



Department of  
**Jobs, Tourism, Science  
and Innovation**



# Digital Transformation Round

Local Capability Fund Guidelines 2024-25



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# Digital Transformation Round Guidelines

## Program Objective

The Local Capability Fund (LCF) is administered by the Department of Jobs, Tourism, Science and Innovation (the Department). It aims to provide financial support to small and medium-sized enterprises (SMEs) to enhance their capacity, capability and competitiveness in supplying major projects and markets both in Australia and overseas.

## Objectives of this Round

This round of funding is specifically designed to provide financial support to eligible businesses, encouraging the adoption of digital and data technology to improve their productivity, competitiveness, resilience, safety and/or sustainability. The funding supports SMEs to participate as suppliers of goods, services and works to export markets, Western Australian State or Local Government agencies, the Australian Government and the private business sector.

The Digital Transformation Round was initially run as a pilot program in the 2023-24 financial year, attracting significant interest from SMEs. Following a review in 2024, some refinements have been made to the program, but the round's objectives remain unchanged.

This funding round aligns with the WA Government's economic development, jobs, and diversification priorities outlined in the [Diversify WA](#) economic development framework and [Diversify WA: Future State](#). Businesses operating within the Diversify WA sectors are encouraged to apply.

## Eligibility Criteria

To be eligible for funding, applicants must meet the following criteria:

- » Have an Australian Business Number (ABN).
- » Be registered for GST for at least 12 months prior to application submission and intend to remain registered for the next 12 months.

- » Have been operating in Western Australia for at least three years at the time of application submission.
- » Be a for-profit organisation or business (not-for-profits and charities are ineligible).
- » Have their principal place of business in Western Australia and continue to be based there for at least 12 months following the application submission.
- » Have a turnover of more than \$500,000 in at least one of the previous three financial years.
- » Have at least one full-time equivalent (FTE) employee, in addition to the owner, but fewer than 200 FTE employees at the time of application submission.

## Previous Recipients

Previous recipients of funding through the LCF are eligible to apply, provided that:

- » They have complied with all requirements of the Financial Assistance Agreements from prior funding, including being up to date with all reporting requirements (i.e. no overdue reports);
- » They have received no more than \$200,000 in grant funding under the LCF program in the last five years. Funding received as part of the \$10 million COVID-19 LCF Rounds run in 2020-21 does not count towards this limit; and
- » All previous funding awarded to the business under the LCF has been claimed.

## Level of Funding

The LCF will cover 50 per cent of eligible costs (excluding GST) up to a maximum of \$25,000 per successful applicant. For example, to receive the full \$25,000, you must have eligible costs of at least \$50,000 (excluding GST).

## Key Dates

The following timelines are indicative and subject to change at the Department's discretion. Updates regarding the closing date will be published on the [SmartyGrants portal](#).

Round Opens	9am (AWST) on 26 July 2024
Round Closes	3pm (AWST) on 13 September 2024
Assessment and notification of outcomes to applicants	Within 14 weeks of the round closing
Execution of Financial Assistance Agreement	Within 30 days of notification of outcome
Completion of activities and claim for payment submitted	No later than 31 May 2025

## Eligible Activities

The following activities are eligible for funding.

- » Costs of consultancy services or business planning that address an identified business need or opportunity related to digital adoption or data capabilities.
- » Improvements in business cybersecurity, including audits, mitigation strategies and staff training.
- » Implementation of data analysis tools and platforms, data governance and data management.
- » Establishment of an e-commerce platform and/or secure payment portals.
- » Integration of technologies to automate business processes, including artificial intelligence products.
- » Integration of digital devices such as drones, robotic/autonomous devices, sensors, and/or additive manufacturing equipment (3D printers).
- » Costs of short-term training to address a specific digital capability gap within the business.

## Ineligible Activities

Projects that will **not** be considered in this include:

- » Internal research and development activities.
- » Purchase of equipment or technology that is considered standard office technology for the business.
- » Costs of subscriptions that extend beyond 12 months.
- » Leasing/renting of technology.
- » Costs of general advisory/consultancy services.
- » Training by organisations without the appropriate expertise and experience.
- » Tertiary education (including certificate level courses at TAFE or private colleges).
- » Works carried out by consultants without the appropriate expertise.
- » Works carried out by third parties perceived by the Department not to be at arm's length from the business.
- » Support of any legal action.
- » Any cost that is considered "business as usual" or operational expenditure (e.g. wages, advertising, office expenses, accounting, legal, IT maintenance services, repair and maintenance of existing assets).
- » Internal costs for delivering the project or activity (e.g. project costs cannot include staff wages).
- » In-kind contributions.
- » Retrospective activities (activities for which a service agreement has already been entered into, or some or all of the expenditure was incurred prior to submitting the application).
- » Activities funded by, or likely to be funded by, other Federal, State or Local Government funding.
- » Activities implemented outside of Western Australia.

