



## Grant Opportunity Guidelines

# Entrepreneurs' Programme – Accelerating Commercialisation Grants

<b>Opening date:</b>	1 July 2020
<b>Closing date and time:</b>	Not applicable
<b>Commonwealth policy entity:</b>	Department of Industry, Science, Energy and Resources
<b>Enquiries:</b>	If you have any questions, contact us on 13 28 46.
<b>Date guidelines released:</b>	1 July 2020
<b>Type of grant opportunity:</b>	Open non-competitive

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# 1. Entrepreneurs' Programme: Accelerating Commercialisation Grants processes

## **The Entrepreneurs' Programme is designed to achieve Australian Government objectives**

This grant opportunity is part of the above program which contributes to Department of Industry, Science, Energy and Resource's Outcome 1. The department works with stakeholders to plan and design the grant program according to the [Commonwealth Grants Rules and Guidelines](#).



## **The grant opportunity opens**

We publish the grant guidelines on [business.gov.au](#) and GrantConnect.



## **Commercialisation Guidance**

You apply for commercialisation guidance and receive a report recommending your suitability for a grant.



## **You submit a grant application**

You consider the recommendation and choose to complete the grant application form, addressing all the eligibility and assessment criteria in order for your application to be considered.



## **We assess all grant applications**

We review the application against eligibility criteria and notify you if you are not eligible. The Entrepreneurs' Program Committee assess eligible applications against the assessment criteria including an overall consideration of value with relevant money.



## **Grant decisions are made**

The program delegate considers the Entrepreneurs' Programme Committee recommendations and makes final decisions about which applications are successful.



## **We notify you of the outcome**

We advise you of the outcome of your application.



## **We enter into a grant agreement**

We enter into a grant agreement with successful applicants.



## **Delivery of grant**

You undertake the grant activity as set out in your grant agreement. We manage the grant by working with you, monitoring your progress and making payments.



## **Evaluation of the Entrepreneurs' Programme**

We evaluate the specific grant activity and the Entrepreneurs' Programme as a whole. We base this on information you provide to us and that we collect from various sources. You will be required to provide on-going performance data.

## 2. About the Entrepreneurs' Programme

The objective of the Entrepreneurs' Programme (the program) is to connect small and medium sized businesses with the capabilities and networks they need to grow, innovate and commercialise in Australian markets and/or markets in other countries. In these guidelines, 'Australian markets' is defined to mean 'markets in States or Territories other than the State or Territory in which the relevant business is located'.

The program offers a suite of expert advisory and facilitation services that support:

- growth and innovation through business improvement and innovation connections in targeted Growth Sectors which could benefit from increased trading in Australian markets and markets in other countries
- innovation through the incubation of innovative globally focussed Australian start-ups
- the commercialisation of novel products, processes and services in Australian markets and/or markets in other countries.

The primary focus of the Entrepreneurs' Programme is to provide access to tailored advice and networks to help businesses solve problems. It is delivered through five elements:

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

Other elements may be added at the Minister's discretion.

The program is expected to deliver increased capability to trade in Australian markets and/or markets in other countries through the following outcomes:

- improved business capability
- effective business, research and commercialisation networks
- improved business and commercialisation performance

### 2.1 About Accelerating Commercialisation

Accelerating Commercialisation encourages and assists small and medium business, entrepreneurs and researchers to commercialise novel products, processes and services for trade in Australian markets and/or markets in other countries.

Accelerating Commercialisation provides expert guidance and connections through Accelerating Commercialisation Facilitators (Facilitators) to help you to find the right commercialisation solutions for your novel product, process or service. Facilitators provide advice and support across your commercialisation journey.

Accelerating Commercialisation includes:

- Commercialisation guidance – guidance and assistance to develop the commercialisation potential of novel products, process or services (for more information, visit [business.gov.au](http://business.gov.au))
- Accelerating Commercialisation Grants – financial assistance to help commercialise novel products, processes and services.

### 2.1.1 About Accelerating Commercialisation Grants

This document relates to Accelerating Commercialisation Grants and sets out:

- the eligibility and assessment criteria
- how we consider and assess grant applications
- how we notify applicants and enter into grant agreements with grantees
- how we monitor and evaluate grantees' performance
- responsibilities and expectations in relation to the opportunity.

The Department of Industry, Science, Energy and Resources (we/the department) is responsible for administering this grant opportunity. We administer the grant opportunity according to the [Commonwealth Grants Rules and Guidelines](#) (CGRGs)<sup>1</sup>.

We have defined key terms used in these guidelines in the glossary at section 14.

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

## 3. Grant amount and grant period

### 3.1 Grants available

The grant amount will be up to 50 per cent of eligible project costs (grant percentage).

- The minimum grant amount is \$50,000
- The maximum grant amount is:
  - \$500,000 for Research Commercialisation Entities and Eligible Partner Entities, as defined section 14. Glossary.
  - \$1 million for all other applicants.

The remaining proportion of eligible project costs we consider your contribution. You cannot fund your contribution from other Commonwealth, State, Territory or local government grant source, or use in-kind (non-financial) contributions. You must provide evidence of your ability to fund your contribution in your application.

You may apply for multiple Accelerating Commercialisation grants, however you may only receive up to the maximum grant amount for the same novel product, process or service.

In some circumstances, it may be appropriate to divide a project into stages and to apply for grant assistance for each stage progressively (or sequentially). Your Facilitator will be able to assist you in making this decision. For more information about staged applications, see section 7.1.

### 3.2 Project period

The maximum project period is two years.

The minimum project period is 12 months.

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<sup>1</sup> <https://www.finance.gov.au/government/commonwealth-grants/commonwealth-grants-rules-guidelines>

## 4. Eligibility criteria

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

### 4.1 Who is eligible?

To be eligible you must be:

- non-tax-exempt
- registered for the Goods and Services Tax (GST).

and be one of the following entities:

- a company incorporated in Australia and a trading corporation, where your trading activities:
  - form a sufficiently significant proportion of the corporation's overall activities as to merit it being described as a trading corporation
  - are a substantial and not merely peripheral activity of the corporation
- a Research Commercialisation Entity or Eligible Partner Entity as defined in section 14.

#### 4.1.1 Researchers applying through a Research Commercialisation Entity or Eligible Partner Entity

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

### 4.2 Additional eligibility requirements

We can only accept applications where you:

- have received Commercialisation Guidance advice and recommendations regarding the suitability of your project for an Accelerating Commercialisation Grant (for more information, visit [business.gov.au](http://business.gov.au))
- have the ownership, access or beneficial use of any intellectual property you need to undertake the commercialisation project
- provide evidence of your ability to fund at least 50 per cent of eligible project expenditure, such as funding strategy and a bank statement or loan agreement. You must also provide an Accountant Declaration that confirms your ability to fund the project
- have a combined annual turnover of less than \$20 million for each of the three financial years prior to the lodgement of the application (unless you are controlled by a Publicly Funded Research Organisation or Eligible Partner Entity, in which case you must have annual turnover in isolation of less than \$20 million for each of the three financial years prior to lodgement of the application).

