

Commonwealth of Australia

Industry Research and Development Act 1986
Green Car Innovation Fund Directions No 1 of 2009

I, Kim John Carr, Minister for Innovation, Industry, Science and Research, acting under subsections 18A, 19 and 20 (1) of the *Industry Research and Development Act 1986*, give the following directions to Innovation Australia (the Board).

Dated 24 04 09

KIM CARR
Minister for Innovation, Industry, Science and Research

PART 1 - PRELIMINARY

Name of directions

1. These directions are the *Green Car Innovation Fund Directions No 1 of 2009*.

Commencement

2. These Directions will commence on the day after the day they are registered on the Federal Register of the Legislative Instruments.

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 *Green Car Innovation Fund*; 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:

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 *Green Car Innovation Fund Guidelines* and these Directions.

applicant means an entity that makes an application to the *Green Car Innovation Fund*.

Department means the Department of Innovation, Industry, Science and Research.

eligible activities means:

- (a) research and development (R&D) activities; and/or
- (b) proof-of-concept activities; and/or
- (c) early-stage commercialisation activities; and/or
- (d) pre-production development activities;

that are carried out in Australia and aimed at achieving the *program* policy objectives described at clause 3 of the *Green Car Innovation Fund Guidelines*.

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 *Green Car Innovation Fund Guidelines*.

Green Car Innovation Fund (GCIF) means the competitive merit-based grants program, that is administered by the *Department*, and that is designed to enhance research and development and the commercialisation of Australian technologies that significantly reduce fuel consumption and/or greenhouse gas emissions of passenger motor vehicles in accordance with these Directions and the *Green Car Innovation Fund Guidelines*.

Green Car Innovation Fund 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 *GCIF*.

Minister means the Minister for Innovation, Industry, Science and Research.

passenger motor vehicle means a passenger vehicle as defined in section 4.3 of *Vehicle Standard (Australian Design Rule – Definitions and Vehicle Categories) 2005*, and variants of such vehicles, to a gross vehicle mass up to 3.5 tonnes.

program refers to the *GCIF* 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 *program*.

project means a project that:

- (a) directly relates to the creation, acquisition, application or commercialisation of knowledge, technology, process materials or products which:
 - i. are new or additional to the grantee; and
 - ii. significantly reduce fuel consumption and/or greenhouse gas emissions of *passenger motor vehicles*; and
- (b) involves *eligible activities*.

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.

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*.
- (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.

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:

Criterion 1: The extent of the reduction in passenger motor vehicle fuel consumption and/or greenhouse gas emissions arising from the proposed project.

The applicant may indicate merit by demonstrating:

- a) the extent of improvements in passenger motor vehicle fuel consumption; and/or
- b) the extent of reduction in passenger motor vehicle greenhouse gas emissions.

Criterion 2: The technical merit and extent and calibre of innovation generated in Australia by the proposed project.

The applicant may indicate merit by demonstrating:

- a) technical capacity to undertake the project, including:
 - (i) adequate infrastructure, facilities and equipment available to meet the short and long-term requirements of the project;
 - (ii) a good understanding of technical product development, testing and production start-up;
 - (iii) appropriately skilled technical staff, and sub-contractors; and
 - (iv) a well-articulated project plan, including activities, methodologies and milestones linked to a feasible timeframe and budget;
- b) a strong track record in the project field;
- c) the degree of innovation evident in the project described in terms of being:
 - (i) new to the firm
 - (ii) new to the Australian automotive industry
 - (iii) new to Australia or
 - (iv) new to the world;
- d) the degree of technical risk, or that the project is building on prior work that has an appropriate level of technical risk, and strategies or collaborative arrangements to manage those risks.

Criterion 3: The capacity and capability of the applicant to undertake the project, including management capability.

The applicant may indicate merit by demonstrating:

- a) key management personnel have appropriate expertise and a solid track record in:
 - (i) project management
 - (ii) commercialisation management, and
 - (iii) business management, including human resources and financial management;
- b) the applicant, or consortium members, have core business interests directly relevant to the project;
- c) the applicant, or consortium members, have company business plans which includes and supports the proposed project;
- d) company stability and/or growth over the two financial years prior to lodging the application if the applicant is an established company; and
- e) the need for funding, including, where applicable, arguments to support the applicant in seeking an investment ratio other than one dollar provided by government for every three dollars provided by the applicant.

Criterion 4: The commercialisation potential of the proposed project to the benefit of Australia.

The applicant may indicate merit by demonstrating:

- a) key commercialisation personnel have appropriate expertise and a solid track record in commercialising and marketing innovative products, processes or services;

- b) a sound commercialisation plan setting out a clear route to market for the project outcomes including:
 - (i) an understanding of any trade barriers;
 - (ii) access to manufacturing or commercialisation partners; and
 - (iii) actions and timeframes to achieve commercial exploitation which benefits Australia;
- c) a realistic estimate of market demand for the project outcomes;
- d) a realistic understanding of the competitiveness of the project's outcomes, including:
 - (i) the competitive advantage(s) of the project's outcomes compared to competing products, processes or services; and
 - (ii) the frequency of entry of new products, processes or services in the relevant market.

For Stream A applicants commercialisation plans are expected to include:

- (i) the development and/or engineering and sale and/or fitment of technologies to *passenger motor vehicles*; or
- (ii) the introduction of new *passenger motor vehicle* models.

Criterion 5: The contribution of the proposed project to a sustainable and internationally competitive Australian automotive industry, and the benefits to the broader Australian economy.

The applicant may indicate merit by demonstrating how:

- a) the project will contribute to a sustainable and internationally competitive Australian automotive industry;
- b) the project will contribute to improvements in the Australian automotive supply chain skills, capabilities and competitiveness;
- c) the project will improve investment in innovation, national productivity and economic growth;
- d) the project will result in social, community and/or environmental benefits; and
- e) Australia will receive significant spill-over benefits through:
 - (i) conduct of the project and/or commercialisation of its results;
 - (ii) diffusion of knowledge and skills;
 - (iii) diffusion of new products, processes or services; and/or
 - (iv) increased collaboration between businesses and/or businesses and research institutions.

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*.
11. 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 *Green Car Innovation Fund Guidelines*; and/or
 - (iii) otherwise be appropriate in all the circumstances.

PART 4 – OTHER TECHNICAL ASSESSMENTS

12. 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 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 assessment of benefit to the broader Australian economy assessments;
 - (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.
13. In carrying out technical assessments pursuant to clause 12, the Board will take into account any relevant policies relating to the administration of the *program* that are issued under the *Green Car Innovation Fund Guidelines*.
14. If the Board receives a request under clause 12 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

15. 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.
16. 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 independent evaluation of the *program*.