



Australian Government
Department of Industry



Australian Government
Department of Defence
Defence Materiel Organisation

Defence Industry Innovation Centre

Client Information Guide

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Website: www.business.gov.au

Hotline: 13 28 46



ABOUT THIS CLIENT INFORMATION GUIDE

Eligible industry sectors or regions (including Defence Industry Innovation Centre firms) are offered a range of services including:

- Business Evaluations
- Continuous Improvement Program (CIP)
- Tailored Advisory Service (TAS)
- Supplier Continuous Improvement Program (SCIP)

Defence Industry Innovation Centre firms must refer to the above Client Information Guides for further information, including eligibility and how to apply.

Defence Industry Innovation Centre firms are also offered an additional range of defence specific services to those program wide services listed above. These additional services attract a different set of eligibility criteria requirements to the sector/region wide service listed above.

This Defence Industry Innovation Centre Client information guide provides information on:

- the defence specific services provided;
- eligibility for these services;
- how to apply; and
- the obligations of client firms.

Further information on the Defence Industry Innovation Centre can be found on our website at www.business.gov.au or by contacting the hotline on 13 28 46.

Disclaimer

Business Engagements are undertaken by Business Advisers employed either by the Commonwealth or a partner organisation. Using the information you have supplied, the purpose of the Business Evaluation is to provide an assessment of your business and identify areas for improvement which your business may choose to address yourselves and/or with the assistance of a Business Growth Grant.

As the Business Engagement relies upon information you have supplied and may include the views of other parties, the Commonwealth is unable to warrant its accuracy, completeness, relevance for your purposes or that it is up-to-date. You should satisfy yourself that it is appropriate for your business needs before taking any action in reliance.

The Commonwealth excludes all liability to the maximum extent permitted by law for any loss, damage, cost or expense suffered or incurred arising from the use of, or reliance upon, the Business Engagement service or any actions taken by your business in addressing issues or implementing recommendations identified as part of the services offered, complementary services or otherwise provided separately by the Business Adviser



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1. Introduction and Eligibility

1.1 Introduction

The Defence Industry Innovation Centre (DIIC) provides a range of services designed to link defence Small and Medium Enterprise (SME)¹ to new ideas, technologies and markets. In addition to the program wide services listed on page 2, the DIIC provides an additional range of specific services only for defence firms as follows:

- **Defence Industry Change Plan (DICP)** – provides defence specific advice, guidance and implementation support to businesses. The plan provides realistic recommendations, the setting of achievable goals, facilitation of closer connections to market players and providing access to new ideas and technologies.
- **Defence Advisory Service (DAS)** – provides matched funding of up to \$20,000 (excluding GST) to implement changes identified through a DICP.

Funding for the DIIC and grant funds for DIIC clients are provided by the Defence Materiel Organisation (DMO).

In addition to the three defence specific services above, a range of other activities may be available to defence firms in response to identified needs from defence SMEs through consultation with the DMO. These activities may include:

- coordination of skilling events and initiatives;
- collaboration with DMO Global Supply Chain program; and
- provide assistance to SMEs for International Traffic in Arms Regulations (ITAR).

Any other activities available through the Defence Industry Innovation Centre (DIIC) will be communicated to defence firms through our Business Advisers in addition to the business.gov.au website.

1.2 General Eligibility

To be eligible to receive any of the defence specific services listed above, firms must firstly meet the general eligibility criteria below, in addition to any other specific eligibility requirements relevant to each service. Firms must:

- be an Australian-based defence company;
- have revenue below \$100M;
- be solvent and not be under administration;
- be providing, has provided, or has the capacity to provide, defence specific goods or services in a supply chain which leads to a Department of Defence either domestically or internationally somewhere in the world; and
- comply with its obligations under the *Workplace Gender Equality Act 2012 (WGEA)*. Under the new legislation, the Equal Opportunity for Women in the Workplace Agency has been renamed the Workplace Gender Equality Agency. Firms on the current list of non-compliant organisations, available at www.wgea.gov.au are not eligible to apply, Note: The WGEA Act currently applies to organisations with 100 or more employees.

2. Defence Industry Change Plan (DICP)

The Centre's support to a defence SME in creating and implementing a DICP is available to all firms who meet the general defence eligibility criteria in Section 1.2 and have not had similar support in the last 12 months.

