
National Innovation System Review
Green Paper Report – “Venturous Australia”

ISSUE

Release of the Cutler Report on the National Innovation System Review – “*Venturous Australia*”.

BACKGROUND

The Review of the National Innovation System, Chaired by Dr Terry Cutler, was commissioned by Senator Kim Carr, Minister for Innovation, Industry, Science and Research earlier this year. UNSW made a detailed submission to the review in April 2008. The Government is expected to respond to the recommendations made in this “Green Paper” with a “White Paper” before the end of the year.

COMMENTS

Full details of the Report, including the media releases, can be found at:

<http://www.innovation.gov.au/innovationreview/Pages/home.aspx>.

- This is a very broad Report with some 230 pages, and 72 recommendations, covering all aspects of the innovation system. The Government will now consider the Report.
- It is not clear how many of the recommendations will be picked up by the Minister when he releases his formal response via a “White Paper”.
- It will be difficult for the Government to pick up all of the recommendations in a short period of time. Many of the recommendation have significant budgetary/resource implications and it is not clear which recommendations will be approved by the Expenditure Review Committee.
- The Go8 have come out in strong support of the recommendations made in the Green Paper.
- While the devil is in the detail, and the Government is yet to formally accept the recommendations, one thing that is clear: the recommendations related to the ERA (if accepted) will ensure that the ERA will become a critically important driver for the distribution of what is now known as the RTS and IGS.
- Many of the recommendations are very carefully constructed. Some of the recommendations appear to be deliberately vague.

There are 14 key recommendations relating to research and research training that are contained in Chapter 6 (“*Building excellence in research*”) of the Green Paper (pp 63). These are:

Recommendation 6.1 Adopt the principle of fully funding the costs of university research activities and implement through adjustments in funding block grant funding and competitive grant schemes, without compromising grant success rates.

Recommendation 6.2 Base the distribution of research block funding to universities on success in winning national competitive grants and on evidence of excellence in research, such as the research quality rankings to be produced by the Excellence in Research for Australia initiative.

- Recommendation 6.3** Develop a strategy to support the strengthening of publicly funded research agencies (PFRAs) within the National Innovation System over time, including urgent restoration of funding levels.
- Recommendation 6.4** In the short term, increase funding both for the PFRAs and the university research system to at least match the proportion of GDP that was allocated to them in the mid 1990s. In the longer term the goal should be to match investment levels of leading OECD economies.
- Recommendation 6.5** To build concentrations of excellence, encourage collaboration and achieve better dissemination of knowledge, introduce additional funding support for university and other research institutions to partner with each other and with other research organisations (national and international). Discussions about additional levels of support should occur during the projected round of compact negotiations.
- Recommendation 6.6** The implementation of new incentives around national challenges, including water, carbon emission reduction and related climate change and environmental initiatives needs to avoid further fragmentation or responsibilities and encourage consolidation.
- Recommendation 6.7** Australia should enhance its capacity to engage internationally by opening up current innovation granting programs to international partners and participants.
- Recommendation 6.8** The NHMRC should be resourced to deliver incentives designed to rationalise and consolidate Australia's health and medical research sector, including universities and independent medical research institutes, to achieve efficiency and effectiveness of the sector.
- Recommendation 6.9** Funds currently distributed under the Research Training Scheme and Australian Postgraduate Awards (APA) schemes should be allocated to institutions on the basis of demonstrated excellence in research based on the research quality rankings that will be produced by the Excellence in Research for Australia initiative.
- Recommendation 6.10** The research quality rankings for the Excellence in Research for Australia initiative should be made publically available to promote matching of the best research groups with the best doctoral students.
- Recommendation 6.11** The APA annual student stipend should be raised to at least match the current APA(I) stipend of around \$25,000 — and then indexed by average earnings; at the same time, the length of support provided under an APA should be increased to 4 years.
- Recommendation 6.12** Early career research fellowship schemes that incorporate up to two years of supported research experience in another country should be introduced.

