Commonwealth of Australia

Industry Research and Development Act 1986

Industry Cooperative Innovation Program Ministerial Directions No 1 of 2007

I, Ian Elgin Macfarlane, 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, give the following Directions to the Industry Research and Development Board.

Dated 1/5/07

I. Macfarlane
Minister for Industry, Tourism and Resources

PART 1 - PRELIMINARY

Name of Directions

1. These Directions are the Industry Cooperative Innovation Program Directions No. 1 of 2007.

Commencement

2. These Directions will come into effect on and from the day on which both of the following steps have been completed:

   (a) the Directions have been registered on the Federal Register of Legislative Instruments; and

   (b) the Directions have been published in the Gazette.

Object of these Directions

3. The object of this instrument is to give Directions to the Industry Research and Development Board (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 competitive grants element of the Industry Cooperative Innovation Program (ICIP); and

   (b) the policies and practices to be followed by the Board in the performance of the function.

Interpretation

4. In these Directions, unless the contrary intention applies:

   Action Agenda means the Australian Government endorsed process of developing and implementing a strategic framework for an industry sector through industry-government partnerships, aimed at identifying opportunities and overcoming impediments to growth in that industry.
agreement means a funding agreement for the receipt of ICIP grant funding for the project, having as a minimum the terms described in the Guidelines.

applicant means an entity that submits an application for ICIP funding of the project.

Board means the Industry Research and Development Board.

consortium means a group of at least three entities who have come together for the common purpose of co-operatively carrying out the project in accordance with the terms of the consortium agreement, each member of this group being a party to that agreement.

consortium agreement means the exclusive written agreement between the consortium members for the conduct of the project, including at a minimum, the terms described in the Guidelines.

consortium member means a party to the consortium agreement.

Department means the Department of Industry, Tourism and Resources.

eligible activities are activities that:

(a) comprise any one or more of the following:

   (i) in the case of a Stream A project - project scoping activities or innovation mapping activities; or

   (ii) in the case of a Stream B project - research and development activities, proof of concept activities, innovation demonstration and adaptation activities or innovation implementation activities.

eligible application means an application for grant funding under ICIP that is determined by the Program Delegate to be eligible for technical assessment and merit ranking by the Board in accordance with the Guidelines.

Guidelines means the ICIP Program Guidelines for Round 3 2007. Their purpose is to establish at a general level the policies and practices to be adopted by the Delegate in the administration of the Program.

Industry Cooperative Innovation Program or ICIP means the program administered by the Department aimed at encouraging business-to-business cooperation on innovation projects both within Australia and internationally that enhance productivity, growth and international competitiveness in Australian industries with particular focus on meeting strategic industry needs identified through industry wide strategies such as an Action Agenda or Memoranda of Understanding with other countries.

industry is a group of businesses and other stakeholders having common products, processes or services, and which may include:

(a) an industry sector that is the focus of an Action Agenda; or

(b) entities falling within the scope of one or more Australian industry associations; or

(c) entities belonging to an identified supply chain or an area of emerging technology.

industry association means a not-for-profit incorporated association or other incorporated body that has as its principal or main purpose the promotion and enhancement of one or more Australian industries or Australian industry sectors.
**innovation** means the process whereby ideas are transformed, through economic activity, into sustainable value-creating outcomes. It includes breakthrough ideas that lead to brand new products or services and incremental ideas which improve the way things are done.

**innovation demonstration and adaptation activities** mean the steps or tasks necessary to demonstrate how new products, processes or services that have been proven in one context can be implemented into a new industry context for the benefit of that industry.

**innovation implementation activities** means the systematic work necessary for installing and establishing tools, processes, systems and services to implement innovation in an industry.

**innovation mapping activities** mean the steps required to determine the collective capability, gaps, goals and long term strategy for an industry in terms of innovation. These activities might seek to develop a collective industry understanding in areas such as:

- broad technological sophistication and future direction for that industry;
- appropriate mechanisms for cooperation within the industry on innovation projects (including clusters); or
- emerging technologies.

**Minister** means the Minister for Industry, Tourism and Resources.

**Program Delegate or the 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 ICIP.

**Program policy objectives** are the ICIP policy objectives described in the Guidelines in the following terms:

(a) to encourage business-to-business cooperation on innovation projects both within Australia and internationally that enhance productivity, growth and international competitiveness of Australian industries, and with a particular focus on meeting strategic industry needs; and

(b) to generate national benefit for the Australian economy.