¹ Defence Small and Medium Enterprise (SME) means an Australian based company with a turnover less than \$100 million which is providing or has the capacity to provide defence specific goods or services in a supply chain which leads to a Department of Defence somewhere in the world.



The DICP should have clear tangible outcomes which result in a change for the SME over an appropriate period; nominally less than 12 months. Outcomes could include winning an initial contract, defence relevant qualification, generation of a new defence product offering, a step change in productivity or launching into overseas business.

The Plan would focus the firm on the relevant defence opportunity, recommend realistic and achievable goals, facilitate closer connections to market players and provide access to new ideas and technologies.

The Plan is not dependant on a holistic appraisal of the firm in the same way as a Business Evaluation - it is a more focussed plan tailored towards delivering a specific change output. The focus of the Plan is to implement change and as such will require a more hands-on approach from the Business Adviser throughout the implementation period.

Where appropriate the Plan could be applied to a natural defence firm cluster, particularly where a group of firms have formed a teaming arrangement for a specific opportunity.

The Defence Advisory Service (DAS) provides an opportunity for firms to offset costs in implementing business improvement changes, identified in the DICP.

2.1 How to apply for a DICP

Applicants must complete the online [Defence Industry Change Plan Application form](#).

The declaration must be completed by an authorised representative of the applicant firm such as a Chief Executive Officer, Chief Financial Officer, Director, Chair of the Board, President or similar position holder. Applicants can expect a decision within two working days following receipt of a completed application.

In the case where the program is experiencing high demand and there is a waiting period of more than three months to undertake a DICP, a waiting list will be established. Firms will be contacted by a Centre representative to arrange a DICP at the earliest possible time.

The DICP must be completed within twelve months of work commencing otherwise the firm's application will lapse.

3 Defence Advisory Service (DAS) Grant

3.1 Overview

The DAS grant enables a firm to engage one or more specialist consultants to implement business improvement changes, identified in the DICP, that support a firm to build capability which is of strategic importance to the Department of Defence and related Defence Industries.

Defence outlines such capabilities in documents such as the Defence Capability Plan (DCP), Defence Industry Policy Statement (DIPS) and the Defence White Paper. These documents are published on Defence's website. Often these capabilities are specialised and in order for SMEs to deliver such capability significant investments in both technical capability and management capability is required with the latter being the focus of the DIIC and related DAS grant.

There are many capabilities of importance to Defence, as a guide, the majority are outlined (though not limited to), the Priority Industry Capabilities (PIC) and Strategic Industry Capabilities (SIC). Consequently, the DAS grant is offered to clients that are also eligible for other services, such as the Tailored Advisory Service (TAS), to assist firms to develop business skills that support these capabilities.

For guidance, the below table lists the PICs and SICs as outlined in the 2012 Public Version of the DCP. Greater detail on each PIC and SIC is contained within the DCP:

Priority Industry Capabilities (PICs)	Strategic Industry Capabilities (SICs)
<ul style="list-style-type: none"> Acoustic technologies and systems Anti-tampering capabilities Combat uniform and personal equipment Electronic warfare 	<ul style="list-style-type: none"> Composite and exotic materials Elements of national infrastructure Geospatial information and systems Guided weapons Naval shipbuilding



Priority Industry Capabilities (PICs)	Strategic Industry Capabilities (SICs)
<ul style="list-style-type: none"> • 'High end' system and 'system of systems' integration • High frequency and phased array radars • Infantry weapons and remote weapons stations • In-service support of Collins Class submarine combat system • Selected ballistic munitions and explosives • Ship dry docking facilities and common user facilities • Signature management • Through-life and real time support of mission critical and safety critical software 	<ul style="list-style-type: none"> • Protection of networks, computers and communications • Repair and maintenance of specialist airborne early warning and control systems • Repair, maintenance and upgrading of armoured vehicles • Repair, maintenance and upgrading of aircraft (including helicopters) • Secure test facilities and test ranges • Systems assurance • System life cycle management

The DICP Report (either final or interim) will identify activities of development for the firm that will likely underpin the businesses defence capabilities. Once the report has been completed, firms can apply for a DAS grant which will reimburse them for half of the cost of engaging a consultant, up to a maximum of \$20,000 (excluding GST). Matching funding from the client firm must be in cash and cannot be sourced from another government program. In-kind contributions will not be accepted as part of the firm's contribution.

