AusBiotech submission in response to the
Treasury Laws Amendment (Research and
Development Tax Incentive) Bill 2019

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Introduction

AusBiotech welcomes a Senate Inquiry for the Bill seeking to seriously reduce the R&D Tax Incentive (RDTI), after repeatedly urging that the reform legislation be delayed until the details, mechanics and impacts are better understood and can be mitigated. The last Senate Inquiry also agreed that the intensity measure is poorly targeted and would disadvantage manufacturing in Australia.

The stability of the RDTI has been identified as the most important tool for increasing business expenditure on R&D (BERD) in life sciences. Given the decline in research and development in Australia (measured by GERD and BERD), AusBiotech is concerned that these ill-informed changes to the RDTI are being pushed through the Parliament without due regard for the damage it will cause to our hard-won momentum in life sciences.

AusBiotech is a well-connected network of over 3,000 members in the life sciences industry, which includes bio-therapeutics, medical technology (devices and diagnostics), food technology and agricultural biotechnology sectors. With more than 1,852 organisations and 240,000 employees, Australia has a substantial life sciences sector and one which is consistently ranked as one of the top for biotechnology innovation globally. The life sciences offer the opportunity to underpin Australia’s future economy as well as provide solutions to a wide range of challenges. The industry consists of an estimated 1,000 biotechnology and medical technology companies and employs in excess of 87,000 Australians.

Australian life sciences is at the forefront of global responses to the coronavirus outbreak, which is continuing to rapidly spread across the world, and a summer of catastrophic fires across Australia. The life sciences community is rallying to address the crises.

Australia’s expertise, facilities, and collaborative relationships are being employed with key research being undertaken. Biotech organisations joining the fight include Biotron, CSIRO, CSL, and the University of Queensland.

As the Australian representative body for one of Australia’s most innovative industries - the biotechnology or life sciences industry - AusBiotech is pleased to have the opportunity to comment, despite its disappointment and frustration that the RDTI is again under serious threat, and therefore so too is Australia’s competitive advantage in biotechnology and clinical trials.

The RDTI is the most critical programme in supporting the Government’s stated policy objective – to improve Australia’s performance when it comes to the commercialisation of medical research.

A new AusBiotech and Evaluate report *R&D Tax Incentive: Additionality and spillovers for the life sciences industry* was commissioned (launched December 2019) in response to the 2018
Senate Inquiry’s recommendation to fully understand the impacts before proceeding with any proposed RDTI changes. AusBiotech commissioned the research to examine, analyse and understand the additional benefits that the RDTI brings to Australian life sciences. This research is fundamental to informing decision making.

The previous recommendations for making changes to the RDTI were based on a Centre for International Economics (CIE) report, however, the available dataset lacked the granularity needed to capture the particular sensitivities of life science research and product development.

The new data captured in AusBiotech’s report are markedly different from those captured in the CIE Report, clearly illustrating the significant impact on the biotech sector in comparison to the broader innovation happening within Australia.

The report illustrates for the first time the disproportionately-negative effects that the life sciences sector faces above other innovative industries, by the proposed changes in the new RDTI Bill.

Key findings in the Report include:

- 63 per cent of respondents advise that the RDTI materially influenced the decision to undertake R&D.
- 61 per cent of respondents advise that the proposed changes would not only affect their expenditure on research and development (R&D) but would also threaten the sustainability of their businesses.
- 57 per cent advise that changes would impact on the amount of R&D their companies undertake in the future.
- 29 per cent (average) anticipated a reduction in R&D.
- Clinical trials are critically important to survey respondents, and particularly to businesses who provide third-party services for clinical trials. However, the broader ecosystem shows that the volume of clinical trials is dependent upon the health of companies relying on broader RDTI contributions.
- As well as the additional R&D that occurs due to the RDTI, significant spillovers are also generated in relation to employment, training and skills development, together with growth of the sector and advances in health and innovation.

