

# International Freight Assistance Mechanism (IFAM) – preliminary grants Program Guidelines

<b>Commonwealth policy entity:</b>	Australian Trade and Investment Commission
<b>Administering entity</b>	Australian Trade and Investment Commission
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<b>Type of grant opportunity</b>	One off ad-hoc

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## 1. About the grant

These Guidelines are for grants provided under the International Freight Assistance Mechanism is established and starts operating. It will continue to operate after this event to ensure that any further one-off agreements can be supported as necessary, and to provide an alternate path to the panel where necessary to achieve the program's objectives.

The purpose of this grant program is to rebuild Australia's participation in global supply chains. Australia's participation in global supply chains has been significantly hampered due to the global decrease in international passenger flights. For example, with 90% of Australia agricultural and aquaculture exports previously being freighted in the belly holds of international passenger aircraft, Australia's exporters have been unable to get product to market internationally.

These grants will assist to rebuild Australia's participation in global supply chains, by minimising trade disruptions for Australian agriculture and food product exporters, and exporters of items identified by the Australian Government as items of national interest. The Government has announced a package of supports to keep Australians in work during the CoViD19 economic crisis. This grant is provided within the context of this special program and is intended to provide financial relief to Australian exporters of food and agricultural products or items identified by the Australian Government as items of national interest (who are facing lack of availability and increased costs in relation to international freight), so that Australians working in these industries will continue to have work.

This grant is for those freight companies, airlines or exporters working with specific Australian agricultural and food exports, or other items identified by the Australian Government as items of national interest. It is intended to temporarily offset some (but not all of) the increased cost arising from the CoViD19 economic crisis, and to increase the freight load, thus encouraging more airlines to participate in the global supply chain carrying Australian freight. It contributes to the achievement of the outcomes delivered by the Australian Trade and Investment Commission, specifically through its outcome delivery to government which states that Austrade will:

contribute to Australia's economic prosperity by promoting Australia's export and other international economic interests through the provision of information, advice and services to business, associations, institutions and governments.

The objective of the grant is to:

- Rebuild Australian connection into global supply chains through a program of temporary financial support to Australia's food export industry or other industry exporting items identified by the Australian Government as items of national interest. The program is intended to operating for an initial period of up to six months as an emergency response to the economic crisis caused by CoViD19.

The intended outcomes of the grant are:

- Increase the volume of Australian outbound freight (and inbound medical supplies) to encourage the return of international freight providers;

- Reduce the impact on Australian agriculture and food exporters, or other exporters of items identified by the Australian Government as items of national interest, of freight cost increases caused by the CoViD19 impact; and
- Enable Australian agricultural and food exporters and exporters of items identified by the Australian Government as items of national interest, to keep exporting and thereby keep Australian employees in jobs during the economic crisis caused by the CoViD19 outbreak.

This grant will be administered by the Australian Trade and Investment Commission.

The grant is to be undertaken in accordance with the [Commonwealth Grants Rules and Guidelines \(CGRGs\)](#)<sup>1</sup>

## 2. Grant amount and grant period

This grant comprises a series of periodic payments to specific freight forwarders or airlines who have been selected by Australian companies involved in the export of Australian Agricultural and Food products, or exporters of items identified by the Australian Government as items of national interest, to distribute freight into key Australian export markets.

Payments will be made directly to the freight forwarder or airline to reduce the overall cost of freight for the Australian company, by some of the increased cost of freight due to CoViD19.

This will be agreed through a one by one process between the Commonwealth and the Australian Agricultural and Food Product Exporter, freight forwarder or airline. The pricing negotiation for each agreement for export of agricultural produce will progress as follows:

- An impacted Australian Agricultural and Food Product Exporter will seek support from the Commonwealth through the International Freight Coordinator General or Australian Government Freight Controller (for grants of any amount) or the IFAM Commercial Manager (for grants under \$50,000);
- Australian Agricultural and Food Product Exporter will then negotiate a price with the freight forwarder or airline on the basis of their freighting requirements; and
- The Australian Trade and Investment Commission through the International Freight Coordinator General or Australian Government Freight Controller (for grants of any amount) or the IFAM Commercial Manager (for grants under \$50,000) will agree a Commonwealth contribution to be paid directly to the freight forwarder, airline or exporter.

The payment will be provided to the freight forwarder or airline for each freight flight carrying agricultural and/or food products taken into a key Australian market. The payment will be made on receipt from the Australian Agricultural and Food Product Exporter, freight forwarder and/or airline of advice that:

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<sup>1</sup> <https://www.finance.gov.au/sites/default/files/commonwealth-grants-rules-and-guidelines.pdf>

- the service has been provided; and
- the product has been freighted into the agreed market country.

The amount to be paid will be included in each individual grant agreement along with any other condition to be agreed. The Commonwealth's payment will be to the amount agreed for each individual grant (and can be adjusted across individual flights up to but not exceeding the total grant value), and will be limited to those freight flights for which the impacted Australian Agricultural and Food Product Exporter, freight forwarder or airline confirms that the services has been provided as described above.

### 3. The grant selection process

This grant opportunity has been established as a one-off or ad hoc grant. The Australian Trade and Investment Commission considers that this is an appropriate type of selection process considering the nature of the grant is specifically dependent on the commercially focused choices made by Australian Agricultural and Food Product Exporters exporting Agricultural and other Food Products into key Australian markets, or for exports of items identified by the Australian Government as items of national interest. This focus maximises the impact of grant funding to rebuild supply chains.

