



## Grant Opportunity Guidelines

# Activating a Regional Hydrogen Industry - Clean Hydrogen Industrial Hubs

## Hub Implementation Round 1 Grants

<b>Opening date:</b>	28 September 2021
<b>Closing date and time:</b>	17:00 Australian Eastern Standard Time on 22 November 2021  Please take account of time zone differences when submitting your application.
<b>Commonwealth policy entity:</b>	Department of Industry, Science, Energy and Resources
<b>Administering entity:</b>	Department of Industry, Science, Energy and Resources
<b>Enquiries:</b>	If you have any questions, contact us on 13 28 46.
<b>Date guidelines released:</b>	20 September 2021
<b>Type of grant opportunity:</b>	Open competitive

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# 1. Hub Implementation Round 1 processes

**The Activating a Regional Hydrogen Industry: Clean Hydrogen Industrial Hub program is designed to achieve Australian Government objectives**

This grant opportunity is part of the above grant program, which contributes to the Department of Industry, Science, Energy and Resources Outcome 2. The Department of Industry, Science, Energy and Resources works with stakeholders to plan and design the grant program according to the [Commonwealth Grants Rules and Guidelines](#).



## **The grant opportunity opens**

We publish the grant guidelines on business.gov.au and GrantConnect.



## **You complete and submit a grant application**

You complete the application form, addressing all the eligibility and assessment criteria in order for your application to be considered.



## **We assess all grant applications**

We review the applications against eligibility criteria and notify you if you are not eligible. We assess eligible applications against the assessment 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 Activating a Regional Hydrogen Industry: Hydrogen Hub Grant**

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

## 2. About the Activating a Regional Hydrogen Industry - Clean Hydrogen Industrial Hubs program

Unless otherwise specified, references to hydrogen in this document refer to clean hydrogen as defined in section 14 in the Glossary.

The Australian Government is committed to being a world leader in the clean hydrogen industry. Australia's *National Hydrogen Strategy* highlighted the potential for an Australian hydrogen industry to generate more than 8,000 jobs and over \$11 billion a year in GDP by 2050. Through the Government's Technology Investment Roadmap, the Australian Government has set a stretch goal of producing clean hydrogen for under \$2 per kilogram. Achieving this goal will bring down the costs of hydrogen production will require a focus on market activation, creating demand and innovation so the industry can scale-up quickly and cost effectively. Clean hydrogen is hydrogen produced using renewable energy or using fossil fuels with substantial carbon capture and storage (CCS).

'Hydrogen Hubs' are regions where various producers, users and potential exporters of hydrogen across industrial, transport, export and energy markets are co-located. These Hubs are identified in Australia's National Hydrogen Strategy as an efficient early-stage approach to create demand and scale up the industry, which will help to support other existing industrial sectors in these regions. Clean Hydrogen Industrial Hubs will create economies of scale to drive down costs of production, unlocking further demand for hydrogen as costs fall, while creating efficiencies by leveraging and supporting the existing industrial capabilities and workforces in these regions. Hubs will stimulate innovation and increase workforce skills development, as well as support other existing industrial sectors in these regions to lower both emissions and costs in doing business.

This program aims to support the establishment of hydrogen hubs in regional Australia, and, in turn, support the growth of Australia's clean hydrogen industry. This will assist Australia to achieve its emission reduction goals while continuing to grow our export industries and expand choice for consumers. The program will build Australia's potential to supply international trading partners with low cost clean energy.

The program has a broad scope and recognises the potential diversity within industry that may be combined to form a Hub. The program is not seeking that these hubs be focussed on any single industry in recognition of the diversity of sectors and applications that hydrogen can support. In general, hydrogen hubs are likely to have:

- a pre-existing large industrial energy demand
- a skilled workforce, capable of delivering large projects
- existing infrastructure that can be utilised, like port facilities, gas pipelines, carbon capture and storage reservoirs or high voltage connections to the grid.
- proximity to energy resources either high capacity factor renewables and/or coal and gas resources, as well as access to required water resources
- co-located sources of potential demand and hydrogen production.

