

DMO



Australian Government
Department of Defence
Defence Materiel Organisation

FUNDING GUIDELINES FY2011/12

SKILLING AUSTRALIA'S DEFENCE INDUSTRY **PROGRAM**



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PART 1: SKILLING AUSTRALIA'S DEFENCE INDUSTRY OVERVIEW

Important Dates for Round 1

1. **Round opens:** The Call for Applications will occur in early March.
2. **Round closes:** Midnight (AEST) four weeks from the date of announcement.

Introduction

3. The Skilling Australia's Defence Industry (SADI) program is part of the Australian Government's investment of more than \$215 million over ten years to grow the skills base of defence industry, create pathways into the sector and address the skills capability gap within defence industry.
4. The SADI program was established in 2005 to increase the quality and quantity of skilled personnel available to defence industry. This will ensure Defence industry can provide the Australian Defence Force with the capabilities it needs to defend Australia and its national interests.
5. The Australian Government has allocated over \$14m million for SADI grants in financial year 2011/12 to boost the skills of the Defence industry workforce.

Purpose of the Guidelines

6. These guidelines have been established to:
 - a) ensure effective, efficient and accountable administration of the SADI Program;
 - b) ensure consistent assessment of applications;
 - c) improve potential recipients understanding of eligibility requirements by providing clear and comprehensive guidance;
 - d) improving the quality of potential recipients applications; and,
 - e) ensure that the objectives of the program are achieved through the grants program.

Objectives of the Program

7. The SADI Program provides financial support to Australian Defence companies, as well as industry associations acting on

behalf of eligible companies, for training and skilling activities in trade, technical or professional skill sets that are required to meet a current or future Defence capability need.

8. The SADI Program has three main objectives:
 - i. generating additional skilled positions;
 - ii. upskilling existing employees; and,
 - iii. increasing the quality and quantity of skills training.
9. The long term benefits of developing Australia's capability are:
 - a) delivery of the capability required by the ADF on time, on budget and to the required standards;
 - b) growth in Australia's specialised skills base by enlarging the pool of qualified engineers, technicians, tradespeople and project managers;
 - c) opportunities in rural and regional Australia where many major ADF platforms are constructed and/or supported; and
 - d) enhanced opportunities to participate in the development of a range of innovative defence technologies.

Funding Priorities

10. Priority for SADI funding in financial year 2011/12 will be given in the first instance, to skilling activities that support a Priority Industry Capability (PIC) or Strategic Industry Capability (SIC).
11. Priority for SADI funding will be given in the second instance, to skilling activities that demonstrate the greatest benefit to Defence as a result of the training being undertaken.
12. In the event that the value of eligible applications exceeds available funding and the above priorities have been applied, a funding cap may be applied.

PART 2: ELIGIBILITY CRITERIA

Eligible Entities

13. To be eligible for funding under the SADI Program, the applicant must:
 - a) be an Australian defence company or an Australian defence industry association;

- b) be a registered, solvent Australian-based company with an Australian Business Number (ABN);
 - c) at the time of application, either:
 - i. have or be supporting a current Defence contract; or
 - ii be able to demonstrate, to the satisfaction of the Commonwealth, that it will be tendering for an Australian Defence contract within the next 12 months; and
 - d) be looking to train or upskill new or existing employees in a trade, technical or professional skill set that is required to meet a current or future Defence capability need.
14. To be eligible for SADI priority funding, applicants will need to demonstrate that they are currently involved in a contract or about to finalise a contract for Defence related work linked to the PIC or SIC.

Ineligible Entities

15. Because of the eligibility requirements, some entities will be ineligible to apply for the SADI Program and therefore will be unable to receive funding. Ineligible entities include, but are not limited to:
- a) individuals;
 - b) education providers such as TAFEs and Universities;
 - c) Federal, State or Local government departments;
 - d) organisations that do not currently hold a defence contract, or are not able to sufficiently demonstrate that they are intending to tender for a defence contract within the next 12 months;
16. If you are not sure about your company's eligibility status, please consult with a SADI Case Manager via the SADI hotline, available on 1800 651 292.

