Grant Opportunity Guidelines

Artificial Intelligence (AI) Adopt Program

Opening date:	8 December 2023
Closing date and time:	5.00pm Australian Eastern Daylight Time on 29 January 2024
	Please take account of time zone differences when submitting your application.
Commonwealth policy entity:	Department of Industry, Science and Resources (DISR)
Administering entity:	Department of Industry, Science and Resources (DISR)
Enquiries:	If you have any questions, contact us on 13 28 46.
Date guidelines released:	8 December 2023
Type of grant opportunity:	Open competitive

Contents

1. Artificial Intelligence (AI) Adopt Program processes

The AI Adopt Program is designed to achieve Australian Government objectives

This grant opportunity contributes to the Department of Industry, Science and Resources' Outcome 1: Support economic growth, productivity and job creation for all Australians by investing in science, technology and commercialisation, growing innovative and competitive businesses, industries and regions, and supporting resources. The Department of Industry, Science and Resources (DISR) works with stakeholders to plan and design the grant program according to the *Commonwealth Grants Rules and Guidelines (CGRGs).*

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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 of the eligibility and assessment criteria in order for your application to be considered.

⬇

We assess all grant applications

We assess the applications against eligibility criteria and notify you if you are not eligible. The Committee assess eligible applications against the assessment criteria including an overall consideration of value with 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 will be 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 program

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

1.1. Introduction

These guidelines contain information for the AI Adopt Program grants.

This document sets out:

- the purpose of the grant program/grant opportunity
- 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.

This grant opportunity and process will be administered by the Department of Industry, Science and Resources (the department/DISR).

We have defined key terms used in these guidelines in the glossary at section 0 of the grant opportunity guidelines.

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

2. About the grant program

The Artificial Intelligence (AI) Adopt Program (Program) will run over four years from 2023-24 to 2026-27. The program was announced as part of the Growing Australia's Critical Technology Industries measure in the 2023-24 Budget. The program is a key initiative supporting Australia's Artificial Intelligence (AI) industry and will establish up to five AI Adopt Centres, aiding Australian small to medium enterprises (SMEs) to adopt AI technologies to enhance their businesses.

As noted in the Government's *Intergenerational Report 2023: Australia's Future to 2063*, emerging data and digital innovations such as artificial intelligence have the potential to transform the future of work and boost our national productivity. The program forms part of a suite of Government activities to realise these benefits through facilitating greater development and adoption of trusted, secure and responsible AI. Other activities include:

- the recent release of the Government's Safe and Responsible AI in Australia Discussion Paper canvassing existing regulatory and governance responses in Australia and overseas, identifying potential gaps and proposing several options to strengthen the framework governing the safe and responsible use of AI
- the Next Generation Artificial Intelligence Graduates program, which provides scholarships to Australian students to attract and train the next generation of job-ready AI specialists
- extending and expanding the National AI Centre (NAIC) to support Australian AI industry to responsibly use and develop AI.

While larger scale firms are incorporating and benefiting from AI, SMEs do not have the same access to expertise and skills to benefit. The program will provide practical support to help businesses access the foundational knowledge and capabilities to responsibly implement AI, and support the maturation of the AI ecosystem in Australia by allowing SMEs to responsibly adopt the technology.

While this grant opportunity is not being released in response to the the Government's Safe and Responsible AI in Australia Discussion Paper, it will support the safe and responsible adoption of AI and bridge the capability gap in SMEs, helping to identify how and why SMEs should adopt AI in a safe and responsible manner to help their business grow. The program will create a network of AI Adopt Centres, aimed at establishing a 'front door' for SMEs looking to explore responsible and safe adoption and usage of AI. The AI Adopt Centres will help SMEs build understanding and capability of relevant technologies, supporting workforce skilling in SMEs to boost productivity, connect with other Government initiatives, such as the NAIC, and drive an understanding of the social and economic need to implement strong governance frameworks alongside the implementation of the AI technology.

The objectives of the program are to:

- support the safe and responsible adoption, implementation, and demonstration of real-world applications of AI technologies to address sectoral and local challenges
- support SMEs to responsibly integrate AI products that assist in development of new or improved products and services
- improve Australia's future prosperity and our productivity growth by increasing AI adoption in SMEs and upskilling Australian workers in the usage of AI technologies
- support a growing network of Australian AI capability that provides expertise, business and technical skills, connectivity, and access to research and partnerships. This includes engagement with the NAIC and the Responsible AI Network (RAIN) to build a cohesive and comprehensive network

- provide equity of access to SMEs nation-wide who are operating within the identified sectoral area, aligned to the National Reconstruction Fund (NRF) priorities
- create further opportunity for growth in the AI technology market through a broad increase in international demand for Australian AI capabilities
- positively impact participation of underrepresented cohorts in technology, including women, First Nations Australians, and those with disability
- support the Australian Government in reaching its target of 1.2 million tech-related jobs by 2030.