The objectives of the program are to:

- leverage existing infrastructure, knowledge and workforce for a least cost pathway to a viable clean hydrogen industry
- progress the establishment of hubs that stimulate demand and facilitate the production of clean hydrogen for domestic and export markets
- enable economic, environmental and social opportunities in regional communities by locating hubs in regional areas of Australia

- support the growth and jobs of Australian industry in the production and application of clean hydrogen
- support innovation in processing, distribution and use of clean hydrogen
- support complementary industries establishing and thriving around hydrogen supply chains by encouraging sector coupling
- build and strengthen international partnerships, build export pathways and encourage technological exchange and innovation.

The intended outcomes of the program are to make progress towards:

- making clean hydrogen available for domestic and export use
- establishing domestic clean hydrogen supply chains
- establishing clean hydrogen export pathways
- supporting existing industry to use clean hydrogen
- creating new industry being built around clean hydrogen availability in a local area
- creating new regional jobs and increased capability of local workforce
- reducing the cost of clean hydrogen production.

This program comprises two grant streams:

- **Hub Development and Design Grants:** supporting Australian industry on the initial development, feasibility and design work needed to advance Hydrogen Hub concepts
- **Hub Implementation Round 1 Grants:** supporting Australian industry to roll-out and establish Hub projects in regional Australia.

These two processes will allow those proponents who are already prepared to go to the Implementation stage to make applications for this funding. At the same time, it will also allow for other industry proponents in earlier stage of development to access Government support for early works before moving to the Implementation stage.

The Development and Design grants will be delivered through two successive funding rounds. Further Implementation grants may be awarded in a subsequent round subject to availability of program funds.

We will deliver each of the Activating a Regional Hydrogen Industry: Clean Hydrogen Industrial Hubs grant rounds through stand-alone, open competitive selection processes. You are encouraged to consider applying for both Development and Design grants and Implementation grants, as well as other related Commonwealth, State and Territory or International funding opportunities. For example, the Commonwealth government will shortly launch the CCUS Hubs and Technology program, the Australian Renewable Energy Agency (ARENA) is funded to support the development of Hydrogen technology, and the Clean Energy Finance Corporation has established a \$300 million concession finance facility to support hydrogen projects.

If you are successful in more than one grant opportunity you must ensure activities and expenditure for each grant are clearly separated.

Guidelines for both grant opportunities, including the opening and closing dates of funding rounds and any other relevant information are available on [business.gov.au](http://business.gov.au) and [GrantConnect](#).

Information on subsequent rounds will also be published on [business.gov.au](http://business.gov.au) and [GrantConnect](#).

We administer the program according to the [Commonwealth Grants Rules and Guidelines](#) (CGRGs)<sup>1</sup>.

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<sup>1</sup> <https://www.finance.gov.au/government/commonwealth-grants/commonwealth-grants-rules-guidelines>

## 2.1. About the Hub Implementation Round 1 grant opportunity

These guidelines contain information for the Hub Implementation Round 1 grants.

The Australian Government is focused on the timely establishment of Clean Hydrogen Industrial Hubs and the realisation of regional benefits. The Australian Government considers the following locations to be priority prospective hub locations, based on interest of industry and the location's existing capability, infrastructure and resources:

- Bell Bay (TAS)
- Darwin (NT)
- Eyre Peninsula (SA)
- Gladstone (QLD)
- Hunter Valley (NSW)
- La Trobe Valley (VIC)
- Pilbara (WA)

Although these locations are considered the most advanced, applications for the Hub Implementation Round 1 Grants are not restricted to these locations and applicants are able to define the 'region' to which their application relates.

This document sets out:

- the eligibility and assessment criteria
- how we consider and assess grant applications
- how we notify applicants and enter into grant agreements with grantees
- how we monitor and evaluate grantees' performance
- responsibilities and expectations in relation to the opportunity.

We have defined key terms used in these guidelines in the glossary at section 14.

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

## 3. Grant amount and grant period

The Australian Government has announced \$464 million from 2021-22 over five years for the Activating a Regional Hydrogen Industry - Clean Hydrogen Industrial Hubs program. This includes an estimated \$30 million of funding to support the Development and Design of Hydrogen Hubs. This grant opportunity has \$434 million available for Hub Implementation Round 1 Grants.

### 3.1. Project period

The maximum project period is 3.5 years.

We may approve a further extension in exceptional circumstances, provided you complete your project by 31 March 2026.

### 3.2. Grants available

The grant amount will be up to 50 per cent of eligible project expenditure (grant percentage).

- The minimum grant amount is \$30 million.
- The maximum grant amount is \$70 million.

