



## Grant Opportunity Guidelines

# National Soil Carbon Innovation Challenge – Development and Demonstration Round 1 grant opportunity

<b>Opening date:</b>	Thursday, 3 February 2022
<b>Closing date:</b>	5pm Australian Eastern Daylight Time on Thursday, 3 March 2022
<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.
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# 1. National Soil Carbon Innovation Challenge – Development and Demonstration processes

## **The National Soil Carbon Innovation Challenge – Development and Demonstration grant is designed to achieve Australian Government objectives**

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



## **The grant opportunity opens**

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



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

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



## **We assess all grant applications**

We review the applications against eligibility criteria and notify you if you are not eligible. The Committee assesses eligible applications against the assessment criteria, including an overall consideration of value with relevant money.



## **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 grant opportunity**

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

## 2. About the grant program

The National Soil Carbon Innovation Challenge program (the program) is part of the \$1.2 billion *Technology Co-Investment Facility* to support low emissions technology investment and advance the Australian Government's technology-focused approach to reducing emissions while supporting business and economic growth, as outlined in the [Technology Investment Roadmap](#). The program will run over three years from 2021-22 to 2023-2024.

The \$50 million program seeks to encourage industry and researchers to develop lower-cost, accurate technological solutions for soil carbon measurement and meet the economic stretch goal from the [Low Emissions Technology Statements](#) of measurement under \$3 per hectare, per year.

In the longer-term, the Australian Government anticipates that through improving low cost and accurate soil carbon measurement, there will be an increase in soil carbon sequestration in Australian soils and increased participation in the Emissions Reduction Fund. In addition to sequestering carbon, improving soil carbon content will improve farm productivity and crop yields through better nutrient and water retention, and boost resilience to drought and erosion.

In the 2021-22 Budget the Australian Government committed \$196.9 million in new funding to implement the [National Soil Strategy](#) and associated measures (led by Department of Agriculture, Water and the Environment). The program will complement and support this work and the National Soil Carbon Data Program, which received funding in the 2020-21 Budget. These programs aim to strengthen soil knowledge and capability to improve understanding of Australia's soil condition by farmers, governments, and other stakeholders. This will support more informed decisions at all levels to improve soil health, productivity and carbon sequestration.

The objectives of the program are to:

- fast-track the development of lower-cost, accurate technical approaches to enable land managers to quantify the impact of their land management activities on soil organic carbon
- secure co-investment and foster partnerships that trial and deploy novel soil carbon measurement technological solutions.

The intended outcomes of the program are:

- advancing novel soil carbon measurement technologies with a clear plan for commercialisation and adoption
- lowered costs for users of soil carbon measurement technologies
- improved understanding of activities that increase soil carbon in Australian landscapes and increased uptake of these land management activities
- improved accounting to quantify the impact of land management activities on soil organic carbon through accelerating the development of innovative and accurate soil carbon measurement technologies
- an improved systematic approach to measuring soil carbon over time, in a broad range of farming environments in Australia.

This program will include grants for the following stages of technology development:

- **Feasibility study** development to determine the feasibility of your solution in addressing the challenge of developing lower-cost, accurate soil carbon measurement technologies appropriate to Australian soil conditions
- **Development and demonstration** including:
  - **proof of concept** activities to build on your feasibility study, test your solution through on-farm trials and produce working prototypes or demonstrations

- **validation and deployment** activities to further test your solution, validate with existing and new data and deploy through on-farm trials engaging land managers across varied landscape conditions and management practices in a real world setting in Australia.

The Stages cover the following [Technology Readiness Levels](#) (TRLs):

Feasibility study grants			Development and demonstration grants					
1	2	3	4	5	6	7	8	9
Basic principles observed	Technology concept formulated	Experimental proof of concept	Technology validation in lab	Technology valid in relevant environment	Demonstration in relevant environment	Demonstration in operational environment	System complete and qualified	Successful mission operations

The National Soil Carbon Innovation Challenge: Development and Demonstration Grants will support proof of concept and validation/early stage commercialisation activities. The Development and Demonstration grants will be delivered through two successive funding rounds. Additional rounds may be opened subject to availability of program funds. We will publish the opening and closing dates and any other relevant information on [business.gov.au](http://business.gov.au) and [GrantConnect](#).

