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# R&D Tax Credit still stalled

The reinstatement of the Labor government hasn't helped the beleaguered R&D Tax Credit bill advance through the Senate, with the Opposition and some sectors of the business community continuing to criticise the proposed legislation. The bill came within a whisker of being introduced to the Senate on 23 June, but was clipped by the machinations that saw Julia Gillard take the Labor leadership the following day, consequently placing many major policy decisions on hold until after the election. Science and Innovation Minister, Senator Kim Carr, has since had the bill reintroduced into the lower house in the hope of pushing it through quickly and having it apply retrospectively from 1 July 2010. Carr's office is currently in negotiations with Independents Rob Oakeshott and Tony Windsor, whose support is needed for it to pass through the lower house.

The bill, in its revised form, seeks to redirect a greater proportion of the \$1.6 billion in R&D funding to smaller research-intensive companies, such as biotechs, rather than the large corporations, such as banks and mining companies, that currently snaffle more than 60 per cent of the current R&D Tax Concession funds.



While industry groups such as AusBiotech support the new legislation, others, including the Australian Industry Group, which represents the main beneficiaries under the current scheme, oppose the changes. The Opposition also has its concerns. Sophie Mirabella, Shadow Minister for Industry Innovation and Science, has slammed the bill for potentially harming the building industry, for having insufficient modelling to gauge the impacts of the changes and for attempting to make it retrospective.

It is now increasingly likely that the bill won't pass both houses before 1 July 2011, at which point the Greens will have the power to push the bill through the Senate. However, that will mean the biotechnology industry will go without a major pillar of government support for another 12 months.