DAS Grants can span several projects and use more than one consultant within the \$20,000 (excluding GST) maximum. Grants will be paid at the completion of projects covered by a Funding Agreement. There is no requirement that the DICP be finalised, only that the Business Adviser has completed their Report (interim or final), therefore, funding can be obtained while these programs are still being undertaken. Firms will also have six months from the date of the DICP Report (either final or interim) to apply for DAS funding.

The core principle behind DAS support is that it should build the internal capability of the firm which is of strategic importance to the Department of Defence, not just fix a problem or support activities which are a part of the ordinary operations of a business.

3.2 Eligibility

In addition to meeting the general defence eligibility criteria in Section 1.2, firms:

- must be undertaking or have undertaken a DICP; and
- the activities must be focussed on recommendations as identified in the DICP Report (either final or interim) that build business capabilities and may include (but not limited to) one or more of the areas listed in the table below.

Capability Area	Example Activities
Strategic Business Activities	<ul style="list-style-type: none"> • Formulating and implementing business goals, models and strategies • Supply chain integration and management • Corporate governance issues (i.e. board structures) • Developing formal business plans and review of business model • Developing business development strategies and sales plans • Developing key performance indicators • Developing strategic partnerships and collaborations • Developing product/service commercialisation plans • Strategic advice on structuring and raising equity and investment
Human Resources (HR) Issues	<ul style="list-style-type: none"> • Human resources and succession planning • Cultural changes / change management • Access to specialist skills to develop HR strategies and systems, including induction, performance management, job descriptions, remuneration, retention, skills audit • Business (client) specific leadership training and employee development. • Workforce Planning



Capability Area	Example Activities
Internal Systems	<ul style="list-style-type: none"> • Administrative processes, quality assurance and compliance • Occupational Health & Safety • Risk management • Developing documentation and processes in internationally recognised standards, training staff in meeting these standards. • Scoping, consulting and training to implement a software system, social media/digital strategies, incorporation of ecommerce functionality, and website strategies
Production/Operational	<ul style="list-style-type: none"> • Structure and factory lay-out • Advice on investment in new equipment • Value stream mapping (process flow) • Inventory management • Process improvements (Lean auditing, reducing down time, error reduction) • Lean principles and practices • Research and Development planning • Developing time sheet systems and documentation • Scoping, consulting, (possibly developing) and training to implement firm specific project management software systems
Marketing, Branding and Communications	<ul style="list-style-type: none"> • Marketing strategies, including branding strategies and social media/digital strategies • Communication strategies, marketing plans, distribution channel management • Enhancement of online capabilities for the integration of e-commerce, and Social Media • Development of branding strategies and development of a brand including a logo where the design process involves concept development, design and layout, finished artwork and project management • Strategic market research • Sales team performance and management, customer relationships and retention, and creating a capability to respond to tenders • Customer support systems including systems to record and action customer feedback
Financial Management Systems	<ul style="list-style-type: none"> • Scoping, tailoring and training of management accounting systems, including Accounting systems (financial reporting/dashboards, forecasting and cash-flow management, debtor controls and credit management systems) • Financial modelling in terms of developing the model for use by the firm, including scoping, tailoring and training • Advice on planning, directing, monitoring, organising and controlling financial resources
Exploring New Markets and Market Intelligence	<ul style="list-style-type: none"> • Identification of new markets, sector analysis and market development • Industry research and market appraisal (identifying contacts, language barriers, etc) • Competition strategy (i.e. price or quality basis) • Market research to assist Australian companies develop their international trading/ exporting strategies • Identification of potential offshore partners or customers • Support with arranging for companies to visit overseas markets eg establish itinerary • Export strategy, including compliance with foreign laws and regulations



Capability Area	Example Activities
Environmental Sustainability	<ul style="list-style-type: none"> • Tailored advice and strategies to support <ul style="list-style-type: none"> • Improving sustainability and reducing environmental footprint • Carbon pollution reduction • Waste stream identification, management and reduction • Water and energy efficiency tailored advice and strategies • Environmental management systems • Regulatory issues • Sustainability auditing (including waste, energy, water and environmental footprint)
Product and Service Development	<ul style="list-style-type: none"> • Strategic Intellectual Property (IP) plans including IP protection methodology and advice and general IP advice regarding differentiation of product design • Diversification and product/service innovation and development, including testing for market acceptability /product assessment and improvement for non-compliance purposes • Research and Development planning
Mentoring/Coaching	<ul style="list-style-type: none"> • Engagement of an independent and skilled business Coach or Mentor to build management capability tailored to the needs of the business

