Australian Tropical Medicine Commercialisation

February 2016
## Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>3</td>
</tr>
<tr>
<td>Commencement</td>
<td>3</td>
</tr>
<tr>
<td>Authority for Programme Guidelines</td>
<td>3</td>
</tr>
<tr>
<td>Interpretation</td>
<td>3</td>
</tr>
<tr>
<td>Australian Tropical Medicine Commercialisation</td>
<td>4</td>
</tr>
<tr>
<td>Part One: Overview</td>
<td>4</td>
</tr>
<tr>
<td>Part Two: Roles and Responsibilities</td>
<td>5</td>
</tr>
<tr>
<td>Part Three: Eligibility Requirements</td>
<td>7</td>
</tr>
<tr>
<td>Part Four: Application and Assessment Process</td>
<td>9</td>
</tr>
<tr>
<td>Part Five: Awarding of Funding</td>
<td>11</td>
</tr>
<tr>
<td>Part Six: Administration</td>
<td>14</td>
</tr>
<tr>
<td>Appendix A</td>
<td>17</td>
</tr>
<tr>
<td>Definitions of Key Terms</td>
<td>17</td>
</tr>
<tr>
<td>Appendix B</td>
<td>19</td>
</tr>
<tr>
<td>Eligible Expenditure Guide</td>
<td>19</td>
</tr>
</tbody>
</table>
Purpose
The purpose of these Programme Guidelines is to provide applicants, grant recipients, Commonwealth administrators and decision makers with a framework for the operation and administration of the Australian Tropical Medicine Commercialisation programme (the Programme), in delivering grants.

1. These Programme Guidelines are not an exclusive statement of the Australian Government’s requirements for the receipt of Grant Funding.
2. These Programme Guidelines do not create any legal, equitable or other relationship between the Commonwealth and an Applicant.
3. Definitions of key terms used in these Programme Guidelines can be found at Appendix A.
4. The Eligible Expenditure Guide for the Programme can be found at Appendix B.

Commencement
5. These Programme Guidelines commence on the day on which they are signed.

Authority for Programme Guidelines
6. These Programme Guidelines:
   (a) are endorsed by the Minister for Trade and Investment and issued by the CEO of the Australian Trade Commission (Austrade); and
   (b) may be amended by the CEO from time to time.

Interpretation
7. The definitions outlined in Appendix A are to help with interpreting these Programme Guidelines. These definitions are italicised throughout these Programme Guidelines. These definitions cannot be used as a substitute for the defined terms in any Funding Agreement.
8. The Eligible Expenditure Guide at Appendix B provides guidelines on what is Eligible Expenditure. The Programme Delegate makes the final decision on what is Eligible Expenditure and may issue additional guidance on Eligible Expenditure if required.
Part One: Overview

Introduction

9. The Programme was announced on 10 May 2015, by the Minister for Trade and Investment, the Hon Andrew Robb, and is part of the 2015-16 Australian Government Budget.

10. The Programme is an $8.5 million programme to develop pathways to commercialise Australian research on new tropical therapeutics, vaccines and diagnostics in partnership with international companies. It will build connections between Australian research institutes and global players in the health sector, including pharmaceutical companies and philanthropic organisations.

11. Tropical Medicine is the branch of medicine focused on the diagnosis and treatment of diseases, found primarily in the tropic and sub-tropic regions of the world, generally between 30 degrees north and south of the equator. These include parasitic infections, as well as ‘exotic’ viral, bacterial and fungal infections.

12. Australian researchers are discovering new therapies and diagnostics for dengue fever, malaria, tuberculosis and other diseases of the developing world notwithstanding the fact that these diseases are not endemic to Australia.

13. The pathway for commercialisation of this research is usually through global commercial networks in partnership with either global philanthropies or multinational pharmaceutical companies which invest in commercialising research and development. The Australian Government recognises that these global entities are not Australian, and Australia does not always have the profile required to take advantage of these business opportunities which offer financial support, access to facilities, technologies, commercialisation networks and beneficial arrangements relating to IP and future Australian business development. The Programme aims to help lift the profile of Australian tropical medicine research and development in global pharmaceutical supply chains by preparing Australian researchers to attract foreign direct investment to the commercialisation of Australian tropical medicine research and development.

14. The Australian Government is offering Programme grants to target commercialisation activities converting investor interest into a firm partnership deal, activities which are likely to attract FDI, but require business planning or, activities that have already attracted interest from a foreign investor, but need Proof of Concept evidence.

15. The Australian Trade Commission (Austrade) is responsible for administering the Programme. The AusIndustry division of the Department of Industry, Innovation and Science will provide Austrade with grants administration services. The Programme will operate over 4 years from 2015-16 to 2018-19.

16. Grant Funding will be awarded through an open competitive process with Eligible Applications assessed against the merit criteria specified in Part 3 of these Guidelines. The opening and closing dates of any funding rounds will be published on business.gov.au.
Programme Objectives

17. The Programme aims to support the Australian Government’s commitment to:
   (a) increase foreign direct investment (FDI) into projects that progress the commercialisation of Australian Tropical Medicine research and development;
   (b) lift Australia’s position in the global supply chain by helping to introduce Australian tropical medicine research and development to global commercial networks, which can expand Australia’s involvement in supply chains through firm deals or partnerships related to Tropical Medicine technologies and products; and
   (c) create opportunities for Australian researchers and businesses to access FDI for the translation of Australian Tropical Medicine research and development into commercial and clinical outcomes.

18. In meeting the Programme objective, the Programme is expected to attract and leverage FDI to:
   (a) develop effective business, research and commercialisation networks in Tropical Medicine; and
   (b) increase capability and capacity to commercialise Australian Tropical Medicine research and development.

