

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600
economics.sen@aph.gov.au

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Provisions of the Budget Savings (Omnibus) Bill 2016 to reduce the Research and Development Tax Incentive

AusBiotech, on behalf of the Australian life sciences industry, opposes the Government's intention to cut the Research and Development (R&D) Tax Incentive benefit by 1.5 per cent, as proposed in Chapter 22 of the Budget Savings (Omnibus) Bill 2016, and urges the removal of this measure from the legislation.

AusBiotech has repeatedly expressed its concern in submissions to Government in regard to the intention to cut the R&D Tax Incentive by 1.5 per cent, see:

- 29 February 2016: AusBiotech submission to the Review of the Research & Development Tax Incentive
- 1 June 2015: AusBiotech's submission to the Federal Government's Tax Discussion Paper
- 13 October 2014: AusBiotech submission to the Senate Economics Legislation Committee's Inquiry into the 'Tax and Superannuation Laws Amendment (2014 Measures No. 5) Bill 2014'

The in-tact preservation of the programme for life sciences companies is critical. The constantly-threatened tweaks and reviews are causing instability and uncertainty – and therefore undermine the programme's ability to provide additional R&D in Australia and spillover benefits.

While this cut and its flow-on impact may appear small or inconsequential, it will specifically and disproportionately disadvantage small, pre-revenue and start-up companies, which runs completely counter to Government rhetoric on innovation and the policy intent of the R&D Tax Incentive.

It also sends a negative message to our international partners and collaborators, which undermines economic activity in the sector.

The R&D Tax Incentive is the most significant Government program for promoting innovation in the private sector, and plays a pivotal role in motivating and attracting research, development and clinical trials to be conducted in Australia. It is the most critical centre-piece program in the translation of Australia's world-class research into treatments, cures, diagnostics devices and vaccines.

Reducing the benefit of the R&D Tax Incentive will have a direct negative impact on an area of national competitive advantage, which has responded recently with growth, in large part due the effect of the R&D Tax Incentive.

The proposal to reduce benefits to R&D-engaged companies was originally linked to a promised corporate tax reduction of the same magnitude, thereby effectively neutralising the reduction. However, the corporate tax decrease was not implemented.

Chapter 22 of the Omnibus Bill states that no concerns were raised during consultation. AusBiotech as the key industry representative body for a significant research and development sector, which has been identified by Government as deserving national focus with the medtech and pharmaceutical growth centre, was not consulted and has concerns.

The life sciences industry in Australia is vibrant and promising with impressive ideas and technologies that have the potential to - and are already - saving and improving the lives of millions of people around the world. The industry has the potential to be our future if we continue to nurture and invest in it.

Yours sincerely



Mr Glenn Cross

Chief Executive Officer
AusBiotech

About AusBiotech

AusBiotech is Australia's biotechnology organisation, working on behalf of members for 30 years to provide representation and services to promote the global growth of Australian biotechnology. AusBiotech is a well-connected network of over 3,000 members in the life sciences, including therapeutics, medical technology (devices and diagnostics), food technology and agricultural, environmental and industrial sectors.

AusBiotech is dedicated to the development, growth and prosperity of the Australian biotechnology industry, by providing initiatives to drive sustainability and growth, outreach and access to markets, and representation and support for members nationally and around the world.