

## **RESPONSE TO THE PRODUCTIVITY COMMISSION DRAFT REPORT "PUBLIC SUPPORT FOR SCIENCE AND INNOVATION"**

Southern Cross University strongly supports the overall thrust of the Productivity Commission Draft Report.

In particular, we comment on the following:

### **1. Giving start-up firms access to the premium component of 175% tax deductibility for R&D.**

We strongly endorse this recommendation. The vast majority of the companies located in rural and regional Australia are SMEs; and most have little opportunity to experiment with the potential value of R&D to their company. Consequently, in our experience, the 125% tax concession provides no incentive whatsoever for such companies to at least "try the water" in relation to R&D. However, based on feedback we have had from these SMEs, they would get involved in R&D if they had access to the premium 175% in the first instance.

### **2. Broadening the CRC Programme**

We strongly support the Productivity Commission's view that the CRC programme should revert to its original inclusion of public good outcomes.

However, we would go further and suggest removal of the requirement for all CRCs to include a significant science component. The CRC Programme originated in the then Ministry of Science, and therefore had a requirement to include a strong science component. The CRC Programme is now administered by DEST, so this requirement no longer is necessarily appropriate. Indeed, we would argue that the CRC model has proved very successful, **and should be applied to social issues in Australia**. For example, one might envisage a CRC for Drug Abuse, CRC for Youth Suicide, CRC for Regional Development etc.

The nearest existing CRC to our vision is CRC Sustainable Tourism. While incorporating a science component, this CRC focuses on Tourism more broadly. The CRC is now in its 9th year, and recently underwent independent review.

The significant outcomes consequential on the existence of the CRC are:

1. The CRC captures under one umbrella numerous funding sources that were previously disparate.
2. These funds now leverage Commonwealth funds through the CRC programme.

3. The funds are used strategically for the benefit of Australian tourism.
4. The CRC has the internal infrastructure to ensure knowledge transfer to the users, managers, and field officers.
5. The CRC has successfully leveraged additional funding and it and its subsidiaries now turn over \$14 million per annum.

### **3. A new funding scheme**

The Draft Report identifies the need for a funding scheme that falls between the ARC-Linkage scheme (which is project-based) and the CRC scheme (which is theme-based and involves significant administrative overheads.).

We strongly endorse the Productivity Commission's proposal. We have identified numerous opportunities in the past for collaboration with industry, especially SMEs, that would fit into this category, but have not progressed in the past due to the absence of an appropriate scheme.

We would see such a scheme being programme-based, of the order of \$0.5 to \$1.0 mill per annum over 5 years.

### **4. The Research Quality Framework**

We strongly endorse the Productivity Commission's draft proposal to delay the implementation of the RQF.

We note that the Minister has since announced that the RQF will go ahead.

We urge the Productivity Commission to continue to urge caution in its implementation. Specifically, the Commission might recommend;

1. That funding NOT be tied to the RQF in the first instance to give time for the RQF to be tested.
2. If funding is tied to the RQF, then the introduction of appropriate caps and floors to prevent rapid shifts in funding between institutions in the early years.

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