



Australian Government  
Department of Industry,  
Innovation and Science  
Department of Defence

**Business**

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## Grant Opportunity Guidelines

# Centre for Defence Industry Capability - Sovereign Industrial Capability Priority Grants

<b>Opening date:</b>	21 November 2018
<b>Closing date and time:</b>	Applications may be submitted at any time over the life of the grant opportunity
<b>Commonwealth policy entity:</b>	Department of Defence
<b>Administering entity</b>	Department of Industry, Innovation and Science
<b>Enquiries:</b>	If you have any questions, contact us at <a href="http://business.gov.au">business.gov.au</a> .
<b>Date guidelines released:</b>	21 November 2018
<b>Type of grant opportunity:</b>	Open competitive

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# 1. Centre for Defence Industry Capability: Sovereign Industrial Capability Priority Grants processes

**The Centre for Defence Industry Capability is designed to achieve Australian Government objectives**

This grant opportunity contributes to the Department of Defence's Outcome 1.1. The Department of Industry, Innovation and Science works with stakeholders to plan and design the grant opportunity according to the *Commonwealth Grants Rules and Guidelines*.



**The grant opportunity opens**

We publish the grant guidelines on [business.gov.au](http://business.gov.au) and GrantConnect



**You complete and submit a grant application**



**We assess all grant applications**

We assess eligible applications against the merit criteria including an overall consideration of value with relevant money and compare it to other eligible applications.



**We make grant recommendations**

We provide advice to the decision maker on the merits of each application.



**Grant decisions are made**

The decision maker decides which applications are successful.



**We notify you of the outcome**

We advise you of the outcome of your application. We may not notify unsuccessful applicants until grant agreements have been executed with successful applicants.



**We enter into a grant agreement**

We will enter into a grant agreement with successful applicants. The type of grant agreement is based on the nature of the grant and proportional to the risks involved.



**Delivery of grant**

You undertake the grant activity as set out in your grant agreement. We manage the grant by working with you, monitoring your progress and making payments.



**Evaluation of the Sovereign Industrial Capability Priority Grants**

We evaluate the specific grant activity and the Sovereign Industrial Capability Priority Grants as a whole. We base this on information you provide to us and that we collect from various sources.

## 2. About the grant program

The Centre for Defence Industry Capability (CDIC) is a key initiative of the 2016 Defence Industry Policy Statement. The CDIC provides strategic leadership for the Australian defence sector and partners with industry to help build a strong, sustainable, innovative and internationally competitive Australian industry that meets defence capability requirements.

The intended outcomes of the CDIC are to:

- improve the business capability, productivity and global competitiveness of small and medium enterprises (SMEs) in the defence sector
- ensure that industry and Defence are well connected in order to tailor business capabilities to defence industrial priorities
- contribute to a strong, sustainable, and internationally competitive defence industry.

More information about the CDIC can be found at [www.business.gov.au/cdic](http://www.business.gov.au/cdic)

The Sovereign Industrial Capability Priority grant opportunity is a sub-program of the CDIC.

### 2.1 About the defence industry agenda

The Defence Industrial Capability Plan, released in 2018, set out the Government's vision for an Australian defence industry that has the capability and resilience to help meet Australia's defence needs. To facilitate an internationally competitive and innovative defence industry, Defence aims to achieve:

- a broader and deeper defence industrial base where agile small to medium-sized enterprises (SMEs) are better placed to interact with Defence and global defence companies, and are not solely reliant on Defence for their success.
- a strategic approach to defence industry investment to ensure Australian Government investment in critical defence capabilities is prioritised and Australian businesses are provided the maximum opportunity to be involved.
- an innovative and competitive defence industry with world-leading defence capabilities developed through increased collaboration between defence, businesses, universities and the research sector.
- a robust defence industry export capability where Australia's defence industry is a key player in international defence capabilities, providing greater stability for businesses across peaks and troughs in domestic demand and increasing their capability to support Defence.
- a Defence and industry partnership that enables Australia to pre-position for the future by ensuring we have the right people with the right skills in the right places at the right time to respond to a change in the strategic environment, seize opportunities, and manage increasing strategic and technological complexity.

We administer the grant opportunity according to the Commonwealth Grants Rules and Guidelines (CGRGs)<sup>1</sup>.

### 2.2 About the Sovereign Industrial Capability Priority grant opportunity

These guidelines contain information for the Sovereign Industrial Capability Priority grants.

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<sup>1</sup> <https://www.finance.gov.au/sites/default/files/commonwealth-grants-rules-and-guidelines.pdf>

The [Defence Industrial Capability Plan](#) (DICP) was published in April 2018.

The DICP identifies an initial list of Sovereign Industrial Capability Priorities. These priorities are critical to ensure that Australia maintains the essential skills, technology, intellectual property, financial resources and infrastructure in order for the Australian Defence Force to achieve the Government's Strategic Defence Objectives. Defence will review the priorities periodically and updates will be published on the website.

The objective of the Sovereign Industrial Capability Priority grant is to support Australian SMEs to supply capabilities that are most critical to Defence. The Sovereign Industrial Capability Priority Grants will help Australian SMEs to invest in projects that build capabilities aligned with Defence's stated Sovereign Industrial Capability Priorities.