The intended outcomes of the program are to:

- increase SMEs capacity to responsibly, safely and effectively utilise AI technologies by providing guidance, specialist training and access to specific talents and expertise
- increase awareness and workforce skills within the SME sector of responsible AI adoption
- increase SMEs productivity through using AI products to promote product development, and build efficiencies in NRF priority sectors.

2.1.   AI Adopt Centres

Each AI Adopt Centre is required to align its service offering with one or more of the National Reconstruction Fund's priority funding areas. For more information on these priority funding areas see section 2.2 of the grant opportunity guidelines.

These AI Adopt Centres will work with the NAIC and become a member of the RAIN to help ensure that it is drawing upon and influencing best practice in government and industry.

This grant opportunity allows for joint (consortia) applications. For example a joint application may include one or more industry partners working in collaboration with an existing hub, university centre of excellence or manufacturing precinct. For more information on joint (consortia) applications see section 7.3 of the grant opportunity guidelines.

We expect that applications which include more significant co-investment from a range of partners (e.g. universities and research organisations; state, territory or local government entities; large technology or sectoral business); and utilise existing innovation, technology and manufacturing hubs, centres and precincts, will be more competitive.

The funding from this grant is intended to support the development of AI Adopt Centres over four years until 2026/27. Further funding for this program is not guaranteed, and applicants should outline pathways to self-sustainment of the AI Adopt Centre in their applications. While self-sustainment is a consideration during the life of the program, the services provided to SMEs as part of the program (until 2026/27) should be operated on a no-charge basis to support the objectives of the program.

Successful applicants will be required to develop and report against a range of governance plans and metrics to identify how their AI Adopt Centre is supporting the Governments priorities (such as diversity and inclusivity in technology), and objectives of the program. For more information, see section 7.1 of the grant opportunity guidelines.

We administer the program according to the *Commonwealth Grants Rules and Guidelines* (CGRGs)[1].

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[1] https://www.finance.gov.au/government/commonwealth-grants/commonwealth-grants-rules-guidelines

2.2. National Reconstruction Fund Priority Areas

The Australian Government's National Reconstruction Fund (NRF) identifies seven priority areas where there are strong opportunities to add value to primary products and leverage Australia's natural and competitive strengths. The AI Adopt Centres are required to align their service offering with one or more of the priority funding areas:

- value add in resources
- value add in agriculture, forestry and fisheries
  - agriculture
  - forestry
  - fisheries
  - food
  - fibre
- transport
- medical science
  - medical manufacturing
- renewables and low emissions technologies
- defence capability
- enabling capabilities
  - critical technologies
  - advanced manufacturing.

3. Grant amount and grant period

3.1. Grants available

The Australian Government has announced a total of $17 million over four years (2023-24 to 2026-27) for the program.

The grant amount will fund up to five centres supporting small to medium enterprises that engage in international and interstate trade to adopt responsible AI-enabled services.

- The minimum grant amount is $3 million.
- The maximum grant amount is $5 million.

You are required to contribute towards the project. The grant amount will be up to 50 per cent of eligible expenditure. Your contribution to the project may include both cash and in-kind contributions. Your in-kind contribution can account for 100 per cent of your co-contribution.

You are responsible for the remaining eligible and ineligible project costs.

We expect that competitive applications will leverage additional investment, which you can refer to in your response to section 6 of the grant opportunity guidelines. This additional investment may be cash and/or in-kind.

You cannot use funding from other Commonwealth government grants to fund the balance of project expenditure not covered by the grant.

3.2.   Project period

The maximum project period is 34 months.

You must complete your project by 31 March 2027. Following the grant period, an evaluation period of one year will commence.

4. Eligibility criteria

We cannot consider your application if you do not satisfy all eligibility criteria.

4.1.   Who is eligible to apply for a grant?

To be eligible you must:

- have an Australian Business Number (ABN), and;
  - be an entity incorporated in Australia, or;
  - an unincorporated entity, provided that if your application is successful you agree to form a company incorporated in Australia, or one of the other eligible entity types listed herein, prior to entering into a grant agreement.

4.1.1. Joint (consortia) application eligibility

Joint (consortia) applications are eligible to apply for this grant opportunity. The lead applicant, which is an eligible entity as outlined in section 4.1 of the grant opportunity guidelines, must apply on behalf of the consortia and – if successful – will be responsible for management of the project. This includes receiving grant funding and reporting on milestone achievements on behalf of the consortia.

Entities that are eligible to be a lead applicant are also eligible to be consortia partner(s).

Each joint application must include as a project partner or lead organisation at least one Australian industry partner (such as domestic AI or technology firms).

For further information on joint applications, refer to section 7.33 of the grant opportunity guidelines.