The Report includes three case studies, which are reproduced at the end of this document:

- Case Study One: Impact of Uncertain Policy Environment on Business
- Case Study Two: Contribution to the Ecosystem
Case Study Three: RDTI’s Role in Developing Researchers, Scientists and Entrepreneurs

The Bill

Despite the welcome protection of clinical trials (CTs) in the RDTI reform package, hidden in the detail is a 2.5 per cent loss of refund for SMEs in tax loss - a critical blow for start-up and spin-out companies commercialising medical research that has typically come from our medical research institutes and universities.

The Federal Government is claiming the changes are in response to the Review of the R&D Tax Incentive 2016 (The Ferris, Finkel, Fraser (FFF) Review), however this reduction of benefit for SMEs did not form part of the review’s recommendations. While the FFF Review recommended an intensity measure, the recommendation was for a simplistic threshold of 1 or 2 per cent, not the tiered, complex and wholly unworkable version in the Bill.

In addition to the new calculation method of the RDTI benefit, the life sciences sector is concerned about two further key issues:

- Larger companies in the sector are grappling with the impacts of a new intensity measure that will see a reduction in support for most, a significant layer of complexity and uncertainty about eligibility threshold until after R&D spend has been made, thereby eliminating the incentive component; and
- The mechanics of the protection for CTs has many unanswered questions.

AusBiotech urges that:

- The refundable benefit for companies in tax loss be kept at the current rate 43.5 per cent. This can be achieved one of two ways. Either the move to de-link the 13.5 per cent benefit from corporate tax rate be abandoned OR the benefit go up when the corporate tax rate goes down.

- The intensity measure be opposed in the form suggested because it disadvantages all but a few companies, particularly those who are undertaking manufacturing in Australia, and ought not to discourage CT activity. It does not achieve the intent of the initial Review’s recommendation, which was to reward companies that exceeded a minimum threshold for R&D.

- The mechanics of the CT exemption ought to be properly understood before it is implemented.
New calculation method of the RDTI

The new calculation method of the RDTI benefit will see start-up biotechs with turnover under $20 million and in tax loss, lose a much-needed portion of their cash refund. Eligible expenditure, previously resulting in a 43.5 per cent claim, will now be eligible for only a 41 per cent refund. And if the corporate tax rate drops further, the benefit will drop further regardless of the fact that companies in tax loss don’t pay tax.

For each $1 million of expenditure, the loss will be $25,000 that has to be raised by alternate means.

These vulnerable enterprises developing new therapies, devices, vaccines and diagnostics rely on a unique business model where they need intensive and large cash amounts to fund pre-clinical and clinical trials to reach regulatory approval and patients.

We urge the Senate Inquiry to consider the potential damage that will be caused to this burgeoning sector and the negative impact on its work in clinical and pre-clinical trials, if this legislation pushes ahead in its current form.

AusBiotech has repeatedly noted that despite claims of cost blow-out made in the Review of the R&D Tax Incentive 2016, there is no problem for government to solve. Costs are (a) overstated; and (b) figures since the FFF Review show a drop in expected cost of R&D Tax Incentive of $128 million in 2017, and $698 million over forward estimates.

In contrast, the annual Australian R&D expenditure by businesses (BERD) declined by more than $2 billion (12 per cent) per annum between 2013/14 and 2015/16 (the latest period for which data is available). It is now at levels not seen since the global financial crisis. This is clearly not the time to hit vulnerable companies.

The ‘savings’ that government believes it will capture by reducing claims will in fact only result in a small portion saved, as the impact of dividend imputation and the tax treatment of commercialisation revenues, for example, that operate outside of the RDTI effectively claw back this support. The RDTI will always be only a timing difference by pure design, moving the point of support earlier in a company’s cycle.

The critical benefit of the programme is the timing and up-front cash-flow benefit of the refundable component, when companies in loss have their highest costs (that of R&D), and this is the time that start-ups are at their most vulnerable.

