

Submission to the

# Review of the National Innovation System

Office of Knowledge Capital  
PO Box 1603  
MELBOURNE VIC 3001

Peter Chaffey  
Executive Director  
Phone: (03) 9658 8728  
Mobile: 0412 260 489  
Email: [peter.chaffey@melbourne.vic.gov.au](mailto:peter.chaffey@melbourne.vic.gov.au)

## DECLARATION OF INTERESTS AND AFFILIATIONS

The Office of Knowledge Capital, (OKC), was created late in 2007 under the auspice of the Melbourne Vice Chancellors' Forum and is a collaboration committed to the development and promotion of Melbourne as "Australia's Knowledge Capital" and a "Global University City".

Its members are:

- Australian Catholic University
- City of Melbourne
- Committee for Melbourne
- Deakin University
- La Trobe University
- Monash University
- RMIT University
- Swinburne University of Technology
- The University of Melbourne
- Victoria University

As a 'non-profit' initiative, the OKC applies all its funding to projects that contribute to its goals.

Policies and program Initiatives that might arise from the Australian Government's response to the Review could be supportive of the work of Melbourne's Office of Knowledge Capital, and potentially involve funding of some OKC activities.

As such, the OKC has a clear interest in the development of effective policies, programs and structures that can foster innovation in Australia, and believes it can actively support the further development of Australia's National Innovation System by facilitating effective local collaboration between universities, business, government and the wider community.

## **INTRODUCTION**

The Review of the National Innovation System provides a valuable opportunity for Australia to re-examine its performance and practices as they relate to the fostering of innovation and its contribution to the economic, social and environmental challenges and opportunities that lie before us as a nation and as individuals.

Within this context, the Office of Knowledge Capital wishes to comment on aspects of innovation as they relate to its role in Melbourne. In doing so, we invite the Review Panel to see perspectives and practices that may also have broad national relevance and application.

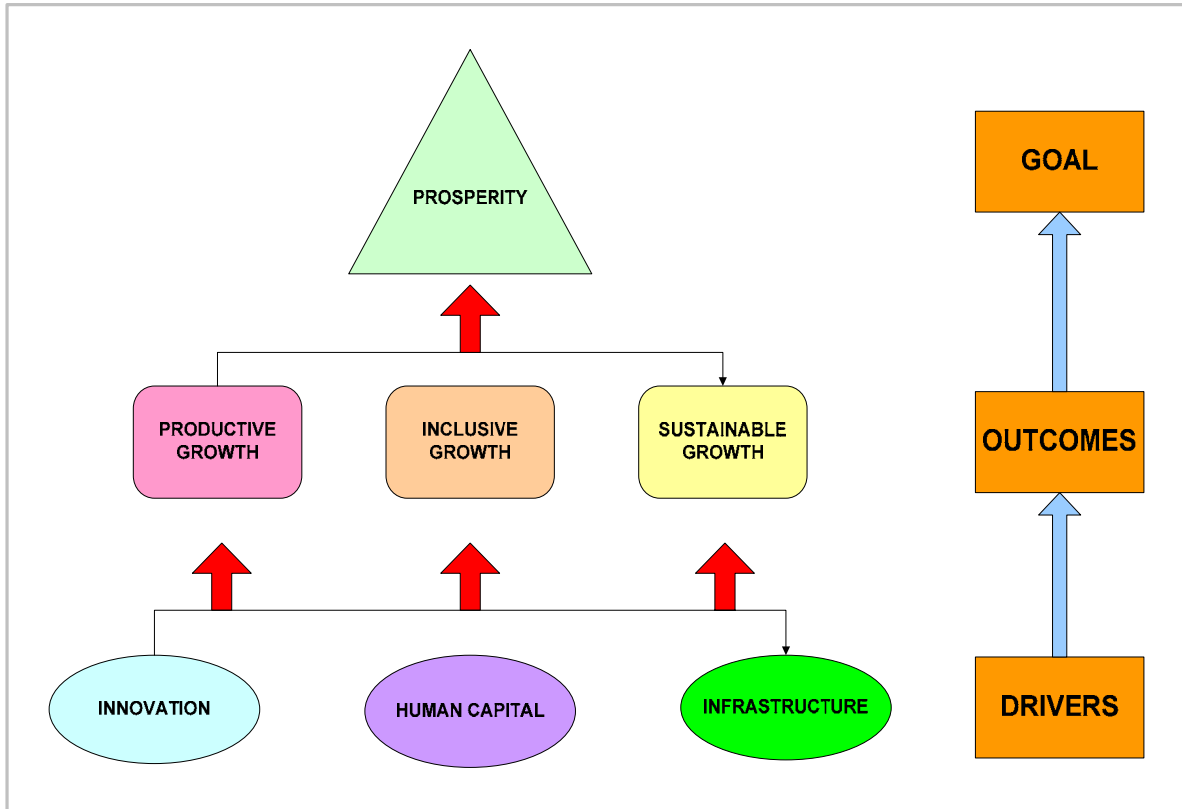
We have not attempted to contribute in the same areas that firms, business groups, research institutes, and individual universities or their representative organisations, will very capably address.

