

 <b>Australian Government</b> Department of Defence	<b>DECISION BRIEF FOR SECRETARY:</b> <b>VARIATION TO ASPI GRANT AGREEMENT</b>	
Group/Service: SP&I	Reference: EC23-002456	
For information: ASSOC SEC, VCDF, DEPSEC SP&I, CFO, FASMECC	Due date: before 30 June 2023	

**Recommendations**

- I. That you:
  - a. s22 [REDACTED]
  - b. Agree that s22 [REDACTED] Defence will need to vary the current non-competitive grant with ASPI, which is due to expire on 30 June;
  - c. Agree, under section 32B of the *Financial Framework (Supplementary Powers) Act 1997* (FFSP Act), to vary the current non-competitive ASPI grant agreement (FY2018/19-2022/23) by:
    - (1) extending the agreement by an additional 12 months to 30 June 2024;
    - (2) providing an additional \$4,000,000 for ASPI's Canberra office; and
    - (3) allowing ASPI to expend the remaining \$2,500,000 from the \$5,000,000 originally provided for the Washington D.C office, which currently remains unspent due to COVID impacts;

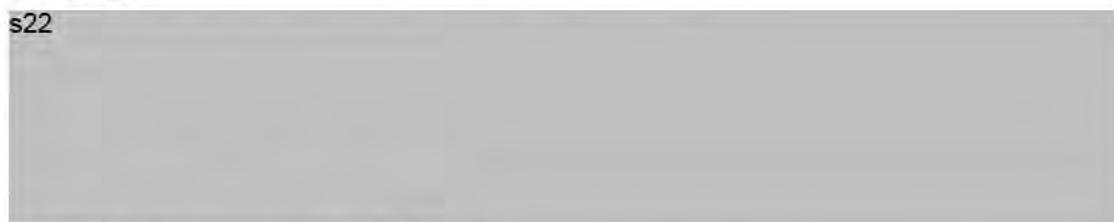
<p>Cleared in PDMS</p> <p><b>Hugh Jeffrey</b> Deputy Secretary Strategy, Policy and Industry Tel: s47E(d) [REDACTED] Mob: s22 [REDACTED]</p> <p>23 June 2023</p>	<p>a. s22 [REDACTED]</p> <p>b. <u>Agreed</u> / Not agreed</p> <p>c. <u>Agreed</u> / Not agreed</p> <p>d. <u>Noted</u> / Please discuss</p> <p>e. <u>Signed</u> / Not signed s22 [REDACTED]</p> <p>s22 [REDACTED]</p> <p><b>Greg Moriarty</b> Secretary</p> <p>26 June 2023</p>
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Contact officer: Andrew Hodgkinson, A/g First Assistant Secretary Strategic Policy	Tel: s47E(d) [REDACTED] Mob: s22 [REDACTED]
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- ~~CONFIDENTIAL~~
- d. **Note** Defence will not use a Commonwealth Grants Hub for this grant and will instead self-administer the grant; and
  - e. **Sign** the proposed grant variation (Attachment B refers).

**Key issues**

s22



*Variation to the non-competitive ASPI grant*

3. Given the imminent expiry of the ASPI non-competitive grant agreement on 30 June 2023, we need to establish an interim financial measure before 30 June 2023 that provides short-term funding to enable ASPI's continued operations in Canberra and Washington s22

s22

- a. s22
- b. We recommend the variation should provide ASPI with \$4,000,000 for ASPI's Canberra office. We also recommend allowing ASPI to expend the remaining \$2,500,000 from the \$5,000,000 provided in May 2021 for its Washington office in FY2023/24, given COVID impacted the setup and initial operations of ASPI's Washington office (Attachment B refers).
- c. The variation will also specify eligible expenditure of grant funds for both the Canberra and Washington D.C. offices. It will also include a reporting requirement with a detailed financial acquittal.

*Defence's approach to the use of the Australian Government Grants Hub*

4. Ordinarily, the Government expects Defence to administer grants using one of two Commonwealth Grants Hubs as part of a whole-of-government approach to grant administration. These Grant Hubs were designed for grant opportunities targeting businesses and community organisations, and were not designed for Defence strategic policy purposes. The requirement to use a Grants Hub is not established legislatively, and Defence does not propose to use a Grant Hub for this grant opportunity.
- a. Use of a Grant Hub is not appropriate for Defence strategic policy grants, which require close and continuous coordination between Defence and grantees to ensure the achievement of value with relevant money in line with program objectives, and in light of risks and sensitivities.
  - b. Use of a Grant Hub would require Defence to delegate some or all of the power associated with making, varying, and administering a grant to another Commonwealth department. This would have no probity or administrative efficiency benefit, and could increase probity

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risks and administrative inefficiencies by distancing or removing Defence's informed direct management.

- c. As with all previous strategic policy grants, self-administration of this grant would leave Defence technically non-compliant with whole-of-government grants administration arrangements.

#### Background

##### *The Defence-ASPI grant agreement (FY2018/19-2022/23)*

5. In 2018, Defence entered into a multi-year funding arrangement with the Australian Strategic Policy Institute (ASPI) to provide ASPI \$4,000,000 per year over five years (FY2018/19-2022/23), totalling \$20,000,000.
  - a. The 2018 grant agreement was varied by Defence in May 2021 following receipt of a proposal from ASPI for a further lump sum of \$5,000,000 to support the establishment and first two years of operations for ASPI's Washington D.C. office. This expenditure was authorised by the then Minister for Defence (Attachment C refers).

#### Consultation

6. The following people were consulted on this brief:
  - a. Graham Weber, A/g Chief Financial Officer
  - b. Ben Wright, First Assistant Secretary Defence Integrity

#### Attachments:

- A. Ministerial submission <sup>s22</sup>
- B. Variation to the ASPI grant agreement FY2018/19-2022/23
- C. MS21-001104 – ASPI office in Washington, D.C. funding request

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Australian Government  
Defence

Ministerial Brief for Action

NA

FOR: Deputy Prime Minister

INFO:

THROUGH: SECRETARY PM&C

CC: DEPSEC SP&I

Action Requested by: 1 June 2023

Reason for Urgency: To provide time to administer updated funding arrangements.

s22

s22

s22

Defence proposes to extend the Australian Strategic Policy Institute's

(ASPI) current non-competitive grant funding arrangement for a one year period from start financial year 2023-24.

Recommendations:

Decision

That s22

1.

2.

3.

4.

5. agree that Defence extend ASPI's current funding arrangement – for both the Canberra and Washington offices – for a one year period over financial year 2023/24, s22

s22

s22

Media Considerations: No immediate media considerations, s22

s22

Signature s22

s22

Richard Marles s22

May 2023

Minister comments:

s22

s22

by

Name: Greg Moriarty

s22

Position: Secretary, D

May 2023

Phone: s47E(d)

Contact Officer

Name: Amanda Toms

Position: Acting First Assistant secretary,

Phone: s22

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Sensitivity: Yes.

1. s22 [Redacted]
2. The proposal to extend ASPI's funding arrangement s22 will be sensitive for the organisation's Board and Executive, noting Defence has had a long standing, non-competitive grant arrangement with ASPI since 2001.
3. s22 [Redacted]

Financial Impacts: No.

4. s22 [Redacted]
5. Defence's proposed funding extension for ASPI will be allocated from the existing program.

Systems/legislation/deregulation: No.

Consultation: No

Attachment:

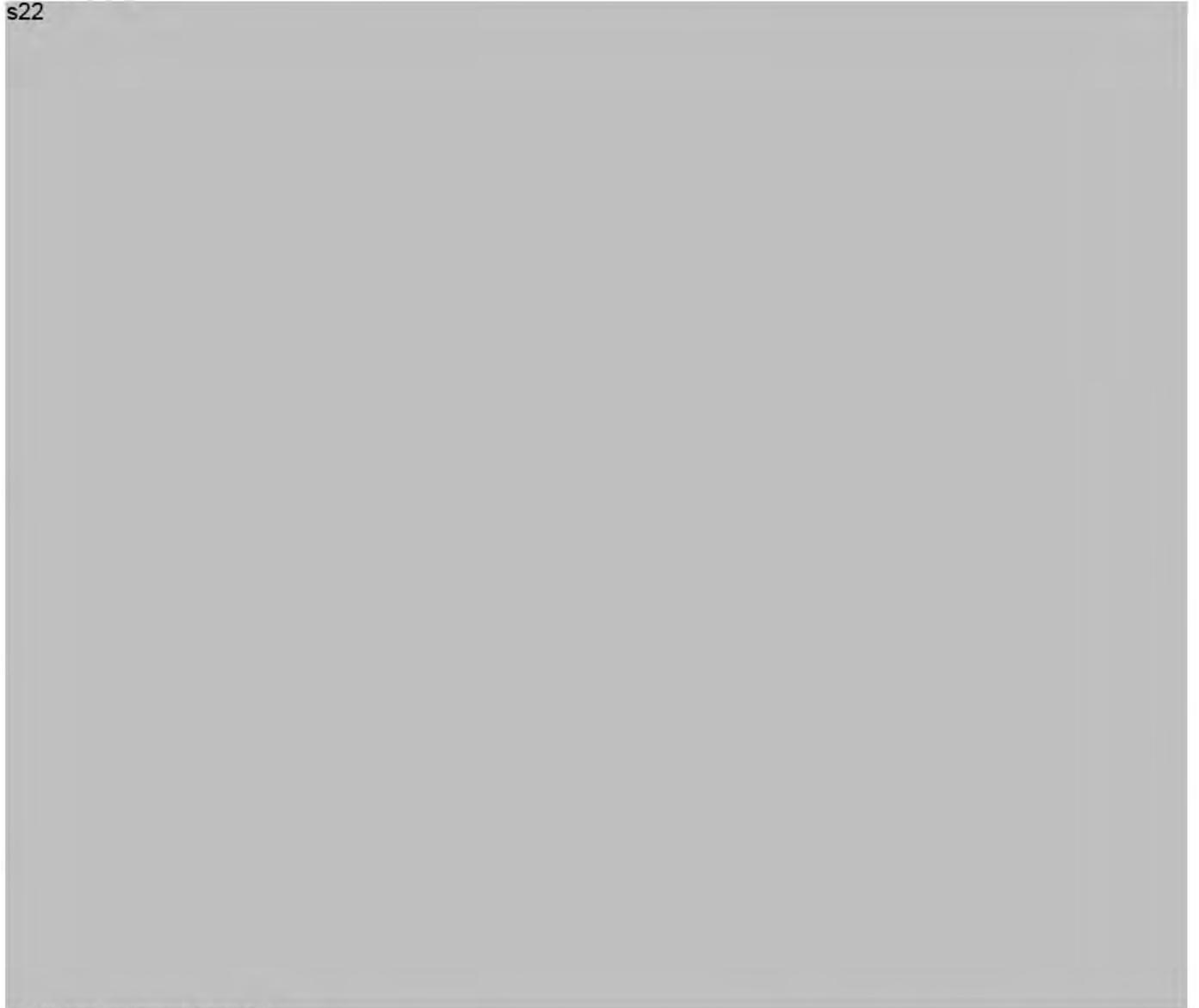
Attachment A s22 [Redacted]

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Background

s22



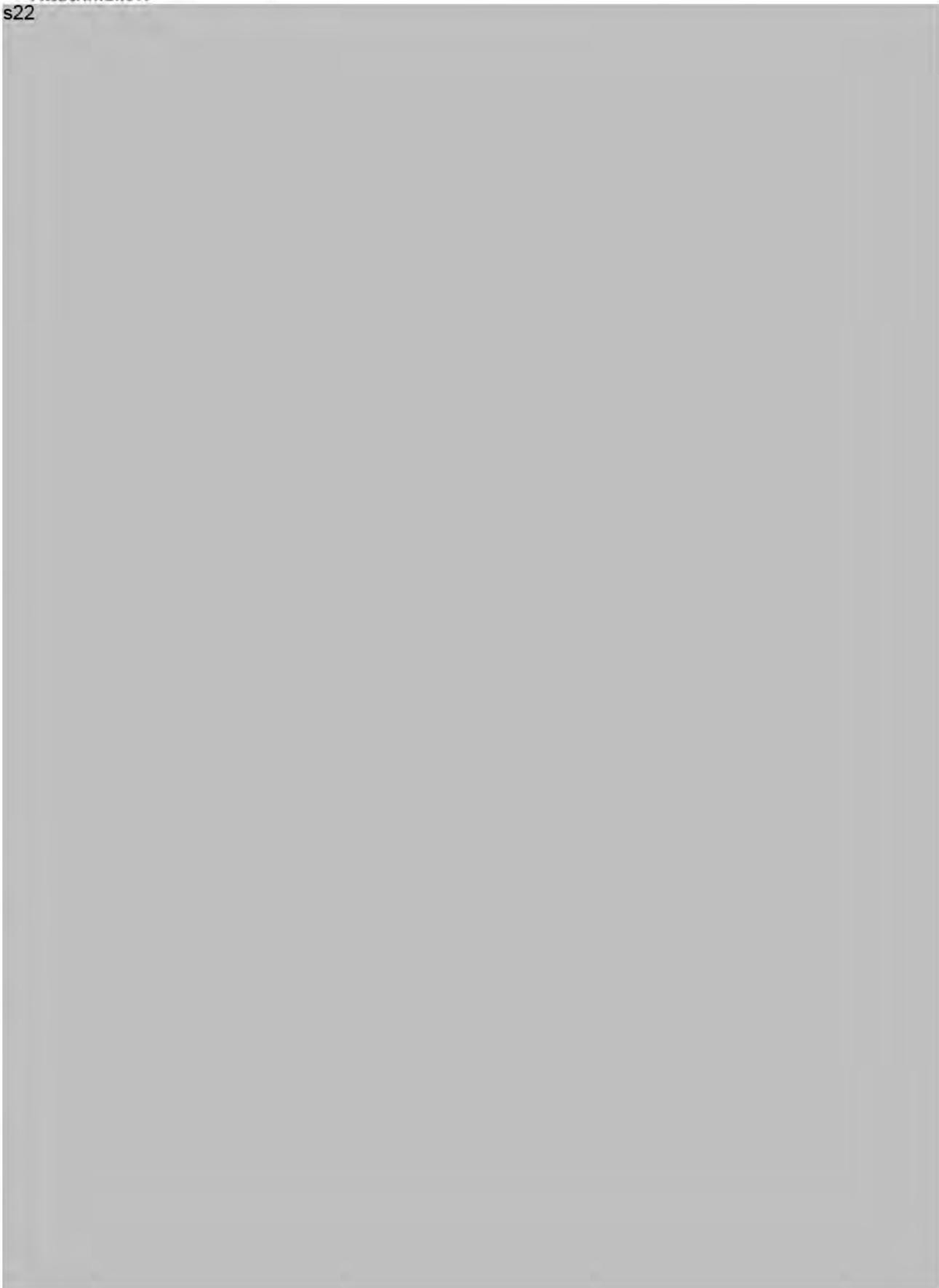
*ASPI funding arrangements*

- 10 Defence has had non-competitive grant funding arrangements with ASPI since 2001. Defence's current non-competitive grant funding arrangement with ASPI provides \$20 million in funding over a five year period ending 30 June 2023 to the Canberra office, as well as \$5 million in funding over a two year period ending 30 June 2023 to the Washington DC office. s22 Defence proposes to extend ASPI's current non-competitive grant arrangement for a one year period from start financial year 2023-24.
  - a. As part of this extension arrangement, Defence would provide ASPI with \$4 million for their Canberra office to ensure a consistent level of funding over the next financial year. Noting that ASPI's Washington DC Office has only expended around half of their original \$5 million in funding to date, Defence proposes to allow the residual grant funding to be 'rolled over' into the next financial year. Accordingly, the total Defence funding under this one year extension would be limited to \$4 million to ASPI's Canberra office.
  - b. s22

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Attachment A  
s22



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# Australian Government

## Defence

### Deed of Variation - Defence-ASPI Grant FY2018-19 to FY2023-24

#### 1. Date

1.1 This Deed is made on 8 June 2023.

#### 2. Parties

2.1 This Deed is made between:

2.1.1 The Commonwealth, as represented by the Department of Defence, ABN 68 706 814 312 (Commonwealth); and

2.1.2 The Australian Strategic Policy Institute Limited, ABN 77 097 369 045 (Grantee).

#### 3. Context

3.1 On 31 August 2018, the Parties entered in a five-year grant agreement under which the Commonwealth agreed to give a grant of \$20,000,000 (GST excl) to the Grantee for the purpose of promoting informed debate on Australian strategic and defence policy issues; encouraging and fostering new and emerging strategic policy personnel; and promoting international understanding of Australia's strategic and defence policy perspectives (Agreement).

