



**Australian Government**

**Department of Innovation  
Industry, Science and Research**



# **INNOVATION POLICY REPORT**

**MARCH | 2011**



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## DEPARTMENTAL DEVELOPMENTS

### NEW: The National Survey of Research Commercialisation (2010)

The National Survey of Research Commercialisation (NSRC) was conducted for the years 2008 and 2009 in August-September 2010. This was the fifth iteration of the survey, with the initial iteration being conducted in 2001 (for the year 2000). Ninety-eight publicly funded research organisations (medical research institutes, publicly funded research agencies, universities) were invited to participate and 72 chose to do so. All but two of Australia's universities (39) participated.

The survey indicates that the publicly funded research organisations (PFROs) have been impacted by the GFC; however, levels of invention disclosure, patenting (sought and granted) and, encouragingly, the value of start-up company equity holdings all improved considerably.

The 2009 figures are buoyed by the impact of CSIRO's first significant revenues coming out of its WLAN technology patent prosecution, resulting in an all-time high figure for revenues from the licensing, optioning, and/or assigning of intellectual property of almost \$300m.

The number of new start-up companies launched was less than the number ceasing operation, resulting in a net reduction of the number of operational start-up companies. Research contract and consultancy returns, and numbers executed, both declined slightly in 2008 and 2009, but were not dramatically lower than values reported in 2007.

The survey shows a sector with perhaps greater awareness and intent in respect of commercialisation but with more limited financial returns for most institutions. The increased value of the equity held in start-up companies (up to an all time high of \$234m, an increase of 10% over the 2007 figure) suggests that those companies that are surviving through the global financial crisis are substantially more profitable than the mix that existed pre-crisis.

The report is expected to be able in early-mid April.

### NEW: DIISR Advisory Bodies Chairs Workshop

On the 1 March 2011, a workshop was held at Parliament House with the Chairs of Department of Innovation, Industry, Science and Research Advisory Bodies, including Innovation Australia Board, Industry Innovation Councils, Enterprise Connect Council, CRC Board, NRIC, Commercialisation Australia Board as well as Department of Innovation Executives.

This workshop was the third held for the Chairs, and the first after the Collaborating for Success conference held April 2010. The focus was to highlight areas for more collaboration between the Advisory Bodies and provide an opportunity for the Chairs to brief the Minister on the activities of their advisory bodies. Overall, many positive suggestions were raised and an outcomes paper is underway.

## NEW: Patentable Subject Matter - ACIP

On 16 February the Minister for Innovation, Senator Kim Carr released a new report by the Advisory Council on Intellectual Property (ACIP).

ACIP is an independent body that undertakes important reviews of key aspects of the IP system, including patents, trade marks, designs and plant breeder's rights.

In 2004, the Australian Law Reform Commission (ALRC) published a report on gene patenting and human health entitled Genes and Ingenuity. The ALRC reported that 'manner of manufacture', the key concept of patentable subject matter in Australia, was ambiguous and obscure.

In response to such concerns the Minister asked ACIP to conduct a review in 2008. The inquiry was broadened to encompass 'patentable subject matter' due to the high degree of overlap between manner of manufacture and other criteria for patentability.

Recent debate about the patent system in Australia has centred on the patenting of genetic materials, computer software and business methods. There are concerns that people are being allowed to patent discoveries and abstract ideas rather than inventions, that the threshold of inventiveness in Australia is too low, that the existence of patents hampers innovation in some technological fields, and that undesirable, unethical or offensive inventions can be patented. In its 2010 report Gene Patents, the Senate Community Affairs References Committee (the Senate Committee) considered the impacts of gene patents on healthcare, medical research and the health and well-being of Australians. The Government intends to respond to the Senate Committee report, the ALRC's 2004 report and ACIP's Patentable Subject Matter report by the middle of this year.

The 11 recommendations in ACIP's Patentable Subject Matter report are designed to provide a framework to deal with these contentious issues in the future.

The report can be found [here](#) and find out more about the Advisory Council on [their website](#). For information on IP Australia, visit [www.ipaustralia.gov.au](http://www.ipaustralia.gov.au).

