

**RESPONSE TO THE ESTABLISHMENT
OF THE ENTREPRENEURS'
INFRASTRUCTURE PROGRAMME
DISCUSSION PAPER**
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Establishment of the Entrepreneurs' Infrastructure Programme – response to Discussion Paper

The 2014-15 federal Budget saw the Government reduce support for industry related research and innovation by dismantling a number of support programmes, winding back funding for others, and reducing funding to key science agencies. One of the few new policy initiatives that could have helped partially offset some of the damage from these funding cuts was the announcement to establish an Entrepreneurs' Infrastructure Programme. However the Academy is concerned that the development of this proposed program is being rushed, has not sufficiently been developed in collaboration with stakeholders, and as such appears to represent a lost opportunity.

As the peak of the resources industry boom passes us by Australia faces significant future fiscal challenges, and as such needs to find new ways to stimulate its economy by developing new sustainable and innovative industries. Unfortunately the cuts to science, research, innovation and industry within the 2014-15 federal Budget make this a much more difficult task. There has been a reduction in the amount of support available through the R&D tax incentive, reducing the incentive for business to engage in research and development. The Innovation Investment Fund has been eliminated by the Government. It was one program that played an important role in getting innovations into the market place. Both Commercialisation Australia and the Enterprise Solutions program are being wound up. These programs supported the transition of early stage ideas and innovations through to the stage of spawning new industries. There will be no new Cooperative Research Centres (CRCs) funded in 2014, and the future of the scheme is now the subject of a review.

In addition to these program cuts the government has also announced significant cuts to key science agencies such as CSIRO, AIMS, ANSTO, NICTA and ARENA that have a strong engagement between research and industry. These cuts to science agencies, and the ending of programs that support industry collaboration and innovation, will mean that there will simply be a lot less industry-oriented research and less research commercialisation undertaken in Australia. These cuts renew the importance of ensuring all remaining investment by the government in innovation must achieve maximum positive impact. Every dollar of investment in this area must be spent wisely and achieve real and tangible benefits, otherwise there is a real risk that ill-thought through programs will fail or underperform, the expected economic and productivity benefits will not materialise, and a vicious circle will be established leading to further declines of investment in research and innovation.

In this regard it is notable that, just one year after it was established, the Industry Innovation Precincts program is also being discontinued. This program was an example of a 'rushed out of the door' initiative where implementation deadlines were seemingly given a higher priority than consulting with industry and researchers to develop a program that could deliver real benefits. The rush to implement this program without adequately consulting the sector is regrettable, but sadly it appears that once again lessons have not been learned. The hurry to implement policy according to a short-term timeframe appears to be taking precedence over developing an effective program that can make a lasting difference. There is a risk that this approach will not deliver the desperately needed maximum value from Australia's reduced investment in innovation.

The establishment of an Entrepreneurs' Infrastructure Programme should be an important undertaking given careful consideration by the Government. A consultation period of just ten days, on a very limited number of set questions, in which new ideas are barely being canvassed or called for is not only insulting to stakeholders, but brings significant risks in terms of delivering an effective

and useful program. If through rushed planning and implementation this program fails to fulfil its intended purpose, it risks damaging the prospect of future government investment in innovation.

The program as presented in the Discussion Paper appears to be very similar to the existing programs (particularly Enterprise Connect and Commercialisation Australia) that were abolished at the 2014-15 federal Budget, but with \$361 million less in funding. Whilst it is desirable that such a program is delivered through a single agency, it is disappointing that the 'new' approach taken appears to be very similar to existing activities but on a reduced scale. The use of the word 'infrastructure' in the program title is misleading, as there does not appear to be an infrastructure component within the program. One is drawn to the conclusion that this program is being established without a clear purpose or desired outcomes having been formally established.

There is little detail in the Discussion Paper with regards to the purpose of this program. The only statement with that touches upon the actual purpose of the fund appears to be for it to 'set a new direction for industry policy'. However what that direction is or where it will lead is not stated. There is a history of 'short shelf life' for schemes within the industry, research and innovation space. The Academy urges the Department to be clear about the desired purpose and outcomes of this program before implementation, and to develop a strategy to accomplish this. In doing so, the Academy strongly recommends that the Government sustains a long-term strategy that is flexible enough to evolve over time and respond to challenges as they emerge.

The Australian Council of Learned Academies very recently released a comprehensive report, commissioned by the Australian Government, on the role of science, research and technology in lifting Australian productivity¹. This report identified numerous opportunities for applying knowledge and skills in science and research across a range of industries. Deploying what will be the government's major industry, research and commercialisation support program without due regard to the findings in this report would be a missed opportunity. The Academy urges the Department to take stock of the findings in this report and see how they can be used to inform what is set to become the government's primary industry support program.

¹ ACOLA (2014) *The role of science, research and technology in lifting Australian productivity*. Available at: <http://acola.org.au/index.php/projects/securing-australia-s-future/project-4>