





ANNUAL REPORT 2019-20

Online version

The online version of this report can be accessed: www.industry.gov.au/IISA

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Designed and typeset by the Design Team, Corporate & Digital Division, Department of Industry, Science, Energy and Resources Canberra.

ISSN 1030-3316

Letter of Transmittal



Chair

The Hon Karen Andrews MP Minister for Industry, Science and Technology Parliament House CANBERRA ACT 2600

Dear Minister

I am pleased to present the Innovation and Science Australia Annual Report for the financial year ending 30 June 2020. This report has been prepared in accordance with section 46 of the *Industry Research and Development Act 1986.*

Innovation and Science Australia was established on 20 October 2016, prior to then it was known as Innovation Australia. The 2019-20 Annual Report covers activities undertaken by Innovation and Science Australia and its committees.

Sincerely,

Andrew Stevens 15 September 2020

Phone: 02 6213 7400 - Email: secretariat@isa.gov.au - www.industry.gov.au/ISA 10 Binara Street, Canberra City, ACT 2601 - GPO Box 2013 Canberra ACT 2601 - ABN: 74 599 608 295 INNOVATION AND SCIENCE AUSTRALIA

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Innovation and Science Australia's strategic objectives

Objective 1: Inform Australian Government policy on Australian innovation, science and research.

Objective 2: Advocate and champion for Australia's innovation, science and research system.

Objective 3: Oversee innovation programs to ensure effectiveness and efficiency of delivery.

Welcome from the Chair



It is with great pleasure that I present to you the 2019–20 Innovation and Science Australia (ISA) Annual Report, in my second year as Chair of the ISA Board.

Australians have had a tough year, as many parts of the country have experienced the impact of unprecedented bushfires, closely followed by the COVID-19 pandemic. It has been a time of challenge for all. The ISA Board and the Office of Innovation and Science Australia (OISA) have been able to assist, working closely with Government to provide expert advice and guidance on how to help Australian businesses and the economy through these challenging times.

If a positive can be taken from these crises, it is the emphasis on collaboration, growth and innovative change that many businesses embraced whilst managing the uncertainties they faced. We saw innovation achieve a heightened relevance due to the survival opportunities it provided Australian businesses in these unprecedented times. We also saw the important role of science and research, as expert advice was used to underpin the Government's response. In addition to our advice during these crises, the ISA Board released the *Stimulating Business Investment in Innovation* report in February 2020. This important piece of work, tasked by the Hon Karen Andrews MP, Minister for Industry, Science and Technology, asked ISA to advise Government on ways to stimulate business investment in innovation. The report highlighted the importance of supporting business investment in non-research and development (R&D) innovation as well as continued support for R&D.

The findings painted a powerful picture of the potential for increased revenue and employment growth for Australian businesses of all sizes when they invest in non-R&D innovation. The findings also indicated that non-R&D innovation could provide Australian businesses with an opportunity to exit the economic challenges of recent times more aggressively and successfully.

Throughout 2019–20, ISA continued to stimulate public discussion about the role of innovation and science through segments on national television, radio, and podcasts; and in articles in newspapers, magazines and online. We also launched our LinkedIn page, allowing us to better reach and connect with the Australian business community. This work formed a key component of ISA's role to advocate for and champion Australia's innovation, science and research system.

This financial year has also been a time of significant change for ISA. OISA farewelled our inaugural Chief Executive Officer (CEO), Dr Charles Day, it has been a true pleasure working with Charlie. On behalf of all of the ISA Board members and OISA I would like to thank Charlie for his expert leadership and the important role he played in driving a number of the key projects delivered by ISA. We all wish Charlie well in his future endeavours. We were pleased to also welcome Dr Kate Cameron into the role of acting CEO, following Charlie's departure. I have enjoyed collaborating further with Kate following on from her time as Chief Operating Officer (COO) with OISA.

I would also like to thank all members of the ISA Board for their contributions during the 2019–2020 financial year. Your extensive local and global experience proved invaluable in the advice we provided to Government throughout the year. Particular mention and thanks should go to the members whose tenures concluded during the year including Mr Paul Bassat, Ms Maile Carnegie, Dr Heather Smith PSM (Departmental Secretary) and the Board's Special Advisor, Dr Marlene Kanga AM. During the year we also welcomed the Department of Industry, Science, Energy and Resources' new Departmental Secretary, Mr David Fredericks PSM.

I would like to thank the ISA committees for their outstanding efforts throughout the year. These committees play a vital governance role for key government programs in support of the Australian innovation system. It is always a pleasure to work closely with the Chairs and hear the wonderful contributions that these committees, and their programs, make to Australian businesses. You can read some of their success stories later in this report.

In a year of many challenges for Australia, I am very proud of the achievements we have made at ISA. It is a testament to the efforts of the Board and OISA that our work was able to provide timely insights on how to bolster business survival and growth, exactly when it was needed by our business community. We were additionally able to issue expert advice to Government on balanced policy positions which strengthen the competitiveness of our businesses and further Australia's innovation activity. I look forward to sharing the details of these achievements with you in the body of this annual report.

Mr Andrew Stevens Chair

Welcome from the Office of Innovation and Science Australia



As noted in the Chair's welcome, the last 12 months have been an extremely challenging time for Australians. However, they have also highlighted the importance of innovation and science to Australia's resilience and prosperity.

Research on bushfire behaviour, exemplified by the work of the Bushfire and Natural Hazards Cooperative Research Centre (CRC), ensured that our fight against the fires was informed by the very best science. Science was also pivotal to the expert medical and economic advice that informed government policy during the COVID-19 pandemic. This advice has helped to reduce the human and economic cost of the crisis.

Australia also demonstrated its internationally competitive innovation and science during the pandemic. The University of Queensland developed a COVID-19 vaccine candidate in three weeks and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) was selected to conduct pre-clinical trials for international vaccine candidates.

Innovation played a key role for many businesses in the weeks following nationwide restrictions. An extraordinary deployment of remote work and digital access to services occurred across almost every domain.



Data suggests that five years of progress was made in consumer and business digital adoption in just eight weeks, including the 38 per cent of Australian businesses that changed their delivery method and moved their businesses online.

Many of our most innovative businesses were also able to rapidly scale up their response as the pandemic played out: Coviu, a Startup and graduate of CSIRO's ON accelerator, saw demand for its telehealth technology skyrocket as medical services moved online. Melbournebased innovators Planet Innovation and Grey Innovation played pivotal roles in the rapid scale up of ventilator manufacturing capacity; and Australia's most valuable listed company, CSL, swung its considerable capability and resources behind meeting the challenges of COVID-19.

In addition to the pre-eminence of science and innovation during these crises, the last 12 months have also seen developments in the innovation system more generally. SafetyCulture and Judo Bank joined the ranks of Australia's 'unicorns', whilst other major technology businesses continued to grow strongly. The legislative framework for innovation also continued to improve. The Consumer Data Right in financial services was rolled out as the financial year came to an end, signalling a new era of open banking. There is much of which we can be proud. But there is also much work that remains to be done.

Against this backdrop OISA has continued to support ISA's mission to provide strategic, practical advice to government on strengthening the long-term health of Australia's innovation system. As detailed elsewhere in this report, we have provided major reports to the Government on stimulating business investment in research, development and innovation, as well as looking at best practice approaches for the Government's investment in the science, research and innovation system. We have also continued to work behind the scenes and across many areas of government to inform the development and delivery of stronger policies to support innovation.

Within this annual report you will also find words from each of the committees that play such a vital role, alongside the ISA Board, in overseeing specific government programs, and we take this opportunity to thank all committee members, and the Chairs in particular, for their hard work. During 2019-20 we revamped the reporting approach between the committees and the ISA Board, and this has been working well.

ISA's board members, and in particular our Chair, have been active participants in the national debate around innovation throughout the year. We have also contributed extensively to the work of other organisations - for example the Australian Institute of Company Directors' report, released in September, on boardroom attitudes to innovation.

In last year's annual report, we noted that 2018-19 had been a year of transitions for ISA, and that trend has continued in 2019-20. We farewelled several board members during the year, and in February our inaugural CEO Dr Charlie Day passed the baton to Dr Kate Cameron, who took over as acting CEO. OISA would like to acknowledge the significant contribution Charlie made to the innovation system and the office during his tenure as CEO. Charlie and Kate had worked closely together as CEO and COO, which has ensured a smooth transition.

We would like to thank our Chair, Andrew Stevens, and all our board members, for their ongoing commitment to ISA's important work. We would also like to thank the Minister for Industry, Science and Technology, the Hon Karen Andrews MP (Minister), and her staff for their keen interest in our work. We also thank all our colleagues in the Department of Industry, Science, Energy and Resources (DISER), and the Australian Public Service (APS) more broadly, for their collaborative and constructive engagement.

As noted at the outset, 2019-20 has been a challenging year but the challenges have highlighted the importance of science and innovation for Australia's ongoing prosperity and resilience. We remain optimistic that Australians will continue to build upon the excellent science and innovation that has been a hallmark of the current crisis. Through this we hope Australia can capture a position as a top-tier innovation nation, but we recognise, perhaps more acutely than ever, the hard work that will be required to achieve it.

Dr Charles Day, CEO (Jul-Feb)

Dr Kate Cameron, acting CEO (Feb-Jun)



Section 1 REVIEW OF 2019-20

Overview of Innovation and Science Australia Strategic advice Advocacy Program oversight



Overview of Innovation and Science Australia

ISA is an independent Board that provides strategic advice to Government on innovation, science and research matters. ISA also monitors and oversees a number of innovation programs through five committees.

ISA was originally announced as part of the Australian Government's National Innovation and Science Agenda in December 2015, and formally established on 20 October 2016 through amendments to the *Industry Research and Development Act 1986* (IR&D Act).

On its formation, the Board inherited the roles of the body formerly known as Innovation Australia which had been established under the IR&D Act to assist with the administration and oversight of the Government's industry, innovation and venture capital programs.

ISA's role and responsibilities are defined by the IR&D Act, the Government's Statement of Expectations (SOE) and any directions issued by the Minister for Industry, Science and Technology. The Government's current SOE, and ISA's Statement of Intent (SOI) in response are published on https://www.industry.gov.au/isa.

