About these Customer Guidelines

Throughout these Customer Guidelines, terms that are in italics and capitalised are defined terms. Please see Appendix 1 for the relevant definitions.

The information contained in these Customer Guidelines helps Customers to:

(a) find out about the Program
(b) determine whether they may be eligible to apply for Program Funding
(c) understand the application process
(d) be aware of the obligations that will apply under any Funding Agreement associated with Program Funding

These Customer Guidelines should be read together with:

(a) the Program Guidelines;
(b) the sample Funding Agreement; and
(c) the sample Application Form.

These documents are all available at the NACC-ISP page on the business.gov.au website.

These Customer Guidelines may be amended from time to time. Any updated version of these Customer Guidelines will be published on the NACC-ISP page on the business.gov.au website. Applicants should ensure they have the current version of these Customer Guidelines, available from the NACC-ISP page on the business.gov.au website. Changes will not be applied retrospectively to applications lodged before the changes were made.

For further information about the Program either:

(a) visit the website at New Air Combat Capability - Industry Support Program
(b) contact the CDIC (Centre for Defence Industry Capability) on (03) 9268 7974
(c) or by email: CDIC@industry.gov.au
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1 About the Program

Overview of the Program

The Australian Government’s Defence Industry Policy Statement - Building Defence Capability: a Policy for a Smarter and More Agile Defence Industry Base announced over $445 million of Programs that industry can access to improve their competitiveness, their capacity for innovation, their ability to enter export markets, their opportunity to win work locally as well as improve the skills of their workforce.

The Program was established in conjunction with the Australian Government approval to acquire the F-35 Joint Strike Fighter (JSF) under Project AIR 6000. The Program will provide funding to Australian companies and research organisations to support the development of new or improved capabilities that may enhance the ability to win work in the production, sustainment and follow-on development phases of the JSF Program. The Program opened to applications in August 2011.

The Program is delivered and managed by authorised officers from the Department of Defence’s Capability Acquisition Sustainment Group (CASG) and the Department of Industry, Innovation and Science through the AusIndustry, and its Centre for Defence Industry Capability (CDIC).

The CDIC is the first point of contact for customers wishing to know more about the Program. For Customers who enter the Program, the CDIC will remain their main point of contact at all stages of delivery.

What Program funding does the Program offer?

The Program provides Program funding under three streams:

(a) Stream A Grants

Grants of up to $1,000,000 are available for Projects where the Customer aims to develop a new or improved JSF technology, product, process or service that is required by entities within the JSF supply chain, and which can demonstrate more than one JSF application.

Customers need to match the Program funding on a 50:50 basis.

Customers will be expected to complete Projects in this stream within a period of no more than 36 months (plus any approved extension).

(b) Stream B Grants

Grants of up to $250,000 are available for projects where the Customer aims to develop a new or improved JSF technology, product, process or service to enhance a company's competitiveness in winning work from entities within the JSF supply chain; or to engage in a study effort that relates to a capability required by entities within the JSF supply chain or the JSF Program Office.

Customers need to match the Program funding on a 50:50 basis.
Customers will be expected to complete Projects in this stream within a period of no more than 18 months (plus any approved extension).

(c) Stream C Grants

Grants of up to $300,000, with no more than $100,000 per financial year, are available for research effort assistance that leads to JSF industry capability enhancements or manufacturing improvements required by entities within the JSF supply chain or the JSF Program Office.

Customers need to match the Program funding on a 50:50 basis.

Customers will be required to complete Projects in this stream within a period of no more than 36 months.

Governance of the Program

The governance framework for the Program is set out in the Program Guidelines, which include the Program objectives, roles and responsibilities of the parties governing and implementing the Program, types of Program funding and basic eligibility and merit rules. The Program Guidelines are available on the NACC-ISP page on the business.gov.au website.

2 Applying for Program funding

Before applying for Program funding, Applicants should read all of the relevant documents relating to the Program, and consider whether they are likely to meet all relevant criteria and/or be competitive compared to other Applicants.

Potential Applicants should also refer to Appendix 2, which provides the terms on which applications are sought under the Program.

There are three main stages in the review of applications. The Applicant and their application are first reviewed against the eligibility criteria by AusIndustry. The application is then assessed against the merit criteria by the Review Panel. Finally, the Program Delegate decides whether Program funding will be granted, and on what terms and conditions.

Preparing and lodging an application for Program funding

Before lodging an application, Applicants are required to contact the CDIC and speak with a Business Adviser:

Centre for Defence Industry Capability
Level 13, 26 Franklin Street
ADELAIDE SA 5000

Telephone: (03) 9268 7974
Email: CDIC@industry.gov.au

Business Advisers can provide advice and guidance on JSF industry opportunities and assist Applicants in understanding the capabilities sought by entities in the JSF supply chain. Business Advisers will also provide feedback on eligibility and advise if the
Project could be suitable for the Program. An Applicant’s Business Adviser will continue to act as the primary contact in the Program should their application be successful.

Applicants are encouraged to seek feedback on their draft application from their Business Adviser before lodging the final version. Feedback will only be provided where the application is complete and all mandatory attachments are included, in at least draft form. Applicants may be requested to provide additional documentation where the Business Adviser considers the information necessary for the application to be properly assessed.

Where an applicant chooses to proceed with an application the CDIC will provide them with the Program application form. Applications for funding under the NACC-ISP are only available from the CDIC:

- A sample NACC-ISP application form is available on the NACC-ISP page on the business.gov.au website.

Applicants can lodge their completed Program application form and all supporting documentation online by sending them to NACC-ISP@industry.gov.au.

Acceptance of all final applications will be acknowledged in writing by AusIndustry where it is satisfied that the application is complete and eligible, and can be admitted for assessment. If an application is incomplete or ineligible, the matter will be discussed with the contact person identified on the application form.

The Acceptance Date will be specified in the letter confirming that the application has been Accepted. Applicants should take careful note of the Acceptance Date, because it is the earliest date from which they will be able to accrue Eligible Expenditure for the purpose of receiving Program funding.

The Department of Industry, Innovation and Science and the CASG are not obliged to accept applications which are not made in accordance with section 2 of these Customer Guidelines. This will include applications that are incomplete, or lodged incorrectly.

Applications can be submitted for consideration at any time and will be assessed on a continuous basis. Continuous application rounds will facilitate timely decisions, to meet Applicants’ respective innovation, manufacturing and investment cycles.

An application may be put through the review processes explained below on its own, or together with other applications. In this respect, AusIndustry has the discretion to either commence a review or defer commencement of a review until a certain number of applications have been received and can be processed together.

**Review Stage 1: Eligibility review by AusIndustry**

On receipt, applications are checked to ensure that the Applicant and the application comply with the relevant eligibility criteria, including that the application is complete. As mentioned above, if these requirements of eligibility and completeness are satisfied, AusIndustry will notify the Applicant in writing that the application has been Accepted and will be referred for further merit assessment.

In determining whether an application for Program funding can be referred to the next review stage, AusIndustry will consider the following:
• Is the Applicant an Eligible Applicant?
• Is the application an Eligible Application?

Definitions of Eligible Applicants and Eligible Applications are provided in Appendix 1, and further details of the eligibility criteria are explained below in section 3.

When undertaking its review, AusIndustry will liaise with the CDIC to advise that the application has been received and to seek the Business Adviser’s comments on the application.

Where the relevant eligibility criteria are met, the application will be referred by AusIndustry to the Program Manager. The Program Manager will be provided with the application and all relevant material held by AusIndustry including the CDIC commentary.

Review Stage 2: Merit review by the Review Panel

In the second stage of the review of applications, the Program Manager submits applications to the Review Panel for assessment against the Merit Criteria.

The Review Panel comprises government officers with expert knowledge of the Australian defence industry and JSF industry capability requirements. Review Panel members are drawn from the CASG and the Department of Industry, Innovation and Science and are appointed by the Program Delegate. The Program Manager is the chair of the Review Panel.

The role of the Review Panel is to advise the Program Delegate on matters regarding the eligibility and relative merit of Applicants under the Program.

The Review Panel may also provide the Program Delegate with Merit Rankings, including:

• a ranking of all current applications in order of merit; and/or
• an absolute assessment of a current application (or applications) against the Merit Criteria without any relative ranking.

Ultimately, applications must rate highly against each merit criterion to be considered for Program funding.

The Review Panel may decline to provide a ranking for an application or an assessment where it considers that the Project described in that application is ineligible even if previously deemed to be eligible, or the application lacks sufficient merit under one or more of the merit criteria.

In conducting its assessments, the Review Panel may seek additional information from the Applicant or advice from CDIC and/or AusIndustry.

Once the merit review is complete, the Program Manager will submit applications with the Review Panel’s assessments to the Program Delegate for the final decision.
Review Stage 3: Program Delegate makes the final decision

After receiving the assessment of an application from the Review Panel, the Program Delegate may approve or reject the application.

Where an application is approved, the Program Delegate has absolute discretion in determining the quantum, terms and conditions of the Program Funding.

When making decisions relating to the approval of Program funding the Program Delegate must, at a minimum, consider:

- the Review Panel’s assessment of the application;
- Program Funds currently available;
- Program Funds already committed in the current and future years; and
- indicative targets for approvals throughout the current year.

The Program Delegate may make their own assessment of an application both in terms of absolute merit against the merit criteria or relative merit against other applications.

The Program Delegate may decline to fund an application, notwithstanding it is of high merit, on the basis of Program Funds available and uncommitted, and/or may decide to provide Program funding that represents only part of the amount requested in an application.

The Program Delegate will endeavour to make a decision within 60 calendar days of the application being accepted for assessment. AusIndustry will notify all Applicants in writing, of the success or otherwise of their application, within five working days of being notified of the decision. Applicants are advised of the application acceptance date by letter.

The Program Delegate's decision is final in all matters.

Successful applications

If an application is approved by the Program Delegate, AusIndustry will enter into a Funding Agreement with the Applicant, on behalf of the Commonwealth. Funding Agreements and obligations of successful applicants (or Customers) are explained in section 5 and Appendix 6 below.

Unsuccessful applications

If the application is not successful, the Applicant will be notified in writing and provided the opportunity to discuss the outcome with a Business Adviser.

Options for submitting a new application can also be discussed with the Business Adviser. A new application will be accepted for review only if it contains materially new information, or is in respect to a materially different Project, and it otherwise meets the relevant eligibility criteria.

If unsuitable for the Program, where possible, Applicants will be referred by their Business Adviser to other assistance Programs that may meet their business needs.
The Program Delegate has the ultimate discretion in respect to decisions made under the Program, including whether to approve or reject an application. If you would like to appeal the assessment and/or decision, please contact the Program Manager in the first instance. If you are not satisfied with this procedure, you may refer your appeal to the Program Delegate.

Appeals and complaints should be submitted in writing to:

Via email NACC-ISP@industry.gov.au
Via post Attention NACC-ISP Program Manager/Program Delegate
c/- AusIndustry Delivery Manager (NACC-ISP)
AusIndustry
GPO Box 2013
CANBERRA ACT 2601

The Program Delegate has absolute discretion upon receipt of such an appeal to maintain or change their initial decision.

Please also refer to section 6.5 below for details of the general complaints handling process under the Program.

3 Eligibility Criteria (Review Stage 1)

In this section, the criteria against which an application is assessed by AusIndustry during the first stage of the review of an application for Program funding are explained. This stage of the review includes:

(a) determining if the Applicant is an Eligible Applicant; and
(b) determining if the application is an Eligible Application.

