



TAS INTERNATIONAL

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25th July 2018

Re: Research & Development Tax Incentive Amendments

Dear Sirs.

I was recently advised of your proposed changes to the above scheme and as a long-standing Australian manufacturer, felt compelled to voice both the benefits of this scheme and also my concerns should the scheme be scaled back or withdrawn.

If my understanding is correct, the benefit for small business has been reduced by 10%, thus resulting in the net benefit being reduced from 15% to 13.5% and if so, we are terribly disappointed with this decision, particularly during times of such difficult trading conditions.

Your records will testify that manufacturing in Australia has become increasingly difficult to sustain and I am certain you will recognise that the challenges we face as manufacturers now transcend what we are able to control and achieve ourselves. Many of these challenges are bought about by the high cost of producing our products in an efficient and cost effective manner and one of the very few incentives at our disposal to assist with this has been the Research & Tax Incentive program.

I cannot emphasise enough the importance of this program. As a company, we are also striving to stay one step ahead in both innovation and production costs as a means of competing with our direct competition on as level a playing field as we are able to achieve. The bulk of our competition is based in the US and Asian markets where manufacturing costs are considerably lower than here in Australia and therefore every financial and clerical assistance we receive from local, state and federal governments help to develop either new products or more efficient methods of manufacturing.

The current level of competition within our particular industry is exceptionally high and this is already creating an adverse effect on our direct sales. Our company has been proudly manufacturing in Victoria and supplying our products globally for several decades and it is the intention of everyone involved to continue to do so. To achieve this, however, we also need the help and support that has previously been offered, otherwise there is every chance that our company will also suffer the similar fate of so many others and ultimately close its doors with the loss of 25-30 jobs.

I wanted to keep this note brief at this time, just to provide a short illustration as to the importance of this current scheme.

I implore you to consider all the points I have raised, as well as those that have no doubt been raised by my peers in other industries and consider the long term, devastating effects that such changes would bring about.

Should you require, I am happy to provide more detail as to exactly what this scheme has enabled us to achieve over the years and I am certain this will demonstrate the importance to continue with your funding of innovation and technology within the Victorian manufacturing sector.

Yours sincerely,

A handwritten signature in black ink, reading "Otto R. Eppinger". The signature is written in a cursive style with a large, prominent 'O' at the beginning.

Mr. Otto R. Eppinger
CEO – TAS International. Pty Ltd