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## 20 GUEST COLUMN

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# Innovation support a drop in the ocean

The resources sector has seen a lot of attention over the last year. The second mining boom has been heralded as the country's weapon against recession. It's what our country is known for: 'resource rich'.

There is no doubt that Australia is a resource-based economy. We dig, we grow, and then we send the results overseas. But there is no value to be added to what we send. The resource-based product Australia exports is used to create consumer goods, which we buy back. The model works so long as the value of the products we buy back is less than what we sell.

Our resources will last a long time, so a resource-based economy isn't our greatest concern in the short to medium term. But it doesn't necessarily follow that domestic demand for imports will always be less than the value

of resources exported. Population growth, for instance, could significantly increase import demand, but it won't have any impact on the value of exports. It's clear that we need to plan now for other revenue streams for Australia in the long term.

To do this, it's necessary to look for value-add technologies that don't require excessive infrastructure. The answer is intellectual property. But it can't just be an

ad hoc approach to IP. Australia has a \$1 trillion economy, with no focus. Sweden is less than half our size, but they are known for Volvo, Ericsson, Electrolux, Sandvik, Atlas Copco.

The fact is, if Australia is still reliant on our resources in 50 years time, we might be in a lot of trouble. Yet innovation in Australia is still taking a back seat to short term goals and change is not appearing on the horizon. This is true, despite the 6-month anniversary of Commercialisation Australia and its hefty mandate to be the primary source of assistance for commercialisation of IP in Australia.

The strategy for exploiting the intellectual capital that resides in Australia has been placed almost solely with

Commercialisation Australia. And what originally appeared like the one government initiative with the potential to make a real difference to innovation in Australia is now looking dramatically under-equipped for the challenge.

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That's 54 out of well over 2000 applications – those aren't good odds. Commercialisation Australia has also committed to annual grants amounting to less than half of that given by its predecessor program, the Commercial Ready Grants.

Biotechnology and pharmaceutical projects have been popular for the new grants, but these types of technologies typically require millions of dollars to take to market. Funding from Commercialisation Australia provides just a few hundred thousand. These companies will thus still need to rely on attracting venture capital money which was a rarity in the past and has only become more slippery given the tougher financial market.

At the beginning of November, the government announced \$80 million in venture capital to be provided to four funds through the Innovation Investment Fund. But once again, this seems like a drop in the ocean. Commercial Ready was worth \$1 billion. It's going to take a lot more than the current funding effort to get back to that level of commitment.

How can we expect to continue moving forward with IP, if the government program set up to be the primary source of commercialisation assistance is taking a step backwards in the amount of funding it can provide?

In mid October, the Minister for Innovation, Industry, Science and Research made much of providing \$8 million to fund 22 new projects. The heading of the media release was 'Strengthening our economy through commercialisation'. While the rhetoric is right, the reader should make their own judgment by reviewing the list of projects funded.

To be fair, it's still too early to tell if reality will match the rhetoric. However, this reader is watching closely with just a little healthy scepticism.