You are responsible for the remaining at least 50 per cent of eligible project expenditure plus any ineligible expenditure, which we consider your contribution. Your contribution must be cash. We anticipate you may need to use some funding from other Commonwealth, State, Territory or local government grants to fund the project expenditure not covered by this program (such as the CCUS Hubs and Technology program). However, no more than 50 per cent of your total eligible project expenditure can be funded from Commonwealth government grants.

The Minister may approve a reduced grant offer within the parameters above. In this circumstance, you may be required to develop and agree a reduced project scope.

## 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:

- have an Australian Business Number (ABN)

and be one of the following entities:

- an entity, incorporated in Australia
- an Australian State/Territory Government agency or body.

Your application must be a joint application with at least one and preferably multiple project partners. Joint applications must have a lead organisation who is the main driver of the project and is eligible to apply. If your application is successful, the lead applicant is responsible for managing the project on behalf of the consortium.

For further information on joint applications, refer to section 7.2.

### 4.2. Additional eligibility requirements

We can only accept applications:

- where you can 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
- where you agree to publicly share knowledge and information about and resulting from your project (refer item 13.2 regarding the management of confidential information).
- where you provide all mandatory attachments.

We cannot waive the eligibility criteria under any circumstances.

### 4.3. Who is not eligible?

You are not eligible to apply if you are:

- an organisation, or your project partner is an organisation, included on the National Redress Scheme's website on the list of 'Institutions that have not joined or signified their intent to join the Scheme' ([www.nationalredress.gov.au](http://www.nationalredress.gov.au))
- an individual
- partnership
- unincorporated association

- any organisation not included in section 4.1
- a corporate or non-corporate Commonwealth entity.

## 5. What the grant money can be used for

### 5.1. Eligible activities

To be eligible your project must:

- be aimed at establishing a hydrogen industrial hub consisting of co-located sources of hydrogen demand and production to stimulate demand and facilitate the production and use of clean hydrogen for domestic and export markets, leveraging the existing industrial and energy resources in the region
- have at least \$60 million in eligible expenditure.

Eligible activities may include

- establishing partnership/joint venture arrangements
- activities to firm up export markets, for example negotiating off-take agreements or investment from overseas
- utilising or modifying existing infrastructure to produce, transport, store and handle clean hydrogen and associated processes (e.g. carbon capture and storage)
- utilising or modifying existing industrial processes or assets to integrate clean hydrogen and associated processes
- establishing new industrial infrastructure directly related to the production or use of clean hydrogen
- purchasing clean hydrogen production and/or storage equipment
- developing clean hydrogen production technology
- running trials or pilots
- establishing demonstration sites or projects
- establishing initiatives that promote sector coupling and demand stimulation
- innovative use of technology or services in the commercial delivery of clean hydrogen
- developing a workforce strategy (including planning and training)
- local employment and skill development schemes in regional areas
- engaging with the community, including on hydrogen safety
- adapting and demonstrating international clean hydrogen technology in an Australian context
- sharing knowledge that would assist other Australian or international hydrogen projects.

We may also approve other activities.

Activities that are not eligible for funding include:

- research projects without a clear, short to medium term pathway to establishing a hub for the production and use of clean hydrogen for domestic and export markets.

If you are successful, you must participate in Australian international engagement activities associated with achieving relevant National Hydrogen Strategy and Low Emissions Technology

Statement goals for hydrogen, including working with the Special Adviser on Low Emissions Technology. This will be a requirement of your Grant Agreement.

### 5.1.1.Detailed implementation plan

If successful, you must provide a detailed implementation plan for establishing your hydrogen hub project in the first six months of the project or earlier. Your implementation plan must include:

- project narrative (including scope definition)
- project governance
- project schedule including critical path dependencies
- project finance arrangements including detailed financial modelling
- project engineering requirements
- risk assessment and risk mitigation plan
- commercialisation and scale up pathway
- permitting and approvals planning
- workforce plan
- knowledge sharing plan
- community engagement plan
- safety management strategy.

A committee comprised of or advised by independent technical and industry experts and Australian government representatives, convened by the department, must endorse your implementation plan. The committee may request additional information relating to your implementation plan and may seek additional advice from external experts.

If the committee does not consider your implementation plan satisfactory, we may terminate your grant agreement.

### 5.2. 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 guidance on eligible expenditure, see appendix A.
- For guidance on ineligible expenditure, see appendix B.

