



An Australian Government Initiative

**AusIndustry™**

# *Climate Ready Program* Customer information guide

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website: [www.ausindustry.gov.au](http://www.ausindustry.gov.au)

AusIndustry hotline: 13 28 46

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# 1 About *Climate Ready*

The *Climate Ready* program is the element of the *Clean Business Australia* initiative, announced by the Government in its 2008-09 budget statement, to support innovation projects which address the effects of climate change. The program will provide \$75 million over 4 years, commencing in 2008-09, to Australian small and medium sized companies for projects that address the impact of climate change.

*Climate Ready* is a competitive program. Applications must rate highly against the program's merit criteria and against other applications to result in a grant offer. *Climate Ready* provides grants from \$50,000 up to a maximum \$5 million and will fund up to 50 per cent of eligible expenditure on approved projects.

*Climate Ready* is delivered by AusIndustry, the business program delivery division of the Department of Innovation, Industry, Science and Research (the Department).

Applications can be submitted for consideration through one of the *Climate Ready* program rounds. The program round schedule can be found at [www.ausindustry.gov.au](http://www.ausindustry.gov.au). Upon applying for a grant, AusIndustry will assign a customer service manager to provide guidance on the application process and, if successful, support throughout the life of the project.

This guide is to assist customers to help decide whether to apply for a *Climate Ready* grant.

Customers should also consider registering their project activities for the *R&D Tax Concession*—more information on this program can be found at [Appendix 5](#).

## 2 Eligibility criteria

### 2.1 Eligible applicants

*Climate Ready* grants are available to small and medium sized Australian businesses. Eligible businesses must:

- be a non-tax exempt company incorporated under the *Corporations Act 2001*.
- have a combined annual turnover (including each related body corporate) of less than A\$100 million in each of the three financial years before the financial year in which the application is lodged.

For *Climate Ready Program* small grants, eligible businesses must:

- either be a non-tax exempt company incorporated under the *Corporations Act 2001* or an individual who warrants in the application to form such a company to sign a grant agreement and undertake the project if offered assistance.
- have a combined annual turnover (including each related body corporate) of less than A\$100 million in each of the three financial years before the financial year in which the application is lodged.
  - except if you are a company controlled by an Australian university or public sector research organisation, in which case your turnover (in isolation of any

related bodies) must be less than A\$100 million for each of the three years prior to the lodgement of the application.

An eligible applicant also:

- is able to prove it owns, or has beneficial access to, all intellectual property (IP) needed to undertake and/or commercialise the project (refer below for further information).
- is able to prove it can fund its share of project costs as they fall due without relying on any other government grants (refer below for further information).
  - if the project is undertaken directly by a Cooperative Research Centre (CRC), or through a related spin-off company, it will be considered for *Climate Ready* support only if the proposed project is outside the approved CRC research program.

### **Ability to fund applicant's share of project costs**

An applicant does not need to have all matching funding at the time of application. However, the applicant must show it can match the grant at the rate it will incur eligible expenditure on the project. It cannot use in-kind (non-financial) contributions or other government grant funding.

Applicants should provide documentary evidence of its ability to match the grant funding in the application.

For large grant applications (\$500,001-\$5 million) documentary evidence may include:

- for internal matching funding sources, cash-flow forecast and evidence of an existing sales pipeline and/or sales contracts
- for external matching funding sources such as equity investments or loans, documentary evidence of commitment and capacity from the investor or finance provider
  - equity investments from joint private and public sector management funds, such as an *Innovation Investment Fund*, or the *Pre-Seed Fund*, are eligible matching funds.

For small grant applications (\$50,000-\$500,000) sufficient evidence is an accountant's written opinion that the applicant meets the condition—the format this written opinion must take and minimum professional qualifications for the accountant are set out in the application form.

### **Equal opportunity for women and compliance with laws**

An applicant must comply with its obligations under the *Equal Opportunity for Women in the Workplace Act 1999*. Companies on the current list of non-compliant organisations, available at [www.eowa.gov.au](http://www.eowa.gov.au), are not eligible to apply.

## **2.2 Eligible projects**

*Climate Ready* provides grants from \$50,000 to \$5 million to support projects for innovations designed specifically to address the impacts of climate change, which may include:

- water recycling, waste recovery or small scale renewable energy technologies

- technologies that reduce the energy used by appliances or increase the efficiency of industrial processes
- products, processes or services to monitor emissions or power usage
- using biotechnology or nanotechnology to address the effects of climate change on humans and the environment
- information systems for businesses or consumers to compare the carbon footprints of different activities
- green building materials that make homes more energy efficient.