The following activities which are part of the ordinary operations of the firm are not eligible for assistance:

- costs associated with applying for other Government funding/assistance;
- fees for services provided by related parties such as companies with common shareholdings or directorship with the customer, individuals, employees or immediate family related to the customer;
- salaries for staff;
- Australian, State and Local Government fees and charges;
- in-house running expenses i.e. standard accounting fees, office expenses;
- purchase of plant and equipment;
- sales promotion and advertising;
- the cost of conferences;
- any work in registering domestic or international patents and fees or charges associated with registering intellectual property;
- the costs of ISO or other industry standard 3rd party certification;
- general legal advice;
- estate planning or legal advice associated with this;
- the cost of membership to industry organisations;
- recruitment activities;
- the costs of export missions;
- the costs of relocating machinery;
- purchasing off-the-shelf software;
- training or workshops in basic IT skills;
- software costs associated with the administrative functions of the firm normally carried out in the normal course of business (e.g. finance, administration, sales, payroll, HR, stock control, project costing etc.); and
- travel costs of consultants.



3.3 How to apply for DAS funding

Firms must apply for DAS using the Tailored Advisory Service (TAS) form. This application form is available on the DAS Page of the business.gov.au website in addition to online help on how to complete and submit the form.

Firms must choose 'Defence Industry Change Plan' as the eligible service. Prior to commencing the project, firms must submit an application form, receive approval and enter into a Funding Agreement with the Commonwealth for the approved project/s.

Within the application process, firms should identify service providers that have appropriate expertise to implement the recommendations identified by the DICI. Firms must seek proposals/quotes from at least two service providers. This will help determine a preferred approach and a competitive price. Proposals/quotes must be obtained prior to lodging an application. Business Advisers or Centre staff can assist firms to identify service providers in their area. Noting that the Department does not enter into preferred supplier arrangements with consultants. Businesses applying for a DAS grant are able to request a quote or proposal from any consultant or service provider and must attach at least two different quotes with their DAS grant application.

DAS applications must be received within six months of the date of the DICI Report (either final or interim) unless the firm can demonstrate that it commenced work implementing the recommendations in the DICI Report within six months of the date of the closure.

Only in extenuating circumstances may time be extended to 12 months if firms can demonstrate they have commenced implementing the recommendations in the DICI Report and the recommendations are still relevant to their business. If DAS funding is intended for a specific project, DAS approval is required before any project can commence.

A DAS application will be deemed incomplete and will not be assessed if it does not include a separate project proposal/quote from the preferred service provider, which is acceptable to the firm, outlining:

- the recommendations identified in the DICI Report that improve the business in areas that support Defence's capabilities needs;
- changes to be implemented;
- services to be provided, including a break-up of key activities to be undertaken;
- delivery time frames;
- costs, and payment schedule (including hourly or daily rates);
- the estimated number of consulting hours or days for each of the key activities;
- the expected benefits of the project and how they will be measured; and
- the key personnel who will undertake the project work; and
- a second quote from another service provider (unless an exception to this has been recommended by the Centre Director and approved by the Program Delegate).

The firm must:

- declare any previous work it has commissioned from the proposed consultant;
- declare that the consultant is in no way related to the firm;
- show that the service provider is bringing new areas of expertise to the firm; and
- show that the work involved is not part of the ordinary operations of the firm.

Successful applicants will be required to sign a Funding Agreement. The Funding Agreement is a legal contract between the grantee and the Commonwealth which sets out the responsibilities of both parties. A sample DAS Funding Agreement can be downloaded at www.business.gov.au

DAS project activities must not commence prior to being approved by the Commonwealth. Firms that start their project/s without receiving an executed Funding Agreement from the Commonwealth, do so entirely at their own risk. Firms cannot claim grant payment without having an executed Agreement in place and their project/s completed.

Once the firm has received a copy of the executed Funding Agreement, they must commence their project/s within two months of receiving the executed Agreement.



3.4 Term of DAS grant

Firms have a maximum of 12 months from the date the Funding Agreement is executed to complete all DAS projects contained in the Funding Agreement.

3.5 Assessment and Decision

The nature and relevance of a firm's defence capabilities, to the Department of Defence and related industry, will be verified after receipt of the DAS application through consultation with the DMO.

