



**THE HON ED HUSIC MP
MINISTER FOR INDUSTRY AND SCIENCE**

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

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Dear Mr Stevens

Andrew

**INDUSTRY INNOVATION AND SCIENCE AUSTRALIA
STATEMENT OF EXPECTATIONS**

Following my appointment as Minister for Industry and Science, I am writing to outline my expectations for Industry Innovation and Science Australia (IISA).

As Minister, I want to ensure that Australia is getting the greatest possible value from its discoveries and innovations. The Government is committed to ensuring that Australia's world class research and our industry innovation contribute to national wellbeing, including through commercialisation of ideas and building stronger businesses with more secure, satisfying jobs. In addition to building on areas of strength, we need our industries to be responding to global trends and capitalising on new and emerging areas of innovation. In this context, IISA is well-positioned to advise on opportunities to drive stronger outcomes aligned with the Government's priorities.

Central to Australia's future prosperity will be greater self-reliance in a range of priority areas, such as renewables and low emission technologies, medical science, and enabling capabilities such as critical technologies and advanced manufacturing. Investing in our manufacturing sovereignty is a core priority for the Government, which is why we have committed \$15 billion to the National Reconstruction Fund. Building industry capability and competitiveness is key to Australia's economic self-reliance. This includes capitalising on Australian-sourced research and innovations, to create highly skilled jobs and drive national productivity.

IISA has two key responsibilities under its legislation: oversight of portfolio innovation programs; and providing strategic advice to government on industry innovation. This Statement of Expectations outlines the direction and key priorities for the Board. I look forward to working with you on these priorities.

1. Advice on key Government priorities

National Reconstruction Fund (NRF)

The NRF will leverage Australia's strengths in new and emerging industries and make it easier to commercialise Australian innovation and technology. This will enable Australian industry to be at the cutting edge of innovation, be more productive and to focus on producing goods that add value in sectors where Australia has a comparative advantage. The Government is in the early stages of designing the NRF, and I ask that IISA work with the Department of Industry, Science and Resources (the department) to support the development of this flagship initiative. This includes:

- Supporting the development of the Industry Co-investment Plans, including by providing advice on non-financial investment needs in the NRF priority areas
- Providing iterative advice, as requested by me or the department, on the design of the NRF and related issues.

Commercialisation and collaboration

On a range of measures, Australia's performance in industry-research collaboration and research commercialisation often falls short relative to our peers. While there is no single commercialisation pathway, industry plays an essential role in translating our home-grown ideas and inventions into real world products and applications.

The Government has an ambition to lift investment in research and development. A key to achieving this will be ensuring that industry is a class research sector and understands the customer value add that collaboration can bring. Industry-research collaboration is also an important pathway for industry, including small and medium sized enterprises (SMEs), to commercialise new-to-world products, processes, and services.

I ask that IISA engage with industry and across government to:

- highlight key barriers faced by industry to collaboration with the research sector and commercialisation of research, building from previous IISA work where appropriate
- identify practical options to stimulate industry engagement and improve linkages between industry and research sectors, including to enhance research translation and commercialisation outcomes.

This advice should complement the work underway to revitalise Australia's National Science and Research Priorities and National Science Statement, and take account of other relevant work across government, such as the development of an Australian Universities Accord. I ask you to report to me on this project by **August 2023**.

I note IISA's previous work looking at the role intangible assets play in enabling firms to innovate and commercialise. I would welcome IISA's advice on specific opportunities to improve understanding and investment by Australian businesses in intangible assets, and on which sectors present the strongest opportunities and should be prioritised.

Consistent measurement and reporting of industry innovation and commercialisation can provide valuable information to Government on sector performance and help identify areas for improvement. I ask that IISA support improved innovation metrics by working in close

collaboration with the department to identify opportunities to improve innovation metrics and data.

Industry innovation for business decarbonisation

The Government is committed to ambitious emissions reduction goals, and is actively encouraging businesses, industries and consumers to reduce emissions through a number of initiatives. Achieving net-zero emissions by 2050 is more than meeting emissions targets: it represents an opportunity for Australian businesses and industries to innovate, and build competitive edge and customer value.

Our ambitious goals require a whole of government effort. We will need a range of activities to ensure all Australian businesses are well-positioned to contribute to emissions reduction efforts. In particular, SMEs play a key role in Australia's economy, but face unique challenges in seizing the opportunities presented by the transition to lower emissions.

In this context, I ask IISA to bring forward ideas to ensure Australian industries prosper while also contributing to our emissions reduction efforts. Importantly, IISA has a significant insights into the contemporary issues facing SMEs, as well as deep understanding of the broader operating environment affecting SMEs. IISA is also well-versed in Australia's innovation ecosystem and the ways it can be used to support and grow Australian industries, especially during periods of change.

I ask that IISA provide advice on how Australian businesses, particularly SMEs, can best harness opportunities presented by national and global emissions reductions efforts. You should include consideration of the roles of technology and business capability. In preparing this advice, I ask that you look at lessons learned and case studies globally.

This advice should complement and be informed by the work happening across government, including the Department of Climate Change, Energy, the Environment and Water, and the Climate Change Authority. I also ask that IISA consult with other relevant advisory bodies (through relevant advisory body governance), such as the Technology Investment Advisory Council and, where applicable, align their advice with national strategies.

I ask you to report to me on this project by **November 2023**.

2. Oversight of innovation programs

I expect the Board to continue to carry out its responsibilities in accordance with current legislation to ensure the effective delivery of relevant innovation programs. At the same time, I want to ensure that current governance arrangements across the portfolio program suite remain fit-for-purpose and adequate. I would welcome IISA's views on whether the current program oversight arrangements are optimal, and any proposed actions for improvements.

3. On-going policy development

From time to time I expect IISA to consider and provide feedback on proposals and initiatives under development by the department, and across government. This may include:

- Board members engaging with their extended networks where appropriate and providing feedback and evidence to the department.

- Details of this engagement will be determined on a case-by-case basis based on consultation between the department and the Chair.

4. Other activities

In addition to expecting IISA Board members to actively attend and fully engage in meetings of the IISA Board, I expect the IISA Board to:

- Champion innovation as a key pathway for productivity and growth in Australian industries and business, and promote and advocate for the Government's policies and programs as appropriate
- Build greater understanding across the Australian community of the importance of science, technology, engineering and mathematics (STEM) skills and knowledge, and how this can contribute to industry innovation
- Engage widely across the business community, and consider the views of small, medium and large businesses alike in all sectors of the economy
- Engage with the department, relevant portfolio agencies and across government
- Where appropriate, provide expert advice to inform the implementation of government priorities or examine other matters as requested by government.

5. Reporting and planning

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

I look forward to receiving the IISA Statement of Intent (SoI) that outlines how IISA will deliver on this Statement of Expectations. I expect that the SoI will be developed in consultation with the department and delivered within six months of this SoE being issued. In addition, I would value regular meetings throughout the year with you, as the Chair, to keep abreast of IISA's work. I also expect IISA to maintain close contact with my office and the Secretary of the department and key departmental personnel.

Yours sincerely



Ed Husic MP