

SUBMISSION NO. 1

Thanks for the opportunity to make a submission on this important topic.

I'd like to address the second of your three questions (relating to impediments to business investment in R&D), particularly as it relates to small and medium-sized enterprises. I run a small professional services consulting business and have worked in the sector for some years.

My experience of encouraging and facilitating R&D in Australia is one of frustration, caused directly by the structuring of Government incentive programs. In my experience (I may be mistaken, but this is certainly my perception) the existing incentive programs (most notably the R&D tax concession) is primarily targeted at manufacturing or technology focused organisations, with services based organisations finding it very difficult to access the program. This is in contrast to the significant importance of the services sector to our economy, and the relatively lower investment required to fund R&D in this area (with often low capital/infrastructure requirements).

I see this barrier as a major obstacle to driving improved R&D outcomes in Australian organisations. My experience has been that many services-focused organisations (some on their own, others using consultants as facilitators) are keen to undertake R&D but do not have the incentive offered to organisations in other sectors. Some find this particularly ironic given the importance of the services sector (and in particular professional services) to the 'knowledge revolution' and to our ability to create added value both locally and into export markets.

While I don't have access to a profile of the services sector, my understanding is that the services sector is made up primarily of smaller organisations, who again find it difficult to access Government incentive programs. The Committee may wish to consider how consortiums or groups of service organisations (eg led by industry associations or other third party organisations) could undertake R&D programs that might benefit whole sectors or industries.

I would be happy to provide further detail on my experiences should this be of interest, thank you again for the opportunity to have input into your deliberations.

Sincerely

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