Not all expenditure on your project may be eligible for grant funding. The Program Delegate (who is an AusIndustry general manager within the department with responsibility for the program) 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 must not commence your project until you execute a grant agreement with the Commonwealth.

## 6. The assessment criteria

You must address all assessment criteria in your application. We will assess your application based on the weighting given to each criterion.

The application form asks questions that relate to the assessment 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 form displays size limits for answers.

We will only consider funding applications that score at least 50 per cent against each assessment criterion, as these represent best value for money.

### 6.1. Assessment criterion 1

**The extent that your proposed project will facilitate the development of a regional industrial hub and accelerate the creation of an export and domestic clean hydrogen industry (30 points).**

You should demonstrate this by describing:

- a. the commercial potential of your hydrogen hub, including risks to its viability and appropriate risk management strategies, including the potential quantum of domestic and international hydrogen supply and/or demand your project may create
- b. how your project will increase demand for clean hydrogen domestically, including estimated volumes and sectors impacted
- c. how your project will create, leverage and advance export linkages, supply chains and international partnerships and/or offtake arrangements
- d. how well your project connects with existing Australian industry and provides a clear pathway, in the short and medium term, to producing clean hydrogen, lower the production costs of hydrogen and/or transforming existing industrial processes to use clean hydrogen in your nominated hub location.

## 6.2. Assessment criterion 2

**The extent that your project will utilise and support existing industrial capacity and infrastructure to build an ongoing Australian clean hydrogen capability and contribute to its long-term viability (20 points)**

You should demonstrate this by describing:

- a. your existing and proposed linkages with research organisations and other businesses, including current research or pilot activities
- b. how your project will leverage and support co-located industry in the region
- c. the level of support your project has from the relevant state/territory government, and/or local level of government
- d. your proposed strategy for knowledge sharing with the emerging Australian clean hydrogen industry including learnings and understanding of future export supply chains
- e. how your proposed project will address workforce capability gaps and contribute to sector-wide workforce development strategies and build on the existing local workforce's capability
- f. how your proposed hub complements and builds on other activity intended to grow the Australian clean hydrogen industry.

## 6.3 Assessment criterion 3

**Your capacity, capability and resources to establish a hydrogen hub (30 points)**

You should demonstrate this by describing:

- a. the structure of the consortium and why it is suited to delivery of this hub project
- b. the track record of your consortium, or individual organisations within the consortium, in developing major projects and leveraging additional investment (from both within Australia and oversea), and your access to personnel with relevant skills and experience, including project management and technical expertise
- c. your access to required finance, infrastructure, capital equipment, technology and intellectual property
- d. how you will leverage existing capability, including the strength of your partnerships and engagement within the proposed hub
- e. your project plan, including your plan to:
  - manage the project including scope, governance, implementation methodology and timeframes
  - mitigate delivery risks (including national security risks)
  - secure required regulatory or other approvals.

You must attach a project plan and budget to your application.

## 6.4. Assessment criterion 4

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

You should demonstrate this by describing:

- a. how your project will enhance the commercial viability of the existing and the future Australian clean hydrogen industry and support Australian industry more broadly

- b. additional investment that will be leveraged by your consortium to establish your hub
- c. the broader social, environmental and economic impacts of your hub, including the extent that your project will generate jobs and investment in regional Australia
- d. community support for your hub within local and regional communities.

## 7. How to apply

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 the online [application form](#) via business.gov.au
- provide all the information requested
- address all eligibility and assessment criteria
- include all necessary attachments.

You can view and print a copy of your submitted application on the portal for your own records.

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 Act 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 are unable to submit an application online, [contact us](#) at business.gov.au or by calling 13 28 46.

### 7.1. Attachments to the application

You must provide the following documents with your application:

- project plan
- project budget
- evidence of support from the board, CEO or equivalent
- a letter of support from each project partner.

Project plan, budget and letter templates are available on [business.gov.au](#) and [GrantConnect](#).

You may also attach documentation to support your response to assessment criteria, for example any documentation listed as components of the detailed implementation plan as outlined in section 5.1.1.

You must attach supporting documentation to the application form in line with the instructions provided within the form.

### 7.2. Joint applications

Your application must be a joint application with at least one and preferably multiple project partners (a consortium). You must appoint a lead organisation who will be the main driver of the project. Only an eligible lead applicant can submit the application form on behalf of project partners and enter into the grant agreement with the Commonwealth. The application should identify all

other members of the consortium and must 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)
- details of a nominated management level contact officer.

