

9 July 2018

Manager
Small Business Entities & Industry Concessions Unit
The Treasury
Langton Crescent
PARKES ACT 2600

RnDamendements@treasury.gov.au

Re: Research and Development Incentive Bill 2018 Consultation Response

Carnegie Clean Energy Limited is an Australian, ASX-listed (ASX: CCE) wave energy technology developer and solar/battery microgrid project developer with approximately 11,000 Australian Shareholders. Carnegie is pleased to have the opportunity to formally comment on the proposed changes to the Research and Development Tax Incentive under the Government's 2018-19 Budget measure – 'Better targeting the research and development tax incentive.'

Carnegie is the 100% owner and developer of the CETO Wave Energy Technology intellectual property which has been developed in Australia. Carnegie recently announced the merger of its battery/solar microgrid Engineering Procurement and Construction (EPC) company Energy Made Clean (EMC) with ASX-listed Tag Pacific, to be renamed MPower. MPower will be a leading microgrid, renewables and battery storage specialist in Australia and across the region.

The R&D Tax incentive has been a key enabler of the ongoing development of the Australian owned CETO technology over the past decade. Both Carnegie's CETO technology, and to a lesser extent, its Energy Made Clean subsidiary, have relied on the support of the R&D Tax Incentive to partially support the development and deployment of their many innovative projects in Western Australia. The availability of this support mechanism for small Australian companies developing innovative technologies has been one of the reasons why Carnegie has maintained its headquarters, employees and ownership of its intellectual property in Australia.

The proposed change to introduce a \$4 million cap on the R&D Tax Incentive cash rebate for companies with aggregated annual turnover below \$20 million will have a detrimental impact on Carnegie's activities in Australia and make Australia a less compelling option for its R&D investment globally. Carnegie would strongly encourage the Government to re-consider introducing a cap on the R&D Tax Incentive cash rebate.

Yours sincerely



Michael Ottaviano
Managing Director