

Media Release

Chiefs of Staff, News Directors

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2013 Tasmanian Innovation Census report released

A crucial survey released today reveals how and where Tasmanian businesses are innovating.

The 2013 Tasmanian Innovation Census, conducted by the University of Tasmania's Australian Innovation Research Centre (AIRC), tracks the development of new or improved goods and services in local businesses.

AIRC Director and Professor of Innovation Anthony Arundel said the 2013 Census was the third such survey looking into a vitally important element of the Tasmanian economy.

"Innovation is the key to the future competitiveness and prosperity of Tasmanian businesses," Professor Arundel said.

"Whether they are world-firsts or incremental improvements, innovations are linked to better economic performance for businesses, the economy and the community."

The Tasmanian Innovation Census surveys all Tasmanian businesses with five or more full time employees providing a valuable insight to Government and businesses. The census has been implemented in 2007, 2010 and 2013, with each census covering innovation activities in the previous three years.

"There are several positive results from the 2013 census, including an increase in the share of firms that introduced a product innovation, an increase in the share of sales from innovative products, and an increase in investments in research and development," Professor Arundel said.

"The results also highlight some concerns, including a low share of high capability (leading) innovators and a decline in total investments in innovation."

Deputy Vice Chancellor (Research) Professor Paddy Nixon said the University of Tasmania had a crucial role in enhancing the environment for innovation in the State.

“Innovation is particularly important in Tasmania where we can’t access the economies of scale seen in other areas of the country,” Professor Nixon said.

“The University supports innovation through our work in fields as diverse as aquaculture research and law reform. The work of the AIRC is another example of how the University can provide leadership and resources to the Tasmanian community.”

Some key results of the 2013 census are as follows:

- 76% of all companies surveyed reported a product or process innovation during the 3 years to July 2013.
- 10% of total sales in FY 2012-13 were from innovative products, an increase from 8% in FY 2009-2010.
- Since 2010 there has been a decline in the share of firms reporting process innovations (from 66% of firms in the 2010 census to 59% of firms in the 2013 census) and an increase in the share of firms reporting product innovations (from 55% of firms in the 2010 census to 60% in the 2013 census). This could reflect a greater emphasis on competing based on higher value-added product characteristics instead of on price.
- 49% of all firms reported using social media in 2013, but only 14% used social media for innovative purposes such as involving customers in the development of new goods or services.
- Of concern, there is a 9% decline in total investments in innovation since the 2010 census, primarily due to a 22% decline in investment in advanced machinery, equipment and information technology. However, R&D investments, a leading indicator of future innovation activities, increased by 13% since 2010. The latter is positive news for Tasmania, as long as R&D is supplemented by other investments over the short-term.
- The majority of innovative Tasmanian firms, just under 75%, are **modifiers**. They invest in adapting good ideas found elsewhere to their own circumstances. Only 11% of innovative firms are **leaders** that invest in developing new goods and services. Many of these firms export to markets outside of Tasmania. The remaining firms, 14%, are **adopters** that take good ideas found elsewhere but do not invest in adapting them to their own needs.
- **High innovative capability is linked to better economic performance**, as measured by the average sales growth per employee over the three years from July 2010 and June 2013. High sales growth is defined as an increase in sales per employee of over 22%, medium sales growth as an increase between 6% and 22%, and low sales growth as an increase of less than 6%. 32% of the leading innovators achieved high sales growth compared to 26% of modifiers and 20% of adopters. Conversely, only 42% of leaders had low sales growth compared to 49% of modifiers and 55% of adopters. This provides evidence that innovation pays off for Tasmanian firms.
- The strategies used by leading innovators differ from other firms. Leaders are more likely to source valuable information for innovation from their customers, universities or CSIRO, obtain information from sources outside Tasmania, place high importance on activities such as regular brainstorming and cross-functional workgroups to share knowledge within the firm and use social media to connect with their market.

The latest Tasmanian Innovation Census report will be available on the AIRC website www.utas.edu.au/airc or by emailing admin.airc@utas.edu.au.

Information released by:

University of Tasmania, Communications and Media Office

Phone: 61 3 (03) 6324 3218

Email: Media.Office@utas.edu.au