



## Grant Opportunity Guidelines

# Modern Manufacturing Initiative- Manufacturing Collaboration Stream - Grant Opportunity

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<b>Application lodgement opens:</b>	11 August 2021
<b>Closing date and time:</b>	5.00pm Australian Eastern Standard Time 9 September 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>Type of grant opportunity:</b>	Open competitive

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# 1. Modern Manufacturing Initiative – Manufacturing Collaboration Stream - Grant Opportunity processes

## **The Modern Manufacturing Initiative 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 1: *Enabling growth and productivity for globally competitive industries through supporting science and commercialisation, growing business investment and improving business capability and streamlining regulation.* 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 grant applications**

We review the applications against eligibility criteria and notify you if you are not eligible. The Committee assess applications against the assessment criteria, including an overall consideration of value with relevant money and compare it to other eligible applications. You may be required to attend an interview with the Committee, where they will ask you questions about your application in order to clarify and shape the overall score.



## **We provide advice to the decision maker**

The Committee provides advice on the merits of each application. Advice from Industry Innovation Science Australia (IISA) and relevant Ministers will be provided to the Minister for Industry, Science and Technology for consideration. The Prime Minister will be the final decision maker.



## **Grant decisions are made**

The Prime Minister 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 Modern Manufacturing Initiative**

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

## 2. About the Modern Manufacturing Strategy

The objective of the Australian Government's [Modern Manufacturing Strategy](#) (the Strategy) is to transform Australian manufacturing by building scale and creating income in high-value areas of manufacturing where Australia either has established competitive strength or emerging priorities. Accordingly, the aims of the Strategy are to help Australian manufacturers scale-up, build resilience, compete internationally and create jobs. The Strategy will harness Australian manufacturing capability and help drive our economic recovery and future resilience.

The Strategy targets sectors where Australian manufacturing can achieve scale and generate future growth. The National Manufacturing Priorities are:

- [resources technology and critical minerals processing](#)
- [food and beverage](#)
- [medical products](#)
- [recycling and clean energy](#)
- [defence](#)
- [space](#).

The National Manufacturing Priority road maps outline the vision, opportunities, actions and key milestones for the National Manufacturing Priorities.

Australia's science, research and innovative capabilities are critical enablers of transformation in manufacturing. There is clearly an opportunity to find ways to improve technology, processes and practices, and digital operations. These enablers support business competitiveness and have positive spillover benefits across our economy.

### 2.1. About the Modern Manufacturing Initiative

The \$1.3 billion Modern Manufacturing Initiative (the Initiative) is a key element of the Strategy and will run over four years from 2020-21 to 2023-24. The Initiative aims to stimulate business investment in the manufacturing sector by addressing barriers to scale and competitiveness for Australian manufacturers. It aims to build manufacturing capabilities and networks, lift productivity, create jobs, build global competitiveness and boost the export potential of Australian manufacturers.

The Initiative will encourage businesses to invest in their future and be part of a growing and dynamic Australian manufacturing industry. The Australian Government will co-invest to help businesses achieve competitiveness and build scale. Through this Initiative, the Australian Government is seeking to harness the unique characteristics of each priority area and help business invest in strategic projects to overcome industry-specific challenges. The Government is investing \$1.3 billion through the Initiative to support Australia's manufacturing sector to:

- be more productive and highly-skilled
- be more collaborative and innovative
- be at the leading edge of commercialisation and technology adoption
- be more outward-looking in searching for opportunities to enter new supply chains and integrate into existing value chains and markets, including in global markets.

Specifically, the Initiative will see the Government strategically invest in projects that help manufacturers to scale up and create jobs, with investment targeted at supporting projects within the National Manufacturing Priorities. The Government is seeking to co-invest in transformative, industry-led proposals informed by the road maps that have been developed for each of those

priority areas. The roadmaps identify unique sectoral characteristics and opportunities to boost competitive advantage and build the manufacturing sector in a way that has never been done before. The Government is looking to work with industry to harness Australia's competitive advantage in its priority sectors by co-investing in projects, proposed by industry.

## 2.2. National Manufacturing Priority Road Maps

We have developed the road maps with industry for each National Manufacturing Priority.

Each priority area has been identified as having significant manufacturing growth opportunities with the potential to deliver long-term transformational outcomes for the Australian economy.

The National Manufacturing Priority road maps outline the vision, growth opportunities, actions, goals and key milestones for each of priority area. The road maps set the direction for the future growth and expansion of these sectors and provide a way forward for both government and industry to work together to invest in new and exciting opportunities to grow jobs, scale-up activities and access global supply chains.

Strategically, the road maps identify growth opportunities within each priority sector, which will prioritise and focus government and industry activity, effort and investment in the next two, five and ten years. This will ensure that we are supporting local manufacturers to become more productive and competitive as they innovate and embrace new and emerging technologies.