Part Two: Roles and Responsibilities

The CEO’s power to delegate

19. Under the Australian Trade Commission Act 1985 (Cth) (Austrade Act) and in accordance with the CEO’s power to delegate all or any of his functions and powers under section 90 of the Austrade Act, the CEO will appoint an officer of Austrade to act as the Programme Delegate.

Programme Delegate

20. The Programme Delegate is authorised to make decisions in relation to the administration of the Programme and to determine the proper interpretation of these Programme Guidelines and other documents used in relation to the Programme.

21. The Programme Delegate must have regard to the policy objectives of the Programme when performing any function or making any decision in relation to the Programme.

22. The Programme Delegate’s responsibilities include:
   (a) ensuring overall efficient and effective administration of the Programme;
   (b) determining the eligibility of applications for merit assessment;
   (c) deciding which of the eligible applications should receive grant funding;
   (d) authorising the commitment of funds by the Commonwealth to grantees under the Programme;
   (e) entering into Funding Agreements on behalf of the Commonwealth with grantees.

23. The Programme Delegate may issue other information and amend it from time to time. The information may include:
   (a) the types of expenditure that are eligible and ineligible and when Eligible Expenditure may be incurred; and
(b) the scope of eligible Projects.

24. The Programme Delegate may have other responsibilities under the Programme.

Advisory Group

25. The Advisory Group is a working group appointed by the CEO. It will consist of representatives from Austrade, AusIndustry and industry /technology experts. The purpose of the Advisory Group is to:

(a) advise on the promotion of the Programme to potential Applicants;
(b) assess and rank Eligible Applications and provide an assessment report including the ranked eligible applicants to the Programme Delegate; and
(c) provide ongoing expert advice as required.

Austrade

26. Austrade is responsible for:

(a) decision making for the Programme, including decisions relating to the distribution of funds for the programme;
(b) providing Secretariat Services to the Advisory Group;
(c) providing subject matter expertise in setting up the Programme; and
(d) overseeing the administration of the Programme.

AusIndustry

27. The Department of Industry, Innovation and Science through AusIndustry is responsible for providing services to Austrade to assist Austrade with its administration of the Programme. The services that AusIndustry will provide to Austrade include:

(a) processing Applications;
(b) liaising with Applicants and Grantees and managing Funding Agreements with successful Applicants; and
(c) managing the website (business.gov.au) and the contact centre.

Commonwealth Rights

28. Neither the Programme Guidelines nor the submission of a grant funding application gives rise to any legal or equitable Commonwealth obligation in favour of an Applicant.

29. No contractual or otherwise legally enforceable agreement is in place between a successful Applicant and the Commonwealth until and unless the Funding Agreement is formally executed by both parties signing the Funding Agreement. The Commonwealth is not liable to pay Grant Funds until such an executed Funding Agreement is in place.

30. The provision of Grant Funding by the Commonwealth and the amount of the Grant Funding is subject to, among other things, the available Programme Funding and any changes in Commonwealth policy.
Part Three: Eligibility Requirements

Eligible Projects

31. Eligible Projects must include Eligible Activities as described in paragraph 35 of these Guidelines.

32. There is no minimum Project duration.

33. The Project must be completed within a maximum of 3 years from the Project commencement date.

34. A Project cannot extend past the Programme end date, 30 June 2019.

Eligible Activities

35. Eligible Activities include:

(a) Commercialisation activities for product development under a sponsored research agreement, licensing agreement, joint venture or other commercial partnership agreement including the commitment of matched funding through FDI which will:

(i) build connections with multinational organisations who can register and manufacture tropical medicine;

(ii) work towards global scale production and distribution of products throughout developing countries; and/or

(iii) leverage funding for future collaboration partnerships.

(b) Proof-of-concept (POC) activities that will generate data to demonstrate the technical or commercial application of the research or technology, including but not limited to:

(i) in vivo animal experiments to demonstrate efficacy of a drug or vaccine;

(ii) production of a prototype diagnostic test or assay; and/or

(iii) optimisation of a potential drug candidate through medicinal chemistry.

(c) Business Planning, aimed at attracting FDI to commercialise Tropical Medicine research and development in Australia including:

(i) identification of potential foreign direct investors or sources of external funding;

(ii) market research;

(iii) SWOT analysis;

(iv) intellectual property review; and

(v) identification of POC requirements.

Collaborative Partnerships for Commercialisation

36. A collaborative partnership is one that is established between Australian and multinational entities under arrangements such as a sponsored research agreement, licensing agreement, joint venture or other commercial partnership. Under the Programme, collaborative partnerships should enable a route to market (the commercialisation) for Australian tropical medicine research. The grant funding aims to improve Australia’s position with foreign investors that are investing in new treatments for tropical diseases. Collaborative partners should provide a financial contribution; and
access to facilities, technologies, commercialisation networks and beneficial arrangements relating to IP and future Australian business development.

Grant Limits and Matched Funding

37. Of the $8.5 million for the Programme, $7.1 million is available for grant funding.
38. There is no maximum grant amount under the Programme for commercialisation activities but grants must be within the limit of available funds. The maximum grant amount limits for POC activities and business planning activities are $250,000 and $50,000 respectively.
39. The minimum Grant Funding is $15,000.
40. Grant Funding will be provided at a maximum of 50 per cent of Eligible Expenditure.
41. Matched funding must be at least 50 per cent of the Project’s Eligible Expenditure and cannot be provided by other Commonwealth, state and territory or local government sources with the exception of Publicly Funded Research Organisations (PFRO).
42. The total matched funding for commercialisation activities must be sourced from FDI.

