

Comment - Missing from Review - Customers, Creative destruction, Intangibles, outputs

SUGGESTED FOCUS - CLIMATE CHANGE - COAL FIRED POWER, PETROL POWERED VEHICLES

OTHER COMMENTS:

1. MISSING PARTIES IN PROCESS

a... Industry, Government, Academia

The missing party is the ones who benefit from innovation - customers. There are too many, but that is why they are a difficult group to capture. Who will take their place? Who will judge whether VALUE for the customers is created.

Industry is the customer of the policy, but Business customers are the users who get the value from innovation.

b. Missing is intangibles as well as tangibles; outputs as well as inputs

Intangible outputs as well as tangible inputs need to be considered. You need to try to measure value - see my comments to US Measuring Innovation review on this topic -

<http://www.innovationmetrics.gov/comments/050807FerrersRichard.pdf>

c. Missing is the other side of innovation - creative destruction

Innovation takes place, because someone else is going down. Whose businesses are going bust, who is laying off workers (THINK CAR INDUSTRY - MITSUBISHI).

Your work needs to consider, both the 'creation', and the 'destruction'. See Schumpeter's economics work on innovation - Capitalism, Socialism and Democracy.

So you need to have policies to embrace the new, and to buffer and reskill the workers in the destroyed. For example, a subsidised scheme that offers workers in shrinking industry, partly funded government work in expanding industries. You need to deal with both ends of the equation.

2. A particular focus to hang the policy around would be useful.

- Climate change

a. especially replacing coal fired power stations

b. especially replacing petrol powered motor vehicles.

These two would simultaneously put Australia at the forefront of Climate Change innovation, and solve our Garnaut Report commitments at a sweep.

## INVESTING IN AUSTRALIANS

Suggest you mandate that super funds put some of their contributions into venture capital that must be invested in Australian ventures:

How much?

Either

a) 10%

b) 5%

c) 2%

Note: it is a percentage of contributions, not assets under management.

If funds performed adequately over say five years, then the same percentage of funds under management, should be invested in the same way.

regards

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