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**From:** O'Neill, Mick (DTED) [Mick.O'Neill@sa.gov.au]  
**Sent:** Monday, 19 April 2010 3:15 PM  
**To:** R&D Tax Credit  
**Cc:** Price, Bronte (DTED); Greg Boundy; 'susan.andrews@centreforinnovation.org.au'  
**Subject:** Response to second exposure draft of the consultation guide for the new research and development tax incentive

Thank you for the opportunity to comment on the above.

I offer the following comments on behalf of the *South Australian Department of Trade and Economic Development* and *Innovate SA*, with whom we have consulted:

1. We note and support the endeavours that have been made in this document to simplify the language in what is clearly a complex area
2. We applaud the usage of the "refined dominant purpose" which rejects any inadvertent or inappropriate support for activities that are merely "business as usual".
3. The brief set of Frequently Asked Questions" provides additional support that will be well received by the business community.
4. With regard to point 12 in the Consultation Guide, we would suggest the following word changes:  
12. In essence, the revised definition requires that you need to be seeking new information (to solve a problem, develop a new product, **develop a new service** or develop a new process) and that you need to do a **trial or pilot** to uncover that knowledge.

By way of explanation for these suggested amendments, we believe that R&D is occurring increasingly around services as well as around products and processes and needs to be included here, as not all processes are services and *vice versa*.

The term "experiment" implies R&D that is more scientific than that which applies to industry and business. The words "trial" and "pilot" more accurately convey the meaning of such "experiments" that might occur within a corporate setting.

Regards

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