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Disclaimer

Accelerating Commercialisation services are undertaken by Commercialisation Advisers engaged by the department. Using the information you supply, the adviser will provide guidance to support you in your commercialisation endeavours. You may seek to pursue commercialisation of your novel intellectual property with the assistance of an Accelerating Commercialisation Grant or by being included in the Portfolio.

Accelerating Commercialisation relies upon information you provide and may include the views of other parties in providing this service. As such, the Commonwealth is unable to guarantee the accuracy, completeness and relevance of services for your purposes. You should therefore satisfy yourself that it is appropriate for your needs before taking any action.

The Commonwealth excludes all liability to the maximum extent permitted by law for any loss, damage, cost or expense suffered or incurred arising from the use of, or reliance upon, Accelerating Commercialisation or any actions taken by you or your business in addressing issues or implementing recommendations identified as part of Accelerating Commercialisation activities, complementary services or otherwise provided separately by a Commercialisation Adviser.
1 Purpose of this guide

This Customer Information Guide (Guide) explains the Accelerating Commercialisation element of the Entrepreneurs’ Programme and sets out the rules for receiving services and grants under this element.

You should read this Guide in conjunction with the Programme Guidelines and any related documents. Please read this Guide carefully before you start filling out an application form.

Definitions for italicised terms can be found in the Glossary.

2 Programme overview

The Entrepreneurs’ Programme drives business growth and competitiveness by supporting business improvement and research connections in targeted growth sectors and the commercialisation of novel products, processes and services. The Programme has four elements:

- Business Management
- Innovation Connections
- Accelerating Commercialisation
- Incubator Support.

The primary focus is on providing access to the best advice and networks to help businesses solve problems, rather than focusing on financial assistance.

2.1 Accelerating Commercialisation overview

Accelerating Commercialisation encourages and assists small and medium businesses, entrepreneurs and researchers to commercialise novel products, processes and services.

Accelerating Commercialisation works by providing you with expert guidance and connections through Commercialisation Advisers to help you find the right commercialisation solutions for your novel product, process or service. Accelerating Commercialisation may also offer matched funding to support your commercialisation activities.

Accelerating Commercialisation comprises the following Activities:

- Commercialisation Guidance
- Accelerating Commercialisation Grant
- Portfolio Services.

Generally, you should seek Commercialisation Guidance first, and then apply for either an Accelerating Commercialisation Grant (for which you will also receive Portfolio Services) or for Portfolio Services alone.

Accelerating Commercialisation Grant uses a competitive open merit-based selection process, while Portfolio Services uses a non-competitive open merit-based selection process.

If you would like further information before applying call the contact centre on 13 28 46, or contact us at business.gov.au.

1 Note that applicants for Accelerating Commercialisation do not need to operate within one of the Growth Sectors to be eligible.
2.2 Commercialisation Advisers

Commercialisation Advisers are independent, professional advisers who will guide you along the pathway to commercialising your intellectual property (IP) in the form of a novel product, process or service. They can assist you by:

- providing guidance with respect to Accelerating Commercialisation
- assessing your needs and helping you to access expertise and specialist advice
- guiding and assisting you through the commercialisation process
- exploring alternative means of financing your project
- guiding and assisting you in operational matters
- monitoring your progress
- developing your professional networks, including by linking you to members of the Expert Network.

Each Commercialisation Adviser has extensive experience in commercialisation either having taken their own products, processes or services to market, or having held senior (C Level) roles in companies commercialising novel products, processes or services.

All Commercialisation Advisers have extensive networks within industry. For profiles of the Commercialisation Advisers, visit business.gov.au.

2.2.1 What level of assistance can participants expect to receive?

The level of assistance provided by Commercialisation Advisers depends on whether a programme participant is currently receiving Accelerating Commercialisation grant assistance or whether they are in the Portfolio only.

The assistance offered to those that are in the Portfolio only is best described as being more about facilitation (e.g. making introductions to Expert Network members) and acting as a sounding board rather than the provision of detailed guidance.

Whilst receiving Accelerating Commercialisation grant assistance, participants will also receive assistance from Commercialisation Advisers that involves regular contact and closely following the project and providing more detailed guidance if requested and time permits.

2.3 Expert Network

The Expert Network is a network of experienced people who can help you make important business connections and create opportunities for you to raise capital and enter new markets.

Members of the Expert Network include successful entrepreneurs, domain experts, professional investors and strategic corporations. They have extensive experience in management, commercialisation, capital markets and business development. Members offer knowledge, skills, insights and links to help you in bringing your novel product, process or service to market.

The Expert Network builds upon the support you will receive from your Commercialisation Advisers as a growing resource to help you reach the people you need to reach – faster.

2.4 Portfolio

An important feature of Accelerating Commercialisation is the creation of a Portfolio of Australian businesses that are undertaking early stage commercialisation activities.

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2 For example, CEO, CFO, CTO, CIO et cetera.
The Portfolio is an aggregation of Accelerating Commercialisation participants brought together for global visibility to investors, other entrepreneurs, domain experts, supply chains and strategic corporations. The Portfolio brings qualified commercialisation opportunities together in a single place providing visibility and credibility for investors, other entrepreneurs, domain experts, supply chains and strategic corporations.

After you have received Commercialisation Guidance, you may decide to apply for an Accelerating Commercialisation Grant (for which you will also receive Portfolio Services) or for Portfolio Services only. If you are successful in applying for either of these activities you will be included in the Portfolio.

- If you receive an Accelerating Commercialisation Grant, you will be included in the Portfolio for the duration of the project period, with the possibility of extension for up to 24 months.
- If your Portfolio Services application is successful, you will be included in the Portfolio for up to 24 months, subject to the conditions set out in your Deed of Services and Release.

2.5 Accessing other services from the Entrepreneurs’ Programme

Consistent with the objectives of the Entrepreneurs’ Programme, the Programme Delegate may agree, on a case by case basis, to provide a Participant in the Portfolio with the opportunity to access services from Business Management or Innovation Connections without having to satisfy the relevant eligibility criteria, subject to the following conditions:

- The Participant has the capacity to implement recommendations in relation to business improvement; and
- The Participant must:
  - Be operating in one or more of the Growth Sectors; or
  - Provide Enabling Technologies and Services to one or more of the Growth Sectors; or
  - Demonstrate they are committed to, and have the skills, capability, intellectual property or expertise to operate in, one of the Growth Sectors in the future.

Participants should discuss accessing other services from Business Management or Innovation Connections with their Commercialisation Adviser.

3 Commercialisation Guidance

Following lodgement of an Expression of Interest (EOI), you may receive one or more of the following from AusIndustry or a Commercialisation Adviser:

- feedback on your eligibility for other activities under Accelerating Commercialisation;
- referral to other Federal, State and Territory Government programmes;
- referral to services provided under Business Management or Innovation Connections (other elements of the Entrepreneurs’ Programme);
- guidance and feedback on your commercialisation activities;
- guidance on the application process for other activities under Accelerating Commercialisation.

This guidance can be provided face-to-face, over the phone, or by email – whichever is most appropriate under the circumstances.

3.1 Who can apply for Commercialisation Guidance?

To be eligible for Commercialisation Guidance, applicants must meet each of the following eligibility criteria:
have a novel product, process or service they wish to commercialise and trade to customers external to the state or territory of the applicant’s place of business.  

not be named by the Workplace Gender Equality Agency as an organisation that has not complied with the Workplace Gender Equality Act 2012 (Cth).  

3.2 How to apply for Commercialisation Guidance

Access to Commercialisation Guidance is through an Expression of Interest (EOI) process.  

To lodge an EOI, you must:

- Complete an Accelerating Commercialisation Expression of Interest (EOI) form online at business.gov.au  
- Provide all the information asked for in the EOI form  
- Submit your EOI.  

EOIs can be submitted at any time.  

3.3 How your EOI will be assessed

After you lodge your EOI, a Customer Service Manager will review your EOI and provide you with feedback on your eligibility for activities under Accelerating Commercialisation, including grants and portfolio services. At this stage you may be referred to other government assistance programmes more appropriate to your needs.  

Alternatively, you may be assigned a Commercialisation Adviser who will review your proposal. During the review of your EOI you may be asked for further information in support of your EOI.  

The Commercialisation Adviser will provide you with initial guidance on your commercialisation project if you are considering an Accelerating Commercialisation Grant or your Commercialisation Strategy if you are considering a Portfolio Services application. If you want to progress to an application, you may receive further feedback on the potential merits of your project or strategy. You may receive this guidance and feedback in the form of a face-to-face meeting, a telephone conversation or other means of communication – whichever is most appropriate under the circumstances.  

4 Portfolio Services

Portfolio Services is a range of services to assist participants in the Portfolio to achieve their commercialisation goals. Assistance may include:

- inclusion on a publicly available database for introductions, supply chain and investment opportunities;  
- specialist guidance from Commercialisation Advisers;  
- introductions (via a Commercialisation Adviser) to relevant members of the Expert Network;  
- access to networking and promotion opportunities through domestic and international roadshows, such as:  
  - domestic networking events;  

3 The business street address you provide in the application form.  

4 Refer to Workplace Gender Equality Agency list of non-compliant organisations.  

5 There may be circumstances where Commercialisation Guidance is provided without the need for an EOI.
- exposure to multi-national corporations and investors through international trade missions;
- opportunities to join Australian delegations to major global events in select industry sectors.

4.1 Who can apply for Portfolio Services?

To be eligible for Portfolio Services only, applicants must meet one of the following three eligibility criteria:

1. be a corporation incorporated under the Corporations Act 2001 (Cth), that
   - is non-tax-exempt and is registered for GST; and
   - has a combined annual turnover of less than $20 million for each of the three financial years prior to the lodgement of the application; and
   - its trading activities:
     - form a sufficiently significant proportion of its overall activities as to merit it being described as a trading corporation; or
     - are a substantial and not merely peripheral activity of the corporation; or

2. be a Commercialisation Office or Eligible Partner Entity; or

3. be an individual, partnership or trustee who agrees to form an Eligible Corporation that is non-tax-exempt and is registered for GST before signing a Deed of Services and Release.

To be eligible for Portfolio Services, applicants must also meet each of the following eligibility criteria:

- have received Commercialisation Guidance;
- have a novel product, process or service they wish to commercialise and trade to customers external to the state or territory of the applicant’s place of business;
- have a Commercialisation Strategy that aims to achieve at least one of the following:
  - complete the development of a novel product, process or service; or
  - prove commercial viability of a novel product, process or service; or
  - expand commercialisation of its novel product, process or service in existing markets or into new markets;
- have ownership, access to, or the beneficial use of, any intellectual property that is the subject of, or is necessary to carry out the Commercialisation Strategy;
- submit an application that contains sufficient information to undertake a merit assessment; and
- not be named by the Workplace Gender Equality Agency as an organisation that has not complied with the Workplace Gender Equality Act 2012 (Cth).

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6 Accelerating Commercialisation Grant Recipients will automatically receive Portfolio Services and do not have to submit an application for Portfolio Services only.

7 Commercialisation Australia programme participants will receive Portfolio Services for the duration of the agreed Commercialisation Australia project and for an additional 24 months following the project’s completion, and do not have to submit an application for Portfolio Services only.

8 This includes an incorporated trustee acting for a trust.

9 Refer to Workplace Gender Equality Agency list of non-compliant organisations.
4.2 How to apply for Portfolio Services

Application forms for Portfolio Services can be accessed by contacting AusIndustry through business.gov.au or the contact centre on 13 28 46.

You can lodge an application at any time. Applications will be considered regularly in six to eight week cycles.

To apply, you must:

- Complete the Accelerating Commercialisation portfolio application form
- Provide all the information that is needed for us to assess your application
- Submit your application.

Your application will be assessed against the indicators listed beneath each merit criterion. The application form asks questions that are related to these indicators.

Note that any information you provide that is considered intentionally misleading or inaccurate will be investigated.

We will acknowledge all applications in writing within 10 working days of receipt, including a reference number and contact details.

4.2.1 Who can lodge a ‘Portfolio Services only’ application

Anyone can lodge an application, as long as you meet the eligibility requirements set out in section 4.1. The EOI process will help you determine your eligibility.

