

LOW CARBON MANUFACTURING GRANT PROGRAM

Business Growth Stream Program Guidelines
October 2022

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1. Program Summary

Victoria's transition to net zero emissions will require components to be made at scale to support the shift to renewable energy and lower emission processes. This provides an opportunity for local manufacturers to grow, generating economic activity, securing well-paid jobs, increasing exports, and reducing Victoria's reliance on volatile international supply chains.

The Low Carbon Manufacturing Grant Program – Business Growth Stream (the program) is an initiative to assist Victorian manufacturers to capitalise on opportunities to produce products or components that support the transition to decarbonisation and net zero emissions.

Grants of between \$50,000 to \$250,000 are available. All grants must be matched by a minimum cash co-contribution of \$2 for every \$1 granted. Up to \$3 million is available for allocation under this program.

Objectives:

The program will utilise co-investment funding to support Victorian manufacturers to increase their:

1. advanced manufacturing capability to make components and products to support the transition to net zero emissions
2. productivity and scale to produce renewable energy and low carbon components and products.

Outcomes:

1. more low carbon components and products are made in Victoria to support decarbonisation of the economy
2. improved capability of Victorian manufacturers to make components or products to support the transition to net zero emissions
3. increased sovereign capability and resilience in low carbon product supply chains
4. Victorian Manufacturers have more capability to participate in low carbon supply chains.

2. Eligibility Criteria

2.1. The Applicant

The program is open to manufacturers with an existing presence in Victoria who are on a growth trajectory and require support to increase their capability to manufacture products or components for local and global supply chains associated with the transition to a low carbon economy.

2.1.1. Companies

Applicants must meet the following criteria to be eligible for assistance under the program:

- a. be an eligible legal entity¹; and
- b. hold an Australian Business Number (ABN); and
- c. be an employing business registered for WorkCover insurance with WorkSafe Victoria; and
- d. agree to meet any co-contribution requirements with eligible cash expenditure
- e. be currently engaged in manufacturing or the manufacturing supply chain or demonstrate a genuine commercial connection to the manufacturing supply chain in Victoria.
- f. attest that they:
 - i. agree to conduct the proposed activities in Victoria
 - ii. have met all industrial relations obligations as an employer in accordance with the National Employment Standards; and
 - iii. will participate in future program evaluation activity; and
 - iv. will provide financial reports for the last three financial years to enable the Department of Jobs, Precincts and Regions (the department) to conduct a Financial Risk Assessment (FRA).

1. Eligible legal entities include:

- i. companies incorporated pursuant to the *Corporations Act 2001* and registered with the Australian Securities and Investment Commission (and including where the company is acting in its capacity as a trustee).

2.1.2. Trust Structures

An Incorporated Trustee can apply on behalf of a Trust provided that the Trustee:

- a. will remain sufficiently liable for the performance of any agreement it signs
- b. has a right to be indemnified from the assets of the Trust
- c. is indemnified from the assets of the Trust
- d. comply with the criteria as set out for Companies under items a) to f) in **2.1.1**.

2.1.3. Partnerships

The individual Partners may apply on behalf of a Partnership provided that the Partners:

- a. will remain sufficiently liable for the performance of any agreement they sign
- b. comply with the criteria as set out for Companies under items b) to f) in **2.1.1**.

2.1.4. Ineligible Applicants

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

- a. individuals
- b. Commonwealth, state and local government agencies or bodies
- c. publicly funded research institutions
- d. industry associations or business chambers
- e. not-for-profit organisations
- f. community-based organisations.

2.1.5. Joint Applications

Joint applications are not permitted under the program.

2.2. The Project

Projects must support the manufacturing of components or products for local and global supply chains that respond to market demand in the transition to a low carbon economy.

2.2.1. Eligible Project

To be eligible, the project must involve the development or purchase of new equipment, processes, skills, or technology that directly support the making of products or components that will help the Victorian and global transition to net zero emissions.

Funding may support, but is not limited to:

- the purchase of capital equipment
- technology adoption and associated project expenditure for the manufacture of components and products that support the decarbonisation of the economy.

