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1. Background

The Victorian Defence Industry Supply Chain Program (Program) is a Victorian Government initiative arising from the Defence Technologies Sector Strategy (March 2016) to support Victorian Small and Medium Enterprises (SMEs) win more domestic and international defence, aerospace or security supply chain work.

The Program is focused on providing support for capital expenditure to SMEs that are required to meet industry-specific compliance requirements.

The Program, is an adjunct to the Boost Your Business Voucher Program – Defence, Aerospace and Security stream.

The Program is administered by the Department of Economic Development, Jobs, Transport and Resources (Department).

2. Program Objectives

The objective of the Program is to help Victorian SMEs win more defence, aerospace or security related work by supporting capital expenditure to meet industry specific compliance requirements.

The Program is intended to complement other existing Commonwealth and State Government funding initiatives.

3. Assistance Available

- The minimum and maximum amounts that may be provided to an Applicant under this Program are $2,000 (excl. GST) and $100,000 (excl. GST) respectively.
- Applicants will be required to make a cash co-contribution based on a 1:1 funding ratio (the cash co-contribution must be at least 50 per cent of the Eligible Expenditure). In-kind contributions (i.e. non-monetary resources) are excluded from any calculation of the cash co-contribution.
- Funds received from other Victorian or Commonwealth Government programs cannot form part of the cash co-contribution.

Applications are sought for projects that meet the Program objectives.

The Program supports capital expenditure to assist SMEs to meet industry-specific compliance requirements.

An Applicant can submit an application for funding which is comprised of a number of different activities.
4. Eligibility

Applicants must meet the following criteria to be eligible for assistance under this Program:

- be a legal entity that is currently engaged in a defence, aerospace or security supply chain or able to demonstrate a genuine intent to enter a defence, aerospace or security supply chain
- be an SME\(^1\) with an operating business presence in Victoria (an application submitted under this Program must be linked directly to an Applicant’s business operations in Victoria)
- have an Australian Business Number (ABN)
- be able to meet the required cash co-contribution ($1 for every $1 provided)
- have a proven record of compliance with all workplace health and safety obligations
- meet all industrial relations obligations as an employer

The following entities are not eligible to apply:

- individuals, partnerships or trusts. An incorporated trustee can apply on behalf of a trust provided the Department is satisfied that the trustee is authorised to enter into the Grant Agreement on behalf of the trust and will be entitled to be indemnified from the assets of the trust for any liabilities under the terms of the Grant Agreement
- Commonwealth, State and Local Government agencies and bodies
- publicly funded research institutions

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1. A business will be considered an SME for the purposes of this Program having regard to: the size of the Australian workforce; ownership structure; and the role the business plays in the Victorian economy. As a guide, the Australian Bureau of Statistics definition of an SME as having fewer than 200 employees (total headcount) will be used as a point of reference for this Program.
5. Funding

The Department will fund 50 per cent of Eligible Expenditure, up to a maximum of $100,000 (excl. GST). The minimum amount that will be provided by the Department under this Program is $2,000 (excl. GST).

Applicants will need to demonstrate how the project outcomes justify the amount of the grant sought.

Recipients will be eligible for up to two grants under this Program, capped at a maximum value of $100,000 each. Preference will be given to Applicants that have not yet received funding under the Program.

Please note that funding will not be provided for retrospective activities (i.e. costs incurred before a Grant Agreement is signed). Grant recipients that commence their project prior to the execution of a Grant Agreement do so at their own risk.

**Grant amount**

The Victorian Government reserves the right to offer a grant for a lower amount than that applied for by an Applicant.
6. Eligible Expenditure

Eligible Expenditure includes, but is not limited to:

<table>
<thead>
<tr>
<th>Eligible Expenditure</th>
<th>Description and Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building alterations and fit-out costs</td>
<td>• to help meet industry specific compliance requirements or pass a certification audit, e.g. installation of security bars on windows, installation of electronic access controls, construction of partitions to meet security requirements</td>
</tr>
<tr>
<td>Software development, customisation, implementation or purchase</td>
<td>• to help meet industry specific compliance requirements or pass a certification audit, e.g. verification and validation software, document management, product lifecycle management, security/International Traffic in Arms Regulations (ITAR) management software</td>
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</tbody>
</table>
| Purchase and installation of equipment                    | • to help meet industry specific compliance requirements such as ITAR, e.g. locking devices, security containers, security alarm systems, detectors, visitor management systems  
• to help a Victorian SME pass a business systems and process certification audit |

Applicants are encouraged to use Victorian service providers to assist with their project where possible.