You should take into account your Commercialisation Adviser’s feedback provided during the EOI process because, based on their experience, they have a very good understanding of what makes a meritorious application.

4.3 How your application for Portfolio Services only will be assessed

Only applications for Portfolio Services that are deemed eligible applications by the Programme Delegate will proceed to the merit assessment stage.

The Department will prepare a report on all eligible applications prior to merit assessment. The report will include a due diligence report, undertaken by your Commercialisation Adviser, that investigates the claims you have made against the merit criteria in your application.

The merit assessment is conducted by a panel of Commercialisation Advisers. As part of the assessment process, you will be invited to provide a five minute pitch of your business to the panel.

The Programme Delegate will make the final decision on which applications will be supported and the terms and conditions of support. In making this decision, the Programme Delegate will consider recommendations made by the panel.

If your application is successful, you will receive a written offer.

If your application is unsuccessful, you will also be notified in writing, where you will be provided an opportunity to discuss the outcome with a Commercialisation Adviser.

The Programme Delegate’s decision is final in all matters. Decisions will not be reviewed.

4.3.1 Merit assessment

Eligible applications for Portfolio Services will be assessed against five equally weighted merit criteria using the indicators listed below. The application form contains questions that are related to the indicators.
**Merit Criterion 1 - Market Opportunity**

a) The market need for the novel product, process or service is clearly defined.
b) The type of customer is clearly defined.
c) The size of the target market is clearly articulated.
d) The strength of the IP (including novelty) has been described.

**Merit Criterion 2 - Value Proposition**

a) A clear, concise and compelling *value proposition*, i.e. why the intended customer wants to buy the product, process or service.

**Merit Criterion 3 - Execution Plan**

a) A sound execution plan to capture the opportunity and manage the risks, for example:
   - a clear set of objectives
   - a clearly defined path to market
   - an understanding of the key structural or market challenges to be resolved
   - a sound IP strategy
   - a sound manufacturing strategy (where applicable)
   - a sound financial plan

**Merit Criterion 4 - Management Capability**

a) The applicant demonstrates an appropriate level of expertise in:
   - commercialisation management
   - business management
   - the relevant market sector/technology domain.

**Merit Criterion 5 - National Benefits**

a) The project will improve Australia’s participation and competitiveness in the global economy.
b) The extent to which the project targets and/or participates in the *Growth Sectors*\(^\text{10}\).
c) Significant spill-over benefits will accrue to Australia through the *commercialisation strategy*, including:
   - diffusion of knowledge and skills;
   - diffusion of novel products, processes or services; and/or
   - increased collaboration between businesses and/or businesses and research institutions.

4.4 If your application is successful

If your application for Portfolio Services was successful, you must enter into a *Deed of Services and Release* with the *Department*.

There are no reporting obligations; however you are expected to notify us of any significant changes to your *commercialisation strategy* and other relevant circumstances.

See the template *Deed of Services and Release* at [business.gov.au](http://business.gov.au) for further information.

\(^\text{10}\) Refer Appendix C for definitions of *Growth Sectors*
4.5 If your application is unsuccessful

If you are not approved for Portfolio Services you will receive notification outlining why your application was not successful.

You may submit a new application for the same or similar commercialisation strategy. Only one such new application is permitted and it must address the weaknesses of your first application. The new information you provide must substantially strengthen your claims against the merit criteria. You can discuss your options for submitting a new application with your Commercialisation Adviser.

The Programme Delegate may refuse to accept a new application if it is substantially the same as a previous ineligible or unsuccessful application.

5 Accelerating Commercialisation Grant

An Accelerating Commercialisation Grant is a grant to support eligible commercialisation projects for up to 50 per cent of the eligible expenditure, up to a maximum of:

- $250,000 for Commercialisation Offices and Eligible Partner Entities;
- $1 million for all other applicants.

Accelerating Commercialisation Grant recipients will also receive Portfolio Services for the duration of the agreed project in their Funding Agreement, and may be extended for up to 24 months at the discretion of the Programme Delegate.

5.1 Who can apply for an Accelerating Commercialisation Grant?

To be eligible for an Accelerating Commercialisation Grant, applicants must meet one of the following three eligibility criteria:

1. be a corporation incorporated under the Corporations Act 2001 (Cth), that:
   - is non tax-exempt and is registered for GST\(^\text{11}\); and
   - has a combined annual turnover of less than $20 million for each of the three financial years prior to the lodgement of the application; and
   - its trading activities:
     - form a sufficiently significant proportion of its overall activities as to merit it being described as a trading corporation; or
     - are a substantial and not merely peripheral activity of the corporation; or

2. be a Commercialisation Office or Eligible Partner Entity; or

3. be an individual, partnership or trustee who agrees to form an Eligible Corporation that is non tax-exempt and is registered for GST before signing a Funding Agreement.

To be eligible for an Accelerating Commercialisation Grant, applicants must also meet each of the following eligibility criteria:

- have received Commercialisation Guidance;
- have a novel product, process or service they wish to commercialise and trade to customers external to the state or territory of the applicant’s place of business;
- be undertaking an eligible commercialisation project;

\(\text{11} \) This includes an incorporated trustee acting for a trust.
have ownership, access to, or the beneficial use of, any intellectual property that is the subject of, or is necessary to carry out the commercialisation project;

- demonstrate the ability to fund at least 50 per cent of eligible project expenditure, other than from government grant sources;
- submit an application that contains sufficient information to undertake a merit assessment; and
- not be named by the Workplace Gender Equality Agency as an organisation that has not complied with the Workplace Gender Equality Act 2012 (Cth).\(^\text{12}\)

5.1.1 Researchers applying through a Commercialisation Office or Eligible Partner Entity

In some cases, Accelerating Commercialisation Grant assistance can be provided to a researcher before a company is formed. These projects are likely to be relatively small and geared towards initially proving commercial viability or investment readiness. If this type of grant application is successful, the funding agreement will be between the Department and the Commercialisation Office or Eligible Partner Entity through which the researcher has made the application. The researcher will be included in the funding agreement as Key Personnel for the project.

5.1.2 Individuals who agree to form an Eligible Corporation

In some cases, Accelerating Commercialisation Grant applications from individuals are approved before a company is formed. These projects are likely to be relatively small and geared towards initially proving commercial viability or investment readiness. If this type of grant application is successful, the funding agreement will be between the Department and a new company the individual must establish that will be able to meet the obligations under the funding agreement.

5.1.3 What we mean by ‘eligible commercialisation project’

To be eligible your project must aim to commercialise novel intellectual property in the form of a novel product, process or service. Your project may cover activities at a particular stage of the commercialisation process only, or cover the entire process from determining a commercialisation strategy to achieving first sales. Note it is generally expected that technical proof of concept has been achieved (e.g. through a prototype) before an application for assistance is submitted.

Eligible projects aim to achieve at least one of the following:

- **Engage external professionals**, for example to confirm the market opportunity, develop the business model, identify potential partners, develop an IP strategy, raise capital or prepare an Information Memorandum; or
- **Complete development** of a novel product, process or service; or
- **Prove commercial viability** of a novel product, process or service to a customer, investor or strategic partner; or
- **Make the first sales** of the novel product, process or service in Australia or overseas, or
- **Engage a senior experienced executive** to fill a key gap in the management team, which is essential to achievement of your commercialisation outcomes.

Ineligible projects are those that:

- Have a focus on basic research or technical experiments (R&D projects).

  However, if your project has been assessed (merit criteria) as having a HIGH likelihood of a commercial transaction when it is completed, then your project may include R&D activities and

\(^{12}\) Refer to Workplace Gender Equality Agency list of non-compliant organisations.
still be eligible, if these R&D activities are essential to undertake in order to achieve that commercial transaction.

- Scale production and/or marketing activities in markets where you have already made your first sales of the novel product, process or service.
- Develop a novel product, process or service for internal use only (i.e. not for multiple sales). An example would be the development of an enhancement to a manufacturing process that the applicant will only use in its own manufacturing plants to produce an existing product more efficiently, or to increase the profitability of an existing service.
- Commercialise the next version of an existing product, process or service where updates and changes are minor and therefore the overall proposition does not qualify as a novel product, process or service.

5.1.4 What we mean by ‘first sales’

We recognise that commercial sales are the last stage of bridging the ‘valley of death’ between research and development and commercial viability.

First sales means that a company is able to demonstrate, consistent with its value proposition, market acceptance of its novel product, process or service in its key target market(s).

Accelerating Commercialisation Grants cannot be used to support projects beyond the point of first sales. This is because if it can be proven that your company and its novel product, process or service can be sold commercially in a key market, then financing is more readily available.

A project that aims to make first sales or other commercial transactions in an overseas market is unlikely to be competitive unless:

- the overseas market is a key market for the novel product, process or service; and
- the need for funding is clearly established, especially where your novel product, process or service has already been sold in Australia.

5.1.5 Staged applications

In some circumstances it may be appropriate to divide a project into stages and to apply for grant assistance for each stage progressively (or sequentially). Your Commercialisation Adviser will be able to assist you in making this decision.

There are a number of factors to consider in staging a project, including:

- the stage of development of the company – e.g. for a newly formed company a smaller project could be more appropriate due to the challenges and risks associated with setting up a new business;
- the current financial position of the applicant and the ability to raise additional funds at the key milestones of the project;
- the level of unknowns in relation to executing the project – e.g. if there is a go/no-go milestone then it may be best to apply for grant funding for activities leading up to that milestone only;
- the assessment process by the advisory committee – the larger the grant requested the more competitive the application needs to be (refer to section 5.3 for details);
- the limits that apply in relation to multiple applications (see details below); and
- the time, cost, and potential project delays associated with making multiple applications.

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13 This test is only applied at the time of application assessment.
Once a participant or former participant submits a new application and the ‘Subject IP’\footnote{Refer to section 5.1.8 for a definition of ‘Subject IP’}, Market Opportunity and Value Proposition are essentially the same as in the previous application, the applicant is considered to be applying for assistance for the next stage of their project and the following applies:

- the grant funds received through Accelerating Commercialisation for all stages of the project do not exceed $1 million in total; and
- the outcomes of any previous Accelerating Commercialisation Grants will be taken into account in the assessment of an Accelerating Commercialisation Grant application for the next stage of a commercialisation project. It is expected that you will have successfully completed the previous stage of your project by the time of assessment by Innovation Australia.

The maximum duration for each individual grant for each stage is two years.

Please note that applying for funding for the next stage of your project is different from varying an existing funding agreement. For information about varying an existing funding agreement please refer to section 5.9.

It should also be noted that if a grant application for one project stage is successful, there is no guarantee that applications for any or all subsequent stages will be successful. For each new project stage, a new application must be submitted, albeit perhaps an edited and updated version of the previous version, and the application will be subject to the same due diligence and competitive assessment process.

### 5.1.6 What we mean by ‘ability to fund your share of project costs’

You are required to match Accelerating Commercialisation Grant funding for your project on at least a 50:50 basis.

Your share of project costs is 50 per cent of eligible expenditure up to the maximum grant limit and all remaining costs not met by the grant.

You do not need to have your share of funding fully available when you apply. However, you must be able to show that you can fund your share of project costs at the rate incurred on the project.

You cannot use in-kind (non-financial) contributions or government grant sources to match the Accelerating Commercialisation grant. You will need to provide documentary evidence of your ability to fund your share of project costs during the application phase (refer to the application form for details on the required documentary evidence).

### 5.1.7 Eligible expenditure

Grant funding will only be provided for eligible expenditure that is incurred on an agreed project as defined in the funding agreement. For guidelines on eligible expenditure, see Appendix A.

If your grant application is successful, the version\footnote{These may be updated from time to time.} of the eligible expenditure guidelines that applies to your project will be the version that is current at the date your application was accepted (the date of the application acceptance letter).

Project expenditure is only eligible if it is incurred between the project commencement and completion date. The project commencement date may be as early as the application acceptance date. However, we will not provide grant funding to unsuccessful applicants and we are not
responsible for any expenditure by successful applicants until a *funding agreement* is in place. If you choose to start your project before a *funding agreement* is signed, you do so at your own risk.

Eligible expenditure includes the following types of expenditure:

- Labour expenditure (plus on-costs)
- Contract expenditure
- Plant expenditure
- State-of-the-art manufacturing plant or pilot manufacturing plant
- Prototype expenditure
- Other expenditure

For detailed information on the above types of eligible expenditure please refer to the Eligible Expenditure Guidelines in Appendix A.

