

Biotech Daily



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Daily news on ASX-listed biotechnology companies

*** AUSBIOTECH SURVEY: OPTIMISM DESPITE FUNDS, FEDERAL INERTIA**

AUSBIOTECH

Ausbiotech says that “optimism prevails in the biotechnology industry, despite ongoing issues with a lack of funding”.

In a media release the industry organization said that a survey of chief executive officers undertaken with accounting and consulting firm Grant Thornton Australia found that most chief executive officers were positive about the future of the industry, but access to capital remained an issue.

The survey found that 56 percent said 2010 was either a good or an excellent year with 75 percent expecting their business to grow and 67 percent saying they were “confident to extremely confident that the Australian industry will grow during 2011”.

Ausbiotech said that more than half the companies expected to hire more staff this year and while lower than last year, showed strong sentiment and was “in stark contrast to 2009” when not one company was hiring and 48 percent expected to reduce staff levels.

Ausbiotech said the survey showed that only 13 percent of respondents said the Australian economic and public policy environment was conducive to increasing the size of a biotechnology company, while 52 percent said the operating environment was working against the industry.

Ausbiotech said the delay associated with the research and development tax credit announced in the 2009-‘10 Federal Budget was identified by 61 percent of respondents as an area of frustration and the most concerning public policy issue at a Federal level.

The industry organization said that 60 percent of respondents said that the passing of the legislation would help their business and that they wanted access to it as soon as possible.

The Tax Laws Amendment (Research and Development) Bill 2010 and the Income Tax Rates Amendment (Research and Development) Bill 2010 were expected to be introduced into the Senate in November, but the Federal Government failed to provide time for it to be debated (BD: Nov 23, 26, 2010).

The survey found that 76 percent of respondents said support from state governments was the most concerning and important state-based issue.

Ausbiotech said the Biotechnology Industry Position Survey 2011 was conducted in February and March and asked the industry’s chief executive officers to comment on sentiment, financing and the policy environment.

Ausbiotech chief executive officer Dr Anna Lavelle said the annual survey “showed that sentiment for continued success remains optimistic, but highlights the difficulty biotech companies are having in accessing funds and the need for the R&D Tax Credit to provide a fresh flow of capital with the 45 percent refundable component”.

Grant Thornton Australia head of life sciences Michael Cunningham said the delays experienced with the R&D Tax Credit affected businesses throughout the biotechnology industry, particularly those still in the pre-revenue phase.

“Adequate funding can be the difference between thriving and starving for Australian biotechnology businesses,” Mr Cunningham said.

“We believe it is essential that this industry be supported and understood and this survey is an important step in gaining that understanding and laying a foundation to secure greater support,” Mr Cunningham said.

The survey also found that most companies had expansionary employment strategies, with 52 percent of companies intending to hire more staff this year. The survey found that 58 percent of respondents were considering or would raise capital during the current year.

Ausbiotech said that “the overwhelming majority of listed respondents indicated their current share price undervalues their company”.

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