In the 2019-20 financial year, ISA delivered to Government a report titled Stimulating Business Investment in Innovation which outlines four strategic recommendations for government and businesses to encourage greater business investment in innovation in Australia. A second ISA report, Driving Effective Government Investment in Innovation. Science and Research, was delivered to the Government outlining best practice approaches for the Government's investment in the science. research and innovation systems. ISA has also continued to work across many areas of government to inform the development and delivery of stronger policies to support science, research and innovation

Strategic Advice

Core projects

ISA's strategic advisory role during 2019-20 focused on two key programs of work. Both of these pieces of work meet ISA's unique mandate to take a strategic, whole of innovation system view that is supported by a diverse, experienced and influential group of Board Members. We look forward to building upon these as we continue to engage with a broad range of stakeholders across the innovation, science and research system in the year to come.

Stimulating business investment in innovation

ISA delivered the first of its two key pieces of advice, namely the *Stimulating Business Investment in Innovation* report, to the Minister on 31 October 2019. This report was released publically on 20 February 2020.

The report outlined four key recommendations that ISA believe will stimulate greater innovation investment by businesses. Included in the report are examples of business-led and government-led initiatives that could also be considered. The four recommendations were based on quantitative and qualitative analyses which assessed drivers and barriers to innovation investment; as well as workshops with over 180 businesses, and a number of stakeholder groups across government.

This work has been highly influential across government. ISA continues to work with DISER on these recommendations.

The report is available to read or download from the ISA website at <u>https://www.industry.gov.au/businessinnovation</u>.

ISA coordinated a range of media and communications activities to promote the content, findings and public release of *Stimulating Business Investment in Innovation*. Highlights included the ISA Chair conducting live radio and television interviews with Radio National Breakfast and ABC News 24. The report also garnered strong public interest and engagement via online publications and social media.

Strategic recommendations

Key recommendation 1

Key recommendation 3



ISA recommends that Government rebalance its policy mix to support business investment in both non-R&D innovation and R&D, specifically with significant additional support for non-R&D innovation for a defined period, say, five-10 years

Key recommendation 2



ISA recommends that Government and business prioritise key growth sectors

Key recommendation 4



ISA recommends that Government and businesses develop and encourage a 'growth through innovation' mindset and the business processes required to implement this mindset, among shareholders, directors and managers



ISA recommends that Government facilitate access to, and attraction of, innovation skills and capabilities

Key Findings

INVESTMENT LEVELS



Driving effective government investment in innovation, science and research

ISA delivered its second key piece of advice to the Minister, *Driving Effective Government Investment in Innovation, Science and Research*, on 30 June 2020.

The central importance of innovation, science and research (ISR) to Australia's ability to respond to crises has been demonstrated by recent events. ISA's review of the Australian ISR system, and its international counterparts found that globally, countries are harnessing their ISR investments to drive their economies. Ensuring effective Government investment in ISR will be key to ensuring Australia's ongoing resilience, productivity and prosperity.

ISA's report includes several recommended actions to ensure that the Government's ISR investments are aligned to national priorities and delivered as part of a long-term, strategically balanced investment plan with regular monitoring and evaluation.

Broader engagement

ISA is committed to engaging across the Australian Government, as well as the broader innovation ecosystem. We provided advice on various topics and contributed to a number of public Government consultations during 2019–20.

ISA is uniquely positioned to act as an integrator and connector in the Australian innovation ecosystem. This has facilitated meaningful engagement with a broad stakeholder group outside of government in a variety of cross-cutting areas and initiatives.

Advocacy

ISA's second strategic objective is to 'advocate and champion for Australia's innovation, science and research system'. This objective encompasses a range of activities, from speeches and presentations by the Chair, Board members and CEO, to participation in roundtable forums and meetings with industry and Government stakeholder groups. ISA's broad engagement strategy ensures that we can proactively target messages to the innovation, science and research communities as well as the wider Australian public.

ISA continued to provide advocacy through its social media channels in 2019–2020. In February 2020 we established our ISA LinkedIn page at <u>linkedin.com/company/</u> <u>innovation-science-Australia</u> with a view to connect with the Australian business community online. We also used this channel to publicly share key findings from our *Stimulating Business Investment in Innovation* report. Our follower base is increasing on LinkedIn and it joins our 2,222 followers on our @ISA_Board Twitter account.

Social media channels were used to engage with stakeholders across the innovation ecosystem and the general public, sharing the latest news and findings, promoting and providing live coverage of presentations by ISA spokespeople, sharing media interviews and articles, and highlighting innovation success stories.

The Board visited the Future Battery Industries CRC on Wednesday 26 February 2020.

During the reporting period, the ISA Chair, Board members and CEO presented at more than 20 events.

Some highlights from our CEO's and Chair's public engagement activities over the year included:

- the Going Global panel at Data61+ Live
- a television interview on the Sky News Innovation Forum

- a podcast episode on the InnovationAus Commercial Disco podcast
- a blog piece contributing to @ManufacturingAu and the Australian Manufacturing Forum's new deal manufacturing policy
- an article in the Australian Institute of Company Directors magazine.



Tim Shanahan, Chairman, of FBICRC, Mr Andrew Stevens, Chairman, ISA, Chris Vernon, Research Manager, CSIRO and Gary Frampton, Head of Business Development and Technical Projects at BHP Nickel West



Andrew Stevens - interview with Sky News - the Innovation Forum



Andrew Stevens - ABC interview

Program oversight

ISA's third strategic objective is to 'oversee innovation programs to ensure effectiveness and efficiency of delivery'. As at 30 June 2020, the ISA Board provided oversight to, and support for, the administration of the following programs¹:

1. Research and Development Tax Incentive Program

2. Cooperative Research Centres Program

- Cooperative Research Centres (CRCs)
- Cooperative Research Centres Projects (CRC-Ps)

3. Venture Capital Programs

- Early Stage Venture Capital Limited Partnerships (ESVCLPs)
- Venture Capital Limited Partnerships (VCLPs)
- 4. **Biomedical Translation Fund** (delivered by AusIndustry on behalf of the Department of Health)

5. Entrepreneurs' Programme²

- Accelerating Commercialisation (AC)
- Incubator Support (IS)

6. Business Research Innovation Initiative³

Committees and DISER assisted the Board to oversee these programs. The programs were delivered by AusIndustry, within DISER. The Australian Taxation Office (ATO) also assists DISER with the administration of the Research and Development Tax Incentive and Venture Capital programs.

¹ Legacy programs which are no longer open to new applicants and of which Innovation and Science Australia maintains oversight are listed at page 54.

² Note that there are two other components of the Entrepreneurs' Programme, the Business Management component and the Innovation Connections component, which are not included here as ISA does not have a formal oversight role of these components.

³ Note that the Business Research Innovation Initiative does not have its own committee, but instead is overseen by the Entrepreneurs' Programme Committee.

Program Overview Research and Development Incentives Committee



"In July 2019 I was very honoured to accept the invitation from the Hon Karen Andrews MP to take the chair role and have introduced new members with a wide range of industry experience.

"A heightened customer focus with the introduction of the Integrity Framework has assisted companies to navigate the program and engage earlier with AusIndustry to reduce uncertainty, and improve communications.

"The program saw a growth in cases at the Administrative Appeals Tribunal (AAT), and also the first Federal Court judgement clarifying the interpretation of the definition of 'core R&D activities', 'experimental activities' and 'new knowledge'.

"The significant impact of COVID-19 on businesses is expected to make capital raising more difficult and reduce companies' R&D spending. The Research and Development Tax Incentive (RDTI) program provides important support for companies undertaking research and development and growing Australian jobs of the future."

MS JULIE PHILLIPS CHAIR, R&D TAX INCENTIVE COMMITTEE

Research and Development Tax Incentive Program

The R&D Tax Incentive (RDTI) program is the Australian Government's principal measure to encourage industry investment in R&D. It is a broad-based, market-driven program that is accessible to all industry sectors. The program provides benefits in the form of tax offsets to eligible entities undertaking eligible R&D activities. To access the incentive, companies are required to self-assess the eligibility of their R&D activities, register them with DISER, and then claim a tax offset in their company tax return with the ATO.

The broad objective of the incentive is to encourage industry to conduct R&D activities that might otherwise not be conducted. The incentive addresses a market failure whereby businesses under-invest in R&D due to uncertain outcomes and the inability to capture all the benefits of their R&D.

In 2019-20. DISER demonstrated a shift toward a more customer-centric approach through the development and release of key initiatives, including the R&D Tax Incentive Integrity Framework, released in November 2019. The Framework outlines how the Department ensures the integrity of the program and works with companies to help them understand eligibility requirements. The Integrity Framework is supported by a User Journey and Service Commitment, which outlines the potential paths of interaction companies may have with the Department and what they can expect. The Framework and associated documents are available on the "Navigating the R&D Tax Incentive" page: www.business.gov.au.

Due to the unprecedented impact of COVID-19, DISER has allowed an extension of time for registration of 2018-19 R&D activities to 30 September 2020, allowing companies extra time to submit their registrations. Key outcomes in relation to the RDTI for the 2018-19 income year, as at end-June 2020, include:

- \$10,788,934,724 in registered R&D expenditure
- 10,544 registrations, representing 11,912 R&D performing entities
- 9,323 registrations, representing 9,886 small to medium companies (83 per cent of program participation)
- 1,990 companies registered that were new to the program (16.7 per cent of program participation).

The Guide to Interpretation is the principal guidance product offered by the RDTI, and was last updated in 2016. In 2019, DISER commenced a project to refresh the guidance, consulting with industry and major stakeholders, to ensure it enables businesses to easily understand and self-assess their eligibility for the Incentive. The revised Guide has an anticipated 2020 release date.

Further information and details on the performance of the RDTI program are available on DISER's website <u>www.industry.gov.au</u>. Find out if you are eligible for the R&D Tax Incentive and apply at <u>www.business.gov.au</u>.

For more information on RDTI, visit <u>www.business.gov.au/RDTI</u> or call 13 28 46.

Case study

Cost effective connectivity for remote locations

Breakthrough technology has led to a low-cost, low-power, satellite communications solution that makes the transmission of small data from remote locations economically viable for a whole new class of sensors and machines.

The Internet of Things (IoT) is the interconnection of everyday objects enabling them to send and receive data, making them work smarter. Driven by business benefits and outcomes, organisations adopting IoT today are using metrics that reflect operational improvements, logistics and supply chain gains.



With the help of the RDTI program, the proud Myriota team from the University of South Australia's Institute for Telecommunications Research, have been able to commercialise an innovative, ultra-low-cost satellite communications solution, facilitating communication for remote industries such as agriculture, asset tracking, utilities and defence.