### 5.1.8 What we mean by ownership or beneficial use of intellectual property

You must be able to demonstrate that you own, or have access to or beneficial use of, any existing *IP* needed to carry out the project. You are not eligible for an Accelerating Commercialisation Grant if the *intellectual property* required is in dispute or there is unsatisfactory evidence of ownership, access to, or the beneficial use of the subject *intellectual property* ('Subject *IP*').

If you have agreed to form a company, then you must assign all necessary *intellectual property* rights to the new company that will be party to the *funding agreement*.

If the entity is signing a *funding agreement* it is normally expected that it will own any new *intellectual property* (in addition to the Subject *IP*) resulting from the project ('Project *IP*').

Arrangements regarding the use of Project *IP* which differ from this must be explained in detail in your application for Accelerating Commercialisation assistance.

The *funding agreement* requires you to seek prior approval from the *Department* for dealings with the Project *IP* in certain circumstances. This includes:

- the licensing or sale of *IP*;
- the transfer of ownership of the Project *IP*;
- when company control changes, including through changes in the majority shareholding of a company.

This requirement applies for a period of two years from the project commencement date, regardless of the size of the grant.

### 5.1.9 What we mean by ‘demonstrate that the novel product, process or service will be traded externally’

To meet this eligibility criterion, you will need to show that you intend to trade the outcome of the project, either nationally or internationally. This could be in the form of selling your novel product, process or service, licensing the Project *IP* or other type of commercial return. It is expected that your application would support such an intention.

### 5.2 How to apply for an Accelerating Commercialisation Grant

Application forms for Accelerating Commercialisation Grants can be accessed by contacting AusIndustry through business.gov.au or the contact centre on 13 28 46.

You can lodge an application at any time. Applications will be considered regularly in six to eight week cycles.
To apply, you must:

- Complete the Accelerating Commercialising Grant application form
- Provide all the information that is needed for us to assess your application
- Submit your application.

Note that any information you provide that is considered intentionally misleading or inaccurate will be investigated.

We will acknowledge all applications in writing within 10 working days of receipt. The acknowledgement letter will provide a reference number and contact details for any inquiries you may have relating to your application.

5.2.1 Who can lodge an application

Anyone can lodge an application, as long as you meet the eligibility requirements set out in section 5.1. The Commercialisation Guidance process will help you determine whether you are eligible for an Accelerating Commercialisation Grant.

You should take into account your Commercialisation Adviser’s feedback provided at the Commercialisation Guidance stage because, based on their experience, they have a very good understanding of what makes a competitive application. Making a competitive application can also take significant time. If your application is unlikely to be competitive you should consider alternative options for assistance, but it is your choice whether or not you proceed to submitting an application.

You are entitled to receive one round of feedback on your application prior to submitting it formally. Feedback will only be provided where the application is complete and all mandatory attachments are included, at least in draft form. Additional documents may be requested at this stage.

5.3 How your application for an Accelerating Commercialisation Grant will be assessed

Only applications for Accelerating Commercialisation Grants that are deemed eligible applications by the Programme Delegate will proceed to the merit assessment stage.

After an application is accepted for merit assessment there are a number of steps your application must go through to ensure it is given full and fair consideration. In accordance with our Customer Service Charter, you will receive a decision on your application within 75 calendar days from the date of your application acceptance letter.

The Department will prepare a report on all eligible applications prior to merit assessment. The report will include a due diligence report, undertaken by your Commercialisation Adviser, that investigates the claims you have made against the merit criteria in your application.

Your application and the report will then be referred to Innovation Australia, an independent statutory body established under the Industry Research and Development Act 1986 (Cth).

Innovation Australia will assess your application against the merit criteria (and related indicators) and will then provide the merit assessment and merit ranking to the Programme Delegate for final decision.

In making its recommendations, Innovation Australia will take into account the need to support projects at all stages in the commercialisation process in order to achieve all of the programme’s objectives. Applications will be grouped according to grant amount sought, on the assumption that the grant amount sought generally reflects the stage a project is at. The most competitive applications within each group will receive the highest merit rankings.
The *Programme Delegate* will make the final decision on which projects will be supported and the terms and conditions of support. In making this decision, the *Programme Delegate* will consider:

- the merit ranking of applications; and
- any instruction within the *Programme Guidelines* regarding the administration of the programme.

If your application is successful, you will receive a written offer.

If your application is unsuccessful, you will also be notified in writing, where you will be provided an opportunity to discuss the outcome with a *Commercialisation Adviser*.

The *Programme Delegate’s* decision is final in all matters, including:

- the approval of applications;
- the size of funding to be awarded; and
- the terms and conditions of funding.

Decisions will not be reviewed.

5.3.1 Merit assessment

Eligible applications for Accelerating Commercialisation Grants will be assessed first against the ‘need for funding’ merit criterion. Only applications that demonstrate a ‘need for funding’ may receive a merit ranking. *Commercialisation Offices* and *Eligible Partner Entities* are not required to satisfy the ‘need for funding’ criterion.

Applications are then assessed against five equally weighted merit criteria using the indicators listed below. The application form contains questions that are related to the indicators.

Additional credit is provided under the ‘national benefits’ criterion to applicants that have eligible commercialisation projects within the *Growth Sectors*.

The amount of detail and supporting evidence you provide in your application should correspond with the project size, complexity and grant amount requested.

**Merit Criterion 1 – Need for Funding**16

a) The applicant has demonstrated insufficient financing to fund the entire project.
b) It would be unreasonable to expect that the applicant should obtain all requisite project funding from alternative sources.

**Merit Criterion 2 – Market Opportunity**

a) The market need for the novel product, process or service is clearly defined.
b) The type of customer is clearly defined.
c) The size of the target market is clearly articulated.
d) The strength of the *IP* (including novelty) has been described.

**Merit Criterion 3 – Value Proposition**

a) A clear, concise and compelling *value proposition*, i.e. why the intended customer wants to buy the product, process or service.

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16 *Commercialisation Offices* and *Eligible Partner Entities* do not need to address this criterion
Merit Criterion 4 – Execution Plan

a) A sound execution plan to capture the opportunity and manage the risks, for example:
   - a clear set of objectives
   - a clearly defined path to market
   - an understanding of the key structural or market challenges to be resolved
   - a sound IP strategy
   - a sound manufacturing strategy (where applicable)
   - a sound financial plan (including potential grant funding if applicable).

Merit Criterion 5 – Management Capability

a) The applicant demonstrates an appropriate level of expertise in:
   - commercialisation management
   - project management
   - business management
   - the relevant market sector/technology domain.

Merit Criterion 6 – National Benefits

a) The project will improve Australia’s participation and competitiveness in the global economy.
b) The extent to which the project targets and/or participates in the Growth Sectors17.
c) Significant spill-over benefits will accrue to Australia through the conduct of the project and/or commercialisation of its results, including:
   - diffusion of knowledge and skills;
   - diffusion of novel products, processes or services; and/or
   - increased collaboration between businesses and/or businesses and research institutions.

5.4 If your application is successful

5.4.1 Funding Agreement

If your application for an Accelerating Commercialisation Grant is successful you must enter into a funding agreement with the Department.

You will have 30 days from the date of offer to execute a funding agreement with the Department (‘execute’ means both you and the Department have signed the agreement). We may withdraw the offer if the funding agreement is not executed within this time.

Note we do not make any grant payments until there is an executed funding agreement in place.

An offer of funding may be subject to special conditions.

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

5.4.2 How the grant will be paid

The funding agreement will state the:
   - maximum grant amount to be paid
   - grant percentage – which is the proportion of eligible expenditure covered by the grant.

17 Refer Appendix C for definitions of Growth Sectors
The maximum grant amount cannot be exceeded under any circumstances. If you incur extra costs, you must meet them yourself (unless you successfully apply for a variation to the funding agreement – see section 5.4.5).

Grant payments will be made quarterly by direct credit into a nominated bank account, following receipt of a complete and satisfactory project progress report. The specific requirements for the bank account are set out in the funding agreement.

The reporting periods are based on calendar quarters as follows:

- March quarter: 1 January to 31 March
- June quarter: 1 April to 30 June
- September quarter: 1 July to 30 September
- December quarter: 1 October to 31 December.

Five per cent of the total grant funding is set aside for the final payment. This is paid when a satisfactory end of project report is received.

See the template funding agreement at business.gov.au for further information.

5.4.3 Initial payment

An initial payment will be made following execution of the funding agreement. This payment will be based on budgeted eligible expenditure for the first quarter of the project. You are not entitled to claim any expenditure incurred prior to the project commencement date specified in the funding agreement.

5.4.4 Progress payments

Claims for a grant payment are made by completing the quarterly progress report or, for the last quarter of the project, the end of project report and audited financial report.

Payments are subject to satisfactory progress on the project, meeting all other obligations under your funding agreement (including the submission of relevant reports), and the Department being satisfied that the various matters described in the funding agreement have been met.

The amount of each payment will be based on the:

- eligible expenditure incurred that is directly related to the project
- eligible expenditure expected to be incurred in the next review period
- the total of previous payments made
- agreed grant percentage for the project.

For example, a progress payment is calculated as follows:

\[
\text{Total actual eligible expenditure incurred up to end of 'current review period'} + \text{estimated eligible expenditure for 'next review period'} \	imes \text{your grant percentage} - \text{grant payments made to date.}
\]

Where:

- ‘current review period’ is the quarter immediately prior to the quarter in which you lodge your quarterly progress report or end of project report as applicable; and
- ‘next review period’ is the quarter in which you submit the relevant report and payment claim.

However, in some circumstances you may be paid an amount other than one calculated as above, or you may be paid no amount at all, including:

- the audited financial report disputes any previous claims of project eligible expenditure;
• in any financial year, you would receive more than the ‘annual capped grant amount’ for that year set out in Schedule 2 of the funding agreement;
• if applicable, it was not demonstrated that the project was proceeding satisfactorily;
• the proportion of overseas expenditure on the project exceeds 10 per cent of total eligible expenditure (or any higher approved maximum percentage)\(^\text{18}\);
• the proportion of State-of-the-Art Manufacturing Plant or Pilot Manufacturing Plant expenditure on the project exceeds the expenditure cap as stipulated in the Funding Agreement\(^\text{10}\);
• you would receive more than the total agreed grant amount;
• you are in dispute with any subcontractor engaged to perform work on the project;
• the payment includes or comprises the retention amount.

5.4.5 Final payment

At the conclusion of the project a final payment based on total eligible expenditure incurred on the project will be made. The final payment is subject to the same conditions discussed above in relation to progress payments generally. Reporting obligations on project completion include provision of an end of project report and audited financial report.

The funding agreement specifically provides that you are not entitled to the final payment until the project is completed and all relevant reports due under the funding agreement are submitted.

Any expenditure incurred on the project will not qualify as eligible expenditure under the funding agreement unless paid within 3 months after the project completion date. See also section 2.1 of the Eligible Expenditure Guidelines at Appendix A.

5.5 Taxation Obligations

Grants are subject to the Goods and Services Tax (GST). Grant payments are increased to compensate for the amount of this tax.

Grants are treated as assessable income for taxation purposes, unless exempted by a taxation law. We recommend you seek independent professional advice on your taxation obligations. We do not provide advice on taxation.


5.6 Inaccurate claims

Notwithstanding the making of any progress payment, the Department reserves the right to re-examine expenditure claims, to seek further information and to audit claims and payments as detailed under the terms of the funding agreement.

In the event of an overpayment, the Department may seek to recover the amounts and take any other action provided for under the funding agreement or under the common law. To minimise potential repayment of any grant amount, you should ensure at all times that payment claims are accurate and appropriate. The Department also recommends that you promptly notify your Customer Service Manager if you become aware of any discrepancies in previous eligible expenditure claims.

\(^{18}\) Expenditure exceeding the relevant limit without prior approval will not qualify as eligible expenditure.
5.7  Project reporting

You must submit progress and audited financial reports to the Department. Report details and due dates will be outlined in your funding agreement. The Department will provide grant recipients with the relevant reporting templates at the appropriate times. Grant payments are based on these reports, taking into account progress against agreed milestones. Failure to submit reports as requested may result in your payment being delayed.

