

**NEW AIR COMBAT CAPABILITY - INDUSTRY SUPPORT PROGRAM
(NACC-ISP)
PROGRAM GUIDELINES**

No. 1 of 2011

I, Stephen Smith, Minister for Defence issue the following Guidelines to the Defence Materiel Organisation.

Dated 22/07/2011

Minister for Defence

Part 1 - Preliminary

Commencement

1. These *Program Guidelines* take effect on the day on which they are signed by the *Minister*.

Authority for Program Guidelines

2. These Program Guidelines:
 - (a) are made by the *Minister*, and should be read in conjunction with the Government's Second Pass Approval of the Defence Capability Plan Project Air 6000 Phase 2A/2B and Joint Strike Fighter Program; and
 - (b) may be amended by the *Minister* from time to time.

Purpose

3. The purpose of these *Program Guidelines* is to provide a framework for the flexible operation and administration of the *New Air Combat Capability - Industry Support Program* (Program) administered by the Defence Materiel Organisation (DMO). They are not a definitive statement of the Commonwealth's requirements for the *Program*.

Part 2 - Overview of the New Air Combat Capability - Industry Support Program

Background to the Program

4. The Government needs a strong, successful and skilled defence industry and is committed to increasing the opportunities for the Australian defence industry to identify and make the most of business opportunities within Australia and overseas. The Government aims to improve the competitiveness of the Australian defence industry through developing skills of the workforce, fostering innovation and boosting productivity.

Objectives of the Program

5. The policy objective of the *Program* is to provide funding to Australian companies and research organisations to support the development of new or improved capabilities that may enhance their ability to win work in the production, sustainment and follow-on development phases of the Joint Strike Fighter Program.

Program Framework

6. The Program will provide financial assistance to Australian companies, Australian universities, Cooperative research centres (CRCs) and publicly funded research agencies (PFRAs). The Program will offer:
 - a) *Stream A Grants* of up to \$1,000,000 for the development of a *JSF* industry capability that is required by *entities within the JSF supply chain*, and which can demonstrate more than one *JSF* application.
 - b) *Stream B Grants* for the development of a *JSF* industry capability 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*.
 - c) *Stream C Grants* of up to \$100,000 per financial year will be available for *Australian universities, cooperative research centres (CRCs) and publicly funded research agencies (PFRAs)* to undertake research projects that lead to *JSF* industry capability enhancements or manufacturing improvements required by *entities within the JSF supply chain* or the *JSF Program office*.
7. A *Review Panel* will assess and prioritise applications against the *Merit Criteria* and provide these assessments to the *Program Delegate*. The *Program Delegate* will consider the advice of the *Review Panel* and select applicants to whom entry into the Program, and access to specific types and levels of support, will be offered. *Customers* will be monitored closely and on-going support under the *Program* will depend on successfully achieving agreed performance criteria.

8. DIISR (being the Department of Innovation, Industry, Science and Research) will provide assistance in the delivery of the *Program* through the *DIIC* (the Defence Industry Innovation Centre) and *AusIndustry*.

Definitions

9. In these *Program Guidelines*:

“**Accept**” means admit for assessment under the *Program* in accordance with these *Program Guidelines*.

“**AusIndustry**” means the division of the Department of Innovation, Industry, Science and Research known as “AusIndustry”.

“**AusIndustry Delivery Manager**” a *DIISR* employee authorised by the *Program Delegate* as the *AusIndustry Delivery Manager*.

“**Australian university**” means an entity that is listed as a Table A provider or a Table B provider under the *Higher Education Support Act 2003*.

“**Cooperative Research Centre (CRC)**” means 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).

“**Customer**” means an *Eligible Applicant* whose *Eligible Application* has been approved and who has entered into a *Funding Agreement*.

“**Customer Guidelines**” means the guidelines formulated by the *Program Delegate* under the relevant clauses of these *Program Guidelines*, and in accordance with the Commonwealth Granting Guidelines issued by the *Minister for Finance and Deregulation* under Regulation 7A of the *Financial Management and Accountability Act 1997*.

“**dealing with**” means:

- (a) sell, transfer, novate, declare a trust over or otherwise dispose of or procure or effect the disposal of, an interest or right; or
- (b) effect a change in the beneficial interest or beneficial unit holding under a trust which has an interest or right.

