



February 19, 2016

R&D Tax Incentive Review Secretariat
GPO Box 9839
CANBERRA ACT 2601

Dear Sir / Madam,

Review of the R&D Tax Incentive

Thank you for the opportunity to provide input to the review of the R&D tax incentive. I am writing on behalf of CSL to provide a written summary of our verbal input to the recent face-to-face consultation between our CEO, Mr Paul Perreault and CSL staff, and Dr Finkel and the Review Secretariat.

As an Australian-based, global biopharmaceutical company R&D is central to our business and we are one of the nation's largest private-sector investors in research and development.

We maintain our global centre of R&D excellence in the Parkville biotech precinct and for the purposes of the R&D Tax Incentive CSL Ltd's annual qualifying R&D expenditure is nearly AUD \$100m (from a global R&D spend of \$USD463m in 2014/15).

The sustainability of our business depends on us maintaining a pipeline of prospective products in various stages of development which may, or may not, become life-saving medicines for sale into global markets. Considerably in excess of half of CSL's R&D expenditure is on high risk potential new products.

Australia competes with several peer economies for R&D investment and the tax incentive is a significant influence for commercial operations like CSL to conduct R&D here and to maximise the amount of that investment.

The R&D tax incentive is a factor when we make decisions but for a large company like CSL, at an individual project level, other factors such as the quality of the science, and the current location of existing capabilities and research personnel must be considered first. However, from a wider perspective it is a significant factor in Australia's international competitiveness when determining CSL's future investment in R&D capacity in Australia.

Australia's basic research sector, primarily universities, research institutes and the CSIRO, all of which are predominantly government funded, is highly productive, internationally connected, and recognised globally for its high quality research. This, in conjunction with the R&D Tax Incentive, makes Australia an attractive place for early stage commercial R&D.



In CSL's opinion, reducing or restricting the R&D Tax Incentive would likely reduce Australia's attractiveness as a destination, may result in a reduction of onshore R&D, and could undermine Government efforts to increase the social and economic benefits flowing to Australians from science and innovation.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Lamont', written in a cursive style.

David Lamont
Chief Financial Officer