Australian Government
Department of Industry, Science and Resources
Defence

Grant Opportunity Guidelines

Defence Industry Development Grants Program - Quality & Security Stream

Opening date:	**18 June 2024**
Closing date and time:	5pm Australian Eastern Standard Time on 30 June 2030 Please take account of time zone differences when submitting your application.
Commonwealth policy entity:	Department of Defence (Defence)
Administering entity:	Department of Industry, Science and Resources (DISR)
Enquiries:	If you have any questions, contact us on 13 28 46.
Date guidelines released:	12 June 2024 10 July 2024 (clarification regarding Letter of Support) 28 February 2025 (addition of NPS funding) 2 February 2026 (amended agency roles, assessment process and extension of NPS funding) 3 November 2026 (program extension, updated priorities)
Type of grant opportunity:	Open competitive

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1. Defence Industry Development Grants Program – Quality & Security Stream processes

The Defence Industry Development Grants Program is designed to achieve Australian Government objectives

This grant opportunity is part of the above grant program which contributes to Defence's Outcome 2.7: Defence advances Australia's interests through a strengthened sovereign defence industrial base. Defence works with stakeholders to plan and design the grant program according to the *Commonwealth Grants Rules and Principles (CGRPs).*

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The grant opportunity opens

We publish the grant guidelines on business.gov.au and GrantConnect.

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You complete and submit a grant application

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

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We assess all grant applications

We (DISR) assess the applications against eligibility criteria. Defence assesses eligible applications against the assessment criteria including an overall consideration of value with relevant money and will compare applications to other eligible applications. Applications that score at least 65 per cent against all criteria will be recommended.

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Defence makes grant recommendations

Recommended applications will be ranked competitively according to the score for Criterion 1. Defence considers your application on its merits and in consideration of any technical, commercial or risk information that it may also hold.

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Grant decisions are made

The decision maker decides which applications are successful.

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We notify you of the outcome

We advise you of the outcome of your application.

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We enter into a grant agreement

We will enter into a grant agreement with successful applicants. The type of grant agreement is based on the nature of the grant and will be proportional to the risks involved.

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Delivery of grant

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

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Evaluation of the Defence Industry Development Grants Program - Quality & Security Stream

Defence will evaluate the specific grant activity and Defence Industry Development Grants Program – Quality & Security Stream as a whole. We base this on information you provide to us and that we collect from various sources.

1.1. Introduction

These guidelines contain information for the Defence Industry Development Grants Program – Quality & Security Stream which forms part of the Defence Industry Development Grants Program.

This document sets out:

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

This grant opportunity and process will be administered by the Department of Industry, Science and Resources (the department/DISR) on behalf of the Department of Defence (Defence).

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

We administer the grant opportunity according to the *Commonwealth Grants Rules and Principles 2024*[1] (CGRPs). This includes applying the proportionality principle, which requires that we balance complexity, risk, outcomes and transparency when designing and delivering the grant opportunity. In determining program requirements, including selection criteria, grant agreement requirements, reporting obligations and payment arrangements, we consider the risks associated with the use and management of public resources and the effect of those requirements on applicants and grantees. This ensures that administrative and compliance requirements are proportionate to the level of risk, grant value and expected outcomes.

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

2. About the grant program

The Defence Industry Development Grants Program (the program) will award grants over 6 years from 2024-25 to 2029-30. The Program was announced as part of the Defence Industry Development Strategy 2024 released by Government on 29 February 2024 and extended by the Defence Industry Development Strategy 2026 released by Government on 2 July 2026.

Through the Strategy, the Australian Government has committed to strengthening Australia's defence industry building our sovereign capability, global competitiveness and technical superiority. The Strategy will also support national security through the provision of improved and enhanced Defence capability. The objective of the program is to build the industrial base Australia needs to achieve Defence outcomes in areas of strategic priority.

The intended outcomes of the program are to:

[1] https://www.legislation.gov.au/F2024L00854/latest/text

- develop a more capable, resilient and competitive Australian defence industry that supports Defence outcomes in areas of strategic priority
- support skilling the industry workforce to support priority defence capabilities now and into the future
- support exports to strengthen the resilience and competitiveness of the Australian defence industrial base
- uplift the security of the Australian defence industrial base to address the challenging strategic environment.

The Defence Industry Development Grants Program funds 4 distinct Grant Opportunity Streams tailored to address the program outcomes:

1. Sovereign Industrial Priorities
2. Skilling
3. Exports
4. Quality & Security.

There may be other grant opportunities as part of this program and we will publish the opening and closing dates and any other relevant information on business.gov.au and GrantConnect.

2.1. About the Defence Industry Development Grants Program – Quality & Security Stream

This grant opportunity was announced as part of the Defence Industry Development Strategy 2024 released by Government on 29 February 2024 and extended by the Defence Industry Development Strategy 2026 released by Government on 2 July 2026.

This opportunity under the Quality & Security Stream aims to increase industry capability to meet the industrial priorities articulated in the Defence Industry Development Strategy 2026, which are:

- maintenance, repair, overhaul and upgrade of Australian Defence Force aircraft
- continuous naval shipbuilding and sustainment
- sustainment and enhancement of the combined-arms land system
- domestic manufacture of guided weapons, explosive ordnance and munitions
- development and integration of autonomous systems
- integration and enhancement of battlespace awareness and management systems
- test and evaluation, certification and systems assurance.

This opportunity under the Quality & Security Stream aims to support national security through the provision of Defence capability.

The objectives of the grant opportunity are to:

- assist eligible small to medium enterprises (SMEs) to establish and maintain security accreditation / controls, in line with the Defence Industry Security Program (DISP) and in accordance with the Defence Security Protection Framework available at https://www.defence.gov.au/business-industry/industry-governance/industry-regulators/defence-industry-security-program

- help Australian defence industry improve and maintain security in capability element sub-components which have been nominated within the Detailed Sovereign Defence Industrial Priorities.

The intended outcomes of the grant opportunity are:

- strengthened security of the Australian defence industrial base
- increased industrial collaboration in rigorous security environments within Australia and with international trusted partners.

3. Grant amount and grant period

3.1. Grants available

The Australian Government approved a total of $249.1 million over 6 years from 2024/25 for the Defence Industry Development Grants Program. Of this, $15.5 million is available for applications which support Australia's Nuclear-Powered Submarine (NPS) program. For the Quality & Security stream, approximately $15 million will be available, however an authorised officer within Defence will have discretion to reprofile the funding between the streams to ensure the most meritorious applications are funded. Approximately $750,000 of the total stream funds is available for projects that support the NPS program.

- The minimum grant amount is $10,000.
- The maximum grant amount is $100,000.

