


A photograph of a dirt road winding through a forest. In the foreground, there is a large, irregular puddle of water reflecting the surrounding trees. The road is light brown and appears to be unpaved. The trees are green and dense, creating a natural setting.

Shaping Australia's future through innovation
...a call for your participation

March 2008

**REVIEW OF THE
NATIONAL INNOVATION SYSTEM**

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A photograph of a road winding through a forested area. The road is paved and has white dashed lines. The background is a dense forest of trees, and the sky is overcast. A speech bubble is overlaid on the top right of the image.

GREAT DESTINATION
Pity about no road!

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Australia's innovation challenge

Some drivers for change include:

- the shift from in-house R&D to open innovation markets
- the rise of globally networked operations and 'cyber-infrastructure'
- user-generated & demand-driven innovation
- role of service industries
- shifting dynamics of global competition (e.g. Russia, India & China)
- urgency around emerging challenges (e.g. climate change, energy, ageing)

Australia needs an innovating capacity:

addressing national challenges

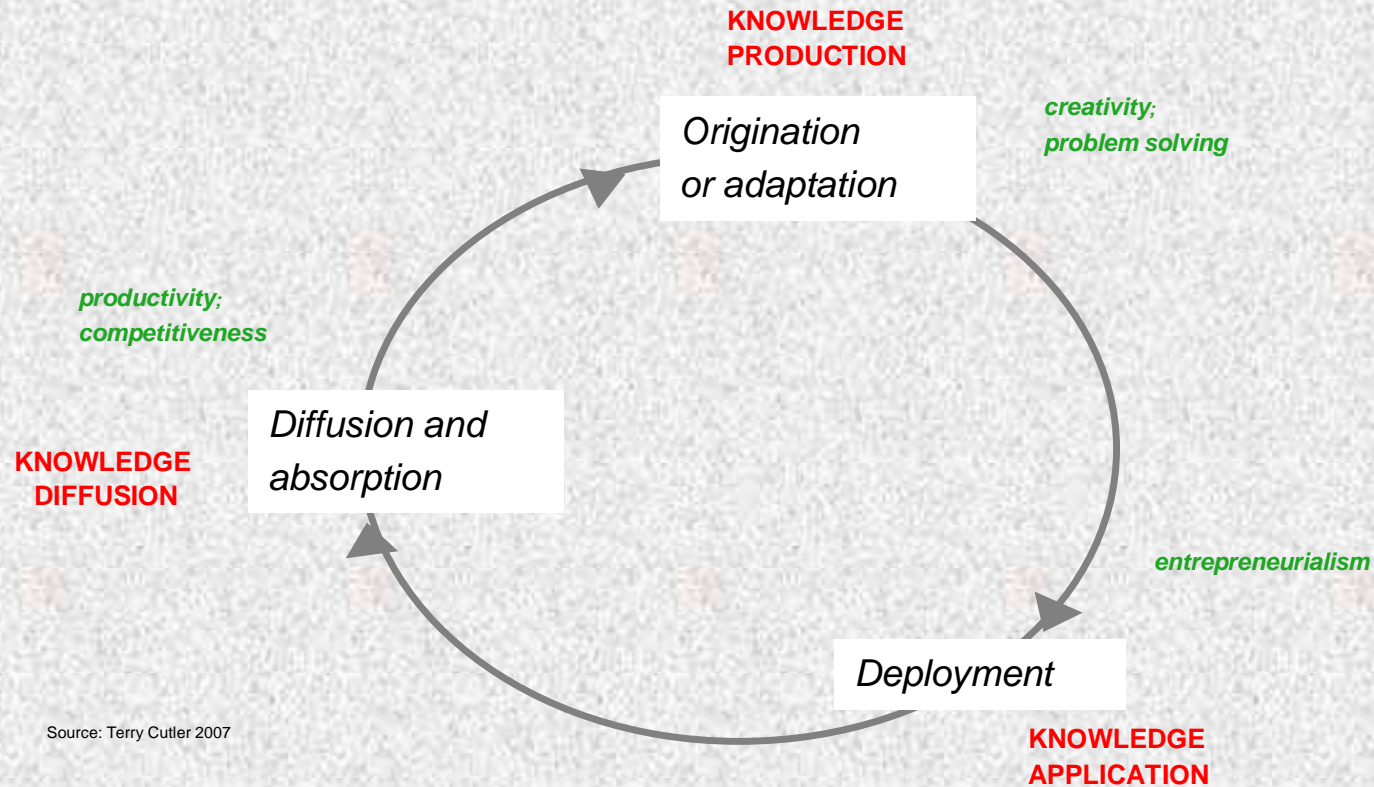
open-ended

evolving and responding to changes

What is Innovation?