4.2.   Additional eligibility requirements

We can only accept applications:

- where you provide evidence from your board (or chief executive officer or equivalent if there is no board) that the project is supported, and that you can complete the project and meet the costs of the project not covered by grant funding where you provide evidence of how you will provide your share of project costs, such as an accountant declaration, that confirms you can fund your share of the project costs, including any ineligible expenditure. An accountant declaration template is available on business.gov.au and GrantConnect. If you do not use this template, you must include equivalent information and the declaration in your own document
- 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 your activities will support:
  - the building of AI product market awareness and implementation opportunities in SMEs primarily for an overseas or interstate market; or
  - the building of capability within SMEs to responsibly implement AI to create or improve products or services primarily for an overseas or interstate market.

- where you certify that you have or will have at least $6 million in eligible expenditure in order to undertake your project
- where you certify that you are or will become accredited as part of the Responsible AI Network (RAIN) within three months following the execution of the grant agreement.

We cannot waive the eligibility criteria under any circumstances.

4.3. Who is not eligible to apply for a grant?

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'
- an employer of 100 or more employees that has not complied with the *Workplace Gender Equality Act (2012)*
- income tax exempt
- an individual
- a partnership
- universities
- publicly funded research organisations (PFRO) as defined in section 0 of the grant opportunity guidelines
- any organisation not included in section 4.1 of the grant opportunity guidelines
- a state, territory or local government body
- a non-corporate Commonwealth entity
- the Commonwealth Scientific and Industrial Research Organisation (CSIRO) or a subsidiary entity of CSIRO (including as part of a joint application).

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 grant activities

To be eligible your project must:

- establish a physical or virtual (or hybrid) hub/centre, that has a national reach for SME access
- be aimed at addressing the objectives and outcomes in section 2 of the grant opportunity guidelines, through deliverables such as:
  - o the development and delivery of a program of educational products (eg. business ready workshops, online videos, etc.) targeting SMEs within the nominated NRF priority areas
  - o the provision of tailored, in-house expertise to explore, develop, support and trial AI solutions specific to the SMEs sectoral need
  - o other education or capability uplift courses/services aligned with the objectives and outcomes

Eligible activities must directly relate to the project, must take place in Australia and include one or more of the following:

- supporting staff/employee training and development on competency training on inclusivity in the technology field, with specific focus on supporting underrepresented cohorts in AI
- activities that support the development of identified positions for First Nations advisors, or that support First Nations supply tech chains
- supporting the growth of Australia's AI ecosystem to support the translation of AI products and services to relevant areas of the economy
- activities that support the use of AI to create or improve commercial or economic outcomes for industry or Australia
- providing services and training to SMEs to enable them to:
  o identify their AI needs and connecting them with leading researchers that may be able to assist them to assemble expert teams or design and validate new AI applications
  o lower the barriers of entry for AI adoption by providing SMEs with access to AI expertise and technology
  o access international collaboration, opening global market opportunities and value chains.

We may also approve other activities. Any additional activities must be in line with objectives and outcomes in section 2 of the grant opportunity guidelines.

5.2. Eligible expenditure

You can only spend the grant on eligible expenditure you have incurred on an agreed project as defined in your grant agreement.

- For guidance on eligible expenditure, refer to appendix A.
- For guidance on ineligible expenditure, refer to appendix B.

We may update the guidelines 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 a general manager within the department with responsibility for administering 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 incurred by you within the project period
- be a direct cost of the project
- be incurred for project audit activities (where applicable)
- meet the eligible expenditure guidelines.

You must incur the project expenditure between the project start and end date for it to be eligible unless stated otherwise.

You must not commence your project until you execute a grant agreement with the Commonwealth.

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. What the grant money cannot be used for

For guidance on ineligible expenditure, refer to appendix B.

6. The assessment criteria

You must address all assessment criteria in your application. The Committee 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 character limits for each response.

We will only award funding applications that score at least 50 per cent against each assessment criterion.

6.1. Assessment criterion 1

Alignment of your project with program objectives (40 points).

You should demonstrate this in the documents you provide as attachments in your application through identifying:

a. (30 points) the extent to which your project will deliver on the objectives and outcomes in section 2, that includes:

- a program of key deliverables, and how this program achieves objectives
- identifying which NRF priority/priorities you are aligning to
- your strategy with respect to diversity and inclusion
- the operational format for your project (physical/virtual/hybrid) and relevant base location
- a proposed organisational and leadership structure identifying how this structure will support delivery of the objectives
- your strategy for national reach, with an estimated number of businesses that will be targeted
- an outline for transitioning to self-sufficiency.

b. (10 points) your stakeholder coordination strategy to engage and collaborate with industry sectors, research organisations, other projects, the NAIC and other stakeholders throughout the life of the project.

6.2. Assessment criterion 2

Capacity, capability and resources to deliver the project (40 points).

You should demonstrate this through identifying:

a. (10 points) you and your project partners' track record for managing similar projects, and access to personnel with the right skills and experience, with particular focus on the leadership team who will drive the delivery of the project

b. (10 points) a demonstrated knowledge and experience working with SMEs within the NRF priority/priorities that you have identified

c. (10 points) your strategy to manage national security considerations around AI technology and expertise in line with section 13.6 of this document

d. (5 points) your strategy to project manage the grant delivery, including scope, timeframes, delivery risks, project governance arrangements, and securing required regulatory or other approvals

e. (5 points) your access, or future access, to related infrastructure, capital and equipment to provide suitable services and support to businesses nationally, including in regional and remote areas.

