



Grant Opportunity Guidelines

Modern Manufacturing Initiative- Manufacturing Integration Stream – Food and Beverage Priority Round 2 Grant Opportunity

Opening date:	17 December 2021
Closing date and time:	5.00pm Australian Eastern Daylight Time on 14 January 2022 Please take account of time zone differences when submitting your application.
Commonwealth policy entity:	Department of Industry, Science, Energy and Resources
Administering entity:	Department of Industry, Science, Energy and Resources
Enquiries:	If you have any questions, contact us on 13 28 46.
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1. Modern Manufacturing Initiative – Manufacturing Integration Stream – Food and Beverage Priority Round 2 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 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 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 build scale and capture 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 spill-over 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 development new supply chains and integrate and expand into existing value chains and markets, including 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. Government is seeking to co-invest in industry-led proposals that contribute to transformational change in the manufacturing sector, informed by the road maps that have been developed for each of those priority areas. The road maps 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

Road maps have been developed 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 the priority areas. 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 streams:

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

2.4. About the Manufacturing Integration Stream – Food and Beverage Priority Round 2 grant opportunity

Australia has an international reputation for producing premium, safe and high-quality food and beverage products. Close proximity to Asian markets and a reputation as a trusted supplier of premium goods has led to the food and beverage sector becoming a major manufacturing sector for the Australian economy. Building a high value food and beverage manufacturing sector can provide better return for our farmers, and for our agriculture producers. It will also build our capability domestically and scale-up our onshore manufacturing activities.

The food and beverage sector's potential growth will rely on its ability to manufacture locally and export more high value products to overseas markets. There are opportunities to bring all food and beverage manufacturers including small to medium enterprises (SMEs) together to invest in research, translate this into commercial applications, and manage the development of new products for existing and emerging markets.

The Australian Government, with the support of industry, is manufacturing a new future for our nation. The objectives and outcomes are consistent across each priority area in the Manufacturing Integration Stream.

The primary objective of the **Manufacturing Integration Stream** is to integrate existing products and services into new markets. The stream will support projects that integrate Australian businesses into domestic and international value chains, propelling their goods and services into new markets and foster Australia's reputation as a modern manufacturing leader. It will encourage and facilitate linkages between local businesses and domestic and international firms, increasing scale, supply capacity, and the ability to innovate. It will also facilitate the adoption of product standards and greater sharing and transfer of knowledge.

The objectives of the Manufacturing Integration Stream are to:

- support and increase the capability of Australian manufacturing businesses and entrepreneurs to identify and participate in local and global value chains
- encourage manufacturers to adopt new technologies to support entry into new markets with innovative solutions to build scale and capability
- support Australian manufacturers to overcome barriers that are preventing them from identifying and accessing new value chains (as outlined in the relevant [National Manufacturing Priority road map](#)¹)
- create new skilled jobs in the manufacturing sector commensurate to the size of the project, by integrating into new local and global value chains.
- support Australian manufacturers to pivot to high value-added activities at either end of the 'manufacturing smile curve'²
- identify opportunities for Australian manufacturing businesses, particularly in the National Manufacturing Priorities, to connect and network with local and global customers
- increase investment in Australian manufacturing, targeting the National Manufacturing Priorities
- Increase Australian exports through greater participation in global value chains, contributing to Gross Domestic Product
- grow and support manufacturing networks and ecosystems and increase collaboration.

The intended outcomes of the Manufacturing Integration stream are:

- increased trade and participation of Australian manufacturers and businesses in local and global value chains and markets
- growth of Australia's manufacturing capabilities and global reputation as a modern manufacturing nation
- enhanced collaboration throughout the manufacturing sector to support participation in value chains
- increased global integration and competitiveness of Australian manufacturers
- increased manufacturing exports and value of manufacturing sector to the economy
- growth in high-value skills and jobs

¹ <https://www.industry.gov.au/data-and-publications/food-and-beverage-national-manufacturing-priority-road-map>

² The Smile Curve is a visual representation of value added along a production cycle. The curve demonstrates the greatest value along the cycle is from early stage research and development and post-production activities. Further information is available at <https://www.industry.gov.au/data-and-publications/make-it-happen-the-australian-governments-modern-manufacturing-strategy/economic-importance-of-manufacturing>

- increased number of businesses undertaking activities and/or projects within the National Manufacturing Priority areas that would not otherwise be undertaken without government support
- increased spill over benefits within the National Manufacturing Priority areas and the broader economy.

