

New Communications Tool for TCF Services Clients

TCF Services this month is re-launching its popular '*TCF Industry Advisor*' newsletter.

Since 1989, and through the substantive years of the Import Credits Scheme and Productivity Commission review of TCF industry assistance policy, the *Advisor* served as a reliable source of instructive commentary on TCF industry assistance programs, as well as in-depth reports on major industry and international trade issues.

In its new format, the *TCF Industry Advisor* has gone electronic, and will be regularly emailed out to all our clients and key SIP Scheme stakeholders in the handy Portable Document (PDF) format.

The electronic Newsletter format allows us to keep TCF Services clients more frequently aware of developments in the SIP, as well as building everybody's practical understanding of the Scheme's day to day requirements. The *Advisor* will also serve as a useful tool for commentary on major changes to legislation governing the Scheme.

Over the coming months, the *Advisor* will provide timely reminders of SIP Scheme issues of immediate relevance and importance to Scheme registrants. Regular briefs will cover eligibility, timelines, record keeping, compliance, the registration process, the claims process, the grant entitlement process, legislative amendments, AusIndustry interpretations and legal challenge precedents.

Other editions of the *Advisor* will keep clients abreast of issues being advanced in our Government lobbying program, SIP Scheme milestones, general helpful hints and reminders, and improvements to TCF Services' proprietary SIP Software tools.

The *Advisor* will also provide observations on the external industry environment, local market conditions, strategic insights, Government and Opposition industry policy and other Government programs.

Our aim in recommencing publication of the *TCF Industry Advisor* is to provide an independent source of clear and concise guidance to SIP participants, especially in those many areas of the Scheme subject to continuing debate on interpretation. In this way, we hope to develop a collective platform whereby informed opinion can be brought together and injected into those forums responsible for the on-going determination of TCF industry policy.

Gerry Frittmann
Managing Director
TCF Services Pty Ltd

Preparing your first SIP claim

Round 1 applications may be submitted at any time up to 31 March 2002. Following recent Government amendments to the SIP Scheme, claims may now be lodged for either a 50% advance, or the full grant entitlement. Irrespective of which claim option you choose, the following key documents will be required for the first stage of developing your SIP application and preparedness for external audit/s:

1 - CAPITAL INVESTMENT (Type 1 Expenditure)

- Asset Register for each registered financial year you intend to claim; or
- Accompanying yearly Asset Movement Report/s.

2 - INNOVATION IN PRODUCTS/PROCESSES (Type 2 Expenditure)

- Hard copy project files containing an outline of the Project summary, employee timesheets and supporting documentation; or
- The electronic reports contained in the '**TCF Services SIP Software Program**' for those using our program or any other internal system used for time and record keeping.

3 - VALUE-ADDED (Type 3 Expenditure)

- End of year management accounts.
- Your reconciliation of Eligible Revenue (gained from conducting 'eligible TCF activities') exclusive of GST, direct sales to New Zealand and ineligible sales (including non TCF, imported or purely re-sold products); and
- The program name, year and total dollar value of any TCF grants received from Federal or State Government industry assistance programs over the past five years.

Special guidance for your Financial Controller

TCF Services has previously prepared a TCF-SIP claim guidance advice entitled '**Preparation of the SIP Claim**', which has been emailed to Financial Controllers at each client company. This document outlines in much more detail the range of information and inputs required to develop each client's TCF-SIP claim to a stage ready for submission to AusIndustry for review.

Claim lodgment schedule now being prepared

To assist us in further developing our client lodgment schedule, could you please contact us to discuss your timelines, preparedness and any issues you may have so we can adequately plan and accommodate your needs, within our work program? Please clarify your position in terms of the following questions as soon as possible:

(a) When do you expect to have the key documents listed above in items 1-3 (above) available for TCF Services to review?

(b) Are there any areas in items 1-3 above where you will require further assistance from TCF Services to finalise the inputs required for your claim?

(c) Do you require a referral to an external company auditor to review the documentation supporting your SIP application and issue the audit report, which is required to be lodged with the application to AusIndustry?

(d) Would you like to take advantage of the 50% advance payment facility prior to final submission of all key audited documents required for a full SIP grant?

(e) When do you expect your statutory accounts to be prepared? If required by statute when do you expect to have your accounts audited by an external company auditor? Who is your auditor?

(f) Do you have any particular issues requiring clarification from TCF Services in relation to:

- Establishment of a separate cost centre to claim the 110% uplift factor (instead of 60%) on salaries costs for Type 2 projects.
- Your concerns in meeting the first claim year threshold of \$200,000.

- The apportionment of eligible expenditure for Type 1 or 2 expenditures.
- Guidance on the articulation of the innovative aspects of your Type 2 projects.
- Transfer of registrations in the event of merger, acquisition or takeover.

HINTS AND REMINDERS

Program Year 2 - What do I need to do now? Develop your Project list.

The TCF-SIP Scheme assists companies investing in either new equipment (Type 1) or a range of business development measures (Type 2). These activities must be constantly monitored, logged and tracked as a Project. You can create your new Type 1 and 2 Project List by:

- Carrying over any project/s, which are incomplete from the prior financial year. For those clients using the TCF Services supplied SIP software program, please make sure that you create new project numbers - otherwise the activities in each financial year will not be segregated - given the program is Project based.
- Reviewing your lodged year two SIP registration for any Type 2 Innovation projects that you had planned to undertake in 2001/02.
- Adding in any other new projects, which may have come to hand since the forecasts lodged with your SIP registration.
- Ensuring that any new project is added to the Project list as and when it occurs throughout the year, and the addition of which is properly communicated to your SIP team for tracking purposes.
- Making sure that fresh project numbers are used on the new Project list and the maintenance of data is kept separate from the Year 1 data in both the hard copy folders and Software program.

Nominating your SIP team and Project Leaders

You need to determine the staff which are to be integrally involved with the nominated SIP projects, as well as those who will be responsible for completing time sheets and maintaining documentary evidence in support of the times kept on a project basis. The nominated SIP team project leader will be responsible for the weekly collection of timesheets and documentary evidence, maintenance of hard copy Project folders and the resultant input of all SIP Project articulation and costs into the TCF Services SIP Software program. To assist with communications with external auditors or AusIndustry, we suggest you create an SIP team organisational chart, which includes associated job descriptions.

Setting up your internal record keeping

At the commencement of each financial year or new Project, you can set up your hard copy Project folder/s by completing a hard copy Project initiation sheet. This sheet should set out the background, objectives and milestones for each project. Remember to review your internal documentary process to ensure that a time sheet is supported by a document which articulates or evidences each milestone or activity for each project as and when it occurs. If no such document exists, a short report can take its place. All SIP team members need to be made aware of their responsibilities to track time and material costs, maintain or generate any supporting documentary evidence. Weekly activity reports should then be passed over to the designated SIP Project leader for checking, project filing and Software input.

REFERENCES

Link to the AusIndustry TCF-SIP Web site:

<http://www.isr.gov.au/documents/dir8/doc506208.html>

The Textiles, Clothing & Footwear Industry Advisor (C) 2001 [Co-Operative Ventures (Australia) Pty Ltd] brings you the latest facts, analysis and contacts regarding Australia's TCF industries and related Government support programs.

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