



**Australian Government**  
**Department of Industry and Science**

# **Innovation Policy Report**

March 2015

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# Strategic policy initiatives

## Australia

### Establishment of the Digital Transformation Office

The Commonwealth Government [will establish a Digital Transformation Office](#) (DTO) within the Department of Communications so that government services can be delivered digitally from start to finish and better serve the needs of citizens and businesses.

The DTO will comprise a small team of developers, designers, researchers and content specialists working across government to develop and coordinate the delivery of digital services. The DTO will operate more like a start-up than a traditional government agency, focussing on end-user needs in developing digital services.

The DTO will also work closely with State and Territory Governments to identify opportunities for collaboration, including ways to make better use of myGov.

### R&D expenditure claims threshold

On 12 February 2015, Parliament approved the *Tax Laws Amendment (Research and Development) Bill 2013*, which will introduce a reduced tax offset rate for research and development (R&D) expenditure claims above \$100 million under the R&D Tax Incentive.

The legislation introduces a \$100 million threshold on R&D expenditure claims under the programme. For any expenditure amounts above \$100 million, companies will still be able to claim a tax offset at the company tax rate. The threshold will apply to income years starting on or after 1 July 2014.

The amendments to introduce a threshold on R&D expenditure claims were moved by the Palmer United Party in the Senate and supported by the Government, replacing the better targeting measure originally proposed in the bill.

Prior to this threshold, there has been no limit to the benefit that eligible companies could receive through the R&D Tax Incentive.

No companies are excluded from accessing the R&D Tax Incentive under this measure, which is expected to affect fewer than 25 groups of companies.

## **Pacific Regional Workshop**

Australia has over 25 years' experience successfully managing domestic energy efficiency policy and programs and has a wealth of experience to share with its neighbours.

Pacific Island Countries and Territories (PICTs) face challenges of energy security, economic growth with emissions reductions, and in building domestic knowledge and capacity in the sector. This capacity building process is critical to the success of energy efficiency policy implementation in the Pacific region.

The department, in partnership with the Secretariat of Pacific Community (SPC), is delivering two programmes funded by the Department of Foreign Affairs and Trade. These are, the Pacific Appliance Labelling and Standards Program and the United Nations Environmental Program enlighten Pacific Regional Lighting Strategy. Both programmes assist with capacity building in partnering nations and with the development and implementation of energy efficiency policy for equipment including refrigerators and air-conditioners and with the phase-out of inefficient lighting.

Between the 23<sup>rd</sup> and 27<sup>th</sup> February 2015, the department held workshops in Canberra attended by participants from thirteen Pacific Island Countries. The workshops strengthened links between officials in the department and their counterparts in the Pacific, and to share knowledge about energy efficiency programmes.

## **Australian Research Council (ARC)— National Health and Medical Research Council (NHMRC) and ARC Dementia Research Development Fellowships Scheme**

On the 8 January 2015, Minister for Education and Training, the Hon Christopher Pyne announced the opening of a new fellowship scheme to support research into dementia. The Dementia Research Development Fellowships Scheme – a joint fellowship – will be funded by the two peak bodies—NHMRC and the ARC—as part of the government's \$200 million Boosting Dementia Research budget initiative.

This joint scheme is inviting applications from postdoctoral researchers across a wide range of science, health and medical fields under a priority framework for dementia research based on national and international strategies.

The scheme aims to support the best emerging dementia researchers and attract scientists into dementia research from other fields, such as neurobiology, immunology, chemistry, bioengineering, information and communications technology, genomics, epidemiology and cell and vascular biology.

Applications closed on 11 March 2015.

Further details can be found at [NHMRC-ARC Dementia Research Development Fellowships Scheme](#).

## **International**

### **UAE: Year of Innovation, Chief Executive Officers of Innovation, and including innovation in education**

As part of its 'Year of Innovation', the UAE [has announced](#) the creation of a new position – Chief Executive Officer of Innovation – for every one of their government departments. Deputy PM and Minister of Presidential Affairs Sheikh Mansour bin Zayed Al Nahyan revealed at a Government Summit in February that “We are introducing a new job post, Chief Executive Officer of Innovation, that will be set up in every government agency this year... We have signed an agreement with Cambridge to train 60 Innovation CEOs. Our goal is for everyone to work with the spirit of innovation.”

UAE's innovation strategy aims to make the country the most innovative nation in the world by 2021.