Innovation = creating value through doing something in a novel way

Innovating = creative problem solving

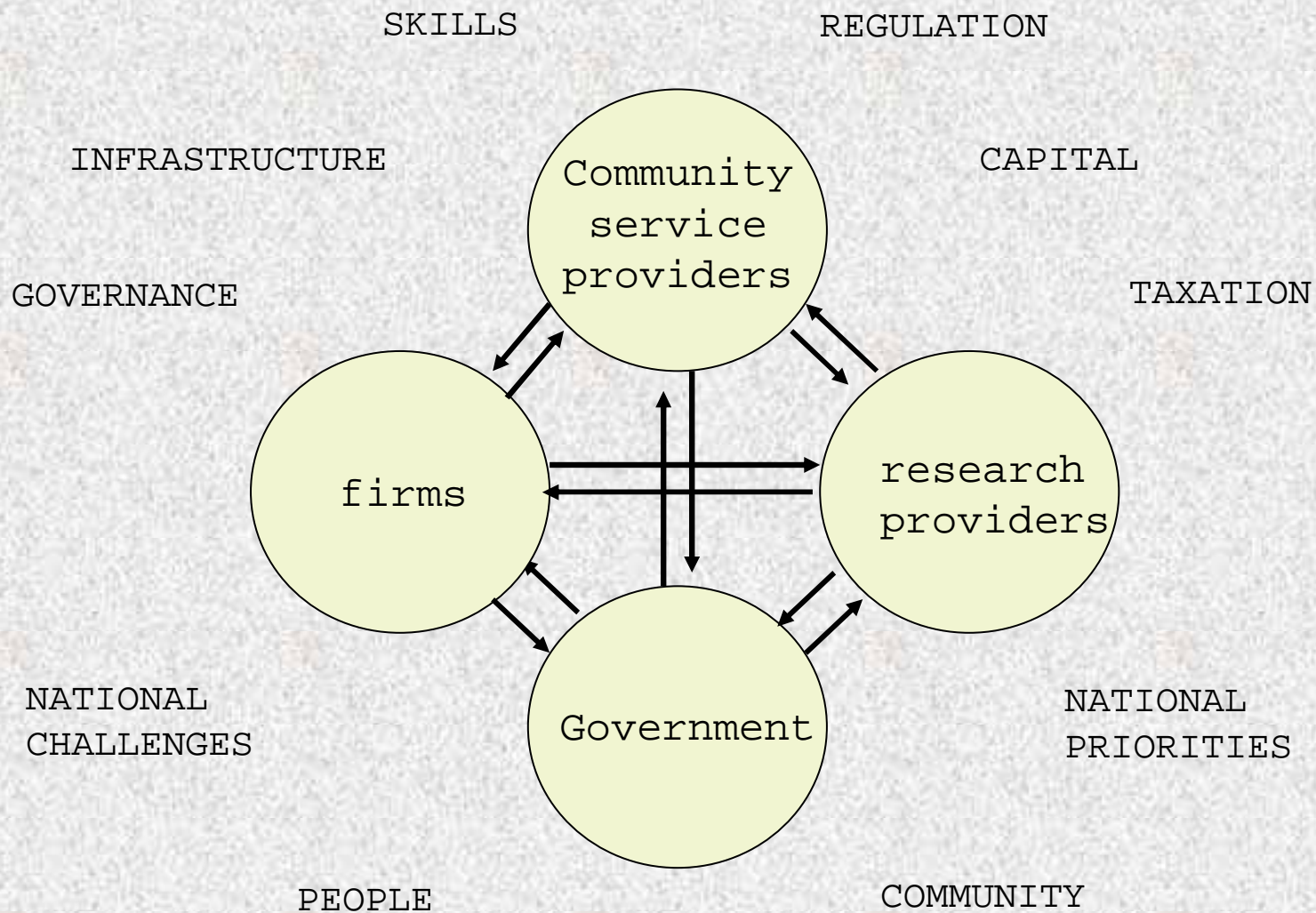


We need to invest in the capabilities required around each element, as well as investing in the linkages and flows between them.

The elements of innovation involve both 'stock' and 'flows': Stocks of knowledge and capability, and the flows of the innovation capital around these.

Resources applied to innovation should be regarded as *investment* in the future, not as expenditure.

Innovation occurs within a complex ecosystem ...



A national innovation system..

Equals the sum of multiple and inter-dependent sub-systems and parts

Incorporates regional & sector clusters of activity

Is positioned within a global innovation ecosystem

Fuels future socio-economic prosperity

The triple bottom line of innovation:

- (i) industry challenges, and market-oriented changes to increase productivity and improve competitiveness;
- (ii) innovations and changes in public policies and service delivery around the production of public goods;
- and*
- (iii) innovations and changes to address societal and environmental aspirations and challenges, and the mobilisation of private and public sector capabilities around these challenges.

