



Australian Government
Department of Industry

Innovation Policy Report

June 2014

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Developments in strategy and policy

Federal Budget - Highlights

The [2014-15 Federal Budget](#) was announced on 13 May, and aims to improve productivity, reward entrepreneurship and provide structural support for companies. Key industry announcements include:

- Investment of \$484.2 million in a new Entrepreneurs' Infrastructure Programme and a Single Business Service to deliver it. The new programme will bring research and business together to develop and commercialise home-grown ideas and equip small to medium enterprises with the management and business skills to lead change and expansion.
- An Industry Skills Fund, with a \$476 million investment to put a new focus on delivering the skills being directly sought by employers, to bridge the gap between training and employment. The vocational training space will be greatly simplified, replacing the confusing and bureaucratic network of current arrangements. The fund will complement the Trade Support Loans scheme which will offer loans of up to \$20,000 over the life of an apprenticeship.
- The \$50 million Manufacturing Transition Grants Programme will assist manufacturers to shift to higher value and growth markets.

\$155 million Growth Fund

The Growth Fund, which was announced in December 2013, has increased from the original \$100 million. The Commonwealth Government has increased its contribution from \$60 million to \$100 million with the remainder provided by the state government and company contributions.

The \$155 million Growth Fund will help generate the jobs of the future for employees and supply-chain businesses in Victoria and South Australia affected by the closure of local automotive manufacturing operations.

The Growth Fund is part of the Commonwealth Government's National Industry Investment and Competitiveness Agenda to be released later this year, and will focus on initiatives to promote national competitiveness and productivity.

The Growth Fund was part of a long term national plan for change and growth, which included [reviews of the South Australian and Victorian economies](#).

Commencement of work on an Australian Nuclear Medicine facility

Australia is set to triple its production of nuclear medicines and become a

major world supplier of radiopharmaceuticals as [work begins on the new \\$168 million ANSTO Nuclear Medicine facility](#).

Australia will triple production of molybdenum-99, which becomes a nuclear medicine product called technetium-99m used for the diagnosis of cancers, heart disease, muscular and skeletal conditions. International demand for nuclear medicine is increasing, however supplies are under threat, with the research reactors that produce around 70 per cent of this medicine due to shut in the next few years.

Australian Research Council – Federal Budget 2014-15

The Federal Budget contains an ongoing funding commitment for the *ARC Future Fellowships* scheme enabling the award of 100 four-year fellowships per year in the forward estimates. The *Future Fellowships* scheme supports Australia's best and brightest mid-career researchers to undertake research in areas of critical national importance.

The Budget also highlights a number of [significant new measures](#) that the Australian Research Council (ARC) will reprioritise funding to administer, including:

- \$35 million for a Special Research Initiative for Type 1 Juvenile Diabetes—this initiative will fund a national collaborative network to coordinate team-based cross-disciplinary research projects (as announced in the Mid-Year Economic and Fiscal Outlook 2013-14);
- \$42 million for a Special Research Initiative for Tropical Health and Medicine—this initiative will support the expansion of the Australian Institute of Tropical Health and Medicine at James Cook University;
- \$26 million for targeted research in the field of dementia—the ARC will work closely with the National Health and Medical Research Council on this initiative to ensure that dementia research takes into account the social, economic and cultural impacts and complex consequences of dementia; and
- \$24 million for a Special Research Initiative for an Antarctic Gateway—this initiative will facilitate scientific collaboration between the University of Tasmania, CSIRO and the Australian Antarctic Division and improve the partnerships which provide observations of land, sea and ice in the Antarctic.

EU project explores the potential of clusters for cross-sector innovation

In October 2011, 18 partners from eight European countries joined forces to launch the consortium behind [CLUSTRAT](#), an EU-backed project with the aim of cultivating cross-sector innovation and tapping the potential of clusters. Clusters are regional hubs of competences in a given industry or technology

branch, representing a critical mass of actors from R&D, industry and other institutional contexts. They are seen as an essential trigger in innovation policy to make European small to medium enterprises more competitive.

Several pilot actions are currently being implemented by the consortium, with the aim being to establish new multidisciplinary cross-cluster collaboration. They include a cluster of social entrepreneurs in the Czech Republic and another pilot which aims to assess possible applications of the key-enabling technologies advanced manufacturing.

CLUSTRAT is due to end its work in October 2014 and will issue recommendations on how best to create the framework conditions deemed necessary to unlock such potential over the following months.

