

**LATROBE VALLEY
ECONOMIC
FACILITATION FUND**
GUIDELINES FOR APPLICANTS

1. CONTEXT

LATROBE VALLEY

The Latrobe Valley faces unique challenges and opportunities. Its mining and energy sector has underpinned the Victorian economy for decades. It has competitive strengths in its abundant natural resources, mild climate, land availability, skilled technical and trade workforce and infrastructure that connects the region to a growing Melbourne. The Latrobe Valley also has a vibrant community with committed leaders and a range of existing economic development plans and strategies.

However, the Latrobe Valley continues to be impacted by structural adjustment. Its traditional large industries continue to face adjustment pressures, such as a carbon constrained future, creating significant uncertainty in the community.

Recent studies demonstrate entrenched social disadvantage in a number of communities in the Latrobe Valley reflected in higher unemployment, particularly youth unemployment rates, and a lower labour force participation rate in Latrobe City, with pockets of very high unemployment and disadvantage in areas such as Morwell and Moe.

LATROBE VALLEY ECONOMIC DEVELOPMENT PROGRAM

The Latrobe Valley Economic Development Program (LVEDP) is a \$40 million initiative to specifically target the needs of the region and intensify government's efforts to support its economic diversification, growth and resilience.

The program has a strong emphasis on growing existing and future industries, leveraging the Valley's competitive strengths and focusing on potential high growth sectors such as food and fibre, defence or health services. The program will also focus on ensuring skills development meets future industries workforce needs while supporting inclusive growth which includes the most disadvantaged.

2. THE LATROBE VALLEY ECONOMIC FACILITATION FUND

The Latrobe Valley Economic Facilitation Fund (LVEFF) is fund of up to \$10 million to support the early and on-going impact of the LVEDP.

It is primarily focussed on businesses to identify and support business growth and new job creation, implementing key objectives set out in a range of existing economic development plans including the Gippsland Strategic Plan, local government economic development strategies and the Committee for Gippsland 'Our Region Our Future' document. The newly established Gippsland Regional Partnership will also set directions, priorities and advocate for local investment projects.

A new dedicated in-valley unit within Regional Development Victoria will work to actively identify and facilitate business growth and new jobs through the fund. The new team will work with proponents to fast track and realise investment opportunities. The LVEFF will work to attract and facilitate business investment into the Latrobe Valley through three key 'fund streams' supporting:

- > Growing existing businesses – with a focus on business competitiveness and innovation, including a focus on existing Latrobe Valley businesses, the small to medium business sector (SME's) and supply chains;
- > Investment attraction – helping new businesses to locate in the Latrobe Valley; and
- > Market access - growing the capability and identifying new global markets for products and services.

As outlined in these guidelines, all potential applicants are encouraged to work with RDV Gippsland Latrobe Valley Economic Facilitation Unit on how the Victorian Government can help to facilitate and support their growth and job creation. There are a number of pathways and sources of support available from the Victorian Government that may be more appropriate to particular projects and proponents. The following information is provided to potential applicants to access support from the LVEFF.

3. OBJECTIVES AND CRITERIA OF THE FUND STREAMS

GROWING EXISTING BUSINESSES

This stream aims to improve Latrobe Valley's existing business and industry productivity to ensure the long-term sustainability of employment and business growth. It will provide funding to enable the adoption of new technology and innovative processes to potentially diversify its operations and products and sustain and create new jobs. It also supports the introduction of equipment that drives more efficient use of assets and greater supply chain integration.

This stream places a particular focus on small and medium enterprises. In Latrobe Valley, around 95% of employing businesses have 20 employees or less. This represents a significant economic resource for the Valley and this stream aims to support their growth potential.

The Growing Existing Businesses stream will support activities linked to business innovation or technological commercialisation and provide support for collaboration between industry clusters and research centres that strengthen competitiveness.

