

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry, Tourism and Resources Portfolio
Budget Estimates Hearing 2007-08
28 May 2007

AGENCY/DEPARTMENT: INDUSTRY, TOURISM AND RESOURCES

TOPIC: Basic 125% R&D tax concession

REFERENCE: Written Question

QUESTION No. B1-5

Senator Stott Despoja asked:

What performance measures are in place to ascertain the effectiveness of the basic 125% R&D Tax Concession?

ANSWER

In 2003, the following performance indicators for the 125% R&D Tax Concession were developed:

1. Intellectual Property generated – number by type reported by respondents.
2. Increase in R&D – percentage increase in both total in-house eligible R&D and contracted-out eligible R&D expenditure.
3. Changes in number of employees undertaking R&D – changes in R&D staff.
4. Number and value of collaborative arrangements entered into through the activities – increase in number and value of collaborative arrangements, including R&D contracted to Registered Research Agencies and 'other' research agencies.
5. Additional R&D expenditure resulting from the program that otherwise would not have occurred – percentage increase in R&D expenditure.
6. Amount of sales of new products, processes, services – number and value of sales (domestic and offshore) reported by respondents.
7. Major process improvements – number of companies reporting process improvements and the level of process improvements (ie any increases in outputs or savings) reported by respondents.

Some performance indicator data is collected annually through R&D tax concession registration data and some is collected when reviews/evaluations are undertaken. The Department undertakes a review of the R&D Tax Concession on a periodic basis, usually every three years. The most recent review of the 125% R&D Tax Concession was undertaken in 2003 by the Centre for International Economics.