Consequently, this submission has a focus upon aspects of the innovation system that relate to the OKC's emerging role as a facilitator of collaboration between universities, governments, business and the wider community in ways that generate, distribute and apply knowledge to the achievement of community objectives, and 'broker' action on practical outcomes.

Our contribution, and request, is about the need for policies and programs that recognise the importance of collaborative structures, and how these can function as major contributors to the development and operation of a National Innovation System, and the consequent delivery of practical innovation outcomes at global, regional and local levels.

## **CONTEXT FOR A NATIONAL INNOVATION SYSTEM**

In the following diagram, adapted from recent Brookings Institution research into the role of metropolitan areas in driving national prosperity, innovation, together with human capital and infrastructure, are depicted as key drivers of the outcomes that work to produce overall prosperity.



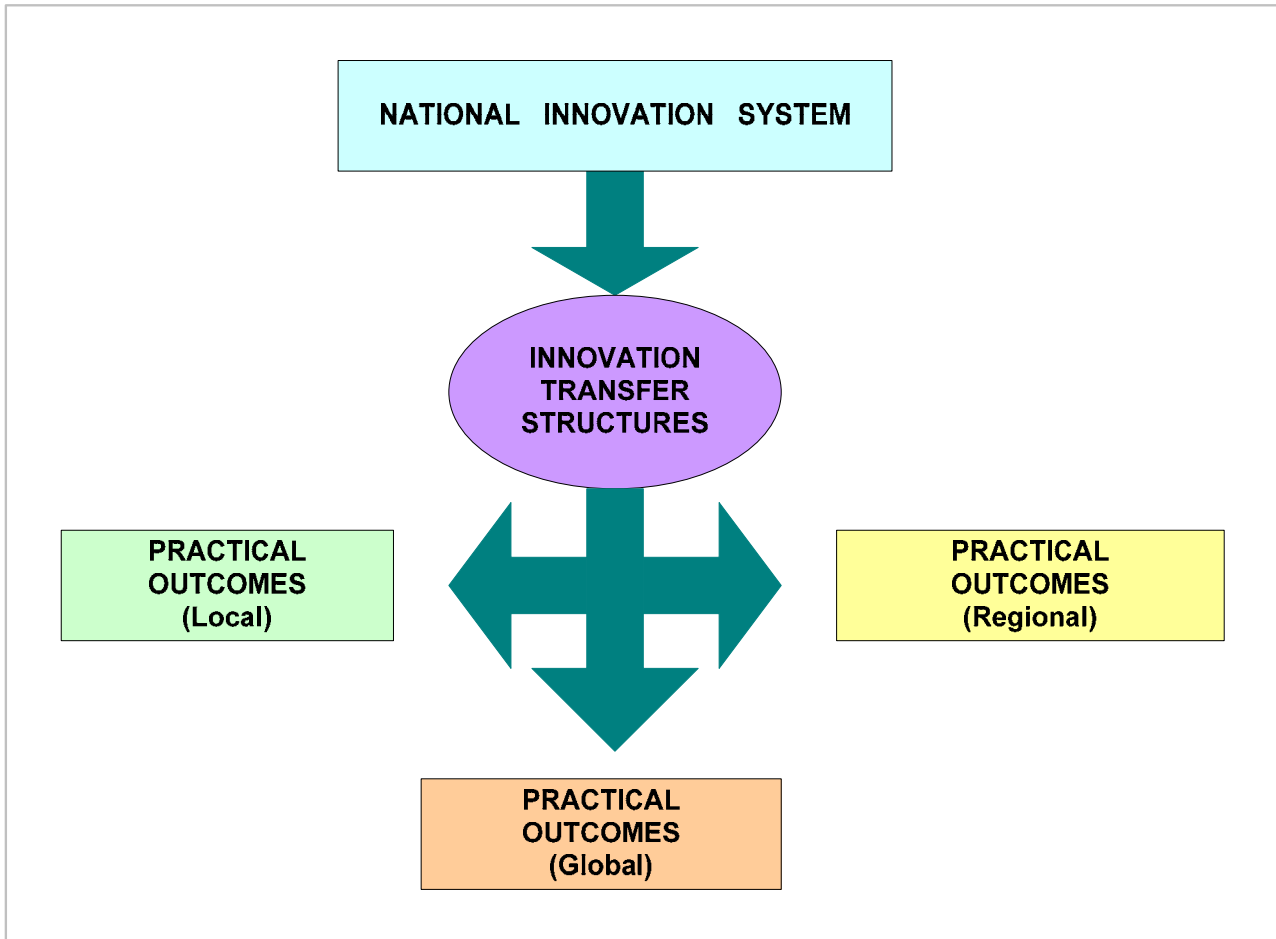
In line with this, we suggest that the broad context for the Review of the National Innovation System, should be focused on the interplay of these 'drivers', (innovation, human capital and infrastructure), in producing the 'on-ground' outcomes that the nation needs to achieve prosperity.