## NEW: Visiting Delegation from Chinese Ministry of Science and Technology (MOST)

The Department of Innovation, Industry, Science and Research hosted a MOST delegation from China on 20 January 2011.

Policy officers from the Innovation Division presented on Australia's innovation strategy and planning, the Australian Bureau of Statistics methods for surveying innovation, and innovation indicators.

The Chinese presented on the R&D census in China that provides support for the government's decision-making to help its departments define the 12th five year plan, as well as the upgrade the R&D survey system in China. The GERD of China in 2009 was 580.2 billion RMB; 6.5 times that of the year 2000, showing an annual growth rate of 23%. GERD as a percentage of GDP in 2009 was 1.7% (similar to the Netherlands 1.73 and the United Kingdom 1.78). One of the

emerging trends in China is that the share of basic research is declining – from 6% in 2004 to 4.66% in 2009.

The Chinese also presented its innovation survey on Chinese Industrial Enterprises, which collected information for the period 2004-06 regarding the industrial enterprises' innovation in terms of expenditure, effects and influencing factors as well as the understanding of innovation of the CEOs. The survey covered 67,242 enterprises of which 42,600 were small firms. 83.5% of large enterprises reported undertaking innovation activities compared with only 55.9% of medium enterprises and 25.2% of small enterprises. Total innovation expenditure amounted to 582.1 billion RMB in 2006, up by 23.1% from the previous year. The Chinese are planning a regular innovation survey and to enlarge the scope of the survey, covering enterprises in the services sector, and to increase the types of innovation covered by the survey.

Both MOST and the Department of Innovation hope to strengthen exchanges and cooperation in S&T policy making and S&T statistics methodology, to share statistical data and information, and to carry out cooperative projects on relevant topics in the future.

## **NEW: advisorfinder - Minister for Small Business**

The Australian Government's small business website has a new Google mapping tool designed to aid small businesses contacting their nearest business advisor. Minister for Small Business, Senator Nick Sherry and member for Eden-Monaro, Dr Mike Kelly launched Advisor Finder on the 1st of March.

A national network of more than 200 advisors is listed on Advisor Finder, including Business Enterprise Centres Australia, the Australian Tax Office, the Fair Work Ombudsman and Regional Development Australia.

The site allows businesses to select the type of information they require, as well as providing links containing useful information, tools and forms for business in a central location.

More information on Advisor Finder is available [on their site](#).

## **NEW: Clinical Trials Action Group (CTAG) Report**

The Minister for Innovation, Industry, Science and Research, Senator the Hon Kim Carr announced the release of the Clinical Trials Action Group (CTAG) report Clinically competitive: Boosting the business of clinical trials in Australia on 2 March 2011 on behalf of the Government. Minister Carr further announced that the Government has accepted all the recommendations made by the CTAG.

Established on 27 October 2009 by Minister Carr and the Minister for Health and Ageing, the Hon Nicola Roxon MP, the CTAG were tasked with identifying ways to improve the Australian clinical trials operating environment.

The CTAG was co-chaired by the Hon Richard Marles MP, then Parliamentary Secretary for Innovation and Industry, and the Hon Mark Butler MP, then Parliamentary Secretary for Health. The other members of the were Professor Jim

Bishop AO, Australian Government Chief Medical Officer, Dr Tim Dyke, Executive Director, National Health and Medical Research Council (NHMRC), and Mr Mitch Kirkman of Novartis Pharmaceuticals Australia Pty Ltd and member of the former Pharmaceuticals Industry Strategy Group (PISG).

The CTAG received input from key clinical trial stakeholders from Commonwealth and State and Territory Governments, hospitals, clinicians, researchers and industry and received over 50 public submissions.

The CTAG made a series of recommendations that will have benefits for all stakeholders:

#### For Patients

- Continued rigour in the consideration of the scientific merit, the protection of participants and the safety of clinical trials;
- Improved access to information about clinical trials, their conduct and their outcomes;
- Maintained or improved access to clinical trials in Australia;
- Faster access to potential new treatments through clinical trials; and
- Faster access to evidence-based treatments based on knowledge gained in Australia.