You are required to contribute towards the grant activities. The grant amount will be up to 50 per cent of eligible expenditure. You cannot use funding from other Commonwealth, state, territory or local government sources to fund the balance of project expenditure not covered by the grant. If your business, or any company within its group structure, receives funding from the National Reconstruction Fund Corporation or the Defence Industry Growth Facility, you must declare this information in your application. If awarded funding from either source you will also be required to provide a statement confirming that such funding will not be used for the same purpose as the DIDG grant. The statement must also identify the alternative funding source that will be used.

The funding is capped at $200,000 in a 3-year period per recipient as identified by ABN. If you have received the maximum $200,000 in a 3-year period, you may not apply for further funding until that 3-year period has ended. The 3-year period commences on the date on which the first grant agreement is executed.

You should clearly identify whether your application is supporting the NPS program to be considered for NPS funding under this stream and this can be addressed by the attachment of a Letter of Support issued by the Australian Submarine Agency (ASA). Successful applicants may be funded by either (but not both) the general Quality & Security stream funding or the NPS funding based on the same application.

You are responsible for the remaining eligible and ineligible project costs.

3.2. Project period

The maximum project period is 18 months.

You must complete your project by 31 March 2030.

4. Eligibility criteria

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

4.1. Who is eligible to apply for a grant?

To be eligible you must:

- be an SME with less than 200 employees as defined in the Glossary
- have an Australian Business Number (ABN)
- be registered for the Goods and Services Tax (GST)
- have an account with an Australian financial institution
- be non-income-tax-exempt

and be one of the following entities:

- an entity, incorporated in Australia
- a company limited by guarantee
- an incorporated trustee on behalf of a trust.

Joint (consortia) applications are acceptable, provided you have a lead organisation who is the main driver of the project and is eligible to apply. For further information on joint applications, refer to section 7.2.

4.2. Additional eligibility requirements

To be considered eligible, an application must also comply with the Prioritisation Requirements detailed at Appendix A.

In addition, we can only accept applications where you provide all relevant attachments as outlined in section 7.1.

We cannot waive the eligibility criteria under any circumstances.

4.3. Who is not eligible to apply for a grant?

You are not eligible to apply if you are:

- unable to meet the Prioritisation Requirements detailed in Appendix A
- any organisation not included in section 4.1
- an organisation, or your project partner is an organisation, included on the National Redress Scheme's website on the list of 'Institutions that have not joined or signified their intent to join the Scheme'
- an employer of 100 or more employees that has not complied with the Workplace Gender Equality Act (2012)
- an individual or sole trader
- a partnership
- an overseas organisation
- an unincorporated association
- a trust (however, an incorporated trustee may apply on behalf of a trust)

- a Commonwealth, state, territory or local government agency or body (including government business enterprises).

4.4. Specific legislation, policies and industry standards

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

In particular, you will be required to comply with state/territory legislation in relation to working with children.

5. What the grant money can be used for

5.1. Eligible grant activities

To be eligible your grant project must:

- be aimed at increasing security controls within your business, or achieving recognised certifications as listed in section B.2, which are relevant to the defence sector
- have at least $20,000 in eligible expenditure
- be undertaken in Australia.

Some eligible activities require mandatory supporting documentation as listed in section B.2.

Ineligible activities will be excluded from your grant project. If more than 50 per cent of the proposed budget activities are deemed to be ineligible, the entire application will be considered to be ineligible rather than excluding individual activities.

5.2. Eligible expenditure

For guidance on eligible expenditure, refer to Appendix B.

For guidance on ineligible expenditure refer to Appendix C.

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

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

We may ask you to verify project costs that you provided in your application. You may need to provide evidence such as quotes for major costs.

Not all expenditure on your grant project may be eligible for grant funding. The Decision Maker (who is an official within Defence with policy responsibility for the program) or the Senior Responsible Officer (who is a Manager within DISR with responsibility for administering the program) will make the final decision on what is eligible expenditure and may give additional guidance on eligible expenditure if required.

To be eligible, expenditure must:

- be a direct cost of the project
- be incurred by you for required project audit activities
- be incurred by you within the project period.

You must incur the project expenditure between the project start and end date for it to be eligible unless stated otherwise.

6. The assessment criteria

You must address all assessment criteria in your application ensuring you address each sub criterion in your responses.

The Department of Defence will assess your application against the assessment criteria. Applications must score at least 65 per cent against each of the assessment criteria to be considered meritorious. Meritorious applications will then be ranked competitively according to the score for assessment criterion 1 as these represent best value with relevant money[2].

See section 8.1 for further information on the assessment of applications.

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

6.1. Assessment criterion 1

The extent to which your grant project will help your business to implement recognised business certifications, or to uplift or maintain the security controls needed to build defence industry capability in priority areas. (100 points)

You should demonstrate this through your response to each of the following sub-criteria by:

a. describing what certifications, accreditations or security controls your grant project will implement in accordance with section B.2 and why these controls are required. For security uplift projects, include detail on current methods, and the proposed improvements, to secure your intellectual property, equipment and technology against physical and cyber threats, and how Defence Industry Security Program (DISP) requirements will be addressed
    - Where a cybersecurity report is required to support your application in accordance with section B.2, clearly identify how the proposed project aligns to each of the agreed action items that are contained in the report.

b. describing your commercial track record in providing products or sustainment services in the Defence sector, and describe the defence opportunities which will be supported by this project. Include details of customers, collaboration, maturity of commercial negotiations, timing and size of the opportunities
    - if required by section B.2, provide clear description of a relevant defence contractual requirement which justifies the eligible project activities in your proposal.

[2] See glossary for an explanation of 'value with relevant money'

c. identifying which capability element sub-component(s) will be produced or sustained, using the skills to be developed, which has been nominated as a priority within one or more of the Detailed Sovereign Defence Industrial Priorities. Identify whether it is a Grow, Guide or Monitor priority, in accordance with section A.3.

d. demonstrating the degree of customer support for your participation within the commercial opportunity that you have described, as explained within a Letter of Support from Defence or your defence industry customer.

