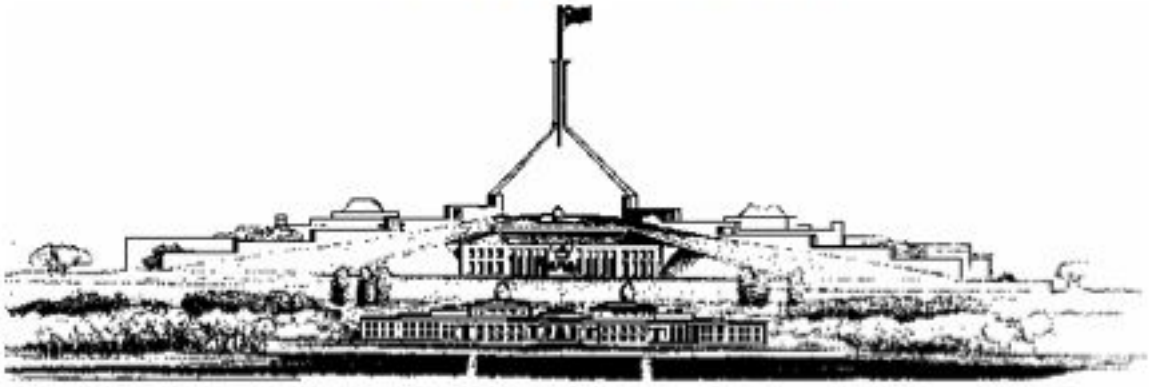
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

Industry Research and Development Amendment (Innovation and Science Australia) Bill 2016

Second Reading

SPEECH

Wednesday, 4 May 2016

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date	Wednesday, 4 May 2016	**Source**	House
Page	4306	**Proof**	No
Questioner		**Responder**	
Speaker	Pyne, Christopher, MP	**Question No.**	

Mr PYNE (Sturt—Leader of the House, Minister for Industry and Innovation and Science) (11:05): I move:

That this bill be now read a second time.

Innovation is a key driver of economic growth and prosperity.

But Australia lags behind world leaders like the United Kingdom, Sweden and the United States; we are ranked 17th out of 141 countries on the 2015 Global Innovation Index.

Australia does perform relatively well compared to other OECD nations against some measures of innovation —for example, the quality of our research output.

Of the world's top one per cent most cited publications, Australia's share has steadily increased over the past decade from 3.7 per cent in 2005 to 6.9 per cent in 2014. Australia places well above the OECD average of 4.8 per cent and is ranked 7th in the OECD on this measure.

Another Global Innovation Index indicator that we perform well on is the business environment. Australia ranks 12th in the world on this measure, which includes indicators for ease of starting a business, resolving insolvency and paying taxes.

However, there are some weaknesses and in some cases our relative ranking is deteriorating over time.

Australian businesses are not investing enough in research and development. The most recent data on Australian business expenditure on research and development as a proportion of GDP was 1.2 per cent, well below the 2.8 per cent average for the top five OECD countries.

Australia is also not doing enough at commercialising and patenting our research, performing well below the OECD average on a range of measures.

We also need to encourage more of Australia's researchers and businesses to work together to develop the latest technologies and shape our future industries. The most recent data shows Australia ranks last of 26 OECD countries for the percentage of innovation-active businesses collaborating with universities or other research institutions.

Rapid developments in technology and science are disrupting the way we live, work and do business. They are a challenge but the opportunities are vast. If we are to harness them, we cannot rely on the old way of doing things. We need to embrace that change. Australia has a proud history of solving problems, coming up with bright ideas and facing challenges.

As the Chief Scientist of Australia Dr Alan Finkel has stated:

As a nation we have to do what we can to make sure there will be new jobs, and the way you do that is by constantly innovating – taking the new ideas that have been generated and turning them into opportunities.

The Prime Minister and I released the National Innovation and Science Agenda in December 2015. It is a transformational plan to ensure Australia utilises innovation and science to embrace the future and shape it, instead of just responding to it. It will drive jobs, growth and investment in Australia.