We advocate to the Review Panel, that a National Innovation System could usefully be based on the adoption of this, or a similar construct to more strategically guide the development of policy and program responses.

## DELIVERING OUTCOMES

The development of a National Innovation System makes an important contribution to the overall coordination of national effort and resource allocation. However, of itself, it is not necessarily an effective mechanism for the translation of 'innovative activity' into practical outcomes 'on the ground'.

As the following diagram suggests, a National Innovation System needs effective transfer structures to catalyse outcomes.



Some may argue that the best type of innovation transfer structures already exist in the form of the individual firm. This view has some validity, however, effective transfer structures operating in a fast-paced global knowledge economy are fundamentally about facilitating cooperation between governments, research, (universities, CRCs and institutes), and business – they are about creating networks, fostering collaborations, sharing information, joint research projects, and linking up mutual interest. Most firms have neither the time nor the capability to undertake this role.

To be effective in this, specific-purpose structures need to be established to service the global, regional or local contexts in which the innovation outcomes are to be delivered. Once established, such structures can identify innovation collaboration opportunities, connect the relevant parties, facilitate the shared public and private investments of time and money, and assist in supporting the engagement between the participants. Through this process a return on the initial investment made in the innovation transfer structure can be pursued.

A National Innovation System without these transfer structures may function reasonably well, but the ability for that system to actively create innovative outcomes within individual firms, clusters of firms, local councils and community organisations, may be limited.

## MELBOURNE'S OFFICE OF KNOWLEDGE CAPITAL An Emerging Role in Innovation Transfer

To illustrate the above point, we invite the Review Panel to consider the Office of Knowledge Capital recently established in metropolitan Melbourne, as an emerging example of an innovation transfer structure.

This initiative has its genesis in the efforts of the City of Melbourne to learn from its sister city Boston, about how universities and city governments cooperated in creation of prosperous and cohesive local communities.

To advance this relationship the Lord Mayor invited the Vice Chancellors of the eight Victorian universities with metropolitan campuses to form the Melbourne Vice Chancellors' Forum, which held its first meeting in March 2005.

