

AusBiotech chief executive officer Dr Anna Lavelle, respond to questions from Jackie Range, writing for BRW (jrange@brw.fairfax.com.au):

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- Is this likely to unleash a new wave of biotech investment? If so, please elaborate.

“This is the most significant positive news that the industry has had for a number of years and for small biotech companies it’s going to mean significant difference to the R&D program.”

“Biotech companies and their research programs will be significant beneficiaries of this tax reform, and we expect to see a fresh flow of investment. Private investment will be encouraged by the ability to leverage their investments, while reduced increasing speed will reduce risk and cost, making a good equation for both the companies and private investors.”

"The new tax credit will inject significant new funds into the industry and that will stimulate new investment."

“They will be able to begin their clinical trials earlier, they will be able to spend more money on R&D over time and hopefully they will be able to get their end goal of entering [the] market faster than before,” she said.

- Are there many companies that this is likely to make a difference for?

“The Tax Credit will make a difference for hundreds of biotechnology companies as well as hundreds of cleantech, medtech, agbio and ICT companies, including a significant number of the 100+ ASX-listed companies. All biotechnology companies will benefit from the reform to some degree and the majority will benefit dramatically.”

“A biotechnology company’s R&D program is its fundamental reason for being, and the Tax Credit therefore speaks to its core business activities - the production of intellectual property - which ultimately flows on to new treatments, diagnostics and other life-changing and saving solutions.”

- How much money would a typical biotech company save?

“A biotechnology company with a turnover of under \$20 million, that invests several million dollars in R&D, will receive a cash refund or credit for 45 cents in every dollar, assuming the entire expenditure is directed to core R&D.”

“Given biotechnology’s unique business model, where millions of dollars (often more than a billion) are needed to progress through the clinical trial process, achieve regulatory approval and commercialise a product, this Tax Credit will provide vital cash flows for pre-revenue companies and significant incentive and savings for others.”