The mechanics of the proposed calculation of the benefit will now be in two separate parts: the corporate tax rate, added to a benefit. The refundable component of the RDTI will be 13.5 per cent and the corporate tax rate for most companies is 30 per cent – adding to a 43.5 per cent claim. However, last year’s introduction of a phased drop in corporate tax
rates means that companies under $10 million turnover have a reduced corporate tax rate of 27.5 per cent. This is of no benefit to companies that don’t yet pay tax as they have no or little revenue, including larger biotech companies. Therefore, we have a perverse situation where companies are disadvantaged in exchange for a benefit they are not able to access.

Even more perverse is the situation where a usually-desirable move to lower corporate tax rates, becomes a disadvantage for companies in tax loss.

The RDTI has been hugely successful in helping accelerate commercialisation of medical research, attracting pivotal investment funds and fostering a strong Australian medical technology, pharmaceutical and life sciences R&D sector, which underpins better health outcomes for Australians, encourages long-term investment that creates highly-skilled jobs, attracts clinical research and grows the economy.

R&D in the biotechnology sector is unique, both in its development challenges and in its output products. The sector is IP-based, heavily R&D intensive and a highly globally-mobile industry. It is highly regulated, requiring lengthy and expensive clinical trial data before it can be approved and has longer than usual development times. It can take 10 – 15 years and up to $2.5 billion to bring one biopharmaceutical product from early research to market, with little or no revenue. Its products provide the greatest public good; from cancer treatments to helping people hear, they are life-saving and life enhancing.

Australia is world class in biomedical research, but it needs this industry to commercialise such research in order for it to reach patients. As in many first-world countries, in Australia, therapeutics development is a public/private compact. Typically, the research publicly funded in universities or medical research institutes, should it show promise as a therapeutic, enters a translation process that relies on the attraction of private money. Given no Australian government has ever brought a product to market, the public/private compact is activated. The task ahead is to attract the hundreds of millions of dollars required over the 10+ years of the clinical trials and development that it takes to make a therapeutic.

The RDTI has been a game-changer in this process for Australian innovation, especially biotechnology; it has been well targeted to assist and get benefit from this sector and the refundable component is critical to the growth of life sciences innovation in Australia. Intact preservation of the incentive is top-of-mind in R&D-intensive industries.

**Clinical trials exemption**

AusBiotech advocated for and welcomed the recognition of the critical role that R&D expenditure plays in clinical trials (CTs) for developing life-changing and saving medicines, therapies and medical devices, with the exception from a $4 million cap.
In theory, the CT exemption will give Australia an opportunity to build on its hard-won momentum in CTs and continue its growth in commercialising medical research.

In practice, the confusion about which expenditure related to CTs would be eligible for claim is completely unresolved; the imposition of the $4 million cap ought to be delayed until this can be resolved.

The application of the carve-out that it “is available only on R&D expenditure incurred directly on the identified clinical trial activity” is causing significant confusion and concerns. How will a claim be treated if it encompasses both pre-clinical and clinical trials that together exceed the $4 million cap?

**Intensity measure**

Larger companies in the sector are grappling with the impacts of a new intensity measure that will see a reduction in support for almost every claimant, and a significant layer of complexity and uncertainty about eligibility added.

The AusBiotech consultations have revealed concern about calculating the benefit upfront as it will be impossible as total business expenditure will be unknown, and that this in turn does not support additionality or business planning. There were also numerous comments from companies that will be worse off, despite significant intensity and expenditure, and that the complexity of the measure is unwelcome.

The calculation of the intensity measure has prompted an expanse of questions that are not answered by the definition provided. Furthermore, AusBiotech contends that the calculation will disadvantage companies that have expenditure (and invest in) other activities, notably advanced manufacturing, in Australia. This expenditure should be encouraged, rather than discouraged – and we find it another unwelcome consequence of the proposed intensity measure.