The Department also collects programme performance data to evaluate the program and shape its strategic direction. You may be required to provide programme performance data reports at regular intervals, including after project completion.

5.7.1  Quarterly progress report

A quarterly progress report is due every calendar quarter to review progress on the agreed project. To provide the required information, you should use your project budget calculator.

You must submit a project progress report within 30 days of each calendar quarter during the course of the project – for example, the March quarter report is due by 30 April. The due date for each progress report is set out in Schedule 2 of your funding agreement.

The report is also designed to show the actual eligible expenditure for the current review period (that is, the quarter just completed) and budgeted eligible expenditure for the next review period (that is, the next quarter).

If your report is missing any information, or if there is uncertainty over the information provided, you will be contacted by your Customer Service Manager and/or Commercialisation Adviser and may be asked for further information. You must provide any missing or clarifying information within 30 days of a request. Payments will not be made until all issues arising from a progress report are resolved.

5.7.2  End of project and audited financial report

Your end of project report is due 90 days after the project completion date and replaces the final quarterly report due for the project. This report is used to acquit final payments and review the success of the project. The end of project report must include an audited financial report, which ensures that both grant funds and your matching financial contributions were used on the approved project.

The audited financial report must be completed by an independent auditor who:

- is not an employee, shareholder, director or other officeholder, related entity or associate of the grant recipient;
- has not had an involvement in the preparation of the application or any other report required by this Guide;
- has no financial interest in the grant recipient; and
- is a member of:
  - the Institute of Chartered Accountants, or
  - CPA Australia, or
  - the Institute of Public Accountants with a Professional Practice Certificate.

If your end of project report and audited financial report are satisfactory, your Customer Service Manager will assess any final payment due within 30 days of receiving the relevant reports.
5.8 Compliance visits

Compliance visits by your Customer Service Manager (or any other person authorised by the Department) may take place periodically throughout the project period, and for up to seven years, after project completion. The Customer Service Manager (or other authorised representative) may inspect any of your records required to be kept under the funding agreement, and may examine project progress, for the purposes of reviewing compliance with the funding agreement. Your Customer Service Manager will provide reasonable notice of any intended compliance visits.

5.9 Project variations

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

- changing project milestones;
- extending the timeframe for completing the project but within the maximum period of two years;
- extending the grant amount for completing the project but within the maximum grant amount of $250,000 for Commercialisation Offices and Eligible Partner Entities, and $1 million for all other applicants; and
- changing your commercialisation strategy.

If the project is delayed so that any milestone achievement or eligible expenditure amounts move to a different financial year, you will need to request a variation to the funding agreement. Funds can only move between financial years if there is enough funding in the relevant year for the revised payment schedule.

If you do not apply for a formal variation, you may be at risk of breaching the funding agreement. You should not assume that a variation request will be successful.

If a project variation changes the path to market significantly a variation may not be appropriate and a new application may be required.

5.9.1 Extending the project period

An application to extend the project period must, as a minimum, demonstrate that:

- the extension, if approved, will significantly improve the outcomes of the project, or
- you have experienced delays in completing or progressing the project due to circumstances that were unforeseen and/or beyond your control.

Applications to extend the project period must be received before the project completion date. Those received after the completion date may not be accepted. As outlined above, the project period cannot extend beyond a maximum of two years. Variation applications that would extend the project period longer than two years will not be considered.

5.9.2 Increasing the grant amount and/or annual capped grant amounts

An application to increase the grant amount must, as a minimum, demonstrate that:

- the increase, if approved, will significantly improve the outcomes of the project, or
- project costs have increased as a result of circumstances that were unforeseen and/or beyond your control.

Applications to increase your grant amount or any of the annual capped grant amounts must also be accompanied by a revised project budget calculator for the remainder of the project. The Department must receive an application to increase the grant amount before the project completion date. Applications received after the project completion date will not be accepted.
As outlined above, a variation application cannot seek to increase the agreed grant amount to above $250,000 for Commercialisation Offices and Eligible Partner Entities, and $1 million for all other applicants. Additional funding for your project beyond this limit must be sought through a new grant application.

Variation applications will be assessed along with other variations and new applications, and approval is not guaranteed. Variations are subject to the Programme Delegate’s discretion and may be subject to conditions or limitations.

If additional funds are required, you should also consider whether to apply for another grant and refer to section 5.1.5 (Staged applications).

5.9.3 Changing the commercialisation strategy and/or project milestones

If you wish to commercialise your project (or its outcomes) other than in accordance with the original application, including changes to the project milestones, a variation application will be required. As a minimum, the application must demonstrate that the change is consistent with the planned outcomes of the project and should also involve the project (or its outcomes) continuing to be exploited on normal commercial terms.

A change in commercialisation strategy might involve a change in any one or more of the following:

- the objectives and/or outcomes of the agreed project; or
- intellectual property ownership and/or exploitation arrangements.

5.9.4 Other variations

A formal variation is also required if you wish to claim as eligible expenditure more than the approved overseas expenditure limit (refer also 5.10.3).

Where specified personnel are listed in Schedule 2 of the funding agreement, changes to these specified personnel must be put before the Department for approval.

Requests for a change to the Experienced Executive must be made within 3 months of the departure of the previous Experienced Executive and be prior to the project completion date.

Other, less significant, changes in circumstances may not require a formal variation to the funding agreement. A minor change may involve:

- a change in supply or distribution partner to a similar but more competitive partner company; or
- a change in support staff where the original skill set is retained.

Please discuss the impact of changed circumstances on your project and funding agreement with your Customer Service Manager before submitting any formal request to vary the funding agreement.

5.9.5 How to apply for a variation

A variation application form, available from your Customer Service Manager, must be used to apply to vary the agreed project. Discuss lodging an application to vary the funding agreement with your Customer Service Manager as soon as possible after a relevant change in circumstances.

A variation application will be decided by the Programme Delegate, who may seek the advice of Innovation Australia. In assessing a variation request, the following matters may be taken into account: the need for funding, impacts on project outcomes, the potential for the project to be commercially successful, with or without the variation; changes to timing of grant payments, the availability of programme funds; and the participant's ongoing ability to fund its share of project costs.
A funding agreement must not be treated as varied until you receive written notice from the Department of approval of the variation request. Otherwise, you may be in breach of your funding agreement.

If you depart from the agreed project described in the funding agreement without applying for (and having approved) a formal variation to the funding agreement you may be in breach of the funding agreement. This may, in turn, lead to the termination of the funding agreement and/or repayment of all or some of the grant with interest. Contact your Customer Service Manager if in doubt.

5.9.6 Early project exit

You will have to prove your project’s ongoing progress against milestones as set out in your funding agreement. You may be required to end the project early where your project fails to meet agreed milestones or moves beyond the scope of Accelerating Commercialisation, and a variation request has not been approved.

The Programme Delegate will determine whether or not a project is progressing successfully by taking into account whether project targets have been achieved, the views of the Commercialisation Adviser and may also seek the advice of Innovation Australia.

Alternatively, you may voluntarily terminate your project if it fails to produce an expected outcome or the commercial prospects for the project outcome have substantially changed such that persevering with the project no longer makes commercial sense.

Voluntary terminations are encouraged and will be viewed as a positive indicator of the management team’s capability in any future applications for funding under Accelerating Commercialisation.

You should discuss the possibility of an early termination with your Customer Service Manager.

5.10 Keeping the Department informed

If you become aware of a breach of warranty under clause 4 of the funding agreement, you must immediately notify the Commonwealth (through the Department) of that breach. Please refer to clause 4 of the funding agreement for a complete list of warranties.

5.10.1 Dealing with project intellectual property

Clause 16 of the funding agreement states that you must submit a request to, and receive the written consent of, the Commonwealth (through the Department) before dealing with project intellectual property. This particularly includes the transfer of project intellectual property to another entity and/or a change in company control event.

If you deal with project intellectual property without prior consent, the Commonwealth may terminate the funding agreement and/or seek repayment of up to 100 per cent of the grant.

Note: For the purposes of Accelerating Commercialisation, ‘control’ of a company is defined by the Commonwealth Corporations Act 2001. In practical terms, a change in company control can include:

- sale of your company to another firm;
- establishment by you of a new parent or holding company;
- initial listing on the stock exchange or raising capital through further public share offerings;
- sale of a significant bundle of shares on the stock exchange; and
- sale of the parent company.
This obligation applies for two years from the project commencement date.

5.10.2  **State-of-the-art Manufacturing Plant and Pilot Manufacturing Plant**

Under clause 16 of the *funding agreement*, you must submit a request to, and receive the written consent of, the Commonwealth (through the *Department*) before dealing with project State-of-the-art Manufacturing Plant (SMP) and/or Pilot Manufacturing Plant (PMP). If approved, the Commonwealth may by notice require you to repay, or deduct from future grant payments, an amount that is equal to the difference between:

a. the amount of the grant received for the SMP or PMP, for the period prior to the you dealing with the plant; and

b. the amount that you would have been entitled to receive under *Accelerating Commercialisation* for plant expenditure over the same period (in accordance with the Eligible Expenditure Guidelines for plant expenditure), if the plant had not been a SMP or PMP facility.

If you deal with project SMP and/or PMP without prior consent, the Commonwealth may terminate the *funding agreement* and/or seek repayment of up to 100 per cent of the grant. This obligation applies for two years from the project commencement date.

If you have approved expenditure on SMP and/or PMP, this element of expenditure is capped, as set out in Schedule 3 of your *funding agreement*. You may spend less than the capped amount, reassigning this expenditure to other eligible expenditure items, but you can not claim eligible expenditure on SMP and/or PMP that exceeds the capped amount as stated in the *funding agreement*. If you need to increase the cap on SMP and/or PMP expenditure, this may be treated as an increase to the grant amount (refer section 5.9.2).

5.10.3  **Proportion of overseas expenditure**

Overseas expenditure within total project eligible expenditure is generally limited to 10 per cent. If you wish to spend more than the amount approved, you must seek the *Department’s* prior consent at any time during the project period. In some circumstances you may need to apply for a formal variation to the *funding agreement* – if in doubt contact your *Customer Service Manager*.

Any ‘unapproved’ overseas expenditure in excess of the 10 per cent (or otherwise approved) expenditure limit will not qualify as eligible expenditure.

5.10.4  **Change in details**

You should promptly notify your *Customer Service Manager* in writing of any change in:

- company name;
- company registered office address;
- nominated contact details - for example, name, telephone number, email address; and
- details of the bank account into which the grant is paid.

5.10.5  **Subcontractor disputes**

If you engage a third party to perform project work, you must notify the *Department* of any disputes arising with that third party that may result in you breaching the *funding agreement* (including ability to meet all performance milestones by their due date), or which involves you withholding payment to that third party.

On receiving notice of a subcontractor dispute, the *Department* may withhold payment of any future grant progress payments until the dispute is satisfactorily resolved.
The Department may also withhold any further progress payments if you do not provide notice of any relevant subcontractor disputes.

5.11 If your application is unsuccessful

If you are not approved for an Accelerating Commercialisation Grant you will receive notification outlining why your application was not successful.

You may submit at a future date a new application for the same or similar project. Only one such new application is permitted, and it must address the weaknesses of your first application. The new information you provide must substantially strengthen your claims against the merit criteria. You can discuss your options for submitting a new application with your Commercialisation Adviser.

The Programme Delegate may refuse to accept a new application if it is substantially the same as a previous ineligible or unsuccessful application.

6 Other things you should know

6.1 Conflicts of interest

The Department maintains procedures for managing conflicts of interest for staff within the Department, technical experts and other third parties involved in the management, assessment and evaluation of the Programme, applications and the delivery of activities. Conflicts of interest will be managed in accordance with these procedures. A conflict of interest can arise in situations where a person has an interest or relationship, whether real, perceived or potential, that conflicts with a duty they hold or where they have a role that conflicts with another role. For example, a conflict of interest can exist if there is a conflict between:

- a person’s duties, roles and responsibilities under the Programme; and
- their private interests (where these interests could inappropriately influence the way they manage the Programme).

A real (or actual) conflict of interest exists when a person’s private interests or their programme duties, roles and responsibilities could improperly influence how they manage, assess and evaluate the Programme.

