



# Innovation

## Julia Gillard and Labor

Let's move Australia forward



### Overview

The Innovation Portfolio is dedicated to raising living standards, creating jobs, and improving lives by increasing Australia's capacity to generate and apply new ideas. It supports business innovation to modernise existing industries and create new ones. It supports research at universities and public sector research agencies to expand knowledge, increase understanding and accelerate invention and discovery. It links researchers and industry to translate creative ideas into practical processes, products and services we can apply at home and sell to the world.

The Federal Labor Government has increased Commonwealth spending on research and innovation by 34 per cent compared to the previous Coalition Government, established Enterprise Connect and Commercialisation Australia, introduced the \$6 billion *New Car Plan for a Greener Future*, and dramatically increased Australia's research capacity by investing in facilities, equipment and people.

Federal Labor is building a high-tech, high-wage economy for the future. Research and innovation will drive that economy. They are critical to our national prosperity and wellbeing.

### Federal Labor's track record

#### *Innovation*

- Embarked on the ambitious agenda of innovation investment and reform outlined in our ten-year innovation strategy, *Powering Ideas* – based on building innovation skills, supporting research to create new knowledge, increasing business innovation, and boosting collaboration.
- In total, the Gillard Government is boosting investment in research and innovation to more than \$8 billion in 2010-11 – the largest commitment since records began, and a 34 per cent increase on 2007-08 levels.
- Set up *Commercialisation Australia* – a radical new initiative to support home-grown innovation and capture the rewards for Australia.
- Through *Commercialisation Australia* and other major initiatives, supported the creation of new enterprises and the growth of innovative young firms. This is the key to raising Australia's productivity and meeting the challenges of the twenty-first century.
- Delivered the three elements of *Clean Business Australia* – the *Green Building Fund*, *Re-Tooling for Climate Change* and *Climate Ready* – to help make Australian businesses more

energy- and water-efficient, reduce carbon emissions, and promote innovation to address climate change.

- Supported investment in promising early-stage businesses and nurtured ongoing venture capital expertise through the *Innovation Investment Fund*. The Federal Labor Government responded quickly and decisively to the lack of capital during the global recession, investing \$64 million through the *Innovation Investment Follow-on Fund* to ensure the survival of our best and brightest start-up companies.
- Launched the *National Enabling Technologies Strategy*, to support the responsible development of emerging technologies such as nanotechnology and biotechnology. Federal Labor recognises that these technologies have the capacity to transform industry, but that we need to build community confidence in their use and industry understanding of their potential.
- Invested in the expansion of CSL Limited's medical research and development facilities at Broadmeadows in Victoria; this will preserve Australia's capacity to protect the community against global pandemics, enable scientists to create new cures and treatments for disease, and save thousands of lives in this country and around the world.
- Initiated a far-reaching program of reform to Australia's intellectual property system, to improve support for innovation and bring the system into line with international best practice. This will be achieved by raising patent standards and streamlining patent and trade mark procedures.

#### *Industry*

- Federal Labor believes that a strong, innovative and internationally competitive manufacturing sector is an essential part of Australia's future. We are focused on achieving this because we want Australia to have a balanced economy, to maximise its export earnings, and to share fully in the technology-driven prosperity of the twenty-first century.
- Supported industry through the global recession by taking steps to stabilise financial markets, providing cash payments to support consumer demand, investing in nation-building infrastructure, and introducing the *Small Business and General Business Tax Break* to encourage private sector investment in plant and equipment.
- Defended manufacturing capability in regional areas with the South Australia Innovation and Investment Fund and the North West and Northern Tasmania Innovation and Investment Fund.
- Introduced a new *New Car Plan for a Greener Future* to transform the Australian automotive industry by developing the skills and capabilities needed to create new technologies, produce more fuel-efficient vehicles, and integrate the industry into global markets.
- Put in place a new *TCF Innovation Package* to build the innovation capacity Australia's textiles, clothing and footwear sector needs to compete at the high-value end of the market.
- Established *Enterprise Connect* – a national network of enterprise development and innovation centres, business advisers and research partners dedicated to making small and medium-sized firms more innovative, productive and competitive. The network is a first for Australia, and it has already provided assistance to over 3,000 businesses.
- Creating new opportunities for local industry by promoting *Australian Industry Participation* in major projects and government procurements. Specific measures include increasing funding for the Industry Capability Network, appointing supplier advocates in steel, rail, water, information technology, and clean energy (with TCF to come), and improving the Enhanced Project By Law Scheme.