2.2.2. Ineligible Project

Projects that cannot demonstrate an increase in the productivity and scale of production of renewable energy and low carbon components or products are ineligible. This includes projects that are limited to manufacturing capital or process improvements to increase efficiency and reduce carbon emissions.

2.2.3. Eligible Project Expenditure

Eligible project expenditure includes:

- capital expenditure (e.g., manufacturing machinery, equipment, and technology)
- other project-related non-capitalised expenditure (e.g., related to product and process improvements, evaluation and testing of new products and processes, technology development and supply chain capability development)
- minor building alterations and fit-out costs
- training specific to the technology (external costs only)
- labour and contractors related to the delivery of the project (but do not include internal salaries).

Eligible project expenditure must:

- be incurred by the grant recipient within 12 months of execution of the Grant Agreement
- be a direct cost of the project
- be exclusive of Goods and Services Tax (GST).

2.2.4. Ineligible Expenditure

The program is not intended to support projects which involve:

- routine replacement or a minor upgrade of plant and equipment
- purchase of vehicles
- routine operational expenses, including, communications, accommodation, office computing facilities or software, 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
- projects where the primary purpose relates to offshore or interstate manufacturing
- building websites, marketing, sales, and promotional activities
- early-stage Research and Development (R&D) activities
- expenditure that is incurred prior to the project commencing
- internal salaries
- entertainment cost
- land acquisition.

3. Project Timelines

Projects will be expected to commence within 60 days of execution of the grant agreement and evidence provided that the applicant has committed a minimum of ten per cent of eligible project expenditure by this date.

Successful applicants will need to complete the project activities within 12 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.

4. Grant Funding and Co-Contribution

The program provides grants on a 1:2 basis (between the government and successful applicant). Grants of between \$50,000 and \$250,000, excluding GST, are available on a competitive basis.

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

4.1. Co-Contribution

All grants require a cash co-contribution from the applicant. In-kind contributions are excluded (i.e., non-monetary resources).

Funds from other Victorian or Commonwealth Government programs cannot form part of the co-contribution (but can form part of total project value).

Full project expenditure, including grant funding and co-contribution funding, must be spent on eligible project activities detailed under **section 2.2.3**.

4.2. Other Conditions of Applying

Applicants are only eligible to submit one application for consideration for funding under this program.

Submission of an application does not guarantee that an application will be supported for funding, or that the amount of funding requested will be offered.

5. Application Process

5.1. Prepare an Application

Applicants must undertake the following steps to apply:

1. carefully read these program guidelines
2. compile all necessary supporting documents as detailed in the program guidelines and application form
3. submit an application online at the Business Victoria programs webpage business.vic.gov.au/lcmgp
4. await email confirmation of application submission. Please check spam or junk mail if confirmation email cannot be seen in your inbox.

5.2. Open and Close Dates

- applications open 7 October 2022 and close on 30 November 2022.
- applications must be submitted online in the application portal by 5pm (AEST) on the closing date. Please note that late applications will not be accepted.

5.3. Project Plan

Applicants will be required to provide as part of their application a project plan which includes the following:

- project description
- overview of the implementation timeline
- evidence of sufficient internal resources to allocate to the project
- preferred supplier(s), where applicable
- any project risks and mitigation strategies
- budget summary (detailing how grant funds and the applicant's contribution will be spent on eligible project expenditure, as GST exclusive)
- evidence of commercial viability which could include but is not limited to:
 - quotations
 - market analysis for products
 - offtake agreements

Please utilise the project plan template provided at business.vic.gov.au/lcmgp.