THE WALL STREET JOURNAL.



"I'm not trying to change you, Ronald.
I'm trying to change your paradigm."

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MEDIA RELEASE

SENATOR KIM CARR

Minister for Innovation, Industry, Science and Research

Tuesday, 22 January 2008

08/000

GOVERNMENT ANNOUNCES REVIEW OF NATIONAL INNOVATION SYSTEM

The Minister for Innovation, Industry, Science and Research, Senator Kim Carr, today announced a wide ranging review of Australia's national innovation system to

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The task - the Terms of Reference

Identify a set of principles to underpin the role of the public sector in innovation.

Develop a set of national innovation priorities, complementing the national research priorities.

Identify regulatory and other barriers to innovation.

Examine the scope for simplifying the set of innovation programs.

Review the R&D Tax Concession Scheme and CRC Program and recommend ways to improve their innovation outcomes.

Consider ways to improve the governance of the national innovation system.

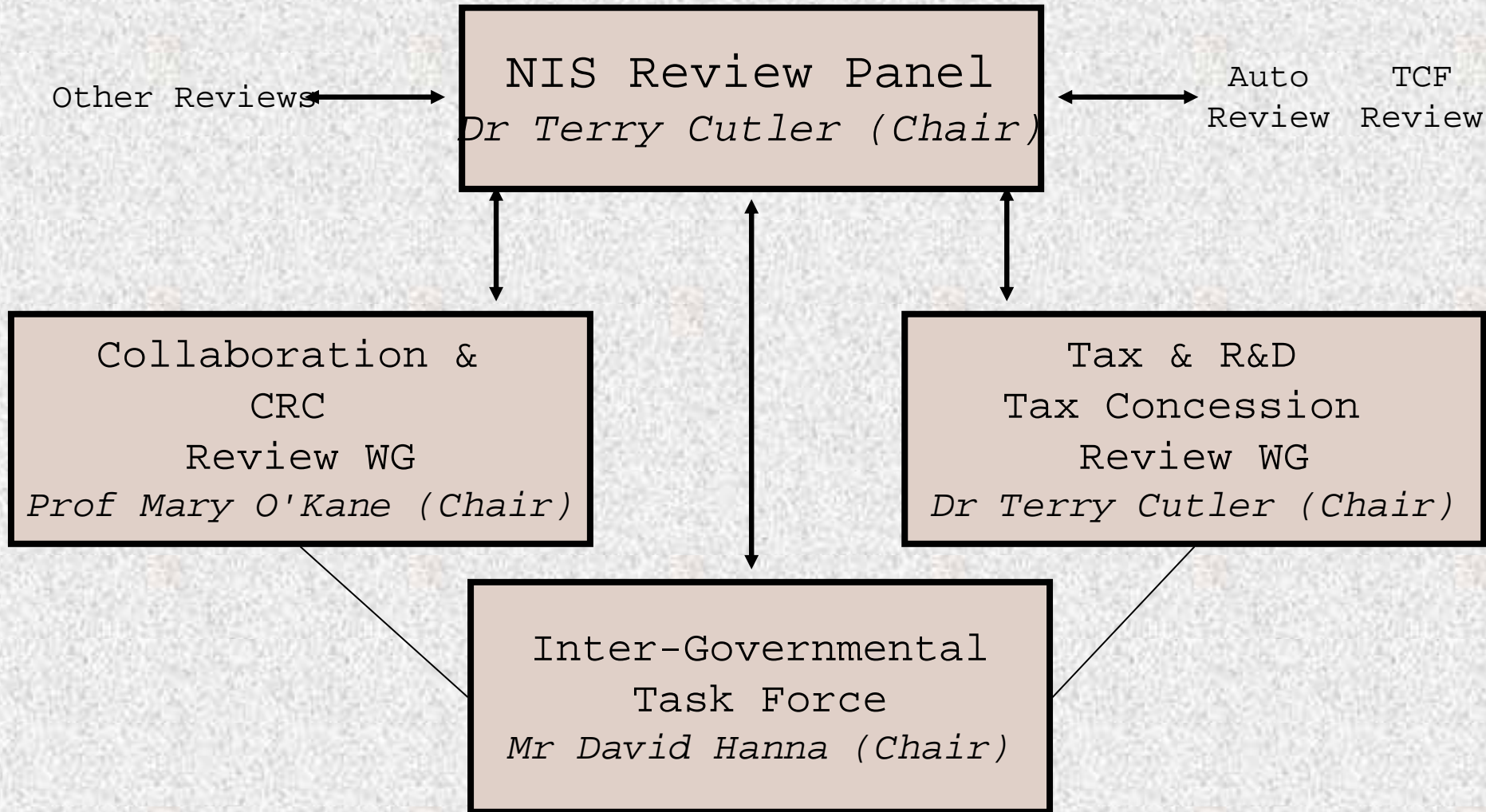
Who is on the Review Panel?

