Media Statement: AIIA responds to Government's new innovation strategy: ICT is more than just an enabler

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Canberra, Australia – 31 January 2018 -- The Australian Information Industry Association (AIIA), the nation's peak member body for the ICT industry, has issued the following statement in response to the Government's new strategic plan to strengthen Australia's innovation culture.

"AIIA welcomes the release of the report titled 'Australia 2030: Prosperity through Innovation' by Innovation and Science Australia, the Government's science advisory body. By drawing together the key elements of education, industry, government, research and development (R&D), and culture, the plan takes a holistic view of the innovation ecosystem," said Rob Fitzpatrick, Chief Executive Officer of the AIIA.

"AIIA commends the breadth of recommendations in support of building Australia's innovation capability through education and training, and specifically the focus on science, technology, education and maths (STEM) skills to better position Australians for jobs of the future, as well as gender diversity in the workplace.

"AIIA supports the focus on SMEs and the recommendations to improve their access to export markets, and the establishment of a specific procurement target of 33 per cent of contracts (by dollar value) being awarded to Australian SMEs by 2022.

"We are pleased to see the Report recognises the need for growth in Australia's digital capabilities in the areas of artificial intelligence (AI) and machine learning; continued momentum on Government open data initiatives; focus on innovation in Government procurement; and endorsement of the role of the Digital Transformation Agency (DTA) in driving digital transformation across government. Combined with the emphasis on skills development, these are critical activities in support of a holistic innovation strategy.

"What is of concern, however, is the specific call out of software innovation as falling short of the Government's long standing R&D Tax Incentive program criteria. This demonstrates a fundamental misunderstanding of R&D in an ICT context.

"While the Government wants to encourage organisations to embrace and innovate, leveraging new technologies to build innovative world class products and services (as targeted by the first NISA statement), software innovation is essentially not covered by our one major government funded innovation program – the R&D Tax Incentive. An apparent shift to 'lab-based' software claims, is not a position supported by the law that was enacted in 2011. AIIA is keen to discuss this shift in position in more detail with the Government.

"And while we acknowledge some softening of the Government's proposed R&D Intensity Test, recommended by the Government's 2016 Review of the R&D Tax Incentive, the concept of such a test remains flawed. It will create uncertainty for companies undertaking R&D that could potentially result in them incurring the cost of compliance before knowing if they meet the threshold to apply for the Incentive at the end of the financial year.

"Many of our member organisations rely on skilled migrants to meet short-term skill demands. While we acknowledge the Report mentions the need to continuously review

current immigration skill categories, the ICT industry remains concerned that major shortages in ICT are still not being sufficiently addressed and that the pipeline for ICT skills remains bleak in the short to medium term.

"One of the Report's recommendations is to raise student ambition and achievement in literacy and numeracy. Digital literacy is as important as traditional numeracy and literacy, and it too should be a mandatory education focus as outlined in the AIIA's "Skills for Today. Jobs for Tomorrow" position paper. More than simply educating young people about using and leveraging ICT, digital literacy involves creating and managing content, transacting online across multiple platforms, managing personal privacy and being security savvy.

"Many of the initiatives announced in the Report reflect those advocated by the AIIA. However, Government must act with urgency on these issues now and wholly support the critical role that ICT plays across all sectors if we are to see a more innovative and digitally savvy culture in Australia by 2030. It must take a solid bipartisan approach to foster ICT as an industry in its own right, and see it as more than just an 'enabler'."

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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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