Sheikh Mansour also announced that the UAE is launching seven new educational initiatives in schools and universities, with the aim of promoting innovation, including:

- the launch of robot labs
- developing a curriculum that promotes innovation
- making innovation part of school's evaluations
- starting an annual national innovation exhibition
- creating innovation incubators in schools
- discovering future innovators from the age of five to seven, and
- establishing extensive training summer camps for innovative youth.

### **UK: Funding for digital solutions to financial sector challenges**

Innovate UK is [running a competition](#) looking to fund digital ideas with commercial potential that address 5 challenges in the financial sector:

- personal financial management - partnering with Money Advice Service and Experian
- cyber security - partnering with the Department for Business, Innovation and Skills

- consumer financial literacy - partnering with Lloyds Banking Group
- hyper-local transactions - partnering with American Express
- compliance and regulation - partnering with Accenture.

Successful applicants will get funding (up to £35,000) and the chance to work with financial sector partners to trial their proposed solutions - and support and advice on how to get their innovations to market quicker.

## **UK: Digital economy and improving user experience**

Innovate UK is [running a competition](#) as it looks to invest up to £2 million to support feasibility studies looking at innovative ways to improve the user experience in the digital economy. The competition is open to small and medium-sized enterprises singly or in collaboration. Proposals must be led by a business. Small businesses could receive up to 70% of their eligible project costs, medium-sized businesses 60%. Projects are expected to last between 6 to 12 months and total project costs to range in size from £90,000 to £120,000.

## **US-UK: Digital Government Partnership**

The US and UK Governments [recently committed](#) to strengthening and expanding the ongoing digital partnership between the two countries. The next stage of the partnership will focus on three core efforts:

“First, transforming how government delivers digital services to better meet the needs of citizens.

Second, continuing to lead on global open government efforts through the Open Government Partnership, which enhances government transparency and public access to government data.

And finally, increasing our nation’s technological capabilities by training the next generation of digital experts and expanding the reach of high quality Internet access.”

## **US: Energy Department announces new Office of Technology Transitions**

The US Energy Department has [announced the launch of an Office of Technology Transitions](#) (OTT) to help expand the commercial impact of the Department of Energy’s (DOE) research. The office will work closely with the national laboratories and engage with industry to commercialize technology and strengthen the global competitiveness of U.S. industries based on scientific and technological innovations.

The Office will serve as a DOE-wide functional unit that coordinates the commercial development of DOE’s research outputs and will be responsible for the statutorily-

created Energy Technology Commercialization Fund (TCF), a nearly \$20 million fund that will leverage the R&D funding in the applied energy programs to pursue high impact commercialization activities.

### **Wales: £2.5m to solve public sector challenges**

Six competitions launched through the [Welsh Small Business Research Initiative](#) (SBRI) Innovation Catalyst Programme are introducing new opportunities for the business community to engage with the Welsh public sector and promote innovative solutions to challenges identified within the energy, transport and other public service areas.

Now in its second year, businesses are being invited to competitively bid for R&D funding available via the SBRI scheme, to help catalyse new technology development that will lead to the procurement of innovative solutions.

# Assessment of Innovation Performance

## 2012-13 National Survey of Research Commercialisation (NSRC)

The results of the 2012-13 [NSRC](#) are now available online. This includes:

- 2012-13 Unit record data
- Table 1: Summary of selected metrics by institution 2011-2013
- Table 2: Summary of NSRC metrics, 2000-13
- Table 3: International comparison data
- Table 4: CRC commercialisation metrics 2005-2013
- 2012-13 NSRC Data card
- Methodology

Some notable aspects of the data shows that Australia remains behind the US, Canada and the UK in terms of key commercialisation indicators.

- In 2013, Australian invention disclosures has averaged at 26 over the period which are below the averages for the US, the UK and Canada (40, 47 and 39)
- In 2012, Australian patents and plant breeder rights were lower than the US, the UK and Canada (1.8 compared to 8.1, 10 and 4).
- In 2012 the number of start-up companies formed per \$US100m research expenditure in Australia was 0.4 again lower that the US, the UK and Canada (1.1, 1.6 and 1.3)

Over 2011-2013, the data shows:

- Upward trends regarding Australia's number of patents and plant breeder rights issued and filed (7% and 11%) but the stock of patents and plant breeder rights decreased (5%)
- The number of active Licensing, Options and Assignments (LOAs) and adjusted income from LOAs has decreased (-14% and -7%) but number of income producing LOAs has increased (20%)
- Capital raising decreased significantly (-43%) but number of start-up companies formed increased (53%).