Eligible Applicants

43. To be eligible for Grant Funding an Applicant at the time of application must:
(a) be an Entity engaging or intending to engage in international or interstate trade and commerce;
(b) not be named by the Affirmative Action Agency as an organisation that has not complied with the Workplace Gender Equality Act 2012 (Cth); and
(c) be registered for the Goods and Services Tax (GST).
44. Projects with commercialisation activities must provide evidence:
(a) that the Applicant has, or is in the process of reaching an intellectual property and investment agreement relating to the project with any Project partner;
45. Projects with Proof of Concept or commercialisation activities must:
(a) provide evidence that it has ownership, access to or beneficial use of any intellectual property that is the subject of, or necessary to undertake the Project; and
(b) provide a Project funding strategy, including evidence of how the matched funding will be provided.
46. The following are ineligible:
(a) Commonwealth, state and territory and local government agencies and bodies other than those defined as PFRO.

Eligible Expenditure

47. Grant funding will only be provided to meet a maximum of 50 per cent of the total Eligible Expenditure incurred by a grantee. Eligible Expenditure is expenditure that is:
(a) directly attributable to approved Eligible Activities; and
(b) incurred by the grantee on Eligible Activities after the date a funding offer is made in writing by the Programme Delegate; and
(c) incurred on or before the Project completion date as set out in the Funding Agreement, with the exception of costs relating to any required independent acquittal reports.

48. Any eligible costs incurred prior to the execution of a Funding Agreement are at the Applicant’s own risk.

49. Eligible Expenditure allowable under the Programme is outlined in Appendix B and includes:

(a) plant and equipment;
(b) labour;
(c) contract expenditure;
(d) technology acquisition;
(e) prototypes;
(f) intellectual property protection;
(g) travel, within certain limits (refer to Appendix B); and
(h) overseas expenditure within certain limits (refer to Appendix B);

50. Ineligible expenditure includes any expenditure such as financial costs, purchase of land, opportunity cost, routine operational costs and costs relating to advertising or recruiting. The applicant must demonstrate that they can cover all remaining costs not covered by the grant. Examples of ineligible expenditure is outlined in the Eligible Expenditure Guide at Appendix B.

Part Four: Application and Assessment Process

Applications

51. Applicants must use the online Smartform that will be available at business.gov.au from the day the funding round opens until the round closes. Details of the opening and closing dates of a funding round will be published on business.gov.au.

52. All customer documents relating to the Programme, including a fact sheet, frequently asked questions, the application form, an example funding agreement and a guide to managing your grant will be available at business.gov.au. The online form will include templates relating to project budget and milestones.

53. Applications under the Programme will only be accepted during a funding round.

54. The level of information provided should be relative to the Project size, complexity and grant amount requested and the level of risk associated with the Project.

55. Applications that are considered to be incomplete or to contain insufficient information may be excluded from the merit assessment process.

Project merit criteria

56. Eligible Applications will be assessed on a competitive basis relative to the merit of other applications received in the same funding round against the same Project merit criteria. In assessing the merit of a project, the Advisory Group will consider: the Project size; complexity; the grant amount requested; and the risks associated with the Project.
57. *Eligible Applications* will be scored out of 100 using the weighting indicated below against each criterion, with the first criterion being given the highest weighting:

(a) The level of FDI and other benefits to be generated by the Project collaboration, including (40 points):
   (i) value of the financial contribution from FDI;
   (ii) beneficial arrangements relating to IP and future Australian business development;
   (iii) the future contribution to FDI attraction; and
   (iv) the resources provided by the Project collaboration including:
       - access to facilities and technologies; and
       - access to commercialisation networks.

   or

(v) Applicants applying solely for Business Planning activities need only identify the potential opportunities the business plan will create for collaboration with overseas investors.

(b) The demonstrated capacity, capability and resources of the Applicant to carry out the Project, including (20 points):
   (i) access to required technical resources;
   (ii) access to appropriately skilled and experienced personnel; and
   (iii) the Applicant’s track record with similar projects.

(c) The degree to which the Project increases the access to, and/or understanding of, global medicine supply chains, including (20 points):
   (i) analysis of the supply chain opportunity for the Project outcome; and
   (ii) how the Project will address supply chain barriers to entry; or
   (iii) Applicants applying solely for Business Planning activities need only identify the potential opportunities the business plan will create for increasing the access to and/or understanding of global medicine supply chains.

(d) The value for money offered by the Project, including (20 points):
   (i) need for funding including the impact the Grant Funding will have on the Project in terms of the size and timing of the Project;
   (ii) likelihood of the Project going ahead without the Grant Funding; and
   (iii) the return on investment in terms of total Project investment leveraged relative to the grant amount and the potential future investments/revenue that could flow from the Project.

58. Applicants will need to answer each merit criterion. Projects will be ranked based on the total scores across all merit criteria. Projects will need to score highly against each merit criteria taking into consideration the Project size, complexity and grant amount requested, and the risks associated with the Project to be recommended for funding.

**Assessment process and merit ranking**

59. The Programme Delegate will determine the eligibility of each Application.
60. Applications will be assessed on the information provided in the Application form and attachments. AusIndustry may contact Applicants for additional information.

61. AusIndustry will:
   (a) review each Application;
   (b) perform due diligence on eligibility issues and claims made by the Applicant regarding the Project; and
   (c) provide reports to the Programme Delegate including advice on eligibility, issues and risks arising from the due diligence process.