The program provides up to 50 percent in matching funding for the costs of the ‘research and development’ (R&D), ‘proof-of-concept’ and ‘early-stage commercialisation activities’ in approved projects.

For detailed definitions of key terms, including ‘product, process or service’, ‘innovation’, ‘research and development’, ‘proof of concept’ and ‘early-stage commercialisation’ activities, refer to [Appendix 1](#)

### **Collaborative projects**

*Climate Ready* aims to foster cooperation between businesses and/or researchers through collaborative projects. Collaborative projects may involve any number of entities participating in the project.

Collaboration is a formal link between entities where key personnel from different institutions or companies are substantially involved in developing and undertaking the project. This relationship goes beyond the level of involvement under a traditional fee-for-service association—that is, it goes beyond normal arrangements that would exist with contractors.

In a collaborative project, only one entity can apply for *Climate Ready* funding and the eligibility criteria will only apply to the applicant entity. If the application is successful, only the applicant will enter into a grant agreement with the Commonwealth. The applicant will be responsible for the performance of the entire project, even if it subcontracts the performance of any part of it. Matching funding contributions is also the responsibility of the applicant entity.

If applying for a grant to assist a collaborative project, the applicant must lodge a letter of understanding or copy of an agreement setting out existing and proposed ownership and disposition of associated intellectual property rights with the application. All collaborating partners must sign the letter of understanding or intellectual property agreement.

### **Access to intellectual property (IP)**

An eligible applicant for *Climate Ready* must be able to demonstrate that it owns, or has beneficial use of, any existing IP needed to carry out and/or commercialise the project. It is also normally expected that, if the project succeeds, the grantee will own any IP resulting from the project. Arrangements regarding the exploitation of project IP which differs from this must be explained comprehensively in the grant application.

If relevant, provide in the application documentary evidence of relevant IP arrangements. If it is not appropriate or necessary to access IP to carry out and/or commercialise the project, then such documentation will not be required.

If an application is successful, all IP arrangements must be formalised before a *Climate Ready* grant agreement will be executed. The grant agreement requires a grantee to seek prior approval from the Commonwealth for dealings with the project IP in certain circumstances. This includes the licensing or sale of IP or the transfer of ownership of the project IP when company ownership changes, including through changes in the majority shareholding of the grantee.

Please refer to [Appendix 2](#) for more detailed information on *Climate Ready* IP arrangements.

### 3 Eligible expenditure

Generally, expenditure under the following headings is eligible (attracts matching funding) if it is directly related to eligible project activities (R&D, proof of concept, early-stage commercialisation):

- labour (including salaries, special bonus for employing recent graduates)
- contractors
- plant
- prototype
- IP protection
- collaboration
- expenditure on overseas activities
- acquisition (for adaptation in the project) of new leading-edge technologies

Other miscellaneous expenditure, if directly related to eligible project activities, may be eligible. For small grant projects, this may include some management training expenses.

The *Climate Ready eligible expenditure guidelines* define in detail exactly what costs associated with eligible activities attract matching funding. The program does not provide retrospective funding—if a grant is offered, only the costs of project activities performed on or after the project start date attract matching funding.

The eligible expenditure guidelines should be read closely if preparing an application. These are available from the AusIndustry website [www.ausindustry.gov.au](http://www.ausindustry.gov.au).

### 4 Merit criteria

The merit of eligible applications will be assessed by Innovation Australia against the following equally-weighted merit criteria:

1. Applicant management capability
2. Project commercial potential
3. Project technical strength (including applicant technical capabilities)

4. Project National Benefits
5. Impact of funding on project outcomes

Follow the directions in the application form to maximise chances of a favourable merit assessment, including referring to the accompanying '*Guide to Completing the Application Form*'.

Refer to [Appendix 3](#) for information on how to identify and quantify the national benefits the project will generate. [Appendix 4](#) provides information on developing a business and project commercialisation plan, which is required in full (for a large grant) or in executive summary form (for a small grant) as an attachment to the application.

## 5 Application process

### 5.1 Role of AusIndustry customer service managers

AusIndustry has a network of state-based customer service managers who provide advice on preparing a *Climate Ready* application. Refer to [Appendix 6](#) for AusIndustry contact details.

### 5.2 Submitting an application

Before lodging a final application, AusIndustry strongly recommends that each applicant forward a draft to its customer service manager for review and feedback. Feedback is only provided on a draft in which all relevant sections of the application form are completed and all mandatory attachments are included, in at least draft form.