The communications infrastructure taken for granted in more populated areas is simply unavailable in many remote parts of the world. Capturing and delivering data from remote locations using alternative available means (for example conventional satellite technology) is possible, but is difficult and expensive.

Myriota was established in 2015 to commercialise this breakthrough technology.

Myriota's innovative technology offers an affordable solution where small packets of data can be captured and made available to remote end users. Efficient, low-cost battery powered sensors and micro-transmitters lie dormant until needed to capture and transmit small packets of data to a constellation of tiny, inexpensive, low earth orbit nanosatellites. Packets of data are then transmitted to the ground where Myriota's cloud based software solution sorts through the packets of data, before delivering them securely to their intended recipient instantaneously.

Beyond the development of the transmitting device, Myriota's main R&D focus was on the software underpinning the platform. The cloudbased software means that Myriota can deliver IoT connectivity to customers in the most remote locations at a cost unmatched by any other provider.

Myriota has utilised the RDTI to make the latest and most innovative IoT technology available for applications that would otherwise have been priced out of the market. IoT technology is now available for defence, agricultural and transport applications – which would otherwise not have been possible.



CEO of Myriota Dr Alex Grant proudly displays his lowcost, lowpower, satellite communications solution, giving remote locations an easy and affordable data transmission option.

The RDTI program contributed greatly to Myriota's success in its early years. Myriota has been able to develop their product quickly as the RDTI has meant better cash flow and made every dollar spent on R&D go further than it would have done otherwise.

Myriota CEO Dr Alex Grant explains that participation in the RDTI program has accelerated product development and allowed Myriota to mature their business quickly and bring their products to market far quicker than they would otherwise have been able to.

Participation in the RDTI program has also supported Myriota in training its employees to develop skills in electronic design, signal processing, satellite communication and cloud technologies. These skills have been instrumental to the rapid development of Myriota's IoT technology, and have contributed to them developing and bringing their product to market quickly.

Whilst R&D will continue into the future, Dr Grant explains that Myriota will also be focusing their efforts on product sales and service delivery, a stage they would not have reached so quickly had it not been for the RDTI program.

"We're a very early stage company where most of our expenses are R&D. Having access to the RDTI program has accelerated how fast we can do things."

DR ALEX GRANT CEO, MYRIOTA

Case Study

Saving lives through new predictive diagnostic tests

Proteins are known as the 'molecules of life' as they are vitally important in performing functions like muscle movement, immune defence and energy storage. Proteomics International is a worldleading medical technology company focusing on the industrial scale study of proteins.

In 2001, Dr Richard Lipscombe and his colleague founded Proteomics International, a medical technology company focused on the industrial scale study of the structure and function of proteins (known as proteomics)⁴. Insulin, antibodies, the skin, and growth hormones are all examples of proteins that are vital for survival. Proteomics is aimed at mapping the structure and function of proteins and understanding changes over time.

Proteomics International has grown from a small business of two employees to an ASX listed company with 25 employees and representation in five countries.

The company's early focus was on analytical services building and developing new methods to analyse molecules for pharmaceutical and biotechnology companies to validate drugs' mechanism of action. Proteomics International was the world's first facility to receive the highest and globally recognised accreditation for proteomics.

Dr Lipscombe states that his company has been part of the RDTI program since the beginning, and that it has been instrumental in supporting their research. Over the years, they have spent more than \$8 million on R&D with investment having increased from \$100,000 in the first year to \$1.8 million in more recent years. Dr Lipscombe says that the RDTI provided the company with reliable funds that accelerated their research and realised new products: He also stresses the importance of the RDTI supported research for the Australian society and people globally.

He explains that in Australia, five to 10 per cent of people have diabetes – around one to two million people are affected. One in three adults suffering from diabetes already have chronic kidney disease and "once your kidneys fail, the outcomes are dialysis, kidney transplant or death, there is no coming back from severe kidney disease."

The impact on society and the healthcare system is disastrous.



Proteomics at work in their world leading medical technology lab, creating breakthroughs in Medical Technology through their industrial scale studies on proteins.



Dr James Lui, Product Specialist.

In the future, the company is planning to continue the development of diagnostic tests to address unmet needs in medicine and agriculture.

Dr Lipscombe thinks his company's research is positively impacting the STEM sector in Australia by creating attractive employment prospects for highly skilled workers:

"Because of the extra funds that we've got from things like the R&D Tax Incentive, we can employ people and bring them to Australia or bring them back if they have been overseas," Dr Lipscombe said.

The company was also able to sponsor PhD students that later found employment with the company.

The R&D Tax Incentive encourages companies to have their operations in Australia rather than relocating overseas:

"In a global environment where there are incentives around the world to do research in different places, you have to be competitive and this is a very competitive scheme," Dr Lipscombe said. "But if you got rid of it, then you force companies to look elsewhere."

"The work would have happened much slower if we hadn't had that RDTI funding. The products that we develop just wouldn't be where they are now, they would be years behind."

DR RICHARD LIPSCOMBE MANAGING DIRECTOR, PROTEOMICS INTERNATIONAL

Program Overview Cooperative Research Centres



"The CRC Program, encompassing both Cooperative Research Centres (CRCs) and Cooperative Research Centres-Projects (CRC-Ps), continues to be strongly supported by academic collaborators and industry partners, including both large corporations and small to medium enterprises (SMEs). The CRC Advisory Committee has been particularly pleased to see commercial outcomes arising from many current CRCs and CRC-Ps, demonstrating value creation, national benefits and commercial success through longterm partnerships.

"2020 has been a year of challenges. Current CRC and CRC-P partners are working hard to mitigate and manage the impact of the COVID-19 pandemic on their established research programs and milestone commitments. The Department and Committee have made adjustments to program timing to support applicants. A number of CRCs have been on the frontline of the pandemic assisting with digital health technologies and cyber security; remote working and rostering systems; and the rapid deployment of innovative manufacturing technologies."

MS KYLIE SPROSTON CHAIR, CRC ADVISORY COMMITTEE.

Cooperative Research Centres Program

The CRC Program is a competitive, merit-based grants program supporting industry-driven multi-year research collaborations. The program has supported the development of important new technologies, products and services to solve industry problems, and improved the competitiveness, productivity and sustainability of Australian industries.

- The CRC Program has two streams:
 - CRCs, which undertake medium to long term industry-led collaborative research for up to 10 years. There is no set limit on grant funding but it must at least be matched by cash and in kind contributions from CRC partners. CRCs must have at least one Australian industry entity and one Australian research organisation as partners
 - 2. **CRC-Ps**, undertake short term, industry-led collaborative research for up to three years. Grants have a minimum funding limit of \$100,000, are capped at \$3 million and must have at least two Australian industry entities (one must be a small or medium enterprise) and one Australian research organisation as partners.

Since the establishment of the program in 1990, the Government has committed over \$5.1 billion to support the establishment of 230 CRCs and 135 CRC-Ps. Partners have committed over \$15.7 billion in cash and in-kind contributions.

Major highlights:

- The CRC Program stimulates investment in R&D, especially from industry:
 - For every dollar the government invests in a CRC, partners contribute \$3.34 in cash and in-kind resources.
 - For every dollar the government invests in CRC-Ps, partners contribute \$2.35 in cash and in-kind resources.
- Industry participation is a strength of the CRC Program with approximately 470 industry partners involved in CRCs, and 400 in CRC-Ps in 2019-20.

STATE	NUMBER OF CRC-PS (LOCATION OF LEAD PARTNER)	TOTAL CRC-P GRANT FUNDING (GST EXCL)	NUMBER OF CRCS (LOCATION OF HEADQUARTERS)	TOTAL CRC GRANT FUNDING (GST EXCL)
ACT	3	\$8,354,179	1	\$19,839,000
NSW	35	\$83,798,104	6	\$234,850,000
NT	3	\$4,018,297	0	\$0
QLD	22	\$45,332,479	3	\$140,451,000
SA	6	\$11,408,035	2	\$85,000,000
TAS	2	\$5,385,067	1	\$70,000,000
VIC	28	\$60,185,118	9	\$306,743,000
WA	14	\$26,604,224	4	\$132,000,000
Grand Total	113	\$245,085,503	26	\$988,883,000

CRCs and CRC-Ps operating in 2019-20

During 2019-20:

- CRCs and CRC-Ps operated across a variety of sectors, including manufacturing, mining, healthcare, agriculture, and the environment
- The total Government commitment for new CRCs (5) and CRC-Ps (40) was \$273 million which leveraged over \$884 million in partner cash and in-kind contributions.

Other highlights include:

- During 2019-20, Round 7 and Round 8 CRC-P funding outcomes were announced. Forty projects were supported with grant funding totalling \$86 million. This included \$20 million allocated for 11 projects which support the Government's critical mineral strategy and \$20 million for nine projects which focus on reducing plastic waste and boosting plastics recycling
- In early 2020, funding totalling \$187 million was announced for five new CRCs to tackle a range of industry problems including efficient lower cost buildings, increasing the competitiveness of Australia's concrete industry, maximising benefits from technological changes and building skills in the energy sector, and transitioning communities to a prosperous and sustainable post-mine future.

Looking ahead, Australian industry and the research community face challenging times with the impact of the COVID-19 pandemic likely to be felt for an extended period. The support provided through the CRC Program over the coming months and years will be enormously important in assisting Australian businesses to survive, adapt, innovate and grow.

Both streams of the CRC Program are continuing to align and improve application and reporting systems. This will enhance the experience for applicants and grantees, while improving management and oversight of application processes and grant delivery. The program will continue to expand its communications to promote the program to prospective applicants and celebrate the successes of current CRCs and CRC-Ps.

For more information on the CRC Program, visit <u>www.business.gov.au/CRC</u>, or call 13 28 46.

Case study

Taking the financial pain out of knee replacements

New telehealth technology being developed by Australian researchers is set to help more patients undertake knee replacement rehabilitation at home, leading to fewer hospital stays and saving Australia's healthcare system up to \$140 million per year.



The AI-based solution automatically recognises a knee joint's range of motion.

Coviu, a Sydney-based telehealth software company, will lead the project to solve current limitations of tele-rehabilitation, including the poor capturing and measuring of patient recovery and progress, paving the way for greater uptake of this service.

The project will develop rehabilitation-by-video services which track patient improvement based on robust, objective data, thanks to a \$1.2 million CRC-P grant. Project participants are contributing a further \$1.7 million.

