

## Retrospective R+D bucks a \$1.6B opportunity

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Thursday, 12 August 2010

**A RE-ELECTED Labor party would work tirelessly to introduce the “most important” reform to business innovation in a generation – the research and development tax credit. Innovation and Industry Minister Kim Carr told *BTN* the Labour reform would bring in \$1.6 billion for Australian business while shadow innovation minister Sophie Mirabella labelled a return to R+D incentives a betrayal of Australian industry.**

Yesterday, the federal Labor party released its innovation statement, reaffirming a commitment to see in R&D tax credit legislation.

Speaking to *BTN* while on the road yesterday, Senator Carr said Labor was committed to innovation reforms and the tax credit was one of a number of party initiatives to support the biotechnology industry.

Answering a question about innovation commitments for biotech, he said the \$1.6 billion would be available each year in the form of the proposed R&D tax credit, he said.



“We are committing to recommence the process through the Parliament as soon as possible upon the government being re-termed,” he said.

Carr said the biotech industry had been very supportive of Labor’s efforts to secure the R&D tax credit.

Also to benefit biotech are reforms including the \$244 million Commercialisation Australia program and the \$38.2 million National Enabling Technologies Strategy, he said.

In his statement yesterday, Carr said the R&D tax credit was an important reform and committed to working to ensure the passage of legislation to introduce the reform.

Labor would pursue a backdated, July 1 start date for the credit, Carr said, repeating a commitment made before the election campaign.

“The R&D tax credit is a vital part of federal Labor’s plan to move Australia forward and deliver a strong and secure economy,” Senator Carr said.

“A Gillard Labor government will continue to work in partnership with industry, to support innovation.”

### Liberal policy

Labor claimed Tony Abbott and the Coalition had denied Australian business access to the R&D tax credit.

Responding today, shadow innovation minister Sophie Mirabella said Australian businesses had every right to be dismayed at a return to the “regressive changes” to R&D tax incentives.

“Labor’s reckless spending has forced the gutting of R&D tax incentives,” she said.

“This is yet another betrayal of Australian industry – which is rightly infuriated by his approach.”

Yesterday Carr said Liberal party leader Tony Abbott’s only plan for innovation was to stop it.

The Coalition has not yet released its policy on innovation.

However, today Mirabella said the Liberals would reverse Labor’s attempts to limit access to R&D incentives.

“We will reverse their attempts to limit access to R&D incentives because we believe that innovation is at the heart of a growing economy,” she said.

“Australian R&D investors can rest assured that we will reject Labor’s heavy-handed definitions of ‘core’ and ‘supporting’ R&D; its dominant purpose test; its feedstock provisions; its increased compliance provisions; and its lack of any modelling of its proposed changes.”

The R&D tax credit was introduced to Parliament during the winter session, but did not pass the Senate on the final day of session, after extended debate on another issue.

### Biotech view

Industry body AusBiotech welcomed Labor’s commitment to innovation and said it was disappointing the Liberal party’s policy was not yet available.

AusBiotech supports Labor’s pledge to introduce a credit and backdate its benefits to July 1, the organisation’s chief executive Dr Anna Lavelle told *BTN*.

“AusBiotech has lobbied hard for its members to get a fairer deal from the Australian R&D tax system.

"The current system discriminates against small companies focussed on R&D."

She called a change from a concession to a credit "fantastic" for innovative companies still trading in loss, as the benefit – 45c for every \$1 spent – could be claimed at the end of the year as a cash rebate.

Lavelle said that while the Liberal innovation policy was not yet available, its public statements to date had indicated no support for the tax credit legislation as it stands.

"AusBiotech would like to see the proposed tax scheme for innovation companies and we would like to see, from both parties, a strengthening of support for commercialisation," she said.

Along with a backdated tax credit, AusBiotech called for more investment to support companies commercialising in high-technology fields, a better understanding of the role that knowledge industry and innovation play in Australia's economy, and a strong biotech and medical technology policy position.

#### **Revenue neutral**

Yesterday Carr argued the Liberals had denied countless small businesses upfront cash credits for their innovation investments.

He said the federal election offered an opportunity to choose between a stronger economy or a plan that took Australia backwards.

"The Liberals have promised to cut or close successful federal Labor programs to support creative companies, and they conducted an orchestrated filibuster in the Senate to prevent debate on the R&D tax credit legislation," he said.

Senator Carr called the promises a recipe for making Australia less productive and less competitive, in a world that is increasingly demanding new technologies and ideas.

The tax credit is worth \$1.6 million a year to business and is described as revenue neutral.



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