A final application contains the fully completed application form and all mandatory attachments specified in the form. A completion checklist is on the application form.

A customer service manager may also request additional documents, including evidence of access to IP necessary to carry out and/or commercialise the project and evidence related to other eligibility conditions.

Applications can be submitted for consideration through one of the *Climate Ready* program rounds. The program round schedule can be found at [www.ausindustry.gov.au](http://www.ausindustry.gov.au).

A customer service manager will send a letter acknowledging acceptance of a final application once satisfied the application is complete and the applicant is eligible. If an application is incomplete or the applicant ineligible, a customer service manager will discuss this with the contact person responsible for lodging the application.

### 5.3 Single or multiple grants for one project

An eligible project may be the subject of a single application covering the entire set of activities from R&D to early-stage commercialisation or multiple separate applications for different parts of the project. A customer service manager can advise applicants on how to proceed.

If the project is the subject of multiple applications, the standard maximum grant amount and the maximum grant period apply to each application. If a company applies unsuccessfully for one stage of a project—for example, the R&D stage—it can still apply for a grant to cover

subsequent work. However, being successful for a grant for one part of a project does not guarantee that an application for a further part of that project will succeed.

## 6 Merit assessment process

### 6.1 Innovation Australia merit ranking

Innovation Australia, a Commonwealth statutory body, will undertake the technical assessment and merit ranking of *Climate Ready* applications through one of its Committees. Applications are assessed against the program merit criteria established by the Minister for Innovation, Industry, Science and Research. Applications must rate highly against the program's merit criteria and against other applications to result in a grant offer.

Further information about Innovation Australia and its committees, including membership, is available at [www.ausindustry.gov.au](http://www.ausindustry.gov.au)

### 6.2 Final decision

The Program Delegate, a Departmental employee authorised by the Minister to administer the program, makes grant offers taking into account Innovation Australia's merit assessment and the availability of program funds.

AusIndustry's customer service standard to inform a *Climate Ready* applicant of the decision on its application is targeted within **90 calendar days** of the date AusIndustry accepts the application as final and complete. Applicants are advised of the application acceptance date by letter.

If the application succeeds, the applicant will receive a written offer of assistance, and will have **30 calendar days** from the date of the offer to execute a grant agreement with the Commonwealth. AusIndustry may withdraw the offer if the grant agreement is not executed within this time.

The earliest possible project start date is the date AusIndustry accepts an application for assessment. This is generally not the same date an applicant submits a final application; AusIndustry only accepts an application for assessment after it confirms the application is complete in all respects and that the applicant is eligible to apply.

If the application is not successful, AusIndustry will notify the applicant in writing and provide the opportunity to discuss the outcome with a customer service manager.

The Program Delegate's decision is final with regard to the offer of a grant, including the size, terms and conditions for which applicants are offered under *Climate Ready*.

### 6.3 Submitting a new application

In cases where an application is not successful, the company may submit, at a future round, a new and substantially different application for the same or similar project. Only one such new application is permitted. To discuss options for submitting a new application, contact a customer service manager.

The provision of new information, that substantially strengthens claims against the merit criteria, should improve the chances of the new application's success.

The Program Delegate may refuse to accept a new application if it is substantially the same as a previous ineligible or unsuccessful application.

## 7 Agreement process for successful applicants

The grant agreement is a legal contract between the grantee and the Commonwealth. It also sets out the project milestones and the grantee's compliance and reporting obligations. The schedules to the grant agreement will also reflect other information included in the application. A copy of the grant agreement is available from the AusIndustry website [www.ausindustry.gov.au](http://www.ausindustry.gov.au).

A grant agreement provides funding over the life of a project. For project expenditure to qualify as eligible expenditure, the grantee must incur it on or after the project commencement date—which cannot be before the date AusIndustry accepts a final application for assessment. Until a grant agreement is executed, there is no guarantee that AusIndustry will provide grant funding and, therefore, a company offered a grant bears the risk of any expenditure it incurs before then.

If the applicant is successful in its application for funding, AusIndustry will send a written offer of assistance. The applicant will have **30 calendar days** from the date of the offer to execute a grant agreement with the Commonwealth. AusIndustry may withdraw the offer if the grant agreement is not executed within this time.

An offer of *Climate Ready* funding may be subject to special conditions and may be withdrawn in certain circumstances.

