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# Advanced manufacturers say 'More please'

Christopher Pyne: The government will fast-track approval for crowdfunding. **Sean Davey**


by **Ben Potter**

Prime Minister Malcolm Turnbull has received instant praise for his plan to release a national innovation plan by Christmas, but the backing comes with a range of demands.

They include redirecting 5 per cent of research funding to the new "growth centres", doubling the tax credit for research and development done with recognised research bodies, tax breaks for investors in innovation including the ability to write capital gains off against income, and tax breaks for institutions to invest in venture capital funds.

The Australian Advanced Manufacturing Council wrote to Mr Turnbull on Tuesday to ask that the plan include a Singapore-style 10 per cent corporate tax rate for new commitments to advanced manufacturing and "knowledge-rich"industries, redirect 5 per cent of research funding to the new growth centres, and make research grants conditional on dissemination of resulting intellectual property.

"The AAMC believes these reforms will accelerate Australia's innovation and competitiveness globally," chairman John Pollaers and executive director Jennifer Conley wrote.

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Industry Minister Christopher Pyne said on Wednesday the government would fast-track approval for crowdfunding – tapping retail investors for start-ups via the internet – and capital gains tax breaks for "angel investors" as part of a major innovation statement.

The government believes Australia must do better in high-tech and advanced manufacturing to fill the gap left by the collapse of the mining boom and traditional manufacturing.

PwC partner Steve Maarbani said a capital gains tax break for angel investors would not go far enough, and the government should also look at the UK's Enterprise Investment Scheme, which offers an immediate tax deduction for high-risk, long-term investments and the ability to write off capital losses against income from other sources.

"If that's going to drive people's discretionary investment into innovation then that's got to be a good thing," Mr Maarbani said.

He wasn't convinced institutions needed a tax break to invest in venture capital funds. But Yassar El-Ansary, chief executive of the Australian Private Equity and Venture Capital Association, said this was a priority because the biggest obstacle to young growth firms was "scaling up".

The Board of Taxation had recommended in 2011 that institutions be taxed more lightly on high-risk investments in illiquid venture capital funds, but this had languished despite support from the former Labor government.

Mr El-Ansary said his organisation had talked to the government – and Mr Turnbull – about this for a while. "There is support there," he said.

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