

Media Release



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Federal Budget 2008-09 - AusBiotech

AusBiotech, the national biotechnology industry organisation, expects the Federal Government will reaffirm its commitment to Australia's biotechnology industry in next week's Federal Budget.

AusBiotech CEO, Dr Anna Lavelle, said the organisation had been lobbying for continuing funding for Government programs that are of real value to the biotechnology industry, as well as for changes to the current R&D tax concession regime and support for the AusBiotech National Conference in October.

"Biotechnology is one of the key industries of the future," Dr Lavelle said.

"A strong biotechnology industry will see more and more of our children move into high-tech, high powered jobs that will help solve some of the problems that confront us - whether they are in health, climate change, food or fuel security.

"That is why Government leadership and support of this emerging and innovative industry now is absolutely critical."

AusBiotech's main priorities for the biotechnology industry in Budget 2008-09 are:

- ✓ **A strongly-funded Commercial Ready and Commercial Ready Plus program.**
Administered by AusIndustry, these programs are a valuable funding source for biotechnology start-up companies. One in three dollars allocated from the Commercial Ready Plus program currently goes to biotechnology companies.
- ✓ **A strengthened national coordinating biotechnology body.**
Biotechnology has applications throughout many government departments. While the existing body, Biotechnology Australia, has been an effective central liaison point within the Federal Government, this body must be strengthened. Such a body would align departmental initiatives; minimise transaction and coordination costs; and ensure that government funding programs are channelled appropriately.
- ✓ **Reform of the R&D tax concession to improve efficiency.**
While acknowledging that Australia is one of the few countries to offer tax concessions for R&D, AusBiotech argues that changes are needed to ensure the concessions provide maximum benefits. The current cap on the R&D tax offset must be raised from \$1 million to \$2 million with annual indexation or regular review to keep pace with CPI increases. Since the \$1 million cap was set in 1998-99, there has been no increase. The real net benefit in 1998-99 was 20 per cent. The real net benefit is

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now closer to 7 per cent. Secondly, companies must also be able to receive the benefit of the 125 per cent tax offset if they spend above \$1 million. Currently companies who spend anything over \$1 million on R&D are unfairly disadvantaged as any tax benefit is removed. Companies spending over this arbitrary amount should not lose the benefits of the offset regardless of their spend.

✓ **Funding for the 2008 AusBiotech National Conference in October.**

Arguably the second largest biotechnology conference in the world, AusBiotech, a not-for-profit organisation with no government base funding, has managed this conference over the past six years with support from state and federal governments. The National Conference has grown each year and is now an important and anticipated event on the global biotechnology calendar. Last year's conference, held in Brisbane, attracted almost 1400 delegates and 500+ international executives. To date, the Federal Government has been a major sponsor of the event. AusBiotech expects that the Federal Budget will include appropriate funding for the October 2008 conference and beyond.

Dr Lavelle said AusBiotech had just outlined a comprehensive range of 48 recommendations to maximise opportunities for the biotechnology industry's future in its submission to the National Innovation System Review. It is expected these recommendations will inform the Government's future direction on innovation through its White Paper, due later this year.

"By opening its doors to consultation with the industry and making innovation a priority, this Government has given reason for Australia's biotechnology industry to be optimistic," Dr Lavelle said.

"On Budget night AusBiotech will be looking for these specific measures for biotechnology as evidence that the Government is indeed keen to see this essential industry develop and prosper."