You must have a formal arrangement in place with all parties prior to execution of the grant agreement.

### 7.3. Timing of grant opportunity

You can only submit an application between the published opening and closing dates. We cannot accept late applications.

If you are successful we expect you will be able to commence your project around March 2022.

Table 1: Expected timing for this grant opportunity

Activity	Timeframe
Selection process	12 weeks
Negotiations and award of grant agreements	4 weeks
Notification to unsuccessful applicants	2 weeks
Earliest start date of project	On execution of grant agreement
End date of grant commitment	31 March 2026

## 8. The grant selection process

We first review your application against the eligibility criteria. If eligible, we will then assess it against the assessment criteria. Only eligible applications will proceed to the assessment stage.

We consider your application on its merits, based on:

- how well it meets the criteria
- how it compares to other applications
- whether it provides value with relevant money.

When assessing whether the application represents value with relevant money, we will have regard to:

- the overall objectives of the grant opportunity
- the evidence provided to demonstrate how your project contributes to meeting those objectives
- the relative value of the grant sought.

We will establish a committee comprised of or advised by independent technical and industry experts and Australian government representatives to assess applications. The committee may also seek additional advice and undertake due diligence using external experts.

The committee will assess your application against the assessment criteria and compare it to other eligible applications, taking into account the spread of projects nationally and the program objectives before making recommendations on which projects to fund. You may be required to attend an interview with the Committee as part of the assessment of your application. The Committee will make a recommendation to the Minister on which projects to fund. Committee members are subject to probity requirements as outlined in section 13.

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. Who will approve grants?

The Minister decides which grants to approve taking into account the recommendations of the committee and the availability of grant funds.

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

- the grant approval
- the grant funding to be awarded
- any conditions attached to the offer of grant funding.

We cannot review decisions about the merits of your application.

The Minister will not approve funding if there is insufficient program funds available across relevant financial years for the program.

The Minister may approve a reduced grant offer. In this circumstance you may be required to develop and agree a reduced project scope.

## 9. Notification of application outcomes

We will advise you of the outcome of your application in writing. If you are successful, we advise you of any specific conditions attached to the grant.

## 10. Successful grant applications

### 10.1. Grant agreement

You must enter into a legally binding grant agreement with the Commonwealth. The grant agreement has general terms and conditions that cannot be changed. A sample [grant agreement](#) is available on business.gov.au and GrantConnect.

We must execute a grant agreement with you before we can make any payments. Execute means both you and the Commonwealth have signed the agreement. You must not start any Activating a Regional Hydrogen Industry - Hydrogen Hub activities 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 Minister. We will identify these in the offer of grant funding.

If you enter an agreement under the Activating a Regional Hydrogen Industry: Clean Hydrogen Industrial Hub program, you cannot receive other grants for the same activities from other Commonwealth granting programs. We acknowledge that you may need to use funding from other Commonwealth, State, Territory or local government grants to fund the balance of project expenditure not covered by the grant.

If you are successful in more than one grant opportunity you must ensure activities and expenditure for each grant are clearly separated.

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

## 10.2. Project governance

The committee will provide oversight of your project over the grant period.

The committee must endorse an implementation plan for your hydrogen hub provided by you in the first six months of the project or earlier.

You may be required to review and update your implementation plan annually over the period of your project, with each update endorsed by the committee.

## 10.3. Project/ specific legislation, policies and industry standards

You must comply with all relevant laws and regulations in undertaking your project. You must also comply with the specific legislation/policies/industry standards that follow. It is a condition of the grant funding that you meet these requirements. We will include these requirements in your grant agreement.

In particular, you will be required to comply with:

- State/Territory legislation in relation to working with children
- Any relevant export control requirements
- Australian Industry Participation requirements in accordance with the AIP Plan User Guide, refer [industry.gov.au/aip](https://industry.gov.au/aip).

### 10.3.1. Building and construction requirements

Wherever the government funds building and construction activities, the following special regulatory requirements apply.

- *Code for the Tendering and Performance of Building Work 2016* ([Building Code 2016](https://www.abcc.gov.au/building-code/building-code-2016))<sup>2</sup>
- Australian Government Building and Construction WHS Accreditation Scheme ([WHS Scheme](http://www.fsc.gov.au/sites/fsc/needaccredited/accreditationscheme/pages/theaccreditationscheme))<sup>3</sup>

These regulations are subject to the level of funding you receive as outlined below.