The intended outcome of the grant is to grow a robust and resilient Australian SME industrial base capable of providing a significant contribution to Sovereign Industrial Capability Priorities.

Receiving a grant through this opportunity in no way obligates the Commonwealth to enter into future contracts with the grant applicant, or implies preferential consideration in other Defence programs.

This document sets out:

- the eligibility and merit criteria
- how we consider and assess grant applications
- how we monitor and evaluate grantees
- responsibilities and expectations in relation to the opportunity.

The Department of Industry, Innovation and Science (the department) is responsible for administering the grant opportunity on behalf of the Department of Defence.

We have defined key terms used in these guidelines in appendix A.

You should read this document carefully before you fill out an application.

## 2.3 Grant amount and grant period

The Australian Government announced up to \$17 million each year from 2018-19 to 2021-22 for this grant opportunity.

## 3. Grants available

The grant amount will be up to 50 per cent of eligible project costs.

- The minimum grant amount is \$50,000
- The maximum grant amount is \$1 million.

Grant funding is capped at \$3 million in a three-year period per recipient as identified by ABN. If you have received the maximum \$3 million in a three-year period, you may apply for further funding within the three-year period but cannot start your new project until the three-year term has expired. The three-year period commences on the date on which the first grant agreement is executed.

There is no limit on the number of grants a business can receive over the life of the grant opportunity.

You cannot use funding from other Commonwealth, State, Territory or local government grants or programs/initiatives to fund your share of eligible project costs.

### 3.1 Project duration

The maximum grant period is 30 months.

## 4. Eligibility criteria

We cannot consider your application if you do not satisfy all eligibility criteria.

### 4.1 Who is eligible?

To be eligible you must

- be an SME with less than 200 employees as defined in appendix A
- have an Australian Business Number (ABN)

and be one of the following entities:

- a company, incorporated in Australia
- an incorporated trustee on behalf of a trust

Joint applications are acceptable, provided you have a lead applicant who is the main driver of the project and is eligible to apply. For further information on joint applications, refer to section 7.5.

### 4.2 Additional eligibility requirements

In order to be eligible you must

- provide evidence from your board (or chief executive officer or equivalent if there is no board) that the project is supported, and that you can complete the project and meet the costs of the project not covered by grant funding
- provide an external Accountant Declaration that confirms you can fund your share of the project costs. You must use the Accountant Declaration form in Appendix D

### 4.3 Who is not eligible?

You are not eligible to apply if you are:

- an individual
- a partnership
- a trust (however, an incorporated trustee may apply on behalf of a trust)
- a Commonwealth, State, Territory or local government body (including government business enterprises).

## 5. Eligible grant activities

### 5.1 Eligible projects

To be eligible your project must:

- include eligible activities (refer to section 5.2) and eligible expenditure (refer to section 5.3)
- have at least \$100,000 in eligible expenditure
- occur within Australia.

## 5.2 Eligible activities

Eligible activities must directly relate to the project and may include:

- buying, leasing, constructing, installing or commissioning of capital equipment including specialist software to enhance cyber security
- design, engineering and commissioning activities
- workforce training and accreditations

The Program Delegate may also approve other activities.

## 5.3 Eligible expenditure

You can only spend grant funds on eligible expenditure you have incurred on an agreed project as defined in your grant agreement.

- For guidelines on eligible expenditure, see appendix B.
- For guidelines on ineligible expenditure, see appendix C.

We may update the guidelines on eligible and ineligible expenditure from time to time. If your application is successful, the version in place when you submitted your application applies to your project.

If your application is successful, we may ask you to verify project costs that you provided in your application. You may need to provide evidence such as quotes for major costs.

Not all expenditure on your project may be eligible for grant funding. The Program Delegate makes the final decision on what is eligible expenditure and may give additional guidance on eligible expenditure if required.

To be eligible, expenditure must:

- be a direct cost of the project
- be incurred by you for required project audit activities.

You must incur the project expenditure between the project start and end date for it to be eligible unless stated otherwise.

You may start your project from the date we notify you that your application has been successful. We are not responsible for any expenditure you incur until a grant agreement is executed.

## 6. The merit criteria you need to address

To be competitive, you will need to address all merit criteria in your application. We will assess your application against each merit criterion using the weighting indicated.

The application asks questions that relate to the merit criteria below. The amount of detail and supporting evidence you provide in your application should be relative to the project size, complexity and grant amount requested. You should provide evidence to support your answers. The application displays size limits for answers.

We will only award funding to applications that score highly against all merit criteria, as these represent best value for money.



## 6.1 Merit criterion 1

### **The extent to which your project will help you contribute to Defence's Sovereign Industrial Capability Priorities (50 points):**

You should demonstrate this by describing:

- the extent that your project will contribute to the development, enhancement and maintenance of one or more of the Sovereign Industrial Capability Priorities, as outlined in the 2018 Defence Industrial Capability Plan.

## 6.2 Merit criterion 2

### **Your capacity, capability and resources to deliver the project (30 points).**

You should demonstrate this through identifying:

- your plan to manage the project. Include detail on the key risks, timeframes and budget. You should attach a project budget commensurate with the grant amount requested to clearly outline your project expenditure.
- your track record managing similar projects. Include detail on the key personnel with the right skills and experience, including management and technical staff who will manage the delivery of the project.
- how you will measure the success of the project.
- your ability to secure your intellectual property, equipment and technology against physical and cyber threats.