We cannot waive the eligibility criteria under any circumstances.

#### 4.2.1 Ownership or beneficial use of intellectual property

You must be able to demonstrate that you own, or have access to or beneficial use of, any existing intellectual property needed to carry out the project. You are not eligible if the intellectual property required is in dispute or there is unsatisfactory evidence of ownership, access to, or the beneficial

use of the subject intellectual property. We expect that you will own any new intellectual property resulting from the project.

#### 4.2.2 What we mean by 'ability to fund your share of project costs'

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

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

You cannot use in-kind (non-financial) contributions or government grant sources to match the Accelerating Commercialisation grant. You will need to provide documentary evidence of your ability to fund your share of project costs. You do not need to have your share of funding fully available when you apply. However, you must be able to demonstrate that you can fund your share of project costs at the rate incurred on the project.

#### 4.3 Who is not eligible?

You are not eligible to apply if you are:

- an individual
- a partnership
- an unincorporated association
- a trust (however, an incorporated trustee may apply on behalf of a trust)
- a Commonwealth, State, Territory or local government body (including government business enterprises)
- a non-corporate Commonwealth entity.

## 5. What the grant money can be used for

### 5.1 Eligible activities

Eligible activities must be directly related to the commercialisation of a novel product, process or service and can include:

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

Eligible activities do not include:

- basic research or technical experiments (Research & Development (R&D) projects)
- scaling production and/or marketing activities in markets where you have already made your first sales of the novel product, process or service
- developing a novel product, process or service for internal use only (i.e. not for sale), for example an enhancement to a manufacturing process that you will only use in your



manufacturing plants to produce an existing product more efficiently, or to increase the profitability of an existing service

- commercialising the next version or iteration of an existing product, process or service where updates and changes are minor and therefore does not qualify as a novel product, process or service.

### 5.1.1 What we mean by 'first sales'

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

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

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

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

## 5.2 Eligible expenditure

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

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

We may update the guidance on eligible and ineligible expenditure from time to time. If your application is successful, the guidance in place when you submitted your application applies to your project.

You may elect to commence your project from the date we notify you that your application is eligible and complete. We are not responsible for any expenditure you incur until a grant agreement is executed. The Commonwealth will not be liable, and should not be held out as being liable, for any activities undertaken before the grant agreement is executed.

## 6. The assessment criteria

You must address all assessment criteria in your application. We will assess your application based on the weighting given to each criterion.

The application form asks questions that relate to the assessment criteria below. The amount of detail and supporting evidence you provide in your application should be relative to the project size, complexity and grant amount requested. You should provide evidence to support your answers. The application form displays size limits for answers.

We will only consider funding applications that score highly against each assessment criterion, as these represent best value for money. Note that you must provide a strong case for need for funding (unless you are Research Commercialisation Entity or an Eligible Partner Entity) and a strong case that your product, process or service is novel, to be successful for this grant opportunity. Research Commercialisation Entities or an Eligible Partner Entities are not required to

demonstrate need for funding because their predominant purpose is commercialising publicly-funded research with benefits that can be shared with the broader Australian public.

## 6.1 Assessment criterion 1

### Impact of the grant (16 points)

You should demonstrate this by addressing the following:

- a. your need for funding, i.e. why you are unable to access sufficient funding for the entire project, including from your directors and shareholders, loans or equity investment and why it would be unreasonable to expect you to obtain all requisite funding from alternative sources
- b. the positive impact the grant will have on the size, scale or timing of your project
- c. whether your product or service targets or participates in one of the growth sectors
- d. the broader economic benefits to be gained through your project, e.g. whether it will create jobs, export growth, diffusion of knowledge, increased collaboration or best practice.

Notwithstanding your overall score against this assessment criterion, unless you are a Research Commercialisation Entity or an Eligible Partner Entity you must score highly against need for funding to be successful for this grant opportunity.

In the event where private institutional investor(s) have provided investment, you will not score highly against need for funding unless your application demonstrates all, or a combination of the below:

- your requested grant amount is less than \$500,000
- this is your first major investment from an institutional investor
- your institutional investor is registered under Early Stage Venture Capital Limited Partnerships (ESVCLP)
- the investment is mutually beneficial to you and the investor; e.g. the grant is not intended to lower the cost of capital for the investor.

## 6.2 Assessment criterion 2

### Management capability (24 points)

You should demonstrate this by describing:

- a. your team's track record and/or access to appropriate personnel with the relevant business, commercialisation and market/technology expertise and experience to deliver your project
- b. your governance arrangements (e.g. project oversight, advisory boards etc.).

## 6.3 Assessment criterion 3

### Market opportunity (20 points)

You should demonstrate this by explaining:

- a. how the product, process or service that you wish to commercialise is novel
- b. the customer problem you propose to solve and the market demand your novel product, process or service satisfies within Australia and overseas markets
- c. your target market including:
  - i. intended customers (e.g. individuals, business or government)
  - ii. market size (e.g. number of customers, average revenue per customer)

- iii. market structure (e.g. the value/supply chain and relationships between suppliers, distributors, influencers and end customers)
  - iv. your pricing strategy
  - v. your position in the market.
- d. your intellectual property strategy including any protection mechanisms that may be employed (e.g. patent, trademark, etc.), and how the strategy aligns with the market opportunity.

Notwithstanding your overall score against this assessment criterion, you must provide a strong case that your product, process or service is novel to be successful for this grant opportunity.

## 6.4 Assessment criterion 4

### Value proposition (20 points)

You must describe and provide evidence that demonstrates:

- a. why customers will want to buy your product, process or services (include the economic analysis and description of value creation)
- b. your most likely competitors and your competitive advantage
- c. any market research you have undertaken to validate your value proposition
- d. that your product, process or service is functional or technically viable.

## 6.5 Assessment criterion 5

### How you plan to deliver your project (20 points)

You should demonstrate this by describing:

- a. your project plan including activities, milestones, budget and deliverables
- b. your execution plan including your path to market (e.g. direct sales, distribution channels, franchising)
- c. your operational plan including your business and delivery model, human resources, marketing and communications plan, financial plan, manufacturing strategy (where applicable) and your plan to manage risk
- d. how you intend to address structural or market challenges (e.g. government regulation, market inertia, timing imperatives, manufacturing capability/capacity, market barriers etc.)
- e. how you will manage intellectual property including:
  - i. your intellectual property (e.g. future protection strategies, freedom to operate, patent insurance, etc.)
  - ii. any intellectual property you need to deliver your project (e.g. ownership, access and/or beneficial use).

