

# The Government has released its response to the **Australia 2030 Plan: Prosperity through Innovation**

In a number of AIRG's recent monthly Round Tables and in many conversations between AIRG Members, a hot topic has been the impact on Government policy and the 2018-19 Budget of Innovation and Science Australia's recommendations contained in their plan Australia 2030: Prosperity through Innovation.



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To recap, Innovation and Science Australia, ISA, chaired by Bill Ferris, is an independent board, responsible for providing strategic whole-of-government advice on all science, research and innovation matters. ISA's prime output thus far is contained in the 2030 Plan published in November 2017. ISA states that the 2030 Plan is a national roadmap for action to strengthen Australia's innovation performance and put Australia into the international top-tier by 2030.

The 2030 Plan made 30 recommendations to the Australian Government which were framed around five strategic policy imperatives:

- **Education** – respond to the changing nature of work by equipping all Australians with skills relevant to 2030
- **Industry** – ensure Australia's ongoing prosperity by stimulating high-growth firms and raising productivity

- **Government** – become a catalyst for innovation and be recognised as a global leader in innovative service delivery
- **Research and development** – improve R&D effectiveness by increasing translation and commercialisation of research
- **Culture and ambition** – enhance the national culture of innovation by launching ambitious National Missions.

Many AIRG Member representatives have commented that it is no small issue for the ISA's 2030 Plan to be adopted and implemented. We know from various publicly available sources that Australia ranks 9th out of 11 comparable nations on R&D expenditure and the Australian Government's \$10 billion innovation budget has largely been static for more than five years. As our Guest Speaker pointed out at our March 2018 Melbourne Round Table session, Australia has had five Ministers for Innovation in the last four years.

As reported by ABC's Emma Alberici earlier this month, Government support for science, R&D, and innovation is spread across 13 government portfolios and 150 different budget line items. Alberici commented that even the Education Minister, Simon Birmingham laments the fact that Australia hasn't been able to do better at making money out of some of our greatest research projects and that he said that "Compared to the OECD ..... we're closer to the bottom of the pack and that's what some of the changes we've made in terms of the Innovation and Science Agenda have focused on."

## So, where is that focus relative to ISA's recommendations?

This month, the Government released a response to the 2030 Plan. The full text of the response can be found at <https://industry.gov.au/innovation/InnovationPolicy/Pages/Government-Response-to-2030.aspx>.

AS A FOLLOW ON TO HIS LAST INNOVATION INSIGHT RELATED TO THE AUSTRALIAN GOVERNMENT'S 2018-19 BUDGET, PETER WILLIAMSON OFFERS SOME OF HIS PERSONAL VIEWS ON THE GOVERNMENT'S RECENT RESPONSE TO INNOVATION AND SCIENCE AUSTRALIA'S RECOMMENDATIONS IN THE 2030 PLAN IN THE CONTEXT OF THE BUDGET AND RECENT MELBOURNE ROUND TABLE DISCUSSIONS RELATED TO THE DIRECTION OF GOVERNMENT POLICY AND ITS EFFECTS ON THE LEVEL AND CHARACTER OF AUSTRALIAN R&D.

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I have made a summary tabulation of the ISA recommendations and Government responses, which you can see at the end of this article.

**There are a few broad themes that come through in the response:**

**Imperative 1 – Education** is supported in principle by the Government, but action in this area is largely identified as the responsibility of the States and Territories.

**Imperative 2 – Industry** is supported by the Government to the extent that it is funding what is perceived as gaps in Australia's AI and machine learning capabilities, investing \$45 million over four years in the Consumer Data Right, and making some much hoped-for changes to the visa schemes to help industry innovators access overseas talent. However, the Government's response is somewhat disappointing in regards key recommendations related to strengthening support for science, research, and innovation to keep it at 0.63% of GDP and implementing the recommendations of the R&DTI Review as they relate to redirecting savings from reductions in indirect support to direct support for high potential firms and increase help for innovative exporters via the Export Market Development Grant.

