

TOWARDS FUTURE INDUSTRIES

# AUTOMOTIVE SUPPLY CHAIN TRANSITION PROGRAM

Program Guidelines



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# 1. BACKGROUND

The Automotive Supply Chain Transition Program (ASCTP) is a Victorian Government initiative that will provide intensive tailored support to businesses in the automotive supply chain to guide them through the transition period as major car manufacturing in Victoria ceases.

The ASCTP is focused on retaining industry capability and jobs in Victoria that might otherwise be lost due to the announced closures of the three major car manufacturers (Ford, Holden and Toyota) in Victoria.

The ASCTP is part of the Victorian Government's *Towards Future Industries: Victoria's Automotive Transition Plan*, which aims to:

- help businesses in the automotive parts and related supply chain industries find new markets in the global automotive industry or other industries within Australia
- provide assistance to automotive industry workers to find new jobs
- support economic development in the areas most affected by the closure of the major car manufacturers.

# 2. PROGRAM OBJECTIVES

The ASCTP will provide Victorian automotive supply chain companies with the support they need to plan for their future, including access to new sectors and markets.

This will be achieved by:

- Providing intensive support to equip supply chain companies with options and strategies for transition
- Offering assistance to implement key recommendations identified in the plan.

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**Total support provided for any automotive supply chain company will be capped at \$71,000. All projects must be completed by 30 June 2018.**

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# 3. ASSISTANCE AVAILABLE

## 3.1 STAGES

The Automotive Supply Chain Transition Program offers two separate stages of assistance.

### 3.1.1 Business Transition Plan

Independent Business Specialists will provide intensive support to participating companies, including the completion of a business diagnostic to help identify future opportunities and assistance required. The diagnostic outcomes will then form the basis of a Business Transition Plan, which will be developed by the Business Specialist and the participant.

The Business Transition Plan will identify target sectors and markets for diversification as well as the strategies and capabilities the company needs to pursue in order to transition.

Where a supply chain company has an established transition plan that was developed independently of the ASCTP after May 2013, a Business Specialist may be engaged to undertake a review of the existing plan. The review will determine if appropriate strategies are in place to assist the supply chain company through the transition period, and make recommendations for change where appropriate. A supply chain company may be eligible for assistance to develop a revised Business Transition Plan if necessary.

### 3.1.2 Business Transition Services and Merger Advisory Services

#### Business Transition Services

At the completion of the Business Transition Plan stage, participating supply chain companies may be eligible to receive assistance towards business transition activities identified in their plan.

The nature of support will depend on the outcomes identified in the Business Transition Plan.

Where common needs are identified across a number of program participants, group delivery of specialist services may be appropriate and cost-effective.

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**Business Transition Services may be delivered by one or more Business Specialists.**

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#### Merger Advisory Services

Where a business merger has been identified in the Business Transition Plan as the appropriate course of action, support for Merger Advisory Services may be provided to maximise retention of industry capability and jobs.

Merger Advisory Services are designed to provide advice on the strategies required for a business merger.

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**Merger advisory services must be delivered by one Business Specialist.**

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#### Additional assistance

Assistance from a representative of the Department will be incorporated into all program streams, providing the supply chain company with information on existing State and Federal industry support programs.

## 4. ELIGIBILITY

### 4.1 AUTOMOTIVE SUPPLY CHAIN COMPANIES

Supply chain companies must meet all the following criteria to be eligible for assistance under the Automotive Supply Chain Transition Program:

- Have an Australian Business Number (ABN)
- Be incorporated in Victoria
- Have been trading continuously since May 2013 (when the closure of the car companies was first announced)
- Be a Victorian based business, with at least 10 per cent of revenue<sup>1</sup> derived from new car manufacturing by the three local car manufacturers (Ford, Holden and Toyota) and their supply chain

The following are not eligible to be an ASCTP participant:

- Individuals, partnerships, or trusts, however an incorporated trustee can apply on behalf of a trust provided that the State is satisfied that the incorporated trustee will remain sufficiently liable for the performance or any agreement it signs
- Commonwealth, State and Local Government agencies and bodies
- Publicly funded research institutions
- Not-for-profit organisations
- Community-based organisations.

### 4.2 BUSINESS SPECIALISTS

To be considered to become an Automotive Supply Chain Transition Program Business Specialist, applicants must:

- Have an Australian Business Number (ABN)
- Be registered for GST
- Be a Victorian-based<sup>2</sup> business with a high level understanding of the automotive industry, and the Victorian supply chain in particular
- Demonstrate experience providing strategic analysis (including diagnostics) and planning for businesses in Victoria
- Be financially viable<sup>3</sup>.

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1 Applicants may be required to provide evidence that confirms their revenue sources.

2 Unless the services offered by the applicant are unique and cannot be delivered by a Victorian-based Business Specialist.