You must attach an operational plan that includes project plan, cashflow and project budget, execution plan, and intellectual property protection strategy to your application.

## 7. How to apply

Before applying you should read and understand these guidelines, the sample [application form](#) and the sample [grant agreement](#) published on [business.gov.au](http://business.gov.au) and GrantConnect.

To apply, you must:

- complete the online [application form](#) via business.gov.au
- provide all the information requested
- address all eligibility and assessment criteria
- include all necessary attachments

You should retain a copy of your application for your own records.

You are responsible for making sure your application is complete and accurate. Giving false or misleading information is a serious offence under the *Criminal Code Act 1995* (Cth). If we consider that you have provided false or misleading information we may not progress your application. If you find an error in your application after submitting it, you should call us immediately on 13 28 46.

If we find an error or information that is missing, we may ask for clarification or additional information.

If you need further guidance around the application process, or if you are unable to submit an application online, [contact us](#) at business.gov.au or by calling 13 28 46.

## 7.1 Staged applications

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

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

- the stage of development of your company – e.g. for a newly formed company a smaller project could be more appropriate due to the challenges and risks associated with setting up a new business
- your current financial position and your ability to raise additional funds at the key milestones of the project
- the level of unknowns in relation to executing your project – e.g. if there is a go/no-go milestone then it may be best to apply for grant funding for activities leading up to that milestone only
- the limits that apply in relation to multiple applications (see details under Section 3.1)
- the time, cost, and potential project delays associated with making multiple applications.

Where the project IP, market opportunity and value proposition are essentially the same as in the previous application, you are considered to be applying for assistance for the next stage of your project and the following applies:

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

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

If you have received a grant for one project stage, there is no guarantee that you will receive grants for further stages. For each new project stage, a new application must be submitted.

## 7.2 Attachments to the application

You must provide the following documents with your application:

- evidence of funding strategy that indicates matched funding is in place or has been committed to, e.g. financial statements, loan agreements, subscription agreements, shareholder agreements
- an operational plan that includes project plan (including activities, milestones), cashflow and project budget and deliverables, execution , evidence of appropriate IP strategy (which may include IP protection, a licencing agreement) or reliance on a trade secret
- evidence to support your claims against assessment criteria
- diagram of company group structure (where applicable)
- an operational plan
- accountant declaration (template provided on [business.gov.au](http://business.gov.au) and GrantConnect)
- trust deed (where applicable).

You may also provide other attachments to support your claims against the assessment criteria. You must attach supporting documentation to the application form in line with the instructions provided within the form.

## 7.3 Timing of grant opportunity

You may elect to commence your project from the date we notify you that your application is eligible and complete. We are not responsible for any expenditure you incur until a grant agreement is executed.

Table 1: Expected timing for this grant opportunity

Activity	Timeframe
Assessment of applications and notification of outcomes	Approximately 75 days
Negotiations and award of grant agreements	30 days from grant offer
Earliest start date of grant activity	From date application is accepted as eligible and complete
End date of grant commitment	Grant agreement end date

## 8. The grant selection process

We first review your application against the eligibility criteria. Only eligible applications will proceed to the assessment stage.

We then refer your application to the Entrepreneurs' Programme Committee (the committee) of Innovation and Science Australia for consideration. Your Facilitator will also provide a report to the committee that provides comment on the claims you have made against the assessment criteria in your application.

The committee considers your application on its merits, based on:

- how well it meets the criteria
- whether it provides value with relevant money.

When considering whether the application represents value with relevant money, the committee will have regard to:

- the overall objectives of Accelerating Commercialisation
- the evidence provided to demonstrate how your project contributes to meeting those objectives
- the relative value of the grant sought
- the need to support projects at all stages in the commercialisation process.

The committee provides a merit assessment and merit ranking to the program delegate, who is an AusIndustry manager with responsibility for the program, for final decision.

## 8.1 Who will approve grants?

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

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

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

We cannot review decisions about the merits of your application.

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

## 8.2 Transitional arrangements

We acknowledge that some businesses may have spent significant time preparing responses to merit criteria as described under the previous guidelines.

Up to 14 August 2020, if you have been preparing an Accelerating Commercialisation Grants application you may choose to submit an application that addresses either the new assessment criteria or the previous merit criteria. We will assess your application accordingly.

If you choose to submit under previous merit criteria, please contact your Customer Service Manager or Facilitator for advice on how to proceed.

All applications received post 14 August 2020 must address the assessment criteria contained within these guidelines.

## 9. Notification of application outcomes

We will advise you of the outcome of your application in writing. If you are successful, we advise you of any specific conditions attached to the grant.

If you are unsuccessful, we will advise you of the reasons why your application was unsuccessful and give you an opportunity to discuss the outcome with us. You can submit a new application for the same (or similar) project. You should include new or more information to address the weaknesses that prevented your previous application from being successful. If a new application is substantially the same as a previous ineligible or unsuccessful application, we may refuse to consider it for assessment.

## 10. Successful grant applications

### 10.1 Grant agreement

If your grant application is successful and you wish to receive the grant, you must enter into a legally binding grant agreement with the Commonwealth. The grant agreement has general terms and conditions that cannot be changed. A sample [grant agreement](#) is available on [business.gov.au](#) and GrantConnect.

We will use a Commonwealth standard grant agreement. We must execute a grant agreement with you before we can make any payments. Execute means both you and the Commonwealth have signed the agreement. We are not responsible for any expenditure you incur until a grant agreement is executed.

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

If you enter an agreement under the Accelerating Commercialisation grant opportunity, you cannot receive other grants for the same activities from other Commonwealth, State or Territory granting programs.

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

You will have 30 days from the date of a written offer to execute this grant agreement with the Commonwealth. During this time, we will work with you to finalise details.

The offer may lapse if both parties do not sign the grant agreement within this time. Under certain circumstances, we may extend this period. We base the approval of your grant on the information you provide in your application. We will review any required changes to these details to ensure they do not impact the project as approved by the program delegate.

### 10.2 Project specific legislation, policies and industry standards

You must comply with all relevant laws and regulations in undertaking your project. You must also comply with the specific legislation/policies/industry standards that follow. It is a condition of the grant funding that you meet these requirements. We will include these requirements in your grant agreement.

In particular and where relevant, you will be required to comply with:

- State/Territory legislation in relation to working with children
- Ethics and research practices
- the NHMRC/ARC/UA Australian Code for the Responsible Conduct of Research (2018) and successor documents
- the NHMRC/ARC/UA National Statement on Ethical Conduct in Human Research (2007, updated 2018)
- the Australian Code for the care and use of animals for scientific purposes (2013) endorsed by the NHMRC, the ARC, the Commonwealth Scientific and Industrial Research Organisation and UA.