The Department reserves the right to reject funding applications for activities not specified above, or for activities that do not meet Program objectives.
7. Ineligible Expenditure

Applicants will need to meet the cost of any ineligible expenditure associated with their project. Grants may not be used to cover the following expenses:

<table>
<thead>
<tr>
<th>Project Activity</th>
<th>Description and Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business as usual expenses, promotional activities, plant purchase, routine replacement of plant or equipment, or land acquisition</td>
<td></td>
</tr>
<tr>
<td>• business as usual expenses including salaries of existing employees and general overheads associated with normal business operations</td>
<td></td>
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<tr>
<td>• routine replacement of plant or equipment</td>
<td></td>
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<tr>
<td>• routine operational expenses, including communications, accommodation, office computing facilities, printing and stationery, maintenance, postage, legal and accounting fees and bank charges</td>
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<td>• costs related to preparing the grant application, preparing any project reports and preparing any project variation requests</td>
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<td>• building websites, marketing, sales and promotional activities</td>
<td></td>
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<td>• intellectual property related costs</td>
<td></td>
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<tr>
<td>• travel costs and entertainment costs</td>
<td></td>
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<tr>
<td>• general software upgrades and purchases e.g. Microsoft Office/Windows operating systems</td>
<td></td>
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<tr>
<td>• feasibility studies</td>
<td></td>
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<tr>
<td>• business plans</td>
<td></td>
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<tr>
<td>• research and development</td>
<td></td>
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<tr>
<td>• land acquisition</td>
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</table>
### Project Activity Description and Examples

<table>
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</table>
| Projects that require retrospective funding, are part of State Government contracts or require ongoing government funding | • initiatives seeking retrospective funding for projects that have already started or have been announced  
• projects undertaken by the private sector as a result of Victorian Government contractual arrangements or regulatory requirements  
• projects requiring ongoing funding from the Victorian Government once completed |
| Service providers that are not qualified or at “arm’s length” from an Applicant | • works carried out by unqualified service providers without the appropriate expertise to deliver the service  
• works carried out by third parties that are not considered by the Department to be sufficiently at “arm’s length” from an Applicant |

### 8. Duration of Projects

Projects should take no longer than 12 months to complete. Projects must be completed within the timeframes specified in the Grant Agreement.
9. Application Process

Potential Applicants are encouraged to carefully consider their ability to meet the Program’s objectives and requirements and how they will perform against the assessment criteria before committing resources to develop an application.

Applicants will be required to provide quotations and estimates in support of their applications.

9.1 How to Apply

Applicants are encouraged to first speak to the Victorian Defence Procurement Office (VDPO) or a staff member at a Victorian Government Business Office (VGBO) or Regional Development Victoria (RDV) office to discuss their project and to determine eligibility before formally applying for a grant. Contact details are included in section 16 of this document.

Applicants can submit a completed application via the following link: business.vic.gov.au/defence-support.

Applicants whose applications are unsuccessful will be advised in writing.

9.2 Applications

Applications can only be made using the electronic link provided and must be submitted online. Printed, facsimile, posted or other methods of delivery of the application form will not be accepted.

All sections of the application form must be completed in full and all requested attachments provided.

All applications must:

- address Program eligibility requirements
- meet the key selection criteria
- provide financial information such as the requested grant amount and quotes for project related tasks
- include a project plan with the following information:
  - a description of the project and expected project outcomes
  - reasons for undertaking the project
  - the key personnel, associated costs, delivery timeframes, key milestones and deliverables
  - risk management plan
  - a project budget
The project plan template available at the Program website must be used to develop a project plan for the application.