6.2. Assessment criterion 2

Your capacity, capability and resources to deliver the grant project. (100 points)

You should demonstrate this through your response to each of the following sub-criteria by:

a. describing your current DISP membership status for governance, personnel, physical and ICT and cyber security domains

- if you do not currently hold DISP membership, describe how you intend to meet each of the requirements of the DISP eligibility criteria which are published at https://www.defence.gov.au/business-industry/industry-governance/industry-regulators/defence-industry-security-program/eligibility-suitability
- if you are seeking grant support for appointment of an inaugural Security Officer, provide details of how security has previously been managed within your business, specifics of the intended appointment that will be offered and how the employee has been (or will be) identified.

b. describing the 3 most significant risks to completing the grant project on time and budget, and how these will be managed/mitigated, including the timeframes for each of your proposed deliverables.

c. clearly outlining each major project expense within your project budget, including the proposed supplier(s), on the template provided at https://business.gov.au/grants-and-programs/defence-industry-development-grants-program#key-documents

d. identifying which person(s) will be responsible for overseeing the implementation of this grant project (if funded). Include detail on:

- the professional qualifications and experience to justify your selected provider of analysis, training and certification services.
- supervisory personnel within your business and what skills and experience they have in managing similar expenditure and reporting projects.
- if you are seeking grant support for security clearances, provide names of all Employees and detail their role within your business.

e. if you have already received a grant from the Defence Industry Development Grants Program – Security Stream, or Quality & Security Stream, explain what value was created, how the purpose of this grant project is different and why you need this funding.

7. How to apply

Before applying you should read and understand these guidelines, the sample application form and the sample grant agreement published at https://business.gov.au/grants-and-

programs/defence-industry-development-grants-program#key-documents and on GrantConnect. Any changes to the guidelines will be published on GrantConnect and by registering on this website, you will be automatically notified of any changes to these grant opportunity guidelines.

We encourage you to read the Defence Industry Development Strategy 2026 to understand the Detailed Sovereign Defence Industrial Priorities that your project may support.

Applicants should read all eligibility and assessment criteria closely and attach detailed evidence that supports the assessment criteria, where applicable using the templates provided.

You will need to set up an account to access our online portal.

To apply, you must:

- complete and submit the application through the online portal
- provide all the information requested
- address all eligibility and assessment criteria
- include all necessary attachments.

You are responsible for making sure your application is complete and accurate. The use of artificial intelligence and other forms of automation is permissible in developing your application, but you remain responsible for the accuracy, security and suitability of all information submitted as part of your application.

Giving false or misleading information is a serious offence under the *Criminal Code Act 1995*. If we consider that you have provided false or misleading information we may not progress your application. If you find an error in your application after submitting it, you should call us immediately on 13 28 46.

After submitting your application, we can contact you for clarification if we find an error or any missing information, including evidence that supports your eligibility/merit. The acceptance of any additional information provided after the submission of your application is at the discretion of the Senior Responsible Officer or Decision Maker. Additional information should not materially change your application at the time it was submitted and therefore may be refused if deemed to be purely supplementary. You should keep a copy of your application and any supporting documents. You can view and print a copy of your submitted application on the portal for your own records.

If you need further guidance around the application process, or if you have any issues with the portal, contact us at business.gov.au or by calling 13 28 46.

If you need guidance around the intended scope of the grant opportunity compared to your intended application, contact Defence at industry.grants@defence.gov.au.

7.1. Attachments to the application

You must provide the following documents with your application:

- a project budget using the template provided for this stream at https://business.gov.au/grants-and-programs/defence-industry-development-grants-program#key-documents

- if seeking grant support for cybersecurity uplift to achieve DISP program requirements, in accordance with section B.2, you must attach one of these documents, which must contain agreed action items:
  - A DISP Maturity Action Plan (MAP) or DISP Audit Report
  - an Infosec Registered Assessors Program (IRAP) assessment
  - a Security Assessment Report (SAR) issued by Defence Cyber Information Assurance Branch

Documents without agreed action items will not be sufficient to satisfy this requirement.

- letter of support from Defence or your defence industry customer
- for joint (consortia) applications, letter(s) of support from each project partner as outlined in section 7.2
- trust deed (where applicable).

If you are applying for NPS funding, your application should be accompanied by a letter of support from the ASA. Applications which do not include a Letter of Support from ASA at the time of application submission may be referred by Defence to ASA for consideration during the assessment process, or otherwise will be considered only for the general funding stream.

You must attach supporting documentation to the application form in line with the instructions provided within the form.

Individual file sizes cannot be greater than 25MB, while the total of all attachments cannot exceed 50MB. We will not consider information in attachments that we do not request.

7.2. Joint (consortia) applications

We recognise that some organisations may want to join together as a group to deliver a project.

This should only be considered if all organisations will be contributing financially to the project. Your suppliers or in-kind collaborators should not be considered to be joint applicants.

In these circumstances, you must appoint a lead organisation. Only the lead organisation can submit the application form and enter into the grant agreement with the Commonwealth. The application must identify all other members of the proposed group and include a letter of support from each of the project partners. Each letter of support should include:

- details of the project partner
- an overview of how the project partner will work with the lead organisation and any other project partners in the group to successfully complete the project
- an outline of the relevant experience and/or expertise the project partner will bring to the group
- the roles/responsibilities the project partner will undertake, and the resources it will contribute (if any)
- details of a nominated management level contact officer.

You must have a formal arrangement in place with all parties prior to execution of the grant agreement.

7.3. Timing of grant opportunity processes

You can submit an application at any time while the grant opportunity remains open. Applications will be assessed approximately every 2 months in batches unless otherwise advised on the business.gov.au website.

If you are successful we expect you will be able to commence your grant project approximately 6 weeks after the batch closing date.

Table 1: Expected timing for this grant opportunity

Activity	Timeframe
Assessment of applications	Within approximately 6 weeks of the batch closing date.
Approval of outcomes of selection process and notification of outcomes to all applicants	Approximately 2 weeks after completion of the application assessments.
Negotiations and award of grant agreements	Approximately 2 weeks.
Earliest start date of project	The date your agreement is executed
Project completion date	Maximum 18 months after the commencement of the grant agreement or by the date specified at 3.2 if no program extension has been made.

7.4. Questions during the application process

If you have any questions during the application period, contact us at business.gov.au or by calling 13 28 46.

If you need guidance around the intended scope of the grant opportunity compared to your intended application, contact Defence at industry.grants@defence.gov.au.

8. The grant selection process

8.1. Assessment of grant applications

We first review your application against the eligibility criteria listed in sections 4 and 5 and Appendices A-C.

If eligible, your application will be assessed against the assessment criteria listed in section 6, and ranked competitively against other applications by Defence according to the score for assessment criterion 1. Defence will consider eligible applications through an open competitive grant process. We consider eligible applications through an open competitive grant process.

If your application is ineligible, Defence may choose to proceed with a preliminary merit assessment to assist in providing feedback to you after meritorious selections have been completed. Defence considers your application on its merits, based on:

- how well it meets the criteria
- how it compares to other applications
- whether it provides value with relevant money.[3]

8.1.1. Value with relevant money

When assessing the extent to which the application represents value with relevant money, this will have regard to:

- the overall objective/s of the grant opportunity
- extent to which the application matches identified defence industry priorities
- the evidence provided to demonstrate how your project contributes to meeting those objectives
- the relative value of the grant sought.

