

ESTABLISHMENT OF THE ENTREPRENEUR'S INFRASTRUCTURE PROGRAMME

Submission by Research Australia in response to
the Discussion Paper

June 2014

**RESEARCH
AUSTRALIA**

AN ALLIANCE FOR DISCOVERIES IN HEALTH



ABOUT RESEARCH AUSTRALIA

Research Australia is an alliance of 160 members and supporters advocating for health and medical research in Australia. Research Australia's activities are funded by its members, donors and supporters from leading research organisations, academic institutions, philanthropy, community special interest groups, peak industry bodies, biotechnology and pharmaceutical companies, small businesses and corporate Australia. It reflects the views of its diverse membership and represents the interests of the broader community.

Research Australia's mission is to make health and medical research a higher priority for the nation. We have four goals that support this mission:

- A society that is well informed and values the benefits of health and medical research.
- Greater investment in health and medical research from all sources.
- Ensure Australia captures the benefits of health and medical research.
- Promote Australia's global position in health and medical research.

Elizabeth Foley

CEO & Managing Director

02 9295 8547

elizabeth.foley@researchaustralia.org

www.researchaustralia.org

384 Victoria Street Darlinghurst NSW 2010

This document and the ideas and concepts set out in this document are subject to copyright. No part of this document, ideas or concepts are to be reproduced or used either in identical or modified form, without the express written consent of Research Australia Limited ABN 28 095 324 379.

TABLE OF CONTENTS

Introduction	4
General	4
1. What lessons can be learnt from existing business support programs that should be incorporated into the Entrepreneurs’ Infrastructure Programme design and implementation arrangements?.....	4
2. How can we best work with stakeholders to facilitate access to the Entrepreneurs’ Infrastructure Programme for their networks?	5
3. How can the Programme best complement similar state and/or territory based activities?	5
4. How can the Programme best complement other Government activities to maximise opportunities to support businesses to export?.....	6
5. What other interconnection points do you believe will be important to deliver a strong Programme?.....	6
6. What measures could be used by Entrepreneurs’ Infrastructure Programme to evaluate the programme?	6
7. Is there value in prioritising support or funding to areas of global growth such as food and agribusiness; mining equipment, technology and services, medical technologies and pharmaceuticals; oil and gas; and advanced manufacturing?.....	6
8. Are there any other issues that should be considered in the development of Entrepreneurs’ Infrastructure Programme or Single Business Service delivery?.....	7
Business Management	7
9. Are the proposed eligibility criteria appropriate? Do they achieve the aim of targeting support to those businesses most able to grow?.....	7
10. What are the knowledge or capability gaps that prevent individual businesses from accessing supply chains?	7
11. How can the business management services operate most effectively in remote and regional Australia?	8
12. What criteria should be used to determine which businesses qualify for more intensive, growth focused support?.....	8
Research Connections.....	8
13. What are the information barriers to better links between business and research?.....	8
14. What should be the balance between facilitation and financial support?	8
15. How can the Programme best connect with the research sector to match businesses with the right researchers?.....	8

ESTABLISHMENT OF THE ENTREPRENEUR'S INFRASTRUCTURE PROGRAMME

SUBMISSION BY RESEARCH AUSTRALIA

INTRODUCTION

In June 2014 the Department of Industry launched a discussion paper, consulting on the *Entrepreneur's Infrastructure Investment Programme*, which was announced in the Budget in May 2014. The Programme, commencing on 1 July 2014, replaces a number of existing industry support programs, including Commercialisation Australia.

The consultation invited the electronic submission of responses to a number of specific questions. The questions, and Research Australia's responses, are reproduced below.

A copy of the discussion paper is available at

<http://www.industry.gov.au/industry/Pages/EstablishmentOfTheEntrepreneursInfrastructureProgrammeDiscussionPaper.aspx>

GENERAL

1. What lessons can be learnt from existing business support programs that should be incorporated into the Entrepreneurs' Infrastructure Programme design and implementation arrangements?