## Application process

Eligible applicants must submit their application online via the [SmartyGrants portal](#). A preview of the application form detailing the required information is available through the portal.

Before applying, applicants must read and understand these guidelines and the [Financial Assistance Agreement](#) found on the portal.

## Assessment Process

Applications are assessed by an independent Assessment Panel, comprising officers from the Department and external experts as required. Applications are evaluated against their eligibility, relevance to the round objectives and the following criteria:

- » Business need (20%)
- » Degree of Transformation (30%)
- » Implementation / Integration (30%)
- » Value for money (10%)
- » Financial viability and risk (10%)

A satisfactory response across all criteria is required for a successful application.

A Risk of Failure report will be obtained through Illion (formerly Dun & Bradstreet) for recommended applicants. A High Risk of Failure on the report will be considered when determining successful applications. The final decision on applications with a High Risk of Failure report is at the Department's discretion.

Applicants will be notified of the outcome via the email address provided in the application form.

## Financial Assistance Agreement

Approval of funding is subject to entering into a Financial Assistance Agreement (FAA) with the Department. Applicants must read the [FAA template](#) prior to submitting an application. This template includes non-negotiable terms and conditions.

## Project Completion Date

All activities must be completed and claims for payment submitted by the claim expiry date in the FAA. Notionally, this is before the end of the financial year in which the grant funding is awarded. Claims for payment are to be made online through the [SmartyGrants portal](#).

## Payment of Grant

The LCF is a reimbursement scheme. Successful applicants must pay for the activity before claiming the approved grant funding. The grant will be paid as a lump sum reimbursement upon completion of all agreed activities. Progress instalments will only be considered in exceptional circumstances.

Grant payment will be made upon submission of a Tax Invoice to the Department for the GST-exclusive value of the grant, accompanied by copies of suppliers' invoices and receipts as proof of payment.

If a claim for payment is not received by the specified due date, the grant approval will lapse and the funding agreement terminated.

## Tax Information

The Department is registered for GST and has an Australian Business Number (ABN) 90 199 516 864. Grants paid under the LCF are not regarded as payment for a supply to the Department. Therefore, the Department will not increase the grant to include GST, nor reimburse a grant recipient for GST paid to a third party.

Grants are assessable income for taxation purposes. Applicants should seek independent professional advice on their taxation obligations or assistance from the Australian Taxation Office. The Department does not provide taxation advice.

## Application Limitations

Only one application per round per financial year is allowed for each applicant (determined by ABN). Unsuccessful applicants may not reapply in the same financial year for the same round. If a business applies more than once under the same round, only the first



application submitted will be considered unless otherwise requested by the applicant.

This is subject to all previous LCF grants awarded to the applicant being acquitted and the applicant having received no more than \$200,000 through this grant program in the last five years, excluding funding from the \$10 million COVID- 19 LCF Rounds run in 2020-21.

## Reporting Requirements

Approval of funding is subject to entering into a FAA with the Department. The FAA requires the applicant to provide a report at six months and 12 months after the end of the financial year in which the grant is awarded. These reports are to be submitted through the [SmartyGrants portal](#). The FAA also stipulates that within two years of receiving payment, the Department may contact the applicant for verbal updates on business performance.

## Amendments to Guidelines

The Department reserves the right to amend these guidelines and related documentation during the course of the round if required.

## Contact

For any questions regarding this assistance program, the application form or eligibility for funding, please contact: [lcf@jtsi.wa.gov.au](mailto:lcf@jtsi.wa.gov.au). However please note that due to fairness to other applicants the Department will not provide specific advice or feedback on the content of your application.

# Guidance for Completing Your Application

LCF application forms are broken into several sections. The following will guide you through each section to ensure that you provide the required information in your application.

## Eligibility Checklist

Prior to starting an application, please ensure that you have read the Guidelines, FAQ document, and Financial Assistance Agreement. The checklist provided in the application guides you through the key eligibility criteria.

If you respond no to any of the eligibility criteria, it is suggested that you contact the Department to discuss your eligibility.

