



The Australian Government has only recently introduced the R&D Tax Incentive. Abolishing or changing the R&D Tax Incentive barely eighteen months after it was implemented would send the worst possible signal to global investors and harm Australia's reputation as a stable and predictable business environment.

The introduction of the R&D Tax Incentive has strengthened Janssen's commitment to Australian R&D. Australian and New Zealand scientists are internationally renowned for their expertise. The most recent Scientific America Worldview Scorecard (July 2012) lists both Australia and New Zealand in the top 10 countries globally for innovation in biotechnology. International metrics such as this, coupled with our researchers' outstanding track record for drug discovery and development all attest to Australia's prominence in this field.

In 2011-12, Janssen has invested in five important collaborative research agreements with Australian biotechnology companies, universities and medical research institutes (worth in excess of \$A2.5 million) investigating future medicines. These R&D projects include development of a rheumatoid arthritis vaccine, novel treatments for pain and a project investigating new treatments for respiratory diseases.

Janssen is particularly opposed to the abolition of the non-refundable component of the R&D Tax Incentive (C.1), which is the only program available in Australia to encourage companies with an annual turnover of more than \$A20 million to invest in Australian R&D and has been a critical success factor in attracting funds for similar R&D programmes in the highly competitive Asia Pacific market. This category would include the vast majority of pharmaceutical companies operating in Australia, including Janssen.

Future expansion of Janssen's current investment in Australian R&D projects and the development of new, innovative programs will only be catalysed by maintaining the R&D Tax Incentive unchanged.

Yours sincerely,



**Chris Hourigan**  
**MANAGING DIRECTOR**