Activities that will be considered

Through the Growing Existing Businesses stream support may be available for:

- > integration of new technology and/or processes designed to improve productivity and competitiveness, strengthen capabilities and have a transformative impact on business models through encouraging wider and ongoing innovation;
- > specific infrastructure, plant or equipment that improves the efficiency and competitiveness of Latrobe Valley businesses;
- > common enabling infrastructure that aim to address Latrobe Valley infrastructure challenges that impact on industry sustainability and limit expansion;

- > industry clusters/networks that bring together representatives of regional/Latrobe Valley businesses, research centres and other partners to strengthen Latrobe Valley supply chains and competitiveness through collaboration and innovation;
- > enhancement of workforce capabilities to support investment in new technologies and processes that improve the productivity of businesses.

Applications will also need to address how the project will:

- > improve potential growth and productivity of a Latrobe Valley business to sustain existing operations in regional locations and retain or create jobs ;
- > involve the application of innovative ideas or technology that have the potential to increase efficiencies or productivity ;
- > introduce new technology or skills that have additional benefits for the Latrobe Valley;
- > improve supply chain efficiencies and linkages ;
- > enhance the effectiveness of existing regional industry clusters/networks.

INVESTMENT ATTRACTION

This stream aims to attract new businesses and industries to Latrobe Valley. It has a focus on regional competitive advantage and high-growth potential businesses and opportunities that create new jobs in Latrobe Valley.

The stream will be flexible to industry needs but also targeted towards supporting activities that enable the realisation of an identified business growth opportunity. This includes new investment attraction, investment in facilities expansion and strategic industry investment planning.

The Investment Attraction stream is based on the development of a strong and strategic understanding between Regional Development Victoria (RDV) and individual companies.

The focus is on the company's growth potential and their ability to deliver jobs into Latrobe Valley.

Activities that will be considered

Through the Investment Attraction stream support may be available for:

- > new investment from outside the region or bringing forward investment in existing regional businesses that creates jobs.
- > targeted investment assistance and incentives for businesses to move to, or expand into, the Latrobe Valley involving new capital investment and job creation.
- > introduction of new manufacturing capability, new technology, process change or plant modernisation, which results in business growth and jobs creation.
- > opportunities to grow emerging businesses or diversify existing operations.
- > business cases and feasibility studies that enable applicants to plan for, and investigate the economic viability of potentially significant impact projects. Government will match contributions for studies up to a maximum of \$150,000.

Applications will also need to demonstrate:

- > how government assistance will influence an investment decision which is already under consideration.

MARKET ACCESS

This stream aims to grow regional export capability and access to new markets for existing business and industry groups. It will do this by supporting investments, projects and activities that enable more comprehensive understanding and engagement with new markets, domestically and abroad. It will provide funding to support industry development, capability building, strategic export development planning and targeted industry cluster development projects for new markets as well as support for Latrobe Valley specific inbound and outbound trade missions.

Activities that will be considered

Through the market access stream support may be available for:

- > participation in an inbound or outbound trade missions;
- > strategic export development planning and capabilities development aimed at improving regional businesses' understanding of and access to new and emerging markets;
- > targeted industry cluster/network development projects (including educational activity and exploration of the feasibility of exporting, accessing new markets or building business capability).

Applications will also need to address how the project will:

- > improve industry understanding of a new market opportunity;
- > enhance the export capabilities of regional industry clusters/networks;
- > directly support small regional businesses to develop export capabilities.

ACTIVITIES THAT WON'T BE FUNDED UNDER THE FUND

The following activities will generally not be considered for funding:

- > projects without the potential for a sustained net increase in Latrobe Valley's employment and economic activity;
- > ongoing operating costs or salary subsidies except where a salary subsidy provides administrative and project management support for business and industry cluster networks;
- > requests for retrospective funding where projects have been completed or have commenced prior to receiving funding approval;
- > purchase of land;
- > activities that would be undertaken in the normal course of business such as maintenance and upgrades;
- > routine replacement or upgrades of plant and equipment using standard technologies;
- > marketing and promotional costs for an individual business;
- > projects undertaken by the private sector as a result of a government contract or regulatory requirements;
- > projects requiring ongoing funding from the Victorian Government once completed.