**project** is a reference to the project described in the application and agreed in the agreement, and may comprise either a Stream A project or a Stream B project but not both.

**project scoping activities** mean activities aimed at effectively assessing the cost, skills, risks, outcomes, stakeholders, commercial opportunities, feasibility and/or other parameters of a potential Stream B project.

**project beneficiaries** means any party targeted to reap the benefits of an ICIP project.

**proof of concept activities** mean the steps necessary to establish the viability, including technical and commercial viability of a product, process or service, in an industry context.

**research and development activities** mean the systematic, investigative and experimental activities that involve innovation and will enable the development of a new product, process or service in an industry context.
Stream A project is a small scale cooperative project aimed at identifying the strategic scope or direction of future innovation in an industry.

Stream B project is a more extensive cooperative project aimed at progressing strategic innovation and achieving significant benefits for an industry.

Variation means a change to the project details including funding amount, milestones or outcomes or changes to consortium membership, roles or responsibilities as described in the agreement.

5. In these Directions:
   (a) ‘may’ is permissive and not mandatory;
   (b) a reference to the singular includes the plural, and vice versa;
   (c) if a word or phrase is defined its other grammatical forms have corresponding meanings;
   (d) ‘includes’ and ‘including’ do not limit the words which precede them or to which they refer; and
   (e) any reference to a clause is a reference to a clause in these Directions.

PART 2 – ASSESSMENT AND MERIT RANKING OF APPLICATIONS

Procedure

6. Subject to clause 8, the Board will assess eligible applications referred by the Program Delegate under the Guidelines and provide a merit ranking of those applications to the Program Delegate.

7. The Board must consider eligible applications as soon as practicable after those applications have been provided to the Board.

The Board may decline to provide merit ranking

8. The Board may decide to refuse to provide a merit ranking in respect of a particular eligible application if it is not satisfied:
   (a) with the level of merit of the eligible application in relation to one or more of the merit criteria; or
   (b) that the project is an eligible project as defined in the Guidelines; or
   (c) that the project has strategic industry support.

Assessment of eligible applications

9. Subject to clause 8, the Board must assess each eligible application on its merit according to the extent to which the application meets the merit criteria.

10. In considering eligible applications, the Board must take into account advice provided by the Department on ICIP policy issues that are relevant to, or impact on, any of the merit criteria.
Merit criteria

11. Different merit criteria shall apply depending on whether the eligible application seeks funding for a Stream A project or a Stream B project.

Stream A project merit criteria

12. The merit of an eligible application for a Stream A project must be assessed against the following criteria.

Criterion 1A - Industry Scope and Cooperation
Merit may be established in a proposal by clearly demonstrating that:
- the application identifies and scopes an appropriate industry (including its international context);
- the strategic planning process for the project has involved consultation and engagement with the industry identified in the application, including small and medium sized enterprises, and that it provides evidence that the project meets a strategic industry need;
- the consortium membership is appropriate to the industry identified in the application and there is an appropriate balance of contributions from each consortium member;
- there are industry impediments to business to business cooperation that the project will overcome.

Criterion 2A - Project Methodology
Merit may be established in a proposal by clearly demonstrating that:
- project outcomes will lead to innovation in the industry identified in the application;
- any technical elements of the project are feasible and technical risks are appropriate;
- level of detail and evidence of claims made are commensurate with the size of the project.

Criterion 3A - Financial and Management Capacity
Merit may be established in a proposal by clearly demonstrating:
- that the applicant is an appropriate entity to enter into the agreement for the conduct of the project and receipt of ICIP grant funds;
- that the project budget is realistic and reasonable;
- the financial resources and management capacity of the consortium members to successfully complete the project have been identified and can be acquired for the project.