6.3. Assessment criterion 3

Impact of grant funding (20 points).

You should demonstrate this through identifying:

a. (8 points) how your project will support positive impacts on diversity, gender equality, and the participation of First Nations Australians in the industry

b. (6 points) the total investment this grant will leverage, including direct contributions and co-contributions to the project from all sources

c. (6 points) how you plan to monitor the effectiveness and impact of your project services on AI adoption.

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.

Applicants should read all eligibility and assessment criteria closely and attach detailed evidence that supports the assessment criteria.

You will need to set up an account to access our online portal.

To apply, you must:

- complete and submit the application through the online portal
- provide all the information requested
- address all eligibility and assessment criteria
- include all necessary attachments.

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*. 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.

After submitting your application, we can contact you for clarification if we find an error or any missing information, including evidence that supports your eligibility/merit.

You can view and print a copy of your submitted application on the portal for your own records. You should keep a copy of your application and any supporting documents.

If you need further guidance around the application process, or if you have any issues with the portal, 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:

- a detailed project plan - your plan should include the scope of the project, a timeline of activities, a plan for self-sustainment after the end of the program, and plans for how your project will pro-actively engage nationally over the course of the project. Your project plan should be a maximum of 30 pages. It should also include:

  o a governance plan - including the governance model and arrangements for managing your project, a list of all key management and technical staff (including their relevant experience), and details of any contractors that you intend to engage

  o a risk management plan – and any supporting documentation, describing how you propose to monitor, manage and report identified risks. The risk management plan should give specific consideration to risks associated with cyber security attacks and national security as outlined in section 13.6 of the grant opportunity guidelines. You should detail how you intend to address risks relating to foreign interference and unwanted transfer of technology, data or other knowledge, including your intended process to conduct due diligence on potential consortia partners

  o a diversity plan - identifies how you propose to support the engagement of underrepresented cohorts in your AI Adopt Centre and your supply chain. For further details, refer to section 7.2 of the grant opportunity guidelines

  o a data collection plan – and any supporting documentation, describing how you propose to collect data and manage privacy.

- a letter of support from each of the project consortia partners (where applicable)

- project budget (split over financial years) - your budget should include a breakdown of the costs that sit under each head of expenditure and detail how these costs have been determined (e.g. quotes, etc.) (template provided on business.gov.au and GrantConnect)

- accountant declaration (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). Where the CEO or equivalent submits the application, we will accept this as evidence of support

- 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. The total of all attachments cannot exceed 20MB. We will not consider information in attachments that we do not request.

7.2.   Project diversity plan

Each AI Adopt Centre is required to address diversity in the establishment and ongoing measurement of your AI Adopt Centre. Your diversity plan should:

- aim for 40 per cent representation of both women and men across board, management and AI Adopt Centre staffing arrangements

- plan for development of a Reconciliation Action Plans (RAP)

- consider initiatives such as identified positions, cultural competency training

- include activities which support the progress of underrepresented cohorts in the technology sector and align with the overarching objectives of the AI Adopt grant program.

As part of your regular reporting, you will be required to provide information and updated plans on how you are regularly reviewing diversity and inclusivity in your operations and supply chains.

7.3. Joint (consortia) 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 must 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 Intellectual Property (IP) arrangements
- 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.

7.4. Timing of grant opportunity processes

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

If you are successful, we expect you will be able to commence your project around June 2024.

Table 1: Expected timing for this grant opportunity

Activity	Timeframe
Assessment of applications	8 weeks
Approval and announcement of successful applicants	6 weeks
Negotiations and award of grant agreements	1-5 weeks
Notification to unsuccessful applicants	2 weeks
Earliest start date of project	June 2024
Project completion date	31/03/2027

7.5. Questions during the application process

If you have any questions during the application period, contact us at business.gov.au or by calling 13 28 46.

8. The grant selection process

8.1. Assessment of grant applications

We first review your application against the eligibility criteria.

If eligible, your application will be assessed against the assessment criteria (section 6 of the grant opportunity guidelines). Only eligible applications will proceed to the assessment stage.

The committee will then assess your application against the assessment criteria (see section 6 of the grant opportunity guidelines) and against other applications.

We consider your application on its merits, based on:

- how well it meets the criteria
- how it compares to other applications
- whether it provides value with relevant money.[2]

When assessing the extent to which 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
- extent to which the geographic location of the application matches identified priorities
- how the grant activities will support engagement with diverse and under-represented cohorts in the technology sector (specifically in AI relevant areas) to support an inclusion goals in under-represented cohorts in technology.

If applications are scored the same, the committee will consider value for money and alignment to the program objectives, and geographical reach to recommend applications for funding.

