

LOCAL INDUSTRY FUND FOR TRANSITION (LIFT)

FREQUENTLY ASKED QUESTIONS

OVERVIEW

What is the purpose of the LIFT?

LIFT is a competitive, merit-based grants program which aims to support job-creating projects in regions most affected by the impending closure of major car manufacturing in Victoria.

LIFT will support capital investment by businesses leading directly to new sustainable jobs in Melbourne's North, West, and South-East and Geelong and will build each regions' economic base.

LIFT replaces and builds on the former Geelong Region and Melbourne's North Innovation and Investment Funds.

The Fund is an initiative under the Victorian Government's *Towards Future Industries: Victoria's Automotive Transition Plan*.

Applications are sought from companies investing in projects that will:

- align with the purpose of LIFT
- create new and sustainable jobs in one of the four identified geographical areas¹
- make a significant contribution to the local economy
- involve at least \$200,000 in eligible expenditure²
- not involve the movement of business activity from other areas of Victoria.

What are the eligible regions under LIFT?

LIFT comprises four sub-funds covering the geographical areas of:

- LIFT Geelong – Local Government Areas of Colac-Otway, Golden Plains, Greater Geelong, Queenscliff and Surf Coast (G21)
- LIFT Melbourne's North – Local Government Areas of Darebin, Hume, Moreland and Whittlesea
- LIFT Melbourne's South East – Local Government Areas of Greater Dandenong, Kingston, Casey, Frankston, Knox, Monash, Whitehorse, Maroondah, Cardinia and Yarra Ranges
- LIFT Melbourne's West – Local Government Areas of Wyndham, Melton, Hobsons Bay, Maribyrnong, Brimbank and Moonee Valley.

How do I apply?

There is a two-stage application process:

¹ Creation of new jobs criteria for identified automotive supply chain businesses, as described in the Automotive Supply Chain Transition Program Guidelines or as determined by the Department, may be waived.

² Not applicable to identified automotive supply chain businesses, as described in the Automotive Supply Chain Transition Program Guidelines or as determined by the Department. For these businesses, projects with lower total project expenditure will be considered.

- Expression of Interest (EOI), followed by
- An invitation by the Department to submit a formal application.

EOIs can be submitted at any time via the online application form available on the Business Victoria website at www.business.vic.gov.au/LIFT.

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

Invited applicants will need to complete an application form and a project plan template.

How much funding is available?

Grants of up to 25 per cent of eligible project expenditure, with a maximum grant of \$2 million, are available.

Projects with total eligible expenditure of less than \$200,000 will not be considered.³

The minimum grant is \$50,000.

What sort of financial commitment is required from companies?

Companies will need to meet the minimum cash co-contribution requirement of at least \$3 for every \$1 granted.

The following are excluded from forming part of the co-contribution:

- Funds from any other government program (Commonwealth or state)
- In-kind contributions (i.e. non-monetary resources)
- Cash flows generated from the project when operational.

APPLICANT ELIGIBILITY

Who is eligible to apply?

To be eligible for assistance, companies must have the following:

- Have an Australian Company Number (ACN) and an Australian Business Number (ABN)
- Financial capacity to meet the co-contribution requirement of at least \$3 for every \$1 granted
- Financial reports for the last three financial years to enable the Department of Economic Development of Economic Development, Jobs, Transport and Resources to conduct a financial risk assessment (FRA).

Businesses of all sizes are eligible to apply, however applicants with an annual turnover of more than \$100 million will need to demonstrate a particularly compelling argument about why government support is needed.

Who is not eligible to apply?

The following entities are not eligible to apply:

³ Not applicable to identified automotive supply chain businesses, as described in the Automotive Supply Chain Transition Program Guidelines or as determined by the Department. For these businesses, projects with lower total project expenditure will be considered.

- 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.

Can I lodge a joint application with another entity?

Joint applications are acceptable, provided there is a lead applicant that is both the primary project proponent and an eligible applicant.

Where a project involves two or more businesses, the lead applicant should submit the application and will be subject to an FRA. All participating businesses will be subject to probity checks.

Can I lodge an investment proposal under one entity and create the new jobs under a related entity?

No. If an application is successful, the applicant entity will be required to enter into a funding agreement with the Government that links payments to investment and job creation targets.

The applicant entity must both undertake the investment and employ the proposed new full-time equivalent positions resulting from the investment.

PROJECT ELIGIBILITY

Does my project need to be located in one of the defined regions?

It is necessary for the applicant to demonstrate that the proposed site(s) where the new jobs will be located are based in one of the defined regions, and the jobs are not easily transferred to another region following the completion of the project.

If my business is located outside the defined regions can I apply?

Companies located outside the defined regions are eligible to apply, on the condition the project creating jobs is located in one of the defined regions and does not involve the movement of business activity from other areas of Victoria.

If my business is located within the defined region can I apply to expand the business to another area of the same defined region?

Yes, if the project can demonstrate that it is an expansion of the business (not just a relocation), will create new jobs and provide economic benefit to the region.

