



# Biotech Daily

Tuesday March 29, 2022

*Daily news on ASX-listed biotechnology companies*

## Budget 2022 Special Edition

### mRNA Vaccines, Women's Health, Aged Care

## Comment & Analyses

*The Federal Budget had no direct spending on the biotechnology sector, but funding for associated industries and other measures could benefit some companies - Biotech Daily*

Federal Treasurer Joshua Frydenberg says the Budget will support mRNA vaccine manufacturing, women's health and aged care initiatives.

In his Budget address, Mr Frydenberg said that there would be "new funding to make Victoria the first place in the Southern Hemisphere to manufacture mRNA vaccines, new funding to drive collaboration between our universities, CSIRO and industry to rapidly commercialise new technologies in clean energy, medical supplies, defence and other high priority areas".

Mr Frydenberg said that the Budget included "a substantial new women's health package [including] stillbirth and miscarriage support, the establishment of new endometriosis clinics [and] greater access to breast and cervical cancer screenings".

On aged care, Mr Frydenberg said that more than \$340 million would be allocated to embed pharmacy services within residential aged care facilities to improve medication management for the elderly.

The Treasurer said that there would be greater access to cheaper medicines for 2.4 million Australians, who will "need fewer scripts before they are eligible for free or further discounted medicines".

Mr Frydenberg said small business would receive a 120 percent deduction for training employees, and the same tax deductibility for adopting "digital technologies like cloud computing, [electronic] invoicing, cyber security and web design" for investments up to \$100,000 a year.

Mr Frydenberg said the Government would provide \$5,000 payments to new apprentices and up to \$15,000 in wage subsidies for employers who hired them.

Mr Frydenberg said that a “temporary, targeted and responsible cost of living package to ease [cost of living] pressures” would include a six-month, 22 cents a litre reduction in Federal fuel taxes, as well as one-off \$420 cost of living tax offset for more than 10 million low-and-middle income earners and a \$250 Cost of Living Payment for six million pensioners, carers, veterans, job seekers, eligible self-funded retirees and concession card holders.

Mr Frydenberg said there would be no increase in taxes while “repairing the Budget” but did not disclose the sources of increased revenue or where there might be Budget cuts.

He said the Budget deficit for 2022-'23 was expected to be \$78 billion or 3.4 percent of GDP, which was expected to reduce to 1.6 percent over the next three years.

Mr Frydenberg said that net debt as a share of the economy would peak at 33.1 percent at June 30, 2026.

## FEDERAL TREASURY

In last night's Budget, Federal Treasurer Joshua Frydenberg said there would be new funds for mRNA vaccine manufacturing in Victoria, women's health and aged care initiatives (see BD: Mar 29, 2022; Special Budget Edition).

Mr Frydenberg said there would be greater access to cheaper medicines and small business would receive a 120 percent deduction for training employees and adopting digital technologies, along with subsidies for new apprentices and the employers who hired them.

Today, a Federal Treasury spokesperson told Biotech Daily that the \$27 billion 100 percent capital expenditure write-off would conclude on July 1, 2023.

A Federal Treasury document said that the Government was “building on its reforms to employee share schemes, allowing more Australians to share in the value they create through their hard work”.

The document supplied by Treasury said that currently, employee share schemes generally favored employees of listed companies and, in particular, senior managers, “because the current law imposes arbitrary caps on the number and value of options and shares that can be issued to employees of unlisted companies and junior employees”.

“As part of reforms to employee share schemes to be introduced on Budget night: employees at all levels will be able to directly share in the value they help create; employees at all levels may obtain an unlimited number of shares with unlimited underlying value if safeguards are met,” the Treasury document said.

The document said the changes would “codify and simplify what has been a complex regime and make it easier for businesses to establish [employee share schemes]”.

## FEDERAL MINISTER FOR HEALTH

The 'Biotechnology in Australia - strategic plan for health and medicine' was released by the Federal Minister for Health Greg Hunt, yesterday.

"This strategic plan represents the many ways in which the Australian Government will continue to support all parts of the research and development pipeline," Mr Hunt said.

"It provides incentives to grow Australian sovereign capacity and capability to research and manufacture locally while embedding into a growing international supply-chain for advanced medical products," Mr Hunt said.

"Australians have seen the growth of successful companies like the CSL, Resmed and Cochlear," Mr Hunt said.

"I am confident that within the next decade we will see more such companies grow as shining examples of our success," Mr Hunt said.