“**DIIC**” means the Enterprise Connect *Defence Industry Innovation Centre*.

“**DIISR**” means the Commonwealth *Department of Innovation, Industry, Science and Research* and more specifically the delivery partners *AusIndustry* and Enterprise Connect’s *Defence Industry Innovation Centre*.

“**DMO**” means the Defence Materiel Organisation within the Defence portfolio.

“Eligible Activity” means an activity that satisfies the requirements of clauses 44 and 45.

“Eligible Applicant” means an applicant that satisfies the requirements of clauses 38 and 40, or clauses 39 and 40.

“Eligible Application” means an application which satisfies the criteria specified in clauses 41, 42 and 43.

“Eligible Expenditure” means an expenditure which satisfies the criteria specified in the *Customer Guidelines*.

“Entities within the JSF supply chain” means

- (i) one or more of the companies engaged on the development of the F-35 Lightning II Joint Strike Fighter and listed in an attachment to the *Customer Guidelines* as a ‘JSF Prime’; or
- (ii) a company supplying equipment or systems to one or more of the entities defined as ‘JSF Primes’ and listed in an attachment to the *Customer Guidelines* as an ‘Original Equipment Manufacturer’; or
- (iii) a company 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.

“Funding Agreement” 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*.

“Goods and Services Tax (GST)” has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999*.

“JSF” means the F-35 Lightning II Joint Strike Fighter aircraft.

“JSF Program Office” means the US Department of Defense Joint Strike Fighter International Project Office.

“Minister” means the Minister for Defence.

“Merit Criteria” means the criteria listed in clause 46 and detailed in the *Customer Guidelines*.

“Merit Ranking” means the ranking of *Eligible Applications* provided by the *Review Panel* after assessing the merits of *Eligible Applications*.

“Memorandum Of Understanding” or **“MOU”** means the Memorandum Of Understanding between the *DMO* and *DIISR* regarding the establishment and

administration of an Enterprise Connect *Defence Industry Innovation Centre (DIIC)* dated 3 September 2009 as varied from time to time.

“non tax-exempt company” means a company, except a company to which Division 50 of the *Income Tax Assessment Act 1997* applies, that is incorporated in Australia.

“Program” means the New Air Combat *Capability – Industry Support Program*.

“Program Delegate” means an employee of the *DMO* who has been empowered by the *Minister*, or is otherwise duly authorised, to undertake the responsibilities specified in these *Program Guidelines* in respect of the *Program*.

“Program funding” means the financial assistance sought by an applicant or provided to a *Customer* under the *Program*.

“Program Guidelines” means these *Program Guidelines*, being 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.

“Program Funds” means 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.

“Program Manager” means a *DMO* employee authorised by the *Program Delegate* as the *Program Manager*.

“Project” means the project to which an application relates.

“publicly funded research agency (PFRA)” means an entity to which the following criteria apply:

- (i) it is at least 50 per cent owned or controlled by the Commonwealth, or an Australian state or territory government;
- (ii) it is primarily carrying out research and development activities; and
- (iii) it is:
 - (a) providing services, or making facilities available, in relation to science or technology;
 - (b) training, or assisting in the training in the field of scientific or technological research; or
 - (c) collecting, interpreting or publishing information relating to science or technology.

“Review Panel” means a panel of experts as convened by the *Program Delegate* and so described in clauses 24, 25 and 26 of these *Program Guidelines*.

“**Stream A Grant**” means *Program Funding* for a project as specified in clauses a), 38, 40, 44, 59 and 60.

“**Stream B Grant**” means *Program Funding* for a project, including a study, as specified in clauses b), 38, 40, 44, 61 and 62.

“**Stream C Grant**” means *Program Funding* for a research project as specified in clauses c), 39, 40, 44, 63 and 64.

10. A reference to *Program Manager* **may** or *Program Delegate* **may** or *Review Panel* **may** is permissive and not mandatory.

11. A reference to include, **includes, including, in particular** and **for example** does not limit the generality of the words to which they refer.

Part 3 - Roles and responsibilities under the Program

Minister

12. The *Minister* has issued these *Program Guidelines*, and may amend them from time to time.

13. The *Minister* will appoint a *Program Delegate* for the *Program*.

Program Delegate

14. The *Program Delegate* must have regard to the policy objective of the *Program* when performing any function or making any decision in relation to the *Program*.