Excellence in Research for Australia

Through [Excellence in Research for Australia \(ERA\)](#), the Australian Research Council (ARC) evaluates research quality within Australia's higher education institutions and gives government, industry, business and the wider community assurance of the excellence of research conducted. It also provides a national stocktake, by research discipline areas, of research strength against international benchmarks. ARC administration of ERA is acknowledged internationally as being best practice.

An ERA evaluation will occur in 2015 and the ARC initiated a broad programme of consultation in preparation. Two major public consultations have now concluded.

As part of the ARC's preparation for ERA 2015, it developed the draft ERA 2015 Submission documentation, which included an outline of key proposed changes for ERA 2015. Responses to this consultation were from a range of stakeholders including universities, peak bodies, discipline groups, other organisations and individuals.

The ARC also conducted public consultation for the Draft ERA 2015 Journal List and the Draft ERA 2015 Conference List from 3 February 2014 to 21 March 2014. These lists define outlets that are scholarly, peer reviewed, publish original research and which are eligible for ERA 2015 submissions. The journal and conference lists form an integral part of the ERA evaluation process. The lists provide components that will be used in the ERA 2015 methodology, including:

- defining the eligible Fields of Research (FoR) codes that research outputs may be assigned to during the submission phase; and
- defining the outlets from which the journal citation benchmarks are derived in a number of citation-based disciplines.

The ARC is currently engaged in targeted consultation with university sector

stakeholders to finalise the lists for ERA 2015.

In addition, the ERA approach has attracted considerable international attention. The ARC is increasingly a source of advice for developments in other national systems and is currently working closely with another jurisdiction to develop a broad national evaluation framework for that country.

South Australia: Creation of a new Department of State Development

On 5 May 2014 the South Australian Government announced the establishment of a new Department of State Development. The Department will be formed on 1 July 2014 through the merger of the Department of Manufacturing, Innovation, Trade Resources and Energy and the Department of Further Education, Employment and Science and Technology.

The new Department brings together responsibility for the state's growing resources and energy portfolio, the transformation to high-value manufacturing, and responsibility for skills formation, employment and science. Increasing the focus on innovation will also be a key role. The Department will also have responsibility for implementing the automotive transformation strategy for South Australia as announced in the '[Our Jobs Plan](#)', together with funding from the Commonwealth Government's Growth Fund.

Startup America Innovation Initiatives

The President of the United States released a [fact sheet](#) in April 2014, detailing several innovation initiatives designed as part of an "all-hands-on-deck effort to expand access to capital, accelerate innovation, and promote private sector efforts to strengthen the Nation's startup communities."

Initiatives include:

- Presidential Ambassadors for Global Entrepreneurship - a group of successful American businesspeople who have committed to sharing their time, energy, ideas, and experience to help develop the next generation of entrepreneurs at home and abroad; and
- Attracting the World's Best and Brightest - The Department of Homeland Security will soon publish several proposed rules that will make the United States more attractive to talented foreign entrepreneurs and other high-skill immigrants who will contribute substantially to the economy, create jobs, and enhance innovative competitiveness.

UAE: Masdar Institute of Science and Technology

In April 2014, the [Masdar Institute of Science and Technology](#) announced that

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its Institute Center for Innovation and Entrepreneurship (iInnovation) will contribute to developing and maintaining a leadership role for the United Arab Emirates in technology-based innovation and entrepreneurship. The Masdar Institute is the world's first graduate-level university dedicated to providing real-world solutions to issues of sustainability.

US Global Development Laboratory

The United States (US) Agency for International Development announced the creation of the [US Global Development Lab](#) in April 2014. The Lab and its 32 inaugural [Cornerstone Partners](#) intends to discover, test, and scale breakthrough development innovations to solve development challenges faster and cheaper in support of US foreign policy and development goals and to accelerate the transformation of USAID as the world's premier development agency. The Lab will support breakthrough technology solutions in water, health, food security and nutrition, energy, education, and climate change, reaching 200 million people over the next five years.

Developments in funding programmes

€47m funding for Science Foundation Ireland's Investigator Programme

The Irish Government has announced funding of €47 million for the Science Foundation Ireland's [Investigator Programme](#). Funding will support 200 researcher positions working on 36 research projects involving over 62 companies. The objectives of the Investigator Programme are to address crucial research questions, expand educational and career opportunities in Ireland in science and engineering, and prepare the research community to lead and win in Horizon 2020 and other funding programmes.