#### For Industry

- Significant improvement in the timeliness, cost and consistency of clinical trials approvals;
- Standardisation and transparency of the costs for approval and conduct of clinical trials;
- Provision of benchmarked data on clinical trials performance that can be used to promote Australia's global competitiveness to global decision makers within the industry; and
- Increased patient recruitment into clinical trials.

#### For the Health system

- More efficient processes around ethical review and research governance for multi-centre clinical trials to optimise use of resources in the health system;
- Streamlining the use of clinical trials for ongoing process improvement in the health system;
- Ensured cost recovery within the health system for clinical trials participation; and
- Continued investment in Australia's medical research system which will, in many cases, reduce the public cost of treatment of trial participants.

#### For Researchers

- Faster start-up of trials providing more time to recruit patients into the trials; and
- Maintaining the current high level of global clinical trials activity in Australia to provide:
- Opportunities to gain experience and training for research staff via global clinical trials; and
- Opportunities to progress innovative Australian research ideas through increased opportunities for collaboration with industry.

The Department of Innovation, Industry, Science and Research will work with relevant Government agencies in the Health Portfolio to implement the recommendations.

The CTAG report is available from the [Clinical Trials Action Group \(CTAG\)](#) page on the Department's website.

## **NEW: 2009-10 Venture Capital and Later Stage Private Equity Survey**

The Australian Bureau of Statistics released the 2009-10 Venture Capital and Later Stage Private Equity Survey on the 10 February 2011. It found that:

Total investment in VC (pre-seed, seed, start-up and early expansion stages) decreased by 39% (\$419 million compared to \$683 million in 2008-09).

VC funding to support new investments decreased 45% (\$200 million compared to \$366 million in 2008-09). Investment in early stage VC (pre-seed, seed and start-up) was down 57% on 2008-09.

VC follow-on investment decreased by 31% (\$317 million compared to \$219 million in 2009-10).

Since 2007-08 (start of the GFC) total investment in VC has decreased by 53%, with new investments decreasing by 69%.

New investment in VC was predominantly in early expansion (77%). This underlines the benefit of the IIF program which provides significant support to the earlier stages of VC.

The survey is available on the [ABS website](#).

## **NEW: Higher Education Research Promotion**

A Learned Academies Review Reference Group comprising members with relevant expertise is currently being formed to assist the review of funding to the learned academies under the Higher Education Research Promotion (HERP) scheme. Reference group members have been agreed by the Minister.

## NEW: Commercialisation Australia update

On 3 March 2011 Minister Carr announced that through Commercialisation Australia \$13 million will be invested in thirty four Australian inventions to help turn them into commercial success stories. The projects include a drug to treat learning and memory loss, an additive to reduce carbon emissions from cement production and a greener hot water system will be turned into commercial success stories. In 2010, its first year of operation, Commercialisation Australia awarded a total of \$33.6 million for 88 projects. The press release is available [here](#).

The 11th meeting of the CA Board was held on 24 February 2011 and it is next scheduled to meet early in April.

There are currently 20 Case Managers located across Australia. This includes six new Case Managers who joined CA in February 2011. CA's Volunteer Business Mentor (VBM) network also continues to grow and there are now over 50 VBMs registered and inducted into the network.

CA will soon introduce a new pilot programs component. CA has a broad mandate that includes investigating new commercialisation policy approaches and their applicability to the Australian innovation system. The intent behind pilot programs is to assess the practicality and effectiveness of new, alternative methods of support for commercialisation that will contribute to building the capacity of, and opportunities for, Australia's researchers, entrepreneurs and innovative firms to convert ideas into successful commercial ventures. Details in relation to the pilot programs component will soon become available on the [CA web site](#).

## R&D Tax Credit update

The Tax Laws Amendment (Research and Development) Bill 2010 was passed by the House of Representatives on 22 November 2010. The Bill is awaiting debate in the Senate. Regulations and Decision Making Principles concerning various matters of administration of the new R&D Tax Credit are currently being drafted.

