



Appendix E—Summary of Government Innovation/Commercialisation Programs

| Program | Description | Financial Summary ¹ \$m | | | | |
|--|--|------------------------------------|-------------|-------------|-------------|-------------|
| | | 2001 -02 | 2002 -03 | 2003 -04 | 2004 -05 | 2005 -06 |
| R&D Start (DITR) <i>Started: 1996</i> <i>Completed: 2004</i> | <p>R&D Start Grants and Loans were a competitive, merit based grants and loans allocation program that supported businesses to undertake R&D and commercialisation.</p> <p>R&D Start was an AusIndustry grant for research and development projects for companies with less than \$50 million annual turnover. The grants ranged from amounts of \$250,000 to \$5 million and were provided on a 50/50 basis of up to 50 per cent of eligible project costs. To be eligible to receive the grant, that Project must have involved R&D and/or product development with degree of technical excellence and risk. It must have clearly identified commercial potential, managed outcomes and require R&D Start support.</p> <p>In total, R&D Start provided funding of \$1.01 billion to 1134 companies since its establishment in 1996. Commercial Ready replaced R&D Start.</p> <p>The five year total expenditure for 2001-02 to 2005-06 is \$534.9 million.</p> | - | 41.9 | 117.6 | 174.7 | 200.7 |

1 The financial data for each program is provided in *The Australian Government's innovation report 2004-2005: Real results, real jobs*, unless otherwise indicated.

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| Biotechnology Innovation Fund (DITR) <i>Started: 2001</i> <i>Completed: 2004</i> | <p>The Biotechnology Innovation Fund (BIF) was a merit-based competitive grants program, which aimed to increase the rate of commercialisation of biotechnology research developed in Australia. It provided financial assistance to companies to demonstrate proof of concept between the initial research stage of a biotechnology project and the early stage of its commercialisation.</p> <p>BIF funded up to \$250 000, or 50 per cent of the project's expenditure. The company or proposed company applying must have had access to the intellectual property concerned. The company must have been able to demonstrate that it could fund its share of the project.</p> <p>Since the launch of the Biotechnology Innovation Fund, 160 projects received grants totalling \$47.7 million.</p> | 5.0 | 5.0 | 10.0 | - | - |
| Commercial Ready Program (DITR) <i>Started: 2004</i> | <p>The Commercial Ready Program (CRP) was established to encourage the growth of innovative Australian companies in emerging and high-technology industries. More than 1 700 SMEs will be supported to undertake R&D, proof of concept, technology diffusion and early stage commercialisation. The program aims to stimulate greater innovation and productivity growth in the private sector by providing around \$200 million per year in competitive grants between 2004-05 and 2010-11.</p> <p>Participants are required to demonstrate: capacity to complete the research and/or commercialisation activity through a detailed business plan; the commercial potential of the project, capacity for product development and a strategy to fund commercialisation through a commercialisation plan; and a commitment to match the Government's funding.</p> | - | - | - | 5.5 | 16.7 |

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| <p>COMET (DITR)</p> <p><i>Started: 1999</i></p> | <p>The Commercialising Emerging Technologies (COMET) Program is a grants program that supports businesses and individuals increase the commercialisation of innovative products, processes and services.</p> <p>COMET assistance can be given to early rowth stage companies in the beginning stages of commercialising and innovation, spin-off companies or to individuals. COMET engages private sector managers and Business Advisors across Australia to give advice to applicants and provide them with expertise. Businesses must have a turnover over the last two years with a total less than \$8 million with not more than \$5 in a single year. Successful applicants are required to work with a Business Adviser and COMET assistance is available for up to two years under the following two assistance streams, the Tailored Assistance for Commercialisation (TAC) stream and the Management Skills Development (MSD) stream.</p> <p>COMET has been extended until June 2011 with a further \$100 million in funding. In its first five years, COMET raised around \$275 million in capital and established over 500 alliances, license and other agreements.</p> | 10.0 | 10.0 | 10.0 | 10.0 | - |
| <p>Cooperative Research Centres (CRC) Program (DEST)</p> <p><i>Started: 1990</i></p> | <p>The Cooperative Research Centres (CRC) Program was established in 1990 to improve the effectiveness of Australia's R&D efforts. It links researchers with industry to focus R&D efforts on progress towards utilisation and commercialisation. The Minister for Education, Science and Training has overall responsibility for the CRC program and appoints a committee to advise on the selection and evaluation of Centres and on the conditions to apply to the provision of</p> | - | - | 55.0 | 57.0 | 64.0 |