We also consider any financial, legal/regulatory, governance, national interest, national security or other issue or risk that we identify regarding you, project partners, related body corporates, related entities and associated entities (as defined in the Corporations Act 2001) and related personnel.

If we identify risks which would affect our assessment, we may ask you to comment on these, subject to security considerations. If we identify risks that cannot be adequately mitigated, we may exclude your application from further consideration.

We may seek additional information about you, project partners, related bodies corporate, related entities and associated entities (as defined in the Corporations Act) and related personnel from third party sources, including other Commonwealth agencies, for due diligence purposes. We may do so even if you do not nominate the sources as referees. We may also consider information that is discovered through the normal course of business.

Due diligence checks may occur at eligibility, merit or decision-making stages. We use this information to verify the information you provide in the application and to identify issues and risks. See section 13.3for information on how we use the information you provide to us.

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[2] See glossary for an explanation of 'value with money'.

8.2. Who will assess applications?

We will establish a committee comprised of experts and Commonwealth officials, including the department and the CSIRO, to assess applications. The committee may also seek additional advice from independent technical experts or advisors to inform the assessment process. Any expert or advisor, who is not a Commonwealth Official, will be required to perform their duties in accordance with the CGRGs.

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

8.3. Who will approve grants?

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

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

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

We cannot review decisions about the merits of your application.

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

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.

9.1. Feedback on your application

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

10. Successful grant applications

10.1. The 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 will manage the grant agreement through the online portal. This includes issuing and executing the grant agreement. Execute means both you and the Commonwealth have accepted the agreement. You must not start any AI Adopt Program activities until a grant agreement is executed. We are not responsible for any expenditure you incur and cannot make any payments until a grant agreement is executed.

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

If you enter an agreement under the AI Adopt Program, you cannot receive other grants for the same activities from other Commonwealth granting programs.

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.

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.   Specific legislation, policies and industry standards

You must comply with all relevant laws, regulations and Australian Government sanctions 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 or territory legislation in relation to working with children
- *Australian Code for the Responsible Conduct of Research 2018*[3]
- *National Statement of Ethical Conduct in Human Research (2007) - Updated 2018*[4]
- Australia's Artificial Intelligence Ethics Principles[5]
- Australian Privacy Principles
- *National Security Legislation Amendment (Espionage and Foreign Interference) Act 2018*
- The Foreign Influence Transparency Scheme if individuals or entities involved in the project are undertaking certain activities on behalf of a foreign principal
- *The Foreign Investment Reform (Protecting Australia's National Security) Act 2020 (Cth)*

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

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[3] https://www.nhmrc.gov.au/about-us/publications/australian-code-responsible-conduct-research-2018

[4] https://www.nhmrc.gov.au/about-us/publications/national-statement-ethical-conduct-human-research-2007-updated-2018

[5] https://www.industry.gov.au/data-and-publications/australias-artificial-intelligence-ethics-framework/australias-ai-ethics-principles

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

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

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

We set aside 10 per cent of the total grant funding for the final payment. We will pay this when you submit a satisfactory end of project report demonstrating you have completed outstanding obligations for the project. We may need to adjust your progress payments to align with available program funds across financial years and/or to ensure we retain a minimum 10 per cent of grant funding for the final payment.

10.5.   Grant Payments and GST

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[6].

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 tax advice.

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[6] See Australian Taxation Office ruling GSTR 2012/2 available at ato.gov.au

11.   Announcement of grants

If successful, your grant will be listed on the GrantConnect website 21 calendar days after the date of effect.

We will publish non-sensitive details of successful projects on GrantConnect. We are required to do this by the *Commonwealth Grants Rules and Guidelines*, section 5.3. 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.

You must also inform us of any material changes in the circumstances of project participants including but not limited to:

- changes to organisation ownership or governance structure
- changes in financial and in-kind support contributions
- affiliations with foreign governments, including foreign militaries, intelligence organisations, police forces and government owned or sponsored organisations (see section 13.3 of the grant opportunity guidelines).

If you become aware of a breach of terms and conditions under the grant agreement, you must contact us immediately.

You must notify us of events relating to your project and provide an opportunity for the Minister or their representative to attend.

12.2.   Reporting

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

- progress against agreed project milestones and outcomes
- 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 and evidence 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. 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.

12.2.3. 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.

12.3.   Audited financial acquittal report

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.   Grant agreement variations

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

- changing project milestones
- extending the timeframe for completing the project but within the maximum time period allowed in program guidelines
- changing project activities.

The program does not allow for:

- an increase of grant funds.

If you want to propose changes to the grant agreement, you must put them in writing before the project end date. You can submit a variation request via our online portal.

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

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

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

12.5.   Compliance visits

We may visit you during the project period, or at the completion of your project, to review your compliance with the grant agreement. 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.

12.6.   Record keeping

We may also inspect the records you are required to keep under the grant agreement.

12.7.   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 one year after you finish your project for more information to assist with this evaluation.

