

Chair

The Hon Christian Porter MP  
Minister for Industry, Science and Technology  
Parliament House ACT 2600

Dear Minister

On 21 December 2020, the former Minister for Industry, Science and Technology provided Industry Innovation and Science Australia (IISA) with a Statement of Expectations (SoE). As Chair of the renewed and refreshed IISA Board, and on behalf of the Board, we welcome the opportunity to work closely with you and your portfolio as your pre-eminent advisory body on industry innovation and science matters. Since delivering the two key reports from our 2019 SoE, IISA has provided strategic advice on the development of the Modern Manufacturing Strategy and I have been working closely with the Education, Skills and Employment portfolio as a member of the advisory Taskforce for the University Research Commercialisation Scheme.

We look forward to continuing to support the Government's development of key science and innovation measures to provide the foundation of successful industries which create employment opportunities, economic growth and societal benefits. This letter forms IISA's Statement of Intent, in response to IISA's SoE. The following outlines IISA's intent for each of the key packages of work outlined in the SoE.

### **Modern Manufacturing Strategy**

The \$1.5 billion Modern Manufacturing Strategy (MMS) is a whole-of-government strategy to help Australian manufacturing increase its competitiveness, scale, and resilience to develop successful, resilient firms which provide jobs, economic growth and increased productivity both now and for future generations. IISA has been supporting the implementation of the MMS, since the announcement of the strategy in October 2020. This has included working with the Minister for Industry, Science and Technology and the Department of Industry, Science, Energy and Resources (DISER) on key aspects of the MMS. It has also included iterative advice on the development of the industry-led Road Maps, the Modern Manufacturing Initiative, the Manufacturing Modernisation Fund and the Supply Chain Resilience Initiative. IISA will continue to work closely with you and DISER on the implementation of the MMS.

### **Industry Growth Centres Initiative**

As the responsibility for providing strategic advice on the Industry Growth Centre (IGC) Initiative has transitioned from the Growth Centre Advisory Committee (GCAC) to IISA, IISA will work closely with former GCAC members, IGCs, DISER, Chairs of the IGCs and key stakeholders to ensure IISA has visibility of key matters. IISA will provide strategic advice about the IGC Initiative to you through normal reporting processes.

## Industry Innovation System Projects

### ***Evaluation of cross-cutting issues arising from the National Manufacturing Priority Road Maps***

The six industry-led National Manufacturing Priority (NMP) Road Maps articulated a number of issues that impact multiple NMP areas. IISA have reviewed the published Road Maps and identified those issues that cut across more than one NMP, with the intention of evaluating a subset of high-impact issues. IISA will review existing domestic and international literature in respect of these cross-cutting issues, engage and consult with businesses and analyse both available quantitative and qualitative data. A report articulating IISA's evaluation of, and proposed actions for, these cross-cutting issues will be delivered to you in October 2021.

### ***Report on investment characteristics of successful innovative businesses***

IISA will build on the Board's previous report, *Stimulating Business Investment in Innovation*, to provide further analysis of the investment characteristics of successful innovative businesses and advise you on possible policy approaches to support firm growth. This work includes quantitative and qualitative research to explore how Australian businesses create and sustain value and the lessons that can be learned from successful businesses. The investigation will explore the role of business executive decision makers and their boards, and the role of different types of intangible assets in value creation. This work will also be informed by engagement with a breadth of Australian businesses and stakeholders. The report will be delivered to you in December 2021.

### ***Venture Capital Tax Concession Impact Assessment***

As outlined in the SoE, the requirement for an impact assessment of the Venture Capital Tax Concession programs is provided in subsection 118-455 of the Income Tax Assessment Act (ITAA) 1997. The legislation states that the impact assessment must examine the operation of the tax concession programs for:

- I. investments made through a Venture Capital Limited Partnership (VCLP), Early Stage Venture Capital Limited Partnership (ESVCLP) or Australian Funds of Funds (AFOF); and
- II. investments made directly by foreign residents registered under Part 3 of the Venture Capital Act 2002.

The legislation also stipulates that the impact assessment must include public consultation, with a 'report about the assessment' to be prepared for the Treasurer for tabling in each House of Parliament. IISA will work closely with the Department of the Treasury to undertake this impact assessment. The impact assessment will draw on available data sources, relevant previous reviews, and analyses of Australian venture capital sector trends. The public consultation and submission process will also seek information from stakeholders on the impact of these programs.

## Engagement with on-going policy development and other activities

In addition to the activities outlined above, we will continue to perform the functions allocated to us by statute, including those relating to oversight of innovation programs. We will also continue to advocate strongly for Australia's science and innovation system in domestic and international fora, engage widely across the business community, and work closely both with your department and relevant government agencies.

## Reporting and planning

IISA is in the process of finalising detailed work plans for each of the industry innovation system projects. These detailed work plans will be provided to you, as a part of our more detailed briefing to you about each of the industry innovation system projects. Members of the IISA Board and the Office of Industry Innovation and Science Australia will also undertake stakeholder engagement activities with key members of the industry innovation, science and research system. These activities will provide an opportunity to capture insights and views from across sectors and advocate for the system. Key activities include:

- Social media to share relevant content in the public domain, generate interactions and raise engagement with key audiences.
- Speaking engagements to provide an opportunity to leverage the public profile of the IISA Board and highlight issues of interest to the community.
- Public consultations for major projects. Each of the three Industry Innovation System projects from the SoE will have more detailed stakeholder engagement activities tailored to their specific topics and stakeholder communities.

Yours sincerely



Andrew Stevens

21 June 2021