As its first task, the Forum undertook research to document to contributions that universities make to the economic, social and cultural life of the city. This study, (see copy included with this submission), was released in August 2007 and for the first time clearly outlined the significance of universities, beyond just teaching and research. The report established that universities were a vital part of the city's future success as they performed their roles as:

- key economic players,
- developers of human capital,
- engines of innovation,
- providers of community, cultural and social facilities,
- custodians of knowledge assets, and
- developers/maintainers of urban environments and infrastructure.

This study, and the collaboration required to produce it, created a clear recognition that the connections between city governments and the universities they host needed to be purposefully nurtured.

Melbourne's Office of Knowledge Capital has been established to achieve this. The OKC has, for the first time, brought together the Capital City council, business 'think tank' the Committee for Melbourne, and the city's eight metropolitan universities in a combined effort to build upon, and promote, Melbourne's excellence as a research and higher education centre.

A three year strategic plan, (see copy included with this submission), has been prepared to establish objectives and related actions.

Globally, there are also other useful examples of similarly-tasksed organisations. The Review Panel may find particular value in looking at the innovation work undertaken by organisations such as:

- National Endowment for Science Technology and the Arts, [www.nesta.org.uk/](http://www.nesta.org.uk/)
- San Diego's CONNECT [www.connect.org/](http://www.connect.org/)
- Innovation Philadelphia, [www.innovationphiladelphia.com](http://www.innovationphiladelphia.com)

Finally, to provide specific examples of how the OKC is developing itself as an 'innovation transfer structure', we cite the following current projects:

- Documenting the climate change research capabilities of Victorian universities to enable them to be 'linked' in a collaborative research framework with counterpart universities in California;
- Creating a forum through which local councils and the universities they host can explore areas for mutual cooperation and community development;
- Establishing international connections with other 'knowledge cities' so that universities and business interests can be introduced to new opportunities.

## **PROPOSALS FOR CONSIDERATION BY THE REVIEW PANEL**

As highlighted earlier, this submission has purposely avoided addressing issues that are most likely to come from other sources.

Our specific objective has been to introduce to the Review Panel, the notion that an effective National Innovation System needs a supportive framework of Innovation Transfer Structures that support it at local and regional levels.

These structures will, of necessity, vary according to the context and character of the locations in which they operate, and will host a range of aspirations. However, a nationally focused project to develop a range of structural models would be useful to communities seeking to develop mechanisms appropriate to their own needs and aspirations.

To develop Australia's capacity in this way, we offer the following proposals for the Review Panel's consideration.

### **PROPOSAL 1**

**CONDUCT A COMPREHENSIVE REVIEW OF INTERNATIONAL APPROACHES TO LOCAL AND REGIONAL INNOVATION TRANSFER AND ESTABLISH THEIR UTILITY FOR USE IN THE AUSTRALIAN CONTEXT.**

### **PROPOSAL 2**

**CREATE A NATIONAL SUPPORT PROGRAM FOR INNOVATION TRANSFER STRUCTURES THAT INCLUDES ASSISTANCE WITH ORGANISATIONAL CAPABILITY DEVELOPMENT AND SHARED FUNDING OF GLOBAL/LOCAL/REGIONAL INNOVATION TRANSFER INITIATIVES.**

## CONCLUDING REMARKS

In the initial report from the Australia 2020 Summit, it is suggested that the nation's future success will be achieved, in part, by *"connecting through new collaborations across our education, business and innovations systems."*

The ideas and proposals in this submission align well with this potential national endeavour, and whilst recognising that they will require further thought and evaluation, they can be an important element in its pursuit.

This submission has provided information to the Review Panel that we hope will encourage its recognition of the critical part that is played by 'Innovation Transfer Structures', such as Melbourne's Office of Knowledge Capital, and the extent to which enhancement of the capacity of these structures to be effective can do much to strengthen the performance of Australia's innovation system, and the outcomes it can provide.

The Melbourne Vice Chancellors' Forum and its Office of Knowledge Capital look forward to continued engagement with the Review of the National Innovation System as its progresses.

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## ANNEXURES

1. Melbourne Vice Chancellors' Forum (2007) *"Melbourne, Australia's Knowledge Capital: the contributions of Melbourne's universities to the City's economic, cultural and community development"*
2. Office of Knowledge Capital (2008) *"Strategic Plan (2008 – 2010)"*