12.8.　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.　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:

General Manager
Portfolio Program Delivery
Department of Industry, Science and Resources
GPO Box 2013
CANBERRA ACT 2601

You can also contact the Commonwealth Ombudsman[7] with your complaint (call 1300 362 072). There is no fee for making a complaint, and the Ombudsman may conduct an independent investigation.

13.2.　Conflicts of interest

Any conflicts of interest could affect the performance of the grant opportunity and/or program. There may be a conflict of interest, or perceived conflict of interest, if any individual or entity[8] involved in assessing, funding, administering or undertaking the project:

- has a professional, commercial or personal relationship with a party which 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, a party which could prevent the activity from being carried out fairly and independently or otherwise compromise the integrity of the activity or its participants

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[7] https://www.ombudsman.gov.au/

[8] Including: any of our staff able to influence the project, any member of a committee or advisor, you, your project partners, and any personnel involved in the project.

- has a relationship with, or interest in, a party from which they could receive personal gain because the party 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)) of the *Public Service Act 1999*. Committee members and other officials including the decision maker must also declare any conflicts of interest.

We publish our conflict of interest policy[9] on the department's website. The Commonwealth policy entity also publishes a conflict of interest policy on its website.

13.3. Privacy

Unless the information you provide to us is:

- confidential information as per section 13.4 of the grant opportunity guidelines, or
- personal information as per below

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.

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
- identify and manage any financial, legal/regulatory, governance, national interest, or national security risks.

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[10] on the department's website for more information on:

- what is personal information

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[9] https://www.industry.gov.au/publications/conflict-interest-policy

[10] https://www.industry.gov.au/data-and-publications/privacy-policy

- how we collect, use, disclose and store your personal information
- how you can access and correct your personal information.

13.4. Confidential information

Other than information available in the public domain, you agree not to disclose to any person, other than us, any confidential information relating to the grant application and/or agreement, without our prior written approval. The obligation will not be breached where you are required by law, Parliament or a stock exchange to disclose the relevant information or where the relevant information is publicly available (other than through breach of a confidentiality or non-disclosure obligation).

We may at any time, require you to arrange for you; or your employees, agents or subcontractors to give a written undertaking relating to nondisclosure of our confidential information in a form we consider acceptable.

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.

We may disclose confidential information:

- to the committee and our Commonwealth employees, contractors and service providers, 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 other Commonwealth agencies for risk management purposes.

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.

13.5. 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.

13.6.　National security

Eligible activities under this grant may have national security implications. It is your responsibility to consider any such implications of the proposed project and identify and manage any risks, particularly relating to export controls, intellectual property protection, espionage and foreign interference and unwanted transfer of technology, data or other knowledge.

You must inform the department if you identify any material risks relating to national security. To assist with managing security risks, you are strongly encouraged to review the department's *Guide to undertaking international collaboration*[11].

13.6.1. Know Your Partner

You should ensure that you know who you are collaborating with by undertaking appropriate due diligence, proportionate to the risk and subject to available information, on all partners and 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.

13.6.2. Export Controls

Australia's export control regime limits the overseas transfer of goods and technologes listed on the Defence and Strategic Goods List (DSGL). The regime may apply to the export of products, and to any situation involving the overseas transfer, sharing, publication or brokering of controlled goods, technology, software or related knowledge.

It is your responsibility to consider whether the export control regime applies to your activity. If you are unsure whether your activity may require an export license, you should complete the DSGL Activity Questionnaire and/or contact Defence Export Controls (DEC).

13.6.3. Foreign Affiliations

Eligible activities under this grant may involve partners or personnel with foreign affiliations. You must inform us of any relationships between project participants and foreign parties that could influence or benefit from the proposed activity. Such relationships may include foreign ownership or sponsorship, connections to foreign governments, militaries, political parties, or other organisations, and membership of foreign talent programs. You must also inform us of the establishment of any such relationships throughout the life of the grant.

13.6.4. Foreign Government Affiliations

Eligible activities under this grant may involve partners or personnel with connections to foreign governments. You must inform us if you, your project partners or any project personnel are receiving funding or benefits from, or otherwise affiliated with, a foreign government, including:

- a foreign state or local government
- a foreign military, intelligence organisation or police force
- an organisation owned or sponsored by a foreign government (such as a state-owned corporation or state-sponsored university)
- a foreign government talent program.

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[11] https://www.industry.gov.au/strategies-for-the-future/increasing-international-collaboration/a-guide-to-undertaking-international-collaboration

You must also inform us of the establishment of any such relationships throughout the life of the grant.