National Soil Carbon Innovation Challenge – Feasibility Study Grant Opportunity Guidelines were published on 10 November 2021 and applications have closed. The National Soil Carbon Innovation Challenge: Feasibility Study Grants support successful applicants to conduct feasibility studies that demonstrate the technical viability and commercial potential of soil carbon measurement solutions.

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

## 2.1. About the National Soil Carbon Innovation Challenge – Development and Demonstration grant opportunity

These guidelines contain information for the National Soil Carbon Innovation Challenge – Development and Demonstration grants. The purpose of this grant opportunity is to support proof of concept/validation/early stage commercialisation activities relating to the development of lower cost, accurate technological solutions for soil carbon measurement. The term measurement includes estimating and predicting soil carbon stocks.

Successful applicants will demonstrate how their proposed technology solution is effective at measuring, estimating and/or predicting soil organic carbon in an [operational environment](#). Measurements of soil carbon stocks taken to validate and determine the accuracy of the technologies will need be provided to the Department of Industry, Science, Energy and Resources (the department) and/or a national soils database (for example, Australian National Soil Information System, ANSIS).

The objectives of the grant opportunity are to:

- fast-track the development and commercial readiness of low-cost and accurate technology solutions to measure and estimate soil carbon stocks, to a standard that could support participation in the Emissions Reduction Fund
- validate and demonstrate the effectiveness of [technology solutions](#) under Australian operational environments

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

- engage and collaborate with landholders to ensure technology solutions can be used in a cost-effective way within diverse farm management operations
- leverage co-investment to develop, validate and demonstrate the technology solutions.

The intended outcomes of the grant opportunity are:

- cost-effective and accurate technology solutions that are nearly commercialised or ready for full commercial deployment
- publicly accessible soil organic carbon stock data for long-term public benefit
- increased market interest in and use of low-cost and accurate soil carbon measurement technologies
- collaborative research partnerships between industry entities and research organisations.

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) is responsible for administering this grant opportunity.

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

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

### 3. Grant amount and grant period

The Australian Government has announced a total of \$50 million over 3 years for the National Soil Carbon Innovation Challenge. \$1 million has been allocated to Feasibility Study grants and \$49 million is available over two rounds of Development and Demonstration grants. We expect that around \$40 million will be available in Round 1.

#### 3.1. Grants available

The grant amount will be up to 80 per cent of eligible project expenditure (grant percentage).

- The minimum grant amount is \$100,000
- The maximum grant amount is \$20 million.

You are responsible for the remaining eligible and ineligible expenditure.

Eligible expenditure is expenditure incurred by you on eligible project activities (see Section 5 and Appendix A of these guidelines). Eligible expenditure may include labour costs and some plant and equipment expenditure.

Your required contribution (a minimum of 20 per cent of eligible expenditure) may come from you and/or project partners. Contributions from project partners may include funds from State and Territory and local government grants.

You may use funding from other Commonwealth government grants to fund project expenditure. However, no more than 80 per cent of your total eligible expenditure can be funded from Commonwealth government grants.

In addition, your project may have in-kind contributions from you and from project partners, and these will be considered in the assessment of applications against Assessment Criterion 4.

Please note that the National Soil Carbon Innovation Challenge – Development and Demonstration grants cannot fund the same project activities that are supported by the National Soil Carbon Innovation Challenge – Feasibility Study Grants.

### 3.2. Project period

The maximum project period is 2 years.

You must complete your project by 30 April 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)

and be one of the following entities:

- an entity, incorporated in Australia
- a co-operative
- an incorporated trustee on behalf of a trust
- a publicly funded research organisation (PFRO) as defined in section 14
- an Australian State/Territory Government agency or body.

Joint applications are acceptable and encouraged. To submit a joint application you must 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.

### 4.2. Additional eligibility requirements

We can only accept applications:

- where you certify that your project is supported by your board (or chief executive officer or equivalent if there is no board), and that you can complete the project and meet the costs of the project not covered by grant funding
- where you certify that you have or will have relevant intellectual property arrangements in place in order to undertake your project
- where you certify that you will be willing to make research data and reports publicly available and to provide them to the Australian Government and any nominated third party, for the purposes of improving knowledge and approaches to quantifying soil carbon under different management practices
- where you can provide all mandatory attachments.

