



Media Release: Coalition's Budget and Labor fail to provide support for digital R&D, says AIIA

Sydney, Australia – 9 April 2019 -- The Australian Information Industry Association (AIIA), the peak member body for the ICT industry, has expressed its disappointment at the lack of support in the Federal Budget for research and development (R&D) in the digital sector, both from the Government and the opposition.

The AIIA's 2019 [Pre-Budget Submission](#) identified innovation as a key policy priority area vital to Australia's economic growth. However, neither political party proposed any change to the research and development tax incentive (R&DTI) in the Budget and Budget reply.

The Government's expenditure on R&D has fallen by \$5.3 billion since 2017 and there has been a 30 per cent drop in R&D expenditure in just three years.

"AIIA members are feeling dejected about the lack of support in the Budget for R&D and the follow on effect this has on skills development and innovation in the digital sector," said Ron Gauci, CEO of the AIIA.

"The Budget did not propose any changes to the R&DTI which in its current form is woefully inadequate. The low level of investment in digital skills, combined with lack of R&D support, has left AIIA members frustrated by the Government's lack of foresight about the skills and innovation required for Australia's digital future.

"The opposition Budget response is no better with its silence on innovation. The tech sector, especially the startup community, needs certainty and clarity in the R&DTI to innovate in Australia. Given the talent and innovation that exists within Australia that continues to seek opportunity offshore, we believe this is truly a lost opportunity that will have long-term economic consequences for our country. All the leading developed economies globally are far more advanced in this area."

Proposed legislation, first announced by the Government in last year's budget and introduced to Parliament in September 2019, was looking to cut \$2.4 billion from the R&DTI scheme through a number of amendments.

These changes were put on hold in February 2019 after a Senate committee recommended that aspects of the Bill should be reconsidered following feedback from industry. Also, guidance on [Software activities and the R&D Tax Incentive](#) issued by AusIndustry in February 2019 has been criticised by industry for not reflecting the realities of commercial software development.

"It remains unclear how both the Government and the opposition expect Business Expenditure in R&D (BERD) to increase without fostering digital skills and innovation in their budgets. Our leaders are not demonstrating the leadership and vision required for Australia to embrace the digital economy," concluded Mr Gauci.

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About AIIA

The [Australian Information Industry Association \(AIIA\)](#) is Australia's peak representative body and advocacy group for those in the digital ecosystem. Since 1978 AIIA has pursued activities to stimulate and grow the digital ecosystem, to create a favorable business environment for members and to contribute to Australia's economic prosperity. We do this by delivering outstanding member value by providing a strong voice of influence; building a sense of community through events and education; enabling a network for collaboration and inspiration; and developing compelling content and relevant and interesting information.

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