



# Biotech Daily

Wednesday, May 11, 2011

*Daily news on ASX-listed biotechnology companies*

## Budget Ignores Biotech; CSIRO, NHMRC Safe

### Editorial Comment

## Ausbiotech Details Budget Impacts, Comments

### [FEDERAL BUDGET 2011](#)

Last night's Federal Budget increased funding to the Commonwealth Scientific and Industrial Research Organisation and National Health and Medical Research Council and appears not to have cut any innovation programs.

According to Ausbiotech (see below) the Budget has made provision for the \$1.4 billion 45 percent research and development tax credit legislation first announced in 2009 and yet to be introduced into the Senate (BD: May 13, 2009, Nov 23, 2010).

A spokeswoman for the Minister for Innovation, Industry, Science and Research Senator Kim Carr told Biotech Daily the Australian Research Council Linkage Project scheme has funding until 2015 and Commercialisation Australia continues unaffected, but there were no apparent initiatives for innovation or commercialization other than a Clean 21 initiative for environmental technologies.

CSIRO operations deputy chief executive Mike Whelan told Biotech Daily the Budget increased quadrennial funding from \$2.779 billion for 2007-'11 to \$3 billion for 2011-'15. "We're very, very happy with that increase in the context of the Budget where increases have been generally about one percent," Mr Whelan said.

A spokeswoman for Senator Carr told Biotech Daily that the Budget provided \$21 million for the Inspiring Australia initiative to "bring science to every Australian, regardless of geography, ethnicity, age or social condition".

The Inspiring Australia program has \$3 million for science prizes including the Prime Minister's Prizes and the Australian Museum Eureka Prizes, \$2.4 million for "a new national hub for science and technology communications" and \$15.6 million to "take science directly to schools and communities" through National Science Week and other events targeting youth and indigenous communities from the suburbs to the bush.

A spokeswoman for the Minister for Mental Health and Ageing Mark Butler said the Federal Government was “maintaining the record levels of funding” for the National Health and Medical Research Council.

The Minister’s spokeswoman said the total NHMRC budget allocation had increased from \$777.891 million in 2010-’11 to \$817,314 million in 2011-’12.

In an announcement on the NHMRC website chief executive officer Prof Warwick Anderson said research funding through the Medical Research Endowment Account had increased from \$715.5 million in 2010-’11 to \$746.1 million in 2011-’12 an increase of 4.3 percent.

A spokeswoman for the NHMRC told Biotech Daily that responsibility for the Australian Venom Research Unit, the Dementia Collaborative Research Centres and the Australasian Cochrane Centre came with \$10 million in funding from the Department of Health.

The Cochrane Centre reviews service provision and clinical practice.

### EDITORIAL OPINION

While the Budget has been kind to the CSIRO and the NHMRC and we are grateful for that, it has been unimaginative in terms of investment in Australian innovation.

Just one Collins class submarine that can’t submerge (about \$1 billion) would change the innovation landscape forever.

The delay in implementing the R&D Tax Credit has been unacceptable, unless the Government is waiting for Greens control of the Senate in July and the funding for Commercialisation Australia remains truly pathetic by comparison to other developed countries.

### AUSBIOTECH

Ausbiotech chief executive officer Dr Anna Lavelle said that “in a tough budget year the biotech sector has been spared further cuts”.

“There has been no weakening of the Government’s resolve to introduce the much-needed tax credit reform,” Dr Lavelle said. “The forward estimates allowing for this are still in place”.

Dr Lavelle said the expected \$400 million cut to the NHMRC funding “has not eventuated thanks to a well coordinated campaign”.

Dr Lavelle said Commercialisation Australia and the ARC Linkage grants retained funding but the Cooperative Research Centres had been “impacted negatively”.

Dr Lavelle said the high Australian dollar was “making it hard for companies competing in international markets, such as biotechnology”.

Dr Lavelle said that the legislative Bills for the 45 percent research and development tax credit were awaiting debate in the Senate and had been provided for in the program expense budget statements and the Department of Innovation had set aside \$2.4 million to administer the program in the 2011-'12 financial year and \$10.4 million over the forward estimates period.

“Now the sector looks to the Greens and in particular Senator [Christine] Milne to deliver this essential reform,” Dr Lavelle said.

Dr Lavelle said she expected the tax credit Bills to be debated in the Senate in July and believed Senator Milne was “well-briefed and supportive of additional support for small innovative business”.

Dr Lavelle said \$20.7 million would be cut from the Collaborative Research Networks, \$33.4 million over four years from the Cooperative Research Centres program, \$6 million over three years from Enterprise Connect (\$101.3 million over four years will remain).

She said that \$4.1 million over four years was budgeted to continue the pandemic response system which includes treatments for swine influenza, as well as \$15 million over four years to maintain the Human Papillomavirus Vaccination Program Register and \$138.7 million over four years to continue the bowel screening program.

Ausbiotech said pathology services had \$550 million cut from the Path Funding Agreement over the life of the program and the National Cord Blood Collection Service Network would lose \$1.5 million.

Ausbiotech said the Entrepreneurs' Tax Offset would be replaced with tax reforms for 2.7 million small businesses with effect from the 2012-'13 income year and the measure would cut an estimated \$365 million over the forward estimates period.

The rationale given was that the Entrepreneurs' Tax Offset was poorly-targeted, complex for taxpayers and could deter businesses from growing beyond the size that benefits from the concession.

Ausbiotech said the Government claimed that small business would benefit from the Government's small business tax reform package, including a new instant write-off for the first \$5,000 of a motor vehicle, to commence from the 2012-'13 income year.

The Small Business Support Line will receive \$7.1 million over four years to provide continued support, after the line received almost 30,000 calls in less than two years of operation, Ausbiotech said.