15. The *Program Delegate* is authorised to make decisions in relation to the administration of the *Program* and to give directions to *DIISR* as to the interpretation of these *Program Guidelines* and other documents used in, or in relation to, the *Program*.

16. The *Program Delegate* may make policies and issue guidance documents for the administration of the *Program*, but the policies and documents must not be inconsistent with these *Program Guidelines*.

17. The *Program Delegate* will appoint a *Program Manager* for the *Program*. The *Program Delegate* may authorise the *Program Manager* to act in respect to certain responsibilities in administering the *Program*, as set out in clause 19 below. The *Program Delegate* will authorise the *Program Manager* to perform the responsibilities as described in these *Program Guidelines*.

18. The *Program Delegate* will appoint an *AusIndustry Delivery Manager* for the *Program*. The *Program Delegate* may authorise the *AusIndustry Delivery Manager* to act in respect to certain responsibilities in administering the *Program*, as set out in clause 19 below. The *Program Delegate* will authorise the *AusIndustry Delivery Manager* to perform the responsibilities as described in these *Program Guidelines*.

19. The *Program Delegate* is responsible for:

- (a) ensuring the overall efficient and effective administration and functioning of the *Program*;
- (b) determining the eligibility of applicants and applications;
- (c) obtaining advice from the *Review Panel* on the relative merit of applications;
- (d) approving applications;
- (e) entering into *Funding Agreements* on behalf of the Commonwealth with *Customers*;
- (f) determining whether expenditure claimed under the *Program* by a *Customer* is *Eligible Expenditure*;
- (g) authorising payments of *Program Funding* by the Commonwealth to *Customers*;
- (h) allocating overall *Program Funds* to the *Stream A Grants*, *Stream B Grants*, and *Stream C Grants* available under the *Program*;
- (i) setting funding limits and funding ratios in relation to the *Stream A Grants*, *Stream B Grants*, and *Stream C Grants* available under the *Program*;
- (j) approving new funding limits in relation to the *Stream A Grants*, *Stream B Grants*, and *Stream C Grants* available under the *Program*;
- (k) promotion and advocacy of the *Program*;
- (l) consulting with state and territory governments and other stakeholders;
- (m) formulating the *Customer Guidelines*;
- (n) ensuring that the *Customer Guidelines* and these *Program Guidelines* are published for the benefit of potential applicants, *Customers* and other interested parties; and
- (o) any other decisions to be made under the *Program*.

20. The *Program Delegate* may seek advice from the *Review Panel* and/or *DIISR* on any matter related to the administration of the *Program*, including, but not limited to, matters related to the status of *Eligible Applicants*, *Eligible Applications*, *Eligible Activities* or *Eligible Expenditure*.

Program Manager

21. The *Program Manager* will be the Chairperson of the *Review Panel*.

22. The *Program Manager* will be responsible for administering the *Program* in relation to decisions or tasks where the *Program Delegate* has delegated the authority to do so.
23. The *Program Manager* must have regard to the policy objective of the *Program* when performing any function or making any decision in relation to the *Program*.

Review Panel

24. The *Program Delegate* will appoint a *Review Panel* with members that have extensive knowledge of and/or experience in the defence procurement industries relevant to the Air 6000 Phase 2A/2B New Air Combat Capability project.
25. The role of the *Review Panel* includes, but is not limited to:
 - (a) providing assessments of proposals to the ***Program Delegate*** including, but not limited to:
 - (i) the eligibility of the application, and of the applicant, to participate in the *Program*, including a review of the assessment made by *DIISR*;
 - (ii) the assessment of *Eligible Applications* against the *Merit Criteria*, including *Merit Ranking* where required; and
 - (iii) any other matter specified in the *Program Guidelines*.
 - (b) Providing advice and recommendations to the *Program Delegate* concerning the progress of *Projects*.
26. The *Review Panel* will assess proposals put to it by, and will provide advice and recommendations requested to the *Program Delegate* throughout the life of the *Program*.