#### 10.3.1.1. Building Code

The Building Code is administered by relevant State and Territory administrations under relevant State or Territory legislation on behalf of the [Australian Building and Construction Commission](http://www.abcc.gov.au/).<sup>4</sup>

The Building Code applies to all construction projects funded by the Australian government through grants and other programs where:

- the value of Australian Government contribution to a project is at least \$5 million and represents at least 50 per cent of the total construction project value; or
- regardless of the proportion of Australian Government funding, where the Australian Government contribution to a project is \$10 million or more.

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<sup>2</sup> <https://www.abcc.gov.au/building-code/building-code-2016>

<sup>3</sup> <http://www.fsc.gov.au/sites/fsc/needaccredited/accreditationscheme/pages/theaccreditationscheme>

<sup>4</sup> <https://www.abcc.gov.au/>

#### **10.3.1.2. WHS Scheme**

The WHS Scheme is administered by the [Office of the Federal Safety Commissioner](#)<sup>5</sup>.

The Scheme applies to projects that are directly or indirectly funded by the Australian Government where

- the value of the Australian Government contribution to the project is at least \$6 million and represents at least 50 per cent of the total construction project value; or
- the Australian Government contribution to a project is \$10 million (GST inclusive) or more, irrespective of the proportion of Australian Government funding; and
- a head contract under the project includes building work of \$4 million or more (GST Inclusive).

### **10.4. 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)
- any financial contribution provided by you or a third party.

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

We will make payments according to an agreed schedule set out in the grant agreement. Payments are subject to satisfactory progress on the project.

### **10.5. Tax obligations**

If you are registered for the Goods and Services Tax (GST), where applicable we will add GST to your grant payment 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. GST does not apply to grant payments to government related entities<sup>6</sup>.

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.

## **11. Announcement of grants**

We will publish non-sensitive details of successful projects on GrantConnect. We are required to do this by the [Commonwealth Grants Rules and Guidelines](#) unless otherwise prohibited by law. We may also publish this information on business.gov.au. 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

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<sup>5</sup> <http://www.fsc.gov.au/sites/FSC>

<sup>6</sup> See Australian Taxation Office ruling GSTR 2012/2 available at [ato.gov.au](http://ato.gov.au)

- your organisation's industry sector.

## 12. How we monitor your grant activity

### 12.1. 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:

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

You must also inform us of any material changes to:

- partners involved in the project (i.e. partners joining or withdrawing)
- foreign affiliations of any project partners or key personnel (as outlined in Section 13.3)
- any foreign funding contributing to the project.

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.

### 12.2. Reporting

You must submit reports in line with the grant agreement. We will provide the requirements for 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.

#### 12.2.1. Progress reports

Progress reports must:

- include details of your progress towards completion of agreed project activities
- show the total eligible expenditure incurred to date
- include evidence of expenditure
- 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. We may seek advice from the committee or other independent experts to assist with the review of your reports.

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

#### **12.2.2. 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
- include a declaration that the grant money was spent in accordance with the grant agreement and to report on any underspends of the grant money
- be submitted by the report due date.

#### **12.2.3. Post project report**

We may ask you to submit one or more post project reports. Post project reports provide an update on the outcomes of your project and allow us to gather information to support evaluation of the program.

#### **12.2.4. Ad-hoc reports**

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.

### **12.3. Independent audits**

We will ask you to provide an independent audit report annually. 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 available on business.gov.au and GrantConnect.

### **12.4. Compliance visits**

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

### **12.5. 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 time period allowed in these guidelines
- changing project activities.

The program 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 project end date. We can provide you with a variation request template.

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 program 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 program policy objective, grant opportunity guidelines and any relevant policies of the department
- changes to the timing of grant payments
- availability of program funds.

## 12.6. Evaluation

We will evaluate the grant opportunity to measure how well the outcomes and objectives have been achieved. We may use information from your application and project reports for this purpose. We may also interview you and/or your project partners, or ask you and/or your project partners for more information to help us understand how the grant impacted you and to evaluate how effective the program was in achieving its outcomes.

We may contact you up to two years after you finish your project for more information to assist with this evaluation.