Eligible Applicant Criteria

To be an Eligible Applicant, an Applicant must:

(a) be a certain type of entity;
(b) have ownership, access to, or the beneficial use of, any intellectual property necessary to carry out the Project;
(c) demonstrate an ability to fund the costs of the Project (other than those covered by the Program funding sought by the Applicant);
(d) where the Project proposed by an Applicant is to be undertaken by a consortium or a trust, comply with any additional application criteria as specified in these Customer Guidelines;
(e) not be one of the companies engaged on the development of the JSF and listed in an attachment to these Customer Guidelines as a ‘JSF Prime’; and
(f) not be named by the Affirmative Action Agency as an organisation that has not complied with the Workplace Gender Equality Act 2012 (Cth).

Further details in respect to each of these criteria are provided below.
Type of entity

An Eligible Applicant must be one of the following:

(a) For Stream A Grants and Stream B Grants:
   (i) a Non tax exempt company; or
   (ii) an Australian University, Cooperative Research Centre (CRC) or a Publicly Funded Research Agency (PFRA).

(b) For Stream C Grants:
   (i) a Non tax exempt company which is controlled by an Australian University, CRC or PFRA; or
   (ii) an Australian University, CRC or PFRA.

Access to necessary IP for the Project

An Applicant must be able to demonstrate that it owns, or has access to or beneficial use of, any existing IP needed to carry out the Project. Applicants are not eligible for Program funding if the IP is in dispute or ownership has not been clearly established.

It is also normally expected that, if the Project succeeds, the Customer will own any IP resulting from the Project. Arrangements regarding the exploitation of Project IP which differ from this must be explained comprehensively in the application made by an Applicant or additional documents sent in at the time of application.

Where relevant, the Applicant should provide, with their application, documentary evidence of relevant IP arrangements. If it is not appropriate or necessary to access IP to carry out the Project, then such documentation will not be required, but an explanation will be required to justify this position.

Ability to fund the costs of the Project

Applicants are required to contribute to the funding of their Project. Specifically, all Applicants are required to match Program funding on a 50:50 basis.

An Applicant will need to provide documentary evidence of its ability to fund its share of Project costs in the application. An accountant’s written opinion would be sufficient to meet this criterion, if it is prepared and signed by a person who:

- is not a director, other office holder, or employee of the applicant or related body corporate of the Applicant;
- has not been engaged by the Applicant for the purpose of preparing the application for Program funding;
- has no financial interest in the Applicant; and
- is a current member of the Institute of Chartered Accountants in Australia; or the Society of Certified Practising Accountants; or a Member of the Institute of Public Accountants (MIPA) or Fellow of the Institute of Public Accountants (FIPA), and
• includes a statement confirming that the Applicant is able to fund its share of the cost of the proposed Project.

While it is not necessary to have all matching funding at the time of application, the Applicant must demonstrate it will be able to fund its share of Project costs at the rate it will incur Eligible Expenditure on the project. (See Appendix 3 for further details of Eligible Expenditure.) It cannot use in-kind (non-financial) contributions as matching funding.

For Australian Universities, CRCs and PRFAs, matching funding for the Project cannot be provided from grant funding received from other government programs or from contracted member/customer contributions that were provided to the organisation for already designated work activities.

A grant, loan or investment from an entity that is partly government funded, such as an Australian University, CRC or a PFRA, is not considered Government grant funding if the monies are sourced from the entity’s commercial activities, such as contract research and development or from licensing its IP.

The Program Delegate may reduce the amount of the Program funding sought by an Applicant after taking into account other Government grant funding provided to the same Project and any relevant advice from the Department of Industry, Innovation and Science and the Review Panel.

The Applicant must include in its application details of any Government grant funding the Project receives, including the amount of the funding, the source of funding and the terms and conditions under which it was provided.

The Program Delegate has the final decision in determining what is Government grant funding and may issue additional guidance on a case-by-case basis as required.

Additional requirements for Cooperative Research Centres (CRCs):

Any Program funding provided to a CRC would need to be provided through a separate contract and accounted for separately (i.e. not passed through the CRC’s single bank account set up to receive CRC Programme grant funding and contributions from CRC customers).

The Applicant’s share of the Project costs under the Program can not be sourced from the CRC Programme grant funding or from contracted customer contributions that were to be provided to the CRC for the activities of the CRC which are the subject of the Commonwealth Agreement between the CRC and the Department of Industry, Innovation and Science. This means that, regardless of the source of the funding (including whether private or government), funds provided to the CRC for the work for which the CRC was awarded its CRC Programme funding grants cannot be used by the CRC as ‘matching’ funding for the purposes of the Program.

Additional criteria where the Applicant is part of a consortium

The Program encourages cooperation between businesses and/or researchers where relevant and will consider applications for funding of collaborative projects.
Collaboration is a formal link between entities where key personnel from different institutions or companies are substantially involved in developing and undertaking the Project. This relationship goes beyond the level of involvement under a traditional fee-for-service association — that is, it goes beyond normal arrangements that would exist with contractors.

An application for Program funding may be lodged by a lead entity of a consortium or group to undertake a collaborative Project, provided that the consortium has agreed that the entity should act on its behalf in lodging an application, and the lead entity is willing and able to commit to the legal and financial obligations arising from the Funding Agreement. The lead entity must itself be an Eligible Applicant and must be able to make-up any shortfall in contributions by consortium members. The lead entity is also responsible for ensuring all consortium members understand Program requirements prior to the application being lodged.

To meet the criteria to be an Eligible Applicant, an Applicant representing a consortium must:

(a) be able to demonstrate that the consortium has beneficial use (relevant licences or ownership) of all IP necessary to conduct the Project and achieve the planned outcomes of the Project as described in the application; and

(b) confirm that the Applicant and all consortium members have not been named as organisations that have not complied with the Workplace Gender Equality Act 2012 (Cth) at any time after the lodgement of the application; and

(c) meet the other criteria to be an Eligible Applicant; and

(d) provide with the application a signed letter of intent from each member of the consortium described in the application.

The letters of intent should at a minimum:

• affirm that member’s support for, and participation in, the Project consistent with the details provided in the application;

• contain a complete and accurate description of that member’s role, responsibilities and contribution to the Project. This contribution may be financial and/or involve the provision of key assets (eg intellectual property) or expertise for the Project; and

• be on the letterhead of the relevant consortium member and signed by a person with the requisite authority to commit to the resources described. The CDIC or AusIndustry may ask for additional information to verify the person’s authority or a particular member’s commitment.

Applicant as a trust

If the Applicant is a trustee, full details of the trust and trust structure must be specifically disclosed to the Commonwealth in the Applicant’s application.
If the Applicant is a trustee additional requirements may apply, as specified in the Funding Agreement.

**Applicant must not be a JSF Prime**

The Applicant will not be an Eligible Applicant if it is a JSF Prime. A list of JSF Primes is provided at Appendix 5. This list may be updated from time to time.

**Equal opportunity requirement**

An Applicant will not be an Eligible Applicant if it does not comply with its obligations under the Workplace Gender Equality Act 2012 (Cth). Companies on the list of non-compliant organisations (available at the Workplace Gender Equality Agency website) at any time after lodgement of an application are not eligible to receive Program funding.

**Eligible Application Criteria**

An application must satisfy the following to be an Eligible Application:

- the Applicant must be an Eligible Applicant (see 0 above);
- the Project must involve Eligible Activities;
- the application must be complete and contain sufficient information to undertake an assessment of the merits of the application; and
- the application must be in the form required (see 2.1 above).

**Eligible Activities**

Eligible Activities are defined as follows:

- For Stream A Grants, Eligible Activities are those necessary to develop a new or improved JSF technology, product, process or service that is required by entities within the JSF supply chain, and which can demonstrate more than one JSF application.
- For Stream B Grants, Eligible Activities are those necessary to develop a new or improved technology, product, process or service to enhance a company’s competitiveness in winning work from entities within the JSF supply chain; or to engage in a study effort that relates to a capability required by entities within the JSF supply chain or the JSF Program Office.
- For Stream C Grants, Eligible Activities are those necessary to undertake a research effort that leads to JSF industry capability enhancements or manufacturing improvements required by entities within the JSF supply chain or the JSF Program Office.
- In respect of all grants (regardless of the stream applied for), Eligible Activities must be directly related to maximising Australian industry involvement in the JSF production, sustainment and follow on development.
- Where the Applicant is a CRC, its activities which are the subject of the Commonwealth Agreement between the CRC and the Department of Industry, Innovation and Science, (that is, the work for which the CRC was awarded its
CRC Programme funding grant) will not be considered Eligible Activities. Program funding will not be provided for any such activities.

The exact nature of activities which are Eligible Activities will vary from Project to Project. Examples of the types of activities that will be considered Eligible Activities, provided in the context of the assessment of Eligible Expenditure, include:

- salary costs for employees;
- plant and equipment, including its installation and commissioning;
- expenditure on contractors;
- licence costs for IP; and
- prototyping and first article qualification costs that are not reimbursable from a JSF Prime or OEM,

where the activity is a necessary part of the Project. However, what will be included as an Eligible Activity for a specific Project will ultimately be determined on the basis of progress reports, or in any prior approval of Eligible Expenditure provided. Please refer to Appendix 3 below for further details of Eligible Expenditure.

4 Merit Criteria (Review Stage 2)

In this section, the criteria against which an application is assessed by the Review Panel during the second stage of the review of an application for Program funding are explained. These Merit Criteria are:

(a) Need for funding;
(b) Commercial plan;
(c) Management capability;
(d) Market opportunity;
(e) National benefits.

Further details of each of these criteria, and indicators of merit relevant to each are provided below in section 4.2.

Use of Merit Criteria

The Review Panel assesses and may prioritise applications against the Merit Criteria by providing a Merit Ranking to the Program Delegate to assist with the final decision as to whether Program funding should be granted.

The Program is a highly competitive, merit based program, and only applications which demonstrate a high level of merit against the Merit Criteria will be successful. Accordingly, Applicants should address and provide evidence for each of the Merit Criteria in their application. When addressing the Merit Criteria, an applicant should consider and demonstrate their claims in both quantitative and qualitative terms.
Applicants should be aware that the Review Panel’s interpretation of the Merit Criteria will be appropriate to the funding stream. Specifically, applications for Stream C Grants will need to address the Merit Criteria as it applies to research efforts.

Merit Criteria

(a) Need for Funding

In addressing this criterion, the Applicant must demonstrate a need for the grant funding by explaining:

(i) the Applicant’s financial and non-financial commitments to date;
(ii) why the Applicant is not in a position to fund the entire project;
(iii) how and to what extent the grant funding will contribute to the project outcomes; and
(iv) what the implications are if this application for funding is not successful and the project does not proceed.

(b) Commercial Plan

The Applicant must demonstrate how it plans to enhance its ability to compete for the business opportunities identified within the JSF supply chain or by the JSF Program Office.

The Applicant must demonstrate it has an effective process to manage and deliver the proposed outcome by:

(i) explaining its strategy to enhance its ability to compete for JSF opportunities;
(ii) demonstrating core business interests directly relevant to the project; and a company business plan that includes and supports the proposed project;
(iii) demonstrating company stability and/or growth over the two financial years prior to lodging the application (if you are an established company); and
(iv) demonstrating a sound commercialisation plan setting out a clear route to achieve the Project outcomes including matters such as the following:

(A) a clear set of objectives;
(B) a clearly defined path to market detailing actions, timeframes and financial expenditure necessary to achieve commercial exploitation which benefits Australia;
(C) an understanding of the key structural or market challenges to be resolved including an understanding of any trade barriers and access to manufacturing partners; and
(D) a sound Intellectual Property strategy (where applicable).
(c) **Management Capability**

The *Applicant* must demonstrate the capacity and capability to undertake the *Project*. The *Applicant* may indicate merit in this respect by:

(i) Discussing the skills held by key management personnel in:

   (A) project management;

   (B) business management, including human resources and financial management; and

   (C) commercialisation (where applicable),

(ii) showing the technical capacity to undertake the *Project*, including:

   (A) adequate infrastructure, facilities and equipment available to meet the short and long-term requirements of the *Project*; and

   (B) appropriately skilled technical staff, and sub-contractors.