I plan to relocate my business to one of the defined regions under LIFT. Can I apply?

The LIFT purpose is to create new jobs in Melbourne’s North, West and South-East and Geelong. Projects that involve the movement of business activity from other areas of Victoria to one of the above regions will not be supported.

Which industry sectors are eligible to apply?

All sectors are eligible to apply for support for eligible project activity.

What is the difference between LIFT and the Future Industries Manufacturing Program (FIMP)?

LIFT	FIMP
Objective is to create sustainable jobs and contribute to the economic development of the local areas most impacted by the closure of the major car manufacturers.	Assists Victorian-based companies to implement new manufacturing technologies to generate sustainable new local jobs, including high-value jobs, improve productivity and international competitiveness, and target growth opportunities.
Supports capital investment to set up or expand operations in eligible areas.	Supports investment in manufacturing operations.
Any sized business in any industry sector can apply	Victorian-based manufacturing businesses can apply
Projects only located in the defined areas under Melbourne’s North, West and South-East and the Geelong region are eligible	Projects located anywhere in Victoria are eligible
Grants of up to 25% project expenditure	Grants of up to 25% project expenditure
Maximum grants of \$2,000,000	Maximum grants of \$500,000
At least \$200,000 in eligible project expenditure, but possibly lower for automotive supply chain businesses.	At least \$100,000 in eligible project expenditure
Matched funding – \$3 for every \$1 granted	Matched funding – \$3 for every \$1 granted
Eligible project activities: <ul style="list-style-type: none"> • Purchase of equipment or machinery to assist business establishment or expansion • Direct labour costs relating to the project • Construction or fit-out of a new building or extension to existing premises • Associated project management costs 	Eligible project activities: <ul style="list-style-type: none"> • Capital expenditure and other project-related non-capitalised expenditure • Manufacturing product and process improvements • Prototyping, evaluation and testing of new products and manufacturing processes • Supply chain capability development • Tooling • Training specific to the technology • Labour and contractors (not internal salaries) • Manufacturing machinery and equipment • Minor building alterations and fit-out costs

LIFT	FIMP
<p>Project outcomes:</p> <ul style="list-style-type: none"> • Creation of new sustainable jobs • Significant contribution to the local economy • Preference will be given to projects creating jobs for ex-automotive workers and, for LIFT-Geelong, retrenched workers from Alcoa’s Point Henry and Anglesea operations. 	<p>Project outcomes:</p> <ul style="list-style-type: none"> • Creation of new sustainable jobs, including higher value jobs • Improved productivity and competitiveness • New growth opportunities targeted.

ELIGIBLE EXPENDITURE

What activities can companies obtain funding for?

Capital investment activities may include:

- Purchase of equipment or machinery to assist business establishment or expansion (including for example, second hand or repurposed automotive manufacturing equipment)
- Direct labour costs incurred on employees directly employed on implementing and/or commissioning the agreed project
- Construction or fit-out of a new building or extension to existing premises
- Associated project management costs.

What activities will not be supported?

- Retrospective activities (i.e. where project expenditure is incurred prior to receipt and acceptance of a letter of offer)
- Investment to retain existing jobs, with the possible exception of automotive supply chain businesses.
- Costs related to preparing the grant application, preparing any project reports and preparing any project variation requests
- Website development (unless the website is part of the value proposition of the project) marketing, sales and promotional activities
- Prospecting, exploring or drilling for minerals, petroleum or natural gas for the purpose of discovering deposits, determining more precisely the location of deposits or determining the size or quality of deposits
- Research or scoping activities
- Routine operational expenses, including communications, accommodation, office computing facilities, printing and stationery, postage, legal and accounting fees and bank charges
- Routine replacement or a minor upgrade of plant and equipment
- General business management and administration not directly related to the eligible project
- The acquisition of land and/or property leasing or rental costs
- Full scale production and inventory costs

- All forms of advertising and the production of promotional material
- Establishing general infrastructure or obtaining resources used on the project – such as interest on loans, job advertising and recruiting
- Opportunity costs relating to forgone production and production downtime arising from the allocation of resources to the agreed grant project
- Retrospective activities
- Activities that breach OH&S or public safety
- Other ‘in-kind’ contributions
- Costs to relocate
- IT development

The above list of ineligible activities is not exhaustive. Other activities or types of expenditure may be ineligible where the Department delegate decides they do not directly support the achievement of the planned outcomes for the project or that they are contrary to the objectives and intention of the program.

Can existing staff salaries be included in eligible project expenditure if these staff will be working on a new project?

Project management and direct labour costs associated with eligible capital expenditure are eligible, but only when these costs are directly attributable to the project.

These expenses may relate to existing or new staff engaged to work on the project’s implementation.

Labour costs will need to be specified in the project plan and can only be incurred on employees directly employed on implementing and/or commissioning the agreed project. It cannot be incurred against current employees undertaking other duties.

