

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*, give the following Direction to Innovation Australia (the Board).

Dated 30 May, 2012

Greg Combet
Minister for Industry and Innovation

PART 1 - PRELIMINARY

Name of directions

1. This Direction is the *Clean Technology Innovation Program Direction No. 1 of 2012*.

Commencement

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

Object of these directions

3. The object of this instrument is to give directions to the Board in relation to:
 - (a) an additional function of the Board, namely the provision of technical assessments and merit ranking of *eligible applications* under the *Clean Technology Innovation Program*.
 - (b) the policies and practices to be followed by the Board in the performance of the function.

Interpretation

4. (1) In this Direction, unless the contrary intention applies:

“Agreed project activities” means the activities that are specified in an *agreement*.

“Agreement” means an agreement between a *recipient* and the Commonwealth for grant funding under the *program*, as amended from time to time in accordance with the rules for the *program*.

“Applicant” means an entity that makes an *eligible application*.

“Applied research and development” means original investigation undertaken to acquire new knowledge which is directed primarily towards a specific practical aim or objective; or systematic work, drawing on existing knowledge gained from research and/or practical experience which is directed at producing new materials, products or devices, to installing new processes, systems and services, or to improving substantially those already produced or installed.

“Clean Technology” means the development and/or adaptation of an economically competitive and productive technology and/or associated services designed to deliver great energy efficiency and/or greater reduction in *greenhouse gas* emissions than its alternatives.

“Clean Technology Innovation Program” means the *Clean Technology Innovation Program* that provides competitive, merit based grants to support research and development, proof of concept and early stage commercialisation activities that lead to the development of new clean technologies and associated services including low emission and energy efficient solutions that reduce greenhouse gas emissions.

“Clean Technology Innovation Program Guidelines” means the guidelines that are made by the *Minister* to the *Department*, as in force from time to time, for the delivery of the *Clean Technology Innovation Program*.

“Collaboration” means: a partnership, alliance and/or network, between two or more parties, that is aimed at a mutually beneficial, clearly defined innovative outcome. Progress towards outcomes involves the exchange and generation of new knowledge for which a ‘route to end use’ is clearly identified and provides benefit to all parties.

“Department” means the Department of Industry, Innovation, Science, Research and Tertiary Education.

“Early Stage Commercialisation Activities” means activities (including scale-up, prototyping and demonstration activities) to complete work necessary for installing and establishing processes, systems and services that enable a new product, process or service to be produced to the stage where it can effectively be brought to market.

“Eligible Activities” means:

- (a) *applied research and development*; and/or
- (b) *proof of concept*; and/or
- (c) *early stage commercialisation* activities.

“Eligible Application” means an application for grant funding under the program, that is an application that the *Program Delegate* has determined is eligible for technical assessment and merit ranking by the Board in accordance with the *Clean Technology Innovation Program Guidelines*.

“Eligible Project” means a project that:

- (a) involves applied research and development and/or proof of concept and/or early stage commercialisation activities that lead to the development of new clean

technologies and associated services, including low emission and energy efficient solutions that reduce greenhouse gas emissions.

- (b) must involve *eligible activities*.

“Greenhouse Gas” means:

- (a) carbon dioxide;
- (b) methane;
- (c) nitrous oxide;
- (d) sulphur hexafluoride;
- (e) a hydrofluorocarbon of a kind specified in regulation 2.02 of *National Greenhouse and Energy Reporting Regulations 2008*; or
- (f) a perfluorocarbon of a kind specified in regulation 2.02 of *National Greenhouse and Energy Reporting Regulations 2008*.

“Innovation” means the process whereby ideas are transformed, through economic activity, into sustainable, value-creating outcomes. It can generate changes in output such as new products and/or processes and/or services.

“Minister” means the Minister for Industry and Innovation.

“Program” refers to the *Clean Technology Innovation Program* unless otherwise indicated.

“Program Delegate” means an employee of the *Department* who has been empowered by the *Minister*, or otherwise duly authorised, to carry out the relevant function in respect of the *Clean Technology Innovation Program*.

“Proof of Concept Activities” means activities to establish the commercial and/or technical viability of a product, process or service.

“Proposed Project Activities” mean all *eligible activities* that are proposed to be undertaken by or on behalf of the *applicant*.

“Recipient” means an entity that is entitled to receive funding under the *program* pursuant to an *agreement* between the entity and the Commonwealth.

- (2) In these directions, ‘may’ is permissive and not mandatory.

PART 2 - ASSESSMENT AND MERIT RANKING OF APPLICATIONS

Procedure

5. (a) Subject to clause 6, the Board will assess *eligible applications* and provide a merit ranking of those applications to the *Program Delegate*. In assessing *eligible applications* against the Merit Criteria, the Board will take into consideration the value for money of each eligible application.

- (b) The Board must consider *eligible applications* as soon as practicable after those applications have been provided to the Board.