We cannot waive the eligibility criteria under any circumstances.

### 4.3. Who is not eligible?

You are not eligible to apply if you are:

- an organisation, or your project partner is an organisation, included on the National Redress Scheme's website on the list of 'Institutions that have not joined or signified their intent to join the Scheme' ([www.nationalredress.gov.au](http://www.nationalredress.gov.au))
- an employer of 100 or more employees that has not complied with the *Workplace Gender Equality Act (2012)*.
- an individual
- partnership
- an unincorporated association
- trust (however, an incorporated trustee may apply on behalf of a trust)
- any organisation not included in section 4.1
- a non-corporate Commonwealth entity.

If you are ineligible to apply, you can be a partner to a joint application where the lead organisation is eligible to apply.

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

### 5.1. Eligible activities

The program aims to assist grantees with one or more of the following:

- determining the nature, functionality and capabilities of your solution to measure and/or predict soil organic carbon accurately
- differentiating your technology solution, and its ability to measure and/or predict soil organic carbon accurately, from any similar existing products or services and their corresponding abilities
- testing the performance of your solution under relevant environments and/or operational environments, including Australian operational environments
- commercialisation of your solution, including any products or services
- validation of developed technical functionality through on-farm trials that engage land managers across varied Australian landscape conditions and management practices in real-world settings
- early stage commercialisation and/or product design activities including, but not limited to, optimising product characteristics, assessing and reducing cost of manufacture and conducting marketing activities, and
- preparing, publishing, presenting or otherwise disseminating project data and outcomes to improve knowledge of quantifying soil carbon under different management practices.

To be eligible:

- your project must have at least \$125,000 in eligible expenditure
- your project must have the potential to provide lower-cost and accurate soil carbon measurement and involve at least one of the following activities:
  - using your technology solution to measure and/or predict soil organic carbon accurately and at low-cost, in Australian operational environments
  - proof of concept activities to build on your feasibility study, test your solution through lab or on-farm trials in Australia and produce working prototypes or demonstrations

- validation and commercialisation activities to develop a lower-cost, accurate technological solution for soil carbon measurement, in Australian operational environments
- collection and provision of validation data on soil carbon stocks and soil samples, to contribute to national soil datasets to support further innovation and improve knowledge of quantifying soil carbon under different management practices
- publishing (or submitting for publication) the outcomes of validation and demonstration activities in a peer-reviewed publication
- engagement and collaboration with landholders to ensure technology solutions can be used in a cost-effective way within diverse farm management operations or
- any other activity approved by us.
- you must agree to share data relating to soil organic carbon stock measurements, in accordance with the protocol for the collection and provision of required data (defined in the Grant Agreement as 'Required Data'). You must allow us to:
  - provide the Required Data to third parties and
  - make the Required Data publicly available through a data repository, so that we can improve knowledge regarding soil carbon testing and support the development of technology to measure and/or predict soil organic carbon accurately.

## 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 for it to be eligible unless stated otherwise.

You may elect to commence your project from the date we notify you that your application is successful. We are not responsible for any expenditure you incur until 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.

### 5.3. In-kind contributions

Where you provide in-kind contributions, you must calculate the equivalent dollar value. You should use the retail or market price for any goods to be purchased and provide details of how it was calculated.

In-kind contributions can include labour contributions and facilities, equipment and services provided by project partners to the project.

We will consider in-kind contributions in the assessment of applications against Assessment Criterion 4.

## 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 (at least 50 per cent) against each assessment criterion, as these represent best value for money.

### 6.1. Assessment criterion 1

#### **How your proposed solution would provide lower-cost and accurate soil carbon measurement (30 points).**

You should demonstrate this by identifying:

- a. how your proposed solution will meet the challenge
- b. how your proposed solution complements, builds on and utilises current research
- c. how your proposed solution is different to or improving what is already in the market
- d. the technical viability of your technology solution including an assessment of its technology readiness level
- e. results of previous testing and small-scale trials of the technology solution and any sensitivities or risks identified

### 6.2. Assessment criterion 2

#### **The market opportunity of your proposed solution (30 points).**

You should demonstrate this by identifying:

- a. the commercial potential of your technology solution including market research results and expected cost of the technology solution for users
- b. the landscapes and management contexts your proposed solution will be used in
- c. your plan to deliver the solution and the route to local and/or global markets (a market analysis should be included if available)
- d. how you will measure the success of your project.