3.2 On 27 May 2021, the Parties executed a grant variation to provide the Grantee with an additional \$5,000,000 – bringing the total amount of grant funding to \$25,000,000 - for the purpose of supporting the Grantee to deliver additional activities through a new office in Washington, D.C. over two years (2021 Variation).

3.3 The Grantee's activities in Washington, D.C., were subsequently impacted by the COVID-19 pandemic and associated lockdowns. As a result, \$2,500,000 of funding from the 2021 Variation will be unspent as at 30 June 2023 (Remaining Funds).

3.4 The Parties have therefore agreed to execute a variation to extend the Agreement by 12 months to reflect the delays imposed by COVID-19 (and to permit the Grantee to expend the Remaining Funds to support the delivery of activities through the Washington, D.C. office), and to provide short-term financial support to the Grantee (comprising an additional \$4,000,000 in funding) for the continued promotion of strategic policy discourse, debate and research of value to the Australian Government and the Department of Defence until 30 June 2024. .

3.5 The Parties have agreed to amend the Agreement on the terms and conditions contained in this Deed.

#### 4. Amendments

4.1 With effect from 11.59pm on 30 June 2023, the Agreement (as previously varied under the 2021 Variation) is amended and restated so that it takes the form in Schedule 1 attached to this Deed, with all

## Deed of Variation

deletions to the Agreement shown in strike through, and all insertions to the Agreement appearing in underlined text.

### 5. Entire agreement and interpretation

- 5.1 The parties confirm all the other provisions of the Agreement and, subject only to the amendments contained in this Deed, the Agreement remains in full force and effect.
- 5.2 This Deed and the Agreement, when read together, contain the entire agreement of the parties with respect to the parties' rights and obligations under the Agreement.
- 5.3 Unless specified or the context otherwise requires, terms that are defined in the Agreement have the same meaning in this Deed.

### 6. Signatures

Executed as a deed:

Commonwealth:

SIGNED, SEALED AND DELIVERED for and on behalf of the Commonwealth of Australia as represented by The Department of Defence	
Name: (print) GREG MORINETY Position: (print) SECRETARY s22 Signature and date: s22 [redacted] 26/6/23	
In the presence of: Witness Name: (print) s47E(d) [redacted] Signature and date: s22 [redacted] 26/6/23	

Grantee:

SIGNED, SEALED AND DELIVERED by:

Full legal name of Grantee:	The Australian Strategic Policy Institute Limited (ABN 77 097 369 045)
Director's Name: (print) Signature and date:	
Director/Company Secretary Name: (print) Signature and date:	



**Australian Government**  
**Defence**

**Commonwealth Grant Agreement**

between

the

Commonwealth

Australia represented by the

**Department of Defence**

and

**The Australian Strategic Policy Institute Limited**

**FY2018-16, FY2019-20, FY2020-21, FY2021-22, and  
FY2022-23 and FY2023-24**

## Commonwealth Low-risk Grant Agreement

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## Grant Agreement

Once completed, this document, together with each set of Grant Details and the Commonwealth General Grant Conditions (Schedule 1), forms an Agreement between the Commonwealth and the Grantee.

### Parties to this Agreement

This agreement is between the Commonwealth represented by the Department of Defence (ABN 68 706 814 312) ([Defence](#)) and the Australian Strategic Policy Institute Limited (ASPI), Level 2 [Arts House](#), 40 Macquarie St BARTON ACT 2600 (ABN 77 097 369 045).

### The Grantee

<b>Full legal name of Grantee</b>	The Australian Strategic Policy Institute Limited
<b>Legal entity type (e.g. individual, incorporated association, company, partnership etc)</b>	Commonwealth Company
<b>Trading or business name</b>	The Australian Strategic Policy Institute
<b>Any relevant licence, registration or provider number</b>	
<b>Australian Company Number (ACN) or other entity identifiers</b>	097 369 045
<b>Australian Business Number (ABN)</b>	77 097 369 045
<b>Registered for Goods and Services Tax (GST)?</b>	Yes — <a href="#">GST not applicable</a>
<b>Date from which GST registration was effective?</b>	22 August 2001
<b>Registered office (physical/postal)</b>	
<b>Relevant business place (if different)</b>	Australian Strategic Policy Institute, Level 2 <a href="#">Arts House</a> , 40 Macquarie St, BARTON ACT 2600
<b>Telephone</b>	+61 (02) 6270 5100
<b>Fax</b>	+61 (02) 6273 9566
<b>Email</b>	enquiries@aspi.org.au

### The Commonwealth

The Commonwealth of Australia represented by the Department of Defence.

Russell Offices  
Sir Thomas Blamey Square  
RUSSELL ACT 2600  
ABN 68 706 814 312

## Background

The Grant is being provided to the Australian Strategic Policy Institute Limited (ASPI or Grantee) under the Department of Defence's Strategic Policy Grants Program for the purpose of promoting strategic policy discourse, debate and research of value to Australian Government and the Department of Defence.

~~The Department of Defence~~Defence has agreed to enter this Agreement under which Defence will provide ASPI with one Grant for each of FY2018-19; FY2019-20; FY2020-21; FY2021-22; ~~and~~ FY2022-23; and FY2023-24 for the purpose of assisting ASPI to undertake the associated Activity.

ASPI agrees to use the Grant and undertake the Activity in accordance with this Agreement and the relevant Grant Details.

## Scope of this Agreement

This Agreement comprises:

- (a) this document; and
- (b) the General Grant Conditions (Schedule 1).

If there is any ambiguity or inconsistency between the documents comprising this Agreement in relation to a Grant, the document appearing higher in the list will have precedence to the extent of the ambiguity or inconsistency.

This Agreement represents the Parties' entire agreement in relation to each Grant provided under it and the relevant Activity and supersedes all prior representations, communications, agreements, statements and understandings, whether oral or in writing.

Certain information contained in or provided under this Agreement may be used for public reporting purposes.

## Grant Details

### A. Purpose of the Grant

The purpose of the Grant is to:

- (a) Promote informed discourse and debate through quality research and discussion forums on Australian strategic and defence policy issues by creating and disseminating new insights, concepts, understandings and policy recommendations relevant to the Australian Government and the Department of Defence.
- (b) In doing these things, encourage and foster new and emerging strategic policy personnel working both inside and outside government, including by developing policy skills, analytical and writing abilities and understanding of national security issues.
- (c) Promote an international understanding of Australia's strategic and defence policy perspectives.

## B. Activity

This Grant is awarded to ASPI to carry out, in FY2018-19; FY2019-20; FY2020-21; FY2021-22; ~~and~~ FY2022-23; ~~and~~ FY2023-24 the Activity below. The project managers of the Activity are ~~the Defence's Department of Defence Assistant Secretary for Strategic Policy~~ Director General Futures, Risk and Outreach and the ASPI Director of Defence and Strategy. The deliverables prepared by the project managers will be approved by Grant senior representatives the Defence Deputy Secretary for Strategic Policy and intelligence and the Executive Director of ASPI.

### 1. Administration

Provision by the ASPI project manager to the Defence project manager of a preliminary annual project plan and budget for the Grant by 31 July each year (or, in the first year, within 30 days of signing of the grant contract). The grant project managers will finalise the plan by 31 August each year for final approval by the senior Grant representatives, with a copy then delivered to the Secretary of Defence. The project plan must be updated by ASPI to reflect any significant Activity changes during each year. The project plan is to describe the Defence Specific Program Activities that are proposed for the year for Defence's consideration and agreement, as well as the planned apportionment of the non-Defence Specific Project funding between ASPI staff expenses and facilities costs.

### 2. Independent policy-relevant research

Conduct of independent policy-relevant and analysis to better inform Government decisions and public understanding of strategic and defence issues. This is a core reason for Defence to fund ASPI through this grant. Defence expects ASPI to apply the annual grant funding to enable this Activity and intends that the grant funding will be used for staff expenses and facilities costs as a result.

### 3. Defence Specific Projects (DSPs)

- (a) The allocation of ten per cent of the total annual grant to mutually-agreed Defence Specific Projects (DSPs) each financial year.
- (b) The DSPs reflect annual Defence priority interests and challenges for Australia's defence and security needs, and will involve a range of research publications and events that support the purpose of this Grant.
- (c) The allocation from DSP funding to a Women, Peace and Security project; and two events (e.g. conferences and/or track 1.5 dialogues) on behalf of Defence to be mutually agreed and with countries of Defence's choosing aimed at furthering Defence's strategic policy priorities, in each financial year.

### 4. Professional Development

- (a) Implementation of an indigenous internship program aligned with ASPI's existing internship program in each financial year.
- (b) If mutually agreed at any time during the life of this Agreement, on a case by case basis, secondment of an APS, SES or ADP officer or officers to ASPI for periods of not less than three months and not more than one year for the purposes of professional development or to assist in Defence Specific

Projects. Any secondment will be governed by a separate written agreement between the Department of Defence and ASPI.

- (c) The provision of up to six spaces free of registration/attendance fees for officers nominated by ~~the Department of~~ Defence to attend ASPI-branded events. The respective project managers will identify event representatives to coordinate this participation, which will be reflected in the annual project plan.
- (d) Attendance, by request, of up to ten Defence personnel each financial year on ASPI educational courses.
- (e) The provision of 30 copies of all keystone printed publications to ~~the Department of~~ Defence free of costs and charges. ASPI may also, at its own discretion, provide additional copies free of charge to officers within ~~the Department of~~ Defence.

#### 5. ASPI Washington DC Office

- (a) ASPI will establish a presence in Washington to support deeper people-to-people links. The ASPI presence in Washington will complement the Australian Embassy's efforts to: allow Australian perspectives to shape United States of America's policy debates; support building Australian interests into emerging US Policy thinking and initiatives from the outset; and ensure the latest US strategic thinking informs policy debates in Australia.

### C. Duration of the Activity

Year One	Year Two	Year Three	Year Four	Year Five	<u>Year 6</u>
1 July 2018 to 30 June 2019	1 July 2019 to 30 June 2020	1 July 2020 to 30 June 2021	1 July 2021 to 30 June 2022	1 July 2022 to 30 June 2023	<u>1 July 2023 to 30 June 2024</u>

### D. Payment of the Grant

The total amount of the Grant is \$2529,000,000 (GST ~~not applicable~~inclusive, all payments are to be made in Australian Dollars [AUD]).

~~The Department of~~ Defence will pay the total grant amount for each financial year upon receipt of a correctly rendered invoice. The first payment may be rendered upon signature of this funding agreement, and in subsequent years, at the start of the financial year.

The Grantee may only raise a tax invoice to ~~the Commonwealth~~Defence in the amounts set out in Table D following satisfactory completion of the Grantee's obligations in Section E.

Financial Year	Anticipated Date of Payment	Amount (GST <del>not applicable</del> <u>inclusive</u> )

2018-19	At earliest opportunity, once a grant agreement has been signed and a tax invoice raised	\$4,000,000
2019-20	No earlier than 1 July 2019 and only following satisfactory completion of the Grantee's obligations in Section E	\$4,000,000
2020-21	No earlier than 1 July 2020 and only following satisfactory completion of the Grantee's obligations in Section E	\$4,000,000
2020-21	At earliest opportunity, once a grant variation has been signed and a tax invoice raised for the two years of activities in Washington DC	\$5,000,000
2021-22	No earlier than 1 July 2021 and only following satisfactory completion of the Grantee's obligations in Section E	\$4,000,000
2022-23	No earlier than 1 July 2022 and only following satisfactory completion of the Grantee's obligations in Section E	\$4,000,000
<a href="#">2023-24</a>	<a href="#">No earlier than 1 July 2023 and only following satisfactory completion of the Grantee's obligations in Section E</a>	<a href="#">\$4,000,000</a>
	<b>TOTAL</b>	<b>\$295,000,000</b>

[Of the total funding amount of the Grant paid to the Grantee to date approximately, \\$2,500,000 will remain unspent as at 30 June 2023 \(Retained Funds\).](#)

[Defence will permit the Grantee to expend the Retained Funds to support the operation of the Grantee's Washington D.C's office, as described at paragraph B\(5\)\(a\) of this Agreement, from 1 July 2023 to 30 June 2024.](#)

[The Grantee must not expend any funding in excess of, or other than, the Retained Funds to support the establishment and operation of the Grantee's Washington D.C's office.](#)

The Grantee must ensure that the grant is held in accounts in the Grantee's name and which the Grantee controls. The Grantee is to bear any costs associated with converting currency and the operation of any accounts.

The Grantee's nominated bank account into which the Grant is to be paid is:

Name: Australian Strategic Policy Institute National Australia Bank  
BSB: 082 902  
Account no: 1315 73570

### **Invoicing**

Subject to the Grantee's satisfactory compliance with Term D, the Grantee will raise a tax invoice and provide it to ~~the Department of Defence~~. ~~The Department Defence~~ will pay the invoice 30 days from receipt.

## Eligible expenditures

### 1. ASPI Washington D.C. Office

From 1 July 2023 until 30 June 2024, the Grantee may only spend the Retained Funds to support the operation of ASPI's Washington D.C. office, as described in paragraph B(5)(a), on the following costs:

- research costs;
- publication costs;
- event costs; and
- an amount equal to no more than 90 per cent of the total value of the funding, which may be applied towards corporate administrative costs arising from ASPI Washington, D.C.'s, activities, namely:
  - ASPI Washington, D.C. office rent;
  - staffing and supply costs for ASPI Washington, D.C. office;
  - utility costs for ASPI Washington, D.C. office; and
  - IT and website maintenance costs for ASPI's Washington, D.C. office.