Training/Skilling Activity Eligibility Criteria

17. SADI provides funding for training in technical, trade and professional skill sets that are required to meet a current or future Defence capability need. To be eligible for SADI funding, the training activity:

- a) must fit within the scope of eligible training/skilling activities as detailed below;
 - b) must be undertaken and completed within financial year 2011/12;
 - c) must provide a strategic benefit to Defence
 - d) must demonstrate value for money in achieving the objectives of the SADI program;
 - e) must be able to be verified, substantiated, evidenced and audited to the satisfaction of the Commonwealth; and
 - f) must be undertaken by individuals who are employed by an Australian entity that currently holds an Australian ABN.
18. Applications that have been assessed as meeting the training/skilling activity eligibility criteria will be assessed for funding support. Applicants that fail to meet the above criteria will not be recommended for financial support.
19. For training programs delivered over more than one financial year (i.e. post 30 June 2011), such as a university degree, a new application must be submitted each financial year. A SADI Funding Agreement can only provide financial support for the training that will be undertaken in a particular financial year.

Eligible Activities

20. Eligible activities are training activities in technical, trade or professional skill sets that are required to meet a current or future Defence capability need. These activities include specific Defence related courses, such as technical training, engineering, logistics, project management and scheduling courses.
21. SADI supports a range of training courses including short courses, TAFE courses, University courses and original equipment manufacturer (OEM) training.
22. Support is also provided for apprentices who spend a reasonable amount of their time on Defence projects. This support is in recognition of the supervision requirements of an apprentice and is provided on a sliding scale.

Ineligible Activities

23. Funding is not available for training in areas including, but not limited to, general business management, sales and contracting, leadership, team building, occupational health and safety and basic

or generic computer literacy. In addition, support for training that is only loosely related, or is unrelated to a specific defence contract will be considered to be an ineligible activity.

24. Types of training not supported by the SADI Program include, without limitation, conferences, seminars, summits, symposiums, conventions, or business development trips.
25. If an applicant is unsure if the training activity qualifies for SADI funding, they should first talk to a SADI Case Manager on 1800 651 292 prior to completing a SADI Application Form.

Supported Training Expenses

26. SADI funding may be provided to cover the direct costs of the training or skilling activity including:
 - a) course/tuition fees;
 - b) training materials/text books;
 - c) venue hire;
 - d) audio visual equipment hire;
 - e) domestic travel for trainers and trainees travelling to or from rural and remote locations;
 - f) international travel for trainers and trainees travelling overseas for training not available in-country or for OEM training;
 - g) apprentice supervision (flat rate);
 - h) administration of the proposed training activities;
 - i) internal training course development; and,
 - j) internal training course delivery.

Unsupported Training Expenses

27. The SADI Program does not provide funding to cover the following expenses:
 - a) costs associated with the use of an entity's own equipment during training;
 - b) wages of employees;
 - c) training facility costs (on-site);
 - d) fees for technical or professional certifications where no associated training has been delivered (e.g. where a

professional certification has been awarded solely on recognition of prior learning);

- e) travel for trainers and training participants undertaking domestic travel to and from Australian capital cities with the exception of Perth and Darwin;
- f) taxi or car hire;
- g) meal allowances or incidentals;
- h) costs associated with reviewing/revising an existing internal training course;
- i) development of a training course where a viable commercial alternative already exists;
- j) product development (such as development of training courses to be offered commercially);
- k) conference/seminar/summit/symposium or convention attendance; and
- l) on-the-job training costs.

28. Further information on training expenses supported by SADI and the maximum amounts funded for each item can be found in the *Guide to Completing an Application for SADI Funding*.

Priority and Strategic Industry Capability Prioritisation

- 29. A Priority Industry Capability (PIC) is defined as an industry capability which would confer an essential strategic advantage by being resident within Australia, and which, if not available, would significantly undermine defence self-reliance and ADF operational capability.
- 30. A Strategic Industry Capability (SIC) is defined as a capability which provides Australia with enhanced defence self-reliance, ADF operational capability, or longer term procurement certainty.
- 31. In order to be considered for priority SADI Funding because the activity relates to a PIC or SIC, an entity must demonstrate that:
 - a) It satisfies the eligibility criteria for PIC or SIC funding;
 - b) a skills shortage exists in relation to the relevant PIC or SIC; and,
 - c) the training activity contributes to the improvement of the health of the PIC or SIC.

32. Certain capabilities are deemed by the Commonwealth to be PICs or SICs, but these may be subject to change.
33. For further information on PICs and SICs, including the full list of capabilities which fit within each, please see Chapter 4 and Annex A of *Building a Defence Capability: A Policy for a Smarter and more Agile Defence Industry Base* at www.defence.gov.au/dmo/id/dips/dips_2010.pdf.
34. PIC and SIC related applications will be assessed in conjunction with the area within Defence Materiel Organisation (DMO) responsible for PICs and SICs.
35. PIC and SIC related applications may also be accepted outside of normal application rounds. However, the acceptance of an out-of-round application will be dependent on the availability of funding.

