



Australian Government
Department of Defence
Defence Materiel Organisation

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

FREQUENTLY ASKED QUESTIONS JANUARY 2012

DMO



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Where can I go for further information?

For further information, please see the NACC-ISP Customer Guidelines, hosted on the [NACC-ISP page on the Enterprise Connect website](#).

What funding is available?

The NACC-ISP offers Australian industry and research organisations three streams of assistance:

- **Stream A:** Grants of up to \$1,000,000 over a period of no more than 36 months, for the development of a new or improved JSF technology, product, process or service that is required by entities within the JSF supply chain and which can demonstrate more than one JSF application.
- **Stream B:** Grants of up to \$250,000 over a period of no more than 18 months, for the development of a new or improved JSF technology, product, process or service to enhance a company's competitiveness in winning work from entities within the JSF supply chain; or to engage in a study effort that relates to a capability required by entities within the JSF supply chain or the JSF Program Office.
- **Stream C:** Grants of up to \$300,000 with no more than \$100,000 per financial year, for a period of no more than 36 months, will be available for Australian universities, cooperative research centres (CRCs) or publicly funded research agencies (PFRAs), or a company controlled by one of these organisations, to undertake research effort assistance that leads to JSF industry capability enhancements or manufacturing improvements required by entities within the JSF supply chain or the JSF Program Office.

The NACC-ISP will receive \$8.2 million over four years to 2014.

What is the funding intended for?

The Program is to provide funding to support the development of new or improved capabilities that may enhance applicants' ability to win work in the production, sustainment and follow-on development phases of the Joint Strike Fighter Program.

Who is this funding for?

The Program will provide financial assistance to Australian companies, Australian universities, cooperative research centres (CRCs) and publicly funded research agencies (PFRAs).

To be eligible for support under **Streams A** and **B** of NACC-ISP, an applicant must be either:

- a non tax-exempt company incorporated under the *Corporations Act 2001*; or
- an Australian university; or
- a cooperative research centre; or
- a publicly funded research agency

To be eligible for NACC-ISP funding under **Stream C**, an applicant must be either:

- an Australian university; or
- a cooperative research centre; or
- a publicly funded research agency; or

- a non tax-exempt company incorporated under the *Corporations Act 2001* and controlled by an Australian university, cooperative research centre or a publicly funded research agency.

Eligible applicants must also:

- be solvent and able to demonstrate that they can fund their share of the project costs
- be able to demonstrate that they have ownership, access to, or the beneficial use of, any intellectual property necessary to undertake the NACC-ISP project
- be compliant with the *Equal Opportunity for Women in the Workplace Act 1999*.
- not be one of the companies engaged in the development of the F-35 Lightning II JSF, referred to as a JSF Prime listed in the NACC-ISP Customer Guidelines.

What are the financial arrangements for the funding?

Successful applicants are required to have a bank account in which transactions are recorded for grant monies received and project costs spent on the proposal. Special conditions apply to CRCs and these are listed in the Customer Guidelines.

An independent financial audit of the use of the funding is required at the completion of the Funding Agreement. Any unspent funds will need to be returned to the Australian Government.

Why must applicants fund part of the project themselves?

The Commonwealth is making a significant commitment to projects funded under NACC-ISP and expects applicants to show a similar level of commitment.

For further information, please see Section 3.1 of the Customer Guidelines

Do I need to have my share of project funding upfront?

No, but applicants need to be able to demonstrate that they can fund their share of project costs over the life of the project.

For further information, please see Section 3.1 of the Customer Guidelines

Can the applicant's share of project funding be in-kind?

No, the applicant's share of project funding cannot be met in-kind.

For further information, please see Section 3.1 of the Customer Guidelines

Can the applicant's share of project funding be from other grant funding from the Commonwealth, States or Territories?

No, the applicant's share of project funding cannot be met from other government grant sources. It is a requirement of the program that applicants declare any funding from other government sources.

For further information, please see Section 3.1 of the Customer Guidelines

Do the grants attract GST?

NACC-ISP grant payments are subject to Goods and Services Tax. Grant payments are increased to compensate for the level of this tax.

For further information, please see Section 6.2 and Appendix 6 of the Customer Guidelines

Does foreign ownership preclude a company from application?

No, however, a company applying must be incorporated in Australia under the Corporations Act 2001 and be non tax-exempt.

For further information, please see Section 3.1 of the Customer Guidelines

Can I ask my Enterprise Connect DIIC Business Adviser to sign a confidentiality agreement?

No, Business Advisers will not sign confidentiality agreements. The use and disclosure of information provided by applicants for the NACC-ISP program is regulated.

For further information, please see Section 6.3 of the Customer Guidelines

How do I apply? / How do I get a copy of the Application Form?