### 2. Canberra based activities

During the term of the Grant, from 1 July 2023, the Grantee may spend the funding (which does not include the Retained Funds) on activities described at paragraphs B(1) – B(4) inclusive for the Grantee's Canberra office on the following costs:

- research costs;
- publication costs;
- event costs; and
- an amount equal to no more than 90 per cent of the funding on expenses associated with the operation of the ASPI Canberra office, which may be applied towards corporate administrative costs arising from the Grantee's Canberra-based activities, namely:
  - the Grantee's Canberra office rental expenditures;
  - supply expenditures for the Grantee's Canberra office;
  - utility expenditures for the Grantee's Canberra office;
  - IT costs for the Grantee's Canberra office;
  - costs associated with the maintenance of the Grantee's website;
  - the Grantee's general legal and audit expenditures;

- expenditures associated with the Grantee's Council (including remuneration and other costs for Council members); and
- the Grantee's salary expenditure for general corporate functions, including human resources and finance staffing.

### **Ineligible activities**

The Grantee must not use the Retained Funds or the funding for any of the following costs:

- capital works (such as construction or renovations and land, real-estate, or vehicle purchases);
- costs incurred or payable after 30 June 2024, unless otherwise agreed by Defence in writing;
- costs incurred in the preparation of funding-proposals or related documentation; and,
- costs covered by supplementary income, whether received from the Commonwealth or a third party.

If Defence determines that any of the Retained Funds or the funding has been spent other than in accordance with this Agreement, or any amount of the Grant is additional to the requirements of the Activity, the Grantee will be directed to repay that amount to Defence unless otherwise agreed by Defence in writing.

Defence may deduct the amount the Grantee would be required to pay in these circumstances from amounts payable under any other agreement between the Grantee and Defence.

## **E. Reporting**

### **Post Activity reports**

The Grantee will provide a Post-Activity Report to ~~the Department of Defence~~Defence no later than 31 July in each financial year of the Grant term - on its Activity comprising a self-assessment against the issues identified below.

The Post-Activity report is to be concise and informative, in the order of two to five pages. It is to:

1. oOutline the categories of activity, agreed in the project plan and budget, against which the grant funding has been spent. In making the Grant, Defence intends that ~~the~~ 90% of the annual grant funding amount will be allocated to the Grantee's ASPI staff expenses and facilities costs associated with the Canberra office, as this enables ASPI to achieve the Grant Purposes set out earlier in this agreement, through the Activities. -As noted ~~earlier~~, 10% of the annual grant funding amount is to be expended on the Defence Specific Projects.
2. €contain a description of key achievements against the project plan, as well as any other items or events related to the Purposes and Activities covered by this agreement. A particular focus of the report is to be on the Defence Specific Projects, including a self-assessment of their impact and value to inform Defence's evaluation.

The Commonwealth~~Defence~~ may request that the Grantee provide further brief information in relation to the Grantee's self-assessment and the Grantee will provide the requested information within 30 days.

## **Acquittal of Grant funds**

In respect of each financial year of the Grant term excluding financial year 2023-24:

- the annual acquittal of Grant funds must be included in the Post-Activity Report for each year of the Grant Agreement;
- the non-audited financial acquittal report must include an income and expenditure statement for the Grant and confirmation that the funding has been spent on the activity in accordance with the Grant Agreement, Schedule and Terms and Conditions;
- the acquittal should clearly identify the funding allocated to all Activities, including the mutually agreed Defence Specific Projects. Should less than 10% of a year's grant funding be required for the DSPs, this will be identified, along with the allocation of those funds to the other Grant activities; and
- Financial Statements should be in agreement with the relevant accounts and records and be prepared in compliance with Australian Accounting Standards to present accurately and fairly the financial transactions relating to all funding received from the Grant in each financial year. Non-audited financial acquittal reports must be certified by the Executive Director or an authorised officer of the Grantee organisation.

## **End of Agreement reporting requirements**

By 30 September 2024, the Grantee must provide Defence:

1. a Post Activity Report, excluding the 'Acquittal of Grant funds' requirements set out above; and
2. an an End of Term Audited Acquittal Report for funding.

## **End of Term Audited Acquittal Report for funding**

To prepare the End of Term Audited Acquittal Report, the Grantee must engage an independent auditor to conduct an audit of the Grantee's financial acquittal reports of the Retained Funds in respect of the ASPI Washington D.C Office, and the funding in respect of the Grantee's Activities to support its Canberra office, in accordance with Australian Auditing Standards, including with a view to:

- identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the Grantee and its environment, including its internal control;
- obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks; and
- form an opinion on the financial report based on conclusions drawn from the audit evidence obtained.

The Grantee's Audit and Risk Committee must endorse the Grantee's End of Term Audited Acquittal Report before the Grantee's submission of this report to Defence.

The Grantee's End of Term Audited Acquittal Report must include sufficient detail to enable Defence to identify without supplementary information how the Grantee's expenditure of the Retained Funds and the funding after 1 July 2023 related to the delivery of specific outcomes through the Activity.

Defence may, at any time, request the Grantee to provide further information or to otherwise better particularise its expenditure of funds. This may include requiring the Grantee to provide an addendum to an End of Term Audited Acquittal Report, to respond to specific questions about expenditure, or otherwise to provide additional supporting information to Defence's reasonable satisfaction.

The obligation to provide the End of Term Audited Acquittal Report for funding described in this Section E will survive the expiry or termination of this Agreement.

## F. Annual Grant Administration Flowchart

Date	Action
Start of FY	ASPI delivers invoice and project plan and budget for the annual grant funding to which Defence has 30 days to pay a correctly rendered invoice
No later than 31 July in each year of the Grant Term	ASPI will provide a Post-Activity Report
No later than 30 Sept 2024	<u>The Grantee will provide an End of Term Audited Acquittal Report</u>

## G. Party representatives and address for notices

### Grantee's representative and address

<b>Grantee's representative</b>	<u>Mr Mark Fraser AO CVO Peter Jennings</u>
<b>Position</b>	<u>Chief Operating Officer Executive Director</u>
<b>Postal/physical address</b>	Australian Strategic Policy Institute, Level 2 <del>Arts House</del> , 40 Macquarie St BARTON ACT 2600
<b>Business hours telephone</b>	+61 (0)2 6270 <del>51005151</del>
<b>Mobile</b>	s22
<b>Fax</b>	+61 (0)2 6273 9566
<b>E-mail</b>	<u>mark.fraser@aspi.org.au peterjennings@aspi.org.au</u>

### Commonwealth representative and address

<b>Name of representative</b>	<u>AIRCDRE Matt Hegarty Celia Perkins</u>
<b>Position</b>	<u>Director-General Futures, Risk, and Outreach First Assistant Secretary Strategic Policy</u>
<b>Postal/physical address</b>	<u>Building R1, Russell Offices, Russell ACT 2600</u> s47E(d) <del>Russell Offices</del> <u>PO Box 7901 CANBERRA BC ACT 2610</u>

<b>Business hours telephone</b>	s47E(d) s22
<b>E-mail</b>	<a href="mailto:matt.hegarty@defence.gov.au">matt.hegarty@defence.gov.au</a> <a href="mailto:celia.perkins@defence.gov.au">celia.perkins@defence.gov.au</a>
<b>Alternative Point of Contact</b>	s47E(d) A/g Director Strategic Policy Outreach s47E(d) s47E(d)

The Parties' ~~representatives project managers~~ will be responsible for liaison and management of the Grant, as well as accepting and issuing any written notices in relation to the Grant.

## H. Supplementary Terms

### H1. Other Contributions

H1.1 Not Applicable

### H2. Activity budget

H2.1 The Grantee agrees to expend the Grant only on the Activity.

### H3. Record keeping

H3.1 The Grantee agrees to maintain records of receipts and expenditure of the Grant and any Other Contributions for five years after the Completion Date and provide copies of the records to the Commonwealth representative upon request.

H3.2 Term H3 survives the termination, cancellation or expiry of the Agreement.

### H4. Audit

Not Applicable

### H5. Activity Material

H5.1 The Grantee agrees, on request from the Commonwealth, to provide the Commonwealth with a copy of any Activity Material in the format reasonably requested by the Commonwealth.

H5.2 The Grantee provides the Commonwealth a permanent, non-exclusive, irrevocable, royalty-free licence (including a right to sub licence) to use, reproduce, publish, and adapt the Activity Material.

H5.3 The Grantee warrants that the provision and use of Activity Material in accordance with the Agreement will not infringe any third party's Intellectual Property Rights.

H5.4 Term H5 survives the termination, cancellation or expiry of the Agreement.

### H6. Access

H6.1 The Grantee agrees to give the Commonwealth, or any persons authorised in writing by the Commonwealth, access to the premises where the Activity is being performed and to permit those persons to inspect and take copies of any Material relevant to the Activity.

H.6.2 The Auditor-General and any Information Officer under the *Australian Information Commissioner Act 2010* (Cth) (including their delegates) are persons authorised for the purposes of clause H6.1

H6.3 Term H6 does not detract from the statutory powers of the Auditor-General or an Information Officer (including their delegates).

#### **H7. Equipment and Assets**

Not Applicable

#### **H8. Relevant qualifications, skills or checks**

Not Applicable

#### **H9. Activity specific legislation, policies and industry standards**

Not Applicable

#### **H10. Commonwealth Material, facilities and assistance**

Not Applicable

#### **H11. Jurisdiction**

~~G11~~H11.1 This Agreement is governed by the laws of the Australian Capital Territory.

#### **H12. Grantee trustee of a Trust**

Not Applicable

#### **H13. Commonwealth Review of ASPI**

~~G13~~H13.1 The Commonwealth may review the future of the Grantee at any time during the life of this Agreement.

## Signatures

Executed as an agreement:

### Commonwealth of Australia:

Signed for and on behalf of the Commonwealth of Australia as represented by the Department of Defence	
Name: (print)	.....
Position: (print)	.....
Signature and date:	.....
Witness Name: (print)	.....
Signature and date:	.....

### Grantee:

Name of Company:	The Australian Strategic Policy Institute Limited
Director's Name: (print)	.....
Signature and date:	.....
Director/Company Secretary Name: (print)	.....
Signature and date:	.....

**1. Undertaking the Activity**

The Grantee agrees to undertake the Activity in accordance with this Agreement

**2. Acknowledgements**

The Grantee agrees to acknowledge the Commonwealth's support in Material published in connection with this Agreement and agrees to use any form of acknowledgment the Commonwealth reasonably specifies.

**3. Notices**

3.1 The Parties agree to notify the other Party of anything reasonably likely to affect the performance of the Activity or otherwise required under this Agreement.

3.2 A notice under this Agreement must be in writing, signed by the Party giving notice and addressed to the other Party's representative.

**4. Relationship between the Parties**

A Party is not by virtue of this Agreement the employee, agent or partner of the other Party and is not authorised to bind or represent the other Party.

**5. Subcontracting**

5.1 The Grantee remains responsible for compliance with this Agreement, including in relation to any tasks undertaken by subcontractors.

5.2 The Grantee agrees to make available to the Commonwealth the details of any of its subcontractors engaged to perform any tasks in relation to this Agreement upon request.

**6. Conflict of interest**

The Grantee agrees to notify the Commonwealth promptly of any actual, perceived or potential conflicts of interest which could affect its performance of this Agreement and agrees to take action to resolve the conflict.

**7. Variation**

This Agreement may be varied in writing only, signed by both Parties.

**8. Payment of the Grant**

8.1 The Commonwealth agrees to pay the Grant to the Grantee in accordance with the Grant Details.

8.2 The Commonwealth may by notice withhold payment of any amount of the Grant where it reasonably believes the Grantee has not complied with this Agreement or is unable to undertake the Activity.

8.3 A notice under clause 8.2 will contain the reasons for any payment being withheld and the steps the Grantee can take to address those reasons.

8.4 The Commonwealth will pay the withheld amount once the Grantee has satisfactorily addressed the reasons contained in a notice under clause 8.2.

**9. Spending the Grant**

9.1 The Grantee agrees to spend the Grant for the purpose of undertaking the Activity only.

9.2 The Grantee agrees to provide a statement signed by the Grantee verifying the Grant was spent in accordance with the Grant Details.

**10. Repayment**

10.1 If any of the Grant has been spent other than in accordance with this Agreement or any amount of the Grant is additional to the requirements of the Activity, the Grantee agrees to repay that amount to the Commonwealth unless agreed otherwise.

10.2 The amount to be repaid under clause 10.1 may be deducted by the Commonwealth from subsequent payments of the Grant.

**11. Record keeping**

The Grantee agrees to maintain records of the expenditure of the Grant.

**12. Intellectual Property**

12.1 The Grantee owns the Intellectual Property Rights in Material created undertaking the Activity.

12.2 The Grantee gives the Commonwealth a non-exclusive, irrevocable, royalty-free licence to use, reproduce, publish and adapt Reporting Material for Commonwealth Purposes.

12.3 The licence in clause 12.2 does not apply to Activity Material.

12.4 This Agreement does not affect the ownership of Intellectual Property Rights in Existing Material.

**13. Privacy**

When dealing with Personal Information in carrying out the Activity, the Grantee agrees not to do anything which, if done by the Commonwealth, would be a breach of an Australian Privacy Principle.

**14. Confidentiality**

The Parties agree not to disclose each other's confidential information without prior written consent unless required or authorised by law or Parliament.

**15. Insurance**

The Grantee agrees to maintain adequate insurance for the duration of this Agreement and provide the Commonwealth with proof when requested.

**16. Indemnities**

16.1 The Grantee indemnifies the Commonwealth, its officers, employees and contractors against any claim, loss or damage arising in connection with the Activity.

16.2 The Grantee's obligation to indemnify the Commonwealth will reduce proportionally to the extent any act or omission involving fault on the part of the Commonwealth contributed to the claim, loss or damage.

**17. Dispute Resolution**

17.1 The Parties agree not to initiate legal proceedings in relation to a dispute unless they have tried and failed to resolve the dispute by negotiation.

17.2 The Parties agree to continue to perform their respective obligations under this Agreement where a dispute exists.

17.3 The procedure for dispute resolution does not apply to action relating to termination or urgent litigation.

**18. Termination for default**

The Commonwealth may terminate this Agreement by notice where it reasonably believes the Grantee:

- (a) has breached this Agreement; or
- (b) has provided false or misleading statements in their application for the Grant; or
- (c) has become bankrupt or insolvent, entered into a scheme of arrangement with creditors, or come under any form of external administration.

**19. Cancellation for convenience**

19.1 The Commonwealth may cancel this Agreement by notice, due to:

- (a) a change in government policy; or
- (b) a Change in the Control of the Grantee, which the Commonwealth believes will negatively affect the Grantee's ability to comply with this Agreement.