## 6.3 Merit criterion 3

### **The impact of grant funding (20 points).**

Demonstrate how the grant funding will assist your organisation by:

- describing the likelihood the project would proceed without the grant and explain how the grant will benefit the size and timing of your project. If you have already received a SICP grant explain why you need additional funding.
- justifying the funding amount requested with respect to the scale of the project and intended outcomes.
- how the project will improve the efficiency and competitiveness of your business. Include detail on the commercial viability of the project.
- the broader economic benefits from your project.

# 7. How to apply

## 7.1 Before you apply

Before you decide to apply for this grant opportunity, we encourage you to read the [Defence Industrial Capability Plan](#) to identify the specific Sovereign Industrial Capability Priority that your project will support.

CDIC advisers can provide you with guidance on the grant opportunity. For further information on CDIC services go to [business.gov.au](http://business.gov.au). CDIC advisers are not decision makers for the grant. All eligible applications must go through the application process outlined below.

## 7.2 Application

You will need to set up an account to access our online portal. The portal allows you to apply for and manage a grant or service in a secure online environment.

Before applying you should read and understand these guidelines, the sample [application form](#) and the sample [grant agreement](#) published on [business.gov.au](#) and GrantConnect.

To apply, you must:

- complete and submit your application through the portal
- provide all the information requested
- address all eligibility and merit criteria
- include all necessary attachments.

You are responsible for making sure your application is complete and accurate. Giving false or misleading information is a serious offence under the *Criminal Code 1995* (Cth). If we consider that you have provided false or misleading information we may not progress your application. If you find an error in your application after submitting it, you should call us immediately on 13 28 46.

If we find an error or information that is missing, we may ask for clarification or additional information from you that will not change the nature of your application. However, we can refuse to accept any additional information from you that would change your submission after the application closing time.

If you need further guidance around the application process or if you have issues with the portal [contact us](#) at [business.gov.au](#) or by calling 13 28 46.

## 7.3 Attachments to the application

We will only accept the following documents with your application:

- evidence of support from the board, CEO or equivalent
- trust deed (where applicable)
- external accountant declaration (template provided on [business.gov.au](#))
- a letter of support from each project partner (where applicable)
- a project budget commensurate with the grant amount requested to clearly outline your project expenditure

You must attach supporting documentation in line with the instructions provided in the portal. You should only attach requested documents. We will not consider information in attachments that we do not request.

## 7.4 Timing of grant opportunity

You can submit an application at any time over the life of the grant opportunity.

If you are successful we expect you will be able to commence your project within 3 months of submitting an application.

Table 1: Expected timing for this grant opportunity

Activity	Timeframe
Submission of applications	Any time
Assessment of applications	Applications are assessed in batches every 8-12 weeks
Approval of outcomes of selection process	2 weeks from application assessment
Negotiations and award of grant agreements	5 weeks
Notification to unsuccessful applicants	After grant agreements have been executed
Earliest start date of project	The date you are notified your application has been successful
End date of grant commitment	30 months after the commencement of the grant agreement

## 7.5 Joint applications

We recognise that some organisations may want to join as a group to deliver a project. In these circumstances, you must appoint a lead organisation. Only the lead organisation can submit the application form and enter into the grant agreement with the Commonwealth. The application should identify all other members of the proposed group and include a letter of support from each of the project partners. Each letter of support should include:

- details of the project partner
- an overview of how the project partner will work with the lead organisation and any other project partners in the group to successfully complete the project
- an outline of the relevant experience and/or expertise the project partner will bring to the group
- the roles/responsibilities the project partner will undertake, and the resources it will contribute (if any), and
- details of a nominated management level contact officer.

You must have a formal arrangement in place with all parties.

## 8. The selection process

We assess your application against the eligibility criteria and then against the merit criteria. Only eligible applications will proceed to the merit assessment stage.

We refer eligible applications to an assessment panel comprised of representatives from the Centre for Defence Industry Capability (CDIC) and the Department of Defence. The panel may also seek additional advice from independent technical experts.

The panel will assess your application against the merit criteria and compare it to other eligible applications before recommending which projects to fund.

To recommend an application for funding it must score highly against each merit criterion. While we assess all applications against the same merit criteria, we will score your application relative to the project size, complexity and grant amount requested. The evidence you provide to support your application should be proportional to the size and complexity of your project.

If the selection process identifies unintentional errors in your application, we may contact you to correct or clarify the errors, but you cannot make any material alteration or addition.

## 8.1 Final decision

The Program Delegate (who is a general manager with responsibility for the grant) decides which grants to approve taking into account the recommendations of the assessment panel and the availability of grant funds.

The Program Delegate's decision is final in all matters, including:

- the approval of applications for funding
- the amount of grant funding awarded
- the terms and conditions of funding.

We cannot review decisions about the merits of your application.

The Program Delegate will not approve funding if there are insufficient funds available across relevant financial years for the grant opportunity.

## 9. Notification of application outcomes

If you are successful, we will email you and include in the email any specific conditions attached to the grant.

If you are unsuccessful, we will email you and outline the reasons that you were not successful and give you an opportunity to discuss the outcome with us. You are able to submit a new application for the same (or similar) project however you should address feedback provided on your previous application. If you choose to submit a new application that addresses the feedback from a previous unsuccessful application there is no guarantee of success.

