

31 August 2012

General Manger
Business Tax Division
The Treasury Langton Crescent
Parkes ACT 2600

By Email: R&DQuarterlyCredits@treasury.gov.au

Dear Tulene McCabe

RE: Clean Energy Council Submission to the R&D Tax Incentive: Quarterly Credits

The Clean Energy Council (CEC) welcomes the opportunity to respond to the research and development (R&D) Tax Incentive Consultation Paper. The CEC is the peak body representing Australia's clean energy and energy efficiency industries. Its priorities are to:

- create the optimal conditions in Australia to stimulate investment in the development and deployment of world's best clean energy technologies
- develop effective legislation and regulation to improve energy efficiency
- work to reduce costs and remove all other barriers to accessing clean energy

The CEC works with members and the government to identify and address the barriers to efficient industry development in the energy efficiency and stationary energy sector.

The clean energy industry contributes to the generation of electricity using wind, hydro, solar, biomass, geothermal and ocean energy as well as the emerging technologies and service providers in the energy efficiency sector including solar hot water and cogeneration.

Emerging clean energy technologies, including renewable technologies, energy efficiency and enabling technologies present Australia with a unique opportunity. Already responsible for some of the leading Cleantech designs internationally, our long history of world leading R&D provides Australia with a chance to take the lead in this expanding global market, this in turn translating into increased overseas investment and employment opportunities. This innovation edge places Australia in a unique position to take the lead in the clean tech global market now valued at over an estimated AU\$272 billion per annum¹.

Governments have a strong leadership role in regards to early stage clean technology industries. Clean energy technologies require public funding schemes and finance mechanisms to help projects

¹ Clean Tech Group Coming Clean: The Global Cleantech Innovation Index 2012 http://www.cleantech.com/wp-content/uploads/2012/02/CleantechGroup_WWF_Cleantech_Innov_Index.pdf Accessed 14/05/2012 pg. 10

cross the 'valley of death'. Bridging this 'valley of death' requires an appropriate mix of schemes and mechanisms to specifically target challenges at each stage of development, enabling projects to move to the next phase and finally reach commercialisation. Support for clean technology R&D needs to come from a variety of programs including incentive schemes such as the R&D Tax Concession.

The CEC supports the option of quarterly tax credits being made available to small and medium businesses to provide them with more timely access to these crucial tax incentives. Receiving a credit earlier will improve the cash flow of such businesses providing more certainty to their businesses strategies.

While the CEC is supportive of the tax credit having an opt in quarterly option, it contends that the level of support and eligibility requirements for the tax credit must be maintained with no reduction in offset percentages or tightening of eligibility requirements.

Support for small and medium businesses in the clean energy sector through the research and development cycle would not only ensure a diversified clean energy mix well into the future but promises to deliver a range of benefits to communities around Australia, from increased investment levels to niche technology exports and services to expanded employment opportunities.

If you have any queries regarding this submission please contact Felicity Sands via telephone on (03) 9929 4100 or by email: felicity@cleanenergycouncil.org.au

Yours sincerely

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