19.2 The Grantee agrees on receipt of a notice of cancellation under clause 19.1 to:

- (a) stop the performance of the Grantee's obligations as specified in the notice; and
- (b) take all available steps to minimise loss resulting from that cancellation.

19.3 In the event of cancellation under clause 19.1, the Commonwealth will be liable only to:

- (a) pay any part of the Grant due and owing to the Grantee under this Agreement at the date of the notice; and
- (b) reimburse any reasonable expenses the Grantee unavoidably incurs that relate directly to the cancellation and are not covered by 19.3(a).

19.4 The Commonwealth's liability to pay any amount under this clause is subject to:

- (a) the Grantee's compliance with this Agreement; and
- (b) the total amount of the Grant.

19.5 The Grantee will not be entitled to compensation for loss of prospective profits or benefits that would have been conferred on the Grantee.

**20. Survival**

Clauses 10, 12, 13, 14, 16, 20 and 21 survive termination, cancellation or expiry of this Agreement.

**21. Definitions**

In this Agreement, unless the contrary appears:

- **Activity** means the activities described in the Grant Details.
- **Activity Material** means any Material, other than Reporting Material, created or developed by the Grantee as a result of the Activity.
- **Agreement** means the Grant Details, Supplementary Terms (if any), the Commonwealth General Grant Conditions and any other document referenced or incorporated in the Grant Details.
- **Australian Privacy Principle** has the same meaning as in the *Privacy Act 1988*.
- **Change in the Control** means any change in any person(s) who directly exercise effective control over the Grantee.
- **Commonwealth** means the Commonwealth of Australia as represented by the Commonwealth entity specified in the Agreement and includes, where relevant, its officers, employees, contractors and agents.
- **Commonwealth General Grant Conditions** means this document.
- **Commonwealth Purposes** does not include commercialisation or the provision of the Material to a third party for its commercial use.
- **Completion Date** means the date or event specified in the Grant Details.
- **Existing Material** means Material developed independently of this Agreement that is incorporated in or supplied as part of Reporting Material.
- **Grant** means the money, or any part of it, payable by the Commonwealth to the Grantee as specified in the Grant Details.
- **Grantee** means the legal entity specified in the Agreement and includes, where relevant, its officers, employees, contractors and agents.
- **Grant Details** means the document titled Grant Details that forms part of this Agreement.
- **Intellectual Property Rights** means all copyright, patents, registered and unregistered trademarks (including service marks), registered designs, and other rights resulting from intellectual activity (other than moral rights under the *Copyright Act 1968*).
- **Material** includes documents, equipment, software (including source code and object code versions), goods, information and data stored by any means including all copies and extracts of them.
- **Party** means the Grantee or the Commonwealth.
- **Personal Information** has the same meaning as in the *Privacy Act 1988*.

- **Reporting Material** means all Material which the Grantee is required to provide to the Commonwealth for reporting purposes as specified in the Grant Details.

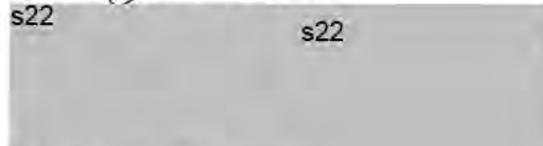
 <b>Australian Government</b> <b>Defence</b>	<b>DECISION BRIEF FOR SECRETARY:</b>  <b>FOLLOW-UP TO ASPI GRANT VARIATION</b>	
Group/Service: Strategy Policy and Industry Group	Reference: EC23-002547	
For information: DEPSEC SP&I	Due date: before 30 June 2023, the date on which ASPI's existing grant agreement expires.	

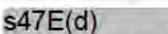
**Recommendations**

1. That you:
  - a. **Note** ASPI raised concerns regarding the inclusion of additional terms in the grant variation that was sent to ASPI on 27 June;
  - b. **Note** Defence has worked with ASPI to address these concerns in good faith, including clarifying eligible expenditures and proportionate reporting requirements. Both parties now consider the grant variation to be agreeable;
  - c. **Note** the updated grant variation does not include changes to the duration or amount of the grant you previously agreed on 26 June; and
  - d. **Sign**, and have witnessed, the deed of variation on page 2 (Attachment A refers).

**Key issues**

2. On 26 June, you (Secretary) agreed to vary the current ASPI grant agreement by:

<p>s22</p>  <p><b>Hugh Jeffrey</b> Deputy Secretary Strategy, Policy and Industry Tel: s22 Mob: </p> <p>29 June 2023</p>	<ol style="list-style-type: none"> <li>a. <u>Noted</u> / Please discuss</li> <li>b. <u>Noted</u> / Please discuss</li> <li>c. <u>Noted</u> / Please discuss</li> <li>d. <u>Signed</u> / Not signed</li> </ol> <p>s22  s22</p> <p><b>Greg Moriarty</b> Secretary</p> <p>29 June 2023</p>
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Contact officer: AIRCDRE Matt Hegarty, Director-General, Futures, Risk and Outreach	Tel: s47E(d)  Mob: s22 
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- a. Extending the agreement by an additional 12 months to 30 June 2024;
  - b. Providing an additional \$4,000,000 for ASPI's Canberra office; and
  - c. Allowing ASPI to expend the remaining \$2,500,000 from the \$5,000,000 originally provided for the Washington D.C office. This remains unspent due to unforeseen delays.
3. On 28 June, the Executive Director of ASPI, Mr Justin Bassi, and Chief Operating Officer of ASPI, Mr Mark Fraser, contacted AIRCDRE Matt Hegarty by phone to advise that they could not sign the grant variation because it seeks to introduce additional terms to the grant agreement rather than simply rollover existing terms. The additional terms they referred to were:
- a. The inclusion of a section in the grant variation that stipulates eligible expenditures for the Canberra and Washington D.C. offices, as well as ineligible expenditures; and
  - b. The inclusion of new reporting requirements, including an End of Agreement Report and an End of Term Audited Acquittal Report.
4. These additional requirements were deemed necessary by Defence to comply with the spirit and intent of the Commonwealth Grants Rules and Guidelines 2017, *Public Governance, Performance and Accountability Act 2013*, as well as improve the governance and accountability of the grant, including the primary consideration of value with relevant money.
5. Subsequently, in the afternoon of 28 June, ASPI emailed their proposed amendments to the variation, which sought to remove the additional terms. Defence has worked with external lawyers from Maddocks commercial and ASPI to negotiate mutually agreeable language that would address the concerns of both Defence and ASPI.
6. These include amending language regarding the eligible and ineligible expenditures to ensure they do not unduly restrict ASPI's ability to carry out grant activities. Other changes include reducing the scope of the End of Term Audited Acquittal Report to an internal report provided by ASPI that Defence may subject to external audit.
7. Defence is of the view that the changes that have been mutually agreed with ASPI provide Defence with the ability to interrogate future concerns regarding value with relevant money and the ability to request further information relating to their expenditure of Defence grant funds. The Commonwealth, through Defence, retains the ability to seek the return of unspent or misused grant funds. Furthermore, Defence may seek further financial information from ASPI at any point under the standard terms of the proposed grant variation.

#### **Consultation**

8. The following people were consulted on this brief:
  - a. Maddocks Commercial Lawyers

**Attachments:**

- A. Deed of Variation to the ASPI Grant Agreement FY2018/19-2023/24
- B. Defence-ASPI Grant Agreement FY2018/19-2023/24 – with changes tracked



# **Australian Government**

## **Defence**

### **Deed of Variation - Defence-ASPI Grant FY2018-19 to FY2023-24**

#### **1. Date**

1.1 This Deed is made on June 2023.

#### **2. Parties**

2.1 This Deed is made between:

2.1.1 The Commonwealth, as represented by the Department of Defence, ABN 68 706 814 312 (Commonwealth); and

2.1.2 The Australian Strategic Policy Institute Limited, ABN 77 097 369 045 (Grantee).

#### **3. Context**

- 3.1 On 31 August 2018, the Parties entered in a five-year grant agreement under which the Commonwealth agreed to give a grant of \$20,000,000 (GST excl) to the Grantee for the purpose of promoting informed debate on Australian strategic and defence policy issues; encouraging and fostering new and emerging strategic policy personnel; and promoting international understanding of Australia's strategic and defence policy perspectives (**Agreement**).
- 3.2 On 27 May 2021, the Parties executed a grant variation to provide the Grantee with an additional \$5,000,000 – bringing the total amount of grant funding to \$25,000,000 - for the purpose of supporting the Grantee to deliver additional activities through a new office in Washington, D.C. over two years (**2021 Variation**).
- 3.3 The Grantee's activities in Washington, D.C., were subsequently impacted by a range of office establishment and operational issues, including the COVID-19 pandemic and associated lockdowns. As a result, \$2,500,000 of funding from the 2021 Variation for the Washington, D.C. office will remain unspent as at 30 June 2023 (**Retained Funds**).
- 3.4 The Parties have therefore agreed to execute a variation to extend the Agreement by 12 months to expend the Retained Funds to support the continued delivery of activities through the Washington, D.C. office), and to provide an additional \$4,000,000 in funding to ASPI Canberra for the continued promotion of strategic policy discourse, debate and research of value to the Australian Government and the Department of Defence until 30 June 2024.
- 3.5 The Parties have agreed to amend the Agreement on the terms and conditions contained in this Deed.

#### **4. Amendments**

- 4.1 With effect from 11.59pm on 30 June 2023, the Agreement (as previously varied under the 2021 Variation) is amended and restated so that it takes the form in Schedule 1 attached to this Deed, with all

## Deed of Variation

deletions to the Agreement shown in strike through, and all insertions to the Agreement appearing in underlined text.

### 5. Entire agreement and interpretation

- 5.1 The parties confirm all the other provisions of the Agreement and, subject only to the amendments contained in this Deed, the Agreement remains in full force and effect.
- 5.2 This Deed and the Agreement, when read together, contain the entire agreement of the parties with respect to the parties' rights and obligations under the Agreement.
- 5.3 Unless specified or the context otherwise requires, terms that are defined in the Agreement have the same meaning in this Deed.

### 6. Signatures

Executed as a deed:

Commonwealth:

SIGNED, SEALED AND DELIVERED for and on behalf of the Commonwealth of Australia as represented by The Department of Defence	s22
Name: (print) Position: (print) Signature and date:	[Redacted]
In the presence of: Witness Name: (print) Signature and date:	s47E(d) s22

Grantee:

SIGNED, SEALED AND DELIVERED by:

Full legal name of Grantee:	The Australian Strategic Policy Institute Limited (ABN 77 097 369 045)
Director's Name: (print) Signature and date:	JUSTIN BASSI s22 [Redacted] 29/6/23
Director/Company Secretary Name: (print) Signature and date:	MARK FRAGER s22 [Redacted] 29/6/23

**Schedule 1 - June 2023 Variation of the Defence-ASPI Grant FY2018-19 to FY2023-24**

Please see following page for the June 2023 variation of the Defence-ASPI Grant FY2018-19 to FY2023-24, where amendments are noted in track-changes.



**Australian Government**  
**Defence**

**Commonwealth Grant Agreement**

between

the

Commonwealth

Australia represented by the

**Department of Defence**

and

**The Australian Strategic Policy Institute Limited**

**FY2018-19, FY2019-20, FY2020-21, FY2021-22, and  
FY2022-23 and FY2023-24**

## Commonwealth Low-risk Grant Agreement

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<b>Commonwealth General Grant Conditions</b>	<b>Schedule 1</b>

## Grant Agreement

Once completed, this document, together with each set of Grant Details and the Commonwealth General Grant Conditions (Schedule 1), forms an Agreement between the Commonwealth and the Grantee.

### Parties to this Agreement

This agreement is between the Commonwealth represented by the Department of Defence (ABN 68 706 814 312) ([Defence](#)) and the Australian Strategic Policy Institute Limited (ASPI), Level 2-~~Arts House~~, 40 Macquarie St BARTON ACT 2600 (ABN 77 097 369 045).

#### The Grantee

<b>Full legal name of Grantee</b>	The Australian Strategic Policy Institute Limited
<b>Legal entity type (e.g. individual, incorporated association, company, partnership etc)</b>	Commonwealth Company
<b>Trading or business name</b>	The Australian Strategic Policy Institute
<b>Any relevant licence, registration or provider number</b>	
<b>Australian Company Number (ACN) or other entity identifiers</b>	097 369 045
<b>Australian Business Number (ABN)</b>	77 097 369 045
<b>Registered for Goods and Services Tax (GST)?</b>	Yes – <del>GST not applicable</del>
<b>Date from which GST registration was effective?</b>	22 August 2001
<b>Registered office (physical/postal)</b>	
<b>Relevant business place (if different)</b>	Australian Strategic Policy Institute, Level 2- <del>Arts House</del> , 40 Macquarie St, BARTON ACT 2600
<b>Telephone</b>	+61 (02) 6270 5100
<b>Fax</b>	+61 (02) 6273 9566
<b>Email</b>	enquiries@aspi.org.au

#### The Commonwealth

The Commonwealth of Australia represented by the Department of Defence.

Russell Offices  
Sir Thomas Blamey Square  
RUSSELL ACT 2600  
ABN 68 706 814 312

## Background

The Grant is being provided to the Australian Strategic Policy Institute Limited (ASPI or Grantee) under the Department of Defence's Strategic Policy Grants Program for the purpose of promoting strategic policy discourse, debate and research of value to Australian Government and the Department of Defence.

~~The Department of Defence~~ Defence has agreed to enter this Agreement under which Defence will provide ASPI with one Grant for each of FY2018-19; FY2019-20; FY2020-21; FY2021-22; ~~and~~ FY2022-23; and FY2023-24 for the purpose of assisting ASPI to undertake the associated Activity.

ASPI agrees to use the Grant and undertake the Activity in accordance with this Agreement and the relevant Grant Details.

## Scope of this Agreement

This Agreement comprises:

- (a) this document; and
- (b) the General Grant Conditions (Schedule 1).

If there is any ambiguity or inconsistency between the documents comprising this Agreement in relation to a Grant, the document appearing higher in the list will have precedence to the extent of the ambiguity or inconsistency.

This Agreement represents the Parties' entire agreement in relation to each Grant provided under it and the relevant Activity and supersedes all prior representations, communications, agreements, statements and understandings, whether oral or in writing.

Certain information contained in or provided under this Agreement may be used for public reporting purposes.

## Grant Details

### A. Purpose of the Grant

The purpose of the Grant is to:

- (a) Promote informed discourse and debate through quality research and discussion forums on Australian strategic and defence policy issues by creating and disseminating new insights, concepts, understandings and policy recommendations relevant to the Australian Government and the Department of Defence.
- (b) In doing these things, encourage and foster new and emerging strategic policy personnel working both inside and outside government, including by developing policy skills, analytical and writing abilities and understanding of national security issues.
- (c) Promote an international understanding of Australia's strategic and defence policy perspectives.