## 10. If your application is successful

### 10.1 Grant agreement

You must enter into a grant agreement with the Commonwealth. A sample [grant agreement](#) is available on [business.gov.au](http://business.gov.au) and GrantConnect.

We will manage the grant agreement through the portal. Accepting the agreement through the portal is the equivalent of signing a grant agreement. After you have accepted it, we will execute the agreement. Execute means both you and the Commonwealth Government have entered into the grant agreement. We will notify you when this happens and a copy of the executed agreement will be available through the portal. The agreement will not become binding until it is executed.

We must execute a grant agreement with you before we can make any payments. You may start your project from the date we notify you that your application has been successful. We are not responsible for any expenditure you incur until a grant agreement is executed.

The approval of your grant may have specific conditions determined by the assessment process or other considerations made by the Program Delegate. We will identify these when we notify you of your successful application.

If you enter an agreement under the Sovereign Industrial Capability Priority Grants, you cannot receive funding for the same activities from other Commonwealth, State or Territory grants or programs.

The Commonwealth may recover grant funds if there is a breach of the grant agreement.

You will have 30 days from the date we notify you of your success to execute the grant agreement with the Commonwealth ('execute' means both you and the Commonwealth have accepted the agreement). During this time, we will work with you to finalise details. The offer may lapse if both parties do not accept the grant agreement within this time. Under certain circumstances, we may extend this period. We base the approval of your grant on the information you provide in your application. We will review any required changes to these details to ensure they do not impact the project as approved by the Program Delegate.

## 10.2 Defence Industry Security Program

Successful applicants are required to apply for membership (or be an existing member) of the [Defence Industry Security Program](#) (DISP) as part of the grant agreement. The Defence Industry Security Program is a risk mitigation and assurance program maintaining the integrity of Australia's Defence capability by ensuring Defence Industry maintains its security responsibilities and safeguards the supply chain.

## 10.3 How we pay the grant

The grant agreement will state the:

- maximum grant amount we will pay
- proportion of eligible expenditure covered by the grant (grant percentage).

We will not exceed the maximum grant amount under any circumstances. If you incur extra costs, you must meet them yourself.

We will make an initial payment on execution of the grant agreement. We will make subsequent payments as you achieve milestones in arrears, based on your actual eligible expenditure. Payments are subject to satisfactory progress on the project.

We set aside 10 per cent of the total grant funding for the final payment. We will pay this when you submit a satisfactory end of project report demonstrating you have completed outstanding obligations for the project. We may need to adjust your progress payments to align with available grant funds across financial years and/or to ensure we retain a minimum 10% per cent of grant funding for the final payment.

## 10.4 How we monitor your project

You must submit reports through the portal in line with the grant agreement. We will provide samples of these reports as appendices in the grant agreement. We will remind you of your reporting obligations before a report is due. We will expect you to report on:

- progress against agreed project milestones
- project expenditure, including expenditure of grant funds
- contributions of participants directly related to the project.

The amount of detail you provide in your reports should be relative to the project size, complexity and grant amount.

We will monitor the progress of your project by assessing reports you submit and may conduct site visits to confirm details of your reports if necessary. Occasionally we may need to re-examine claims, seek further information or request an independent audit of claims and payments.

## 10.5 Progress reports

Progress reports must:

- include details of your progress towards completion of agreed project activities
- show the total eligible expenditure incurred to date
- be submitted by the report due date (you can submit reports ahead of time if you have completed relevant project activities).

We will only make grant payments when we receive satisfactory progress reports.

You must discuss any project or milestone reporting delays with us as soon as you become aware of them.

## 10.6 End of project report

When you complete the project, you must submit an end of project report.

End of project reports must:

- include the agreed evidence as specified in the grant agreement
- identify the total eligible expenditure incurred for the project
- be submitted by the report due date
- be in the format provided in the grant agreement.

## 10.7 Ad-hoc report

We may ask you for ad-hoc reports on your project. This may be to provide an update on progress, or any significant delays or difficulties in completing the project.

## 10.8 Independent audit report

We may ask you to provide an independent audit report. An audit report will verify that you spent the grant in accordance with the grant agreement. The audit report requires you to prepare a statement of grant income and expenditure. The report template is attached to the sample grant agreement.

## 10.9 Compliance visits

We may visit you during the project period to review your compliance with the grant agreement. We may also inspect the records you are required to keep under the grant agreement. For large or complex projects, we may visit you after you finish your project. We will provide you with reasonable notice of any compliance visit.

## 10.10 Grant agreement variations

We recognise that unexpected events may affect project progress. In these circumstances, you can request a variation to your grant agreement, including:

- changing project milestones
- extending the timeframe for completing the project but within the maximum 30 month period
- changing project activities.

Note the grant does not allow for:

- an increase of grant funds.

If you want to propose changes to the grant agreement, you must put them in writing before the grant agreement end date.

If a delay in the project causes milestone achievement and payment dates to move to a different financial year, you will need a variation to the grant agreement. We can only move funds between financial years if there is enough grant funding in the relevant year to allow for the revised payment schedule. If we cannot move the funds, you may lose some grant funding.