## Overview of Applicant's Business Operations

### What are the business's core business and products/services?

Provide a brief explanation of the business's core activities and products/services and how these are supplied to the market. This should include:

- What does the business do? Provide information on what the business sells and/or what services it provides? who does the business provide these products and services to?
- Does the business have a cyber security and information security policy/plan? Please detail.
- Does the business operate within or supply to a Diversify WA sector?
  - The WA Government is focused on creating secure, quality jobs, growing and diversifying the economy and attracting investment. This priority is outlined in the [Diversify WA economic development framework](#) and [Future State](#).
  - Operating within or supplying to one of the eight Diversify WA sectors is not a requirement for eligibility. However, if all other factors are equal, priority may be given to applicants who operate

within or supply to one of these sectors.

## Activity Details

- Please name your project.
  - The name should be short and encompass what you are seeking to deliver, e.g. "Improving our cybersecurity," "Digitalising our stock inventory processes," or "Collecting and utilising data."
- Applicants are encouraged to use the funding towards a single project. This is because attempting to respond to the evaluation criteria for multiple projects will impact how effectively each criterion is addressed. For example, if you are undertaking a cybersecurity project, you should not also seek funding towards a data analytics tool.
- Please describe what your project involves.
  - What would the funding be used for? Keep it simple. It is better to assume your audience has no background on your business (other than what you have put in this application), the industry in which you operate, or technical understanding of your project.
- Tell us about the technology you want to purchase. What does the technology do?

## Evaluation Criteria

Please ensure that your responses to the evaluation criteria address all questions that are relevant to your project/business.

### Business Need (20%)

- Explain why the business needs to undertake this project. How has this need been identified? Why is now the opportune time to undertake the project?
- If seeking consultancy, explain the need for a consultant and how this need was identified.

## Degree of Transformation (30%)

- Describe the expected impact of the project on your business. If possible, quantify the outcomes.
- How will adopting this technology enhance productivity, competitiveness, resilience, safety and/or sustainability? (Please see FAQ document for a description of these terms)
- If seeking to appoint a consultant, what will the consultant's advice assist your business with? How will the advice lead to increases in productivity, competitiveness, resilience, safety and/or sustainability of the business? The Evaluation Panel will be considering whether your response is achievable, and that the outcome is realistic for the business.

## Implementation/Integration (30%)

- Discuss the decision-making process behind the project. Does it fit into a broader digitalisation strategy or align with strategic business goals? Detail how this project integrates with existing business processes and/or technology.
- Who will implement the project? How will it affect staff, and what communication strategies and/or training will be used to manage this change?
- Outline how you have identified and assessed risks associated with the project. Include in your response your consideration of cyber or information security risks.

## Value for Money (10%)

### *Competitive Quotes*

- Seek at least two competitive quotes for each activity.
- If alternative quotes are not sought explain why (e.g. only one supplier available).

### *Explanation of Consultant/Supplier Choice*

- Provide a rationale for choosing a particular consultant/supplier. Remember that 'value for money' does not always mean the cheapest quote. Other non-cost factors should be considered such as risk, fitness for purpose, quality, timing, location

of supplier, whole of life costs, and supplier capability.

- Assessors will consider whether the activity you are seeking funding for represents value for money, both for the business and for the government. They will evaluate the expected benefits to the State relative to the grant amount requested.

## Financial Viability and Risk (10%)

### *Addressing Yes Responses*

- If you answer yes to any of the questions in this section, provide a detailed but concise explanation of what occurred, the current position and any outcomes.
- The evaluation panel will assess whether providing funding presents a risk. Therefore, it is important to explain why the current business is sustainable despite the "yes" response.

### *Up-to-Date Financials*

- Provide the latest financial statements, including the balance sheet and profit and loss statement, for the most recent financial year.
- Ensure the financial statements cover the entire financial year they pertain to (i.e. do not submit statements covering only part of a financial year).
- If the statements do not include figures from previous years, also provide copies of the previous year's financial statements.
- If the latest statements are unaudited, provide independently prepared financial statements instead.
- Explain any significant drops in turnover, net profit, or equity between years to demonstrate the business's financial viability and sustainability to the assessors.





## Tips

- **Double-Check Your Application:** Have someone else review it to ensure clarity and completeness.
- **Simplify Technical Details:** Write in a way that anyone, not just industry experts, can understand. Imagine promoting the business via its website or social media.
- **Allow Sufficient Time:** Start early to gather quotes and relevant documents. (Applications without quotes or relevant documents will receive lower scores.)
- **Be Concise:** Provide sufficient detail without overwhelming assessors.
- **Highlight Key Information:** Include important details that will make your application stand out.
- **Check Eligibility:** Ensure the business and activities are eligible before investing time in the application. Contact the relevant team if you have eligibility questions.