Coviu is collaborating with researchers from CSIRO and the University of Western Australia, together with the Trustee for the HFRC Trust (HFRC), an allied health clinic with extensive experience in joint replacement rehabilitation. The project is set to deliver an industry first solution that will lower rehabilitation times and keep more patients at home, saving them money and reducing hospital readmission rates. The project, due to end in mid-2021, will produce Al-based solutions to automatically recognise a knee joint's range of motion. This will allow clinicians to remotely monitor and measure the patient's recovery via a video interface.

While initially focused on knee replacement rehabilitation, the technology developed by this CRC-P will also be applicable to other joints and physiotherapy interventions, offering further commercialisation opportunities and overall cost savings for the health system.

"At Coviu, our goal is to make healthcare services easily accessible and usable for all Australians, and this grant takes us a large step closer towards achieving this."

DR SILVIA PFEIFFER, CEO AND DIRECTOR OF COVIU

Case study Building soil resilience naturally

New research from the Cooperative Research Centre for High Performance Soils (Soil CRC) is showing how we can naturally care for the fragile soils of Australia, the mainstay for our food, biodiversity and water future.

The Soil CRC brings together scientists, industry and farmers to research practices that help farmers improve their soil.

One Soil CRC project is investigating which cover crops can be grown on fallow paddocks to improve soil resilience.

Research scientists are trialling cover crops that add extra nutrients to the soil when they break down. One of these plants is a large legume called Sunn Hemp which can fix its own nitrogen from the atmosphere and has a large root system that creates a lot of biomass, becoming food for microbial life as it decays.

Soil CRC scientists are also using plants to physically open the soil to reduce compaction. As an example, the Tillage Radish has a large taproot which opens the soil. As it breaks down, large holes form in the soil, so when it rains there is an easy pathway for water.

The soil will be tested in a lab to see how it performs when exposed to water stress. It is hoped mixed-species cover crops will result in bigger, better yields that might be more resilient to climate variability.

Where farming systems or chemical inputs are becoming more costly, these types of alternative management practices are becoming more important.



Professor Terry Rose is examining methods for increasing nutrient efficiency with new organic amendments.

"By growing cover crops, farmers can maximise organic inputs into soil, increasing microbial abundance and biodiversity, and potentially increasing plant available nutrients."

DR LUKAS VAN ZWIETEN INTEGRATED AND PRECISION SOIL MANAGEMENT SOLUTIONS PROGRAM LEADER, HIGH PERFORMING SOILS CRC.

Program Overview Venture Capital programs



"2019-20 has continued the strong growth trajectory both in number of funds and amount of capital to invest for earlystage venture capital in Australia.

"The impact of the COVID-19 pandemic has made investors more cautious and this is likely to have an impact upon the level and type of funding available to the earliest stage growth companies in Australia; but the nature and duration of this impact is hard to estimate."

MR MARTY GAUVIN CHAIR, INNOVATION INVESTMENT COMMITTEE

The Australian Government has a suite of programs designed to cultivate innovation and encourage venture capital investment in entrepreneurial Startup and early stage companies.

Venture Capital Limited Partnerships (VCLPs) and the Early Stage Venture Capital Limited Partnerships (ESVCLPs)

The VCLP and ESVCLP programs are designed to stimulate the Australian venture capital sector by attracting both domestic and foreign capital. Over their lifetime the programs have enabled \$16.7 billion in venture capital commitments and \$9.5 billion in investments into an estimated 1,500 Australian businesses. Venture capital funds (structured as limited partnerships) that access either program are registered under the *Venture Capital Act 2002* (VC Act). VCLPs and ESVCLPs are required to operate in accordance with the VC Act and the relevant Income Tax Assessment legislation.

VCLPs

The VCLP program aims to stimulate Australia's venture capital sector by attracting foreign investors. A VCLP is entitled to flowthrough tax treatment and its foreign investors do not pay capital gains tax on their share of returns the VCLP makes from eligible venture capital investments. The program is also open to domestic investors. VCLPs benefit Australian businesses as they increase the level of foreign investment in the Australian venture capital sector.

- Since 2002, \$8.2 billion has been invested by VCLPs in Australian businesses, helping to drive Australia's economic growth by investing in businesses with high growth potential. Over \$1 billion was invested by VCLPs in the last year demonstrating the continued positive impact of the program in attracting foreign investment into Australian businesses
- As at 30 June 2020 there were 89 conditionally and unconditionally registered VCLPs, with 20 VCLPs registered in 2019-20, slightly down on the last financial year when 25 were registered
- The committed capital of currently registered VCLPs, which is the amount investors have agreed to contribute to a partnership, is \$11.9 billion.

ESVCLPs

The ESVCLP program aims to stimulate the Australian early stage venture capital sector by increasing investment into startups and early stage companies. The program assists fund managers to attract pooled capital as ESVCLPs offer flow-through tax concessions to investors on their share of returns. In addition, investors in ESVCLPs receive a 10 per cent investor tax offset on capital invested during the year. ESVCLPs encourage investment in Startup enterprises with a view to commercialisation of activity and company growth.

- Since 2007, \$1.2 billion has been invested by ESVCLPs in Australian businesses. This is an increase of \$291 million since 2018-19 when ESVCLPs had invested a total of \$970 million. Boosting investment in Australian businesses is critical for commercialising ideas and encouraging new startups
- As at 30 June 2020 there were 107 conditionally and unconditionally registered ESVCLPs. The registration rate had a 12.5 per cent increase in 2019-20 with 36 ESVCLPs being registered compared to 32 registrations over the same period in 2018-19
- The committed capital in currently registered ESVCLPs is \$2.4 billion. Australia is the dominant source of committed capital in the ESVCLP program, with superannuation funds providing an increasing percentage of committed capital. This indicates fund managers are able to demonstrate solid returns to investors and the increasing maturity of the venture capital market in Australia.

Other Types of Registration under the *Venture Capital Act 2002*

The VC Act also provides for two other types of registration – Australian Venture Capital Fund of Funds (AFOF) and Eligible Venture Capital Investor (EVCI).

AFOFs are available to Australian resident general partners to pool capital from limited partners for investment into VCLPs and ESVCLPs. An AFOF may also invest directly into eligible venture capital investments the VCLP or ESVCLP (in which the AFOF is a partner) also holds. AFOFs are limited partnerships registered under the VC Act.

As at 31 March 2020, there were 11 conditionally and unconditionally registered AFOFs with a total of \$378 million in committed capital. At 31 March 2020 the AFOFs reported investing \$168 million.

For tax-exempt foreign residents, registration is available as an EVCI under the VC Act. Under the incentive, EVCIs disregard their capital gains or capital losses from eligible investments they have held for at least 12 months. EVCIs are also exempt from income tax on profits and denied deductions for losses arising from the disposal or realisation of such investments. To date, one EVCI has been registered.

Disclaimer:

- Figures may vary from previously published data, for the same time period, due to additional data being supplied by customers
- Committed capital and investment data based on preliminary financial year figures, current as at June 2020.

For more information on VC, visit <u>www.business.gov.au/VC</u> or call 13 28 46.

Case study OneVentures - ESVCLP

Dr Michelle Deaker incorporated OneVentures in Sydney in late 2006, with its first raising as a fund launched in 2009 at the height of the global financial crisis. The tough economic environment did not hamper OneVentures' efforts, with Dr Paul Kelly and Ms Anne Marie Birkill joining the firm in 2010, leading to the firm's first fund established that year utilising the ESVCLP.

The first OneVentures fund launch saw the establishment of the 'OneVentures Innovation Fund I' and \$20 million committed to catalyse this fund from the Commonwealth Government's Innovation and Investment Fund.

OneVentures currently manages 20 active investments across four established funds (Innovation, Innovation & Growth, Healthcare and 1V Venture Credit), and has a committed capital of more than \$408 million. The fund has approximately 200 investors; both wholesale and institutional. Over the past decade the firm has invested in 25 companies, with 19 currently active. OneVentures has the vision to continue investing and shaping local potential particularly in the healthcare and technology sectors.

Part of their ethos is to have a global impact on healthcare by building a healthy local ecosystem where they translate scientific products to commercially viable game changers; creating highly skilled positions within the Australian market to retain domestic talent and attract the best international talent to our shores. The company has grown from its three co-founders to a team of 15, with offices in Sydney, Melbourne and Brisbane. Through their investments they have also boosted local job opportunities. They have dedicated facilities and operations offshore in the United States to support the commercialisation of their investee products.

Vaxxas is a revolutionary needle-free vaccination delivery product that OneVentures seeded from a University lab bench. Vaxxas was a high-risk investment; with limited proof of concept, a small University research team in Queensland, and production at a microscopic scale. OneVentures committed an equity investment, forming a company with an initial work plan of \$15 million which involved two other investment companies.

Dr Paul Kelly, co-founder of OneVentures Funds believes that the ESVCLPs provide an additional incentive, increasing appeal amongst investors due to the tax benefits, and providing a more sustainable venture capital landscape within Australia. Dr Kelly sees the ESVCLP as a lifeline for these innovative, game changing companies like Vaxxas: "Without the ESVCLP, access to capital would be lot more difficult for highrisk earlystage ventures and companies like Vaxxas wouldn't exist.



Vaxxas-patch-arm - needle-free vaccines

"Technologies and opportunities like this would either not attract financing or would be financed offshore, and there would be fewer 'Vaxxas' funded—it would be a very barren Australian environment for early-stage companies."

Vaxxas has gone from the lab-bench and according to Dr Kelly is now on the "cusp of being a game changer in vaccine delivery—it is an Australian success story."

Vaxxas success has catapulted OneVentures into the global spotlight and demonstrated their expertise and capabilities in transitioning an early stage lab bench technology to realise its global potential. Moelis Australia is a diversified financial services firm that specialises in asset management. They also offer services in investment banking, and equity sales and trading. The firm was established in 2009 and has been ASX-listed since 2017.

Moelis Australia's Asset Management (MAAM) division are a laterstage investor in companies that have reached a revenue of \$5 million and have a global vision and application. "We're looking for really good Australian businesses that have a global and sustainable technology or product," said Will Moelis, an Investment Director in the MAAM team.

MAAM has two registered VCLPs, the Moelis Australia Private Investment Fund and the Moelis Australia Growth Capital Fund II (known collectively as the Funds). The Funds have close to 200 investors collectively and have secured 12 investments and three exits since May 2015. The total committed capital across the two VCLPs is approximately \$100 million and almost all limited partners are foreign investors whose contributions are facilitated by the Significant Investment Visa.