PART 3: APPLICATION PROCESS

Selection Rounds

36. Selection rounds for the SADI program will be held annually or biannually, depending upon the level of applications and available funding.

Call for Applications

37. The opening of Round 1 for 2011/12 will be announced in early March and advertised via the following:
 - SADI website at www.defence.gov.au/dmo/id/sadi/
 - Defence + Industry ePortal at www.dplusi.defence.gov.au
 - Australian Defence Industry Network (AIDN)
 - DMO Business Access Offices.
38. It is recommended that applicants register on the Defence + Industry ePortal to ensure they receive prompt notification of the Call for Applications.
39. It is anticipated that applications for SADI funding will be sought through one competitive round for 2011/12.
40. A second Round may be announced in October depending on the level of available funding. However, applicants are advised not to

rely on the possibility of a second Round and instead, to submit an application under Round One.

Lodgement Date

41. Applications must be lodged by midnight Australian Eastern Standard Time (AEST) four weeks from the date of the Announcement.

Late Applications

42. Only in exceptional circumstances will late applications be accepted. Extension must be sought and agreed to by a Case Manager prior to the submission deadline. The maximum extension agreed by a SADI Case Manager will be 5 business days.

Applying for Funding Outside of the Round

43. Applications seeking funding for PIC or SIC related training will be the only applications accepted outside of a round.

Online (electronic) SADI Application Forms

44. SADI Program documentation is available for download via the SADI website at www.defence.gov.au/dmo/id/sadi. This includes the SADI Application Form, the Guide to Completing a SADI Application and the Funding Guidelines.
45. Applicants are strongly encouraged to read the Guide to Completing a SADI Application and the SADI Funding Guidelines prior to completing an application. The guides provide further detail on the level and type of funding applicants can expect to receive under Round One and also contains the latest updates and changes that may have been made.
46. SADI Case Managers are available to provide advice on the preparation of applications. Applicants are advised to speak with a Case Manager prior to submitting an application if they are unsure whether or not the proposed training activity is eligible for funding. SADI Case Managers can be contacted by telephone on 1800 651 292 or via email to IndustryDiv.SADIProgram@defence.gov.au.

Electronic Lodgement

47. The completed SADI Application Form and all supporting evidence must be submitted electronically to the SADI Mailbox at IndustryDiv.SADIProgram@defence.gov.au.
48. Paper based applications will not be accepted.

PART 4: ASSESSMENT PROCESS

Assessment Process

49. Each application that is complete and satisfies the eligibility criteria for SADI funding will be assessed for funding assistance.
50. If an application is assessed as ineligible, it will be excluded from further consideration. The Department's decision about whether an application is eligible for funding is final.
51. Eligibility does not guarantee that an activity will be funded. SADI is an open competitive grants program and aims to support a range of training activities that provide a strategic benefit to Defence.
52. During the assessment process, a SADI Case Manager, may request further information or seek clarification from the applicant on various aspects of the application. A time period in which to provide further information will be given and failure to provide the information within the time period may result in the application being deemed ineligible.
53. The Department will not accept responsibility for any misunderstanding arising from the failure by an applicant to comply with the requirements set out in these Guidelines or arising from any ambiguity, discrepancy, inconsistency, error or omission contained in an application.
54. The SADI team will maintain adequate records on the assessment process.

Notification of Outcome

55. Notification of the outcome of an Application for SADI Funding does not occur until all assessments for the Round have been completed. Unsuccessful applicants will receive a letter advising of the outcome.
56. Successful applications will receive a SADI Reimbursement Agreement and Letter of Offer notifying them of their successful application.
57. Applicants that have been unsuccessful in securing funding for some, or all of their training activities, are encouraged to contact a SADI Case Manager for further feedback.
58. In accepting a SADI grant, the successful applicant acknowledges that a range of supporting documentation is required before the Commonwealth can reimburse the agreed costs of the training.

