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## *Release of Industry Innovation and Competitiveness Agenda*

*14 October 2014*

The Federal Government has confirmed a fundamental shift in the direction of Australian industry and **innovation policy with today's launch of its Industry Innovation and Competitiveness Agenda**.

The release of the Agenda largely continues the trend established by the Coalition in Opposition and again **in this year's Budget** – with longstanding assistance for traditional industries and a series of grant programs and subsidies giving way to a new emphasis on encouraging more innovative and higher value-added activity.

**In a media release accompanying today's announcement, Prime Minister Tony Abbott and Industry Minister Ian Macfarlane say that the Agenda's "guiding principle is to focus on Australia's strengths and not prop up poor performers".**

In acknowledgement of the intensifying global competition for returns on investment in innovation, the Government also intends to create more productive relationships between Australian industry and the **country's scientists and researchers**. It says its aim is to see **"stronger commercial returns from the \$9.2 billion annual Commonwealth investment in research"**, and it will begin this work by establishing so-called Industry Growth Centres in five specific sectors.

Among a range of other commitments, the Agenda also includes plans to strengthen science, technology, engineering and maths education; proposed changes to the 457 and investor visa programs; and options for further regulatory reform in the Industry portfolio.

It also confirms the reversal of the changes to the treatment of employee share ownership schemes made by Labor in 2009. In moves likely to be warmly received by local startup companies, the Government will not only cease **taxing employees immediately on receipt of shares or options in their employer's company**, but will also now specifically allow startups to offer shares or options to staff at prices that represent a **"small discount"** from the market rate.

However, the Agenda **does not include reference to the potential introduction of an Australian 'patent box'**. This comes after Treasurer Joe Hockey recently cast doubt on the idea when he endorsed OECD concerns about the potential for national patent boxes to lead to tax erosion elsewhere. In a comment at **the G20 Finance Ministers' meeting in September, Mr Hockey said that no government should be "in the business of tearing apart the collective tax base for individual advantage"**.

Copies of the Industry Innovation and Competitiveness Agenda can be found at <http://www.industry.gov.au/industry/Pages/Industry-Growth-Centres.aspx#content>.

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## ***Let's talk***

For a deeper discussion of how these issues might affect your business, please contact:

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