3 Applications to become a Business Specialist must include audited final accounts for the previous three (3) Financial Years, plus Interim accounts if the final accounts are over six (6) months.

## 5. FUNDING

### 5.1 VALUE OF SUPPORT AND SUPPLY CHAIN COMPANY CO-CONTRIBUTION

ASCTP Activity	Support Provided
Review of an established Business Transition Plan	\$5,000
Development of a Business Transition Plan	\$16,000 <sup>4</sup>
Business Transition Services	Up to \$55,000
Merger Advisory Services	Up to \$10,000

The level of support for Business Transition and Merger Advisory Services will depend on the outcomes and recommendations in the Business Transition Plan, as well as the scope of work and associated costings included in the application.

**Total support provided for any automotive supply chain company will be capped at \$71,000.**

Supply chain companies will be required to meet any additional costs where the total project cost exceeds the value of support provided by the Department.

For example, if the total project cost for Merger Advisory Services is \$15,000, the Department will provide support of \$10,000, with supply chain companies required to contribute \$5,000 to the project.

The Department reserves the right to determine the value of the support, which may be less than the amount requested by the applicant.

**Funds from other Victorian or Commonwealth Government programs cannot form part of the co-contribution.**

<sup>4</sup> Or \$11,000 if a business has had an established Business Transition Plan reviewed and it has been found to require additional information.

## 5.2 ELIGIBLE PROJECT ACTIVITIES

Activities funded under Business Transition Services includes (but is not limited to):

- new product development
- business matching
- assistance with management skills
- sales and marketing strategies
- financial management
- market access activities.

Activities funded under Merger Advisory Services includes (but is not limited to):

- business valuations
- asset valuations and registers
- due diligence
- leasehold premise obligations.

## 5.3 INELIGIBLE PROJECT ACTIVITIES

The following will not be funded under the ASCTP:

- capital expenditure
- legal expenses (unless specified above)
- worker entitlements
- sales agreement negotiations or any other activity required to formalise a business merger
- Business Transition Services that duplicate existing government initiatives
- Business Transition Services where the applicant has not applied for, and completed, an ASCTP Business Transition Plan. Exemptions may be made where the applicant has an established transition plan that was developed independently of the ASCTP after May 2013.

Assistance of any kind will not be provided to applicants who commence their project prior to receiving a Letter of Offer from the Department, and will be liable for the full project costs incurred should their application not be successful.

## 5.4 DURATION OF PROJECTS

Business Transition Plan projects must be completed within two (2) months of the date of the offer of funding.

Business Transition Services and Merger Advisory Services must be completed within twenty four (24) months of the applicant accepting the offer of funding.

The completion of projects within these timeframes will be legally binding commitments in the approval documentation.

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**All ASCTP projects must be completed by 30 June 2018.**

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## 6. SELECTION OF BUSINESS SPECIALISTS

The Department will seek Expressions of Interest from suitably qualified Business Specialists to deliver transition projects. Applicants will be required to outline their experience providing strategic analysis (including diagnostics) and planning for businesses in Victoria, as well as their understanding of the automotive industry, and the Victorian automotive supply chain in particular.

Business Specialists will also be required to highlight in their application other key areas of expertise, such as sales and marketing, financial management, mergers and/or product development. Should the specialist's application be successful, these capabilities will be listed under the specialist's entry on the program website.

Applications to deliver transition projects will be assessed by a panel, who will consider the submission on its merits. Successful applicants will be listed on the program website, and will include the primary contact details for supply chain businesses to discuss their needs.

Applications to select Business Specialists will open at launch of the program and will remain open for the duration of the program.

Potential applicants to deliver transition projects will need to consider the geographic location of the supply chain businesses and the likelihood of travel prior to making a submission.

Claimable travel costs for transition projects will be capped at 5 per cent of the funding offered by the Department.

## 7. APPLICATION PROCESS FOR SUPPLY CHAIN COMPANIES

### 7.1 HOW TO APPLY

Applications will be sought via invitation from Victorian primary and secondary automotive supply chain companies already identified by the Department.

Companies who believe they meet the eligibility criteria, but did not receive an invitation to apply are encouraged to contact the Program Manager who will determine if an application should be submitted.

All applications must be submitted via the Business Victoria website ([business.vic.gov.au/asctp](https://business.vic.gov.au/asctp)).

All applicants must declare they have spoken to their nominated Business Specialist about the Automotive Supply Chain Transition Program and are satisfied with the work proposed. This will be confirmed with the relevant Business Specialist by the Department prior to the assessment of any application.

It is the applicant's responsibility to ensure all requested information is supplied to the Department. Failure to do so may result in the application being unsuccessful.

Applicants whose applications are unsuccessful will be advised in writing.

## 7.2 PROGRAM OPENING AND CLOSING DATES

Applications for supply chain companies to enter the Automotive Supply Chain Transition Program will open on 7 December 2015, with projects to be completed 30 by June 2018, unless funds are fully expended prior to that date.

