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### Industry comment on Green Car Innovation Fund - Framework Paper

As you know, the Western Australian Sustainable Energy Association Inc. (WA SEA) is the peak industry body for sustainable energy in WA.

WA SEA is building relationships with businesses that aspire to be more sustainable in their own energy use, or are providing the commercial solution to climate change through their products and services inclusive of businesses offering or using services and products that manage or offset greenhouse gas emissions in transition to sustainable energy use, or indirectly through their actions adopting more sustainable energy practices in their own business. WA SEA has a strong reputation in Western Australia for authoritative commentary on a broad range of issues around energy efficiency and sustainable energy.

Many businesses are acting to support the development of the best policy outcomes for the industry by becoming WA SEA members. WA SEA has over 215 industry members from a diversity of enterprises including the majority of the key energy players in Western Australia. This range of companies, businesses, organisations and individuals are involved in sustainable energy practices and including energy efficiency across government, business and the community in: infrastructure; architecture and design of buildings and homes; transport; performance of appliances, vehicles, machinery, and industrial processes; use of renewable energy generation including passive use and solar hot water.

WA SEA is the only business peak body actively supporting action on sustainable energy in Western Australia.

Information about our activities (including our submissions and Media Releases) can be found on WA SEA's website: [www.wasea.com.au](http://www.wasea.com.au).

WA SEA Corporate members



We understand the Framework Paper has been prepared by the Department of Innovation, Industry, Science and Research to provide key details of the proposed operation of an expanded Green Car Innovation Fund of \$1.3 billion brought forward to 2009 and running over ten years, and that stakeholder feedback on this paper will be used to inform the design of the Fund and its final guidelines.

In broad terms, WA SEA believes that the Fund must yield additionality – the Australian taxpayer must not be paying for things which manufacturers will have to do anyway to remain competitive, including paying for catch up to competitors. It should be about innovation and the innovativeness must not be judged within Australian national borders but in the context of a global vehicle market.

The funds must deliver more sustainable outcomes for the car industry and create real and lasting change in the way the Australian car industry engages with Australian research and development institutions, including actions to create more skills from technical and tertiary institutions across Australia, and incentivises partnering with Small and Medium Enterprises (SMEs). Such a commitment will ensure the broadest benefits are delivered for the sustainability of Australia's economy.

WA SEA notes that stronger measures on National Average Fuel Consumption numbers that determine the standards for vehicle fuel efficiency of new passenger vehicles are even more critical for transport and commercial vehicle production.

WA SEA makes the following brief points in relation to each criterion:

*Criterion 1 - The extent of the reduction in passenger motor vehicle fuel consumption and/or greenhouse gas (ie carbon dioxide equivalent) emissions arising from the proposed project.*

- Motor vehicle fuel consumption can be impacted at 'supply side' through the fuel efficiency of the vehicle, and 'demand side' through the road conditions as well as the behaviour of the user impacting on consumption. The approach to funding should be open to both solutions.
- On the vehicle side of the equation, to show a global view of innovation to deliver competitiveness, we must be prepared to more than business as usual, to explore new developments, new approaches that lead to novel application of existing technologies, and a willingness to explore more than just the conventional technologies, and even the conventional of the new technologies. For example while many car manufacturers from other nations are exploring hybrid engines, Australia is simply being a technology taker. So too with electric cars where there is perhaps greater opportunity, a focus of research and development in electric vehicles for Australian conditions, particularly vehicle range through battery storage, or more novel approaches.
- Fuel efficiency derived from improved experience of the road user including road and network design, and management of traffic congestion, improves efficiencies for vehicle use will improve domestic and commercial productivity and reduce greenhouse gas emissions. These programs can include projects focused on ensuring elements such as network design principles and also include energy fleet managers and driver behaviour (but naturally must still meet an innovation test).

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

- Agreed, projects should clearly support research effort and innovation and foster technical development in Australia

#### **WA SEA 2030 VISION**

30% energy generation from sustainable sources and 30% reduction of existing use through energy efficiency by 2030

#### **WA SEA - the peak body for sustainable energy in Western Australia**

WA SEA promotes the development and adoption of sustainable energy technologies and services that minimise the use of energy through sustainable energy practices and maximise the use of energy from sustainable sources.

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

- Agreed, assessed on a case by case basis so that small projects are with some scope for capacity building and capability development to be considered as an output of the assistance

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

- The potential for commercialisation must be measured broadly, including the value to customers in terms of both domestic and fleet customers.

*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.*

- Again, developments that yield changes that are as much customer as producer focussed are likely to yield a better overall outcome.

Specifically in terms of grant Stream A – WA SEA believes that a condition for recipients of public monies, that every effort must be made to engage, include and grow SMEs in the sector. Therefore, it is WA SEA's view that grant recipients in grant Stream A must as a condition of the grant engage with SMEs by ensuring that not less than 10% of the funds received in grant Stream A is directly expended on inputs from Australian research and development institutions, including technical and tertiary institutions, and/or by partnering with Small and Medium Enterprises that were in existence prior to this consultation period on the design of the Fund and its final guidelines. Any subsequent future funding to Grant A recipients must use an audited assessment to ensure that such engagement was achieved.

For grant Stream B – WA SEA believes the merit criteria must be weighted to ensure innovative projects are genuinely embraced.

WA SEA believes supports a view proposed at the Western Australian public consultation that a third grant stream option – grant stream C – should be created to fund projects of \$50 000 - \$100 000 in value, and that these be grants be targeted at research institutions, and to SMEs that might otherwise be considered to be in the more innovative – and so riskier – end of the market. Recipients must be scrutinised by a selection panel that balances the risk of funding the project against the potential for innovation, with the bias to innovation.

WA SEA notes that the word 'grant' is used throughout the framework when the operation is as a rebate program – while rebates can work for large, well-cashed operations, this approach may be prejudicial to smaller and less financial research groups and SMEs. Therefore, applicants should be able to make the case for a grant as opposed to a rebate for consideration by the Fund. Similarly, the above proposal for a "grant stream C", this third stream should be grant based.

WA SEA welcomes this initiative of greening Australia's automotive industry and acknowledges the work of all of those committed thus far, and looks forward to the important work of securing innovation in the projects that lay ahead.

Yours sincerely



Dr Ray Wills

CEO, Western Australian Sustainable Energy Association Inc. (WA SEA)

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