The Application Form is available from the Defence Industry Innovation Centre after you have talked with a DIIC Business Adviser about your intent to apply for NACC-ISP assistance. *A sample application form is available from the [NACC-ISP page on the Enterprise Connect website](#).*

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

For further information, please see Section 2 of the Customer Guidelines

Who can I contact for assistance with an application?

Before lodging an application, applicants are required to contact the Enterprise Connect Defence Industry Innovation Centre (DIIC) and speak with a Business Adviser:

Defence Industry Innovation Centre
Level 5, 329 Thomas Street
DANDENONG VICTORIA 3175
Telephone: (03) 9215 2651
Fax: (03) 9215 2679
Email: DefenceIndustryCentre@innovation.gov.au

When must applications be lodged?

Applications can be submitted for consideration at any time and will be assessed on a continuous basis.

How will my application be assessed?

Applications for grant funding will be competitively assessed against the merit criteria by the NACC-ISP Review Panel, a panel of experts from within the Defence Materiel Organisation and the Department of Industry, Innovation, Science, Research and Tertiary Education.

The panel provides advice to the Program Delegate, who is responsible for approving applications, funding amounts and payments to successful applicants. After receiving an assessment from the NACC-ISP Review Panel, the Program Delegate may approve an application for support and funding for a project to which the application relates. Applicants will receive notification within 7 days of the Program Delegate's decision.

How will I be advised if my application is successful or unsuccessful?

All applicants will be advised in writing of the outcome of their application.

What happens if my application is successful?

Successful applicants will need to execute a NACC-ISP funding agreement with the Commonwealth in order to receive grant funding. *A sample Funding Agreement is available from the [NACC-ISP page on the Enterprise Connect website](#).*

If I am successful, when will I get paid the grant?

Successful applicants will need to enter into a funding agreement with the Commonwealth before financial assistance can be received.

The general conditions of the Funding Agreement contain terms that deal with matters including payments of Program funding. *A sample Funding Agreement is available from the [NACC-ISP page on the Enterprise Connect website](#).*

The DMO will provide funding payments by direct credit into a customer's nominated bank account. The Funding Agreement will provide the specific requirements for this account. Payments of Program funding attract the Goods and Services Tax (GST) and payments shall take account of GST.

Special program funding conditions apply to CRCs wishing to apply for NACC-ISP funding. *For further information, please see Section 3.1 and Appendix 6 of the Customer Guidelines*

What obligations do successful applicants have?

Successful applicants will need to sign a Funding Agreement that sets out the terms and conditions that apply to the funding. Some conditions include:

- the submission of progress reports through the funding period and at its completion
- maintenance of insurances for the period of funding.

A sample Funding Agreement is available from the [NACC-ISP page on the Enterprise Connect website](#).

How long is the funding period?

Stream A Grants

Customers will be expected to complete Projects in this stream within a period of no more than 36 months or before 30 June 2014, whichever is earlier.

Stream B Grants

Customers will be expected to complete Projects in this stream within a period of no more than 18 months or before 30 June 2014, whichever is earlier.

Stream C Grants

Customers will be required to complete Projects in this stream within a period of no more than 36 months, or before 30 June 2014, whichever is earlier.

What expenditure can be claimed under the program?

Applicants to the Program should use the Eligible Expenditure Guidelines when preparing their application. Customers must also use these guidelines when

conducting their project and completing project progress reports to understand what expenditure may be deemed eligible under the Program.

For expenditure to be eligible it must be:

- directly related to an eligible activity undertaken in the period from the project start date to the project completion date.; and
- incurred and paid for by the applicant.

Categories (Heads of Expenditure) under which applicants and customers must record Eligible Expenditure in applications and project reports are:

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

A Project may include ineligible expenditure but the customer will be required to fund the full cost of ineligible expenditure/activities.

For further information, please see 'What activities may be eligible?' below. The Customer Guidelines, containing Section 3.2 and the Eligible Expenditure Guidelines, should also be consulted.

What activities may be eligible?

Regardless of the stream applied for, Eligible Activities must be directly related to maximising Australian industry involvement in the JSF production, sustainment and follow on development.

- For **Stream A Grants**, Eligible Activities are those necessary to develop a new or improved JSF technology, product, process or service that is required by entities within the JSF supply chain, and which can demonstrate more than one JSF application.
- For **Stream B Grants**, Eligible Activities are those necessary to develop a new or improved technology, product, process or service to enhance a company's competitiveness in winning work from entities within the JSF supply chain; or to engage in a study effort that relates to a capability required by entities within the JSF supply chain or the JSF Program Office.
- For **Stream C Grants**, Eligible Activities are those necessary to undertake a research effort that leads to JSF industry capability enhancements or manufacturing improvements required by entities within the JSF supply chain or the JSF Program Office.

Where the applicant is a **CRC**, its activities which are the subject of the Commonwealth Agreement between the CRC and DIISRTE, (that is, the work for which the CRC was awarded its CRC Program funding grant) will not be considered Eligible Activities. Program funding will not be provided for any such activities.