Service Delivery Arrangements

27. The *Program* is to be administered by the *DMO* and delivered in partnership with *DIISR*. Departmental/Agency roles, responsibilities and accountabilities are detailed in the *MOU* between the *DMO* and *DIISR*.
28. The *DMO* will provide *DIISR* with the information *DIISR* requires in order to deliver the services it has promised in the *MOU*.
29. Subject to review by the *Review Panel*, the *Program Manager* or the *Program Delegate*, the *AusIndustry Delivery Manager* will assess the eligibility of applications, and of applicants, to participate in the *Program*.
30. The detailed responsibilities in administering the *Program* delegated by the *Program Delegate* to the *AusIndustry Delivery Manager* will be explained in

the *Customer Guidelines*, and will be consistent with the principles in the *MOU*.

Part 4 - Application & Assessment Process

31. *DIISR* will call for and *Accept* applications. The *AusIndustry Delivery Manager* will then assess whether applications are *Eligible Applications* and whether applicants are *Eligible Applicants*. *DIISR* will refer *Eligible Applications* to the *Review Panel*.
32. The *Program Delegate*, *Program Manager*, the *Review Panel*, the *AusIndustry Delivery Manager* and *DIISR* may request additional information from an Applicant after the lodgement of an *Application*.
33. The *Review Panel* may review the initial eligibility assessment made by the *AusIndustry Delivery Manager*. It will assess the *Eligible Applications* against the *Merit Criteria*. The *Review Panel* will determine a *Merit Ranking* for *Eligible Applications* in accordance with these *Program Guidelines* and the *Customer Guidelines* when considering more than one *Eligible Application* at a time.
34. Subject to clause 48, the *Review Panel* and the *Program Delegate* may attribute a higher or lower level of relative importance to one or more of the *Merit Criteria* when assessing applications.
35. In providing the *Program Delegate* with an assessment against the *Merit Criteria* for an application, the *Review Panel* may include advice as to whether the merits or relative merits of an application would warrant:
 - (a) an amount of *Program Funding* less than that for which the applicant has applied, and/or
 - (b) that any *Program Funding* granted be subject to particular conditions.
36. The *Program Delegate* may, taking into account any relevant advice from the *Review Panel*, formulate *Customer Guidelines* setting out additional requirements for *Applications*.

Confidentiality

37. The *Program Delegate* will, taking into account any relevant advice from the *Review Panel* and *DIISR*, include provisions in the *Customer Guidelines* regarding the confidentiality of *Applications* and allowed usage of information provided under the *Program*.

Eligible Applicants

38. An applicant for a *Stream A Grant* or *Stream B Grant* must satisfy the following to be an *Eligible Applicant*:
 - (a) the applicant must be:

- (i) a non tax-exempt company incorporated under the Corporations Act 2001; or
- (ii) an Australian university; or
- (iii) a *PFRA*; or
- (iv) a *CRC*.

39. An applicant for a *Stream C Grant* must satisfy the following to be an *Eligible Applicant*:

- (a) the applicant must be either:
 - (i) an Australian university; or
 - (ii) a *PFRA*; or
 - (iii) a *CRC*; or
 - (iv) a non tax-exempt company incorporated under the Corporations Act 2001 which is controlled by an Australian university, a *CRC* or a *PFRA*.

40. In addition, an applicant for a grant (under any stream) must:

- (a) have ownership, access to, or the beneficial use of, any intellectual property necessary to carry out the *Project*;
- (b) not be named by the Affirmative Action Agency as an organisation that has not complied with the *Equal Opportunity for Women in the Workplace Act 1999* (Cth); and
- (c) demonstrate an ability to fund the costs of the *Project* (other than those covered by the *Program Funding* sought by the applicant); and
- (d) where the *Project* proposed by an applicant is to be undertaken by a consortium, comply with any additional application criteria as specified in the *Customer Guidelines*.
- (e) not be one of the companies engaged on the development of the F-35 Lightning II Joint Strike Fighter and listed in an attachment to the *Customer Guidelines* as a '*JSF Prime*'

Eligible Applications

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

- (a) whether the applicant is an *Eligible Applicant*;
- (b) whether the *Project* involves *Eligible Activities*;
- (c) whether the application is complete and contains sufficient information to undertake an assessment of the merits of the application; and
- (d) whether the application is in the form required.