## B. Activity

This Grant is awarded to ASPI to carry out, in FY2018-19; FY2019-20; FY2020-21; FY2021-22; ~~and~~ FY2022-23; ~~and~~ FY2023-24 the Activity below. The project managers of the Activity are ~~the Defence's Department of Defence Assistant Secretary for Strategic Policy~~ Director General Futures, Risk and Outreach and the ASPI Chief Operating Officer ~~Director of Defence and Strategy~~. The deliverables prepared by the project managers will be approved by Grant senior representatives the Defence Deputy Secretary for Strategic Policy and intelligence and the Executive Director of ASPI.

### 1. Administration

Provision by the ASPI project manager to the Defence project manager of a preliminary annual project plan and budget for the Grant by 31 July each year (or, in the first year, within 30 days of signing of the grant contract). The grant project managers will finalise the plan by 31 August each year for final approval by the senior Grant representatives, with a copy then delivered to the Secretary of Defence. The project plan must be updated by ASPI to reflect any significant Activity changes during each year. The project plan is to describe the Defence Specific Program Activities that are proposed for the year for Defence's consideration and agreement, as well as the planned apportionment of the non-Defence Specific Project funding between ASPI staff expenses and facilities costs.

### 2. Independent policy-relevant research

Conduct of independent policy-relevant and analysis to better inform Government decisions and public understanding of strategic and defence issues. This is a core reason for Defence to fund ASPI through this grant. Defence expects ASPI to apply the annual grant funding to enable this Activity and intends that the grant funding will be used for staff expenses and facilities costs as a result.

### 3. Defence Specific Projects (DSPs)

- (a) The allocation of ten per cent of the total annual grant to mutually-agreed Defence Specific Projects (DSPs) each financial year.
- (b) The DSPs reflect annual Defence priority interests and challenges for Australia's defence and security needs, and will involve a range of research publications and events that support the purpose of this Grant.
- (c) The allocation from DSP funding to a Women, Peace and Security project; and two events (e.g. conferences and/or track 1.5 dialogues) on behalf of Defence to be mutually agreed and with countries of Defence's choosing aimed at furthering Defence's strategic policy priorities, in each financial year.

### 4. Professional Development

- (a) Implementation of an indigenous internship program aligned with ASPI's existing internship program in each financial year.
- (b) If mutually agreed at any time during the life of this Agreement, on a case by case basis, secondment of an Defence APS, SES or ADF officer or officers to ASPI for periods of not less than three months and not more than one year for the purposes of professional development or to assist in Defence Specific

Projects. Any secondment will be governed by a separate written agreement between the Department of Defence and ASPI.

- (c) The provision of up to six spaces free of registration/attendance fees for officers nominated by the Department of Defence to attend ASPI-branded events. The respective project managers will identify event representatives to coordinate this participation, which will be reflected in the annual project plan.
- (d) Attendance, by request, of up to ten Defence personnel each financial year on ASPI educational courses.
- (e) The provision of 30 copies of all keystone printed publications to the Department of Defence free of costs and charges. ASPI may also, at its own discretion, provide additional copies free of charge to officers within the Department of Defence.

#### 5. ASPI Washington DC Office

- (a) ASPI will establish a presence in Washington to support deeper people-to-people links. The ASPI presence in Washington will complement the Australian Embassy's efforts to: allow Australian perspectives to shape United States of America's policy debates; support building Australian interests into emerging US Policy thinking and initiatives from the outset; and ensure the latest US strategic thinking informs policy debates in Australia.

### C. Duration of the Activity

Year One	Year Two	Year Three	Year Four	Year Five	Year 6
1 July 2018 to 30 June 2019	1 July 2019 to 30 June 2020	1 July 2020 to 30 June 2021	1 July 2021 to 30 June 2022	1 July 2022 to 30 June 2023	1 July 2023 to 30 June 2024

### D. Payment of the Grant

The total amount of the Grant is \$2529,000,000 (GST not applicable inclusive), all payments are to be made in Australian Dollars [AUD]).

The Department of Defence will pay the total grant amount for each financial year upon receipt of a correctly rendered invoice. The first payment may be rendered upon signature of this funding agreement, and in subsequent years, at the start of the financial year.

The Grantee may only raise a tax invoice to the Commonwealth Defence in the amounts set out in Table D following satisfactory completion of the Grantee's obligations in Section E.

Financial Year	Anticipated Date of Payment	Amount (GST not applicable inclusive)

2018-19	At earliest opportunity, once a grant agreement has been signed and a tax invoice raised	\$4,000,000
2019-20	No earlier than 1 July 2019 and only following satisfactory completion of the Grantee's obligations in Section E	\$4,000,000
2020-21	No earlier than 1 July 2020 and only following satisfactory completion of the Grantee's obligations in Section E	\$4,000,000
2020-21	At earliest opportunity, once a grant variation has been signed and a tax invoice raised for the two years of activities in Washington DC	\$5,000,000
2021-22	No earlier than 1 July 2021 and only following satisfactory completion of the Grantee's obligations in Section E	\$4,000,000
2022-23	No earlier than 1 July 2022 and only following satisfactory completion of the Grantee's obligations in Section E	\$4,000,000
2023-24	<u>No earlier than 1 July 2023 and only following satisfactory completion of the Grantee's obligations in Section E</u>	<u>\$4,000,000</u>
	<b>TOTAL</b>	<b>\$295,000,000</b>

Of the total funding amount of the Grant paid to the Grantee to date approximately, \$2,500,000 will remain unspent as at 30 June 2023 (Retained Funds).

Defence will permit the Grantee to expend the Retained Funds to support the operation of the Grantee's Washington D.C.'s office, as described at paragraph B(5)(a) of this Agreement, from 1 July 2023 to 30 June 2024.

The Grantee must ensure that the grant is held in accounts in the Grantee's name and which the Grantee controls. The Grantee is to bear any costs associated with converting currency and the operation of any accounts.

The Grantee's nominated bank account into which the Grant is to be paid is:

Name: Australian Strategic Policy Institute National Australia Bank  
BSB: 082 902  
Account no: 1315 73570

### **Invoicing**

Subject to the Grantee's satisfactory compliance with Term D, the Grantee will raise a tax invoice and provide it to ~~the Department of Defence~~. ~~The Department Defence~~ will pay the invoice 30 days from receipt.

### **Eligible expenditures**

#### **I. ASPI Washington D.C. Office**

From 1 July 2023 until 30 June 2024, the Grantee may only spend the Retained Funds to support the operation of ASPI's Washington D.C. office, as described in paragraph B(5)(a), on the following costs:

- research, publication, and events;
- ASPI Washington D.C. office administrative and operating costs such as rent and lease costs, employee expenses, travel, training and development, supplier costs, utility costs, IT support and website maintenance costs, legal and audit expenses; and
- corporate overheads for the provision of support services by ASPI Canberra (including finance, human resources, IT, communications and events, publications, executive management and oversight, and administration).

## 2. Canberra based activities

During the term of the Grant, from 1 July 2023, the Grantee may spend the funding (which does not include the Retained Funds) on activities described at paragraphs B(1) – B(4), on the following costs:

- Research, publication and events; and
- An amount ~~equal to~~ no more than 90 per cent of the funding on expenses associated with the operation of the ASPI Canberra office, which may be applied towards corporate administrative costs arising from the Grantee's Canberra-based activities, namely:
  - the Canberra office rental and lease expenses;
  - supplier expenses;
  - utility expenses;
  - IT and website maintenance costs;
  - legal and audit expenses;
  - expenses relating to the Council (including remuneration and other costs for council members)
  - expenses on corporate overheads (including employee expenses for finance, human resources, IT, communications and events, publications, fellowship and internship programs, executive management and oversight, and administration) and training and official travel.

### **Ineligible activities**

The Grantee must not use the Retained Funds or the funding for any of the following costs:

- capital works (such as construction or renovations that create an asset and land, real-estate, or vehicle purchases);
- costs incurred after 30 June 2024, unless otherwise agreed by Defence in writing;
- costs incurred in the preparation of funding-proposals or related documentation; and

- costs covered by supplementary income, whether received from the Commonwealth or a third party.

If Defence determines that any of the Retained Funds or the funding has been spent other than in accordance with this Agreement, or any amount of the Grant is additional to the requirements of the Activity, the Grantee will be directed to repay that amount to Defence unless otherwise agreed by Defence in writing.

Defence may deduct the amount the Grantee would be required to pay in these circumstances from amounts payable under any other agreement between the Grantee and Defence.

## E. Reporting

### Post Activity Reports

The Grantee will provide a Post-Activity Report to ~~the Department of Defence~~ Defence no later than 31 July in each financial year of the Grant term on its Activity comprising a self-assessment against the issues identified below.

The Post-Activity Report is to be concise and informative, in the order of two to five pages. It is to:

1. Outline the categories of activity, agreed in the project plan and budget, against which the grant funding has been spent. In making the Grant, Defence intends that ~~the~~ no more than -90% of the annual grant funding amount will be allocated to the Grantee's ASPI-staff expenses and facilities costs associated with the Canberra office, as this enables ASPI to achieve the Grant Purposes set out earlier in this agreement, through the Activities. -As noted earlier, no less than 10% of the annual grant funding amount is to be expended on the Defence Specific Projects.
2. Contain a description of key achievements against the project plan, as well as any other items or events related to the Purposes and Activities covered by this agreement. A particular focus of the report is to be on the Defence Specific Projects, including a self-assessment of their impact and value to inform Defence's evaluation.

~~The Commonwealth~~ Defence may request that the Grantee provide further brief information in relation to the Grantee's self-assessment and the Grantee will provide the requested information within 30 days.

### Acquittal of Grant funds

In respect of each financial year of the Grant term excluding financial year 2023-24:

- the annual acquittal of Grant funds must be included in the Post-Activity Report for each year of the Grant Agreement;
- the non-audited financial acquittal report must include an income and expenditure statement for the Grant and confirmation that the funding has been spent on the activity in accordance with the Grant Agreement, Schedule and Terms and Conditions;
- the acquittal should clearly identify the funding allocated to all Activities, including the mutually agreed Defence Specific Projects. Should less than 10% of a year's grant funding be required for the

DSPs, this will be identified, along with the allocation of those funds to the other Grant activities; and

- Financial Statements should be in agreement with the relevant accounts and records and be prepared in compliance with Australian Accounting Standards to present accurately and fairly the financial transactions relating to all funding received from the Grant in each financial year. Non-audited financial acquittal reports must be certified by the Executive Director or an authorised officer of the Grantee organisation.

### **End of Agreement reporting requirements**

By 30 September 2024, the Grantee must provide Defence:

1. a Post Activity Report, excluding the 'Acquittal of Grant funds' requirements set out above; and
2. an End of Term Acquittal Report for funding (see below)

### **End of Term acquittal report for funding**

The Grantee will undertake an independent audit of its financial operations (including of Grant funds) by the Australian National Audit Office which:

- identifies and assesses risks of material misstatement, whether due to fraud or error, based on an understanding of the Grantee and its environment, including its internal controls;
- obtains sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks; and
- forms an opinion on the financial report based on conclusions drawn from the audit evidence obtained.

The Grantee is also required to prepare the End of Term Acquittal Report covering the Retained Funds in respect of the ASPI Washington D.C Office, and the funding in respect of the Grantee's Activities to support its Canberra office, and include sufficient detail to enable Defence to identify without supplementary information how the Grantee's expenditure of the Retained Funds and the funding after 1 July 2023 related to the delivery of specific outcomes through the Activity.

The Grantee's Audit and Risk Committee must endorse the Grantee's End of Term Acquittal Report before the Grantee's submission of this report to Defence.

Defence may, at any time, request the Grantee to provide further information or to otherwise better particularise its expenditure of funds. This may include requiring the Grantee to provide an addendum to an End of Term Acquittal Report, to respond to specific questions about expenditure, or otherwise to provide additional supporting information to Defence's reasonable satisfaction.

The obligation to provide the End of Term Acquittal Report for funding described in this Section E will survive the expiry or termination of this Agreement.

## F. Annual Grant Administration Flowchart

Date	Action
Start of FY	ASPI delivers invoice and project plan and budget for the annual grant funding to which Defence has 30 days to pay a correctly rendered invoice
No later than 31 July <u>following in each year of the Grant Term</u>	ASPI will provide a Post-Activity Report
<u>No later than 30 Sept 2024</u>	<u>The Grantee will provide an End of Term Acquittal Report</u>

## G. Party representatives and address for notices

### Grantee's representative and address

<b>Grantee's representative</b>	<u>Mr Mark Fraser AO CVO Peter Jennings</u>
<b>Position</b>	<u>Chief Operating Officer Executive Director</u>
<b>Postal/physical address</b>	<u>Australian Strategic Policy Institute, Level 2 Arts House, 40 Macquarie St BARTON ACT 2600</u>
<b>Business hours telephone</b>	<u>+61 (0)2 6270 51005151</u>
<b>Mobile</b>	<u>s22</u>
<b>Fax</b>	<u>+61 (0)2 6273 9566</u>
<b>E-mail</b>	<u>mark.fraser@aspi.org.au peterjennings@aspi.org.au</u>

### Commonwealth representative and address

<b>Name of representative</b>	<u>AIRCDRE Matt Hegarty Celia Perkins</u>
<b>Position</b>	<u>Director-General Futures, Risk, and Outreach First Assistant Secretary Strategic Policy</u>
<b>Postal/physical address</b>	<u>Building R1, Russell Offices, Russell ACT 2600 s47E(d) - Russell Offices PO Box 7901 CANBERRA BC ACT 2610</u>
<b>Business hours telephone</b>	<u>s47E(d) s22</u>
<b>E-mail</b>	<u>matt.hegarty@defence.gov.au celia.perkins@defence.gov.au</u>
<b>Alternative Point of Contact</b>	<u>s47E(d) A/g Director Strategic Policy Outreach s47E(d) sp.grants@defence.gov.au</u>

The Parties' representatives project managers will be responsible for liaison and management of the Grant, as well as accepting and issuing any written notices in relation to the Grant.

## H. Supplementary Terms

### H1. Other Contributions

H1.1 Not Applicable

### H2. Activity budget

H2.1 The Grantee agrees to expend the Grant only on the Activity.

### H3. Record keeping

H3.1 The Grantee agrees to maintain records of receipts and expenditure of the Grant and any Other Contributions for five years after the Completion Date and provide copies of the records to the Commonwealth representative upon request.

H3.2 Term H3 survives the termination, cancellation or expiry of the Agreement.

### H4. Audit

Not Applicable

### H5. Activity Material

H5.1 The Grantee agrees, on request from the Commonwealth, to provide the Commonwealth with a copy of any Activity Material in the format reasonably requested by the Commonwealth.

H5.2 The Grantee provides the Commonwealth a permanent, non-exclusive, irrevocable, royalty-free licence (including a right to sub licence) to use, reproduce, publish, and adapt the Activity Material.

H5.3 The Grantee warrants that the provision and use of Activity Material in accordance with the Agreement will not infringe any third party's Intellectual Property Rights.

H5.4 Term H5 survives the termination, cancellation or expiry of the Agreement.

### H6. Access

H6.1 The Grantee agrees to give the Commonwealth, or any persons authorised in writing by the Commonwealth, access to the premises where the Activity is being performed and to permit those persons to inspect and take copies of any Material relevant to the Activity.

