

How 'bout that tax credit

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WHILE the majority of biotech's chief executives expect the industry and their companies to grow this year, 58% are looking to raise capital as they remain frustrated at federal parliament's delayed examination of the proposed research and development tax credit.

Yesterday, national industry body AusBiotech and research partner Grant Thornton launched the results of the Biotechnology Industry Position Survey 2011.

Those results show that although sector sentiment was good, capital market and government support remained an issue for companies.

Fifty-two of Australia's estimated 400 biotechnology and 600 medical device companies participated in the annual CEO survey, which is now in its third year.



One finding of the study, conducted in February and March, was the sector's optimistic business sentiment.

Some 56% of companies viewed last year as a good or excellent year, while 75% expect their businesses to grow in 2011 and 67% are confident the sector itself would grow.

AusBiotech chief executive Anna Lavelle told *BTN* the national industry body had continued to pressure the federal government to pass the R&D tax legislation and focused on improving capital market support for the past two-plus years.

Lavelle noted the tax credit bills remained caught up in the Senate.

The legislation, which is reportedly not supported by Family First leader Senator Steve Fielding, is on the ticket for this session of Parliament, but has not yet been introduced.

It was seen by the last two sessions of Parliament without being passed or voted on.

"At this time, we think that when the Senate changes on the thirtieth of June, and the Greens hold the balance of power, that the bill will pass," Lavelle said.

"Over 60 per cent of people in the survey indicated that they would change their business plan and they are looking for this ASAP.

"Particularly for companies with less than \$20 million of turnover, this means for them, with no grant application, no process to go through and no potential risk, that they will get 45 cents back in the dollar that they will spend in the 2011, 2012 year.

That cash cheque and return would be very significant, she noted.

When asked how the industry could be better supported, Lavelle indicated programs such as the national industry body's investment series were designed to help improve capital market support.

"We are very confident the investor series has had a positive impact on the

industry and so therefore we are going to focus on it for the next, coming period.”

That series started in 2011 with a showcase to North American investors at the JP Morgan Healthcare Conference in January, continued in Perth last week with the Small Cap mining and biotech meeting in Perth, and would continue with a China investment summit in June, and another in New York, ahead of Bio, and another before AusBiotech in Adelaide later this year.

“We know that companies have been introduced to new investors through this program, we also know that investors have invested in Australian companies, some for the first time, and [in] more than one company.”

Some 52% of survey respondents plan to hire more staff this year.

Only 13% believed the Australian economic and public policy environment was conducive to growing a biotech company, while 52% believed the operating environment worked against the industry.

Victoria’s traditional state government support for the industry was highlighted by CEOs while the outgoing NSW government was severely criticised.

Seventy-six per cent of respondents described state government support as a concern and Lavelle noted executives were keen to see what support new governments would have for the industry.