(iii) providing a clearly articulated plan explaining the work involved in undertaking this project including activities, methodologies and milestones linked to a feasible timeframe and budget (which is consistent with the Milestone and Key activity table); and

(iv) demonstrating an understanding of the challenges and risks involved in the project.

(d) **Market Opportunity**

The *Applicant* must demonstrate that there is a demand from an entity or entities within the JSF supply chain for the specific JSF industry capability, and identify target customers and how the project will address this demand by:

(i) providing a realistic estimate of the financial revenue that will result from the *Project* outcome:

   (A) relating to the specific JSF requirement associated with the *Project*; and

   (B) relating to exploitation of other requirements and applications;

(ii) providing evidence that the *project* will lead to other market opportunities (JSF and/or non-JSF); and

(iii) demonstrating a realistic understanding of the competitive advantages of the *Project*’s outcomes compared to existing or competing products, processes or services.

(e) **National Benefits**

The *Applicant* must demonstrate that the project will improve Australia’s participation and competitiveness in the global economy by explaining how the *Project*:
will contribute to the enhancement of the Australian JSF industry outcome;

(ii) enhances Australian defence industry skills, capabilities and competitiveness;

(iii) can address other Australian business opportunities in global defence industry supply chains.

5 Entering a Funding Agreement

Process of entering a Funding Agreement

Successful Applicants will receive a written offer of Program funding. Offers will be sent to Applicants by AusIndustry on behalf of the Program Delegate. If an Applicant accepts this offer, it is required to sign a Funding Agreement before Program funding will be paid.

Applicants should note that in addition to entering into a Funding Agreement, the payment of Program funding will be subject to the fulfilment of all relevant obligations as set out in the application form and Funding Agreement itself. For instance, Program funding will not be paid until an Applicant or Customer is registered for the GST.

Further information about Funding Agreements, including a summary of important terms and conditions, is provided below in Appendix 6. A template Funding Agreement is available at the NACC-ISP page on the business.gov.au website.

An offer of Program funding may be subject to special conditions, and may be withdrawn in certain circumstances. The Program Delegate’s decision is final with regard to the offer of Program funding, including the size and terms and conditions for which Program funding is offered.

The Applicant will have 30 calendar days from the date of the offer (or any longer period allowed by the Program Delegate) to execute a Funding Agreement with the Commonwealth. The offer of Program funding may be withdrawn if a Funding Agreement is not executed within this time.

The Funding Agreement is a legal contract between the Customer (which the Applicant will become upon signing the Funding Agreement) and the Commonwealth. In the Funding Agreement, the Commonwealth is represented by AusIndustry which enters the Funding Agreement on behalf of the Commonwealth.

The Funding Agreement sets out the terms and conditions of Program funding, the obligations of both parties under the Program and the Project milestones. The schedules to the Funding Agreement will reflect other information included in the application. A sample copy of the Funding Agreement is available at the NACC-ISP page on the business.gov.au website.

The Funding Agreement is to be finalised through consultations involving the Applicant, the CDIC and AusIndustry. During finalisation of the Funding Agreement, a ‘cost check’ of budgeted Project Eligible Expenditure may be conducted. During this ‘cost check’, an
examination of the Customer’s documentary evidence of the Project’s projected Eligible Expenditure items may be undertaken - for example, payment summaries, contracts, quotes and so on.

In confirming certain information contained in the application, additional detail in relation to confidential information, and the customer's willingness to take part in Program marketing events and publications may also be sought.

An executed Funding Agreement provides Program funding over the life of a Project. Until a Funding Agreement is executed, there is no guarantee that Program funding will be paid and an Applicant offered Program funding bears the risk of any expenditure it incurs before then.

The Funding Agreement will contain certain obligations about undertaking the Project or achieving its outcomes in accordance with the Applicant’s application.

It is important for Applicants to closely consider the details of the Project when finalising the Funding Agreement, and in particular, to understand the key compliance and reporting obligations and apportioning project costs across the financial years of the Project. Once the Funding Agreement is signed, any changes to Project expenditure including movement of funds across financial years, will require prior approval by the Commonwealth, which means unspent funds in any year may be lost from the Project.

If a Customer does intend to change its Project strategy it must inform the Commonwealth in writing and seek a variation to the Funding Agreement. Failing to do so may place the Customer in breach of the Funding Agreement. Section 0 of Appendix 6 below sets out further information about varying a Funding Agreement.

Queries about the Funding Agreement can be raised with CDIC and the Customer’s Business Adviser, as they will continue to assist Customers in the management of their Funding Agreement throughout the life of the Program.

6 Further Information

Compliance visits

Compliance visits by a person authorised by the Program Delegate may take place periodically throughout the Project period, and for up to 5 years after Project completion. The Program Delegate may authorise officers from the CDIC or AusIndustry to undertake such visits. The person authorised by the Program Delegate may inspect any Customer records required to be kept under the Funding Agreement, and may examine Project progress, for the purposes of reviewing compliance with the Funding Agreement. In every instance, Customers will be provided with reasonable notice of any intended compliance visit.

Taxation obligations

Payments of Program funding attract the GST. Such payments are increased to compensate for this tax. Eligible Expenditure is calculated net of GST, and GST is then added to the payment of Program funding.
For Customers, this means they will receive Program funding as an amount plus GST. However, when calculating Eligible Expenditure, they cannot include any GST paid.

While Program funding is typically assessable income, its treatment will depend on the recipient's particular circumstances. It is therefore recommended that each Customer obtain independent professional advice as to the income tax implications in their particular circumstance.

Program funding received will affect the ability of a Customer to claim expenditure on R&D under the R&D Tax Concession. This is because section 73C of the Income Tax Assessment Act 1936 operates to claw back or offset the benefits of the R&D Tax Concession if the company has received grants for the same activities.

Confidentiality

Confidentiality of applications

The use and disclosure of information provided by Applicants for Program funding are regulated by the relevant provisions and penalties of the Public Service Act 1999, the Public Service Regulations, the Privacy Act 1988, the Crimes Act 1914, the Criminal Code Act 1995 and general law.

As part of the assessment of an application, officers delivering the Program may need to consult with, and provide material from the application to, other government agencies or bodies, other organisations and/or relevant individuals, in order to substantiate any claims or statements made in the application form, or to otherwise assist in the assessment of the application. If this occurs, the officers involved will endeavour to ensure that the parties who are consulted observe appropriate confidentiality provisions.

Detailed confidential information contained in applications may be disclosed for audit purposes to contractors engaged under the Program and to other Commonwealth agencies for audit, reporting and law enforcement purposes. Further, the departments implementing the Program may release confidential information if it obtains the Applicant's consent or is required or permitted by law to do so. This could happen, for example, if the departments implementing the Program are required to respond to a resolution of the Parliament, or an order of a court.

Applicants may wish to claim exemption under the Freedom of Information Act 1982 (Cth) to seek to avoid disclosures being made to third parties under that Act. However, a claim of exemption does not guarantee that information submitted is in fact exempt from disclosure under the Freedom of Information Act 1982 (Cth).

Confidentiality once application approved

The Program may use information on Customers who have received Program funding as part of its promotional activities. This may involve press advertising, promotional material on the CASG and/or the Department of Industry, Innovation and Science websites and case studies. Customers will be consulted before their Projects are used for any detailed case study purposes.
Under the *Funding Agreement*, *Customers* are required to acknowledge any Commonwealth contribution in publicity material.

Following approval of an application for *Program funding*, some details of successful applications (i.e. name of the recipient, amount of funding, explanation and outcomes of the project) may be disclosed by the *Program* for governmental purposes such as:

- promoting the *Program*;
- reporting on its operation; and
- policy development and outcomes; and
- answering questions from the Australian Parliament and its committees.

The Commonwealth understands that in meeting reporting obligations under the *Funding Agreement* the *Customer* may, from time to time, provide confidential information. Protecting confidential information is important to CASG and the Department of Industry, Innovation and Science. For this purpose, it is recommended that the *Customer* clearly identifies any confidential information contained in reports. CASG and the Department of Industry, Innovation and Science must protect confidential information and may only disclose it in the limited circumstances described in the *Funding Agreement*. The confidentiality of information may also be protected by Commonwealth legislation, as well as common law, subject to the changes mentioned above.

**Conflicts of interest**

Conflicts of interest may arise for the Commonwealth officers implementing the *Program*. Such conflicts may include:

(a) an officer having a financial interest in an *Applicant* or *Customer*;

(b) an officer being closely related to an employee of an *Applicant* or *Customer*;

(c) an officer being closely related to an employee of or having a financial interest in a competitor of an *Applicant* or *Customer*.

The CASG, the *Review Panel*, the *CDIC* and *AusIndustry* are required to follow formal procedures for handling matters involving actual or potential conflicts of interest. The Department of Industry, Innovation and Science and the CASG also have formal policies and procedures in place regarding actual or potential conflicts of interest.

The *Public Service Act 1999* (Cth) contains a Code of Conduct which specifies standards which Australian Public Service (APS) employees, including those implementing the *Program* are required to uphold. There is also a more general obligation under the *Public Service Regulations 1999* (Cth) on employees not to disclose any information about public business or anything of which the employee has official knowledge and under the *Crimes Act 1914* (Cth), it is an offence for an employee to publish or communicate such information.

The CASG and the Department of Industry, Innovation and Science also have obligations under the *Privacy Act 1988* (Commonwealth). Further information is available at the Office of the Australian Information Commissioner’s privacy website.
Feedback and complaints handling procedure

Applicant and Customer feedback will be greatly appreciated. At some future time you may be invited to participate in a Customer satisfaction or stakeholder satisfaction survey on policy development and service delivery.

To provide feedback or a complaint regarding the Program, Applicants and Customers can contact their Business Adviser.

Complaints can also be directed to AusIndustry:

AusIndustry Delivery Manager (NACC-ISP)
GPO BOX 2013
CANBERRA ACT 2601

Telephone: (02) 6276 1127
Email: NACC-ISP@industry.gov.au

Complaints specific to the assessment of applications will be forwarded by the AusIndustry Delivery Manager to the Program Manager.

Alternatively, complaints may be made to the Commonwealth Ombudsman. There is no fee for making a complaint and the Ombudsman will conduct an independent investigation of any concerns. (The Ombudsman usually prefers complainants to first work through relevant internal processes before complaining about a decision.)

