

# **Submission on the proposals in the Consultation Paper on the New Research and Development Tax Credit Scheme**

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At a time when we urgently need a massive R&D effort in renewable technologies, the vagaries of government policies are wreaking havoc. In Europe, so many carbon credits were given away that the bottom fell out of the carbon market. In Australia, the sudden curtailing of solar subsidies hit the solar panel manufacturers and installers; in a thoroughly misguided substitution, a 5-times multiplier was added to the RECs, thereby destroying the REC market.

The proposed changes to the Tax Credit Scheme promise more mayhem. A Russian expression translates as “the blind giant is dancing”.

I am particularly concerned that the changes will make it especially difficult for smaller companies. The coal industry already does rather well out of this scheme and will be better placed than many to continue to gain some benefit. At the same time, the coal industry is less deserving because it is not renewable. Even if, miracle of miracles, CCS is made to work competitively, the coal won't last forever.

If there is a need to wind back the cost of the scheme, I feel sure this can be done in a way that is not injurious to renewables R&D. Indeed, increased support for them would be more appropriate.