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ASIA EDITION

New report reveals economic impact of R&D tax incentive for biotech industry in Australia

November 3, 2023 | News

The biotech industry thrives on its ability to engage in high value R&D activity



The newly-launched 'Economic impact of the Research & Development Tax Incentive (RDTI) for the biotech industry', report has quantified the far-reaching impact of the Federal Government's RDTI programme in Australian biotech, revealing the incentive has generated a return of $3.14 for each dollar of forgone tax revenue spent in 2021.

Developed with Deloitte Access Economics, the report estimates that between 2011 and 2021, the RDTI for the biotech industry increased Australian GDP by an estimated $9.1 billion.

The economic impact has grown over time, increasing more than five times over the period 2011-2021, from $308 million in 2011 to more than $1.6 billion in 2021. This reflects a substantial expansion in company numbers and compounding productivity gains, with the growing R&D base of the industry adding to Australia's stock of knowledge.

For each dollar of forgone tax revenue, the RDTI has generated an average return of $2.18 for the economy. Similar to the GDP and employment impacts, the return to the economy increases substantially over time, from an estimated $1.32 in 2013 to $3.14 in 2021.

Australia's biotechnology industry includes more than 1,400 companies and employs over 260,000 people, with 178 companies listed on the ASX representing a market capitalisation of $255 billion. However, most of the sector is made up of small and medium-sized companies, with over 80 percent of companies within this category, and the majority of these being in the pre-revenue and pre-market stage.

The Australian biotech sector also serves as a catalyst for attracting both domestic and foreign investment. Over the period 2011 to 2021, the industry attracted an estimated $7 billion in additional investment.