



BUSINESS TAX WORKING GROUP

DISCUSSION PAPER

AIIA Response

21 September 2012

INTRODUCTION

The Australian Information Industry Association (AIIA) is the peak national body representing suppliers and providers of a wide range of information technology and communications (ICT) products and services. We represent over 400 member organisations nationally, including global brands such as CSC, EMC, Google, HP, IBM, Intel, Microsoft and Oracle; international companies including Telstra; national companies including Data#3, SMS Management and Technology, Technology One and Oakton Limited; and a large number of ICT SMEs. Our national board comprises representatives from hardware, software, and services companies and represents the diversity of our industry. For more information see Attachment I.

Many AIIA members currently conduct R&D in Australia across a wide range of software and other technological development sectors. Member activity ranges from large integrated research and development laboratories to flexible and customer driven R&D conducted online, using cloud computing, delivered to the market speedily to ensure both competitiveness and rapid spillover impacts.

AIIA has advocated in favour of R&D incentives since their introduction in 1986, and most especially in 2010 when mooted changes to the former scheme threatened to compromise ongoing technological research and development in Australia being undertaken by *both* large and small companies.¹ After joint industry and government efforts to refine and introduce the current R&D scheme, it is clear *any* reduction in current R&D incentives will cause an immediate loss of confidence in the government and decrease Australia's innovation performance even further.

Against this background it is particularly disappointing to see suggestions for reduction or elimination of the current tax incentive, *as it applies to companies with turnover in excess of \$20million pa*, in the Business Tax Working Group Discussion Paper.² Notwithstanding the rationales provided in the Paper for reducing the corporate tax rate, AIIA strongly opposes any alteration to the current R&D tax incentive scheme for larger enterprises, because:

- There is no evidence provided in the Paper that large enterprises are likely 'to do R&D anyway' irrespective of the R&D incentive – AIIA member experience is contrary to this assertion, as is market activity in the US (see next section);
- Australia needs a vibrant and integrated innovation ecosystem to drive productivity improvements, lift Australian living standards and to compete in a global market;
- Australia is already a mediocre performer in terms of support for R&D activities – Australia is ranked mid-range compared to other countries such as Singapore, China, UK, India and the US.³
- In a global market, large and small enterprises have options as to where they undertake R&D;
- Reducing or eliminating any aspect of the current scheme will end any valuable spillover effects from innovative research and development;
- Policy inconsistency and backflips will further erode confidence in the business community regarding this Government's ability to drive a national growth agenda;
- Trade-offs such as those proposed in the BTWG are *not* true tax reform – rather they are short-term 'fixes' and a re-distribution of the tax revenue 'pie' from one form to another.

¹ AIIA Submission 31 March 2010.

² BTWG, 13 August 2012, pages 36ff.

³ http://www.wipo.int/econ_stat/en/economics/gii/

THE INNOVATION ECOSYSTEM

R&D is seminal to any innovation environment and a robust innovation ecosystem is driven by big companies with clusters of small, innovation-focused enterprises around them. While smaller enterprises are often perceived to drive 'disruptive' innovation, which is the kind that 'changes the rules of the game', the former excel at incremental innovation (through functionality enhancements and new service offerings), and have the organisational capability to drive commercialisation of new products and services in a way that smaller companies do not.

“Economic and job growth today are increasingly driven by large-scale innovation ecosystems, such as the ones surrounding the iPhone, Android, and the introduction of 4G mobile networks. These ecosystems require management by a core company or companies with the resources and scale to provide leadership and technological direction. This task typically cannot be handled by a small company or start up.”⁴ -- Progressive Policy Institute

If we consider the enormous challenges in reforming large-scale integrated systems such as health, energy, and education, an innovation ecosystem is a good way of encouraging people and companies to try new ideas within more acceptable financial risk parameters, while enabling them to quickly scale up the winners by taking advantage of the services that the core firm provides.