## 2.3. Modern Manufacturing Initiative funding streams

As a strategic investor in the nation's manufacturing future, the Government has designed the initiative to unlock private sector investment through three targeted grant streams:

- Manufacturing Collaboration Stream – will bring together businesses, researchers and investors to build economies of scale and allow them to compete better in international markets.
- Manufacturing Translation Stream – will support projects to translate good ideas into new or enhanced commercial outcomes.
- Manufacturing Integration Stream – will target the integration of local firms into domestic and global value chains.

## 2.4. About the Manufacturing Collaboration Stream grant opportunity

The Manufacturing Collaboration Stream grant opportunity will support large-scale manufacturing projects with business-to-business and business-to-research collaboration at their core. The stream will catalyse long-term transformation in the National Manufacturing Priority areas, focusing private and public investment to help create the environment and incentives for Australian manufacturers to collaborate, scale up, move towards higher value added activities and become more competitive.

The Manufacturing Collaboration Stream will provide funding for a small number of large, transformational projects that will either directly feature collaboration or will create and facilitate collaborative ecosystems and the foundations for collaboration.

Collaboration involves businesses and other organisations working together, drawing on each other's strengths and complementary capabilities to deliver joint projects. Types of collaboration can include, but are not limited to, formal arrangements, such as joint ventures, associations or consortia and more informal collaborative interactions, such as networking and discussing and sharing ideas and information.

Collaborating to innovate has been proven in Australia to increase productivity growth. International experience demonstrates that investments designed to support business collaboration and

networking helps to attract new investment and create “spillovers”, such as additional Research & Development, innovation and knowledge diffusion, leading to increased growth, exports, and new jobs.

Despite these benefits, Australian businesses often struggle to collaborate. Australia ranks lower across a range of collaboration metrics for both business-to-business collaboration and business-to-research collaboration. It can be difficult for businesses to organise joint activities, potentially lacking the resources, time, or even the trust necessary to act in concert with other businesses. There may also be other barriers, such as a lack of information about the complementary capabilities that potential collaborators may have.

The objectives of the Manufacturing Collaboration Stream are to:

- foster collaboration between businesses, research organisations, investors and other parties to realise transformation in Australia’s manufacturers towards higher value added segments of the manufacturing “smile curve”
- support manufacturers to work together to build manufacturing networks and ecosystems, unlock complementary capabilities, overcome barriers to scale and grow, and access global markets
- support long-term job creation and a more highly skilled workforce in the Australian manufacturing sector
- increase investment in Australian manufacturing, particularly in high-value added activities
- increase manufacturing capability, business acumen, knowledge diffusion and expertise.

The intended outcomes of the Manufacturing Collaboration Stream are:

- increased competitiveness in the National Manufacturing Priorities
- increased manufacturing exports, growth and jobs
- increased sharing of knowledge, resources, and infrastructure between local manufacturers and research organisations
- increased introduction and application of new technology, products, and processes in the manufacturing sector.

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.

The Department of Industry, Science, Energy and Resources (the department/we) is responsible for administering this grant opportunity.

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

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.

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

There may be other grant opportunities as part of this initiative and we will publish the opening and closing dates and any other relevant information on [business.gov.au](https://www.business.gov.au) and [GrantConnect](#).

#### 2.4.1. Types of Collaboration

The Manufacturing Collaboration Stream will encourage all forms of collaboration. This could include projects brought forward by groups, for example where the collaboration may be formalised through legal agreements and governance models, as well as projects brought forward by a single entity, for example to create shared use or multi-user facilities that generate informal collaboration.

Regardless of the form or type of collaboration, projects must demonstrate that they will generate real and meaningful collaborations that will allow manufacturing businesses to achieve scale, become more competitive, create new jobs and help to upskill the Australian manufacturing workforce.

### 3. Grant amount and grant period

For the Modern Manufacturing Initiative's Collaboration grant opportunity, a total of approximately \$800 million is available from 2021-22 to 2023-24.

#### 3.1. Grants available

The grant amount will be up to 33% of eligible project expenditure (grant percentage).

The minimum grant amount is \$20 million.

The maximum grant amount is \$200 million.

You are responsible for the remaining eligible project expenditure. You do not need to have fully raised your share of funding when you submit your application. You will need to provide evidence of how you will provide your share of project costs using the accountant declaration template prior to entering an agreement with the Commonwealth (see section 10.1).

Total eligible project expenditure can be funded through non-government and government sources, subject to the following limitations:

- Contributions from Commonwealth Government sources (including this grant) cannot exceed 50% of total eligible project expenditure. Other Commonwealth sources may include Commonwealth loans, for example from the Clean Energy Finance Corporation, or the Northern Australia Infrastructure Fund.
- Contributions from all government sources (including Commonwealth, State and Territory and local government sources and including this grant) cannot exceed 65% of total eligible project expenditure.
- You must have a minimum of 35% of total eligible expenditure from non-government sources.

Projects with a higher proportion of private sector funding will be more competitive, all else being equal (refer to Assessment Criteria 4). It is not a requirement to have funding from other government sources.

Contributions can be in the form of cash or in-kind. In-kind contributions are limited to 10% of total eligible project expenditure, capped at a maximum of \$16 million. You can find further guidance on in-kind contributions at Appendix C.