The Ombudsman has offices in all states and territories. The Ombudsman can be contacted by telephoning 1300 362 072 or by writing to the relevant contact address specified on the Ombudsman’s website.
### Appendix 1: Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accept / Acceptance</td>
<td>‘Accept’ or ‘Acceptance’ means to admit for assessment under the Program in accordance with the Program Guidelines and the Customer Guidelines.</td>
</tr>
<tr>
<td>Acceptance Date</td>
<td>The date an application is Accepted, as advised in a letter from AusIndustry to an Applicant.</td>
</tr>
<tr>
<td>Annual Capped Grant Amount</td>
<td>An annual capped grant amount is the maximum amount of NACC-ISP funding payable to the customer for each financial year. It is set out in Schedule 1 of the funding agreement. Caps are also applied to total project budget amounts allowable under certain Heads of Expenditure and can only be exceeded with the prior approval of the Program Delegate:</td>
</tr>
<tr>
<td></td>
<td>- Intellectual Property protection is limited to 10% of total expenditure;</td>
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<tr>
<td></td>
<td>- Acquisition of new technology is limited to 10% of total expenditure;</td>
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<tr>
<td></td>
<td>- Overseas expenditure is limited to 25% of total expenditure;</td>
</tr>
<tr>
<td></td>
<td>- Acquisition of plant and equipment, and its adaptation, is limited to 50% of total expenditure.</td>
</tr>
<tr>
<td>Applicant</td>
<td>An applicant is the person or persons wanting to receive a grant or other assistance, either as a non tax exempt company, an Australian University, CRC or PFRA. The definition of ‘applicant’ does not include the authorised employee, officer or agent who may be completing the application on the applicant’s behalf.</td>
</tr>
<tr>
<td>AusIndustry</td>
<td>The division of the Department of Industry, Innovation and Science known as AusIndustry.</td>
</tr>
<tr>
<td>AusIndustry Delivery Manager</td>
<td>A Department of Industry, Innovation and Science employee authorised by the Program Delegate as the AusIndustry Delivery Manager</td>
</tr>
<tr>
<td>Australian University</td>
<td>An entity that is listed as a Table A provider or a Table B provider under the Higher Education Support Act 2003 (Cth).</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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</tr>
<tr>
<td>Bodies Corporate/Related Body Corporate</td>
<td>Has the same meaning as in section 50 of the Corporations Act 2001 (Cth).</td>
</tr>
<tr>
<td>Business Adviser</td>
<td>An adviser engaged by the CDIC to provide advice and guidance to its Customers.</td>
</tr>
<tr>
<td>Capability Acquisitions and Sustainment Group (CASG)</td>
<td>The Capability Acquisitions and Sustainment Group within the Defence portfolio.</td>
</tr>
<tr>
<td>Centre for Defence Industry Capability (CDIC)</td>
<td>The Centre for Defence Industry Capability within the Department of Industry, Innovation and Science’s AusIndustry Division.</td>
</tr>
<tr>
<td>Cooperative Research Centre (CRC)</td>
<td>An incorporated or unincorporated organisation, formed through collaborative partnerships between publicly funded researchers and end users. CRCs must comprise at least one Australian end-user (either from the private, public or community sector) and one Australian higher education institution (or research institute affiliated with a university).</td>
</tr>
<tr>
<td>Current review period</td>
<td>The six month period that has ended and for which the Customer is reporting under the Funding Agreement.</td>
</tr>
<tr>
<td></td>
<td>It is the period immediately prior to the six month period in which the Customer lodges the progress report (or Project completion report as applicable).</td>
</tr>
<tr>
<td>Customer</td>
<td>An Eligible Applicant whose Eligible Application has been approved and who has entered into a Funding Agreement.</td>
</tr>
<tr>
<td>Customer Guidelines</td>
<td>Means these guidelines, as formulated by the Program Delegate under the relevant sections of the Program Guidelines, and in accordance with the Commonwealth Grant Guidelines issued by the Minister for Finance and Deregulation under Regulation 7A of the Financial Management and Accountability Act 1997 (Cth).</td>
</tr>
<tr>
<td>Eligible Activity</td>
<td>An activity that satisfies the requirements of section 44 and 45 of the Program Guidelines and 0 of these Customer Guidelines.</td>
</tr>
<tr>
<td>Eligible Applicant</td>
<td>An Applicant that satisfies the requirements of section 38 or section 39, in addition to section 40 of the Program Guidelines and 0 of these Customer Guidelines.</td>
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<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>Eligible Application</td>
<td>An application which satisfies the criteria specified in section 41, 42 and 43 of the Program Guidelines and 0 of these Customer Guidelines.</td>
</tr>
<tr>
<td>Eligible Expenditure</td>
<td>An expenditure which satisfies the criteria specified in Appendix 3 of these Customer Guidelines.</td>
</tr>
<tr>
<td>Entities within the JSF supply chain</td>
<td>‘Entities within the JSF supply chain’ means:</td>
</tr>
<tr>
<td></td>
<td>• one or more of the companies engaged on the development of the F-35 Lightning II Joint Strike Fighter and listed in Appendix 5 of the Customer Guidelines as a ‘JSF Prime’; or</td>
</tr>
<tr>
<td></td>
<td>• companies supplying equipment or systems to one or more of the entities defined as ‘JSF Primes’ and listed in Appendix 5 of the Customer Guidelines as an ‘Original Equipment Manufacturer’; or</td>
</tr>
<tr>
<td></td>
<td>• companies supplying a capability that is required by one or more of the entities defined as a ‘JSF Prime’ or an ‘Original Equipment Manufacturer’, directly or indirectly through a supply chain.</td>
</tr>
<tr>
<td>Funding Agreement</td>
<td>Means an agreement in respect to the payment of Program funding entered into between the Commonwealth of Australia (represented by an officer of the Commonwealth duly authorised by the Program Delegate) and the Customer.</td>
</tr>
<tr>
<td>Goods and Services Tax (GST)</td>
<td>Has the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).</td>
</tr>
<tr>
<td>Government grant funding</td>
<td>Means a grant, loan or investment sourced directly from a Commonwealth, State or Territory government department, agency or other body, or indirectly through a government funded organisation.</td>
</tr>
<tr>
<td>Heads of Expenditure</td>
<td>The heads of expenditure set out in section 2 of Appendix 3, being:</td>
</tr>
<tr>
<td></td>
<td>• Labour expenditure</td>
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<td></td>
<td>• Contract expenditure</td>
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<td></td>
<td>• Plant expenditure</td>
</tr>
<tr>
<td></td>
<td>• Prototype expenditure</td>
</tr>
<tr>
<td></td>
<td>• IP protection expenditure</td>
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<tr>
<td>Term</td>
<td>Definition</td>
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</tr>
<tr>
<td>• Collaborative Project Expenditure</td>
<td></td>
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<tr>
<td>• Acquisition and adaptation of new technology</td>
<td></td>
</tr>
<tr>
<td>• Other expenditure.</td>
<td></td>
</tr>
<tr>
<td>Includes / Including</td>
<td>Means includes or including without limitation.</td>
</tr>
<tr>
<td>Intellectual Property (IP)</td>
<td>Statutory and other proprietary rights and includes patents, trade marks, designs, confidential information/trade secrets, copyright, circuit layout rights, plant breeder’s rights and so on.</td>
</tr>
<tr>
<td>JSF</td>
<td>Means the F-35 Lightning II Joint Strike Fighter aircraft.</td>
</tr>
<tr>
<td>JSF Prime</td>
<td>One or more of the companies engaged on the development of the F-35 Lightning II Joint Strike Fighter as listed in Appendix 5 of these Customer Guidelines.</td>
</tr>
<tr>
<td>JSF Program Office</td>
<td>The United States Department of Defense Joint Strike Fighter International Program Office.</td>
</tr>
<tr>
<td>Minister</td>
<td>The Minister for Defence.</td>
</tr>
<tr>
<td>Merit Criteria</td>
<td>The criteria listed in section 46 of the Program Guidelines and detailed in 4.2 of these Customer Guidelines.</td>
</tr>
<tr>
<td>Merit Ranking</td>
<td>The ranking of Eligible Applications provided by the Review Panel after assessing the merits of Eligible Applications.</td>
</tr>
<tr>
<td>Next review period</td>
<td>The six month period in which the Customer submits a progress report (or Project completion report as applicable) under the Funding Agreement and any payment claim.</td>
</tr>
<tr>
<td>Non tax exempt company</td>
<td>A company, except a company to which Division 50 of the Income Tax Assessment Act 1997 applies, that is incorporated in Australia.</td>
</tr>
<tr>
<td>Original Equipment Manufacturer (OEM)</td>
<td>A company supplying equipment or systems to one of the JSF Primes as listed in Appendix 5 of these Customer Guidelines.</td>
</tr>
<tr>
<td>Program</td>
<td>The New Air Combat Capability – Industry Support Program</td>
</tr>
<tr>
<td>Program Delegate</td>
<td>An employee of the CASG who has been empowered by the Minister, or is otherwise duly authorised, to undertake the</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<td>----------------------------------------------</td>
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<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>Program End Date</td>
<td>30 June 2023, or such other date as amended by the Program Delegate and published on the NACC-ISP page on the business.gov.au website.</td>
</tr>
<tr>
<td>Program funding (or “grant payment”)</td>
<td>Financial assistance sought by an Applicant or provided to a Customer under the Program.</td>
</tr>
<tr>
<td>Program Funds</td>
<td>The total funding made available by the Commonwealth for the Program in any given financial year, being the funding specified in the Portfolio Budget Statement (as varied by any Portfolio Additional Estimates Statement or by the Minister) for that year.</td>
</tr>
<tr>
<td>Program Guidelines</td>
<td>The guidelines given by the Minister to provide a framework for the operation and administration of the Program, as in force and amended from time to time.</td>
</tr>
<tr>
<td>Program Manager</td>
<td>A CASG employee authorised by the Program Delegate as the Program Manager.</td>
</tr>
<tr>
<td>Project</td>
<td>The project to which an application relates.</td>
</tr>
<tr>
<td>Publicly Funded Research Agency (PFRA)</td>
<td>An organisation to which the following criteria apply:</td>
</tr>
<tr>
<td></td>
<td>• it is at least 50 per cent owned or controlled by the Commonwealth, or an Australian state or territory government;</td>
</tr>
<tr>
<td></td>
<td>• it is primarily carrying out research and development activities; and</td>
</tr>
<tr>
<td></td>
<td>• it is:</td>
</tr>
<tr>
<td></td>
<td>• providing services, or making facilities available, in relation to science or technology;</td>
</tr>
<tr>
<td></td>
<td>• training, or assisting in the training of, persons in the field of scientific or technological research; or</td>
</tr>
<tr>
<td></td>
<td>• collecting, interpreting or publishing information relating to science or technology.</td>
</tr>
<tr>
<td>Review Panel</td>
<td>A panel of experts as convened by the Program Delegate and described in section 24 and 25 of the Program Guidelines.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>--------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Stream A Grant</td>
<td><em>Program funding</em> for a technical development project as specified in sections 6(a), 38, 44, 59 and 60 of the <em>Program Guidelines</em> and 1.2(a) of these <em>Customer Guidelines</em>.</td>
</tr>
<tr>
<td>Stream B Grant</td>
<td><em>Program funding</em> for an enhancing competitiveness project, including a study, as specified in sections 6(b), 38, 44, 61 and 62 of the <em>Program Guidelines</em> and 1.2(b) of these <em>Customer Guidelines</em>.</td>
</tr>
<tr>
<td>Stream C Grant</td>
<td><em>Program funding</em> for a research effort as specified in sections 6(c), 39, 44, 63 and 64 of the <em>Program Guidelines</em> and 1.2(c) of these <em>Customer Guidelines</em>.</td>
</tr>
</tbody>
</table>
Appendix 2: Terms on which applications are sought under the Program

The following terms apply to applications for Program funding:

(a) The Department of Industry, Innovation and Science and the CASG are not obliged to accept applications which are not made in accordance with section 2 of these Customer Guidelines. This will include applications that are incomplete, or lodged incorrectly. However, the Department of Industry, Innovation and Science and the CASG may, in their absolute discretion, accept an application in spite of any defects.

(b) All proposals become the property of the Department of Industry, Innovation and Science and the CASG once lodged. The Department of Industry, Innovation and Science and the CASG may copy, amend, extract or otherwise deal with all or any part of an application for the purpose of conducting the review process.

(c) All expenses and costs incurred by an organisation in connection with this Program, including (without limitation) preparing and submitting an application for Program funding, providing the Department of Industry, Innovation and Science or the CASG with further information, attending interviews and participating in any subsequent negotiations, are the sole responsibility of the organisation.

