpose of the Financial Risk Assessment is to provide advice on the financial risk exposure of the applicant. Its primary objective is to determine whether the applicant is likely to have the ability to remain financially viable over the duration of the project.

Government bodies, statutory authorities and publicly funded education institutions are exempt from this requirement, given other legislated governance requirements for such bodies.

7. Value to the State

Applications must demonstrate how the project provides maximum value for the State, including:

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- the compelling reason for State Government assistance;
 - justification of the grant investment in terms of project outcomes;
 - impact of the grant on the project's size, timing and payback period;
 - has funding support been maximised from a range of sources including Commonwealth and local government, community, private sector and regional organisations;
 - clarity regarding budget and expenditure items; and
 - overall contributions by the consortium.
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