You should not assume that a variation request will be successful. We will consider your request based on factors such as:

- how it affects the project outcome
- consistency with the grant policy objective, grant opportunity guidelines and any relevant policies of the department
- changes to the timing of grant payments
- availability of grant funds.

### 10.11 Keeping us informed

You should let us know if anything is likely to affect your project or organisation.

We need to know of any key changes to your organisation or its business activities, particularly if they affect your ability to complete your project, carry on business and pay debts due.

You must also inform us of any changes to your business:

- name
- addresses
- nominated contact details
- bank account details.

If you become aware of a breach of terms and conditions under the grant agreement you must contact us immediately.

You must notify us of events relating to your project and provide an opportunity for the Minister or their representative to attend.

### 10.12 Evaluation

We will evaluate the grant to determine the extent to which the funded activity is contributing to the grant objectives and outcomes. We may use information from your application and project reports for this purpose. We may also interview you, or ask you for more information to help us understand how the grant impacted you and to evaluate how effective the grant was in achieving its outcomes. We may continue to contact you up to one year after you finish your project for more information to assist with evaluation.

### 10.13 Tax obligations

If you are registered for the Goods and Services Tax (GST), we will add GST to your grant payment where applicable and provide you with a recipient created tax invoice. You are required to notify us if your GST registration status changes during the project period.

Grants are assessable income for taxation purposes, unless exempted by a taxation law. We recommend you seek independent professional advice on your taxation obligations or seek assistance from the [Australian Taxation Office](#). We do not provide advice on tax.

## 10.14 Grant acknowledgement

If you make a public statement about a project funded under the grant, you must acknowledge the grant by using the following:

‘This project received grant funding from the Australian Government.’

## 11. Conflicts of interest

### 11.1 Your conflict of interest responsibilities

A conflict of interest will occur if your private interests conflict with your obligations under the grant. Conflicts of interest could affect the awarding or performance of your grant. A conflict of interest can be:

- real (or actual)
- apparent (or perceived)
- potential.

We will ask you to declare, as part of your application, any perceived or existing conflicts of interests or that, to the best of your knowledge, there is no conflict of interest.

If you later identify that there is an actual, apparent, or potential conflict of interest or that one might arise in relation to your grant, you must inform us in writing immediately.

### 11.2 Our conflict of interest responsibilities

We recognise that conflicts of interest may arise with our staff, technical experts, committee members and others delivering the grant between:

- their business duties, roles and responsibilities and
- their private interests.

We manage our conflicts of interest according to the APS Code of Conduct (section 13 (7) of the *Public Service Act 1999* (Cth)). We publish our [conflict of interest policy<sup>2</sup>](#) on the department's website.

Grant officials must declare any conflicts of interest. If we consider a conflict of interest is a cause for concern, that official will not take part in the assessment of relevant applications under the grant.

## 12. How we use your information

Unless the information you provide to us is:

- confidential information as per 12.1, or
- personal information as per 12.3.

we may share the information with other government agencies for a relevant Commonwealth purpose such as:

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<https://www.industry.gov.au/AboutUs/InformationPublicationScheme/Ourpolicies/Documents/Conflict-of-Interest-and-Inside-Trade-Expectations-Policy.pdf>



- to improve the effective administration, monitoring and evaluation of Australian Government programs
- for research
- to announce the awarding of grants.

## 12.1 How we handle your confidential information

We will treat the information you give us as sensitive and therefore confidential if it meets all of the following conditions:

- you clearly identify the information as confidential and explain why we should treat it as confidential
- the information is commercially sensitive
- disclosing the information would cause unreasonable harm to you or someone else
- you provide the information with an understanding that it will stay confidential.

## 12.2 When we may disclose confidential information

We may disclose confidential information:

- to the committee and our Commonwealth employees and contractors, to help us manage the grant effectively
- to the Auditor-General, Ombudsman or Privacy Commissioner
- to the responsible Minister or Assistant Minister
- to a House or a Committee of the Australian Parliament.

We may also disclose confidential information if:

- we are required or authorised by law to disclose it
- you agree to the information being disclosed, or
- someone other than us has made the confidential information public.

## 12.3 How we use your personal information

We must treat your personal information according to the Australian Privacy Principles (APPs) and the *Privacy Act 1988* (Cth). This includes letting you know:

- what personal information we collect
- why we collect your personal information
- to whom we give your personal information.

We may give the personal information we collect from you to our employees and contractors, the committee, and other Commonwealth employees and contractors, so we can:

- manage the grant
- research, assess, monitor and analyse our grants and activities.

We, or the Minister, may:

- announce the names of successful applicants to the public
- publish personal information on the department's websites.

You may read our [Privacy Policy](#)<sup>3</sup> on the department's website for more information on:

- what is personal information
- how we collect, use, disclose and store your personal information
- how you can access and correct your personal information.

## 12.4 Public announcement

We will publish non-sensitive details of successful projects on [GrantConnect](#). We are required to do this by the *Commonwealth Grants Rules and Guidelines* and the [Australian Government Public Data Policy Statement](#)<sup>4</sup>, unless otherwise prohibited by law. This information may include:

- name of your organisation
- title of the project
- description of the project and its aims
- amount of grant funding awarded
- Australian Business Number
- business location
- your organisation's industry sector.