Such ecosystems thrive because of a “forward looking vision maintained by industry leaders.” In effect, the competition is *between ecosystems*, rather than between individual firms. In addition to Apple, an innovation ecosystem has formed around Google’s Android operating system. And a different sort of ecosystem has formed around major telecom providers such as AT&T, with multi-billion dollar investments in high-speed mobile networks. An innovative ecosystem has the advantages of being better able to handle both risk and scale. Start-up companies can aim for a niche in the ecosystem, lowering their risk. Because of their size, the [larger] core partners can absorb more of the uncertainty, but in exchange get a higher return. Core firms benefit from extending the reach and vitality of their affiliated ecosystem, not by stunting its growth. In particular, core companies have an incentive to acquire new technologies and scale them up quickly, because they benefit from an expansion of the ecosystem. Ask yourself whether AT&T would prefer to have more or fewer companies develop services that use its new 4G network.⁵ The same can be said of the thousands of innovative applications developed for the iPhone, mostly by very small enterprises, if not individuals.

In the UK, the National Endowment for Science Technology and the Arts (NESTA), recognised some years ago the clear connection between innovation and growth, and the policy implications arising from that connection. “The links between innovation and growth suggest that a government that encourages and supports innovation – whether by ensuring an appropriate financial architecture for growth businesses, effective use of government procurement to encourage innovative businesses, functional technology transfer policies, or support for innovative clusters and networks – can help create the environment for business growth. It also points out the importance of policies that facilitate the emergence of high-growth firms without requiring the government to try to pick winners. Ensuring that the UK has effective markets for venture capital and growth finance is one way to do this. And making sure that companies that want to expand do not face unnecessary barriers to expansion from the tax or regulatory system is also crucial.”⁶

⁴ Scale and Innovation in Today’s Economy, December 2011, progressive Policy Institute.

⁵ *ibid*: page 6

⁶ “The Vital 6 Per cent”, page 8.

As the new knowledge-based economies of the 21st century take shape, Australia must recognise the importance of fostering a vibrant, sustainable, innovation-rich ecosystem to drive the next wave of productivity gains.

Government, through effective policy, can play a vital role in this innovation ecosystem: what it chooses to do (or not do) today will have long term repercussions.

THE NEW R&D TAX INCENTIVE

The current R&D tax incentive scheme has been welcomed on more than one occasion by AIIA. We have consistently worked with the Government at all levels to ensure smooth transition, implementation of the new scheme and appropriate guidance for industry to understand new definitions and approaches.

Importantly, the new R&D Tax Incentive is specifically designed to encourage innovation and business investment in R&D activities by businesses of all sizes. In terms of mechanisms that have a real impact on driving business R&D, International studies suggest tax incentives are one of the most successful tools to achieve this. An OECD study suggests that “tax incentives for R&D are expected to lead to an increase in private investment in R&D, which in turn should lead to an increase in innovation outcomes and ultimately to an increase in long run growth. The policy might also have indirect effects, e.g. on rising wage level of researchers as more R&D increases demand for their skills, on the (re)allocation of R&D activities and on R&D start-up decisions.”⁷

In support of the new R&D Tax Incentive, in July-August of this year, AIIA and AusIndustry conducted a national seminar-roadshow with AIIA member Ernst and Young, which touched approximately 200 companies across six cities, bridging industry R&D activities and government policies to make members and non-members aware of the new scheme. The level of participation clearly demonstrates industry interest in how business, specifically those in the ICT sector, can positively leverage the Incentive to facilitate technology driven innovation across a range of business sectors.