42. In relation to clauses 40(c) and (d), the applicant must give the Commonwealth details of any financial assistance the *Project* receives from another Commonwealth, State or Territory government source or agency, including the amount of the funding, the source of funding and the terms and conditions under which it was provided.
43. The *Program Delegate* may, taking into account any relevant advice from *DIISR* and the *Review Panel*,
- (a) reduce the amount of the *Program Funding* sought by an applicant, after taking into account other government financial assistance provided to the same *Project*; and
 - (b) include provisions in the *Customer Guidelines* as to what is financial assistance from government sources for the purposes of clause 42.

Eligible Activities

44. *Eligible Activities* are:

- (a) In respect of *Stream A Grants*,:
 - (i) The activities 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.
- (a) In respect of *Stream B Grants*:
 - (i) The activities 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.
- (c) In respect of *Stream C Grants*, 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.
- (d) In respect of all grants, must be directly related to maximising Australian industry involvement in the *JSF* production, sustainment and follow on development.

45. The *Program Delegate* may, taking into account any relevant advice from the *Review Panel*, include provisions in the *Customer Guidelines* as to the scope of each *Eligible Activity* set out in clause 44 and any exceptions of eligibility for the purpose of avoiding duplication of support with other government programs.

Merit Criteria

46. The *Merit Criteria* are:

- (a) Need for funding;
 - (b) Commercial plan;
 - (c) Management capability;
 - (d) Market opportunity;
 - (e) National benefits.
47. The *Program Delegate* must, with advice from the *Review Panel*, develop a detailed description of the *Merit Criteria*, and the indicators of merit for the *Merit Criteria*, and include these in the *Customer Guidelines*.
48. The *Program Delegate* will, with advice from the *Review Panel* and *DIISR*, include in the *Customer Guidelines* any differences in the relative level of importance of *Merit Criteria* between applications for different *Eligible Activities*.

Decision of the Program Delegate

49. Subject to clauses 50 and 51, after receiving an assessment or *Merit Ranking* from the *Review Panel*, the *Program Delegate* may approve an *Eligible Application* for *Program Funding* and enter into a *Funding Agreement* with the *Eligible Applicant*. In doing so, the *Program Delegate* must take account of any *Merit Ranking* provided by the *Review Panel*.
50. The *Program Delegate* will have the final decision in determining the quantum, terms and conditions of *Program Funding* under the *Program*.
51. The *Program Delegate* must not approve an application if he/she reasonably considers that the *Application* cannot be accommodated within the *Program Funds* for the financial years to which the *Application* relates, following an assessment of:
- (a) commitments of *Program Funds* in the current financial year;
 - (b) commitments of *Program Funds* in future years;
 - (c) *Program Funds* currently available; and
 - (d) indicative targets for approvals throughout the current financial year.
52. The *Program Delegate's* decision is otherwise final in all matters.

Part 5 - Agreements

53. *Customers* will be required to enter into a *Funding Agreement* with the Commonwealth which sets out the terms on which *Program Funding* is provided.
54. *Customers* will not receive any *Program Funding* prior to entering into a *Funding Agreement* with the Commonwealth.

55. The *Program Delegate* may set a time period during which a *Funding Agreement* must be executed and may, at his/her discretion, extend the prescribed period one or more times, or withdraw the offer of *Program Funding* if a *Funding Agreement* is not executed within the prescribed period.

56. A *Funding Agreement*:

- (a) must ensure that the *Program Delegate* is empowered to recover any *Program Funding* provided to *Customers* in circumstances where the *Customer* has acted in a manner to reduce the national benefits that were expected to be generated by the *Project*;
- (b) may include appropriate guarantees and indemnities;
- (c) in the case of a *Project* which is being undertaken by a number of parties, may include requirements on the *Customer* to ensure that those other parties remain involved in the *Project*;
- (d) must not be inconsistent with the law of the Commonwealth, a State or Territory or these *Program Guidelines*;
- (e) must specify the type of grant (*Stream A Grant*, *Stream B Grant* or *Stream C Grant*) and amount of *Program Funding* for the *Project*, and the timing, method and conditions of delivery of *Program Funding*;
- (f) must require the recipient to conduct the *Project*;
- (g) must require the *Customer* to exploit the outcomes of the *Project*, including any intellectual property developed as part of the *Project*, on normal commercial terms and in a manner that will be for the benefit of the Australian economy;
- (h) must require the *Customer* to seek and receive permission from the *Program Delegate* before *dealing with* intellectual property developed with *Program Funding* in a manner other than the manner outlined in the *Customer's Application*, while receiving *Program Funding*.
- (i) must require the *Customer* to keep records relating to the conduct and management of the *Project*;
- (j) must require the *Customer* to provide copies of records relating to the conduct and management of the *Project* and expenditure of the *Program Funding* upon written request of *DIISR*;
- (k) must provide for inspection by or for the *Program Delegate* of the premises where the *Project* is undertaken and records relating to the conduct and management of the *Project*;
- (l) must require the recipient to meet agreed performance measures;
- (m) must require the recipient to report to the *Program Delegate* on the conduct and management of the *Project*;
- (n) must provide for variation and termination of the *Funding Agreement*, including a termination for convenience clause where the *Program Delegate* deems it necessary;