You can attach market research or market analysis to support your response to this criterion.

### 6.3. Assessment criterion 3

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

You should demonstrate this by identifying:

- a. your track record managing similar projects and access to personnel with the right skills and experience
- b. your access, or future access to, any infrastructure, capital equipment, technology and intellectual property
- c. how you will plan to manage and monitor the project including mitigating delivery risks (including national and cyber security risks) and secure any required regulatory approvals.
- d. a sound project plan to manage and monitor the project, including a risk analysis and project budget.

You must attach a project plan, detailed budget and risk management plan to your application.

### 6.4. Assessment criterion 4

#### **Impact of grant funding (10 points).**

You should demonstrate this by:

- a. describing the likelihood the project would proceed without the grant, and how the grant will impact the scope and timing of your project
- b. justifying the funding amount requested with respect to the scale of the project and intended outcomes
- c. the predicted outcomes (environmental/social/scientific/technological) of your proposed technology solutions
- d. any additional investment the grant will leverage and explain how this benefits your project.

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

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

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

If you need further guidance around the application process, or if you are unable to submit an application online, [contact us](#) at business.gov.au or by calling 13 28 46.

Applicants may apply for funding for more than one project. However it is important to note:

- we cannot fund the same project activities twice
- we cannot approve funding if there is insufficient program funds available across relevant financial years for the program
- the time, cost, and potential project delays associated with making multiple applications.

### 7.1. Attachments to the application

You must provide the following documents with your application:

- project plan, including risk management plan
- detailed project budget commensurate with the project cost and grant amount requested to clearly outline your project expenditure
- feasibility study, that includes:
  - the technical viability of your proposed solution for low-cost and accurate soil carbon measurement
  - the novelty of your proposed solution compared to existing offerings, for an improved systematic approach to measuring soil carbon over time, under different land management practices
  - potential capabilities and partnerships which may be required to deliver your solution
  - the commercial potential of your proposed solution in Australia and internationally
  - how you will measure the success of your proposed solution
  - any security issues relating to your proposed solution
- Accountant Declaration (for grant amount over \$500,000) (template provided on [business.gov.au](#) and [GrantConnect](#))
- evidence of support from the board, CEO or equivalent (template provided on business.gov.au and GrantConnect)
- a letter of support from each project partner (where applicable)
- market research or market analysis (where applicable)
- trust deed (where 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).

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 submit an application at any time while the grant opportunity remains open.

If you are successful we expect you will be able to commence your project within 3 months of receiving the offer of grant funding.

Table 1: Expected timing for this grant opportunity

Activity	Timeframe
Assessment of applications	4 weeks
Approval of outcomes of selection process	4 weeks
Negotiations and award of grant agreements	4 weeks
Notification to unsuccessful applicants	4 weeks
Earliest start date of project	The date you are notified your application has been successful.
End date of grant commitment	30 April 2024

## 8. The grant selection process

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

We consider your application on its merits, based on:

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

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

- the overall objectives of the grant opportunity
- the evidence provided to demonstrate how your project contributes to meeting those objectives
- the relative value of the grant sought
- 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 possible<sup>2</sup>, 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.

We will establish a committee comprised of Australian government representatives and independent experts to assess applications. The committee may also seek additional advice from independent technical experts.

The committee will assess your application against the assessment criteria and compare it to other eligible applications before recommending which projects to fund. The committee will be required to perform their duties in accordance with the CGRGs.

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.

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

### 8.1. Who will approve grants?

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

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

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

We cannot review decisions about the merits of your application.

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

## 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 email you and outline the reasons that your application was not successful and 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 however you should address feedback provided on your previous application from being successful. If you choose to submit a new application that addresses the feedback from a previous unsuccessful application, there is no guarantee of success.