Driving Business Innovation - Technology Challenges stage

[Driving Business Innovation](#) is a \$16 million grants program, being implemented by the Victorian Department of State Development. The program supports Victorian small to medium enterprises (SMEs) to develop new products and services for government customers. It provides SMEs with access to capital (grants funding), customers (government agencies) and collaborators (SME partners). Under the program, Victorian SMEs with new ideas partner with Victorian Government agencies to co-develop a new technology product or service over a staged development process.

Applications from eligible Victorian Government agencies for Round 2 Technology Challenges closed on 11 June 2014. At the Technology Challenge stage, Victorian government agencies identify a particular challenge to the delivery of their products or services. Selected Technology Challenges are then released to the market through a Call for Proposal inviting eligible SMEs to propose new technology solutions to the government challenges.

Assessment of innovation performance

UK: Nesta survey into public opinions on innovation

[Innovation Population – The UK's Views on Innovation](#) is a new report, published by Nesta and ComRes, which looks at how innovation is perceived by the British public.

The report, released in April 2014, is based on the results of an online survey of over 6000 UK adults, as well as face-to-face focus groups with over 100 people in six locations across the United Kingdom (UK).

Findings from the report show that the British public can be divided into five distinct innovation attitudes:

- Innovation Futurists: This group are engaged in the innovation debate and see the benefits of change in all aspects of life.
- Innovation Romantics: This group view new gadgets and technology as exciting and interesting but tend not to engage with innovation in the long term.
- Innovation Creatives: Are typically younger than average, and display high levels of creativity and have a social perspective on life.
- Innovation Realists: Appreciate innovation but aren't excited about it, per se, placing greater importance on ethics and rights than new ideas.
- Innovation Sceptics: Are concerned about the pace of change in society. They are cautious and practical, placing low value on new ideas until they are confident they have real-world benefits.

Report findings also reveal that the vast majority of the British public are positive about innovation, but only a third (Futurists and Romantics) see it as intrinsically valuable.

To coincide with the release of the report, Nesta has developed an [online test](#) for the general public, that can be used to determine which category of innovator a particular person falls into.

In the coming months, Nesta will publish further analysis from the study - taking an in depth look into the public's attitudes to innovation, including public perceptions of the UK's place globally. Nesta will also be talking to politicians and policymakers about what the findings mean for communicating the value of innovation to a general audience.

EC: The evolution of service innovation research

The number of service innovation articles has increased dramatically in the past 25 years. The European Commission has published the [findings of a review](#) of 128 articles published between 1986 and 2010, primarily in leading marketing and innovation journals, this study analyses the progression of

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service innovation research according to topicality and perspective examined.

OECD: Review of innovation policy in Netherlands

The Netherlands is gradually emerging from a double-dip recession with strengthened public finances and reforms on track to improve the labour and housing markets and the health care and pension systems. According to the OECD, these reforms are paying off with growth expected to reach 1 per cent this year and 1.3 per cent in 2015. However, important challenges remain, which are outlined in three new reports:

- [OECD Economic Survey of the Netherlands](#)
- [OECD Review of Innovation Policy in the Netherlands](#)
- [OECD Territorial Review of the Netherlands](#)

OECD: Review of innovation policy in Colombia

This [Review](#) notes that innovation will be essential to making Colombia's economic and social development more sustainable. Strengthening the innovation capabilities of Colombian enterprises is critical for benefitting from opportunities offered by an increasing integration in the global economy.

Events & conferences

Developments in the Public Sector Innovation Network (PSIN)

The PSIN is successfully developing co-ordination groups outside of Canberra. To date, Adelaide and Melbourne groups have met, Sydney, Brisbane and Perth groups are under discussion. PSIN members are encouraged to register their interest in joining a chapter by updating their details [here](#).