### 10.3 How we pay the grant

The grant agreement will state the:

- maximum grant amount we will pay

- proportion of eligible expenditure covered by the grant (grant percentage)
- any financial contribution provided by you or a third party.

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

We will make an initial payment on execution of the grant agreement. We will make subsequent payments quarterly, in advance, based on your forecast eligible expenditure as you achieve agreed milestones and adjusted for unspent amounts from previous payments. Payments are subject to satisfactory progress on the project.

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

## 10.4 Tax obligations

You must be registered for the Goods and Services Tax (GST). We will add GST to your grant payment and provide you with a recipient created tax invoice. You are required to notify us if your GST registration status changes during the project period.

Grants are assessable income for taxation purposes, unless exempted by a taxation law. We recommend you seek independent professional advice on your taxation obligations or seek assistance from the [Australian Taxation Office](#). We do not provide advice on tax.

## 11. Announcement of grants

We will publish non-sensitive details of successful projects on GrantConnect. We are required to do this by the [Commonwealth Grants Rules and Guidelines](#) unless otherwise prohibited by law. We may also publish this information on [business.gov.au](#) or [industry.gov.au](#). This information may include:

- name of your organisation
- title of the project
- description of the project and its aims
- amount of grant funding awarded
- Australian Business Number
- business location.

## 12. How we monitor your grant activity

### 12.1 Keeping us informed

We need to know of any key changes to your organisation or its business activities, particularly if they affect your ability to complete your project, carry on business and pay debts due.

You must also inform us of any changes to your:

- name
- addresses
- nominated contact details



- bank account details.

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

You must notify us of events, such as product launches or celebrations of significant achievements, relating to your project and provide an opportunity for the Minister or their representative to attend.

## 12.2 Reporting

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

- progress against agreed project milestones
- project expenditure, including expenditure of grant funds.

The amount of detail you provide in your reports should be relative to the project size, complexity and grant amount.

We will monitor the progress of your project by assessing reports you submit and may conduct site visits to confirm details of your reports if necessary. Occasionally we may need to re-examine claims, seek further information or request an independent audit of claims and payments.

### 12.2.1 Progress reports

Progress reports must:

- include details of your progress towards completion of agreed project activities
- show the total eligible expenditure incurred to date
- be submitted by the report due date (you can submit reports ahead of time if you have completed relevant project activities).

We will only make grant payments when we receive satisfactory progress reports.

You must discuss any project or milestone reporting delays with us as soon as you become aware of them.

### 12.2.2 End of project report

When you complete the project, you must submit an end of project report.

End of project reports must:

- include the agreed evidence as specified in the grant agreement
- identify the total eligible expenditure incurred for the project
- include a declaration that the grant money was spent in accordance with the grant agreement and to report on any underspends of the grant money
- be submitted by the report due date.

### 12.2.3 Ad-hoc reports

We may ask you for ad-hoc reports on your project. This may be to provide an update on progress, or any significant delays or difficulties in completing the project.

## 12.3 Independent audits

You must provide an independent audit report on completion of your project. An audit report will verify that you spent the grant in accordance with the grant agreement. The audit report requires

you to prepare a statement of grant income and expenditure. The report template is available on [business.gov.au](http://business.gov.au) and GrantConnect.

## 12.4 Compliance visits

We may visit you during the project period, and at the completion of your project to review your compliance with the grant agreement. We may also inspect the records you are required to keep under the grant agreement. We will provide you with reasonable notice of any compliance visit.

## 12.5 Grant agreement variations

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

- changing project milestones
- extending the timeframe for completing the project but within the maximum two year period
- changing project activities, including changes to IP, the percentage of overseas expenditure and milestones
- an increase of grant funds..

If you want to propose changes to the grant agreement, you must put them in writing before the project end date. We can provide you with a variation request template.

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

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

- how it affects the project outcome
- consistency with the program policy objective, grant opportunity guidelines and any relevant policies of the department
- changes to the timing of grant payments
- availability of program funds.
- We may consult the committee before agreeing a request to increase grant funds

## 12.6 Evaluation

We will evaluate the grant program to measure how well the outcomes and objectives have been achieved. We may use information from your application and project reports for this purpose. We may also interview you, or ask you for more information to help us understand how the grant impacted you and to evaluate how effective the program was in achieving its outcomes.

We may contact you up to five years after you finish your project for more information to assist with this evaluation.

## 12.7 Grant acknowledgement

If you make a public statement about a project funded under the program, including in a brochure, media or publication, you must acknowledge the grant by using the following:

‘This project received grant funding from the Australian Government.’

Acknowledgement of the grant can also be accompanied by the use of the Department logo. You must seek permission from the Department for it to be used, including a description of where the logo will be placed. You can contact either your Facilitator or Customer Service Manager to request the logo or to ask other questions about public announcements.

If you erect signage in relation to the project, the signage must contain an acknowledgement of the grant.

## 13. Probity

We will make sure that the grant opportunity process is fair, according to the published guidelines, incorporates appropriate safeguards against fraud, unlawful activities and other inappropriate conduct and is consistent with the CGRGs.

### 13.1 Conflicts of interest

Any conflicts of interest could affect the performance of the grant opportunity or program. There may be a conflict of interest, or perceived conflict of interest, if our staff, Facilitators, any member of a committee or advisor and/or you or any of your personnel:

- has a professional, commercial or personal relationship with a party who is able to influence the application selection process, such as an Australian Government officer or member of an external panel
- has a relationship with or interest in, an organisation, which is likely to interfere with or restrict the applicants from carrying out the proposed activities fairly and independently or
- has a relationship with, or interest in, an organisation from which they will receive personal gain because the organisation receives a grant under the grant program/ grant opportunity.

As part of your application, we will ask you to declare any perceived or existing conflicts of interests or confirm that, to the best of your knowledge, there is no conflict of interest.

If you later identify an actual, apparent, or perceived conflict of interest, you must inform us in writing immediately.

Conflicts of interest for Australian Government staff are handled as set out in the Australian [Public Service Code of Conduct \(Section 13\(7\)\)<sup>2</sup>](#) of the *Public Service Act 1999* (Cth). Committee members and other officials including the decision maker must also declare any conflicts of interest.

We publish our [conflict of interest policy<sup>3</sup>](#) on the department's website.

### 13.2 How we use your information

Unless the information you provide to us is:

- confidential information as per 13.2.1, or
- personal information as per 13.2.3,

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<sup>2</sup> <https://www.legislation.gov.au/Details/C2019C00057>

<sup>3</sup> [https://www.industry.gov.au/sites/default/files/July%202018/document/pdf/conflict-of-interest-and-insider-trading-policy.pdf?acsf\\_files\\_redirect](https://www.industry.gov.au/sites/default/files/July%202018/document/pdf/conflict-of-interest-and-insider-trading-policy.pdf?acsf_files_redirect)

we may share the information with other government agencies for a relevant Commonwealth purpose such as:

- to improve the effective administration, monitoring and evaluation of Australian Government programs
- for research
- to announce the awarding of grants.