## 12.7. Grant acknowledgement

If you make a public statement about a project funded under the program, including in a brochure or publication, you must acknowledge the grant by using the following:

'This project received grant funding from the Australian Government.'

If you erect signage in relation to the project, the signage must contain an acknowledgement of the grant.

# 13. Probit

We will make sure that the grant opportunity process is fair, according to the published guidelines, incorporates appropriate safeguards against fraud, unlawful activities and other inappropriate conduct and is consistent with the CGRGs.

## 13.1. Conflicts of interest

Any conflicts of interest could affect the performance of the grant opportunity or program. There may be a conflict of interest, or perceived conflict of interest, if our staff, any member of a committee or advisor and/or you or any of your personnel:

- has a professional, commercial or personal relationship with a party who is able to influence the application selection process, such as an Australian Government officer or member of an external panel
- has a relationship with or interest in, an organisation, which is likely to interfere with or restrict the applicants from carrying out the proposed activities fairly and independently or

- has a relationship with, or interest in, an organisation from which they will receive personal gain because the organisation receives a grant under the grant program/ grant opportunity.

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

If you later identify an actual, apparent, or perceived conflict of interest, you must inform us in writing immediately.

Conflicts of interest for Australian Government staff are handled as set out in the Australian [Public Service Code of Conduct \(Section 13\(7\)\)<sup>7</sup>](#) of the *Public Service Act 1999* (Cth). Committee members and other officials including the decision maker must also declare any conflicts of interest.

We publish our [conflict of interest policy<sup>8</sup>](#) on the department's website.

## 13.2. How we use your information

Unless the information you provide to us is:

- confidential information as per 13.2.1, or
- personal information as per 13.2.3,

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

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

### 13.2.1. 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.

### 13.2.2. 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 program effectively
- to the Auditor-General, Ombudsman or Privacy Commissioner
- to the responsible Minister or Assistant Minister

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<sup>7</sup> <https://www.legislation.gov.au/Details/C2019C00057>

<sup>8</sup> [https://www.industry.gov.au/sites/default/files/July%202018/document/pdf/conflict-of-interest-and-insider-trading-policy.pdf?acsf\\_files\\_redirect](https://www.industry.gov.au/sites/default/files/July%202018/document/pdf/conflict-of-interest-and-insider-trading-policy.pdf?acsf_files_redirect)

- 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.

### 13.2.3. 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 program
- research, assess, monitor and analyse our programs 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>9</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.

### 13.2.4. Freedom of information

All documents in the possession of the Australian Government, including those about the program, 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.

## 13.3. National Security

Collaboration with foreign entities must be transparent, undertaken with full knowledge and consent, and in a manner, that avoids harm to Australia's national interests. It is your responsibility

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<sup>9</sup> <https://www.industry.gov.au/data-and-publications/privacy-policy>

to consider the national security implications of the proposed project and identify and manage any risks, including risks relating to the unwanted transfer of sensitive knowledge technology.

You should ensure that you are informed about who you are collaborating with by undertaking appropriate due diligence, proportionate to the risk and subject to available information, of your global partners and their personnel participating in the project. This should take into account any potential security, ethical, legal and reputational risks, and where necessary, you should be prepared to demonstrate how you will manage and mitigate any identified risks.

You and any entities participating in the project must disclose all foreign ownership (including foreign government ownership), affiliations with foreign governments, organisations, institutions or companies, or membership of foreign government talent programs. You must report any material changes in the nature of the activity or key personnel involved, including affiliations/links with foreign governments or companies.

If you have acknowledged in the declaration that, you can appropriately manage national security risks, we may ask you to provide a satisfactory risk assessment plan outlining your approach as a condition of funding.

#### 13.4. Disclosure of financial penalties

You must disclose whether any of your board members, management or persons of authority have been subject to any pecuniary penalty, whether civil, criminal or administrative, imposed by a Commonwealth, State, or Territory court or a Commonwealth, State, or Territory entity. If this is the case, you must provide advice to the department regarding the matter for consideration.