**Imperative 3 – Government as Catalyst** is well supported by the Government. I am not surprised by the supportive response in this area as a majority of the recommendations, if well implemented, may well result in decreased Government expenditure with improved services.

The challenge in this area, as many AIRG Members have noted, will be resistance to implementation as it will necessarily involve a review of the Public Service and follow-on changes including measuring outcomes and effectiveness rather than just input and expenditure; a paradigm shift that is 'difficult' in the publicly funded arena with the related time frames for measuring ROI.

**Imperative 4 – Improving R&D Effectiveness** recommendations were supported in a large part in the Government's response. However, as many AIRG Members from industry have mentioned in our recent Round Table sessions, doing more of the same as it relates to producing value from the publicly funded research sector may not make much difference to the way that industry makes decisions about how much and where to invest its innovation expenditure and activity. Universities and companies will still operate with largely different drivers, goals, and people motivations and more precincts, ARC programs and CRC's may not bring these closer together.

The AIRG and its Members could play a role in assisting alignment of policy action in this space with those things that produce tangible, measurable outcomes.

**Imperative 5 – Culture and Ambition** via

National Missions is partly supported by Government; predominantly via the Government's National Health and Medical Industry Growth Plan commits \$500 million over 10 years from 2017-18 to the Genomics Health Futures Mission funded from the Medical Research Future Fund. Good news for those in the biomedical sector and related industries.

We will all soon see how these recommendations and the Government's response will help us all work in the same direction and enhance the Australian innovation ecosystem for our benefit and for society at large.

AIRG's next regular Melbourne Round Table is scheduled for 26th June 2018 and I'm sure there will again be comments about some of the interesting information that we heard at our May session regarding digital innovation in the banking and finance sector.

We are also intending to commence regular Round Tables in Sydney in June 2018. If you are interested to participate in our Sydney sessions, please let me know.

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## Government Responses to ISA 2030 Plan

Number	2030 Plan Recommendation	Government Response			Government Commentary
		Supports	Supports in Principal	Notes	
<b>Imperative 1 – Culture and ambition: Enhance the national culture of innovation by launching ambitious National Missions</b>					
1	Government education policy makers should direct their efforts towards investing in quality teaching, monitoring the entry standards for initial teacher education, strengthening the quality of teacher education for secondary STEM teachers, and ensuring future reviews of the Australian Curriculum for STEM subjects will continue to meet Australia's innovation, science and research education needs and be informed of industry expectations through consultation with industry	X	X		While the Government is committed to building a world-class education system, the responsibility for schooling rests with the states and the territories.
2	Prepare students for post-school STEM occupations, by encouraging participation in higher-level STEM subjects in high school, strengthening education in skills such as hypothesis-driven problem solving, and optimising the interaction of industry with schools through the work of the STEM Partnership Forum.		X		In April 2018, the STEM Partnerships Forum delivered a report which contains recommendations for government, education and industry to develop the engagement, aspiration, capability and attainment of students in STEM. The Education Council has referred the report to Schools Policy Group (SPG) for consideration, with advice to be provided to the Education Council in June 2018.
3	Improve transparency and accountability by raising national minimum standards in NAPLAN with new standards focusing on higher levels of achievement.		X		To be considered at a later date
4	Task the Australian Government Department of Education and Training to undertake a review of vocational education and training (VET) and report back within 12 months			X	To be considered at a later date
5	Expand current VET reforms		X		The need for further reform will be considered at a later date.

