

Biotechnology firms need consistent government policy

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The Turnbull government’s \$250 million boost to the biotech sector is a “great start” but not a “quick fix”, industry leaders have warned amid calls for consistent government policy to cement long-term support.



It takes 10 years of work to get a product to market. Picture: Andrei Tchernov.

Gary Phillips, chief executive of drug developer Pharmaxis, who has just returned from investor meetings in Europe and Asia, said the Australian industry suffered from an undeveloped venture capital market, and while overseas investors thought Australia had “good ideas” and “good science” the general thinking was the investment profile looked hard.

He said consistent policy, that did not change with a new prime minister, was needed to move the industry to the next level.

Mr Phillips added it took 10 years of work, lots of dollars and a lot of “hard graft” to get a product out of the research stage and into the market.

“If the new fund really helps us and is focused on getting companies to collaborate with universities and start-ups and gets the VCs to put money in as well, then we have that virtuous circle,” he said.

Malcolm Turnbull released his innovation statement this week that included a \$250m biomedical translation fund to bridge the gap between research and commercialisation of new Australian biomedical discoveries. It is an initiative that the industry has long been calling for, and while the sector has applauded the fund, caution remains over the finer detail.

A government spokesman said it was developing a governance framework for the new fund, which will be established next year, including the consideration of legislation and membership.

The spokesman said appropriate fund managers would also need to be selected through a competitive process, and once selected would need to attract at least matched funding from the private sector for investment.

“The government will be undertaking consultations across Australia over the next week to consider feedback from stakeholders on the innovation package as a whole before we lock in specific details for the fund,” the spokesman said.

Paul Hopper from oncology drug developer Prescient Therapeutics said the new fund was a fantastic move but he hoped its mandate left enough room for some entrepreneurship.

“I just hope that it is not going to become like bank finance and that there is an element of calculated risk-taking when they allocate the funds, so it doesn’t become another body that sits there and does diligence and decides it’s too risky and never deploys funds.”

Mr Phillips from Pharmaxis said the comments he received from overseas investors were that Australia was known for its good science but investors did not see many companies taking the ideas to a level where some of the risk was gone.

“The money from these overseas investors, huge funds that have billions to invest, would help us grow bigger successful companies here,” he said.

He pointed to successful sectors in the US and Britain where there were hubs based around major universities where reasonably sized biotech companies worked with institutions and investors — a model that did not exist in Australia.

“We don’t have many funds investing in biotech in Australia and we don’t have as many medium-size companies, like we are trying to be, who are linked with unis and investing in that research,” he said.

Mr Hopper, who is also an adviser on biotech deals to a Los Angeles-based investment bank, said in the US there was a corresponding side to innovation — money. He added that biotech or life science did not exist as an asset class in Australia.

“We are driven by digging things out of the ground and exporting them. There are hundreds of mining analysts studying a list of stocks and only a handful of biotech analysts. You don’t get the volume of research material that the funds and institutions in the US get.

“I don’t think the investment community is mature enough yet to see the support where funds put their money in. A lot is funded by mums and dads and high-net-worth individuals. They are bankrolling a lot of the listed sector.”

Mr Phillips added that the Turnbull government had made a great start with its support of the sector but cross-party support for the industry was needed. He said the sector was not asking for a free hand out, just stability.

“If we can point to the R&D tax credit and the new fund, we will become a more attractive place for people to invest in,” he said.

“We did studies in cystic fibrosis that cost tens of millions of dollars, I would’ve used up a considerable percentage of Malcolm’s \$250m fund just to get my one drug ... governments cannot and will not be able to provide enough funds to do this on their own. But what they can do is provide a consistent policy environment and grants that help other people justify why they want to bring their money in.”