



## Overview Fact sheet

### Clothing and Household Textile Building Innovative Capability Scheme (BIC Scheme)

In the May 2009 Federal Budget, the government announced the \$401 million Textile, Clothing and Footwear (TCF) innovation package. The TCF innovation package includes the \$112.5 million BIC scheme which replaces the last five years of the TCF Post-2005 (SIP) scheme, commencing from the 2010/11 program year.

The BIC scheme is aimed at fostering the development of a sustainable and internationally-competitive manufacturing industry and design industry for clothing and household textiles in Australia by providing incentives that will promote innovation to entities that demonstrate a commitment to Australian-based manufacturing.

The BIC scheme provides for innovation grants in respect of eligible clothing and household textile expenditure in much the same way as the TCF Post-2005 (SIP) scheme provided Type 2 grants in respect of research and development activity by clothing and finished textile entities.

#### What does the program do?

The BIC scheme provides incentives in the form of grants paid annually and in arrears for innovation activities.

#### What grants are available?

Innovation grants are available on an entitlement basis. Grants are for research and development including innovative product design activities, innovative process improvements, market research, and some industrial property rights expenditure.

#### How are the grants calculated?

The innovation grant funds up to 50% of the eligible expenditure.

Total benefits paid under the program in any one year will be limited to 5% of an entity's total eligible revenue in the 12 months preceding the claim year. Amounts in excess of this are able to be carried over to a later year in which a claim is made. Excess amounts will be carried over from the previous scheme. Modified limits apply for entities in an eligible start-up period.

Claims are subject to an annual process of modulation to ensure that all claims are accommodated within the available funds, with all grants paid before 10 June.

Customers may also receive partial payment before this time by requesting an advance of grants up to 25% of the eligible expenditure for an innovation grant.

#### What are the requirements to receive a grant payment?

A minimum expenditure threshold of \$200,000 applies, which can be accumulated over the life of the program, and can be carried over from the TCF Post-2005 (SIP) scheme.

#### Registration process

To be eligible to register for the BIC scheme, the entity must be able to show that they carry on or propose to carry on an eligible clothing and household textile activity as defined in the scheme.

Registration must be accompanied by:

- financial reports or statements (audited if required under the *Corporations Act*) for the previous financial year, and

## Registration process continued...

- a statement of strategic business intent outlining the business, operational and financial strategies that will guide your entity to sustainable operations for eligible clothing and household activities beyond the end of the program period.

Customers must re-register for each program year for which future claims are intended to be made.

Applications for registration and renewals of registration must be lodged before 1 July each year, prior to the commencement of the relevant program year.

## Claim process

Claims for program years must be lodged after the end of the program year in which eligible expenditure has been incurred, and before 1 March of the relevant financial year. For example, for the 2010/11 program year, the claim must be lodged after 1 July 2011 and before 1 March 2012. The grant would be paid before 10 June 2012.

In order for expenditure to be considered eligible, a claim must be lodged. This is the case even if customers have not passed the minimum eligible expenditure threshold.

Claims must be accompanied by a:

- statement of eligible expenditure incurred together with an auditor's report verifying the eligible expenditure, and
- detailed description of eligible clothing and household textile activities carried on in the program year and in respect of which the claim has been made.

## What is the process to receive a grant payment?

In order to receive a grant payment, applicants must:

- at the time of making a claim, request a determination and payment of the claim,
- still be undertaking an eligible clothing and household textile activity, and

- submit a statement of their total eligible revenue for the previous financial year, together with an auditor's report verifying that total eligible revenue.

Registration, advances, claims, and requests for payment of claims, using the approved forms, should be lodged with your nearest AusIndustry office.

## Publication of Grants

Recipients of scheme grants should note that under the scheme, grants paid to participating businesses will be published annually.