You cannot use more than one Commonwealth Government grant to fund the same eligible activities you intend to undertake as part of your Manufacturing Collaboration Stream project. For example, if you are receiving funding through the Manufacturing Modernisation Fund to purchase a

piece of manufacturing plant and equipment, you cannot use Manufacturing Collaboration Stream grant funds to purchase the same piece of plant and equipment. For clarity, this does not prevent a business from applying for grant funding under another stream of the Initiative, however the same activities cannot be funded more than once.

### 3.2. Project period

You must complete your project by 31 March 2024.

We understand the grant project you are applying to receive funding for may be part of a longer-term, transformational project. In these circumstances, you should structure your grant project around activities that can be achieved by 31 March 2024.

Consideration may be given to projects that extend beyond 31 March 2024 on a case by case basis as determined by the Minister for Industry, Science and Technology.

## 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)

Joint applications are strongly encouraged but applications can be from a single entity.

We recognise there are many ways you can establish collaborative arrangements between partners. For some collaborations, an eligible lead applicant may apply on behalf of a group and this entity will be responsible for managing the project on behalf of the group. In other circumstances, if your application is successful you may establish a new eligible entity to manage the collaboration that would enter into the grant agreement.

For further information on joint applications, refer to section 7.3.

We will ask you to identify in the application form whether the ABN and entity you are applying with is likely to be the ABN and entity that you will use to enter into an agreement with the Commonwealth if your application is successful.

We encourage applications and/or participation in projects from Aboriginal and Torres Strait Islander organisations/businesses.

### 4.2. Additional eligibility requirements

We can only accept applications:

- where your project aligns with one or more of the six National Manufacturing Priorities (see Section 2)
- with a minimum of \$60.6 million in eligible project expenditure
- where no more than 50% of your project is funded from Commonwealth funding sources
- where no more than 65% of your project is funded from all government sources (including Commonwealth, State and Territory and local)
- where your project shows the potential to expand or promote interstate or international trade
- 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. The evidence of support template must be used and is available on [business.gov.au](http://business.gov.au) and GrantConnect

- where you can provide letters of support from your project partners
- where you can provide a detailed governance plan including the governance model and arrangements for managing your project and relationships with partners and why the chosen model and arrangements are the most appropriate for your project.

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 organisation or your project partner is an organisation that has been named by the Workplace Gender Equality Agency as an organisation that has [not complied](#) with Workplace Gender Equality Act (2012)
- a Commonwealth, state, territory or local government body (however a government business enterprise that meets the eligibility criteria may apply)
- a non-corporate Commonwealth entity.

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

### 5.1. Eligible activities

To be eligible your project must:

- aim to meet the objectives and outcomes in Section 2.4
- have at least \$60.6 million in eligible expenditure.

Eligible activities may include:

- constructing, establishing, and fitting out new manufacturing facilities, buildings or hubs where they will support high-value added manufacturing activities, collaboration and scaling up manufacturing in Australia
- transforming existing manufacturing facilities through modifications or refits where this will support high-value added manufacturing activities, collaboration and scaling up manufacturing in Australia
- design, branding, distribution and after sales services where this will support high-value added manufacturing activities, collaboration and scaling up manufacturing in Australia
- acquiring, designing, installing, constructing and commissioning new plant, equipment and machinery for new or modified manufacturing facilities/hubs
- acquiring technology and/or purchasing intellectual property (IP) required to undertake the project
- proof of concept activities and the commercialisation of research and development outcomes

- collaboration with partners that bring complementary strengths from across the innovation chain, value chain and/or supply chain, to cooperatively overcome barriers to scale and/or increase competitiveness and/or access new markets to provide national benefits to Australia
- enhancing existing manufacturing techniques and processes, products and services including via technology adoption
- workshops, mentoring or guidance activities for the purposes of knowledge transfer and diffusion to members of the collaboration.

We may also approve other activities where you can demonstrate they are directly linked to manufacturing activities, necessary to the project achieving its outcomes and consistent with the objectives of the program.

You cannot use the grant to cover retrospective costs. The majority of the activities and funding expenditure must occur in Australia. You may undertake project activities overseas if the activity cannot be undertaken in Australia and is critical to the successful completion of the project. Eligible overseas activities expenditure is limited to 10 per cent of total eligible expenditure unless you have prior written approval by the Program Delegate. Refer to Appendix A for further guidance on overseas expenditure.

## 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.

We may update the guidance 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 as defined in your grant agreement for it to be eligible unless stated otherwise.

You may elect to commence your project from the date of the letter of offer. We are not responsible for any expenditure you incur until your project has been approved for grant funding and a grant agreement is executed. The Commonwealth will not be liable, and should not be held out as being liable, for any activities undertaken before the grant agreement is executed.

## 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 highly (50 per cent or more) against all assessment criteria, as these represent best value for money.