## Tertiary Education Quality and Standards Agency update

The Australian Government is establishing the Tertiary Education Quality and Standards Agency (TEQSA) as part of its reforms to higher education and research announced in the 2009-10 Budget. TEQSA will be an independent statutory authority with powers to regulate university and non-university higher education providers against a new standards framework, which will include standards for research. It will register providers, carry out evaluation of standards and performance, protect and assure the quality of international education, and streamline current regulatory arrangements.

Consultation with higher education sector peak bodies on a draft TEQSA bill took place in November and December 2010. Support was expressed for TEQSA but the sector also requested that the bill be amended to ensure that the agency takes a proportionate, risk-based approach to regulation. The sector also requested more time to consider the draft, given its complexity.

In response to these requests the legislation now includes principles that require TEQSA to: regulate the sector with a 'light touch' (but also with the ability to act quickly and strongly as required); assess and regulate institutions against a risk framework; and to adopt a proportionate, escalating approach to regulation. In addition, the ability of universities to self-regulate will be recognised within the provider standards that accompany the legislation.

Responsibility for TEQSA will be shared between the Minister for Tertiary Education and the Research Minister in line with their portfolio responsibilities.

The TEQSA bill (along with a transitional provisions and consequential amendments bill and draft Explanatory Memoranda) was publicly released on 24 February with comments due by 7 March.

It is expected that the TEQSA legislation will be introduced to parliament in the Autumn 2011 sittings in order to enable TEQSA to come into operation during mid-2011 and to begin full regulatory functions from 2012.

## University Mission-based Compacts update

Compact meetings with institutions commenced on 9 February and will run through to mid-April with the aim of finalising compact agreements with each university by late April 2011.

Compacts will detail public funding commitments and reciprocal institutional commitments. They will support universities to pursue their distinctive missions and contribute to the Australian Government's aspirations for the higher education sector as whole.

Further information is available on the [innovation website](#).

## Higher Education Research Data Collection update

The Higher Education Research Data Collection (HERDC) Specifications for the Collection of 2010 Data were released in January 2011.

The major change has been to take account of the department's review of the Category 2 'Other Public Sector Research Income' and the Minister's decision in respect of the treatment of general or untied income for conducting and supporting research. In particular, the review confirmed that higher education providers (HEPs) support their research from various sources outside of project-specific grants and that there are genuine circumstances where general funding involves funding for research activities.

Accordingly, the Minister has decided that providers can report a proportion of general or untied income (that they have received as a government grant) that can be clearly and transparently attributed as expended on conducting or supporting research. This includes income in support of the operation of research centres. In identifying the direct costs of research activity being supported by general or untied grants, providers must use a method that is consistent with the principles

and method that they have adopted to implement the transparent costing under the Sustainable Research Excellence (SRE) program.

A workshop was held on 28 February 2011 to ensure that all HEPs are comfortable with the new specifications. Representatives from relevant audit offices also attended.

## Enhancing International Business to Business Collaboration Project update

The Innovation Policy Branch has commenced drafting a report of key findings and recommendations for the Enhancing International Business to Business Collaboration Project.

The report draws on research and feedback provided by stakeholders and will address: drivers, barriers, networks, skills, domestic collaboration capabilities, measurement and evaluation, coordinated governance and the role for government in assisting SMEs to engage in international partnerships.

The report will include recommendations on both low cost incremental improvements, for example reviewing existing policy and program administration procedures that may limit participation by SMEs in collaborating internationally, as well as longer term policy development options to support increased business collaboration.

### Industry consultation

Industry focus groups were held to seek input from firms with experience on international business collaboration in innovation activities. Innovation Policy Branch is currently drafting a report of key findings from the industry consultation that will underpin findings and recommendations made in the final report.

Focus groups were held in:

- Canberra 14 December 2010;
- Willunga SA, 22 February 2010;
- Sydney 24 February 2010; and
- Melbourne 28 February 2010 and 1 March 2010.

