

ENTREPRENEURS' PROGRAMME

INCUBATOR SUPPORT INITIATIVE

Customer Service Manager Procedures Manual

Version ~~1-2~~ - ~~March-June~~ 2017

This Procedures Manual has been developed to assist AusIndustry staff involved in the delivery of the Incubator Support Initiative. It is not a public document and should not be distributed to external stakeholders. CSM feedback or questions should be sent to IncubatorSupport.ProgrammeManagement@industry.gov.au.

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2. KEY DOCUMENTS

1. [Entrepreneurs' Programme Guidelines](#)
2. [ISI Programme Guidelines \(Extract\)](#)
3. [ISI Departmental Delegations](#)
4. [ISI Application Eligibility Checklist](#)
5. [ISI Assessment and Completeness Report – New and Existing](#)
6. [ISI DOI Template](#)
7. [ISI SGMS User Manual](#)
8. [ISI Funding Agreement](#)
9. [ISI Funding Agreement Finalisation Checklist](#)
10. [ISI Guide To Managing Your Grant](#)
11. [DocHub filing procedures for ISI](#)
12. [ISI- Variation Acknowledgement letter](#)
13. [ISI- Variation Withdrawn letter](#)
14. [ISI- Variation Decision letter](#)
15. [ISI- Decline of Grant letter \(for N&E only\)](#)
- ▲ ~~14. [Attachment A – Incubator Support Service Standards \[To be provided\]](#)~~

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3. PROGRAMME OVERVIEW

3.1 Entrepreneurs' Programme

The Entrepreneurs' Programme (EP) offers support to businesses through four elements: Accelerating Commercialisation, Business Management, Innovation Connections, and the Incubator Support Initiative.

3.2 Incubator Support Initiative

The \$23 million Incubator Support initiative provides funding to new and existing incubators assisting Australian start-ups to achieve commercial success in international markets. The initiative provides funding through two components, both of which require matched funding from applicants; there are significant differences between the two components.

New and Existing Incubator grant funding of up to \$500,000 is available to support the establishment of new incubators in regions or sectors with high potential for success in international trade, and for existing, high performing incubators to boost their effectiveness and expand their services.

Funded incubators will deliver a range of services to Australian start-ups such as seed funding, colocation, mentoring, professional services and access to networks to help them realise their international market potential.

Expert-in-Residence grant funding of up to \$25,000 is available to incubators to access high quality research, managerial and technical talent, through the secondment of national or international expert advisers. Funding of these activities will assist in developing the innovation ecosystem, including in Australian regions.

Incubator Support applications are accepted on an on-going basis and assessed at selected AusIndustry state offices. Applications for both initiative components are submitted through the [Business.gov.au](https://business.gov.au) website using a SmartForm from which information is automatically entered into the Enterprise Strategic Grants Management System (SGMS).

It is the responsibility of relevant state officers to monitor SGMS and allocate new applications.

3.3 Role of the Entrepreneurs' Programme Committee

The Entrepreneurs' Programme Committee (the Committee) is a sub-committee of the Innovation and Science Australia Board. The Committee meets every six to eight weeks to consider New and Existing applications and provide a merit ranking to the Minister for final decision.

Expert-in-Residence applications are only assessed for eligibility and do not go to the Committee.

3.4 Roles of the Minister and Programme Delegate

The Minister decides which New and Existing Incubators grants to approve, taking into account the Innovation and Science Australia's recommendations and the availability of grant funds. The Programme Delegate decides which Expert-in-Residence grants to approve, taking into account the availability of grant funds. The Programme Delegate is the AusIndustry general manager who is responsible for administering the initiative.

4. ELIGIBILITY

4.1 Eligible Entities

To be eligible for Incubator Support funding, the Lead applicant must be an eligible entity, and the project must contain eligible activities/expenditure.

CSMs should use the [ISI Application Eligibility Checklist](#) to help determine eligibility of an Application.

An eligible entity must:

- a. be an existing Incubator or establishing a new Incubator that can foster and facilitate the development of innovative start-ups focused on international trade
- b. have an Australian Business Number (ABN)
- c. be one of the following:
 - i. an entity incorporated in Australia
 - ii. an incorporated trustee on behalf of a trust
 - iii. a not for profit organisation
 - iv. a publicly funded research organisation (PFRO), excluding government departments or agencies which undertake publicly funded research
 - v. local government.

Joint applications from consortia are acceptable, provided the lead applicant is the main driver of the project and is eligible as per the list above.

Applicants can apply and be funded for up to two grants at the same time. They can apply for additional grants only after they have finished one of the funded projects and have provided their final report.

Applicants are not eligible to apply if they are:

- a. an individual, partnership or trust (however, an incorporated trustee may apply on behalf of a trust)
- b. a Commonwealth or state government agency or body (including PFROs and government business enterprises).

To be eligible applicants must also be able to provide the following:

- a. trust deed (where applicable)
- b. for New and Existing Incubators applications - evidence from their organisation's Board (or support from the Chief Executive Officer or director, if there is no Board) that the project is supported, and that the applicant can complete the project and meet the costs of the project not covered by grant funding
- c. for Expert-in-Residence applications - resumes outlining the experience and capabilities of the experts.

4.2 Eligible Projects

Eligible projects must:

- a. include eligible activities and eligible expenditure
- b. have a total project value of at least \$20,000 for New and Existing Incubators per project
- c. have a total project value of at least \$2,000 for Expert-in-Residence per project.

Incubator Support will fund activities undertaken by Incubators that improve the prospects of Australian start-ups achieving commercial success in international markets. This would be achieved through Incubators assisting Australian start-ups (as determined by the Incubator) to develop the capabilities required to realise their economic potential in international markets faster than they otherwise would.

Applicants can only spend grant funds on eligible expenditure they have incurred on an agreed project as defined in the grant agreement.

4.3 Eligible Activities

Eligible activities must:

- a. assist Australian start-ups to develop the capabilities required to achieve commercial success in international markets
- b. support innovative start-ups focused on international markets to realise their economic potential faster than they otherwise would
- c. directly contribute to the initiative's objectives and directly relate to the project.

The Programme Delegate makes the final decision on whether an activity is eligible. Please refer to Appendices 2 and 3 for a full list of eligible and ineligible activities.

Note: These are established default positions for eligible and ineligible expenditure under the programme, however, at times the Programme Delegate may consider expenditure on a case by case basis, specific to an individual project, and may approve expenditure that is listed as ineligible in cases where the activity is critical to the project outcomes. For example, supporting some marketing or promotional activities for a new incubator application, where it is reasonable and critical to the project.

Examples of eligible New and Existing Incubators activities include but are not limited to Incubators:

- a. expanding mentor networks to new mentors with national or international expertise
- b. providing or facilitating access for innovative start-ups to new resources (such as purchase of technical equipment) to promote or facilitate international trade
- c. providing or facilitating access for innovative start-ups to new knowledge (such as customer acquisition and/or business development methods) to promote or facilitate international trade
- d. facilitating innovative start-ups' access to new international networks (e.g. investors, customers peer firms).

Examples of eligible Expert-in-Residence activities include but are not limited to:

- a. a workshop where an expert gives advice on developing business activities, for example in international markets
- b. engaging a national or international expert (with knowledge in start-up related technology and international experience) to assist start-ups address key challenges during an Incubator program.

IMPORTANT NOTE: If a CSM is not satisfied with information provided by the applicant in relation to eligibility they have the right to seek from the applicant the information they require to substantiate claims.

CSMs may wish to undertake additional due diligence activities for assurance on applicant eligibility. A google search on applicant or key personnel can highlight issues that may affect eligibility or merit including, negative news headlines, or other Government support that the applicant has received.

There will be instances where the information provided by the applicant will not cover all the information required for a clear decision. The decision will have to be made based on the information gathered through usual due diligence activities weighed up against the programme guidance documentation, and the intent of the programme. It is important to record details of decisions that have been made, the reasons for the decision, and the due diligence activities that were carried out to seek necessary information.

Where applications have been assessed as **Ineligible**, the CSM must generate an 'Ineligible Application' letter through SGMS. This letter details the reasons why the entity or activities have been deemed to be ineligible. This letter must be signed by an EL1. The letter is to be scanned in and emailed to the applicant by the CSM. Verbal feedback can be provided to the applicant by the CSM if required. Refer to the [ISI Departmental Delegations](#) to confirm which departmental officers can issue rejection letters.

If the application is complete and assessed as eligible, the CSM emails a letter to the applicant advising the application has been accepted (letter is generated in SGMS). The application's status is updated in SGMS (it is important the SGMS 'application accepted date' is the date the CSM is satisfied all necessary information has been received, as the service charter commences from this date).

4.4 Matched Funding

The grant amount will be up to 50 per cent of total Incubator Support Project Value as follows:

- a minimum grant amount of \$10,000 and a maximum grant amount of \$500,000 for New and Existing Incubators per project with a maximum grant period of 24 months
- a minimum grant amount of \$1,000 and a maximum grant amount of \$25,000 for Expert-in-Residence per project with a maximum grant period of 12 months.

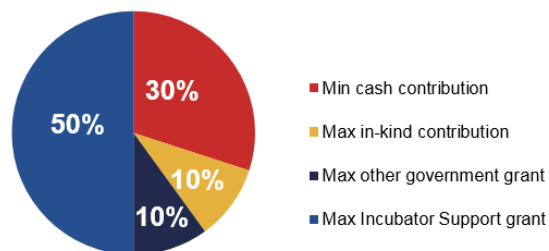


Figure 1: Limits to sources of funding as % of total project value

The limits for project funding contributions are outlined below.

- The Incubator Support grants can be up to a maximum of 50 per cent of the total project value.
- The cash contribution from the grantee must be a minimum of 30 per cent of the total project value.
- The in-kind contribution from grantee or other government sources can be up to a maximum of 10 per cent of the total project value. You will need to provide details of how you calculated the dollar value of any in kind contributions. [*In-kind contributions must directly relate to the cost of delivering the project activities*].
- Other government sources can be up to a maximum of 10 per cent of your total project value. Government sources include Commonwealth, state, territory or local government. These contributions can be cash or in-kind. Where a contribution from another government source is in-kind it counts as both a contribution from another government source and an in-kind contribution.

At a minimum, applicants must provide a bank statement that verifies they have sufficient funding to cover their stated contribution.

Note: For more complex issues regarding eligibility, please check the [Issues Register](#) (managed by the ISI Programme Management team), as we may have answered similar questions previously and/or made determinations in relation to the same or similar questions.

5. EXPERT-IN-RESIDENCE COMPONENT

5.1 Applications

Expert-in-Residence (EIR) applications are assessed for eligibility only. All eligible applications receive funding. CSMs are required to save all relevant documents to DocHub (refer to Incubator Support initiative DocHub procedures [here](#)).

EIR applications are submitted through the BGA website. SGMS must be monitored by the VIC State Office daily for new applications.

5.2 Assessment

1. CSMs must assess applications against eligibility (refer to [Item 4](#)). CSMs must check each Expert-in-Residence application for completeness and eligibility against the [Programme Guidelines](#) eligibility criteria. The [ISI Application Eligibility Checklist](#) can be used to assist with this step.
2. If the application is incomplete the CSM must contact the applicant to request more information.
3. Where applications have been assessed as **Ineligible**, the CSM must generate an 'Ineligible Application' letter through SGMS. This letter details the reasons why the entity or activities have been deemed to be ineligible. This letter must be signed by an EL1. The letter is to be scanned in and emailed to the applicant by the CSM.
4. Verbal feedback can be provided to the applicant by the CSM if required.

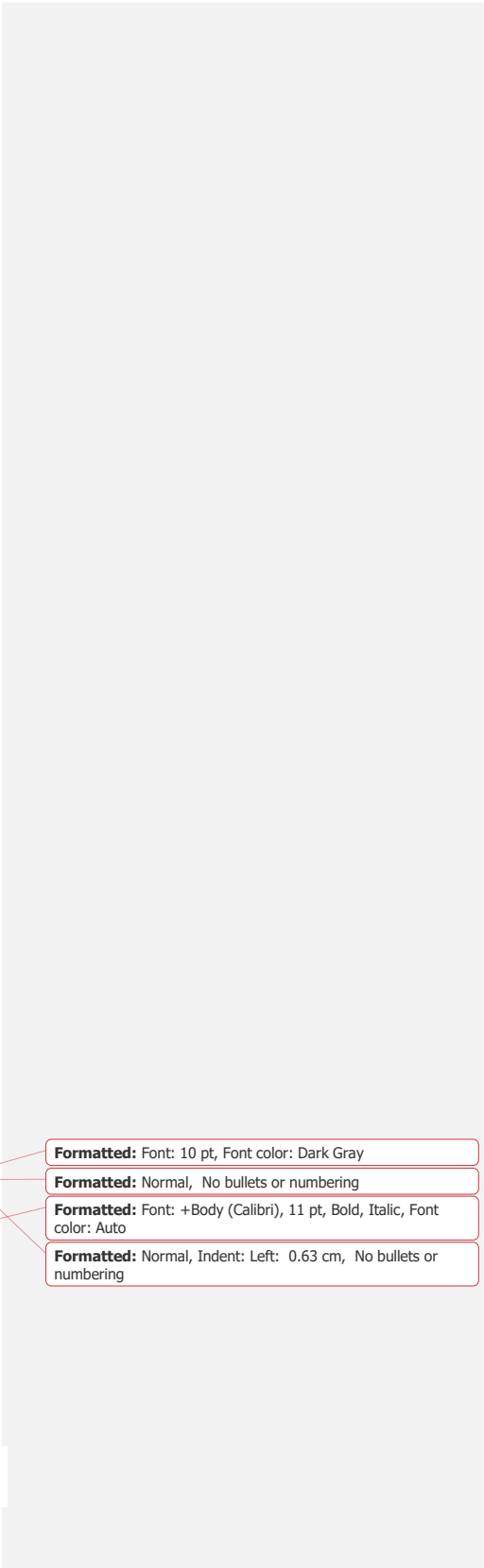
5.3 Funding Approval

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5.4 Web reporting description

Commonwealth Grants Rules and Guidelines – Publishing Grant Details

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Under the Commonwealth Grants Rules and Guidelines (CGRGs), from July 2014, Government agencies are required to publish details of discretionary grants on their websites within 14 working days after a Funding Agreement is signed by both parties.

As soon as a project is approved:

- data is extracted from SGMS and an initial record is created in the TechOne Grants Contract module by the Strategic Partnerships Finance team with the initial annual capped amounts
- any changes approved to the annual capped amounts are updated by the Strategic Partnerships Finance team in the TechOne Grants module as appropriate
- when a Funding Agreement is executed the Strategic Partnerships Finance team update the purchase order in TechOne with the executed date
- the Department has 14 working days from the date of execution to publish details of the grant on its website
- any variations to a project which impact on the details recorded in the TechOne Grants Contract record are updated by the Strategic Partnerships Finance team when approved.

The following information about successful *Expert-in-Residence* applicants is required to be published on the departmental website:

• name of the applicant	<i>Refer to SGMS</i>
• title of the project	<i>Refer to SGMS</i>
• a description of the project and its intended outcomes	<i>“An Incubator Support Initiative Expert-in-Residence grant has been awarded to organise and provide access to top quality research, managerial and technical talent through secondments of national or international expert advisers who will improve the chance of commercial success for start-ups in international markets.” (EIR only)</i>
• amount of funding awarded.	<i>Refer to SGMS</i>

There are several aspects of this process critical to meeting our CGRG requirements:

- the data entered by CSMs into SGMS is manually entered into the TechOne Grants Contract record and will be published upon Agreement execution. CSMs need to ensure the accuracy of the project and address data in SGMS prior to Agreement execution
- the participant's address details must have been entered/updated as the CGRGs require that the Locality, State and Postcode are also published
- the 14 days operates from the date the Agreement was executed, not the date that it was entered into SGMS. CSMs must enter the date of execution in SGMS as soon as possible after the Agreement has been executed by the delegate.