Projects under the Manufacturing Integration Stream can include activities to develop and deliver quality products and high value services into global value chains and international markets, boosting confidence and competitiveness in the Australian manufacturing sector.

As a guide, we anticipate the most meritorious projects undertaken through this stream would advance the business' position and market presence to enter, expand and operate in new and existing local and global value chains, and secure new customers. This could be supported by:

- diversifying offerings into high value add services that complement production,
- adopting new and novel technology, processes and solutions,
- increasing management capability, expertise and business acumen,
- collaborating with other businesses to transfer knowledge and scale up industry capabilities to meet international standards.

We would expect projects in this stream to be centred around well-developed domestic and global value chain opportunities and/or through modifications to existing products or processes rather than early stage research and development.

We encourage you to collaborate with other organisations in order to maximise the impact of the investment, provide opportunities for manufacturing businesses to scale up and become more competitive.

You may choose to submit more than one application under the Manufacturing Translation stream, the Manufacturing Integration stream, or both provided project activities in submitted applications are not substantively the same. We will publish the opening and closing dates and any other relevant information on business.gov.au and [GrantConnect](#).

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 \(CGRGs\)](#)³

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

3. Grant amount and grant period

For the Modern Manufacturing Initiative's Translation and Integration Stream grant opportunities, an initial combined total of approximately \$280 million is available from 2021-22 to 2023-24 across all the National Manufacturing Priorities.

Funding under this grant opportunity will support projects in the Food and Beverage National Manufacturing Priority.

3.1. Grants available

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

The minimum grant is \$1 million.

The maximum grant amount is \$20 million.

We expect the average grant size to be about \$4 million.

You are responsible for the remaining eligible and ineligible project expenditure

Your contribution must be cash.

You can use funding from State, Territory or local government grants to fund up to 25 percent of your contribution to eligible project expenditure.

For example, for a project with total eligible project expenditure of \$4 million, where the Commonwealth grant amount is 50 per cent (\$2 million), your contribution to eligible project expenditure would be \$2 million. State, Territory or local government grants could be used for up to 25 percent of your \$2 million contribution – i.e., up to \$500,000.

Concessional loans from State, Territory or local governments are considered cash, and therefore contribute to your 50 per cent contribution.

Commonwealth Government funding sources, including Concessional loans cannot be used to contribute to your 50 per cent contribution.

We cannot fund the same project activities more than once as part of the Modern Manufacturing Initiative. For clarity, this does not prevent a business from applying for grant funding under the same or another stream Initiative or across more than one of the National Manufacturing Priority areas for a different activity or project.

3.2. Project period

All projects must be completed by 31 March 2024.

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)
- be non-tax-exempt
- be registered for the Goods and Services Tax (GST)

and be:

- an entity incorporated in Australia, including start-ups and a trading corporation, where your trading activities:
 - form a sufficiently significant proportion of the corporation's overall activities as to merit it being described as a trading corporation; or
 - are a substantial and not merely peripheral activity of the corporation.

Joint applications are acceptable, provided you have a lead organisation who is the main driver of the project and is eligible to apply. For further information on joint applications, refer to section 7.2.

For clarity, there is no minimum threshold for an entity's annual turnover or operating expenditure.

4.2. Additional eligibility requirements

We can only accept applications:

- where your project aligns with the Food and Beverage National Manufacturing Priority area (see Section 2)
- with a minimum of \$2 million in eligible project expenditure
- 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 and [GrantConnect](#)
- where you can 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. The accountant declaration template must be used and is available on business.gov.au and [GrantConnect](#).

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)
- an employer of 100 or more employees that has [not complied](#)⁴ with the *Workplace Gender Equality Act (2012)*
- an individual
- a partnership
- an unincorporated association
- a trust (however, an incorporated trustee may apply on behalf of a trust)
- a Commonwealth, State, Territory or local government body (including government business enterprises)
- a non-corporate Commonwealth entity.

⁴ <https://www.wgea.gov.au/what-we-do/compliance-reporting/non-compliant-list>

5. What the grant money can be used for

5.1. Eligible activities

The Initiative is all about government backing manufacturing businesses to:

- invest in strategic projects that will increase participation in new and existing local and global value chains, embrace technology, innovation and automation
- grow production and manufacturing activities
- bring commercial outcomes to new and existing markets, value chains and customers.

To achieve this, the government has identified activities as part of the Integration Stream that are designed to integrate Australian manufacturing firms into local and global value chains.