The consultation paper recognises that 'Australia's research institutions deliver world class research (that)... can add substantially to the productivity of businesses', but that many businesses do not know how to engage with researchers.

It is equally true that many researchers struggle with the process of commercialising their ideas. The success of companies such as Mesoblast and Cochlear validate the model of the clinician researcher taking their ideas to the market, but they are perhaps the exception rather than the rule.

It is important that the Programme does not view researchers just as a resource to be utilised by businesses but also as potential clients. Researchers are both a source of ideas and technologies that can be commercialised and potential creators of businesses.

Australia needs to provide a continuum of support from research to commercialisation. In the area of health and medical research, the National Health and Medical Research Council is the primary competitive funding body. Its funding provides only limited support for the commercialisation of research; less than one 1% of its annual funding is committed to Development Grants, which are limited to early 'proof of principle' activities.

It is essential to Australia's success as an innovative nation that we avoid gaps in the funding and support available along the path from basic research to final commercialisation. Research Australia urges the Department of Industry to consider the funding programs offered by the NHMRC and the ARC to ensure that there is a continuation of appropriate support from scientific proof of principle activities through to commercial proof of concept activities and beyond.

It is important not to lose the lessons available from existing programs. An evaluation should be undertaken of Commercialisation Australia and the other programmes being replaced to determine what elements were most and least effective.

The Australian National Audit Office's report on its performance audit of Commercialisation Australia is also a useful resource in identifying useful design components. For example, it points to the value of a two stage application process, and that even unsuccessful applicants reported that they benefitted from the quality of feedback. It also highlights the need for a better risk management framework and KPI's.

2. How can we best work with stakeholders to facilitate access to the Entrepreneurs' Infrastructure Programme for their networks?

Publicly funded researchers and research organisations are potentially both clients and service providers under the proposed Programme.

Peak and representative bodies from the publicly funded research sector such as Research Australia, Universities Australia, and AAMRI should be engaged in the promotion of the Scheme to their members. Other peak bodies representing research intensive industries such as Ausbiotech and the Medical Technologies Association of Australia should also be involved.

The Department should include these bodies in its targeted consultations.

3. How can the Programme best complement similar state and/or territory based activities?

As part of acting as a one stop shop for businesses, the Single Business Service should collect and make available information on state and territory based activities and programs. This could be easily achieved by providing hyperlinks to appropriate state and territory department websites.

The Department should also consult with its state and territory counterparts to agree guidelines for applicants who are seeking or receiving assistance through more than one level of government.

4. How can the Programme best complement other Government activities to maximise opportunities to support businesses to export?

The Australian Government is the single largest funder of research in Australia, and the majority of research is undertaken in publicly funded research organisations. The Programme can complement this investment by:

- a. facilitating the commercialisation of government funded research; and
- b. making the expertise of government funded researchers available to Australia's business sector, in particular SME's.

Greater collaboration between public sector researchers and businesses, including SME's, has the potential to drive innovation.

The Programme proposes providing access to advisers who can assess a business' research needs and then direct them to an appropriate research institution. This is an important component, and recognises the difficulty of identifying individuals and organisations with relevant skills and experience.

This could be further supported by a publicly available database which identifies i) researchers and research organisations, and ii) business people and businesses, with specific expertise and experience. It should enable, for example, a business to identify a researcher who can assist in refining a particular manufacturing process or adapting a technology, as well as assist researchers to identify potential commercialisation partners with expertise in their field, for example the manufacture of diagnostic tests.

5. What other interconnection points do you believe will be important to deliver a strong Programme?

This question has not been addressed by Research Australia.

6. What measures could be used by Entrepreneurs' Infrastructure Programme to evaluate the programme?

Any assessment of the effectiveness of a programme of this type needs to focus not on inputs, or even outputs, but outcomes. Research Australia does not suggest that this is simple, inexpensive, or possible in the short term, but it is the only real measure of the Programme's success. Suitable outcome measures should be a specific subject of the further targeted consultations.

7. Is there value in prioritising support or funding to areas of global growth such as food and agribusiness; mining equipment, technology and services, medical technologies and pharmaceuticals; oil and gas; and advanced manufacturing?