## 6.1. Assessment criterion 1

### **Alignment of your project with the program objectives and Modern Manufacturing Strategy (25 points)**

You should demonstrate this by describing:

- a. how your project will achieve the objectives and outcomes of the Manufacturing Collaboration Stream set out in Section 2.4
- b. how your project will develop and contribute to ongoing and sustained collaborations, including how the collaboration will unlock benefits and capabilities
- c. how your project aligns with and supports implementation of the relevant National Manufacturing Priority road map(s), and the growth opportunities and goals set out in the road maps
- d. how the project will benefit or transform the relevant National Manufacturing Priority(ies) and the strategic benefit of the project to the project's locality or region.

## 6.2. Assessment criterion 2

### **Benefits to Australia (25 points)**

You should demonstrate this by identifying:

- a. the nature, extent and timeliness of anticipated outcomes and the benefits the project will bring to Australia including how your project aligns with the Australian Government's broader policy objectives, particularly those relevant to the National Manufacturing Priority area(s) your project aligns with
- b. the extent that your project will maximise Australian employment outcomes, such as increased jobs and/or a more highly skilled workforce over the life of the project and into the future. You need to identify the number and types of Australian jobs your project will create, when they will be filled and how you have determined this number
- c. how your project will create and retain other benefits for Australia, including IP or new skills.
- d. why the Australian Government should invest in your project including:
  - how the grant will impact the project in terms of scale and timing
  - how this investment will impact participants' ability to be self-sustaining and globally competitive into the future.

### 6.3. Assessment criterion 3

#### **Capacity, capability and resources to deliver the project (25 points).**

You should demonstrate this by identifying:

- a. your track record and experience in managing projects of a similar nature or scale and your plan specific to this project to utilise and manage personnel with the right skills and experience, including strong governance, management, financial and technical expertise
- b. your plan to manage and deliver the project including collaborative arrangements and governance, implementation methodology, timeframes, delivery risks and budget
- c. your access, or future access, to any required infrastructure, capital equipment, technology, commercial agreements, IP, specialist skills or expertise, and regulatory or other approvals (specify any approval conditions on the project).

Your governance plan, risk management plan and other relevant attachments will inform the assessment of this criterion.

### 6.4. Assessment criterion 4

#### **Access to finance and investment (25 points)**

You should demonstrate this by identifying:

- a. your access, or future access, to the required finance and investment required to fund your share of eligible project costs
- b. your intended funding arrangements to support ongoing collaborative activities beyond the grant period
- c. your ability to fund and manage any cost overruns
- d. the total private sector investment the grant will leverage (projects with a higher proportion of private sector funding will be more competitive). Cash contributions are preferred to in-kind contributions for this criterion
- e. additional investment that the project will leverage, including supporting infrastructure or in-kind contributions, that are not considered eligible expenditure.

Your project budget and other relevant attachments will inform the assessment of this criterion.

## 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.

You may choose to submit more than one application under the Manufacturing Collaboration Stream provided project activities in submitted applications are not substantively the same.

A strong application will meet the objectives and outcomes of the Manufacturing Collaboration Stream and will demonstrate that you have the capacity, capability, track record and access to finance to deliver your project. You must provide all of the evidence listed in 7.1. We understand that it may not be possible to have all sources of project funding formally in place at the time of application. If your application is successful, you will need to confirm and provide evidence of any outstanding funding sources prior to entering an agreement with the Commonwealth.

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](http://business.gov.au) or by calling 13 28 46.

## 7.1. Attachments to the application

You must provide the following documents with your application:

- a detailed project plan (maximum of 50 pages) including the scope of the project, a timeline of activities, details of IP arrangements, and a list of all key management and technical staff, including their relevant experience and details of any contractors that you have, will or intend to engage as part of the project
- a detailed project budget, accounting for both cash and in-kind contributions, which identifies sources of funding (private-sector, Commonwealth, State and Territory, etc.) and provides an explanation of the basis upon which the cost assumptions were made. Your budget should include a breakdown of the costs that sit under each head of expenditure and how these have been determined, such as quotes
- a detailed financial model (consistent with the detailed project budget) which provides evidence of the long-term commercial viability of the project. The model should include monthly or quarterly projections of profit and loss, cash flow and balance sheet totals for the proposed project. This should include a drawdown schedule for all sources of funds, including the details of the assumed cost and repayment profile of any project debt financing. The model should be accompanied by a set of assumptions that are supported by the methodology used as well as external supporting evidence. Sensitivity or scenario testing of the revenue, demand and cost assumptions should be included. The model should also be consistent with the anticipated employment outcomes identified in response to Assessment Criterion 2. Any additional supporting information, studies and plans, in particular, offtake agreements, feasibility studies and cost/benefit analyses should also be included where appropriate to support the assumptions in the model.
- a detailed risk management plan, including risk related to COVID-19, and any supporting documentation, describing how you propose to monitor, manage and report identified risks, including risks that may arise during your project
- a detailed governance plan including the governance model and arrangements for managing your project and relationships with partners and why the chosen model and arrangements are the most appropriate for your project