### 7.1 Agreement obligations

The grant agreement will contain certain obligations about exploiting or commercialising the project or its outcomes in accordance with the project commercialisation strategy in the grant application. If a grantee subsequently intends to change its commercialisation strategy it must get the prior written consent of the Commonwealth or it will be in breach of the grant agreement.

It is important to pay careful consideration when finalising a grant agreement, especially in attributing project costs across the financial years of the project. Once the grant agreement is signed, any changes to project expenditure, including movement of funds across financial years, are not guaranteed.

Under the terms of the grant agreement, a grantee must provide various reports relating to the project. These reports will identify technical progress and project expenditure for a given reporting period. Frequency of progress reports varies: for large grants it is generally quarterly while for small grants it is generally six monthly. Grant payments are based on these reports however AusIndustry may pay grantees up to one reporting period in advance.

Prior written consent from the Commonwealth is also required in circumstances where a company change of control takes place or the grantee undertakes to 'deal' with the intellectual property (IP). This includes the licensing or sale of IP or the transfer of ownership of the project IP when company ownership changes, including through changes in the majority shareholding of the grantee. For a large grant this obligation applies during the project period and for two years

after the project completion date while for small grants this obligation applies during the project period only. [Appendix 2](#) provides more information on *Climate Ready* IP arrangements.

AusIndustry recognises that unexpected circumstances may impact on a project. A grantee must discuss any changed circumstances with a customer service manager, otherwise it may be at risk of breaching the grant agreement. The customer service manager will advise whether the changes in circumstances require a formal variation to the grant agreement.

The *Climate Ready guide to managing your grant* is a detailed description of the responsibilities involved in conducting a *Climate Ready* project. A copy of this guide can be found at [www.ausindustry.gov.au](http://www.ausindustry.gov.au) or contact a customer service manager.

## 7.2 Taxation obligations

*Climate Ready* grants attract the goods and services tax. AusIndustry increases grant payments to compensate for the level of the tax.

*Climate Ready* grants are assessable income, unless specifically exempted by a taxation law. AusIndustry recommends getting independent professional advice on tax obligations.

## 8 Confidentiality

The use and disclosure of information provided by applicants for the *Climate Ready* program are regulated by the relevant provisions and penalties of the *Industry Research and Development Act 1986*, the *Public Service Act 1999*, the *Public Service Regulations*, the *Privacy Act 1988*, the *Crimes Act 1914*, the *Criminal Code* and general law.

As part of the assessment of an application, the Department or Innovation Australia may need to consult with, and provide material from the application to, other government agencies or bodies, other organisations and/or relevant individuals, in order to substantiate any claims or statements made in the application form, or to otherwise assist in the assessment of the application. If this occurs, the Department will endeavour to ensure that the parties who are consulted observe appropriate confidentiality provisions.

Detailed confidential information contained in applications may be disclosed for audit purposes to contractors engaged by the Department and to other Commonwealth agencies for audit, reporting and law enforcement purposes. Further, the Department or Innovation Australia may release confidential information if it obtains the applicant's consent or is required or permitted by law to do so. This could happen, for example, if the Department is required to respond to a resolution of the Parliament, or an order of a court.

Following approval of an application, the broad details of an application (for example, the identity of the successful applicant, the grant amount and a brief description of the project) may be disclosed by the Department for purposes such as promoting the program and reporting on its operation and policy development. This information may also be used in answering questions from the Parliament and its committees.

## 9 Feedback on *Climate Ready*

The *AusIndustry customer service charter* outlines AusIndustry's commitment to improving service delivery. It sets out the service standards applicants for AusIndustry programs can expect and how applicants can help AusIndustry to deliver better services. A copy of the charter is available at [www.ausindustry.gov.au](http://www.ausindustry.gov.au)

AusIndustry conducts customer satisfaction surveys through which feedback from applicants and recipients of assistance is used to improve our business operations and our service. AusIndustry ensures that appropriate staff receives both positive and negative comments.

For complaints, the AusIndustry hotline is the first point of contact. The hotline directs complaints to the appropriate manager, who will follow up to ensure that the matter is resolved.

Contact the AusIndustry hotline on **13 28 46** or by email at [hotline@ausindustry.gov.au](mailto:hotline@ausindustry.gov.au)

If not satisfied with the complaint resolution procedure, contact the:

Executive General Manager of AusIndustry

GPO Box 9839

Phone: (02) 6213 7470

CANBERRA ACT 2601

Fax: (02) 6213 7344

Another option for complaints is to contact the Commonwealth Ombudsman. There is no fee for making a complaint, and the Ombudsman will conduct an independent investigation of concerns. Note that the Ombudsman usually prefers complainants to first work through relevant internal processes before complaining about a decision.

