

## **MEDIA RELEASE**

### **Budget delivers practical help for biotechnology and knock on benefits for the future R&D Tax reform a major gift for biotechnology**

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The BioMelbourne Network congratulates the Federal government for their investment in education, research and innovation.

“A total investment of \$5.7 billion over 4 years is a direct acknowledgement of the need to invest in future knowledge-based economies and a recognition of the value of biotechnology and research in particular,” says Michelle Gallaher, CEO of the BioMelbourne Network

“We’ve been calling for the introduction of an R&D tax credit system. It was delivered, greatly improving the attractiveness of Australia to emerging technology companies and will support the growth of maturing biotechs”.

The budget delivers a 45% refundable tax credit for companies with an annual turnover of less than \$20 million, including companies in tax loss - which is a very large proportion of this sector. R&D spend is very high in this business, but achieving a sustainable revenue stream can take many years. In the past, the tax system placed biotechnology companies at a real disadvantage.

The R&D tax credit is also available to companies who may have the IP owned offshore, but are undertaking research in Australia.

This is good news not just for the industry but for biomedical researchers. Australia needs a vibrant biotech sector to turn the government’s investment in research into products that save lives, delivers high value crops and in turn, creates jobs and wealth.

The commercialisation Valley of Death is still there for biotechs. This is the time in which biotech companies need to spend heavily on clinical trials to realise value that will then in turn attract investors. It is typically a stage where biotech are very vulnerable due to lack of cash and high risk. The budget does not deliver direct funding for companies in the process of expensive proof of concept early stage clinical trials – biotechs will still need to prepare carefully for this stage of commercial development.

What is available to help this vulnerable stage of development for companies is the Innovation Industry Follow on Fund (\$83 million) announced in March. COMET is still going strong and \$50 million in additional funding for Export Development Marketing Grants was announced last night. These programs continue to offer support to biotechs.

A most interesting new development is the establishment of a \$196 million commercialisation Institute to assist in the translation of good ideas in universities and institutes as well as start up companies in getting product to the market. The details will be important and the BioMelbourne Network is very keen to participate in industry consultations.

There are a number of indirect benefits to the industry through the major support for research infrastructure in universities and institute but particularly in the investment in intellectual capital for the future. Funding for 100 new Super Science Fellowships is a very positive decision and increasing the APA stipend by 10% is welcome. Our young scientific talent are the intellectual capital and critical success factor for the industry and the research sector for the next ten years.

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For further comment or interview

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