- trust deed (where applicable)
- evidence of support from the board of proposed project partners, CEO or equivalent (mandatory template provided on [business.gov.au](http://business.gov.au) and GrantConnect)
- letters of support from project partners, including information listed in 7.2
- letters of support or intent from other parties, such as state, territory or local governments and/or customers.
- audited financial reports for the past two (2) years and management accounts year-to-date for the current financial year, for the lead organisation and project partners. We may request additional evidentiary requirements agreed to by the Program Delegate to support detailed assessment of the lead organisation and partners' technical and financial capacity and ongoing viability
- a detailed plan for stakeholder engagement, including stakeholder identification, impact analysis, engagement activities, and timeline
- A draft Aboriginal and Torres Strait Islander Engagement and Participation Plan which sets out opportunities for Aboriginal and Torres Strait Islander participation, including through procurement and employment opportunities that will arise as a result of the proposed project and that reflect the Aboriginal and Torres Strait Islander population in the region of the proposed project. If your application is successful you will need to finalise this plan as one of the first milestones of your grant agreement (further guidance will be provided on [business.gov.au](http://business.gov.au)).

We may also ask for additional documentation to support a detailed assessment of the lead organisation and project partners. You must attach supporting documentation to the application form in line with the instructions provided within the form. You should only attach requested documents. We will not consider information in attachments that we do not request. The level of detail in the attachments should be proportionate with your grant request and value of total project expenditure..

## 7.2. Joint applications

You may choose to form a group to deliver a project. In these situations, you can either appoint a lead organisation or agree to establish a new entity that meets the eligibility criteria outlined in Section 4 if your application is successful. Only one eligible entity can enter into the grant agreement with the Commonwealth and report on the outcomes of the project as specified in the grant agreement. The application should identify all other members of the proposed group, the intended governance arrangements 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)
- details of a nominated management level contact officer.

If your governance arrangements outlined in your application require formal arrangements between parties, you must provide evidence of significant progress of these being in place with all parties prior to execution of the grant agreement.

You may secure additional projects partners or substitute project partners during the period of the grant agreement.

Projects with an overseas partner organisation(s) are acceptable, provided the objectives of the grant opportunity are fully met, namely the transformation of and investment in Australian manufacturing.

### 7.3. Timing of grant opportunity

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

Table 1: Expected timing for this grant opportunity

Activity	Timeframe
Assessment of applications	8 weeks
Approval of outcomes of selection process	3 weeks
Negotiations and award of grant agreements	6-8 weeks
Notification to unsuccessful applicants	At the time of the grant decisions
Earliest start date of project	Date of letter of offer
End date of grant commitment	No later than 31 March 2024

## 8. The grant selection process

We review your application against the eligibility criteria. Only eligible applications will proceed to the assessment stage.

We refer your application to the Committee. The Committee may also seek additional advice from independent technical experts. The Committee will be required to perform their duties in accordance with the CGRGs.

The Committee will assess your application against the assessment criteria and compare it to other applications.

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
- any national interest, financial, legal/regulatory, governance or other issue or risk that we identify during any due diligence process that we conduct in respect of the applicant. This includes its directors, officers, senior managers, key personnel, its related bodies corporate

(as defined in the *Corporations Act 2001* [Cth]) or its application that could bring the Australian Government into disrepute if it were to fund the applicant. Such issues and risks include where we consider that funding the application under this grant opportunity is likely to directly conflict with Australian Government policy. We will provide the applicant with an opportunity to comment on any material risks identified during the process prior to our determining the extent (if any) to which those issues or risks affect our assessment of the application and, if so, whether they are sufficient to warrant the exclusion of the application from the assessment process.

The Committee may seek additional information about you or your application. They may do this from within the Commonwealth, even if you do not nominate the sources as referees. The Committee may also consider information about you or your application that is available as a result of the Due Diligence process or through the normal course of business. The Committee will assess your application against the assessment criteria and compare it to other eligible applications before advising which projects they would support receiving funding.

We may invite you to an interview where you will be asked questions about your application.

The department may also consult other Australian Government departments through a cross portfolio review to inform funding advice made to the Minister for Industry, Science and Technology.

IISA will provide advice to the Minister for Industry, Science and Technology on how supported applications address the objectives of the grant opportunity and align with the Modern Manufacturing Strategy taking into account the broader economic, policy and operational context.

The distribution of projects across the National Manufacturing Priority areas, the geographic distribution of projects and the extent to which projects fit together as a strategic and complimentary group will also be a consideration in advice provided to the Minister for Industry, Science and Technology. The Minister for Industry, Science and Technology will recommend projects to the Prime Minister, who will be the final decision maker.

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 Prime Minister decides which grants to approve taking into account the advice of the Minister for Industry, Science and Technology, relevant portfolio Ministers, the Committee, IISA, and the availability of grant funds.

These decisions are 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.

Funding will not be approved if there is insufficient program funds available across relevant financial years for the program.

## 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.

If you are unsuccessful, we will give you an opportunity to discuss the outcome with us.

## 10. Successful grant applications

### 10.1. Grant agreement

If offered a grant under this program you must:

- have an Australian Business Number (ABN)
- be registered for the Goods and Services Tax (GST)
- be an entity incorporated in Australia
- provide evidence of how you will provide your share of project costs using the accountant declaration template, which confirms you can fund your share of the project costs, including any ineligible expenditure. You must use the accountant declaration template, available on [business.gov.au](http://business.gov.au) and GrantConnect.