Eligible activities that will help to achieve the Integration Stream's objectives and outcomes include:

Business development and market integration opportunities

- collaborating and networking with business and researchers to build capacity and deliver products, processes or services with domestic and international market potential into domestic or global value chains
- building organisational capacity and capability to support engagement in domestic and global value chains
- identifying domestic and international market opportunities for your existing or new products, processes, or services, and developing an export strategy
- implementing domestic and international distribution strategies, such as market entry pathways, for your existing or new products, processes, or services.

Using high value manufacturing processes and techniques or related high value-added activities to integrate into new value chains

- developing a product, process or service for market that is competitive, meets export standards and is ready for distribution into domestic and global value chains
- undertaking high value-add activities such as design, branding, distribution and after sales services that are part of domestic and global value chains and markets
- engineering and other related activities associated with improving or qualifying a product to reach the standard of a supplier for a domestic and/or international company or value chain
- acquiring, constructing, installing and commissioning of new machinery and specialist equipment to facilitate the manufacturing project to access new markets, customers and value chains
- acquiring technology and/or purchasing intellectual property required to undertake the manufacturing project
- fitting out of new premises and altering or extending existing premises to facilitate the manufacturing project to access new markets, customers and value chains
- workforce training and accreditation required to undertake the manufacturing project.

We may also approve other related activities.

Your project can include activities at different locations.

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 (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 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 prior to your project being 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.

If your proposed project activities form part of a larger suite of works, these may be eligible. These activities must not yet have commenced and be able to be described as a standalone project.

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 (50 points)

You should address all three sections in your response, using sub-headings to demonstrate alignment of your project against sections a, b and c.

- a. How does your project and the grant funding help to achieve the objectives and outcomes of the Manufacturing Integration Stream set out in Section 2.4, for the Food and Beverage National Manufacturing Priority?

- b. How does your project align with and support the implementation of the [Food and Beverage National Manufacturing Priority road map](#)⁵, and the growth opportunities and goals set out in the road map?

Below are examples of issues you may choose to address in your application.

How does your project:

- support the development and commercialisation of new and emerging foods and beverages such as high value-add food and beverage products, products for convenience and food and beverages for improved health and wellbeing, for integration in domestic and global value chains
 - encourage collaboration on value chain opportunities through adoption of equipment, digital systems or associated products such as robotics, sensors and monitoring systems to improve uptake of industry 4.0 technologies across food and beverage manufacturing that supports integration into domestic and global value chains
 - support digitally enabled food and beverage technologies and platforms to enter domestic and global value chains
 - support collaboration on value chain opportunities to adopt digital infrastructure within domestic and global value chains such as data-driven systems, traceability systems, digital labelling solutions that supports smart manufacturing in domestic and global value chains
 - support the creation of new skilled jobs
 - invest in facilities that enhance:
 - the competitiveness and capability of manufacturers and help to overcome barriers to integration with domestic and global value chains
 - the export capability of multiple manufacturers, and help to overcome barriers to scale, production and distribution
 - support on-shoring manufacturing of food and beverage products, processes or services that businesses are currently sourcing internationally and developing and enhancing products and processes that will enable businesses to integrate into existing and emerging food and beverage supply and value chains
- c. How does your project create opportunities to expand, strengthen and grow the Australian manufacturing sector? This may include details of 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.

6.2. Assessment criterion 2

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

You should address all three sections in your response, using sub-headings to demonstrate alignment of your project against sections a, b and c.

- a. Provide an overview of your track record and experience in managing similar projects as well as your plan specific to this project to utilise and manage personnel with the right skills and experience, including strong governance, management and technical expertise.

⁵ <https://www.industry.gov.au/data-and-publications/food-and-beverage-national-manufacturing-priority-road-map>

- b. Provide an overview of your plan to manage the project including scope, implementation methodology, timeframes, delivery risks and budget and, if applicable, describe your partnership arrangements and benefits.
- c. Provide details of your access, or future access, to any required resources for the successful delivery of your project. Include your plans for access to infrastructure, finance, capital equipment, technology, intellectual property and regulatory or other approvals.

6.3. Assessment criterion 3

Impact of the grant funding on your project (25 points)

You should address all four sections in your response, using sub-headings to demonstrate alignment of your project against sections a, b, c and d.

