



122 Sultana Road West
High Wycombe, Western Australia 6057

+61 8 9380 0240
www.fbr.com.au

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

RE: Treasury Laws Amendment (Research and Development Incentive) Bill 2018 and Explanatory Materials

Fastbrick Robotics Limited (FBR) is an ASX listed and Australian owned company with over 11,000 Australian shareholders that is developing globally leading robotics technology solutions for the construction industry. In 2016 FBR was named WA innovator of the year¹ and in 2017 FBR won two premier innovation awards². FBR has grown rapidly, from 20 employees just 12 months ago to now over 120 employees. This rapid growth and success has been attributed to significant research and development ("R&D") activities which have been facilitated by a strong R&D environment and tax structure currently in place in Australia.

Under the auspices of the current R&D environment, on 28 November 2017 Fastbrick successfully raised \$35 million from investors to conduct an extensive R&D program on its Hadrian X construction robot prototype. These funds and the cash on hand of approximately \$6 million were raised with the expectation by the shareholders and the company that the funds would fully attract the R&D tax refund. Indeed, significant cashflow budgeting had been based on the ongoing access to the R&D Tax refundable cash offset through the technology development program. Less than 6 months after the \$35 million was raised, the 2018-19 Budget Announcement was made, that a \$4 million cap would be implemented for the refundable R&D tax offset was made. Based on our latest modelling this will leave a multimillion dollar shortfall in Fastbrick's R&D funding and retrospectively changed the nature of the investment proposition for over 11,000 Australian shareholders. This also brings into question for FBR whether Australia is still the most viable place for the R&D and commercialisation of FBRs Australian technology going forward.

Whilst FBR is not against staged and considered tax reform, FBR respectfully requests that an alternative method of implementation of the new \$4 million cap is considered. Some suggested alternative implementation mechanisms are;

1. A staged implementation where the cap of \$4m is progressively brought in, i.e. FY19 = \$10million, FY20 = \$7 million, FY21 = \$4 million

¹ <https://www.asx.com.au/asxpdf/20161103/pdf/43cmh4qjj2cykh.pdf>

² <https://www.fbr.com.au/download/upload/pages/.../national-iawards-2017-asx.pdf>



