



THE HON PETER MALINAUSKAS MP

PREMIER OF SOUTH AUSTRALIA

Mr Adrian Tembel
Chair, South Australian Productivity Commission
GPO Box 2343
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Dear Mr Tembel

Please find enclosed a Notice of Inquiry into Turning Research into Economic Competitiveness for South Australia which sets out the terms of reference for the inquiry.

I thank you and the Commission in advance for your efforts in relation to this matter.

Yours sincerely



Peter Malinauskas
PREMIER

13 / 12 / 2022

Attachment: Notice of Inquiry – The Translation of Research into Economic Competitiveness in South Australia.

SOUTH AUSTRALIAN PRODUCTIVITY COMMISSION INQUIRY: TURNING RESEARCH INTO ECONOMIC COMPETITIVENESS FOR SOUTH AUSTRALIA

I, Peter Malinauskas, Premier, hereby request that the South Australian Productivity Commission (the Commission) undertake an inquiry into Turning Research into Economic Competitiveness for South Australia.

Background

South Australia's economy has been strong coming out of COVID, with solid economic growth over the last two years. Unemployment at 4.0 per cent (as at October 2022) is at a low that was last seen in South Australia in the mid-seventies.

However, this strong recent performance has not fixed the long-term structural economic challenges facing Australia. Strong increases in national incomes have not flowed through the income of Australians. A lack of complexity and diversity in the Australian and South Australian economy, holding back wages and productivity growth and leaving us vulnerable to a changing international environment.

We face a generational economic question, and that can only have generational solutions. Solutions that rest on a more skilled population, working in a diverse and growing knowledge rich economy and being rewarded with fair wages. This is why my Government is committed to raising the potential of the state's economy through:

- introducing expanded, world class early-childhood education;
- increasing the quality of education in schools; and
- reforming the University sector to help it to recover from the impacts of Covid, and to enable them to be the engine room of the state's economy.

There is much to be gained if we get this right, with significant opportunities in:

- supporting the global transition to net zero through green minerals produced using South Australia's abundant renewable energy resources;
- increased defence spending linked to the geopolitical context; and
- the opportunity to capture a share of the international trade in green hydrogen.

One of the causes of our low complexity, low diversity economy is the consistently low levels of innovation and dynamism in South Australian businesses. This inquiry will support my Government's work in beginning to build the future that we all seek by undertaking a forensic examination in ***how research is turned into increased competitiveness*** for our state, including:

- the importance of research and knowledge diffusion for economic competitiveness;
- the effectiveness of current links between research institutions (including universities) and business, and of government programs supporting research and innovation; and
- what the State Government can do (including in collaboration with others) to help bridge the gap between the generation of knowledge and those who could put it to use.

Terms of reference

The Commission is asked to consider and report on:

1. The importance of research and knowledge transfer as a potential driver of economic competitiveness in South Australia, and the key enablers of successfully embedding knowledge in the economy to create economic value.
2. Undertake a stocktake of current South Australian Government activities aimed at supporting or stimulating research, business innovation, and associated economic development including their cost, and any existing evidence of outcomes.
3. The nature and current performance of business-research institution collaboration in South Australia, benchmarked against that of other states.
4. Good practice models for government to enable, and make more productive, the process of turning research into economic competitiveness, including:
 - a. options to deal with the barriers researchers face in engaging with businesses and other innovation users;
 - b. ways of resolving the impediments to businesses engaging with research institutions around innovation in all of its forms; and
 - c. cost effective state government support for the translation of research into economic competitiveness.

Inquiry process

The Commission will seek input from relevant experts (including from within the SA Government) and draw on prior work conducted in this field. In particular, the Commission will engage closely with the Department for Industry, Innovation and Science as the lead agency within the SA Government for science and innovation policy.

As a first stage the Commission will carefully review the evidence collected as part of its previous inquiries into Research and Development and into Health and Medical research to ensure that any work in this inquiry is not duplicative.

The Commission will consult with relevant public and private sector organisations in SA and other Australian jurisdictions, Universities and other research institutions active in SA, industry, professional associations and other key stakeholders.

The Commission is to publish a draft report containing recommendations for consultative purposes. A final report is to be provided to me no later than five months from the date of receipt by the Commission of these terms of reference.



Peter Malinauskas
PREMIER

13 / 12 / 2022