



Cooperative Research Centres (CRC) Program

Round 25 Term Sheet Template for Partner Involvement in CRCs

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Purpose

The objective of this template is to assist potential Partners to identify key issues and reach agreement on the terms of collaboration in the proposed CRC. The term sheet should be initiated by a proposed collaboration early in the process of preparing a CRC bid and guide the preparation of the application.

The term sheet should be developed in consultation with all proposed Partners.

In its early iterations, the term sheet should provide a general overview of terms and serve as the basis for further discussion amongst Partners. As discussion progresses, the Partners should seek to reach formal agreement on all items identified in the term sheet.

A successful CRC bid can then use the agreed term sheet as a basis for drafting the terms and conditions of the Partners Agreement. The term sheet can also be used in conjunction with the [Stage 1 Partner details template](#), which is a spreadsheet provided for applicants to list Partners and relevant details, including contributions.

The term sheet is not intended to be, and does not constitute, a legally binding document.

Summary of terms

| Topic | Proposed Terms |
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| CRC Name | What is the name of the CRC? |
| Vision / Challenge | <p>What is the key reason for the existence of the CRC?</p> <ul style="list-style-type: none"> • What is the industry-identified problem the CRC will address? • Why there is a need for the CRC (i.e. what is the value proposition, do you have an evidence base to support your claims)? |
| Rationale | <p>Why is a collaborative effort required to address the industry-identified problem?</p> <ul style="list-style-type: none"> • Why is a CRC the best model for the collaboration? • Why are other funding sources or structures not appropriate? • How will you align with the CRC Program objectives in the Guidelines? • How will the outcomes benefit the Partners, the target industry and Australia? <p>What is the CRC's value for each of the following stakeholders: industry, particularly SMEs; researchers; end-users; the broader community, and the Commonwealth?</p> |
| CRC Program Funding Bid | <p>What amount of CRC Program funding will be sought?</p> <ul style="list-style-type: none"> • Will the CRC's proposed Partners, at a minimum, match their contributions with the amount of CRC Program funding sought? |
| Term | <p>How many years of CRC Program funding will be sought and why? Note:</p> <ul style="list-style-type: none"> • The maximum funding period is 10 years • There is no specified limit to the funding request for each CRC • Additional Commonwealth funding beyond the amount in the Grant Agreement will not be possible. |
| Partners | <p>Who are the Partners and how are they categorised (e.g. research or industry, Small and medium-sized enterprises (SME), government etc.)?</p> <ul style="list-style-type: none"> • What are the expected levels of investment of each Partner? (cash and in-kind contributions, activity/project involvement, role in decisions) |

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| | <p>Will the Partners meet the CRC Program eligibility requirements of at least one Australian industry entity and one Australian research organisation?</p> <p>Do any Partners have minimum investment-return or leverage requirements and, if so, what are they?</p> <ul style="list-style-type: none"> • Do these requirements 'fit' with the proposed CRC? <p>How will SME engagement be encouraged? Via special mechanisms, e.g. SME clubs or consortia, market days, a targeted SME collaboration manager, etc.?</p> <p>How flexible is the CRC in terms of admitting new Partners after bid success?</p> <ul style="list-style-type: none"> • What are the rules for a Partner to join or exit the CRC once operating? • How will the CRC manage the early exit of a Partner? • How will the CRC maintain overall contribution commitments? <p>Use the Stage 1 Partner details template to specify the proposed Partners and their planned contributions to the CRC.</p> |
| Third Party Organisations | <p>Will third party contributions be included in the CRC budget?</p> <ul style="list-style-type: none"> • How do these third parties differ from the named Partners? • How will the CRC ensure third party contributions are made as planned? <p>Note: Third party organisations are not required to supply a Partner Declaration or execute a Partners Agreement if successful. They may be small contributors, be parties involved for short periods, or be unable to provide a partner declaration.</p> <p>Any third party contributions will not be used for eligibility purposes to ensure matching funding to the grant request. However, if your CRC application is successful they do count towards your total CRC project value.</p> |
| Structure | <p>Note: as per clause 10.5 of the CRC Program Grant Opportunity Guidelines, the CRC Entity must be established and governed as an incorporated company, limited by guarantee.</p> <p>Who will be members of the CRC Entity?</p> <p>If the CRC Entity aligns with ACNC requirements, will the CRC Entity register as a charity?</p> <p>Note: the decision to register and operate as a charity or other not-for-profit is up to the individual CRC (that is beyond the scope of the Program Guidelines).</p> |
| Tax | <p>What are the expected taxation obligations of the CRC Entity?</p> <ul style="list-style-type: none"> • Will the CRC Entity seek income tax exemption in line with taxation law? • If so, how will this affect the distribution of CRC Entity assets upon wind-up? • Is this approach consistent with the structure (above) and proposed IP arrangements (below)? • Will the CRC Entity seek to claim a tax offset through the Research & Development Tax Incentive? Note: CRC Program grants are exempt from the clawback adjustment. <p>Note: 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.</p> |
| Governance | <p>Who will be on the CRC Board?</p> |