The Ombudsman has offices in all states and territories. Contact the Ombudsman by telephoning **1300 362 072** or by writing to the relevant contact address specified on the Ombudsman's website at [www.ombudsman.gov.au](http://www.ombudsman.gov.au).

## Appendix 1: *Definitions of key terms and phrases*

Products, processes or services that ‘address the effects of climate change’ are any products, processes or services that do just that—the program's intent is to assist the climate change effort as broadly and imaginatively as the applications to the program allow it to. The Program Delegate may seek independent expert advice to determine if a proposed project is consistent with *Climate Ready*'s spirit and intent. The Program Delegate's decision is final.

A product is something used by someone or something to produce a benefit to the user. Software and drugs/biotechnology-based treatments are considered products in *Climate Ready*.

A process is a series of actions, changes or functions that transform inputs into different outputs.

A service is performance of an activity to deliver a benefit to someone or something. The method of delivery will often rely on the use of products or processes.

A product, process or service is innovative either if it offers a benefit to users that does not yet exist and/or if it relies on a method of production, method of transformation of inputs or method of performance that does not yet exist.

Eligible activities that attract up to 50 percent of matching funding are:

- Research and development activities—which are systematic, investigative and experimental activities that involve innovation (see above), technology transfer into Australia or technical risk
  - technical risk is reasonable uncertainty about the results of activities, which of several paths is technically feasible or whether the outcome will meet a desired technical specification.
  - Such reasonable uncertainty exists where there is a problem that can be resolved only by appropriately skilled and experienced personnel going through a systematic program of investigation of possible solutions by experimental testing where a solution to the problem is not readily apparent from applying generally known analysis techniques.
- Proof-of-concept activities—which are the steps necessary to establish the commercial and technical viability of a product, process or service.
- Early-stage commercialisation activities—which is work focussing on enabling a new product, process or service to be produced to the stage where it can effectively be brought to market. This does not include establishing commercial scale facilities.
- The guide to completing the application form attached to the *Climate Ready* application form has detailed information about eligible activities relevant to completing the application form.

## **Appendix 2: Guide to intellectual property (IP) management and protection for Climate Ready applicants**

A *Climate Ready* application requires the applicant to demonstrate how it will manage, protect and exploit any intellectual property (IP) resulting from the *Climate Ready*-assisted project, in order to generate the best economic returns to Australia. IP is defined broadly as ‘the tangible representations of intellectual activity’.

The Australian Government does not seek ownership of any such IP nor to direct how IP will be commercialised. However, in certain circumstances the licence, sale or transfer of IP derived from the project to another entity will require the approval of the Program Delegate. For a large grant, prior Commonwealth approval is required during the project period and for two years after the project completion date. For a small grant this obligation applies during the project period only. The Program Delegate will take into consideration the impact on expected National Benefits of the project. Details with regard to 'Dealing with Rights' are in the *Climate Ready* grant agreement.

Formal protection through patents, trademarks and registered designs is available in Australia through IP Australia and is subject to certain statutory requirements relating to utility, novelty, and non-obviousness of qualifying inventions, trademarks and designs. Similar protection is available in other jurisdictions through their national IP authorities. Protection of the written or drawn representation of the IP (which includes software code) is through copyright and this is automatic on its creation in Australia.

Much IP is best managed through trade secrets and technological or commercial know-how retained within a company. Such know-how will need to be managed effectively through employment contracts, management procedures and mechanisms such as a signed ‘confidential disclosure agreement’ (CDA) with all partners and collaborators. Companies may decide that management of IP in this way is a more effective way to achieve competitive benefits from company-generated technological knowledge than through formal protection.

An IP management strategy involves periodic auditing on a project-by-project basis of all inventions and other IP and an assessment of patentability, economic potential and the costs and benefits of obtaining IP formal protection. This is best done with the assistance of professionals in the area of IP protection. In cases where formal IP protection is chosen as the preferred method of IP management, the company and its employees need to desist from prematurely disclosing the work publicly through papers or posters at conferences or any other form of verbal or written communication.

Further information, data and tools to assist in IP protection and management can be found on the IP Australia website [www.ipaustralia.gov.au](http://www.ipaustralia.gov.au). Information specific to the biotechnology industry is available in the *Intellectual property management training manual* which can be downloaded free of charge from the Biotechnology Australia website [www.biotechnology.gov.au](http://www.biotechnology.gov.au). Applicants should also consider consulting a solicitor, patent attorney or other IP professional on developing an IP management strategy.