WHO CAN APPLY

Applications will be considered primarily from:

- > private sector businesses and agencies
- > small and medium sized enterprises
 - small businesses (employing less than 20 people)
 - medium enterprises (with 20-199 employees).

Where proposals demonstrably meet the objectives of the fund to support private sector investment and growth, applications can also be considered from the following types of bodies, including in sponsoring partnership or group proposals:

- > business and industry groups including,
 - chambers of commerce and business associations'
 - industry peak bodies'
 - business and industry clusters and networks;
- > local government authorities;
- > not-for-profit organisations and community groups that;
 - are an incorporated body, cooperative or association'
 - have an Australian Business Number (ABN) or can provide written advice from the Australian Tax Office that no withholding tax is required from the grant payment;
- > higher education and private training institutions;
- > regional organisations e.g. regional planning alliances.

Individuals are not eligible to apply.

DEFINITION OF LATROBE VALLEY

Latrobe Valley is defined as the three local government areas of Latrobe City, Baw Baw and Wellington. The definition acknowledges that these three councils share similarities in labour market, industry structure and natural resources, and that all three are part of the solution to effectively grow and diversify the Latrobe Valley economy.

4. APPLICATION AND ASSESSMENT PROCESS

To ensure the suitability of projects, all applicants must go through the following four-step process.

STEP 1: PRIOR TO APPLICATION

Prior to submitting a formal application, applicants are advised to:

- > read these application guidelines carefully to establish eligibility;
- > discuss the proposed project with the RDV Gippsland Latrobe Valley Economic Facilitation Unit;
- > read the terms and conditions for the funding offered.

Applicants should note that projects may not proceed to the formal application and assessment process where the project:

- > can potentially be implemented through another government funding program, and if appropriate, applicants may be referred to this fund;
- > does not strongly demonstrate economic benefits;
- > is not implementation ready;
- > is not strongly aligned to state, regional and local priorities;
- > does not strongly demonstrate a need for government assistance;
- > does not present good value to the state or maximise funding support from other sources.

RDV will help you to understand these guidelines and what constitutes a strong business case and advise your project's potential suitability before an application form is completed. See section 6 of this guide for RDV contact details.

STEP 2: PREPARE AN APPLICATION

Applicants should use the application to clearly and succinctly describe the project by detailing: the challenge or opportunity it is looking to address; the objectives; the desired outcomes; the outputs to be delivered; why the project requires government assistance to proceed and any resource requirements.

Documentation to support the project such as a feasibility study, business plan, and letter(s) of support should be attached to the application.

GST

Applicants should note that all project costs included in the application must be exclusive of GST. The grant to be paid by RDV will be 'grossed up' by the amount of GST, provided the applicant provides details of registration for the GST, or unless evidence of exemption from being required to register is provided.

Who signs the application?

Applications from must be signed by the Chief Executive Officer (or equivalent).

Core LVEFF criteria

The primary aim of the LVEFF is to facilitate economic growth and job creation. In preparing the application, applicants will be asked to provide relevant supporting documents to demonstrate the project's ability to address each of the following criteria:

- a) direct economic development benefits
- b) additional economic development benefits
- c) maximising value to the state
- d) social and environmental benefits
- e) alignment with state and regional/Latrobe Valley priorities and demonstrated project need
- f) demonstrated project feasibility and delivery
- g) financial viability.

Applicants will also be asked to demonstrate the project's ability to address fund stream specific objectives and criteria detailed above.

a) Direct economic development benefits

Applications should demonstrate clearly how the proposed project will:

- > result in investment and an increase in gross value add (turnover/sales minus cost of sales) or potential future industry growth;
- > create or retain sustainable employment or create an increased potential for future employment;
- > produce additional Latrobe Valley exports or replace imports;
- > generate long-term benefits that remain after funding has ceased.