- Established *Industry Innovation Councils* involving business, union and research leaders in the automotive, textiles, clothing and footwear, future manufacturing, steel, built environment, information technology, space and pulp and paper industries to advocate innovative practices and build innovation capacity, particularly by strengthening links between researchers and industry, between different parts of the supply chain, and between sectors.

#### *Science and research*

- Restored integrity and independence to the research system, with charters to underpin the rights and responsibilities of public research agencies such as CSIRO, and new rules to protect researchers and funding agencies from the kind of political interference we saw under the Liberals.
- Delivered on Federal Labor's election promise to appoint a full-time Chief Scientist for Australia.
- Allocated \$4.1 billion from the *Education Investment Fund* to renew and extend facilities for teaching, learning and research at Australian universities, vocational education and training institutes, and research agencies. This includes more than \$1.7 billion for research infrastructure.
- Provided \$1.1 billion for facilities and equipment to support research in areas of Australian strength through the *Super Science Initiative*. The initiative focuses on space science and astronomy, marine and climate science, and the technologies that will support future industries. Headline investments include constructing a new CSIRO-managed marine research vessel (the *RV Investigator*); a new supercomputing centre in Perth; upgrading facilities at the Australian Nuclear Science and Technology Organisation; new infrastructure at the Australian Institute of Marine Science in Townsville and Darwin; and a new Australian Space Research Program.
- Expanded and reshaped Australia's research awards and fellowships to attract and retain the world's best researchers. Federal Labor is doubling the number of *Australian Postgraduate Awards* for research students and in 2009-10 we increased the stipend by 10 per cent, restoring the value that had been stripped away during the Howard years. Federal Labor has created 100 *Super Science Fellowships* for early-career researchers and 1,000 *Future Fellowships* for researchers in mid-career. We have introduced *Australian Laureate Fellowships* for senior researchers; each of these elite fellowships also supports a small team of promising doctoral and postdoctoral researchers. Key awards and fellowships have also been opened to international applicants. Federal Labor's aim is to create viable career paths that will make it possible for outstanding researchers to pursue their work in Australia, where the benefits can be captured for this country and the world.
- Embarked on a \$5.7 billion program of higher education reform to ensure that Australia has the university teaching, learning and research capacity to meet the challenges and opportunities of the twenty-first century.
- Put Australia's universities on a more sustainable footing, increased funding certainty, and reversed years of Liberal neglect by introducing a new indexation formula for university block grants for teaching, learning and research under the Higher Education Support Act. Beginning in 2012, this reform will deliver additional support for universities over the years ahead.
- Introduced the *Sustainable Research Excellence in Universities Scheme* to help meet the indirect costs of university research.

- Introduced *Excellence in Research for Australia* to measure the quality of Australian research against the world's best. ERA will ensure that taxpayers get maximum value for their investment in university research, that resources are allocated efficiently, that we build on Australia's research strengths, and that Australian researchers have the information they need to continuously improve their performance. ERA has been developed and will be managed by the Australian Research Council. The system was trialled in 2009, and the first full evaluation began earlier this year.
- Established two new programs to promote collaboration in the research sector in line with the objectives of *Powering Ideas*. *Collaborative Research Networks* will support collaboration between smaller, less research-intensive universities and larger, research-focused ones. *Joint Research Engagement* will support collaboration between universities and industry.
- Introduced *mission-based funding compacts* to promote diversity and increase autonomy by encouraging each university to define its own mission, consistent with the Government's broader policy goals. Compacts will address not only teaching, learning and research, but also community engagement and industry collaboration. Interim Agreements for Mission-Based Compacts were negotiated in 2009 for the 2010 academic year.