Dr Terry Cutler (Chair)	Cutler & Company
Dr Megan Clark	VP Technology, BHP Billiton
Prof Glyn Davis AC of Melbourne	Vice-Chancellor, University
Prof Steve Dowrick	School of Economics, ANU
Prof John Foster	School of Economics, University of Queensland
Dr Nicholas Gruen	CEO Lateral Economics
Ms Narelle Kennedy Foundation	CEO Australian Business
Ms Catherine Livingstone AO Directions International	Director - Future
Prof Mary O'Kane	Mary O'Kane & Associates
Dr Jim Peacock AC (<i>ex-officio</i>)	Chief Scientist
Ms Patricia Kelly	Deputy Secretary DIISR

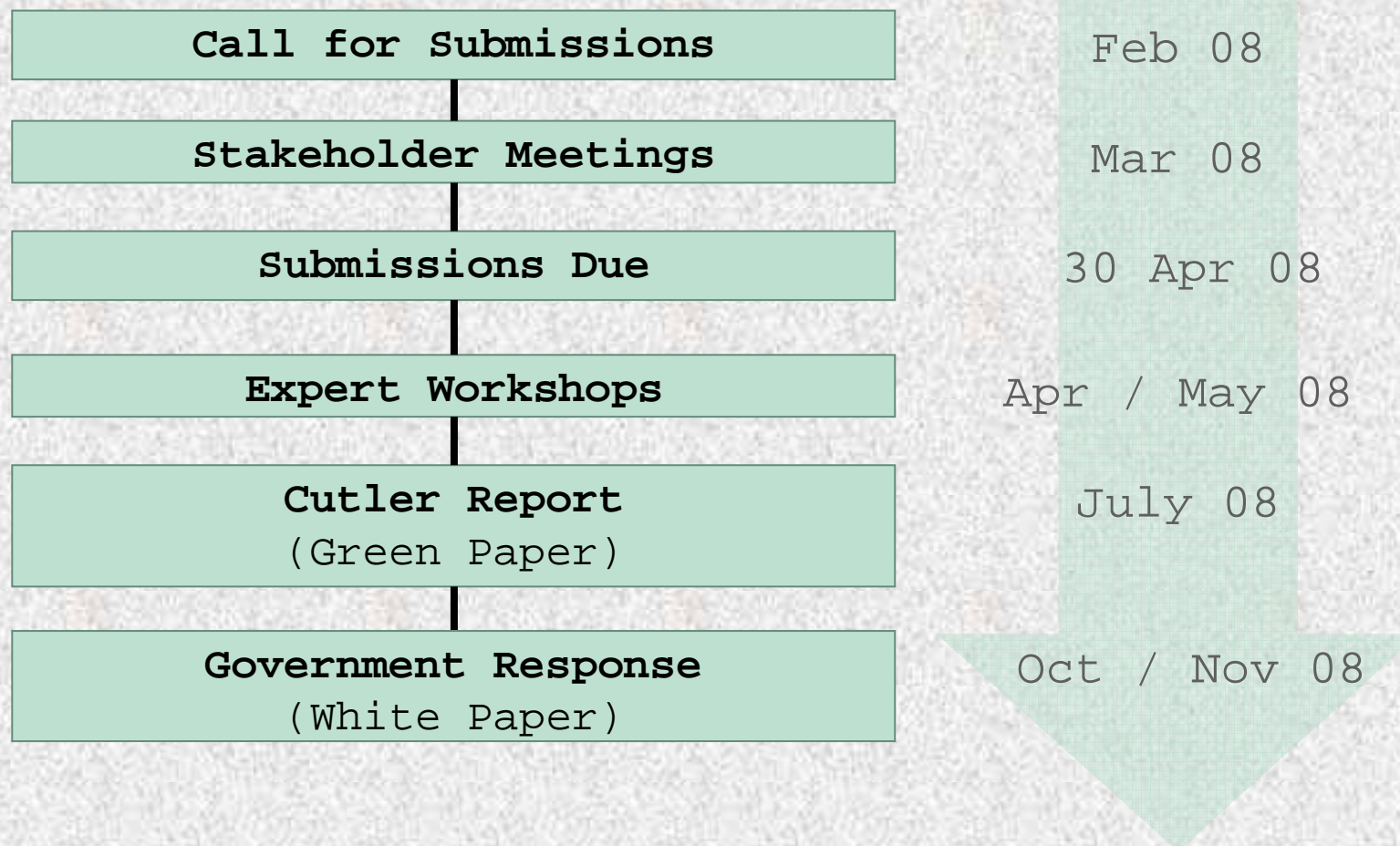
(*ex-officio*)

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Working groups to support the Panel



Timeframe for the Review



Where are we now?