Revised approaches to software development and its applicability for a tax incentive mean industry and government needs to continue working collaboratively to ensure the real potential of this program is not lost in costly administrative burdens, opaque implementation or uncertainty, which will see slow uptake and loss of confidence in the innovation environment. And all indicators point to a vigorous uptake of the new scheme. Based on its experience with the former R&D Tax Concession, AusIndustry anticipates ICT involvement in the new R&D Tax Incentive to be high. In 2009-10, approximately one-quarter of the registered R&D Tax Concession projects were ICT based, with R&D expenditure around 25 per cent (\$4,981.3 million) of the total expenditure under the program. This figure represents 2,921 companies carrying out 7,443 ICT-related projects and these numbers *do not include ICT activities embedded within other projects*.

Going forward, AIIA is now working with Ministers and officials on the imminent **Innovation Statement**, which we are hope will recognise the key role played by fiscal incentives in fostering R&D for *all* companies, not just SME’s. The conflicting messages sent to industry by a Government engaging on the new R&D scheme while concurrently

⁷ *The International Experience with R&D Tax Incentives*, Testimony by the Organisation for Economic Cooperation and Development, United States Senate Committee on Finance, September 20, 2011, Tax Reform Options: Incentives for Innovation.

debating its imminent reduction or elimination for larger enterprises, creates investment uncertainty and policy confusion.

AUSTRALIA'S PRODUCTIVITY CHALLENGE

Australia is facing a unique opportunity now to positively contribute to national productivity growth and innovation which, done correctly, could drive economic growth and boost our flagging productivity. To progress that challenge, we need to look at issues and their potential solutions within a cohesive continuum, in an integrated fashion which recognises the connection to global competitiveness and wealth generation on the outcomes side, and innovation, technology, skills incentives, legislation and policy on the input side. To date, Australia has not performed well in lifting productivity back to the high levels of the 1980 and 1990 (insert here reference to recent RBA report on productivity and the role of ICT and add as foot note). The World Economic Forum's (WEF) latest 2012-2013 Global Competitiveness Index notes that "insufficient capacity to innovate" as a problematic factor for doing business in Australia, together with inefficient government bureaucracy and restrictive labour regulations.⁸ Commentary on the GCI includes the observation that a large part of our economy depends on activities with "little added value".⁹

WEF's observation about innovation in advanced economies is apposite here. "The final pillar of competitiveness focuses on technological innovation. Although substantial gains can be obtained by improving institutions, building infrastructure, reducing macroeconomic instability, or improving human capital, *all these factors eventually seem to run into diminishing returns*. The same is true for the efficiency of the labor, financial, and goods markets. In the long run, *standards of living can be largely enhanced by technological innovation*. Technological breakthroughs have been at the basis of many of the productivity gains that our economies have historically experienced. These range from the industrial revolution in the 18th century and the invention of the steam engine and the generation of electricity to the more recent digital revolution. The latter is transforming not only the way things are being done, but also opening a wider range of new possibilities in terms of products and services. Innovation is particularly important for economies as they approach the frontiers of knowledge and the possibility of generating more value by only integrating and adapting exogenous technologies tends to disappear.

Although less-advanced countries can still improve their productivity by adopting existing technologies or making incremental improvements in other areas, for those that have reached the innovation stage of development [Australia], this is no longer sufficient for increasing productivity. Firms in these countries *must design and develop cutting-edge products and processes to maintain a competitive edge and move toward higher- value-added activities*. This progression requires an environment that is *conducive to innovative activity* and supported by both the public and the private sectors. *In particular, it means sufficient investment in research and development (R&D), especially by the private sector*; the presence of high-quality scientific research institutions that can generate the basic knowledge needed to build the new technologies; extensive collaboration in research and technological developments between universities and industry; and the protection of intellectual property, in addition to high levels of competition and access to venture capital and financing... In light of the recent sluggish recovery and rising

⁸ Page 94

⁹ AFR 6 September 2102, page 12

fiscal pressures faced by advanced economies, it is *important that public and private sectors resist pressures to cut back on the R&D spending that will be so critical for sustainable growth going into the future.*¹⁰

The McKinsey Global Institute's August 2012 Report, "Beyond the Boom; Australia's Productivity Imperative", notes that Australia's worst performing sector, manufacturing, must strengthen its long-term competitiveness by encouraging "further innovation in technology-driven sectors" and promoting labour mobility.¹¹ The Report goes on to observe that the factors currently driving economic growth are temporary – the resources boom - and cannot be sustained. But the driver of growth that *can* be influenced – productivity – is lacklustre, requiring a renewed focus on innovation and efficiency to ensure underlying resilience.