Research Australia proposes that each application should be assessed on its own merit rather than seeking to predict the industries, technologies and innovations that will be important in the future and/or provide Australia with a global competitive advantage.

8. Are there any other issues that should be considered in the development of Entrepreneurs' Infrastructure Programme or Single Business Service delivery?

The three tiered approach of Universal Offering, Advice and Assistance, and Tailored Support needs to be developed so that each tier provides distinct levels of service and information but in a manner that is as seamless as possible.

Providing resources to assist businesses with self development (online materials, seminars and workshops with no or low restrictions to access) should be a means of supporting businesses and meeting discrete needs, but also a means of preparing businesses to make the best use of the more targeted and resource intensive services. To some extent, the Universal Offering can serve as a pre-qualification and preparation stage for further engagement with the program.

BUSINESS MANAGEMENT

9. Are the proposed eligibility criteria appropriate? Do they achieve the aim of targeting support to those businesses most able to grow?

While commercialisation of research will frequently result in the creation of a new business, the Programme's eligibility criteria should not, for example, discriminate against applicants that are from not for profit research institutions and universities rather than businesses.

The definition of 'business' will be critical. Research can have been undertaken over many years within a research institution and be well advanced before a decision is taken to proceed with commercialisation. The eligibility criteria should not force the premature creation of companies purely to be able to apply for funding and support from the Programme.

The Programme proposes that management services be restricted to businesses that have operated for more than three years and have sufficient turnover levels. Research Australia is not supportive of this restriction for all Business Management Services. For example, business evaluation services and assistance with developing business plans could be valuable to early stage businesses. In many emerging technologies the pace of change and development is frenetic, and companies grow quickly. The requirement of three years' operation and sufficient turnover levels as a measure of the viability or maturity of a business it is too blunt a tool.

As noted above, research can have been undertaken over many years within a research institution and be well advanced before a decision is taken to proceed with commercialisation, which may result in the creation of a company. The creation of the company should not be deemed to be the commencement of 'the business'- the prior work in developing and refining the research findings and demonstrating scientific proof of principle should be recognised in meeting any criteria relating to business operating periods.

10. What are the knowledge or capability gaps that prevent individual businesses from accessing supply chains?

This question has not been addressed by Research Australia.

11. How can the business management services operate most effectively in remote and regional Australia?

The provision of services on-line, including facilitating one-on-one consultations via technologies such as Skype, GoToMeeting and webinars can be useful. Working with states and territories to provide venues for 'roadshows' and the delivery of services locally are also an option. For Tailored Support, a 'loading' on grants in addition to the normal maximum financial assistance available could assist with the additional costs experienced by applicants from remote and regional areas.

12. What criteria should be used to determine which businesses qualify for more intensive, growth focused support?

This question has not been addressed by Research Australia.

RESEARCH CONNECTIONS

13. What are the information barriers to better links between business and research?

The most fundamental barrier is information- knowing who does what. It is important to note that this problem works in both directions. Businesses have difficulty identifying capabilities and expertise in scientific and technical fields; equally many researchers and scientists have difficulty in identifying people with the capabilities and expertise to take their research findings to the next stage.

A publicly available database which identifies i) researchers and research organisations, and ii) business people and businesses, with specific expertise and experience would be an important advance and is proposed in response to an earlier question. Such a database could be developed and provided as part of the Single Business Service. It could form the basis for an online facility using social media models to create virtual communities of interest around specific areas of expertise and topics- both scientific/technical and commercial/professional (IP, marketing, distribution). In this way it could support the development of connections across the researcher- entrepreneur divide.

14. What should be the balance between facilitation and financial support?

This question has not been addressed by Research Australia.

15. How can the Programme best connect with the research sector to match businesses with the right researchers?

See the response to earlier questions.

RESEARCH AUSTRALIA LIMITED

384 Victoria Street Darlinghurst NSW 2010

T +61 2 9295 8546 **ABN** 28 095 324 379

www.researchaustralia.org