



INNOVATION NATION

The bridge to the new economy

Investing in disruption, supporting the change agents

Innovation is more than a buzzword. The world we are part of faces unprecedented challenges but also unparalleled opportunities. The future drivers of the global economy will be innovators and entrepreneurs. But we need to invest and support them if we want Australia to become a global centre of ideas.

Australia is rated 17th in the world on the Global Innovation Index. This is not good enough, particularly as we fall to 72nd in the world when it comes to turning research into commercial outcomes.¹

The term 'disruption' is very big in Prime Minister Turnbull's rhetoric, as it is in the innovation and start-up sectors. On becoming leader, Mr Turnbull said "disruption... is our friend".

But rather than supporting emerging and disruptive technologies, Turnbull has backed the industry incumbents: the coal and fossil fuel industries.

The Greens, Australia's political disruptors, will reverse the government's anti-innovative and climate destroying policies. We would set up an Innovation Commissioner, invest in science, technology, engineering and mathematics (STEM) in schools, and support social innovation.

We are the only party to back the disruptors, the change agents and those working towards a better world. Our policies would create a smarter, more innovative country, and help end Australia's dependence on the industries of last century.

> INNOVATION COMMISSIONER

The Government's approach to innovation has historically been very piecemeal. There is no coherent overall innovation strategy.

The Innovation Commissioner would work with industry, universities, business, government agencies and Innovation and Science Australia to advance the innovation agenda.

The Innovation Commissioner would also be responsible for developing a comprehensive Innovation Strategy, including a National Social Innovation Strategy. Without significant government policy and strategy the impact and value of Australia's social enterprise sector will not realise its potential.

¹ <https://www.globalinnovationindex.org/content/page/data-analysis/>

> REVERSING THE CUTS

The Abbott-Turnbull Government has made massive cuts to innovation funding over its term of Government. \$388.7 million has been slashed from the Entrepreneurs' Infrastructure Program.

The reversal of these cuts will allow start-ups access to crucial early stage capital grants. Access to early stage capital means that innovators and entrepreneurs stay in Australia rather than heading overseas in search of funding.

> AN AUSTRALIAN INNOVATION FUTURE FUND – SPENDING OUR MONEY IN AUSTRALIA

Australia's Future Fund currently has around a 9% investment in innovation and venture capital, but next to none of this is invested in Australia².

If just 3% of Future Fund private equity investment was dedicated to Australian innovation and impact investing it would create a fund of just over \$15bn over four years.³

With the amount of venture capital available in Australia dropping (by 21% in 2014, to \$120m), investment by the Future Fund would send a strong and consistent message to the sector, and other investors, that the Government has confidence in Australian innovation and entrepreneurs.

Former Future Fund Guardian Stephen Fitzgerald said "we need to see social investment as a viable asset allocation alternative for the largest pools of capital in the world."⁴

² http://www.futurefund.gov.au/__data/assets/pdf_file/0013/7015/2014-15_Annual_Report.pdf

³ Parliamentary Budget Office

⁴ http://impactinvestingaustralia.com/wp-content/uploads/0109Delivering_on_impact.pdf

> PUTTING THE SOCIAL IN INNOVATION

Social Innovation is driven by the need for novel and effective solutions to social problems.

The Australian Greens believe that Social Innovation, Social Enterprise and Impact Investing are a critical component of Innovation policy in Australia.

There is a growing breed of innovators and entrepreneurs in Australia who are led by a mission to achieve a public or community good while making a profit.

We need to do more to incentivise investment into companies that are established with the primary aim of increasing the public good in Australia by helping transition to a more equitable, more socially just and more environmentally sustainable economy.

In Australia today there are estimated to be 20,000 social enterprises contributing 2 – 3% of GDP.⁵

> SOCIAL ENTERPRISE AND BENEFIT CORPORATIONS

Start-up social enterprises – organisation that apply commercial strategies to maximise improvements in human and environmental well-being – often struggle to find investors, when compared to tech or other commercial start-ups.