We publish this information to ensure open access to non-sensitive data within Australian Government agencies to enable greater innovation and productivity across all sectors of the Australian economy.

## 12.5 Freedom of information

All documents in the possession of the Australian Government, including those about the grant, are subject to the *Freedom of Information Act 1982* (Cth) (FOI Act).

The purpose of the FOI Act is to give members of the public rights of access to information held by the Australian Government and its entities. Under the FOI Act, members of the public can seek access to documents held by the Australian Government. This right of access is limited only by the exceptions and exemptions necessary to protect essential public interests and private and business affairs of persons in respect of whom the information relates.

If someone requests a document under the FOI Act, we will release it (though we may need to consult with you and/or other parties first) unless it meets one of the exemptions set out in the FOI Act.

## 13. Enquiries and feedback

For further information or clarification, you can contact us on 13 28 46 or by [web chat](#) or through our [online enquiry form](#) on business.gov.au.

We may publish answers to your questions on our website as Frequently Asked Questions.

Our [Customer Service Charter](#) is available at business.gov.au. We use customer satisfaction surveys to improve our business operations and service.

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<sup>3</sup> <http://www.industry.gov.au/Pages/PrivacyPolicy.aspx>

<sup>4</sup> <http://www.dpmc.gov.au/resource-centre/data/australian-government-public-data-policy-statement>

If you have a complaint, call us on 13 28 46. We will refer your complaint to the appropriate manager.

If you are not satisfied with the way we handle your complaint, you can contact:

Head of Division  
AusIndustry – Industry Capability and Research  
Department of Industry, Innovation and Science  
GPO Box 2013  
CANBERRA ACT 2601

You can also contact the [Commonwealth Ombudsman<sup>5</sup>](#) with your complaint (call 1300 362 072). There is no fee for making a complaint, and the Ombudsman may conduct an independent investigation.

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<sup>5</sup> <http://www.ombudsman.gov.au/>

## Appendix A. Definitions of key terms

Term	Definition
Application form	The application for grant funding made through the online portal for the program.
AusIndustry	The division of the same name within the department.
Department	The Department of Industry, Innovation and Science.
Assessment panel	The body established to consider and assess eligible applications and make recommendations to the Delegate for funding.
Defence	Defence when capitalised refers to the Department of Defence and when not capitalised has its generic meaning.
Eligible activities	The activities undertaken by a grantee in relation to a project that are eligible for funding support as set out in 5.2.
Eligible application	An application or proposal for grant funding that the <i>Program Delegate</i> has determined is eligible for assessment in accordance with these guidelines.
Eligible expenditure	The expenditure incurred by a grantee on a project and which is eligible for funding support as set out in □.
Eligible expenditure guidelines	The guidelines that are at Appendix B.
Grant agreement	A legally binding contract between the Commonwealth and a grantee for the grant funding
Grant funding or grant funds	The funding made available by the Commonwealth to grantees.
Grantee	The recipient of grant funding under a grant agreement.
Guidelines	Guidelines that the Minister gives to the department to provide the framework for the administration of the grant, as in force from time to time.
Minister	The Commonwealth Minister for Defence Industry
Personal information	Has the same meaning as in the <i>Privacy Act 1988</i> (Cth) which is: <ul style="list-style-type: none"> <li>Information or an opinion about an identified individual, or an individual who is reasonably identifiable: <ul style="list-style-type: none"> <li>a. whether the information or opinion is true or not; and</li> <li>b. whether the information or opinion is recorded in a material form or not.</li> </ul> </li> </ul>
Program Delegate	A General Manager within the Centre for Defence Industry Capability (CDIC) with responsibility for the program.

Term	Definition
Program funding or Program funds	The funding made available by the Commonwealth for the program.
Project	The project to which an application relates
Small to Medium Enterprise (SME)	An SME typically refers to micro-businesses, small businesses and medium sized firms. SMEs have less than 200 employees. Employees are defined as the number of individuals who are entitled to paid leave (sick and holiday), or generate income from managing your organisation.

## Appendix B. Eligible expenditure

This section provides guidelines on the eligibility of expenditure. We may update these guidelines from time to time, so you should make sure you have the current version from the [business.gov.au](https://business.gov.au) website before preparing your application.

The Program Delegate makes the final decision on what is eligible expenditure and may give additional guidance on eligible expenditure if required.

To be eligible, expenditure must:

- be incurred by you within the project period
- be a direct cost of the project
- be incurred by you to undertake required project audit activities
- meet the eligible expenditure guidelines.

### How we verify eligible expenditure

If your application is successful, we may ask you to verify the project budget that you provided in your application when we negotiate your grant agreement. You may need to provide evidence such as quotes for major costs.

The grant agreement will include details of the evidence you may need to provide when you achieve certain milestones in your project. This may include evidence related to eligible expenditure.

If requested, you will need to provide the agreed evidence along with your progress reports.

You must keep payment records of all eligible expenditure, and be able to explain how the costs relate to the agreed project activities. At any time, we may ask you to provide records of the expenditure you have paid. If you do not provide these records when requested, the expense may not qualify as eligible expenditure.

At the end of the project, you will be required to provide an independent financial audit of all eligible expenditure from the project.

### Plant and equipment expenditure

We consider costs of acquiring, or construction of, plant and equipment, as well as any related commissioning costs as eligible expenditure. You must list commissioning costs as a separate item within the project budget in the application form, and on reports of expenditure during project milestones.

