



Biotech Daily

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Daily news on ASX-listed biotechnology companies

Budget 2019 Special Edition

Federal Treasurer Joshua Frydenberg has delivered a pre-election Budget tonight with apparently little or no negative impact on the biotechnology sector.

Mr Frydenberg did not mention the 43.5 percent Research and Development Tax Incentive cut by his predecessors or any plans for the Tax Incentive.

Treasury Budget Paper 1.16 showed that expenditure on the R&D Tax Incentive was expected to increase from the “estimated actual” for 2018-'19 of \$1,967 million to a forecast \$2,237 million in 2019-'20, \$2,249 million in 2020-'21, \$2,292 million in 2021-'22 and \$2,410 million in 2022-'23.

Most of the Budget address focussed on promises of tax cuts, infrastructure spending and a claimed future Budget surplus.

Mr Frydenberg said the instant asset write-off would be increased from \$25,000 to \$30,000 for any individual item, which means companies could buy a new fleet of small cars to claim the write off, or fit out small laboratories and buy equipment.

The write-off has been extended to what Mr Frydenberg described as small and medium sized business with a turnover of up to \$50 million a year.

Mr Frydenberg said that there would be a further \$60 million for export market development grants, a \$525 million skills package of 80,000 new apprenticeships and incentives for women in science, technology, engineering and mathematics (STEM).

Mr Frydenberg announced \$9 billion for science, research and technology including commercialization, and said there would be \$400 million for genomics research.

He said that \$80 billion would be spent on healthcare and referred to the previously announced Children's Cancer Centre in Sydney, along with a “heart kids project” and funding for mental health and youth suicide.

A media release from Federal Health Minister Greg Hunt said that \$354 million would be spent on clinical trials for rare cancers, rare diseases and unmet needs, \$554 million on emerging priorities and consumer driven research, \$23 million for tackling anti-microbial resistance and drug resistant tuberculosis and \$444.6 million to researchers “to make breakthrough discoveries, develop their skills and progress their careers”.

Mr Hunt said the funding included \$2 million for the Australian Brain Cancer Mission, \$430 for the Genomics Health Futures Mission, \$185 million for the Ageing, and Aged Care and Dementia Mission, \$150 million for the Stem Cell Mission, \$220 million for Cardiovascular Mission and \$50 million for traumatic brain injury, along \$1.2 billion “to progress research ideas from the lab to the clinic”.

The Budget Paper said that the Government would achieve efficiencies of \$48.9 million over five years from 2018-'19 from within the uncommitted funds from the Entrepreneurs' Programme and the Industry Growth Centres Initiative.

Biotech Daily Editorial Comment

The Budget is very big on promises, none of which need to be kept if the Government is not returned at an imminent Federal Election, expected to be held next month.

While there appears to be no further harm inflicted on the Australian biotechnology sector through further cuts or caps to the R&D Tax Incentive, and there are a few incentives to buy capital equipment and vehicles and hire apprentices, many of the “big ticket” items sound very familiar, especially the Sydney Children’s Cancer Centre.

Until all the promises have been analysed it is uncertain what is new money and what is restated previous promises.

The one thing that is certain, is that this Budget was solely designed with the Federal Election in mind.

We look forward to deeper analysis in tomorrow night’s edition.

David Langsam
Editor