Further, at a time when transformational change underpinned by technology is singularly the most important driver of competitive performance, key sectors such as retail, manufacturing and services remain sluggish and largely uncompetitive – certainly at a global level. To remain internationally relevant Australia has to do more than simply attract investment. With the global transformation that is currently taking place in many industry sectors due to the disruptive impacts of digital technologies this is a point in time where Australia needs to actively encourage much greater investment in R&D and innovation, rather than taking any steps to curtail it. Indeed we must foster a culture that facilitates innovation, especially in sectors where our performance is at risk. AIIA believes this is especially critical given the Government's substantial investment in enabling telecommunications infrastructure such as the NBN. In order to optimize this important public investment we need to facilitate conditions that encourage the development of new, 'smart' applications that leverage the potential of this infrastructure to derive broader business, social, economic and cultural benefit. A proactive and supportive R&D environment is crucial to this – for cash flow and to support businesses to manage risk and investment opportunities. Businesses report that having access to incentives such as through the R&D system positively assists their ability to attract investment for innovation.

A strong innovation ecosystem must be integrated with all the market and policy drivers available to facilitate innovation as a *culture*. We need to have an acute sense of the transformative capacity of technology and the inter-connection of the broader policy, legislative, regulatory and investment levers that underpin competitive, effective and successful participation in a global market. *AIIA believes that the new R&D tax credit scheme does this.* Innovation is a continuum; not an invention, but a genuinely new way of doing things. This includes providing opportunities for small *and* large enterprises to compete effectively and bring to the table, without disadvantage, innovative new business solutions underpinned by new and emerging digital technologies.

THE BTWG DISCUSSION PAPER

From the outset AIIA's position is that both lowering of the company tax rates and retention of the new R&D Tax Incentive are desirable policy outcomes for our industry. We do not however, support the trading off of one against the other and certainly not any proposal that undermines Australia's broader commitment to innovation and research and development. The savings from any one of the proposals in the Paper are minimal; they will have a non-critical impact on supporting a tax rate cut. Business in Australia generally continues to invest in R&D at rates below the average in the OECD and most key trading partners and, significantly, below that of the leading nations.

¹⁰ WEF 2012-2013, page 7. Emphasis added.

¹¹ Page 32

AIIA firmly believes that erosion or softening of current R&D commitments fundamentally risks our ability to remain internationally competitive in what is a technology -driven rapid and disruptive global change environment.

In terms of the BTWG paper we would make four key points (each discussed in more detail below);

- Lowering of company tax rates and the R&D Tax Incentive have fundamentally different policy objectives – both policies have an important role in stimulating business productivity and investment and one cannot be substituted for the other;
- The assumption in the paper, and in the options proposed, that businesses with turnover of more than \$20m per year are larger businesses (i.e. not SME's) is incorrect;
- Large businesses are equally incentivised by explicit tax incentives to undertake R&D; and
- Lowering the rate of company tax will not expressly reward innovation or provide spill over benefits to other sectors/businesses.

The BTWG paper rightly focuses on productivity improvement arguing for a broader tax base accompanied by lower corporate tax rates, on the basis that this scenario will stimulate 'investment'. Investment returns are described in terms of overseas investment in Australian businesses, overseas businesses locating in Australia and increased internal investment by companies on the basis that they will have more revenue/profit, assuming this increased profit is re-invested in higher wages and benefits to shareholders. While AIIA acknowledges the potential investment opportunities of a lower company tax rate, we would make the point that the policy objectives of the R&D Tax Incentive are very different from a corporate tax rate cut, and they do not need to be mutually exclusive.