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<sup>2</sup> Subject to national security and other considerations.

## 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](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. National Soil Carbon Innovation Challenge – Development and Demonstration Grants activities until a grant agreement is executed.

The approval of your grant may have specific conditions determined by the assessment process or other considerations made by the Minister. We will identify these in the offer of grant funding.

If you enter an agreement under this grant opportunity, you cannot receive other grants for the same activities from other Commonwealth granting programs. Please note that the National Soil Carbon Innovation Challenge – Development and Demonstration grants cannot fund the same project activities that are supported by the National Soil Carbon Innovation Challenge – Feasibility Study Grants.

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

### 10.2. Standard grant agreement

We will use a standard grant agreement for medium or larger projects where we consider your project to be more complex.

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.

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

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

In particular, you will be required to comply with:

- State/Territory legislation in relation to working with children
- [Australian Code for the Responsible Conduct of Research 2018](#)
- environmental protection
- management of wildlife and listed threatened species
- agricultural and veterinary chemicals use, including the AgVet Codes
- biosecurity, to prevent the spread of weeds, pests and diseases
- animal care and protection, including the ethical treatment of and prevention of cruelty to animals.

## 10.4. How we pay the grant

The grant agreement will state the:

- maximum grant amount we will pay
- proportion of eligible expenditure covered by the grant (grant percentage)
- any in-kind contributions you will make
- financial contribution provided by you or a third party.

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

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

## 10.5. Research data and outputs

### 10.5.1. Requirement for use and reuse

The Department is required, by the [Public Data Policy Statement](#), to ensure (to the extent possible) that non-sensitive publicly funded research data is made available for use and reuse. This program aims to fund research and collect data for use and reuse to promote greater innovation in the sector.

Field data collected to validate and determine the level of uncertainty of technology solutions, such as data used to calculate soil carbon stocks over time or under different management practices, can provide a public good by helping to fill knowledge gaps and support research and development on soil carbon. This is a priority of the Government, aligned with the objectives of the National Soil Strategy and with linkages to the National Soil Carbon Data Program.

### 10.5.2. Collection of soil organic carbon stock data

The collection and use of directly measured soil organic carbon stock data will enable you to establish the level of uncertainty associated with your technology solution's ability to quantify soil carbon stocks. Undertaking this validation exercise is critical to understanding the level of confidence in respect to the soil carbon stock values and/or soil carbon stock change values produced by a technology solution. Assessment of the confidence and these values will need to be established for use in calculating net abatement under the Emissions Reduction Fund.

The aims of making the soil carbon stock data that is generated during this program publicly available are to:

- improve knowledge of soil carbon stocks under different management practices
- provide public certainty of the accuracy of developed technology solutions and how this influences soil carbon accounting, and
- build on publicly available data to enable researchers and others with the appropriate permissions, to develop, calibrate and validate additional soil carbon measurement technologies, such as proximal sensing, remote sensing and computer simulation modelling.

### 10.5.3. Supply of data

Provision of data and soil samples collected during the project will be a reporting requirement of your project (as per the Grant Agreement). As set out in the Grant Agreement, grantees will be required to provide to the Commonwealth certain data that is defined in the Grant Agreement as 'Required Data'. We will advise on the method by which you must provide the required data to us.

The required data, at a minimum, should include soil organic carbon stock measurements at a particular location with defined GPS coordinates. Additionally, grantees will be required to provide, with the required data, sufficient information on how each measurement was derived and the methods, standards and procedures followed and used. Please refer to the protocol for the collection and provision of required data for further information.

#### 10.5.4. Data collection and provision standards

The minimum requirements for collection and provision of data and soil samples, with which a grantee must comply are as follows:

- Soil testing and analysis should comply with relevant Australian standards and guidelines, and be undertaken by Australasian Soil and Plant Analysis Council (ASPAC) and/or National Association of Testing Authorities (NATA) accredited laboratories or facilities.
- Data synthesis and management should follow the FAIR (findable, accessible, interoperable and reusable) data principles. Raw data and metadata should be aligned with relevant Australian and international requirements, including those of the Australian Soil Resource Information System (ASRIS) or its proposed replacement (the Australian National Soil Information System, ANSIS). We may notify you of revised data synthesis, storage, management and accessibility requirements from time to time, and you will be required to comply with the revised requirements.
- Archiving of soil samples should be performed under the standards of the [National Soil Archive](#).

