



Biotech Daily

Tuesday September 3, 2013

Daily news on ASX-listed biotechnology companies

Election Editorial: No One Offering A \$1bn Phase III Trials Fund

[BIOTECH DAILY ELECTION EDITORIAL](#)

The problem for innovation in general and biotechnology in particular is that none of the major Federal parties understand the subject area like the previous Victoria and Queensland Governments.

The acumen, zeal and commitment of Victoria's John Brumby and Steve Bracks and Queensland's Peter Beattie and Anna Bligh, translated to the national stage with a commensurate increase in funding, would transform the country and make us truly a world leader in innovation.

Not one of the major parties has mentioned funding for phase III drug registration trials, which cost tens of millions of dollars. To labor the same point again: One single Collins Class submarine which is incapable of submerging (about \$1 billion), invested wisely, would pay for several phase III trials per year and with the right contract requiring equity or pay-back, just one success a year could make that fund perpetually self-funding.

That said, the biotechnology, research and development and commercialization policies of all three major contestants appear to do no harm.

[The Australian Greens](#)

The Australian Greens have promised to inject \$2 billion over seven years to increase research and development spending to three percent of gross domestic product and the proposals include returning previous cuts and increasing a number of specific programs (BD: Aug 20, 2013).

The Greens say the proposals have been costed by the Parliamentary Budget Office and would be funded from announced revenue measures, including the abolition of fossil fuel subsidies.

Biotech Daily joins Walter and Eliza Hall Institute director Prof Doug Hilton and the Australian Academy of Science's former secretary for science Prof Robert Williamson in welcoming the Greens proposals and acknowledges that the Greens Deputy Leader and Member for Melbourne Adam Bandt understands that he is also 'the Member for Biotech'.

Apart from the absence of funding for phase III drug trials the Greens policies are good.

[The Australian Labor Party](#)

The Australian Labor Party has committed itself to a continuation of present levels of funding for the major pillars of innovation research and development and commercialization: the 45 percent Research and Development Tax Credit, Australian Research Council, National Health and Medical Research Council, Innovation Investment Funds and Commercialisation Australia.

On August 20, the Labor Party announced a \$250 million Medical Research Innovation Fund to assist commercialize medical treatments and healthcare technologies. With \$125 million from the Government, it requires private sector matching and is aimed at "early stage development of innovative biotechnology ventures" hopefully closing a gap recently identified by GBS Venture Partners, which was forced to reject a \$30 million IIF grant because it saw \$50 million as the minimum required to provide for risk-spreading.

Apart from the absence of funding for phase III drug trials the Labor promises on innovation are good.

Biotech Daily would be more convinced that those promises would be kept if we knew in advance that the Labor candidate for Forde, former Queensland premier Peter Beattie would be the Minister for Innovation in a returned Labor Government.

If Labor confirmed that Mr Beattie would have a leading role in innovation, that would be a big plus for our sector. Mr Beattie told Biotech Daily that no matter what role he had, he would champion biotechnology and innovation (BD: Aug 22, 2013).

[The Liberal National Party Coalition](#)

Like Labor, the Liberal National Party Coalition has committed to present levels of funding for the Australian Research Council and the National Health and Medical Research Council.

Requests to Liberal Party officials to confirm the same for the 45 percent Research and Development Tax Credit, Innovation Investment Funds and Commercialisation Australia were unanswered at the time of publication.

The Coalition policy on manufacturing includes a review of the Research and Development Tax Credit, widening it to large companies, for whom it is less critical. It is not dissimilar to the Paid Parental Leave program and Education policies, in that rather than funding needs, through means-testing, it is regressive. The policy includes reversing previous changes to definitions, one of which was to exclude roads to mines as “research and development”. No one from the Liberal Party was available to clarify this at the time of publication.

Biotech Daily welcomes the Coalition’s \$50 million commitment for transition funds and \$50 million for export programs and would like to see more detail on how these funds would be spent. With transition grants of up to \$10 million there won’t be many of them.

The promises of \$42 million for the Australian Institute of Tropical Health and Medicine and \$35 million for type 1 diabetes research are also welcome, but the scale needs to be compared to the \$50 million Living Cell and Otsuka joint venture (BD: Oct 19, 2011).

Although the Coalition criticizes ‘reviews’, a major plank of its policy is another White Paper review into funding innovation. This will take a very long time to reach the logical conclusion of a \$1 billion phase III drug trials fund (see above).

Finally, the Coalition focus on cutting the Corporate Tax rate, while welcome by some, along with the promise to remove the Carbon and Mining Taxes, means that there will be less available for Government investment and seed funding.

The promised savings of \$1 billion from cutting alleged waste and what the Coalition calls red and green tape does not bode well for a sector closely involved with Government funding and requiring strict regulations relating to drugs, devices and diagnostics for human use. Promises to expedite drug trials and approvals, while superficially welcome, need to ensure that integrity is not compromised.

That said, reform of Australia’s regulatory framework (or lack thereof) is well overdue, as outlined last month by Cochlear’s Dr Chris Roberts (BD: Aug 6, 2013).

Decision-making by the Therapeutic Goods Administration appears to be idiosyncratic, with approvals granted to large and/or foreign companies, while making life impossible for local and/or smaller companies. A TGA-approved CSL vaccine subsequently had paediatric safety issues, while the TGA demanded that Acrux run a further trial for its FDA-approved generic hormone in an alcohol and sunscreen base, despite being on sale in the US for four years.

The Coalition’s policies appear to do no harm, but require greater detail. Previous policies accusing climate and reproductive science of being ‘political’ also remain a concern.

The Opposition spokesperson on Innovation, Sophie Mirabella, has been noticeably absent since she replaced Senator Eric Abetz in the role, let alone through the election period.

Biotech Daily has attempted to contact the Member for Kooyong, Joshua Frydenberg who was said to be involved in developing Coalition innovation policies, but he has not returned telephone calls.

Biotech Daily is concerned that the Coalition's policies lack detail.

Biotech Daily is also concerned that following the election whichever Party forms Government will declare that the Budget has again changed and cuts are required.

The written promise from Opposition Leader Tony Abbott, restated by the Member for Higgins Kelly O'Dwyer at a Bio-Melbourne Breakfast earlier this year that the ARC and NHMRC budgets will not be cut, is encouraging.

The Greens Adam Bandt made the same pledge at the same meeting.

Biotech Daily supports whichever political party is prepared to take innovation seriously and pay more than mere lip-service to investing in future technologies. A \$1 billion phase III drug trials fund would be convincing.

David Langsam
Editor