#### 13.2.1 How we handle your confidential information

We will treat the information you give us as confidential if it meets all of the following conditions:

- you clearly identify the information as confidential and explain why we should treat it as confidential
- the information is commercially sensitive
- disclosing the information would cause unreasonable harm to you or someone else
- you provide the information with an understanding that it will stay confidential.

#### 13.2.2 When we may disclose confidential information

We may disclose confidential information:

- to the committee and our Commonwealth employees and contractors, to help us manage the program effectively
- to the Auditor-General, Ombudsman or Privacy Commissioner
- to the responsible Minister or Assistant Minister
- to a House or a Committee of the Australian Parliament.

We may also disclose confidential information if

- we are required or authorised by law to disclose it
- you agree to the information being disclosed, or
- someone other than us has made the confidential information public.

#### 13.2.3 How we use your personal information

We must treat your personal information according to the Australian Privacy Principles (APPs) and the *Privacy Act 1988* (Cth). This includes letting you know:

- what personal information we collect
- why we collect your personal information
- to whom we give your personal information.

We may give the personal information we collect from you to our employees and contractors, the committee, and other Commonwealth employees and contractors, so we can:

- manage the program
- research, assess, monitor and analyse our programs and activities.

We, or the Minister, may:

- announce the names of successful applicants to the public
- publish personal information on the department's websites.

You may read our [Privacy Policy](#)<sup>4</sup> on the department's website for more information on:

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

#### 13.2.4 Freedom of information

All documents in the possession of the Australian Government, including those about the program, are subject to the *Freedom of Information Act 1982* (Cth) (FOI Act).

The purpose of the FOI Act is to give members of the public rights of access to information held by the Australian Government and its entities. Under the FOI Act, members of the public can seek access to documents held by the Australian Government. This right of access is limited only by the exceptions and exemptions necessary to protect essential public interests and private and business affairs of persons in respect of whom the information relates.

If someone requests a document under the FOI Act, we will release it (though we may need to consult with you and/or other parties first) unless it meets one of the exemptions set out in the FOI Act.

### 13.3 Enquiries and feedback

For further information or clarification, you can contact us on 13 28 46 or by [web chat](#) or through our [online enquiry form](#) on business.gov.au.

We may publish answers to your questions on our website as Frequently Asked Questions.

Our [Customer Service Charter](#) is available at business.gov.au. We use customer satisfaction surveys to improve our business operations and service.

If you have a complaint, call us on 13 28 46. We will refer your complaint to the appropriate manager.

If you are not satisfied with the way we handle your complaint, you can contact:

Head of Division  
AusIndustry – Support for Business  
Department of Industry, Science, Energy and Resources  
GPO Box 2013  
CANBERRA ACT 2601

You can also contact the [Commonwealth Ombudsman](#)<sup>5</sup> with your complaint (call 1300 362 072). There is no fee for making a complaint, and the Ombudsman may conduct an independent investigation.

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<sup>4</sup> <https://www.industry.gov.au/data-and-publications/privacy-policy>

<sup>5</sup> <http://www.ombudsman.gov.au/>

## 14. Glossary

Term	Definition
Application form	The document issued by the program delegate that applicants use to apply for funding under the program.
AusIndustry	The division of the same name within the department.
Combined annual turnover	The combined annual turnover must include the turnover of the applicant and of each Related Body Corporate (if any) at the time the program delegate receives the application, except where the applicant is controlled by a Publicly Funded Research Organisation or Eligible Partner Entity, in which case the turnover of the applicant in isolation must be less than \$20 million for each of the three financial years prior to the lodgement of the application.
Commercialisation guidance	Guidance provided by Commercialisation Facilitators on the commercialisation potential of your product, process or service. Commercialisation guidance may include assistance to prepare a project to application stage. You must receive commercialisation guidance before you can apply for an Accelerating Commercialisation grant.
Department	The Department of Industry, Science, Energy and Resources
Entrepreneurs' Programme Committee	A subcommittee of the independent statutory body, Innovation and Science Australia, established under the <i>Industry Research and Development Act 1986 (Cth)</i> .
Eligible activities	The activities undertaken by a grantee in relation to a project that are eligible for funding support as set out in 5.1.
Eligible application	An application or proposal for grant funding under the program that the program delegate has determined is eligible for assessment in accordance with these guidelines.
Eligible expenditure	The expenditure incurred by a grantee on a project and which is eligible for funding support as set out in 5.2.
Eligible expenditure guidance	The guidance that is provided at Appendix A.

Term	Definition
Eligible Partner Entity	<p>An eligible entity, registered with the department, whose primary purpose is research but also looks to commercialise the resultant intellectual property. Other requirements for registration include:</p> <ul style="list-style-type: none"> <li>• the organisation has a business unit whose primary purpose is to help researchers commercialise their intellectual property</li> <li>• the organisation is financially viable</li> <li>• the application for registration has been approved by the program delegate.</li> </ul> <p>The application form can be requested by emailing <a href="mailto:ACStrategy@industry.gov.au">ACStrategy@industry.gov.au</a>.</p> <p>A list of Eligible Partner Entities is available on the website, <a href="http://business.gov.au">business.gov.au</a></p> <p>Eligible partner entities are not required to demonstrate need for funding, because their predominant purpose is commercialising publicly-funded research with benefits that can be shared with the broader Australian public.</p>
Experienced Executive	<p>An experienced chief executive officer or other senior executive that is expected to bring complementary skills and experience to the business and to drive it towards commercialisation of its novel product, process or service in the marketplace.</p>
First sales	<p>A company is able to demonstrate, consistent with its value proposition, market acceptance of its novel product, process or service in its key target market(s).</p> <p>Accelerating Commercialisation Grants cannot be used to support projects beyond the point of first sales.</p>
Facilitator	<p>An external commercialisation specialist engaged by us to guide you through the commercialisation process.</p>
Grant agreement	<p>A legally binding contract between the Commonwealth and a grantee for the grant funding.</p>
Grant funding or grant funds	<p>The funding made available by the Commonwealth to grantees under the program.</p>
<a href="#">GrantConnect</a>	<p>The Australian Government's whole-of-government grants information system, which centralises the publication and reporting of Commonwealth grants in accordance with the CGRGs.</p>
Grantee	<p>The recipient of grant funding under a grant agreement.</p>

