

## Media Coverage

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Business Strategy | Communication | Public Policy

26

GUEST COLUMN

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# Licensing key to future Australian innovation

The mining boom won't last forever. In an article I wrote last year, I warned that Australia needed a long term plan to build other revenue streams that will support the economy once we can't rely on our natural resources. Support is mounting for this idea.

Some say the higher education sector is vital for Australia's future, others believe Australia should develop globally competitive sectors in biotechnology, agricultural sciences and healthcare. ANZ's chief executive said this month that the services sector should play a big role in reshaping the Australian

economy away from the mining industry, and look to offshore expansion to leverage Asia's growing economies.

All of these are valid arguments. Whether things change in five years or fifty, we need to be prepared for what comes after the mining boom. If not, our standard of living will suffer while we struggle to replace mining income with something else.

The question is, where do we look? Australia's lack of a viable manufacturing industry

means we simply cannot value add there. Agriculture has the same problem as mining; it is a primary industry that may not support our standard of living in the future (the decline of wool demand is a case in point). Education is a large export but our universities are arguably not in the same class as the United States and Europe.

I've said it before, and I'll say it again. The answer is intellectual property. And not just the creation of IP, but the commercialisation of it. Licensing should play a major role in this. Already, licensing impacts almost all aspects of our daily lives. From entertainment to medicine, from what we eat to what we wear, licensing is the catalyst that enables the development and transfer of knowledge, technology, content and value across industries borders.

As a small population with limited infrastructure, Australian industry should focus on developing smart solutions that can be licenced to other countries that do have productive industries. In the past, taking intellectual property to emerging economies like China has been a scary prospect for many companies, with

rumours rife about IP theft and cultural clashes. But the global market is shifting to support a knowledge-based economy, with the major emerging consumers markets like China and India strengthening their IP laws.

Think about it this way: at the moment our balance of payments works as long as we export roughly one hundred times more natural resources than we import processed products. For example, for every tonne of iron ore we sell at \$150 we can buy a car at \$15,000 a tonne. It works as long as we want to buy 100 times less tonnage of cars as we export iron ore, and that is suitable for Australia given our small population. However, if the price of iron ore goes down, the cost of cars goes up, or the

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population increases, the equation doesn't work anymore.

We can do the same with intellectual property. If Australia generates enough new ideas, we can licence for a 10 per cent share of the value generated by the licensee. Of course, to do this it's essential to create a large number of new ideas compared to the small population. Sweden and Finland are countries with even smaller populations than ours, yet they have created large revenue streams from their IP – in either products sold to the world or licensed IP.

While it's clear that the creation of a true knowledge-based economy won't happen overnight, even small, positive steps will go some way to protect our future. Commercialisation Australia is one example of this, and has the potential to take not just small steps, but leaps and bounds if only it were given the opportunity through increased funding.

It's a matter of playing to our strengths. Australia has some of the greatest innovative minds in the world. What we need to do is capture that innovation and commercialise it in the most productive way.

Global licensing is a promising option. Instead of relying on a resources boom that will not last, or building industries that will find it hard to become competitive given our comparatively small stature, we should create the ideas and licence them to other countries that already have competitive industries, like manufacturing, in place.



The 2011 Annual Conference of the Licensing Executive Society of Australia & New Zealand is being held in Sydney from March 31 to April 2. The theme of the conference is 'licensing in society' and will include speakers from The Heart Foundation, Telstra, FreemantleMedia Enterprises, the Nine Network and more to talk about their licensing practices and the key issues they face. For the full program, go to register, visit [www.lesanz.com](http://www.lesanz.com).