

APFA Symposium



Opportunities available to Australian prawn farmers undertaking R&D relating to feed and other knowledge generating activities

Presented by Ridley and Glasshouse Advisory

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Strategy | IP Economics | Innovation Incentives

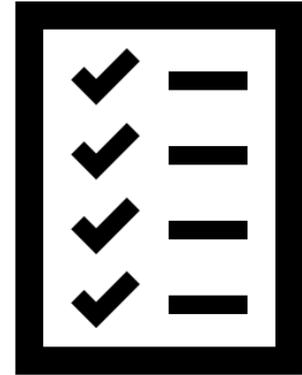


Opportunities available to prawn farmers undertaking R&D

- › The R&D Tax Incentive offers companies a financial benefit where they undertake eligible R&D activities via two streams of funding:
 - › A **refundable** tax offset (in the form of a cash refund from the ATO) at 43.5% per \$1 spent on eligible R&D for companies with <\$20million aggregated turnover
 - › A **non-refundable** tax offset at 8.5% per \$1 spent on eligible R&D for companies with >\$20 million aggregated turnover
- › Broadly, the R&D activities must be:
 - › Experimentation derived from hypothesis
 - › conducted via a systematic progression of work
 - › undertaken to generate new knowledge
 - › where the outcome of experimentation could not be known in advance on the basis of existing, publicly available information

R&D Tax compliance environment

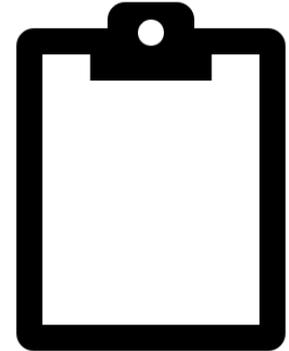
- › Eligibility is dependant on documents being retained to substantiate the claim
- › The regulators of the program (AusIndustry and the ATO) are active in reviewing claimants
- › To maximise the benefit received, contemporaneous documentation should be kept
- › Need to keep documentation that evidences:
 - › The R&D activities **actually occurred**
 - › **Each of the criteria** for an eligible R&D activity has been met



Best practice documentation for prawn farms

Example: trialling an alternative feed composition

- ✓ Project initiation document prior to conducting the experiment that includes:
 - › Objective of the project
 - › Theory/hypothesis to be tested
- ✓ Recognition at board level (e.g. in a meeting minute) of company R&D objectives
- ✓ Trial sheets/records with specific information on the experiments, including:
 - › Scope (i.e. number of ponds and control ponds)
 - › How the experiment is to be conducted
 - › Data points to be monitored across the experiment
- ✓ Final report of experimentation analysing the data and providing conclusions



WORKING WITH RIDLEY TO SUBSTANTIATE FEED TRIALS



- › **Ridley can provide documentation to help meet substantiation requirements**
 - › **Documentation to:**
 - › Aid the formulation of hypotheses – for example why the new feed in theory should result in increased growth and FCR
 - › Determine the publically available knowledge and prior art
 - › Understand the knowledge gaps specific to your farm – why a farm trial is needed to validate the results of a controlled research study, with many variables specific to each farm.
 - › **Given limitations around commercial IP in feed formulation, this will:**
 - › Make it easier for you (or your consultant) to formulate a strong application
 - › Increase your ability to defend your application in an audit
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Summary of key points discussed

- › The benefits available to companies conducting R&D activities in the prawn farming industry are generous
- › The benefit able to be received relies heavily on the quality of documentation generated to substantiate the activities
- › Keeping contemporaneous documentation will mitigate risk in the event of audit from AusIndustry or the ATO
- › As Australia's leading provider of animal nutrition solutions, Ridley offer services beyond just feed
- › By understanding your hypothesis, existing public knowledge and farm specific unknowns, you can ensure a strong, substantiated claim

Thank you

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