Innovation Month

[Innovation Month](#), a celebration of public sector innovation, will run this year from 7 July to 1 August under the theme Empower, Collaborate, Transform. Numerous ideas are on the drawing board, below are the confirmed events thus far:

8 July - Innovation Summit 2014: Pattern Breaking and beyond...

The Pattern Breaking and beyond summit will be an interactive, informative and inspirational event allowing you to walk away with practical tools on how to nurture new ideas, whether they are simple or more sophisticated, within your organisation. Time: 9:00am – 5:30pm (AEST); Event: Open; Cost: \$48; Location: Scarborough House, Atlantic Street, Woden, Canberra; Registration: Required. [Click here to Register](#)

11-13 July - GovHack

GovHack is the open data competition that runs across the country simultaneously. GovHack seeks to draw participation from anyone in the community that has an interest in unlocking the potential of data, innovation and entrepreneurship. Time: 3pm 11 July – 6pm 13 July (AEST); Event: Open; Cost: Free; Location: National Registration: Required. [Click here to Register](#)

22 July - Idea management systems: the devil's in the details

Featuring expert input from public servants with experience in developing and maintaining systems from various agencies. This interactive workshop will explore developing idea management systems and some of the challenges an organisation can face in implementing the popular innovation tool. Time: 2-4pm (AEST); Event: For public sector employees only; Cost: Free; Location: Department of Education 50 Marcus Clarke Street, Canberra; Registration: Required. [Click here to Register](#)

30 July - Cross-agency collaboration – what's the magic ingredient?

Collaboration is a key component of effective innovation. This workshop will look at what makes for successful inter-agency collaboration. To be jointly run

with the Department of Education. Time: 9.30am-12pm (AEST); Event: For public sector employees only; Cost: Free; Location: Department of Education, Ground floor room 24, 50 Marcus Clarke Street, Canberra; Registration: Required. [Click here to Register](#)

30 July - Transforming Public Consultation in the UK using Electronic Channels

Consultation with the public is core to government function and a critical part of service delivery and change; frequently these consultations are paper-based, labour intensive, and only elicit response from a particular demographic. In this interactive webinar:

- The Local Government Boundary Commission for England has transformed their consultation portal to broaden their consultee base; and
- Registers of Scotland is crowd-sourcing data from interested stakeholders via an innovative portal to perform their regulatory function.

Time: 1pm-1.45pm (AEST); Event: Open; Cost: Free; Location: Online
Registration: Required. [Click here to Register](#)

Other events currently in planning are:

19 July - GovCampAU

The long-running 'unconference' event GovCampAU is under development. The GovCamp format will feature participatory sessions and social knowledge sharing on a range of innovation themes. With venues so far confirmed in Canberra, Sydney and Melbourne. Booking details TBC.

1 August - i4p2: Innovation for Public Purpose: A National Conversation

Hosted at the University of Canberra's INSPIRE Centre, this national one-day conference will take a point-in-time snapshot of public sector innovation, open social co-innovation and co-design through exploring:

- What's working around Australia and elsewhere;
- Emerging practice, and recognised best practice;
- Evidence, measures, anecdotes; and
- Diverse perspectives of thought leaders, practitioners, researchers, innovators and commentators.

Booking details TBC.

The Uncomfortable Ideas for the Public Service speaker series:

Running throughout the month over the second, third and final Thursdays of July, topics will be: *Failure, the dirty word we can all learn from?* (17 July);

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Leadership or Leadersunk – are new models of leadership needed for innovation in the public service? (24 July); and Can you be a public servant without being innovative? (31 July).

TACSI Tour (Sydney, Melbourne, Adelaide, Canberra)

The Australian Centre for Social Innovation (TACSI) will be running a tour in Sydney, Melbourne, Adelaide and Canberra. Details and dates TBC.

Discussion: Is Australia ready for the public service to be truly innovative?

Currently an evening event in Canberra, details and dates TBC.

Annual Innovation and Technology Transfer Awards ceremony

The United States [National Renewable Energy Laboratory's \(NREL\)](#) recently held the annual Innovation and Technology Transfer Awards ceremony, recognising recent innovations. This event also celebrated NREL's commercialisation and partnering successes, recognising its researchers and engineers, including three who were honoured in a new Rising Stars Award category. In the 2013 financial year, NREL added 28 new cooperative research and development agreements raising the total of active agreements to 166; 210 new partnerships were also signed boosting NREL's total active partnerships to 652. For every dollar invested in an agreement, NREL claims to attract another US\$6 in total value from all industry contracts.

G20 Global Business Challenge

The inaugural [G20 Global Business Challenge](#), a multidisciplinary graduate business case competition, will be held during 2014 and will culminate with the finals on 3-6 November 2014 in the lead-up to the G20 Leaders Summit. The challenge for the 2014 G20 GBC is to develop an innovative solution to use, recycle and/or manage water to achieve large-scale beneficial impact.