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

What if I need to change the application?

Applicants should discuss intended changes with a Business Advisor in the Defence Industry Innovation Centre, and should also notify AusIndustry of any intended changes as soon as possible.

NACC-ISP AusIndustry Delivery Team

Phone: 02 6276 1127

Email: NACC-ISP@innovation.gov.au

How can I have an application reviewed?

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

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

If unsuitable for the Program, where possible, applicants will be referred by their Business Adviser to other assistance Programs that may meet their business needs.

What is an ‘entity within the JSF supply chain’?

Entities supplying a capability that is required by a JSF Prime or an Original Equipment Manufacturer directly, or indirectly through a supply chain. Such entities include:

- one or more of the companies engaged on the development of the F-35 Lightning II Joint Strike Fighter and listed in an Appendix 5 to the Customer Guidelines as a ‘JSF Prime’; or
- companies supplying equipment or systems to one or more of the entities defined as ‘JSF Primes’ and listed in an Appendix 5 to the Customer Guidelines as an ‘Original Equipment Manufacturer’; or
- companies supplying a capability that is required by one or more of the entities defined as a ‘JSF Prime’ or an ‘Original Equipment Manufacturer’, directly or indirectly through a supply chain.

What does ‘more than one JSF application’ mean?

More than one JSF application means that the development will lead to the ability to compete for more than just one specific JSF industry participation opportunity. The capability development may also be applicable and available to other Australian industry suppliers.

Applicants should discuss their suitability for NACC-ISP support with a Business Advisor in the Defence Industry Innovation Centre.

What is a ‘JSF technology, product, process or service’?

Any technology, product, process or service that is directly related to the production, sustainment or follow-on development aspects of the JSF program.

Applicants should discuss their suitability for NACC-ISP support with a Business Advisor in the Defence Industry Innovation Centre.

What are the ‘JSF industry capability enhancements or manufacturing improvements required by entities within the JSF supply chain or the JSF Program Office’?

JSF industry capability enhancements or manufacturing improvements are those activities that will enable Australian industry to develop or improve its competitiveness to win JSF industry participation opportunities.

Applicants should discuss their suitability for NACC-ISP support with a Business Advisor in the Defence Industry Innovation Centre.

In addressing the ‘Market Opportunity’ criteria, how do I separate my estimate of the financial revenue that will result from the outcomes of my Project into estimates ‘relating to the specific JSF requirement associated with the Project’ and estimates ‘relating to exploitation of other requirements and applications’?

The criteria relating to Market Opportunity presupposes a successful project will result in revenue from one or both avenues: revenue from the outcomes that relate to the specific JSF requirement associated with the project; and the revenue from the application of the project outcome to any other JSF requirements and applications or non JSF applications.

Applicants should discuss their suitability for NACC-ISP support with a Business Advisor in the Defence Industry Innovation Centre.

In addressing the ‘Market Opportunity’ criteria, how might a project lead to other market opportunities?

Applicants are asked to consider the longer term or flow on benefits that could be realised as a result of the project. Benefits that might arise in other Defence programs, such as the DMO Global Supply Chain Program or a maritime program, or other technology domains, such as medical or automotive, should be articulated.

Applicants should discuss their suitability for NACC-ISP support with a Business Advisor in the Defence Industry Innovation Centre.

In addressing the ‘National Benefits’ criteria, what is the ‘enhancement of the Australian JSF industry outcome’?

The Government is striving to optimise both the quantity and quality of Australian industry participation in the JSF program. The aim of the NACC – ISP is to improve the competitiveness of Australian suppliers so that the possibility of reaching this goal is enhanced.

Applicants should discuss their suitability for NACC-ISP support with a Business Advisor in the Defence Industry Innovation Centre.

In addressing the ‘National Benefits’ criteria, what are the ‘other Australian business opportunities in global defence industry supply chains’?

The DMO operates a Global Supply Chain program that endeavours to improve the opportunity for Australian industry to compete for Defence related work being undertaken by major overseas primes. Improvements in Australian industry capability to compete for work share in the JSF program is very likely to be applicable to other global supply chains in both the Defence and non Defence domains.

Applicants should discuss their suitability for NACC-ISP support with a Business Advisor in the Defence Industry Innovation Centre.

In addressing the ‘National Benefits’ criteria, how do I show my Project ‘enhances Australian defence industry skills, capabilities and competitiveness’ besides enhancing my own industry skills, capabilities and competitiveness?

Some projects, such as improving manufacturing processes, may well result in other Australian suppliers adopting new technologies, which has the potential to create a multiplier effect across a technology domain. A description of the transferability of a newly acquired capability will help the proposal review team to assess the national benefits criteria.

Applicants should discuss their suitability for NACC-ISP support with a Business Advisor in the Defence Industry Innovation Centre.