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](http://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. 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 Prime Minister. We will identify these in the offer of grant funding. These will include a requirement that individuals participating in the project have disclosed all foreign affiliations or membership of foreign government talent programs.

Where there are project partners, the Commonwealth may require those partners to enter into agreements or other instruments imposing obligations on those parties in respect of the relevant project and funding. Significant progress in finalising formal collaborative agreements is required prior to entering into a grant agreement with the Commonwealth.

If you enter an agreement under the Modern Manufacturing Initiative - Manufacturing Collaboration Stream, you cannot receive another Commonwealth grant for the same activities.

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

We will use the Commonwealth standard grant agreement.

You will have 60 days from the date of a written offer to form or nominate a legal entity to lead this project and execute this grant agreement with the Commonwealth. During this time, we will work with you to finalise details.

The offer may lapse if both parties do not sign 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 Prime Minister.

### 10.2. Project/Activity 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
- State/Territory legislation in relation to COVID-19 health regulations
- [Australian Government Building and Construction WHS Accreditation Scheme](#)<sup>2</sup> (WHS Scheme).

#### 10.2.1. Export Controls

As this program may involve research collaboration with foreign entities, some provisions of Australia's export controls regime may apply to your project. It is your responsibility to consider the implications, if any, of the relevant legislation on the proposed project before submitting your application, and to comply with any applicable requirements if it is successful. Further information is available on the [Department of Defence website](#)<sup>3</sup>.

#### 10.2.2. Security

You and any individuals 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.

#### 10.2.3. 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.

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

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

### 10.4. Tax obligations

If you are registered for 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

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<sup>2</sup> <http://www.fsc.gov.au/sites/fsc/needaccredited/accreditationscheme/pages/theaccreditationscheme>

<sup>3</sup> <http://www.defence.gov.au/ExportControls/Legislation.asp>

changes during the project period. GST does not apply to grant payments to government related entities<sup>4</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.

## 10.5. Australian Industry Participation (AIP) Plan

Where you are approved to receive \$20 million or more in grant funding from the Commonwealth, you must develop a SmartForm Australian Industry Participation plan ('AIP plan') in accordance with the AIP policy. The AIP plan must be approved by the department prior to entering into a grant agreement with the Commonwealth.

We will publish an executive summary of the approved AIP plan at [www.industry.gov.au/aip](http://www.industry.gov.au/aip) once the grant agreement has been executed.

You are required to complete and submit Implementation Report(s) to the Commonwealth showing how you have implemented the AIP plan. More information on AIP plan requirements can be found at [www.industry.gov.au/aip](http://www.industry.gov.au/aip).

## 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](http://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
- your organisation's industry sector.

We may conduct a further Due Diligence process before we announce the award of a grant to an applicant to make sure the award of the grant remains appropriate.

## 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

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<sup>4</sup> See Australian Taxation Office ruling GSTR 2012/2 available at [ato.gov.au](http://ato.gov.au)

- 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.

We may require you to confirm (including in a report) that you have not engaged in disreputable conduct (as defined in the grant agreement) and we may conduct a further Due Diligence process at during the term of the grant agreement to satisfy ourselves that it remains appropriate for you to receive the grant.

## 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
- material changes in the nature of the activity, key personnel or project partners involved, including affiliations/links with foreign governments or companies, changes in the ownership of the company and/or its parent, and disclosure of any penalty imposed by a Commonwealth court or a Commonwealth entity
- number and/or nature of jobs created or supported through 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 (where requested)
- include evidence of expenditure (where requested)
- 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.

### 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

Approximately 12 months after completing your project, you must submit a post project report.

Post project reports must:

- include the agreed evidence as specified in the grant agreement
- be submitted by the report due date.

#### 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. 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](http://business.gov.au) and GrantConnect.

### 12.4. 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 subject to the available funding profile
- 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 grant agreement 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.

## 12.5. 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 will provide you with reasonable notice of any compliance visit.

## 12.6. Evaluation

We will evaluate the grant program 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, or ask you 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

You will be required to promote the support you have received from the Australian Government for your project. Public statements about a project funded under the program, including in a brochure or publication, at a minimum must acknowledge the grant by using the following:

‘This project received grant funding from the Australian Government as part of the Modern Manufacturing Strategy.’

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

# 13. Probity

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>5</sup>](#) of the *Public Service Act 1999* (Cth). Committee members and other officials, including the Prime Minister must also declare any conflicts of interest.

We publish our [conflict of interest policy](#)<sup>6</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
- to a House or a Committee of the Australian Parliament
- to relevant Commonwealth agencies in the course of their normal functions.

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.

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<sup>5</sup> <https://www.legislation.gov.au/Details/C2019C00057>

<sup>6</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)

### 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>7</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. 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:

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<sup>7</sup> <https://www.industry.gov.au/data-and-publications/privacy-policy>

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>8</sup>](#) with your complaint (call 1300 362 072). There is no fee for making a complaint, and the Ombudsman may conduct an independent investigation.

