

Budget Bulletin No 2

FURTHER INFORMATION ON FEDERAL GRANTS – JUNE 13, 2008

LATEST UPDATES ON CHANGES TO FEDERAL GRANT PROGRAMS

Summary

The Federal government's axing of a large number of grant schemes has drawn strong responses from the business and research communities.

In response to community lobbying the government Minister Albanese (28 May, 2008) announced new arrangements for some projects that had been approved, but not contracted, under the Regional Partnership Program (RPP). These new arrangements apply to 86 not-for-profit organisations that had projects approved but no contracts executed, under the previous Federal government.

Applicants for these projects have until July 31 to negotiate contractual arrangements with the Federal government.

The axing of the Commercial Ready Program (including Commercial Ready Plus) continues to draw the most attention and response. At the time of writing this Bulletin it was unlikely that the relevant Minister (the Hon Kim Carr) would take a similar approach to Minister Albanese and allow projects that were "in the pipeline" to go forward for assessment and possible support.

Other programs that are continuing at this time include COMET, R&D Tax Concession and EMDG.

The results of the Cutler Review are still awaited (Green Paper scheduled for end July), with the future of a number of major programs such as the Cooperative Research Centres (CRCs) and R&D Tax Concessions to be decided.

Around 670 submissions have been received by the Cutler Review committee, which is reportedly working overtime to evaluate these. As noted in Bulletin No 1, Pyksis was one of those responding. A copy of the public component of the Pyksis submission is accessible as a downloadable PDF, through the home page of the Pyksis website (www.pyksis.com).

Existing Programs

COMET

An article recently appeared in the Australian Financial Review (AFR) which claimed that the COMET program was going to be axed. However, it appeared that the reporter (Mark Fenton-Jones) might have confused COMET with Commercial Ready, with both programs being administered by AusIndustry.

The latest indications are that COMET will continue, although changes to the program cannot be ruled out. Current budget funding runs up to 2011.

R&D Tax Concession

This has been very successful program, although the Cutler Review has signalled that it might be subject to change.

Ideas that have been circulating in the business community have included restoring the tax concession rate to 150%, restricting claimants to SMEs with turnovers of less than \$5m and use of an R&D tax credit system.



The R&D tax Concession is a \$1.5Bn program that is currently accessed by companies across the size spectrum. Its continuation is strongly supported by the business community.

EMDG

As noted in Bulletin No 1, the funding for this successful program has been raised by a further \$50m.

New Programs

RLCIP

From next year, there will be a new fund – the Regional and Local Community Infrastructure Program – to invest in community projects, to replace the RPP.

The House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government, is conducting a public inquiry, with the assistance of Independent MP, Tony Windsor, on the structure of the new program.

Enterprise Connect Innovation Centres - \$250.7 million over five years

Pyksis is currently seeking advice on this initiative, including how it will operate and what benefits it will deliver to companies.

Pyksis will provide further information on this and other programs as it comes to hand.

Clean Business Australia - \$240 million through the following programs:

- **Climate Ready:** This provides funding of \$75 million over four years.
- **Retooling for Climate Change:** A further amount of \$75 million over four years
- **Green Building Fund:** Funding of \$90 million over four years

Pyksis is currently seeking timetable and other relevant information on these programs, which will be made available as soon as it comes to hand.

Further information on these programs is contained in Bulletin No 1.

Pyksis Assistance & Advice

Pyksis can assist you to make application for COMET, R&D Tax Concession, EMDG and other grants through any one of our State and Territory offices.

Contact details are as below:

NSW & ACT: Robert Holgate 0407-910-740; robert.holgate@pyksis.com

VIC & SA: Mark Gustowski 03 8648 6419; mark.gustowski@pyksis.com

Elsewhere: John Johnston 02 9965 7259; john.johnston@pyksis.com

Pyksis will work to keep you abreast of relevant developments on grant programs through release of regular Bulletins.