- (o) must require the recipient to comply with all applicable Commonwealth, State and Territory laws;
- (p) must have provision for stringent performance monitoring to exit failing *Projects* quickly and redirecting resources to other *Projects*; and
- (q) may include other matters as seen fit by the *Program Delegate*, including conditions of *Program Funding* to be imposed in addition to the general conditions of *Program Funding* set out in Part 6 of these *Program Guidelines* and/or in the *Customer Guidelines*.

Varying an agreement

57. The *Program Delegate* may, at his/her discretion, agree with a *Customer* to vary the *Funding Agreement* from time to time.
58. In deciding whether to agree to a variation described in clause 57, the *Program Delegate* may seek the advice of the *Program Manager*, *Review Panel* and/or *DIISR*.

Part 6 - Limits, Terms and Conditions of Funding and Support

Stream A Grants

59. In respect of *Stream A Grants* the following limits apply:

- (a) The *Program Delegate* may, with advice from the *Review Panel*, set a lower and/or upper limit of *Program Funding* and may vary it from time to time, but the total *Program Funding* may not exceed \$1,000,000 (GST exclusive);
- (b) *Program Funding* up to the limit described in clause 59(a) is available at 50 per cent of the *Eligible Expenditure* for the *Project*, and any further amount payable to the *Customer* to reimburse the *Customer* for GST payable by the *Customer* on supplies made to the Commonwealth under the *Funding Agreement* (such further amount not to exceed the amount of GST paid by the *Customer*); and
- (c) the period for which *Program Funding* may be provided shall not be for more than three years. However, the *Program Delegate* may, at his/her absolute discretion, extend the prescribed period within which a *Project* receives *Program Funding* to a maximum of four years if he/she reasonably considers that the outcomes of the *Project* would be advanced significantly by the extension. The *Project* period may not extend beyond the *Program* end date to be identified in the *Customer Guidelines*.

60. The *Program Delegate* may, with advice from the *Review Panel* and/or *DIISR*, include in the *Customer Guidelines* additional conditions an applicant must satisfy in order to receive funding and support for *Stream A Grants* (Technology Development).

Stream B Grants

61. In respect of *Stream B Grants* the following limits apply:

- (a) The *Program Delegate* may, with advice from the *Review Panel*, set a lower and upper limit of *Program Funding* and may vary it from time to time, but the total *Program Funding* may not exceed \$250,000 (GST exclusive);
- (b) *Program Funding* up to the limit described in clause 61(a) is available at 50 per cent of the *Eligible Expenditure* for the *Project*, and any further amount payable to the *Customer* to reimburse the *Customer* for GST payable by the *Customer* on supplies made to the Commonwealth under the agreement (such further amount not to exceed the amount of GST paid by the *Customer*); and
- (c) The period of which *Program Funding* may be provided shall not be for more than 18 months. However, the *Program Delegate* may, at his/her absolute discretion, extend the prescribed period within which a *Project* receives *Program Funding* to a maximum of 24 months if he/she reasonably considers that the outcomes of the *Project* would be

advanced significantly by the extension. The *Project* period may not extend beyond the *Program* end date to be identified in the *Customer Guidelines*.

62. The *Program Delegate* may, with advice from the *Review Panel* and/or *DIISR*, include in the *Customer Guidelines* additional conditions an applicant must satisfy in order to receive funding and support for *Stream B Grants* (Enhancing Competitiveness).