H.6.2 The Auditor-General and any Information Officer under the *Australian Information Commissioner Act 2010* (Cth) (including their delegates) are persons authorised for the purposes of clause H6.1

H6.3 Term H6 does not detract from the statutory powers of the Auditor-General or an Information Officer (including their delegates).

### H7. Equipment and Assets

Not Applicable

### H8. Relevant qualifications, skills or checks

Not Applicable

### **H9. Activity specific legislation, policies and industry standards**

Not Applicable

### **H10. Commonwealth Material, facilities and assistance**

Not Applicable

### **H11. Jurisdiction**

~~G11~~H11.1 This Agreement is governed by the laws of the Australian Capital Territory.

### **H12. Grantee trustee of a Trust**

Not Applicable

### **H13. Commonwealth Review of ASPI**

~~G13~~H13.1 The Commonwealth may review the future of the Grantee at any time during the life of this Agreement.

## Signatures

Executed as an agreement:

### Commonwealth of Australia:

Signed for and on behalf of the Commonwealth of Australia as represented by the Department of Defence	
Name: (print)	.....
Position: (print)	.....
Signature and date:	.....
Witness Name: (print)	.....
Signature and date:	.....

### Grantee:

Name of Company:	The Australian Strategic Policy Institute Limited
Director's Name: (print)	.....
Signature and date:	.....
Director/Company Secretary Name: (print)	.....
Signature and date:	.....

**1. Undertaking the Activity**

The Grantee agrees to undertake the Activity in accordance with this Agreement

**2. Acknowledgements**

The Grantee agrees to acknowledge the Commonwealth's support in Material published in connection with this Agreement and agrees to use any form of acknowledgment the Commonwealth reasonably specifies.

**3. Notices**

3.1 The Parties agree to notify the other Party of anything reasonably likely to affect the performance of the Activity or otherwise required under this Agreement.

3.2 A notice under this Agreement must be in writing, signed by the Party giving notice and addressed to the other Party's representative.

**4. Relationship between the Parties**

A Party is not by virtue of this Agreement the employee, agent or partner of the other Party and is not authorised to bind or represent the other Party.

**5. Subcontracting**

5.1 The Grantee remains responsible for compliance with this Agreement, including in relation to any tasks undertaken by subcontractors.

5.2 The Grantee agrees to make available to the Commonwealth the details of any of its subcontractors engaged to perform any tasks in relation to this Agreement upon request.

**6. Conflict of interest**

The Grantee agrees to notify the Commonwealth promptly of any actual, perceived or potential conflicts of interest which could affect its performance of this Agreement and agrees to take action to resolve the conflict.

**7. Variation**

This Agreement may be varied in writing only, signed by both Parties.

**8. Payment of the Grant**

8.1 The Commonwealth agrees to pay the Grant to the Grantee in accordance with the Grant Details.

8.2 The Commonwealth may by notice withhold payment of any amount of the Grant where it reasonably believes the Grantee has not complied with this Agreement or is unable to undertake the Activity.

8.3 A notice under clause 8.2 will contain the reasons for any payment being withheld and the steps the Grantee can take to address those reasons.

8.4 The Commonwealth will pay the withheld amount once the Grantee has satisfactorily addressed the reasons contained in a notice under clause 8.2.

**9. Spending the Grant**

9.1 The Grantee agrees to spend the Grant for the purpose of undertaking the Activity only.

9.2 The Grantee agrees to provide a statement signed by the Grantee verifying the Grant was spent in accordance with the Grant Details.

**10. Repayment**

10.1 If any of the Grant has been spent other than in accordance with this Agreement or any amount of the Grant is additional to the requirements of the Activity, the Grantee agrees to repay that amount to the Commonwealth unless agreed otherwise.

10.2 The amount to be repaid under clause 10.1 may be deducted by the Commonwealth from subsequent payments of the Grant.

**11. Record keeping**

The Grantee agrees to maintain records of the expenditure of the Grant.

**12. Intellectual Property**

12.1 The Grantee owns the Intellectual Property Rights in Material created undertaking the Activity.

12.2 The Grantee gives the Commonwealth a non-exclusive, irrevocable, royalty-free licence to use, reproduce, publish and adapt Reporting Material for Commonwealth Purposes.

12.3 The licence in clause 12.2 does not apply to Activity Material.

12.4 This Agreement does not affect the ownership of Intellectual Property Rights in Existing Material.

**13. Privacy**

When dealing with Personal Information in carrying out the Activity, the Grantee agrees not to do anything which, if done by the Commonwealth, would be a breach of an Australian Privacy Principle.

**14. Confidentiality**

The Parties agree not to disclose each other's confidential information without prior written consent unless required or authorised by law or Parliament.

**15. Insurance**

The Grantee agrees to maintain adequate insurance for the duration of this Agreement and provide the Commonwealth with proof when requested.

**16. Indemnities**

16.1 The Grantee indemnifies the Commonwealth, its officers, employees and contractors against any claim, loss or damage arising in connection with the Activity.

16.2 The Grantee's obligation to indemnify the Commonwealth will reduce proportionally to the extent any act or omission involving fault on the part of the Commonwealth contributed to the claim, loss or damage.

**17. Dispute Resolution**

17.1 The Parties agree not to initiate legal proceedings in relation to a dispute unless they have tried and failed to resolve the dispute by negotiation.

17.2 The Parties agree to continue to perform their respective obligations under this Agreement where a dispute exists.

17.3 The procedure for dispute resolution does not apply to action relating to termination or urgent litigation

**18. Termination for default**

The Commonwealth may terminate this Agreement by notice where it reasonably believes the Grantee:

- (a) has breached this Agreement; or
- (b) has provided false or misleading statements in their application for the Grant; or
- (c) has become bankrupt or insolvent, entered into a scheme of arrangement with creditors, or come under any form of external administration.

**19. Cancellation for convenience**

19.1 The Commonwealth may cancel this Agreement by notice, due to:

- (a) a change in government policy; or
- (b) a Change in the Control of the Grantee, which the Commonwealth believes will negatively affect the Grantee's ability to comply with this Agreement.

19.2 The Grantee agrees on receipt of a notice of cancellation under clause 19.1 to:

- (a) stop the performance of the Grantee's obligations as specified in the notice; and
- (b) take all available steps to minimise loss resulting from that cancellation.

19.3 In the event of cancellation under clause 19.1, the Commonwealth will be liable only to:

- (a) pay any part of the Grant due and owing to the Grantee under this Agreement at the date of the notice; and
- (b) reimburse any reasonable expenses the Grantee unavoidably incurs that relate directly to the cancellation and are not covered by 19.3(a).

19.4 The Commonwealth's liability to pay any amount under this clause is subject to:

- (a) the Grantee's compliance with this Agreement; and
- (b) the total amount of the Grant.

19.5 The Grantee will not be entitled to compensation for loss of prospective profits or benefits that would have been conferred on the Grantee.

**20. Survival**

Clauses 10, 12, 13, 14, 16, 20 and 21 survive termination, cancellation or expiry of this Agreement.

**21. Definitions**

In this Agreement, unless the contrary appears:

- **Activity** means the activities described in the Grant Details.
- **Activity Material** means any Material, other than Reporting Material, created or developed by the Grantee as a result of the Activity.
- **Agreement** means the Grant Details, Supplementary Terms (if any), the Commonwealth General Grant Conditions and any other document referenced or incorporated in the Grant Details.
- **Australian Privacy Principle** has the same meaning as in the *Privacy Act 1988*.
- **Change in the Control** means any change in any person(s) who directly exercise effective control over the Grantee.
- **Commonwealth** means the Commonwealth of Australia as represented by the Commonwealth entity specified in the Agreement and includes, where relevant, its officers, employees, contractors and agents.
- **Commonwealth General Grant Conditions** means this document.
- **Commonwealth Purposes** does not include commercialisation or the provision of the Material to a third party for its commercial use.
- **Completion Date** means the date or event specified in the Grant Details.
- **Existing Material** means Material developed independently of this Agreement that is incorporated in or supplied as part of Reporting Material.
- **Grant** means the money, or any part of it, payable by the Commonwealth to the Grantee as specified in the Grant Details.
- **Grantee** means the legal entity specified in the Agreement and includes, where relevant, its officers, employees, contractors and agents.
- **Grant Details** means the document titled Grant Details that forms part of this Agreement.
- **Intellectual Property Rights** means all copyright, patents, registered and unregistered trademarks (including service marks), registered designs, and other rights resulting from intellectual activity (other than moral rights under the *Copyright Act 1968*).
- **Material** includes documents, equipment, software (including source code and object code versions), goods, information and data stored by any means including all copies and extracts of them.
- **Party** means the Grantee or the Commonwealth.
- **Personal Information** has the same meaning as in the *Privacy Act 1988*.

- **Reporting Material** means all Material which the Grantee is required to provide to the Commonwealth for reporting purposes as specified in the Grant Details.



Australian Government  
Department of Defence

**DECISION BRIEF FOR SECRETARY:  
ASPI GRANT – AUGUST 2023 VARIATION**

Group/Service: SP&I	Reference: EC23-002760
For information: DEPSEC SP&I	Due date: Routine

**Recommendations**

1. That you:
  - a. s22
  - b. Agree that, s22 Defence will execute an additional variation for the ASPI grant to:
    - (1) extend the agreement by 12 months (out to 30 June 2025);
    - (2) provide ASPI Canberra with an additional AUD \$4,000,000 for FY2024-25;
    - (3) provide ASPI Washington with an additional AUD \$2,500,000 for FY2024-25; and
    - (4) maintain the additional grant terms that were introduced under the June 2023 variation, including new reporting requirements and guidance on eligible/ineligible expenditure.
  - c. Note it is good practice to strengthen governance and administrative arrangements with regards to grants, so Defence has developed a new internal guidance document that provides additional guidance for the management and administration of the ASPI grant (Attachment A refers).

<p><span style="background-color: grey; color: grey;">s22</span></p> <p><b>Hugh Jeffrey</b> Deputy Secretary Strategy, Policy and Industry Tel: <span style="background-color: grey; color: grey;">s22</span> Mob: <span style="background-color: grey; color: grey;">s22</span></p> <p>14 Aug 2023</p>	<p>a. <span style="background-color: grey; color: grey;">s22</span></p> <p>b. <del>Agreed</del> / Not agreed</p> <p>c. <del>Noted</del> / Please discuss</p> <p>d. <del>Noted</del> / Please discuss</p> <p>e. <del>Signed</del> / Not signed <span style="background-color: grey; color: grey;">s22</span></p> <p><b>Greg Moriarty</b> Secretary</p> <p>15 Aug 2023</p> <p><i>As discussed with DPM and Secretary PMWC</i></p>
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Contact officer: FASSP, Sheridan Kearnan	Tel: <span style="background-color: grey; color: grey;">s47E(d)</span>
	Mob: <span style="background-color: grey; color: grey;">s22</span>

- ~~CONFIDENTIAL~~
- d. **Note** Strategic Policy Division will submit a budget bid of AUD \$6,500,000 for FY2024-25 to cover these costs.
  - e. Should you agree to the above recommendations, **Sign**, date and have witnessed, the deed of variation (page 2 of Attachment B).

**Key issues**

2. In June, Defence executed a grant variation to: extend the ASPI grant by 12 months; enable ASPI to expend AUD \$2,500,000 of unspent funds for its Washington office; and provide AUD \$4,000,000 for its Canberra office (EC23-002547 refers). The variation also included additional terms, such as new reporting requirements and guidance on eligible/ineligible expenditures. This variation provided short-term funding to enable ASPI's operations until 30 June 2024.

s22



4. We recommend executing a variation with the same terms as was agreed under the June 2023 variation, specifically:
  - a. extending the agreement by a further 12 months (out to 30 June 2025);
  - b. providing ASPI with AUD \$4,000,000 for its Canberra office;
  - c. providing ASPI with AUD \$2,500,000 for its Washington office; and
  - d. maintaining the additional terms that were introduced in the June 2023 variation, including the reporting requirements and guidance on eligible/ineligible expenditure.
5. It is good practice to strengthen governance and administrative arrangements with regards to grants. As such, Attachment A is a new internal guidance document that provides additional guidance for the management and administration of the grant agreement between Defence and ASPI.
6. The amendments under this proposed August 2023 variation are indicated in track-changes in Schedule 1 of Attachment B.
7. Strategic Policy Division will submit a budget bid of AUD \$6,500,000 for FY2024-25 to cover the costs of the variation.

**Consultation**

8. The following people were consulted on this brief:
9. A/g Chief Finance Officer, Graham Weber
10. Maddocks Commercial Lawyers

**Attachments:**

- A. ASPI Grant Extension – Internal Guidance Document
- B. Deed of Variation – ASPI Grant – August 2023
  - a. Schedule 1 – August 2023 Variation – Grant agreement with Marked up Changes

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**Australian Government**  

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**Defence**

**Grant between the Department of Defence and  
the Australian Strategic Policy Institute Limited  
(ASPI) – Guidance Document**

Commonwealth policy  
entity:

**Defence**

Enquiries:

If you have any questions, contact Defence's Strategic  
Policy Outreach Directorate using  
[sp.outreach@defence.gov.au](mailto:sp.outreach@defence.gov.au).

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## 1 Introduction

This is an internal document for use by Department of Defence (Defence) personnel and is intended to provide context to, and assist in the ongoing administration of, the grant arrangement between Defence and the Australian Strategic Policy Institute Limited (ASPI) that commenced in 2018 (2018 Grant).

This is an internal document only. There is no requirement for this document to be distributed to ASPI, nor for ASPI to respond to it.

The 2018 Grant was a closed and non-competitive grant opportunity that Defence conducted that sought to align with Program 428.004 of Part 4, Schedule 1AA, of the *Financial Framework (Supplementary Powers) Regulations 1997 (Cth)* (FFSP Regulations), and with grant activities to contribute to Defence's Budget Outcome 2 and Program 2.1, Strategy, Policy and Industry.

The purpose of this document is to ensure that Defence personnel currently administering the grant do so in a manner that is consistent with the *Commonwealth Grant Rules and Guidelines* (CGRGs), the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*, *Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)*, and with Commonwealth policy to the greatest extent possible.

This document sets out:

- the purposes that Defence is seeking to achieve under the 2018 Grant;
- the criteria Defence will use to assist its administration of the 2018 Grant;
- how the decision to extend the 2018 Grant was reached;
- how ASPI will receive grant payments; and
- how ASPI's activity under the 2018 Grant will be monitored and evaluated.

This document provides background and guidance in relation to the 2018 Grant Agreement only. Defence will use this document to inform its administration of the 2018 Grant over the life of the Grant. This document is not a substitute for the terms of the 2018 Grant Agreement or any applicable Commonwealth policy. The contractual obligations that apply to ASPI and Defence are set out in the 2018 Grant Agreement. The terms of the 2018 Grant Agreement will prevail to the extent of any inconsistency between this document and the 2018 Grant Agreement.