If you are working with landholders to collect soil carbon data you should refer to the National Farmers Federation's Farm Data Code, to ensure that landholders have confidence in how their data is collected, used and shared. We also require you to adhere to any applicable privacy requirements and to seek appropriate permissions from landholders for data use, as per the Department's guidance.

#### 10.6. Interaction with the Emissions Reduction Fund

Landholders who may be engaged to assist with testing of technologies on their properties, may also want to participate in a soil carbon project under the Emissions Reduction Fund (ERF). If the soil carbon measurement activities are taking place on the same areas of land as those to be included in the ERF soil carbon project, the landholder should consider registering their soil carbon project before commencing any new management activity expected to sequester carbon in the soil. This will mean that any increases in soil carbon gained because of this new activity may be eligible for crediting under the ERF.

In addition, if soil carbon testing is undertaken as part of participating in this program, it could be used in reporting creditable increases in soil carbon under the ERF. If the landholder registers their soil carbon project during or after undertaking any new management activities through this program, then they would need to undertake baseline sampling in accordance with the ERF method requirements, and start new, additional activities after applying to register the project (in line with the usual project eligibility requirements).

#### 10.7. Australian Industry Participation (AIP) Plan

For grants of \$20 million or more, subject to advice from the department, the Australian Industry Participation National Framework principles, including an AIP plan requirement, may apply to the grant agreement. More information on AIP plan requirements can be found at [www.industry.gov.au/aip](http://www.industry.gov.au/aip).

## 10.8. Tax obligations

If you are registered for the Goods and Services Tax (GST), where applicable we will add GST to your grant payment and provide you with a recipient created tax invoice. You are required to notify us if your GST registration status changes during the project period. GST does not apply to grant payments to government related entities<sup>3</sup>.

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

## 11. Announcement of grants

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

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

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<sup>3</sup> See Australian Taxation Office ruling GSTR 2012/2 available at ato.gov.au

## 12.2. Reporting

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

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

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

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

### 12.2.1. Progress reports

Progress reports must:

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

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

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. 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 may ask you to provide an independent audit report. An audit report will verify that you spent the grant in accordance with the grant agreement. The audit report requires you to prepare a statement of grant income and expenditure. The report template is available on [business.gov.au](https://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. For large or complex projects, we may visit you after you finish your project. We will provide you with reasonable notice of any compliance visit.

## 12.5. Grant agreement variations

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

- changing project milestones
- extending the timeframe for completing the project but within the maximum year period
- changing project activities

The program does not allow for:

- an increase of grant funds.

If you want to propose changes to the grant agreement, you must put them in writing before the project end date. We can provide you with a variation request template.

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

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

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

## 12.6. Evaluation

We will evaluate the grant 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
- 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>4</sup>](#) of the *Public Service Act 1999* (Cth). Committee members and other officials including the decision maker must also declare any conflicts of interest.

We publish our [conflict of interest policy<sup>5</sup>](#) on the department's website. The Commonwealth policy entity also publishes a conflict of interest policy on its 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.

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<sup>4</sup> <https://www.legislation.gov.au/Details/C2019C00057>

<sup>5</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)

### 13.2.1. 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.

We may also disclose confidential information if

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

### 13.2.3. How we use your personal information

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

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

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

- manage the program
- research, assess, monitor and analyse our programs and activities.

We, or the Minister, may:

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

You may read our [Privacy Policy](#)<sup>6</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.

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<sup>6</sup> <https://www.industry.gov.au/data-and-publications/privacy-policy>

#### 13.2.4. Freedom of information

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

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

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

#### 13.3. National security

Collaboration with foreign entities must be transparent, undertaken with full knowledge and consent, and in a manner, that avoids harm to Australia's national interests. It is your responsibility to consider the national security implications of the proposed project and identify and manage any risks, including risks relating to the unwanted transfer of sensitive knowledge technology.

