



The Hon Karen Andrews MP

Minister for Industry, Science and Technology

MS19-000094

Mr Andrew Stevens
Chair
Innovation and Science Australia Board
c/o secretariat@isa.gov.au

Dear Mr Stevens *Andrew*

INNOVATION AND SCIENCE AUSTRALIA STATEMENT OF EXPECTATIONS

The Australian Government recognises the critical role science, innovation, and technology play in driving a productive, resilient and prosperous nation, underpinned by a pervasive spirit of innovation across all facets of the economy. Through its policies and investments, the Government is enabling the right conditions for Australian businesses, entrepreneurs and researchers to develop and commercialise new technologies, products and services that can drive economic growth, create highly-skilled jobs and increase living standards for all Australians.

To further foster and grow this environment, the Government requires coherent and high level advice that takes a system-wide view, to ensure that its portfolio of policies and investments across the system and all sectors of the economy are aligned and targeted for maximum impact.

Innovation and Science Australia (ISA) was established to provide strategic, whole-of-system advice on the Government's investment in science, research and innovation, with a view to enhancing the performance of Australia's innovation system. Through its *Performance Review of the Australian Innovation, Science and Research System* (audit) and *Australia 2030: Prosperity through Innovation* (2030 Plan), ISA has made an important contribution to furthering Australia's innovation and science capabilities, and helped inform investments by Government such as those made in the Australian Technology and Science Growth Plan announced in the 2018-19 Budget.

Into the future, the forward looking, whole-of-government advice of the ISA Board will build on this solid foundation and help position the Government to continue to set the right policies and make the right investments to help Australia grow. I expect the ISA Board will work closely with businesses and their representatives, as well as the Growth Centre Advisory Committee and each of the Industry Growth Centres, drawing on their expertise to provide advice for how Government can help every business, including those in the services sectors, to improve the way they are working, whether that is through better systems, processes, technology or skilled people. I also expect that the ISA Board will highlight the wealth of ideas held within our national research system, and the potential for businesses to use this resource to translate great ideas into great innovations.

I expect the ISA Board's advice to complement and be informed by the work of other advisory bodies such as the National Science and Technology Council, but with a strong focus on the needs of business to support greater commercialisation of research and the uptake and development of new technologies, products and services.

This Statement of Expectations (SoE) replaces the SoE issued on 21 December 2016. It provides guidance to the ISA Board for the period through to the end of 2020, identifying the key areas that I expect the ISA Board will prioritise. The ISA Board will provide its views, as informed by consultative and collaborative engagement with science, research and business communities.

I expect ISA to deliver two key reports over this period and in doing so engage proactively with stakeholders, including Australian Government departments and agencies:

1. A report on opportunities for increased business investment in innovation

As a first order priority, the ISA Board will undertake a study of the drivers and barriers to increase business investment in R&D and emerging technologies, and in other activities that support innovation including systems, processes and skills. It will identify the needs and opportunities of businesses in existing and emerging areas of the economy, recognising the rapid changes resulting from digital disruption and the transformation of traditional industry sectors. It will also include advice on issues that software development companies face and potential options for addressing these issues.

The study will be informed by consultation with industry and other stakeholders, and consider international experience and trends. I ask that you report to me by October 2019.

I expect ISA's advice to not only consider the role of Government including indirect and direct interventions, but also identify opportunities for greater industry-led initiatives.

2. A report on effectiveness of Government investment and system performance

The ISA Board will provide high level advice on the Government's overall mix of investments at a system level, to determine if there are duplications or gaps, and with a focus on assessing the degree of alignment of policies across the system and the effectiveness of the Government's spend. This will require an understanding of the objectives of government investments in programs and initiatives, and will draw upon relevant program evaluations and reviews, but will not entail detailed analysis of the effectiveness of individual programs or whether they are meeting their objectives.

I expect the ISA Board will provide this advice in a report to me by March 2020, and include a scorecard on the performance of Australia's science, research and innovation system as committed to under the 2016 ISA Performance Review. ISA should work closely with the Department of Industry, Innovation and Science (my department) and in particular the Office of the Chief Economist to ensure its efforts do not duplicate existing work but provide an independent view of Australia's innovation and science performance.

Other activities

Other activities of the ISA Board will include:

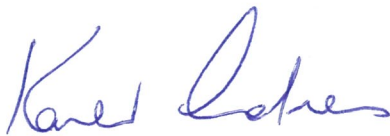
- Championing science and technology as a critical enabler of more innovative Australian industries and businesses.
- Building greater understanding across the Australian community of the importance of science, technology, engineering and mathematics (STEM) skills and knowledge.
- Engaging widely across the business community, and considering the views of small, medium and large business alike in all sectors of the economy.
- Promoting investment in industry, innovation, science and research by facilitating an understanding of the Government's policies and assistance available to businesses and individuals to build capability and embrace technology, both within Australia and internationally.
- Where appropriate, providing expert advice to inform the implementation of government priorities.
- Through the ISA Committees, providing advice on merit-based technical assessments, merit rankings, registrations and eligibility assessments to my department on the Government's innovation programs.

Reporting and Planning

To ensure that resources are efficiently deployed and used, I expect ISA, in consultation with my department, will develop an annual work plan, for my consideration. The work plan will include a stakeholder engagement plan which identifies how ISA will communicate its messages to key communities. I expect that the ISA Board will deliver against the work plan, cognisant of government and ministerial processes, with a situational awareness that will maximise the impact of its advice.

I look forward to receiving from the ISA Board a Statement of Intent (SoI) that outlines how the ISA will deliver on this SoE. I expect that the SoI will be developed within six months of the SoE being issued. I ask that the ISA Board consider any adjustment to its 2018-19 Annual Business Plan in light of this SoE and to align with its SoI, consulting with my department to deliver on the Government's expectations.

Yours sincerely



Karen Andrews

19/2/2019