A call for submissions was released for public comment on 28 February

Stakeholder meetings across Australia

Future workshops on key issues

Beginning with seven deceptively simple questions



1. **Can we imagine a better Australia?**
Are we asking the right questions?
2. **How do we solve the big challenges Australia faces?**
3. **Can we do everyday things better?**
Creative problem solving everywhere, and incremental innovation
4. **How do we make better use of available tools and technologies?**
4. **How do we make it easy for people to adapt tools or ideas in novel ways?**
6. **How do we better build and nurture human capital?**
7. **How might Australia, as a small country, prioritise its innovation efforts?**

What about the two programme reviews - Tax & CRC?

Consider within the context of the overall innovation system and programme portfolio

- overall tax and venture capital backdrop
- range of collaboration models and vehicles

How effective are they, against *tomorrow's* challenges?

Could the innovation impact of programmes of this type be increased?

Are there better options - in whole or in part?

Some key questions for discussion

What would success look like?

- In ten years time
- In twenty years time

Some key questions for Government ...

What is the role for government in the different facets of innovation?

How do we clarify the respective roles for national and regional activity in Australia's innovation system? How do we address regional specialisation or differentiation within the innovation system?

Where might we find the greatest innovation impact in the delivery of public services?

How might we better use government procurement to drive innovation in Australia?

How do we get an innovation dividend from government expenditures?

Some key questions for business and industry.

What is the focus of business investment in innovation now, and into the future, and how is this different from past practice?

What sort of investment and activity do we want to encourage and promote?

**What are the barriers to greater *re-investment* in firm capabilities?
What capabilities do we need into the future?**

What drives business culture and strategic leadership?

Which government programmes make the most difference for business?

Where is Australia in danger of missing business opportunities?

Some key questions for researchers and research institutions ...

What is the best contribution that research institutions can make to society and industry?

What is the distinctive role of different research institutions within the innovation system?

How might national prioritisation affect research institutions and the nature of research activity?

What is the true cost of funding research?

Have we got the capital structures of institutions right?

What are the benefits of and limits to collaborative activity?

How do different funding models affect institutional performance and capability?

What we want to hear

Long-term views (10 years+)

Fresh ideas - not re-cycled dogma

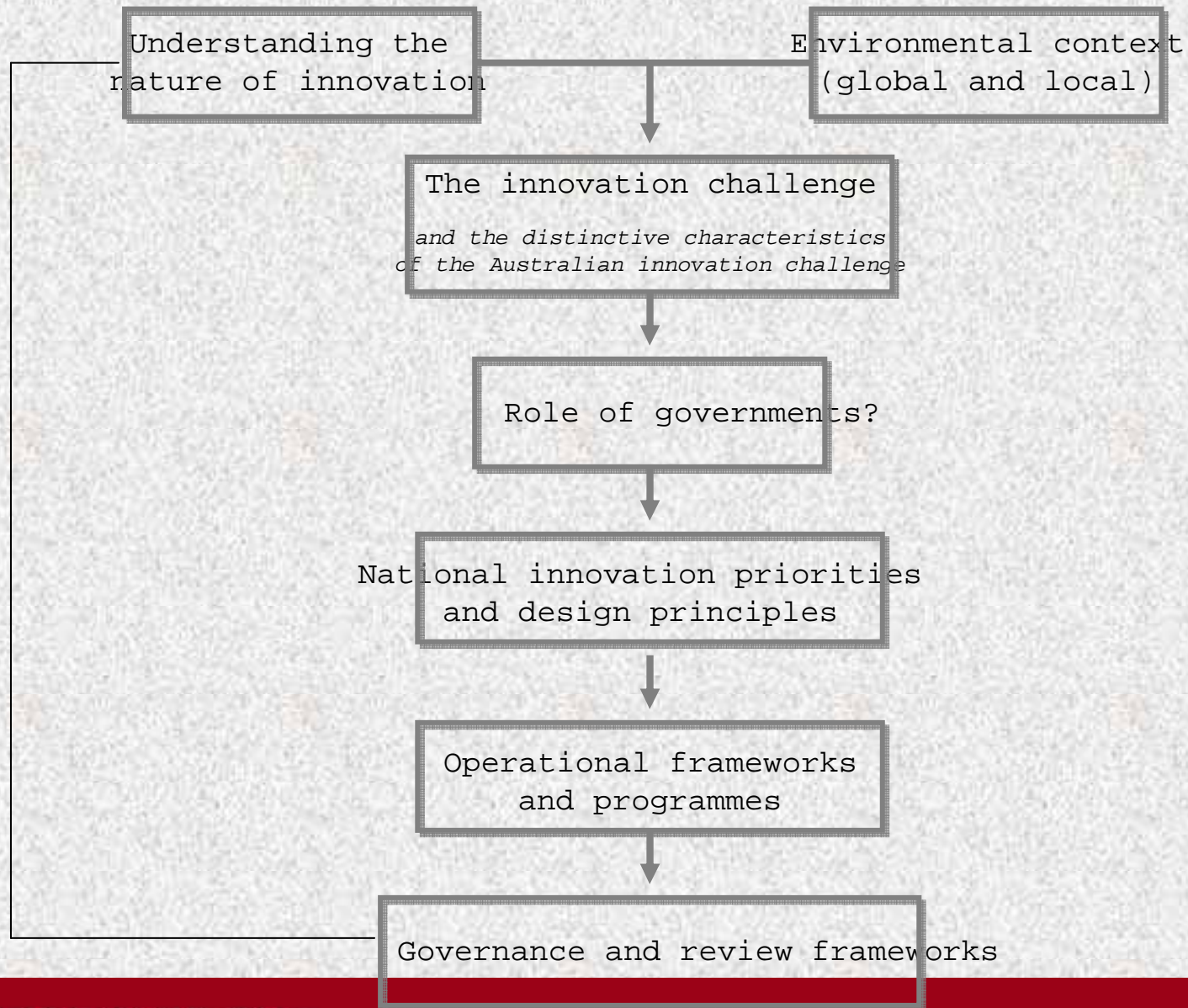
Where can we add the most value?