#### *Small business*

- Improved small business advice and support services with \$42 million for 36 *Business Enterprise Centres* and \$5 million for the *Small Business Support Line*, which has already handled over 15,000 calls.
- Provided \$14 million through *Small Business Online* to equip small businesses to go online, improve their web presence, engage in e-business, and take full advantage of the National Broadband Network. The original \$10 million commitment was boosted by \$4 million to reach more small businesses in the tourism sector.
- Provided fairer and simpler business *mediation services*, and greater certainty and *protection for franchisees*.
- Simplified the Business Activity Statement and other reporting requirements for around 70 per cent of small businesses by introducing *standard business reporting*.
- Created a *Superannuation Clearing House* so small businesses can pay their employees' superannuation contributions electronically to Medicare, which distributes the money to each employee's chosen super fund free of charge.
- Helped small business locate and compare business loans by providing a *Business Loan Finder* service through the [www.business.gov.au](http://www.business.gov.au) website.
- Created simple, fair dismissal procedures for small businesses by introducing an *extended qualifying period* of 12 months and a six-paragraph *Small Business Fair Dismissal Code*. If the code is followed, the dismissal is deemed to be fair.
- Started work on a single, national, online *registration system for business names and Australian Business Numbers*, which is expected to save small business \$1.5 billion over eight years by allowing them to register once instead of up to eight times in different states and territories.
- Established the *Small Business Advisory Committee* to assess proposed legislation and regulations that might significantly affect small business.
- *Guaranteed* that small business contracts with the Australian Government worth up to \$1 million would be paid within 30 days. The guarantee came into effect on 1 December 2008, and in the 2009-10 financial year, 96.5 per cent of small business invoices were paid

on time – a record. Under the guarantee, small businesses can charge penalty interest if they have not been paid within thirty days.

- Supported small business through the global recession by:
  - *reducing pay-as-you-go tax instalments* by 20 per cent for the December quarter of 2008 and approximately 6 per cent for the 2009-10 financial year to ease cash-flow pressures;
  - providing a \$4 million boost to *small business support and advice*; and
  - introducing the *Small Business and General Business Tax Break* allowing small business to claim a bonus deduction of up to 50 per cent on eligible assets acquired between December 2008 and December 2009.
- Established the *Export Finance Navigator* website to help Australian small and medium-sized businesses find ways to finance their expansion offshore.
- Introduced legislation to establish the *R&D Tax Credit*, which offers small business a refundable 45 per cent credit for eligible R&D expenditure. Firms in tax loss can take the credit as cash. This vital legislation has been stalled by the Liberals in the Senate.

### Future challenges

- Australian industry is part of the international economy. Even though Australia weathered the global recession better than most, manufacturing is still under pressure. We face increasing competition from emerging economies moving rapidly up the value chain by investing huge amounts in research and development, and from established economies responding to this challenge by lifting their own innovation efforts.
- Another global challenge is climate change. To support the transition to a lower-carbon economy, we will need new products that help reduce emissions, harness cleaner energy sources and produce less carbon-intensive versions of existing products, such as more fuel-efficient cars. The capacity of our manufacturers to innovate and a solid research and science base will be crucial.
- We need to increase collaboration between public researchers and private industry – Australia is at the bottom of the OECD table on this measure. Initiatives such as *Enterprise Connect*, *Commercialisation Australia* and *Joint Research Engagement* are addressing the problem, but we cannot afford to relax our efforts.
- As outlined in *Powering Ideas*, we need more Australian firms lifting their management skills, improving their work organisation, introducing innovations and doing R&D. This has been the central aim of Labor’s innovation policy since we came to office, and we must maintain this focus.
- Australia has a high proportion of small businesses. It is essential that we equip them to be more productive, competitive and innovative. In particular, we must make the most of new business models and information and communication technologies to give small business direct access to global supply chains and distant markets. We also need to support the efforts of smaller Australian firms to develop and commercialise new ideas – that’s why initiatives such as *Commercialisation Australia* and Labor’s new R&D Tax Credit are so important.
- We need to ensure that Australia has an adequate supply of research-qualified people to meet the needs of universities, research organisations and industry. Shortfalls are expected as today’s research workforce ages and the competitive pressure to develop original and sophisticated products and services increases demand. Work on the research workforce strategy promised in *Powering Ideas* is well advanced.

