

Attachment: Re The Financial System Inquiry /Greg Herbert (31.3.14)

INNOVATION

Innovation is the essential core to the creation of a product and the means to its ongoing improvement.

It is critical to the success of a business and for Australia where our need for new industries and products is so great.

It is interesting that in the BRW (Business Review Weekly) series on entrepreneurs they related that Innovation was often the core component to their success. The Australian newspaper Business Section has consistently spoken of the importance of Innovation for a company's growth. The past Productivity Commission director, Mr Banks, spoke of the critical importance of Innovation in the nation's future direction and success. A similar theme has come from past treasury officials. Innovation is crucial in a competitive world

For the nation to gain the most benefit from Innovation and product development, all interested people that we nationalised as Australian citizens should have the opportunity to study Innovation and its application at a specific centre.

THE AUSTRALIAN NATIONAL INNOVATION AND APPLICATION CENTRE (TANIAC)

It is envisaged that this institution will have three groups of students.

- i. Graduate MBA's and those studying their MBA.
As these students are, or will become most likely, middle managers, they will be able to ensure relatively quickly that Innovation in all its forms is a basic and core activity of the company and is an essential element in the company's strategy and reporting.

Instilling Innovation fully into a company's strategy will ease the entry into an effective Research and Development (R & D) program ensuring that further unique products are developed.

- ii. Current Business and Small to Medium Enterprises (SME)
SME owners needing a part-time and condensed course at suitable times at night or weekend or in a block that will assist the owners or SME to introduce a practical Innovation actively for their business or employees.
- iii. Any Australian citizen seeking knowledge and the ability of how to take an idea or concept through to a prototype product or service. To be run as face-to-face or as an internet course with practical components. The course will or could act like a mentor guiding the student through sections, even road blocks, on the way to developing their product or service.

TANIAC will develop data bases on companies able to build prototypes, and the form available. TANIAC will have experienced production engineers (a professor), assistants in production line or

batch production (manufacture of the product) and electronic engineers and software technicians experienced in circuit design and multi-processors for those developing products in the IT industry. TANIAC will have a database of other experts available, part-time, from other industries to give that expert guidance and direction.

Other specific databases will be developed as required on funding methods, sources, location, procedures needed to obtain the funding etc. from angles (private investors), incubator groups, venture capitalists “social investors” of the internet government funding sources and assistance etc. The databases and information will be available only to enrolled students.

To enrol, students will need to pay the institution enrolment fee. The fee will vary with the type and depth of course and the type of certificate offered.

Graduate MBA's and those studying an MBA will complete an in-depth 2 term, that is one year course with exams, that are an add-on to their MBA and should be called and recorded as TANIAC assoc., meaning an “Associate of The Australian National Innovation and Application Centre”.

This will become a sought after Association as industry will seek personnel with MBA's that have a speciality in Innovation and its Application.

Costing

Although students or industry must pay the fees, government will still need to pay for lease of the buildings which should be in Sydney (as it has the highest population in the State) and be near to MBA colleges, but separate to any university so it's not involved in university politics and can have flexibility yet maintain standards. The distant education (internet) component should operate in a decentralised region out of the city and I recommend Forbes in the Central West of NSW as it has facilities and is an active town with transport and will have the NBN.

Other costs will be one million per year to undertake surveys and research into *“How to be and remain the world's best centre for Innovation and its Application”*. Australia needs it and we expect nothing less!!

With professional staff for teaching, and to a degree for mentoring, for the research staff, for the building leases and for the distant education and on line use, probably \$9 million per year. This cost is low compared to what is offered for the nation. TANIAC will instil a culture of Innovation in employees' unions, companies, charities and organisations, and inform and assist individuals who wish to develop a product or service. It definitely will grow the number and diversity of large and small businesses, employment and exports, at a time when a better balance of our exports and export income is needed.

TANIAC is a must for Australia. With the extra start-up costs initially, it could cost \$14 million in year one then \$9 million per year after that, i.e. \$32 million for the governments first term, and what an opportunity. The income and profits from these new start-up companies will soon exceed that amount. Just the profit from one successful company in 5 to 7 years could exceed the yearly cost of TANIAC of \$9 million dollars. On a cost benefit analysis the nation (and Coalition) will have a winner.

INNOVATION SUCCESS

For optimum results in product development from concept to a marketable product the Coalition has available “these ideas”, “these tools”, to implement Australia’s best Innovation policy.

i. THE AUSTRALIAN NATIONAL INNOVATION AND APPLICATION CENTRE – TANIAC

TANIAC aims to –

Ensure that Innovation in its various forms is a basic and core activity of a company and that it is an essential element in the company’s strategy and in its reports.

An advantage from this aim of instilling Innovation fully into a company’s strategy is that it eases the entry into an effective Research and Development (R & D) program ensuring that further unique products will be developed by the company.

TANIAC role is to –

- instil an Innovation culture throughout Australia in industry, institutions, companies, even to charities and the arts, if sought.
- teach, develop and grow the TANIAC Associates course to those with MBA or studying for an MBA positioning these graduates to become “the champions in industry for Innovation and its implementation”.
- Offer and teach the course to company directors or executives seeking additional knowledge on how to undertake Innovation and its implementation in their company.
- Inform Australians that TANIAC has a national course in Innovation, and its implementation is available to any Australian citizen that is able to pay the course fee. These students will have the opportunity to apply Innovation to a concept and be taken through the stages even by-pass some of the road blocks, to product development.

The operation and costing of TANIAC has been discussed earlier under Innovation section