The project title is limited to ten words. In addition to being published on the departmental website, it is provided to the Minister and may be used in additional marketing material.

The project description of successful applicant projects is also published to the website and may be provided to the Minister and used in additional marketing material.

5.5 Funding Agreement

Expert-in-Residence grant agreements (Agreements) are in the form of an emailed 'Letter of ~~Offer~~ Approval' and attachments. Note that customers are party to the Agreement upon its receipt; they are not required to respond in any way to execute the Agreement.

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5.6 Grant payments and Compliance

Note that the risk management approach for Expert-in-Residence grants is different to New and Existing Incubator grants. One hundred per cent of the grant payment is paid up front to the grantee upon execution of the Grant Agreement and grantees are required to complete a final report within four weeks of completing their project (the Template Final Report is sent out as an attachment to the Letter of [Offer Agreement](#)).

There are no progress reports required to be completed during the project period, and there is no Audited Financial Report required to be submitted with the Final Report.

Expenditure of the grant funds are taken at face value, however, if CSMs feel that the funds have not been expended in line with the Funding Agreement, you may like to discuss this with the ISI Programme Management Team and/or the AusIndustry Debt Management Team. Refer to [Item 7.3](#) for debt management procedures.

6. NEW AND EXISTING INCUBATORS COMPONENT

6.1 Applications

New and Existing (N&E) incubator applications are assessed for eligibility, and against the programme Merit Criteria. Only eligible and complete applications will proceed to the merit assessment stage. Funding will only be awarded to applications that score highly against all merit criteria.

CSMs are required to save all relevant documents to DocHub (refer to Incubator initiative DocHub procedures [here](#)).

The following steps must be undertaken to determine whether a submitted application is accepted for assessment:

1. N&E applications are submitted through the BGA website. SGMS must be monitored by the VIC State Office daily for new applications. The EL1 will allocate applications to CSMs for assessment.
2. CSMs must assess applications against eligibility (refer to [Item 4](#)). CSMs must check each New and Existing application for completeness and eligibility against the [Programme Guidelines](#) eligibility criteria. The [ISI Application Eligibility Checklist](#) can be used to assist with this step.
3. If the application is incomplete and/or does not include all mandatory attachments, the CSM can contact the applicant to request more information. In doing so, the CSM should advise that any delay in providing the information may stall further processing of the application.
4. If the application is considered to be eligible and complete, the applicant can be advised of the Acceptance Date. A standard letter can be generated through SGMS. The day that the application is considered to be final and complete is the Application Acceptance Date. The Project Start Date - the date from which an applicant may incur eligible expenditure on the project must be on or after the Application Acceptance Date. This is particularly important as eligible expenditure can only be incurred from the Application Acceptance Date (refer Item 4.4 Eligible and Ineligible Expenditure – ISI Guidelines Extract).

If the application is considered to be final and complete, CSMs are required to:

- record the Application Acceptance Date in SGMS
- generate the application acceptance letter (which advises the applicant of the Application Acceptance Date) from SGMS and send it to the applicant. This letter can be signed by CSMs.

6.2 CSM Assessment

CSMs are required to provide a succinct summary of the application and conduct a preliminary assessment of the project against the programme Merit Criteria in order to assist the EP Committee in its consideration of applications. The following steps should be undertaken:

1. Once the application has been accepted as complete and eligible, the CSM must assess the application against the [Programme Guidelines](#) merit criteria.
2. The '[ISI Assessment and Completeness Report – New and Existing](#)' template must be used to assist with this step. This template has been designed for CSMs to provide a succinct summary of the applicant and proposed project, draw out the strengths and weaknesses of the application and provide guidance to the EP Committee in its consideration and assessment against the merit criteria. This template will form the 'Tracking Sheet' and should be included as part of the Application Deck.
3. In undertaking their assessments, CSMs are encouraged to seek background information on the applicant entity from AC Commercialisation Advisers and/or AusIndustry Regional Managers located

in the same region, to assist them in forming their assessment. This information is gathered through the completion of a Questionnaire, designed by the ISI Programme Management Team.

4. CSMs can email the Questionnaire to relevant state AC Commercialisation Advisers directly to seek their advice on the applicant organisation.
5. Where CSMs wish to contact a Regional Manager, they are required to email s22 s22 (the state Regional Manager responsible for coordinating these requests) with the Questionnaire, along with the required timeframe for responding. s22 will coordinate this with a relevant RM.
6. Where relevant, CSMs can incorporate this feedback into their assessments.

6.2.1 Project Objective

In assessing applications, CSMs should keep in mind the initiative's objective which is to assist New and Existing Incubators to:

1. improve the prospects of Australian start-ups achieving commercial success in international markets by delivering a range of activities to Australian start-ups to develop the capabilities required to realise their economic potential in international markets faster than they otherwise would; and
2. develop Australia's innovation ecosystem including in Australian regions.

And its intended outcomes, which are to:

- support new Australian Incubators targeting innovative start-ups to assist them to trade internationally
- expand the scale and operations of existing Australian Incubators targeting innovative start-ups to increase their chances of success in international markets; and
- develop new innovative Australian start-ups with a focus on international markets.

CSMs should summarise the planned project activities and intended outcomes outlined in the application, as well as the applicants claims against the merit criteria. For example:

- describe the planned expansion of the scale of incubator operations and/or the development of a new incubator that will focus on innovative Australian start-ups with an international market focus;
- outline the project activities, timeframe, value and intended outcomes;
- summarise the applicant's claims against the merit criteria, evidence provided to substantiate this;
- outline how the project is in line with ISI objectives (refer above).

6.2.2 Project Budget

Submitted applications are required to include a detailed project budget outlining the expected costs against eligible activities. CSMs should review the budget to:

- assess whether the budget is realistic
- assess the applicant's ability to fund their contribution of the project funds
- identify any ineligible activities or expenditure, the basis of ineligibility and any recommended reductions in the grant amount or changes to activities and milestones if the grant is funded
- if applicable, comment on type and adequacy of documentation provided as evidence of any applicant contributions (e.g. loan agreement)
- note whether the 'In-kind' and 'Other Government' contributions meet the maximum percentage amounts allowable as contributions towards total project expenditure
- Ensure that the grant amount value comes down to the full dollar or half dollar (ie. .50c)-

If no detailed project budget has been provided with the application, CSMs should request this from the applicant.

6.2.3 Milestones

Milestones have specific importance under the Funding Agreement as indicators that a project is progressing satisfactorily towards its planned objectives. When assessing project milestones, CSMs should be aware of any inconsistencies in timeframes and costs, with particular reference to the project budget. Some issues that may arise include:

- milestones that don't fit into the activities identified in the project description, and merit criteria
- milestones of highly irregular dollar amounts/values
- milestones that include ineligible activities
- milestones that are vague or unmeasurable.

As a guide, milestones should be:

- succinct
- specific
- measurable
- achievable
- realistic
- time-bound.

The maximum grant period is 24 months for New and Existing projects. Ideally, a small number of clear and achievable milestones should be included in the Funding Agreement to ensure the project is progressing in an appropriately structured way. CSMs should keep in mind avoiding any over-burdensome reporting obligations for our customers whilst identifying a reasonable number of relevant project milestones to allow for adequate monitoring of the project.

Milestones, and therefore Progress Reports, do not have to be tied to project payments.

The following table shows the minimum reporting obligations required:

Projects < 12 months	First Payment 80% Final Payment 20%	Upon Execution of Agreement Final Report required	Minimum of: 1 x Final Report
Projects > 12 months (up to 24 months)	First Payment 50% *Progress Payment 30% Final Payment 20%	Upon Execution of Agreement Milestone Report required Final Report required	Minimum of: 1 x Progress Report 1 x Final report

***Note: the CSM can request additional Progress Reports that are not tied to grant payments.**

For projects over 12 months, CSMs have the ability to split the 30% payment into two (or more) payments tied to separate milestones if the CSM feels it is necessary for a particular project (for example, if the CSM would like to have more control over the payments, would like to keep part of the payment back longer to ensure a particular milestone is achieved, or would just like to keep more of a close eye on the project progress more generally). However, CSMs will need to keep in mind the financial year splits approved for the project in these cases.

In preparing the assessment, the CSM may like to consider at this point whether they think the 30% should be split into two payments. This would be the ideal time to do so if possible as then the FY splits can be changed to accommodate this before the budget is approved.

If the CSM considers this at the time of negotiating the Funding Agreement, they may be restricted in splitting the payment if it goes over into another FY as this will affect the approved budget and funding in

each FY. There may be some circumstances though where one 15% payment may occur early in the FY and the other later on in the same FY and it could be done in these instances.

If a CSM feels it is necessary to keep a closer eye on a particular project, they can add additional Milestones and progress reports that are not tied to payments. In such instances CSMs should liaise with their line manager or the ISI Programme Management team.

6.2.4 The Tracking Sheet (ISI Assessment and Completeness Report)

The tracking sheet summarises the main information needed for the CSM and EP Committee to assess the application. The ISI Assessment and Completeness template report becomes the tracking sheet for the purposes of the Application Deck. In conducting their assessment, the CSM completes the template report with appropriate application details, and their assessment of eligibility and merit. The CSM provides a score and recommendation for each application and forwards the completed application deck (ISI Assessment and Completeness Report, plus the Application and supporting documentation) to the Committee Secretariat before the cut-off date.

In completing the tracking sheet, the CSM should:

- ensure that the tracking sheet has the correct application details (including the ISI number, applicant name, proposed start and end dates, grant value, project title and project summary, what the project aims to achieve, and assessment of eligibility and merit)
- record the core business of the applicant, its company structure and its shareholding. Other relevant information may be included as needed
- the split of grant funds across financial years, based on the project budget. Occasionally, a reduced grant amount may be recommended, in which case the financial year split must be provided for both the original and revised amounts which will require a revised project budget. A revised split of grant funds across financial years will need to be proposed in the tracking sheet where a project is likely to be delayed and funds are unlikely to be expended as quickly as outlined in the application. If a different financial year split to what the applicant has predicated is suggested (for example where ineligible expenditure may have been identified during due diligence). The tracking sheet should clearly articulate this and explain why they are different

The CSM should provide additional comments, if needed, to flag specific issues such as:

- issues associated with the assurance provided to support the claim of ability to fund applicant share of project costs
- a discrepancy between the grant amount sought and that shown in the application - this occurs if the applicant has agreed to adjust project costs
- suggest conditions to form part of the Funding Agreement
- a prior application by the same applicant for a similar project that was rejected - in this situation CSMs may need to comment on whether, and how, the new application differs
- any particular difficulties faced in reviewing the application that may tend to reflect on the ability of the applicant to manage the grant - for example, repeated problems in obtaining information.

IMPORTANT NOTE: Conditions should only refer to matters that go beyond actions that can be approved as part of normal contract management. However, where additional reporting or compliance requirements (not formal conditions of offer) are placed on a participant, that participant should be given

forewarning of the additional requirements either in the letter of offer or well in advance of a standard reporting due date.

CSMs are required to recommend:

- whether the application is supported, and the reasons for this
- conditions to be imposed as part of the Funding Agreement, or to be met before the Funding Agreement can be executed (occasionally, a condition is needed to manage or to mitigate a specific risk)
- CSMs are to ensure the conditions are achievable and enforceable

The tracking sheet must be signed by the CSM and countersigned by the relevant EL line manager. Before signing the tracking sheet, the CSM must check that:

- they have undertaken an adequate assessment of the application
- all scores add up
- the grant amount sought is consistent throughout the assessment, application and project budget - or that discrepancies are identified and explained
- the grant payments recommended in each year add up to the total grant amount
- projects with an end date in the period between 15 May and 30 June will not be paid until the new financial year. This is due to financial reporting, budgets and commitments cut-off dates.

By countersigning the tracking sheet, the line manager is confirming that:

- they have reviewed the CSMs activities
- they endorse the material completed by the CSM
- the application deck is complete and presented in the correct format.

6.2.5 Preparing the Declaration of Interest Statement (DOI)

The Innovation and Science Australia Board has adopted robust and conservative DOI processes to manage conflicts related to matters being considered by the ISA Board and its committees (including the Entrepreneurs' Programme Committee). These processes protect its Members, the Minister and the Department from allegations of impropriety in decision making. Further details on the ISA Board DOI processes and guidelines can be obtained by contacting EPCSecretariat@industry.gov.au.

The DOI statement assists Departmental officers and Committee Members to disclose any interest in relation to an application being assessed or under consideration by the Committee.

Prior to application papers being sent to members, CSMs are required to prepare a DOI statement for each applicant being considered. A template DOI statement is available in DocHub ([ISI DOI Template](#)). CSMs must populate the DOI statement template as required and forward via email to the Committee Secretariat [s47E\(d\)@industry.gov.au](mailto:s47E(d)@industry.gov.au), cc'ing [s47E\(d\)@industry.gov.au](mailto:s47E(d)@industry.gov.au), by the deadlines advised (also refer to [item 6.3.1](#)).

6.2.6 The Application Deck

The application deck provides Committee Members with the core documents needed to review and to assess the application in a timely manner. All documents should be free of any markings and must be

legible. The Application Deck should be saved in a high quality Adobe Acrobat PDF and forwarded to the Committee Secretariat by the due date.

The following must be provided in the Application Deck:

- the Tracking Sheet (ISI Assessment and Completeness Report Template)
- the application form, including detailed project budget
- any attachments provided with the Application

CSMs must check that the application deck is complete. The authorised officer with line management responsibility (State EL1 or EL2) for ISI must sign off the application deck to confirm that it is complete and accurate before the CSM forwards it to the Committee Secretariat.

Once the application deck is complete and signed off, the CSM forwards the package via email to the Committee Secretariat **s47E(d)** @industry.gov.au, cc'ing

s47E(d) @industry.gov.au, by the deadlines advised, the following:

1. a MS Word version of the DOI
2. an Adobe Acrobat PDF version of the complete Application Deck.

CSMs must ensure all documents are saved in DocHub.

Once the Committee Secretariat has received the Application Deck, they will:

- quality check all documents and liaise with the CSM if there are any issues
- prepare coversheets and all documents for distribution to Committee Members and Departmental Staff
- upload agenda papers onto the AusIndustry - Secretariat Extranet for Committee Members and relevant Departmental Staff to access at least two weekends ahead of the meeting, ensuring that any items for which Members have a material disclosure of interest are removed from that Member's Extranet file.

The Committee Secretariat allocates primary and secondary spokespersons for each application. Committee Members may contact CSMs before the scheduled meeting if they have any questions about the application. Any additional information provided to Members should be copied to the Committee Secretariat to enable distribution to other non-conflicted Board Members ahead of the meeting.

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The applicant's registered business address is not necessarily where the project is taking place. A primary project location should be identified but all sites should be listed.

Where the majority of work is happening at a contractor's premises, use the business address of the applicant.

Where there is an overseas primary project location, enter in the Australian business address as SGMS does not recognise overseas addresses in primary project location.

Note: Systems is currently working on amending the two Smartforms to allow for overseas addresses.

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6.3 EP Committee Assessment

6.3.1 Disclosure of Interest Process

The Innovation and Science Australia Board has adopted robust and conservative DOI processes to manage conflicts related to matters being considered by the ISA Board and its committees (including the Entrepreneurs' Programme Committee). These processes protect its Members, the Minister and the Department from allegations of impropriety in decision making. Further details on the ISA Board DOI processes and guidelines can be obtained by contacting EPCSecretariat@industry.gov.au.