The R&D Tax Incentive, while aimed at driving innovation and resultant productivity, is first and foremost about business, technology and scientific innovation and the impact this has (not just on productivity) but also on Australia's global positioning as a relevant contributor of innovative products and services to the global economy. Over and above productivity and investment, the R&D incentive is targeted at stimulating genuine innovation that brings with it capability, credibility, knowledge, knowledge transfer and technology transfer – over the long term. All this is to say that the policy objective of R&D is more than about attracting overseas investment - it is fundamentally about developing a culture - a business culture - that supports sustainable, globally competitive growth at a business and national level.

In terms of stimulating broader business benefits and 'spillover', the policy objectives of R&D benefits are both also more explicit and transparent than stimulating overseas investment. The nature of Australia's R&D policy is targeted at facilitating innovation in the development of new products, services and processes that benefit not just the business undertaking the R&D but also other businesses/industry sectors that can leverage the outcomes of the R&D (spillover). Attracting overseas investment is necessary but if it is at the expense of R&D, the outcome will be restricted benefits being realised across the broader business and industry base.

Further, if Australia is to attract more inbound investment, addressing the high costs of doing business here is arguably more critical than reducing incentives, which may attract investment. WEF has identified restrictive labour practices and costly market regulation as the most problematic obstacles to investment in Australia for 2012-2013.

The assumption in the paper and in the options proposed, that businesses with turnover of more than \$20m per year are larger businesses (i.e. not SME's) is incorrect.

While the BTWG discussion paper acknowledges the importance of the R&D Tax Incentive to SME's and to some extent aims to 'protect' them in the shaping of its alternative options, it incorrectly assumes that SME's are

characterised by turnover income less than \$20m per annum. In fact SME's can include companies with up to 200 employees and with turnover of up to \$80m - \$100m. The current Government's Enterprise Connect Program¹², expressly targeted at improving the performance of small to medium sized enterprises, assists businesses with turnover well over \$20m. Changes to arrangements that limit the opportunities of businesses with over \$20m will in fact impact a significant number of the more robust, but nonetheless still SME businesses that rely on these sorts of incentives to undertake R&D and drive their business innovation.

While the BTWG Paper suggests that the current R&D tax incentives may not be influential in larger enterprises undertaking R&D (because they will "do it anyway"), international indicators show that on average, tax incentives increase private R&D spending by all companies (large and small firms), by at least the amount equal to the tax revenue foregone.¹³ In most economies it is large firms that are responsible for the majority of the R&D expenditure. In Australia large businesses (200 employees or more) accounted for almost 70 per cent of total R&D expenditure in 2009-10¹⁴. Therefore, while it is important to promote R&D within SME's, it remains critical that large company R&D must also be encouraged. The contribution of large company R&D generally tends to be more structured and disciplined, and the likelihood of follow-through and broader scale commercialisation typically enhanced.

Reducing corporate tax rates at the expense of R&D incentives (even if more investment is stimulated, which is not proven), does not guarantee any local or national commitment to the broader policy objective of R&D. Lowering company tax rates will not expressly reward innovation – apart from trying to encourage overseas investment, the policy is indiscriminate. Adopting such an approach effectively dilutes Australia's commitment to an explicit R&D agenda. AIIA strongly believes that the current R&D Tax Incentive (as recently implemented) is a much more precise instrument in terms of achieving the R&D and innovation objectives of Government. AIIA believes this is critical to Australia leveraging existing investments such as the NBN and positioning itself as a relevant to broader global innovation developments. AIIA members - both large and small enterprises, are already contributing to innovative solutions in areas such as health service delivery, telehealth, teleworking, cloud computing, big data analytics etc.