#### 13.5. 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.

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  
Department of Industry, Science, Energy and Resources  
GPO Box 2013  
CANBERRA ACT 2601

You can also contact the [Commonwealth Ombudsman](#)<sup>10</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>10</sup> <http://www.ombudsman.gov.au/>

## 14. Glossary

Term	Definition
Application form	The document issued by the Program Delegate that applicants use to apply for funding under the program.
AusIndustry	The division of the same name within the department.
Clean hydrogen	Clean hydrogen is hydrogen produced using renewable energy or using fossil fuels with substantial carbon capture and storage (CCS).
Department	The Department of Industry, Science, Energy and Resources.
Eligible activities	The activities undertaken by a grantee in relation to a project that are eligible for funding support as set out in 5.1.
Eligible application	An application or proposal for Activating a Regional Hydrogen Industry - Clean Hydrogen Industrial Hubs activity under the program that the Program Delegate 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 5.2.
Eligible expenditure guidance	The guidance that is provided at Appendix A.
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 under the program.
<u>GrantConnect</u>	The Australian Government's whole-of-government grants information system, which centralises the publication and reporting of Commonwealth grants in accordance with the CGRGs.
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 program, as in force from time to time.
Hydrogen	Unless otherwise specified, references to hydrogen in this document refer to Clean Hydrogen.
Minister	The Commonwealth Minister for Energy and Emissions Reduction.

Term	Definition
Personal information	<p>Has the same meaning as in the <i>Privacy Act 1988</i> (Cth) which is:</p> <p>Information or an opinion about an identified individual, or an individual who is reasonably identifiable:</p> <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>
Program Delegate	An AusIndustry general manager within the department with responsibility for the program.
Program funding or Program funds	The funding made available by the Commonwealth for the program.
Project	A project described in an application for grant funding under the program.
Sector coupling	The integration of hydrogen production, supply chain and end-use sectors to maximise services and benefits (as described in the National Hydrogen Strategy).
Short to medium term	3 - 5 years

## Appendix A. Eligible expenditure

This section provides guidance on the eligibility of expenditure.

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.

### A.1 How we verify eligible expenditure

If your application is successful, we will 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.

You will be required to provide an independent financial audit of all eligible expenditure from the project annually.

### A.2 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.

### A.3 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 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 consider costs related to administrative staff (such as accountants and lawyers) eligible expenditure where they relate specifically to this project. We do not consider labour expenditure for leadership (such as CEOs and, CFOs) 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.

You can only claim eligible salary costs when an employee is working directly on agreed project activities during the agreed project period.

#### A.4 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:

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

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.

#### A.5 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.

## A.6 Travel and overseas expenditure

Eligible travel and overseas expenditure may include

- domestic travel limited to the reasonable cost of accommodation and transportation required to conduct agreed project and collaboration activities in Australia
- overseas travel limited to the reasonable cost of accommodation and transportation required in cases where the overseas travel is material to the conduct of the project in Australia.

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.

We will consider value for money when determining whether the cost of overseas expenditure is eligible. This may depend on

- the proportion of total grant funding that you will spend on overseas expenditure
- the proportion of the service providers total fee that will be spent on overseas expenditure
- how the overseas expenditure is likely to aid the project in meeting the program objectives

Overseas travel must be at an economy rate and you must demonstrate you cannot access the service, or an equivalent service in Australia.

Eligible overseas activities expenditure is generally limited to 10 per cent of total eligible expenditure, unless agreed by the program delegate.

## A.7 Other eligible expenditure

Other eligible expenditures for the project may include:

- building modifications where you own the modified asset and the modification is required to undertake the project, for example installing a clean room. Modifications to leased buildings may be eligible. You must use the leased building for activities related to your manufacturing/industrial process.
- staff training that directly supports the achievement of project outcomes
- financial auditing of project expenditure
- 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.

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 B. Ineligible expenditure

This section provides guidance on what we consider ineligible expenditure.

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 not directly supporting eligible activities, for example research projects without a clear, short to medium term pathway to establishing a hub for the production and use of hydrogen for domestic and export markets
- activities, equipment or supplies that are already being supported through other sources or as business as usual
- costs incurred prior to execution of the grant agreement.
- any in-kind contributions
- financing costs, including interest
- capital expenditure for the purchase of assets such as office furniture and equipment, motor vehicles, computers, printers or photocopiers
- costs involved in the purchase or upgrade/hire of software (including user licences) and ICT hardware (unless it directly relates to the project)
- 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)
- debt financing
- costs related to obtaining resources used on the project, including interest on loans, job advertising and recruiting, and contract negotiations
- maintenance costs
- site preparation activities which are not directly related to, or for, the main purpose of establishing a hydrogen hub
- costs of manufacturing production inputs, not directly related to your project
- 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 objective of the program.

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