If applications are scored the same, the Decision Maker will consider value with relevant money and alignment to the program objectives to decide which applications to fund.

If funding to support Australia's NPS Program is exhausted, meritorious applications supporting the NPS program will be considered for funding from the core Defence Industry Development Grants program.

Defence may also consider any national interest, financial, legal/regulatory, governance or other issue or risk that is identified during any due diligence process that is conducted in respect of the applicant or the proposed grant project. This includes its directors, officers, senior managers, key personnel, its related bodies corporate (as defined in the *Corporations Act*) or its application that could bring the Australian Government into disrepute if it were to fund the applicant. Such issues and risks include where it is considered that funding the application under this grant opportunity may directly conflict with Australian Government policy. Where possible, Defence will provide you with an opportunity to comment on any material risks identified during this due diligence process prior to determining the extent (if any) to which those issues or risks affect assessment of the application and, if so, whether they are sufficient to warrant the exclusion of your application from the assessment process.

8.2. Who will assess applications?

The Department of Defence will assess your application against the assessment criteria.

Defence may seek technical or commercial advice from within Defence or other government agencies or from independent technical experts or advisors to inform the assessment process.

Defence will assess your application against the assessment criteria and then rank all eligible applications within the batch according to the score for assessment criterion 1

[3] See glossary for an explanation of 'value with money'.

before recommending which projects to fund. Any independent technical experts or advisors will be required to perform their duties in accordance with the CGRPs.

8.3. Who will approve grants?

The Decision Maker (who is an official within Defence with policy responsibility for the program) decides which grants to approve taking into account the merit assessments and the availability of grant funds.

The Decision Maker's decision is final in all matters, including:

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

We cannot review decisions about the merits of your application.

The Decision Maker will not approve funding if there are insufficient program funds available across relevant financial years for the program.

9. Notification of application outcomes

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

If you are unsuccessful, you can submit a new application for the same (or similar) project in any future funding batches. You should include new or more information to address the weaknesses that prevented your previous application from being successful.

9.1. Feedback on your application

If your application is unsuccessful, we will give you an opportunity to discuss the outcome with us or Defence. Feedback provided regarding an unsuccessful application may be incorporated into a new application in any future funding batches. Feedback can also be requested by contacting industry.grants@defence.gov.au.

10. Successful grant applications

10.1. The grant agreement

You must enter into a legally binding grant agreement with the Commonwealth. The grant agreement has general terms and conditions that cannot be changed. A sample grant agreement is available at https://business.gov.au/grants-and-programs/defence-industry-development-grants-program#key-documents and on GrantConnect.

We will manage the grant agreement through the online portal. This includes issuing and executing the grant agreement. Execute means both you and the Commonwealth have accepted the agreement. You must not start any Defence Industry Development Grants Program – Quality & Security Stream activities until a grant agreement is executed. We are not responsible for any expenditure you incur and cannot make any payments until a grant agreement is executed.

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

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

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

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

10.2. How we pay the grant

The grant agreement will state the:

- maximum grant amount we will pay
- proportion of eligible expenditure covered by the grant (grant percentage).

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

We will make an initial payment on execution of the grant agreement. We will make subsequent payments in arrears, based on your actual eligible expenditure. Payments are subject to satisfactory progress on the project.

We set aside 10 per cent of the total grant funding for the final payment. We will pay this when you submit a satisfactory end of project report demonstrating you have completed outstanding obligations for the project. We may need to adjust your progress payments to align with available program funds across financial years and/or to ensure we retain a minimum 10 per cent of grant funding for the final payment.

10.3. Grant Payments and GST

If you are registered for the Goods and Services Tax (GST[4]), where applicable we will add GST to your grant payment and provide you with a Recipient Created Tax Invoice[5]. You are required to notify us if your GST registration status changes during the project period. GST does not apply to grant payments to government related entities[6].

Grants are assessable income for taxation purposes, unless exempted by a taxation law. We recommend you seek independent professional advice on your taxation obligations or seek assistance from the Australian Taxation Office.[7] We do not provide advice on tax.

[4] https://www.ato.gov.au/businesses-and-organisations/gst-excise-and-indirect-taxes/gst/registering-for-gst

[5] https://www.ato.gov.au/forms-and-instructions/recipient-created-tax-invoices

[6] See Australian Taxation Office ruling GSTR 2012/2 available at ato.gov.au

[7] https://www.ato.gov.au/

11. Announcement of grants

If successful, your grant will be listed on the GrantConnect website 21 calendar days after the date of effect.

We will publish non-sensitive details of successful projects on GrantConnect. We are required to do this by the Commonwealth Grants Rules and Principles (CGRPs). Section 5.4. We may also publish this information on business.gov.au. This information may include:

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

If you wish to have your details withheld from any media release issued by Defence or relevant Ministers, you should contact Defence at industry.grants@defence.gov.au to make that request immediately after being notified of your successful grant application.

12. How we monitor your grant activity

12.1. Keeping us informed

You should let us know if anything is likely to affect your project or organisation.

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

You must also inform us of any changes to your:

- name
- addresses
- nominated contact details
- bank account details
- your, or your project partners', business structure
- joint/consortia partners and related arrangements (if applicable)
- changes in financial contributions.

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

You must notify us of events relating to your project and provide an opportunity for the Minister or their representative to attend.

12.2. Reporting

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

- progress against agreed project milestones and outcomes
- project expenditure, including expenditure of grant funds
- contributions of participants directly related to the project.

The amount of detail you provide in your reports should be relative to the project size, complexity and grant amount. The use of artificial intelligence and other forms of automation is permissible in meeting your reporting requirements, but you remain responsible for the accuracy, security and suitability of all information submitted in your reports.

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

12.2.1. Progress reports

Progress reports must:

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

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

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

12.2.2. Ad-hoc reports

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

12.2.3. Final report

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

End of project reports must:

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

12.3. Audited financial acquittal report

We may ask you to provide a financial statement signed by the grantee verifying the grant was spent in accordance with this agreement. The financial statement must include an income and expenditure statement in relation to the grant activity.

We may ask you to provide an independent audit report. An audit report will verify that you spent the grant in accordance with the grant agreement. The audit report requires you to prepare a statement of grant income and expenditure.

12.4. Grant agreement variations

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

- changing project milestones
- extending the timeframe for completing the project but within the maximum time period allowed in program guidelines
- changing project activities.

The program does not allow for an increase of grant funds.

If you want to propose changes to the grant agreement, you must put them in writing before the project grant agreement end date. You can submit a variation request via our online portal.