Can the amount specified for direct labour costs in the application/project plan be updated as the project is being implemented?

No, recipients will only be paid direct labour costs up to the amount specified in the Project Plan.

Is new plant and equipment acquired under a finance lease or chattel mortgage eligible expenditure?

To be considered as eligible capital expenditure, the expenditure must be recorded in the company’s balance sheet.

Is second-hand equipment eligible expenditure?

Yes, second hand or repurposed manufacturing equipment is eligible expenditure.

PROJECT MERIT CRITERIA

What criteria will applications be assessed against?

Applications will be assessed against the following key selection criteria:

- The level of job creation
- The level of net economic benefit

- The demonstrated skills, experience and resources available to the business to successfully undertake the project
- Sustainability of the project and need for Government support.

How many jobs need to be created to obtain a grant?

There is no prescribed number of jobs that need to be created for a project to be eligible. However, an investment project that offers limited new economic benefits and employment for the region is unlikely to be competitive.

Does my project have to create jobs suitable for ex-automotive workers?

Preference will be given to projects that provide new job opportunities for ex-automotive workers.

In the case of LIFT-Geelong, preference will also be given to projects that create new jobs for workers retrenched due to the closure of Alcoa's Point Henry and Anglesea operations.

How will the number of FTEs to be created be measured?

Applicants will be required to outline the number of new employees and the skills and capabilities they require for the project in the Project Plan.

Successful applicants will be expected to work with the Skills and Jobs Centres to implement strategies that maximise the number of retrenched automotive workers that will transition to the project. Recipients of LIFT-Geelong will also need to consider workers retrenched due to the closure of Alcoa's Point Henry and Anglesea operations.

Evidence of FTEs created can include time sheets, tax invoices, pay slips, contracts, etc.

Can staff employed on temporary visas to be counted towards the number of FTEs?

No, project funding can only be used to employ the following categories of people: permanent resident of Australia, citizen of Australia or New Zealand, spouse of an Australian permanent resident or citizen (eg, visa subclass 300, 309).

APPLICATION ASSESSMENT/PROCESS

When do applications close?

EOIs can be submitted at any time until further notice.

If a company is invited to submit a formal application, the application must be submitted within 90 days of the date of an invitation to apply.

What documents need to be submitted with the formal application?

All applications must be accompanied by the following supporting documentation:

- Evidence of co-contribution
- Project implementation plan, including detailed budget; project plan/schedule; employment plan, revenue projections worksheet and risk management plan (a template providing guidance about information to be included in the project implementation plan is available at www.business.vic.gov.au/LIFT)
- 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.

What evidence of matching funds is required?

The following evidence of the co-contribution must be provided with applications:

- 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 in bank (current bank statement); or
- management accounts demonstrating satisfactory cash flow or liquid assets

The co-contribution must not rely on cash flows generated from the project when operational. For milestone reports, confirmed purchase orders may be used as evidence of co-contribution to the project.

How will my application be assessed?

The Department of Economic Development, Jobs, Transport and Resources (DEDJTR) will determine whether an application meets the applicant and project eligibility requirements.

The LIFT Assessment Committee will then review all eligible applications against the project selection criteria and provide recommendations on the projects to be supported to the Minister for Industry. The Minister for Industry will make the final decision as to whether an application will be funded under LIFT.

Can I meet with the LIFT Assessment Committee to put forward my plans?

No. The LIFT Assessment Committee will consider all eligible applications but will not meet with individual applicants. Officers from the DEDJTR can be contacted to discuss applications.

How quickly will companies find out about the outcome of their formal application?

Companies can expect to learn the outcome of their formal application within approximately 8 weeks of submission.

How quickly do the companies have to start the projects?

Projects will need to commence within 90 days of execution of the grant agreement.

Applicants will also need to provide evidence in the form of a purchase order and/or invoice from the supplier/s, that at least ten per cent of eligible project expenditure has been committed by this date.

If I have accepted a letter of offer, can I start my project?

No, projects can only commence once the grant agreement has been executed. Retrospective activities/expenditure will not be eligible. Any activity commenced after the issue of the letter of offer but before execution of the grant agreement is undertaken at the applicant's risk.

What is the duration of projects?

The activities being undertaken are to be completed within 18 months of the date of execution of the Grant Agreement.

If I am successful, when will I get paid the grant?

Grantees will need to enter into a funding agreement with the Victorian Government. Grant payments are made following the submission of milestone reports on the progress towards achieving the agreed outcomes, and are generally tied to the acquisition of approval capital items and the creation of new jobs.

Can I reapply if I am unsuccessful?

Yes. Applicants may resubmit an EOI at any time.

Do companies have a right of appeal?

There is no right of appeal and feedback will be provided to unsuccessful applicants by DEDJTR.

Where can I get more information?

- LIFT webpage (www.business.vic.gov.au/LIFT)
- Email the program team at lift@ecodev.vic.gov.au or contact your local Victorian Government Business representative
- Phone the Business Victoria Helpline on 13 22 15.