## **Appendix 3: Guide to evaluating national benefits**

### National benefit and an application

In order for an application to succeed, it must demonstrate:

- it addresses the impact of climate change
- how the proposal is likely to deliver benefits to the Australian economy and broader community by addressing the impact of climate change
- that these benefits justify the investment of public money in the *Climate Ready* grant.

### What constitutes national benefit?

Innovation and its commercialisation can benefit Australia in a variety of ways including:

- improved national productivity and economic growth
- the diffusion of knowledge, skills and know-how to other parts of the Australian economy
- the generation of societal, community or environmental benefits
- flow-on benefits.

### How to establish the case

The application should clearly spell out how the project will benefit Australia. For example, are the results of the project likely to create new jobs, make Australian industry more internationally competitive or improve Australia's skill base?

Listed below are some questions and dot points to think about:

### Will the project improve national productivity or lead to economic growth?

Examples of where innovative projects are likely to improve national productivity and lead to economic growth include where the project and the commercialisation of its outcomes are likely to:

- improve the efficiency, productivity or competitiveness of Australian industry
- lead to the establishment of new Australian industries and/or generate significant new employment opportunities
- create or sustain, in a timely fashion, a competitive advantage to Australia that will be hard to replicate elsewhere
- contribute to the development of strategic industry clusters (that is, a concentration of related or complementary businesses with active channels for business transactions, communications and dialogue that share specialised infrastructure, labour markets and services)
- provide a higher quality or cheaper input for industries that constitute a significant proportion of the Australian economy, or
- lead to the introduction of new technologies and value adding operations.

## Will the project result in the diffusion of knowledge, skills and know-how?

Some common means through which innovative projects result in knowledge diffusion include:

- contributions to the development of Australia's skill base in areas in which Australia is likely to have a comparative advantage
- the development and release of a platform technology (that is, a technology that can be used as the basis for the operation of other applications or technologies)
- the adoption of new technologies and processes, and the knowledge and research underpinning the development and use of those technologies, by other firms
- national and international collaboration
- strong linkages, including internationally, between those doing the project and others with complementary skills
- researchers' interpersonal networks (for example, researchers may share new knowledge through discussing their work at conventions, meetings of their professional association or the publication of papers), or
- labour mobility (for example, the movement of staff between organisations as a result of consultancy work or staff turnover).

## Will the project result in societal, community or environmental benefits?

For instance, through:

- improved standards of living
- positive environmental impacts
- improved national and/or resource security, or
- improved occupational health and safety.

## What flow-on benefits will be generated from project?

Who—other than the applicant company—is the project likely to benefit, and how? For instance:

- the applicant's industry—through, for example, access to new knowledge or technologies
- the local community—through, for instance, the generation of new and higher value jobs, or
- firms lower down the applicant's supply chain—through, for example, the development of a cheaper or higher quality input.

## **Appendix 4: Guide to business and commercialisation plans**

In conjunction with the other material supplied with an application, business and commercialisation plans (or a two-page executive summary of the business plan for a small grant application) will be used in assessing the applicant's management capability and the commercial potential of the project. Beyond this, developing these plans is good practice. Planning acts as a trigger, or discipline, for management to consider the company's strategic direction, its strengths and weaknesses and the opportunities and threats it faces.

It is vital that the company's senior management is intimately involved in, and committed to, the strategic planning process, and business and commercialisation plans should be approved by either the company's principals, board of directors or chief executive officer.

A separate commercialisation plan is not needed if in the business plan.

### **Developing a business plan**

Every business is unique, and there is no right or wrong way to structure and to present a business plan. However, a business plan should demonstrate strategic thought about the business. It may help to think through the following types of questions:

- What is the business trying to achieve?
- What skills/issues does the business need to address to ensure that profits are achieved?
- Who are the business' competitors?
- What is the size of the business' market and what trends are emerging?
- How will the business address weaknesses and threats to it?

### **Developing a commercialisation plan**

Unlike the business plan, the commercialisation plan is specific to the project. It should describe how the business will take the product, process or service to market by demonstrating the proposed 'path to market'. It may help to think about the following issues:

- What is the market potential for the project result, who are the customers and how will the business access them?
- What is the pricing and profit strategy?
- What is the business doing about IP management and protection?
- How quickly will the business be able to bring the innovation to market?
- What are the risks?
- Who will the business work with to achieve commercial outcomes from the project result?

