

15 June 2011

### **Agreement urged on proposed R&D Tax Legislation**

The **Australian Technology Network of Universities (ATN)** welcomes the agreement reached between the Government and crossbench Senators, including the Australian Greens and independent parliamentarians, to pass the new R&D legislation. The ATN firmly believes the proposed R&D tax credit is crucial for Australia's future and will help ensure that Australia continues to grow competitively on an international scale.

These landmark reforms to the R&D tax credit were made possible through extensive negotiation and consultation between the Government and the Australian Greens, as announced earlier today in a joint statement by the Treasurer and Minister for Innovation.

ATN Executive Director, Ms Vicki Thomson, said Universities are an important aspect of R&D activity in Australia, with a very large proportion of expenditure on R&D by industry taking the form of commissioned research that takes place within universities.

Under the proposed legislation, University spinouts can benefit from the R&D tax credit earlier as the limit of exempt entity ownership has been lifted from 25% to 50%.

"Innovation is a key driver of the Australian economy and any initiative which encourages and incentivises greater expenditure on R&D should be encouraged" Ms Thomson said.

"As the university group with the strongest focus on building partnerships with business and industry, we believe that the stronger incentives provided by the proposed legislation for small and medium enterprises (SMEs) to conduct R&D activity should be applauded".

Business expenditure on research and experimental development has continued to rise, up 12% from 2007-08 to 2008-09, indicating an encouraging commitment to innovation by Australian business.

Given the largest increase in recent years has been in smaller businesses, with a 27% increase in investment for businesses with 5-19 employees over that period, the ATN believes that the stronger incentives provided by the proposed legislation for SMEs to conduct R&D activity are important.

The ATN also welcomes the establishment of an advisory group, through the Innovation Australia Board, to monitor the implementation and operation of the R&D tax credit and the planned education program to ensure Australian firms are fully aware of the legislative changes.

"Measures such as the proposed R&D tax credit will support and encourage such research collaboration and industry-sponsored university research" said Ms Thomson.

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