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

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

- how it affects the project outcome
- consistency with the program policy objective, grant opportunity guidelines and any relevant policies of the department
- changes to the timing of grant payments
- availability of program funds.

12.5. Compliance visits

We or representatives from Defence may visit you during the project period or at the completion of your project to review your compliance with the grant agreement. We will provide you with reasonable notice of any compliance visit.

12.6. Record keeping

We may also inspect the records you are required to keep under the grant agreement.

12.7. Evaluation

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

Defence may contact you up to 2 years after you finish your project for more information to assist with this evaluation.

12.8. Acknowledgement

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

'This project received grant funding from the Australian Government.'

13. Probity

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

You should be aware of your obligations under the *National Anti-Corruption Commission Act 2022*[8], noting that under the Act grantees will generally be considered 'contracted service providers'. For more information see NACC fact sheets[9].

These guidelines may be changed from time-to-time by DISR and Defence. When this happens, the revised guidelines will be published on business.gov.au and GrantConnect.

13.1. Enquiries and feedback

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

If you need guidance around the intended scope of the grant opportunity compared to your intended application, contact Defence at industry.grants@defence.gov.au.

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

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

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

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

General Manager
Business Grants Hub

Department of Industry, Science and Resources

GPO Box 2013
CANBERRA ACT 2601

[8] https://www.legislation.gov.au/C2022A00088/latest/text

[9] https://www.nacc.gov.au/resource-centre/nacc-fact-sheets

You can also contact the Commonwealth Ombudsman with your complaint (call 1300 362 072). There is no fee for making a complaint, and the Ombudsman may conduct an independent investigation.

13.2. Conflicts of interest

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

- has a professional, commercial or personal relationship with a party who is able to influence the application selection process, such as an Australian Government officer or member of an external panel
- has a relationship with or interest in, an organisation, which is likely to interfere with or restrict the applicants from carrying out the proposed activities fairly and independently or
- has a relationship with, or interest in, another organisation which will or may receive financial proceeds or other benefits under the grant project.

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

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

Conflicts of interest for Australian Government staff are handled as set out in the Australian Public Service Code of Conduct (Section 13(7)) of the *Public Service Act 1999* and section 29 (duty to disclose interests) of the Public Governance, Performance and Accountability Act 2013. Committee members and other officials including the decision maker must also declare any conflicts of interest.

We publish our conflict of interest policy[4] on the department's website. The Commonwealth policy entity also publishes a conflict of interest policy on its website.

13.3. Privacy

Unless the information you provide to us is:

- confidential information as per 13.4, or
- personal information as per below.

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

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

[4] https://www.industry.gov.au/publications/conflict-interest-policy

We treat your personal information according to the *Privacy Act 1988*[10] and the Australian Privacy Principles[11]. This includes letting you know:

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

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

- manage the program
- research, assess, monitor and analyse our programs and activities
- identify and manage any financial, legal/regulatory, governance, national interest, or national security risks.

We, or the Minister, may:

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

You may read our Privacy Policy[12] on the department's website for more information on:

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

As part of your application, you declare that you will comply with the Privacy Act and the Australian Privacy Principles and that you will impose the same privacy obligations on officers, employees, agents and subcontractors that you engage to assist with the activity, in respect of personal information you collect, use, store, or disclose in connection with the activity. Accordingly, you must not do anything, which if done by DISR would breach an Australian Privacy Principle as defined in the Privacy Act.

13.4. Confidential information

Other than information available in the public domain, you agree not to disclose to any person, other than us, any confidential information relating to the grant application and/or agreement, without our prior written approval. The obligation will not be breached where you are required by law, Parliament or a stock exchange to disclose the relevant information or where the relevant information is publicly available (other than through breach of a confidentiality or non-disclosure obligation).

We may at any time, require you to arrange for you; or your employees, agents or subcontractors to give a written undertaking relating to nondisclosure of our confidential information in a form we consider acceptable.

[10] https://www.legislation.gov.au/C2004A03712/latest/text

[11] https://www.oaic.gov.au/privacy/australian-privacy-principles

[12] https://www.industry.gov.au/data-and-publications/privacy-policy

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

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

We will not be in breach of any confidentiality agreement if the information is disclosed to:

- our Commonwealth employees and contractors and service providers, to help us manage the program effectively, including for an integrity purpose
- employees and contractors of other Commonwealth agencies for any purposes, including government administration, research or service delivery
- other Commonwealth, state, territory or local government agencies in program reports and consultations
- the Auditor-General, Ombudsman or Privacy Commissioner or National Anti-Corruption Commissioner, or staff of their agencies
- the responsible Minister or Assistant Minister or Parliamentary Secretary
- a House or a Committee of the Australian Parliament
- other Commonwealth agencies for risk management purposes.

We may also disclose confidential information if:

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

13.5. Freedom of information

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

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

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

All Freedom of Information requests must be referred to the Freedom of Information Coordinator in writing.

By mail: Freedom of Information Coordinator
GPO Box 9839
Canberra ACT 2601
Australia

By email: FOI@industry.gov.au

14. Glossary

Term	Definition
accountable authority	See subsection 12(2) of the Public Governance, Performance and Accountability Act 2013.
administering entity	When an entity that is not responsible for the policy, is responsible for the administration of part or all of the grant administration processes.
application form	The document issued by the Senior Responsible Officer that applicants use to apply for funding under the program.
assessment criteria	The specified principles or standards, against which applications will be judged. These criteria are also used to assess the merits of proposals and, in the case of a competitive grant opportunity, to determine application ranking.
Australian Defence Industry	The Australian Defence Industry is comprised of businesses with an Australian-based industrial capability and an Australian Business Number (ABN), providing products or services used in, or which can be adapted to be used in, the Defence supply chain and/or an international defence force supply chain.
Australian Submarine Agency	The Australian Submarine Agency is a non-corporate Commonwealth entity established on 1 July 2023 to safely and securely acquire, construct, deliver, technically govern, sustain and dispose of Australia's conventionally armed nuclear-powered submarine capability for Australia, via the AUKUS partnership.
Chief Security Officer (CSO)	A senior executive within an entity who has oversight of, and responsibility for, security arrangements and championing a positive security culture. The CSO must be a member of at least one of the organisation's Australian: ▪ Board of directors or similar governing body ▪ Executive ▪ Partnership group ▪ Senior management They must have the ability to implement policy and direct resources within the entity.