## AUSBIOTECH WELCOMES THE FEDERAL BUDGET

Ausbiotech said that the Federal Budget delivered "ongoing commitment to biotech".

Ausbiotech said the Budget announcements included the 'Biotechnology in Australia – Strategic Plan for Health and Medicine'.

The industry organization said the Plan reflected pre-Budget announcements for biotechnology and medical innovations, as well as a commitment to legislating and extending the 'patent box' tax deductions, strengthening the employee share scheme provisions, and support for the State of Victoria to manufacture mRNA vaccines.

Ausbiotech said that the Government would extend the Biomedical Translation Fund's initial investments period by a further three years to support the commercialization of biomedical discoveries.

The industry organization said the updated \$6.3 billion Medical Research Future Fund 10-year plan would provide research funding from 2022-'23, including a further \$604.8 million for medical translation to support medical discoveries become part of medical practice; an extra \$114.9 million, for researchers through investment, leadership and collaboration; a further \$117.4 million to support innovative treatments, clinical trials, and more advanced health care and medical technology; and an extra \$495.4 million, for breakthrough discoveries and for researchers to develop skills and progress their careers.

Ausbiotech said the Government will provide \$988.2 million over five years to "drive university-industry collaboration, workforce mobility and research translation and commercialization" and \$328.3 million over five years to support the Modern Manufacturing Strategy and National Manufacturing Priorities and address supply chain vulnerabilities.

## GENESISCARE WELCOMES MRI FUNDS; GENOMICS AUSTRALIA

Genesiscare said it “welcomed a raft of measures outlined in this year’s Federal Budget’s health package, as a positive step in reducing the burden of cancer on the Australian community”.

Genesiscare said it was “the largest provider of integrated cancer care in Australia” and said it that it welcomed a raft of measures for diagnostic imaging services including: \$66.0 million over four years to remove the restriction on the number of magnetic resonance imaging (MRI) machines eligible for Medicare in regional, rural and remote Australia; \$24.8 million over four years for new and amended items for MRI services relating to the diagnosis of liver and breast cancers; \$32.6 million over four years for a new item for positron emission tomography (PET) to inform treatment pathways for rare cancers; and \$40.7 million over three years to address the reduction in testing and screening services due to the Covid-19 pandemic.

The company said it also welcomed “the significant investment in genomics research, including \$28.1 million over four years to establish Genomics Australia to drive the translation and integration of genomics into the Australian healthcare system”.

Genesiscare is a private company.

## INSULET ‘DISAPPOINTED’ NO FUNDS FOR TYPE 1 DIABETES OMNIPOD

Insulet, the inventor and distributor of the Omnipod Dash insulin management system, said it was disappointed that despite Ministerial assurances there were no funds for the type 1 diabetes system.

The Acton Massachusetts-based Insulet said that “given the demand by the type 1 diabetes community and the recent promise of funding by the Minister for Health [Greg Hunt in December 2021], the inclusion of Omnipod Dash System on the National Diabetes Services Scheme is a highly anticipated development”.

The company said there was “no confirmation of funding in the Federal Budget”.

Insulete said the Omnipod Dash included a wearable, tubeless insulin pod operated by a smartphone-like hand held controller, removing the need for multiple daily injections, and required “no mealtime math with built-in dosage calculations” with the pod carrying up to 72 hours of insulin.

Insulet said it was “Disappointed given no confirmation of access to Omnipod despite community pleas”.

“By being reimbursed on the [National Diabetes Services Scheme], the Omnipod Dash system would become more accessible and affordable for the diabetes community,” the company said.

## BIOTECH DAILY: NOTHING DIRECT, BUT TANGENTIAL BENEFITS

The Federal Budget had no direct spending on the biotechnology sector, but funding for associated industries and other measures could benefit some companies.

Funding for aged care and the National Disability Insurance Scheme will be positive for a number of biotechnology companies, such as Painchek.

Continuation and expansion of the Medical Research Future Fund will assist our universities and research institutes and the companies with which they collaborate.

Biotech Daily sees the so-called 'patent box' tax deduction for successful companies as welcome, but a badly missed opportunity - as discussed in the 2021-'22 Budget.

Along with much of this pre-election spending Budget there are many small hand-outs but no structural change or new architecture.

A 150 percent tax deductibility for investment in particular projects would encourage investment. Companies would welcome the Research and Development Tax Incentive returning to the full 45 percent. The Government could establish an Independent Innovation Board to vet applications, rather than tinkering with the tick-box system.

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