The DOI statement assists Departmental officers and Committee Members to disclose any interest in relation to an application being assessed or under consideration by the Committee.

For details about the expectations of CSMs as Departmental employees in relation to commercial and/or sensitive information and conflicts of interest, CSMs should refer to the 'Conflict of Interest and Insider Trade Expectations Policy' available on iCentral.

The CSM will populate the DOI statement template, which is available on DocHub ([ISI DOI Template](#)). Once complete, the CSM forwards the form to the Committee Secretariat by the required due date. The DOI Statement is provided to the Committee Members so that they may make the required declarations.

Prior to the dispatch of papers, the Committee Secretariat will provide a recommendation to the Chair on the materiality of a Member's disclosure in accordance with the ISA Board DOI processes and guidelines. The Chair will make the determination as to whether a Member is conflicted or not.

At a meeting, it is the Committee that makes a determination on any new disclosures and whether a Member can participate in consideration of an item in accordance with the ISA Board Guidelines.

Conflicted Committee Members will depart the meeting room when the relevant application is discussed and will return once the discussion is complete.

In the event that an applicant makes a request that a particular Committee Member not assess their application, the CSM should obtain the request in writing (email is acceptable) with reasons for the request.

The CSM must advise the Committee Secretariat in writing of the applicant's request including the reasons. The Committee Secretariat will then manage the request following the ISA Board's Disclosure of Interest Guidelines.

The CSM must keep a copy of the DOI statement on the project file.

Confirming Shareholders

In order to confirm eligibility and prepare the DOI statement, CSMs must confirm the list of shareholders and directors of the applicant. This can be done through a Corporate Scorecard search.

6.3.2 EP Committee – Merit Assessment

The Entrepreneurs' Programme Committee, is a Committee established under the Innovation and Science Australia Board, and is delegated to provide merit assessments and merit rankings of Entrepreneurs' Programme Incubator Support Initiative - New and Existing Incubators grant applications to the Minister for final decision. The EP Committee meet every 6-8 weeks.

Note: EPC meeting dates, requirements and deadlines are managed and circulated by the EPC Secretariat.

The CSM must undertake the following steps to allow for the EP Committee to consider applications:

1. Each project must be assessed by a CSM and approved by the relevant state EL officer. The CSM and EL officer must both sign the Assessment Template, and approve the assessment in SGMS.
2. The CSM will then schedule the application to the next Entrepreneurs' Programme Committee meeting in SGMS.
3. The CSM generates the Declaration of Interest (DOI) Statement and provides it to the EPC Secretariat [s47E\(d\)@industry.gov.au](mailto:s47E(d)@industry.gov.au), cc'ing [ls47E\(d\)@industry.gov.au](mailto:ls47E(d)@industry.gov.au) for collation and circulation to members for response. This is generally due four weeks prior to the EP Committee meeting.
4. The CSM will prepare the Application Deck for consideration by the EPC. This consists of the completed ISI Assessment and Completeness Report template (tracking sheet), Application Form and relevant attachments.
5. The CSM must email each completed application deck to the EPC Secretariat. This is generally due three weeks prior to the EP Committee meeting.
6. The EPC meeting is held (generally every 6-8 weeks) to conduct the merit assessment of each application and to determine the merit ranking and recommendations to either support or not support funding of applications.
7. Two Committee members are assigned as 'Primary and Secondary' spokespersons and they are tasked with reading the application and assessment in more detail, and to lead the discussions at the Committee meeting.
8. CSMs that have provided assessments to the Committee, are required to be available via VC at the EPC meeting in order to answer any questions posed by Committee members. Members may also contact CSMs to ask questions prior to the Committee meeting.

6.3.3 CSM attendance at Committee meetings

Relevant CSMs are required to attend the Committee meeting (in person, via teleconference or via videoconference), to allow Committee Members to ask questions and to clarify information.

Committee Members are encouraged to flag issues for comment with the CSM prior to the meeting. This will not always occur and therefore CSMs should be prepared for questions raised on the day.

During the meeting, the Committee Chair is responsible for ensuring that the CSM is invited to comment on issues at an appropriate point during the discussion.

In responding to questions from Committee Members, the CSM (or line manager if applicable should):

- remain succinct, impartial and objective in their responses
- clarify any particular points that are essential to the Committee's discussion when requested by the Committee Chair.

6.3.4 Independent Expert Assessments

An Independent Expert Assessment (IEA) is required to be undertaken if a Committee Member has a direct involvement with an application under consideration where they hold an operational management role in an applicant company, or is, or has been a consultant to an applicant company, or is a member of the board of an applicant company.

When an IEA is required, the Committee Secretariat and Programme Management will liaise with ISI policy partners and the Committee Chair to obtain the IEA in a timely manner. The Committee Secretariat will provide a copy of the final IEA report to the Committee Members (non-conflicted) prior to the meeting.

In accordance with Innovation Australia's DOI processes, where the IEA has been required due to a Committee Member's conflict, the external independent expert must complete a Disclosure of Interest statement and confidentiality agreement, prior to receiving the application deck.

Following the Committee's consideration of the application, it must be referred to the ISA Board for consideration with all relevant documentation, and the Committee's recommendation. The IEA must also be provided.

The Board will then make its recommendation to the Minister.

6.3.5 Committee Recommendations

The EP Committee will assess each application against the merit criteria and compare it to other eligible applications on the day. The Committee will give each application a score out of 100.

Supported

The Committee has scored an application highly and recommends that the application be approved by the Minister.

Supported with Conditions

The Committee has scored an application highly and recommends that the application be approved, subject to specified condition(s), by the Minister.

Not Supported

The Committee has not scored an application highly and recommends that the application not be approved by the Minister.

Assessment deferred by the Committee

There may be circumstances where an application is deferred for future consideration. In these cases the Committee has not scored an application. This may occur where:

- it has not had time to consider the application. In this circumstance the application will be scheduled to the next Committee meeting. The Committee Secretariat will advise the CSM when an application has been deferred.
- it has been deferred for an IEA due to a conflict of interest or a requirement for expertise that is not available from within the expertise of the Committee. In this circumstance the application is scheduled for a future Committee meeting or considered by the Committee out of session depending on how long it takes to receive the IEA.
A new assessment is not required. However, once the IEA is obtained the CSM may need to revisit their assessment and update the tracking sheet
- the Committee requires additional information or points of clarification from the applicant. The Committee Secretariat will advise the CSM that additional information is required. The CSM will assist the applicant to provide the additional information.

Once the applicant provides the additional information the CSM will need to update the previous assessment to comment on the additional information and if necessary modify their score.

Note: Under no circumstances should the Committee's deliberations be discussed with applicants.

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6.4 Decision Process

Following the EP Committee meeting, the ISI Programme Management team will prepare the Committee's recommendations, based on the strengths and weaknesses identified in each application. These prepared recommendations are then provided to the EP Secretariat who will formalise the Committee's recommendations by having the Chair of the Committee review and sign each one. The Secretariat will then provide the signed recommendations to the Programme Management team. The Secretariat will also enter the recommendations into SGMS.

The ISI Programme Management team will prepare a brief to the Minister outlining the Committees' recommendations. The Minister is the final decision maker and will determine which applicants are offered funding. Where relevant, the team subsequently brief the Minister to determine an announcement strategy.

Supported (with or without conditions)

Taking into consideration the Committee's recommendation, the Minister may approve the decision, and may apply conditions of offer where relevant.

The ISI Programme Management team APS6 will record the Minister's decision in SGMS (and may wish to use the following wording after the Committee's recommended words: *The Minister, as decision maker, taking into account the Committee's assessment, has decided to approve the application [with the following conditions]*).

The Programme Management team EL1 must check the decision wording and finalise the decision in SGMS.

Contract negotiations can then commence. Please refer to [Item 6.6 Web Reporting](#) description to ensure you are aware of the requirements around informing your applicant of the successful outcome of their application.

Official notification of successful projects can only be provided when the Minister has made a decision and the ISI Programme Management team has granted clearance.

Not Supported

Taking into consideration the Committee’s recommendation, the Minister may decide not to support an application. The decision will reflect the reasons why the application was not recommended, with particular reference to the merit criteria.

Once the Minister has made his decision:

1. The Programme Management team will enter the Minister’s decisions into SGMS.
2. The Programme Management team will communicate the decision outcomes to the Network Delivery team, via email from the s47E(d) @industry.gov.au inbox, and provide guidance on timelines for advising/liasing with successful applicants to execute Agreements.

~~Official notification of successful projects can only be provided when the Minister has made a decision and the ISI Programme Management team has granted clearance.~~

To finalise unsuccessful applications in SGMS, the Programme Management team APS6 records the Minister’s decision (and may wish to use the following wording after the Committee’s recommended words: *The Minister, as decision maker, taking into account the Committee’s assessment, has decided not to approve the application.*)

The Programme Management team EL1 must check the decision wording and finalise it in SGMS.

CSMs are to email unsuccessful applicants an SGMS generated letter informing them of the outcome of their application. The letter should include reasons why the application was not recommended, with particular reference to the merit criteria (refer to the Committee’s recommendations and Minister’s decision in SGMS).

6.5 Re-considerations

Applicants that were not supported for funding may submit new application at any time. If such applications are materially different from the original application they are assessed in accordance with standard procedures. CSMs with concerns about such applications should notify their EL officer; the Programme Delegate may reject an application for a project that is substantially the same as a previous ineligible or unsuccessful application.

The Minister and Programme Delegate’s decisions are final in all matters, including:

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

6.6 Web reporting description

Commonwealth Grants Rules and Guidelines – Publishing Grant Details

Under the Commonwealth Grants Rules and Guidelines (CGRGs), from July 2014, Government agencies are required to publish details of discretionary grants on their websites within 14 working days after a Funding Agreement is signed by both parties.

As soon as a project is approved:

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Commented [s2] : Should this be unsuccessful? If not, should it be moved up to the Supported section?

Commented [s2] : Agree

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The following information about successful applicants is required to be published on the departmental website:

- name of the applicant
- title of the project
- a description of the project and its intended outcomes
- amount of funding awarded.

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The project title is limited to ten words. In addition to being published on the departmental website, it is provided to the Minister and may be used in additional marketing material.

The project description of successful applicant projects is also published to the website and may be provided to the Minister and used in additional marketing material.

IMPORTANT NOTE: While the project title and description are completed by the customer at the application stage and flow into SGMS, it is important that CSMs review this content during the assessment phase. If inaccurate descriptions or incorrect information needs to be changed, CSMs should consult their line manager – a system request may be necessary to change the SGMS descriptors.

Any changes to project descriptions must be advised to the ISI Programme Management team.

CSMs must not wait until the outcomes of the Committee meeting are known before doing this, as reports may be generated for the Minister prior to the network being advised.

Common issues with the brief project description include:

- exaggerated claims about the project and outcomes
- being too technical

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- including numerical forecasts, for example 'our revenue will increase by 50% in the first two years'.

Participants Informing the Market of the Grant

Participants should not publicly announce that a Funding Agreement has been executed until the Minister has issued a media release detailing the funding offers. Programme Management will let CSMs know once the media release has been issued and when participants can publicly announce the awarding of the grant. It does not matter if a participant is not mentioned by name in the main media release, only that the participant is on the associated list of Funding Agreements executed.

The exception to this procedure is publicly listed companies, which have a duty to announce significant corporate information to the stock exchange as it becomes known. This includes entering into a Funding Agreement. A CSM who is managing the relationship with a publicly listed participant that is awarded a grant should ensure that the participant informs them of the date of any public announcement before the announcement is made.

The CSM should then inform Programme Management that an announcement will be made. Programme Management will inform Policy and other relevant areas of the Department of the announcement.

In any case, if a participant wishes to include AusIndustry, a Minister, local member or other government official as part of an 'event' associated with receiving a grant offer, CSMs should ensure contact is made with the ISI Programme Management team to discuss any marketing requirements.

After the Funding Agreement is executed, participants must acknowledge the financial assistance received under the initiative in any public statements about the project or results of the project. There is no strict format for such acknowledgments. Refer to Schedule 1 – Commonwealth General Grant Conditions.

If a participant wishes to use the AusIndustry logo they should To request permission to use the AusIndustry logo, participants should contact the ISI Programme Management team to request permission, providing a description of where and when the logo will be placed.-

6.7 Funding Agreement

Successful applicants are required to enter into a Funding Agreement with the Commonwealth. The Agreement is the legal contract between the parties that sets the timing and quantum of funding, project milestones and reporting obligations.

The purpose of making a formal offer of funding is to advise the participant of general administrative requirements, the maximum approved grant amount (by financial year), and any special conditions or additional reporting imposed. These could include:

- pre-conditions that the participant must meet prior to the issue and execution of the Funding Agreement
- conditions that the participant must meet during the project – these must be set out in the Funding Agreement Schedules
- clarifying that the participant understands what is required of them before the Agreement is issued and executed

advising the participant that no legal obligations will arise between the Commonwealth and the participant unless and until such time as a formal Funding Agreement is executed by both parties, and that if the participant decides to commence work on the project before this occurs, it does so at its own risk.

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Once the Minister's decision has been entered into SGMS, and the ISI Programme Management team has informed the CSM network, the CSM **s47E(d)**

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Managing Delays in the Funding Agreement Negotiation

Offers are contingent on the execution of the Funding Agreement within ~~30~~21 days of the letter of offer being generated. If the CSM anticipates a delay in the execution of the Funding Agreement, but does not consider that the offer of funding should be withdrawn:

- the CSM has delegation to extend the offer of funding by 21 days (ensure that this is recorded as a variation in SGMS)
- a file note is required to explain the extension covering delegations and why, which must be put on the project file
- any further extension to an offer of funding must be referred to the Programme Delegate citing detailed reasons for the extension request.

Note: This authorisation **must not** be exercised where:

- the Authorised Officer is of the view that the extension is likely to result in a need to vary the proposed annual funding caps for the project; or
- the reason for the extension is inability of applicant to have funds available.

If an extension is granted, the CSM should:

- advise the participant of the new deadline, and explain that the Programme Delegate may withdraw the grant offer if the Funding Agreement is not executed by the new due date. This protects the Commonwealth's ability to withdraw the Funding Agreement without risk of a legal challenge by the participant.

If an offer of funding has lapsed:

- No AusIndustry officer should pursue negotiations with a participant after an offer of funding has lapsed, nor should any officer give a participant the impression that an extension may be taken for granted.

If a Funding Agreement is unlikely to be executed by the deadline, due to participant delays, the CSM should:

- remind the participant by telephone or email of the deadline. This reminder must be recorded on file. In some situations, the CSM may need to escalate by sending a letter to the participant reminding that the offer may be withdrawn if the Funding Agreement is not executed by the due date.

IMPORTANT NOTE: All extensions to the offer of funding must be granted prior to the end of the period of offer.

Withdrawing the Offer of Funding

Although rare, the Programme Delegate (delegated to EL1 and EL2) may withdraw the offer if the negotiation period expires, conditions cannot be met, or details of the project or the participant's circumstances change significantly. Please refer to the [ISI Departmental Delegations](#) for more information.

This may occur where either:

- the CSM has identified a significant issue or change of circumstances, resulting in the Programme Delegate reviewing and reversing the decision to enter into a Funding Agreement.
- the offer of funding has lapsed and the Programme Delegate is unwilling to approve an extension of time based on the circumstances outlined.

Before advising the participant that the Programme Delegate has withdrawn the offer of funding, the CSM should discuss the participant and the circumstances with their line manager. It is important to ensure that the participant has had a reasonable opportunity to respond to any issues.

