Sector briefing

Biotechnology Opportunities in AUSTRALIA

Why Australia?

Australia is the leading location of Biotechnology in the Asia Pacific region. Australia has a thriving biotechnology sector including around 450 core biotech companies amongst an industry total of 1200 enterprises and a world class scientific, medical and agricultural research base.

Australia is ranked the 6th largest biotechnology industry in the world behind the US, UK, Canada, Germany and France.

With beneficial exchange rates, a booming economy and proximity to the emerging markets of the Asia Pacific region, there has never been a better time to do business in Australia.

Find general information on the Australian market conditions on UKTI’s website. The Doing Business Guide for Australia gives an overview of Australia’s economy, business culture, potential opportunities and an introduction to other relevant issues.

“Australia is the 6th largest biotechnology market in the world and the leading location of biotechnology in the Asia Pacific region.”
Opportunities
Opportunities are widely available in Australia for British companies;

For companies looking to market services in drug discovery, development, clinical trials and contract manufacturing.

For biotechnology and pharmaceutical companies looking to partner with world-leading research institutions, license in projects at pre-clinical or phase 2 stages or license out technology particularly in the oncology and infectious disease space;

Industry Overview & Characteristics
CSL, based in Melbourne, is Australia’s largest biotechnology player and currently the 4th largest biotech company in the world based on sales and has a market cap around $20 billion. CSL’s key areas of expertise include blood plasma products, vaccines, antibodies and recombinant biotechnology.

Major recent activity in the Australian biotech market has included US company Cephalon’s $320 million takeover of Arana Therapeutics, Danish company Leo Pharma acquiring Peplin for $307 million, Acrux’s $600 million licensing deal with Eli Lilly for it’s underarm testosterone treatment Axiron and Mesoblast’s up to $2 billion deal with Cephalon for it’s stem cell therapies.

A recent industry survey showed that Australian biotechnology companies had 70 clinical trials underway, with over half of these in either phase 2 or phase 3.

Australia’s federal and state governments have targeted biotechnology as one of the innovative industries that will be key to economic growth. As such the industry has been historically built on publically funded R&D including universities, medical institutes and organisations such as CSIRO and compared with competing nations Australia produces a larger proportion of lifescience graduates.

There is still strong government support for biotechnology research, although as the sector matures governments are increasingly looking to fund projects particularly geared to commercialisation.

Victoria
Victoria, and it’s state capital Melbourne, is the largest centre for biotechnology in Australia. Comprising more of 140 companies, 13 major medical research institutes, eleven teaching hospitals and 9 universities. Melbourne joins London and Boston as the only three cities in the world with two universities in the global top 20 biomedical rankings.

As part of initiatives to encourage the growth of the biotechnology industry Victoria has developed a number of Biotechnology Precincts with shared infrastructure between Universities Research Hospitals and private companies to encourage sharing of facilities and expertise. These include:

The Bio21 Cluster
The Bio21 Cluster links 22 research organisations to support shared infrastructure and expertise in biotechnology. The project has established the Bio21 Institute at the University of Melbourne and six collaborative infrastructure projects providing access to platform technologies such as high-throughput screening, informatics and protein crystallisation. It is also home to the Victorian Life Sciences Computation initiative.

Parkville Precinct
The Parkville Precinct is the major precinct in Australia for medical and bioscientific research, education, clinical practice, production of pharmaceuticals and biotechnology products. Members include Melbourne Health, University of Melbourne, Walter and Eliza Hall Institute of Medical Research, Howard Florey Neurosciences Institute and the Ludwig Institute for Cancer Research.

Monash Health Research Precinct
Based around Monash University this precinct links the university and the Southern Healthcare network with major research organisation and infrastructure including CSIRO, the Australian Synchrotron and the Australian Stem Cell Centre.

New South Wales
Sydney is the traditional centre for pharmaceutical manufacture in Australia and a major proportion of global pharma companies and local generics companies are based here. These include Pfizer, Merck and AstraZeneca.