Stream C Grants

63. In respect of *Stream C Grants* the following limits apply:

- (a) The *Program Delegate* may, with advice from the *Review Panel*, set a lower and upper limit of *Program Funding* and may vary it from time to time, but the total *Program Funding* may not exceed \$300,000 (*GST* exclusive) overall and \$100,000 (*GST* exclusive) in any financial year;
- (b) *Program Funding* up to the limit described in clause 63(a) is available at 50 per cent of the *Eligible Expenditure* for the *Project*, and any further amount payable to the *Customer* to reimburse the *Customer* for *GST* payable by the *Customer* on supplies made to the Commonwealth under the agreement (such further amount not to exceed the amount of *GST* paid by the *Customer*); and
- (c) The period of a *Project* for which a grant may be provided shall not be for more than 3 years. The *Project* period may not extend beyond the *Program* end date to be identified in the *Customer Guidelines*.

64. The *Program Delegate* may, with advice from the *Review Panel* and/or *DIISR*, include in the *Customer Guidelines* additional conditions an applicant must satisfy in order to receive funding and support for *Stream C Grants* (Research Effort).

Eligible Expenditure

65. The *Program Delegate* will, with advice from the *Review Panel* and *DIISR*, include in the *Customer Guidelines* what kinds of expenditure are *Eligible Expenditure* in relation to each *Eligible Activity*.
66. Unless the *Program Delegate* determines otherwise, only expenditure that has been incurred on *Eligible Activities* that occur after an application has been *Accepted* can be deemed to be *Eligible Expenditure*.

Part 7 - Reporting and Evaluation

67. The *Program Delegate* must:

- (a) ensure that *Projects* under the *Program* are monitored to obtain relevant information for evaluation, including the collection of baseline data on *Customers* as they enter the *Program*;
- (b) at the request of the *Minister*, facilitate and cooperate with independent evaluation of the *Program*.

68. *Customers* must, at their own cost, cooperate with any evaluation of the *Program* undertaken by the Commonwealth or independent third parties, including by providing information requested by the Commonwealth or third party for the purposes of the evaluation.

Part 8 - Complaint Handling Mechanism

69. The *Program Delegate* will include in the *Customer Guidelines*, provisions for the handling of complaints concerning the *Program*. Complaints concerning assessments and/or decisions will, in the first instance, be directed to the *Program Manager* (if applicable). If the applicant (or *Customer*) is not satisfied with the complaint resolution procedure he/she may escalate the complaint to the *Program Delegate*. The applicant (or *Customer*) may also decide to lodge a complaint with the Commonwealth Ombudsman.

Part 9 - Customer Guidelines

70. The *Customer Guidelines* will include, without limitation:

- (a) Lists detailing:
 - (i) the companies engaged on the development of the F-35 Lightning II Joint Strike Fighter ('*JSF Primes*'); and
 - (ii) the companies supplying equipment or systems to one or more of the '*JSF Primes*' defined above ('*Original Equipment Manufacturers*');
- (b) confidentiality of applications and allowed usage of information provided under the *Program*;
- (c) the responsibilities in administering the *Program* delegated by the *Program Delegate* to the *Program Manager*;
- (d) the responsibilities in administering the *Program* delegated by the *Program Delegate* to the *AusIndustry Delivery Manager*;
- (e) details of what will constitute financial assistance from government sources for the purposes of clause 41 of these *Program Guidelines*;
- (f) the scope of each *Eligible Activity*;
- (g) examples of any activities that are not *Eligible Activities*;
- (h) what kinds of expenditure are *Eligible Expenditure* in relation to each *Eligible Activity*;
- (i) examples of expenditure that are not *Eligible Expenditure*;

- (j) the detailed description of the *Merit Criteria*, and the indicators of merit for the *Merit Criteria*;
- (k) any differences in the relative level of importance of *Merit Criteria* between applications for different *Eligible Activities*;
- (l) any additional conditions a *Customer* must satisfy in order to receive *Program Funding* and support for *Stream A Grants*;
- (m) any additional conditions a *Customer* must satisfy in order to receive *Program Funding* for *Stream B Grants*;
- (n) any additional conditions a *Customer* must satisfy in order to receive *Program Funding* for *Stream C Grants*;
- (o) any additional terms to be included in a *Funding Agreement* where the *Project* is to be undertaken by a consortium;
- (p) details of the process for the handling of complaints concerning the *Program*;
- (q) details of the process for the handling of conflicts of interest concerning the *Program*; and
- (r) further details of the operation of the *Program*.