**Long term planning impacted**

AusBiotech contends that the constant reviews, threats and tweaks to the RDTI are unsettling for biotechnology developers, who have long development cycles - and undermine business confidence.

Pre-revenue companies in tax loss are reliant on access to capital (venture capital, issuing equity, incentives and grants) to complete their R&D programmes and reach commercialisation. Biotechnology development is a long-term activity that requires large investment.
The last Bill has a retrospective start date and this Bill has a tiny horizon in which companies can reorient their R&D plans. This is an unconscionable position in which to place a company with a clinical trial in progress. There has been no dialogue about how companies will be supported to implement or mitigate issues, as there is no provisions for phasing or supporting CTs under the current arrangements until their completion.

The negative impact that uncertainty of funding support has on product development/innovation companies is destabilising and the Government's programme changes cause one of the greatest costs, in practical terms. As well as making it more difficult to attract investment, uncertainty strikes companies in two ways: firstly, companies are not sure whether the measures they have put in place, the deals they have struck and the investments made, are going to receive the benefit(s) the Government previously pledged; and secondly, those that have not made commitments yet are sure to hesitate and wait for a more stable environment.

The OECD (2014, *Review of Innovation Policy, Netherlands*) contends that re-winding tax incentives can be damaging and a long-term approach in this regard does increase R&D, particularly for small companies. The OECD said: “For countries that have experienced a large number of R&D tax policy reversals, the impact of R&D tax credits on private R&D expenditure is greatly diminished. It is therefore important that governments do not repeatedly tinker with such policies to minimise policy uncertainty for firms.”

The RDTI has been repeatedly confirmed as the most significant government programme for promoting innovation in the private sector, which plays a pivotal role in motivating and attracting research, development and clinical trials to be conducted in Australia. It is the most critical centre-piece programme in the translation of Australia’s world-class research into treatments, cures, diagnostics devices and vaccines.

A 2016 study of 41 biotechnology companies, by Marieke D’Cruz, The University of Sydney (*Has uncertainty with the R&D Tax Incentive affected R&D investment in the Australian biotechnology industry?*) found that:

- 15 per cent of firm managers said they had changed their R&D investment strategy as a result of the (then) recent activity surrounding the R&D Tax Incentive;
- 61 per cent of firm managers said their firm would change their R&D investment strategy if the government were to further modify the R&D Tax Incentive;
- 59 per cent of firm managers felt that recent activities regarding the RDTI (including the Review and 1.5 per cent cut in 2016) has led them to feel uncertain about the future of the R&D Tax Incentive policy; and
- 78 per cent stated that the R&D Tax Incentive is either important or very important to the decision for their firm to undertake research and development in Australia.
Furthermore, indigenous companies have been ramping up their R&D spend over time. The incentive has been working as it should and encouraging additionality (greater amount spent on R&D).

**International competitiveness**

Numerous indigenous and overseas companies have now commenced pre-clinical and clinical trial activity in Australia, and several companies are looking to establish or further their activity in Australia. The RDTI is a very attractive mechanism to attract investment, and for companies planning or considering collaborating or partnering with an Australian company or researcher, it makes a significant difference.

Canada and the UK have attractive R&D tax incentive schemes, but Australia’s offering as a package is the most attractive, which also highlights the importance of maintaining international competitiveness. However, the threat to the programme and the proposed limits will impact Australia’s competitiveness in this regard.

**Programme costs**

Media reports and the Review have reported costs and forward estimates of the programme that are portrayed as having “risen strongly”. AusBiotech has sought to understand the reported budget costs and has repeatedly sought verification of the calculations and assumptions of the modelling. We are keen to know if we understand the reports correctly as we find that the growth in the budget cost of the programme far exceeds the growth in the actual R&D expenditure claimed (according to ATO annual reports), particularly under the refundable R&D tax offsets. According to data presented in the Review’s Issues Paper, total R&D expenditure claimed has moderated and stabilised. The view that the budget cost of the programme is rapidly rising, therefore, appears to be overinflated.