We cannot consider any expenditure paid before the project start date as eligible expenditure. Commissioning and installation costs of plant and equipment paid for before the start date is not eligible expenditure even if these costs are paid after the project start date.

You may purchase, lease (finance lease or operating lease under certain conditions) or build plant and equipment. In claiming the purchase price of capital items, you must take out any costs related to financing, including interest. You can claim related freight and installation costs on capital expenditure.

Eligible costs for plant and equipment will normally need to be on your balance sheet.

We will only consider costs for plant and equipment not on your balance sheet under certain circumstances. We will only consider project costs with an operating lease to be eligible if:

- you integrate the plant or equipment into your manufacturing process; and
- you cannot transfer the plant or equipment and the lease period is at least 4 years.

Where you need to pay in instalments to purchase capital items (for example deposits, payment on installation, or payment on commissioning), you can claim the grant amount for the items progressively across multiple progress reports up to the end of the project period. Alternatively, you can choose to claim the full amount in a single report, when you pay for the capital item.

For leased items, you will need to show an executed copy of the lease identifying the capital cost of the item and the lease period. We can pay you the full grant entitlement when:

- you have received the capital item
- you have entered into a formal lease agreement, and
- you make the initial payment.

You may show expenditure on plant and equipment by providing evidence of

- purchase price
- payments (e.g. tax invoices and receipts from suppliers confirming payment)
- commitment to pay for the capital item (e.g. supplier contract, purchase order or executed lease agreement)
- receipt of capital items (e.g. supplier or freight documents)
- associated costs such as freight and installation (e.g. supplier documents)
- the capital item on your premises (e.g. date stamped photographic evidence).

If you claim expenditure for the construction of plant and equipment, we limit this to

- the costs of materials
- direct construction labour salary costs
- contractor costs
- freight and establishment costs.

Evidence for construction expenditure may include purchase orders, invoices, payment documentation, photographic evidence (date stamped) of the capital item in your premises and details of labour costs.

Grant payments for capital items may affect your tax obligations. We recommend that you seek independent professional advice on tax related matters.

## Labour expenditure

Eligible labour expenditure for the grant covers the direct labour costs of employees you directly employ on the core elements of the project. We consider a person an employee when you pay them a regular salary or wage, out of which you make regular tax instalment deductions.

We consider costs for technical, but not administrative, project management activities eligible labour expenditure. However, we limit these costs to 10 per cent of the total amount of eligible labour expenditure claimed.

We do not consider labour expenditure for leadership or administrative staff (such as CEOs, CFOs, accountants and lawyers) as eligible expenditure, even if they are doing project management tasks.

Eligible salary expenditure includes an employee's total remuneration package as stated on their Pay As You Go (PAYG) Annual Payment Summary submitted to the ATO. We consider salary-

sacrificed superannuation contributions as part of an employee's salary package if the amount is more than what the Superannuation Guarantee requires.

The maximum salary for an employee, director or shareholder, including packaged components that you can claim through the grant is \$175,000 per financial year.

For periods of the project that do not make a full financial year, you must reduce the maximum salary amount you claim proportionally.

### Labour on-costs and administrative overhead

You may increase eligible salary costs by an additional 30% allowance to cover on-costs such as employer paid superannuation, payroll tax, workers compensation insurance, and overheads such as office rent and the provision of computers.

You should calculate eligible salary costs using the formula below:

$$\text{Eligible salary costs} = \text{Annual salary package} \times \frac{\text{Weeks spent on project}}{52 \text{ weeks}} \times \text{percentage of time spent on project}$$

You cannot calculate labour costs by estimating the employee's worth. If you have not exchanged money (either by cash or bank transactions) we will not consider the cost eligible.

Evidence you will need to provide can include:

- details of all personnel working on the project, including name, title, function, time spent on the project and salary
- ATO payment summaries, pay slips and employment contracts.

### Contract expenditure

Eligible contract expenditure is the cost of any agreed project activities that you contract others to do. These can include contracting:

- another organisation
- an individual who is not an employee, but engaged under a separate contract.

All contractors must have a written contract prior to starting any project work—for example, a formal agreement, letter or purchase order which specifies:

- the nature of the work they perform
- the applicable fees, charges and other costs payable.

Invoices from contractors must contain:

- a detailed description of the nature of the work
- the hours and hourly rates involved
- any specific plant expenses paid.

Invoices must directly relate to the agreed project, and the work must qualify as an eligible expense. The costs must also be reasonable and appropriate for the activities performed.

We will require evidence of contractor expenditure that may include:

- an exchange of letters (including email) setting out the terms and conditions of the proposed contract work



- purchase orders
- supply agreements
- invoices and payment documents.

You must ensure all project contractors keep a record of the costs of their work on the project. We may require you to provide a contractor's records of their costs of doing project work. If you cannot provide these records, the relevant contract expense may not qualify as eligible expenditure.

### Travel expenditure

Eligible travel may include

- domestic travel limited to the reasonable cost of accommodation and transportation required to conduct agreed project and collaboration activities
- international travel and associated cost limited to the reasonable cost of accommodation and transportation required to conduct agreed project and collaboration activities

### Domestic travel costs

Eligible air transportation is limited to the economy class fare for each sector travelled; where non-economy class air transport is used only the equivalent of an economy fare for that sector is eligible expenditure. Where non-economy class air transport is used, the grantee will require evidence showing what an economy air fare costs at the time of travel.