## 14. Glossary

Term	Definition
Application form	The document issued by the Program Delegate that applicants use to apply for funding under the program.
Approved Australian Industry Participation (AIP) plan or AIP Plan	A SmartForm Australian Industry Participation plan that a grantee submits to and is approved by the Department in accordance with the AIP policy.
AusIndustry	The division of the same name within the department.
Australian Industry Participation (AIP) policy or AIP policy	The Australian Government policy designed to ensure full, fair and reasonable opportunity for Australian industry, including small and medium enterprises, to compete for work. This is achieved through the development and implementation of an AIP plan. More information on the AIP policy and AIP plan requirement can be found at <a href="http://www.industry.gov.au/aip">www.industry.gov.au/aip</a> .
Collaboration	Collaboration involves businesses and organisations working together and participating to deliver joint projects. Types of collaboration can include formal arrangements, such as joint ventures, associations or consortia and more informal collaborative interactions, such as networking and discussing and sharing ideas and information. However, collaboration excludes straight fee-for-service and franchising arrangements.
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 for grant funding under the program that the Program Delegate has determined is eligible for assessment in accordance with these guidelines.

<sup>8</sup> <http://www.ombudsman.gov.au/>

Term	Definition
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.
<a href="#">GrantConnect</a>	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.
IISA	Industry Innovation Science Australia
National Manufacturing Priorities	<p>The six National Manufacturing Priorities are:</p> <ul style="list-style-type: none"> <li>▪ resources technology and critical minerals processing</li> <li>▪ food and beverage manufacturing</li> <li>▪ medical products</li> <li>▪ recycling and clean energy</li> <li>▪ defence</li> <li>▪ space.</li> </ul>
Minister	The Commonwealth Minister for Industry, Science and Technology.
Other Commonwealth government sources	<p>Concessional loans and other funding as determined by the Program Delegate.</p> <p>This does not include other Commonwealth grants.</p>
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> <ol 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> </ol>

Term	Definition
Program Delegate	A 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.
Road Maps	Co-designed plans developed by industry-led expert teams that identify the roadblocks to growth and actions to overcome them for each of the National Manufacturing Priorities.
Smile curve	The 'smile curve', sometimes called the 'smiling curve', is a visual representation of value added along a production cycle. <sup>9</sup>
Technology Readiness Level	A globally accepted benchmarking tool for tracking progress and supporting development of a specific technology through the early stages of the technology development chain, from blue sky research (TRL1) to actual system demonstration over the full range of expected conditions (TRL9).

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<sup>9</sup> Office of the Chief Economist (2018) *Globalising Australia, Industry Insights: 2/2018 Globalising Australia*, 2018 edition, p.46

## Appendix A. Eligible expenditure

This section provides guidance on the eligibility of expenditure. We may update this guidance 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.

### 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.

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

### A.2 Plant and equipment expenditure

We consider costs of acquiring, designing, installing, or construction of, plant and equipment, as well as any related commissioning costs as eligible expenditure. This may include the cost of purchase of software or hire of software (including user licenses) and ICT hardware, but only where the software is required to facilitate the project and supports your manufacturing activities. 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 incurred or paid before date of the letter of offer as eligible expenditure. Commissioning and installation costs of plant and equipment paid for before you have been notified that you are successful is not eligible expenditure.

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 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.

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 per cent 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.

#### 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 Prototype expenditure

Prototype expenditure is eligible expenditure only where the construction and use of the prototype in the agreed project contributes directly to proving the commercial viability of a novel product, process or service. The Program Delegate may refuse to accept a prototype eligible expenditure claim where the number of prototypes and the scale of prototypes exceed the level needed to prove the concept(s) underpinning the agreed project and/or establish its commercial viability.

Costs incurred in the construction of a number of identical prototypes are eligible expenditure only where a strong reason for multiples exists, such as to enable testing under varied operating conditions. Prototype expenditure includes the cost of materials used in testing a process or prototype.

Once fully completed, running costs for prototypes are eligible expenditure but must be readily verifiable and may include items, such as rent, light and power, and repairs and maintenance.

## A.7 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 by the participant's staff, contractors or subcontractors
- 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
- types of expenditure directly related to such activities, including on-costs, travel and depreciation of plant. For example, travel expenditure in relation to an overseas activity that has been booked and paid for in Australia is considered overseas expenditure
- plant and other goods, including goods purchased for inclusion in a prototype, that are purchased overseas are not necessarily treated as overseas expenditure. Where plant is used, not where it is purchased, is the basis of treating plant expenditure as overseas or domestic expenditure.

Accommodation refers to room cost only. Associated costs, such as meals, internet, entertainment and other incidentals are not eligible travel expenditure and cannot be claimed as part of the cost of accommodation.

Transport may include the cost of local transport at outward destinations.

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.

If specific travel costs are not identified in the application, this 'other expenditure' is not eligible during the project period unless the Program Delegate subsequently approves a request from the grantee.