Term	Definition
Growth Sectors	<ul style="list-style-type: none"> <li>a. Advanced Manufacturing</li> <li>b. Food and Agribusiness</li> <li>c. Medical Technologies and Pharmaceuticals</li> <li>d. Mining Equipment, Technology and Services</li> <li>e. Oil, Gas and Energy Resources</li> </ul> <p>Refer to <a href="#">Appendix C</a> for definitions of these sectors.</p>
Government grant source	<p>For the purposes of these guidelines government grant source, in general, means any sources that include, but are not limited to, grants, loans or investments sourced directly from a Commonwealth, State, Territory, local or international government, or indirectly through a fully government funded organisation.</p> <p>A grant, loan or investment from an entity that is partly government funded, such as a university or a Cooperative Research Centre, is not considered a government grant source.</p> <p>Equity investments from joint private and public sector management funds, such as the Innovation Investment Fund or University Investment Funds are not considered government grant sources.</p> <p>Monies received from the R&amp;D Tax Concession and the R&amp;D Tax Incentive programs are not considered government grant sources.</p> <p>The program delegate has the final decision in determining what is a government grant source and may issue additional guidance on a case-by-case basis as required.</p>
Guidelines	Guidelines that the Minister gives to the department to provide the framework for the administration of the program, as in force from time to time.
Innovation and Science Australia	The statutory board established by the <i>Industry Research and Development Act 1986</i> (Cth) and named in that Act as Innovation and Science Australia.
Intellectual property (IP)	Intellectual Property (IP) represents creations of the mind or intellect that can be legally owned. IP laws allow for protection through patents, trademarks, copyright, circuit layouts, and plant breeders.
Minister	The Commonwealth Minister for Industry, Science and Technology.



Term	Definition
Non-income-tax-exempt	Not exempt from income tax under Division 50 of the <i>Income Tax Assessment Act 1997</i> (Cth) or under Division 1AB of Part III of the <i>Income Tax Assessment Act 1936</i> (Cth).
Novel	A novel product, process, or service is significantly different to any previous innovation and significantly different to state-of-art in the market or industry in which the product, process or service is intended to be traded.
Personal information	<p>Has the same meaning as in the <i>Privacy Act 1988</i> (Cth) which is:</p> <p>Information or an opinion about an identified individual, or an individual who is reasonably identifiable:</p> <ol style="list-style-type: none"> <li>a. whether the information or opinion is true or not; and</li> <li>b. whether the information or opinion is recorded in a material form or not.</li> </ol>
Program delegate	An AusIndustry manager within the department with responsibility for the program.
Program funding or Program funds	The funding made available by the Commonwealth for the program.
Project	A project described in an application for grant funding under the program.
Publicly funded research organisation (PFRO)	All higher education providers listed at Table A and Table B of the <i>Higher Education Support Act 2003</i> (Cth) and corporate Commonwealth entities, and State and Territory business enterprises which undertake publicly funded research.
Related body corporate	Has the same meaning as in section 50 of the <i>Corporations Act 2001</i> (Cth).

Term	Definition
Research Commercialisation Entity	<p>An entity of a publicly funded research organisation, or an eligible corporation controlled by one or more publicly funded research organisations (including university spinoffs with at least 40% university ownership), that assist researchers in commercialising their intellectual property.</p> <p>It looks at the commercial potential of research outcomes and provides advice in areas such as intellectual property rights and protection, commercialisation strategy, partnering with industry and raising capital.</p> <p>Where a research organisation does not meet the definition of a publicly funded research organisation, it may apply to the Department to be registered as an Eligible Partner Entity.</p> <p>Research Commercialisation Entities are not required to demonstrate need for funding, because their predominant purpose is commercialising publicly-funded research with benefits that can be shared with the broader Australian public.</p>
Turnover	<p>Revenue earned from ordinary activities during a full financial year. Revenue means the gross inflow of economic benefits arising in the course of the company's ordinary activities. Ordinary activities means activities that are undertaken by the company as part of its normal business operations, and includes the sale or supply of goods, lease of premises, hire of equipment, giving of advice, export of goods, and supply of other things. Ordinary activities do not include:</p> <ul style="list-style-type: none"> <li>• economic contributions by the owners</li> <li>• the principal component of a loan repayment</li> <li>• payments received under an insurance recovery</li> <li>• donations and government grants</li> <li>• revenue attributable to transactions or other events of a type that are outside the day-to-day activities of the entity and are not of a recurring nature (for example, proceeds from the sale of a capital asset used in the business or investments held by the business which are not related to its day-to-day activities)</li> <li>• the proceeds from the sale of a Portfolio company by a venture capital fund.</li> </ul>

## Appendix A. Eligible expenditure

This section provides guidance on the eligibility of expenditure. We may update this guidance from time to time, so you should make sure you have the current version from the [business.gov.au](http://business.gov.au) website before preparing your application.

The program delegate makes the final decision on what is eligible expenditure and may give additional guidance on eligible expenditure if required.

To be eligible, expenditure must:

- be incurred by you within the project period, however audit costs can be incurred three months after the project end date
- be a direct cost of the project and not to be provided for the benefit or profit of related bodies
- be incurred by you to undertake required project audit activities
- meet the eligible expenditure guidelines.

### A.1 Heads of expenditure

You must record your eligible project expenditure under the following heads of expenditure:

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

### A.2 How we verify eligible expenditure

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

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

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

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

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

### A.3 Labour expenditure

Eligible labour expenditure for the grant covers the direct labour costs of employees you directly employ on the core elements of the project. We consider a person an employee when you pay them a regular salary or wage, out of which you make regular tax instalment deductions.

We consider costs for technical, but not administrative, project management activities eligible labour expenditure. However, we limit these costs to 10 per cent of the total amount of eligible labour expenditure claimed.

We do not consider labour expenditure for leadership or administrative staff (such as CEOs, CFOs, accountants and lawyers) as eligible expenditure, even if they are doing project management tasks, unless you substantiate to our satisfaction that these costs relate to performance of core elements of the agreed project. There is an exception for Experienced Executives (see below).

Eligible salary expenditure includes an employee's total remuneration package as stated on their Pay As You Go (PAYG) Annual Payment Summary submitted to the ATO. We consider salary-sacrificed superannuation contributions as part of an employee's salary package if the amount is more than what the Superannuation Guarantee requires.

The maximum salary for an employee, director or shareholder, including packaged components that you can claim through the grant is \$175,000 per financial year. There is an exception for Experienced Executives – see A.4 below.

For periods of the project that do not make a full financial year, you must reduce the maximum salary amount you claim proportionally.

You can only claim eligible salary costs when an employee is working directly on agreed project activities during the agreed project period.

#### A.4 Experienced Executive Expenditure

The employment of an experienced chief executive officer or other senior executive is supported under Accelerating Commercialisation for all applicants other than Research Commercialisation Entity and Eligible Partner Entities.