The Greens will ensure that Social entrepreneurs are eligible for grant funding through the Entrepreneurs' Infrastructure Program.

The Greens will amend the Corporations Act to create the category of Benefit Corporation. Benefit Corporations are companies that consider the collective good, generate public benefit and generate profit.

Currently, company directors are precluded from including social impact as a consideration and may be subject to personal liability and breach of fiduciary duty if shareholder value will be compromised.

Benefit Corporation status gives directors the legal protections required to pursue their mission and consider the impact their business has on society and the environment.

Benefit Corporations commit to reporting on their social and environmental performance using an independent third-party standard.

⁵ <http://www.socialtraders.com.au/learn/dsp-default.cfm?loadref=209>

> SUPPORTING INNOVATION AND SOCIAL ENTERPRISE THROUGH PROCUREMENT

Supporting start-ups requires more than just investment into their Research & Development. To fully support start-ups, Government must also invest in their products and technologies.

Through the Innovation Commissioner, government procurement policies will be developed so that government spending takes into account the wider social, economic and environmental benefits of purchasing through Australian startups and social enterprises.

With Government departments being some of the biggest buyers and users of technology in this country, its support of local start-ups will boost both the productivity and profile of this sector, as well as leading the way for other big institutional buyers.

> CROWDFUNDING INNOVATION

The Australian Greens would support changes to the Corporations Act to increase investor caps for crowdfunding.

The Government's legislation proposed an arbitrary cap on investment that will make the raising of equity through crowdfunding particularly onerous for start-ups by creating unnecessary overheads and administrative burden.

The Greens would increase the investor caps for mum and dad investors, and raise the eligible start-up equity cap from \$5 million to \$10 million.

The Greens would also allow investor aggregation – the aggregation of investments into a single vehicle – to further ease the administrative burden, thereby making it a more attractive equity-raising option for start-ups.

> ADDRESSING THE SKILLS SHORTAGE

Australia will need 100,000 new ICT (Information and communications technology) workers over the next six years to meet the demands of digital technology sectors, including start-ups⁶.

But since the early 2000s ICT enrolments have been in decline. In 2014 there were just 5,100 completions of undergraduate and postgraduate ICT degrees in Australia. On this trajectory, industry demand for ICT skills will far outstrip supply⁷.

⁶ <http://www2.deloitte.com/au/en/pages/economics/articles/australias-digital-pulse.html>

⁷ ibid

A short-term solution to this problem would be the target use of 457 Visa where genuine skill shortage and industry need have been identified. This will help keep Australian start-ups on home soil, as well as building international relations and networks.

The long-term solution lies in increased ICT uptake at all levels of education.

> EDUCATING TOMORROW'S STEM WORKFORCE TODAY

The Greens have committed \$678.9m over four years to increasing STEM uptake in our schools and universities.

These initiatives will include:

- STEM professional development for primary school teachers;
- Incentives for high school graduates to study STEM courses at university;
- Incentives for university STEM graduates to enter the teaching profession;
- Support for a national rollout of the Club Kidpreneur Foundation program to primary schools;
- Startup curriculum development for schools and universities;
- Startup hubs and scholarships in universities for final-year students and recent graduates.

By introducing children to STEM and entrepreneurial skills from the start of their schooling, and nurturing their understanding and engagement with these skills throughout their education, we can ensure greater numbers and gender balance in STEM.

> CELEBRATING ENTREPRENEURIAL SUCCESS IN AUSTRALIA

Australia has a great history of innovation, though many Australians wouldn't be aware of how many of these now ubiquitous technologies are home-grown. Australia brought the world the electric drill, solar-hot water, black-box flight recorders and even Wi-Fi.

The Greens will, through education, media, awards nights, and most importantly, through our whole-hearted support, celebrate our innovative and entrepreneurial successes with the Australian public just as we as a nation celebrate our sporting successes.