### Advisory Board Members Survey

An online survey was circulated to draw from the knowledge of members of the Government's Advisory Boards and Councils with experience in Australian SMEs and international collaboration. It was distributed to members of Innovation Australia, Enterprise Connect Advisory Board, and Commercialisation Australia Board, the Rural Research and Development Council and the eight Industry Innovation Councils. Thirty seven responses were received with common themes arising including:

- Benefits: expanding the market, becoming part of global supply chains and access to world leading technologies;

- Barriers: difficulties in accessing information, costs and geographic distance and lack of skills;
- Risks: loss of control of intellectual property, lack of experience in dealing with the diversity of global markets and financial risks;
- Drivers: financial growth, opening up new markets, increasing brand awareness and access to technology.

## Research Workforce Strategy (RWS) update

The Australian Government indicated in Powering Ideas: An Innovation Agenda for the 21st Century that it would develop a Research Workforce Strategy (RWS), to “address expected shortfalls in the supply of research-qualified people”.

Development work on the strategy included wide consultation with relevant stakeholders, including public and private sector employers, researchers and research leaders and higher degree by research students. The department commissioned two studies: Employer Demand for Researchers in Australia and Australia’s Future Research Workforce – Supply, Demand and Influence Factors. Both these studies are available on the department’s website.

The department concluded work on a set of six case studies in specific discipline areas to inform the development of the strategy. The discipline areas are mathematical sciences, education, health research, history and archaeology, chemical sciences and engineering.

The department also developed a snapshot of government initiatives supporting Australia’s research workforce in the 2009/10 financial year. The snapshot will enable issues raised in analysis and consultation work to be assessed against the backdrop of government support available.

The discipline case studies, the snapshot of government initiatives supporting the research workforce and a set of researcher profiles were publicly released on the department’s website.

The department is currently undertaking a study to examine the full cost of research training in Australia and is working closely with universities to access the necessary data to inform the study. The need for this study was identified during the RWS development process.

The RWS is expected to be released shortly. Further information on the RWS can be found on the [DIISR website](#):

## Cooperative Research Centres (CRC) Program update

The CRC Program supports end-user driven research collaborations to address clearly articulated, major challenges facing Australia, many of which are global challenges.

Information sessions for potential applicants for the 14th selection round to be conducted during 2011 were held around Australia during January and February

2011. Applications can be submitted from 28 February 2011 and will close on 1 July 2011. Potential applicants are strongly encouraged to discuss their application with the department. More information is available [here](#). The CRC Committee will make its funding recommendations to the Minister by late November 2011.

The CRC Association (CRCA), the peak organisation representing CRCs, will hold its annual conference in Brisbane from 17-19 May. The conference brings together researchers, educators and industry to network and gain further insight into the [CRC program](#) and its achievements.

## Higher Education Research Promotion update

The review of funding to the learned academies under the Higher Education Research Promotion scheme that is being led by the department is progressing. In February 2011 the review panel had a roundtable meeting with the learned academies.

## The Council for the Humanities, the Arts and the Social Sciences (CHASS) and the Federation of Australian Scientific and Technological Societies (FASTS) update

The Council for the Humanities, the Arts and the Social Sciences (CHASS) and the Federation of Australian Scientific and Technological Societies (FASTS) are each using part of one-off \$216,000 grants from the department to host CHASS' HASS on the Hill and FASTS' Science meets Parliament on 22-23 March and 20-21 June 2011 respectively. These events promote the engagement of parliamentarians with scientists and researchers.

## Sustainable Research Excellence (SRE) program update

The department advised the sector of 2011 funding allocations for Base and Threshold 1 components of SRE in late 2010. Indicative Threshold 2 allocations for eligible institutions were provided to higher education institutions in January 2011. Threshold 2 allocations will be confirmed by the end of April 2011, following the compacts discussions with universities.

Both the Higher Education Research Data Advisory Committee (HERDAC) and its Sustainable Research Excellence technical working group met in February to discuss activities for SRE in 2011. A further staff hours data collection will take place in mid-2011, providing a second year's data to support indirect costs calculations. The 2011 SRE financial return will be based on a single method and template, streamlining the approaches trialled in 2010.

