



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Tax Laws Amendment (Research
and Development) Bill 2013**

Second Reading

SPEECH

Monday, 9 December 2013

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker Bandt, Adam, MP

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Mr BANDT (Melbourne) (20:47): I will make a few brief remarks about the Tax Laws Amendment (Research and Development) Bill. We have made the point elsewhere repeatedly that the Greens very strongly believe that science, innovation and research, and R&D more generally, is critical to our prosperity and that it is going to be vital to Australia having a strong economy after the mining boom. We are going to need something to do when the rest of the world tells us to stop digging.

Without investment in research and development our businesses will not be able to innovate and be competitive and our universities and our private sector researchers will not be able to make new discoveries and create progress—and, importantly for us, our ability to face the many challenges as a country and as a planet will be diminished. That is why we went to the election with a plan to increase Australia's spending on R&D to three per cent of GDP, both public and private—and it was fully costed. Sadly, our public sector investment has been on the decline in recent years. Indeed, the Chief Scientist has recently warned that it may go as low as two per cent in the coming year, one of the lowest national values in the OECD.

The Greens would not only boost public sector R&D spending, with our road map setting out how we would boost scientific research councils, reverse cuts to the Sustainable Research Excellence Program, fund open access publishing of government funded research and bring the best research talents to Australia and more, but we would also focus on health research.

During the election the now government made some positive noises about science and research and backed a Greens initiative in the last parliament to protect health and medical research from budget cuts. Sadly, one of the first acts of the government was to axe the position of science minister and abolish the climate change body, the Climate Commission. And, sadly, now with this bill we see further effective reductions in public and private spending on R&D.

The Labor member who was previously at the table said this is in fact Labor's policy. When it was announced under the previous government we opposed it—and we oppose it now. There will be a number of significant negative impacts from this bill including the offshoring of companies' R&D efforts, which will undermine productivity and reduce the capacity for collaborative R&D efforts and will hurt small and medium enterprises that contribute to the larger R&D efforts by big companies.

The legislation is also potentially technically flawed, as only large Australian companies will be affected while some companies with a multinational structure, and an international R&D effort, may not be covered—depending on the size of their turnover in Australia. And there will be continued uncertainty that will retard investment in R&D because this legislation is being implemented before the review and is being implemented despite promises made by the government at the election.

The bill will also reduce Australia's competitiveness because R&D regimes in many other countries around the world are far more generous. A recent report, published in October 2013, examining the world's top-100 global innovators—including industries such as semiconductors, computer hardware, automotive, telecommunications and pharmaceuticals—found that there is a direct correlation between a government's commitment to innovation, and its R&D tax policies, and its ability to attract and retain innovative organisations. Sadly, Australia is slipping down the Global Innovation Index. The index, published by the World Intellectual Property Organisation, shows that we have moved from 18th in 2010 to 21st in 2011 to 23rd in 2012.

We are also concerned about what will happen with the issue of quarterly payments, something the Greens fought for under previous parliaments and will fight to maintain. We will have more to say about that, and further amendments to move, when this bill reaches the Senate.

We need a strong research sector in Australia to help us move away from the industries of the past and to deliver the jobs of the future. This will mean ensuring that every dollar spent on research is spent well and that

our great public research agencies like CSIRO, universities and our medical research institutes work together with each other, with industry and with international partners. We must increase our investment in research and target that investment strategically. We must deliver a stable and dependable funding environment to free our researchers from a rolling funding shortfall. And we must have a stable, supportive and adequate R&D tax regime for business that can enable innovation and improvement, not the flip-flopping and broken promises that we have seen regularly from the old parties.