An apparent (or perceived) conflict of interest exists where it appears or is perceived by a third party that someone’s private interests or their Programme duties, roles and responsibilities could improperly influence how they manage, assess and evaluate the Programme, even if a real or actual conflict has not, or cannot, be established.

A potential conflict of interest exists when someone has a private interest and an actual conflict of interest could arise if they make any decisions related to the Programme.

6.2 How we manage conflicts of interest

The Department’s procedures for managing conflicts of interests by its employees are in accordance with the requirements of the APS Code of Conduct (section 13(7) of the Public Service Act 1999 (Cth)), the Public Governance, Performance and Accountability Act 2013 (Cth) and the Public Governance Performance and Accountability Rule 2014. Our conflict of interest policy is published on the Department’s website.

Commercialisation Advisers must identify to the Department any actual, perceived or potential conflicts of interest they believe will or may arise during the delivery of the Programme and, where a conflict is identified, specify how that conflict will be addressed and monitored to ensure it does not compromise the outcomes desired of the Programme.
6.3 Use and disclosure of information

Unless the information provided to the Department is Personal Information or Confidential Information the Department may disclose the information to any person for any purpose directly related to the activities and functions of the Australian Government, including but not limited to the purpose of:

- announcing the awarding of grants (where applicable);
- improving the effective administration, monitoring and evaluation of this or other Commonwealth programmes; and
- conducting research within the Department or another Commonwealth agency.

6.4 Protection of information

The use and disclosure of information provided to the Department and Advisers is regulated by the relevant provisions and penalties of the Public Service Act 1999 (Cth), the Public Service Regulations, the Archives Act 1983 (Cth), the Privacy Act 1988 (Cth), the Crimes Act 1914 (Cth), the Criminal Code Act 1995 (Cth) and general law.

6.5 Confidential and Personal information

The Department will treat your information as ‘Confidential Information’ if the information is clearly identified as confidential and the information has the necessary quality of confidence (that is, it must be significant information which is private and not already in the public domain).

Information that is, or becomes public knowledge (other than by breach of any confidentiality obligation) will not be considered to be Confidential Information.

The Department is bound by the Australian Privacy Principles (APPs) outlined in Schedule 1 of the Privacy Act 1988 (Cth). The APPs regulate how the Department may collect, use, disclose and store Personal Information.

‘Personal Information’ under the Privacy Act 1988 means information or an opinion (whether true or false) about a natural person who is reasonably identifiable.

Please read our Privacy Policy on the Department’s website for more information on:

- what is Personal Information
- how we collect, use, store and disclose your Personal Information
- how you can access and correct your Personal Information.

In order to enable the assessment process, you must provide details of your invention and the technologies your proposed project uses. Customer Service Managers and the Commercialisation Advisers will not sign confidentiality agreements with you, as use and disclosure of information under the Entrepreneur’s Programme is regulated as per section 6.4 of this Guide.

6.6 When we may reveal or use Confidential and Personal Information

Unless the Department obtains your consent, the Department will not disclose your Confidential or Personal Information other than to:

- the Minister, the Parliamentary Secretary, and their Office
- other Commonwealth Ministers
- Industry Growth Centres
Industry Partners, Business Advisers, Business Facilitators, Innovation Facilitators and Commercialisation Advisers
other Commonwealth, State or Territory government departments and agencies
technical, financial, economic, and/or industry experts (including auditors)
Departmental contractors
for the purposes of:
administering the Programme and any related purposes, including programme and policy evaluation and development
Departmental research, analysis, monitoring and evaluation
reporting and consultation with other Commonwealth, State or Territory government agencies
reviewing applications to provide technical or financial advice on a contract basis
referring you to Industry Growth Centres
sectoral analysis by Industry Growth Centres

6.7 Disclosure of information where authorised or required by law
From time to time the Department may be authorised or required by law to disclose information (including Personal Information and Confidential Information) to other persons, including but not limited to:
a Commonwealth Minister and Ministerial Office
a House or a Committee of the Parliament of Australia
the Auditor-General under the Auditor-General Act 1997 (Cth)
the Australian Information Commissioner under the Freedom of Information Act 1982 (Cth) (FOI Act)
the Commonwealth Ombudsman under the Ombudsman Act 1976 (Cth)
the Privacy Commissioner under the Privacy Act 1988 (Cth).

6.8 Protection of information by Commercialisation Advisers
Commercialisation Advisers are employed by contractor organisations and are not employees or agents of the Commonwealth. However, contractor organisations are bound by agreements with the Commonwealth that require the contractor organisations to:
keep (and ensure Commercialisation Advisers keep) your Confidential or Personal Information confidential;
not disclose (and ensure Commercialisation Advisers do not disclose) Confidential or Personal Information to any parties other than the Commonwealth, as required by law or as strictly necessary in connection with legal proceedings, or with your consent;
not do any act or engage in any practice that would breach an APP and comply with the APPs as if it were an ‘agency’ under the Privacy Act 1988; and
use Personal and Confidential Information provided by the Department only for the purposes of performing its obligations under the agreement with the Commonwealth (and to ensure Commercialisation Advisers do the same).

6.9 Freedom of information
All documents created or held by the Department in relation to the Programme are subject to the FOI Act. Unless information is exempt, it will be made available to the general public if requested
under the FOI Act. The Department will consult with you before any documents are released under the FOI Act.

All Freedom of Information (FOI) requests are to be referred to the FOI Coordinator in the Department. Decisions regarding requests for access will be made by an authorised officer in accordance with the requirements of the FOI Act.

6.10 Information storage

Any information obtained will be stored and held in accordance with the Department’s obligations under the Archives Act 1983.

7 Public announcement

Successful projects may be publicly announced by the Minister and/or Department and details of the announcement may include:

- the name of the applicant;
- the title of the project;
- description of the project and its objectives; and
- the amount of grant funding awarded (where applicable).

Details of successful applications will also be published on the Department’s website.

Following formal advice of the success of an application, you may be contacted to confirm clearance of the project or business description for media and marketing purposes. At that time, you may be asked to consider a draft media release specifically announcing your successful application. If sensitivities exist, you may advise a preference for a specific media release not to be issued.

During the funding agreement period, you are expected to acknowledge Accelerating Commercialisation assistance during any interviews or in any media releases issued specific to the project. A set of standard words and a logo is available from the Department for this purpose. If planning to use the logo, you must first seek permission from the Department, including a description of where and when the logo will be placed. It is desirable that you keep your Commercialisation Adviser informed of any planned media activity during the project period. You can contact either your Commercialisation Adviser or Customer Service Manager to request the logo or to ask other questions about public announcements.

If you are organising an event, such as a product launch or a celebration of a significant achievement, and is considering inviting the Minister or another representative of the Australian Government, you should discuss the event with your Commercialisation Adviser as early as possible.

Once your project has achieved a successful outcome, you may be approached by your Commercialisation Adviser or the Department in regards to the development of a case study, or preparation of other media or marketing material.

8 Feedback


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If you have a complaint, call the contact centre on 13 28 46 or contact us at business.gov.au. Your complaint will be referred to the appropriate manager.

If you are not satisfied with the way your complaint is handled, you can contact:

Head of Division
AusIndustry – Innovation Programmes
GPO Box 9839
CANBERRA ACT 2601

You can also contact the Commonwealth Ombudsman20 with your complaint (call 1300 362 072). There is no fee for making a complaint and the Ombudsman may conduct an independent investigation.

### Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>AusIndustry</td>
<td>The specialist programme delivery division within the Department. It delivers a range of industry and innovation programmes and also provides the core delivery mechanisms for the single business service including governance, programme design and best practice, business.gov.au, the 13 28 46 contact centre and a national facilitation network.</td>
</tr>
<tr>
<td>Business Management</td>
<td>The programme element described in Schedule A of the Programme Guidelines. Business Management provides advice and facilitation services to improve business capabilities and networks, fostering competitive businesses for the future. Applicants may apply for one or more of the following Business Management activities: Business Evaluation, Supply Chain Facilitation, Growth Services and Business Growth Grant.</td>
</tr>
<tr>
<td>Combined annual turnover</td>
<td>The combined annual turnover must include the turnover of the applicant and of each Related Body Corporate (if any) at the time the Programme Delegate receives the application, except where the applicant is controlled by a Publicly Funded Research Organisation or Eligible Partner Entity, in which case the turnover of the applicant in isolation must be less than $20 million for each of the three financial years prior to the lodgement of the application.</td>
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<tr>
<td>Commercialisation Adviser</td>
<td>An external consultant with extensive experience in commercialisation engaged by the Department to guide Participants through the commercialisation process.</td>
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<tr>
<td>Commercialisation Australia</td>
<td>A closed Australian Government programme.</td>
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<tr>
<td>Commercialisation Office</td>
<td>An entity of a publicly funded research organisation, or an eligible corporation controlled by one or more publicly funded research organisations, that assists researchers in commercialising their intellectual property. It looks at the commercial potential of research outcomes and provides advice in areas such as intellectual property rights and protection, commercialisation strategy, partnering with industry and raising capital. Where a research organisation does not meet the definition of a publicly funded research organisation it may apply to the Department to be registered as an Eligible Partner Entity.</td>
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<tr>
<td>Commercialisation Strategy</td>
<td>A business plan in relation to the commercialisation of a novel product, process or service.</td>
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<tr>
<td>Customer Service Manager</td>
<td>Departmental employees who advise on eligibility and manage the funding agreements.</td>
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<tr>
<td>Deed of Services and Release</td>
<td>A deed entered into by a Participant and the Department in relation to Services under Accelerating Commercialisation (excludes Funding Agreements)</td>
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<tr>
<td>Department</td>
<td>The Department of Industry, Innovation and Science.</td>
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<tr>
<td>Eligible corporation</td>
<td>A corporation incorporated under the Corporations Act 2001 (Cth) will be an ‘eligible corporation’ for the purposes of Accelerating Commercialisation if its trading activities:</td>
</tr>
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</table>
|                             | a) form a sufficiently significant proportion of its overall activities as to merit it being described as a trading corporation; or
|                             | b) are a substantial and not merely peripheral activity of the corporation.                                                                                                                                |
| Eligible Partner Entity     | An Eligible Corporation whose primary purpose is research but also looks to commercialise the resultant intellectual property. Other requirements for registration include: |
|                             | • the organisation has a business unit whose primary purpose is to help researchers commercialise their intellectual property;
|                             | • the organisation is financially viable; and
<p>|                             | • the application for registration has been approved by the Programme Delegate.                                                                                                                         |
|                            | The application form can be requested by emailing <a href="mailto:ACStrategy@industry.gov.au">ACStrategy@industry.gov.au</a>.                                                                                                                             |
|                            | A list of Eligible Partner Entities is available on the website, business.gov.au.                                                                                                                      |
| Enabling Technologies and Services | Entities that provide enabling or supporting technologies, inputs or services to drive business growth or improve business competitiveness in one or more of the five Growth Sectors. Detailed guidance on Enabling Technologies and Services is outlined in each of the Business Management and Innovation Connections Customer Information Guides. |
| Experienced Executive       | An experienced chief executive officer or other senior executive that is expected to bring complementary skills and experience to the business and to drive it towards commercialisation of its novel product, process or service in the marketplace. |
| Expert Network              | A network of experienced people able to offer knowledge, skills and insights on an honorary basis to commercialise novel intellectual property in the form of novel products, processes and/or services. |</p>
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<td>Funding agreement</td>
<td>A legally binding contract between the Commonwealth and a Participant for grant funding.</td>
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<td>Government grant source</td>
<td>For the purposes of these guidelines government grant source, in general, means any sources that include, but are not limited to, grants, loans or investments sourced directly from a Commonwealth, State, Territory, local or international government, or indirectly through a fully government funded organisation. A grant, loan or investment from an entity that is partly government funded, such as a university or a Cooperative Research Centre, is not considered a government grant source. Equity investments from joint private and public sector management funds, such as the Innovation Investment Fund or University Investment Funds are not considered government grant sources. Monies received from the R&amp;D Tax Concession and the R&amp;D Tax Incentive programs are not considered government grant sources. The Programme Delegate has the final decision in determining what is a government grant source and may issue additional guidance on a case-by-case basis as required.</td>
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</tbody>
</table>
| Growth Sectors              | a. Advanced Manufacturing  
   b. Food and Agribusiness  
   c. Medical Technologies and Pharmaceuticals  
   d. Mining Equipment, Technology and Services  
   e. Oil, Gas and Energy Resources  
   Refer to Appendix C for definitions of these sectors. |
<p>| Incubator Support           | The programme element described in Schedule E of the Programme Guidelines. The Incubator Support initiative assists new and existing incubators to improve the prospects of Australian start-ups achieving commercial success in international markets by delivering a range of activities to Australian start-ups to develop the capabilities required to realise their economic potential in international markets faster than they otherwise would and develop Australia’s innovation ecosystem including in Australian regions. |</p>
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<tr>
<td>Innovation Connections</td>
<td>The programme element described in Schedule B of the <em>Programme Guidelines</em>. Innovation Connections provides businesses with expert guidance on knowledge-related issues and links businesses with appropriate knowledge providers and research organisations. Applicants may apply for one or more of the following Innovation Connections activities: Innovation Connections Facilitation and Innovation Connections Grant.</td>
</tr>
<tr>
<td>Intellectual property (IP)</td>
<td>Intellectual Property (IP) represents creations of the mind or intellect that can be legally owned. IP laws allow for protection through patents, trade marks, copyright, circuit layouts, and plant breeders.</td>
</tr>
<tr>
<td>Minister</td>
<td>The Minister for Industry, Innovation and Science.</td>
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<tr>
<td>Participant</td>
<td>A successful applicant for Accelerating Commercialisation services or a grant, which may include an individual or researcher who has applied through a Commercialisation Office or Eligible Partner Entity.</td>
</tr>
<tr>
<td>Portfolio</td>
<td>An aggregation of Accelerating Commercialisation Participants brought together for global visibility to investors, other entrepreneurs, domain experts, supply chains and strategic corporations.</td>
</tr>
<tr>
<td>Programme Delegate</td>
<td>An employee of the Department who has been empowered by the Minister, or is otherwise duly authorised, to approve Accelerating Commercialisation applications, funding amounts and payments to Participants.</td>
</tr>
<tr>
<td>Programme Guidelines</td>
<td>Means the Guidelines that are given by the Minister to the Department to provide the framework for the administration of the Entrepreneurs’ Programme, as in force from time to time.</td>
</tr>
<tr>
<td>Project budget calculator</td>
<td>An Excel spreadsheet that is used to set out project expenditure within the heads of expenditure. The project budget calculator must be included with an application for funding and will be provided to the applicant by their Commercialisation Adviser.</td>
</tr>
<tr>
<td>Publicly funded research organisation (PFRO)</td>
<td>All higher education providers listed at Table A and Table B of the <em>Higher Education Support Act 2003</em> as well as Federal, State and Territory Government departments or agencies which undertake publicly funded research. This includes, but is not limited to, CSIRO, Defence Science and Technology Organisation, Australian Institute of Marine Science and Australian Nuclear Science and Technology Organisation.</td>
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<td>Related body corporate</td>
<td>Has the same meaning as in section 50 of the Corporations Act 2001 (Cth).</td>
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</table>
| Turnover                    | Revenue earned from ordinary activities during a full financial year. Revenue means the gross inflow of economic benefits arising in the course of the company’s ordinary activities. Ordinary activities means activities that are undertaken by the company as part of its normal business operations, and includes the sale or supply of goods, lease of premises, hire of equipment, giving of advice, export of goods, and supply of other things. Ordinary activities do not include:  
  - economic contributions by the owners;  
  - the principal component of a loan repayment;  
  - payments received under an insurance recovery;  
  - donations and government grants;  
  - revenue attributable to transactions or other events of a type that are outside the day-to-day activities of the entity and are not of a recurring nature (for example, proceeds from the sale of a capital asset used in the business or investments held by the business which are not related to its day-to-day activities); or  
  - the proceeds from the sale of a Portfolio company by a venture capital fund. |
| Value proposition           | A value proposition comprehensively answers the question of why the target customer wants to purchase the product, process or service.             |
Appendix A. Eligible expenditure guidelines