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
- the availability of domestic resources and facilities
- the appropriateness of carrying out activities overseas rather than within Australia
- cost implications
- how the additional overseas activities expenditure is likely to aid the project in meeting the policy 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 you have prior approval by the Program Delegate.

## A.8 Construction or modifications of buildings or facilities

Reasonable costs associated with the construction of new buildings or facilities directly related to manufacturing activities may be considered eligible expenditure, limited 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, and details of labour costs.

We may also consider:

- building modifications where you own the modified asset and the modification is required to support and/or accommodate the capital investment under 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 project
- reasonable fitout expenditure directly related to the capital investment under the project
- 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.

We may also consider costs associated with the construction of new buildings or facilities required to complete your project. For example, development costs associated with greenfield sites where it can be demonstrated that the manufacturing project must be completed on that greenfield site.

## A.9 Other eligible expenditure

Other eligible expenditure for the project may include:

- staff training and skills development that directly supports the achievement of project outcomes
- expenditure related to developing new processes or methodologies for distribution, marketing or after sales services directly related to the project
- expenditure that supports design, development and commercialisation activities directly related to the project
- business diagnostics services, such as engaging external professionals to provide commercialisation and market export and global supply chain advice, such as identifying market opportunities, potential partnerships, and investment.
- reasonable costs associated with developing and delivering workshops, conferences, professional development, networking events, forums and courses for knowledge transfer and capability development directly related to the project
- IP protection, including fees to a patent office for the cost of filing patent applications, patent searches and examination fees. Defending IP rights is not eligible
- costs of acquiring IP and/or leading edge technology where subsequent adaptation or commercialisation will contribute directly to the completion of an agreed project. There is no cap on IP and/or leading edge technology acquisition costs.
- purchase or hire of ICT hardware and software (including user licenses) directly related to the project
- reasonable expenses for financial auditing of project expenditure

Using recyclable materials is encouraged.

Other specific expenditure 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. We may update this guidance 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:

- activities, equipment or supplies that are already being supported through other sources
- costs incurred prior to us notifying you that the application is eligible and complete
- in-kind contributions which are outside of those outlined in Appendix C
- non-project-related staff training and development costs
- financial costs, including interest and debt financing including the use of grant funds for any form of security for the purpose of obtaining or complying with any form of loan, credit, payment or other interest
- development of connecting infrastructure, including development of road, rail, port or fuel delivery networks beyond the project site
- maintenance costs
- costs of purchasing, leasing, depreciation of, or development of land (see exceptions in Appendix A)
- depreciation of plant and equipment
- opportunity costs relating to any production losses due to allocating resources to the agreed grant project
- 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
- insurance costs (the grantee and any project participants must effect and maintain adequate insurance or similar coverage for any liability arising as a result of its participation in funded activities)
- routine operational expenses, including communications, accommodation, office computing facilities, printing and stationery, postage, legal and accounting fees and bank charges
- acquiring/merging overseas businesses
- research not directly supporting eligible activities
- 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 hire of software (including user licences) and ICT hardware that are not related to your project
- costs related to obtaining resources used on the project, including interest on loans, job advertising and recruiting, and contract negotiations
- costs of manufacturing production inputs not relating to commissioning new equipment
- travel or overseas costs that exceed 10 per cent of total project costs except where otherwise approved by the Program Delegate
- costs associated with registering a business and creating a governance plan for managing your project and relationship with partners.

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.

## Appendix C. In-kind contributions

Up to 10% of total project expenditure can come from in-kind sources up to a maximum of \$16 million. In-kind contributions are eligible non-cash contributions. These can include facilities, equipment and services provided by project partners or labour contributions for research personnel or other specialist expertise. In order for in-kind contributions to count towards your total eligible grant project value, they must directly relate to eligible activities.

In-kind contributions from research institutions, such as universities, CSIRO, Cooperative Research Centres or Growth Centres do not contribute to the maximum 50% Commonwealth contribution.

In-kind contributions may include:

- salaries and on-costs (as defined in A.4) for research personnel or other specialist experts where it is demonstrated that this will provide for genuine business-to-business or business-to-research collaboration and they will be working directly on the project. Salaries must be evidenced by pay slips or other official documentation
- facilities, equipment and services provided by a partner to the project. We do not prescribe a specific formula to determine the value of these contributions. You need to determine the value of these contributions. They must be realistic, justifiable and valued proportionally to their use on the project. For example, you should calculate the in-kind contribution of a capital item by the running costs and the depreciation of the item.

Examples of in-kind contributions include:

- if the fee for usage of a facility or piece of equipment was \$500 per use and the project was receiving 100 usages per year at no cost, the value of the resource could be valued at \$50,000 per year
- if your project receives the use of a prototype facility or a laboratory as an in-kind contribution from a partner, you should value the contribution at the amount it would otherwise cost to rent or access an equivalent facility.

Other in-kind contributions that are not eligible expenditure, e.g. a parcel of land gifted by a state or territory government for use as a project site, do not count towards your contribution but can be recognised as part of Assessment Criterion 4.