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To: scin.reps@aph.gov.au
Subject: Enquiry into business commitment to R & D

The Inquiry Secretary
House of Representatives Standing Committee on Science and Innovation
Suite 116
Parliament House
CANBERRA ACT 2600

Thank you for the opportunity to respond. Please see answers below.

Kind Regards
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1. What would be the economic benefit for Australia from a greater private sector investment in R&D?

€ Greater investment in R&D results in more IP which is now the single most important commodity in the world. ie. It does not matter who or where Nike shoes are produced, it is who owns the IP that counts in the money stakes. Australia is an IP poor country!

- cashflows into Australia by overseas customers/companies when buying proudct/technology or equity. Buyers demand and are prepared to pay more for new innovative ideas.
- build links with overseas companies, expanding the home market.
- better use of wealth of natural resources by value adding.
- attract experts from overseas as the knowledge base in innovative technologies grows.
- private sector R&D investment has a greater urgency than public due to returns expected by investors, limited time to get concept 'up and running' due to financial constraints.
- In time Australia will gain a more dominant standing in world trade and be less affected by the foibles of the US.
- Employment growth and less public sector workers as a % of the total workforce (which increase taxes)

2. What are the impediments to business investments in R&D?

- returns are expected by shareholders in the short term
- substantial administrative burden on small companies - GST, workers comp, super etc.
- Australia is a relatively small market in global terms, and distance from the larger market impedes market penetration.
- low rates of assistance from the Government. Grants/tax system is administratively burdensome, tax concessions are not advantageous unless profitable.
- banks like to lend on bricks and mortar.

3. What steps need to be taken to better demonstrate to business the benefits of higher private sector investment in R&D?

- support links with tertiary institutions.
- mind set - promote the idea of change to a 'can do' rather than a conservative outlook, by promoting successful products/companies, wealth of opportunities in Australia - the young country
- encourage development of technology that ensures future sustainability - water, land, sea, atmosphere.
- greater cashflows that can be achieved from new and innovative products rather than competing in existing markets.
- some businesses probably do R&D without realising it.
- maintain competitive edge over competitors
- create forums for innovators to help one another, to give synergistic effect.
- Govt to show commitment to innovation with support through grants/funding etc to companies with real potential and commitment, perhaps run in conjunction with IP Aust. This in turn will provide private sector with confidence to invest.