

Latrobe Valley Supply Chain Transition Program

Program Guidelines

1. BACKGROUND

The Latrobe Valley Supply Chain Transition Program (LVSCTP) is a \$5 million fund that will provide intensive tailored support to businesses that are part of the supply chain of significant Latrobe Valley companies facing closure. The LVSCTP will guide the supply chain companies through the transition period.

The LVSCTP is focused on retaining industry capability and jobs in the Latrobe Valley that might otherwise be lost due to a company closure.

The LVSCTP is part of the Victorian Government's \$40 million Latrobe Valley Economic Development Program (LVEDP) which targets the needs of the region and intensifies government's efforts to support its economic diversification, growth and resilience.

2. PROGRAM OBJECTIVES

The LVSCTP will provide Latrobe Valley based 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.

Total support provided for any supply chain company will be capped at \$71,000. All projects must be completed by 30 June 2019.

The Minister for Small Business, Innovation and Trade will be responsible for determining whether a company closure in Latrobe Valley is significant enough to warrant their supply chain companies' access to the LVSCTP.

RDV Gippsland will provide briefings to the Minister for Small Business, Innovation and Trade around significant company closures in the Latrobe Valley.

3. ASSISTANCE AVAILABLE

3.1 STAGES

The Latrobe Valley 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 LVSCTP after November 2016, 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.

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

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.

Merger advisory services must be delivered by one Business Specialist.

Additional assistance

Assistance from a representative of Regional Development Victoria (RDV) 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 SUPPLY CHAIN COMPANIES

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

- > Have an Australian Business Number (ABN)
- > Be incorporated in Victoria
- > Have been trading continuously for the past four years
- > Be a Victorian based business, with at least 20 per cent of revenue¹ derived from a significant Latrobe Valley based company facing closure and their supply chain
- > Be based in Latrobe Valley (Latrobe, Wellington, Baw Baw)

The following are not eligible to be an LVSCTP 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.

Supply chain companies of the following significant Latrobe Valley based companies are qualified for this program:

- > Hazelwood Mine and Power Station
- > Carter Holt Harvey

RDV Gippsland will provide a briefing to the Minister for Small Business, Innovation and Trade around significant business closures in Latrobe Valley.

5. FUNDING

5.1 VALUE OF SUPPORT AND SUPPLY CHAIN COMPANY CO-CONTRIBUTION

LVSCTP Activity	Support Provided
Review of an established Business Transition Plan	\$5,000
Development of a Business Transition Plan	\$16,000 ²
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.

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

² Or \$11,000 if a business has had an established Business Transition Plan reviewed and it has been found to require additional information

Total support provided for any qualified Latrobe Valley 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 RDV.

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

RDV 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.

5.2 ELIGIBLE PROJECT ACTIVITIES

Activities funded under Business Transition Services include (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 include (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 LVSCTP:

- > 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 LVSCTP Business Transition Plan. Exemptions may be made where the applicant has an established transition plan that was developed independently of the LVSCTP after November 2016.

Assistance of any kind will not be provided to applicants who commence their project prior to receiving a Letter of Offer from RDV 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.

All LVSCTP projects must be completed by 30 June 2019.

6. APPLICATION PROCESS FOR SUPPLY CHAIN COMPANIES

6.1 HOW TO APPLY

Applications will be sought via invitation from Latrobe Valley based primary and secondary supply chain companies that are affected by a significant Latrobe Valley company closure and are already identified by RDV.

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 applicants must declare they have spoken to their nominated Business Specialist about the Latrobe Valley Supply Chain Transition Program and are satisfied with the work proposed.

This will be confirmed with the relevant Business Specialist by RDV prior to the assessment of any application.

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

Applicants whose applications are unsuccessful will be advised in writing.

6.2 APPLICATION OPENING AND CLOSING DATES

Applications for supply chain companies to enter the Latrobe Valley Supply Chain Transition Program will open on 3 November 2016 and will close on 30 June 2018, unless funds are fully expended prior to that date.

Applications submitted outside of these dates will not be considered.

7. ASSESSMENT OF APPLICATIONS AND APPROVAL PROCESS

Business Transition Plan

RDV has a panel of Business Specialists for this program. 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 LVSCTP 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 project³.

Support will be provided to engage one or more approved Business Specialists to assist supplychain 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 Small Business, Innovation and Trade.

³ Exemptions may be made where the applicant has an established transition plan that was developed independently of the LVSCTP after November 2016.

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

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

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.

8. 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:

Assessment Criteria

1. Linkage to the recommendations of the Business Transition Plan
 - > The activities/actions proposed are aligned with the recommendations in the Business Transition Plan.
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 RDV.
3. Value for money
 - > The cost of activities proposed reflects market value and the level of funding requested.

9. FUNDING AGREEMENTS

9.1 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 Small Business, Innovation and Trade is responsible for approval of funding for the projects.

9.2 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 RDV, along with copies of any project documentation (such as the transition plan), and an invoice for processing.

9.3 PUBLICITY

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

10. REPORTING AND EVALUATION

All recipients of LVSCTP assistance must agree to:

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

11. 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.

12. CONTACTS AND FURTHER INFORMATION

More information on the program can be accessed through the Latrobe Valley Supply Chain Transition Program webpage: (<http://www.rdv.vic.gov.au/programs-and-grants/Latrobe-supply-chain-transition-program>)

Applicants requiring further information should contact RDV Gippsland
33 Breed Street Traralgon 3844
Tel: (+61 3) 5116 7300
Email: information.traralgon@rdv.vic.gov.au