Once the Programme Delegate has decided to withdraw the offer of funding, the CSM is required to:

- update SGMS to reflect this and prepares a letter to notify the participant in writing
- if the decision is regarded as sensitive – for example, the participant disagrees with the decision – it may be advisable for this letter to be signed by an EL2 or equivalent with line responsibility.

A participant whose offer of funding is withdrawn may lodge one new application for a grant for the same project. For the Committee to support it and the Programme Delegate to accept it, the new application must

contain new information that addresses the issues that led to withdrawal of the offer of funding. The original Application Acceptance Date and Project Start Date are lost when the offer of funding is withdrawn.

Negotiating the Agreement

Sending the 'Letter of Offer' indicates the beginning of the 'negotiation phase'. This can consist of meetings, emails and discussion where the CSM clarifies the project, any conditions that need to be met prior to, or during, the project and discusses the Funding Agreement and the reporting processes with the participant. At this time the CSM will collect additional information or confirm information required for SGMS.

The negotiation phase is also an opportunity for the applicant to raise issues with the CSM that may have an impact on the project which may lead to variations being required (variations may be applied both pre-initiation and after the project is executed).

Accuracy in the issuing and finalisation of the Funding Agreement is essential. This will ensure that the content released in media releases and on the website is accurate. It will also limit the potential for variations, for example, as the result of inaccurate financial year splits. CSMs are encouraged to use the ['Funding Agreement Finalisation Checklist'](#) to ensure all essential checks are complete.

If at any point in the negotiation or funding finalisation phase the CSM has significant concerns or change of circumstances are identified, these should be raised with their line manager and in some cases with the Programme Manager.

Agreement Pre-Conditions

In some cases, the EP Committee will approve funding subject to the applicant meeting certain conditions prior to the execution of the funding agreement. These conditions are referred to as 'Pre-conditions'. It will depend on the nature of the conditions whether approval will need to be sought by the Programme Delegate, however, as a rule of thumb, the decision of whether conditions have been satisfactorily met, will be delegated to the State Office EL2. Where condition decisions are recommended to the Programme Delegate, this can be provided in the form of an internal Minute with attachments.

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Confirming the Agreed Project

Confirming the details of the agreed project will ensure the Funding Agreement accurately reflects the approved project and provides for effective contract management. It is an opportunity for the customer and CSM to identify changes that may need to be implemented as part of Initiating and Issuing the Agreement.

Potential issues that may need to be escalated could include:

- significant changes to the project scope or outcome
- change in participant company control
- significant change in funding arrangements impacting on the participant's ability to fund its share of project costs
- factors limiting the participant's ability to meet conditions.

Depending on the seriousness of the issue raised, the CSM may need to prepare a submission to the Programme Delegate or seek a review of the decision.

The '[Funding Agreement Finalisation Checklist](#)' is used to provide a check of the final version of the Funding Agreement. This form also provides a section which can be used as an internal administrative confirmation sign off process.

Confirming Project Budget

Effective management of the project budget is a key task for the CSM and the customer. As part of the negotiation phase the CSM will:

- ask the customer to confirm or update (within the approved amount) the project budget, to be as realistic as possible and to reflect likely expenditure and time frames.
- review the project budget provided from the customer for appropriateness and completeness of expenditure items and the timing of the expenditure. For example, if the project is about to start and the participant has not yet identified and employed the relevant staff, it is unrealistic for the participant to budget for those salary costs from the commencement of the project.
- ~~advise the customer that early reporting of changes to expenditure agreed in the Funding Agreement is essential as it cannot be guaranteed that the customer will be able to access unspent funds at the end of each financial year. However, there may be scope to re-profile funding between financial years if the CSM identifies this at an early stage. As such, it is important the CSM is able to make a realistic assessment of project spending and grant payment schedules.~~
- ~~ensure that the grant amount value comes down to the full dollar or half dollar (ie. 50c).~~
- note that projects with an end date in the period between 15 May and 30 June will not be paid until the new financial year. This is due to financial reporting, budgets and commitments cut-off dates.

Once the budget is confirmed, the CSM should:

- calculate the initial payment. The initial payment is 80 per cent of the total grant amount for projects up to one year, and 50% for projects more than one year.
- calculate the 30% or two lots of 15% payments where necessary for projects over one year (refer [Item 6.2.3 Milestones](#)).
- confirm that the final payment of 20% is allocated to the correct financial year.
- confirm ~~that~~ if the customer is registered for GST. The calculation of the grant amount in SGMS assumes that GST applies. ~~If the customer is not registered for GST then you will need to change the GST code to 'N/A' and/or 'Z', where appropriate, in SGMS. If the participant is not registered for GST they must do so before the Funding Agreement can be executed.~~

Capped Amounts

If there is no change to the annual capped grant amounts CSMs should:

- ensure commitment details are correct in SGMS
- enter the TechOne creditor code in SGMS.

If an amendment is required the CSM:

- enters the revised commitment details into SGMS then follows the same process as above, except to note the change in the annual capped grant amounts and the reason for this, and requests a project funding variation by emailing the line manager requesting authorisation for the movement of funds.
- the line manager must review the revised commitment, who may also check this in SGMS. Then forward the email to the EP Grants mailbox supporting the request and copy [47E\(d\)@industry.gov.au](mailto:47E(d)@industry.gov.au) inbox.
- If the request involves moving funds into a future, or earlier -financial year, EL2 endorsement is required. The Strategic Partnerships Finance team will:

- Seek/confirm endorsement from the EL2 with line responsibility for the Incubator Support initiative. Once endorsed this will be forwarded for approval to the Assistant Manager, Strategic Partnerships Management Team.
- The Assistant Manager, Strategic Partnerships Management Team will process the amendment in SGMS, arrange a purchase order amendment, and advise the CSM when this process is complete.
- The CSM uses e-mails the participant, advising of the change to financial year splits.
- If the amendment is not approved, the Assistant Manager, Strategic Partnerships Management Team advises the CSM to restore commitment details in SGMS to the previously approved amounts. The CSM will need to discuss the implications of this decision with their line manager and subsequently with the participant.

Trustee Companies Signing on Behalf of a Trust

Trustee companies may apply for on behalf of a trust. Where a trustee company executes an Agreement on behalf of a trust, both the trustee company's ACN and the ABN it uses in its role as trustee, are required on the Agreement to identify the specific company. The trustee company should sign the Agreement using the appropriate option provided in the Funding Agreement.

The trustee company should have provided an ABN used by it in its role as trustee for the trust in the application, as well as its ACN. A search on ASIC's website should be carried out to confirm the ACN.

The most straightforward scenario is where the trustee company has its own ACN and is registered to use the same ABN as the trust, and the trustee company is applying in its capacity as trustee for the trust. A search on the Australian Business register (go to [ABN Lookup](#) link) can confirm whether the trustee company and the trust are registered for the same ABN. CSMs should also ask to see the trust instrument or seek other written confirmation of the trust relationship, to ensure that the trustee has capacity to enter the Agreement on behalf of the trust.

Other situations will need to be considered on a case by case basis. CSMs should first consult their line manager to determine the entity that is the party to the Agreement. Further advice may also be sought from Programme Management.

Dealing with Assets

In some instances a project may include the purchase of a large asset or piece of equipment with grant funding. Where this occurs, the Recipient should be made aware of the Agreement will need to include a clause in the Funding Agreement that the Recipient states that they agree must not not to 'deal with' the asset or equipment during the term of the project.

The term 'deal with' means to trade, sell, transfer, assign, novate, declare a trust over, license, otherwise procure or dispose or effect the disposal of, or in any way whatever deal with, any legal or equitable interest in, or any right in respect of, any subject matter.

In certain circumstances the Programme Delegate may give consent to 'deal with' an asset or equipment subject to conditions, including the requirement that the Recipient and any other person concerned in a transaction execute all documentation required by the Commonwealth.

Finalising the Funding Agreement

The Agreement finalisation form prompts and guides the CSM through a final check that all project details are correct and are presented in the Funding Agreement. The Agreement Finalisation Form is available from DocHub and CSMs should complete and sign the form when completing the Funding Agreement to ensure all aspects have been considered.

As part of this step, the CSM must:

- ensure an authorised officer has agreed, in writing, that any conditions have been met
- conditions must be met as described in the offer of funding; a condition cannot be replaced by a similar action unless agreed to by the Programme Delegate
- appropriate evidence to show that the condition has been met must be placed on the project file
- record this in ~~SGMS and~~ DocHub (if this is not done, SGMS will not issue the Funding Agreement).

The line manager countersigns the ISI [Agreement Finalisation Form](#), and approves the issue of the Funding Agreement. In so doing, the line manager confirms that all details in the Funding Agreement are correct and that any issues have been addressed appropriately.

Once approved, the CSM generates the Issue Agreement letter in SGMS and posts or e-mails this letter along with the Funding Agreement. The grantee is asked to sign two copies and return to the Department for execution (via mail or electronically).

Briefing the Participant

It is recommended that the CSM contact the participant before the Agreement is executed, along with project directors, auditors, and others who will be significantly involved in managing the project and Funding Agreement, if relevant. CSMs may wish to remind/inform the participant of:

- the CSM's role in monitoring the project and taking the opportunity to run through the Funding Agreement with the participant.
- the reporting requirements and timeliness of payments.
- the need to substantiate activities and expenditure.
- the need to keep and retain, to the Commonwealth's satisfaction, records necessary to provide a complete and detailed record and explanation of:
 - expenditure on the project; and
 - conduct of the project.
- the need to notify AusIndustry of any changes in the project, participant (including ownership or management structure); and
- the importance of managing the project budget effectively including the budget process and how payments are made.

IMPORTANT NOTE: CSMs must not provide legal advice to participants on interpretation of the Funding Agreement. Participants must seek their own legal advice.

Executing the Funding Agreement and Making Initial Payment

For the Funding Agreement to take effect, authorised officers from the Commonwealth and the participant must execute the Funding Agreement.

The CSM posts or e-mails the Funding Agreement to the Customer to sign, along with the 'Grant Agreement Issued' letter, which can be generated from SGMS. Two signed copies must be returned to the Department

(via post or electronically). The structure of the business prescribes who can execute a Funding Agreement.

For example:

- Corporate grantees, the participant has executed the agreement with either two Directors, or a Director and the Company Secretary. A participant may execute the Agreement in the above manner by using the company's common seal. A sole director can execute a Funding Agreement only if they are also the Company Secretary, and the signature must be witnessed (the witness can be any individual)
- Non-corporate grantees (for example, a University) consult with Programme Management for guidance on correct grantee execution processes
- Trustee companies signing on behalf of a trust
- Other situations will need to be considered on a case by case basis. CSMs should first consult their line manager to determine the entity that is the party to the Funding Agreement. Further advice may also be sought from ISI Programme Management
- The Corporate Scorecard check undertaken during the application process will confirm that the correct office holders have executed the Funding Agreement on behalf of the participant. An ASIC search will identify if there has been any change to the participant company during the application process and whether a new Corporate Scorecard check should be undertaken to confirm the office holders.
- Under exceptional circumstances we will allow the Applicant to submit a scanned version of their signed Funding Agreement which we will execute as our working Agreement. However, in allowing this process, the CSM must insist in writing that the participant provide the original signed version of the Funding Agreement to AusIndustry at the earliest opportunity.

Once the participant returns the two copies of the Funding Agreement, the CSM should:

- check the participant has signed and witnessed the Funding Agreement and associated documents as per the instructions (also included in the SGMS Grant Agreement Issued letter)
- forward the Funding Agreement to the EL2 or equivalent with line responsibility for ISI for execution.

The authorised officer (EL2) should:

- check the Funding Agreement to confirm again that all details are correct and that there is no obvious impediment to execution - for example, the offer has not expired
- if there has been a movement of funds into future or current financial years, check that there is appropriate approval (refer to Item 6.7 Funding Agreement (Capped amounts)).
- execute the Funding Agreement, by signing and dating it before a witness.

The CSM should then:

- promptly enter the date of execution of the Funding Agreement in SGMS
- forward one original to the participant for its records, place the second original copy on the project file, record the grant as a recipient created tax invoice (RCTI) in SGMS (the authority to take this step is the signed Funding Agreement)
- upload a PDF copy of the signed executed agreement to the project folder in the DocHub
- forward a request to the EPGGrants mailbox to generate a RequisitionPurchase/Purchase Order, and attach the PDF version of the executed Funding Agreement and cc the Incubator.Support.Programme.Management mailbox
- The Programme Management team may also be required to provide a copy of the signed Approvals Brief to the finance team
- The CSM will be notified when this process is complete.

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The CSM should then generate the payment advice letter in SGMS and forward to the participant, together with the RCTI.

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7. GRANTS MANAGEMENT

AusIndustry is responsible for managing the ISI Funding Agreements. Grant recipients must submit progress reports in line with the grant agreement. Where required, the grantee must report on:

- progress against agreed project milestones;
- contributions of participants directly related to the project; and
- eligible expenditure of grant funds.

The amount of detail grantees must provide is relative to the project size, complexity and grant amount, but must:

- include the evidence that has been agreed on;
- show the total eligible expenditure incurred to achieve the milestone; and
- be submitted within four weeks of completing a milestone (grantees can submit reports ahead of time if they have completed the milestone).

CSMs must assess progress and final reports and may conduct site visits if necessary.

7.1 Progress Reporting and Payments

7.1.1 Expert-in-Residence

Reporting and Payment

100% of the grant funds under the EIR component are paid up front, upon execution of the Grant Agreement. Grantees are required to submit a Final Report at the completion of the project. Expenditure of the grant funds are taken at face value, however, if CSMs feel that the funds have not been expended in line with the Funding Agreement, you may like to discuss this with the AusIndustry Debt Management Team. (Refer to [Item 7.3](#) for debt management procedures).

7.1.2 New and Existing

Reporting

The following table shows the minimum reporting requirements under the New and Existing incubator funding component:

Projects < 12 months	First Payment 80% Final Payment 20%	Upon Execution of Agreement Final Report required	Minimum of: 1 x Final Report
Projects > 12 months (up to 24 months)	First Payment 50% *Progress Payment 30% Final Payment 20%	Upon Execution of Agreement Milestone Report required Final Report required	Minimum of: 1 x Progress Report 1 x Final report

****Note: the CSM can break the 30% payment amount up into multiple payments if required. Additional Progress Reports, that are not tied to grant payments, can also be requested where appropriate.***

Payments

New and Existing Incubator grants are up to a maximum of \$500,000. Grant payments are made as follows:

- For projects that are less than 12 months the applicant is paid 80 per cent of the grant on execution of the grant agreement (signed by both parties).

- For projects that are more than 12 months the applicant is paid 50 per cent of the grant on execution of the grant agreement (signed by both parties); 30 per cent of the grant amount will be paid on achievement of milestones.
- The remaining 20 per cent of the total grant funding is paid upon submission of a satisfactory final report.

7.1.2.1 Reviewing Progress Reports

The responsibility for reviewing project progress reports sits with the managing CSM. Accordingly, the reporting assessment templates (to be made available on DocHub) are completed by the CSM.