One of the key pillars of the National Innovation and Science Agenda is 'government as an exemplar'. When it comes to innovation, governments have often opted for the easy way out, to continue with the way things have been done rather than embrace new opportunities. But we want the Australian government to lead by example. We will make the cultural and technological changes needed: the changes needed to put innovation at the heart of

how we operate. We want to be an exemplar for innovation in business. To start with, we need to put in effective governance and oversight for our $9.7 billion annual investment in science, research and innovation.

Leading innovative countries like the UK and Sweden have established institutions like UK Innovate and Vinnova that manage coherent, coordinated, national strategies for innovation. These institutions support high levels of public sector research translation for economic and social benefit. In many of these leading countries, the delivery of national innovation strategies is the responsibility of an independent agency, which operates at arm's length from government.

This bill will create a new Innovation and Science Australia board.

The new board will replace the current Innovation Australia board and redefine the activities of that board. It will continue to be chaired by Mr Bill Ferris, an active and persuasive advocate for innovation to successive Australian governments. The bill also creates a new board position of Deputy Chair, which will be filled by Dr Alan Finkel during his term as Australia's Chief Scientist.

The current board members of Innovation Australia will continue as board members for Innovation and Science Australia. They include some of the best minds in innovation and science in Australia today. The talent on this board represents innovators and entrepreneurs with proven records of success.

Innovation and Science Australia will continue the good work of Innovation Australia but will gain additional, more strategic advisory responsibilities. I have been working with the current board to set an ambitious work plan for the first 12 months of operation of Innovation and Science Australia.

Innovation and Science Australia will provide strategic guidance and momentum to the government's National Innovation and Science Agenda. It will work across government and will directly engage international, business and community sectors to improve the national innovation system's overall performance.

This will involve undertaking periodic audits of Australia's science, research and innovation system to assess and make recommendations on alignment with the government's priorities. The board will identify gaps and better understand the activity in the science, research and innovation system and the impact of whole-of-government investment.

The board will also develop, for government consideration, a long-term, 15-year National Innovation and Science Plan, to be informed by the audit that I have just mentioned. This plan will identify science, research and innovation investment priorities and specific areas for policy and program reform.

Innovation and Science Australia will review the adequacy, capacity and condition of Australia's innovation system on a regular basis. These reviews will inform any updates to the National Innovation and Science Agenda and improve government policies and programs.

As part of promoting public discussion, Innovation and Science Australia will be able to commission and publish research, including publishing the board's advice to government when the board wishes to do so.

Innovation and Science Australia will promote investment in industry, innovation, science and research in Australia, including showcasing successful innovators, entrepreneurs and researchers. To make this happen, the board through its membership will establish strong and extensive business and community links.

Similar to other Commonwealth statutory bodies, the board will develop a Statement of Intent in response to the government's Statement of Expectations. It is government practice for ministers to issue a Statement of Expectations to a statutory body to provide greater clarity about the government policies and priorities it is expected to observe in conducting its operations. The Statement of Expectations and the Statement of Intent recognise the independence of Innovation and Science Australia's statutory functions.

This bill will mean that Innovation and Science Australia will have the flexibility, capability and capacity to provide strategic advice on all industry, innovation, science and research matters. It will improve the outcomes of the Australian government's substantial investment in science, research and innovation. All Australians stand to benefit if we can deliver on our potential.

Aside from establishing Innovation and Science Australia, the bill also provides a transparent and accountable mechanism for implementing Commonwealth spending decisions on industry, innovation, science and research activities through legislative instruments. This mechanism has been structured to support collaboration across the whole of government on these activities, which is a key concern being addressed by the National Innovation and Science Agenda.

The ability for the Commonwealth to prescribe programs and identify operational elements of spending activities in subordinate legislation in this way provide the level of flexibility for the government to be agile and meet changing demands whilst ensuring its activities and programs are effective, robust, sustainable, and subject to parliamentary oversight.

Innovation and science are critical to Australia's future. We can boost Australia's innovation capacity by better coordinating our significant investment in industry, innovation, science and research activities. This bill puts Australia's leading innovators, entrepreneurs, venture capitalists, commercialisers, scientists and researchers onto that task. It will point the way for turning great ideas and world-class science into thriving businesses and world-first innovations.

I commend the bill to the House.

Debate adjourned.