- We need to go on building Australia's research capacity, not just in science and technology, but in the humanities and social sciences, which help us understand our place in the world and adapt to change. All innovation has a social dimension, and we need the skills and knowledge to manage this effectively. The lessons we learn from the humanities and social sciences enable us to build stronger, fairer and happier communities.
- We need to improve our ability to work together across different fields of knowledge. Real-world problems and opportunities are not confined to neat boxes, and our researchers shouldn't be either. Federal Labor will promote collaboration between researchers so that we can enlist all of the expertise available to move Australia forward.
- Australia produces an impressive 3 per cent of the world's knowledge, but that still means 97 per cent is produced elsewhere. We must increase Australian participation in international research networks and collaborations. This is not just a matter for universities and research organisations. We also need to internationalise the innovation efforts of Australian industry by linking local firms to global supply chains and attracting more foreign R&D investment.
- We need to increase community awareness of science. This is critical if Australians are to share fully in the benefits of science and make informed decisions about our scientific future. It will also encourage more young people to pursue scientific careers.

## **POLICY**

### **Next Steps**

A re-elected Gillard Labor Government will continue to build on the foundations we have laid in our first term of Government.

Enterprise Connect will introduce more firms to new ideas, methods and technologies that will lift their productivity and increase their capacity to innovate and compete – including internationally. Commercialisation Australia will help more researchers and innovators translate their ideas into products and services they can take to the world.

Federal Labor has reversed years of neglect and put public sector research on a more secure and sustainable footing. The reforms and investments of the past three years will go on delivering outstanding research results for decades to come. Federal Labor's nation-building research infrastructure program, improvements to the indexation of university research funding, support for new research fellowships, a boost to the number and value of postgraduate awards, and action to address the indirect costs of university research are all designed to yield long-term dividends for the Australian community – a stronger economy, a more inclusive society, and a cleaner environment.

Excellence in Research for Australia – which comes into operation this year – and mission-based funding compacts – to operate from 2011 – will help to focus our university research efforts, creating a framework in which institutions can measure themselves against the world's best and play to their strengths. Both measures are designed to increase accountability and ensure that taxpayers get the best possible return on their investment in university research.

Federal Labor will continue to support Australian manufacturing through its programs to build skills and innovation capacity in strategic industries. We will ensure that Australia captures its share of the new opportunities created by biotechnology, information technology and other high-tech platforms, while at the same time working to modernise existing industries – industries that account for the bulk of our output and employment now, and that still have enormous scope for growth and innovation in the future.

Unless otherwise stated, the following measures are already included in the budget.

## A. Science for Australia's Future

A Gillard Labor Government will keep Australia on the high road to prosperity by continuing to invest in science engagement and scientific research.

Our aim is to increase awareness of science in the Australian community, build skills in science and technology, and support the efforts of Australia's outstanding scientists to produce solutions for this country and the world. The pursuit of knowledge in all its forms – including in the social sciences and humanities – is the key to ensuring that Australia remains a high-tech, high-value producer paying good wages and offering a good standard of living. It will give us the savvy, creative and adaptable workforce we need to compete in a global economy increasingly demanding new technologies and ideas.

Science is important not just to our material wellbeing, but to every aspect of our lives – to our environment, to our health, to our understanding of ourselves and our place in the universe. Science will enable us to go on enjoying all the benefits of human ingenuity and modern industry, while conserving our resources and protecting our fragile planet. It is absolutely critical to Australia's future.

### 1. *A long-term commitment*

No nation can build an internationally significant science capability overnight. It takes long-term commitment and long-term investment. Federal Labor has increased Commonwealth funding for research and innovation by 34 per cent since 2007, reversing more than a decade of neglect. We have focused on the future in initiatives like *Powering Ideas*, our ten-year innovation strategy, and the Education Investment Fund and the Super Science Initiative, which are building scientific infrastructure that will go on delivering returns to the Australian people for years to come.

Federal Labor will continue to take a strategic approach to science, for example by planning for Australia's future research infrastructure needs; by promoting networks and collaborations to make the most of valuable assets and concentrations of expertise; by preparing a Research Workforce Strategy to ensure we have the skills we need; and by providing secure, quadrennial funding to the CSIRO.

### 2. *Inspiring Australia: a new strategy for science engagement*

In keeping with this commitment, Federal Labor will invest \$21 million in Inspiring Australia, the country's first ever national strategy for science engagement. Australia's future prosperity and wellbeing depend on our ability to create and apply science. This isn't just a challenge for scientists; it's a challenge for the nation. We need workers who can handle advanced technologies, citizens who can make informed decisions about scientific questions, and communities that can use the products of science to increase opportunities and improve their quality of life. We need to encourage young Australians to study science and pursue science-related careers.