1. Introduction

These guidelines operate on and from 1 July 2015. The Programme Delegate may revise these guidelines from time to time. The guidelines that apply to your project are those that apply on the date that your application is accepted for merit assessment (the date of the application acceptance letter).

These guidelines set out the principles governing what is eligible expenditure. Applicants for Accelerating Commercialisation must use these guidelines in completing an application. For guidance on project eligibility please refer to section 5.1.3 of the Accelerating Commercialisation Customer Information Guide.

Participants must use these guidelines when conducting their project and completing project progress reports. The Programme Delegate (and his or her authorised officers) will use these guidelines to determine eligibility of budgeted project costs and the grant amount, and to determine a Participant’s entitlement to grant progress payments during the period of a funding agreement. The project budget calculator will assist you in calculating your project costs. These guidelines are also used by the independent auditors to conduct independent audits required as part of the reporting requirements of the programme. The Programme Delegate has the final decision in determining eligible expenditure and may issue additional guidance on eligible expenditure on a case-by-case basis as required.

2. Eligible expenditure governing principles

Accelerating Commercialisation focuses on helping Australian entrepreneurs, researchers, inventors, start-ups, Commercialisation Offices and small and medium enterprises address the challenges associated with commercialising novel intellectual property in the form of new products, processes and/or services.

This statement conveys in a broad sense the spirit and intention behind the programme. It should be referred to so as to provide direction and support on decisions regarding the eligibility of expenditure detailed in the guidelines.

2.1. Eligible expenditure is restricted to expenditure incurred directly on the agreed project or on agreed activities as detailed in the funding agreement

- Eligible expenditure is any expense (inclusive of Goods and Services Tax (GST) but less related input tax credits), that qualifies as eligible expenditure under these guidelines.
- Only expenditure incurred in relation to agreed milestones within the agreed project duration (as highlighted in the funding agreement) is eligible expenditure, unless otherwise noted in the eligible expenditure guidelines.
- To be eligible, the Participant must incur expenditure on or after the project commencement date, and on or before the project completion date, with the exception of final audit costs which can be incurred within three months of the project completion date.
- The Participant must pay expenditure in the period between the project commencement date and three months after the project completion date (including final audit costs).
- Eligible expenditure can include depreciation of assets due to performing project activities but excludes any costs, direct or otherwise, of obtaining such assets for their use on project activities and also excludes any opportunity costs from using assets on the agreed project rather than other uses.
2.2. Grant funding is provided to support the project; it is not provided for the benefit or profit of related bodies corporate of the Participant

- Related body corporate has the same meaning as in section 50 of the Corporations Act 2001 (Cth).
- Where project activities are conducted through contracting related bodies corporate of the Participant, these costs (known as ‘intra-group payments’) may qualify as eligible expenditure only if a reliable, measurable cost is incurred by the related body, and a verifiable process is used to transfer that cost to the Participant with no profit margin attached, ‘at cost’.
- Only that proportion of costs which directly relates to activities performed on the agreed project can be claimed as eligible expenditure. Where there is a mutual benefit arising from project activities, either to another company or for another project, the Participant must be able to show how they reasonably apportioned such costs so as to claim only for those activities which directly apply to the funded project.

2.3. Non-cash considerations are not eligible expenditure

For Accelerating Commercialisation purposes, non-cash considerations are contributions to a project that have the following common characteristics:

- no impact on entity cash flow, and
- no record in the entity’s statement of financial performance.

Examples include:

- the use of resources—whether internally or externally sourced—for no cost to the project; and
- issuing shares in payment for services rendered.

These arrangements are sometimes referred to as ‘in-kind’ contributions. Non-cash considerations do not include using resources, at a cost, to conduct activities for the agreed project. The latter costs of conducting activities to achieve agreed milestones are generally allowed as eligible expenditure.

2.4. How eligible expenditure is verified

If your application is successful, you will be asked to verify the project budget that you provided in your application when negotiating your funding agreement. You may need to provide evidence for major cost items such as labour, plant and equipment. Evidence can include:

- quotations
- purchase orders
- supply agreements
- sales catalogues
- details of all employees working on the project, including name, title, function, time spent on the project and salary.

The funding agreement may also include details of the evidence you will need to provide with each project progress report. This may include evidence related to eligible expenditure, including:

- supply agreements
- leasing or purchasing arrangements
- invoices
- associated payments.

If requested, you will need to provide the agreed evidence along with your project progress report.
You must also keep records of all eligible expenditure that has been paid, and must be able to explain how those costs relate to agreed project milestones and activities. At any time, you may be asked to provide records of your paid expenditure. If these records are not provided 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 for the project.

3. Heads of expenditure

This section sets out the heads of expenditure under which applicants and Participants must record project eligible expenditure in applications and project reports. The heads of expenditure are:

- Labour expenditure
- Contract expenditure
- Plant expenditure
- State-of-the-art plant or pilot manufacturing plant expenditure
- Prototype expenditure
- Other expenditure.

These heads of expenditure are explained in more detail below.

**Experienced Executives Expenditure**

The employment of an experienced chief executive officer or other senior executive is supported under Accelerating Commercialisation for all applicants other than Commercialisation Offices and Eligible Partner Entities. Such an appointment is referred to as an Experienced Executive. The executive is expected to bring complementary skills and experience to the business and to drive it towards commercialisation of its novel product, process or service in the marketplace. Expenditure in relation to an Experienced Executive may be claimed under either Labour expenditure or Contract expenditure depending on the executive’s employment status. For more information on Experienced Executives refer to section 4.1.

3.1. Labour expenditure

Eligible labour expenditure covers the cost to the Participant of its employees directly employed on the core elements of the agreed project. An employee is a person who is paid a regular salary or wage out of which regular tax instalment deductions are made.

Eligible labour expenditure includes any components of an employee’s total remuneration package that are itemised on their Pay As You Go (PAYG) Annual Payment Summary submitted to the Australian Taxation Office (ATO). Salary-sacrificed superannuation contributions are considered part of an employee’s salary package where this amount exceeds that required by the Superannuation Guarantee. Employer contributions under the Superannuation Guarantee are included in the labour on-costs allowance.

For grant claim purposes, the maximum salary for an employee, including packaged components, is $175,000 in each full financial year (July-June) of the project period. The maximum salary claim for an Experienced Executive is $250,000 per financial year. The maximum salary claim in a less-than-complete financial year that is part of the project period is reduced proportionately from the $175,000 (or $250,000) maximum.

Any salary claim above these caps will not qualify as eligible expenditure, except where the Participant obtains the Programme Delegate’s prior approval. The Programme Delegate will assess all such requests on a case-by-case basis, and may take into account whether the additional salary
is warranted to attract an employee to the agreed project, and whether the additional salary expenditure is likely to aid the project in meeting Accelerating Commercialisation's policy objective.

3.1.1. Salary on-costs and administrative overhead

Eligible salary costs can be increased by an additional 40 per cent allowance to cover on-costs such as employer paid superannuation, payroll tax and workers compensation insurance. This allowance also includes administrative overheads such as incidental travel, a proportion of communications, accommodation, computing facilities, recruitment, printing and stationery, postage, administrative support salaries, legal, accounting and auditing fees, and bank charges.

3.1.2. Eligible labour expenditure calculation

Eligible labour expenditure must be calculated using the formula below:

\[
\text{Eligible labour expenditure} = \text{Eligible salary costs} + \text{Salary on-costs and administrative overhead}
\]

\[
\text{Eligible salary costs} = \text{Annual salary package} \times \frac{\text{Weeks spent on agreed project/activities}}{\text{52 weeks}} \times \frac{\text{Percentage of time spent on agreed project/activities}}{100}
\]

Example

Tim, an engineer, is paid a total annual salary package of $130,000. Tim will spend 14 weeks integrating a prototype into a commercial partner’s facility. During this period, Tim will work on eligible project activities 70 per cent of the time. The remaining 30 per cent of Tim’s time will be spent on other non-project activities. Eligible labour cost for Tim is calculated as follows:

\[130,000 \times \frac{14}{52} \times 0.70 = 24,500\]

Plus the 40 per cent allowance for on costs and overhead:

\[24,500 + (24,500 \times 0.40) = 34,300\]

Therefore, total eligible labour expenditure that may be claimed for Tim is $34,300.