The VCLP helped MAAM to attract foreign investors to the Australian market who may provide additional expansion, export or channel partnership opportunities for investee companies of the partnerships. It also incentivised investors to take on the risk of supporting Australian businesses through committing and providing their capital to the partnerships. This attraction of foreign capital in supporting Australian growth and innovation is something that Moelis Australia sees as a major benefit of the program. "The VC program in Australia helps these businesses grow their scale outside Australia and then basically demonstrates well that we can generate innovative businesses that can be players on a global scale," said Will Moelis, an Investment Director in the MAAM team. "Increasingly, you can't just plan to conquer Australia because it's a globalised world, you have to be able to win on global scale, and that's what the VC program is helping these businesses do."

"The VCLP program has allowed these businesses to go global in scale and showcase Australia's talent for innovation."

Moelis Australia have offices in Sydney, Melbourne and Shanghai and manage 50 to 60 funds in total.



Photo credit: pixdeluxe https://www.gettyimages.com.au/



Photo credit: Izabela Habur <u>https://www.gettyimages.com.au/</u>

Program Overview Biomedical Translation Fund



"The Biomedical Translation Fund (BTF) has had a very successful 2019-20 with investments made in a range of biomedical startups bringing the number of investee companies to 16. Of note is the joint second largest commitment from the BTF to a company to develop novel drug formulations to treat major cardiovascular diseases such as heart attack and stroke.

"COVID-19 has certainly brought challenges for businesses and opportunities for the BTF. Fund managers have advised that its portfolio companies have sufficient capital to weather the economic impact. Further, the numbers of biomedical startups seeking funding in the wake of COVID-19 has not been significantly affected."

MR PETER WILLS AC CHAIR, BTF COMMITTEE The BTF program was announced in December 2015 as a key initiative under the National Innovation and Science Agenda. It is an equity coinvestment venture capital program that:

- supports commercialisation of biomedical discoveries in Australia
- assists to translate biomedical discoveries into high growth potential companies to deliver long term health benefits and national economic outcomes.

The BTF focusses on supporting early stage companies that are, or will be, developing and commercialising biomedical discoveries for the long term health and economic wellbeing of Australians.

Biomedical discoveries include therapeutic, medical or pharmaceutical products, and processes, services (including digital health services), technologies or procedures that represent the application and commercialisation of the outcomes of research that serve to improve health and wellbeing. They do not include alternative or complementary medicine, or traditional medicine.

The Department of Health has policy responsibility for the BTF. DISER administers the BTF.

Australian Government funding (\$250 million) has been more than matched by private sector capital commitments (\$251.25 million) to provide a total funding commitment of \$501.25 million.
Following a competitive, merit-based selection process, three private sector BTF fund managers were licensed in December 2016. This process was conducted by the BTF Committee under the auspices of the ISA Board. The licensed BTF managers are: Brandon Capital Partners, OneVentures Management and BioScience Managers.

Licensed BTF fund managers invest in promising biomedical discoveries and assist in their commercialisation. These fund managers also encourage the development of companies which are commercialising biomedical discoveries, by addressing capital and management constraints.

All BTF investment decisions are made by the selected fund managers. The Government has no role in selecting investments, technologies or markets, but ensures all investments are consistent with the program guidelines. This approach has been taken to ensure the venture capital expertise required to invest in commercialisation opportunities is provided by those most qualified.

As at 30 June 2020, the licensed fund managers have publicly announced 16 investments totalling \$177.38 million into a range of biomedical companies. The three fund managers have advised that investee companies are actively engaged on how to overcome the impacts of COVID-19, such as extending its cash runway beyond two years and taking salary deductions so more cash is available to conduct the company's key activities.

For more information on BTF, visit www.business.gov.au/BTF or call 13 28 46.

Case study George Medicines

George Medicines is a biopharmaceutical Startup company backed by Brandon Capital Partners. It develops treatments designed to improve clinical outcomes in patients with cardio-metabolic diseases such as heart disease, hypertension and diabetes, which remain the leading causes of premature death and disability worldwide.

Globally, more than two billion people suffer from chronic disease such as hypertension, diabetes or heart disease, and fifteen million people between the ages of 30 and 69 die from non-communicable diseases each year. Many of these people remain undiagnosed, are on inappropriate treatment or are unlikely to receive any treatment at all.

Founded on innovative research from the renowned George Institute in Sydney, the company focusses on novel doses and combinations of existing medicines. George Medicines is creating affordable treatments that will ultimately improve disease treatment and provide a higher quality of life for patients. These new medications promise to be more effective than current approaches and to reduce the number of pills patients are required to take, thereby making it easier for patients to achieve their treatment goals.

George Medicine's products will serve the medical needs of a very large number of people in Australia and overseas, in both the developed and developing worlds. Using a combination of proven medicines lowers the technical risk and shortens the timeframes and costs of development. The novel combination of medicines and dosages also lends itself to patent protection, which makes the products relatively resistant to competitive pressure. Brandon Capital Partners manages seed and venture capital investment to support the development and international growth of Australian and New Zealand life science companies. Through the Medical Research Commercialisation Fund-Biomedical Translation Fund (MRCF BTF), Brandon Capital Partners has committed \$20 million in investment to George Medicines. The MRCF-BTF consists of at least equal parts Commonwealth and industry funding, so this commitment comprises \$10 million from the Commonwealth and \$10 million from the private sector.

MRCF BTF's investment has been matched by an equal investment from George Health, with support from BUPA Innovations and Federation Asset Management, to bring the total financial commitment to \$40 million, one of Australia's largest-ever public private health partnerships.



Photo credit: PeopleImages https://www.gettyimages.com.au/

"George Medicines has a real and tantalising potential to revolutionise the ease of use, accessibility and affordability of medicines for cardiovascular and metabolic disease, in both the developed and developing worlds." - Dr Ingmar Wahlqvist, Director at George Medicines and Senior Investment Manager at Brandon Capital.

"We're delighted that such a strong group of investors shares our impact vision and are putting their money where it will make a difference to the health of millions of people, as well as delivering globally competitive financial returns."

STAPH LEAVENWORTH BAKALI DIRECTOR OF GEORGE MEDICINES AND CEO OF GEORGE HEALTH ENTERPRISES, CO-INVESTOR IN GEORGE MEDICINES

Program Overview Entrepreneurs' Programme



"The Entrepreneurs' Programme Committee (EPC) has been at full strength during the 2019-20 financial year. The Committee recommended 77 applications under Accelerating Commercialisation (AC) and 13 applications under Incubator Support (IS) – New and Existing Incubators for grant funding worth a combined total of over \$38 million, and an acceleration of the Business Research and Innovation Initiative, which combines government procurement with challengebased approaches to support the development of the Australian innovation ecosystem and drive productivity growth.

"The Committee supported new Terms of Reference incorporating the changes for the new AC Grant Opportunity Guidelines and changed the Incubator Support Initiative. The Committee also recognised and developed proposals to respond to the ecosystem-wide disruption which has resulted from the COVID-19 crisis. "The COVID-19 crisis poses major challenges for the early stage ecosystem. It materially changes the ability of many early stage organisations to survive. A significant number of funding commitments made by investors have not materialised and this threatens to disrupt the implementation of pilots and the adoption of technology innovations across multiple industries and sectors.

"However, many applicants are demonstrating that even during the COVID-19 crisis they are advancing both R&D and non-R&D innovation projects that deliver more productive, resilient, and adaptable new enterprises, and are well positioned to drive excellent growth outcomes. These included activities such as the use of digital technologies, development of new or improved products, new business models, organisational methods and businesses practices."

MR ANTHONY SURTEES CHAIR, ENTREPRENEURS' PROGRAMME COMMITTEE.

Entrepreneurs' Programme

The Entrepreneurs' Programme delivers advice and grants to enable high potential businesses to strengthen, grow, innovate and commercialise nationally and globally. In addition to improving outcomes for clients, this benefits the broader economy, as well as regions, sectors and communities. The programme is delivered through a suite of unique offerings:

- Accelerating Commercialisation helps businesses, entrepreneurs and researchers develop novel products, processes or services through to production and make them available on the market
- Business Management (known as Growth from 1 July 2020) helps businesses to grow by improving their management capability, capacity to trade and export in global markets, and improve supply chain performance
- Incubator Support helps with funding for incubators who support Australian startups with an international focus, and get experts in to improve success
- *Innovation Connections* connects businesses with the research sector and supports them to undertake collaborative research projects to develop innovative solutions
- *Strengthening Business* helps get bushfireaffected businesses back on track with support from a business expert.

In 2019-20, the programme delivered 10,770 services, including 2,500 additional tailored Rapid Response supports to customers impacted by the COVID-19 crisis, exceeding its Portfolio Budget Statement Key Performance Indicator target of 6,832 services. In 2019-20, a total of 2,008 matched grants were approved across all elements, worth a total of \$83,056,687:

- Business Management: 1,570 grants worth a total of \$30,286,678
- Innovation Connections: 322 grants worth a total of \$13,677,394
- Accelerating Commercialisation: 77 grants worth a total of \$33,965,554
- Incubator Support: 39 grants worth a total of \$5,127,061.

The programme is delivering results. A survey sample of recipient businesses (customers) on average have created 4.6 new jobs and experienced a \$1.68 million increase in turnover. Exporting customers have on average increased their export revenue by \$508,000.

Surveys of Accelerating Commercialisation Grant recipients indicate that customers have been able to raise \$3.75 in new capital for each \$1 of grant funding awarded.

As at 30 June 2020, Incubator Support had helped incubators to deliver services to over 1,500 startups participating in more than 160 funded projects, and are helping to build skills to commercialise in overseas markets.

The programme also rapidly responded to meet customer needs in the COVID-19 crisis. This included pivoting to digital and remote delivery of services, and focusing advice on helping business' bridge the crisis. Over 2,500 businesses received an additional one-on-one advisory service through the rapid response from 1 March to 30 June 2020. By comparison, approximately 3,500 businesses access EP's in depth advisory services annually. The programme has also implemented the first phase of a user-centred redesign project, refocussing the program to provide flexible and tailored service offerings to help customers grow, strengthen, innovate, and commercialise. This is supported by streamlined delivery partner arrangements and new performance frameworks to promote collaboration and sharing which came into effect on 1 July 2020. The programme will build on these improvements in 2020-21.

The programme has also implemented a new Strengthening Business element, announced in March 2020, to support bushfire-affected businesses in New South Wales, South Australia and Victoria. Strengthening Business facilitators are working with local recovery agencies to help businesses rebuild and become more resilient. The element will operate to 30 June 2022.