We are aware of a number of other companies, including those amongst Australia’s top accounting experts, who have expressed concern about the current and projected costs being overstated. These costs may be correctly put against the programme, but without taking into account other direct up-side/returns or amounts that ought to be added back to give a clearer picture, or indirect benefits. This gives the appearance of material overstatement and unfortunately frames public discourse about the programme in ‘cost containment’, instead of in regard to the benefits that are being delivered.

AusBiotech contends that the programme so far as it relates to biotechnology is at worse cost-neutral, but more likely to be returning significantly to the community, as intended.
Summary

AusBiotech is acutely aware of the difference that can be made to innovation stimulation with the right policy settings and conversely the damage to the growth of an industry from poor public policy and constantly changing provisions or threats to programmes.

This submission argues that this current effort to limit or divert the R&D Tax Incentive should not damage our hard-won momentum in life sciences, and if implemented should not be applicable to life sciences research and development, especially clinical trials.

The proposed package does not support the typical biotech SME, the engine room of Australian biotechnology, and in fact disproportionately disadvantages the sector, and in turn will impact the entire development pipeline and ecosystem in Australian life sciences. Any measure that compromises SME growth is unpalatable, and nonsensical.

AusBiotech argued for a refundable tax incentive for some years and it is the prevailing view that the programme has done what was intended in stimulating and attracting clinical trial activity. If the Government could articulate the package of outcomes it is seeking to achieve, AusBiotech and others would be better placed to recommend a way forward.

Australia has excellent potential to be a nation driven by bio-innovation and our tax policy settings provide us with an opportunity to encourage growth where we want it to happen. We need a business tax regime to support the innovation ecosystem, both at start-up phase and throughout the lifetime of a company to retain international competitiveness. Our competitors and major trading markets have acted, and many have more attractive arrangements for innovative companies commercialising medical research and developing intellectual property.

The RDTI has helped us ‘turn the corner’ in industry development terms. Now is the time for stability and looking to further enabling initiatives to ensure the “innovation freeway” is fully open – it is not the time to limit the major and successful programme facilitating innovation.

Concern remains over the overstating of the cost of the programme, which appears to be the justification driving the narrative for change.

AusBiotech strongly recommends:

- The refundable benefit for companies in tax loss be kept at the current rate 43.5 per cent. This can be achieved one of two ways. Either the move to de-link the 13.5 per cent benefit from corporate tax rate be abandoned OR the benefit go up when the corporate tax rate goes down.
- The intensity measure be opposed in the form suggested because it disadvantages all but a few companies, but particularly those who are undertaking manufacturing
in Australia, and ought not discourage CT activity. It does not achieve the intent of the initial Review’s recommendation, which was to reward companies that exceeded a minimum threshold for R&D.

- The mechanics of the CT exemption ought to be properly understood before the $4 million cap is implemented.
- Any change pursued has a mitigation strategy in place before proceeding.

AusBiotech urges careful analysis before there is any further move to limit or reduce the RDTI programme, especially where it is making great gains, lest tinkering undermines the programme and undoes hard-won momentum in innovation in Australia.

AusBiotech would be pleased to make a spokesperson available for a Senate Committee hearing.

**Case Study One: Impact of Uncertain Policy Environment on Business**

Company X is a biotechnology company listed on the Australian Securities Exchange, and originally operated to commercialise biomedical research before deciding to focus on developing biologically based therapies. It therefore has traditionally operated a number of research projects and has been responsible for spinning out a number of Australian biotechnology companies in the decades since its formation.

More recently however, the company has focused on the opportunities in a particular disease area and currently has large international clinical trials underway in both phases 2a and 2b. This has followed a long period of pre-clinical development followed by phase 1 trials.

The company has claimed the RDTI for a number of years. The development of their research programme has seen this claim grow substantially over the last few years, from around $2 million to nearly $15 million.

The company is clear that the RDTI can set companies apart when they are seeking investment capital and that overseas investors see the RDTI as a cost-effective means of maximising their investment.

