



General Manager

Business Tax Division

The Treasury

Langton Crescent

PARKES ACT 2600

**Submission in response to the Government's Consultation Paper on The new research and development tax incentive**

Hoodlum welcomes the Government's objectives of providing increased concessional treatment and greater refunds to small business.

Hoodlum has used the R&D Tax Offset successfully to develop its state of the art software:

**Hoodlum is a global leader in multiplatform innovation, production and execution.**

**Hoodlum** conceives and creates content that is delivered across emerging and interactive media platforms. Hoodlum uses its unique technology to execute and deliver this content.

Since 1999, Hoodlum has been recognised internationally for its work in the UK, US and Australia. Its methodology and models form the basis of how Broadcasters, Production Companies and Creative's work within this emerging environment.

This work in **2006** initiated the development of a Technology platform to support the companies approach to business. The system now in its 3<sup>rd</sup> release, manages the workflow and business processes from the creative through to the software engineers ultimately allowing operations and development to remain in Australia whilst our client base expands globally.

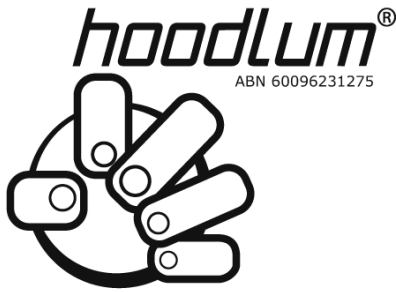
**Technology Strategy**

Through necessity Hoodlum has developed a proprietary Content Development, Delivery and Management System, known as THT (The Hoodlum ® Technology). This technology has enabled Hoodlum to work remotely from Australia to produce and distribute content to anywhere in the world across any platform.

The company has recently completed a research and development project to further develop and commercialise this technology and to license it for application to multiplatform production.

This innovative technology is unique in its ability to consolidate the creative, logistics and technological demands of the digital entertainment environment. The Technology has become a revenue source that Hoodlum intends to continue to develop.

These proprietary products will be sold by license agreement to national and international clients who seek to procure multi-platform content to attract and retain audiences and advertising revenues.



### ***Window of Opportunity***

Hoodlum is at the top of their game as demand for the types of experiences that Hoodlum produce is ever-increasing.

Hoodlum has gained entry into markets that are usually highly competitive and restricted. Hoodlum is competing on the world scale and winning work and recognition.

The window of opportunity is **now**. With the current track record, high value relationships and quality of work, Hoodlum needs to act now to capitalize on its position as a market leader – this will mean further developments to our software to respond to customer demand and keep ahead of competition

### **To remain at the top tier Hoodlum need to**

- a) Continue to research and develop its technology so as to streamline its production and approvals processes for our clients as a way of providing cost efficiencies.
- b) Research and develop new technology to add to its suite of multiplatform solutions.

### **Hoodlum's concerns about the Government's proposal to limit claims for software development**

Considering the above we are most concerned about the Government's proposal to limited software development. We understand the Government's policy intent is to further assist companies like Hoodlum, that is, a SME developing cutting-edge products. We are concerned any specific limitation on software development would limit our ability to further develop our product (which is key to our long term success as a SME). On our reading of the UK definition the continued development of our software is unlikely to qualify and we would be equally concerned about any other specific limitation on software development.

Our success as a business is directly linked to our Technology. Continued research and development of our Technology underlies our Business Strategy going forward and has been built into our business model. The current R&D Tax Offset allows us a small window to reinvest in the resource needed to maintain the edge we have established. With this edge we can remain a world leader and supplier in this now emerging market that has and will have a profound effect on Global Broadcasting models. The limitations being put forward would impede our access to the R&D incentive programme and would have a negative impact on our ability to continue to develop our Technology at a time when the realisation of its potential as a global product is burgeoning.

We believe the change to the definition of core R&D activities requiring both innovation **and** high levels of technical risk should be adequate to achieve the Government's objectives of limiting claims in respect of software development, without denying access to the new R&D Tax Credit to SME's like Hoodlum with software development projects with strong eligibility. Specific limitation is not necessary and is likely to have a detrimental unanticipated impact on SMEs.

Yours sincerely

"Nathan Mayfield  
Chief Creative Officer.