In order to achieve these goals, we need to get Australians more engaged in science, increase awareness, and deepen understanding – in line with the recommendations of *Inspiring Australia: A National Strategy for Engagement with the Sciences* (2010). That is what Inspiring Australia will achieve. It will coordinate Australia's fragmented science communication activities and maximise their impact by harnessing business and community support. Inspiring Australia will complement the Education Revolution and *Powering Ideas*, Federal Labor's innovation agenda for the twenty-first century. It will have four elements.

*Recognising achievement.* Federal Labor will continue to run the Prime Minister's Prizes for Science, which play a vital role in raising the profile of science and alerting the community to the achievements of individual scientists and science teachers. A Gillard Labor Government will also contribute to the Australian Museum's Eureka Prizes.

*National Science Week.* Federal Labor will continue to support National Science Week, Australia's premier vehicle for bringing science and research to the people, right across the country. It is an annual, nationwide celebration of Australian achievements and capabilities in science. It aims to identify, engage, inspire and ultimately enlist and mobilise the best Australian talent in science and research. It provides hundreds of opportunities each year to get the community involved in science and to promote scientific careers among young people.

*Unlocking Australia's full potential.* Federal Labor will support science events and activities in Australia's cities, regional and remote areas all year round. There will be specific programs for young people, outer-metropolitan and regional areas, and indigenous and remote communities, as well as programs integrating science into popular community events such as writers' weeks and music festivals. Activities will involve educators, industry, and physical and social scientists, and will build long-term partnerships and networks. Federal Labor will also renew support for programs delivered through the Higher Education Research Promotion program.

*Connecting with mainstream and new media.* A Gillard Labor Government will promote science through public, commercial and online media outlets, which are ideally placed to communicate Australian science issues and achievements to the public. Federal Labor will provide targeted, on-the-job media training to improve the ability of scientists and researchers to work with the media. We will also support cadetships for future science communicators. This will boost science literacy in the media and the ability of journalists to make science meaningful to the widest possible audience.

### 3. *Engaging the world*

A Gillard Labor Government will continue to strengthen Australia's links with the best international researchers and institutions. Australia produces an impressive 3 per cent of the world's knowledge, but that still means 97 per cent is produced elsewhere. This is why international collaboration is so important. Federal Labor will forge closer partnerships with leading players such as China, Europe, India, Japan and the United States; and with countries that have complementary capabilities such as Brazil, Canada, Chile, Indonesia, Israel, New Zealand, Singapore, South Africa, and South Korea. We will pursue multilateral collaboration through the OECD, mega-science projects, and other avenues. A Gillard Labor Government will also work to improve Australia's access to major international research facilities, enabling our scientists to undertake research that requires infrastructure not available in this country.

### 4. *Australian science without limits: the Square Kilometre Array*

Australia and New Zealand have been short-listed to host the Square Kilometre Array (SKA) – the world's most powerful radio-telescope, and one of the most ambitious science projects ever undertaken. The other candidate is southern Africa. The SKA is expected to generate \$13 billion worth of economic opportunities over its fifty-year life – in supercomputing, fibre-optics, education, non-grid and renewable energy, construction, manufacturing, and more.

Australia and New Zealand are working with the world to achieve the best possible SKA. We want to create an instrument that delivers maximum benefit to the global community by supporting maximum discovery. The site for the SKA will be chosen in 2012, and Federal Labor will continue to work with the international community on the site-selection process.

### *Funding*

Funding for Inspiring Australia will be fully offset over the forward estimates, consistent with the Government's commitment to return the budget to surplus in three years. Other measures are already included in the budget.

## **B. Clean 21: The Future of Manufacturing**

Clean 21 is Federal Labor's manufacturing industry strategy to reduce pollution and fight climate change. It will make Australian manufacturing stronger by reducing costs, increasing innovation and supporting quality jobs. It is about improving what we make and how we make it.

An innovative manufacturing industry is essential to a sustainable Australia. That means working with industry to turn necessity into opportunity, by cutting emissions, cutting consumption and cutting costs, while improving jobs, improving global competitiveness and improving the way work is organised.

### *Clean 21 Technology Innovation Network*

A new Enterprise Connect Clean Technology Innovation Network will bring business advisers with specialist knowledge of clean technology together with companies, unions and researchers. The network will work with firms on ways to cut energy, water and material use; plan for change; and adopt new technologies that will reduce their environmental impact. It will also support new products, processes and skills, and build relationships with research, education and training providers.

