

The importance of research and development

Seafood Innovations Ltd

► The significant returns from decades of investment in research and development in the land-based agricultural sector are well documented. Without constant innovation, built on the results of that investment in underpinning R&D, the agricultural sector would not have remained the dominant force that it has in NZ's economy, despite international competition and the vagaries of international prices and exchange rates. The results provide an indicator of the potential for adding value to the seafood sector through a similar commitment to funding longer-term underpinning R&D – that can form the basis for future innovation.

It is interesting to note that the ongoing commitment of the agricultural sector to R&D investment was recognised by the government in the recent Budget, with an additional \$3.37 million made available for 2007–2008 to the Pastoral 21 initiative, a joint public-private sector research initiative involving the dairy, meat and wool sectors.

Tax Credits for R&D

Another initiative announced in the Budget was the introduction of a tax credit for R&D expenditure for New Zealand businesses. More details on this can be found on the following website <http://www.taxpolicy.ird.govt.nz/>. In essence the government is proposing a tax credit of 15 percent of allowable R&D expenditure from the 2008/2009 income year. There are a number of qualifications

but, overall, the incentive appears to be reasonably generous. The final shape of the legislation will be determined through the usual process (submissions on the bill closed on 12 July 2007). It would be useful for seafood sector companies to follow up on this and/or seek advice from relevant financial professionals to determine the potential implications for their businesses.

Research Funding

Seafood Innovations Ltd has recently approved a further tranche of funding to projects with a total value in excess of \$2.1 million. This is an encouraging sign that parts of the seafood sector are recognising the benefits of investing in R&D for longer-term economic sustainability. Further government funding for SIL has been negotiated (via the Foundation for Research Science and Technology) for the coming 12 month period, which means that SIL has still more funding available to support innovative R&D projects.

Another major Request for Proposals is likely to be announced sometime in August, with a tentative closing date in October 2007. However, it is also possible that SIL may be able to fund projects outside of its two major RFP rounds, so it is important that you contact us at any time if you feel you have a project that may be suitable for SIL funding.

For more information please contact:

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