

Research and Development

AUSTRALIAN DEMOCRATS ACTION PLAN RESEARCH AND DEVELOPMENT SCIENCE AND RESEARCH

The Australian Democrats recognise that innovation is fundamental to success in the global knowledge economy. A robust national R&D capability is vital for sustained economic growth, higher living standards, providing skilled secure jobs and successfully grappling with major environmental and social challenges.

“Australia needs a more strategic and targeted approach to science and innovation policy”

Senator Natasha Stott Despoja
Spokesperson on Science and Research

The Democrats played a crucial role in negotiating the Government's first innovation package, Backing Australia's Ability. Democrat amendments to the Government's proposed changes to the R&D Tax Concession were well received by industry stakeholders.

While Australian researchers are world leaders in many fields, science and innovation is very competitive. Policy-makers need to ensure that support for innovation is appropriately balanced between commercialisation and applied innovation on the one hand and basic discovery research on the other.

The Howard Government does not have that balance right. In their review of Commonwealth Support for Science and Innovation, published in 2007, the Productivity Commission said:

“...there are risks associated with the continuing diversion of public funding to applied science and innovation activity at the expense of basic and strategic science and innovation.”¹

Howard Government innovation policy is reactionary. In trying to address perceived 'market failures' the Government has adopted a short-term, gap-plugging approach that has undermined basic R&D capability and created a bewildering array of Government programs that spreads funding very thinly.

Our Action Plan

- Conduct a review aimed at simplifying Commonwealth support for science and innovation and reducing the total number of programs.
- Reform support for basic research by lengthening the term of research grants, revising funding ratios to allow institutions to claim more for general support costs, and opening a new stream of assistance for early-career researchers.
- Allocate additional funding for science infrastructure and collaborative 'centres of excellence'.

¹ Productivity Commission, *Public Support for Science and Innovation*, March 2007, pg. 390, <http://www.pc.gov.au/study/science/finalreport/index.html>.

Research and Development

- Adopt a strategic approach to applied research and commercialisation by increasing support for CSIRO Flagships and establishing a pilot competitive program, 'Technology Challenge', where the Government sets specific challenges for the business and research sectors to achieve.
- Increase support for business-research intermediary services.
- Incorporate a training element in venture funding programs, to increase the supply of sophisticated innovation specialists in the finance sector.

Issues

Since 1996 (under the Howard Government), Australia has been behind the OECD average every year in terms of our Gross Expenditure in R&D (GERD) as a ratio of GDP. Australia's 2004-05 GERD of 1.76 percent of GDP remains below the OECD average of 2.3 percent.

The Australian Democrats call for increased national investment in R&D, with the OECD average as a medium term goal. Mr Howard refuses to commit to a target.

Clearly we cannot be a 'jack of all trades' – we do not have the resources to be world-class in all areas of science and innovation. Australian science and innovation policy therefore needs attention on two fronts: there should be a boost in funding, and that funding needs to become more focused on areas where we have a good chance of sustaining a world-class effort.

Current funding is increasingly skewed towards commercialisation and shorter-term research. The problem with this is that it runs down the basic discovery and public good research that government is best placed to fund and that also feeds the next generation of ideas.

The Democrats believe that Government should re-focus on the basic and public good research that the commercial sector will not fund. The Democrats would offer a significant boost to basic research by funding infrastructure, providing longer-term grants that also allocate adequate funds for the costs that come with starting up a new research project (general support costs), and providing greater support for early-career researchers.

The Democrats would reform Government support for commercialisation and applied innovation. The Government's focus on 'market failure' – plugging perceived gaps in the system – has led to the creation of a wide array of programs that can be confusing for applicants, constitute a patchwork of support that cuts off before companies are self-sustaining, and duplicates program administration. We would rationalise and simplify this suite of programs.

The Democrats believe that funding for applied science and innovation should be focused on three broad streams: generous funding for addressing specific national challenges; business planning, venture financing and support for intermediary programs that link business with research and allow Australian innovation to be applied by industry; and long-term support for basic R&D.



CONTACT US

(03) 9416 1880

Lv 1, 62 Wellington Parade, East Melbourne VIC 3002
inquiries@democrats.org.au

Authorised by Jack Evans, 5 Poinciana Place, Wanneroo WA 6065
Printed by Senator Lyn Allison, Parliament House, Canberra ACT 2600