62. Only applications that are deemed eligible by the Programme Delegate under Part 3 of these Guidelines will proceed to the merit assessment stage.

63. If the Programme Delegate accepts an Application as eligible, he/she must refer the Eligible Application to the Advisory Group for merit assessment.

64. The Advisory Group will assess Eligible Applications, taking into consideration AusIndustry’s assessment report, the Programme’s merit criteria and the value for money to be generated by applications best able to achieve the Programme objectives within the funds available. The Advisory Group will then provide a ranking of applications and funding recommendations to the Programme Delegate. The Programme Delegate will confirm that Programme Funding is available before making a decision to approve or not approve an application.

65. The Programme Delegate’s decision is final.

66. All Applicants will receive written advice from AusIndustry on the outcome of their application. Unsuccessful Applicants may request specific feedback and be provided with the opportunity to discuss the outcome of their application with AusIndustry.

Submission of a new application

67. Applicants may submit multiple applications in a funding round for different Projects.

68. The Programme Delegate may refuse to admit for assessment against the merit criteria a new application if he/she deems that it is substantially the same as a previous ineligible or unsuccessful application.

Part Five: Awarding of Funding

Funding Agreements

69. The Programme Delegate, on behalf of the Commonwealth, must enter into a Funding Agreement with a grantee before Grant Funds are provided.

70. Grantees will be required to enter into a Funding Agreement with the Commonwealth which sets out the terms on which the Grant Funds will be provided.

71. Among other things, a Funding Agreement must:
   (a) ensure that the Commonwealth can recover Grant Funds in circumstances where the grantee has not complied with the terms and conditions set out in the Funding Agreement;
   (b) be consistent with the laws of the Commonwealth, a state or territory and these Programme Guidelines;
(c) specify the maximum amount of Grant Funding for the Project and the timing and method of delivery of the Grant Funding;

(d) require that the grantee conduct the Project as defined in the Application;

(e) require the grantee to keep records relating to evidence of expenditure claimed, the conduct and management of the Project and ensure those records are maintained;

(f) provide the Commonwealth with the ability to inspect the premises where the Project is being undertaken and records relating to the conduct and management of the Project;

(g) require the grantee to report to the Programme Delegate on completion of Project milestones and at a minimum of every 6 months on Project progress against activities, milestones and budget as described in the Funding Agreement;

(h) require the grantee, at their own cost, to cooperate with any evaluation of the Programme undertaken by the Commonwealth or authorised independent third parties, including providing information requested by the Commonwealth or a relevant third party for the purposes of the evaluation;

(i) provide for variation and termination of the Funding Agreement and set out dispute resolution procedures;

(j) require the grantee to comply with all applicable Commonwealth, state and territory laws;

(k) require the grantee to demonstrate or provide proof that it has finalised an intellectual property and funding agreement with its commercial partner or global philanthropy where appropriate; and

(l) list the names of the collaborative partners associated with the Project.

72. A Funding Agreement may include any other terms that the Programme Delegate considers necessary to:

(a) ensure the Project is successful;

(b) achieve relevant Commonwealth policies;

(c) achieve the Programme policy objectives set out in these Guidelines;

(d) make appropriate use of public monies; and

(e) reflect the project size, complexity and grant amount awarded, and the risks associated with the Project.

73. An initial payment of Grant Funds will be made upon execution of the Funding Agreement.

74. Subsequent payment of Grant Funds will be made progressively based on the progress of Project activities and milestones nominated in the Funding Agreement.

75. A final payment of up to 10 per cent of the agreed Grant Funds may be withheld until the end of Project reporting obligations have been met.

76. On completion of Projects and before the final Grant Funds are paid, grantees may be required to provide an independent audit certificate. The audit certificate must cover all Eligible Expenditure.

77. The Programme Delegate may set a time period during which a Funding Agreement must be executed. If the Funding Agreement is not executed within the prescribed period, the Programme Delegate may extend the prescribed period, or withdraw the offer of a grant.
78. The Programme Delegate may agree to vary the Funding Agreement from time to time. However, requests from grantees for variations to increase the agreed amount of Grant Funds will not be considered.

Taxation Obligations

79. Unless the GST law provides otherwise, Grant Funding under the Programme attracts the Goods and Services Tax (GST). Grant payments are increased to compensate for the amount of this tax.

80. Grant Funding under the Programme is treated as assessable income for taxation purposes, unless specifically exempted. On this basis, Applicants are recommended to seek their own independent professional advice on their taxation obligations.

Other terms and conditions

81. All applications for Grant Funding become the property of Austrade once lodged. Austrade and AusIndustry may copy, amend, extract or otherwise deal with all or any part of an application for the purpose of conducting the assessment process.

82. Notwithstanding any other provision of these Guidelines, the Programme Delegate reserves the right to:
(a) require additional information or clarification from any or all Applicants;
(b) allow or not allow, a successful Applicant to enter into a Funding Agreement in the name of a different legal entity from the entity which it used in its Application Form;
(c) withdraw an offer to an Applicant to enter into a Funding Agreement at any time before the Funding Agreement is executed if the Programme Delegate considers, in his or her absolute discretion, that:
   (i) the Project has materially changed;
   (ii) any aspect of the Applicant’s application has materially changed; or
   (iii) the Programme Delegate considers the Applicant is not going to be able to (or does not) comply with any requirement of these Guidelines.

83. Applicants should note that the Programme Delegate:
(a) may suspend or terminate the request for applications for Grant Funding;
(b) after considering the advice of the Advisory Group, approve or decline an application for Grant Funding; and
(c) is not obliged to approve an application for Grant Funding because an Applicant satisfies these Guidelines or for any other reason (including the advice of the Advisory Group).