For more information on how the Entrepreneurs' Programme can transform your business, visit <u>www.business.gov.au/EP</u> or call 13 28 46. 140 National Network ADVISORS/ FACILITATORS

15,710 BUSINESSES

960 learning events DELIVERED to 15,841 participants to date



Customer outcomes on average, 12–18 months

after accessing EP, surveyed businesses:



Accelerating Commercialisation

customer surveys indicate for every



of grant funding awarded an additional



is generated



\$508,000

Increased

export revenue

for customers exporting prior to accessing EP

Case study

Bega Valley Innovation Hub Supporting business in bushfire recovery

The Bega Valley Innovation Hub has been critical for more than 120 business owners, who have been able to tap into workshops and support following the summer bushfires. The Phoenix Stabilise and Resolve workshop series have provided timely and valuable advice on digital adoption and innovation, to implement new ideas and create opportunities from hardship.

Walk through the doors of the Bega Valley Innovation Hub's Auckland Street offices, and you'll be struck by a thriving community of like-minded entrepreneurs and mentors. The Hub has been a lifeline for entrepreneurs and small business owners seeking new tools and skills to recover from not just the fires, but also a pandemic.



The Bega Valley Innovation Hub is more than just an accelerator. It offers a multi-faceted, structured approach to empowering startups, scale-ups and entrepreneurs to rapid and sustainable growth through its connections with the iAccelerate Innovation Network and its mentors.

Throughout this challenging period, the Bega Valley Innovation Hub has also continued to run its business accelerator program in association with the University of Wollongong (UOW) and the iAccelerate Innovation Network.

The Entrepreneurs' Programme supported the UOW in setting up this Bega based incubator, via grant funding of \$382,000, awarded in May 2018. This support through the Incubator Support Initiative has enabled the hub to develop access to global networks for local businesses and startups, including accessing over \$10 million in seed funding.

As soon as the region was declared safe from the fires, the Entrepreneurs' Programme connected experienced facilitator Monique Donaldson to the Hub, to help businesses begin to navigate and access a range of government support mechanisms and tap into further research capabilities. This additional support arrived via the program's Strengthening Business service, born from the urgent need for a more rapid response to help businesses in regions impacted by the bushfires.



Jo from Sea Health Products and Kay from Saarinen Organics are now collaborating after connecting through the Bega Valley Innovation Hub

Through this connection, Saarinen Organics, based in Wyndham, and Sea Health Products, near Narooma, utilised the service. Both companies are run by dynamic female founders, have companies with international capabilities, and have collaborated to produce a range of organic, sea kelp-based skincare. Through the Strengthening Business offering, the Australian Government has also placed a fulltime facilitator, based in the Bega area, to assist businesses with recovery for the next two years.

Case Study

CitrusAd - Servicing the retail world's appetite for digital advertising

CitrusAd builds software for e-commerce retailers to integrate advertising into online shopping sites. The Brisbane-based Startup has had a very successful start to 2020, achieving 2000 per cent growth in the space of a single financial year. Revenues have more than doubled to \$1 million per month and CitrusAd now has offices in the United Kingdom and New York.

With the COVID-19 pandemic creating greater demand for online shopping, CitrusAd utilised the opportunity to help big-name retailers determine who advertises on their sites, how much revenue is generated, and how it fits with their brand.

CitrusAd co-founder and CEO, Brad Moran – a former Adelaide Crows footballer - launched the company in Brisbane in 2016, after envying the growth rate of Amazon's advertising platform.

The Entrepreneurs' Programme recognised the potential of the CitrusAd platform, providing an enabling grant of \$844,000 to accelerate the commercialisation of this unique self-service software for digital retailers.

It works as a scalable advertising software model, allowing the e-commerce retailer total control of when, where and how often ads are shown.

Coles was one of CitrusAd's first customers. Since then, other major clients have followed, including Myer, Officeworks, Booktopia and Dan Murphy's. International partnerships have also bloomed, including both Sainsbury's and Tesco, the two biggest United Kingdom supermarket chains, and global technology distributor Tech Data.

It's been a head-spinning ride for Moran as he watches his clientele grow globally.

Since 2017, the CitrusAd platform has been adopted by more than 40 global retailers in 22 countries, reaching more than 300 million customers, with 30 billion website page views.

Recently, Moran has raised \$6.5 million of new venture capital for CitrusAd, as it seeks to rival competitors with capacity to turn retail websites into revenue-generating real estate.

COVID-19 and the lockdown lifestyle it induced worldwide have created a massive opportunity for CitrusAd, with Moran telling <u>www.retailbiz.com.au</u>, "The event has turbocharged the company ten years ahead of where he thought it would be."

2020 has been a breakthrough year for CitrusAd. Just 12 months after its product launch the CitrusAd platform has been adopted by more than 36 global retailers in 22 countries, reaching millions of customers.



Chief Marketing Officer, Nick Paech (left) and CEO, Brad Moran have a strong talent for commercialising technology around online shelf space.

Case study

Aerofloat A decade of optimising wastewater treatment

Australian-owned and family-operated, Aerofloat is passionate about providing the best in wastewater treatment solutions, seamless project delivery and a client focused business model to ensure maximum impact for our environment and client compliance.

Aerofloat offers businesses custom-designed solutions to complex wastewater problems, whether it's a challenging industrial, high strength waste stream or a remote sewage treatment plant location. Innovation always remains at the core of Aerofloat—including fit for purpose design, efficient installation, reliable operability, and simplistic maintenance procedures.

Building on humble beginnings designing wastewater systems for houseboats on the Murray River ten years ago, the Sydney-based Aerofloat won the prestigious GreenTech Consensus Award in 2019. Atlassian and WiseTech are counted among previous recipients.

Despite such accolades, it is the company's patented technology that they are the most proud of.

Managing Director Ray Anderson, has been working in the wastewater industry since the 1970's, with extensive research and development and product development experience. Aerofloat's journey with the Entrepreneurs' Programme began in 2016, with a \$250,000 grant to accelerate the commercialisation of a modular dissolved air flotation system, which enabled the flow of 48 cubic metres of water per hour. This technology caught the attention of industries looking for more efficient options for larger amounts of wastewater, increasing market opportunities.

Over the past five years, Aerofloat has continued to engage with the Entrepreneurs' Programme to propel business management plans and develop a marketing strategy and sales processes.

Aerofloat has continued to win both national and global contracts, and now boasts an impressive clientele from wineries, to plastic recyclers, cardboard manufacturers and beyond.



Ray Anderson, his son, Michael, and his daughter, Katie, each bring individual strengths to the business, establishing themselves as forward-thinkers who endeavour to set new industry benchmarks.

The Business Research and Innovation Initiative Pilot was announced as part of the National Innovation and Science Agenda, with funding commencing 1 July 2016.

BRII provides SMEs with grant funding to develop innovative solutions for government policy and service delivery challenges.

The program covers up to five challenges each round. The SMEs with the best proposals for each challenge receive grants of up to \$100,000 to test the feasibility of their ideas over three months. Successful feasibility study SMEs may then apply for up to \$1 million to develop a prototype or proof of concept over a period of up to 18 months.

At the conclusion of the proof of concept, Australian Government agencies have the option to purchase the solutions developed. SMEs will retain intellectual property rights, and the right to sell in domestic and global markets. BRII has stimulated ideas from 330 SMEs through application processes, validated the readiness of 35 solutions and is delivering up to 15 market ready solutions. More than \$18 million in grant funding has been provided to Australian SMEs to bring new products and technologies to market.

Round one is completed with positive outcomes being shown. Four of the five challenges have led the successful proof of concept businesses to commercial success post-BRII.

The <u>independent early program review</u> found the first round well designed and implemented. Participating businesses are undertaking new R&D, commercialising intellectual property and developing new collaborations. BRII has acted as a catalyst for growing innovation-led approaches or capabilities in participating government agencies.

CHALLENGE SELECTION

- **1.** Australian Government Agencies submit challenges
- 2. Innovation and Science Australia shortlist challenges through assessment process
- **3.** Minister approves shortlisted challenges
- **4.** Challenges are announced by the Minister

FEASIBILITY STUDY

- **1.** SMEs apply to respond to a challenge
- 2. Innovation and Science Australia assess applications
- Minister approves recommended applications for funding
- **4.** Successful SMEs conduct feasibility studies

PROOF OF CONCEPT

- **1.** Successful SMEs apply for proof of concept grant
- 2. Innovation and Science Australia assess applications
- **3.** Minister approves recommended applications for funding
- **4.** Successful SMEs conduct proof of concepts

Round two is underway. Challenges supported by Austrade, National Archives of Australia and the Department of Agriculture, Water and the Environment (DAWE) commenced the proof of concept stage in February 2020.

These Australian Government agencies are working with six businesses who were granted \$1 million each to develop their solutions. Round two is expected to finish in the first half of 2021.

Looking ahead, BRII will have a role in addressing national priorities as they arise. This will commence in July 2020, with five challenges identified in priority areas of oceans, water and soil quality, and technologies advancing recycling. Innovative solutions are expected to have a positive impact on the natural environment, including for regional and rural Australia.

The completion of proof of concepts and successful development of solutions will support raising the profile of BRII, including increasing the visibility of BRII's outcomes to date across the Government.

For more information on BRII, visit <u>www.business.gov.au/BRII</u> or call 13 28 46.

Case Study Itree Pty Ltd

A Wollongong based Australian technology SME, Itree Pty Ltd, was established in 1996 and develops intelligent software for government agencies and regulators in Australia and New Zealand.

Itree Pty Ltd was successful in receiving BRII Grants totaling \$1,033,380 over the course of the BRII feasibility and proof of concept stages for the challenge 'sharing information nationally to ensure child safety'.

In close collaboration with the NSW Department of Communities and Justice and ACT Community Services Directorate, REACH was developed from the ground up, with a design that caters to, and works within, the technology and privacy constraints of securely sharing personal and sensitive information.

A first of its kind, this innovative product will enable State and Territory organisations to 'reach out' and securely share vital information to inform critical decision about children at risk. The data sharing hub will be progressively rolled out to all Australian State and Territories over the coming months. Itree Pty Ltd has been awarded a \$5.9 million, fiveyear contract to deliver this project. The Australian Department of Social Services has been actively contributing, including financially, to support the initiative.