Eligible domestic travel expenditure is generally limited to 10% of total eligible expenditure, but are subject to final determination by the *Program Delegate*.

### International travel costs

International travel by Australian personnel directly involved in project activities are considered eligible expenditure.

Eligible costs are:

- travel costs for international economy class return airfares and domestic economy class transportation while overseas
- living allowance including accommodation and meals, during periods of time overseas
- visa and insurance costs associated with travel to global partner countries.

Expenditure is limited to the reasonable cost of accommodation and transportation required to conduct project activities overseas.

Eligible international travel expenditure is generally limited to 10% of total eligible expenditure, but are subject to final determination by the Program Delegate.

Specific international travel costs not identified in the application are not eligible unless the Program Delegate approves a request from the applicant prior to travel taking place.

### Other eligible expenditure

Other eligible expenditures for the project may include:

- commissioning, such as any testing and certification required to bring the project into service
- building modifications where you own the modified asset and the modification is required to undertake the project, for example installing a clean room, enhancing facility security or

ICT security infrastructure. Modifications to leased buildings may be eligible. You must use the leased building for activities related to your manufacturing process.

- staff training, qualifications and accreditations that directly supports the achievement of project outcomes
- costs you incur in order to obtain planning, environmental or other regulatory approvals during the project period. However, associated fees paid to the Commonwealth, state, territory and local governments are not eligible
- contingency costs up to a maximum of 10% of the eligible project costs. Note that we make payments based on actual costs incurred.
- The cost of an independent audit of project expenditure (where we request one) up to a maximum of 1 per cent of total eligible project expenditure.

Other specific expenditures may be eligible as determined by the Program Delegate.

Evidence you need to supply can include supplier contracts, purchase orders, invoices and supplier confirmation of payments.

## Appendix C. Ineligible expenditure

This section provides guidelines on what we consider ineligible expenditure. We may update these guidelines from time to time, so you should make sure you have the current version from the [business.gov.au](http://business.gov.au) website before preparing your application.

The Program Delegate may impose limitations or exclude expenditure, or further include some ineligible expenditure listed in these guidelines in a grant agreement or otherwise by notice to you.

Examples of ineligible expenditure include:

- research activities (other than design and engineering activities) not directly supporting eligible capital expenditure activities
- the costs of market analysis and research activities
- activities, equipment or supplies that are already being supported through other sources
- costs incurred prior to having an executed grant agreement
- any in-kind contributions
- debt financing or financing costs, including interest
- capital expenditure for the purchase of assets for standard office purposes such as furniture and equipment, motor vehicles, computers, printers or photocopiers
- capital expenditure for construction, renovation or extension of facilities such as buildings and laboratories for everyday business activities unless it directly relates to the project
- costs involved in the purchase or upgrade/hire of software (including user licences) and ICT hardware unless it directly relates to the project
- costs such as rental, renovations and utilities
- non-project-related staff training and development costs
- insurance costs (the participants must effect and maintain adequate insurance or similar coverage for any liability arising as a result of its participation in funded activities)
- costs related to obtaining resources used on the project, including interest on loans, job advertising and recruiting, and contract negotiations
- maintenance costs
- costs of purchasing, leasing, depreciation of, or development of land
- infrastructure development costs, including development of road, rail, port or fuel delivery networks beyond the manufacturing site
- site preparation activities which are not directly related to the project.
- opportunity costs relating to any production losses due to allocating resources to the agreed grant project
- costs of manufacturing production inputs not relating to commissioning new equipment
- routine operational expenses, including communications, accommodation, office computing facilities, printing and stationery, postage, legal and accounting fees and bank charges
- costs related to preparing the grant application, preparing any project reports (except costs of independent audit reports we require) and preparing any project variation requests
- travel or overseas costs that exceed 10% of total project costs except where otherwise approved by the Program Delegate.

This list is not exhaustive and applies only to the expenditure of the grant funds. Other costs may be ineligible where we decide that they do not directly support the achievement of the planned outcomes for the project or that they are contrary to the objectives of the grant.

You must ensure you have adequate funds to meet the costs of any ineligible expenditure associated with the project.

## Appendix D. External Accountant Declaration

<b>Role/Title of person making declaration</b>	
<b>Name</b>	
<b>Employer</b>	
<b>Contact details</b>	
<b>Qualification</b>	<input type="checkbox"/> Chartered Accountant <input type="checkbox"/> Certified Practising Accountant <input type="checkbox"/> CPA Australia <input type="checkbox"/> Chartered Accountants Australia and New Zealand <input type="checkbox"/> Institute of Public Accountants
<b>Membership number:</b>	
<b>Applicant's name:</b>	
<b>Applicant's ABN:</b>	

I declare that:

- On the basis of the evidence [applicant name] has supplied to me, I consider that [applicant name] is able to fund its share of the cost of the proposed project from the following source of funding - [insert source of funding].
- This opinion is based on the applicants share being [insert amount] out of total project expenditure of [insert amount].

The applicant is part of a consolidated group for tax purposes.

Yes

No

Signature .....

Signed on this            day            of 20