84. The Programme Delegate may refuse to enter a Funding Agreement with an Applicant where the Programme Delegate deems the Project to be inconsistent with Australia’s international obligations, including those related under the World Trade Organisation (WTO).

Power to vary decisions

85. The Programme Delegate must not vary an approved Project unless that variation would:
(a) enhance the ability of the Applicant to achieve or improve the Project outcomes as identified in the Funding Agreement;
(b) be consistent with the Programme policy objectives and purpose set out in these Guidelines and any relevant policies; and
(c) be appropriate in all circumstances.

Announcement

86. The Minister and/or Austrade may publicly announce the outcomes of each grants round, including a summary of each successful Project, details of successful Applicants and the quantum of Grant Funds.

87. Such public announcements may also include information provided by successful Applicants or compiled or obtained during the assessment of applications and negotiation of Funding Agreements, following consultation with Applicants as required.

88. Austrade will also publish the details regarding the award of Grant Funds on its website as per the requirements of Commonwealth Grants Rules and Guidelines.

Part Six: Administration

Monitoring and evaluation

89. Austrade, in collaboration with AusIndustry, will conduct a formal evaluation of the Programme after the final Project has been completed, which will occur after 30 June 2019 and within two years after the close of the Programme to ensure outcomes and flow on benefits can be captured.

90. Austrade, in collaboration with AusIndustry will monitor the Programme throughout its duration and may conduct a mid-term evaluation to ensure the Programme delivers on the objectives.

91. The Programme Delegate must:
   (a) ensure that data collected from successful applicants will provide a baseline for evaluation and further information will be collected through Project reporting and post project reviews;
   (b) ensure that evaluation information is maintained in a form that is available for Programme monitoring and evaluation; and
   (c) in collaboration with AusIndustry and Advisory Group members facilitate and cooperate with any independent evaluation of the Programme.

Confidentiality

92. The use and disclosure of information provided to Austrade and AusIndustry is regulated by legislation and the common law. Without limitation, relevant legislation includes the Public Service Act 1999 (Cth), the Public Service Regulations, the Privacy Act 1988 (Cth), the Crimes Act 1914 (Cth), the Criminal Code Act 1995 (Cth) and the Austrade Act.

93. Only information which satisfies all of the four criteria listed below will be treated by the Commonwealth as confidential information:
(a) the information is clearly identified by the Applicant as confidential and reasons for the confidentiality are provided by the Applicant;
(b) the information is commercially sensitive;
(c) the disclosure of the information would cause unreasonable detriment to the Applicant or another party; and
(d) the Applicant provided the information under an understanding that it would remain confidential.

94. Even if the information provided by the Applicant is identified by the Applicant as confidential:
(a) it will be disclosed by Austrade for the purposes of the Austrade Act;
(b) it will be disclosed by Austrade and/or AusIndustry (including their respective employees and contractors) to the Advisory Group and other Commonwealth employees and contractors for the purposes of administering the Programme;
(c) to the extent it is information received in applications and during the performance of the Project, it may be disclosed to other Commonwealth, state, territory or local government agencies for the purposes of reporting and consultation.

95. In addition to the other disclosures of confidential information Austrade and AusIndustry may disclose any confidential information it receives as part of the administration of the Programme to:
(a) Austrade or AusIndustry;
(b) the Auditor-General, Ombudsman or Privacy Commissioner;
(c) the responsible Minister;
(d) a House or a Committee of the Parliament of the Commonwealth of Australia;
(e) a third party contractor engaged by the Commonwealth for audit-related purposes;
(f) other Commonwealth agencies for law enforcement purposes, where the disclosure will serve the Commonwealth’s legitimate interests and, if necessary, to substantiate an Applicant’s claims; or
(g) a technical, financial, economic and/or industry expert (including auditors), contractors and service providers from whom Austrade wishes to seek advice.

96. Confidential information may also be disclosed if the Commonwealth is otherwise required or permitted by law to do so, where the consent of the Applicant to the release of information is obtained prior to its disclosure, or where the information enters the public domain due to the actions of someone other than the Commonwealth.

Use and disclosure of Personal information

97. Austrade and AusIndustry and its staff are required to treat Personal Information in accordance with the Privacy Act 1988 (Cth) (Privacy Act) as amended from time to time. The Privacy Act, among other things requires Austrade and AusIndustry to inform individuals of why their Personal Information is being collected and to whom Austrade and AusIndustry will disclose the Personal Information.

98. Austrade and AusIndustry will collect Personal Information from Applicants for the purposes of the administration of the Programme.

99. Austrade and AusIndustry may provide Personal Information collected for the purposes of the Programme to Austrade and AusIndustry staff and contractors, the Advisory
Group and other Commonwealth employees and contractors for the purposes of the administration of the Programme.

100. Please refer to Austrade and AusIndustry’s Privacy Policy which is available on the Austrade and Department of Industry, Innovation and Science website, for further information on how AusIndustry collect, use, store and disclose Applicants’ personal information and the way in which an Applicant can access and correct its personal information.

Freedom of information

101. All documents created or held by Austrade and AusIndustry with regard to the Programme are subject to the Freedom of Information Act 1982 (Cth) (FOI Act). Unless a document falls under an exemption provision, or is conditionally exempt and it is not in the public interest to give access to the document, it will, subject to any obligations of third party consultation, be disclosed in response to a request under the FOI Act.

Disclosure of interest

102. Austrade and AusIndustry have procedures for managing disclosure of interest by staff, technical experts and other third parties involved in assessments of applications. Conflicts of Interest will be managed in accordance with these procedures.

