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11 September 2017

Hon Greg Pearce MP
Chair
Standing Committee on State Development
Parliament House
6 Macquarie Street
SYDNEY NSW 2000

Dear Mr Pearce

INQUIRY INTO THE DEFENCE INDUSTRY IN NEW SOUTH WALES – QUESTION TAKEN ON NOTICE DURING HEARING

I write regarding the New South Wales Parliament's Standing Committee on State Development's inquiry into the defence industry in the State.

On 14 August 2017, Charles Sturt University appeared before the Committee at its inquiry into the defence industry in New South Wales public hearing in Orange. The Chair requested that we provide additional information with regards examples of existing government funded industry and university innovation programs:

> *The CHAIR: It would help us if you were prepared to embellish that a little and give us some of the programs that we should refer to. If you could point to two or three existing programs that we could compare to support a proposition it would make it much more forceful for us. The Government will not be surprised to hear that we can tell them about some program that is already working.*
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> *Page 44, Report on Proceedings Before Standing Committee on State Development, Regional Development and a Global Sydney, Defence Industry in New South Wales, Uncorrected Proof. At Orange on Monday, 14 August 2017.*

We have prepared our response in accordance with the Legislative Council's *Instructions on How to Correct Transcripts and Provide Answers*. Please find our response to the question taken on notice during the hearing below.

In addition to the SBIRF and the Innovate UK innovation programs detailed in our submission to the Inquiry and elucidated during our appearance at the hearing on 14 August, we provide the following examples of existing government funded innovation programs that the Committee could compare to support a proposition in its recommendations to Government that would be particularly convincing:

New South Wales

In addition to the, *Boosting Business Innovation Program*, see http://www.industry.nsw.gov.au/business-and-industry-in-nsw/innovation-and-research/boosting-business-innovation-program, which was discussed during the hearing, the New South Wales Government provides the following innovation support at the interface of industry development and public research institutions, including the State's universities:

The suite of programs contained in the four elements of *Bringing Big Ideas to Life*, New South Wales Innovation Strategy, see https://www.innovation.nsw.gov.au.

Victoria

The Victorian Government has a very long history of providing innovation support at the interface of industry development and public research institutions, including the State's universities. This commenced with the Kennet Government's $310 million Science, Technology and Innovation Initiative *Creating Our Future* in 1997 and *Investing in Innovation* in 1999 and was subsequently renewed and expanding three times by the Bracks-Brumby Governments over the ensuing decade and a half.

During this time, the Victorian Government invested between $5 and $10 million per annum in technology commercialisation, through the initial $20 million *Technology Commercialisation Program* and $30 million in each of its two later iterations. In all cases the State's technology commercialisation investment required dollar for dollar cash contributions from the Government and the businesses commercialising the intellectual property outputs of public sector research and development.

Current programs that provide innovation support at the interface of industry development and public research institutions by the Victorian Government include:

- *Future Industries Fund*, see http://www.business.vic.gov.au/support-for-your-business/future-industries, which develops strategies in key industry sectors and provides funding for their develop to ensure the State's future international competitiveness, for example the pharmaceutical industry strategy, see http://yoursay.business.vic.gov.au/futureindustries/application/files/1414/5810/4612/Medtech_and_Pharma_Strategy_-_web_version_-_20160308.PDF;
- *LaunchVic*, which in effect operates as an early stage venture capital provider where the Victorian Government has made an initial allocation of $60 million in risk capital over two years, see https://launchvic.org. *LaunchVic*'s capital is co-invested on at least dollar for dollar terms in businesses commercialisation public sector research, as well as provides a range of market, people and financial development services for entrepreneurial businesses; and,
- the broader business and industry programs of the Department of Business and Innovation, see http://www.vic.gov.au/business-industry.html.

Queensland

The Queensland Government has recently increased its commitment to and funding of technology commercialisation, including providing innovation support at the interface of industry development and public research institutions through the:

- *Advancing Queensland* initiative and the Office of Advance Queensland, see http://advance.qld.gov.au;
- the entrepreneurial and technology commercialisation elements of *Advancing Queensland*, see http://advance.qld.gov.au/entrepreneurs-startups.aspx;
- the $6 million *Advancing Regional Innovation Program*, which supports industry technology commercialisation in Queensland's regions, see http://advance.qld.gov.au/entrepreneurs-startups/advancing-regional-innovation.aspx and the $40 million *Advancing Queensland Business Development Fund,* which directly invests between $125,000 and $2.5 million in Queensland technology businesses to help them commercialise advanced technology for future international competitiveness, see http://advance.qld.gov.au/entrepreneurs-startups/business-development-fund.aspx; and,
- Office of the Queensland Chief Entrepreneur, which is currently filled by internationally renowned technology entrepreneur, Mr Steve Baxter, see http://advance.qld.gov.au/our-vision/chief-entrepreneur.aspx.

These recent investments build on the Queensland Government's highly successful Smart State science, technology, innovation and commercialisation policies and programs that were rolled out last decade. Today, Brisbane in particular, is a national centre of technology commercialisation start-up businesses. The creation of this industry cluster in Brisbane is the direct results of public and private co-investment in commercialisation of public research and development in the State.

Commonwealth

The Commonwealth Government has recently increased its commitment to and funding of technology commercialisation, including providing innovation support at the interface of industry development and public research institutions through the:

- $1 billion plus investment in the *National Innovation and Science Agenda* see, http://www.innovation.gov.au/page/agenda;
- the start-up and entrepreneur funding elements of the *Agenda*, see http://www.innovation.gov.au/audience/startups-and-entrepreneurs; and,
- the business innovation and technology commercialisation funding elements of the Agenda, including:
    - $18 million for cutting edge technology-driven business innovation,
    - $36 million for developing and growing the sophisticated international technology markets of the future,
    - $19 million for provision of high-tech solutions to the Government, noting that this program is in effect a trial of the SBIRF which is mentioned throughout our submission to the Inquiry,
    - $22 million for advanced digital technology application, and,
    - $250 million for biomedical discovery commercialisation,
    - See, http://www.innovation.gov.au/audience/business.

These initiatives and programs are in addition to the Commonwealth's funding of public research and commercialisation including university research and development, CSIRO and the broader Australian Research Council (ARC), see http://www.arc.gov.au and National Health and Medical Research Council (NH&MRC), see https://www.nhmrc.gov.au research funding programs.

It is worth noting that Victoria and Queensland significantly outperform New South Wales with regards to leveraging the Commonwealth's substantial cash investment in technology commercialisation. Contrary to advice often given to Cabinet, New South Wales lags the other States on this front as the Government has historically under-invested in technology commercialisation and entrepreneurial services.

I would be delighted to provide further information to the Committee in relation to considering the merits of the outcomes and objectives sort from the *New South Wales: Strong, Smart and Connected Defence and Industry Strategy 2017* for the development and growth of the defence industry in the State.

Yours sincerely

Professor Andrew Vann
Vice-Chancellor