

Why practical innovation matters for Australian business

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- Innovation often comes from practical improvements, not breakthrough inventions.
- The Index tracks innovation across industries, regions and time using de-identified government data.
- Better evidence, skills and support can help more businesses turn ideas into results.

The newly released CommBank-Melbourne Institute Innovation Index provides a detailed new view of Australian business innovation, mapping activity across industries, regions and time.

For CommBank Group Executive Business Banking Mike Vacy-Lyle, the findings reinforce an important point: innovation is not always about breakthrough invention. Often, it is the practical changes businesses make every day to improve productivity, serve customers and grow.

Mike's foreword to the Index report is below.

Every day, Australian businesses put practical ideas to work. From family businesses to larger, more established companies, they are solving problems, improving how they operate and looking for ways to grow.

Sometimes that means developing a new product or technology. More often, it is a practical change inside a business. It might be a better way to quote a job, manage stock, use data, improve safety, reduce waste, serve customers or bring a new product or service to market.

These changes do not always look like major breakthroughs, but they can make a real difference to how a business runs and grows. That is why innovation matters. Stronger productivity helps businesses compete and grow and, over time, supports Australia's prosperity and higher living standards. For a business owner, productivity can mean less time lost to manual processes, better decisions, stronger margins and more time to focus on customers.

For Australia, that means backing new ideas developed here, while also helping businesses make better use of leading technologies and ways of working from around the world. Both can contribute to stronger businesses, jobs and growth.

The Melbourne Institute developed the CommBank-Melbourne Institute Innovation Index in partnership with CommBank to help give Australia a clearer and more detailed picture of innovation activity. Built from secure, de-identified Government data sources covering Australian firms and workers, rather than a survey sample, it brings together measures spanning R&D, skilled employment, intellectual property and knowledge-intensive trade, and tracks them across industries, regions and time.

We supported this Index because better evidence matters. It helps show where innovation is happening today and where support can make a difference. It also helps focus attention on how to encourage experimentation, development and commercialisation, so more businesses can turn good ideas into practical outcomes.

Through our relationships with businesses across the country, we also see that access to finance is only one part of the picture. Businesses need information, skills, trusted advice and connections to expertise, customers and markets. Working with universities, government and other partners, CommBank can help businesses connect with a broader network of support.

Innovation also shapes how CommBank serves customers. We continue to invest in technology, data, AI and digital capability to help make banking simpler, safer and more useful. Our experience is that innovation creates the most value when it solves a clear problem, is implemented well and is widely adopted.

This research sits alongside CommBank's broader work to support Australian business innovation. The CommBank Business Innovation Awards recognise and celebrate small and medium businesses already putting ideas into practice, while free online training through the Wade Institute of Entrepreneurship helps more people build the skills to test new approaches and make informed decisions.

I thank the Melbourne Institute for its work on this Index. Its expertise in applied economic research and ability to work with detailed ABS-linked data have created a valuable new evidence base for Australia.

Australia has strong businesses, world-class researchers and no shortage of ideas. Our shared opportunity is to bring those strengths together, so more ideas become useful products, better services and businesses that succeed at home and around the world. That is how innovation can lift productivity, create jobs and support higher living standards.

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