Term	Definition
commencement date	The expected start date for the grant activity.
Commonwealth Grants Rules and Principles (CGRPs)	Establish the overarching Commonwealth grants policy framework and articulate the expectations for all non-corporate Commonwealth entities in relation to grants administration. Under this overarching framework, non-corporate Commonwealth entities undertake grants administration based on the mandatory requirements and key principles of grants administration.
completion date	The expected date that the grant activity must be completed and the grant spent by.
Defence	When capitalised, Defence refers to the Department of Defence.
department	The Department of Industry, Science and Resources.
decision maker	An official within Defence with policy responsibility for the program.
DISP	Defence Industry Security Program.
eligible activities	The activities undertaken by a grantee in relation to a project that are eligible for funding support as set out in 5.1.
eligible application	An application or proposal for grant funding under the program that the decision maker has determined is eligible for assessment in accordance with these guidelines.
eligibility criteria	Refer to the mandatory criteria which must be met to qualify for a grant. Assessment criteria may apply in addition to eligibility criteria.
eligible expenditure	The expenditure incurred by a grantee on a project and which is eligible for funding support as set out in 5.2.
eligible expenditure guidance	The guidance that is provided at Appendix B.
employment / employee	When a person performs work or services under an employment contract as a representative of the employer in return for remuneration with reciprocal rights and obligations including payroll benefits such as paid personal leave.

Term	Definition
Full-time equivalent (FTE)	The unit of measure for individual employment. For example, 0.5 FTE represents the equivalent of 50% full-time appointment.
grant	For the purposes of the CGRPs, a 'grant' is an arrangement for the provision of financial assistance by the Commonwealth or on behalf of the Commonwealth: a. under which relevant money[13] or other Consolidated Revenue Fund (CRF) money[14] is to be paid to a grantee other than the Commonwealth; and b. which is intended to help address one or more of the Australian Government's policy outcomes while assisting the grantee achieve its objectives.
grant activity/activities	Refers to the project/tasks/services that the grantee is required to undertake.
grant agreement	A legally binding contract that sets out the relationship between the Commonwealth and a grantee for the grant funding, and specifies the details of the grant.
grant funding or grant funds	The funding made available by the Commonwealth to grantees under the program.
grant opportunity	Refers to the specific grant round or process where a Commonwealth grant is made available to potential grantees. Grant opportunities may be open or targeted, and will reflect the relevant grant selection process.
grant program	A 'program' carries its natural meaning and is intended to cover a potentially wide range of related activities aimed at achieving government policy outcomes. A grant program is a group of one or more grant opportunities under a single entity Portfolio Budget Statement Program.
GrantConnect	The Australian Government's whole-of-government grants information system, which centralises the publication and reporting of Commonwealth grants in accordance with the CGRPs.

[13] Relevant money is defined in the PGPA Act. See section 8, Dictionary.

[14] Other CRF money is defined in the PGPA Act. See section 105, Rules in relation to other CRF money.

Term	Definition
grantee	The individual/organisation which has been selected to receive a grant.
National Anti-Corruption Commission (NACC)	The National Anti-Corruption Commission (NACC) is an independent Commonwealth agency. It detects, investigates and reports on serious or systemic corruption in the Commonwealth public sector. The Commission operates under the *National Anti-Corruption Commission Act 2022*[15].
non-income-tax-exempt	Not exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997* (Cth) or under Division 1AB of Part III of the *Income Tax Assessment Act 1936* (Cth).
non-recurring engineering (NRE)	The one-time cost to research, design, develop and test a new product or product enhancement. This can include pre-production effort, materials, tooling and testing for process development, R&D and product development. NRE can also include one-off costs to produce tooling as a manufacturing input after developmental work is completed.
Nuclear-Powered Submarine Program	The Optimal Pathway identified to achieve the construction and delivery of SSN-AUKUS as an enduring nuclear-powered submarine capability for Australia. Optimal Pathway | Australian Submarine Agency
personal information	Has the same meaning as in the *Privacy Act 1988* (Cth) which is: Information or an opinion about an identified individual, or an individual who is reasonably identifiable: a. whether the information or opinion is true or not; and b. whether the information or opinion is recorded in a material form or not.
program funding or program funds	The funding made available by the Commonwealth for the program.

[15] https://www.legislation.gov.au/C2022A00088/latest/text

Term	Definition
project	A project described in an application for grant funding under the program.
Security Officer (SO)	Individuals within an entity who have delegated authority from the Chief Security Officer to undertake the day-to-day management of protective security. Responsibilities of the Security Officer can be found here https://www.defence.gov.au/sites/default/files/2023-11/Chief-Security-Officer-and-Security-Officer-Roles-and-Responsibilities-Factsheet.pdf
selection criteria	Comprises of eligibility criteria and assessment criteria.
selection process	The method used to select potential grantees. This process may involve comparative assessment of applications or the assessment of applications against the eligibility criteria and/or the assessment criteria.
Senior Responsible Officer	A Manager within the Business Grants Hub in DISR with responsibility for administering the program.
Small to medium Enterprises (SMEs) in the defence sector	Small to Medium-sized Enterprises currently supplying to, or intending to supply to, the defence sector: ▪ micro to small businesses (1-19 employees) ▪ medium businesses (20 to 199 employees).
Software as a Service (SaaS)	Software that is hosted and managed by a third-party provider and accessed by users over the internet, typically through a web browser or subscription service.
tier 2 defence industry supplier	Businesses delivering major equipment, systems, assemblies and services realising specific functions.
tier 3 defence industry supplier	Businesses providing the parts, consumables and services needed to enable the initial assembly, upgrade or ongoing operation of systems

Term	Definition
tooling	Machine tools and the tooling that is used on them such as: ▪ cutting tools ▪ fixtures; a fixed workholding or support device ▪ jigs; a moveable workholding or support device ▪ moulds; a hollowed container used to give shape to molten or liquid material when it cools or sets. ▪ dies; a device for cutting or moulding metal into a particular shape ▪ tool management storage or tracking systems.
value with relevant money	Value with money in this document refers to 'value with relevant money' which is a judgement based on the grant proposal representing an efficient, effective, economical and ethical use of public resources and determined from a variety of considerations. When administering a grant opportunity, an official should consider the relevant financial and non-financial costs and benefits of each proposal including, but not limited to: ▪ the quality of the project proposal and activities; ▪ fitness for purpose of the proposal in contributing to government objectives; ▪ that the absence of a grant is likely to prevent the grantee and government's outcomes being achieved; and ▪ the potential grantee's relevant experience and performance history.

Appendix A. Prioritisation Requirements

Grant funding under this program will be used to support the production, delivery or sustainment of published priorities which are listed under each of the 7 Detailed Sovereign Defence Industrial Priorities (SDIPs) as indicated below.

A.1 Eligibility

To be eligible for consideration under this grant program your application must clearly identify one or more of the capability element sub-components which your business is supplying, or is preparing to supply, to your defence customer.

