



Biotech Daily

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Editorial: A Once In An Economic Lifetime Opportunity

There is no point subsidizing the dying industries of the 18th and 19th centuries whose boards and management failed to retain any of their past obscene profits for a rainy – or drought-ravaged – day.

This recession and the world-wide public commitment to Keynesian pump-priming is a once in a lifetime opportunity to reshape the Australian economy into the world leader it should be, comparable to Sweden, Denmark and Israel.

The two obvious places to put our taxes, tax-breaks and incentives are the pro-environment industries and biotechnology. We are the globally acknowledged way of the future, so it is time the Federal Government and to a lesser extent the State Governments got used to the inevitable and helped rather than hindered.

On January 27, 2009, the promising Perth-based Biopharmica announced that Diagnostic Array Systems had completed its Bactrak project - a diagnostic genetic microarray for the identification of microbial pathogens causing a range of lung diseases.

Biopharmica is the majority owner of the Melbourne-based Diagnostic Array Systems, a joint venture with RMIT University.

The company also announced that partly due to the Federal Labor Government's axing of the Commercial Ready Grant scheme without a replacement, it had been forced to make its chief executive officer Dr Peter King redundant and directors would be taking their pay in shares rather than cash – not necessarily a bad thing.

What is necessarily a bad thing is the Labor Party mind-set that subsidies only go to the biggest industries with the greatest political clout, including the welfare industry.

It is shockingly short-sighted that in its first 12 months in office – the only time when it can effect change – the Rudd Labor Government has done nothing to change the economy and underpin industries, not of the future but of the here and now.

The Federal Government needs to rethink its policies on energy, transport and industry and make decisions for the 21st and 22nd centuries not the Satanic Mills of the 18th century nor the Dickensian 19th century.

Israel, with 7 million people, has a technology sector way in advance of our own. Why? How? It is not a difference in population or demographics; we are both clever, well-educated countries – except Australia is not constantly at war – it is because the Israeli Government has used massive subsidies to attract the best and brightest, despite the neighborhood conflict.

And we can't do the same, despite our beaches, tennis and football. And English is our first, not second language. Israel provides grants that don't need to be repaid until the company is in profit. It fosters innovation and commercialization.

On January 26, 2009, Norway provided \$640 million for biotechnology as part of a \$4.3 billion stimulus package. It was reported the measure would prevent half of the company's biotechnology groups from going bankrupt.

The Federal Government is rearranging the deck chairs as the automotive industry's Titanic sinks slowly into the depths, instead of providing just a couple of oars to the survivors to create the new future.

Biotechnology is roughly the same size as the automotive sector, possibly bigger when all the biotechnology salaries in all the universities and institutions are compared to all the salaries in all the mechanical workshops.

The value in export sales is comparable and although more appears to be spent on cars than drugs, devices and diagnostics, that figure has proved elusive. Ford and GMH don't have to tell us their income, profit or staffing levels because they are private subsidiaries of foreign-owned corporations.

They are equivalent to the Australian operations of Glaxosmithkline, Merck Sharp and Dome and Pfizer, but the car manufacturers, along with the mining companies, have squandered decades of enormous profits.

Where are the Australian automotive equivalents of CSL, Cochlear, Resmed, Pharmaxis, Biota, Sirtex, Cellestis and Ventracor and the other 60 or so leading listed biotechs? Apart from Repco, are there any?

I'll leave the pro-environment industries to fight their own case, but it should be noted that when I wrote to the then head of BHP Paul Anderson to ask why it was that we could import wind turbines with their 30m prefabricated steel towers more cheaply from Denmark rather than build them in Australia, he investigated the steel division and sold it. I'm not sure the two events were that directly connected, but they may as well have been.

Selling coal and iron to countries who no longer want them, encouraging uranium mining for a powerful lobby, subsidizing ancient and dying industries like the infernal combustion engine which loses 90% of its power before it hits the wheels is a disgrace. Moreso when the path to the future is clear and ignored.

It is time for Labor to dump its dinosaurs, lemmings and dodos and realign the Australian economy for the future.

It appears that the Federal Labor Government has contributed to rising unemployment in the two sectors that should be creating wealth for the next two centuries; the biotechnology and pro-environment industries.

Sitting in Melbourne's 43°C heat with my coal-fired, so-called 'base-load' electricity shut down and unable to publish Biotech Daily because of it, I wish I had solar panels on my roof to give the miniscule power required for the modem to send this edition on time.

Prime Minister Kevin Rudd, Senator Carr, Finance Minister Lindsay Tanner and Federal Treasurer Wayne Swan need to go no further than their Labor colleagues Victoria's Premier John Brumby and former Queensland Premier Peter Beattie to reevaluate their policies.

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