

Media Coverage

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Biotech tax credits proposed

Eli Greenblat

THE Australian government should introduce tax credits for small biotechnology and life sciences companies to help them develop life-saving drugs, mirroring a US model that has sustained some businesses through the global financial crisis, a US biotechnology industry group head says.

Jim Greenwood, president of the Biotechnology Industry Organisation, a US group representing 1200 biotechs, universities and research organisations, said cash-starved companies in the sector needed this support as they spent years, sometimes decades, investigating drug compounds and new technologies.

"I think it's very important for the [Australian] states and the federal government to provide seed money and bridge money to help small companies get through the valley of death, so to speak," he said.

Mr Greenwood, who is in Australia for the AusBiotech 2010 conference in Melbourne, said US President Barack Obama had introduced a \$US1 billion (\$A1.01 billion) tax credit program as part of his restructure of the nation's healthcare system. This would deliver a 50 per cent tax credit against drug discovery expenses to biotech companies with 250 or fewer employees.

Mr Greenwood said roughly 25 per cent of the US stockmarket's biotech companies disappeared during the global economic downturn as capital dried up.

Victorian Premier John Brumby yesterday launched a \$55 million policy to strengthen the state's leadership in biotechnology.

Initiatives contained in the Victorian Biotechnology Action Plan include bringing together universities, research institutes, hospitals and industry to create a statewide approach to life sciences research.