A.2 Published priorities

For SDIPs 1, 3, 5 and 6, lists of capability element sub-components are published in the Annex to the Defence Industry Development Strategy 2026[16].

For SDIPs 2 and 4, the prioritised subsystems previously listed in Annexes B2 and B4 respectively under the Defence Industry Development Strategy 2024[17] will continue to apply until such time as new detailed sector plans are released within the 2026 Naval Shipbuilding and Sustainment Plan and the 2026 Guided Weapons and Explosive Ordnance Plan. At such time, these lists will replace the earlier versions of SDIPs 2 and 4.

For SDIP 7, a general overlay will be considered to exist for test, evaluation, certification and systems assurance priorities as they can be applied to SDIPs 1-6. Where you are seeking a grant based on your product alignment to SDIP 7, this should be identified as first linking to one or more of the other SDIPs.

These Sovereign Defence Industrial Priorities do not represent the totality of Australia's needs, but the most critical industrial capabilities requiring development for Defence. For example, construction and commercially provided storage and distribution, fuel production and Australia's critical minerals and strategic materials also provide an important advantage in increasing our self-reliance but are not captured as Sovereign Defence Industrial Priorities. Commonly acquired services such as above-the-line consulting and consulting support services provided to industry have also not been prioritised for grant support.

A.3 Prioritisation

Applications which are considered to be eligible under these Prioritisation Requirements will be further prioritised according to the "Grow" or "Guide" status which is assigned to that capability element sub-component. Depending on available funding, applications which are considered to fall within the "Monitor" status, may be considered for funding with the lowest prioritisation, at the discretion of the Decision-maker.

[16] www.defence.gov.au/sites/default/files/2026-07/DIDS26-SDIP-Annex.pdf

[17] www.defence.gov.au/about/strategic-planning/2024-defence-industry-development-strategy

For more information on Grow/Guide/Monitor prioritisation, see pages 27-28 of the Detailed Sovereign Defence Industrial Priorities[18].

Due to the requirement in Assessment Criterion 1 to demonstrate a mature product and customer relationship, priority will be provided to those applications which address phases 4-10 in the Industrial capability lifecycle for products and services, as shown in Figure 1 on page 5 of the Detailed Sovereign Defence Industrial Priorities[19].

[18] https://www.defence.gov.au/sites/default/files/2026-07/DIDS26-SDIP-Annex.pdf

[19] https://www.defence.gov.au/sites/default/files/2026-07/DIDS26-SDIP-Annex.pdf

Appendix B. Eligible expenditure

This section provides guidance on the eligibility of expenditure. We may update this guidance from time to time; check you are referring to the most current version from the business.gov.au website before preparing your application.

The Decision Maker or Senior Responsible Officer makes the final decision on what is eligible expenditure and may give additional guidance on eligible expenditure if required.

To be eligible, expenditure must:

- be incurred by you within the project period
- be a direct cost of the project
- be incurred by you to undertake required project audit activities (where applicable)
- meet the eligible expenditure guidelines.

B.1 How we verify eligible expenditure

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

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

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

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

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

B.2 Quality & Security stream specific expenditure

Eligible expenditure is limited to one or more of the following activities.

Security Uplift - Cyber Security:

- Uplift in cybersecurity controls to achieve DISP program requirements, where agreed action items are contained in:
  - A DISP Maturity Action Plan (MAP), DISP Audit Report or DISP Cyber Security Assessment Report. Contact your DISP officer to confirm agreed action items before submitting an application to this stream; or
  - an Infosec Registered Assessors Program (IRAP) assessment; or
  - a Security Assessment Report issued by Defence Cyber Information Assurance Branch.

Documents without agreed action items will not be sufficient to satisfy this requirement.

- Uplift in cybersecurity controls to achieve ISO27001 which must include formal certification by a nominated, appropriately qualified and experienced service provider. You must provide clear description of a relevant defence contractual opportunity and the qualifications and experience of the third party service provider in accordance with Assessment Criterion 2d.
- Uplift in cybersecurity controls to achieve NIST SP 800-171 which must include formal certification by a nominated, appropriately qualified and experienced service provider. You must provide clear description of a relevant defence contractual opportunity and the qualifications and experience of the third party service provider in accordance with Assessment Criterion 2d.
- Uplift in cybersecurity controls to achieve CMMC Level 2 which must include formal certification by a Certified Third-Party Assessor Organization (C3PAO). You must provide clear description of a relevant defence contractual opportunity and the qualifications and experience of the third party service provider in accordance with Assessment Criterion 2d.

Security Uplift - Governance:

- Employment of an inaugural Security Officer by an emerging defence Tier 2 or Tier 3 defence industry supplier, where the appointment is at least 0.5 FTE, and security responsibilities represent at least 50 per cent of the appointed duties for a minimum of 1 year. Maximum grant contribution for this activity is $30,000 (the project expense should be described up to $60,000 plus on-costs to allow a 50 per cent grant contribution to equal $30,000 plus on-costs up to $9,000). Contracting arrangements or casual employment will not be considered as eligible.
- UK or US trade control gap analysis or training which leads to a formal implementation report by an appropriately qualified third party. You must provide clear description of a relevant defence contractual opportunity and the qualifications and experience of the third party service provider in accordance with Assessment Criterion 2d.

Security Uplift - Physical Security:

- Installation of business perimeter specialised security features such as bollards, razor wire, sensor lighting or surveillance cameras
- Installation of external and internal building digital access controls
- Installation and commissioning of facility surveillance cameras or sensors
- Construction of dedicated control zone (not including cleanrooms or laboratories) for separation of trade-controlled items by internal building modification
- Construction of a Level 3, 4 or 5 secure zone which must include formal certification and accreditation. You must provide clear description of a relevant defence contractual requirement.
- Installation of a secure ICT protected network which must include formal certification

Security Uplift - Personnel:

- Australian security clearance application and vetting fees for Baseline, Negative Vetting level 1 or Negative Vetting level 2 clearance, if adequately justified according to new commercial opportunities and contractual requirements, for up to 6 Employees. Security clearance nominations must be named employees with clear explanation of the appropriate job requirements in accordance with Assessment Criterion 2d.