(d) Nothing in these Customer Guidelines should be construed to give rise to any contractual obligations or rights, express or implied, by the existence of the Program or the submission of an application in respect to it. No contract will be created until a Funding Agreement is executed between the Department of Industry, Innovation and Science and a successful Applicant.

(e) In the event that a court finds there to be a contract between the Department of Industry, Innovation and Science or the CASG and an Applicant regarding the conduct of this selection process contrary to section (d) above, the Applicant acknowledges that the Department of Industry, Innovation and Science and the CASG’s liability for any breach of the terms of such contract is limited to the Applicant’s costs of participation in the selection process, and does not include liability for any lost profit, lost opportunity or other losses of the Applicant.

Notwithstanding any other provision of these Customer Guidelines, the Department of Industry, Innovation and Science and the CASG reserve the right, at any time to:

(a) allow, or not allow, a successful Applicant to enter into a Funding Agreement in the name of a different legal entity from that which it used in its application;

(b) negotiate or not negotiate with any one or more Applicants or Customers, and discontinue negotiations at any time; and

(c) suspend or terminate this Program or any part of it.
Appendix 3: Eligible Expenditure Guidelines

Introduction

These guidelines set out the principles governing what is Eligible Expenditure. 

Applicants to the Program should use these guidelines when preparing their application. Customers must use these guidelines when conducting their project and completing project progress reports. The Program Delegate (and his or her authorised officers) will use these guidelines to determine eligibility of budgeted project costs and the Project funding amount to be approved, and to determine a Customer’s entitlement to Program funding payments during the period of a Funding Agreement.

A Project may include ineligible expenditures but the Customer will be required to fund the full costs of ineligible expenditure activities.

The Program 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.

1. Eligible Expenditure governing principles

The objectives of the Program convey in a broad sense, the spirit and intention behind the Eligible Expenditure guidelines. They should not be solely relied on to determine Eligible Expenditure, but referred to so as to provide direction and support on decisions regarding the eligibility of expenditure detailed in the guidelines.

1.1 Eligible Expenditure is restricted to expenditure incurred directly on the Project

- Only expenditure incurred on Eligible Activities within the agreed Project duration (as highlighted in the Funding Agreement) is Eligible Expenditure, unless otherwise noted in the Eligible Expenditure guidelines.

- Eligible Expenditure must be incurred from the ‘Project Start Date’ up until the project end date, with the exception of final audit costs which can be incurred within three months of the ‘Project End Date’. Both the Project Start Date and Project End Date will be specified in the Funding Agreement, though the Project Start Date cannot be before the Acceptance Date.

- The Customer must pay expenditure within the earlier of three months after the financial year in which it is incurred or within three months after the Project end date (including final audit costs), for the expenditure to be deemed eligible.

- Eligible Expenditure can include costs, direct or otherwise, of obtaining assets for their use on Project activities but will exclude any opportunity costs from using assets on the agreed Project instead of use for other purposes.

- All members of a consortium who incur costs on Eligible Activities within the agreed Project duration may invoice the Customer for these costs. On paying these invoices, the Customer may claim these expenses against the grant.

1.2 Program funding is provided strictly to support the Project and its core activities; it is not provided for the benefit or profit of related bodies corporate of the Customer

- 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 Customer, 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 Customer with no profit margin attached, 'at cost'.

• The Customer should only claim that proportion of costs which directly relates to activities performed on the funded Project. Where there is a mutual benefit arising from Project activities, either to another company or for another project, the Customer should reasonably apportion such costs so as to claim only for those activities which directly apply to the Project.

1.3 The customer must retain sufficient documentation to support all expenditure claims made on the Project

• Failure to retain sufficient documentation to support all expenditure claims made on the Project may result in a claim being disallowed, or in certain circumstances, the repayment of Program funding resulting from a shortfall in Project expenditure.

• The Customer must maintain an adequate audit trail that clearly demonstrates to the satisfaction of the Program Delegate, how claims were determined including a reconciliation of expenditure claims to underlying documentation.

• Claims for salary, contract and asset depreciation must be verified by Project timesheets, job cards or activity diaries that record actual use of those employees, contractors and assets against specific Project milestones as the activities take place.

• While such records do not need to be submitted with regular progress reports, the Program may require such records to verify any or all Eligible Expenditure claims. Failure to provide such records when required may see the Program Delegate disallow the expenditure claims.

• Consortium members who invoice the Customer for Project costs are also required to retain sufficient documentation to substantiate the work performed.

• A Customer’s Project budget calculator should detail Project costs incurred through consortium members. It is the responsibility of the Customer to keep the Project budget calculator up to date and to fulfil all other reporting requirements, including supplying supporting documentation for claims if required.

1.4 ‘In-kind’ contributions/ Non-cash considerations are not Eligible Expenditure

For Program purposes, ‘in-kind’ contributions are not Eligible Expenditure. ‘In-kind’ contributions, or 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, but are not limited to:

• the use of resources—whether internally or externally sourced—for no cost to the Project, and

• issuing shares in payment for services rendered.
2. Heads of Expenditure – Eligible Expenditure types

These guidelines set out in detail the specific Eligible Expenditure types (section 2.1) and the Eligible Expenditure treatment of certain activities in agreed Projects (section 2.2).

For expenditure to be eligible it must be:

• directly related to an eligible activity undertaken in the period from the ‘Project Start Date’ to the project end date.; and

• incurred and paid for by the applicant.

2.1 Eligible Expenditure types

This section sets out the Heads of Expenditure under which Applicants and Customers must record Project Eligible Expenditure in applications and Project reports.

The Heads of Expenditure are:

• Labour expenditure
• Contract expenditure
• Plant expenditure
• Prototype expenditure
• IP protection expenditure
• Collaborative Project Expenditure
• Acquisition and adaptation of new technology
• Other expenditure

These heads of expenditure are explained in more detail below.

2.1.1 Labour expenditure

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

Labour expenditure for leadership or administrative staff (such as CEOs, CFOs, accountants and lawyers) is not Eligible Expenditure unless the Customer substantiates to the Program Delegate’s satisfaction that these costs directly relate to performance of core elements of the Project.

Please note that labour costs should be included in the appropriate category of expenditure when determining total Eligible Expenditure. For example:

• the costs to the Customer of its employees performing an administrative function are included in the employee administrative overhead (see section 2.1.1.4).
• the costs to the Customer of its factory employees working solely on the installation or construction of plant or prototypes are included in the plant expenditure category (see section 2.1.3) or prototype expenditure category (see section 2.1.4).

2.1.1.1 Eligible salary expenditure

Eligible salary 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 (see section 2.1.1.3).

For Program funding claim purposes, the maximum salary for an employee, including packaged components, is $150,000 in each full financial year (July-June) of the Project period. The maximum salary claim for an employee in a less-than-complete financial year that is part of the Project period is reduced proportionately from the $150,000 maximum.

Any salary claim above these caps will not qualify as Eligible Expenditure, except where the Customer obtains the Program Delegate’s prior approval. The Program 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 Project, and whether the additional salary expenditure is likely to aid the Project in meeting the Program’s policy objective.

2.1.1.2 Calculation of eligible salary expenditure

Eligible salary costs are incurred only when an employee works directly on the agreed project. Salary costs must be apportioned using the formula below:

\[
\text{Eligible salary in period} = \frac{\text{incurred salary in period} \times \frac{\text{actual time spent on project in period}}{\text{actual time employed by participant in period}}}{\text{incurred salary in period}}
\]

‘Incurred salary in period’ is limited to no more than the equivalent of $150,000 per financial year, as set out in section 2.1.1.1. ‘Actual time employed by customer in period’ includes:

- periods of leave such as annual and sick leave, and public holidays;
- overtime; and
- time spent on non-project activities.

2.1.1.3 Labour on-costs

The on-costs associated with employees engaged on the Project are recognised as eligible labour expenditure. Labour on-costs include but are not limited to workers compensation insurance (for example, WorkCover), employer contributions to superannuation under the Superannuation Guarantee, annual leave accrual, long service leave accrual, payroll tax, and so on. Eligible labour on-costs are a set rate of 30 per cent of an employee’s eligible salary costs, as calculated using the formula in section 2.1.1.2.

2.1.1.4 Employee administrative overhead

The cost of administrative overheads for those employees engaged on the Project is eligible labour expenditure. Eligible employee administrative overhead expenses include incidental travel, a proportion of communications, accommodation, computing facilities, recruitment, printing and stationery, postage, office salaries, legal, accounting and auditing fees, and bank charges. Eligible employee administrative overheads are a set rate of 30 per cent of an employee’s eligible salary costs, as calculated using the formula in section 2.1.1.2.
2.1.1.5 **Ineligible salary expenditure**

(A) **Non-cash salary**

Labour costs based on an estimation of the employee’s worth to the *Customer* where no cash changes hands and no amount is credited to a loan account or current account in the *Customer’s* accounts are not eligible labour expenditure.

(B) **Related parties**

Amounts credited by journal entry to the loan accounts or current accounts of principals and/or their relatives are not eligible labour expenditure until the individual income tax returns have been sighted by Program officers 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.

2.1.2 **Contract expenditure**

Eligible contract expenditure is the cost of any agreed *Project* activities performed for the *Customer* by:

- another organisation, or
- an individual engaged under separate contract.

**Note:** The cost of employees of consortium members directly working on the core elements of the *Project* (i.e. Labour expenditure) should be claimed by the *customer* as contract expenditure. This expenditure will only be deemed eligible if the expenditure is transferred to and paid for by the *Customer*. Employees of the *Customer* who are working directly on the *Project* should still be claimed under Labour expenditure 2.1.1.

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 *Customer* 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 Program Delegate to determine whether the proposed expenditure directly relates to the *Project*, would qualify as Eligible Expenditure if it was claimed directly by the *Customer* and is reasonable and commensurate for the activities performed.

Where a contractor is engaged in building plant or prototypes, the contractor's costs should be apportioned between:

- design costs, claimed as contract expenditure, and
- building costs, claimed as either plant expenditure (see section 2.1.3) or prototype expenditure (see section 2.1.4).

Contract costs for leadership and administrative contractors (such as contracted CEOs, CFOs, accountants and lawyers) are not Eligible Expenditure unless the *Customer* substantiates to the Program Delegate’s satisfaction that these costs relate to performance of core elements of the *Project*.

2.1.2.1 **Contractors that are a related body corporate of the *Customer***

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

In accordance with the terms and conditions of the *Funding Agreement*, the *Customer* 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 Program may require the Customer to obtain and provide a contractor’s records of its costs of doing Project work. If such records are not provided the Program may deem the relevant contract expense not to be Eligible Expenditure.

2.1.2.2 Calculation of eligible fees
Fees must be apportioned by using the following formula:

\[
Eligible \text{ fees in period} = \frac{\text{incurred fees in period}}{\text{actual time spent on project in period}} \times \frac{\text{actual time contracted by customer in period}}{\text{Eligible fees incurred in period}}
\]

2.1.2.3 Contractor administrative overhead
The cost of administrative overheads for certain contractors engaged on the 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 Customer’s premises, but not necessarily on Project activities. The contractor administrative overhead rate is a set rate of 20 per cent of the contractor’s fee for work performed on project Eligible Activity, as calculated using the formula in section 2.1.2.2.

2.1.3 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 the agreed Project and can be constructed or otherwise obtained with minimal technical risk or new learning.