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| | | 2001 -02 | 2002 -03 | 2003 -04 | 2004 -05 | 2005 -06 |
| | <p>funds under the Program.</p> <p>Successful CRC applicants are required to enter into a formal agreement with the Australian Government. The Australian Government requires CRC's to produce annual reports and a Management Data Questionnaire on its activities every year. Each CRC is also required to develop and implement a Commercialisation Plan.</p> | | | | | |
| <p>Pre-Seed Fund (DITR)</p> <p><i>Started: 2001</i></p> | <p>The Pre-Seed Fund program assists the commercialisation of research and development undertaken by universities and public sector research agencies.</p> <p>The Pre-Seed Fund program established four early-stage venture capital funds to invest in projects or companies emerging from universities or government agencies. These funds are managed by venture capitalists experienced in research commercialisation and the development of sustainable businesses. The fund managers acquire an equity interest in the companies or projects, and provide management and technical advice to develop the commercial potential of the technology. The maximum investment in any project or company is \$1 million. A project must also be undertaken in Australia and not have generated any sales revenue. They may alternatively be using intellectual property that is at least 50 per cent owned by a university, a public sector research agency or a qualifying researcher. Companies must be incorporated and operate substantially in Australia and have not generated any sales revenue.</p> <p>While there is no new funding for the program, \$27.8 million will be expanded to cover 2006–07 to 2010–11.</p> | 3.7 | 12.6 | 12.6 | 12.6 | 9.6 |
| <p>ICT Incubators Program (ICTIP)</p> | <p>The ICT incubators provide incubation services, such as seed capital, business advice, and assistance with raising follow-on capital, to start up ICT</p> | - | - | - | 13.0 | 11.0 |

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| <p>(previously Building on IT Strengths (BITS) Incubators</p> <p>(DCITA)</p> <p><i>Started: 2004</i></p> | <p>companies to accelerate their growth. The objective is to support the better-performing incubators previously funded under the BITS Incubator Program.</p> <p>The existing BITS participants were invited to submit proposals to demonstrate their ability to continue to provide incubation services and to achieve financial self reliance for another four years. Participants are required to provide annual reports on their activities.</p> | | | | | |
| <p>ARC National Competitive Grants Programme</p> <p>(DEST/ARC)</p> <p><i>Started: 2001</i></p> | <p>The Australian Research Council's (ARC) National Competitive Grants Program is administered by the ARC to fund the work of promising researchers. Discovery grants target individuals and projects, and Linkage grants broker partnerships between sectors.</p> <p>Reporting requirements for each grant include: progress Reports; final reports; end of year reports; audited financial statements; annual reports; and Industry Partner/Collaborating Organisation Agreed Contribution Report (for Linkage Projects only)</p> | 19.2 | 92.5 | 142.8 | 205.4 | 276.5 |
| <p>CSIRO National Flagships Initiative</p> <p>(CSIRO)</p> <p><i>Started: 2004</i></p> | <p>Flagships are large-scale collaborative partnerships which link CSIRO with organisations across Australia to research areas of national need. Flagships are partnerships of leading Australian scientists, research institutions, commercial companies, CSIRO and selected international groups.</p> <p>They are targeted at six fields of national endeavour - health, water, energy, food, light metals and oceans. Features of the initiative include the Flagship Collaborative Research Programme, the Flagship Visiting Fellowships and the Flagship Student Programme.</p> <p>The Government has awarded additional funding of \$305 million for Flagships over the next seven years. The combination of new</p> | - | - | - | - | 30.0 |

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| | | 2001 -02 | 2002 -03 | 2003 -04 | 2004 -05 | 2005 -06 |
| | Government funding, redirected CSIRO funding and external revenue will take the total investment to close to \$1.5 billion. | | | | | |
| Building on IT Strengths (BITS) Advanced Network (DCITA) <i>Started: 2000</i> | <p>The Advanced Networks Program (ANP) was established in 2000 as part of Building Information Technology Strengths (BITS). The program encourages a collaborative approach to the development of advanced networks and test beds.</p> <p>There is an initial desktop assessment of the applications by DCITA case managers, examination by a specialist technical/network consultant (PricewaterhouseCoopers/Consultel) and assessment by a private sector expert advisory panel. An independent auditor approves the selection process and documentation.</p> <p>The Australian Government is providing \$21 million to extend the ANP until 2006-07. This will bring total Australian Government funding for the program to \$60 million since its commencement in 2000.</p> | - | - | - | - | 8.3 |
| R&D Tax Concession (DITR) <i>Started: 1985</i> | <p>The R&D Tax Concession enables companies incorporated in Australia and registered with the Industry Research and Development Board, to claim a tax deduction for their eligible R&D expenditure.</p> <p>The objective of the R&D Tax Concession is to provide a tax incentive, in the form of a deduction, to make eligible companies more internationally competitive by encouraging and increasing the investment of research and development activities and creating an environment that is conducive to increased commercialisation of new processes and product technologies developed by eligible companies.</p> <p>Companies are required to be incorporated in Australia. In order to claim the concession an applicant must spend over \$20,000 in an income year unless the R&D is contracted to a Registered Research Agency</p> | 6.0 | 4.0 | -3.6 | 20.6 | 32.0 |

