AUSTRALIA'S private companies needed to spend more money on research and development to maintain their global competitiveness, according to a new report. Australia's top 50 businesses spent around $1.4 billion on research and development (R&D) in 2002-03 with bionic ear maker Cochlear Ltd named as the country's top innovator.


Cochlear was ranked the most innovative company in Australia for the third year in a row, as measured by the report's Innovation Index.

The index ranks firms by the contribution of their innovative activity to their market value.

The index found that Australia's top 50 businesses spent $1.4 billion on R&D during the 12 months to June 30, 2003, or about 0.56 per cent of its national revenue compared with Finland, the world's most committed R&D nation, which spent 1.2 per cent.

Business information analyst and index collaborator, IBISWorld chairman Phil Ruthven said more Australian companies needed to become active innovators to remain competitive in an increasingly tough global marketplace.

"Highly innovative companies will improve our future competitiveness and growth prospects nationally and abroad," Mr Ruthven said.

"While we recognise and applaud the top performers in the index as examples of such companies, we need more of them."

He said foreign companies continued to be over-represented, showing greater commitment to R&D.

"This should be a wake up call to Australian businesses, particularly our 50 largest corporations, which have minimal representation in the index," he said.

Patent applications during the 2003 financial year fell by 18 per cent to 179 while trademark applications rose 23 per cent to 1,749 and design applications were up 80 per cent to 330.

The index found that most patent applications in Australia were in technologies such as mining, civil engineering, consumer goods and transport.

The highest growth areas were information technology, pharmaceuticals and biotechnology.

Cochlear proved to be an example of how intellectual property protections could help a small business dominate world markets.
The NSW-operation has 70 per cent of the world market for cochlear implants and exports 95 per cent of its production.

"Its long-term commitment to R&D and its ability to protect and exploit the results of that R&D keeps it at the forefront of its field," Mr Ruthven said.

A related study on the economic impact of R&D in Australia found that improved performance in commercialisation of publicly funded R&D projects could be worth $20 billion in annual turnover a year, and $18 billion a year in exports by 2020.

The top 15 government firms spent $1.7 billion on R&D in 2002-03, higher than the top 50 private businesses.

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