Innovate UK 2014

[Innovate UK 2014](#) will be held from 4-5 November 2014. The event, jointly hosted event by the United Kingdom (UK) Technology Strategy Board and UK Trade and Investment Department allows participants to:

- connect with other businesses;
- showcase innovations and share latest thinking with the business community;
- develop ideas and explore collaborative opportunities across global markets; and

- network with UK and international business, government and academia.

Key Enabling Technologies Summit: KETs & European Industrial Renaissance

The [Key Enabling Technologies \(KET\) Summit](#), involving European and local entrepreneurs as well as Research Organisations, was held on 19 May 2014. The Summit focused on future challenges for the reindustrialisation of Europe by using the most innovative and strategic technologies. KETs comprise micro- and nanoelectronics, advanced materials, industrial biotechnology, photonics, nanotechnology and advanced manufacturing systems. KETs are one of the priorities in the European Commission's re-industrialization strategy.

South Australia: Meetings and events

South Australia is hosting the next [Commonwealth State and Territory Advisory Council on Innovation](#) meeting on 24 June 2014, and recently hosted the Forum of Australian Chief Scientists on 23 May 2014.

UK: Longitude Prize 2014

The [Longitude Prize 2014](#) has been launched to help solve one of the greatest issues of our time. The challenge, which has been developed and run by Nesta with the support of the Technology Strategy Board, has a £10 million prize fund.

In 1714 the British government threw down the gauntlet to solve the greatest scientific challenge of the century – a practical method for determining a ship's longitude at sea and hence, its location. 300 years on from the original longitude prize, a new prize for a new century has been launched. A [public vote](#) has been launched and the winning challenge will be announced on 25 June. The winning challenge will become Longitude Prize 2014, and the challenge will be open to anyone to solve.

Publications

An international perspective on the New Zealand productivity paradox

A new [paper](#) written by the OECD Economics Department and published by the New Zealand Productivity Commission challenges the way we traditionally think about lifting productivity. This paper looks at the case of New Zealand and shows that the conventional explanations of investment in physical capital and years of schooling don't explain New Zealand's sizable productivity gap. While there are key areas with room for improvement, the paper points to new avenues for increasing productivity, which will have important consequences for policymakers throughout the OECD.

Lessons from a Decade of Innovation Policy, What can we learn from TrendChart and Innovation Union Scoreboard

This 2013 study draws lessons from the comparison of the research and innovation policy mix implemented in the European Union 27 countries plus Norway and Switzerland with their innovation performance. The report is now available from [Technopolis-group](#).

Microsoft: Joined up Innovation

A new discussion paper [Joined-up Innovation](#) released by Microsoft introduces Microsoft's Joined-Up Innovation approach, which has been created in conjunction with a number of the Australia's leading innovators and innovation experts.

OECD: Making Innovation Policy Work

OECD released [Making Innovation Policy Work: learning from experimentation](#) in April 2014. This book explores emerging topics in innovation policy for more inclusive and sustainable growth and develops the notion of experimental innovation policy – which integrates monitoring and feedback at the policy design stage, and occurs continuously to improve impact and implementation.

Productivity and Innovation

According to a recent report, [Adapt to Win: How Australian oil and gas companies improve productivity in challenging times](#), innovation is a key driver for productivity. The report from EY and the UQ Business School finds, based on data collected from over 100 firms, that the three main factors for improving productivity are: innovation, competitive capabilities and collaboration. One of the key findings was that innovators in the industry do not cite external factors as barriers to their business success. They “are

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impacted by constraints (e.g. red tape) but not to the extent that the constraints are seen as impediments to success.” This effect was even greater for novel innovators. “Novel innovators are those firms who have implemented solutions that are entirely new to the industry. When they were asked to cite barriers to their success, constraints were rarely mentioned at all.” To sustain productivity the report suggests that firms in the industry should:

- measure and report on productivity;
- define a productivity strategy, centred on innovation;
- improve adaptive capabilities;
- match their contract strategy with changing project risk profiles and environments; and
- collaborate with more and different organisations.

StartupAUS: Crossroads

[StartupAUS](#), a group representing the tech community and working to accelerate the growth of Australian startups has released [Crossroads: An action plan to develop a vibrant tech startup ecosystem in Australia](#)
[Crossroads Action Plan for Australian Tech](#).