REACH caters for variable data quality by providing intelligent features such as name permutations, relationship pattern matching and partial matching utilising a configurable match confidence score. It actively learns over time to improve match confidence calculations. The product is designed for intuitive ease of use, key to minimising impact to staff operating in high-pressure, time-critical environments, and allowing agency workers to have the right information at the right time; resulting in more searches for relevant information. As a result of the BRII grant, REACH has been built as a genuine product offering, supported by a product vision and roadmap. It is hoped that significant benefits will be realised by the child protection agencies and that the data sharing model could be replicated for other applications to protect and improve the lives of children in Australia.

Inter-agency data sharing is an imminent national priority across many areas of government. REACH is ready to be rapidly deployed into new domains such as police, health, justice, education, transport, fisheries, primary industries and intelligence.

Itree Pty Ltd won the 2019 Australian Business Award for New Product Innovation and the RegTech Social Impact of the Year 2020 award for this innovation.

"Although developed for child protection, REACH can be configured to any data sharing scenario where records are held in multiple systems, there is no common unique identifier, and data quality may be a challenge."

DANIEL WALSH HEAD OF PRODUCT, ITREE



Image courtesy of Itree Pty Ltd

Case Study

Department of Agriculture, Water and the Environment

Through BRII, the Department of Agriculture, Water and the Environment (DAWE) is working with SMEs to find innovative solutions to complex problems.

DAWE is tackling three environmental challenges that the nation faces:

- Improved transparency and reliability of water market information
- On-the-spot technology for measuring pyrethroid surface residue
- Managing the biosecurity of hitchhiking pests and contaminants on shipping containers.

BRII has provided more than \$6.2 million in funding, as these challenges had no existing solution in the market.

Enhancing water market transparency will improve community confidence in water markets and thus contribute to sustainable management of scarce water resources.

Marsden Jacob Unit was approved for a Proof of Concept grant of \$1 million to solve this and has developed software, WaterflowTM.

Waterflow is not a trading platform. It provides free and independent market commentary and information to save water market participants hours researching water prices, availability and rule considerations.

Atamo Pty Ltd and iugotec Pty Ltd have been approved grants totalling \$2,188,597 to prevent the introduction into Australia of exotic mosquito species and the diseases they carry, by developing on-the-spot quantitative measurement of residual and knock-down insecticides on interior aircraft surfaces. DAWE's latest challenge of managing the biosecurity of hitchhiking pests and contaminants on shipping containers requires innovative detection approaches.

Four SMEs received BRII Round 2 funding totalling \$398,187 to conduct three-month Feasibility Studies. Of these, Trellis Data Pty Ltd and Industry Spec Drones Pty Ltd were successful for the \$1 million Proof of Concept funding to develop their solutions over 2020-21.

"It is not just funding for research. The fact BRII allows businesses to retain the intellectual property, and the fact we are obliged to seek broader markets for the device beyond its original application, means real economic benefits for the country and business."

STEWART SNELL FOUNDING CEO, ATAMO PTY LTD



Atamo's Pyrethroid Surface Sampler. Image courtesy of Atamo Pty Ltd

Legacy programs

As at 30 June 2020 ISA continues to monitor the following programs which are closed to applications:

- Innovation Investment Follow-on Fund
- Innovation Investment Fund
- Pooled Development Funds
- Pre-Seed Fund.

AusIndustry (a division of DISER) will continue to work with legacy program customers.



Section Two GOVERNANCE

Innovation and Science Australia Legislation Organisation and management Board and committee membership in 2019-20 Meetings of Innovation and Science Australia in 2019-20 Structure of Innovation and Science Australia Legal matters/Litigation



Innovation and Science Australia

Through ISA's partnership and administration of the Government's industry research and development, innovation and venture capital programs, it seeks to encourage a more entrepreneurial Australian innovation, science and research system.

In 2019-20, ISA reported to the Minister for Industry, Science and Technology, The Hon Karen Andrews MP in accordance with the Board's legislative requirements as described below.

Legislation

The Industry Research & Development Act 1986

ISA operates under the authority of the Industry Research and Development Act 1986 (IR&D Act). The aims of the IR&D Act are to:

- facilitate the provision of independent strategic advice about industry, innovation, science and research
- promote the development of, and improve the efficiency and international competitiveness of, Australian industry by encouraging research and development, innovation and venture capital activities.

ISA functions and powers

ISA's functions are set out in the IR&D Act and associated Ministerial Directions. The Board's responsibilities include:

- provision of independent strategic whole-ofgovernment advice to government in relation to industry, innovation, science and research matters
- promotion of investment in industry and Australia's innovation, science and research system

- co-administration, monitoring and operation of the R&D Tax Incentive
- registering, monitoring and revoking the registrations of Venture Capital Limited Partnerships and Early Stage Venture Capital Partnerships
- co-administration and oversight of the Cooperative Research Centres Program
- strategic oversight of the Entrepreneurs' Programme, which includes administration and monitoring of Accelerating Commercialisation and Incubator Support Initiative
- monitoring ongoing projects under programs which are now closed to applications (see list of legacy programs on page 54
- advising the Minister about the operation of the IR&D Act, the *Pooled Development Funds Act 1992*, the *Venture Capital Act 2002*, and the Commonwealth's *Income Tax Assessment Act 1997* as they operate in relation to those Acts.

Ministerial Directions issued to the former Innovation Australia Board and the ISA Board also provided additional functions for ISA, which were undertaken in the 2019-20 reporting period.

In February 2019, the Government provided ISA with a SOE outlining ISA's core objectives and activities. These objectives and activities support the Government to transform Australia into a leading innovation nation that is capable of continued economic prosperity and creation of new job opportunities. ISA delivered two priority tasks set out in the SOE: a report on opportunities for increased business investment in innovation, and a report on the effectiveness of government investment in innovation, science and research and performance of the system. Further information on these pieces of work can be found in the Strategic Advice section of this report.

Financial responsibilities of ISA under the IR&D Act

ISA has no financial responsibility for programrelated grants, loan or licence agreements entered into after 10 September 2004. This follows amendments to the IR&D Act which came into effect on 11 September 2004, and removed powers of the former Innovation Australia to commit, approve or recommend expenditure of government funds and further safeguard members from any personal liability stemming from board membership.

Organisation and management

ISA uses a committee structure to support administration and provide expert advice on innovation and venture capital programs. As at 30 June 2020 five committees reported to ISA; each committee has the following specific functions:

- Research and Development Incentives
 Committee This committee is responsible for advising the Board about the operations of the R&D Tax Concession program for income years commencing before 1 July 2011 and the R&D Tax Incentive program for income years commencing on or after
 1 July 2011. The Committee advises on operational policy as well as providing certificates to the Commissioner for Taxation about the eligibility of activities registered for the concession and the incentive. The R&D Incentives Committee met seven times in 2019-20
- Cooperative Research Centres Advisory
 Committee This committee has an ongoing
 role to provide advice and recommendations
 on applications for funding, the progress and
 performance of individual Cooperative
 Research Centres (CRC), and the operation
 of the CRC program. The CRC Advisory
 Committee met five times in 2019-20

- Innovation Investment Committee This committee is responsible for administering the venture capital programs and providing guidance to DISER throughout the programs' lifecycles. This includes decisions on registration and decisions relating to compliance and interpretation. The IIC Committee met 10 times in 2019-20
- Biomedical Translation Fund Committee

 This committee administers the Biomedical Translation Fund (BTF) program and guides the DISER throughout the lifecycle of the program. The BTF Committee met twice in 2019-20
- Entrepreneurs' Programme Committee

- This committee is responsible for providing merit assessments and merit ranking recommendations on applications under the Accelerating Commercialisation and the Incubator Support Initiatives. The Committee also provides merit assessments for the Business Research Innovation Initiative which supports Australian businesses to develop innovative solutions that address persistent government challenges.

The Entrepreneurs' Programme Committee met 12 times in 2019-20.

Board and committee membership in 2019-20

Membership

Members of the ISA Board are appointed by the portfolio Minister, in writing. The IR&D Act provides for a maximum of 15 members, including the Chair, Deputy Chair and an ex-officio member. Four members of the ISA Board constitute a quorum.

ISA committee members are appointed by the portfolio Minister and operate under delegation from the ISA Board. Committees comprise a chair and up to six members, with three committee members constituting a quorum. These committees also include Departmental members.

ISA (Board and committee) members are individuals with an appropriate mix of professional and technical expertise across a broad section of industries, technologies and capital markets, as well as experience in commercialisation of industry innovation, corporate governance and business finance.

The ISA Board and its committee members, other than the Departmental members, are remunerated in accordance with determinations set by the Remuneration Tribunal.

Conduct of Board

There are two primary policies which set requirements for ISA Board and committee member conduct and the disclosure and management of members' pecuniary and nonpecuniary interests. As statutory office holders, Board and committee members are also bound by the Australian Public Service Code of Conduct as per sections 13 and 14 of the *Public Service Act 1999*.

More details on the Disclosure of Interest Framework and Code of Conduct are published on the Department of Industry, Science, Energy and Resources website at <u>www.industry.gov.au</u>.

Office of Innovation and Science Australia

Whilst ISA is independent of government by virtue of its founding statute, it is supported by OISA, which is located within, and supported by DISER. As part of the development of its advice to Government, ISA (through OISA), undertakes consultation with relevant government portfolios, industry, the innovation community, and the research and science communities.

OISA is headed by a CEO who is appointed by the Portfolio Minister and engaged through DISER. The CEO role was vacant at the conclusion of the 2019-20 financial year following the departure of Dr Charles Day in February 2020. Dr Kate Cameron has been acting CEO since Dr Day's departure. The process to fill the CEO role commenced in 2019-20 and is continuing. OISA also has a dedicated Board Manager. OISA staff as at 30 June 2020 included the COO, ten full time staff and one graduate.

Partners in delivery

AusIndustry is the program delivery division of DISER. AusIndustry staff in the national, state, territory and regional offices provide project reporting services, technical assessment and promotional services for the programs that ISA oversees. AusIndustry officers also advise customers about the range of government industry support programs.

AusIndustry (on behalf of ISA) and the ATO jointly administer the R&D Tax Incentive, the R&D Tax Concession, the Venture Capital Tax Programs and Pooled Development Fund. AusIndustry manages the registration of research and development activities and conducts compliance reviews related to the eligibility of these activities. The ATO determines if the research and development expenditure claimed in a tax return is eligible.

The Department of Health has policy responsibility for the BTF. DISER (via AusIndustry) administers the Fund.