13.6.5. Intellectual property rights

Applicants must provide details of Intellectual Property (IP) arrangements in their applications. This includes both the use of IP in the project and the proposed ownership rights to IP generated by the project as well as strategies for protecting Australia's interests. Where IP is likely to be generated by the project, successful applicants are required to provide protocols for its management including arrangements in place between partners on management and ownership of IP. The agreements should be in accordance with laws and regulations in Australia and provide for:

- adequate and effective protection and equitable distribution of any benefits from IP rights created in or resulting directly from cooperative activities (foreground IP rights)
- ownership of foreground IP rights to be allocated on the basis of respective contribution and equitable interests
- terms and conditions for the commercialisation and other forms of dissemination of the foreground IP rights
- adequate and effective protection of IP rights provided by the organisations, enterprises and institutions prior to or in the course of such cooperative activities, for example, the licensing or utilisation of such IP rights on equitable terms (background IP rights).

Australian participants should approach IP negotiations in line with the principles outlined on business.gov.au[1] and the *National Principles of Intellectual Property Management for Publicly Funded Research* (2017).[2]

13.7.   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.

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[1] https://business.gov.au/planning/protect-your-brand-idea-or-creation

[2] https://www.arc.gov.au/policies-strategies/policy/national-principles-intellectual-property-management-publicly-funded-research

14. Glossary

Term	Definition
administering entity	When an entity that is not responsible for the policy, is responsible for the administration of part or all of the grant administration processes.
Application form	The document issued by the Program Delegate that applicants use to apply for funding under the program.
Assessment criteria	The specified principles or standards, against which applications will be judged. These criteria are also used to assess the merits of proposals and, in the case of a competitive grant opportunity, to determine application ranking.
Commonwealth Grants Rules and Guidelines (CGRGs)	Establish the overarching Commonwealth grants policy framework and articulate the expectations for all non-corporate Commonwealth entities in relation to grants administration. Under this overarching framework, non-corporate Commonwealth entities undertake grants administration based on the mandatory requirements and key principles of grants administration.
Completion date	The expected date that the grant activity must be completed and the grant spent by.
Date of effect	Can be the date on which a grant agreement is signed or a specified starting date. Where there is no grant agreement, entities must publish information on individual grants as soon as practicable.
Department	The Department of Industry, Science and Resources.
Decision maker	The person who makes a decision to award a grant.
Eligible activities	The activities undertaken by a grantee in relation to a project that are eligible for funding support as set out in section 5.1 of the grant opportunity guidelines.
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.
eligibility criteria	Refer to the mandatory criteria which must be met to qualify for a grant. Assessment criteria may apply in addition to eligibility criteria.
eligible expenditure	The expenditure incurred by a grantee on a project and which is eligible for funding support as set out in section 5.2 of the grant opportunity guidelines.
eligible expenditure guidance	The guidance that is provided at Appendix A.

Term	Definition
General Manager	Position title for Senior Executive Service level staff within DISR.
grant	For the purposes of the CGRGs, a 'grant' is an arrangement for the provision of financial assistance by the Commonwealth or on behalf of the Commonwealth: a. under which relevant money[12] or other Consolidated Revenue Fund (CRF) money[13] is to be paid to a grantee other than the Commonwealth; and b. which is intended to help address one or more of the Australian Government's policy outcomes while assisting the grantee achieve its objectives.
grant activity/activities	Refers to the project/tasks/services that the grantee is required to undertake.
grant agreement	A legally binding contract that sets out the relationship between the Commonwealth and a grantee for the grant funding, and specifies the details of the grant.
grant funding or grant funds	The funding made available by the Commonwealth to grantees under the program.
grant opportunity	Refers to the specific grant round or process where a Commonwealth grant is made available to potential grantees. Grant opportunities may be open or targeted, and will reflect the relevant grant selection process.
grant program	A 'program' carries its natural meaning and is intended to cover a potentially wide range of related activities aimed at achieving government policy outcomes. A grant program is a group of one or more grant opportunities under a single Portfolio Budget Statement 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 individual/organisation which has been selected to receive a grant.
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.

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[12] Relevant money is defined in the PGPA Act. See section 8, Dictionary.

[13] Other CRF money is defined in the PGPA Act. See section 105, Rules in relation to other CRF money.

Term	Definition
In-kind contributions	In-kind contributions are non-cash contributions towards your eligible project costs. In-kind contributions can count towards a maximum of 50 per cent of your eligible project costs. In order for in-kind contributions to count towards your eligible project cost they must directly relate to the project and eligible activities. They may include: ▪ staff salaries, including where the staff member is not employed by your organisation ▪ access to facilities such as office accommodation ▪ access to services such as coaching and mentoring, business planning ▪ access to resources such as ICT software ▪ access to technical experts to directly support program delivery ▪ access to service delivery/training staff to directly support program delivery. Where the project delegate considers that the reported value of in-kind contributions is not consistent with current market rates or is otherwise unreasonable, we may ask you to increase your cash contributions to the project.
Minister	The Commonwealth Minister for Industry and Science.
non-income-tax-exempt	Not exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997* (Cth) or under Division 1AB of Part III of the *Income Tax Assessment Act 1936* (Cth).
personal information	Has the same meaning as in the *Privacy Act 1988* (Cth) which is: Information or an opinion about an identified individual, or an individual who is reasonably identifiable: 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	A General Manager within the department with responsibility for administering 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 (PFRO)	All higher education providers listed at Table A and Table B of the *Higher Education Support Act 2003* (Cth).

