



Supplementary Submission to the Standing Committee on Science and Innovation

Business Commitment to R&D in Australia

As a result of attending a session of the Committee's public hearings, I add the following to my initial submission. A couple of the points below refer to innovation broadly as opposed to R&D alone.

1 If, as Australian Industries Group research suggests, fluctuations in profitability affect the continuity of R&D investments by companies, the government could, without additional cost, introduce a counter cyclical pattern to R&D subsidies.

2 Loans should be considered as a support mechanism.

A committee member asked about the relative merits of government grants and loans to assist business innovation and innovators. As a person leading a research based venture I consider that there is a strong case for loans as opposed to grants. Loans make people more accountable, and they can be tracked over time. In contrast, once grants are used up the funded activities, particularly those that have failed, disappear into the past. At a minimum this option should be explored with those in entrepreneurial roles, before being dismissed.

3 Designing tenders and tender processes to foster innovation

Committee members asked several witnesses the open ended question "What should we do?"

The Commonwealth Government is in a powerful position to foster business innovation by designing tenders and tender processes that are conducive to innovation. This initiative would cost nothing. It would over time, if not immediately, lead to better value from subcontracted and outsourced services and it would foster practices that facilitate innovative thinking and action. Two "best practice" examples that public sector managers can learn from are:

1. The tender process and RFT designed by the Australian National Museum Construction Authority. Their approach led to a major building project that

exceeded all expectations. It is documented in papers written by members of the CRC for Construction Innovation.

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2. The tender process designed and executed by the Energy and Environment Division of the Department of Industry Tourism and Resources, for various stages of its successful Energy Efficiency Best Practice Programs.



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