The maximum amount of plant expenditure that can be claimed as Eligible Expenditure under NACC-ISP is 50 per cent of total Eligible Expenditure. Plant expenditure above this cap is not eligible except where the Customer obtains explicit approval from the Program Delegate at the time of application. Customers must present a strong argument in their application when seeking to claim plant expenditure above the 50 per cent cap. The Program Delegate will assess all such requests on a case-by-case basis taking into account how the request is likely to aid the Project in meeting the Program’s objectives.

Expenditure on plant is Eligible Expenditure under NACC-ISP only for the proportion of time it is used for activities directly related to JSF application.

Running costs for plant are Eligible Expenditure but must be readily verifiable as contributing to the JSF application and may include items such as rent, light and power, and repairs and maintenance. In the case of constructed plant, running costs are Eligible Expenditure once fully constructed.

2.1.3.1 Newly purchased and/or constructed plant
The Eligible Expenditure that may be claimed on newly purchased and constructed plant can include either the purchase cost or the depreciation. To claim the cost of newly purchased or constructed plant as Eligible Expenditure, an item must be purchased within the agreed Project duration, otherwise only the Depreciation will be eligible.

Depreciation is defined as the 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 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 or 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.

Leasehold improvements to a leased Project facility may be claimed as constructed plant Eligible Expenditure if the improvement cost is capitalised in the Customer’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 Australian Taxation Office 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.

The purchase of plant for use in an agreed Project is Eligible Expenditure under NACC-ISP unless that plant is sold prior to the end of the Project or within three years of the Project end date. Any item of purchased plant valued at $50,000 (excluding GST) cannot be sold, transferred or disposed of without the prior consent of the Commonwealth. The Commonwealth may impose conditions on that consent, including return of a proportion of the proceeds to the Commonwealth.

2.1.3.2 Pre-existing plant
The Eligible Expenditure that may be claimed on pre-existing plant is the depreciation. Depreciation is defined as the 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 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 pre-existing 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.

2.1.3.2 Hired/leased plant
Eligible Expenditure for hired, rented, or leased plant is the number of payment periods dedicated to the Project use multiplied by the period hiring fee. Where a plant is purchased under a hire purchase agreement, or a lease is used to finance the purchase of the plant, the cost of plant, excluding interest, is capitalised, and then depreciated in the manner set out in section 2.1.3.1.

Leasehold improvements to a leased Project facility may be claimed as constructed plant Eligible Expenditure if the improvement cost is capitalised in the Customer’s financial statements (balance sheet) and depreciated in the manner highlighted above. Refer to section 2.1.3.1 for more information on constructed plant.

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 Australian Taxation Office 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.

2.1.4 Prototype expenditure
Prototype expenditure is Eligible Expenditure only where the construction and use of the prototype in the Project contributes directly to proving the commercial viability of a new
product, process or service. The *Program Delegate* may refuse to accept a prototype *Eligible Expenditure* claim where the number of prototypes and the scale of prototypes exceed the level needed to prove the concept(s) underpinning the *Project* and/or establish its commercial viability.

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 2.1.3
- the *Program 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 2.1.3. Such items will normally be stand-alone modules that are acquired off the shelf or are constructed with a low level of technical risk.

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

The cost of prototypes constructed by the participant will be assessed on the same basis as constructed plant expenditure as set out in section 2.1.3.1. 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.

### 2.1.5 Intellectual property protection expenditure

The eligibility criteria for the *Program* requires that the *Applicant* ensures they have access to and sufficient rights in any *IP* necessary to carry out the *Project* including any *IP* developed as part of the *Project*. Reasonable costs that protect *IP* that is related to the *Project* and that the *Customer* does or will directly own are *Eligible Expenditure* where that expenditure was incurred on or after the ‘Project Start Date’ specified in the *Funding Agreement*. These costs can include fees to a patent office for the cost of filing a patent application, patent search and examination fees, and annual patent maintenance fees. Costs charged by the Australian Government are not *Eligible Expenditure*.

Where *IP* resulting from the *Project* will be owned by an entity other than the *Applicant*, for example a parent company or other related entity, the costs of *IP* protection will not be *Eligible Expenditure* under the *Program*. However, in this case the costs associated with ensuring sufficient rights and access to the *IP* to ensure commercialisation, and the flow of project benefits to Australia, will be eligible, for example licensing fees.

Registering a trademark or a design is not *Eligible Expenditure*, unless otherwise agreed to by the *Program Delegate*. The cost of defending *IP* rights is not *Eligible Expenditure*, with the exception of legal expenses insurance as it relates to *IP*.

*IP* protection expenditure that can be claimed as *Eligible Expenditure* under the *Program* is generally limited to 10 per cent of total *Eligible Expenditure*. All *IP* protection expenditure above this cap will not qualify as *Eligible Expenditure*, except where the *Customer* obtains the *Program Delegate*’s prior approval. The *Program Delegate* will assess all such requests on a case-by-case basis, taking into account how the additional *IP* protection expenditure is likely to
aid the project in meeting the Program’s policy objectives. A request for additional IP protection expenditure made after the expenditure has already been incurred will not be considered.

2.1.6 Collaborative project expenditure

2.1.6.1 Reimbursement of Eligible Expenditure in the case of Collaborative project expenditure

Costs associated with initiating and maintaining a collaborative partnership may be claimed as Eligible Expenditure where the collaboration is likely to contribute to the successful completion of the Project and where the initiating costs are occurred on or after the ‘Project Start Date’ specified in the Funding Agreement.

Eligible collaboration expenditure may include:

- partnering/negotiation costs—such as brokering licensing or distribution agreements and establishment of consortia arrangements
- expert advice fees—such as for alliance formation
- travel costs—limited to accommodation and transport for purposes of collaboration and includes accommodation and transport for chain partners where identified
- whole-of-chain quality management audits.

Eligible collaboration expenditure does not include costs of managing relationships with contractors doing work on the Project. These expenses are captured by the contractor administrative overhead (see section 2.1.2.3).

If an Applicant does not identify any collaboration costs at the time of application, this head of expenditure is not available subsequently during the Project period unless the Program Delegate approves a request from the Customer to make it available. The Program Delegate will assess all such requests on a case by case basis taking into account how collaborative expenditure is likely to aid the project in meeting the Program’s policy objectives.

2.1.6.2 Eligible Expenditure incurred by consortium members is not automatically Collaborative project expenditure

Project work performed or purchases made by consortium members are not to be claimed under the ‘Collaborative project expenditure’ head of expenditure, unless they are costs associated with maintaining a collaborative partnership.

Where there is ‘Collaborative project expenditure’ incurred in respect to a consortium which has formed for the sake of the Project, these costs are costs associated with maintaining a collaborative partnership. (However, since Eligible Expenditure can only be incurred from the ‘Project Start Date’, the costs of establishing such a consortium may usually be incurred too early to be claimed as Eligible Expenditure.)

In order for consortium members to be reimbursed for other Eligible Expenditure incurred on a Program project, consortium members must invoice the Customer for the amount incurred, and upon payment of the invoice the funding recipient may then claim the Eligible Expenditure under the appropriate head of expenditure. This Eligible Expenditure claim must not include any element of intra-group profit or mark-up. Reimbursement is not automatic and the Australian Government reserves the right to review the costs and claims. Refer to the Eligible Expenditure governing principles for more information.
2.1.7 Acquisition and adaptation of new technology

Acquisition of new technology, which is defined as technology new to the applicant, is Eligible Expenditure where subsequent adaptation of that technology will contribute directly to completion of the agreed Project.

Eligible new technology acquisition expenditure is limited to 10 per cent of total Eligible Expenditure. All new technology acquisition expenditure above this cap will not qualify as Eligible Expenditure, except where the Customer has obtained the Program Delegate’s prior approval. The Program Delegate will assess all such requests on a case-by-case basis, taking into account how the additional technology acquisition expenditure is likely to aid the Project in meeting the Program’s policy objectives.

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 new 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 the Project, licence fees or purchase costs to access such technology or IP may qualify as Eligible Expenditure. Applicants should raise such costs when discussing their budget calculator with the CDIC prior to submitting an application.

Independent valuations of purchased technology, including IP, are needed to substantiate the cost of any expenditure claimed. Where the Customer licences technology or IP from a related body corporate, expenditure must be calculated 'at cost' (refer governing principles).

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 2.1.3.1.

2.1.8 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 and transportation required to conduct Project activities in Australia and overseas
  - if specific travel costs are not identified in the Application, this ‘other expenditure’ is not eligible during the Project period unless the Program Delegate approves a request from the Customer prior to the expenses being incurred
  - ‘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 Customer will need to retain evidence showing what an economy air fare cost at the time of travel
• transportation costs of plant and equipment or new technology acquired for the Project where those costs are not included in the purchase cost
• training costs—where the skills acquired are specific to the requirements of an Project, approved in the Funding Agreement, and are not covered under other Heads of Expenditure
• product liability insurance in relation to a 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.

2.2 Treatment of certain activities

This section sets out the Eligible Expenditure treatment of certain Project activities. Applicants and Customers must record eligible costs of these Project activities in applications and Project reports under the relevant Head(s) of Expenditure.

2.2.1 Overseas activities

Eligible overseas activities expenditure is Eligible Expenditure on Project activities that are not undertaken in Australia by a Customer’s staff, contractors or subcontractors. This includes all types of expenditure directly related to such activities, including on-costs of plant.

Plant and other goods 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 either overseas or domestic expenditure.

Eligible overseas activities expenditure generally is limited to 25 per cent of total Eligible Expenditure. All overseas activities expenditure above this cap will not qualify as Eligible Expenditure, except where the Customer obtains the Program Delegate’s prior approval. The Program 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 the Program’s policy objective.

The Program Delegate may seek advice from the Review Panel when making a decision on whether to allow a claim for more than 25 per cent of an agreed project’s Eligible Expenditure on overseas activities.

2.2.2 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 Project.

2.2.3 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 2.1.3).

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.

2.2.4 Demonstration activities

The cost of activities to demonstrate the technical capabilities of the product, process or service that is the outcome of the agreed Project may be Eligible Expenditure. Eligible activities include demonstration of working prototypes to determine if they require further development.

Demonstration for the sole purposes of marketing, such as at trade shows, is only eligible if the demonstration is for prospective buyers within the JSF supply chain.

2.2.5 Market analysis and research activities

The costs of market analysis and research activities that directly relate to the achievement of the Project outcome are Eligible Expenditure. Such activities must aim to contribute to the development of a product, process or service.

Where conducted by contractors, these costs should be claimed under contract expenditure. Where undertaken by Project personnel, they should be claimed under labour expenditure.

2.2.6 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 agreed Project costs for all audit certificates, unless otherwise agreed to by the Program Delegate.

3. Activities not funded under the Program

The cost of some activities conducted as part of an agreed Project may not be Eligible Expenditure. A Customer must ensure it has adequate funds to meet the cost of any such ineligible expenditure associated with its project.

Ineligible activities include but are not limited to:

- preparing the Program funding application, any Funding Agreement variation requests and any Project reports (except costs of Audit Certificates as set out in section 2.2.6)
- obtaining regulations and standards compliance—such as certification and accreditation fees, and other direct payments to regulators, certification or accreditation bodies
  - however, costs of designing and testing a product, process or service to ensure that it is able to comply with relevant regulations and standards are Eligible Expenditure
- 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
• quality control activities and achieving quality control accreditation
• making donations
• opportunity costs relating to forgone production and production downtime arising from the allocation of resources to the Project
• obtaining resources used on the Project—such as interest on loans, job advertising and recruiting, and transporting goods to be used on the 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
• activities that an Applicant has already carried out under another government Program in the two years prior to applying for the Program.