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

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

#### 13.4. Disclosure of Commonwealth, State or Territory financial penalties

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

#### 13.5. Enquiries and feedback

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

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

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

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

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

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

You can also contact the [Commonwealth Ombudsman](http://www.ombudsman.gov.au/)<sup>7</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.
AusIndustry	The division of the same name within the department.
Department	The Department of Industry, Science, Energy and Resources.
Commercial readiness	The commercial proposition of the technology solution has progressed to a point where successful outcomes of demonstration trials in an operational (or representative) environment have reduced commercial uncertainty and strengthened the case for further investment.
Committee	The body established to consider and assess eligible applications and make recommendations to the Minister for funding under the program.
Eligible activities	The activities undertaken by a grantee in relation to a project that are eligible for funding support as set out in 5.1.
Eligible application	An application or proposal for 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.
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.

<sup>7</sup> <http://www.ombudsman.gov.au/>

Term	Definition
<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.
Minister	The Commonwealth Minister for Industry, Energy and Emissions Reduction.
Non-income-tax-exempt	Not exempt from income tax under Division 50 of the <i>Income Tax Assessment Act 1997</i> (Cth) or under Division 1AB of Part III of the <i>Income Tax Assessment Act 1936</i> (Cth).
Operational environment	In the context of TRL 7, the operational environment should closely represent the actual operating environment. Trials on commercial farms are not required but trials must be conducted under conditions representative of commercial production systems.
Personal information	Has the same meaning as in the <i>Privacy Act 1988</i> (Cth) which is: <ul style="list-style-type: none"> <li>a. Information or an opinion about an identified individual, or an individual who is reasonably identifiable;</li> <li>b. whether the information or opinion is true or not; and</li> <li>c. whether the information or opinion is recorded in a material form or not.</li> </ul>
Program Delegate	An AusIndustry general manager within the department with responsibility for the program.
Program funding or Program funds	The funding made available by the Commonwealth for the program.
Project	A project described in an application for grant funding under the program.
Publicly funded research organisation	All higher education providers listed at Table A and Table B of the <i>Higher Education Support Act 2003</i> (Cth) and corporate Commonwealth entities, and State and Territory business enterprises which undertake publicly funded research.

Term	Definition
Relevant Environment	In the context of TRL 5 and 6, a relevant environment may simulate a range of conditions that the operational environment may be subject to. This supports the step up from laboratory scale to operational scale and helps determine the factors that will enable design of the actual system.
Required data	Has the meaning given in the Grant Agreement.
Soil carbon	The term soil carbon is used to refer to the organic carbon present within soil. Soil organic carbon is made up of living organic matter such as roots, fauna and microbes, as well as organic matter at various stages of decomposition, including dead roots, humus and crop residues.
Technology Readiness Levels	A benchmarking tool used to track the progress of the development of specific technological innovations, from blue-sky research (TRL 1) to full system demonstration under expected market conditions (TRL 9).
Technology Solution	<p>The technology solution includes a mechanism for measuring, estimating and/or predicting soil organic carbon and may include, but is not limited to, the following enabling technologies:</p> <ul style="list-style-type: none"> <li>- rapid, in-field soil probes and sensors</li> <li>- proximal sensing</li> <li>- computer simulation modelling</li> <li>- remote sensing technologies.</li> </ul>

## Appendix A. Eligible expenditure

This section provides guidance on the eligibility of expenditure.

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

To be eligible, expenditure must:

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

### A.1 How we verify eligible expenditure

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

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

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

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

### A.2 Plant and equipment expenditure

Plant is usually an input to the project or the tools or infrastructure used to undertake the project. Plant is likely to have a value or use outside of the project and you can build or obtain it with minimal technical risk or new learning.

### A.3 Newly purchased plant and pre-existing purchased plant

Only depreciation of newly purchased and pre-existing purchased plant is eligible expenditure. Depreciation is the decline in asset value of an item of plant allowed through the Commissioner of Taxation's effective life schedules. The depreciation must be proportional to the time you use it on the project. In extraordinary situations, for instance where the plant is subject to heavy usage, and where this is in accordance with Commissioner of Taxation's rules, you may apply a higher rate of depreciation.

