

Commonwealth of Australia

Industry Research and Development Act 1986

Clean Technology Innovation Program Direction No 1 of 2012

I, **Greg Combet**, Minister for Industry and Innovation, acting under subsections 18 (A), 19 and 20 (1) of the *Industry Research and Development Act 1986*, issue the following explanatory statement on the Program Directions to *Innovation Australia*.

Dated 30 May, 2012

Greg Combet

Minister for Industry and Innovation

Explanatory Statement

Issued by the authority of the Minister for Industry and Innovation

Industry Research and Development Act 1986

Clean Technology Innovation Program Direction No. 1 of 2012

General Outline and Legislative Authority

The Australian Government has committed to reducing Australia's carbon pollution by at least 5 per cent compared with 2000 levels by 2020. The Government has also adopted a new long-term target of reducing Australia's carbon pollution levels by 80 per cent from 2000 levels by 2050.

On 10 July 2011 the Government announced its plan for a Clean Energy Future which comprises four elements: introducing a carbon price and returning every cent to assist households, support jobs and build a new clean energy future; promoting innovation and investment in renewable energy; encouraging energy efficiency; and creating opportunities in the land sector to cut pollution and improve productivity, sustainability and resilience. Further details on the plan can be found on the Clean Energy Future website at: www.cleanenergyfuture.gov.au.

The Clean Technology Innovation Program is an element of the Government's comprehensive plan to take Australia to a clean energy future.

The *Department* is responsible for administering the \$200 million Clean Technology Innovation Program. The Program will operate over 5 years from 2012-13 to 2016-17. It is a competitive, merit based, grants program.

The reason for the *Direction* is to give *Innovation Australia* an additional function in relation to this new program. *Innovation Australia* will assess the merit of eligible applications against merit criteria outlined in the *Direction* and will make its recommendation to the Program Delegate. Final approval of an application is made by the Program Delegate who, in making the decision, must take into account the recommendation made by the relevant body.

The Clean Technology Innovation Program Guidelines, given by the Minister to the *Department*, provide the framework for the operation and administration of the program.

Legislative Authority

The *Direction* is issued to *Innovation Australia* by the Minister for Industry and Innovation (the Minister) acting under sections 18A, 19 and 20 (1) of the *Industry Research and Development Act 1986*.

Financial Implications

The *Direction* has no financial impact. It provides a framework by which *Innovation Australia* is to assess the merit of eligible applications. The Program Delegate makes the final decision in approving applications, and in determining the terms and conditions of funding agreements entered into under the Clean Technology Innovation Program.

Consultation

Innovation Australia was consulted during the development of the *Direction*, as required under section 20 (2) of the *Industry Research and Development Act 1986*.

Stakeholder consultations on the Clean Technology Innovation Program occurred between September 2011 and April 2012.

Date of Effect

The *Direction* commences on 1 July 2012 or the day on which particulars of the *Direction* is published in the Gazette and registered in the Federal Register of Legislative Instruments, whichever is the later.

Human Rights Compatibility Statement

The *Direction* is not subject to disallowance (by virtue of item 41 of subsection 44(2) of the *Legislative Instruments Act 2003* "Ministerial directions to any person or body") therefore a human rights statement of compatibility is not included.

Note on Provisions of the Direction

PART 1 - PRELIMINARY

Name of Direction

Section 1

The *Direction* constitutes the *Clean Technology Innovation Program Direction No. 1 of 2012*.

Commencement

Section 2

The *Direction* commences on 1 July 2012 or the day on which particulars of the *Direction* is published in the Gazette and registered in the Federal Register of Legislative Instruments whichever is the latter.

Object of these Directions

Section 3

The object of the *Direction* is to give *Innovation Australia Direction* in relation to an additional function, namely the merit assessment of applications under the Clean Technology Innovation Program, and includes the policies and practices that *Innovation Australia* must follow in the performance of this function.

Interpretation

Section 4

This section defines key terms used within the *Direction*.

PART 2 - ASSESSMENT AND MERIT RANKING OF APPLICATIONS

Procedure

Section 5

This section states that *Innovation Australia* will undertake assessments and merit rankings of eligible applications and provide the Program Delegate with the merit ranking. Once an application has been referred, *Innovation Australia* will consider the application as soon as practicable.

Board may decline to provide merit ranking

Section 6

This section states that *Innovation Australia* may decide not to provide a merit ranking in respect of a particular application that it considers the application does not show sufficient merit for one or more of the criteria or is not satisfied that the activities in the application are eligible activities or for an eligible project.

Assessment of eligible applications

Section 7

This section states that *Innovation Australia* must assess each application against the merit criteria outlined in the *Direction*, subject to the operation of section 6.

Merit criteria

Section 8

This section sets out the four merit criteria against which eligible applications must be assessed. These merit criteria are:

- Merit Criterion 1 - Extent of the reduction in greenhouse gas emissions or energy consumption associated with the Project.
- Merit Criterion 2 - Commercial potential of the Project.
- Merit Criterion 3 - Technical strength of the Project (including the technical capability and resources available to the Applicant).
- Merit Criterion 4 - Management capability of the Applicant.

The Merit Criteria are used to assess and rank the applications.

PART 3 - ASSESSMENT OF PROPOSAL FOR VARIATION TO THE AGREED PROJECT

Section 9

This section states that if a grant recipient submits a proposal to the *Department* to vary its project, the Program Delegate may refer the request to *Innovation Australia* for its assessment of the proposal.

Section 10

This section states that, subject to the operation of Section 9, *Innovation Australia* must assess the proposal as soon as practical and provide the assessment to the Program Delegate. It also sets out the matters *Innovation Australia* must determine when considering such a request for variation.

PART 4 - OTHER TECHNICAL ASSESSMENTS

Section 11

This section states that the Program Delegate may request *Innovation Australia* to provide an assessment of any technical matter associated with applications, activities and projects or on any other matter relevant to a merit criterion.

Section 12

This section states that, subject to the operation of Section 11, in carrying out a technical assessment, *Innovation Australia* will take into account any relevant policies or guidance relating to the administration of the Clean Technology Innovation Program that are issued under the Guidelines.

Section 13

This section states that *Innovation Australia* must undertake the assessment within a reasonable time and provide the assessment to the Program Delegate.

PART 5 - BOARD TO PROVIDE ADVICE ON POLICIES AND OPERATIONS OF THE PROGRAM

Section 14

This section states that *Innovation Australia* may advise the Minister or the Minister may request advice from *Innovation Australia* on non-financial matters relating to the Clean Technology

Innovation Program, including program administration and the extent to which the Clean Technology Innovation Program is meeting its Program Objectives.

Section 15

This section states that *Innovation Australia* may collect and analyse data on the performance of the Clean Technology Innovation Program and provide advice to the Minister on such performance, and must co-operate with any independent evaluation of the Clean Technology Innovation Program.