



New
South Wales
Leaders

Dan Liszka

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Submission

R&D Incentive

Submitted via RnDamendments@treasury.gov.au

Dear Sir/Madam,

Our firm is alarmed at the proposed changes and I would like to submit the following information.

NSW Leaders operates a knowledge sharing mentoring and leadership group that operates as an alternative to an investment banking infrastructure, providing leading companies with access to expert knowledge, relevant networks, and capital to assist the leaders of these businesses realise their growth and exit ambitions. NSW Leaders currently has approximately 110 participating companies and is part of the International Leaders network, which includes similar Leaders series in Victoria, South Australia, Queensland, WA, London and Auckland. The following points we'd like to make are a result of consultation and views expressed by the whole of the Leaders community. Please see attached a description of the businesses that are involved in our network.

1. We do not accept the need for a \$2.4 billion reduction in innovation support over the next 4 years when Business Expenditure on R&D is already falling. We would advocate that the incentive scheme should at this stage be increased, not decreased as is being proposed.
2. Whilst our membership does not comprise experts in how to deliver budget cuts our membership doesn't accept that this is the most effective way to achieve budget reductions.
3. The proposed changes significantly reduce the incentive for companies to conduct R&D and if the proposed changes go ahead, the majority of our business owners have expressed that they will reduce their focus on innovation and a number of companies have already expressed a willingness to consider relocating their R&D activity and the jobs that this creates to other jurisdictions such as Singapore. Again whilst we don't have access to any modelling to show the quantum of this impact it does demonstrate that the proposed budget cuts may have unintended consequences on jobs in Australia.



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4. On plain reading the proposed changes also indicate an increase in the compliance cost for our members claiming their R&D tax refunds. At a time where Australian businesses face increasing competition from global competitors I can't understand why an Australian government would want to reduce our competitiveness in this way.

NSW Leaders and its membership strongly oppose the changes and feel that if these changes go ahead it's a failure of leadership, particularly in the small to medium size sector, which will be hit hardest by these changes. We strongly urge that the proposal be reconsidered and deeper more engaging consultation be undertaken with industry before any changes are made.

Should you require any additional information please feel free to contact me directly.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Dan Liszka', written in a cursive style.

Dan Liszka

CEO

NSW Leaders