This list is not exhaustive. Other specific expenditure may be ineligible because the Program Delegate decides it does not directly support the achievement of the planned outcomes of the Project or to be contrary to the spirit and intention of the Program.
## Appendix 4: Australian Universities and Publicly Funded Research Agencies

### Australian Universities - Higher Education Support Act 2003

#### Table A Providers:

<table>
<thead>
<tr>
<th>Australian University</th>
<th>University Name</th>
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</thead>
<tbody>
<tr>
<td>Central Queensland University</td>
<td>The University of Adelaide</td>
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<tr>
<td>Charles Darwin University</td>
<td>The University of Melbourne</td>
</tr>
<tr>
<td>Charles Sturt University</td>
<td>The University of Queensland</td>
</tr>
<tr>
<td>Curtin University of Technology</td>
<td>The University of Sydney</td>
</tr>
<tr>
<td>Deakin University</td>
<td>The University of Western Australia</td>
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<tr>
<td>Edith Cowan University</td>
<td>University of Canberra</td>
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<td>Griffith University</td>
<td>University of Newcastle</td>
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<td>James Cook University</td>
<td>University of New England</td>
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<td>La Trobe University</td>
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<td>Murdoch University</td>
<td>University of Tasmania</td>
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<td>Queensland University of Technology</td>
<td>University of Technology, Sydney</td>
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<td>Royal Melbourne Institute of Technology</td>
<td>University of the Sunshine Coast</td>
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<td>Southern Cross University</td>
<td>University of Western Sydney</td>
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<tr>
<td>Swinburne University of Technology</td>
<td>University of Wollongong</td>
</tr>
<tr>
<td>The Australian National University</td>
<td>Victoria University</td>
</tr>
<tr>
<td>The Flinders University of South Australia</td>
<td>Australian Catholic University</td>
</tr>
</tbody>
</table>

#### Table B Providers:

- Bond University
- The University of Notre Dame Australia
- MCD University of Divinity
- Torrens University Australia

### Publicly Funded Research Agencies

- [Australian Institute of Marine Science (AIMS)](https://www.aims.gov.au)
- [Commonwealth Scientific and Industrial Research Organisation (CSIRO)](https://www.csiro.au)
Appendix 5: Joint Strike Fighter (JSF) Primes and Original Equipment Manufacturers (OEMs)

The following are the JSF Primes and OEMs, correct as of 2 July 2011. These listings are subject to change; for an up to date list please contact the Centre for Defence Industry Capability.

**JSF Primes**

- Lockheed Martin Aeronautics Corporation
- Pratt & Whitney

**OEMs**

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<tr>
<th>AMETEK (Garden City, NY)</th>
<th>Honeywell (Yeovil)</th>
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</thead>
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<tr>
<td>BAES (Johnson City, NY)</td>
<td>Lockheed Martin Global Training and Logistics (Orlando, FL)</td>
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<tr>
<td>BAES (Nashua, NH)</td>
<td>Lockheed Martin Missiles &amp; Fire Control (Orlando, FL)</td>
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<td>BAES (Samlesbury, UK)</td>
<td>Lockheed Martin Missions Systems &amp; Sensors (Owego, NY)</td>
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<td>LSI (East Aurora, NY)</td>
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<td>Marvin Engineering (Los Angeles, CA)</td>
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<td>Moog (East Aurora, NY)</td>
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<td>Eaton Fluid Conveyances (Jackson, NY)</td>
<td>Moog (Torrance, CA)</td>
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<td>Eaton Hydraulics (Jackson, MS)</td>
<td>Northrup Grumman (Baltimore, MD)</td>
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<td>Fokker Elmo</td>
<td>Northrup Grumman (El Segundo, CA)</td>
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<td>GD ATP (Burlington, VT)</td>
<td>Northrup Grumman (Rolling Meadows, IL)</td>
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<td>GE Aviation (Cheltenham, UK)</td>
<td>Northrup Grumman Missions Systems (San Diego, CA)</td>
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<td>Parker Air &amp; Fuel (Irvine, CA)</td>
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<td>Goodrich Landing Gear (Cleveland, OH)</td>
<td>RD Beaufort (Birkenhead, UK)</td>
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<td>Goodrich Sensors (Burnsville, MN)</td>
<td>VSI and Elbit (San Jose, CA/ Haifa, IS)</td>
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<td>Hamilton Sundstrand (Rockford, IL)</td>
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Appendix 6: Guide to managing your Funding Agreement

Note: For the avoidance of doubt, in the Funding Agreement, the Customer is referred to as the “Grantee”, and Program funding is referred to as the “Grant”.

1 Terms and conditions of the Funding Agreement

The Funding Agreement sets out the terms and conditions on which the project is funded. The terms and conditions that are specific to a Customer are detailed in Schedule 1 to the Funding Agreement.

If a Customer does not comply with any of these terms and conditions, it will be in breach of the Funding Agreement. Depending on the nature of the breach, the Program Delegate or AusIndustry may:

• withhold all future payments of Program funding until the breach is remedied;
• require repayment of some or all of the Program funding paid to the Customer, with interest; and/or
• terminate the Funding Agreement.

Further details of the terms and conditions of the Funding Agreement, including the consequences of breaches of the Funding Agreement are set out below.

1.1 General conditions of the Funding Agreement

The Funding Agreement contains terms and conditions that are non-negotiable and are applied to all customers. These deal with matters including the following:

• payments of Program funding;
• conduct of the Project;
• Project outcomes;
• evaluation;
• acquittal of the grant (ie demonstrating Eligible Expenditure that meets any matching funding requirements);
• termination rights;
• requirement to acknowledge any Commonwealth contribution in publicity material; and
• dealing with rights (including IP).

1.2 Schedule 1 of the Funding Agreement

Schedule 1 of the Funding Agreement contains terms and conditions unique to the Customer, and are decided by the Program Delegate (though they may be negotiated with the Applicant prior to signing the Funding Agreement). Offers of Program funding will include details of any additional conditions required of the customer, if Program funding is to be granted.

The conditions that are customer specific are, for the most part, set out in Schedule 1 of the Funding Agreement. These deal with matters including the following:
• the parties to the Funding Agreement and their contact details;
• the agreed Project;
• the ‘Project Start Date’ and ‘Project End Date’ for the agreed Project;
• the agreed performance milestones for the Project;
• the budget of Eligible Expenditure for the Project;
• the total grant amount (ie Program funding) payable;
• the maximum amount payable for each financial year (annual capped grant amounts);
• the reporting schedule (due dates for reports);
• items of confidential information disclosed to AusIndustry, and
• the special conditions that apply to the project.

Examples of special conditions:
• The Commonwealth’s execution of the Funding Agreement is made conditional on the Applicant completing certain actions.
• Progress payments are made conditional on the successful completion of particular milestones.
• The Customer is required to submit status reports at specified times outlining progress towards the achievement of particular outcomes relevant to the Project, in addition to the regular six monthly reports.

1.3 Funding Agreements for Collaborative projects

Where Program funding has been sought on behalf of a consortium, the lead entity will be required to sign the Funding Agreement. That lead entity will thereby commit to the terms and conditions of the Funding Agreement and any legal and financial obligations arising from the Funding Agreement.

2 Key obligations under the Funding Agreement

Both the Customer and the Commonwealth represented by AusIndustry will have obligations throughout the term of the Funding Agreement, and in some cases continuing.

This section provides an overview of key obligations under the Funding Agreement. However, Applicants should ensure they read the Funding Agreement carefully, as that document is the primary source of their rights and obligations irrespective of these Customer Guidelines.

Applicants or Customers should direct any questions about requirements under the Program to AusIndustry.

2.1 Reporting and Evaluation

Under the terms of the Funding Agreement the Customer must provide regular reports to AusIndustry. These reports are used to identify the progress of the Project and Eligible Expenditure for a given reporting period.
Regular reports required of the Customer will include:

- **Project Progress Reports** – every six months during the course of the Project unless otherwise stipulated in the Funding Agreement.
- **Project Completion Report** – the final Project progress report, replacing the progress report which would be due at the end of the last six months of the Project.
- **Audited Financial Report** – supplied with the Project completion report.

Additional reporting requirements may be stipulated by the Program Delegate at the time the application is approved and will be made known to the applicant with the formal grant offer.

If for any reason the Customer cannot meet its reporting obligations, it must contact AusIndustry as soon as possible. If the Customer does not provide AusIndustry with a report when it falls due it will be in breach of the Funding Agreement.

Project reports must be signed by a duly authorised employee or officer of the Customer, having operational responsibility for, and a detailed working knowledge of, the contents of each report.

Customers will be provided with the reporting template by AusIndustry.

**Bi-annual Project progress reports**

Customers are required to submit, within 30 days of the end of a reporting period, a six monthly Project progress report together with a full version of the Project budget calculator.

Project progress reports are due as follows:

- June report (for the period 1 January to 30 June: due 30 July
- December report (for the period 1 July to 31 December): due 30 January

The six month progress report enables the Commonwealth to review the progress on the agreed Project. It is also the method by which the Customer claims a progress payment of Program funding. The report is designed to show the actual Eligible Expenditure (by Heads of expenditure) for the current review period; and includes the budgeted Eligible Expenditure (by Heads of expenditure) for the next review period. Subject to the progress made, the progress payment will include an advance component for the next review period.

In preparing a progress report, Customers may reallocate budgeted expenditure in respect of categories of expenditure in the budget, or vary work methods as it considers necessary to undertake and complete the Project. Such changes are possible, provided there are no material changes to: the Project; the milestones set out in the Funding Agreement or the Project outcomes; and do not cause the Customer to be in breach of the Funding Agreement.

If a report is missing any information, or if there is uncertainty over the information provided, the Customer will be contacted by AusIndustry and may be asked for further
information. The Customer must provide any missing or clarifying information within 30 days of AusIndustry’s request. Program funding progress payments cannot be made if issues arising from a Project progress report are unresolved.

Prior to referring the Project progress report to the Program Manager, AusIndustry will request an assessment against the Project milestones by a CDIC Business Adviser. The Program Manager will determine if the report should also be referred to the Review Panel for further assessment, before a decision is taken on behalf of the Program Delegate in regard to the Program funding progress payments and/or other action.

Project completion report and audited financial report

The Project completion report, together with the Project budget calculator and audited financial report, are to be submitted to AusIndustry within 90 days after the Project end date. The Project completion report replaces the final six month progress report due for the Project.

The completion report is used to acquit final payments and review the success of the Project. The report also allows the Customer to provide feedback on the impact of the Program funding on the Project and the Customer generally.

Preparation of the audit report will involve an independent audit of Eligible Expenditure claimed during the relevant audit period, and confirmation whether all Eligible Expenditure has been paid within 3 months of the end of the relevant period.

The audit report must be prepared by an independent auditor. This will include a member of the Institute of Chartered Accountants, a member of CPA Australia or a Member of the Institute of Public Accountants (MIPA) or Fellow of the Institute of Public Accountants (FIPA), not being an employee, shareholder, director or other officeholder, related entity or associate of the Customer. Further, the independent auditor preparing the audit report must not be a person that has had any involvement in the preparation of the application or any other report required under the Funding Agreement.

Prior to referring the Project completion report and audited financial report to the Program Manager, AusIndustry will request an assessment against the Project milestones by a CDIC Business Adviser. The Program Manager will determine if the report should also be referred to the Review Panel for further assessment, before a decision is taken on behalf of the Program Delegate. The Program Manager, on behalf of the Program Delegate, will approve any final payment due within 30 days of receiving the relevant reports. The decision by the Program Manager will be based on the reports supplied as well as an assessment from the Customer’s CDIC Business Adviser and the Review Panel, as appropriate.

