



NOTICE UNDER SUBSECTIONS 19A(2) AND 20(3) OF THE
INDUSTRY RESEARCH AND DEVELOPMENT ACT 1986

**Directions to *Innovation Australia* under sections 18A, 19 and 20(1) of the
*Industry Research and Development Act 1986***

I, CHRISTOPHER PYNE, Minister for Industry, Innovation and Science, direct pursuant to sections 18A, 19 and 20(1) of the *Industry Research and Development Act 1986*:

Part 1: Preliminary

Commencement

These directions commence on 21 April 2016.

Object of these Directions

The object of these directions is to give direction to *Innovation Australia* to:

- (a) provide *Technical Assessments* to the *Minister* in relation to the *Business Research and Innovation Initiative* under section 18A of the *Act*, including, but not limited to, the merit ranking of *Challenge Proposals* and *Eligible Applications* under the *Business Research and Innovation Initiative – Pilot*;
- (b) undertake the additional function under section 19 of the *Act* to provide strategic oversight of the *Business Research and Innovation Initiative – Pilot*, including advice to the *Minister* in relation to the delivery and performance of the *Business Research and Innovation Initiative – Pilot*; and
- (c) the policies and practices to be followed by *Innovation Australia* in the performance of the activities set out in paragraphs (a) and (b) in accordance with subsection 20(1) of the *Act*.

Introduction

The *Business Research and Innovation Initiative* is a new competitive grants programme announced as part of the Australian Government's National Innovation and Science Agenda.

Under the programme, Australian Government agencies will identify public policy or service delivery challenges for which there are currently no adequate solutions on the market, and Australian small-to-medium enterprises (SMEs) will have the opportunity to compete for grants to develop innovative solutions to them.

Innovation Australia will assess and rank *Challenge Proposals* and *Eligible Applications* against the selection criteria and provide *Technical Assessments* to the *Minister*. The challenge selection and grant application processes will be competitive, based on selection criteria and other information as identified under these directions and the *Programme Guidelines*.

The *Minister* will consider the advice of *Innovation Australia* and select five of the challenges proposed by Australian Government agencies for public announcement on the business.gov.au website. The *Minister* will

also consider the advice of *Innovation Australia* and select applicants to whom grants will be offered. Grant recipients will be monitored closely and on-going support under the *Business Research and Innovation Initiative – Pilot* will depend on achieving agreed performance criteria and compliance with the *Funding Agreement*.

Additional Function

As set out in these directions, *Innovation Australia* will be responsible for the strategic oversight of the *Business Research and Innovation Initiative – Pilot*.

The *Department* will be responsible for administering the *Business Research and Innovation Initiative – Pilot* and assisting *Innovation Australia* with its strategic oversight of the *Business Research and Innovation Initiative – Pilot*.

Innovation Australia to have regard to policy objectives

Innovation Australia must have regard to the following policy objectives in giving effect to these directions:

The objective of the programme is to drive innovation within SMEs and government by encouraging the development of innovative solutions by SMEs to public policy and service delivery challenges. stimulate the innovative capacity of SMEs and Australian Government agencies.

Part 2: Technical Assessment of applications

Procedure

Innovation Australia will assess the merit of each *Challenge Proposal* and *Eligible Application* referred by the *Minister* and provide its recommendation to the *Minister*.

Innovation Australia must consider *Challenge Proposals* and *Eligible Applications* as soon as practicable after those applications have been provided to *Innovation Australia*.

In considering *Challenge Proposals* and *Eligible Applications*, *Innovation Australia* must take into account advice provided by the *Department* on policy issues that are relevant to, or impact on, any of the selection criteria.

Innovation Australia may request additional information from an Australian Government agency that is relevant to its *Challenge Proposal* after lodgement.

Innovation Australia may request additional information from an applicant that is relevant to its *Eligible Application* after lodgement.

In providing the *Minister* with an assessment of a *Challenge Proposal* or an *Eligible Application*, *Innovation Australia* may include advice as to whether its relative merits would warrant that any approval be subject to particular conditions.

Assessment against merit criteria

Innovation Australia may decide to decline to complete an assessment in respect of a particular *Challenge Proposal* or an *Eligible Application* if it is not satisfied:

- (a) with the level of merit of a *Challenge Proposal* or an *Eligible Application* in relation to one or more of the merit criteria; or

- (b) that the activities described in an *Eligible Application* are *Eligible Activities* comprising an *Eligible Project*; or
- (c) without limiting the generality of subclause (a) above, with the overall level of merit of a *Challenge Proposal* or an *Eligible Application* having regard to all applicable merit criteria.

Innovation Australia must base its assessment of each *Challenge Proposal* and *Eligible Application* on the merit criteria requirements specified in the *Programme Guidelines*.

The *Minister* may request that *Innovation Australia* provide advice on indicators of merit for some or all of the merit criteria.

