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New survey will help paint SA a much clearer picture of who our innovative companies are



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WE hear a lot these days about the importance of innovation to drive South Australia's economic recovery. Innovation means working smarter so we can stay ahead of the game.

This is important because

our traditional industry base is eroding. Automotive manufacturing is winding down, falling commodity prices are impacting employment in the mining sector, defence is uncertain and construction is decreasing as major projects come to an end.

The new industries will not look like the ones they are replacing. They will need to be innovative and nimble to prosper in an increasingly competitive world.

But when I ask who our innovative companies are no one can really tell me! Some names spring to mind – such as OZ Minerals, Seeley International and Haigh's, but the information is patchy at best.

Part of the reason we don't have a good picture of our innovative companies is that SA is dominated by small companies. Data from the Australian Counts of Business show that the state has over 143,000

registered businesses, but almost two-thirds are sole traders. Less than 1 per cent are medium to large businesses with more than 20 employees.

If small companies dominate our economy, the question is, which ones are poised to grow and prosper? Many of these small companies – per-

haps 90 per cent – are family businesses that have no ambition to grow. But there are hidden gems. For example, did

you know that SA has a large proportion of Australia's electronics industry? Many of these companies just beaver away developing and exporting hi-tech products. They are not, and mostly don't want to be, in the public limelight.

But it is important that we develop a clear and comprehensive picture of our innovative companies. Only then can we take the necessary steps to ensure they flourish and drive

the state's prosperity. We also need to create the right climate to establish many more innovative start-ups.

In this regard, the suite of initiatives announced in the Australian Government's Innovation and Science Agenda is positive. In particular, I welcome the agenda's reforms to promote investment in innovative, high-growth potential start-ups by providing concessional tax treatment for investors.

When Israel introduced similar measures in 2011, it drove an exponential growth in the number of early stage (angel) investors.

So, returning to the question of who are our innovative companies, I have taken a lesson from the OECD, which conducts a Community Innovation Survey every four years.

This survey provides an insight into the achievements and challenges facing innova-

tive European companies. There is no such systematic data available in Australia.

The South Australian company innovation survey has been rolled out for the first

time this year, with over 1500 SA companies approached.

Respondents have spanned the manufacturing, food and wine, information technology, electronics and medical technology sectors. Most are small to medium companies with

five to 20 employees and annual revenue of \$1-5 million.

The interim findings are encouraging, with 80 per cent of respondents indicating they have or plan to develop new to market products or services, with a strong export focus.

Their biggest challenge relates to the high cost of innovation – they either lack the internal funds or have inadequate external financing to fund high-risk projects.

With this survey we will establish, for the first time, a comprehensive picture of the state's innovative companies.

This is, of course, only the start – the real challenge is transforming our economy so that these "gems" become household names. But as in the old adage – if you can't measure it, you can't manage it.

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