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Number	2030 Plan Recommendation	Government Response			Government Commentary
		Supports	Supports in Principal	Notes	
<b>Imperative 2 – Industry: Ensure Australia’s ongoing prosperity by stimulating high-growth firms and improving productivity</b>					
6	Government support for business R&D should be strengthened by ensuring total government support for science, research and innovation does not fall below 0.63 per cent of GDP, implementing the recommendations of the 2016 Review of the R&D Tax Incentive, and prioritising new and redirected investment in stimulating business R&D			X	
7	Increase help to SME’s to export by increasing EMDG and extending targeted trade missions		X		The Government is targeting existing services to include closer alignment between the EMDG, Industry Growth Centres Initiative, and Entrepreneurs’ Programme – and coordinated promotional campaigns in international markets.
8	The forthcoming Digital Economy Strategy should prioritise the development of advanced capability in artificial intelligence and machine learning in the medium- to long-term to ensure growth of the cyber-physical economy.	X			As part of the 2018-19 Budget, the Government is committing \$29.9 million over four years to address gaps in Australia’s AI and machine learning capabilities.
9	Establish protocols (including consumer data rights) for maintaining healthy levels of competition in knowledge-intensive industry sectors.	X			The Government is investing \$45 million over four years to establish and maintain the Consumer Data Right which will initially apply in banking, telecoms, and energy sectors
10	Build on strength in accessing overseas talent through continuing and targeted updates to skilled immigration rules and improved marketing to suitable talent, especially through Austrade (with a focus on key target markets).	X			Government introduced a new Temporary Skills Shortage visa in March 2018, to replace the previous subclass 457 visa. In 2018, the Government will pilot two new visa schemes, the first from July 2018, to attract high tech skills and global talent, and the second to support overseas entrepreneurs to develop innovative ideas and launch seed-stage startups in Australia. This second scheme is being piloted in South Australia ahead of a national rollout in 2019.

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Number	2030 Plan Recommendation	Government Response			Government Commentary
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<b>Imperative 3 – Government: Become a catalyst for innovation and be recognised as a global leader in innovative service delivery</b>					
11	Australian Government work with states & territories to lead creation of more flexible regulatory environment to foster innovation, including exploring specific areas for cross-jurisdictional collaborative regulatory reform.	X			
12	Strengthen the policy environment to encourage investors to pursue opportunities that provide both social and financial returns	X			As part of the Budget, committed \$6.7 million over four years to support better outcome measurement for social enterprises and not-for-profits engaging in SII. The Government also announced it will support a service delivery trial and allocated \$1.6 million to support the trial's design and initial implementation.
13	Improve provision and use of open government data by developing government capability and capacity to deliver accessible, accurate and detailed public data.	X			On 1 May 2018, the Government announced its response to the Productivity Commission's inquiry into Data Availability and Use which includes introducing a new data sharing and release framework to improve provisions for open government data where appropriate
14	Establish a SME procurement target of 33%of contracts (by \$ value) being awarded to Australian SMEs by 2022.		X		The Government has a long-standing commitment to source at least 10 % of contracts (by value) from SMEs. Given all of the related programmes, the Government considers more work needs to be done to enhance this commitment.
15	Increase the use of innovative procurement strategies to improve outcomes and optimise government operations		X		The Government recognises that it is possible to leverage its purchasing power to stimulate business innovation and generate wider economic and social benefits, both from the provision of improved goods and services to government and the spillovers from business innovation.

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Number	2030 Plan Recommendation	Government Response			Government Commentary
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**Imperative 3 – Government: Become a catalyst for innovation and be recognised as a global leader in innovative service delivery**

... Continued

16	Maximise the benefit from nationally significant government programs by establishing a framework to identify, predict, encourage and evaluate spillover benefits by using major defence programs and exploring how other major projects such as ICT and infrastructure can be leveraged to deliver increased innovation.	X			Government is exploring ways to measure the broader economic benefits (including any innovation spillovers) associated with defence major capital equipment projects and programs aimed at delivering the best capability for our Australian Defence Force and looking at ways to do this for other significant projects.
17	Instruct the Digital Transformation Agency to explore opportunities to achieve half of the projected 12 per cent of savings from digitising service delivery by 2022 and the balance by 2026, while simultaneously improving citizen satisfaction with government services.	X			The Government is committed to maximising efficiency and citizen satisfaction through digital service delivery
18	Conduct a review of the Australian Government Public Service with the aim of enabling a greater role and capability for innovation in policy development, implementation and service delivery.	X			On 4 May 2018, the Prime Minister announced an Independent Review of the Australian Public Service.

