



IBISWORLD PTY LTD
ACN 006 819 987
ABN 76 006 819 987

1 COLLINS STREET
MELBOURNE 3000
VICTORIA

AUSTRALIA
TELEPHONE 61 3 9650 2166
FACSIMILE 61 3 9650 4033

71 YORK STREET
SYDNEY 2000

NEW SOUTH WALES
TELEPHONE 61 2 9290 1266
FACSIMILE 61 2 9290 1026

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Re: Business Commitment to R & D

In a short response, I would like to suggest:

1. The economic benefits for Australia from a greater private investment in R&D are:
 - a. improved profitability of individual firms and faster growth – both in the long term (3+ years);
 - b. aggregate effect of (a) above for the economy at large.

Our own research at IBISWorld shows return on shareholders funds is double or more for foreign entities with high R&D spending in Australia compared with Australian firms.

2. The impediments are ignorance of the above, or short-termism or both. I am not convinced that tax breaks are the main or best way to increase R&D spending (although that clearly does work).
3. The steps needed, I believe are:
 - a. More widespread dissemination of facts about higher profitability and/or faster revenue growth from high R&D spending;
 - b. Widespread dissemination of **world best practice** for each of the 465 industries in Australia to the enterprises in those industries as a precursor to encouraging more R&D spending. Just knowing what the best companies are doing now in each industry would be a good start.

Yours faithfully

PHIL K. RUTHVEN
Chairman



JAKARTA
TAIPEI