

## Media Coverage

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### CoverStory

## 'Australia biotech is in a sweet spot'

**D**r Anna Lavelle, CEO of AusBiotech, Australia's biotechnology organization, in a chat with *BioSpectrum* talks about the recent wins that the industry had and the way forward.

### ***How is the biotech industry in Australia doing?***

Australia has probably had its best year ever. The M&A activity, the number of licensing deals, the investor interest – are all at a high. Acrux has paid its first dividend 60 cents per share totaling \$100 million. About \$3 billion of foreign investment has come in the country in the last three years. There recently was this exercise where market capitalization (MCap) of various industry sectors was divided by the gross domestic product (GDP) of the country and it surprised me that Australia came on top in terms of productivity of its biotech sector. Since 2009, we have outperformed in the stock market – the ASX 300. The Government of Australia is taking lot of interest in the new technologies that will create jobs of the future.

This year, we have been able to negotiate a change from tax concession to the tax credit system. A 45 percent tax credit regime has put all the small companies in a sweet spot and covers most of sector. It means that if you spend \$10 million on R&D you get \$4.5 million back in cash, which is fantastic as it adds to the cash flow.

It is non-equity diluting money. It is also delinked to the company tax rate. So, there is no loss of benefit should the company taxation rates go up. Also, the overall R&D expenditure amount is uncapped.

Another development is the threat which emerged last year, in the form of a private member's bill that sought to ban patents on all biologics, has been countered. It had led to a very complex, energy driven discussion amongst all stakeholders. AusBiotech spend many months working with the federal government on this.



After the senate enquiry, the report came with recommendation. And that recommendation is, "No, it cannot be banned". We are very satisfied with this recommendation. The bill had the potential to adversely hit all research in the area. These were the two key wins for AusBiotech, the industry association.

### ***Are there any other issues that AusBiotech is working on?***

Yes, we are working on encouraging the federal government to put in more money in venture capital. There is a new venture fund in the offing and we are likely to see some positive movement on this in the next couple



of months and we are also working on the requirements of the sector from the next federal budget, which is due in May 2012.

### ***Would you like to share some thoughts on the AusBiotech 2011 conference?***

It has been good. What I am very happy about is the international participation. At the investor summit about 40 Australian companies pitched to the 130 investors present there. Of this 45 percent were internationals from 11 different countries though mostly from US, Italy, Japan, China and New Zealand. This year the caliber of investors is very high. It has been a good success. I look forward to the next year's conference in October 2012 in Melbourne. We are also looking at engaging more with the markets in the Asian region. **BS**

NANDITA SINGH IN ADELAIDE