In summary, under any of the options proposed in the BTWG Paper, AIIA believes that the levers to drive the R&D agenda will be weakened, if not removed completely. An AIIA analysis of the proposed options on the ICT sector indicates that notwithstanding the size or provenance of the enterprise, any one of the proposals in the BTWG to reduce or eliminate R&D incentives for larger companies, will have adverse impacts and we believe that the unintended consequences on the innovation ecosystem may be significant and eventually outweigh the benefits of the tax savings in the long term.

Addressing each of the proposed options specifically:

Option C.1 would have unintended consequences of impacting every company whose turnover is greater than \$20m. Many of Australia's well-publicised homegrown ICT success stories (such as Atlassian) continue to employ a significant number of highly skilled IT professionals to undertake R&D in Australia. Australia's ability to continue to attract and retain top ICT talent would fall by the wayside if these companies no longer derive any competitive advantage in retaining its R&D activities in Australia. Given the recent fall in commodity prices and media commentators suggesting the end of the mining boom, does the Government really intend to also drive out another

¹² Administered by DIISRTE.

¹³ OECD 2002

¹⁴ ABS Cat. No. 8104.0 (2009-10)

sector of the economy that can potentially add significant long term productivity benefits and employment to the Australian economy?

Further as indicated above, this option will adversely impact the R&D efforts of many legitimate SME's with turnover well over \$20 per year.

Option C.2 While AIIA understands the Treasury's intention with this proposal, we believe that this option has the potential to lead to significant adverse impact on the Australian innovation ecosystem. It is perhaps not well known that many multinational companies (MNCs) operating in Australia have dedicated advanced R&D facilities employing highly skilled and world-leading experts in a wide spectrum of scientific research. One of the key drivers of the new R&D tax incentive is to encourage the continued R&D investments by allowing MNCs to continue to employ Australians to these roles. If Option C.2 is implemented, then is likely to see many large MNCs (whose global revenues exceed the proposed \$10b or \$20b turnover threshold though the Australian revenues may be relatively small) excluded from being able to claim the R&D tax incentive. Such policy will result in the erosion of Australia as an attractive location for high end R&D centres and thereby deny Australia of the potential upside: from technology and skills transfer to Australia and Australians, as well as the economic spillover effects across the supply chain of employing Australians to these high end positions. This Option also has the potential to create increased administrative complexity that invariably comes with administering a two-tiered system based on tax and accounting definitions of revenue and turnover.

Option C.3. As discussed in the Innovation ecosystem section, the ability of large companies to undertake and commercialise R&D is an essential element to a vibrant innovation ecosystem. To that effect, any dollar spent on R&D activities be it large or small companies has the same aggregate effect: by placing a cap on R&D spend to a proposed cap, Option C.3 fails to recognise the full value and contribution of R&D activities. Some of the largest companies are also the most innovative. Option C.3 sends the wrong message to this group by suggesting that innovation is only supported up to this "cap", beyond which the Government no longer supports investments in R&D.

Similar to C.2, it also runs the risk of increased administrative complexities.

Option C.4 proposes a 25% reduction of the current 40% tax credit to 37.5%. Similar to the effects when the previous R&D tax concession was cut from 150% to 125% in 1996, this option will potentially lead to a uniform reduction of R&D investments across the entire economy. From an aggregate perspective, this is likely to reduce Australia's overall innovation capacity in the long term and global competitiveness. Instead of developing policies to assist Australian industry increase their capacity to innovate, this Option is likely to have the opposite effect.

Furthermore, real benefits to businesses are tightly balanced and arguably vulnerable to future changes in company tax rates. The current R&D Tax Incentive was intentionally decoupled from company tax rates for this reason.