103. Austrade and AusIndustry’s procedures for managing disclosure of interest are in accordance with the requirements of the APS Code of Conduct (section 13 (7) of the Public Service Act 1999 (Cth)) and are published on business.gov.au and on austrade.gov.au.

104. Austrade will manage potential and actual Advisory Group member conflicts of interest through a disclosure of interest process that requires declaration of any Conflict of Interest by Advisory Group members and exclusion of that member(s) from the application assessment if the Programme Delegate determines that the Conflict of Interest is material.

Complaint Handling Mechanism

105. The Programme Delegate will formulate guidance for the handling of complaints concerning the Programme. The primary channel for complaint handling will be via the AusIndustry contact centre or business.gov.au.

106. Complaints will be dealt with under the guidance of the Programme Delegate.

107. If an Applicant is dissatisfied with the way in which their complaint has been handled, they may wish to lodge a further complaint to the Commonwealth Ombudsman. Details of how Applicants may lodge a complaint are published on business.gov.au.
Appendix A

Definitions of Key Terms

In these Guidelines unless the contrary intention applies:

Advisory Group is the Programme Advisory Group, a working group appointed by the CEO of Austrade consisting of representatives from Austrade, AusIndustry and industry/technology experts.

ATMC means Australian Tropical Medicine Commercialisation.

Applicant means an entity referred to in these Guidelines that submits an Application for Australian Tropical Medicine Commercialisation Grant Funding.

Application Form means the form issued by the Programme Delegate for the purposes of Applicants applying for funding under the Programme.

AusIndustry means the division of the Department of Industry, Innovation and Science.

Austrade means the Australian Trade Commission.

Austrade Act means Australian Trade Commission Act 1985 (Cth)

CEO means the Chief Executive Officer of the Australian Trade Commission.

Conflict of Interest means the exercise of a power or making of a decision by a person in a way that may be, or may be perceived to be, influenced by either a material personal interest (whether financial or non-financial) or a material personal association.

Eligible Activities means the activities undertaken by a Grantee in relation to a Project which are deemed eligible for funding support by the Programme Delegate in accordance with these Guidelines and the Funding Agreement.

Eligible Applicant means an Applicant that satisfies the requirements described in paragraphs 42 to 45 of these Guidelines.

Eligible Application means an application for Grant Funding under the Programme that the Programme Delegate has determined and eligible for merit assessment in accordance with these Guidelines.

Eligible Expenditure means the expenditure incurred by a Grantee in relation to a Project and deemed eligible for funding support by the Programme Delegate in accordance with these Guidelines and the Funding Agreement.

Foreign Direct Investment (FDI) is defined as cross-border investment by a resident entity in one economy with the objective of obtaining a lasting interest in an enterprise resident in another economy. The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence by the direct investor on the management of the enterprise. Ownership of at least 10 per cent of the voting power, representing the influence by the investor, is the basic criterion used.

Funding Agreement means a single agreement for the receipt of a grant under the Programme for a Project.

Goods and Services Tax (GST) has the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
**Grant Funding** or **Grant Funds** means the funding made available by the Commonwealth of Australia to successful Applicants under the Programme.

**Matched Funds** is the provision of at least dollar for dollar matching cash for the project equivalent to the amount of funding (including GST) being sought from the ATMC Grants Programme.

**Minister** means the Minister for Trade and Investment.

**Personal Information** means the same as in the Privacy Act 1988 (Cth).

**Programme** means the Australian Tropical Medicine Commercialisation programme.

**Programme Delegate** means the CEO of the Australian Trade Commission or the employee of the Australian Trade Commission who has been empowered by the CEO of the Australian Trade Commission, or is otherwise duly authorised, to carry out the relevant functions in respect of the Programme.

**Programme Funding** or **Programme Funds** means the funding made available by the Commonwealth for the Programme 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.

**Programme Guidelines or Guidelines** means these Guidelines that are given by the CEO to Austrade to provide a framework for the operation and administration of the Programme, as in force from time to time.

**Project** means the project described in an Application for the Programme.

**Proof of Concept (POC)** is a demonstration, the purpose of which is to verify that certain concepts or theories have the potential for real-world application. POC is therefore a prototype that is designed to determine feasibility, but does not represent deliverables.

**Publicly Funded Research Organisation (PFRO)** means all higher education providers listed at Table A and Table B of the Higher Education Support Act 2003 (Cth) as well as Federal, State and Territory Government departments or agencies which undertake publicly funded research. This includes, but is not limited to, CSIRO, Defence Science and Technology Organisation, Australian Institute of Marine Science and Australian Nuclear Science and Technology Organisation.

**Tropical Medicine** is the branch of medicine that looks at the diagnosis and treatment of diseases, found primarily in the tropic and sub-tropic regions of the world, generally between 30 degrees north and south of the equator. These include parasitic infections, as well as ‘exotic’ viral, bacterial and fungal infections.
Appendix B

Eligible Expenditure Guide

This guide provides guidelines on the eligibility of expenditure. This guide will be updated from time to time, so you should make sure you have the current version from the business.gov.au website before preparing your application.

The Programme Delegate makes the final decision on what is Eligible Expenditure and may issue additional guidance on Eligible Expenditure if required.

To be considered Eligible Expenditure for the grant, the expenditure must:

- be incurred by the grantee within the Project period;
- be a direct cost from an eligible activity within the Project; and
- comply with this guide.