At the same time, the uncertainties in relation to the RDTI and the proposed changes to it have created significant internal challenges. For a period of over six months, it is estimated that around 75 per cent of each board meeting was dedicated to planning for the impact of the potential changes.
In addition to the significant time dedicated to risk mitigation, substantial resources were expended analysing and modelling the potential impacts. Board papers were prepared in advance of every board meeting that modelled scenarios including carve outs of clinical trials, the impact of caps and potential changes in the rates applicable for the RDTI. Uncertainties therefore arose about the capacity of the organisation to fund its projects to completion. Consideration had to be given to how additional capital might be raised and it became essentially ‘impossible to plan’ in an environment of deep policy uncertainty.

Further, the uncertainty about the future of the RDTI resulted in the company failing to maximise their capital. Instead of spending capital as planned and generating the resultant jobs and investment, expenditure was delayed. Investors had to be updated about the situation given that it was material to the company and this potentially also impacted on other investments they may have contemplated during the period.

This impact should not be underestimated. When considering the people, jobs and activities impacted by the company and potentially by the uncertainty of the environment, and the requirements of full market disclosure, the complexity of the ecosystem for life sciences is brought into stark relief. This organisation notes its involvement and reliance on numerous groups outside their direct employment in order to deliver on their project.

These include:

- Regulatory experts who establish and monitor systems for clinical trials, write Standard Operating Procedures and ensure that the company maintains appropriate filing and other systems for the collection of data to ensure regulatory records;
- Advisors across areas as diverse as audit, tax and legal expertise;
- Contract research organisations, including Australian-based organisations;
- Manufacturing facilities that manufacture product for use in clinical trials;
- The distributors of these products; and
- CSIRO, with whom the organisation has had more than 50 projects in basic research during its existence.

Whilst noting that these groups are not direct employees of the company, they are integral to its progress and success and an essential part of the ecosystem that enables its ongoing research and commercialisation activities.

**Case Study Two: Contribution to the Ecosystem**

Life sciences companies in receipt of the RDTI are deeply cognisant of the benefits it generates.
Consultations for this report saw numerous organisations describe the RDTI as ‘critical’, ‘essential’ and a ‘good door-opener’ with overseas companies and investors. These companies equally saw the ecosystem in which they operate as a key element of their success and they are committed to building and contributing to it.

One contract research organisation indicated that changes to the RDTI would impact around 70 per cent of their clients and would most likely result in their own closure. This firm and others spoke of the investment and time they spend within their network to encourage and support the development of skills, talent and awareness of the Australian life sciences sector.

Much of this contribution relates to universities, with one company reporting that they host 12 or more graduates annually and have board members who sit on various university advisory councils. This company is involved in shaping university curriculum so that graduates are job-ready and are also working to develop a new higher education degree course to ensure ‘real’ and needed skills are taught. They also sponsor multiple Ph.D. students who, as part of their Ph.D., are funded to travel overseas, again building their knowledge and real work experience.

These ‘town and gown’ relationships underpin a fragile sector, each node of which is dependent upon various others, and each of which is either directly or indirectly vulnerable to changes to the RDTI.

Further, the company regularly hosts visitors and other groups, such as trade delegations, to their facility, working with their State Government to highlight opportunities available for working and investing in Australia. Company representatives also participate in overseas trade promotion as part of inward investment attraction.

This has both flow-on benefits to the company itself but also to the sector and the broader economy. Flying staff and potential investors costs the company more than $1 million a year in international flights and bringing people to Australia offers opportunities to local car companies and tourist facilities as the company highlights Australia together with the R&D environment on offer here.

This company is not alone in its approach to the life sciences ecosystem or to its investment in it with other companies highlighting collaborations and working relationships with hospitals, academics and ancillary providers of services and goods.

