

R & D Inquiry  
Submission No. 82.....

**R&D INQUIRY**  
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**RollsPack Pty Ltd**

Thank you for last Friday's meeting and this opportunity to present our company's experience.

We are flexographic printers and manufacturers of Plastic courier satchels, banking and security satchels, printed carry bags, Food packaging etc.

We have been operating since 1985 and employ approx 45 staff.

I have travelled throughout Asia, China and Europe promoting our products, benchmarking ourselves with the world's best and seeking trends with particular emphasis for Australian manufacture and Export.

We fund our own R&D.

Our experience last year to accessing R&D Grants was that the Budget was exhausted 3 months into the financial year.

We found so many 'glass hurdles' that we were wasting valuable time and resources for which SMEs don't have any to waste.

Our company due to its size, may have 2 Administrative staff who handle all invoicing, other accounting, IT, Production reports, admin etc and consequently we have no-one available to prepare extensive reports on R&D Projects which we need to comprehensively document in advance.

Often with SMEs, R&D situations can evolve due to the fluid nature of their business, and in given situations, solutions need to be found & researched within tight time frames.

In our Plastics Industry, New Zealand competitor companies have been 'light years' ahead of the Australian counterparts, and are exporting back to Australia for Australian companies, as well overseas in exports.

The New Zealand Government supports strongly their Industry and has direct results through minimal layers of bureaucracy for Companies to deal with.

They only have one. This has created a buoyant export Industry.

My recent visit to Malaysia and Shanghai illustrated to me how a strong, vibrant attitude to manufacturing can have on productivity and export growth.

Shanghai has the same population as Australia, its GDP grew by 10% in the first half of last year. It's exports were 9% last year. They are outpacing the nation in new companies starting up, and with China's GDP expecting to average 7.5% over the next 5 years, by the end of this year exports will rise by 26%.

China will equal the USA in output within the next 15-20 years.

Asia/China may well be our new markets, but also our biggest competitor looming. This is a wake-up call for all our Industries- including Automotive spare-parts, which was our largest export earner beating *all* sectors .

With Terrorism and the Drought effecting Tourism and Food exports (the 2 biggest 'wealth' earning Industries that the Govt. has strongly supported), these have now been drastically affected along with IT.

Australian Manufacturing is a declining wealth earner as we all know, but still SMEs are by far the largest employer of people.

Yet SME Company owners/Directors put everything on the line continually to make their enterprise a success, yet still funding taxation and levies to both State and Federal govts., yet we do not receive any worthwhile consideration /support to encourage R&D research which would lead to export opportunities later.

It's a culture 'thing' whereby the glass ceilings disallow a SME to get through to decision makers assist their Industry.

Discussions I have had with other SMEs have been suggestions that....

1: R&D was readily available for 'start-up' companies with no track record.

Large sums as well.

2: Too much given to very large companies, leaving precious little for SMEs.

3: A SME rarely can plan it's R&D projects 12 months in advance in detail, as currently required.

4: R&D Taxation concession of 125% is not worth the time and effort, but should be at least 200% to encourage more research for export purposes.

5: SME's with say under 100 employees, should have access to smaller grants without requiring excessive detail, but still have local field-officers authority (say from Local Councils etc)

Example:- A SME would spend \$50,000 to \$150,000 per year on R&D. If they could access grants to a max of \$30,000 per project, accessible quickly to assist cash-flow, this would have direct impact where it helps. Sometimes a SME could have 5 projects going at once

6: To vibrantly encourage SMEs to do R&D work and research, give access to CSIRO/University knowledge banks without a prohibitive a price-tag, provide visiting 'on the road' experts available for Govt. funded consultations to SMEs.

7: Still provide taxation benefits, but find new ways to encourage growth by using the personnel already available close to the action ( eg Local Councils) to permeate through the local business districts - networking like companies, sharing experiences etc. Councils have the infrastructure to assist already, or could be made better to do the job by Federal funding to do it.

Our Local Council City of Kingston, as you are aware, has the largest collection of Industry and people in Australia (outside the City of Brisbane itself) in its municipality.

I find zero assistance from State Government.

In conclusion, my travelling around the world in order to benchmark my company with the worlds best, seeking new technology at our expense, seeing the growth of Industries in other countries. All this has given me a solid picture of where Australia sits in the economic 'game'.

We are at a watershed situation.

We need to work now on solutions to encourage 'wealth' producing Industries in Australia rather than service Industries, which also feed-off SMEs and others.

Our Trade deficit shows how we bringing more and more product into Australia compared to what we are exporting out.

Thank you for allowing me my say.

Kind regards,

Phillip Rolls

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