

## **Federal Budget 2017-18**

Date: May 10, 2017

The Federal Budget 2017/2018 was handed down last night by Treasurer Scott Morrison. One of the key features we look for as a business is changes to Innovation Policy, and specifically, any changes to the R&D Tax Incentive program.

Earlier in 2016, the federal government had undertaken a R&D Tax Incentive review overseen by the Chair of Innovation Australia, Bill Ferris, Australia's Chief Scientist Alan Finkel, and Secretary to the Treasury John Fraser.

Last night's Federal Budget did not include any of the recommended changes.

While we had been anticipating changes, and were prepared for these in the design and implementation of our India Project Financing arrangements and domestic R&D activities, it would now appear that the Government has maintained the status quo.

As such we welcome the continued support for innovative companies. The AusIndustry R&D Tax Incentive rebate is an important scheme underpinning Australia's development of new businesses and industries.

Importantly, while we will continue to monitor the development of policy in this space, and position our funding programs accordingly, we continue our focus on conducting a series of R&D programs targeting benefits for the Indian project as part of the design enhancement process.

These programs are aimed at completing data sets to drive targeted project outcomes including:

- Development of models to refine the scale factors in transitioning from the High Volume Test facility (Bacchus Marsh) to the Integrated Demonstration Plant (India)
- Improved Matmor pellet drying efficiencies in support of further potential capital cost reductions for the India project
- Manipulation of gas compositions within the Matmor/HydroMOR process, narrowing process and design parameters around the role that Hydrogen plays in the reduction process at scale.

The realisable potential represented by these targeted outcomes will add substantial weight to ongoing planning activities between the Project partners, during the company's trip to India this month. In addition to ongoing engineering and site development activities, the visit will include status updates on the NITI Aayog review process and establishing an ECT India office.

Useful links to R&D Tax Incentive analysis are provided below:

- Moore Stephens – <http://www.moorestephens.com.au/news-and-views/may-2017/2017-2018-federal-budget-expert-analysis-r-d-and>
- RSM Bird Cameron – [https://www.rsm.global/australia/budget-2017/innovation?utm\\_campaign=002%20Federal%20Budget%20Alert%20Email&utm\\_medium=email&utm\\_source=Eloqua&elqTrack](https://www.rsm.global/australia/budget-2017/innovation?utm_campaign=002%20Federal%20Budget%20Alert%20Email&utm_medium=email&utm_source=Eloqua&elqTrack)