Over time, this investment has paid off for the nation with various consultations also stressing the change of international attitudes and approaches to Australia over the last 10 to 15 years. Whilst numerous consultations commented about recognition and investment
from the United States, a clear trend was the growing recognition of Australia from China and Korea. Given that these countries’ domestic investment is also growing, being able to attract these funds is critical and the quality and support of the life sciences ecosystem is vital to maintaining and growing this source.

**Case Study Three: RDTI’s Role in Developing Researchers, Scientists and Entrepreneurs**

Companies in receipt of the RDTI have a critical role in developing Australia’s future life sciences employees and entrepreneurs.

During consultations for this report, it became clear of the role that a successful biotech, start up or spin out has in generating the knowledge and enthusiasm for people to explore projects in life sciences and ‘snowballing’ people through organisations.

An example was provided about Biota, the first Australian biotechnology company to take a product through to market.

Biota was established in 1985 and, in 1990, signed an agreement with the Glaxo Group to fund research and development of influenza products. Biota was listed on the Australian Securities Exchange in 1992 and the Biota Chemistry Laboratory established at Monash University in 1995. The company subsequently moved to purpose-built laboratory and office facilities in Notting Hill from 2005 and employed up to 100 staff.

In 1998-99, the company released Relenza, for the treatment of influenza, and a diagnostic product also for influenza. Biota’s R&D team and capability grew substantially for more than a decade from 2000. Research from Biota’s scientists led to collaboration and licensing agreements with MedImmune and AstraZeneca (for Respiratory Syncytial Virus (RSV) antivirals), Boehringer Ingelheim (Hepatitis C drugs) and Daiichi-Sankyo (long acting neuraminidase inhibitors for influenza). Funding for multiple programs was also received from the US NIH, AusIndustry and the Wellcome Trust.

During this time, drug candidates were advanced into successful clinical trials including drugs for RSV, human rhinovirus and influenza. Throughout this period Biota’s R&D growth and success was underpinned by the predecessor to the RDTI, the R&D Tax Concession.

Biota delisted from the ASX in November 2012 and closed its Melbourne operations in June 2015. This saw at least 55 researchers and scientists made redundant and was ultimately due to the collapse of a substantial funding deal from the Biomedical Advanced Research & Development Authority (BARDA, US) for development of Inavir®, a long acting drug under development to prevent and treat influenza.
Since then, these researchers, scientists project managers and other specialists have moved onto other roles, many in the Australian life sciences sector. Their skills, knowledge, and expertise and experience at Biota led many to developing new companies, exploring innovative products and research pathways and supporting the sector in a variety of roles as a result of their commercially focussed R&D experience following the closure of Biota in 2014/15.

Specialist laboratory services company, 360biolabs, for example, was co-founded by R&D leaders from Biota in 2015 as a joint venture with the Burnet Institute. The current Executive are all ex-Biota staff and have built the company to 26 employees, 10 of whom were previously employed at Biota as research scientists, project managers and information specialists.

One of the co-founders of 360biolabs has subsequently moved to become CEO of two other related biotech companies. Overall, the researchers from Biota have currently gone on to work in nine other life science companies; two universities or research institutes; and two government departments. The life science companies include newer, smaller organisations, large multinational pharmaceutical companies and domestic start-ups. Scientists and chemists from Biota now ply their skills at IP Australia and the Therapeutic Goods Administration as patent examiners and evaluators respectively whilst others have gone on to work as application specialists, program managers; principal research scientists; process research chemists; and bioinformatics analysts.

This is not a unique story and represents only the contributions that the research team at Biota have made in Australian life sciences since the company ceased operations in Australia. Taking skills learnt in one organisation, these individuals have transferred them to help grow the innovative industry thereby creating the ‘snowball’ effect necessary to build a mature sector.

This research team is only one part of the equation though, with a similar story that could also be told about the development team at Biota and their onward progress. These scientists, researchers and developers represent part of the critical mass needed for the Australian life sciences sector to continue to develop, innovate and grow, underpinned by the RDTI.