How Eligible Expenditure is verified

If your application is successful, you may be asked to verify the Project budget that you provided in your application when negotiating your Funding Agreement. You may need to provide evidence for major cost items such as labour or technology acquisition, plant and equipment and commissioning. Evidence can include:

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

The Funding Agreement may also include details of the evidence you may need to provide once certain milestones have been achieved in your Project. This may include evidence related to eligible expenditure, including:

- labour costs;
- supply agreements;
- leasing or purchasing arrangements;
- invoices; and
- associated payments.

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

You must also keep records of all Eligible Expenditure that has been paid for, and must be able to explain how the costs relate to agreed Project milestones and activities. At any time, you may be asked to provide records of your paid expenditure. If these records are not provided when requested, the expense may not qualify as eligible expenditure.

At the end of the Project, you may be required to provide an independent financial audit of all Eligible Expenditure from the Project.
Plant and equipment expenditure

Plant is usually an input to the Project or the tools or infrastructure used to pursue the Project. Plant is likely to have a value or use outside of the Project and can be constructed or otherwise obtained with minimal technical risk or new learning.

Newly purchased plant and pre-existing purchased plant

Eligible Expenditure on newly purchased and pre-existing purchased plant is the depreciation—that is, decline in asset value—of an item of plant allowed through the Commissioner of Taxation’s effective life schedules, according to the proportion of time for which it is used on the Project. In extraordinary situations, for instance where the plant is subject to heavy usage, and where this is in accordance with Commissioner of Taxation’s rules, a higher rate of depreciation may be applied than is otherwise provided for by the effective life schedules.

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

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

Hired/leased plant

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

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

Constructed plant

Eligible Expenditure on constructed plant is the depreciation—that is, decline in asset value—of the item of constructed plant allowed through the Commissioner of Taxation’s effective life schedules, according to the proportion of time for which it is used on the Project. In extraordinary situations, for instance where the plant is subject to heavy usage, and where this is in accordance with Commissioner of Taxation’s rules, a higher rate of depreciation may be applied than is otherwise provided for by the effective life schedules.

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

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

Once fully completed, running costs for constructed plant are eligible expenditure but must be readily verifiable and may include items such as rent, light and power, and repairs and maintenance.
State-of-the-art manufacturing plant or pilot manufacturing plant

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

- The plant must be established in Australia.
- The plant must be used exclusively for the purposes of the Project, unless otherwise approved by the Programme Delegate. This obligation applies for a period of two years from the start date of the Project, unless the Commonwealth, by written notice, advises otherwise.
- In the case of a PMP, the establishment of the plant is necessary to demonstrate the commercial feasibility of:
  - producing a novel product or service; or
  - a substantially novel process for the production of an existing product where the novel production method is the intellectual property being commercialised.

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

- In the case of an SMP, the plant is required to establish 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 Applicant cannot access an existing plant.

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

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

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

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

**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 an application that includes SMP or PMP expenditure is approved, it will only be approved with a condition that eligible expenditure on SMP or PMP is limited to a certain amount, which is typically the amount the Applicant has requested in their application. The upper limit on SMP or PMP eligible expenditure will be included in the Funding Agreement and any changes to that upper limit will require Programme Delegate approval for variation of the Funding Agreement.
There may be particular tax implications associated with grant payments for capital items. It is recommended that Grantee’s consult independent professional advice on tax related matters.

**Acquisition of new and leading-edge technology**

Acquisition of new and leading-edge technology is *Eligible Expenditure* where that technology will contribute directly to completion of the agreed *Project*.

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

- technology audit fees;
- network membership fees;
- expert advice fees;
- process or systems changes to take into account the new technology; and
- information dissemination relating to technology acquisition that is part of the *Project*.

Where access to technology or IP is essential for the conduct of an agreed *Project*, licence fees or purchase costs to access such technology or IP may qualify as eligible expenditure. Independent valuations of purchased technology, including IP, are needed to substantiate the cost of any expenditure claimed. Where the *Grantee* licences technology or IP from a related body corporate, expenditure must be calculated at cost – that is a verifiable process is used to transfer that cost to the *Grantee* with no profit margin attached.

If acquired technology has a value or usage outside the agreed *Project* then acquisition costs must be apportioned on the basis of agreed project-related usage of the purchased technology.

**Labour expenditure**

Eligible labour expenditure covers the direct labour costs of employees who are directly employed on the core elements of the agreed *Project*. A person is considered an employee when they are paid a regular salary or wage, out of which regular tax instalment deductions are made.

Costs for technical, but not administrative, project management activities can be considered eligible labour expenditure. However, these costs are limited to 10 per cent of the total amount of eligible labour expenditure claimed.

Labour expenditure for leadership or administrative staff (such as CEOs, CFOs, accountants and lawyers) are not considered *Eligible Expenditure*, even if they are doing project management tasks.

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 Australian Taxation Office (ATO). Salary-sacrificed superannuation contributions are considered part of an employee’s salary package if the amount is more than what is required by the Superannuation Guarantee.

The maximum salary for an employee, director or shareholder, including packaged components, that you can claim, is $150,000 a year. This is counted as each full financial year (July-June) of the *Project* period.

For periods of the *Project* that do not make a full financial year, the maximum salary amount you can claim will be reduced in proportion to the amount of time in the part financial year the *Project* was taking place.

Eligible salary costs are incurred only when an employee is working directly on agreed *Project* activities during the agreed *Project* period.
Labour on-costs and administrative overhead

Eligible salary costs can be increased by an additional 30 per cent allowance to cover on-costs such as employer paid superannuation, payroll tax and workers compensation insurance, and overheads such as office rent and the provision of computers.