5.4. Evidence of Co-Contribution

Applicants must provide evidence which demonstrates, to the satisfaction of the department, that the applicant has sufficient funds available for the required co-contribution amount for the project. This may include evidence of:

- written confirmation from the Board or business owner that the business can undertake the project and meet the required co-contribution amount, or
- an approved loan facility (including loan amount), or
- sufficient cash in a bank (current bank statement), or
- management accounts demonstrating satisfactory cash flow or liquid assets.²

5.5. Evidence of Financial Records

Applicants must provide evidence which demonstrates, to the satisfaction of the department, that the applicant is financially viable and what the expected revenue from the project will be. This requires at a minimum, the provision of the following:

- audited financial reports for the past three financial years (including Profit and Loss Statement, Balance Sheet, Cash Flow and notes to the accounts)³
- current project plan incorporating financial projections (Profit & Loss and Cash Flow)⁴
- a marketing or sale plan outlining how any sales objectives of the project will be achieved.

2. The Applicant cannot rely on predicted cash flows generated from the project when operational.

3. If the most recent Financial Report is more than six months old, please provide up-to-date Management or Interim Accounts for the current year including Profit and Loss Statement and Balance Sheet – in case of public listed corporations, half yearly financial report.

4. 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.

6. Assessment Process

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

Applicants will be assessed on the information provided in their final submitted application by an assessment panel.

Applicants will be advised of the outcome by email and successful applicants will receive a letter of offer.

As the Victorian State election will be held on Saturday 26 November 2022, the Victorian Government will assume a caretaker role from 6.00pm on 1 November 2022 until such time that either it becomes clear that the incumbent government will be returned, or when a new government is commissioned. In line with the caretaker conventions, the incoming government will determine whether to proceed with this grant process and enter into grant agreements after the caretaker period.

Applicants should be aware that:

- all information about this grant process represents the position of the current government only, and is subject to change; and
- the incoming government may decide to not proceed with this grant process.

6.1. Assessment Criteria

Eligible applications will be assessed against the assessment criteria as outlined below. All supplementary attachments and information provided as part of the application will be taken into consideration during the assessment process.

CRITERIA	WEIGHTING	CONSIDERATIONS
Capacity and Capability	40%	<p>Applications should demonstrate how the proposed project:</p> <ul style="list-style-type: none"> increases the productivity and scale of the applicant's Victorian production of the components or products for the low carbon economy supports the applicant's capability to increase participation in or transition to low carbon supply chain manufacturing creates new sovereign manufacturing capability in Victoria has other environmental benefits, such as the reduction of carbon emissions
Skills development and Jobs	10%	<p>Applicants should demonstrate how the proposed project will:</p> <ul style="list-style-type: none"> support existing employees to transition into higher value/skilled roles and provide the timeline for this transition and/or create new jobs and/or retain existing jobs in Victoria and provide the timeline for job creation (direct job creation before project completion and expected future associated jobs)
Evidence of Market demand	20%	<p>Applications should demonstrate how the proposed project:</p> <ul style="list-style-type: none"> meets new local and global demand for low carbon or renewable energy components or products
Need for Government support	15%	<p>Applications should demonstrate the extent to which government funding will:</p> <ul style="list-style-type: none"> enable or bring forward activity which could otherwise not be undertaken support the leveraging of other funding, including private investment fill a lack of resourcing from other sources to fund the project accelerate time to market
Ability to Deliver the Project	15%	<p>Applicants should demonstrate:</p> <ul style="list-style-type: none"> a project delivery plan, evidencing that the project can be delivered within 12 months identified project partners such as suppliers, technical resources, skills, and other capabilities to deliver the project a project budget including details of co-contribution funds
TOTAL	100%	

7. Assessment and Recommendation for Approval

7.1. Approval Process

The Minister will consider the advice received from the assessment panel and determine whether to approve the application.

Applicants will be advised of the decision relating to their application in writing. Successful applicants will receive a letter of offer outlining the funding obligations.

7.2. Discretion of Decisions

Decisions on all matters relating to the awarding of grant funding under this program are at the departments and Minister's absolute discretion. This includes approving and offering a lesser amount of funding than that requested. The department reserves the right to request the applicant provide further information should it be deemed necessary.

Nothing contained in these guidelines are to be construed as creating any obligation, commitment or undertaking by the department to provide additional or further assistance or funding beyond that provided in these guidelines.

7.3. Due Diligence Assessments

Applicants will be subject to due diligence assessments to enable the department to assess financial and other non-financial risks associated with the proposed project. Outcomes from such assessments may be taken into account in any decision to recommend or award a grant and in contracting with successful applicants.

