

63-65 Maffra Street  
Coolaroo VIC 3048  
Phone 03 9309 4822  
Fax 03 9309 0069  
[skent@cem-int.com.au](mailto:skent@cem-int.com.au)  
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Dear Sir / Madam,

**Re: New R & D Tax Incentive – Exposure Draft**

As a well-established local manufacturing company who has invested regularly and relatively heavily in research and development over a long period of time, we wish to express our concern that the changes to the R & D legislation may impact us adversely.

The new system was supposed to be streamlined. With a legislation document running to 93 pages and an associated explanatory document adding a further 113 pages you can appreciate that we are wary of the details buried within these “streamlined” pages. The last thing that we need is to have to engage consultants to decipher the legislation for us and reduce any benefit which we may otherwise have received.

The table comparing the key features of the new and current laws (chapter 2.5) would lead one to believe that there is very little change being introduced. The tightening of the definition of eligible activities however strikes at the heart of what the new legislation is about, discouraging rather than encouraging research expenditure (chapter 2.4).

We would contend that the current legislation should be relaxed or at least retained as is, rather than placing further restrictions on an ever-contracting Australian manufacturing base.

We trust that you will support our views and support Australian industry.

Regards,

Steve Kent  
Financial Controller & Company Secretary