### *Clean 21 Industrial Scholarships*

The Linkage Industry Research Training Awards Scheme will embed 200 of our best research students in industry settings. The Scheme will focus on emerging green industries and on projects that help existing industries reduce their environmental impact. Federal Labor will offer up to 100 awards in each of 2012 and 2014, with stipends starting at \$30,000 a year for up to three and a half years. These will be worth \$23.4 million and provision is already included in the budget.

### *Clean 21 Manufacturing Priority For Cooperative Research Centres*

A Gillard Labor Government will make clean manufacturing a priority for Round 14 of the Cooperative Research Centres Program, which will be conducted in 2011. This will encourage more consortiums to come forward with ideas for greening Australian manufacturing. Federal Labor will elicit even stronger efforts from manufacturers and researchers by sharing the risk of genuinely innovative applied research.

### *Clean 21 Making Better Managers Program*

A new \$4 million Enterprise Connect Making Better Managers Program will lift management skills by providing tailored advice and services. Improving management skills is the key to seizing new business opportunities in climate change adaptation and mitigation and creating new jobs in green manufacturing. The program will work with firms to achieve deep-rooted and enduring change in the way managers work.

### *Clean 21 Build Environment Supplier Advocate*

Federal Labor will appoint a Built Environment Supplier Advocate to identify opportunities for local built environment companies and champion their interests in major projects and procurements, both at home and abroad, with a specific brief to focus on sustainability.

### *Funding*

Funding for the \$4 million boost to Enterprise Connect will be fully offset over the forward estimates, consistent with the Gillard Labor Government's commitment to return the budget to surplus in three years. Other measures are already included in the budget.

### **C. Research and Development Tax Credit**

A re-elected Gillard Labor Government will replace the outdated and complex R&D Tax Concession with a simpler, more generous R&D Tax Credit. The new credit will encourage more of Australia's two million businesses, especially smaller firms, to undertake R&D. The scheme is worth \$1.6 billion a year to industry.

The new R&D Tax Credit will provide:

- A 45 per cent refundable tax credit for companies turning over less than \$20 million.
- A 40 per cent non-refundable tax credit to all other companies.

This will double the base rate of support for smaller firms, and raise the base rate for larger firms by a third. Smaller firms in tax loss will be able to take the credit in cash. This will be especially beneficial to innovative start-up companies that often devote many years to research and development before they show a profit. The credit will target genuine R&D activities that are likely to benefit the wider Australian economy. It will assist in attracting more foreign R&D investment.

The new R&D Tax Credit will be revenue neutral for the budget.

The R&D Tax Credit legislation has been stalled in the Senate by the Abbott Opposition, which is deliberately denying Australian business support for R&D investment.

### **D. Expanding the Green Building Fund**

To support continued investment in green buildings before Federal Labor's Green Building Tax Break commences, the Gillard Labor Government will provide an additional \$30 million over three years commencing in 2010-11 for the Green Building Fund. This will allow the fund to go on supporting businesses that retrofit commercial office buildings to improve their energy efficiency. From 1 July 2011, the new Tax Break for Green Buildings will provide a bonus 50 per cent tax deduction for eligible projects, at a cost of around \$1 billion out to 2018-19. The Tax Break and expanded Green Building Fund will also be available for hotels and shopping centres currently covered by the National Australian Built Environment Rating System. The Green Building Fund has already provided more than \$70 million in assistance to building owners wanting to improve the energy efficiency of their buildings.

#### *Funding*

Funding for this measure has already been provided for in the budget through the Renewable Energy Future Fund.

### **E. Enterprise Connect**

Enterprise Connect will support an additional 3,000 firms and provide new services as part of the Clean 21 initiative to promote enterprise, management, workforce and technology development. It will have a new focus on clean production and on accelerating the adoption of enabling technologies, including information technology (supported by the National Broadband Network), nanotechnology and biotechnology (supported by the National Enabling Technologies Strategy).

### **F. Small business**

Federal Labor will continue to improve the capacity of small business to compete in an open economy and remove impediments to small business development. The success of every small business is built on the creativity and ingenuity of its owners and staff. Federal Labor will nurture these capabilities by investing in skills, small business support and advisory services, and critical infrastructure such as the National Broadband Network. We will continue to support smaller firms through Enterprise Connect and Commercialisation Australia. We will also cut incentive-

choking red tape and work with the states and territories to create a single, seamless national market, which is essential to accelerating productivity growth and increasing prosperity.