All applications must also be accompanied by documentation that provides details of the cash co-contribution, including:

- evidence of support from the Board or Applicant owner that the Applicant can undertake the project and meet its cash co-contribution obligation
- an approved loan facility from a reputable Australian bank (including loan amount)
- cash at bank (current bank statement from a reputable Australian bank)
- management accounts demonstrating satisfactory cash flow or liquid assets
### 10. Assessment Criteria

Applications will be assessed against the following Key Selection Criteria:

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<tr>
<th>Key Selection Criteria</th>
<th>Description</th>
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| 1. How the project will help the applicant to win more defence, aerospace or security related work | • how the proposed project will help an applicant to capitalise on defence, aerospace or security industry opportunities, win new defence, aerospace or security supply chain work or grow existing defence, aerospace or security work  
  • the potential for the project to create other long-term benefits |
| 2. Impact of the project on Victorian employment and skills | • potential number of new jobs generated in Victoria as a result of the project and the estimated timeline for job creation  
  • potential number of existing employees transitioned into higher value, higher skilled roles and the estimated timeline for this transition  
  • potential number of existing employees to be retained as a result of the project  
  • whether the project will take place in areas of socio-economic disadvantage, or has the potential to employ disadvantaged workers |
| 3. Ability to undertake the project | • funding available to implement the project i.e. the Applicant can meet cash co-contribution requirements and has the capacity to meet any additional activity costs that exceed the funding offered by the Department  
  • evidence that the project team (i.e. business, consultant) has the capability to undertake the project, e.g. CVs of lead team members, record of success in undertaking similar projects |
| 4. Need for government support | • how the grant impacts positively on the scale or timing of the project  
  • why the requested grant amount is required, rather than a lesser amount  
  • what other funding options have been pursued |
11. Administration and Assessment of Applications

All applications will be assessed against the Program objectives, eligibility criteria, key selection criteria and available funds through an open-round grant process.

Applications will be open until 3 September 2018 or until funds have been exhausted.

The Program Assessment Panel will review all eligible applications and provide recommendations.

Applicants may be contacted by the Department to provide additional supporting documentation.

There is no guarantee that an application will be supported for funding, or that the amount of funding requested will be offered.

12. Grant Agreement

Subject to acceptance of an offer by an Applicant, a legally binding Grant Agreement will be prepared reflecting the project, proposed outcomes, milestones and conditions of payment.

An Applicant will have 14 days to accept the offer in writing and 30 days from the date of acceptance to execute the Grant Agreement with the State of Victoria. The Department may withdraw the offer if the Grant Agreement is not executed within the 30 day timeframe.

13. Publicity

Applicants must agree to cooperate with the Department in the preparation of materials used to promote the benefits of the Program to industry, such as a media release or case study.

The Department will request grant recipients to fact check any text and seek approval to use any grant recipient-owned imagery associated with the project prior to the publication of any such promotional materials.

Grant recipients are not to publicly announce being awarded a grant until the Minister has officially done so, unless prior written approval has been provided by the Department.
14. Reporting and Evaluation

All recipients of grants must agree to:

• comply with performance monitoring requirements, including written reports and face to face meetings
• participate in formal evaluations of the Program by the Department including the submission of a post-completion report 12 months after completion of the project

15. Confidentiality

The Department will, to the extent permitted by law, treat all information provided by Applicants as strictly confidential and commercial-in-confidence where relevant. Any personal information will be managed in accordance with the Department’s published Privacy Policy, which can be found at business.vic.gov.au/privacy

Any personal information relating to an Applicant or a third party in an application will be collected by the Department for the purposes of grant administration.

This information may be provided to other Victorian Government departments and agencies for the purposes of assessing an application. If an Applicant intends to include personal information about third parties in its application, these third parties must be made aware these third parties must be made aware of the Department’s Privacy Policy.

Any personal information relating to an Applicant or a third party in any correspondence will be collected, held, managed, used, disclosed or transferred in accordance with the provisions of the Privacy and Data Protection Act 2014 (Vic) and other applicable laws. The Department is committed to protecting the privacy of personal information.

Enquiries about access to information held by the Department should be directed to:

Freedom of Information Officer
Level 16, 1 Spring Street
Melbourne VIC 3000 AUS
Tel: (+61 3) 9208 3112
Email: foi@ecodev.vic.gov.au
16. Contacts and Further Information

Applicants are encouraged to discuss their project with a representative from the Victorian Defence Procurement Office, their local Victorian Government Business Office or their local Regional Development Victoria office.

For more information, please contact Business Victoria on 13 22 15 or visit business.vic.gov.au/defence-support

Please note that engagement with the Department or any Victorian Government representative does not constitute endorsement of any application for assistance.