

Key findings

- The annual increase in the rate of innovative activity in Australia in 2006 was only 0.7 percent, a figure which is much lower than the average rate of increase in the period since 1990 (2.0 percent per annum).
- Most of the growth in the Index was due to an increase in trademarking intensity, and to a lesser extent, the growth of R&D activity. The intensity of patenting and design activity fell between 2005 and 2006.
- Organisational and managerial innovation continues to trend downwards – in 2006, the annual rate of innovative activity fell by 2.0 percent.
- Across the 13 industries considered, 9 experienced falls in the rate of innovative activity in 2006. The largest falls were recorded in Health and community services; Utilities; and Construction.
- Only 4 industries experienced an increase in the annual rate of innovative activity in 2006. The largest recorded increases occurred in the Communication services, Mining, and Finance and insurance industries.
- A lack of skilled labour is increasingly seen as a major barrier to innovation, across firms of all size. One in three medium sized businesses reported a lack of skilled staff.
- Across firms of all size, revenue and cost reduction were seen as less important drivers of innovation in 2005 compared to 2003.
- Smaller firms have a declining focus on external sources of innovation. One in four small and medium sized businesses are not using the marketplace as a source of new ideas.