FISCAL INCENTIVES FOR R&D – THE GOVERNMENT'S ROLE

Governments have a responsibility to provide public sector functions and services such as health, security and communications, to citizens. Increasing demand for services will be more efficiently met through the use of new and improved technology, developed either publicly or privately via innovative R&D applications. Equally, governments are responsible for correcting market failures, which result in under-investment in any sector. In the R&D context, two specific market failures are relevant; when the social return on R&D is higher than the private return, and when the high risk of R&D discourages firms from undertaking any. "As the social return is higher than the private rate,

governments need to provide incentives to ensure the socially desirable level of R&D is conducted by the private sector.¹⁵ Other benefits arising from government intervention in this type of market include the desire to secure knowledge spill-overs and to attract foreign investment in knowledge-intensive areas.

Governments generally accept that productivity growth is essential to a higher standard of living for citizens; empirical evidence supports the view that R&D plays a role in raising productivity in a sustainable manner, not merely through short-term gains such as a transitory sectoral boom.¹⁶ It does this in several different ways, including the production of new products and services which enable more effective use of existing resources, and by making it easier to exploit benefits from adaptation of other technological progress, either domestically or internationally. In the UK, analysis has shown that this benefit of R&D means long run GDP increases outweigh the costs of the tax credit operating there.¹⁷

Australia is not alone in providing tax incentives to facilitate R&D investments. Most of our trading partners have in place substantial schemes to encourage additional R&D, including China, Japan, Singapore, South Korea, the UK and the US. For example, in 2010, Singapore introduced a new Productivity and Innovation Credit scheme, which “the [Singapore] Government will introduce ... as a major enhancement, to spur a much broader range of innovative activities and with more generous tax benefits.”¹⁸ This included a 250% additional deduction for R&D activities, which was enhanced to 400% in 2011. Globally, there are over 50 countries with some form of a R&D tax scheme at the centre of a broad tax incentive to encourage innovation and R&D investments. Most recently (7 September 2012), Chile has introduced an R&D tax credit, which allows businesses to claim up to 35% of the amount they invest in certified research projects. The new scheme also eliminates or relaxes any limits on the total amount of tax relief available.

CONCLUSION

AIIA supports tax reform that broadens the tax base and one that does so with the policy objective of increasing overall growth to the Australian economy, delivers on the Government’s productivity agenda and recognises and fosters innovation in the coming digital revolution. Policies such as the R&D tax incentive, in AIIA’s opinion, strongly support the Government’s objectives and any reductions or eliminations of R&D tax support for large businesses fails to consider the wider industry ramifications of labour mobility and inbound technology/knowledge transfer and does not move the broader innovation agenda forward.

¹⁵ “The Efficacy of fiscal R&D incentives to stimulate additional private R&D spending” Ernst & Young, August 2012, page 3

¹⁶ Page 4. It is recognised that precise quantification of its contribution to productivity is difficult.

¹⁷ EY, page 9

¹⁸ Singapore Government Budget 2010 Key Budget Initiatives 1 speech.

APPENDIX 1

AIIA Board of Directors

Chairman

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Company Type Revenue (AUD) R&D Spend (AUD) AIIA Member Impact of Options
Key:  Adverse Effect
 Minimal Effect

					C.1.	C.2.	C.3.	C.4.
Australian Biotech Company	ASX listed Company	< 10 Billion	> 100 Million	No				
Australian Software Developer	Private Australian Company	< 10 Billion	< 50 Million	No				
Multinational Software Developer	Multinational	> 20 Billion	< 50 Million	Yes				
Multinational Software Developer	Multinational	> 20 Billion	50 million – 100 million	Yes				
Multinational Software Developer	Multinational	< 10 Billion	< 50 Million	No				
Multinational Computer Hardware, Computer Software, IT Services company	Multinational	> 20 Billion	< 50 Million	Yes				
Australian Biomedical Device Company	ASX listed Company	< 10 Billion	50 million – 100 million	No				
Australian financial services company	ASX listed Company	< 10 Billion	50 million – 100 million	No				
Multinational Conglomerate	Multinational	> 20 Billion	< 50 million	No				
Multinational Consumer Electronics Company	Multinational	> 20 Billion	< 50 million	Yes				