Part 3: Technical Assessment of proposals for variation to a Funding Agreement

If a *Recipient* has submitted a proposal to the *Department* for approval of changes to an agreed *Funding Agreement*, including the addition of new activities, the discontinuance of activities, the substitution of new activities in the place of discontinued activities, a variation to milestones, a variation to funding, or a variation to the *Funding Agreement's* timeframe, the *Minister* may request that *Innovation Australia* assess the proposal.

If *Innovation Australia* receives such a request, it must assess the proposal as soon as is practicable and provide the assessment to the *Minister*.

In undertaking an assessment of a proposal to change a *Funding Agreement*, *Innovation Australia* will consider:

- (a) the extent to which the changed *Funding Agreement* meets the selection criteria;
- (b) the impact on the outcomes of the *Funding Agreement*; and
- (c) whether the change to the *Funding Agreement* would:
 - (i) be consistent with the policy objectives set out in the *Programme Guidelines*; and
 - (ii) otherwise be appropriate in all the circumstances.

Part 4: Other advice related to the administration of the Business Research and Innovation Initiative – Pilot

The *Minister* may request *Innovation Australia* to provide assessments of technical matters associated with applications, activities and projects, or on any other matter relevant to or impacting on a merit criterion, including:

- (a) matters relating to the eligibility of Challenge Proposals, applications, activities or projects against the definitions contained in these directions or the *Programme Guidelines*;
- (b) the progress reported by a *Recipient* against the milestones under a *Funding Agreement* or compliance with *Funding Agreement* conditions;
- (c) any other matter that pertains to merit assessment or compliance with the terms and conditions of the *Business Research and Innovation Initiative – Pilot*.

In carrying out assessments, *Innovation Australia* will take into account any relevant policies or guidelines relating to the administration of the *Business Research and Innovation Initiative – Pilot* that are issued under the *Programme Guidelines*.

If *Innovation Australia* receives such a request it must conduct the assessment within a reasonable time and provide the assessment to the *Programme Delegate*.

The *Programme Delegate* may request advice from *Innovation Australia* on other matters relevant to the administration of the programme, including but not limited to:

- (a) additional requirements for the application and assessment process;
- (b) the scope of *Eligible Activities*; and
- (c) the scope of *Eligible Expenditure*.

Part 5: Innovation Australia to provide advice on policies and operations of the Programme

Innovation Australia may advise the *Minister*, on non-financial administration matters relating to the *Business Research and Innovation Initiative – Pilot*, including programme administration and the extent to which the programme is meeting its objectives.

Innovation Australia may collect and analyse data on the performance of the *Business Research and Innovation Initiative – Pilot*, and provide advice to the *Minister* on such performance, and will cooperate with any independent evaluation of the programme.

Interpretation

In these directions:

“**Act**” means the *Industry Research and Development Act 1986* (Cth).

“**Applicant**” means an entity that makes an application for funding under the *Business Research and Innovation Initiative – Pilot*.

“**Business Research and Innovation Initiative – Pilot**” means the pilot Programme of the same name which is administered by the Department.

“**Challenge Proposal**” means a proposal submitted by an Australian Government agency that specifies a challenge, outlining the scope and objective of the challenge and the potential for innovation.

“**Commonwealth**” means the Commonwealth of Australia.

“**Department**” means the Department of the *Minister* responsible for administering the *Act*.

“**Eligible Activity**” means an activity that satisfies the requirements of the *Programme Guidelines*.

“**Eligible Applicant**” means an *Applicant* that satisfies the requirements of the *Programme Guidelines*.

“Eligible Application” means an application that satisfies the requirements of section 5 of the *Programme Guidelines*.

“Eligible Expenditure” means the expenditure incurred by an *Applicant* in relation to a *Funding Agreement* that satisfies the requirements of the *Programme Guidelines* and is deemed eligible for funding support by the *Minister*.

“Funding Agreement” means a single agreement for the receipt of *Grant Funds* under the *Cooperative Research Centres Programme* signed between the Commonwealth and a Cooperative Research Centre or Lead Participant of a CRC-Project as set out in the *Programme Guidelines*.

“Grant Funds” means the funds awarded to *Recipients* under the *Business Research and Innovation Initiative – Pilot* as set out in a *Funding Agreement*.

“Innovation Australia” means the body established by section 6 of the *Act*.

“Minister” means the *Minister* that administers the *Act*.

“Programme Delegate” means an employee of the *Department* who has been empowered by the Minister, or is otherwise duly authorised, to carry out the Minister’s functions and powers in relation to the administration of the *Business Research and Innovation Initiative – Pilot*.

“Programme Guidelines” means the guidelines that are given by the *Minister* to the *Department* to provide a framework for the operation and administration of the *Business Research and Innovation Initiative – Pilot*, as in force from time to time.

“Project” means the set of activities that is the subject matter of the *Applicant’s* application for funding.

“Recipient” means an entity that is awarded funding under the *Business Research and Innovation Initiative – Pilot*.

“Technical Assessment” has the meaning given to it in section 4 of the *Act*.

CHRISTOPHER PYNE

The Hon Christopher Pyne
Minister for Industry, Innovation and Science

Dated: 21 April 2016