Board may decline to provide merit ranking

6. The Board may decide to refuse to provide a merit ranking in respect of a particular *applicant* if it is not satisfied:
- (a) with the level of merit of an *eligible application* in relation to one or more of the merit criteria; or
 - (b) that the activities described in the *eligible application* are *eligible activities* and the project is an *eligible project*.

Assessment of applications

7. Subject to clause 6, the Board must assess each *eligible application* on its merit according to the extent to which the application meets the merit criteria.

Merit Criteria

8. The merit of *eligible applications* must be assessed against the following criteria:

Merit Criterion 1 - Extent of the reduction in *greenhouse gas* emissions or energy consumption associated with the project.

The *applicant* should indicate merit by demonstrating:

- The potential net energy savings and/or the potential net reduction in greenhouse gas emission that the proposed clean technology/energy efficient technology will provide.
- The expected net energy savings or net emission reductions per unit output and at deployment.
- Evidence of how the emission reduction calculation was performed.
- The time expected to deliver the predicted outputs.

Merit Criterion 2 - Commercial potential of the project.

The *applicant* should indicate merit by demonstrating:

- A realistic estimate of market demand for the project outcomes including:
 - a definition of the target market and evidence of market demand;
 - competitive advantage of the project outcomes compared to direct and indirect competitors and why the project outcome will be successful;
 - the strength of the intellectual property/intellectual property management strategy and how it will address the market opportunity; and
 - the frequency of entry of new products, processes or services in the relevant market.
- A sound commercialisation strategy setting out a clear route to market for the project outcomes including:

- defining market entry barriers and the strategies to overcome these barriers;
- manufacturing and market supply strategy including channel partners if relevant;
- timeframe to first market entry and outlining expected market growth;
- outlining the revenue strategy including the pricing strategy and the pricing model; and
- how the applicant will fund the deployment beyond the grant period.

Merit Criterion 3 - Technical strength of the project (including the technical capability and resources available to the *Applicant*).

The *applicant* should indicate merit by demonstrating:

- The technical capacity to undertake the project, including:
 - adequate infrastructure, facilities and equipment available to meet the short and long term requirements of the project;
 - a good understanding of technical development, testing, production start-up and transition to commercial reality; and
 - appropriately skilled technical staff and/or sub-contractors.
- A well articulated project plan, including methodologies and milestones linked to a feasible timeframe.
- A project with an appropriate level of innovation.
- The project will resolve technical risk, or build on prior work that has an appropriate level of technical risk.
- For demonstration projects only, how the project is technically feasible and proven at pilot scale.

Merit Criterion 4 - Management capability of the *Applicant*.

The *applicant* should indicate merit by demonstrating:

- Key management personnel have appropriate expertise and a solid track record in:
 - project management
 - commercialisation management
 - business management
- How the project fits within the applicant's business and/or commercialisation strategy.
- Company financial viability and performance.
- The alignment of interests between collaborating parties, and the terms and nature of the collaboration agreement (including sharing of risks, benefits, intellectual property management), appropriateness of the project team to undertake the project and adequate project governance arrangements between the parties.

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

9. If a *recipient* has submitted a proposal to the *Department* for approval of changes to the project, including the addition of new activities, the discontinuance of activities, the substitution of new activities in the place of discontinued activities, a variation to funding, or a variation to the project's timeframe, the *Program Delegate* may request that the Board assess the proposal.
10. If the Board receives a request under clause 9, it must assess the proposal as soon as is practicable and provide the assessment to the *Program Delegate*.

In undertaking an assessment of a proposal to change the project the Board will determine:

- (a) the extent to which the changed project meets the merit criteria; and
- (b) whether the change to the project would:
 - (i) significantly improve the outcomes of the project;
 - (ii) be consistent with the policy objectives set out in the *Clean Technology Innovation Program Guidelines*;
 - (iii) otherwise be appropriate in all the circumstances.

PART 4 - OTHER TECHNICAL ASSESSMENTS

11. The *Program Delegate* may request the Board to provide an assessment of technical matters associated with applications, activities and projects, or on any other matter relevant to or impacting on a merit criterion, including:
 - (a) technical matters relating to the eligibility of applications, activities or projects against the definitions contained in these Directions;
 - (b) the progress reported by a *recipient* against the technical milestones for a project or compliance with *agreement* conditions that are of a technical nature;
 - (c) matters pertaining to national benefits assessments; and
 - (d) any other matter that pertains to technical merit or the technical assessment of compliance with the terms and conditions of the *program* or an *agreement*.
12. In carrying out technical assessments pursuant to clause 11, the Board will take into account any relevant policies relating to the administration of the *program* that are issued under the *Clean Technology Innovation Program Guidelines*.
13. If the Board receives a request under clause 11 it must conduct 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

14. The Board may advise the *Minister*, or the *Minister* may request advice, on non-financial administration matters relating to the *program*, including *program* administration and the extent to which the *program* is meeting its objectives.
15. The Board may collect and analyse data on the performance of the *program*, provide advice to the *Minister* on such performance, and will cooperate with any evaluation of the *program*.