- a. What is the total additional investment the grant will leverage?
- b. What are the additional activities this grant would enable you to undertake?
- c. Describe how your project will generate spill over effects within one or more of the National Manufacturing Priorities, and any broader benefits your project will unlock for Australia
- d. Why do you believe the Australian Government should invest in your project? Consider:
 - how the grant will benefit the project in terms of scale and timing
 - how this investment will impact your business and its ability to be self-sustaining and competitive into the future.

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 Translation stream, the Manufacturing Integration stream, or both, provided project activities in submitted applications are not substantively the same.

If an application is substantially the same as another already submitted under either of the streams or both streams, we may refuse to consider it for assessment.

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:

- evidence, for example a letter of intent or contract from your customer, that demonstrates you have a domestic and/or international value chain opportunity that relates to the project seeking the grant
- a detailed project plan (maximum of 10 pages) including the scope of the project, a timeline of activities, details of Intellectual Property (IP) arrangements, a project feasibility analysis, 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 and 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 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
- accountant declaration (mandatory template provided on business.gov.au and GrantConnect)
- evidence of support from the board, CEO or equivalent (mandatory template provided on business.gov.au and GrantConnect)
- trust deed (where applicable)

You may also submit letters of support, including project partners, supply contractors and other businesses (but only where these are applicable).

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.

7.2. Joint applications

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

- details of the project partner
- an overview of how the project partner will work with the lead organisation and any other project partners in the group to successfully complete the project
- an outline of the relevant experience and/or expertise the project partner will bring to the group
- the roles/responsibilities the project partner will undertake, and the resources it will contribute (if any)
- 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 your application is successful, you must commence your project within three months of executing your grant agreement.

Table 1: Expected timing for this grant opportunity

Activity	Timeframe
Assessment of applications	Up to 10 weeks
Approval of outcomes of selection process	2-4 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

Your application is reviewed against the eligibility criteria. If eligible, it will then be assessed against the assessment criteria. Only eligible applications will proceed to the assessment stage.

Your application is assessed 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, there is 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*) 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. Where possible⁶, we will provide you with an opportunity to comment on any material risks identified during this due diligence 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 your application from the assessment process.

⁶ Subject to national security and other considerations.

Applications are referred to an independent committee of experts. The committee may seek additional advice from independent technical experts. Committee membership may also include CSIRO who will provide expert advice on the related NMP, technology and the engineering elements of applications.

The committee will assess your application against the assessment criteria and compare it to other eligible applications. The committee will be required to perform their duties in accordance with the CGRGs. Assessment information is provided to the 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.

Industry Innovation Science Australia (IISA) will provide advice to the Minister for Industry, Energy and Emissions Reduction 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.

8.1. Who will approve grants?

The Minister decides which grants to approve taking into account the findings of the committee, the advice from IISA 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.

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. You can submit a new application for the same (or similar) project in future funding rounds. You should include new or more information to address the weaknesses that prevented your previous application from being successful. If a new application is substantially the same as a previous ineligible or unsuccessful application, we may refuse to consider it for assessment.

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. 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 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.

If you enter an agreement under the Modern Manufacturing Initiative Integration Stream, you cannot receive other Commonwealth assistance 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 30 days from the date of a written offer to 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 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](#)⁷ (WHS Scheme).

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, which would include an initial payment followed by subsequent payments as set out in the grant agreement. Payments are subject to satisfactory progress on the project.

10.4. 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 entities⁸.

⁷ <http://www.fsc.gov.au/sites/fsc/needaccredited/accreditationscheme/pages/theaccreditationscheme>

⁸ See Australian Taxation Office ruling GSTR 2012/2 available at ato.gov.au

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
- 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.

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 publish an example grant agreement with reports on business.gov.au. We will remind you of your reporting obligations before a report is due. We will expect you to report regularly (up to quarterly) 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 or key personnel 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 value 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.

You may also be surveyed outside of the standard reporting cycle.

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 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 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 no later than 31 March 2024.
- 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.

12.6. 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

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. 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\(7\)\)](#)⁹ 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](#)¹⁰ 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.

⁹ <https://www.legislation.gov.au/Details/C2019C00057>

¹⁰ https://www.industry.gov.au/sites/default/files/July%202018/document/pdf/conflict-of-interest-and-insider-trading-policy.pdf?acsf_files_redirect

13.2.1. 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.

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](#)¹¹ on the department's website for more information on:

- what is personal information
- how we collect, use, disclose and store your personal information

¹¹ <https://www.industry.gov.au/data-and-publications/privacy-policy>

- 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.