### **More information**

A wide variety of user-friendly guides to developing good business and commercialisation plans exist and are freely available. Refer to [www.business.gov.au](http://www.business.gov.au) for further assistance. If expecting to export it may help to contact Austrade on **13 28 78** or via their website [www.austrade.gov.au](http://www.austrade.gov.au) to explore overseas market opportunities.

## **Appendix 5: Registering Climate Ready project activities for the R&D Tax Concession**

There are four key reasons to consider also registering for the *R&D Tax Concession* any R&D project activities that arise from performing a *Climate Ready*-supported project:

- Expenditures on R&D project activities registered for the *R&D Tax Concession* can be deducted in accordance with R&D provisions in tax law. Most expenditures will be tax deductible under those provisions in the year incurred, or on a spread basis, even if ‘clawback’ provisions\* eliminate entitlement to an additional (concessional) 25 percent deduction on activities supported by a *Climate Ready* grant.
  - By not registering R&D project activities for the *R&D Tax Concession*, some expenditures may not be eligible for immediate deduction because they are not incurred in gaining or producing assessable income or in carrying on a business, or are capital in nature.
- While ‘clawback’ provisions\* will reduce the concessional component of a *R&D Tax Concession* claim for R&D project activities arising from a *Climate Ready*-supported project, they may not eliminate the claim altogether.
- If a company meets eligibility requirements, it may also be eligible for the *R&D Tax Offset*.\* This benefits small companies, or companies in small groups, that are in tax loss by enabling them to ‘cash out’ the R&D expenditure portion of their tax loss at the rate of 30 cents in the dollar.
- If a company has a three year history of registering for and claiming the *R&D Tax Concession*, or of receiving *R&D Start* and/or *Climate Ready* and/or *Climate Ready* grants, it may qualify for the *175% Incremental R&D Tax Concession* (provided the company is registered for the *R&D Tax Concession* in the year of claiming that concession).\* This offers an additional deduction on the company’s increase in its level of incremental expenditure (adjusted for receipt of grants) above its averaged R&D expenditure over the previous three years.

\*Refer to the *Guide to the R&D Tax Concession*, available at [www.ausindustry.gov.au](http://www.ausindustry.gov.au) , or to the Australian Taxation Office, for full information on the operation of clawback provisions (including through worked examples), the *R&D Tax Offset* and the *175% Incremental R&D Tax Concession*. In addition, a company should seek its own advice on the impact of a grant on any *R&D Tax Concession* claim it may make.