In 2011, the department will work with the higher education sector and the Australian Research Council to develop the SRE funding allocations methodology for 2012 and beyond, including the use of Excellence in Research for Australia (ERA).

## Strategic Framework for Research Infrastructure Investment update

The Strategic Framework Discussion Paper was released to the sector for comment on 23 December, 2010. In excess of 60 submissions were received. NRIC will finalise the Strategic Framework and provide it to Minister Carr for his consideration following its March meeting.

During 2011, a Strategic Roadmap for Australian Research Infrastructure will be developed as the centrepiece of evidence for future funding requests for support for Research Infrastructure in Australia.

The Roadmap will involve structured and strategic consultations with stakeholders across the research sector to inform decisions on where Australia should make strategic infrastructure investments to further develop its research capacity into the future.

The 2011 process will build on the experience of the previous two Roadmaps, taking account of stakeholder feedback and noting the positive conclusions about the roadmapping process drawn in the 2010 NCRIS evaluation.

An important aspect of the process is the use of Expert Working Groups to provide specialist advice.

Nominations for members of the groups were sought in December 2010. More than 400 nominations from a wide range of universities, publicly funded research agencies, state governments and industry were received, indicating a strong interest in the process.

The six Expert Working Groups are:

- Environmentally Sustainable Australia
- Frontier Technologies
- Safeguarding Australia
- Promoting and Maintaining Good Health
- Understanding Cultures and Communities
- eResearch Infrastructure

The Expert Working Groups have commenced work and will be consulting widely with the sector as part of their role

The first step in commencing the process is the Strategic Roadmap for Australian Research Infrastructure Discussion Paper which will be released to the sector for comment in late March 2011, and will be available on the [departmental website](#) as well as being provided directly to key stakeholders.

## NATIONAL DEVELOPMENTS

### NEW: Services International Linkages - DFAT and Austrade

The Department of Foreign Affairs and Trade together with Austrade commissioned the study on [Services International Linkages](#), which assessed the importance of embodied services in trade with a view to gaining a more detailed understanding of paths to increased services trade through embedded services linkages. This report was released in November 2010 and examines the level, sources and evolution of the services that are embodied in cross-border exports of goods and services.

Embodied services are those intermediate service inputs essential to growing, mining or making things for example energy, transport and communications. The report found that together, embodied and cross-border services amount to \$88.9 billion per annum. This means that services are 1.7 times as important to the Australian economy than the level of recorded cross-border exports of services would suggest. Projections have calculated that the total embodied services exports and cross border services exports could increase to \$118 billion by 2014-15.

The report highlights case studies which illustrate the extent to which Australian firms deliver services overseas through subsidiaries. Acquisition is their key to increased services sales. Indeed, Australia's foreign affiliate sales are estimated as already worth over \$100 billion annually, rising to around \$135 billion by 2014-15.

The report mentions notable demand for services sourced from Australian head offices and either exported to subsidiary and joint venture foreign affiliates throughout Asia and other regions, or sourced through overseas offices of these Australian-based service providers.

### National Enabling Technologies Strategy (NETS) update

The first meeting of the NETS Stakeholder Advisory Council (SAC) was held on 28 January 2011. All members attended. The Council had a wide ranging discussion on a range of issues related to enabling technologies and began discussing areas of work. A summary of the meeting will be placed on the [NETS website](#) in the near future.

The Enabling Technologies Policy Section of DIISR is conducting a Building Products Industry Foresight Workshop under the auspices of the (NETS Expert Forum in collaboration with the Built Environment Industry Innovation Council. It will be held on Wednesday 30 March 2011 in Sydney. The aim of the workshop is to help industry innovation by increasing the awareness and understanding of new technologies that focus on increasing sustainability, resource and energy efficiencies, and improving the productivity and global competitiveness of Australian industry.

