



## Media release

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### Optimism prevails in the biotech industry despite ongoing issues with a lack of funding

**The most recent biotechnology survey undertaken by AusBiotech and Grant Thornton Australia has found most industry CEOs are positive about the future of the industry, but access to capital remains an issue.**

More than half the respondents are optimistic, characterising 2010 as either a good or an excellent year. This positive sentiment continues with 75% expecting their business to grow and more than two thirds of respondents stating they are confident to extremely confident that the Australian industry will grow during the current year.

More than half the participating companies expected to hire more staff this year. This very positive sign, while lower than last year, shows strong sentiment and is in stark contrast to 2009, when not one companies was hiring and 48% expected to reduce staff levels.

Despite an optimistic assessment of their business and the industry, only 13% of respondents indicated that the Australian operating (economic and public policy) environment was conducive to growing a biotechnology company, while 52% indicated that the operating environment was working against the industry.

The significant delay associated with the Research and Development (R&D) Tax Credit announced in the 2009/2010 Federal Budget was identified by 61% of respondents as an area of frustration and the most concerning public policy issue at a Federal level. A similar number of respondents (60%) said that the passing of the legislation will help their business and that they want access to it as soon as possible.

The Biotechnology Industry Position Survey 2011 was conducted in February and March and asked the industry's CEOs to comment on sentiment, financing and the policy environment.

Dr Anna Lavelle, CEO of AusBiotech says, "The annual survey is vital as we formally seek views from the industry's leaders based on experience, knowledge and political insight to gain a comprehensive picture of the Australian biotechnology industry."

"The 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% refundable component."



Michael Cunningham, Head of Life Sciences, Grant Thornton Australia said: “The delays experienced with the R&D Tax Credit affect 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. 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.”

Other key results:

- Expansionary employment strategies were indicated by the majority of respondents, with 52% of companies intending to hire more staff this year.
- 58% indicated they are considering or will raise capital during the current year.
- The overwhelming majority of listed respondents indicated their current share price undervalues their company.
- 76% of respondents said support for biotechnology from state governments was the most concerning and important state-based issue.

**ENDS**

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AusBiotech is Australia’s voice on biotechnology, and represents more than 3,000 members, encompassing medicines, medical diagnostics and devices, agriculture, alternative fuels and climate change.

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