Once the participant has provided a completed report, the CSM should check progress reports promptly for completeness and adequacy and should advise the participant of any additional information required. In reviewing progress, the CSM should:

On receipt of a report, the CSM should:

- enter the date received in SGMS;
- consider whether the participant has provided the required certification, signed by an authorised officer, or electronically received with direct email trail to an authorised officer;
- save the report, associated email, to the appropriate location in DocHub;
- how the participant's reports of actual eligible project expenditure for the period compared with its previous forecasts, and what if anything, this indicates about the timing of the project or expenditure;
- whether the project is progressing in accordance with the activities, milestones and time frames indicated in the Funding Agreement. Delays in achieving milestones are common, and in these cases the CSM may need to ask the participant whether there will be any impact on the overall timing of project outcomes and/or on the project budget;
- whether the participant's estimates of future expenditure are appropriate, complete and timely, taking account of the project's progress. The CSM must follow up any concerns with the participant if an underspend is occurring, the CSM may need to process a request for project funding variation to move funds into later financial years; in the event that a participant does not wish to move funds into a later financial year, the participant must be warned that they run the potential of losing any unspent funds from their project and must have a good argument for retaining them in the current year;
- whether the participant has met any special conditions of the Funding Agreement, as needed; and
- whether there is any other available information that relates to the participant's present entitlement to a payment in accordance with the Funding Agreement.

In undertaking a review of a progress report the CSM should pay particular attention to any issues/problems which the participant identifies as a major hindrance, any milestones (disparity in agreed vs expected dates of completion); inconsistencies in activities and have proposed remedial actions in place to address these.

If the CSM has any concerns they should discuss the matters with their line manager and if necessary seek additional documentation from the participant to support claims made in the report.

Based on the progress review, the CSM:

- updates SGMS to reflect project progress;
- performs any required monitoring actions identified in the assessment; and

- considers whether the progress payment should be withheld or reduced.

IMPORTANT NOTE: CSMs have the right to seek further assurance on claims made in the report especially claims relating to project expenditure and expenditure projections.

Reminding the Participant the Report is due

In the month before a report is due, the CSM should send a reminder letter or email to the participant. The CSM may like to attach the template report to the email for participant's reference.

Under the terms of the Funding Agreement, participants are required to report on their project using a prescribed template. These reports identify project progress and expenditure for a given reporting period.

The [ISI Guide To Managing Your Grant](#) (GTMYG) sets out the information the participant must provide. The reporting templates are provided in both the Funding Agreement and GTMYG. It is the CSMs responsibility to provide the reporting templates to participants if required. The monitoring CSM should check the Schedules of the Funding Agreement to confirm the due dates for each report for each participant.

Following up Overdue or Incomplete Reports

The CSM should contact the participant to follow up overdue or incomplete reports in writing. Failure to do so could waive the Commonwealth's rights under the Funding Agreement. The process to follow up outstanding reports is as follows:

- the CSM generates a reminder letter from SGMS and forwards to the participant within seven days of the report due date;
- if the report is still not received within the next 14 days, the CSM generates the second reminder letter from SGMS the day after the 14 day period has expired, and forwards it to the participant;
- if the report is still not received within 14 days of the second reminder, the CSM:
 - generates a letter from SGMS to advise the participant that they are in breach of their Funding Agreement obligations; and
 - provides the letter to a line manager for signing, and forwards it to the participant;
- if the participant does not rectify the breach within 21 days of receipt of this letter, the CSM should discuss options with their line manager; and
- if the report has still not been received and the participant is unresponsive, Programme Management should be made aware of the issue. Possible options may include meeting with the participant to discuss concerns and depending on the situation, raising the possibility of terminating the Funding Agreement and/or debt recovery.

7.1.2.2 Processing Grant Payments

The Commonwealth makes ISI grant payments in instalments. An initial payment of 80% of grant funds for projects under 12 months and 50% of grant funds for projects over 12 months is made on execution of the Funding Agreement.

There are only subsequent progress payments for projects over 12 months which consists of the remaining 30% grant payment. This payment can be made at one time upon completion of a defined project milestone or it can be made in two or more (for example, two grant payments of 15% each, upon completion of milestones).

In the case where the project has an underspend, this can be adjusted at the final payment stage. The CSM should discuss any proposal to reduce the grant payment with their line manager.

Once the CSM has undertaken the progress review and calculated the grant payment:

- the CSM completes the progress review form template (to be made available on DocHub) and provides to the relevant line manager (with financial delegation) for approval:

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The CSM must save an electronic copy of the

RCTI and forward a copy to the participant, via email.

Adjusting the Financial Year Split (Capped Amounts) (Request for Project Funding Variation)

If as a result of the payment calculation, the annual capped amounts may need to be amended. To process a variation, the CSM must:

- enter the revised commitment details into SGMS, and requests a project funding variation by emailing the line manager requesting authorisation for the movement of funds
- the line manager reviews the revised commitment, and forwards the email to the EP Grants inbox supporting the request and copy s47E(d) @industry.gov.au inbox
- if the request involves moving funds into a future financial year, EL2 endorsement is required. The Strategic Partnerships Finance team will:
 - Seek/confirm endorsement from the EL2 with line responsibility for the Incubator Support initiative. Once endorsed this will be forwarded for approval to the Assistant Manager, Strategic Partnerships Management Team.
 - The Assistant Manager, Strategic Partnerships Management Team will process the amendment in SGMS, arranges a purchase order amendment, and advises the CSM when this process is complete.
 - the CSM uses e-mails the participant, advising of the change to financial year splits.
 - If the amendment is not approved, the Assistant Manager, Strategic Partnerships Management Team advises the CSM to restore commitment details in SGMS to the previously approved amounts. The CSM will need to discuss the implications of this decision with their line manager and subsequently with the participant.

IMPORTANT NOTE: This is a critical process in managing slippage and ensuring adequate funds are made available for new projects commencing in the second half of the financial year. The Participant should be informed that they must be accurate in their projections as further underspends may result in the loss of grant funds to the participant.

7.1.2.4 Reviewing Project Outcomes

As with progress payments, the CSM must review the eligible expenditure claimed and clarify any issues identified or raised through the independent financial audit.

If all project milestones are substantially complete - with the exception of a small amount of work that the participant expects to complete shortly after the agreed project end date - and the final audit report confirms the eligible expenditure claims in the End of Project Report, it is acceptable to make the final payment (including the 20 per cent retention amount) when processing the final report. However, the participant will not be able to claim as eligible expenditure the cost of any activities carried out after the agreed project end date (with the exception of the final audit costs, which must be incurred and paid within three months of the agreed project end date).

The CSM must report in the assessment template for the end of project report whether the project achieved its outcomes. The CSM should add comments on the project's progress in the final review tab in SGMS.

7.1.2.5 Processing End of Project Report and Final Payment

Under the Funding Agreement, the Commonwealth withholds payment of at least twenty per cent of the grant - the retention amount - until after the end of the project.

The Commonwealth cannot pay the retention amount until the participant has met (to the satisfaction of the department) all its obligations under the Funding Agreement. These obligations include the participant providing the following within 90 days after the project end date (that is the completion of all components of the project):

- an End of Project Report that has been accepted as complete and satisfactory by the CSM; and
- an Audited Financial Report (applies for grants above \$50,000 GST exclusive) with an Independent Audit Report signed by a member of:
 - the Institute of Chartered Accountants in Australia; or
 - CPA Australia; or
 - the Institute of Public Accountants (MIPA) or Fellow of the Institute of Public Accountants (FIPA).

The CSM should check the end of project report promptly for completeness and adequacy and should advise the participant of any additional information that is required.

The CSM generates the final progress report from SGMS and calculates the payment based on actual eligible expenditure incurred on the project. As noted, expenditure relating to final Audit costs can only be paid after the project completion date.

Subsequent to calculation of the final payment or overpayment:

- the CSM completes the end of project assessment template, located in DocHub, and provides it to the relevant line manager (with financial authorisation) for approval;

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the form for completeness, and that

all information in the Purchase Order are correct.

- the CSM generates the payment advice letter from SGMS and forwards it to the participant.

NOTE: if the customer is not registered for GST, then the CSM will need to change the GST code to 'N/A' and/or 'Z', where appropriate, in SGMS.

A copy of the signed claim for payment form, payment calculation of the end of project assessment template, and the payment advice letter must be saved in DocHub.

De-committing Grant Funds

If, after calculation of the final payment, the participant is not entitled to receive all the grant funds, then the excess funds need to be de-committed in SGMS and, subsequently, in TechOne. This process involves:

- the CSM enters the revised financial commitment details into the cost summary in SGMS;
- the CSM completes a Project Funding Variation (PFV) Request form. The PFV form should briefly explain the reasons for the de-committal and also show the current and revised financial year splits. The variance (far right column) should equate to the amount to be de-committed;
- the CSM then emails the attached PFV to the line manager and requests that they enter as 'Review Accepted' in SGMS;
- once accepted, the line manager then forwards the PFV from to s47E@industry.gov.au and cc'ing [s47E\(d\)@industry.gov.au](mailto:s47E(d)@industry.gov.au) supporting the request;
- the Strategic Partnerships team will process the purchase order amendment in TechOne and will advise the CSM when this process is complete.

Advising the Participant of Ongoing Obligations

The CSM should remind the participant of any ongoing obligations it might have under the Funding Agreement after the completion of its project. For example, the grantee must maintain project records, including information on project expenditure for a period of five years from the project end date (refer to G3.2 - Record Keeping, of the Funding Agreement).

Refer to Schedule 1 of the Funding Agreement for more information on the Survival Clauses.

7.2 Project Variations

A variation is required when the participant wishes to make changes to the Funding Agreement. The participant must seek prior written approval from the Commonwealth to make any changes. The Commonwealth will normally agree to changes only if it considers they are likely to deliver equal or improved project outcomes and is consistent with initiative objectives.

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

- changing project milestones;
- changing the value of expenditure for particular items within the proposed project budget. For example, where some items of expenditure are less, or more, than expected, these funds can be redirected to, or from, other eligible project expenditure items within the approved project budget, as long as the Heads of Expenditure values, and the total Grant amount, remains the same;
- extending the timeframe for completing the project but within the maximum 12 or 24 months allowed in Programme Guidelines; and/or
- changing project activities.

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IMPORTANT NOTE: the initiative does not allow for an increase to the agreed amount of grant funds.

If the participant wants to propose changes to the grant agreement, they must put them in writing before the grant agreement end date. AusIndustry will not consider changes after the grant agreement end date.

If a delay in the project causes milestone achievement and payment dates to move to a different financial year, the participant will need a variation to the grant agreement. The department can only move funds between financial years if there is enough funding in the relevant year to allow for the revised payment schedule (refer to Item 7.1.2.2 Processing Grant Payments - [Capped Amounts](#)).

Participants should not assume that a variation request will be successful. They should be advised that the department will consider their request based on factors such as:

- how it impacts the project outcome;
- consistency with the programme policy objective and any relevant policies of the department;
- changes to the timing of grant payments; and
- availability of programme funds.

Processing a variation request

Project variations allowed under the Incubator Support initiative are delegated to the EL1 and EL2s with line responsibilities.

Upon receipt of the request, the CSM must:

- check for completeness and promptly follow up any additional information required;
- ensure it is placed on the project file in DocHub;
- generate the variation acknowledgement letter from SGMS and sends it to the participant; and
- record the variation in the SGMS as per the SGMS User Guide.

CSM's should consider the following issues in reviewing the request:

- project progress, and how the proposed changes would affect the ability of the participant to achieve the project outcome. The Funding Agreement requires the participant to conduct the project to which its application relates, so substantive change to the broad outcome is of serious concern;
- project and expenditure eligibility issues;
- the impact the variation request would have on the payment schedules if it were approved; and
- possible alternatives to approving the request - for example, mutual termination of the Funding Agreement.

Approval of Variation

If the request is decided by an authorised officer in a State Office on behalf of the Programme Delegate, the CSM should:

- compile the request form with any additional attachments, sign it and provide it to the relevant line manager to review and countersign;
- provide it to the relevant authorised officer to review and make a decision; and
- record the decision of the authorised officer in SGMS, and place supporting documentation on file.

Following consideration by the authorised officer, the authorised officer will record the decision in SGMS and provide the signed decision sheet to the CSM for inclusion on the DocHub file.

Advising the Participant and Following Up

Once the CSM has the relevant documents with the variation decision for the file, the CSM generates the decision letter from SGMS, ensuring any conditions that form part of the decision are included in the letter.

In some cases, the decision on a request for variation is not a simple 'yes' or 'no' and the decision letter may require editing to reflect this. Where a revised Funding Agreement is not required, and there are no special conditions, a variation approval letter should still be issued for recipient signature. The participant should print two copies, sign both and return one signed letter to CSM to place on file.

Varying the Funding Agreement by Letter

If the request involves a variation to the schedules of the Funding Agreement, the CSM should:

- enter the revised Agreement details into SGMS;
- generate a covering letter, and new schedules from the SGMS and provide to an authorised officer for checking and issue;
- email the letter and new Schedules to the participant to sign and return
- place the scanned original on the DocHub project file

If a Novation of the Funding Agreement is involved

A deed of novation transfers the Funding Agreement from the current participant to another party. When a Novation Deed is created, the existing Agreement is not altered it is attached to the Novation Deed and is referred to as the Principal Agreement. A Novation Deed is only required in very limited circumstances, including:

- during the project period, the participant (with the prior approval of the Commonwealth) transfers conduct of the project to another party while continuing as a corporate entity; or
- either during the project period or after the project period, another entity acquires or merges with the participant and this results in extinguishing the separate corporate identity of the participant. In doing so, the acquiring entity or the new entity resulting from the merger takes over all contracts previously entered into by the participant.

In this event the CSM should:

- download the deed of novation template from DocHub;
- enter in SGMS as a variation, this will record the new owner of project;
- once approved you can execute a new agreement;
- contact the Corporate Helpdesk ([s47E\(d\)@industry.gov.au](mailto:s47E(d)@industry.gov.au)) to advise of changes to the creditor code information; and
- send an email to the [s47E\(d\)@industry.gov.au](mailto:s47E(d)@industry.gov.au) inbox to request transfer of remaining funds to the new entity and include in the email the details of the new creditor code.

Reconsideration of Not Supported Project Variations

A participant may request in writing, once only, a reconsideration of a not supported project variation request. The Programme Delegate can reject the new project variation request where:

- The request does not contain new or additional information that specifically addresses the Programme Delegate's or other authorised officer's reasons for not supporting the original variation request; or
- It is substantially the same as the original variation request.

The CSM must record on the project file both the date the reconsideration request is received and the date the participant is informed of the decision.

7.3 Managing Project Failure, Contract Breaches and Debt

This section is relevant in the following circumstances:

- when dealing with a project that ends prematurely such as when a participant advises, prior to the agreed project end date, that it intends to discontinue the project; or
- when a CSM is aware of an actual or potential contract breach.

Participants are monitored closely and on-going ISI support depends on them successfully achieving agreed performance criteria. In this context, the decision to seek an early stop to the project is not necessarily linked to a progress report and/or the failure to meet a milestone. For example, the project could be terminated because it is no longer viable.

The CSM should consider one of the following three options:

- bringing forward the project end date (only if there has not been a contract breach);
- mutual termination of the Funding Agreement (where the Commonwealth and the participant agree to terminate the Funding Agreement); or
- unilateral termination (where the Commonwealth terminates the Funding Agreement). This third option should only be considered as a last resort.

The most appropriate option will depend upon the reason the project ended prematurely or cannot continue as per the Funding Agreement.

CSMs who identify circumstances leading to the potential early end of the project should be primarily aiming to obtain the participant's acceptance, if not already provided, that the project should be discontinued and either to bring forward the project end date or seek mutual termination of the Funding Agreement. CSMs will need to initiate and manage the variation or mutual termination process.

Prior to considering whether to formally end the project early or to terminate mutually, CSMs should also consider whether progress payments should cease.