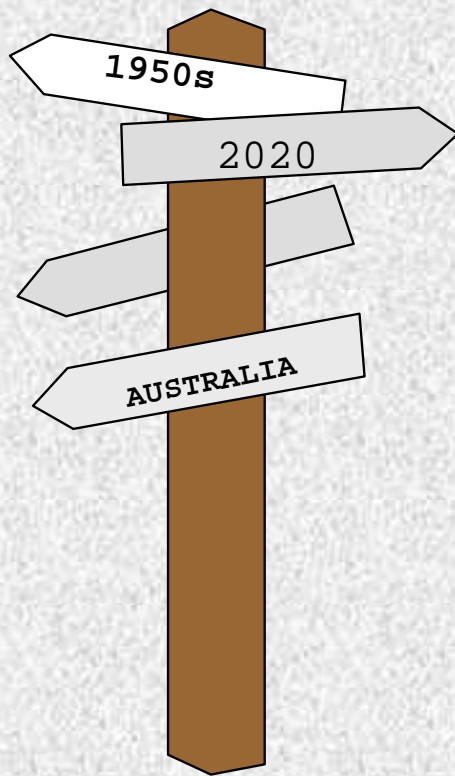
What are the priority areas for actions?

What new initiatives might really make a difference?

Declare your vested interests...

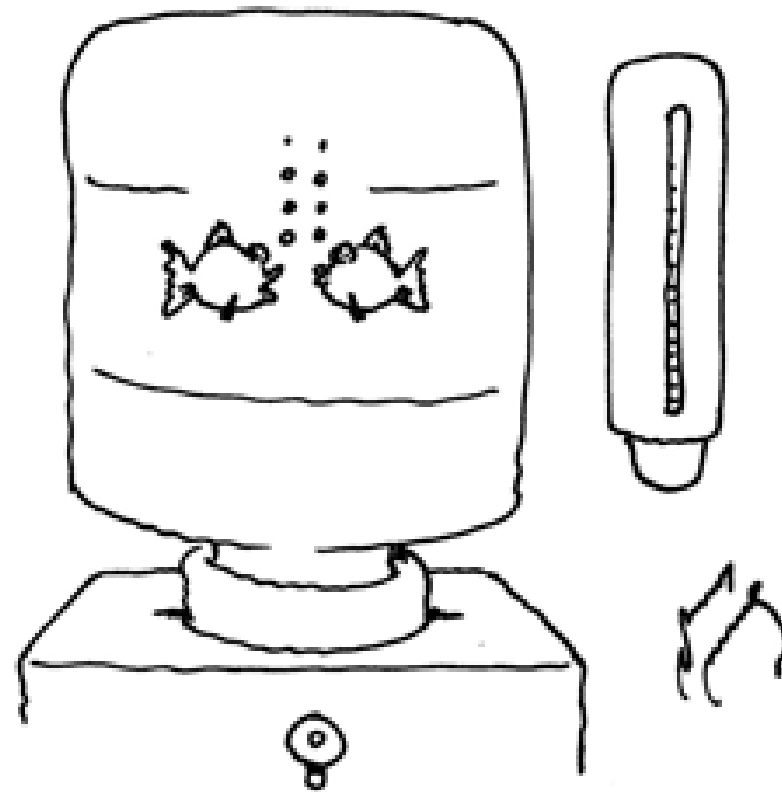
Where will all the input take us?





