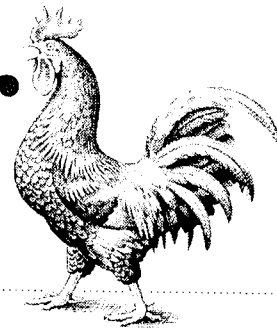


Chanticleer

For crowing there was not his equal in all the land...



www.afr.com | 14-15 September 2013

An opportunity to kick-start innovation

A week after the Coalition's convincing election victory the government-elect is yet to release its policy for what is arguably the most important area for Australia's future – innovation, industry and science.

Adding to the uncertainty is the mystery over who the Prime Minister-elect Tony Abbott will appoint as the new minister to handle a portfolio that touches big business, universities, established government research houses and, most important of all, emerging Australian manufacturers.

The uncertainty over who will handle a portfolio with a budget of \$9 billion a year is understandable. Shadow spokeswoman for innovation, industry and science, Sophie Mirabella, virtually admitted she had lost her seat in parliament when she ruled herself out of a cabinet position.

Mirabella looks set to be knocked out of the seat of Indi in northern Victoria by about 750 votes. That is a devastating outcome considering Indi was regarded as a rolled gold Liberal stronghold. Her winning margin in 2004 was a staggering 62 per cent.

This awful turn of events for the Liberal party in Victoria has created a wonderful opportunity for Abbott to appoint someone with fire in their belly about the need to kick start a new wave of innovation in Australia.

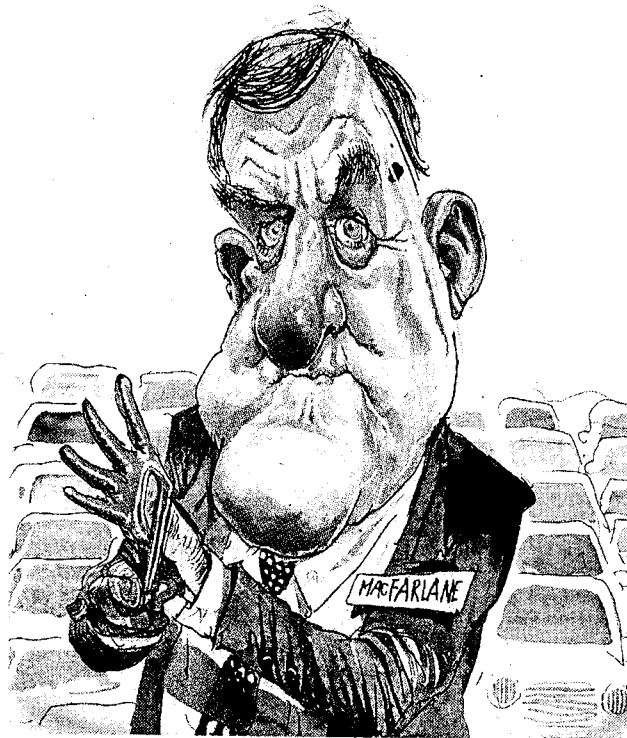
Mirabella's sudden withdrawal created a wave of interest among Liberal front and backbenchers because of the prestige and financial power associated with the portfolio.

The person in federal Parliament with the highest scientific qualifications out of all MPs and senators happens to be the Liberal member for Tangney in Western Australia, Dennis Jensen.

He threw his hat into the ring for the portfolio as soon as Mirabella pulled out.

Jensen says he is concerned that Australia is not commercialising the inventions and intellectual property coming out of university research.

Jensen agrees with Bruce Grey from the Advanced Manufacturing Co-operative Research Centre that Australian manufacturers are not sufficiently aware of the government programs that are



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available to them. Grey, who is seeking to rebid for another \$50 million in federal government funding for the Advanced Manufacturing CRC, says the understanding of government programs is woeful.

Over the course of putting together his bid in partnership with universities and established manufacturers, he came across a high level of ignorance about exactly what a CRC does.

He interviewed more than 150 companies and found that half did not know what a CRC was. Many Australian manufacturers both large and small said they were confused about the overlapping federal and state government initiatives.

Grey has a simple and sensible point to make. He thinks that when a country is spending \$9 billion a year supporting science, research and innovation that money should be enhancing advanced manufacturing capability.

Yet he looks at the exports from Australia in 2011 of \$266 billion and compares that to Taiwan, which exported \$325 billion in the same year. Taiwan has little natural resources but has managed to outpace Australia thanks to its strategic

government support for semi-conductor and micro-electronics.

Grey wants to see growth in Australia's high value manufacturing jobs through greater co-ordination of government policies in the innovation, industry and science portfolio.

The portfolio had expenditure in 2012 about \$9 billion. It provided assistance to business of \$2.25 billion including industry research, and development incentives of \$1.7 billion and other innovation support of \$482 million.

It provided multi-sector support of \$2.6 billion including \$1.2 billion to the National Health and Medical Research Council, \$165 million to Co-operative Research Centres, \$240 million to rural programs, \$436 million for energy and the environment and other science support of \$436 million.

Also, there are the big Australian government research activities including \$725 million to the CSIRO, \$433 million to the Defence Science and Technology Organisation and other R&D activities of \$600 million.

While Jensen has strong ambitions to be in the mix for Mirabella's job, the well informed speculation is that shadow energy and resources spokesman Ian Macfarlane will be handed the industry portfolio in addition to his existing responsibilities.

That would provide a back-to-the-future moment as Macfarlane was the Resource and Industry Minister under John Howard more than six years ago.

It could be argued that, at this critical juncture in the economic cycle when a transition is needed from the resources boom to something else, Australia should strengthen the linkages between resources and manufacturing.

Australian resources companies are world leaders in the use of technology in mining and they could transfer this to help transform manufacturing.

For example, a focus on leading edge car design instead of beating metal in the manufacture of cars at numbers that are sub-scale and uneconomic.

Whether Macfarlane has fire in his belly about innovation is unknown. He certainly will have the budget to do great things.

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