The outbreak of COVID 19 has impacted both passenger and freight flights out of Australia. The lack of passengers on outbound flights has resulted in a reduction of outbound and inbound flights, and increased the cost of freight. This has largely broken Australia's connection into global supply chains.

In order to rebuild these connections, this grant program is intended to provide financial support to Australian Agricultural and Food Product Exporters, and exporters of items identified by the Australian Government as items of national interest, by partially meeting the cost of freight from Australia to key markets for their products. This grant will make a payment directly to the freight forwarder or airline on the advice of the relevant exporter to partially offset this increased freight expense.

This grant is being provided from the emergency appropriation provided by Government to assist Australian business through the CoViD19 economic downturn, and to provide greater certainty for the employees of these businesses. The grant does not fall within an existing program of the Australian Trade and Investment Commission, however, it will contribute to achieving its outcomes on behalf of Government.

#### 3.1 Eligibility criteria

To be eligible to receive a grant the potential grantee must be providing freight forwarding services, airfreight services or exporting product on behalf of an Australian business/company which must:

- be a legal entity, able to enter into a legally binding agreement
- have an Australian Business Number

- be registered for the purposes of GST
- be a permanent resident of Australia
- have an Australian bank account

### 3.2 Eligible grant activities

To be eligible, your freight activity must:

- Be an outgoing flight carrying premium Australian agricultural or food products to key Australian markets for that product; and
- Be requested by and arranged in conjunction with, an Australian Agricultural and Food Product Exporter or exporters; or
- Be an outgoing flight carrying other items identified by the Australian Government as items of national interest.

Costs that the grant can be used for are:

- To offset the agreed cost of freight exporting flights for Australian Agricultural and Food Product Exporters or other items identified by the Australian Government as items of national interest, to key offshore market for that product, to partially offset the increased cost of freight as a result of CoViD19.

The following are ineligible activities:

- Movement of agricultural or food products across state borders within Australia, except for the purpose of joining an international airfreight flight.

### 3.3 Grant assessment

The proposal is required to provide sufficient information to allow the following assessment criteria to be evaluated:

Criterion 1: The grantee must be involved in the provision of freighting services for the delivery of agricultural or food products or other items identified by the Australian Government as items of national interest, into key offshore markets for those products or items

Criterion 2: The grantee must be working at the request of:

- an Australian Agricultural and Food Product Exporter (or Exporters) and involve export of premium Australian sourced agricultural or food products, or
- an industry exporting items identified by the Australian Government as items of national interest and involve exports of those items

Criterion 3: The grantee must have been involved in the freight forwarding or airfreight business prior to the CoViD19 economic downturn.

The Exporter, freight forwarder or airline will provide the Australian Trade and Investment Commission with the information and data necessary through the grantee to undertake the following assessment:

- the extent of disruption to supply chains as a result of CoViD19, such as increased cost of freight, through invoices for one or more equivalent shipments pre-CoViD19, or other evidence satisfactory to the Delegate
- that the proposal represents value with money for the Commonwealth
- that the grantee has previously delivered on time and to budget (as identified in supporting documents where required)
- that the required approvals are in place, applied for, or otherwise expected to be received in the necessary timeframe to complete the freight delivery activity.

The Australian Trade and Investment Commission may also conduct checks to ensure the grantee and/or exporter meet its standard eligibility criteria.

## 4. Who will approve the grant?

The Australian Trade and Commission Chief Executive Officer will appoint multiple Delegates to manage this program. These Delegates will work together to operate the program so that the absence of one does not impact the flow of activity under the Program.

The Australian Trade and Investment Commission delegate will make the final decision to approve a grant.

The Delegate's decision is final in all matters, including:

- the approval of the grant
- the grant amount to be awarded
- the terms and conditions of the grant.

## 5. Notification of the grant

The Australian Trade and Investment Commission will advise you of the outcome, following a decision by the Delegate. We will advise you of any specific conditions attached to the grant.

### 5.1 The grant agreement/Payment of the grant

You must enter into a legally binding grant agreement with the Commonwealth. We use the short form Commonwealth grant letter agreement. Each agreement has general terms and conditions that cannot be changed. We will use a schedule to outline the specific grant requirements.

We are not responsible for any of your expenditure until a grant agreement is executed. If you choose to start your activity before you have an executed grant agreement, you do so at your own risk.

The Commonwealth may recover grant funds if there is a breach of the grant agreement.

The grant agreement will state:

- the maximum grant amount to be paid by the Commonwealth
- any financial contribution provided by a third party, in this case an Australian producer or exporter of Australian agriculture or food products; and
- documentation required to enable a payment to be made.

## 5.2 Grant acquittal and reporting

The freight forwarder or airline must provide documentation in support of a claim for payment. For exports of agricultural produce the required information is:

- Evidence that the Australian Agricultural and Food Product Exporter requested a freight event, and the details (including product description, weight/volume measure and destination of the order); and
- Evidence that the Australian Agricultural and Food Product Exporter has confirmed that the product was delivered to the agreed location

or equivalent for airlines, noting that airlines do not have access to exporters' documentation.

The grantee will be responsible for:

- meeting the terms and conditions of the grant agreement and managing the grant activity efficiently and effectively
- complying with record keeping, reporting and acquittal requirements as set out in the grant agreement
- participating in a grant program evaluation as specified in the grant agreement.

## 6. Announcement of the grant

Your grant will be listed on the [GrantConnect](#) website, 21 days after the date of effect as required by Section 5.3 of the CGRGs.

## 7. Grant evaluation

The Australian Trade and Investment Commission will evaluate this grant to measure how well the outcomes and objectives have been achieved.

Your grant agreement requires you to provide information to help with this evaluation.