You can only claim depreciation of the plant for the time you use it on the project. However, you can claim all eligible depreciation charges in full for each item of purchased plant as you deploy it.

Running costs for purchased or pre-existing plant are eligible expenditure but must be readily verifiable and may include items such as rent, light and power, repairs and maintenance.

### A.4 Hired/leased plant

You must calculate eligible expenditure for hired, rented, or leased plant by the number of payment periods where you use the plant for the project multiplied by the period hiring fee. If you purchase

plant under a hire purchase agreement, or you use a lease to finance the purchase of the plant, the cost of the item of plant, excluding interest, is capitalised, and then depreciated.

Running costs for hired or leased plant are eligible expenditure but you must be able to verify them. They may include items such as rent, light and power, and repairs and maintenance.

## A.5 Constructed plant

Only depreciation of constructed plant is eligible expenditure. Depreciation is the decline in asset value of an item of plant allowed through the Commissioner of Taxation's effective life schedules. The depreciation must be proportional to the time you use it on the project. In extraordinary situations, for instance where the plant is subject to heavy usage, and where this is in accordance with Commissioner of Taxation's rules, you may apply a higher rate of depreciation.

Where you lease a project facility you may claim leasehold improvements where they are for your specific needs. The improvement cost is eligible expenditure if it is capitalised in your financial statements (balance sheet) and depreciated as above.

The starting value for constructed plant depreciation calculations is the capitalised construction cost or capitalised leasehold improvement cost for the plant item according to ATO requirements. You can only claim depreciation of the plant for the time you use it on the project. However, you can claim all eligible depreciation charges in full for each item of purchased plant as you deploy it.

Once fully completed, running costs for constructed plant are eligible expenditure but you must be able to verify them. They may include items such as rent, light and power, repairs and maintenance.

## A.6 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.7 Labour on-costs and administrative overhead

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

You should calculate eligible salary costs using the formula below:

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

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.8 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.9 Travel and overseas expenditure

Eligible travel and overseas expenditure may include

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

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

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

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

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

Eligible overseas activities expenditure is generally limited to 10 per cent of total eligible expenditure.

## A.10 Other eligible expenditure

Other eligible expenditures for the project may include:

- building modifications where you own the modified asset and the modification is required to undertake the project, for example installing a clean room. Modifications to leased buildings may be eligible. You must use the leased building for activities related to your manufacturing process.
- staff training that directly supports the achievement of project outcomes
- financial auditing of project expenditure
- costs you incur in order to obtain planning, environmental or other regulatory approvals during the project period. However, associated fees paid to the Commonwealth, state, territory and local governments are not eligible
- costs of data collection and data cleaning
- contingency costs up to a maximum of 10% of the eligible project costs. Note that we make payments based on actual costs incurred.

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

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

## Appendix B. Ineligible expenditure

This section provides guidance on what we consider ineligible expenditure.

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

Examples of ineligible expenditure include:

- research not directly supporting eligible activities
- 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
- financing costs, including interest
- capital expenditure for the purchase of assets such as office furniture and equipment, motor vehicles, computers, printers or photocopiers and the construction, renovation or extension of facilities such as buildings and laboratories
- costs involved in the purchase or upgrade/hire of software (including user licences) and ICT hardware (unless it directly relates to the project)
- costs such as rental, renovations and utilities
- non-project-related staff training and development costs
- insurance costs (the participants must effect and maintain adequate insurance or similar coverage for any liability arising as a result of its participation in funded activities)
- 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 beyond the life of the project
- maintenance costs
- costs of purchasing, leasing, depreciation of, or development of land
- infrastructure development costs, including development of road, rail, port or fuel delivery networks beyond the manufacturing site
- site preparation activities which are not directly related to, or for, the main purpose of transitioning to higher value and/or niche manufacturing
- opportunity costs relating to any production losses due to allocating resources to the agreed grant project
- costs of manufacturing production inputs
- routine operational expenses, including communications, accommodation, office computing facilities, printing and stationery, postage, legal and accounting fees and bank charges
- costs related to preparing the grant application, preparing any project reports (except costs of independent audit reports we require) and preparing any project variation requests
- travel or overseas costs that exceed 10% of total project costs except where otherwise approved by the Program Delegate.

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

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