Eligible salary costs must be calculated using the formula below:

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

**Example**

Tim, a scientist, is paid a total annual salary package of $130,000. Tim will spend 14 weeks conducting in vivo animal experiments to demonstrate efficacy of a drug. During this period Tim will work on eligible Project activities 60 per cent of the time. The remaining 40 per cent of Tim’s time will be spent on other non-project activities. Therefore eligible salary expenditure for Tim is calculated as follows:

\[
130,000 \times \frac{14}{52} \times 0.60 = $21,000
\]

**Plus** 30 per cent allowance for on costs and overhead

\[
$21,000 + (21,000 \times 0.30) = $27,300
\]

Therefore, total eligible salary expenditure that may be claimed for Tim is $27,300

Labour costs cannot be based on an estimation of the employee’s worth. If no money has been exchanged (either by cash or bank transactions) we will not consider the cost eligible.

Salaries paid to principals and/or their relatives will only be considered eligible labour expenditure when the tax payable on the salary has been assessed by the ATO.

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.

**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; and
- an individual (who is not an employee, but engaged under a separate contract).

All contractor Project work must have a written contract prior to the work being started—for example, a formal agreement, letter or purchase order which specifies:

- the nature of the work to be performed; and
- 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; and
- any specific plant expenses paid.

Invoices must directly relate to the agreed Project, and the work must qualify as Eligible Expenditure as if you had claimed it directly (without engaging a contractor). The costs must also be reasonable and appropriate for the activities performed.

Evidence to be provided by Applicants may include:

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

You are required to ensure all Project contractors keep a record of the costs of their work on the Project. You may be required to obtain and provide a contractor’s records of its costs of doing Project work. If such records are not provided, the relevant contract expense may not qualify as Eligible Expenditure.

Prototype expenditure

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

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; and
- the Programme Delegate may determine that part or all of the prototype should be claimed as plant expenditure, consistent with the following approach:
  - If the prototype includes significant items of machinery, equipment or tools and these items have a value beyond the project period, then these items should be claimed as depreciable plant items under the plant expenditure category. 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.

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.
Intellectual Property Protection

Reasonable costs will be covered for protecting intellectual property 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.

Overseas expenditure limits

Activities which are eligible under the Programme may be conducted in Australia or overseas and may be conducted by the Applicant’s staff, contractors or subcontractors. Eligible overseas activity expenditure will generally be capped at 10 per cent of total Eligible Expenditure. All overseas activity expenditure above this cap will not qualify as total Eligible Expenditure unless the Applicant obtains the Programme Delegate’s approval prior to incurring the expense. In deciding whether to approve a higher percentage the Programme Delegate will consider matters such as:

- the appropriateness of carrying out activities overseas rather than in Australia;
- cost implications;
- the benefits associated with conducting the activity overseas in helping the Project meet the Programme objectives; and
- the benefits for the Applicant from the activity occurring overseas.

The Programme Delegate may seek the advice of the Advisory Group in determining whether to approve a claim for more than 10 per cent of Eligible Expenditure on overseas activity.

Travel costs

Travel costs may constitute Eligible Expenditure to the extent that they are a direct cost to the agreed Project, and may include substantial travel on the agreed Project undertaken by the staff from the Applicant entity, contractors or sub-contractor. Expenditure is limited to the reasonable cost of accommodation and transportation required to conduct agreed Project activities in Australia and overseas and/or to conduct agreed collaboration activities.

Specific travel costs not identified in the application are not eligible unless the Program Delegate approves a request from the Applicant prior to the travel taking place.

Reasonable cost of transportation for air transportation is an economy class fare for each sector travelled; where non-economy class air transport is used only the equivalent of an economy fare for that sector is Eligible Expenditure. Where non-economy class air transport is used, the Applicant will require evidence showing what an economy air fare costs at the time of travel.

Eligible travel expenditure will generally be capped at 10 per cent of total Eligible Expenditure.

All travel expenditure above this cap will not qualify as total Eligible Expenditure unless the Applicant obtains the Programme Delegate’s approval prior to incurring the expense. In deciding whether to approve a higher percentage the Programme Delegate will consider matters such as:

- cost implications; and
- the benefits associated with conducting the activity overseas in helping the Project meet the Programme objectives.

The Programme Delegate may seek the advice of the Advisory Group in determining whether to approve a claim for more than 10 per cent of Eligible Expenditure on travel.
Other Eligible Expenditure

Other eligible expenditure for the Project may include:

- the cost of materials consumed in testing a process or prototype, including costs incurred in validation, establishing efficacy, demonstration of capability, scale-up, and development of evidence of the stability or reproducibility of processes;
- commissioning;
- staff training that directly supports the achievement of Project outcomes;
- financial auditing of Project expenditure; and
- contingency costs up to a maximum of 10 per cent of the eligible Project costs. Note that payments are made based on actual costs incurred.

Other specific expenditures may be eligible as determined by the Programme Delegate.

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

Examples of ineligible expenditure

- Financial costs, including interest.
- Depreciation of plant and equipment.
- Costs of purchasing, leasing, depreciation of, or development of land.
- Infrastructure development costs.
- Site preparation activities.
- Opportunity costs relating to any losses as a result of allocating resources to the Project.
- Costs related to obtaining resources used on the Project, including interest on loans, job advertising and recruiting, and contract negotiations.
- Routine operational expenses, including communications, accommodation, office computing facilities, printing and stationery, postage, legal and accounting fees and back charges.
- Costs related to preparing the grant application, preparing any Project reports (except costs of independent audit reports) and preparing any Project variation requests.
- Activities you paid for using non-cash considerations.

Other specific expenditure may be ineligible as determined by the Programme Delegate.