## Appendix 6: How to contact AusIndustry offices

<p><b>New South Wales</b>  <b>State Office (Sydney CBD)</b>            Level 5, 341 George Street            Postal Address            GPO Box 9839            SYDNEY NSW 2001            Phone (02) 9226 6000            Fax (02) 9226 6002 or (02) 9226 6001            Email: <a href="mailto:ainsw@innovation.gov.au">mailto:ainsw@innovation.gov.au</a></p> <p><b>Wagga Wagga – South West NSW</b>            48 Fitzmaurice Street            Postal Address            PO Box 5761            WAGGA WAGGA NSW 2650            Phone (02) 6921 1828            Fax (02) 6921 6415</p> <p><b>Wollongong – Illawarra &amp; Central West Region</b>            Suite 1 Crown Tower            Level T, 200 Crown Street            Postal Address            PO Box 5427            WOLLONGONG NSW 2520            Phone (02) 4254 5534            Fax (02) 4225 2607</p> <p><b>Newcastle – Hunter Region</b>            IDC – Hunter University Drive            CALLAGHAN NSW 2308            Postal Address            PO Box 189            HUNTER REGION MC NSW 2310            Phone (02) 4960 3823            Fax (02) 4960 3847</p> <p><b>Tamworth – Northern &amp; Central NSW</b>            Level 1, 307 Peel Street            Postal Address            PO Box 920            TAMWORTH NSW 2340            Phone (02) 6761 3624            Fax (02) 6761 3571</p> <p><b>Victoria</b>  <b>State Office (Melbourne CBD)</b>            9th Floor, KPMG House            161 Collins Street            Postal Address            GPO Box 85            MELBOURNE VIC 3001            Phone (03) 9268 7555            Fax (03) 9268 7599            Email: <a href="mailto:aivic@innovation.gov.au">mailto:aivic@innovation.gov.au</a></p> <p><b>Ballarat – Western Victoria</b>            48 Sturt Street            Postal Address            PO Box 511            BALLARAT VIC 3353            Phone (03) 5320 5960            Fax (03) 5331 7973</p> <p><b>Bendigo – Northern Victoria</b>            46 Edward Street            Postal Address            PO Box 1332            BENDIGO VIC 3552            Phone (03) 5442 4199            Fax (03) 5441 8941</p>	<p><b>Traralgon – Gippsland</b>            4/24 Breed Street            Postal Address            PO Box 1875            TRARALGON VIC 3844            Phone (03) 5174 7604            Fax (03) 5174 6094</p> <p><b>Queensland</b>  <b>State Office (Brisbane CBD)</b>            Level 12            100 Creek Street            Postal Address            GPO Box 9839            BRISBANE QLD 4001            Phone (07) 3227 4700            Fax (07) 3227 4730            Email: <a href="mailto:aiql@innovation.gov.au">mailto:aiql@innovation.gov.au</a></p> <p><b>Gold Coast – Southern Queensland and Northern Coastal NSW</b>            Level 1, 26 Marine Parade            Postal Address            PO Box 1448            SOUTHPORT B.C QLD 4215            Phone (07) 5503 1476            Fax (07) 5503 1628</p> <p><b>Gladstone – Central Queensland</b>            c/o Queensland State Office, Brisbane            Postal Address            PO Box 9839            BRISBANE QLD 4001            Phone (07) 3227 4700            Email: <a href="mailto:aiql@innovation.gov.au">mailto:aiql@innovation.gov.au</a></p> <p><b>Townsville – Northern Queensland</b>            Level 1, Enterprise House            Cnr The Strand &amp; Sir Leslie            Thiess Drive            Postal Address            PO Box 326            TOWNSVILLE QLD 4810            Phone (07) 4721 6649            Fax (07) 4721 0753</p> <p><b>Western Australia</b>  <b>State Office (Perth CBD)</b>            Level 25, St Martins Tower            44 St Georges Terrace            Postal Address            GPO Box 9839            PERTH WA 6848            Phone (08) 9287 3500            Fax (08) 9287 3511            Email: <a href="mailto:aiwa@innovation.gov.au">mailto:aiwa@innovation.gov.au</a></p> <p><b>Bunbury – South Western Australia</b>            Podium Level, Bunbury Tower            61 Victoria Street            Postal Address            PO Box 2488            BUNBURY WA 6231            Phone (08) 9721 8216            Fax (08) 9721 7584</p>	<p><b>South Australia &amp; Northern Territory</b>  <b>State Office (Adelaide CBD)</b>            11th Floor, Terrace Towers            178 North Terrace            Postal address            GPO Box 9839            ADELAIDE SA 5001            Phone (08) 8406 4700            Fax (08) 8406 4717            Email: <a href="mailto:aisa@innovation.gov.au">mailto:aisa@innovation.gov.au</a></p> <p><b>Port Augusta – Northern South Australia</b>            Port Augusta Business Centre            500 Stirling Road            Postal Address            PO Box 421            PORT AUGUSTA SA 5700            Phone (08) 8641 2563            Fax (08) 8641 1823</p> <p><b>Mount Gambier – Southern South Australia</b>            Old Town Hall, Commercial            Street East            Postal Address            PO Box 1537            MT GAMBIER SA 5290            Phone (08) 8723 1057            Fax (08) 8725 8949</p> <p><b>Darwin – Northern Territory</b>            Ground Floor, Development House,            76 The Esplanade            Postal Address            PO Box 4816            DARWIN NT 0801            Phone (08) 8941 9250            Fax (08) 8941 5603</p> <p><b>Australian Capital Territory National &amp; Territory Offices (Canberra City)</b>            6th Floor, Industry House            10 Binara Street            Postal Address            GPO Box 9839            CANBERRA ACT 2601            Phone 13 28 46            Fax (02) 6213 7644            Email: <a href="mailto:aiact@innovation.gov.au">mailto:aiact@innovation.gov.au</a></p> <p><b>Tasmania</b>  <b>State Office (Hobart CBD)</b>            4th Floor, AMP Building            86 Collins Street            Postal Address            GPO Box 9839            HOBART TAS 7001            Phone (03) 6230 9900            Fax (03) 6230 9901            Email: <a href="mailto:aitas@innovation.gov.au">mailto:aitas@innovation.gov.au</a></p> <p><b>Launceston – Northern Tasmania</b>            Level 1 Cornwell Square            12-16 St John Street            Postal Address            GPO Box 823            LAUNCESTON TAS 7250            Phone (03) 6331 4183            Fax (03) 6331 3452</p>
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