

FUTURE INDUSTRIES FUND
MANUFACTURING PROGRAM
Program Guidelines

Victoria's
Future
Industries.





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1. BACKGROUND

The Future Industries Manufacturing Program is an initiative under the Future Industries Fund, as part of the Victorian Government's *Back to Work* Plan to create 100,000 jobs and get Victoria back to work.

The Future Industries Fund identifies six sectors which have strong growth potential, including:

- Medical technologies and pharmaceuticals
- New energy technology
- Food and fibre
- Transport, defence and construction technologies
- International education and
- Professional services.

2. PROGRAM OBJECTIVES

The Future Industries Manufacturing Program assists companies that are intending to implement new manufacturing technologies in their Victorian operations and that will provide a critical foundation for:

- Generating sustainable new local jobs, including high-value jobs
- Improving productivity and international competitiveness and
- Targeting growth opportunities.

3. ELIGIBILITY

3.1 The Applicant

Applicants must meet all the following criteria to be eligible for assistance under the Future Industries Manufacturing Program (FIMP):

- Have an Australian Company Number (ACN)
- Have an Australian Business Number (ABN)
- Be a business that is investing in its Victorian manufacturing operations
- Have the ability to meet the co-contribution requirement (\$3 for every \$1 granted)
- Provide financial reports for the last three financial years to enable the Department of Economic Development, Jobs, Transport and Resources (the Department) to conduct a financial risk assessment (FRA).

FRAs are undertaken by the Department to establish the financial risk exposure of the applicant, and whether the applicant is likely to remain financially viable over the duration of the project.

The following are **not eligible** to apply:

- Individuals, partnerships, or trusts, however an incorporated trustee can apply on behalf of a trust;
- Commonwealth, State and Local Government agencies and bodies;
- Publicly funded research institutions;
- Not-for-profit organisations; or
- Community-based organisations.

3.2 The Project

Applications are sought from companies investing in their Victorian manufacturing operations that meet the program objectives. Companies in the future industry growth sectors can also apply.

The grant supports projects that will deliver on the program objectives by undertaking activities such as:

- The purchase and implementation of capital equipment (recorded as fixed assets in the applicant's accounts)
- Manufacturing product and process improvements
- Prototyping, evaluation and testing of new manufacturing products and processes
- Supply chain capability development.

Any other activities will be considered on a case-by-case basis.

Applicants are required to demonstrate the need for government funding, including the likelihood of the project proceeding if the application is unsuccessful.

Joint applications are acceptable, provided they have a lead applicant who is both the primary project proponent and an eligible applicant.

4. FUNDING

Funding will not be provided for retrospective activities (i.e. where project expenditure is incurred prior to receipt and acceptance of a letter of offer. Applicants that commence their projects prior to execution of a grant agreement do so at their own risk.

Projects will be expected to commence within 90 days of execution of the grant agreement and evidence provided, in the form of a purchase order and/or invoice from the supplier/s, that the applicant has committed a minimum of ten per cent of eligible project expenditure by this date.

4.1 Level of Funding

The program provides grants of up to 25 per cent of eligible project expenditure, with a maximum grant of \$500,000. Applicants will need to demonstrate how the project outcomes justify the grant investment.

Projects with total eligible expenditure of less than \$100,000 will not be considered for this program.

4.2 Eligible Project Activities

Applicants must meet the co-contribution requirement with expenditure on eligible project activities. **In-kind contributions are excluded (i.e. non-monetary resources).**

Eligible project expenditure includes the following activities relating to the proposed project:

- Capital expenditure and other project-related non-capitalised expenditure (but does not include vehicles, internal costs or salaries)
- Manufacturing product and process improvements (including significant improvements in technical specifications; components and materials; software in the project; user friendliness or other functional characteristics; and/or new or significantly improved production or delivery methods)
- Prototyping, evaluation and testing of new products and manufacturing processes
- Supply chain capability development
- Tooling
- Training specific to the technology (external costs only)
- Labour and contractors (but does not include internal salaries)
- Manufacturing machinery and equipment, (for example, repurposing state-of-the-art automotive manufacturing equipment), or
- Minor building alterations and fit-out costs.

