Explanatory Statement

Issued by the authority of the Minister for Industry, Tourism and Resources

Industry Research and Development Act 1986

Renewable Energy Development Initiative Program Directions
No 1 of 2005

General Outline and Legislative Authority

The Renewable Energy Development Initiative (REDI) program is a competitive merit based grants program delivered by AusIndustry. It is designed to support the development of renewable energy technology products, processes or services that have strong early-stage commercialisation and emissions reduction potential.

REDI will provide matching competitive grants totalling up to $100 million over seven years until 2011 for eligible applicants.

The establishment of the program stems from a Cabinet decision of May 2004. REDI was subsequently announced as part of the Government’s white paper, Securing Australia’s Energy Future on 15 June 2004. REDI is administered by the Department of Industry, Tourism and Resources with implementation arrangements agreed jointly between the Minister for Industry, Tourism and Resources and the Minister for Environment and Heritage.

A framework for the operation of the REDI program was established by Program Guidelines dated 9 May 2005. Program Directions also signed on 9 May 2005 were issued to the Industry Research and Development Board (the Board) under the Industry Research and Development Act 1986. REDI was subsequently launched by the Minister for Industry, Tourism and Resources on 8 June 2005.

The purpose of the Renewable Energy Development Initiative Program Directions No 1 of 2005 (the Directions) is to provide direction to the Board in relation to an additional function to the Board, namely the provision of technical assessments and merit ranking of eligible applications under the REDI program; and the policies and practices to be followed by the Board in the performance of this function.

The Directions were gazetted on 8 June 2005 (Commonwealth of Australia Gazette No. GN 22, 8 June 2005).

Under REDI, eligible applications are technically assessed and merit ranked by the Board, which then provides the merit ranking of eligible applications to the REDI Program Delegate (the Program Delegate). After receiving a merit ranking from the Board, the Program Delegate may approve an application for grant funding. In doing so, the Program Delegate must take into account the merit ranking provided by the Board.
Legislative authority
The Directions are issued to the Board by the Minister for Industry, Tourism and Resources acting under section 18A and subsections 19(1) and 20(1) of the Industry Research and Development Act 1986.

Date of Effect
The Directions commence on 6 June 2005 or on the day on which the Directions are published in the Gazette, whichever is the later. The Directions were subsequently gazetted on 8 June 2005 (Commonwealth of Australia Gazette No. GN 22, 8 June 2005).

The Directions do not affect the rights of a person (other than the Commonwealth) as at the date of registration so as to disadvantage that person or impose liabilities on that person (other than the Commonwealth) in respect of anything done or omitted to be done before the date of registration.

Financial Implications
The Directions have no financial impact. The Directions provide a framework by which the Board provides technical assessments and merit ranking of eligible applications to the Program Delegate. The Program Delegate has the final decision in determining the quantum, terms and conditions of a REDI grant.

Consultation
Stakeholder consultations on the program design of REDI were held in August 2004 with follow up discussions with the research community in October and November 2004. The Directions were settled after consultation with the Department of Environment and Heritage and with the agreement of the Minister for Environment and Heritage.

Note on Provisions of the Directions

PART 1 - PRELIMINARY

Name of Directions

Section 1

This section provides that the name of the Directions is the Renewable Energy Development Initiative (REDI) Program Directions No.1 of 2005.

Commencement

Section 2

Section 2 states that the Directions commencement date is 6 June 2005 or the day on which the Directions are published in the Gazette, whichever is the later. The Directions were subsequently gazetted on 8 June 2005.
Object of these Directions

Section 3

This section states that the object of the Directions is to give direction to the Board in relation to an additional function of the Board - namely the provision of technical assessments and merit ranking of eligible applications under REDI; and the policies and practices to be followed by the Board in the performance of this additional function.

Interpretation

Section 4-5

Sections 4 and 5 define key terms used within the Directions.

PART 2 - ASSESSMENT AND MERIT RANKING OF APPLICATIONS

Procedure

Section 6

Section 6 states that the Board will undertake a technical assessment and merit ranking of eligible applications referred to it by the Program Delegate and then provide the Program Delegate with the merit ranking. Once an application has been referred, the Board will consider the application as soon as practicable.

Board may decline to provide merit ranking

Section 7

Section 7 states that the Board may decide not to provide a merit ranking in respect of a particular application that it considers does not show sufficient merit or is ineligible.

Assessment of eligible applications

Section 8

Section 8 states that the Board must assess each application against the merit criteria outlined in the Directions.
Merit criteria

Section 9

Section 9 sets out the 6 merit criteria against which eligible applications must be assessed. These merit criteria are: (1) Management capability of the applicant; (2) Commercial potential of the project; (3) Technical strength of the project, and technical capability and resources available to the applicant; (4) Extent to which the project is likely to provide National Benefits; (5) Need for funding; and (6) Potential for greenhouse gas abatement.

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

Sections 10 – 12

Section 10 states that if a grant recipient submits a proposal to the Department to vary its project, the Program Delegate may refer the request to the Board for its assessment.

Section 11 states that the Board must assess the proposal as soon as practical and provide the assessment to the Program Delegate.

Section 12 sets out the matters the Board must determine when considering such a request for variation.

PART 4 – OTHER TECHNICAL ASSESSMENTS

Section 13 – 15

Section 13 states that the Program Delegate may request the Board to provide an assessment of any technical matter associated with applications, activities and any other matter relevant to a merit criterion.

Section 14 states that in carrying out a technical assessment, the Board will take into account any relevant policies or guidance relating to the administration of REDI that are issued under the Guidelines.

Section 15 states that the Board 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

Sections 15 – 16

Section 15 states that the Board may advise the Minister or the Minister may request advice from the Board on matters relating to REDI, including questions concerning the extent which REDI is meeting its Program Objectives.
Section 16 states that the Board may collect and analyse data on the performance of REDI, provide advice to the Minister on such performance, and must co-operate with any independent evaluation of REDI.