Term	Definition
selection criteria	Comprises of eligibility criteria and assessment criteria.
Small and Medium-sized Enterprises (SME)	Small and Medium-sized Enterprises: ▪ small businesses (1-19 employees) ▪ medium businesses (20 to 199 employees)
value with money	Value with money in this document refers to 'value with relevant money' which is a judgement based on the grant proposal representing an efficient, effective, economical and ethical use of public resources and determined from a variety of considerations. When administering a grant opportunity, an official should consider the relevant financial and non-financial costs and benefits of each proposal including, but not limited to: ▪ the quality of the project proposal and activities; ▪ fitness for purpose of the proposal in contributing to government objectives; ▪ that the absence of a grant is likely to prevent the grantee and government's outcomes being achieved; and ▪ the potential grantee's relevant experience and performance history.

Appendix A.   Eligible expenditure

This section provides guidance on the eligibility of expenditure. We may update this guidance from time to time; check you are referring to the most 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 (where applicable)
- meet the eligible expenditure guidelines.

A.1   How we verify eligible expenditure

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

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

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

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

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

A.2   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 existing leadership or administrative staff (such as CEOs, CFOs, accountants and lawyers) as eligible expenditure, even if they are doing project management tasks.

Labour expenditure for leadership staff who are employed to direct the project can be considered eligible expenditure. The maximum salary for an employee, director or shareholder, including packaged components that you can claim through the grant is $220,000 per financial year.

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.

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.3　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 purchase or provision of computing equipment directly required or related to the delivery of the project.

You should calculate eligible salary costs using the formula below:

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

You cannot calculate labour costs by estimating the employee's worth. If you have not exchanged money (either by cash or bank transactions) we will not consider the cost eligible.

Evidence you will need to provide can include:

- details of all personnel working on the project, including name, title, function, time spent on the project and salary
- ATO payment summaries, pay slips and employment contracts.

A.4　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.5   Travel and overseas expenditure

Eligible travel expenditure may include domestic travel limited to the reasonable cost of accommodation and transportation required to conduct agreed project and collaboration activities 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 airfare costs at the time of travel.

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

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

Eligible domestic travel expenditure is generally limited to 10 per cent of total eligible expenditure.

Overseas travel is not an eligible expenditure item for this grant opportunity.

A.6   Other eligible expenditure

Other eligible expenditures for the project may include:

- costs associated with developing and delivering workshops, conferences, professional development, networking events, forums and courses for knowledge transfer and capability development directly related to the project
- capital expenditure for the purchase of IT equipment or software, that are part of a system of AI infrastructure or architecture, that enable and are directly used in the delivery of services with SMEs (eg used in demonstrations, workshops, etc), other than those assets listed under ineligible expenditure
- expenditure that supports design and development activities directly related to the project and the achievement of its outcomes
- purchase or hire of ICT hardware and software (including user licenses) directly related to the project
- reasonable hospitality or catering directly relevant to your project
- prototyping, development and testing to achieve project objectives and outcomes
- IP protection, including fees to a patent office for the cost of filing patent applications, patent searches and examination fees related to the project

- costs of acquiring IP and/or leading-edge technology where subsequent adaptation or commercialisation will contribute directly to the completion of an agreed project. There is no cap on IP and/or leading-edge technology acquisition costs
- staff training and skills development that directly supports the achievement of project outcomes
- financial auditing of project expenditure, the cost of an independent audit of project expenditure (where we request one) 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.

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; check you are referring to the most 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
- financing costs, including interest and debt financing including the use of grant funds for any form of security for the purpose of obtaining or complying with any form of loan, credit, payment or other interest
- 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, that are for use in the daily operations and administration of the program
- 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)
- costs associated with registering a business and creating a governance plan for managing your project and relationship with consortia partners
- activities that duplicate collaboration and research activities already planned or in development
- expenses associated with business-as-usual activities not related to the objectives and outcomes of this grant
- costs incurred defending IP rights
- costs incurred prior to the execution of a contract for this grant opportunity
- fees for service and/or payments for activities to portfolio agencies of the Department of Industry, Science and Resources
- 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
- routine operating expenses not accounted as labour on-costs – including communications, accommodation, overheads and consumables, e.g. paper, printer cartridges, office supplies
- ongoing upgrades, updates and maintenance of existing ICT systems and computing facilities, including websites, customer relationship management systems, databases,

the cost of ongoing subscription based software and IT support memberships, and warranties for purchases that are not directly related to the project

- recurring or ongoing operational expenditure (including annual maintenance, rent, water and rates, 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
- opportunity costs relating to any production losses due to allocating resources to the agreed grant project
- costs related to overseas travel
- costs that related to domestic travel that exceed 10 per cent of total project costs except where otherwise approved by the Program Delegate
- costs of activites not undertaken in Australia.

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.