3.1.3. Ineligible labour expenditure

- Non-cash salary: Salary costs based on an estimation of the employee’s worth to the Participant where no cash changes hands and no amount is credited to a loan account or to a Participant’s current accounts are not eligible salary expenditure.

- Related parties: Amounts credited by journal entry to the loan accounts or current accounts of principals and/or their relatives are not eligible salary expenditure until the individual income tax returns have been sighted by Accelerating Commercialisation and the tax payable on the salary has been assessed by the ATO, or similar satisfactory evidence has been provided that income tax has been paid.

- Labour expenditure for leadership or administrative staff not approved as Experienced Executives: Labour expenditure for leadership or administrative staff (such as CEOs, CFOs, accountants and lawyers) is not eligible expenditure unless the Participant substantiates to the Programme Delegate’s satisfaction that these costs directly relate to performance of core elements of the agreed project. Please note:
  - the costs to the Participant of its employees performing an administrative function are included in the employee administrative overhead (see section 3.1.1).
• the costs to the Participant of its factory employees working solely on the installation or construction of plant or prototypes are included in the plant expenditure category (see section 3.3), State-of-the-art plant or pilot manufacturing plant category (see section 3.4), or prototype expenditure category (see section 3.5).

3.2. Contract expenditure

Eligible contract expenditure is the cost of any agreed project activities performed for the Participant by:

• another organisation; or
• an individual engaged under separate contract.

To be eligible, all contractor project work must be the subject of a prior written contract—for example, a formal agreement, letter or purchase order—which specifies the nature of the work to be performed for the Participant and the applicable fees, charges and other costs payable.

Invoices from contractors must provide a detailed description of the nature of the work, the hours and hourly rates involved, and any specific plant or prototype expenses incurred. Invoices must enable the Programme Delegate to determine whether the proposed expenditure directly relates to the agreed project, would qualify as eligible expenditure if it was claimed directly by the Participant and is reasonable and commensurate for the activities performed.

Where a contractor is engaged in constructing, assembling, installing and/or commissioning plant or prototypes, the contractor's costs should be apportioned between:

• design costs, claimed as contract expenditure; and
• constructing, assembling, installing and/or commissioning costs, claimed as either plant expenditure (see section 3.3), and State-of-the-art manufacturing plant or pilot manufacturing plant expenditure (see section 3.4), or prototype expenditure (see section 3.5).

3.2.1. Contractors that are a related body corporate of the Participant

Where the contractor is a related body corporate of the Participant, eligible contract expenditure is limited to the measurable direct cost to the contractor of performing the contracted project work transferred to the Participant with no profit margin attached, 'at cost'.

In accordance with the general conditions of the funding agreement, the Participant is required to ensure all project contractors keep a record of the costs of their work on the project. For purposes of verifying that contract expenses are purely 'at cost' (refer governing principles) and contain no element of profit the Department may require the Participant to obtain and provide a contractor's records of its costs of doing project work. If such records are not provided the Department may deem the relevant contract expense not to be eligible expenditure.

3.2.2. Calculation of eligible expenditure for an individual engaged under separate contract

The cost of administrative overheads for certain contractors engaged on the agreed project is recognised as a component of eligible contract expenditure. Administrative overhead may be claimed for each contractor who regularly works a minimum of 35 hours per week at the Participant's premises, but not necessarily on the agreed project or agreed activities. The contractor administrative overhead rate is a set rate of 20 per cent of the contractor's fee for work performed on project activities.
Eligible contract expenditure must be calculated using the formula below.

\[
\text{Eligible contract expenditure} = \text{Eligible fees} + \text{Administrative overhead} \\
\text{Eligible fees} = \text{Annual fee} \times \frac{\text{Weeks spent on agreed project/activities}}{52} \times \text{percentage of time spent on agreed project/activities}
\]

**Example**

Anne is the new full time CEO of the company. She has been approved as an *Experienced Executive* for a period of two years and is paid an annual contract fee of $250,000. Anne will work 40 per cent of the time on agreed project activities (mainly business development), 40 per cent of the time on other agreed activities (mainly capital raising and business planning) and 20 per cent of the time on unrelated not agreed activities (e.g. the company’s new research project). Eligible contract expenditure for Anne is calculated as follows:

\[
\text{Eligible fees} = 250,000 \times \frac{104}{52} \times 0.80 = 400,000
\]

Plus the 20 per cent allowance for administrative overheads:

\[
400,000 + (400,000 \times 0.20) = 480,000
\]

Therefore, total eligible contract expenditure that may be claimed for Anne is $480,000.

For grant claim purposes, the maximum contractor fee for an *Experienced Executive* is $250,000 in each full financial year (July-June) of the project period. The maximum contractor fee for an *Experienced Executive* in a less-than-complete financial year that is part of the project period is reduced proportionately from the $250,000 maximum.

Contract costs for leadership and administrative contractors not approved as *Experienced Executives* (such as contracted CEOs, CFOs, accountants and lawyers) are not eligible expenditure unless the Participant substantiates to Accelerating Commercialisation’s satisfaction that these costs relate to performance of core elements of the agreed project.

### 3.3. Plant expenditure

Plant is usually an input to the agreed project or the tools or infrastructure used to pursue the agreed project. Plant is likely to have a value or use outside of the agreed project and can be constructed or otherwise obtained with minimal technical risk or new learning. Further guidance on how to treat plant expenditure is at Appendix B.

#### 3.3.1. Newly purchased plant and pre-existing purchased plant

Eligible expenditure on newly purchased and pre-existing purchased plant is the depreciation—that is, decline in asset value—of an item of plant allowed through the Commissioner of Taxation’s effective life schedules, according to the proportion of time for which it is used on the agreed 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, a higher rate of depreciation may be applied than is otherwise provided for by the effective life schedules.

Total depreciation charges for each particular item of purchased plant, for the proportion and length of time it is used on the project, can be claimed in full at the time of its deployment.

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, and repairs and maintenance.
3.3.2. Hired/leased plant

Eligible expenditure for hired, rented, or leased plant is the number of payment periods dedicated to the agreed project use multiplied by the period hiring fee. Where plant is purchased under a hire purchase agreement, or a lease is used to finance the purchase of the plant, the cost of the item of plant, excluding interest, is capitalised, and then depreciated in the manner set out in section 3.3.1.

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

3.3.3. Constructed plant

Eligible expenditure on constructed plant is the depreciation—that is, decline in asset value—of the item of constructed plant allowed through the Commissioner of Taxation’s effective life schedules, according to the proportion of time for which it is used on the agreed 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, a higher rate of depreciation may be applied than is otherwise provided for by the effective life schedules.

Leasehold improvements to a leased project facility may be claimed as constructed plant eligible expenditure if the improvement cost is capitalised in the Participant’s financial statements (balance sheet) and depreciated in the manner highlighted above.

The starting value for constructed plant depreciation calculations is the capitalised construction cost or capitalised leasehold improvement cost for the plant item in accordance with ATO requirements. Total depreciation charges for each particular item of constructed plant, for the proportion and length of time it is used on the project, can be claimed in full at the time of its deployment.

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

3.4. State-of-the-art manufacturing plant or pilot manufacturing plant

The full cost (rather than depreciation cost only) of establishing a state-of-the-art manufacturing plant (SMP) or pilot manufacturing plant (PMP) is eligible expenditure if the following conditions are met:

- In the case of a PMP, the establishment of the plant is necessary to demonstrate the commercial feasibility of:
  - producing a novel product or service; or
  - a substantially novel process for the production of an existing product where the novel production method is the IP being commercialised.

In other words, the pilot plant is established primarily for testing and/or market validation purposes.

- In the case of an SMP, the establishment of the plant is necessary to achieve first sales of a novel product or service (i.e. it is established as a long term sustainable production facility). The plant must be a “state-of-the-art” manufacturing plant utilised in the manufacture of a novel product (or the commercialisation of a novel service), where such a product cannot be manufactured in (or the service cannot use) an existing plant in Australia, meaning:
  - no manufacturing process of its kind currently exists in Australia;
current manufacturing capability in Australia does not satisfy the definition of “state-of-the-art”;
competition or capacity constraints means the applicant cannot access an existing plant.

In cases where the manufacturing process could reasonably be split into several process steps for manufacturing operations at different sites the above tests must be applied to each step or operation that performs a part of the overall manufacturing process.

- The plant must be established in Australia.
- The plant must be used exclusively for the purposes of the project, unless otherwise approved by the Programme Delegate. This obligation applies for a period of two years from the start date of the project, unless the Commonwealth, by written notice, advises otherwise.

The following criteria must be satisfied in order for an individual item of plant to be claimable at full cost as part of a state-of-the-art manufacturing plant or pilot manufacturing plant:

- The item must be used exclusively for the purposes of the project;
- It is not feasible to hire, rent or lease the item;
- The item must be owned by the Participant; and
- The item cannot be a block of land or a building.

Expenditure for hired, rented, or leased plant or facility cannot be claimed under the ‘state-of-the-art manufacturing plant or pilot manufacturing plant’ head of expenditure, but may be eligible to be claimed under the ‘Plant’ head of expenditure (see section 3.3).

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

Note that these eligible expenditure rules are for the purpose of the Accelerating Commercialisation programme only and different rules are likely to apply in relation to a Participant’s financial reporting and taxation obligations.

Additional guidance on manufacturing plant expenditure is in Appendix B.

3.4.1. Eligible expenditure limit in relation to the SMP or PMP head of expenditure

There is no pre-set limit on SMP or PMP expenditure at the application stage. However, if an application that includes SMP or PMP expenditure is approved, it will only be approved with a condition that eligible expenditure on SMP or PMP is limited to a certain amount, which is typically the amount the applicant has requested in their application. The upper limit on SMP or PMP eligible expenditure will be included in the funding agreement and any changes to that upper limit will require Programme Delegate approval for variation of the funding agreement.

3.5. Prototype expenditure

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

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21 Taking into account technical, production and commercial issues.
22 For example, components of a product are manufactured at different sites, or an article is conveyed through several sites at which it is the subject of successive operations.
The total costs of constructing prototypes are included under this category, with the exceptions that:

- equipment or tools used in the construction of the prototype should be claimed as plant expenditure—see section 3.3
- the Programme Delegate may determine that part or all of the prototype should be claimed as plant expenditure, consistent with the following approach:
  - if the prototype includes significant items of machinery, equipment or tools and these items have a value beyond the project period, then these items should be claimed as depreciable plant items under the plant expenditure category—see section 3.3. Such items will normally be stand-alone modules that are acquired off the shelf or are constructed with a low level of technical risk. To have a ‘value beyond the project period’ means it is highly likely the applicant will be able to sell an item to an independent party for use in activities unrelated to the project.

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

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

3.6. Other expenditure

This eligible expenditure category captures most miscellaneous costs not covered by any of the above categories. These may constitute eligible expenditure to the extent that they are a direct cost to the agreed project, and may include:

- substantial travel on the agreed project—limited to the reasonable cost of accommodation (excluding meals and incidentals) and transportation required to conduct agreed project activities in Australia and overseas and/or to conduct agreed collaboration activities (note: meals and incidental costs are covered by fixed loadings on salaries);
- if specific travel costs are not identified in the application, this ‘other expenditure’ is not eligible during the project period unless the Programme Delegate subsequently approves a request from the Participant;
- ‘reasonable cost of transportation’ for air transportation is an 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 Participant will be required to show evidence of what an economy air fare costs at the time of travel where requested;
- accommodation refers to room cost only. Associated costs such as meals, internet, entertainment and other incidentals are not eligible travel expenditure and cannot be claimed as part of the cost of accommodation;
- transport may include the cost of local transport at outward destinations;
- training costs—where the skills acquired are specific to the requirements of an agreed project and are not covered under other heads of expenditure;
- product liability insurance in relation to an agreed project—where this insurance is a normal and essential cost of undertaking the project. If the product liability insurance has a value or usage outside the project the cost of the insurance must be apportioned on the basis of the proportion of the insurance directed to covering the project;
- **IP protection expenditure** - reasonable costs that protect IP that is related to the agreed project and that the Participant does or will directly own are eligible expenditure. These costs can include fees to a patent office for the cost of filing a patent application, patent search and examination fees, freedom to operate review costs, and annual patent maintenance fees. The cost of defending IP rights is not eligible expenditure, with the exception of legal expenses insurance as it relates to IP.