Such an appointment is referred to as an Experienced Executive. The executive is expected to bring complementary skills and experience to the business and to drive it towards commercialisation of its novel product, process or service in the marketplace. Expenditure in relation to an Experienced Executive may be claimed under either Labour expenditure or Contract expenditure depending on the executive's employment status.

Significant shareholders (controlling 20 per cent or more of a company's shares at the time the grant application is lodged) and founders are not eligible Experienced Executives.

The maximum salary claim for an Experienced Executive is \$250,000 per financial year.

For periods of the project that do not make a full financial year, you must reduce the maximum salary amount you claim proportionally. The executive must work at least three days per week (or equivalent) on the agreed project.

The application must clearly outline the key performance indicators for the Experienced Executive and how these correlate with the project's execution plan and milestones. The application must demonstrate that the person:

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

process, the remuneration and terms of employment, and the management of potential underperformance once employed.

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

## A.5 Labour on-costs and administrative overhead

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

You should calculate eligible salary costs using the formula below:

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

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

Evidence you will need to provide can include:

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

## A.6 Contract expenditure

Eligible contract expenditure is the cost of any agreed project activities that you contract others to do. These can include contracting:

- another organisation
- an individual who is not an employee, but engaged under a separate contract.

All contractors must have a written contract prior to starting any project work—for example, a formal agreement, letter or purchase order which specifies:

- the nature of the work they perform
- the applicable fees, charges and other costs payable.

Invoices from contractors must contain:

- a detailed description of the nature of the work
- the hours and hourly rates involved
- any specific plant expenses paid.

Invoices must directly relate to the agreed project, and the work must qualify as an eligible expense. The costs must also be reasonable and appropriate for the activities performed.

We will require evidence of contractor expenditure that may include:

- an exchange of letters (including email) setting out the terms and conditions of the proposed contract work
- purchase orders
- supply agreements
- invoices and payment documents.

You must ensure all project contractors keep a record of the costs of their work on the project. We may require you to provide a contractor's records of their costs of doing project work. If you cannot provide these records, the relevant contract expense may not qualify as eligible expenditure.

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

- design costs, claimed as contract expenditure; and
- constructing, assembling, installing and/or commissioning costs, claimed as either plant expenditure, and State-of-the-art manufacturing plant or pilot manufacturing plant expenditure, or prototype expenditure.

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

In accordance with the general conditions of the funding agreement, you are 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' and contain no element of profit we may require you to obtain and provide a contractor's records of its costs of doing project work. If such records are not provided, we may deem the relevant contract expense not to be eligible expenditure.

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

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

Contract costs for leadership and administrative contractors not approved as Experienced Executives (such as contracted CEOs, CFOs, accountants and lawyers) are not eligible expenditure unless the approved by the department that these costs relate to performance of core elements of the agreed project.

## A.7 Plant and equipment expenditure

Plant is usually an input to the project or the tools or infrastructure used to undertake the project. Plant is likely to have a value or use outside of the project and you can build or obtain it with minimal technical risk or new learning.

## A.8 Newly purchased plant and pre-existing purchased plant

Only depreciation of newly purchased and pre-existing purchased plant is eligible expenditure. Depreciation is the decline in asset value of an item of plant allowed through the Commissioner of Taxation's effective life schedules. The depreciation must be proportional to the time you use it 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, you may apply a higher rate of depreciation.

You can only claim depreciation of the plant for the time you use it on the project. However, you can claim all eligible depreciation charges in full for each item of purchased plant as you deploy it.

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

## A.9 Hired/leased plant

You must calculate eligible expenditure for hired, rented, or leased plant by the number of payment periods where you use the plant for the project multiplied by the period hiring fee. If you purchase plant under a hire purchase agreement, or you use a lease to finance the purchase of the plant, the cost of the item of plant, excluding interest, is capitalised, and then depreciated.

Running costs for hired or leased plant are eligible expenditure but you must be able to verify them. They may include items such as rent, light and power, and repairs and maintenance.

## A.10 Constructed plant

Only depreciation of constructed plant is eligible expenditure. Depreciation is the decline in asset value of an item of plant allowed through the Commissioner of Taxation's effective life schedules. The depreciation must be proportional to the time you use it 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, you may apply a higher rate of depreciation.

Where you lease a project facility you may claim leasehold improvements where they are for your specific needs. The improvement cost is eligible expenditure if it is capitalised in your financial statements (balance sheet) and depreciated as above.

The starting value for constructed plant depreciation calculations is the capitalised construction cost or capitalised leasehold improvement cost for the plant item according to ATO requirements. You can only claim depreciation of the plant for the time you use it on the project. However, you can claim all eligible depreciation charges in full for each item of purchased plant as you deploy it.

Once fully completed, running costs for constructed plant are eligible expenditure but you must be able to verify them. They may include items such as rent, light and power, repairs and maintenance.

## A.11 State-of-the-art manufacturing plant or pilot manufacturing plant

If you meet the following conditions, the full cost (rather than depreciation cost only) of establishing a state-of-the-art manufacturing plant (SMP) or pilot manufacturing plant (PMP) is eligible expenditure:

- You must establish the plant in Australia
- You must use the plant exclusively for the purposes of the project, unless otherwise approved by the program delegate. This obligation applies for a period of two years from the start date of the project, unless we advise otherwise in writing

- In the case of a PMP, it must be necessary to establish the plant to demonstrate the commercial feasibility of:
  - producing a novel product or service; or
  - a substantially novel process to produce an existing product where the novel production method is the intellectual property being commercialised.

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

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

You must meet the following criteria to claim the full cost of an individual item of plant as part of a state-of-the-art manufacturing plant or pilot manufacturing plant:

- you must own the item
- you must use the item exclusively for the purposes of the project
- it is not feasible to hire, rent or lease the item
- the item cannot be a block of land or a building.

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

Once fully completed, running costs for the plant or facility are eligible expenditure but you must be able to verify them. They may include items such as rent, light and power, repairs and maintenance.

Note that these eligible expenditure rules are for the purpose of the program only. Different rules may apply for your financial reporting and taxation obligations.

## A.12 Eligible expenditure limit in relation to the SMP or PMP

There is no pre-set limit on SMP or PMP expenditure at the application stage. However, if we approve an application that includes SMP or PMP expenditure, we will apply a condition to limit that expenditure to a certain amount. The limit is typically the amount you requested in your application. The upper limit on SMP or PMP eligible expenditure will be included in the grant agreement. Changes to that upper limit will require program delegate approval for variation of the grant agreement.

There may be particular tax implications associated with grant payments for capital items. We recommend that you seek independent professional advice on tax related matters.

## A.13 Prototype expenditure

Prototype expenditure is eligible expenditure only where the construction and use of the prototype in the agreed project contributes directly to proving the commercial viability of a novel product,



process or service. The 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 agreed 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.
- 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. Such items will normally be stand-alone modules that are acquired off the shelf or are constructed with a low level of technical risk. To have a 'value beyond the project period' means it is highly likely the applicant will be able to sell an item to an independent party for use in activities unrelated to the project.

