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

Sandra Boswell
Director & National Leader
Innovation Incentives at Glasshouse Advisory

Nick Tomkins
R&D Co-ordinator at Ridley

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 <$20 million 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
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
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

Sandra Boswell
› Director, National Leader of Innovation and Incentives
› Glasshouse Advisory
› T (+61) 2 9925 5945   M (+61) 416 087 041

Nick Tomkins
› R&D Co-ordinator
› Ridley Agriproducts
› T (+61) 7 3817 9835   M (+61) 429 362 142