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| | <ul style="list-style-type: none"> • Who is the interim independent Board Chair? • How many directors will be on the Board and how often will they meet? • How many directors will be independent? Note: the majority of Board members should be independent of Partners. • How will the membership of the Board be determined? • What process will be used to elect and re-elect Board members? • What will be the collective skill set of the Board members? <p>What role(s) will be performed by Board committees?</p> <ul style="list-style-type: none"> • E.g. finance, audit and risk committee; research committee; remuneration committee; education committee; IP committee etc. <p>How will decisions be reached?</p> <ul style="list-style-type: none"> • Will any matters require special or unanimous approval? <p>Consider whether the proposed governance arrangements demonstrate good practice, in both design and execution (see: the ASX Corporate Governance Principles).</p> |
| Management and Administration | <p>How will the CRC be managed?</p> <ul style="list-style-type: none"> • Who is the interim CEO and will they be the on-going CEO? • Does the CEO have the required skill set to manage the CRC? • If successful, how will the CEO be appointed? • Will the CEO be able to meet the required 100% time commitment? <p>How will management performance be monitored and reviewed?</p> <p>What administrative arrangements and structures will be created?</p> <p>Where will the CRC be headquartered?</p> <p>How will the CRC manage risks, especially those associated with data security, cyber security and the protection of nationally significant information (e.g. foreign influence or IP access, if relevant)? The Guidelines on security in the CRC Program may assist.</p> <p>Will CRC personnel meet the minimum aim of 40 per cent representation of both women and men across board, management and research lead positions?</p> <p>Will CRC personnel (i.e. Research Program leads) be able to devote sufficient time commitment levels?</p> |
| Intellectual Property (IP) Ownership | <p>What are the proposed arrangements for managing Background IP?</p> <ul style="list-style-type: none"> • E.g. under what terms will Background IP be made available for use in CRC Activities and to owners/licensees of Project IP which is dependent on that Background IP? • Who will own CRC-generated Project IP? • Why is this the most appropriate model? <p>E.g. will Project IP be legally and beneficially owned by the CRC Entity; legally owned by the CRC Entity on trust for the benefit of Partners; or owned by Partners on a project-by-project basis?</p> |
| IP Use and Commercialisation | <p>How will Project IP rights be assigned or licensed?</p> <ul style="list-style-type: none"> • Will Partners have rights to Project IP for research and internal use? |

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| | <ul style="list-style-type: none"> • Who has the rights to commercialise or use Project IP and who makes these decisions? • Do any Partners have a first right of refusal and what are the terms thereof? • What are the rules regarding publication of research outputs (including timing of publication)? • How will expected returns be distributed? <p>For further information and guidance on IP matters, see the IP Toolkit.</p> |
| Indemnity and Insurance | <p>Will the Partners in the CRC be expected to mutually indemnify each other?</p> <ul style="list-style-type: none"> • Will the CRC Entity indemnify the Partners? • What are the nature and scope of those indemnities? • Will there be any limitations or caveats for those indemnities? • How will the indemnities interact with insurance requirements? |
| Transition and Legacy | <p>What will be the CRC's legacy once the Commonwealth funding period ceases?</p> <p>What do you intend to do at the end of the funding period?</p> <ul style="list-style-type: none"> • Will the CRC transition to a new entity or dissolve? • Will the CRC Entity continue to operate? Note: Unless otherwise agreed in writing with the Commonwealth, the Grantee must cease using the CRC Name after the Agreement End Date. <p>What are the arrangements for distributing the assets of the CRC if the existing entity cannot continue or a new entity cannot be created?</p> <p>How will Project IP be managed or dispersed at the end of the life of the CRC (ownership and assignment of rights)?</p> <ul style="list-style-type: none"> • Is the proposed IP distribution on wind-up consistent with the structure identified above? |