Achieving Certifications and Accreditations:

- Eligible certifications must apply to the business, its management systems, operating procedures, manufacturing capability or organisational maturity. Eligible activities must engage an appropriate third party provider to achieve a formal certification or accreditation within the business:
  - new management certifications such as ISO international standards:
    - ISO9001 Quality Management System
    - ISO13485 Medical Device Quality Management System
    - ISO14001 Environmental Management System
    - ISO17025 Testing and Calibration Laboratories
    - ISO31001 Risk Management
    - ISO44001 Collaborative Business Relationships
    - ISO45001 Occupational Health and Safety
    - other ISO accreditations relevant to the defence industry may be eligible as determined by the Senior Responsible Officer.
  - other compliance requirements that are relevant to businesses operating in the defence sector:
    - quality management systems relevant to the aerospace industry such as AS9100, AS9110, AS9120
    - classification Society standards certification from classification societies such as American Bureau of Shipping, Bureau Veritas, Lloyd's Register of Shipping, DNV, and similar
    - certification to other Australian or international standards relevant to the defence such as Nadcap accreditation
    - other technical certifications relevant to the defence sector may be eligible as determined by the Decision-maker.

B.3 Labour expenditure

We only consider the following as eligible labour expenditure:

- staff involved in project management of security installation/construction if funded by the grant, however, we limit these costs to 10 per cent of the total project cost; and
- the employment of the Inaugural Security Officer as described in section B.2 if funded by the grant.

All other labour expenditure of staff involved in project activities is not eligible expenditure.

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

We do not consider labour expenditure for leadership or administrative staff (such as CEOs, CFOs, accountants and lawyers) as eligible expenditure, even if they are doing project management tasks.

Eligible salary expenditure includes an employee's total remuneration package as stated on their Pay As You Go (PAYG) Annual Payment Summary submitted to the ATO. We consider

salary-sacrificed superannuation contributions as part of an employee's salary package if the amount is more than what the Superannuation Guarantee requires.

The maximum salary for an employee that you can claim through the grant is $175,000 per financial year.

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

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

B.4 Labour on-costs and administrative overhead

You may increase eligible salary costs by an additional 30 per cent allowance to cover on-costs such as employer paid superannuation, payroll tax, workers compensation insurance, and overheads such as office rent and the purchase or provision of computing equipment directly required or related to the delivery of the project.

You should calculate eligible salary costs using the formula below:

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

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

Evidence you will need to provide can include:

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

B.5 Contract expenditure

Contracted services will not be supported where they are for the performance of business as usual functions normally undertaken by the applicant's own personnel.

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

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

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

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

Invoices from contractors must contain:

- a detailed description of the nature of the work
- the hours and hourly rates involved

- any specific plant expenses paid.

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

We will require evidence of contractor expenditure that may include:

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

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

B.6 Other eligible expenditure

Other eligible expenditures for the project may include:

- financial auditing of project expenditure, the cost of an independent audit of project expenditure (where we request one) up to a maximum of 1 per cent of total eligible project expenditure
- costs you incur to obtain planning, environmental or other regulatory approvals during the project period
- contingency costs up to a maximum of 10 per cent of the eligible project costs. Note that we make payments based on actual costs incurred.

Other specific expenditures may be eligible as determined by the Senior Responsible Officer or Decision Maker.

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

Appendix C. Ineligible expenditure

This section provides guidance on what we consider ineligible expenditure. If your expenditure is ineligible under this grant opportunity stream, you can also consider other Defence Industry Development Grants Program Grant Opportunity Streams for your expenditure. We may update this guidance from time to time; check you are referring to the most current version from the business.gov.au website before preparing your application.

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

Examples of ineligible expenditure include:

- Cyber security uplift activities which are not based on agreed action items that are specified in a DISP audit report, Maturity Action Plan, IRAP assessment or Authority to Operate which has been issued by Defence
- the purchase, lease, hire, subscription, implementation, upgrade or replacement of ICT hardware or software, including Software as a Service (SaaS) and cloud-based services
  - exceptions only apply to the minimum viable ICT hardware or software necessary to achieve secure zone physical accreditation outcomes; and cybersecurity-specific software, licenses, subscriptions and cloud-based services required to achieve agreed cyber security uplift action items.
- subscriptions to cybersecurity monitoring services
- DISP membership applications or related advisory support
- wages for staff other than for project management of security installation/construction when funded by the grant and the employment of the Inaugural Security Officer as described in section B.2
- external contracting or casual employment of Chief Security Officer (CSO) or Security Officer (SO) services
- costs associated with auditing of suppliers including travel, accommodation and labour
- application or vetting fees for Positive Vetting security clearances
- trade control or export permit application or processing fees
- home office surveillance or ICT capabilities for remote security monitoring
- security patrol services
- installation or maintenance of exterior gates and fences for general business security
- purchase, training and care of a guard dog
- installation or maintenance of mezzanines, storerooms, cleanrooms, laboratories or assembly areas
- installation or maintenance of private rooms such as offices, boardrooms, receptions, meeting rooms and receiving docks
- secure zone facilities without certification, accreditation or evidence of contractual requirement
- attending security seminars including registration, travel, accommodation and labour
- product development, product certifications, or product testing
- periodic ICT re-certification or monitoring audits for network security, ISO27001, NIST 800-171 or CMMC
- maintenance of two-factor or multi-factor authentication architecture

- general business internet and data back-up subscriptions
- capital expenditure for the purchase of assets such as office furniture and equipment, motor vehicles, boats, forklifts, computers, printers or photocopies.
- creation of inventory or stock
- standalone tooling such as fixtures, jigs, moulds, dies
- research and product development costs, prototyping, first article testing and batch trials
- research not directly supporting eligible activities
- activities, equipment or supplies that are already being supported through other sources
- costs incurred prior to the grant agreement being executed
- any in-kind contributions
- financing costs, including interest
- general ICT support including server room, server racks, air-conditioning
- costs such as rental, renovations and utilities
- capital expenditure for construction, renovation, refurbishment or extension of facilities such as buildings, mezzanines, office space and laboratories not directly linked to eligible activities
- non-project-related staff training and development costs
- insurance costs (the participants must effect and maintain adequate insurance or similar coverage for any liability arising as a result of its participation in funded activities)
- costs related to obtaining resources used on the project, including interest on loans, job advertising and recruiting, and contract negotiations
- depreciation of plant and equipment
- maintenance costs
- costs of purchasing, leasing, depreciation of, or development of land
- infrastructure development costs, including development of road, rail, port or fuel delivery networks beyond the manufacturing site
- site preparation activities which are not directly related to, or for, the main purpose of transitioning to higher value and/or niche manufacturing
- opportunity costs relating to any production losses due to allocating resources to the agreed grant project
- costs of manufacturing production inputs
- routine operating expenses not accounted as labour on-costs – including communications, office accommodation, office computing facilities, printing and stationery, postage, legal and accounting fees and bank charges
- costs related to preparing the grant application, preparing any project reports (except costs of independent audit reports we require) and preparing any project variation requests
- travel costs.

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

You must ensure you have adequate funds to meet the costs of any ineligible expenditure which occurs in addition to the grant project.