**Imperative 4 – Research and development: Improve research and development effectiveness by increasing translation and commercialisation of research**

19	Introduce a collaboration premium of up to 20 per cent on non-refundable tax offset to incentivise collaboration between business and publicly funded research organisations			X	The Government did not consider that the R&D Tax Incentive was the appropriate mechanism to address the systemic cultural and structural impediments to collaborative R&D
20	Evaluate the benefits of introducing an industry higher degree by research placement program at greater scale with long-term support	X			Government supports increasing business-research collaboration by supporting industry higher degree by research placements
21	Conduct an expert review in 2022 to evaluate the effectiveness of recent changes to incentivise collaboration	X			The Government is committed to reviewing these policies and programs to determine their effectiveness in incentivising collaboration.

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Number	2030 Plan Recommendation	Government Response			Government Commentary
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**Imperative 4 – Research and development: Improve research and development effectiveness by increasing translation and commercialisation of research ... Continued**

22	Increase commercialisation capability in research organisations by establishing a new stream of funding for translational activities		X		Government announced a \$1.3 billion National Health and Medical Industry Growth Plan in the 2018-19 Budget and states that this is an exemplar of its funding support
23	Develop and release an Australian Innovation Precincts Statement to shape Australian Government involvement in emerging localised innovation ecosystems in cities and regions	X			The Government states that it is committed and offers CRC's, Industry Growth Centres, and various ARC programs as exemplars.
24	Conduct a review of the Australian Government Public Service with the aim of enabling a greater role and capability for innovation in policy development, implementation and service delivery.	X			Government considered the recommendations in the 2016 NRIR Roadmap and has made a \$1.9 billion commitment to strengthen and support the national research infrastructure system in the 2018-19 Budget.
25	Establish secure, long-term funding for national research infrastructure, in accordance with the recommendations of the 2016 National Research Infrastructure Roadmap.	X			This recommendation aligns with existing government policy to increase female participation in science, technology, engineering and mathematics (STEM). In the 2018-19 Budget, the Government has committed an additional \$4.5 million over four years to support women in science.
26	Maintain a long-term policy commitment to achieving greater gender diversity in the science, technology, engineering and mathematics workforce, including by raising awareness of gender diversity in government programs.	X			The Government is currently undertaking a post-commencement evaluation of ISA and is likely to extend its remit.

**Imperative 5 – Culture and ambition: Enhance the national culture of innovation by launching ambitious National Missions**

27	Establish a National Mission to help make Australia the healthiest nation on Earth	X			As part of the 2018-19 Budget, the Government's National Health and Medical Industry Growth Plan commits \$500 million over 10 years from 2017-18 to the Genomics Health Futures Mission funded from the Medical Research Future Fund.
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Number	2030 Plan Recommendation	Government Response			Government Commentary
		Supports	Supports in Principal	Notes	
<b>Imperative 5 – Culture and ambition: Enhance the national culture of innovation by launching ambitious National Missions</b> ... Continued					
28	Adopt a framework to continue to identify and implement additional National Missions.		X		The Government will develop a framework to scope out the intent of a National Mission policy platform – including how they will be defined, implemented and evaluated.
29	Invest in developing a more effective framework to evaluate the performance of Australia in the innovation race in an effective and timely manner by introducing a requirement that new government funding programs and policies aimed at supporting innovation dedicate approximately 2 per cent of their budget for the evaluation of outcomes and tasking the Australian Government Department of Industry, Innovation and Science with developing a stronger longitudinal evidence base for program effectiveness		X		
30	Support the development of a suite of innovation metrics and methodologies to fully capture innovation and link it to economic, social and environmental benefits	X			As part of the 2018-19 Budget, through its Australian Technology and Science Growth Plan – Better Data to Track Innovation in Australia initiative, the Government commits to a review of innovation metrics.