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## 2 About the 2018 Grant

ASPI was established by the Australian Government in 2001. ASPI is a Commonwealth company for the purpose of the PGPA Act. ASPI is also a 'wholly-owned Commonwealth company' for the purpose of the PGPA Act, as ASPI does not have shares which are beneficially owned by a person other than the Commonwealth.

Defence has provided funding to ASPI since ASPI's establishment in 2001. ASPI's other sources of revenue include funding, sponsorship, commissioned tasks and event registration fees including from other Commonwealth Government agencies, overseas government agencies, the private sector and defence industries.

On 31 August 2018, Defence and ASPI entered into a five-year Grant Agreement under which the Commonwealth agreed to give a grant of \$20,000,000 (GST excl) to ASPI for the purpose of promoting informed debate on Australian strategic and defence policy issues; encouraging and fostering new and emerging strategic policy personnel; and promoting international understanding of Australia's strategic and defence policy perspectives (2018 Grant). The 2018 Grant was therefore due to expire on 30 June 2023.

In or about March 2021, Defence and ASPI discussed increasing the funding provided to ASPI under the 2018 Grant by \$5,000,000 to accommodate the extension of ASPI's work into Washington D.C. The intent of the additional funding was to assist ASPI to establish a presence in Washington D.C. by setting up an office staffed by between six to eight people. On 27 May 2021, Defence and ASPI executed a variation to the 2018 Grant to provide ASPI with the additional \$5,000,000 – bringing the total amount of grant funding to \$25,000,000 – for the purpose of supporting ASPI to deliver additional activities through a new office in Washington, D.C. over two years (2021 Variation).

ASPI's activities in Washington D.C. were subsequently impacted by a range of office establishment and operational issues, including as a result of the COVID-19 pandemic and associated lockdowns. As a result, \$2,500,000 of funding from the 2021 Variation for the Washington D.C. office was unspent as at 30 June 2023 (Retained Funds).

In February 2023, Defence commenced work to consider its options with regard to ASPI's future funding. Given Defence's ongoing need for independent, non-partisan research and discourse among the public service, academia and the wider public on Australia's defence and strategic policy choice, Defence began developing grant opportunity guidelines for a new multi-year grant opportunity s22

Consequently, on 29 June 2023, Defence executed a second variation to extend the 2018 Grant by 12 months to account for the delays caused by the COVID-19 pandemic (and permit ASPI to expend the Remaining Funds to support the delivery of activities through the Washington, D.C. office), and to provide short-term financial support to ASPI (comprising an additional \$4,000,000 in funding) for the continued promotion of strategic policy discourse, debate and research of value to the Australian Government and the Department of Defence until 30 June 2024 (June 2023 Variation). Defence used the June 2023 Variation to create greater clarity around ASPI's reporting and acquittal obligations, and to provide more guidance on appropriate categories of expenditure for grant funds provided by Defence. This was intended to ensure the administration of the grant implements the guidance and requirements set out in the CGRGs, to the greatest extent possible.

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This new variation (August 2023 Variation) will extend the 2018 Grant by an additional 12 months (moving the expiry date of the 2018 Grant to 30 June 2025), provide ASPI with an additional \$4,000,00 for its Canberra-based activities, provide ASPI with \$2,500,000 for the support of its Washington D.C office; and maintain the additional grant terms that were introduced in the June 2023 variation, including the reporting requirements and guidance on eligible/ineligible expenditure categories.

Defence's decisions to extend the 2018 Grant through the June 2023 Variation and the August 2023 Variation were informed by a consideration of:

- the need to enable ASPI's continued operation as a Commonwealth Company;
- ASPI's prior experience in delivering the Grant outcomes, balanced against the complexity for Defence of administering a new competitive process to achieve the Grant outcomes;
- the work involved in implementing and managing the Grant, including ongoing administration, communication and financial and non-financial accountabilities;
- the limited capacity of others to provide informed independent work on Australia's strategic and defence policy choices;
- ASPI's unique experience, capacity and past history; and
- ASPI's capacity to be a low-risk grantee, given its status as a Commonwealth Company and associated accountability, performance management, fraud and conflict of interest procedures.

The analysis and risk assessment Defence conducted prior to executing the June 2023 variation identified ASPI as the sole appropriate grantee due to the specific objectives of the Grant, and ASPI's standing and success as a Commonwealth Company progressing independent work on Australia's strategic and defence policy choices.

This document is intended to assist Defence to administer the 2018 Grant, as amended. In particular, this document is intended to assist Defence to manage the more stringent reporting, governance and acquittal requirements inserted into the 2018 Grant Agreement through the June 2023 Variation.

Defence will administer the 2018 Grant (as amended) in accordance with the PGPA Act, PGPA Rule and CGRGs. Achieving value with relevant money is a prime consideration guiding Defence's extension of the 2018 Grant and will remain Defence's primary focus during the life of the 2018 Grant Agreement.

## 2.1 2018 Grant objectives

The objectives of the 2018 Grant are to:

- promote informed discourse and debate through quality research and discussion forums on Australian strategic and defence policy issues by creating and disseminating new insights, concepts, understandings and policy recommendations relevant to the Australian Government and the Department of Defence;
- in doing these things, encourage and foster new and emerging strategic policy personnel working both inside and outside government, including by developing policy skills, analytical and writing abilities and understanding of national security issues; and

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- promote an international understanding of Australia's strategic and defence policy perspectives.

## 2.2 2018 Grant outcomes

The intended outcomes of the 2018 Grant are:

- activities including the conduct of independent, policy-relevant analyses to better inform Government decisions and public understanding of strategic and defence issues;
- using ten percent of the total annual Defence funding to ASPI, the delivery of mutually agreed Defence Specific Projects (DSP), being projects that reflect annual Defence priority interests, and challenges for Australia's defence and security needs, and that involve a range of research publications and events that support the objectives of the 2018 Grant;
- a Women, Peace and Security project and two events (being conference and/or track 1.5 dialogues) on behalf of Defence with countries of Defence's choosing aimed at furthering Defence's strategies policy priorities in each financial year;
- implementation of an indigenous internship program aligned with ASPI's existing internship program;
- ASPI branded events and educational courses, available to Defence to attend;
- provision to Defence of all of ASPI's keystone printed publications; and
- the establishment and operation of an ASPI office in Washington D.C to complement the Australian Embassy's efforts to allow Australian perspectives to shape United States of America's policy debates; support building Australian interests into emerging US Policy thinking and initiatives from the outset; and ensure the latest US strategic thinking informs policy debates in Australia.

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### 3 Grant amount and grant period

#### 3.1 Grant funds available

At the time the 2018 Grant was awarded, Defence had allocated a maximum of \$20,000,000 available over a period of up to five years (expiring in June 2023).

Through the 2021 Variation, the June 2023 Variation and the August 2023 Variation, Defence allocated an additional \$15,500,000 to ASPI available over the extended term of the 2018 Grant (which is now due to expire in June 2025).

Of this additional funding amount, Defence has allocated a maximum of \$4,000,000 to be spent in each financial year of the extended 2018 grant term on ASPI's Canberra-based activities. Defence allocated \$7,500,000 of the additional funding amount to support the operations of ASPI's Washington D.C office.

#### 3.2 Grant funding period

The maximum grant period of the 2018 Grant (as varied) will be until 30 June 2025, subject to ASPI's ability to demonstrate to Defence's reasonable satisfaction strong achievement against the Grant's objectives and the achievement of value with relevant money.

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## 4 What the Grant money can be used for

### 4.1 Guidance for expenditure of Defence funds

As at 30 June 2023, the Remaining Funding (being approximately, \$2,500,000 of the total funding amount of the Grant paid by Defence to ASPI under the 2018 Grant) was unspent (**Retained Funds**).

Defence agreed through the June 2023 Variation that ASPI could expend the Retained Funds to support the operation of ASPI's Washington D.C office until June 2024, as described in the outcomes at section 2.2 of this document, and paragraph B(5)(a) of the 2018 Grant Agreement (as amended).

### 4.2 Guidance for Expending Grant Funds for FY2024-25

Defence has allocated \$6,500,000 in funding for FY2024-25, which must be apportioned as follows:

- \$4,000,000 for ASPI's Canberra based activities (**Canberra Funds**); and
- \$2,500,000 for ASPI's Washington D.C. office (**Washington Funds**).

This funding is required to be held in accounts in ASPI's name and which ASPI controls. Defence will not provide any additional funding to account for any costs associated with converting currency and the operation of any accounts.

### 4.3 Eligible expenditures

Grant money may only be used on costs and activities that are *eligible expenditures* as described in this document and in the 2018 Grant Agreement (as amended).

#### 4.3.1 ASPI Washington D.C. Office

ASPI is only permitted to spend the Retained Funds between 1 July 2023 and 30 June 2024, and the Washington Funds between 1 July 2024 and 30 June 2025, unless otherwise agreed in writing by Defence.

ASPI may only spend the Retained Funds or the Washington Funds (as applicable) to support the operation of ASPI's Washington D.C. office, as described in the outcomes at section 2.2 of this document, and paragraph B(5)(a) of the 2018 Grant Agreement (as amended), on the following costs:

- research, publication, and events;
- ASPI Washington D.C. office administrative and operating costs such as rent and lease costs, employee expenses, travel, training and development, supplier costs, utility costs, IT support and website maintenance costs, legal and audit expenses; and
- corporate overheads for the provision of support services by ASPI Canberra (including finance, human resources, IT, communications and events, publications, executive management and oversight, and administration).

#### 4.3.2 Canberra based activities

ASPI is only permitted to spend the funding in the financial year for which it was provided, unless otherwise agreed in writing by Defence.

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ASPI may only spend the funding (other than the Retained Funds or Washington Funds) on activities described in the outcomes at section 2.2 of this document, and at paragraphs B(1) – B(4) of the 2018 Grant Agreement, on the following costs:

- research, publication and events; and
- an amount no more than 90 per cent of the funding on expenses associated with the operation of the ASPI Canberra office, which may be applied towards corporate administrative costs arising from ASPI's Canberra-based activities, namely:
  - the Canberra office rental and lease expenses;
  - supplier expenses;
  - utility expenses;
  - IT and website maintenance costs;
  - legal and audit expenses;
  - expenses relating to the Council (including remuneration and other costs for council members);
  - expenses on corporate overheads (including employee expenses for finance, human resources, IT, communications and events, publications, fellowship and internship programs, executive management and oversight, and administration) and training and official travel.

#### **4.4 Eligible locations**

The grant activity may occur in different locations, including some activities that may occur overseas, but with a clear majority of the grant activity occurring in Australia and within the ACT

#### **4.5 What the Grant money cannot be used for**

ASPI must not use any of the funding provided by Defence (including the Retained Funds, the Washington Funds or the Canberra Funds) for any of the following costs:

- capital works (such as construction or renovations that create an asset and land, real-estate, or vehicle purchases);
- costs incurred after 30 June 2025, unless otherwise agreed by Defence in writing;
- costs incurred in the preparation of funding-proposals or related documentation; and
- costs covered by supplementary income, whether received from the Commonwealth or a third party.

If Defence determines that any of the funding provided by Defence (including the Retained Funds, the Washington Funds, or the Canberra Funds) has been spent other than in accordance with the 2018 Grant Agreement, or any amount of the Grant is additional to the requirements of the Activity, ASPI will be directed to repay that amount to Defence unless otherwise agreed by Defence in writing.

Defence may deduct the amount ASPI would be required to pay in these circumstances from amounts payable under any other agreement between ASPI and Defence.

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## 5 Monitoring criteria

### 5.1 Details of monitoring criteria

The purpose of the monitoring criteria are to guide Defence's ongoing assessment of value with relevant money through ASPI's delivery of the Grant Activities.

Accordingly, Defence has created the following monitoring criteria to inform Defence's consideration of ASPI's performance against the objectives and outcomes described in section 2 of this document.

All criteria are unweighted, and are intended only to guide Defence's consistent and transparent consideration of the extent to which ASPI's use of funding achieves value with relevant money.

#### 5.1.1 Criterion 1: Relevance

The first monitoring criterion focuses on the degree to which ASPI's activities relate to the program's objectives and outcomes set out in Section 2 (About the 2018 Grant). In considering ASPI's performance of the Activities, Defence will assess the degree to which the planned Activities in ASPI's Project Plan (required as part of the Administration activity at section B of the 2018 Grant Agreement (as amended)) and the actual Activities delivered in each Financial Year of the Grant term align with the objectives of the Grant, and are likely to achieve the Grant Outcomes.

#### 5.1.2 Criterion 2: Impact

The second monitoring criterion focuses on the extent to which ASPI's delivery of agreed Activities has an impact that achieves the objectives and outcomes set out in Section 2 (About the 2018 Grant). In monitoring ASPI's impact, Defence will confirm which of the outputs included in some of the Activities at Section B of the 2018 Grant Agreement have been delivered (e.g. Section B(4)(c) – (e)).

Defence may agree specific targets, and confirm the delivery of, outputs with ASPI in each annual project plan for those Activities that do not have clear outputs stated in the 2018 Grant Agreement, and use these to monitor ASPI's impact. For example, Defence could:

- specify a publication program and required numbers of each type of publication for the required independent policy-relevant research in each financial year of the Grant term (e.g., at least 3 strategy papers, 7 strategic insight papers, 5 special reports and two capstone annual publications); and
- impose minimum requirements for a professional development program (e.g., at least 4 interns enrolled in ASPI's annual internship program; 1 APS or ADF member seconded to ASPI for a year (subject to availability); up to six spots for Defence to attend ASPI-branded events free of costs; up to 10 spots for Defence to attend ASPI educational courses free of costs.

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## 5.2 Public announcement of the Grant

Subject to any limitations on the publication of information concerning the 2018 Grant as determined by the appropriate delegate, Defence may update its reporting of the 2018 Grant on the GrantConnect website 21 calendar days after the date of effect as required by section 5.3 of the [CGRGs](#). Defence may also announce the extension of the 2018 Grant through other means, including a media release if it determines this to be appropriate.

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## 6 Next steps

### 6.1 The Grant Agreement

ASPI has entered into a legally binding Grant Agreement with the Commonwealth (represented by Defence). Defence has attached a copy of the 2018 Grant agreement (as amended) to this document.

The 2018 Grant Agreement is based on the Commonwealth Low-risk Grant Agreement, which Defence determined to be appropriate at the time it awarded the 2018 Grant to ASPI in light of the variety and complexity of Grant Activities and value of the Grant.

However, Defence has since amended the 2018 Grant Agreement (through the June 2023 Variation and the August 2023 Variation) to ensure Defence is able to appropriately provide and administer the grant, including through providing clear accountabilities and reporting obligations.

The Commonwealth may recover Grant funds if there is a breach of the 2018 Grant Agreement.

### 6.2 How Defence pays the Grant

The 2018 Grant Agreement states the maximum grant amount to be paid to ASPI. Defence will not pay any amounts which exceed the maximum 2018 Grant amount. Should ASPI incur costs beyond this amount while delivering the grant Activities, ASPI must meet these costs independently.