IMPORTANT NOTE: If the contract breach involves a dispute between the participant and a service provider, the Commonwealth cannot be involved. The Commonwealth's Funding Agreement is with the participant. The Commonwealth will not play a role in any agreements or relationships between the participant and a third party

Bringing Forward Project End Date or Mutual Termination

If recommending mutual termination or bringing forward the project end date, the CSM should take into account the following information (which should be sought from the participant in writing):

- project progress to date, including whether the project outcomes are likely to be achieved;
- if relevant, the date on which the participant realised that achievement of the agreed project outcomes would be unlikely or would occur well outside the agreed timeframe; and
- whether the extension of time is within the maximum project length period allowed (12 months for EIR and 24 months for New and Existing)

The key issue is whether the project outcomes have been achieved. Bringing forward the end date rather than mutually terminating the Funding Agreement may be preferred. Termination by mutual agreement can occur if a participant, for whatever reason, does not wish to continue to have obligations under the Funding Agreement and the Commonwealth supports that wish.

An important consideration for mutual termination is whether the Commonwealth should recover grant funds paid and, if so, whether interest should be applied.

The participant must formally request either bringing forward the project end date or mutual termination in writing.

Bringing Forward the Project End Date

Bringing forward the project end date is a minor variation that can be approved by an authorised officer with line management responsibility for ISI in the State Office if there is no impact to the annual capped grant amounts. If the variation involves a change to the annual capped grant amounts the Strategic Partnerships Finance Team will need to approve this, based on the advice of the CSM and line manager.

To progress the request, the CSM should:

- receive a completed End of Project Report with the proposed new end of project date and an audit certificate covering the entire project period;
- outline the issues to be addressed including:
 - the reasons for the request;
 - the impact of the decision on national benefits arising from the project; and
 - any alternatives to the recommended action, if applicable;
- enter the appropriate information into SGMS. A request to bring forward the project end date is entered as a 'reverse' extension of time; and
- forward scanned copies of the signed documents to Programme Management to provide to the decision maker.

Ensure that the participant understands that where the project end date is brought forward, eligible expenditure ceases to be incurred from the revised project end date.

Following a decision to bring forward the project end date, a revised Funding Agreement is not required, however, agreement by both parties to the new project end date must be evidenced by the information provided by the participant and the decision letter clearly setting out the new project date. Copies of these documents must be saved.

If a recommendation to bring forward the project end date is not approved, the CSM may need to review other options such as mutual termination or unilateral termination.

Mutual Termination

Where mutual termination is being recommended and depending on the issue, the CSM may also need to consult the Programme Manager and/or seek legal advice on any ongoing obligations and requirements for repayment. If the participant is in debt, the CSM should also consult the ISI Programme Management team. In general, any overpayments should be repaid before the mutual termination.

As with project variation requests, the CSM must consult with their line manager and refer to the current delegations to confirm who can make a mutual termination decision.

If the request involves the participant retaining grant payments received, the CSM should comment on the appropriateness of this in the tracking sheet. The CSM should then provide all documentation to the Programme Delegate, Committee or authorised officer as indicated by the delegations/authorisations, following the processes outlined above for variation requests.

If the delegate agrees with the recommendation on the terms requested, the CSM should send a letter to the participant advising the outcome, outlining any conditions including the amount of monies to be repaid to the Commonwealth (if any).

The CSM should then:

- finalise the processing of any outstanding progress reviews and audit certificates;
- use the normal purchase order amendment process to de-commit project funds no longer required;
- make any final payments to the participant or raise a debit advice note and forward it to the participant, if required:
 - for Funding Agreements terminated by mutual agreement, eligible expenditure ceases to be incurred at the effective date of termination - that is, the date both parties have signed the deed of release - not the date the parties agree to terminate;
- prepare a deed of termination and release (available from Extranet) for signature by the participant and execution by the relevant authorised officer; and
- if, for some reason, repayment is required as part of the deed of release, the CSM must first consult the Programme Manager (the standard deed of release must not be used in this case).

If a mutual termination request is not approved, the participant's obligations under the Funding Agreement continue as before. However, as a request for termination typically means that the participant is unwilling or unable to continue to meet its obligations, the CSM in conjunction with their line manager may need to review other options such as unilateral termination.

Occasionally, the decision maker will agree to mutual termination, but on terms other than those requested. In this event, the CSM will need to provide an opportunity for the participant to advise whether they agree to the revised terms. Based on the response received, the CSM should proceed with the deed of release (still to come) or review alternatives.

Unilateral Termination

Unilateral termination requires formal notice of the breach in writing to the participant. The participant must be given at least 21 days from the date of the Department's notice to rectify the breach. Failure to give the participant notice to rectify the breach could adversely affect the Department's ability to terminate the Agreement.

Unilateral termination may be contemplated for a participant where the CSM is unable to persuade the participant to accept an early end to the project or the participant does not want a mutual termination.

In processing a recommendation of unilateral termination, the CSM must:

- discuss the issue with their line manager. The line manager would typically involve the Programme Manager;
- seek legal advice as soon as possible on the basis for termination, including any ongoing obligations and requirement for repayment:
 - for the preparation of relevant notices required under the Funding Agreement, such as the notice to rectify the breach within 21 days;
 - if the participant is in debt, also consult the ISI Programme Management team and Debt Management section;
- enter the termination request into SGMS;
- prepare a minute for the Programme Delegate outlining the reasons for termination, attaching the legal advice and including:
 - reference to appropriate clauses of the Funding Agreement, including the clauses breached;
 - justification for unilateral termination;
 - actions attempted to date, i.e. whether mutual termination or bringing forward the project end date has been attempted;

- whether to require the participant to repay any funds and if so, whether interest should be applied; and
- whether to place any residual obligations on the participant;
- forward the termination documentation to the Programme Delegate or other decision maker as outlined in the delegations and authorisations.

Where the unilateral termination is approved by the Programme Delegate, further legal advice must then be sought by the Programme Manager to prepare a letter to the participant to effect the decision and the preparation of any relevant notices.

Once the participant has been notified of the decision the CSM should then:

- finalise the processing of any outstanding progress reviews and audit certificates;
- use the normal purchase order amendment process to decommit project funds no longer required
- make any final payments to the participant or raise a debit advice note and forward it to the participant, if required.

Requesting Legal Advice

Before requesting legal advice, a CSM must discuss the issue with the Programme Manager. Requests for legal advice must also be first approved by a General Manager.

Failure to use legal advice correctly can undermine legal professional privilege over the advice. Legal professional privilege protects from disclosure any confidential communication made between a lawyer and client, or the contents of a confidential document prepared by a client or a lawyer, where that communication was made or the document prepared for the dominant purpose of the lawyer providing legal advice. Legal professional privilege is designed to encourage an open client-solicitor relationship. Where a confidential document or communication attracts legal professional privilege, the production of that document or communication in a court, in the Administrative Appeals Tribunal, or in response to a request under the *Freedom of Information Act 1982* can be resisted.

Handling Cases in Administration or Liquidation

In certain circumstances, an Administrator can be appointed to take control of the participant and has powers of the directors of the participant. Unless a breach of the Funding Agreement occurs, the Funding Agreement with the participant continues under the auspices of the Administrator.

As soon as a CSM becomes aware that an administrator or liquidator has been appointed, the CSM should notify the Debt Management section and provide a copy of the notification letter and/or provide contact details of the administrator/liquidator. At the same time, the CSM and/or their line manager should raise the matter with the Programme Manager to discuss future action. The CSM should advise Programme Management of the progress of the project and the likelihood of the project continuing. From these discussions, the Programme Manager may also seek advice from the Debt Management Section and/or obtain legal advice. The Adviser should also be advised about the participant's circumstances.

If the participant proceeds to liquidation, the CSM should:

- make no further payments
- ascertain whether any outstanding amount is owed to the Commonwealth and, if applicable, raise a debit advice notice and forward it to the administrator
- provide only publicly available information in response to a request from the Liquidator
- prepare an acquittal summary form from SGMS and forward a copy to the Liquidator.

Managing Debt when a Participants is in Administration or Liquidation

When a participant with a debt enters into administration or liquidation the CSM must pass the project file to the Debt Management section. The Debt Management section will oversee the administration or liquidation process to protect the Commonwealth's interests.

In passing on a project file to the Debt Management section, the CSM must prepare and attach to the file a handover minute that documents the background and any relevant issues leading up to the transfer.

If a participant comes out of administration and the debt is repaid in full, Debt Management section will return the project file to the CSM for future management of the debt.

A participant going into administration or liquidation may also require variation to the Funding Agreement or termination of the Funding Agreement. When such a participant is in debt, the Debt Management team must be consulted as part of the process of varying or terminating the Funding Agreement.

Handling Participant Debt Repayment

Effective management of participant debt repayments protects the financial interests of the Commonwealth. It is important that overdue payments are promptly followed up to avoid any potential waiver of the Commonwealth's rights to monies owed. The Commonwealth gives debtors 30 calendar days from the raising of a debt until the debts is due. It is important that CSMs remain in contact with participants to seek an indication of their intention to pay the debt and when. CSM should monitor TechOne to see if a payment has been made as per the debtor's intention, and if not, follow up the participant. CSMs should notify participants that cannot pay before the due date that the matter will be passed to a specialised Debt Management section.

Once the debt has passed 30 days after the due date, the CSM must refer the debt to the Debt Management section for appropriate guidance. When corresponding with the Debt Management section, CSMs must copy in the ISI Programme Management team.

Where a participant does not pay a debt on time, and the participant requests an extension of time to pay or the participant requests an alternative payment arrangement, CSMs should contact the Debt Management section for further guidance.

Repaying Debts

If a participant breaches their Funding Agreement, it may be required to repay some or the entire grant paid to date. If any of the Grant has been spent other than in accordance with this Agreement or any amount of the Grant is additional to the requirements of the Activity, the Grantee agrees to repay that amount to the Commonwealth unless agreed otherwise.

The amount to be repaid may be deducted by the Commonwealth from subsequent payments of the Grant. An interest rate may be applied (which is generally the 90 day bank-accepted bill rate available from the Reserve Bank) on the day the Funds were required to be repaid or reimbursed, however, this will need to be explored. For all debt management issues, the CSM should consult with the ISI Programme Management team and the Debt Management section.

8. COMPLAINTS PROCESS

Customers with a complaint are directed to the Contact Centre, business.gov.au, or the Head of Division - AusIndustry – Innovation Programmes as the first point of contact. However, the majority of customer complaints will be received by the relevant AusIndustry State and Territory Office in the first instance.

When a complaint is received by an AusIndustry State and Territory Offices a record should be made noting:

- nature of complaint
- date received
- name/details of customer
- who the complaint was referred to for action/resolution.

A determination will then need to be made as to whether the complaint can be managed at the State Office level or if the complaint needs to be escalated to the Programme Delegate. If a customer concern can be managed and resolved through the usual customer service relationships then it may not need to be escalated to the Programme Delegate.

Once a complaint is resolved or escalated all related documentation and correspondence must be put on the project file, including a file note detailing the decision to deal with the matter or escalate the matter to the Programme Delegate.

A complaint needs to be escalated to the Programme Delegate, if the complaint:

- is addressed to the Programme Delegate;
- refers to the complaints process
- specifically refers to concerns as a formal complaint.

If a matter is dealt with at the State Office level the customer must always be reminded that if they are not satisfied with the resolution/outcome, they may escalate the complaint to the Programme Delegate. If after that, they are not satisfied with the complaint resolution, they may escalate the complaint to the Head of Division.

If after this process or at any other time, a customer does not believe that their concerns have been adequately addressed, they can refer the matter to the Commonwealth Ombudsman.

In accordance with the 'Customer Service Charter – Customer Service Responsiveness', AusIndustry will:

- will respond promptly to customer enquiries through our phone and web service, and our national and state office network
- aim to respond to phone enquiries and emails within one working day - and mail correspondence within 10 working days.

IMPORTANT NOTE: The test for escalation to the Programme Delegate is any customer concern which cannot be managed and resolved through the usual customer service relationships i.e. through CSMs and their line managers, and which requires escalation in order to achieve customer satisfaction.

Complaints Escalation Process:

1. AusIndustry State and Territory Office
2. Programme Delegate
3. Head of Division – AusIndustry, Innovation Programmes
4. Commonwealth Ombudsman

9. ATTACHMENT A Appendix 1

ISI SERVICE STANDARDS

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Australian Government
Department of Industry,
Innovation and Science

Business

Entrepreneurs' Programme Committee

Terms of Reference and Assessment Guide

January 2017

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1. Introduction

- (a) Accelerating Commercialisation and the Incubator Support Initiative are key elements of the Entrepreneurs' Programme (the Programme). The objective of the Programme is to drive business growth and competitiveness through supporting business improvement and research connections in targeted Growth Sectors and the commercialisation of novel products, processes and services.
- (b) This document is intended to provide a guide to the assessment and merit ranking of applications for the Accelerating Commercialisation element and Incubator Support Initiative - New and Existing Incubators component of the Entrepreneurs' Programme.
- (c) In the event of an inconsistency between the Programme Guidelines and this document, the Programme Guidelines take precedence.

1.1. Accelerating Commercialisation

- (a) Accelerating Commercialisation provides expert guidance, connections and financial support to assist small and medium businesses, entrepreneurs and researchers to find the right commercialisation solutions for their novel product, process or service.

1.2. Incubator Support Initiative - New and Existing Incubators

- (a) The Incubator Support Initiative assists New and Existing Incubators to improve the prospects of Australian start-ups achieving commercial success in international markets. Funded incubators will deliver a range of activities to Australian start-ups to develop the capabilities required to quickly realise their economic potential in international markets. It will also help to develop Australia's innovation ecosystem, including in Australian regions. The Incubator Support Initiative consists of two components of which the New and Existing Incubators component is relevant to these Terms of Reference.

1.3. Terms of Reference

- (a) Under the [Entrepreneurs' Programme Guidelines](#) (the Programme Guidelines), Innovation and Science Australia will provide merit assessments and merit rankings of Entrepreneurs' Programme Accelerating Commercialisation grant applications to the Programme Delegate for final decision, and merit assessments and merit rankings of Entrepreneurs' Programme Incubator Support Initiative - New and Existing Incubators grant applications to the Minister for final decision.
- (b) The Entrepreneurs' Programme Committee (the Committee) has been established under Innovation and Science Australia. Committee members are appointed by the Minister. Innovation and Science Australia has delegated powers and functions relating to the assessment and merit ranking of Accelerating Commercialisation and Incubator Support Initiative - New and Existing Incubators grant applications to the Committee.
- (c) In accordance with the *Industry Research and Development Act 1986* (IR&D Act 1986), the Committee is required to:
 - be subject to Disclosure of Interest processes
 - conduct assessments and establish a merit ranking of applications for Entrepreneurs' Programme – Accelerating Commercialisation grants up to \$1 million, and Entrepreneurs' Programme Incubator Support Initiative - New and Existing Incubators grants up to \$500,000

- make recommendations on merit assessment and merit ranking to the Programme Delegate for Accelerating Commercialisation applications, and to the Minister for Incubator Support Initiative - New and Existing Incubators applications
- assess proposals for variation to an agreed commercialisation project for which an Entrepreneurs' Programme Accelerating Commercialisation grant of up to \$1 million is being provided
- assess proposals for variations to an agreed incubator project for which an Incubator Support grant of up to \$500,000 is being provided
- provide other advice on non-financial administration matters relating to the Entrepreneurs' Programme.

1.4. Confidentiality

- (a) This document must not be released to third parties without the prior written consent of the Programme Delegate.
- (b) Disclosure of Interest provisions apply to Committee members - refer to Section 2.
- (c) Standard Department of Industry, Innovation and Science Disclosure of Interest provisions apply to all departmental staff involved in the programme selection process and its ongoing administration.