The National Enabling Technologies Strategy is also facilitating work in the industrial biotechnology sphere. Two scoping studies examining the viability of establishing biomass based value chains for Australian industry in Temperate and Tropical regions, have recently been completed. Biomass value chains refer to the utilisation of biomass (such as crops or timber) as replacement industrial feedstock for commodities traditionally manufactured using petrochemicals. The biomass is processed in biorefineries to make products such as chemicals, materials and specialised fuels.

Key findings of the studies include:

- Sufficient biomass is available in both tropical and temperate regions to enable commercial scale industrial production of chemicals, materials and fuels/energy. A number of potential value-add products were identified.
- There could be large benefits from establishing biomass value chains in Australia. These include substantial global export revenues; a reduced reliance on imported petrochemicals; support for regional development and sustainable regional industries; an opportunity to revitalise existing industries through value-add and diversification (sugar, forestry, pulp and paper and chemicals); and Climate change mitigation through replacement of petrochemical raw materials.
- There are multiple challenges associated with establishing biomass value chains, including technical, financial, regulatory and social issues.
- The studies contend that successful establishment of biomass value chains in Australia requires a shared vision between government and industry across all stages of the value chain. Australia needs to link to international developments in order to leverage existing knowledge

## INTERNATIONAL DEVELOPMENTS

### NEW: NESTA: Using social challenge prizes to support people-powered innovation

NESTA has created [this guide](#) as a tool for using social challenge prizes to inspire communities to develop imaginative and effective solutions to complex social problems. Challenge prizes reward the achievement of measurable outcomes as distinct from grants which fund proposals. A social challenge prize has an open set of criteria, rewards the achievement of social or environmental outcomes and creates a support process to enable less experienced groups of innovators to respond to the challenge with their solutions.

The purpose of the guide is to provide practical advice and support to anyone interested in running a social challenge prize.

### NEW: Strategy for American Innovation

The US Government recently released an update to the [Strategy for American Innovation](#). The update outlines a number of new initiatives or progress on existing programs including:

- The Wireless Initiative that will help businesses reach 98% of Americans with high-speed wireless access within five years
- A continued patent reform agenda
- New education initiatives encompassing the whole range of schooling years
- A clean energy standard with the goal of achieving 80% of electrical supply from clean sources by 2035
- Two one billion dollar initiatives for impact investing and early-stage seed financing

The update notes the “market failure” to invest in scientific research that does not have commercial payoffs but is essential in underpinning further commercial ideas and emphasises the importance of public funding to fill this gap. The document also demonstrates the power of scientific prizes to achieve dramatic results at a fraction of the cost of some research programs.

### NEW: Start Up America

The [Start Up America](#) initiative was announced by President Obama on 31 January 2011 as part of the [US Government's agenda](#) to celebrate, inspire and accelerate high-growth entrepreneurship in America. Start Up America is a coordinated public and private effort to bring together an alliance of America's most innovative entrepreneurs, corporations, universities, foundations and

business leaders to work in collaboration with government to increase the prevalence and success of America's entrepreneurs.

The initiative aims to:

- Expand access to capital for high-growth start ups throughout America;
- Expand entrepreneurship education and mentorship programs;
- Strengthen commercialisation of federally funded research and development;
- Identify and remove unnecessary barriers to high-growth start ups; and
- Expand collaborations between large companies and start ups.

## **NEW: European Commission Framework for EU Research and Innovation Funding Green Paper**

The European Commission released the [Green Paper for a Common Strategic Framework](#) for EU Research and Innovation Funding on 9 Feb 2011. The paper calls for public consultation on 27 key questions raised in the paper along with relevant issues.

The paper draws on the Europe 2020 strategy which stipulates an increase in spending on R&D to 3 % of GDP across the EU by 2020. The focus of the paper is to set agenda's and policies for the next round of budgeting post 2013. The budget for innovation and R&D related programs from 2007 to 2013 was 143 billion Euro.

Several points have been highlighted as areas for improvement. These are:

- Clarifying objectives
- Reducing complexity
- Increasing added value and leverage and avoiding duplication and fragmentation
- Simplifying participation
- Broadening participation in EU programmes
- Increasing the competitiveness and societal impact from EU support.
- The pivotal role of SME's in achieving commercial innovation is highlighted although the difficulties in engaging with them through large funding programs are noted.