Eligible project expenditure must:

- Be incurred by the grant recipient within 18 months of execution of the grant agreement;
- Be a direct cost of the project; and
- Be exclusive of the Goods and Services Tax (GST).

Applicants will be required to provide quotations and estimates in support of their applications.

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

If applying jointly with other businesses, all businesses may contribute to project expenditure to meet the co-contribution requirement. However, one business (company) must be the lead applicant.

4.3 Ineligible Project Activities

The Manufacturing Program is not intended to support projects which primarily involve:

- Routine replacement or a minor upgrade of plant and equipment
- Routine operational expenses, including communications, accommodation, office computing facilities, printing and stationery, postage, legal and accounting fees and bank charges
- Costs related to preparing the grant application, preparing any project reports and preparing any project variation requests
- Building websites, marketing, sales and promotional activities, or
- Research and Development (R&D), other than prototyping, evaluation and testing of new manufacturing products and processes.

4.4 Duration of Project

The activities being undertaken are to be completed within 18 months of the date of the Grant Agreement. Completion of the project within this timeframe will be a legally binding commitment in the Grant Agreement.

5. ASSESSMENT CRITERIA

Successful applications will need to rate highly against each of the following key selection criteria:

1. Impact of the Project on Employment and Skills

- Number of sustainable, new local jobs generated, including high-value jobs, through the project and timeline for job creation.
 - Number of existing employees to be transitioned into higher value, higher skilled roles and the timeline for this to be achieved.
 - Whether the project will take place in areas of socio-economic disadvantage, or will employ disadvantaged workers.
 - Training for new and existing employees.
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2. The Level of Economic Benefit the Proposed Project will bring to Victoria, including:

- Contribution of the project towards the State's economy.
 - How and to what extent the project will deliver significant, ongoing increases in productivity to the business.
 - The extent of project innovation, including new technology.
 - How the project will enable the business to capitalise on growth opportunities, such as diversification, or improving export capability and global competitiveness.
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3. The Demonstrated Skills, Experience and Resources Available to the Business to Successfully Undertake the Project:

- Governance, e.g. the company structure.
 - Evidence that the business has the capability to implement the project, e.g. CVs of lead project team; record of success in implementing similar initiatives.
 - How the project will be implemented to ensure the benefits of the technology or service are realised.
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4. Value for Money

- How the project outcomes justify the grant investment.
 - How would the grant impact favourably on the scale or timing of the project?
 - Why is the requested grant amount required, rather than a lesser amount?
 - The impact the grant will have on the project pay-back period and expected future growth in business operations.
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5. Need for Government Support

- Would the project proceed without the grant?
 - What other funding options have been pursued?
 - If the applicant's annual turnover is more than \$100 million, the applicant will need to demonstrate a compelling argument about why government support is needed.
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6. APPLICATION PROCESS

Potential applicants are encouraged to carefully consider their ability to meet the program requirements and how they will perform against the assessment criteria before committing significant resources to developing an application. For contact details and further information please call Business Victoria on 13 22 15 or visit www.business.vic.gov.au/futureindustries.

Applications are assessed against the key assessment criteria and available funds.

Where a project involves multiple businesses, the lead applicant should submit the application and will be subject to a financial risk assessment. All participating businesses will be subject to probity checks.

6.1 How to Apply

There is a two-stage application process:

- Expression of interest, followed by
- An invitation by the Department to submit a formal application.

Expressions of interest can be submitted at any time.

Formal applications will only be accepted within 90 days of an invitation to apply.

6.1.1 Expression of Interest (EOI)

In the first instance, applicants are requested to submit an EOI via the online application form available on the Business Victoria website at www.business.vic.gov.au/futureindustries.