Such checks may include:

- the potential for reputational risk to the State
- the delivery performance of other grants contracted with the Victorian Government and whether the applicant has failed to meet key contractual obligations for previous grant agreements with the State
- where the proposal has already been fully funded by the applicant through other means
- business regulator check.

7.3.1. Business regulator check

A business regulator check may be undertaken to verify business details provided with the Australian Business Register, Australian Securities and Investment Commission, Australian Charities and Not-for-profits Commissioner, Consumer Affairs Victoria and/or other applicable regulators.

7.3.2. Financial risk assessment

The department will undertake a financial risk assessment of the applicant to assess the ability of the applicant to deliver the proposed project.

8. Conditions of Funding

8.1. Grant Agreement

Successful applicants will be sent a letter of offer inviting them to enter into a legally binding grant agreement with the department. The grant agreement details all funding obligations and conditions.

Applicants will have up to 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. A sample grant agreement is available at business.vic.gov.au/lcmgp.

If any information in the application is found to be false or misleading, or grant funds are not applied for the purposes of the program in accordance with the terms of funding as set out in these guidelines, the application form and the Grant Agreement, the grant will be repayable on demand.

8.2. Reporting

All recipients of grant funds must agree to report on the outcomes of the project under the terms and conditions of the grant agreement. This may include, but not limited to:

- progress reports associated with milestone payments
- an outcome completion report
- audited financial reports
- face-to-face meetings
- participation in a formal evaluation of the program by the department or its agents.

9. Acknowledgement of Support

Successful applicants need to acknowledge the Victorian Government's support through the provision of a grant from the program. The Grant Agreement includes a requirement that all activities acknowledge Victorian Government support through logo presentation on any activity-related publications, media releases and promotional material in accordance with the department's guidelines.

A Victorian Government-endorsed sign may also be required to be placed at the site of infrastructure activities.

Successful applicants must not make any public announcement related to the activity without written permission from the department.

Successful applicants must agree to cooperate with the department in the promotion of the program. This may include involvement in media releases, case studies or promotional events and activities.

10. Privacy and Information Management

Any personal information about the applicant or a third party in the application will be collected by DJPR for the purpose of grant administration. This information may be provided to other Victorian Government agencies for the purposes of assessing applications. If personal information about third parties is included in the application, ensure third parties are aware of the contents of this privacy statement and the contents of the DJPR Privacy Policy available from the Privacy Officer (details below).

Any personal information about the applicant or a third party in correspondence will be collected, held, managed, used, disclosed or transferred in accordance with the provisions of the *Privacy and Data Protection Act 2014 (Vic)* and other applicable laws. DJPR is committed to protecting the privacy of personal information.

The department's privacy policy is available from:

Privacy Officer

Department of Jobs, Precincts and Regions
GPO Box 2392
Melbourne, VIC, 3001

Email: privacy@ecodev.vic.gov.au

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

Freedom of Information Manager

Department of Jobs, Precincts and Regions
GPO Box 2392
Melbourne, VIC, 3001

Email: foi@ecodev.vic.gov.au

11. Conflict of Interest

A conflict of interest occurs when someone has competing professional or personal interests or duties. Applicants must advise the department of any real, potential, or perceived conflict of interest relating to a project for which it has applied for funding. To the extent that a Victorian Government staff member has a real, potential, or perceived conflict of interest will be dealt with as set out in the Code of Conduct for Victorian Public Service Employees (Section 61) of the *Public Administration Act 2004 (Vic)* and any other relevant policies applying from time to time.

12. Other Information about this Program

The department reserves the right to amend these guidelines and the application terms at any time as it deems appropriate.

For more information:

- Business Victoria programs webpage business.vic.gov.au/lcmgp
- phone the Business Victoria Help Line on **13 22 15**.

To receive this publication in an accessible format phone +613 9651 9999 using the National Relay Service 13 36 77 if required, or email lcmgp@ecodev.vic.gov.au

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