Applicants can expect to receive a decision within three weeks of submission of a complete application.

The application may be rejected or additional information requested from the applicant if:

- only one service provider proposal is submitted;
- the focus/approach in the proposal is not consistent with the issues identified in the DICI Report;
- the proposal is not building business capability, that is either directly related to, or in support of, The Department of Defence's capability needs and as agreed by the DMO;
- there are concerns about the quality of the proposed consultant or project;
- a conflict of interest exists;
- the activities are ineligible; and
- the proposal does not represent value for money.

Queries regarding the status of an application should be directed to the defenceindustrycentre@industry.gov.au.

4 Multiple Services undertaken simultaneously

It is possible for firms to undertake more than one DICI service at the same time noting the following:

- firms can undertake a DICI once every 12 months. After 12 months of the DICI approval date, firms can reapply for a DICI;
- firms can undertake a DICI at the same time as the SCIP or Business Review providing the DICI is complementary to the BR or SCIP process; and

In relation to DAS grants, the following apply:

- If a firm has received a TAS from the SCIP and/or a Business Review conducted by another Centre, the firm may still apply for DAS;
- If a firm has received TAS from the SCIP and/or a Business Review conducted by the DICI, the firm may still be eligible for DAS funding providing that the projects are complementary to previously awarded TAS projects;
- If a firm has received the full \$20,000 (ex GST) DAS funding from a previous DICI, the firm is not eligible for additional DAS funding; and
- If the firm has not used the full \$20,000 (ex GST) of DAS funding, the firm may be eligible to access additional funds on future DICIs as long as the total of DAS funding has not exceeded \$20,000 (ex GST) across all DICIs.

5 Confidentiality

The Department of Industry (Department) will use the information provided by firms to enable provision of services to you, and for the administration and further development of the program. Any subsequent information provided to the Department, its Business Advisers or other service providers in the course of receiving services (e.g. Continuous Improvement service), may be used for similar services.

Your information may be disclosed within the Department and between the Department and its Business Advisers, Partner organisations and the Department of Defence for the purposes of



providing services. It may also be disclosed as permitted or required by law, or in response to questions posed by the Minister, Parliament or its committees.

A firm may request the Business Adviser to provide a statement of confidentiality to each firm they work with. Your Report will not be provided to anyone outside the Department without your written consent, unless permitted or required by law.

The Partner Organisations are bound by strict confidentiality agreements which prevent them from disclosing client information without prior written approval of the Commonwealth and the consent of clients.

There will be regular public announcements of successful grant recipients. The public announcement will include broad details of an application, for example, the identity of the successful applicant, the value of the assistance and/or grant and a brief description of the purpose of the assistance and/or grant. Firms concerned about confidentiality should discuss this with the Centre.

The DMO will require access to some of the information a firm supplies for grant reporting requirements to meet the requirements of the Commonwealth Grant Guidelines.

The use and disclosure by the Australian Government of information provided by you for the Program is regulated by the relevant provisions and penalties of the *Public Service Act 1999*, the *Public Service Regulations*, the *Privacy Act 1988*, the *Crimes Act 1914* and the general law.

Restrictions on the disclosure of information gathered by the Department and its Business Advisers, or provided by you (the client) during the course of a Business Review do not apply to any information:

- (a) which is now in or later comes into the public domain or which is obtainable with no more than reasonable diligence from sources other than the parties
- (b) which is required or authorised by law to be disclosed to any person who is authorised by law to receive the information
- (c) required to be submitted to a court, arbitrator, mediator or administrative tribunal in the course of proceedings before them to which the disclosing party is a party
- (d) which is shared by the Department within its organisation, where relevant to the legitimate interests of the Commonwealth
- (e) which is disclosed to or by the responsible Minister in response to a request by a House or Committee of the Parliament of the Commonwealth of Australia, or the Australian National Audit Office (ANAO) or
- (f) which is required to be published in accordance with Commonwealth government and procurement requirements.



6 Feedback

Businesses are encouraged to provide feedback on our services. This will assist the to better target the services offered to business.

Feedback concerning decisions will be directed to the Programme Delegate via www.business.gov.au.

If the Applicant is not satisfied with the complaint resolution procedure, the Applicant may escalate the complaint to the Programme Delegate.

The Applicant is also entitled to lodge a complaint with the Commonwealth Ombudsman. Details of how Applicants may lodge a complaint are published on www.business.gov.au.