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**Applications submitted outside of these dates will not be considered.**

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# 8. ASSESSMENT OF APPLICATIONS AND APPROVAL PROCESS

## Business Transition Plan

To be considered for transition planning assistance, applicants must indicate which Business Specialist they wish to work with to develop their Business Transition Plan.

Feedback capturing an applicant's confidence levels towards their long term sustainability will also be sought in the application, and will be compared against an evaluation survey that program participants must complete at the end of their transition plan project.

All applications will be considered by the ASCTP program team and a recommendation made for approval.

Applicants who are approved will be issued with a Letter of Offer, and a funding agreement will be sent to the Business Specialist for the benefit of the applicant.

## Business Transition and Merger Advisory Services

Support for Business Transition and Merger Advisory Services can only be sought at the completion of Business Transition Plan projects<sup>5</sup>.

Support will be provided to engage one or more approved Business Specialists to assist supply chain companies to implement the findings of their Business Transition Plan. Applications must include a quote from the Business Specialist/s outlining the scope of work to be delivered, pricing and relevant timelines.

Applications for Business Transition and Merger Advisory Services will be assessed by an independent panel of experts against the assessment criteria below, and a recommendation made for consideration by the Minister for Industry.

The ASCTP has been designed to be nimble and responsive to business needs ensuring supply chain companies can access assistance in a timely manner.

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<sup>5</sup> Exemptions may be made where the applicant has an established transition plan that was developed independently of the ASCTP after May 2013.

The Minister's decision is final and there is no right of appeal. Feedback will be provided to unsuccessful applicants by the Department.

Shortlisted applicants may be contacted to provide additional supporting documentation and confirm the performance targets and milestones. These agreed performance targets and milestones will be documented prior to the application being submitted for further assessment and will form the basis of payment conditions in the funding agreement.

Applicants who are approved will be issued with a Letter of Offer, and a funding agreement will be sent to the Business Specialist for the benefit of the applicant.

## 9. ASSESSMENT CRITERIA FOR BUSINESS TRANSITION AND MERGER ADVISORY SERVICES

Applications for support for Business Transition and Merger Advisory Services will need to meet the following criteria:

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### Assessment Criteria

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#### 1. Linkage to the recommendations of the Business Transition Plan

- The activities/actions proposed are aligned with the recommendations in the Business Transition Plan.
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#### 2. Commitment from the supply chain company to the intended project

- The supply chain company will dedicate appropriate resources to effectively deliver the project
  - The supply chain company agrees and has the capacity to meet any additional project costs that exceed the funding offered by the Department.
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#### 3. Value for money

- The cost of activities proposed reflects market value and the level of funding requested.
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## 10. FUNDING AGREEMENTS

### 10.1 APPROVAL

Businesses should expect to learn the outcome of their application for Business Transition Plan support within approximately four (4) weeks, and for Business Transition and Merger Advisory Services within approximately eight (8) weeks of submission of the application.

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

### 10.2 FUNDING AGREEMENTS

Applicants who are approved will be issued with a Letter of Offer, and a funding agreement will be sent to the Business Specialist for the benefit of the applicant.

Applicants will have 30 calendar days from the date on the letter of offer to commence their project. The offer may be withdrawn if the project is not commenced within the 30 day timeframe.

At the completion of the project, the Business Specialist must provide the funding agreement to the supply chain company for endorsement. By signing the agreement, the supply chain company confirms they are satisfied with the quality of the work completed.

The Business Specialist must then countersign the funding agreement and return it to the Department, along with copies of any project documentation (such as the transition plan), and an invoice for processing.

### 10.3 PUBLICITY

Recipients must agree to cooperate with the Department in the preparation of materials used to promote the benefits of the program, such as a media release or case study. The Department will seek approval for any text or imagery associated with the funding recipient prior to the publication of any such promotional materials.

## 11. REPORTING AND EVALUATION

All recipients of ASCTP assistance must agree to:

- comply with performance monitoring requirements, including written reports and face-to-face meetings
- participate in formal program evaluations by the Department.

## 12. CONFIDENTIALITY

DEDJTR 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 [business.vic.gov.au/privacy](https://business.vic.gov.au/privacy).

## 13. CONTACTS AND FURTHER INFORMATION

For more information:

- Automotive Supply Chain Transition Program webpage: ([www.business.vic.gov.au/asctp](https://www.business.vic.gov.au/asctp))
- email the program team at [asctp@ecodev.vic.gov.au](mailto:asctp@ecodev.vic.gov.au) or contact your local Victorian Government business representative
- call the Business Victoria Help Line on **13 22 15**.

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**Please note that engagement with DEDJTR or any Victorian Government representative does not constitute endorsement of any application for assistance.**

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