

INDUSTRIAL ECONOMICS



Associate Professor Beth Webster

Major Projects

The ARC Linkage Grant project 'Uncertainty and the Success of Innovation' was completed in 2008. Four papers have been written using the data from the survey of Australian inventors who previously submitted patent applications to IP Australia. The first paper was on the determinants of commercialisation, the second on the effects of the macroeconomic environment on commercialisation, the third on industry experience with patent enforcement, and the fourth on the value of inventions.

Optimal performance of the patent system continues to be a major focus for the Industrial Economics program and in 2008 two new papers were completed — one on misclassification in patent offices, and the other on strategic behaviour by applicants during the patent examination process.

A further research program is currently investigating knowledge spillovers using data from patent citations. Specific papers include spillovers from star inventors, the geographical decay of knowledge spillovers, and the trade-off between incoming and outgoing knowledge spillovers.

A major study of the quality of hospitals in Victoria was concluded. Papers included estimating the effects of hospital type on acute myocardial infarction outcomes; developing an algorithm for estimating hospital quality using mortality outcome measures; assessing the relationship between competition, technical efficiency, and quality; and defining hospital markets and estimating the effect of competition on hospital quality.

In the most recent round of ARC Grants announced at the end of 2008, members

of the Industrial Economics team were successful with another Linkage Grant application entitled 'The Market for Technology in Australia'. The partner organisations are IP Australia, the Australian Institute for Commercialisation and Watermark Patent and Trademark Attorneys.

Regular Reports

Four regular reports, aimed at government and industry, were completed during 2008. These comprised the *IBM – Melbourne Institute 'Innovation Index of Australian Industry'*, the *R&D and Intellectual Property Scoreboard*, the *Australian Patent Applications Scoreboard* and the *PricewaterhouseCoopers Melbourne Institute Asialink Index*.

The IBM – Melbourne Institute 'Innovation Index of Australian Industry'

In 2008, the second annual report card on the state of innovative activity in Australia was produced. The report, funded by IBM Australia, tracks patterns in the rate of Australia's innovative activity by using a wide range of innovation indicators, by industry. The Index fills a gap in current innovation research, as it is the first study to reflect the complex nature of innovation via an inter-industry, multi-indicator analysis approach incorporating data on R&D intensity, patent intensity, trade mark intensity, design intensity, organisational/managerial transformation, and productivity.

R&D and Intellectual Property Scoreboard 2008

This annual report was completed in 2008 and was co-produced with IBISWorld, CTG and IP Australia. The report, which will be released in 2009, documents the number of patent, trade mark and design applications made by Australian firms in 2008 and the amount of R&D expenditure. As such, it provides a benchmark of the most innovative Australian firms. The report also disaggregates this information so that the rankings of innovative firms can be identified by industry.

Australian Patent Applications Scoreboard 2008

The *Australian Patent Applications Scoreboard 2008*, co-produced with IP Australia, reports data and analysis on the number of patent applications made

in Australia each year, and demonstrates how patterns of innovation are changing over time. The Scoreboard shows a strong growth in the number of patent applications to IP Australia — especially in the proportion of foreign applications filed through the Patent Cooperation Treaty protocol. In the report, patent applications are categorised into 30 technology areas and are allocated according to the patent attorney firm which acted on behalf of the inventor. This provides an accurate account of the leading patent attorney firms by technology area.

PricewaterhouseCoopers Melbourne Institute Asialink Index

A new report was undertaken in collaboration with PricewaterhouseCoopers and Asialink (University of Melbourne). This report, for release in February 2009, is intended to be produced annually and measures the rate of change in Australia's engagement with its Asian neighbours. The Index is Australia's first comprehensive study of Australian-Asian engagement — as measured across a range of areas, including trade, investment, tourism, education, migration, business development and humanitarian assistance, between Australia and 25 Asian economies in the period 1990–2007.

IPRIA

The Industrial Economics staff were also involved in projects and seminars hosted by the Intellectual Property Research Institute of Australia (IPRIA) — which is an interdisciplinary research centre (economics, law and management) primarily funded by IP Australia.

A broad range of seminars on intellectual property were held in 2008 across Australia, including Melbourne, Sydney, Brisbane, Perth and Adelaide. The seminar themes were 'The Value of Copyright: Determining Shadow Prices'; 'IP Professionals and Ethics'; 'Mastering the Trade Mark System'; 'Does Australia Have an Innovation Problem?'; 'Privilege and the IP Professional'; 'The Future of the International IP System'; 'World IP Day 2008 Employees' IP and the Employment Relationship — Incentives to Innovate'; and 'In the Shadow of the Australia–China FTA Negotiations: What Australian Business Thinks about IP'.

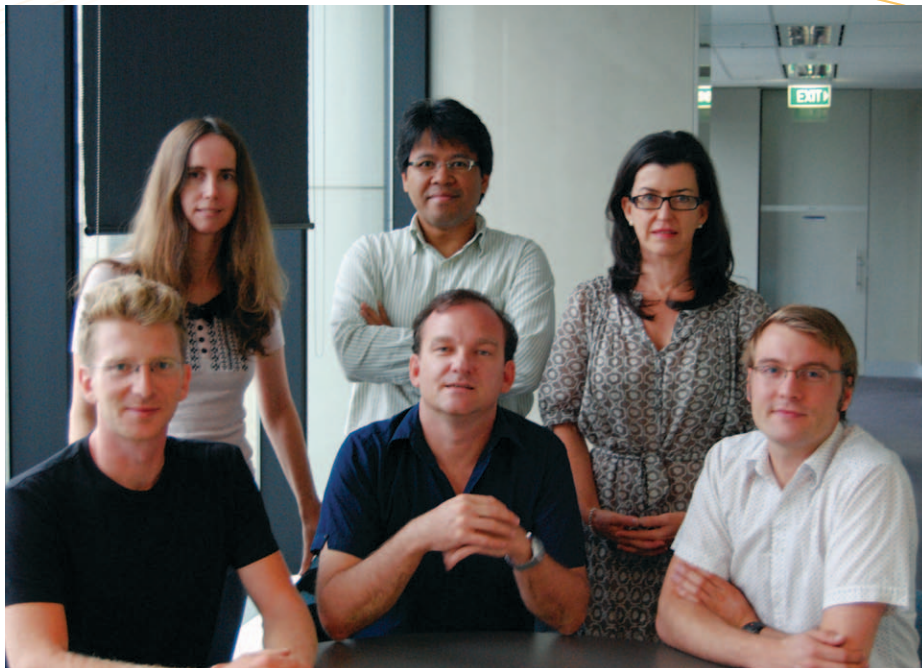
Miscellaneous

Associate Professor Beth Webster was appointed for three years to be a member of the Advisory Council on Intellectual Property, which is the independent body appointed by the government to advise the Federal Minister for Innovation, Industry, Science and Research on intellectual property matters. She was also invited to form part of the panel for the Review of the Australian Automotive Industry headed by the Hon Steve Bracks. Dr Paul Jensen was invited to contribute to the Innovation Measurement Roundtable as part of the Cutler Innovation Review.

A report for AusAID on 'Monitoring the ASEAN Community' conducted in collaboration with the ASEAN Secretariat was finalised in June 2008. It is expected to be launched in January 2009.

A major review of the economic effects of changing the patent inventive step was conducted for IP Australia.

Associate Professor Beth Webster was invited to give a keynote address at the Applied Econometrics Association 97th International Conference in Tokyo.



Members of the Industrial Economics team