## Events and Conferences

### Innovation Month 2015 – Dream, Dare, Do

[Innovation Month 2015 \(Dream, Dare, Do\)](#) will run from 3 July to 31 July. Innovation Month is a nation-wide series of events and activities relating to public sector innovation. Events are run by public sector agencies and partners. Those interested in participating in Innovation Month 2015 can take a look at the [website](#) to see how to get involved.

### Innovation Generation

[Innovation Generation\(IG\) 2015](#) will be held in Canberra from 5 to 7 July.

IG is GrainGrowers' flagship event, established in 2006 IG has become the leading annual gathering for under 35s working in this industry. This event has gained widespread recognition among its target audience and industry leaders and continues to provide access to the latest products, research and technology while giving attendees the opportunity to learn about new efficiency and productivity developments.

IG benefits the Australian grains industry by providing young growers, and agribusiness professionals, who are establishing themselves in their farming businesses with an affordable opportunity to participate in a conference that focuses on key industry issues relevant to their generation. The conference also supports young farmers with valuable networking opportunities

### Atlanta Conference On Science and Innovation Policy

The [Atlanta Conference on Science and Innovation Policy](#) provides a showcase for the highest quality scholarship addressing the multidimensional challenges and interrelated characteristics of science and innovation policy and processes. The sixth Biennial Atlanta Conference on Science and Innovation Policy will be held from 17 to 19 September 2015, in the Georgia Institute of Technology Global Learning Center.

The Conference attracts over 300 researchers from more than 35 countries and includes series of plenary talks, and parallel paper sessions to discuss on-going research

## Publications

### **Capturing Innovation: Showcasing Innovation in the Northern Territory**

[Capturing Innovation](#) is aimed at showcasing, growing and supporting innovation within the Northern Territory's businesses and industries, through a series of three innovation showcase videos.

The Northern Territory is a unique place to live and do business, and Capturing Innovation will work to develop a community through the delivery of a rich and interactive resource for local businesses that feature real life examples, and access to a network of like-minded innovators.

Capturing Innovation of a local business, [Captivate](#), and the videos were produced with the support of the Northern Territory Department of Business.

### **Is Regulation to Blame for the Decline in American Dynamism?**

Economists Nathan Goldschlag and Alex Tabarrok have [written a paper](#) looking at the seeming decline of US industrial dynamism and what role, if any, federal regulation might have had.

“Mounting evidence suggests that economic dynamism and entrepreneurial activity are declining in the United States. Over the past thirty years, the annual number of new business startups and the pace of job reallocation have declined significantly. A variety of causes for these trends have been suggested, including an increasing ability of firms to respond to idiosyncratic shocks, technology induced changes in the costs of hiring and training, and increasing regulation. This research combines data from the Statistics of U.S. Businesses, which contains measures of the decline in economic dynamism, with RegData, a novel dataset leveraging the textual content of the Code of Federal Regulations. RegData contains annual industry level measures of the stringency of regulation. By combining these data, we are able to estimate the extent to which changes in the level of federal regulation can explain decreasing entrepreneurial activity and dynamism. We find that Federal regulation has had little to no effect on declining dynamism.”

### **Inequality and innovation: the end of another trickle down theory?**

Geoff Mulgan, Chief Executive of Nesta, has [written about the relationship between innovation and inequality](#).

“The links between inequality and innovation aren't straightforward. The evidence just doesn't support the two most common claims: on the one hand the claim that inequality is necessary for societies to innovate; uneven rewards motivate people to

take risks, create and invent, and on the other hand the claim that innovation depends on tapping the talents of everyone.”

### **Nesta: Startup support programmes: What's the difference?**

[This report](#) explains how different types of support programme fulfil different roles within startup ecosystems. It differentiates programmes in terms of how they make money, and when they intervene in the startup journey.

### **OECD Research and Development Expenditure in Industry 2014**

The OECD has released the 2014 edition of [OECD Research and Development Expenditure in Industry](#), which provides statistical data on R&D expenditure broken down by industrial and service sectors. Data are presented in current and constant USD PPP values. Coverage is provided for 28 OECD countries and four non-member economies.

### **OECD Reviews of Innovation Policy – France**

[This report](#) compares the performance of the French innovation systems with that of other countries and presents the conclusions of interviews with 30 key actors in the French research and innovation system.