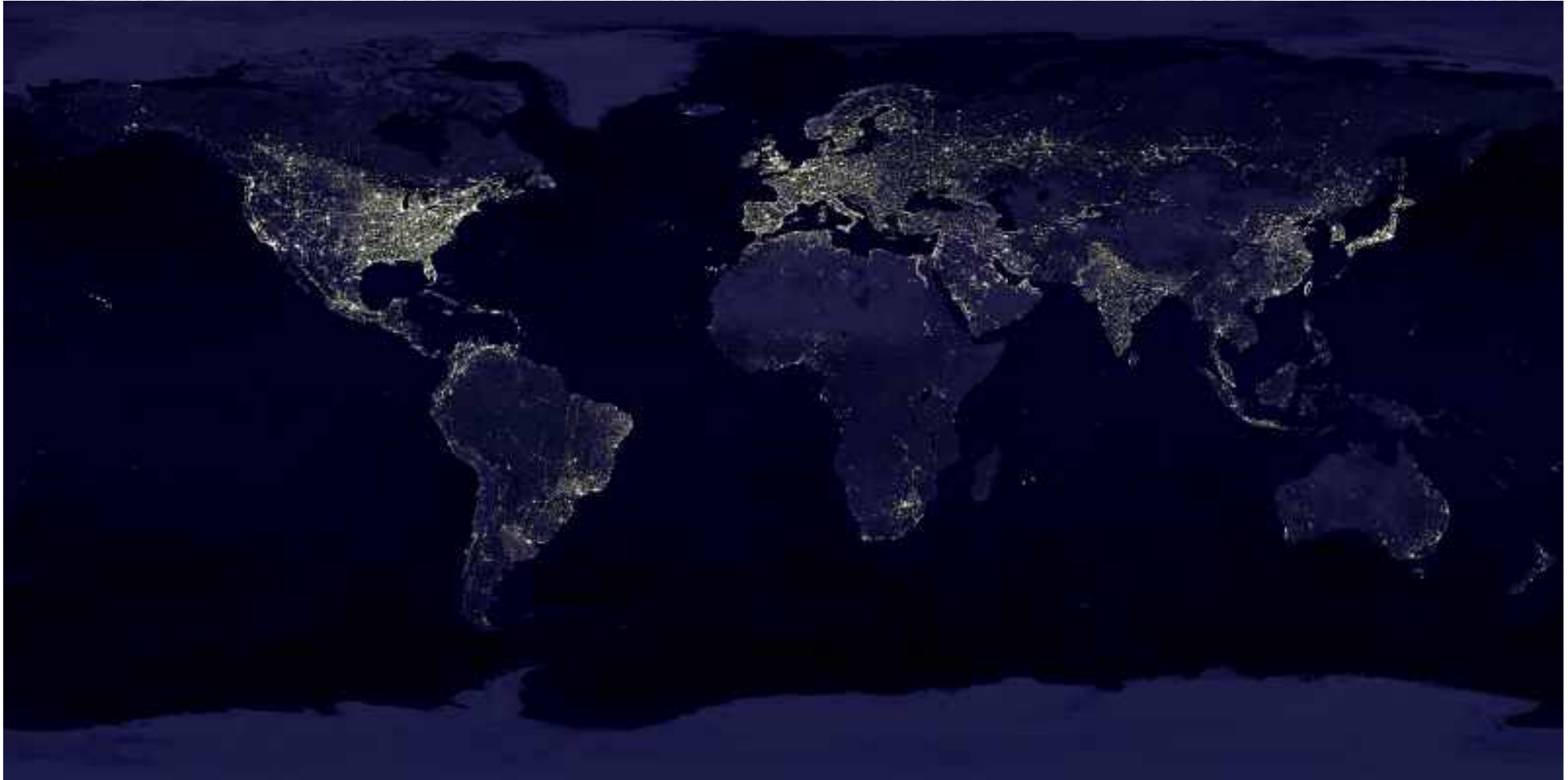
**Advance Australia where?
Proposing national priorities for inn**

THE WALL STREET JOURNAL.