2. Disclosure of Interests

- (a) Upon appointment, Committee members prepare and lodge with the Entrepreneurs' Programme Committee Secretariat (EPC Secretariat) a Register of Private Interests statement of known pecuniary (and other personal) interests of themselves and of their immediate family/spouse. The content of the statement is recorded electronically on the Register of Private Interests database held by the department and in hardcopy format in a Class B safe with restricted access.
- (b) A member who has issues or concerns about potential conflict of interest matters may wish, prior to a relevant meeting, to discuss them with the EPC Secretariat.
- (c) Members will be requested to advise if they are likely to disclose an interest in relation to any of the items listed for consideration and to disclose the nature of that interest. A Disclosure of Interest declaration template is included at [Attachment A](#). The declaration template is provided to members, accompanied by a Disclosure of Interest Statement, which details all interested parties in an application for assessment. Papers relating to individual applications will not be forwarded to members until the EPC Secretariat receives advice from members that they do not have any interests to disclose in relation to the items listed for consideration.
- (d) If a member declares an interest in an item for consideration, the EPC Secretariat will make an initial assessment in line with Innovation and Science Australia's Disclosure of Interest guidelines and provide a recommendation to the Committee Chair. Under delegation, the Chair will make a determination on the materiality of the disclosure. Where a member's disclosure is determined to be of a material (significant) nature, the member will not receive any papers relating to that item and will not partake in discussion or decision of that item during the meeting.
- (e) If the Committee Chair declares an interest in an item for consideration, the General Manager with responsibility for the EPC Secretariat team will make a determination of materiality of the disclosure. If the Chair's disclosure is determined to be of a material (significant) nature, the Chair will not receive any papers relating to that item and will not partake in discussion or decision of that item during the

meeting. Additionally, an acting Chair will be appointed for consideration and approval of that particular item.

- (f) Where a member's disclosure is determined to be immaterial (insignificant), no further action is required and the member may receive papers and contribute to the decision making process for that item.
- (g) An early agenda item at each Committee meeting will involve formal enquiry in relation to the disclosed interests of members and the determination of any potential conflicts. Members will be requested to disclose any additional interests discovered after receiving meeting papers.
- (h) Committee members are required to disclose at meetings the nature of any direct or indirect pecuniary interest or other interests in matters considered or about to be considered by the Committee. These disclosures will be recorded in minutes of meetings.
- (i) Where a member makes a new disclosure at a meeting, they are required to provide detail of the nature of the disclosure and depart the room while the committee makes a determination, in line with Innovation and Science Australia's Disclosure of Interest guidelines. This will be recorded in the minutes.
- (j) If the nature of the interest is determined to be material, there should be no further involvement of the member in the decisions relating to that application. However, the Committee can decide that a conflicted member can be present during the final ranking of applications but should refrain from commenting on applications and ranking decisions on applications where there is a material Disclosure of Interest.
- (k) The occasion may arise where a member having a material disclosure has some technical knowledge, not available elsewhere, that could warrant an invitation back into the room to answer specific pre-determined questions in relation to the technology. This would be an exceptional circumstance. Upon providing comments to the questions, the member would again leave the room and take no part in the discussion or decision-making in relation to the item.
- (l) Discussions regarding an item against which a member has disclosed an interest, which has been determined to be of a material nature, will be redacted from the member's copy of the minutes.

2.1. Independent expert assessments

- (a) Where a material Disclosure of Interest arises as a consequence of a direct link between a Committee member and an application being considered (for example, where a member holds an operational management role in an applicant company, or is, or has been a consultant to an applicant company, or is a member of the board of an applicant company), an independent expert assessment of the matter will be undertaken to provide advice to the Committee.
- (b) A Disclosure of Interest process will need to be undertaken with the external independent expert and a confidentiality agreement signed prior to providing the application deck. This must be undertaken prior to the Committee's assessment of the item.
- (c) Independent assessment is provided separately to the Commercialisation Advisers' recommendation and tracking sheet to non-conflicted members of the Committee. Following the Committee's consideration of the application, it is then referred to the Innovation and Science Australia Board (the Board) regardless of whether it is supported. The independent technical assessment is also provided to

the Board along with the Committee's recommendation and application deck. The Board will then make its recommendation on the application to the Programme Delegate. All associated documents (application, independent assessments, recommendations of Board and Committee) are provided to the Programme Delegate for final decision.

2.2. Requests from applicants for limited distribution of papers

- (a) A request from an applicant company that a certain member not see the papers relating to that particular application is to be accepted, provided that the Committee considers that the request is reasonable.

3. Overview of the assessment process

- (a) Key steps in the Accelerating Commercialisation assessment process:

- i. Eligibility checks completed by AusIndustry Customer Service Managers (CSMs).
- ii. Commercialisation Advisers conduct due diligence of the claims made in the application against the merit criteria and complete a report on their findings.
- iii. The application deck, including the due diligence report, is compiled by the CSMs and sent to the EPC Secretariat.
- iv. Disclosure of Interest statements are compiled by the CSMs and sent to the EPC Secretariat for collation and circulation to members and Commercialisation Advisers for response.
- v. Where a conflict of interest arises as outlined in section 2.1, an independent expert assessment of the application will be undertaken as additional due diligence and is provided to the Committee. The independent technical assessment is also provided to the Board and to the Programme Delegate.
- vi. Application decks are distributed to Committee members, along with assigned spokesperson roles.
- vii. Committee meeting held to conduct merit assessment and determine merit ranking and reasons for recommendations.
- viii. The Committee's recommendations are forwarded to the Programme Delegate, who will make the final decision in determining which applicants are offered funding. Where the Programme Delegate has declared a material conflict of interest in relation to an application or is unavailable, the Alternate Programme Delegate will make the final decision.

- (b) Key steps in the Incubator Support Initiative – New and Existing Incubator assessment process:

- i. Eligibility checks completed by AusIndustry CSMs.
- ii. The application deck is compiled by the CSMs and sent to the EPC Secretariat.
- iii. Disclosure of Interest statements are compiled by the CSMs and sent to the EPC Secretariat for collation and circulation to members for response.
- iv. Where a conflict of interest arises as outlined in section 2.1, an independent expert assessment of the application will be undertaken as additional due diligence and is provided to the

Committee. The independent technical assessment is also provided to the Board and to the Programme Delegate

- v. Application decks are distributed to Committee members.
- vi. Committee meeting held to conduct merit assessment and determine merit ranking and reasons for recommendations.
- vii. The Committee's recommendations on which applications are suitable for funding are forwarded to the Minister who will make the final decision in determining which applicants are offered funding.

4. Roles

4.1. The Minister

- (a) The Minister is the final decision maker for Incubator Support Initiative - New and Existing Incubators applications.

4.2. Programme Delegate

- (a) The Programme Delegate has the final decision in determining which Accelerating Commercialisation applicants are offered assistance under the programme taking into account the recommendations of the Committee (and if applicable the Board).
- (b) The Programme Delegate is an employee of the Department of Industry, Innovation and Science (the department) who is appointed by the Minister. The Programme Delegate for both Accelerating Commercialisation and the Incubator Support Initiative - New and Existing Incubators is the General Manager, Accelerating Commercialisation and Innovation Connections, AusIndustry – Innovation Programmes.
- (c) The Alternate Programme Delegate is an employee of the Department who is appointed by the Minister. The Alternate Programme Delegate is the Programme Delegate for the Entrepreneurs' Programme and is the Head of Division, AusIndustry – Innovation Programmes.

4.3. Customer Service Managers

- (a) Customer Service Managers (CSMs) are departmental employees within the AusIndustry – Business Services division. CSMs will:
 - ensure that all applications referred to the Committee are eligible for assistance
 - undertake a review of the documents provided to ensure that the application is complete
 - undertake a merit assessment of eligible Incubator Support Initiative - New and Existing Incubators applications to guide the Committee.

4.4. Commercialisation Advisers

- (a) Commercialisation Advisers (CAs) are external consultants with extensive experience in commercialisation engaged by the department to guide Accelerating Commercialisation participants through the commercialisation process. CAs will:
 - examine whether the evidence provided with the application supports the claims made by the applicant

- Based on the information provided, undertake due diligence of the claims made against the merit criteria in the application and provide a report to the Committee.

4.5. Entrepreneurs' Programme Committee

(a) Where relevant, Committee members are required to:

- assess eligible applications and provide a merit ranking of those applications
- seek advice from the Committee Secretariat, Department staff, and Commercialisation Advisers
- have regard to the probity of the assessment process.

(b) For Accelerating Commercialisation applications, the Committee is also required to assess the CA due diligence review for applications that the member has been allocated as spokesperson. [Attachment B](#) contains an assessment template for this purpose.

4.6. Entrepreneurs' Programme Committee Secretariat

(a) The EPC Secretariat's role is to:

- provide administrative support functions including preparing for meetings, electronic distribution of agenda papers, remuneration, and recording of Minutes
- record and manage Disclosure of Interests
- record decisions.

5. Assessment methodology

5.1. Application assessment process

(a) Committee members will receive and be asked to assess each application (except where there is a material interest). Subject to any Disclosure of Interest restrictions, all Committee members will know the content of each application and be able to contribute to the relative ranking process.

(b) Each Committee member will take responsibility for assessing, in detail, a sub-set of applications, on the basis of two Committee members being allocated as spokespersons for each application. In Committee meetings, these spokespersons will lead discussion on the assessment of that application.

5.2. Merit selection process – Accelerating Commercialisation

(a) The merit selection criteria and the factors to be considered under each criterion are set out in Attachment C.

(b) Each criterion is to be scored using the following assessment scoring guidelines:

- i. Committee members will first assess all applications for funding against Merit Criterion 1 – Need for Funding. If the need for funding has been sufficiently demonstrated, the application must then be considered against the remaining merit criteria.
 1. If the application does not sufficiently demonstrate a need for funding, the Committee does not need to further assess the application against the remaining merit criteria.
 2. Commercialisation Offices and Eligible Partner Entities are not subject to Merit Criterion 1, so applications from these entities should only be assessed against Merit Criteria 2 to 6.

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- ii. Committee members will assign scores for Merit Criteria 2 to 6 as detailed in Attachment D based on how well each application satisfies each criterion as specified in Attachment C. Final scoring will be by consensus on a score. Merit Criteria 2 to 6 are equally weighted.
- iii. Committee members may wish to use the 'group' method. That is, Committee members will place applications into one of three groups – A, B, or C, with A being better than B, and B is better than C. An explanation of these groups is at [Attachment E](#).
- (c) Eligible applicants will be ranked in order of merit in relation to other applications under consideration. The Committee will:
- Assess each eligible application on its merit against the merit criteria, and
 - Rank each eligible application on relative merit. Applications will be grouped according to grant amount sought, on the assumption that the grant amount sought generally reflects the stage a project is at. The most competitive applications within each group will receive the highest merit rankings.
- (d) The Committee will provide a merit ranking and recommendations to the Programme Delegate, who will have the final decision in determining which applicants are offered assistance under the programme.
- (e) At each meeting, the Committee will seek to form a consensus view of the ratings applying to particular applications. For each application, the two spokespersons for that application will speak, noting their rating of each criterion (against the scoring system in [Attachment D](#)), and the reasons for that rating. Other members will then note their ratings and any additional comments. Where there are material differences in ratings, or in the reasoning, those differences will be discussed.
- (f) Committee members will be provided with assessment templates by the Committee Secretariat to form the basis of their discussions. These documents must be submitted to the Secretariat prior to a meeting and will be kept as part of the Secretariat records.
- (g) The Committee will then agree on an interim rating for each applicant.
- (h) The Committee will review and moderate each interim rating at the end of each meeting. The rating review process will be used as a mechanism for maintaining consistency in assessment.
- (i) The Committee Secretariat will record the recommendation of the Committee, including reasons for the recommendation with sufficient detail for each application to enable advice to be provided to the Programme Delegate.
- (j) The Programme Delegate will make final decisions for funding and may wish to use the reasons for recommendations provided by the Committee, to provide feedback to the applicant.
- (k) A quorum is three members.
- (l) If the Committee has no quorum as a consequence of disclosures of interest of members, then the matter shall be referred to the Innovation and Science Australia Board for determination.
- (m) Where the Committee agrees that due to the sensitivity of a matter, or that it is precedent setting in nature, may choose to refer the matter to the Innovation and Science Australia Board for determination.

- (n) All conclusions and recommendations are to be recorded in minutes and the minutes agreed to by the Chair and Members following the meeting, with the final minutes to be endorsed as a true and accurate record at the next meeting.

5.3. Merit selection process – Incubator Support Initiative - New and Existing Incubators

- (a) The merit selection criteria and the factors to be considered under each criterion are set out in [Attachment F](#).
- i. Committee members will assign scores for merit as detailed in Attachment F based on how well each application satisfies each criterion as specified in Attachment G. Final scoring will be by consensus.
- (b) Eligible applicants will be ranked in order of merit in relation to other applications under consideration. The Committee will:
- Assess each eligible application on its merit against the merit criteria, and
 - Rank each eligible application on relative merit.
- (c) The Committee will provide a merit ranking and recommendations to the Minister, who will have the final decision in determining which applicants are offered assistance under the programme.
- (d) At each meeting, the Committee will seek to form a consensus view of the ratings applying to particular applications. For each application, the two spokespersons for that application will speak, noting their rating of each criterion (against the scoring system in [Attachment G](#)), and the reasons for that rating. Other members will then note their ratings and any additional comments. Where there are material differences in ratings, or in the reasoning, those differences will be discussed.
- (e) Committee members will be provided with assessment templates by the Committee Secretariat to form the basis of their discussions. These documents must be submitted to the Secretariat prior to a meeting and will be kept as part of the Secretariat records.
- (f) The Committee will then agree on an interim rating for each applicant.
- (g) The Committee will review and moderate each interim rating at the end of each meeting. The rating review process will be used as a mechanism for maintaining consistency in assessment.
- (h) The Committee Secretariat will record the recommendation of the Committee, including reasons for the recommendation with sufficient detail for each application to enable advice to be provided to the Minister.
- (i) The Minister will make final decisions for funding and may wish to use the reasons for recommendations provided by the Committee, to provide feedback to the applicant.
- (j) A quorum is three members.
- (k) If the Committee has no quorum as a consequence of disclosures of interest of members, then the matter shall be referred to the Innovation and Science Australia Board for determination.

- (l) Where the Committee agrees that due to the sensitivity of a matter, or that it is precedent setting in nature, may choose to refer the matter to the Innovation and Science Australia Board for determination.
- (m) All conclusions and recommendations are to be recorded in minutes and the minutes agreed to by the Chair and Members following the meeting, with the final minutes to be endorsed as a true and accurate record at the next meeting.

6. Assessment of project variation requests

- (a) Variation requests may be referred to the Committee by the Programme Delegate consistent with the Programme Guidelines. Where this occurs, the Committee will review and make a recommendation to the Programme Delegate. This may include requests for an extension of funds, (and for Accelerating Commercialisation) changes to the commercialisation strategy, and/or dealing with intellectual property.
- (b) Where the Committee considers a variation, it is to determine whether the change to the project would be consistent with the policy objectives set out in the Programme Guidelines, the extent to which the changed project meets the merit criteria, whether the change would significantly improve the outcomes of the project and be appropriate in all the circumstances.
- (c) The assessment process follows the process outlined in Section 5 above. Variations are considered at the next meeting and are considered separately to new applications. Additionally (and specific to Accelerating Commercialisation), grouping into Group A, B, or C does not apply to variations.



Attachment A

Disclosure of Interest declaration – example template

Entrepreneurs’ Programme Committee, [Meeting Date]

The following matters are scheduled for consideration at the Entrepreneurs’ Programme Committee meeting on <meeting date>.

s47E(d) e this Disclosure of Interest Declaration form and return it by email to [@industry.gov.au](mailto:industry.gov.au) by COB <due date>.

