



MEDIA RELEASE

2 March 2015

BUILDING AN INNOVATION SYSTEM

Whilst acknowledging the Government's Innovation Statement, the Institute of Public Accountants (IPA) is using its 2016 pre-Budget submission to encourage the Government to support innovative small to medium enterprises (SMEs).

"Australia needs sound public policy to be developed to encourage innovation amongst small to medium enterprises (SMEs), said IPA chief executive officer, Andrew Conway.

"Around 10 per cent of Australian businesses produce innovative goods and services, while between 16 and 21 per cent innovate in their underlying business processes.

"Even if Australian SMEs are not the initial investors or innovators, they can still capture some of the value of innovations developed elsewhere.

"New-to-country, and particularly new-to-firm, innovations are often more economically important for improving national productivity. Innovation policy should include measures to encourage the diffusion and uptake of existing innovations to a broad range of firms, as well as encouraging new innovations.

"Firms that can adopt continuous improvement methods to imbed incremental innovation can generate large productivity improvements.

"SMEs are an excellent starting point. Large firms often find it hard to change their business model to capture value, but SMEs can change them more easily.

"Accordingly, public innovation policy should encourage value capture and business model innovation more generally. It is important that regulation helps firms capture value while balancing the benefits other firms receive from the wider diffusion of value.

"Talent not technology is the key. Without addressing wider skills requirements, research indicates it is likely to create bottlenecks downstream in the innovation process.

"We believe that government plays an important role. They can provide strong research and development support, enabling better linkages between cutting edge universities and industry; provide support to firms to adapt existing technologies and innovation; and, encourage firms to develop their ability to search for new options, evaluate them and successfully implement and adapt them to their specific context," said Mr Conway.

For further detail refer to the IPA's pre-Budget submission for 2016-17 on the IPA website at <http://bit.ly/1PVGJX7>

END

About the Institute of Public Accountants

The IPA, formed in 1923, is one of Australia's three legally recognised professional accounting bodies with more than 25,000 members and students in over 51 countries. The IPA is a member of the International Federation of Accountants, the Accounting Professional and Ethical Standards Board and the Confederation of Asian and Pacific Accountants. The IPA was recognised in 2012 as Australia's most innovative accounting organisation and listed in the top 20 in the 2012 *BRW* Most Innovative Companies List.