The paper also draws on comparisons with the US, noting that the EU public sector has largely failed to drive innovation via procurement and that prize's are an effective policy tool that has been virtually unused within EU programs.

The paper calls for submissions by 20 May 2011 with a major closing conference to be held on 10 June 2011.

## NEW: Measuring wider framework conditions for successful innovation – A system's review of UK and international innovation data, January 2011

A NESTA report by academics at Manchester University, reviews the effectiveness of existing data for measuring wider framework conditions (i.e. public research, access to finance, infrastructure and services, entrepreneurship and business demand) across the UK innovation system. [The report](#) identifies gaps in data collection and concludes with proposals for new data to address these issues.

Key findings include:

- there is a lack of systematic data on university-industry cooperation;
- it is important to gather more systematic data on high-growth early-stage entrepreneurship activity and early-stage viability;
- more data on business use of mobile communications and social networking is required to further understand infrastructure and services development;
- the use of human capital as a wider framework condition is inhibited by the generality and proxy nature of the indicators used to measure it; and
- further analyses and research is required to better understand how these conditions effect different types of innovation.

It is not always clear as to how specific framework conditions directly influence different innovation activities. The paper recommends that the development, of future indicators requires further research exploring the linkages between framework conditions and specific innovation activities.

## NEW: US Manufacturing Sector Study – Council on Competitiveness

[A report](#) containing insights and recommendations for the future of the US manufacturing sector from 36 CEOs of top US companies was released by the Council on Competitiveness (COC) on February 17.

Ignite 1.0: Voice of American CEOs on Manufacturing Competitiveness, the first in a series of documents to be issued by the COC's US Manufacturing Competitiveness Initiative (USMCI), is a 24-page summary of interviews conducted between September 2010 and January 2011 by Deloitte senior executives with the CEOs of leading US companies, including Deere & Co., Dow Chemical, DuPont, and Ford Motor.

The report makes 27 recommendations in the following areas:

- Tax Policy;
- Energy Policy

- Trade Policy
- Regulatory and Legal Environment
- Science, Technology and Inspirational Goals
- Infrastructure Investments; and
- Access to Talent.

## **NEW: OECD Green Growth Strategy Workshop 10-11 February 2011**

The OECD is considering a Green Growth strategy to maximise economic growth and development while avoiding unsustainable pressure on the quality and quantity of natural assets.

In February, the OECD produced a Green Growth Strategy Synthesis draft report – the result of collaboration between four Directorates of the OECD, Economics, Science Technology and Industry, Environment, and Trade and Agriculture. The workshop provided discussion on the draft Synthesis Report, and covered specific topic areas; economic instruments, indicators for green growth, food and agriculture, jobs and skills, innovation and development. The Secretariat aims to have revised drafts by the end of March. It will then seek additional written comments and finalise the draft for the Ministerial Council by the end of April. The final Synthesis report is to be submitted to the 25-26 May meeting of the Ministerial Council

## **NEW: Annual Innovation Report 2010 - BIS and NESTA**

The UK Department of Business, Innovation and Skills (BIS) in conjunction in National Endowment for Science Technology and the Arts (NESTA) released their [Annual Innovation Report](#) for 2010 in January 2011. The report found that the global financial crisis has had a continuing effect on innovation in the UK with venture capital declining from €1.53 billion in 2008 to €782 million in 2009. The report also found that business R&D had dropped by 2.5 per cent between 2008 and 2009.

In contrast both business and total R&D intensity had remained broadly stable from 1997 to 2008 at 1.9 per cent of GDP. Investment in intangibles required to create tangible outcomes, such as training and software, was credited with reducing the negative impact on productivity at the start of the economic recession.

The report highlights the importance of innovation in economic growth with innovation accounting for 63 per cent of annual labour productivity growth in the past decade. The UK has also experienced a consistent growth in the value of University knowledge exchange income from 2003/04 to 2008/09, most recently valued at £3 billion in 08/09.