A Gillard Labor Government will make things easier for small business by:

- Cutting the company tax rate to 29 per cent for small business companies from 1 July 2012.
- Allowing all small businesses an instant write-off for any new business asset that is worth up to \$5,000, for as many assets as they buy.
- Enabling small businesses to pay their employees' superannuation to a single location in just one simple electronic transaction.
- Creating a national business names register so businesses don't have to register their names in each state and territory saving time and money.
- Introducing standard business reporting to reduce red tape and make it quicker and simpler for them to complete and lodge reports to government.

### G. Industry participation

Federal Labor supports Australian firms having full, fair and reasonable opportunity to compete for work in Australia and abroad. Federal Labor has put in place mechanisms to support this goal by appointing supplier advocates, increasing support for the Industry Capability Network, and delivering services through Enterprise Connect. We will work with the States and Territories to create an effective national framework for Australian industry participation in major projects and procurements.

## THE COALITION'S RECORD

Federal Labor is building a modern, high-value economy that provides quality jobs for working Australians. The Liberals want to create a low-wage economy enforced by brutal workplace laws. They believe we should sacrifice our living standards to compete at the bottom of the global value chain. This is the only future they can imagine for Australia.

### Industry

- ✘ The Coalition has not made a single positive proposal to support Australian industry in the past three years.
- ✘ Tony Abbott's Coalition opposed the Federal Government's economic stimulus, which played a vital part in seeing Australian industry through the Global Financial Crisis. It has proposed cuts to the Green Car Innovation Fund that would put investments by Holden, Toyota and Ford at risk.
- ✘ Tony Abbott does not believe in climate change and therefore sees no reason to reduce the carbon footprint of Australian industry or support its efforts to develop climate-friendly products and services. It would effectively cut Australian industry out of the low-carbon marketplace of the future.
- ✘ During twelve years of Government, the Coalition effectively abandoned Australian manufacturing, the million-odd workers it employs, and the communities it supports.

### Innovation

- ✘ The Coalition has no clear policy to support Australian innovators.
- ✘ It is denying innovative Australian businesses improved support by stalling Federal Labor's new R&D Tax Credit in the Senate. During their time in Government, the Liberals halved the base rate

of the existing R&D Tax Concession, ignored emerging problems with its administration, and permitted claims that were not related to genuine R&D.

- ✘ The Liberal Party has promised cut or abolish hugely successful Labor initiatives to promote business innovation, including Enterprise Connect, Retooling for Climate Change, the Green Building Fund and the Green Car Innovation Fund.

### **Science and Research**

- ✘ Federal Labor is repairing more than a decade of Liberal Party neglect in science and research. The Review of the National Innovation System found that Australian Government support for research and innovation fell by nearly a quarter as a share of GDP during the Liberal Party's time in office. Australia's universities were left to languish. When the Liberals came to office in 1996, they cut higher education outlays by \$1.8 billion over their first four years. This failure to back science and research hit all sectors of the economy, costing Australia untold opportunities in an innovation-driven global marketplace.
- ✘ The Liberal Party has refused to rule out cutting the research funding provided by the Australian Research Council and the National Health and Medical Research Council. The Liberal Party's plan to freeze public service jobs for two years would hit Australia's research agencies and the industries that depend on them hard. It would jeopardise the production of nuclear medicines, retard scientific progress on everything from solar energy to water security, and drive some of our most talented people offshore.

### **Small business**

- ✘ Tony Abbott has confirmed he will scrap Federal Labor's plan to give small businesses an instant write-off for any new business asset worth up to \$5,000. Seventy per cent of Australian small businesses that are not companies and therefore do not benefit from a company tax cut. This means that Mr Abbott's policy of opposing instant write-offs would leave 70 per cent of small businesses out in the cold, with no tax relief. The Coalition have a consistent record of getting in the way of Labor initiatives designed to benefit small business, including the Small Business Superannuation Clearing House, the R&D Tax Credit, and what Nobel Prize-winner Joseph Stiglitz has called "the best-designed stimulus program in the world". Only Labor understands small business.

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