Applications that can demonstrate how projects will contribute to long-term benefits will be looked at more favourably than those that have short term impacts.

b) Additional economic development benefits

Applications should demonstrate clearly how the proposed project:

- > creates indirect employment (e.g. construction, supply chain jobs);
- > builds on identified competitive advantage of the Latrobe Valley;
- > complements and creates incentive for other investments to occur in the Latrobe Valley (e.g. through industry spill-overs or creation of critical mass);
- > supports the integration of the Latrobe Valley into domestic and global markets;
- > delivers innovation and productivity benefits (e.g. through the introduction of a new technology; the enhancement of the local skills base; the introduction of new management techniques; a reduction in the relative cost of inputs; or raising the value of outputs).

c) Maximising value to the state

Applications should demonstrate how the project provides a good value proposition to the state and also provide evidence of how the project maximises funding support from a range of sources, including Commonwealth and local governments, community, private sector and regional/ Latrobe Valley organisations.

d) Social and environmental benefits

Applications should demonstrate clearly how the proposed project:

- > has relevant community and industry support;
- > is consistent with ecologically sustainable development;
- > supports inclusive growth;
- > provides additional social and environmental benefits (e.g. addresses the impacts of climate change on the economy, environment and community).

e) Alignment with state and regional/Latrobe Valley priorities and demonstrated project need

Applications will need to identify how the project aligns with the relevant regional/ Latrobe Valley strategic and economic development plans and relevant state government policies e.g. the Victorian Government's identified high growth sectors. Applicants should also demonstrate how the project aligns with the priorities identified by the new Gippsland Regional Partnership.

f) Demonstrated project feasibility and delivery

Applications should clearly demonstrate:

- > that all regulatory requirements including land tenure, planning and environmental issues have been identified and resolution strategies are in place to the satisfaction of RDV;
- > access to suitable project management in both the developmental and operational phases of the project;
- > that project risks have been identified and strategies are in place to manage them.

Financial modelling/budgeting for proposed projects is required to be submitted.

g) Financial viability of proponent

Applicants will be asked to provide copies of annual reports and audited financial statements covering the last three years with their application. This will enable RDV to assess the financial viability of the applicant and their ability to manage and complete the project.

Note: Statutory authorities and publicly funded education institutions are exempt from a financial risk assessment

STEP 3: ASSESSMENT PROCESS

Applications received by RDV will undergo an assessment process based on the extent of financial support requested. Decisions on grant funding will be made by the Minister for Industry and Employment.

Grant requests below \$50,000

The application will be assessed by RDV determining the eligibility of the project proposed in the application for funding by assessing the project's ability to meet the 'core criteria'. Key risks and issues associated with the project will also be considered before recommendations are made to the Minister for Industry and Employment for consideration.

Applications for business cases/feasibility studies below \$50,000 will undergo this assessment process.

Grant requests over \$50,000

Applications undergo a two-stage assessment process. The first stage involves RDV considering the eligibility of the project proposed in the application for funding by assessing the project's ability to meet the 'core criteria'. The first stage will also consider key risks and issues associated with the project.

From here, the application will be forwarded to the Investment Committee of the Department of Economic Development Jobs, Transport and Resources (DEDJTR) for assessment and recommendation prior to consideration by the Minister for Industry and Employment. Where relevant, the Minister may consult other Ministerial colleagues, e.g. on proposals involving particular industry sectors.

STEP 4: APPROVAL PROCESS

The Minister for Industry and Employment will consider the advice received from the Back to Work Investment Committee and determine whether or not to approve the application.

Applicants are advised of the decision relating to their application in writing. Successful applicants will receive a letter of offer from the Minister for Industry and Employment. The letter of offer will outline the funding obligations attached to the offer of funding.

5. CONDITIONS OF FUNDING

FUNDING AGREEMENTS

Successful applicants will be required to enter into a funding agreement with the Victorian Government detailing all funding obligations and conditions. The standard terms and conditions upon which the funding is offered are available from the RDV website (www.rdv.vic.gov.au) or by contacting RDV on (03) 9027 5456.

