



2 November 2018

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Members,

I represent a community of approximately 250 businesses ranging from approximately \$1m to \$200m turnover. The median turnover value is approximately \$17m and almost all these businesses use technology for competitive advantage. Approximately 1/4 of the community are doing R&D activities or planning to do R&D in the future. Most of the rest of the community directly or indirectly benefit from R&D activities of other companies as suppliers or clients.

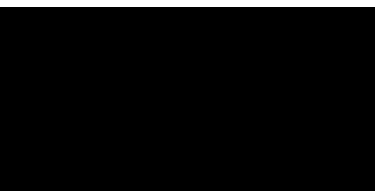
I have spoken to many business owners within our community about the proposed changes to the R&D tax regime and almost universally these changes are seen as negatively impacting forward looking businesses in the lower mid market range.

Our common view is that the proposed changes are a false economy, they reduce competitiveness in our businesses and we should be increasing incentives for medium sized businesses to conduct R&D rather than reducing the attractiveness of the R&D scheme. The proposed changes reflect very poorly on the Government indicating that it has little awareness of what Australian Industry actually needs.

In addition, there is a high level of awareness that NZ has just legislated a very attractive R&D tax incentive and talk that as a minimum software development companies will be using offshore developers if the scheme becomes less attractive.

We strongly object to the proposed changes.

Please feel free to contact me directly should you require any additional information.



Dan Liszka
CEO