13.2.5. National 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.

13.2.6. 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. The inclusion of this disclosure requirement provides the Department a path for recourse if information subsequently came to light after an agreement was entered.

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:

Head of Division

AusIndustry

Department of Industry, Science, Energy and Resources

GPO Box 2013

CANBERRA ACT 2601

You can also contact the [Commonwealth Ombudsman](#)¹² 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.
AusIndustry	The division of the same name within the department.
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.
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.
Global Value Chain	The concept where the people, roles and activities involved in the production of goods and services and their supply, distribution and post-sales activities are located across different countries.
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.
GrantConnect	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.

¹² <http://www.ombudsman.gov.au/>

Term	Definition
National Manufacturing Priorities	<p>The National Manufacturing Priorities are:</p> <ul style="list-style-type: none"> ▪ resources technology and critical minerals processing ▪ food and beverage manufacturing ▪ medical products ▪ recycling and clean energy ▪ defence ▪ space.
Minister	The Commonwealth Minister for Industry, Energy and Emissions Reduction.
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"> a. whether the information or opinion is true or not; and b. whether the information or opinion is recorded in a material form or not.
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.
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.
Supply Chain	The movement of a product from production through to the final end user (customer) via a network of individual businesses that each perform a particular stage in the process
Trading corporations	<p>An entity incorporated in Australia, including start-ups and a trading corporation, where your trading activities:</p> <ul style="list-style-type: none"> ▪ form a sufficiently significant proportion of the corporation's overall activities as to merit it being described as a trading corporation; or ▪ are a substantial and not merely peripheral activity of the corporation. <p>For clarity, there is no minimum threshold for an entity's annual turnover or operating expenditure.</p>

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 website before preparing your application.

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

To be eligible, expenditure must:

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

How we verify eligible expenditure

If your application is successful, we 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.

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 specifically related to your project. This may include the cost of purchase or hire of software (including user licences) and ICT hardware, but only when the software is required to facilitate the project and supports your integration into local or global value chains or 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.

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.

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.

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.

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.1 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 airfare 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.

Other eligible expenditure

Other eligible expenditures for the project may include:

- staff training and skills development that directly supports the achievement of project outcomes
- intellectual property protection including fees to a patent office for the cost of filing patent applications, patent searches and examination fees. Defending intellectual property rights is not eligible
- costs of acquiring intellectual property and/or leading edge technology where subsequent adaptation will contribute directly to the completion of an agreed project
- commissioning
- 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 associated with undertaking activities and/or fitting out or enabling access to shared/common facilities that directly supports the achievement of project outcomes, excluding any ineligible expenditure as listed in Appendix B.
- financial auditing of project expenditure up to a maximum of 1 per cent of total eligible 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
- business diagnostics services, such as engaging external professionals to provide commercialisation and market export and global value chain advice, such as identifying market

opportunities, potential partnerships, and investment, limited to 10 per cent of the eligible project costs

- contingency costs up to a maximum of 10 per cent 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. We may update this guidance from time to time, so you should make sure you have the current version from the business.gov.au website before preparing your application.

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

Examples of ineligible expenditure include:

- research not directly supporting eligible activities
- activities, equipment or supplies that are already being supported through other sources
- costs incurred prior to the date of your letter of offer
- 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 hire of software (including user licences) and ICT hardware that are not related to your project and do not support your integration into domestic or global value chains or manufacturing activities
- non-project-related staff training and development costs
- 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)
- debt financing
- costs related to obtaining resources used on the project, including interest on loans, job advertising and recruiting, and contract negotiations
- depreciation of plant and equipment
- maintenance costs
- costs of purchasing, leasing, depreciation of, or development of land
- infrastructure development costs, including development of road, rail, port or fuel delivery networks. However, any costs associated with undertaking activities and/or fitting out or enabling access to shared/common facilities that directly support the achievement of project outcomes are permitted (as eligible expenditure pursuant to Appendix A).
- site preparation activities which are not required to support and/or accommodate the capital investment under the project
- opportunity costs relating to any production losses due to allocating resources to the agreed grant project
- costs of manufacturing production inputs not relating to commissioning new equipment
- routine operational expenses, including communications, accommodation, office computing facilities, printing and stationery, postage, legal and accounting fees and bank charges
- costs related to preparing the grant application, preparing any project reports (except costs of independent audit reports we require) and preparing any project variation requests
- travel or overseas costs that exceed 10 per cent 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.