

Dear Petro

Further to our brief talk this morning, I hope these dot points provide the additional context you required:

- Public funding for university research typically stops at the point when the research question has been answered, or the funding runs out.
- Industry requires proof of the commercial potential of the IP before it will invest.
- This is why initiatives such as the Pre-Seed Fund, run under BAA, have not led to much increase in investment at the proof-of-concept stage of the process. Those in charge of the funds see it as too commercially risky to invest at this early stage.
- Universities are obliged to target their teaching and research funding on these activities – many of which promise more immediate returns on investment and are financially less risky than investment in research commercialisation.
- In Australia there exist a number of funds specifically set up to invest in technologies emerging for publicly funded research organisations (eg, UniSeed, the ANU/MTAA fund, the WestScheme Fund). However, these too tend to invest following proof-of-concept because of the risk factor.
- Overseas there are many examples of schemes whereby governments or other organisations are trying to fill the proof-of-concept funding gap. See the links below for some examples:

<http://www.scottish-enterprise.com/proofofconcept>

<http://www.financesoutheast.co.uk/desktopdefault.aspx?tabId=370>

<http://inc.gnoinc.org/index.cfm?>

[md=pagebuilder&tmp=home&nid=1025&cpid=821&cfmid=0&catid=0](http://inc.gnoinc.org/index.cfm?md=pagebuilder&tmp=home&nid=1025&cpid=821&cfmid=0&catid=0)

<http://www.cu.edu/techtransfer/poc/poc.html>

<http://www.plymouth.ac.uk/pages/view.asp?page=10931>

- In Australia there is one scheme of this type (The Qld Government's teQstart) but this is a very small program (\$3.2 million over four years) and it is only open to applications from Qld firms and institutions.
- The proposal the Go8 has put forward draws on the teQstart and overseas examples – but proposes a national scheme which could be implemented either by the Federal Government running the program directly, or in collaboration with the states.
- You asked for case based examples of how this might work in practice. Unfortunately, I can't give you any specific examples from the Go8 in the short time frame you have provided. Can I direct you, however, to the Scottish Enterprise site (link above) which provides numerous examples of the types of projects for which proof of concept funding as been provided.
- The fund the Go8 has proposed would support around 200 projects of this type a year. It can be expected that many of these would fail to produce commercial outcomes, but international and Australian experience suggests that a few would succeed spectacularly. These successes could be expected to more than make up for cost of the failures in terms of the public and private benefits that would result.

Yours sincerely  
Tim Payne

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