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

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

#### A.14 Travel and overseas expenditure

Eligible travel and overseas expenditure may include

- domestic travel limited to the reasonable cost of accommodation and transportation required to conduct agreed project and collaboration activities in Australia by the participant's staff, contractors or subcontractors
- overseas travel limited to the reasonable cost of accommodation and transportation required in cases where the overseas travel is material to the conduct of the project in Australia
- types of expenditure directly related to such activities, including on-costs, travel and depreciation of plant. For example, travel expenditure in relation to an overseas activity that has been booked and paid for in Australia is considered overseas expenditure.
- plant and other goods, including goods purchased for inclusion in a prototype, that are purchased overseas are not necessarily treated as overseas expenditure. Where plant is used, not where it is purchased, is the basis of treating plant expenditure as overseas or domestic expenditure.

Accommodation refers to room cost only. Associated costs such as meals, internet, entertainment and other incidentals are not eligible travel expenditure and cannot be claimed as part of the cost of accommodation;

Transport may include the cost of local transport at outward destinations.

Eligible air transportation is limited to the economy class fare for each sector travelled; where non-economy class air transport is used only the equivalent of an economy fare for that sector is eligible expenditure. Where non-economy class air transport is used, the grantee will require evidence showing what an economy air fare costs at the time of travel.

If specific travel costs are not identified in the application, this 'other expenditure' is not eligible during the project period unless the program delegate subsequently approves a request from the grantee.

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

- the proportion of total grant funding that you will spend on overseas expenditure
- the proportion of the service providers total fee that will be spent on overseas expenditure
- how the overseas expenditure is likely to aid the project in meeting the program objectives
- the availability of domestic resources and facilities
- the appropriateness of carrying out activities overseas rather than within Australia
- cost implications
- how the additional overseas activities expenditure is likely to aid the project in meeting Accelerating Commercialisation's policy objective.

Overseas travel must be at an economy rate and you must demonstrate you cannot access the service, or an equivalent service in Australia.

Eligible overseas activities expenditure is generally limited to 10 per cent of total eligible expenditure unless you have prior approval by the program delegate.

## A.15 Business development activities

Examples of eligible business development and supporting activities expenditure are:

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

## A.16 Other eligible expenditure

Other eligible expenditures for the project may include:

- staff training that directly supports the achievement of project outcomes
- costs you incur in order to obtain planning, environmental or other regulatory approvals during the project period. However, associated fees paid to the Commonwealth, state, territory and local governments are not eligible
- product liability insurance in relation to an agreed project—where this insurance is a normal and essential cost of undertaking the project. If the product liability insurance has a value or

usage outside the project the cost of the insurance must be apportioned on the basis of the proportion of the insurance directed to covering the project

- IP protection expenditure - reasonable costs that protect IP that is related to the agreed project and that the Participant does or will directly own are eligible expenditure. These costs can include fees to a patent office for the cost of filing a patent application, patent search and examination fees, freedom to operate review costs, and annual patent maintenance fees. The cost of defending IP rights is not eligible expenditure, with the exception of legal expenses insurance as it relates to IP
- acquisition of new and leading-edge technology where subsequent adaptation of that technology will contribute directly to completion of the agreed project, activities include technology audit fees, network membership and expert advice fees
- cost 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 may including engineering expertise and design alterations.
- cost of trial production runs to demonstrate commercial viability including validation, establishing efficacy and demonstration of evidence of the stability or reproducibility of processes, and production of product necessary to achieve first sales
- quality control activities necessary for the commercialisation of the novel product, process or service
- preparation of an audit certificate that is restricted to a maximum of one per cent of total eligible expenditure on the agreed project, unless otherwise agreed to by the program delegate

Other specific expenditures may be eligible as determined by the program delegate.

Evidence you need to supply can include supplier contracts, purchase orders, invoices and supplier confirmation of payments.

## Appendix B. Ineligible expenditure

This section provides guidance on what we consider ineligible expenditure. We may update this guidance from time to time, so you should make sure you have the current version from the [business.gov.au](http://business.gov.au) website before preparing your application.

The program delegate may impose limitations or exclude expenditure, or further include some ineligible expenditure listed in these guidelines in a grant agreement or otherwise by notice to you.

Examples of ineligible expenditure include:

- full scale production and inventory costs where the project has already achieved *first sales*.
- all forms of advertising and the production of promotional material (including web sites and apps whose primary purpose is advertising or promotion)
- establishing general infrastructure or obtaining resources used on the project—such as interest on loans, job advertising and recruiting, and transporting goods to be used on the project
- activities, equipment or supplies that are already being supported through other sources
- costs incurred prior to us notifying you that the application is eligible and complete
- financing costs, including interest
- capital expenditure for the purchase of assets such as office furniture and equipment, motor vehicles, computers, printers or photocopiers and the construction, renovation or extension of facilities such as buildings and laboratories
- costs involved in the purchase or upgrade/hire of software (including user licences) and ICT hardware (unless it directly relates to the project)
- costs such as rental, renovations and utilities
- non-project-related staff training and development costs
- directors and officers insurance
- insurance costs (the participants must effect and maintain adequate insurance or similar coverage for any liability arising as a result of its participation in funded activities)
- debt financing
- costs related to obtaining resources used on the project, including interest on loans, job advertising and recruiting, and contract negotiations
- depreciation of plant and equipment beyond the life of the project
- maintenance costs
- costs of manufacturing production inputs
- routine operational expenses, including communications, accommodation, office computing facilities, printing and stationery, postage, legal and accounting fees and bank charges
- costs related to preparing the grant application, preparing any project reports (except costs of independent audit reports we require) and preparing any project variation requests
- defending intellectual property rights
- prospecting, exploring or drilling for minerals, petroleum or natural gas for the purpose of discovering deposits, determining more precisely the location of deposits or determining the size or quality of deposits;
- making donations/sponsorships/gifts;
- opportunity costs relating to forgone production and production downtime arising from the allocation of resources to the agreed grant project;

- any activity related to the reproduction of a commercial product or process by a physical examination of an existing system or from plans, blueprints, detailed specifications or publicly available information;
- acquisition, leasing, depreciation of or development of land and buildings (unless otherwise noted in the eligible expenditure guidelines).
- travel or overseas costs that exceed 10 per cent of total project costs except where otherwise approved by the program delegate.

This list is not exhaustive and applies only to the expenditure of the grant funds. Other costs may be ineligible where we decide that they do not directly support the achievement of the planned outcomes for the project or that they are contrary to the objective of the program.

You must ensure you have adequate funds to meet the costs of any ineligible expenditure associated with the project.

## Appendix C. Growth Sectors

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