The EOI will:

- Determine the applicant's eligibility
- Advise the Department as to the principal activities of the applicant
- Provide the name and a brief description of the project seeking funding and
- Briefly address how the project aligns with the objectives of the program.

The EOI can only be made using this online form. Printed, facsimile, posted or other methods of delivery of the EOI form will not be accepted.

All sections of the EOI form must be completed in full.

All EOIs will be considered by the Department and short-listed applicants will then be invited to formally apply for funding within 90 days of the date of invitation to apply (stage two).

There is no guarantee that an applicant will be short-listed or invited to formally apply.

Businesses with annual turnover of more than \$100 million will not be invited to formally apply for funding unless the EOI demonstrates a compelling argument about why government support is needed.

Applicants whose EOIs are not supported will be advised via email.

6.1.2 Applications

Applications can only be made in response to a formal invitation, via email, from the Department following short-listing of their EOI.

Applications can only be made using the electronic link provided and must be submitted online. Printed, facsimile, posted or other methods of delivery of the application form will not be accepted.

All sections of the application form must be completed in full and all requested attachments provided.

All applications must be accompanied by the following supporting documentation:

- Evidence of co-contribution including:
 - Evidence of support from the Board or business owner that the business can undertake the project and meet its co-contribution costs; and
 - An approved loan facility (including loan amount); or
 - Cash at bank (current bank statement); or
 - Management accounts demonstrating satisfactory cash flow or liquid assets.
- Project plan (a template providing guidance about information to be included in the project plan is available at (www.business.vic.gov.au/futureindustries));
- Audited Financial Reports for the past three years (including Profit & Loss, Balance Sheet and notes to the accounts);
- Management or interim accounts for the current year, if the most recent Financial Report is more than six months old;
- Current business plan incorporating financial projections (Profit & Loss and Cash Flow)*;
- A basic marketing plan outlining how any sales objectives of the project will be achieved.

* The cash flow projections should include project expenditure and project funding as separate items in cash outflow and inflow.

The financial projections should cover the life of the project and should reflect the financial benefits expected to be generated from the project.

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

7. ADMINISTRATION AND ASSESSMENT OF FORMAL APPLICATIONS

All applications will be assessed against the eligibility and assessment criteria and their ability to meet the objectives of the program.

The Manufacturing Program Assessment Panel will review all eligible applications and provide recommendations on projects to be supported to the Minister for Industry.

The Minister's decision is final. There is no right of appeal and 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 milestones in the grant agreement, if successful.

There is no guarantee that an application will be supported for funding, or that the amount of funding requested will be offered.

8. APPROVAL AND GRANT AGREEMENT

8.1 Approval

Businesses should expect to learn the outcome of their application within approximately sixteen (16) weeks of submission.

The Minister is responsible for final approval of successful projects and the allocation of grant funding. A letter of offer signed by the Minister will be forwarded to successful applicants. Applicants will have 30 calendar days from the date of the letter of offer to accept the offer in writing and 60 calendar days from the date of acceptance to execute the Grant Agreement with the Department. The offer may be withdrawn if the Grant Agreement is not executed within the 60-day timeframe.

8.2 Grant Agreement

Subject to acceptance of the offer by the applicant, a legally binding Grant Agreement will be prepared reflecting the project, proposed outcomes, milestones and conditions of payment.

8.3 Publicity

- Recipients must agree to cooperate with the Department in the preparation of materials used to promote the benefits of the program to industry, such as a media release or case study on the project; and
- Consult with the Department prior to the publication of any project promotion materials.

9. REPORTING

9.1 Reporting and Evaluation

All recipients of grant funds must agree to:

- Comply with performance monitoring requirements, including written reports and
- Face-to-face meetings; and
- Participate in formal evaluations of the program by the Department.

10. 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 business.vic.gov.au/privacy.

11. CONTACTS AND FURTHER INFORMATION

For more information:

- Future Industries Fund webpage (www.business.vic.gov.au/futureindustries)
- Email the program team at fimp@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.