Defence will make payments annually as per an agreed schedule set out in the 2018 Grant Agreement. Each of Defence's annual payments to ASPI will be contingent on ASPI fulfilling with Defence ASPI's annual requirements for post-activity reports and acquittals of grant funds and any supplementary meetings described Section 7.2 (Reporting to Defence on grant matters).

Subject to these conditions (and any other requirements specified in the 2018 Grant Agreement), Defence will make each of these payments within 30 working days of receipt of a properly rendered invoice.

### 6.3 Grant Payments and GST

Grants are assessable income for taxation purposes, unless exempted by a taxation law. ASPI should seek independent professional advice on ASPI's tax obligations or seek assistance from the [Australian Taxation Office](https://www.ato.gov.au/).<sup>1</sup> Defence cannot advise on ASPI's particular taxation circumstances.

If GST is applicable, Defence's payments will be GST inclusive, with the cost of GST coming from within the maximum total grant funding described in Section 3.1 (Grant funds available).

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<sup>1</sup> <https://www.ato.gov.au/>

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## 7 How Defence will monitor ASPI's grant activity

### 7.1 Keeping Defence informed

ASPI must let Defence know of anything reasonably likely to affect a grant Activity or ASPI as an organisation.

ASPI must let Defence know of any key changes to ASPI's organisation or ASPI's business activities, particularly if these changes are likely to affect ASPI's ability to complete its grant, carry on business and/or pay debts due.

ASPI must also inform Defence of any changes to ASPI's:

- name;
- addresses;
- nominated contact details; and
- bank account details.

If ASPI becomes aware of a breach of terms and conditions under the agreement, ASPI must advise Defence's Strategic Policy Outreach Directorate ([sp.outreach@defence.gov.au](mailto:sp.outreach@defence.gov.au)) immediately.

### 7.2 Reporting to Defence on grant activities

ASPI must submit reports in line with the Grant Agreement. In support of achieving an appropriate level of accountability in grants administration, ASPI must provide detail in these reports sufficient to ensure transparent use of the Grant for activities in line with the Grant's objectives and as per an agreed schedule of activity deliverables and activity budget.

### 7.3 Reporting cycles

During the life of the grant, ASPI will formally report to Defence in each of FY2023/24 and 2024/25, in line with a reporting cycle including mandatory post-activity reports by 31 July following each year of the Grant Term, acquittals and an End of Term Acquittal report by no later than 30 September 2025.

#### 7.3.1 Post Activity Report

ASPI will provide a Post-Activity Report to Defence no later than 31 July in each financial year of the Grant term on its Activity comprising a self-assessment against the issues identified below.

The Post-Activity Report is to be concise and informative, in the order of two to five pages. It is to:

1. outline the categories of activity, agreed in the project plan and budget, against which the grant funding has been spent. In making the Grant, Defence intends that no more than 90% of the annual grant funding amount will be allocated to ASPI's staff expenses and facilities costs associated with the Canberra office, as this enables ASPI to achieve the Grant Purposes, through the Activities. As noted, no less than 10% of the annual grant funding amount is to be expended on the Defence Specific Projects; and
2. contain a description of key achievements against the project plan, as well as any other items or events related to the Purposes and Activities covered by the 2018 Grant Agreement. A particular focus of the report is to be on the Defence Specific Projects, including a self-assessment of their impact and value to inform Defence's evaluation.

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Defence may request that ASPI provide further brief information in relation to ASPI's self-assessment and ASPI will provide the requested information within 30 days.

#### 7.3.2 Acquittal of Grant funds

In respect of each financial year of the Grant term excluding financial year 2024-25:

- the annual acquittal of all Grant funds provided by Defence must be included in the Post-Activity Report for each year of the Grant Agreement;
- the non-audited financial acquittal report must include an income and expenditure statement for the Grant and confirmation that the funding has been spent on the activity in accordance with the Grant Agreement, Schedule and Terms and Conditions;
- the acquittal should clearly identify the funding allocated to all Activities, including the mutually agreed Defence Specific Projects. Should less than 10% of a year's grant funding be required for the DSPs, this will be identified, along with the allocation of those funds to the other Grant activities; and
- Financial Statements should be in agreement with the relevant accounts and records and be prepared in compliance with Australian Accounting Standards to present accurately and fairly the financial transactions relating to all funding received from the Grant in each financial year. Non-audited financial acquittal reports must be certified by the Executive Director or an authorised officer of ASPI organisation.

#### 7.3.3 End of Agreement reporting requirements

By 30 September 2025, ASPI must provide Defence:

1. a Post Activity Report, excluding the 'Acquittal of Grant funds' requirements set out above; and
2. an End of Term Acquittal Report for funding (see below).

#### 7.3.4 End of Term acquittal report for funding

ASPI will undertake an independent audit of its financial operations (including of Grant funds) by the Australian National Audit Office which:

- identifies and assesses risks of material misstatement, whether due to fraud or error, based on an understanding of ASPI and its environment, including its internal controls;
- obtains sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks; and
- forms an opinion on the financial report based on conclusions drawn from the audit evidence obtained.

ASPI is also required to prepare the End of Term Acquittal Report covering the Washington Funds in respect of the ASPI Washington D.C Office, and the Canberra Funds in respect of ASPI's Activities to support its Canberra office, and include sufficient detail to enable Defence to identify without supplementary information how ASPI's expenditure after 1 July 2024 related to the delivery of specific outcomes through the Activity.

ASPI's Audit and Risk Committee must endorse ASPI's End of Term Acquittal Report before ASPI's submission of this report to Defence.

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Defence may, at any time, request ASPI to provide further information or to otherwise better particularise its expenditure of funds. This may include requiring ASPI to provide an addendum to an End of Term Acquittal Report, to respond to specific questions about expenditure, or otherwise to provide additional supporting information to Defence's reasonable satisfaction.

The obligation to provide the End of Term Acquittal Report for funding described in Section E will survive the expiry or termination of the 2018 Grant Agreement.

#### **7.4 2018 Grant Agreement variations**

Defence recognises unexpected events may affect ASPI's delivery of the grant Activities. In these circumstances, ASPI can request a variation to the 2018 Grant Agreement. ASPI can request a variation by writing to Defence at [sp.outreach@defence.gov.au](mailto:sp.outreach@defence.gov.au).

Defence may consider any requests based on provisions in the Grant Agreement and the likely impact on achieving outcomes and objectives.

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## 8 Probity

The Australian Government will ensure the ongoing administration of the grant is fair, that it accords with this document, incorporates appropriate safeguards against fraud, unlawful activities and other inappropriate conduct, and is consistent with the CGRGs.

### 8.1 Conflicts of interest

Any conflicts of interest could affect the performance of the grant. There may be a conflict of interest, or perceived conflict of interest, if Defence's staff, any member of a committee or advisor and/or ASPI or any of its officers, employees, agents, or subcontractors:

- has a professional, commercial or personal relationship with a party who is able to influence the grant arrangements, such as an Australian Government officer;
- has a relationship with, or interest in, an organisation, which is likely to interfere with or restrict an entity or person from carrying out the grant activities fairly and independently; and/or
- has a relationship with, or interest in, an organisation from which they will receive personal gain because the organisation receives funding under the grant.

Defence should continue to monitor and ensure that ASPI continues to monitor and to declare, any actual, apparent or perceived conflicts of interests. Defence may instruct ASPI that, if ASPI identifies an actual, apparent, or perceived conflict of interest, ASPI must inform Defence's Strategic Policy Outreach Directorate ([sp\\_outreach@defence.gov.au](mailto:sp_outreach@defence.gov.au)) immediately and in writing.

Defence will handle conflicts of interest for Australian Government staff as set out in the Australian [Public Service Code of Conduct \(Section 13\(7\)\)](#) of the [Public Service Act 1999](#). Defence officials, including the delegate, must also declare any conflicts of interest.

Defence's conflict of interest policy is contained within Defence's Integrity Policy, available publicly on the following [Defence internet page](#).

### 8.2 Privacy

Defence treats personal information according to the [Privacy Act 1988](#) and the [Australian Privacy Principles](#). This includes advising ASPI as appropriate:

- what personal information Defence collects;
- why Defence collects personal information; and
- to whom Defence gives personal information.

Defence can only disclose ASPI's personal information to someone else for the primary purpose for which Defence collected this information, unless an exemption applies.

Defence may share the information ASPI provides with other Commonwealth entities for purposes including government administration, research or service delivery, according to Australian laws.

ASPI has agreed to comply with the Australian Privacy Principles under the [Privacy Act 1988](#) (Cth) and in respect of personal information ASPI deals with when carrying out an Activity under the 2018 Grant Agreement such that ASPI must not do anything that, if done by Defence, would breach an Australian Privacy Principle as defined in the Act.

### 8.3 Confidential Information

Defence and ASPI have agreed not to disclose each other's confidential information without prior written consent.

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

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- Commonwealth employees and contractors to help us manage the 2018 Grant effectively;
- employees and contractors of our department so Defence can research, assess, monitor and analyse our programs and activities;
- 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;
- the responsible Minister or Parliamentary Secretary, or another relevant Minister; or
- a House or a Committee of the Australian Parliament.

#### 8.4 Freedom of information

All documents in the possession of the Australian Government, including those about the grant, are subject to the [Freedom of Information Act 1982](#) (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.

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

By mail: Freedom of Information Directorate  
Department of Defence  
PO Box 7910  
s47E(d)  
Canberra BC ACT 2610

By email: [foi@defence.gov.au](mailto:foi@defence.gov.au)

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## 9 Glossary

Term	Definition
<a href="#">Commonwealth Grants Rules and Guidelines (CGRGs)</a>	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.
<a href="#">GrantConnect</a>	is the Australian Government's whole-of-government grants information system, which centralises the publication and reporting of Commonwealth grants in accordance with the CGRGs
grant opportunity	refers to the specific grant round or process in which a Commonwealth grant is made available to potential grantees. Grant opportunities may be open or closed, and will reflect the relevant grant selection process.
PBS Program	described within the entity's <a href="#">Portfolio Budget Statement</a> , PBS Programs each link to a single outcome and provide transparency for funding decisions. These high-level PBS programs often comprise a number of lower level, more publicly recognised programs, some of which will be Grant Programs. A PBS Program may have more than one Grant Program associated with it, and each of these may have one or more grant opportunities.
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.
value with money	<p>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.</p> <p>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:</p> <ol style="list-style-type: none"> <li>1. the quality of the project proposal and activities;</li> <li>2. fitness for purpose of the proposal in contributing to government objectives;</li> <li>3. that the absence of a grant is likely to prevent the grantee and government's outcomes being achieved; and</li> <li>4. the potential grantee's relevant experience and performance history.</li> </ol>

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## **Australian Government**

### **Defence**

#### **Deed of Variation - Defence-ASPI Grant FY2018-19 to FY2024-25**

#### **1. Date**

1.1 This Deed is made on August 2023.

#### **2. Parties**

2.1 This Deed is made between:

2.1.1 The Commonwealth, as represented by the Department of Defence, ABN 68 706 814 312 (**Commonwealth**); and

2.1.2 The Australian Strategic Policy Institute Limited, ABN 77 097 369 045 (**Grantee**).

#### **3. Context**

3.1 On 31 August 2018, the Parties entered in a five-year grant agreement under which the Commonwealth agreed to give a grant of \$20,000,000 (GST excl) to the Grantee for the purpose of promoting informed debate on Australian strategic and defence policy issues; encouraging and fostering new and emerging strategic policy personnel; and promoting international understanding of Australia's strategic and defence policy perspectives (**Agreement**).

3.2 On 27 May 2021, the Parties executed a grant variation to provide the Grantee with an additional \$5,000,000 – bringing the total amount of grant funding to \$25,000,000 - for the purpose of supporting the Grantee to deliver additional activities through a new office in Washington, D.C. over two years (**2021 Variation**).

3.3 The Grantee's activities in Washington, D.C., were subsequently impacted by a range of office establishment and operational issues, including the COVID-19 pandemic and associated lockdowns. As a result, \$2,500,000 of funding from the 2021 Variation for the Washington, D.C. office remained unspent as at 30 June 2023 (**Retained Funds**).

3.4 On 29 June 2023, the Parties executed a grant variation to extend the Agreement by 12 months to enable the Grantee to expend Retained Funds to support the continued delivery of activities through the Washington, D.C office, and to provide an additional \$4,000,000 in funding to ASPI Canberra for the continued promotion of strategic policy discourse, debate and research of value to the Australian Government and the Department of Defence until 30 June 2024 (**June 2023 Variation**).

3.5 The June 2023 variation did not resolve the question of how ASPI's future funding will be managed beyond the life of the Agreement. Given the number of taskforces and reviews currently occurring across the Defence portfolio, the Government has agreed that Defence should execute this variation to extend the Agreement by a further 12 months.

3.6 On this basis, the Parties have agreed to execute another variation to: extend the Agreement by a further 12 months (ending on 30 June 2025); and provide the Grantee with an additional \$6,500,000, comprising \$4,000,000 to support its Canberra based activities and \$2,500,000 to support its Washington

## Deed of Variation

D.C office. The Parties agree to maintain the additional grant terms that were introduced under the June 2023 variation, including new reporting requirements and guidance on eligible/ineligible expenditure (**August 2023 Variation**).

3.7 The Parties have agreed to amend the Agreement on the terms and conditions contained in this Deed.

### 4. Amendments

4.1 With effect on and from the execution of this Deed by both parties, the Agreement (as previously varied under the May 2021 and June 2023 Variations) is amended and restated so that it takes the form in Schedule 1 attached to this Deed, with all deletions to the Agreement shown in strike through, and all insertions to the Agreement appearing in underlined text.

### 5. Entire agreement and interpretation

5.1 The parties confirm all the other provisions of the Agreement and, subject only to the amendments contained in this Deed, the Agreement remains in full force and effect.

5.2 This Deed and the Agreement, when read together, contain the entire agreement of the parties with respect to the parties' rights and obligations under the Agreement.

5.3 Unless specified or the context otherwise requires, terms that are defined in the Agreement have the same meaning in this Deed.

### 6. Signatures

Executed as a deed:

Commonwealth:

SIGNED, SEALED AND DELIVERED for and on behalf of the Commonwealth of Australia as represented by The Department of Defence	
Name: (print) Position: (print) Signature and date:	<u>C. REG. MORIARTY</u> <u>SECRETARY OF THE DEPARTMENT OF DEFENCE</u> s22
In the presence of: Witness Name: (print) Signature and date:	<u>s47E(d)</u> <u>CHIEF OF STAFF</u> s22

Grantee:

SIGNED, SEALED AND DELIVERED by:

Full legal name of Grantee:	The Australian Strategic Policy Institute Limited (ABN 77 097 369 045)
Director's Name: (print) Signature and date:	..... .....
Director/Company Secretary Name: (print) Signature and date:	..... .....

## **Schedule 1 – August 2023 Variation of the Defence-ASPI Grant FY2018-19 to FY2024-25**

Please see following page for the August 2023 variation of the Defence-ASPI Grant FY2018-19 to FY2024-25, where amendments are noted in track-changes.