

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Budget Estimates Hearing 2009-10
01 June 2009

AGENCY/DEPARTMENT: MINISTER FOR INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: ABS data on business reinvestment

REFERENCE: Question on Notice (Hansard 1 June 2009, E114)

QUESTION No.: BI-93

Senator CAMERON – When I was secretary of the AMWU we did some calculations on ABS data over the period of the Howard government from 1996 to 2006 and our analysis was that business was reinvesting less than two-thirds of its profits. In 1996 it was just over 70 per cent and it went down to 65 per cent, so a five per cent decline in business reinvestment. What do you think that does for innovation?

Senator CARR – The approach that we have outlined in this document is to change the culture of business innovation and public sector innovation. We establish here a series of innovation priorities which we believe we should strive towards and have this whole country strive towards in order to turn around the sorts of figures that you have highlighted here. I will need to take on notice the specifics of your question in regard to the previous government's record, but I can indicate to you that on page 4 of the document *Powering Ideas* there is a list of seven national innovation priorities which, if implemented, should transform the practice that you have highlighted in that question.

ANSWER

The department does not have the resources to replicate the analysis described in the question. The government is strongly of the view that continuous investment is required to maintain and extend innovation capacity. For example, the government's innovation strategy, *Powering Ideas*, notes that "investment in science and technology is critical to the growth of knowledge-based economies". The government has dramatically increased its own investment in innovation, science and research, with the Commonwealth budget for these areas expected to rise by 25 per cent in 2009-10 compared to 2008-09. The government has also introduced or foreshadowed new measures to encourage business investment in innovation, including Enterprise Connect, Climate Ready and the R&D Tax Credit.