



Biotech Daily

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Daily news on ASX-listed biotechnology companies

Biotech Daily Editorial: Welcome To 2017

In more than 11 years of publishing Biotech Daily we have never editorialized on global politics and never run an opinion piece in the first edition of the year.

But 2017 is different.

What do Brexit and the inauguration of US President Donald Trump mean for Australian biotech companies, universities and research houses?

While there is no crystal ball a few things are obvious.

Killing the US Affordable Care Act (Obamacare) means 20 to 50 million fewer customers. Biotech Daily has never understood why the big pharmaceutical, device and diagnostic companies don't understand "economies of scale" nor that the oxymoron "US healthcare system" has continued increasing layers of middle-people all taking their cut between the technology owner and the customer.

Impedimed's history of reimbursement for a relatively simple diagnostic is a Byzantine journey through bureaucracy. That anyone in Australia would want to emulate the US system beggars belief (see below).

Biotech Daily believes that with politics "what you see is what you get" and the Trump Presidency is going to be marked by chaotic 'twitter-led' policy-making with little or no regard to facts, truth, counsel or advice – a lot like the Australian experience under Prime Minister Tony Abbott and Treasurer Joe Hockey. The only certainty is that market uncertainty will be the order of the day.

What that means for our sector is that if you have a drug, device or diagnostic that people literally can't live without, like CSL's blood products, then the world will be your oyster, but if you are developing something more difficult to understand or prove, funding could become an issue, very quickly.

Biotech Daily believes that any company that can raise capital should be cashed up - either for the next four years, or at least until the timeline for proving your technology is indispensable.

As for the Full English Brexit – as The Guardian’s Steve Bell describes it – some companies have relied on the UK as a port of entry to Europe. This is highly likely to change, making it that much more difficult to gain European approvals, although it could make the Republic of Ireland and potentially Scotland quite attractive.

There is also a great concern over the rights of non-British citizens to remain in that country regardless of length of residency. It is likely to cause some brain-drain away from the UK and potentially cause difficulties for London as a financial centre.

One positive is that with the fall of Sterling, Australian companies will be better able to afford UK personnel and facilities.

In Australia, one of former Health Minister Sussan Ley’s indiscretions with taxpayer funds was a trip to the US, apparently to gain a better knowledge of their system.

Ms Ley has been replaced by Greg Hunt who has control of National Health and Medical Research Council and Australian Research Council grants as well as that great mythical being, the \$20 billion Medical Research Future fund, which is yet to allocate any funds from the \$1 billion held by the Hospitals and Charities Fund or all the cuts to the Health Budget redirected to the Fund in the 2014, 2015 and 2016 Federal Budgets.

Mr Hunt has been replaced in Innovation Industry and Science by Senator Arthur Sinodinis and while Biotech Daily welcomes an experienced politician to the portfolio, it is with caution.

Senator Sinodinis comes with considerable baggage from his days as the Liberal Party treasurer at a time of curious donations and is the third Innovation Minister since Prime Minister Malcolm Turnbull said he would put innovation at the centre of his agenda in appointing Christopher Pyne to the job, 12 months ago.

In three weeks, we shall mark the Chinese Year of the Rooster, and that could be the wake-up call to prepare for the “interesting times” ahead.

The good news is that there is more activity in the sector than ever before, with a record number of companies listed on the ASX, more investment from off-shore investors in both companies and research institutions and strong capital raisings.

To help us understand our way through the array of companies, Biotech Daily is delighted to announce that former Criterion writer for The Australian, Tim Boreham, will contribute regular analyses of the sector, starting with Sirtex.

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Editor

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