To the best of my knowledge, I have no disclosures of interest with the matters to be considered by the Entrepreneurs’ Programme Committee at its meeting on [Meeting Date].

Signed:..... Date:...../...../20.....

Members Surname:.....

My disclosures of interest are noted where applicable on the attached statement in relation to matters to be considered by the Entrepreneurs’ Programme Committee at its meeting on [Meeting Date].

Signed:..... Date:...../...../20.....

Members Surname:.....

Please update my Record of Private Interest as follows:

.....

.....

.....

New applications

Please complete the following table:

Applicant and project details	Disclosure of Interest/nature of disclosure	Nominate as spokesperson? Y/N
Company A Project title		
Company B Project title		
Company C Project title		



Additional guidance

Managing pecuniary and non-pecuniary interests

A pecuniary interest simply means a financial interest, or a financial benefit or disadvantage. An “indirect pecuniary interest” may be because an individual has a close relationship with someone that has a financial interest in the matter under consideration. Examples of “pecuniary interests” include:

- Increased or decreased sales or profits for a business, or something that might lead to this, such as a decrease in competition or an increase in the number of customers
- Employment benefits (offers of paid employment, increases in salary, commissions, bonus payments, promotions etc.)
- Provision of labour or services
- Increased or decreased value of an asset (e.g. property or shares).

A non-pecuniary interest could be a bias or predisposition towards a certain outcome based on some personal or other interest.

Determining if a conflict exists

When considering whether a material interest exists members should have regard to the following questions:

- Would the average member of the public, of ordinary intelligence, looking at the relevant facts and circumstances, think that there was a real, sensible possibility of conflict?
- With human nature being what it is, is there a danger that an average member of the public, of ordinary intelligence, may be swayed by this kind of personal interest rather than by duty?

Assessing materiality

A Disclosure of Interest is likely to be material if a direct link exists between a matter being considered and a member. This includes but is not limited to circumstances where:

- A member is a director or office-holder of a company under consideration,
- A member has a shareholding in a company under consideration,
- A member or his/her employer has an involvement in the matter under consideration,
- The member holds a senior position in a research organisation which has an interest in a matter under consideration,
- The company under consideration is a direct competitor of an entity in which a member holds shares, holds office or is employed,
- The employer of the member is an entity which is a shareholder/partner/parent company of the company under consideration, and/or
- The member or his/her employer has a current contractual relationship with the company under consideration.

A Disclosure of Interest is also likely to be material where a spouse or immediate family member has involvement in circumstances similar to those outlined above, and the member is aware of that involvement.



A Disclosure of Interest is likely to be immaterial where the interest of the member is insignificant and unlikely to influence the member. This includes but is not limited to circumstances where:

- The member has a past contractual relationship with the company under consideration,
- The member was employed by the company under consideration but not within the previous two years,
- The member has an informal relationship with the company under consideration through an industry association or similar body, and/or
- The member is a member of superannuation fund, the member is unable to exercise any control over the shareholdings and the fund holds shares in the company under consideration.

Examples of adequate disclosures

To enable an informed decision on the materiality of a member's disclosure it is important that all disclosures contain adequate and current information.

Example 1

Inadequate disclosure: I have known Mr John Smith for 5 years.

Adequate disclosure: I have known John Smith in a personal capacity for 35 years and occasionally attend social events but have no business dealings with him.

Example 2

Inadequate disclosure: As previously disclosed

Adequate disclosure: I am a shareholder in ABCDE Limited. I have held these shares for 5 years.

Example 3

Inadequate disclosure: I was previously employed by ABCDE Limited.

Adequate disclosure: I was an employee of ABCDE Limited from 2008 to 2011. My role involved providing financial, technical and administrative advice to the Board of Directors. I currently meet with some members of the Board in a social capacity approximately three times a year.



Attachment B

Commercialisation Adviser due diligence review form

Please return completed form with your score sheets to s47E(d)

industry.gov.au.

Committee Member:	
Meeting Date:	

Application scores key

Questions	Scores
Q1: Overall readability	0 – Not acceptable
	1 – Poor
Q2: Quality of CA due diligence	2 – Unsatisfactory
	3 – Satisfactory
Q3: Acceptability/appropriateness of recommendations	4 – Good
	5 – Outstanding

Item	Application	Q1	Q2	Q3	Comments
		/5	/5	/5	
		/5	/5	/5	
		/5	/5	/5	
		/5	/5	/5	
		/5	/5	/5	
		/5	/5	/5	
		/5	/5	/5	
		/5	/5	/5	

Attachment C

Accelerating Commercialisation Merit Criteria

All applications for grant assistance must be first assessed against Merit Criterion 1. If the application sufficiently demonstrates a need for funding, it must then be assessed against the rest of the criteria.

All applications for non-grant assistance are only assessed against Merit Criteria 2 to 6.

Criterion 1: Need for funding

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

Criterion 2: Market opportunity

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

Criterion 3: Value proposition

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

Criterion 4: Execution plan

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

Criterion 5: Management capability

- The applicant demonstrates an appropriate level of expertise in:
 - Commercialisation management
 - Project management
 - Business management
 - The relevant sector/technology domain.

Criterion 6: National benefits

- The project will improve Australia's participation and competitiveness in the global economy.
- The extent to which the project targets and/or participates in the specified Growth Sectors, which are:
 - Advanced Manufacturing;
 - Food and Agribusiness;
 - Medical Technology and Pharmaceuticals;
 - Mining Equipment, Technology and Services;
 - Oil, Gas and Energy.

- Significant spill-over benefits will accrue to Australia through the conduct of the project and/or commercialisation of its results, including:
 - Diffusion of knowledge and skills;
 - Diffusion of new products, processes or services; and/or
 - Increased collaboration between businesses and/or businesses and research institutions.

Attachment D

Accelerating Commercialisation Rating Scale

Merit Criterion 1

This merit criterion is only applicable for applications for funding, except where Commercialisation Offices or Eligible Partner Entities are the applicants.

Merit Criterion 1, Need for funding, is to be considered on a Yes/No basis. If it is considered that the applicant has not sufficiently demonstrated a need for government funding, Merit Criterion 1 should be scored “No”.

Merit Criteria 2 to 5

The following statements provide indicative characteristics to be considered in the scoring of applications against Merit Criteria 2 to 5.

Merit Criteria 2 to 5 rating scale	Score range
Outstanding All factors under the merit criterion have been met to a very high standard. No areas of significant weakness can be identified.	18 – 20
Very Good Most factors under the merit criterion are met to a very high standard. No areas of significant weakness can be identified.	15 – 17
Good Most factors under the merit criterion have been met to a reasonable standard. May be some weaknesses in limited areas.	11 – 14
Marginal Some factors under the merit criterion have been met to a reasonable standard. One or two significant weaknesses identified.	7 – 10
Poor Few factors under the merit criterion are met to a reasonable standard. Several significant weaknesses identified.	4 – 6
Very Poor Factors under the merit criterion inadequately dealt with in most or all areas. Major weaknesses identified.	1 – 3
Unranked Merit criterion not addressed	0

Merit Criterion 6

The rating scale for Merit Criterion 6 is slightly different to the scale for Criteria 2 to 5. It is the sum of two scores: one score out of four for the extent to which the project targets and/or participates in the specified Growth Sectors and the second score out of 16 for the remaining national benefits indicators.

Growth Sectors

The indicator regarding the extent to which the project targets and/or participates in the specified Growth Sectors is marked out of four. Refer Appendix C of the [Customer Information Guide](#) for the definitions of the Growth Sectors (which does not include enabling technologies and services of the Growth Sectors for the purposes of scoring).

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Businesses that can demonstrate they are committed to having the skills, capability, intellectual property, or expertise to operate in one of the Growth Sectors in the future should be considered the same as businesses currently trading in that sector.

Some issues to consider:

- Projects should specifically target a growth sector rather than simply enable multiple sectors. Routine business operational activities would not be considered as targeting one or more growth sectors.
- Consider the project fit with the growth sector and its value and contribution to the growth sector.

Merit Criterion 6 rating scale – extent to which targets/participates in growth sectors	Score
The extent to which the project targets and/or participates in a Growth Sector.	2 or 4
The project neither targets nor participates in a Growth Sector or not addressed in the application	0

Other National Benefits indicators

The remaining indicators (improving Australia's competitiveness in the global economy and spill over benefits) are marked out of a total of 16 as in the below table. Both scores are then added together to gain a total score out of 20.

Merit Criterion 6 rating scale – other national benefits indicators	Score range
Outstanding All factors under the merit criterion have been met to a very high standard. No areas of significant weakness can be identified.	14 – 16
Very Good Most factors under the merit criterion are met to a very high standard. No areas of significant weakness can be identified.	11 – 13
Good Most factors under the merit criterion have been met to a reasonable standard. May be some weaknesses in limited areas.	9 – 10
Marginal Some factors under the merit criterion have been met to a reasonable standard. One or two significant weaknesses identified.	6 – 8
Poor Few factors under the merit criterion are met to a reasonable standard. Several significant weaknesses identified.	3 – 5
Very Poor Factors under the merit criterion inadequately dealt with in most or all areas. Major weaknesses identified.	1 – 2
Unranked Merit criterion not addressed	0

Attachment E

Accelerating Commercialisation group explanation

When reviewing applications prior to the meeting members will place applications into one of three Groups – A, B or C, with A better than B, and B better than C) and will provide these allocations to the Secretariat. Secretariat will then collate members' preliminary assessments and place applications in the various Groups.

An application will only be placed into a group where all members have given the same group placement. If there is discrepancy between members about which group the application should be placed in it will be placed into Group B for discussion. At the beginning of the meeting, members will be asked to confirm that applications are in the appropriate groups.

Group A – Support

These are good to outstanding applications and should be recommended to the Programme Delegate for funding. It is anticipated that applications that fall within this group will only need minimal discussion to confirm the reasons for the recommendation, or where funding conditions have been suggested.

Group B – Marginal

Applications will be in this group because the application is marginal and questions remain over the application or project. This category includes:

- Applications that score highly against most merit criteria but poorly against one merit criterion. The Committee will need to determine if the level of merit for that particular criterion is critical to the success of the project and is prohibitively low. Alternatively, the Committee may determine that the low score against that one criterion could be addressed through imposing conditions on any recommended approval;
- Committee member/s did not agree on the grouping of the particular application.

All applications in this category will need discussion and then re-placed into either Group A or C.

Group C – Not support

These projects are not worthy of support and should not be recommended to the Programme Delegate for funding. It is anticipated that these projects will only require minimal discussion at the meeting, unless the reasons for not supporting these projects are not agreed amongst spokespersons. It is anticipated that the spokespersons' reasons for not supporting the application will be used as the reasons for not supporting the application which will be provided to the applicant. The Chair will confirm the reasons for not supporting the application against the merit criteria.

Where an Independent Expert Assessment has been obtained for an application for reasons outlined in 2.1 above, the application would need discussion.

Attachment F

Incubator Support Initiative – New and Existing Incubators merit criteria

All applications for grant assistance are assessed against a three point merit criteria:

Merit Criterion 1

Management and Business Capability (40 points)

Demonstrate your ability to assist Australian start-ups to develop the capabilities required to succeed in international markets.

- a. Describe key personnel:
 - i. time commitment to Incubator
 - ii. evidence of national or global entrepreneurship and commercialisation experience
 - iii. evidence of linkages to international innovation ecosystems
 - iv. community management skills
 - v. evidence of investment attraction into start-ups.
- b. What is the track record of your organisation or team? Provide examples of start-ups previously supported, including evidence that these are bringing new-to-market or new-to-world innovative products and services to markets outside Australia.

Describe the operating model of your Incubator and how you can foster the development of innovative start-ups in international markets.

- a. Describe how you will leverage your networks to deliver services and opportunities to start-ups – give evidence of linkages, agreements, support from other players in the innovation ecosystem.
- b. Describe the services that you provide, which could include:
 - i. seed funding
 - ii. co-location
 - iii. structured programme
 - iv. mentoring
 - v. cohort-based entry and exit
 - vi. professional services
 - vii. networking events.
- c. Describe how you will fund ongoing operations after the grant ends. For example:
 - i. If you are an existing incubator, provide evidence of your current funding model
 - ii. If you are establishing a new incubator, provide evidence of your proposed funding model. This may include:
 - a letter of support from potential corporate or government sponsors
 - evidence of demand and willingness to pay for a co-working space.

Merit Criterion 2

Expected impact and benefits of the project (50 points)

Describe the distinct value proposition of your Incubator. Outline the gap in the market that your project will address and describe how your project will address this gap in terms of two or more of the following outcomes:

- a. improving the commercial prospects of innovative start-ups in international markets
- b. developing Australia's innovation ecosystem so that innovative start-ups can thrive and flourish in international markets, by supporting Incubators including in the development of clusters, focussed on new regions, sectors or linked with universities
- c. developing the capability of Incubators to facilitate and foster innovative start-ups with the potential to operate in international markets
- d. in regional Australian communities, developing new Incubators' capabilities to support innovative, internationally focussed start-ups.

Merit Criterion 3

Value for money (10 points)

Will the project go ahead without the grant? Explain how the grant will impact the project in terms of size, timing and reach?

What is the total level of your contributions to the project? Include all cash and in-kind contributions. Explain why any in-kind contributions are integral to achieving project outcomes. Justify how you calculated the dollar value of any in-kind contributions.

Attachment G

Incubator Support Initiative – New and Existing Incubators rating scale

Merit Criterion 1 - Management and Business Capability.

Score: /40

MERIT CRITERIA	INSUFFICIENT	LOW QUALITY	GOOD QUALITY	EXCELLENT QUALITY
	Insufficient claims against the criterion, does not demonstrate an understanding of what is required	Very low claims against the criterion, does not provided strong evidence or statements to support the claims	Strong claims against the criterion, provides references to support claims	Excellent claims against the criterion, superior referencing to support claims
Score	0-10	11-20	21-30	31-40

Merit Criterion 2 - Expected impact and benefits of the project.

Score: /50

MERIT CRITERIA	INSUFFICIENT	LOW QUALITY	GOOD QUALITY	EXCELLENT QUALITY
	Insufficient claims against the criterion, does not demonstrate an understanding of what is required	Very low claims against the criterion, does not provided strong evidence or statements to support the claims	Strong claims against the criterion, provides references to support claims	Excellent claims against the criterion, superior referencing to support claims
Score	0-12	13-25	26-37	38-50

Merit Criterion 3 - The value for money offered by the project.

Score: /10

MERIT CRITERIA	INSUFFICIENT	LOW QUALITY	GOOD QUALITY	EXCELLENT QUALITY
	Insufficient claims against the criterion, does not demonstrate an understanding of what is required	Very low claims against the criterion, does not provided strong evidence or statements to support the claims	Strong claims against the criterion, provides references to support claims	Excellent claims against the criterion, superior referencing to support claims
Score	0-2	3-5	6-7	8-10

Assessment recommendation (CSM to complete)

MERIT CRITERIA	INSUFFICIENT	LOW QUALITY	GOOD QUALITY	EXCELLENT QUALITY
	Insufficient claims against the criterion, does not demonstrate an understanding of what is required	Very low claims against the criterion, does not provided strong evidence or statements to support the claims	Strong claims against the criterion, provides references to support claims	Excellent claims against the criterion, superior referencing to support claims
Score	0-25	26-50	51-75	76-100

***Note: Scores are only indicative and CSMs should ensure the overall Assessment Recommendation reflects the most appropriate qualitative descriptor.**

Total Score: /100