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| | (RRA). The R&D Tax Concession includes a 125 per cent deduction for expenditure on R&D and a 175 per cent premium deduction (the R&D Incremental Tax Concession) for additional R&D expenditure above their average over the previous three years. They are also able to apply a R&D Tax Offset (Rebate), which allows eligible small companies (i.e. with group turnover under \$5 million and annual grouped R&D expenditure up to \$1 million) to 'cash out' their R&D tax losses. | | | | | |
| Pooled Development Fund (DITR) <i>Started: 1992</i> | <p>The Pooled Development Fund (PDF) Program is designed to increase the supply of equity capital for growing Australian SMEs. PDFs raise capital from investors and use the capital to invest in Australian companies.</p> <p>Through a range of taxation incentives, the program encourages investment in PDFs which in turn provide a pool of funds which specialist managers invest in companies with total assets of not more than \$50 million, that they expect will provide high returns. The principal concessions provided are concessional income tax treatment of PDFs, and capital gains tax exemption on the sale of PDF shares by investors.</p> <p>In the period from 1992 up to June 2004, PDFs had raised more than \$766 million and invested more than \$635 million in 482 companies. At 18 May 2005 there were 96 registered PDFs.</p> | 5.0 | 6.0 | 6.0 | 6.0 | 6.0 ² |
| Innovation Investment Fund (DITR) | The Innovation Investment Fund (IIF) program is designed to promote the commercialisation of Australian R&D through the injection of venture capital into small, high-technology companies in their | 27.3 | 24.7 | 17.6 | 22.1 | 13.9 ³ |

2 Department of Education, Science and Training. *The Australian Government's 2005-06 science and innovation budget tables*. p. 6

3 Department of Education, Science and Training. *The Australian Government's 2005-06 science and innovation budget tables*. p. 4

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| | | 2001 -02 | 2002 -03 | 2003 -04 | 2004 -05 | 2005 -06 |
| <i>Started: 1997</i> | <p>seed, start-up or early expansion stage. Licensed private sector fund managers administer the pool of investment capital.</p> <p>To be eligible for Innovation Investment Fund support, a company must meet a number of criteria. It must be commercialising the results of R&D activities. The majority of its employees must be inside Australia at the time the licensed fund first invests in the company. Its average annual revenue must have been \$4 million or less over the past two years, with a maximum of \$5 million in either of the two years. The company must be in its seed, start-up or early expansion stage.</p> <p>The Australian Government is investing about \$221 million, which will be matched by the private sector up to a maximum ratio of two to one.</p> | | | | | |
| Export Market Development Grants (Austrade) <i>Started: 1974</i> | <p>The Export Market Development Grants (EMDG) scheme is the principal financial assistance program for aspiring and current exporters. The purpose of the scheme is to encourage Australian SMEs to develop export markets. EMDG reimburses up to 50 per cent of expenses incurred on eligible export promotion activities, less the first \$15 000.</p> <p>The businesses annual income must not be more than \$30 million and they must spend at least \$15 000 on eligible export promotional activities during the financial year before the application period. The business must own the product/service they are promoting. For the first grant they may claim expenses incurred over the last two financial years.</p> <p>In the 2004-05 financial year, \$123.9 million and 3 277 grants were paid to businesses under the EMDG scheme.</p> | 150.4 | 150.4 | 150.4 | 150.4 | 170.4 ⁴ |

4 Foreign Affairs and Trade Portfolio: Portfolio Budget Statements 2001-02 to 2005-06

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| | | 2001 -02 | 2002 -03 | 2003 -04 | 2004 -05 | 2005 -06 |
| Industry Cooperative Innovation Program (DITR) <i>Started: 2005</i> | <p>Industry Cooperative Innovation Program (ICIP) aims to encourage business-to-business cooperation on innovation projects within a sector that enhances the productivity, growth and international competitiveness of Australian industries.</p> <p>The program has two streams that cover different types and sized activities. For both streams, eligible applications ranked as the most competitive may be offered funding of up to 50 per cent of the eligible expenses for the approved project. A consortium with a minimum of three entities must be formed to cooperatively conduct an ICIP project.</p> <p>Stream A supporting projects can include project scoping or innovation mapping activities in an industry sector. Maximum funding of \$150,000 is available and projects must be completed within 18 months.</p> <p>Stream B is for more extensive cooperative projects that aim at progressing strategic innovation and achieving significant benefits for an industry sector. Funding of up to \$3 million is available and projects must be completed within three years.</p> <p>ICIP) is a \$25 million commitment which is funded until 2011.</p> | - | - | - | - | 4.4 ⁵ |

5 Department of Education, Science and Training. *The Australian Government's 2005-06 science and innovation budget tables*. p. 5