4. **Treatment of certain activities**

4.1. **Experienced Executive** - engage an experienced chief executive officer or other senior executive

The employment of an experienced chief executive officer or other senior executive is supported under Accelerating Commercialisation for all applicants other than Commercialisation Offices and Eligible Partner Entities. The executive is expected to bring complementary skills and experience to the business and to drive it towards a successful launch of their novel product, process or service in the marketplace. The executive may be engaged on a part-time basis, or engaged full time and split their time between the agreed project and other projects, but combined hours of work on the agreed project and agreed activities cannot be less than three days per week (or equivalent).

The executive’s main role is to execute the agreed project, but time spent on other activities in support of the business is also considered ‘agreed activities’ and therefore eligible expenditure if either noted in the approved application or agreed to by the Commercialisation Adviser during the course of the project.

The application must clearly outline the key performance indicators for the Experienced Executive and how these correlate with the project’s execution plan and milestones.

Where the Experienced Executive to be employed by the applicant is not known at the time of application the applicant must select a person and seek the consent of the Programme Delegate within three months of notification that the application was successful. Similarly, consent of the Programme Delegate is required if a Participant wishes to appoint a different Experienced Executive during the course of the project. A replacement Experienced Executive must be in place within three months of the departure of an existing Experienced Executive. The role of an Experienced Executive must be identified in the project budget calculator.

4.1.1. **Previous association of the Experienced Executive with the applicant**

Previous association with the applicant does not necessarily preclude a person from being approved as the Experienced Executive. The application must demonstrate that the person:

- has the required skills critical to the success of the project and the company and would be the most appropriate person for the position;
- brings complementary skills and experience that assist existing management to drive the business towards a successful launch of its novel product, process or service in the marketplace; and
- did not receive and will not receive any favourable treatment by virtue of their association with the company and any of its directors or major shareholders. This includes the selection process, the remuneration and terms of employment, and the management of potential underperformance once employed.

However, significant shareholders (controlling 20 per cent or more of a company’s shares at the time the grant application is lodged) and founders are not eligible Experienced Executives.
4.2. Business development and supporting activities

The cost of business development activities and other activities geared towards building the supporting elements for successful commercialisation of a particular product, process or service is eligible expenditure if:

- the activity is consistent with the project eligibility requirements set out in section 5.1.3 of the Customer Information Guide; and
- the activity is not listed under section 5 of these Eligible Expenditure Guidelines as an ineligible activity, or the Programme Delegate has otherwise determined that the activity is ineligible.

Examples of eligible business development and supporting activities expenditure are:

- Labour expenditure for a sales person or a business development manager.
- Labour expenditure or legal costs in regards to setting up licensing, distribution or manufacturing agreements.
- Contractor’s fees for developing a capital plan and/or an investment proposal in order to secure continuing funding for the project beyond the grant period.
- Labour expenditure and other costs in relation to developing a partnership or collaboration with another business or organisation to increase the chances of commercial success for the project.
- Labour expenditure and other costs in relation to obtaining regulation and standards compliance, such as certification or accreditation, in the market(s) relevant to the project.
- Labour expenditure and travel costs to attend a trade show (as either exhibitor or visitor to the trade show).
- Labour expenditure, travel and other costs to participate in roadshows organised by Accelerating Commercialisation (refer to section 4 in the Customer Information Guide).

4.3. Overseas activities

Eligible overseas activities expenditure is eligible expenditure on project activities that are not undertaken in Australia by a Participant's staff, contractors or subcontractors. This includes all types of expenditure directly related to such activities, including on-costs, travel and depreciation of plant. For example, travel expenditure in relation to an overseas activity that has been booked and paid for in Australia is considered overseas expenditure.

Plant and other goods, including goods purchased for inclusion in a prototype, that are purchased overseas are not necessarily treated as overseas expenditure. Where plant is used, not where it is purchased, is the basis of treating plant expenditure as overseas or domestic expenditure.

Eligible overseas activities expenditure generally is limited to 10 per cent of total eligible expenditure. All overseas activities expenditure above this cap will not qualify as eligible expenditure, except where the applicant or Participant obtains the Programme Delegate’s prior approval (before incurring the expenditure). The Programme Delegate will assess all such requests on a case-by-case basis, taking into account factors such as:

- the availability of domestic resources and facilities;
- the appropriateness of carrying out activities overseas rather than within Australia;
- cost implications;
- how the additional overseas activities expenditure is likely to aid the project in meeting Accelerating Commercialisation’s policy objective.

The Programme Delegate may seek advice from Innovation Australia when making a decision on whether to allow a claim for more than 10 per cent of an agreed project’s eligible expenditure on overseas activities.
4.4. **Acquisition of new and leading-edge technology**

Acquisition of new and leading-edge technology is eligible expenditure where subsequent adaptation of that technology will contribute directly to completion of the agreed project.

Eligible expenditure on this activity includes, but is not limited to:

- technology audit fees
- network membership fees
- expert advice fees
- process or systems changes to take into account the novel technology
- information dissemination relating to technology acquisition that is part of the project.

Where access to technology or IP is essential for the conduct of an agreed project, licence fees or purchase costs to access such technology or IP may qualify as eligible expenditure. Independent valuations of purchased technology, including IP, are needed to substantiate the cost of any expenditure claimed. Where the Participant licenses technology or IP from a related body corporate, expenditure must be calculated ‘at cost’ (refer governing principles in section 2).

4.5. **Project-related use of acquired technology**

If acquired technology has a value or usage outside the agreed project then acquisition costs must be apportioned on the basis of agreed project-related usage of the purchased technology. In the event that the acquired technology is in the form of plant expenditure or purchased capital goods, this item of eligible expenditure will be subject to the same depreciation treatment as set out in section 3.3.

4.6. **Product/process design activities**

The costs of product/process design activities are eligible where they relate to turning the prototype of a working product or process into a commercially viable design. This includes using engineering expertise to determine prototype structure, function and materials. These costs may include, for example, development of new or improved:

- measurement and control systems
- operational approaches—for example, through process optimisation or increased prototype functionality
- materials handling techniques.

The design costs of routine or periodic alterations to existing products, production lines, manufacturing processes, services, and other on-going operations are eligible expenditure only if they relate directly to the agreed project.

4.7. **Trial production runs**

The cost of a number of trial production runs sufficient to demonstrate commercial viability is eligible expenditure. The total costs of the trial production runs are eligible expenditure. However, the cost of equipment or tools used in the construction of the run is to be claimed under ‘Plant expenditure’ (section 3.3) or ‘state-of-the-art plant or pilot manufacturing plant expenditure’ (section 3.4).

Eligible expenditure under this category includes costs incurred in validation, establishing efficacy, demonstration of capability, scale-up, and development of evidence of the stability or reproducibility of processes, and production of product necessary to achieve first sales.

Income from the sale of prototype(s) and/or first sales has no impact on the agreed grant amount, i.e. it does not need to be offset from project eligible expenditure.
4.8. Quality control activities

Quality control activities, including achieving quality control accreditation, are eligible activities if they are necessary for the commercialisation of the subject novel product, process or service.

5. Activities and expenses not funded under Accelerating Commercialisation

The cost of some activities conducted as part of an agreed project may not be eligible expenditure. A Participant must ensure it has adequate funds to meet the cost of both the eligible and ineligible expenditure associated with its project.

Ineligible activities include but are not limited to:

- preparing the grant application, any project variation requests and any project reports (except costs of independent audit reports as set out in section 6);
- full scale production and inventory costs where the project has already achieved first sales;
- all forms of advertising and the production of promotional material (including web sites and apps whose primary purpose is advertising or promotion);
- establishing general infrastructure or obtaining resources used on the project—such as interest on loans, job advertising and recruiting, and transporting goods to be used on the project (note: some or all of these costs are covered by fixed loadings on salaries and contractor fees for salary on-costs and administration overheads);
- general business management and administration not directly related to the eligible project (note: project related general business costs may be covered by fixed loadings on salaries and contractor fees for salary on-costs and administration overheads);
- directors and officers insurance;
- defending intellectual property rights;
- prospecting, exploring or drilling for minerals, petroleum or natural gas for the purpose of discovering deposits, determining more precisely the location of deposits or determining the size or quality of deposits;
- making donations/sponsorships/gifts;
- opportunity costs relating to forgone production and production downtime arising from the allocation of resources to the agreed grant project;
- any activity related to the reproduction of a commercial product or process by a physical examination of an existing system or from plans, blueprints, detailed specifications or publicly available information;
- acquisition or development of land and buildings (unless otherwise noted in the eligible expenditure guidelines).

This list is not exhaustive. Other specific expenditure may be ineligible because the Programme Delegate decides it does not directly support the achievement of the planned outcomes of the project or it is contrary to the spirit and intention of Accelerating Commercialisation.

6. Audit certificate

The preparation of an audit certificate is eligible expenditure. It is restricted to a maximum of one per cent of total eligible expenditure on the agreed project, unless otherwise agreed to by the Programme Delegate.
Appendix B. Plant expenditure decision tree

Accelerating Commercialisation offers grant assistance for the establishment of manufacturing plants under three different heads of expenditure. Below is a decision tree assisting applicants in determining which head of expenditure they should claim their plant expenditure under.

1. Is the project about bringing a novel product, process or service to market?
   - Yes: No need to claim expenditure for a new manufacturing plant
     - Example: bringing a new web-based service to market
   - No: The project is not eligible

2. Does it require the establishment of a manufacturing plant?
   - Yes: Plant expenditure should be claimed under the 'Prototype expenditure' head of expenditure
     - Examples: bringing to market
     - a novel injection moulding technology
     - a novel process for extracting oil from plants
   - No: Plant expenditure can be claimed under the 'State of the art manufacturing plant or pilot manufacturing plant' head of expenditure

3. Is the plant itself the novel product to be commercialised?
   - Yes: Plant expenditure should be claimed under the 'Plant expenditure' head of expenditure
     - Example: bringing to market a novel product where outsourcing of the manufacture of the product is possible and is a commercially sound strategy
   - No: Plant expenditure can be claimed under the 'State of the art manufacturing plant or pilot manufacturing plant' head of expenditure
     - Example: bringing to market a novel product requiring a ‘state of the art’ manufacturing plant not currently existing in Australia
## Appendix C. Growth Sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Definition</th>
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<tbody>
<tr>
<td><strong>Advanced Manufacturing</strong></td>
<td>Businesses that adopt innovative technologies or business practices to improve or develop manufactured products, processes or services. This includes the adoption of improvements or innovations across any of a range of manufacturing steps, such as concept, research and development, design, production, logistics, marketing and after-sales services, in order to achieve high-value products, services or business outcomes, including improved responses to market demands. Businesses that supply integral services, technologies or inputs to the manufacturing processes of businesses described above.</td>
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<tr>
<td><strong>Food and Agribusiness</strong></td>
<td>Businesses that undertake food or beverage production, or supply integral services or technologies to support food or beverage production. Businesses that provide integral services, technologies or inputs to support primary production of food and beverages. This definition excludes businesses that are food retailers (including restaurants and cafes) or primary producers, except where they can demonstrate they also substantially undertake the above activities.</td>
</tr>
<tr>
<td><strong>Medical Technologies and Pharmaceuticals</strong></td>
<td>Businesses that develop or produce therapeutic, medical or pharmaceutical products or technologies, including complementary medicines. Businesses that provide integral services, technologies or inputs to the development and production of therapeutic, medical or pharmaceutical products or technologies. This definition excludes businesses that are hospitals, medical and other health care services, residential care services, social assistance services and retailers of medical and pharmaceutical goods, except where they can demonstrate they also substantially undertake the above activities.</td>
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<tr>
<td><strong>Mining Equipment, Technology and Services</strong></td>
<td>Businesses in mineral exploration, extraction and mining supply chains, including businesses that provide integral services, technologies and equipment for mining and minerals extraction.</td>
</tr>
<tr>
<td><strong>Oil, Gas and Energy Resources</strong></td>
<td>Businesses engaged in the exploration, development and extraction of energy and fuels from oil, gas, coal and uranium. Businesses that provide integral services, technologies and equipment for use in oil, gas and energy resource sectors.</td>
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