“Just once, Bill, I wish you would ask for directions!”

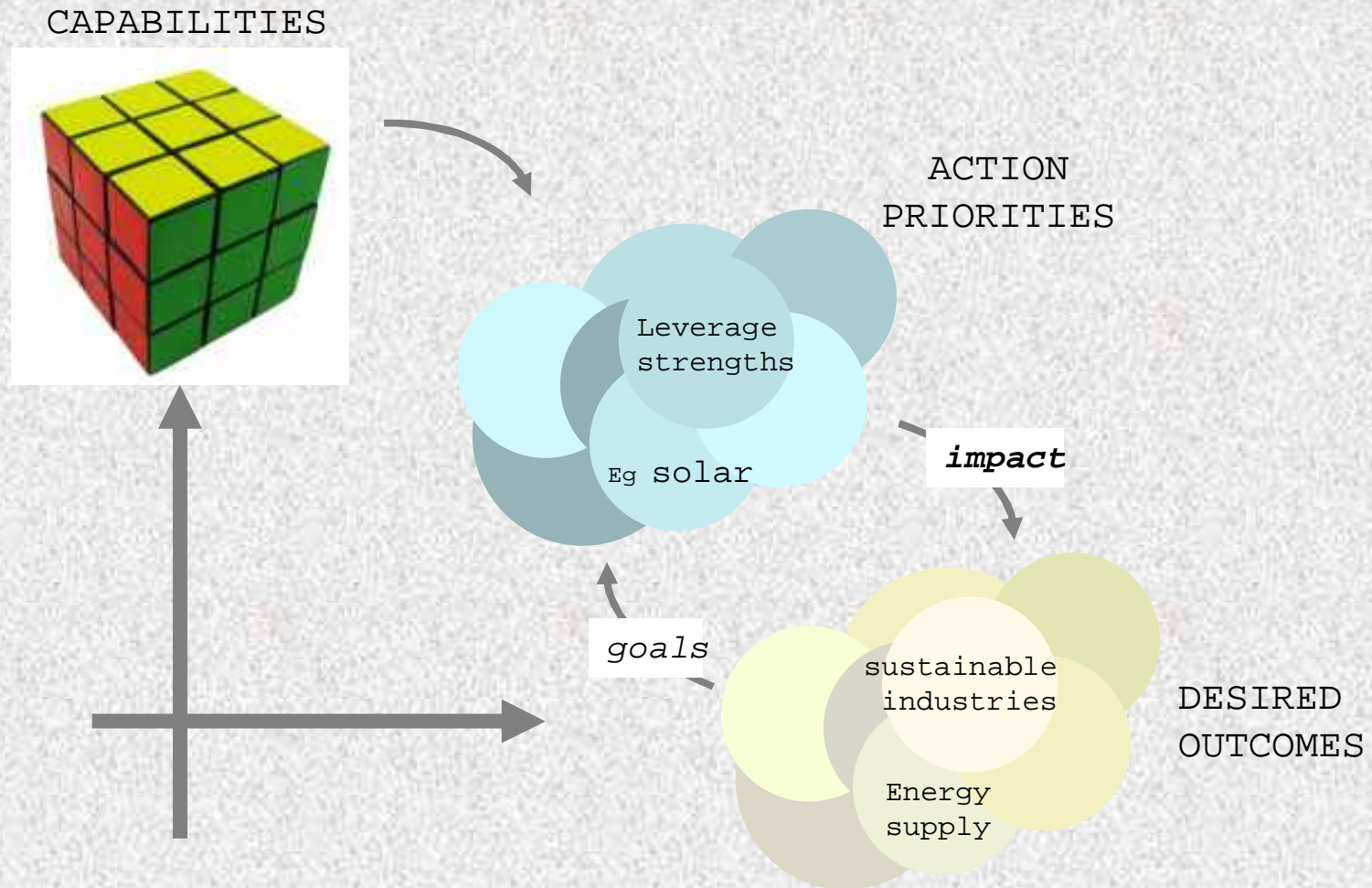
We need innovation strategies and leadership that makes sense of the global innovation ecosystem - the 2% challenge



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Proposing national priorities for innovation:
Investing in missions and capabilities to
address national priorities ...



Proposing national priorities for innovation: *we can't be good at everything*

Some discussion starters....

1. **Start from leveraging Australia's natural endowments or built strengths?**
2. **Look to areas where there might be a distinctively Australian advantage in developing solutions to globally relevant challenges or markets?**
3. **Identify opportunities to transform and reinvent existing industries and service delivery?**
4. **Address the 2% innovation challenge?**
5. **Establishing priorities around investments in national capabilities, facilities and innovation infrastructure?**



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