- Recommendation 6.13** Establish a National Research Infrastructure Committee to advise on strategic directions in funding of national research infrastructure including landmark infrastructure.
- Recommendation 6.14** To ensure a sustainable research infrastructure strategy into the future, extend funding for a successor program to the National Collaborative Research Infrastructure Scheme (NCRIS) for 10 years including capital and operational support of \$150 to \$200 million per annum. The remit of such funding should explicitly include support for the humanities, social sciences and creative arts as well as the sciences.

Additional recommendations relating to research, research training and commercialisation in other chapters include:

Chapter 7 – “Information and Market Design” pp81

- Recommendation 7.2** Patent law should be reviewed to ensure that the inventive steps required for patents are considerable, and that the resulting patents are well defined, so as to minimise litigation and maximise the scope for subsequent innovators.
- Recommendation 7.3** Professional practitioners and beneficiaries of the IP system should be closely involved in IP Policy making. However IP policy is economic policy. It should make the same transition as competition policy did in the 1980’s and 90’s to being managed as such.
- Recommendation 7.4** Firms asserting or defending intellectual property should have a right to opt out of ‘appellate double jeopardy’.
- Recommendation 7.9** Funding models and institutional mandates should recognise the research and innovation contributions of cultural agencies and institutions responsible for information repositories, physical collections or creative content and fund them accordingly.
- Recommendations 7.10** A specific strategy for ensuring the scientific knowledge produced in Australia is placed in machine searchable repositories be developed and implemented using public funding agencies and universities as drivers.
- Recommendation 7.12** Funding agencies should consider eligibility for cultural and collecting agencies in gaining access to contestable research funding programs.
- Recommendation 7.14** To the maximum extent practicable, information, research and content funded by Australian Governments – including national collections – should be made freely available over the internet as part of the global public commons. This should be done whilst the Australian Government encourages other countries to reciprocate by making their own contributions to the global digital public commons.

Chapter 9 – “Market Facing Programs” pp111.

Recommendation 9.1 A pilot linkage voucher scheme be introduced to assist innovative firms, with limited access to capital, in the high risk, proof-of-concept and development stages. This program would be targeted at projects addressing identified national priorities for innovation. Successful firms would be required to repay grants from the royalties or earning streams accruing from the commercial success. The program would seek to assist 200 innovative firms annually at a cost of \$150 million per year.

Recommendation 9.4 The recommendations in the Review of the CRC Program Collaborating to a Purpose should be acted upon immediately though Government should weigh carefully responses to the CRC Review drawing attention to serious anomalies arising from the recommendation encouraging cash and in-kind contributions from research providers.

Recommendation 9.5 A pilot linkage voucher scheme be introduced via the existing Enterprise Connect and COMET Program to improve innovation linkages between small and medium sized enterprises and the research community. Each voucher would be worth up to \$15,000 and would be used to fund collaboration between the small firms and public sector research organisations. The program would link 5000 firms per year with public research agencies at a cost of %50-\$75 million per year.

Chapter 11 – “National Priorities for Innovation” pp141.

Recommendation 11.1 National Innovation Priorities, as set out in this Review, be a focus of innovation policy and activities and the National Innovation Council be charged with ongoing evaluation of the alignment of public innovation policy with National Research and Innovation Priorities.

Chapter 12 – “Governance of the Innovation System” pp149

Recommendation 12.13 A National Centre for Innovation Research should be established to advance knowledge of the innovation system through high quality, independent research which is strongly relevant to policy and practice.

RECOMMENDATION

There is a small window of opportunity to provide feedback on the Green Paper. **Any comments should be sent to Bronwyn Greene (B.greene@unsw.edu.au) by Friday 19 September 2008** for inclusion in a single UNSW response.

**Professor Les Field
Deputy Vice-Chancellor (Research)**