The funding agreement is a legally enforceable document that clearly defines the obligations of both parties. The funding agreement aims to protect the government's interests and to ensure the efficient and effective use of public money, while also ensuring there is appropriate recognition of Victorian Government support on project related publications, media releases and promotional material.

Funding agreements must be signed by the organisation's Chief Executive Officer (or equivalent) and will:

- > describe the purpose for which the funding must be used;
- > set out any requirements or conditions that must be met prior to the payment of a grant instalment; and
- > outline agreed milestones and project outcomes that must be achieved before payment of a grant instalment.

Once the funding agreement has been executed, the applicant will be required to actively manage and deliver the project, and provide progress reports to RDV. During the course of the project, RDV may conduct site visits as necessary.

In some instances, based on project size, complexity and the amount of funding being provided, a Project Control Group (or equivalent) may need to be established with regular meetings and reports. RDV may be either a participant or observer in these meetings.

Successful applicants must enter into a funding agreement and commence the project within one year from the date of letter of LVEFF offer of the funding. If a project does not commence within this timeframe, the grant will be reviewed by RDV.

EVALUATION AND REPORTING

Successful applicants will be required to cooperate fully with an evaluation which is undertaken either during or after completion of the project. Successful applicants will also generally be required to submit progress and completion reporting, assess progress of the project against milestones, outputs and outcomes, and provide evidence of project completion. After completion of the project, applicants must submit annual evaluation reports assessing the project's success in meeting its stated objectives, outputs and outcomes. These evaluation reports may be required for up to three years following completion of the funded project.

Successful applicants may be required to contribute information on project outcomes, including longer-term impacts beyond project completion, for use in program evaluation reviews and RDV marketing materials. It is the responsibility of successful applicants to put in place adequate collection arrangements to capture the appropriate data in relation to outputs and outcomes. These arrangements will assist RDV to undertake a robust evaluation of the LVEFF.

COMPETITIVE NEUTRALITY

All successful applications to the LVEFF from a government body, including local governments, government departments and government business enterprises, will be required to comply with the Competitive Neutrality Policy Victoria, in respect of any commercial goods or services offered by the body as a result of the grant.

PRIVACY

Any personal information about you or a third party in your application will be collected by RDV, a statutory body within the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) for the purpose of grant administration.

This information may be provided to other Victorian Government agencies for the purposes of assessing your application. If you intend to include personal information about third parties in your application, please ensure they are aware of the contents of this privacy statement.

Any personal information about you or a third party in your correspondence will be collected, held, managed, used, disclosed or transferred in accordance with the provisions of the Information Privacy Act 2000 (Vic) and other applicable laws. DEDJTR is committed to protecting the privacy of personal information.

The department's privacy policy is available from:

PRIVACY OFFICER

Department of Economic Development, Jobs, Transport and Resources

GPO Box 2392

Melbourne, VIC, 3001, AUS Tel: (+ 61 3) 9665 9535

Email: privacy@ecodev.vic.gov.au

Enquiries about access to information about you held by DEDJTR should be directed to:

FREEDOM OF INFORMATION MANAGER

Department of Economic Development, Jobs, Transport and Resources

GPO Box 2392

Melbourne, VIC, 3001, AUS Tel: (+61 3) 9208 3112

Email: foi@ecodev.vic.gov.au

ACKNOWLEDGEMENT

Successful applicants need to acknowledge the Victorian Government's support through the provision of a grant from the LVEFF. Promotional guidelines form part of the funding agreement and include the requirement that all activities acknowledge Victorian Government support through logo presentation on any activity-related publications, media releases and promotional material.

A Victorian Government-endorsed sign must also be placed at the site of infrastructure activities. Successful applicants must liaise with RDV to coordinate any events or announcements related to the activity.

Successful applicants may be required to contribute information on activity outcomes for use in communications materials.

6. FURTHER INFORMATION

Applicants requiring further information should contact RDV Gippsland.

Traralgon

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Fax: (+61 3) 5175 0324

Email: information.traralgon@rdv.vic.gov.au