Innovation and Science Australia Membership - Board members as at 30 June 2020



CHAIR Mr Andrew Stevens 20 December 2018 to 19 December 2021



DEPUTY CHAIR Dr Alan Finkel AO Australia's Chief Scientist 25 January 2019 to 31 December 2020 10 March 2016 to 24 January 2019



Dr Bronte Adams AM Managing Director, Dandolo Partners International 17 August 2019 to

16 August 2020 24 October 2016 to 16 August 2019



Professor Bronwyn Harch

Executive Director, Institute for Future Environments, QUT

17 August 2019 to 16 August 2020

24 October 2016 to 16 August 2019



Dr Christopher Roberts AO Chair, OncoSil Medical Limited 13 March 2019 to 12 March 2021 10 March 2016 to 24 January 2019



Professor Elanor Huntington Dean of Engineering and Computer Science at the Australian National University

20 December 2018 to 19 December 2021



Professor Raoul Mortley AO Principal, Raoul Mortley Consulting Chairman Spee3D 20 December 2018 to 19 December 2021



Mr David Fredericks, PSM Secretary, Department of Industry, Science, Energy and Resources Ongoing

Members who retired from the Board in 2019-20



Mr Paul Bassat Co-Founder, Square Peg Capital 24 January 2019 to 23 January 2020 10 March 2016 to 27 October 2018



Ms Maile Carnegie Group Executive, Digital Banking, ANZ Bank 25 January 2019 to 24 January 2020 10 March 2016 to 24 January 2019



Dr Heather Smith PSM Department of Industry, Innovation and Science (now DISER)

18 September 2017 to 31 January 2020



Dr Marlene Kanga AM Special Advisor to the Board Director, iOmniscient Pty Ltd

15 September 2017 to 12 September 2019

(past Board member 3 August 2013 to 4 August 2016*;

15 September 2016 to 14 September 2017)

Committee Tables

R&D Incentives Committee

R&D INCENTIVES COMMITTEE MEMBERS TERM OF APPOINTMENT

Ms Julie Phillips Chair	CEO, BioDiem Ltd	16 August 2019 to 31 October 2021 (Chair) 1 November 2018 to 31 October 2021 (member) 14 September 2015 to 13 September 2018 (member)
Mr Lachlan James	Executive Director of Frontier Fund Management & ITP renewables and CEO of Haystack HQ	4 April 2019 to 3 April 2022
Dr Michelle Perugini	Co-Founder and CEO at Presagen and Life Whisperer	11 September 2019 to 10 September 2022
Ms Julia Sloman	Company Secretary, Big 4 Transactions and listed company CEO	1 March 2019 to 28 February 2022
Mr Mark Stevens	Managing Director, ActionTech	11 September 2019 to 10 September 2022
Ms Joanne Mulder	Department of Industry, Science, Energy and Resources	11 September 2019 to 10 September 2022

Cooperative Research Centres (CRC) Advisory Committee

CRC ADVISORY COMMITTEE MEMBERS TERM OF APPOINTMENT

Ms Kylie Sproston Chair	CEO, Bellberry Ltd	18 June 2018 to 17 June 2021 (Chair) 20 October 2016 to 17 June 2018 (member)
Dr Damian Barrett	Research Director, Onshore Gas Program	9 April 2019 to 8 April 2022
Professor Ian Chubb AC	Former Australian Chief Scientist	18 June 2018 to 17 June 2021 18 June 2015 to 17 June 2018
Professor Christobel Saunders AO	Professor of Surgical Oncology, School of Surgery, The University of Western Australia	20 October 2019 to 19 October 2022 20 October 2016 to 19 October 2019
Ms Denise Goldsworthy AO	Independent Director, Western Power	18 June 2018 to 17 June 2021
Mr Douglas Stuart	Chief Marketing Officer, Instaclustr	20 June 2020 to 19 June 2023 20 June 2017 to 19 June 2020
Mr David Williamson	Department of Industry, Science, Energy and Resources	11 September 2019 to 10 September 2022

Innovation Investment Committee

INNOVATION INVESTMENT COMMITTEE MEMBERS TERM OF APPOINTMENT

Mr Marty Gauvin Chair	President and CEO, Virtual Ark Pty Ltd	20 April 2019 to 19 April 2022 20 April 2016 to 19 April 2019
Professor Stephen Barkoczy	Professor, Faculty of Law, Monash University	20 April 2019 to 19 April 2022 20 April 2016 to 19 April 2019
Ms Amanda Heyworth	Non-executive Director	12 March 2019 to 11 March 2022 20 April 2016 t 19 November 2018
Ms Leonie Horrocks	Department of Industry, Science, Energy and Resources	11 September 2019 to 10 September 2022

Biomedical Translation Fund Committee

BIOMEDICAL TRANSLATION FUND COMMITTEE MEMBERS TERM OF APPC	INTMENT
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Mr Peter Wills AC Chair	Deputy Chair, Research Australia	2 May 2019 to 1 May 2022 2 May 2016 to 1 May 2019
Ms Fiona Pak-Poy	Non-executive Director, Securities Industry Research Centre of Asia	2 May 2019 to 1 May 2022 2 May 2016 to 1 May 2019
Dr Deborah Rathjen	Chief Executive Officer & Managing Director, Bionomics Ltd	2 May 2019 to 28 February 2021 4 April 2016 to 1 May 2019
Dr Leanna Read	Chief Scientist for South Australia	4 April 2019 to 3 April 2022 2 May 2016 to 24 January 2019
Mr Jeremy Samuel	Founder & Managing Director, Anacacia Capital	4 April 2019 to 3 April 2022 2 May 2016 to 24 January 2019
Ms Leonie Horrocks	Department of Industry, Science, Energy and Resources	11 September 2019 to 10 September 2022

Entrepreneurs' Programme Committee

ENTREPRENEURS' PROGRAMME COMMITTEE MEMBERS TERM OF APPOINTMENT

Mr Anthony Surtees Chair	Co-founder and Director of Marketing and Strategy, Zeetings Pty Ltd	1 November 2018 to 31 October 2021 (Chair) 19 July 2017 to 31 October 2018 (member) 1 July 2015 to 30 June 2017 (member)
Ms Jan Bingley	Founder & Principal, UCX Consulting Pty Ltd	28 November 2018 to 27 November 2021
Ms Bessi Graham	Co-Founder, Benefit Capital	29 January 2019 to 28 January 2022
Ms Rachael Neumann	Netherless Tach Pty Ltd	28 November 2018 to 27 November 2021
Dr Carrie Hillyard AM	Co-Founder CM Capital Investments Pty Ltd	1 July 2018 to 30 June 2021 1 July 2015 to 30 June 2018
Dr James Williams	Investment Director Yuuwa Capital	19 July 2020 to 30 June 2023 18 July 2017 to 17 July 2020
Mr Steve Telburn	Managing Director, Secret Sauce IP Ventures	1 July 2018 to 30 June 2021 1 July 2015 to 30 June 2018

Meetings of Innovation and Science Australia in 2019-20

ISA held five meetings during 2019-20

17	August 2019	Canberra
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17 October 2019 Brisbane

12 December 2019 Canberra

27 February 2020 Perth

3 June 2020 Canberra- Video Conference

ISA also considered a number of matters via teleconference and out of session.

Structure of Innovation and Science Australia as at 30 June 2020



Legal matters/litigation

In 2019-20, ISA was involved in four matters before the Full Court of the Federal Court of Australia. Each of these matters involved an appeal of a decision of the AAT relating to the R&D Tax Incentive. The Federal Court handed down its judgment in the *Moreton Resources* appeal, which was heard in 2018-19. The other three appeals are due to be heard in 2020-21.

At the AAT, ISA was involved in 52 matters (59 applications). Twenty-six matters (32 applications) were resolved in 2019-20. The AAT handed down decisions on four matters (five applications). In each proceeding, it affirmed ISA's decision. Eleven matters (12 applications) were discontinued or withdrawn by applicants. Ten matters (14 applications) were resolved through consent orders. In one proceeding, the application was dismissed due to the applicant's failure to appear at the AAT.

Where there are several applications being dealt with together by the AAT, they are considered to be a single matter. This might occur where the applications concern the same applicant, or where the subject matter is closely connected. This is the reason for the difference in the number of 'matters' and 'applications'.

CURRENT MATTERS AS AT 30 JUNE 2020	FEDERAL COURT	ADMINISTRATIVE APPEALS TRIBUNAL
Board as respondent	3	28
RESOLUTION OF MATTERS 2019-20	FEDERAL COURT	ADMINISTRATIVE APPEALS TRIBUNAL
Decision	1	4
Withdrawal	0	11
Agreement (Consent Orders)	0	10
Other finalisation	0	1



ACRONYM LIST



Acronym list

Α

AAT	Administrative Appeals Tribunal
AC	Accelerating Commercialisation
AFOF	Australian Venture Capital Fund of Funds
APS	Australian Public Service
ATO	Australian Taxation Office
в	
BRII	Business Research Innovation Initiative
BTF	Biomedical Translation Fund
с	
CEO	Chief Executive Officer
СОО	Chief Operating Officer
CRC	Cooperative Research Centres
CRC-P	Cooperative Research Centres-Projects
CSIRO	Commonwealth Scientific and Industrial Research Organisation
D	
DAWE	Department of Agriculture, Water and the Environment
DISER	Department of Industry, Science, Energy and Resources
E	
EP	Entrepreneurs' Programme
EPC	Entrepreneurs' Programme Committee
ESVCLP	Early Stage Venture Capital Limited Partnerships
EVCI	Eligible Venture Capital Investor
G	
GH	George Health
I	
IoT	Internet of Things
IR&D	Industry Research and Development
IR&D Act	Industry Research and Development Act 1986
ISA	Innovation and Science Australia
IS	Incubator Support
ISI	Incubator Support Initiative
ISR	Innovation, Science and Research

MAAM	Moelis Australia's Asset Management
MRCF -BTF	Medical Research Commercialisation Fund-Biomedical Translation Fund
N	
NISA	National Innovation and Science Agenda
NCDs	Non Communicable Diseases
0	
OISA	Office of Innovation and Science Australia
Q	
QUT	Queensland University of Technology
R	
R&D	Research and Development
RDTI	Research and Development Tax Incentive
S	
SIV	Significant Investment Visa
SME	Small and Medium Enterprise
SOE	Statement of Expectations
SOI	Statement of Intent
STEM	Science, Technology, Engineering and Mathematics
т	
The Board	Innovation and Science Australia Board
U	
UOW	University of Wollongong
v	
VC Act	Venture Capital Act 2002
VCLP	Venture Capital Limited Partnerships

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