

ISSUED BY THE NSW DEPARTMENT OF INDUSTRY

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INNOVATION SECRETS TO GROW NSW SILICON VALLEY

The NSW Government today released a new report to supercharge the state's economy by revealing what makes the world's best innovation precincts succeed.

The report by the NSW Innovation and Productivity Council [REDACTED], which includes some of Australia's top business and research thinkers, provides a guide for governments and the private sector to propel the state's innovation precincts.

"This report shows what makes the world's best innovation precincts hum and what we should focus on to create jobs, economic value, exports, productivity, higher wages, intellectual property and business resilience," Innovation and Productivity Council chair Neville Stevens AO said.

"It can be used by governments, industry and universities to ensure our innovation precincts reach their full potential."

Mr Stevens said the report, *NSW Innovation Precincts: Lessons from International Experience*, examines leading innovation precincts like California's Silicon Valley, London's Silicon Roundabout and Tel Aviv's ecosystem as well as NSW precincts.

"This report shows innovation precincts can create more new patents, processes, products and internationally-traded IP," he said.

"It will help NSW grow jobs and its innovation economy by fully leveraging our world-class research and science organisations, leading industries and highly skilled workforce to create globally competitive industry sectors."

Mr Stevens said innovation precincts bring together businesses, knowledge institutions universities and entrepreneurs to attract skilled talent and build sectors.

NSW has emerging innovation precincts in sectors including healthcare at Randwick, Westmead and Camperdown-Ultimo; financial, digital and other technology in the CBD to Eveleigh; biopharmaceuticals at Macquarie University; defence and aerospace at Williamstown and Western Sydney Airport; agtech in Orange, Armidale and Wagga Wagga; and creative industries at Surry Hills, Redfern and Moore Park.

"Our innovation precincts can use this guide to create more economic benefits including quality jobs with higher than average wages; more resilient businesses with higher than average productivity, growth and exports; and better products.

"They can also support more productive use of land and buildings and leverage investments in major assets like hospitals, universities and airports, as well as maximise the impacts of research and development and investment in education.

"It provides a framework for the formation of regional precincts that can grow regional economies and create new jobs," Mr Stevens said.

What drives successful innovation precincts

- **Market drivers** – Strong market demand for goods or services; competitive pressure in the sector to innovate; access to markets, skills and investors; reliable legal and IP protections; access to knowledge and research institutions; competitive regulatory environment.
- **Competitive advantage** – Clearly defined market advantage or sector specialisation communicated through strong branding to attract and retain talented workers and investment and supported by regulatory settings.
- **Collaboration** – Facilities and programs to support collaboration from informal spaces to commercial frameworks for joint ventures; active networking; commercial partnerships; good culture.
- **Infrastructure** – Physical, transport and digital infrastructure to support research, innovation and business connections in and outside the precinct; flexible facilities and services; affordable commercial rents.
- **Amenity** – Vibrant and liveable location that attracts people to work, play and live underpinned by flexible land use planning and well-designed cultural infrastructure providing a sense of place.
- **Enterprise culture** – Strong entrepreneurial culture of risk taking, collaboration and sharing ideas supported by mentoring programs and a diversity of organisations and workers influenced by an anchor institution.
- **Leadership** – Supportive governance framework, precinct leadership, shared vision, political commitment and support.

Some innovation precinct facts

- Average job growth rate in 80 precincts across OECD countries was 13.5 per cent in advanced manufacturing and 19.4 per cent in knowledge-intensive services precincts over four years, beating all European country averages.
- Australian research showed every innovation precinct job created five more jobs elsewhere. In the US, each technology-based job created five jobs in other sectors with its tech industry growing 25 times more than other sectors.
- In Australia, 30 per cent more patents come from a doubling of job density.
- In Australia, collaboration supports a 70 per cent increase in likelihood of new-to-world innovation and 32 per cent increase in new-to-Australia innovation.
- During the GFC, 40 international high-tech manufacturing clusters achieved 11.2 per cent average jobs growth, and 40 knowledge-intensive services clusters achieved 14.3 per cent average jobs growth.
- In 2015, worker productivity in Silicon Valley was 1.7 times the US average, and had increased 15 per cent from 2005.
- The top 31 economically significant areas in the UK contributed 20 per cent of the country's Gross Value Add (GVA) with 8 per cent of businesses.