Complaints and Appeals Process

59. If you would like to provide or seek feedback or lodge a suggestion, please contact the SADI hotline on 1800 651 292 in the first instance.
60. If you would like to lodge a complaint, please contact the Director of Industry Policy and Programs in the first instance. The Director can be contacted via email at Edwin.Ho@defence.gov.au or on (02) 6144 2722. The Director can also be contacted in writing at:

Director - Industry Programs
Defence Materiel Organisation
Department of Defence (BP25-03)
P.O. 7941, Canberra BC, ACT 2609

PART 5: SADI FUNDING AGREEMENT

Reimbursement Agreement

61. Successful applicants will be offered a SADI Funding Agreement which details the terms and conditions of the grant and the training activities that have been funded. A sample Agreement is available at the SADI website at www.defence.gov.au/dmo/id/sadi.
62. Applicants wishing to accept the offer of funding must sign and return the Agreement or alternatively if applicants wish to decline the offer of funding, advise the allocated SADI Case Manager of the decision.
63. The terms and conditions of the Agreement are non-negotiable.
64. Applicants are advised not to commence the training activity prior to receiving and signing the SADI Reimbursement Agreement. Any expenditure incurred prior to the SADI Reimbursement Agreement is at the Applicant's own risk.

Notification of Amendment to the SADI Reimbursement Agreement

65. Occasionally, a successful applicant may need to amend the SADI Agreement due to a change in the particulars of a funded training activity.
66. The Applicant must notify the SADI Case Manager, as soon as it becomes apparent that the activity or training schedule has changed, or that the activity will not be completed within the required timeframe.

67. Failure to complete the activity within the agreed/revised time frame or during financial year 2011/12 will result in the writing back of unspent funds by the SADI team. Funding cannot be rolled over to the next financial year.

PART 6: PAYMENT OF GRANT FUNDING

Claiming Reimbursement for your Training Costs

68. The SADI Program is a reimbursement program and funding for approved expenses is conditional upon the presentation of supporting documentation at the completion of the training activity.
69. Information on the types of supporting evidence required for reimbursement is contained within the information pack *SADI Information on Reimbursement Requirements*, available from the SADI website at www.defence.gov.au/dmo/id/sadi/. This information pack includes templates (eg. course attendance template) to assist with the collection of supporting evidence.
70. Invoices and supporting documentation are to be forwarded to the SADI Case Manager within 30 days of completing the training activity.

PART 7: REPORTING

Commonwealth Grant Guidelines Reporting Requirements

71. As per the requirements of the Commonwealth Grant Guidelines 2009, DMO will report all SADI Grants on its website. The information to be published will include details such as the grant recipient, their location, the types of training activity/s that have been funded, the approval date and the value of the grant.
72. If an applicant believes the information is commercial in confidence or sensitive, they must declare this. The applicant is also advised to contact a SADI Case Manager to discuss.

Other Sources of Funding

73. SADI Program funding must not be used for activities previously funded or currently being funded by, local, state or federal governments or through any other funding scheme.
74. Applicants must clearly identify other sources of funding in the SADI Application Form.

Application of the GST

75. All applications are to be completed using Goods and Services Tax (GST) exclusive amounts. The SADI Program will apply a blanket 10% GST to all items funded under an agreement in accordance with Item 101 of the Tax Ruling for GST applicable grants.

Conflict of Interest

76. Applicants are to avoid all potential or real conflicts of interest when selecting the training provider/s.

Confidentiality

77. The information provided in a SADI Application:
- a. will be used by the DMO to determine eligibility for a SADI grant;
 - b. will be used to report awarding of the grant on the SADI website in accordance with the requirements of the Commonwealth Grant Guidelines;
 - c. may be disclosed within the DMO to facilitate meeting the objectives of the SADI Program and to ensure Value for Money for the Commonwealth;
 - d. may be disclosed as permitted or required by law, or in response to questions posed by the Minister, Parliament or its committees;
 - e. will not be used for marketing or publicity purposes without the company's consent, except to the extent that it is used in a public announcement of a successful application.
78. There will be regular public announcements of successful applicants. These announcements will include broad details of the application such as the identity of the applicant, the value of the grant and a brief description of the grant. DMO will endeavour to contact the relevant applicant when developing media release or announcements.

Freedom of Information

79. All documents created or held by Defence and/or DMO with regard to the SADI program are subject to the Freedom of Information Act 1982 (FOI Act). Unless a document falls under an exemption provision (such as personal, confidential or classified information), it will be made available to the general public if requested under the FOI Act.

PART 8: FOR MORE INFORMATION

80. Contact the SADI Program team by phoning 1800 651 292, visit the website at www.defence.gov.au/dmo/id/sadi/ or email us at IndustryDiv.SADIProgram@defence.gov.au