2.2 Payments of Program funding

The CASG will pay to Customers all Program funding payments by direct credit into a nominated bank account. The Funding Agreement will provide the specific requirements for this account. Payments of Program funding attract the Goods and Services Tax
(GST) and payments shall take account of GST (refer to section 6.2 of these Customer Guidelines).

As mentioned in section 0 of the Customer Guidelines, Program funding payments to CRC Customers cannot be made into a bank account set up to receive contributions from CRC Customers. CRC Customers will need to identify an alternate bank account to receive Program funding payments.

Initial payment

The CASG will make an initial payment to the Customer following execution of the Funding Agreement between the Customer and AusIndustry. This payment will be based on budgeted Eligible Expenditure for the first period of the Project. A Customer is not entitled to claim any expenditure incurred prior to the ‘Project Start Date’ specified in the Funding Agreement. (The ‘Project Start Date’ cannot be before the Acceptance Date.)

Progress payments

Unless otherwise stipulated in the Funding Agreement, claims for progress payments of Program funding are made by completing the six monthly Project progress report (or the Project completion report for the last six months of the Project).

Progress payments will be paid every six months, subject to:

- satisfactory progress on the Project;
- the Customer meeting all other obligations under the Funding Agreement (including the submission of relevant reports); and
- the Program Manager being satisfied that the various matters described in the Funding Agreement have been met.

Progress payments may be made in advance based on the Customer's estimate of its Eligible Expenditure for the next review period.

Generally, the amount of each payment will be calculated based on actual Eligible Expenditure incurred to the end of the current review period, and the Customer's estimate of Eligible Expenditure for the next review period. For example, a progress payment is calculated as follows:

1. Total actual Eligible Expenditure incurred up to end of current review period
2. Plus Estimated Eligible Expenditure for next review period
3. Multiplied by Grant percentage (portion of total Eligible Expenditure to be funded from Program funding, up to 50%)
4. Less Payments made so far
5. Equals Payment due
However, in some instances the Customer may be paid an amount other than one calculated as above, or the Customer may be paid no amount at all. These circumstances include where:

- the independent audit report on an annual financial report disputes any of the Customer's previous claims of Eligible Expenditure;
- in any financial year, the Customer would receive more than the annual capped grant amount for that year set out in Schedule 1 of the Funding Agreement;
- if applicable, the Customer did not demonstrate compliance with any special condition of the Funding Agreement;
- the proportion of overseas expenditure on the Project exceeds 25 per cent of total Eligible Expenditure (or any higher approved maximum percentage);*
- the proportion of new technology acquisition expenditure on the Project exceeds 10 per cent of total Eligible Expenditure (or any higher approved maximum percentage);*
- the proportion of plant and equipment expenditure on the Project exceeds 50 per cent of total Eligible Expenditure (or any higher approved maximum percentage);*
- the proportion of IP protection expenditure on the Project exceeds 10 per cent of total Eligible Expenditure (or any higher approved maximum percentage);*
- the Customer would receive more than the total approved Program funding;
- the Customer is in dispute with any subcontractor or consortium/collaborative partners engaged to perform work on the Project and that dispute relates to the work performed or to be performed on the Project; and
- the payment includes or comprises the ‘retention amount’ specified in the Funding Agreement.

*Note: Expenditure exceeding the relevant threshold without the Program Delegate’s approval will not qualify as Eligible Expenditure.

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.

The Funding Agreement will specifically provide that the Customer is not entitled to payment of the ‘retention amount’ (generally 5 per cent of the Program Funding) until it has completed the Project and submitted all reports due under the Funding Agreement.

Note: Any expenditure incurred on the Project will not qualify as Eligible Expenditure under the Funding Agreement unless paid within 3 months of the project end date.

Inaccurate claims

Notwithstanding the making of any progress payment, the Program Delegate through his/her authorised officers 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 Program Delegate may through his/her authorised officers 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 Program funding paid, Customers should ensure at all times that payment claims are accurate and appropriate. The Program Delegate also recommends that the Customer promptly notifies their CDIC Business Adviser or AusIndustry in the event that they become aware of any discrepancies in previous Eligible Expenditure claims.

2.3 Keeping AusIndustry informed

The Funding Agreement requires the Customer to keep AusIndustry (or the Commonwealth) informed of certain changes or issues related to the Funding Agreement. If a Customer fails to contact CDIC or AusIndustry in such cases the Program Manager may seek termination of the Funding Agreement and may also seek repayment of up to 100 per cent of the Program funding if they consider that the objectives of the Program have been, or may be, adversely affected

(The following section explains the process of seeking a formal variation to a Funding Agreement which will be necessary in certain circumstances.)

Warranties under the Funding Agreement

If a Customer becomes aware of a breach of warranty under the Funding Agreement, it must immediately notify AusIndustry of that breach. AusIndustry, in consultation with the Program Manager, will work with the Customer in managing resolution of the breach.

Dealing with project intellectual property

The Funding Agreement states that the Customer must submit a request to, and receive the written consent of, AusIndustry before dealing with Project IP. This includes the transfer of Project intellectual property to another entity and/or a change in company control event.

In assessing such a request, the Program Manager will take into account any changes to the agreed Project outcomes arising from the Project.

This obligation applies only during the term of the Project.

Change in Customer details

The Customer should promptly notify AusIndustry in writing of any change in:

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1 For the purposes of the Program, 'control' of a company is defined by the Corporations Act 2001 (Commonwealth). In practical terms, a change in company control can include:

- sale of the customer company to another firm;
- establishment by the customer 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.
• 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 Program funding is paid.

Sale of plant and equipment

The purchase of plant and equipment\(^2\) for use in an agreed Project is Eligible Expenditure under the Program unless that plant and equipment is sold prior to the end of the Project or within three years of the project end date.

Where plant and equipment is sold during the Project period or up to three years after the project end date, the Program Manager will consider all such events on a case by case basis and may require repayment of Eligible Expenditure claimed against the purchase costs.

If a Customer is proposing to sell its plant or equipment, it should immediately notify AusIndustry of its intention and the reasons for the proposed sale. AusIndustry, in consultation with the Program Manager, will work with the Customer in managing resolution of the issue.

2.4 Program exit

The Program officers expect that some Customers will realise during the term of their Funding Agreement that their Project will not achieve its objectives. This could be because the Project failed to produce an expected outcome, or the commercial prospects for the new product, process or service have substantially changed such that persevering with the Project no longer makes commercial sense. In such cases, Customers may voluntarily terminate their Project.

Customers who exit the Program may be eligible to reapply for Program funding with a new Project plan. The Program encourages voluntary exit where appropriate and will view such as a positive indicator of the management team’s capability in any future application for Program funding.

3 Variation of a Funding Agreement

Customers are likely to become aware of changing circumstances as the Project proceeds, which impact on the objectives, completion and/or outcomes of the Project. Under the Funding Agreement the Customer may need to notify AusIndustry of these changes and apply for a formal variation to the Funding Agreement. The Customer is at risk of breaching the Funding Agreement if a necessary variation is not sought from and agreed to by AusIndustry.

\(^2\) Plant and equipment will be "Assets" for the purposes of the Funding Agreement.
In this section, details are provided on the process for varying a Funding Agreement, and what a Customer will need to show to be granted a variation in respect to:

- the Project period;
- the amount of Program funding or annual capped grant amounts;
- the Project plan; and
- certain other variations.

3.1 Process for varying the Funding Agreement

Before submitting any formal request to vary the Funding Agreement, Customers should discuss the impact of changed circumstances on their Project and Funding Agreement with a CDIC Business Adviser.

The Business Adviser will assist the Customer in determining whether the changes in circumstances require a formal variation to the Funding Agreement.

If the Customer wishes to make any changes to the agreed Project, it must apply for a formal variation to the Funding Agreement. This is done using the ‘Application to vary’ template, which is available from the CDIC Business Adviser or AusIndustry.

Applications to vary the Funding Agreement must be received before the project end date.

Variation requests are submitted to AusIndustry and are decided by the Program Manager, on behalf of the Program Delegate. The Program Manager, in deciding whether to grant a variation request, may seek the views of the CDIC Business Adviser, AusIndustry and/or the Review Panel. Customers will be notified by AusIndustry in writing of the Program Manager’s decision.

A Funding Agreement must not be treated as varied until the Customer receives written notice from AusIndustry of approval of the variation request. Otherwise, the Customer may be in breach of the Funding Agreement. (Please refer to section 1 of this Appendix for details of the consequences of a breach.)

In assessing a variation request, the need for funding; the potential for the Project to be commercially successful (with or without the variation); the availability of Program funds; and the Customer's ongoing ability to fund its share of Project costs are all factors that may be taken into account.

3.2 Extension of end of 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
- the Customer has experienced delays in completing or progressing the Project due to circumstances that were unforeseen and/or beyond its control.

Project periods can be extended, depending on the type of grant. However, the Project period cannot extend beyond the Program End Date.
• **Stream A Grants** – Projects are for up to 3 years. Subject to the Program Manager’s approval, Customers can apply to extend their Project by up to an additional 12 months.

• **Stream B Grants** – Projects are for up to 18 months. Subject to the Program Manager’s approval, Customers can apply to extend their Project by up to an additional six months.

• **Stream C Grants** – Projects are for up to 3 years.

Applications which would extend a Project beyond these limits will only be considered under extenuating circumstances. **Applications to extend beyond the Program End Date will not be considered under any circumstance.**

The Program Delegate has the sole discretion to approve or reject any application to extend the Project period.

3.3 **Variation to increase Program funding and/or any annual capped grant amounts**

Customers who were awarded less than the maximum grant allowable under the relevant type of grant may seek additional funds up to the maximum allowable as set out in section 0 of these Customer Guidelines. Customers may also apply to have the annual capped grant amount increased.

An application to increase the amount of Program funding and/or any annual capped 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 (such as supplier price increases) that were unforeseen and/or beyond the Customer’s control.

Such applications must also be accompanied by a revised budget of Eligible Expenditure (using the Project budget calculator) for the remainder of the Project.

3.4 **The Project plan**

The Funding Agreement will require a Customer to immediately notify the Commonwealth (giving reasons) if at any time the Customer believes its capacity to achieve the Project outcomes are compromised or there is a change to the Project plan.

If a Customer fails to notify the Commonwealth of these changes, the Program Manager may seek repayment of up to 100 per cent of the Program funding paid, plus interest.

An application to change the Project plan (including changes to the Project milestones) must, as a minimum, demonstrate that the change is consistent with the planned outcomes of the Project.

Change to the Project plan should also involve the Project (or its outcomes) continuing to be exploited in a manner that will provide the agreed Project outcomes claimed in the original Program application.
A change in the Project plan might involve a change in any one or more of the following:

- the objectives and/or outcomes of the agreed Project; or
- IP ownership and/or exploitation arrangements.

In considering the application to vary the Funding Agreement, the Program Manager will ask the Review Panel to revisit the claims in the original application and assess if those claims will still be delivered by the Project if the change in the Project plan is approved.

3.5 Other variations

Other circumstances where a formal variation of the Funding Agreement will be required are set out below.

Exceeding Eligible Expenditure limits.

A variation request is required if the customer wishes to claim as Eligible Expenditure above the approved limits for:

- Intellectual Property expenditure;
- overseas expenditure;
- acquisition of plant and equipment expenditure; and/or
- new technology acquisition expenditure.

A variation request is also required if the customer wishes to claim Eligible Expenditure under a different Head of Expenditure than originally specified.

Change in key personnel

Where key personnel are listed in Schedule 1 of the Funding Agreement, a formal variation of the Funding Agreement must be obtained in respect to changes to these key personnel.

Change in consortium members

Where consortium members are listed in Schedule 1 of the Funding Agreement, a formal variation of the Funding Agreement must be obtained in respect to changes to these consortium members.