Criterion 4A - National Benefits
Merit may be established in a proposal by clearly demonstrating the potential national benefits from the project to the beneficiaries and in particular the industry and the broader community. National benefit from the project may be demonstrated in terms of:
- the improvements in national productivity and economic growth;
- enhanced international cooperation;
- diffusion of knowledge, skills and know-how to other parts of the Australian economy, including small and medium enterprises;
- social, community and/or environmental benefits;
- ‘flow-on’ economic or industry benefits;
- the impediments that justifies ICIP funding for the project; and
- any other matters which the Board considers relevant.
Stream B project merit criteria

13. The merit of an eligible application for a Stream B project must be assessed against the following criteria.

Criterion 1B - Industry Scope and Cooperation

Merit may be established in a proposal by clearly demonstrating that:

- the application identifies and scopes an appropriate industry (including its international context);
- the strategic planning process for the project has involved consultation and engagement with the industry identified in the application, including small and medium sized enterprises, and that it provides evidence that the project meets a strategic industry need;
- the consortium membership is appropriate to the industry identified in the application and there is an appropriate balance of contributions from each consortium member;
- there are industry impediments to business to business cooperation that the project will overcome;

Criterion 2B - Project Methodology

Merit may be established in a proposal by clearly demonstrating that:

- project outcomes are an innovation to the industry identified in the application
- any technical elements of the project are feasible and technical risks are appropriate
- the level of detail and evidence of claims made are commensurate with the size of the project.

Criterion 3B - Financial and Management Capacity

Merit may be established in a proposal by clearly demonstrating:

- that the applicant is an appropriate entity to enter into an agreement for the conduct of the project and receipt of ICIP grant funds;
- that the project budget is realistic and reasonable;
- the spread of financial risk across the consortium members;
- the financial resources and management capacity of the consortium members to successfully complete the project have been identified and can be acquired for the project;
- the governance structure overseeing consortium activity.

Criterion 4B - National Benefits

Merit may be established in a proposal by clearly demonstrating the potential national benefits from the project to the beneficiaries and in particular the industry and the broader community. National benefit may be demonstrated in terms of:

- the improvements in national productivity and economic growth;
- enhanced international cooperation;
- diffusion of knowledge, skills and know-how to other parts of the Australian economy, including small and medium enterprises;
- social, community and/or environmental benefits;
- ‘flow on’ economic or industry benefits;
- the impediments that justifies ICIP funding for the project; and
- any other matters which the Board considers relevant.

For Stream B project proposals merit will be enhanced where a quantitative analysis of the anticipated economic potential of the national benefits is provided.
PART 3 – ASSESSMENT OF PROPOSALS FOR VARIATION TO THE AGREED PROJECT

14. If at any time after an application has been approved by the Program Delegate under the Guidelines, or an agreement has been executed, a proposal may be submitted to the Department:
   (a) to materially vary the project, including by way of the addition of new activities; discontinuation of planned activities; variations to the funding amount, the project timeframe or planned project outcomes; or
   (b) to materially vary the consortium membership, the respective roles and responsibilities of consortium members or any other material terms of the consortium agreement,

the Program Delegate shall refer the request to the Board for the Board’s assessment.

15. When the Board receives a variation request, it must assess the proposal as soon as practicable and provide the assessment to the Program Delegate.

16. In undertaking an assessment of a proposal the Board will determine:
   (a) the extent to which the variation impacts on any of the merit criteria; and
   (b) whether the variation, if accepted, would:
       (i) significantly improve the outcomes of the project;
       (ii) be consistent with the Program Policy Objectives and any relevant policies of the Department; and
       (iii) whether the proposal is appropriate in all circumstances.

PART 4 – OTHER TECHNICAL ASSESSMENTS

17. The Program Delegate shall 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 as set out in the Guidelines;
   (b) progress reported against the technical milestones for a project or compliance with agreement conditions that are of a technical nature;
   (c) matters pertaining to national benefits or economic potential (if applicable) assessments; or
   (d) any other matter that pertains to technical merit or the technical assessment of compliance with the terms and conditions of ICIP or an agreement.

18. In carrying out assessments pursuant to the merit criteria, the Board will take into account any relevant policies relating to the administration of ICIP that are issued under the Guidelines.
PART 5 – BOARD TO PROVIDE ADVICE ON POLICIES AND OPERATIONS OF THE PROGRAM

19. The Board may advise the Minister or the Minister may request advice on non financial administration matters relating to ICIP, including program administration and the extent to which ICIP meets the Program Policy Objectives.

20. The Board may collect and analyse data on the performance of ICIP, provide advice to the Minister on such performance, and will cooperate with any independent evaluation of ICIP.

PART 6 – TRANSITIONAL PROVISIONS

21. Subject to clause 22, the ICIP Directions that were in force immediately before the commencement of these Directions are revoked on and from the date these Directions take effect.

22. The ICIP Directions that were in force immediately before the commencement of these Directions continue to apply in relation to ICIP grant funding that was approved by the Program Delegate at any time during which those earlier Directions remained in force.