New South Wales also hosts 120 biotechnology companies, is a major centre for clinical trials.
in Australia and also hosts major research institutes including the Garvan Institute for Medical Research, the Prince of Wales Medical Research Centre and the Westmead Millennium Institute.

**Queensland**
The Queensland government has committed to establishing the State as a centre of excellence in biotechnology that will employ over 16,000 people and generate $4 billion in revenues by 2025. The government’s approach has been to invest in infrastructure and promote integrated translational research.

Queensland’s biotechnology industry currently comprises around 90 companies and 65 research institutes with expertise in health and medical biotechnology, drug discovery, clinical trials, tropical health and sub-tropical agricultural biotechnology.

Since 1998 the Queensland government has invested over $600 million in the state’s biotechnology industry to help fund a number of major institutes including; BioPharmaceuticals Australia manufacturing facility, Institute for Molecular Bioscience, Queensland Institute of Medical Research, Queensland Brain Institute, Australian Institute for Bioengineering and Nanotechnology, the Diamantina Institute for Cancer, Immunology and Metabolic Medicine, the Mater Medical Research Institute and the Eskitis Institute for Cell and Molecular Therapies.

**Western Australia**
Western Australia’s traditional strengths are in the resources/mining and agriculture sectors, as such the biotechnology industry is focused largely on agricultural, industrial and environmental areas. That said, WA is also home to a number of leading human health companies and research institutes.

Agricultural biotechnology research in WA focuses on a range of areas including molecular biology, genomics, proteomics for research on plants, animals and microorganisms, floriculture, plant molecular markers, gene technology, crop biotechnology, rumen biotechnology and microbial pathogens.

Environmental and Industrial biotech R&D covers areas such as biological processes for wastewater and sludge treatments, remediation of contaminated land, renewable energy biomass systems and bio-mining, specifically in bioleaching and improving hydrometallurgical processes for the extraction of metallic compounds using aqueous solutions.

In total Western Australia is home to around 50 biotechnology companies.

**South Australia**
South Australia currently supports around 40 biotechnology firms and again the state government is keen to increase the size of the sector. Most of the current organisations are housed in various precincts as with other states, which are hoped to expand and provide infrastructure and support. In South Australia these are based in and around the capital Adelaide and include:

**Florey Precinct**
Located in the CBD of Adelaide the Florey Precinct is recognised for its life and medical sciences research. It is an intensive concentration of health R&D capabilities in the areas of biochemistry, genetics, microbiology, immunology and physiology – a research cluster renowned for discoveries in human reproductive medicine.

**Waite Research Institute**
The Waite Research Institute is the largest agricultural research institute in the Southern Hemisphere. It is co-located at the Waite Campus with other companies and research institutes working on agricultural biotechnology including, the Australian Centre for Plant Functional Genomics, the FOODplus research centre and the Wine Innovation Cluster.

**Cooperative Research Centres**
The Cooperative Research Centres (CRC) program provides funding to build critical mass in research ventures between end-users and researchers which tackle major challenges. A CRC is an incorporated or un-incorporated organisation formed through collaborative partnerships between publically funded researchers (i.e. University or Research Institute) and at least one Australian end-user (private or public company or community organisation).

There are a total of 42 CRCs currently funded, those with a biotechnology focus include: Asthma and Airways, Biomarker Translation, Cancer Therapeutics, Biomedical Imaging, Cancer Therapeutics, Oral Health, Vision,
Government Support
The Australian Federal Government joins the state governments in providing incentives and programmes designed to assist the development of the biotechnology industry. Some of these are available to both local and international companies.

The **R&D Tax Credit** is the Australian Government’s principal initiative to encourage research and development (R&D), and includes expanded access to foreign companies who undertake R&D in Australia and to companies that hold their intellectual property offshore.

The R&D Tax Credit provides eligible companies with a tax offset for expenditure on eligible R&D activities. The two components of the program are:

- a 45 per cent refundable tax offset (equivalent to a 150 per cent deduction) for eligible R&D entities with a turnover of less than $20 million per annum;
- a non-refundable 40 per cent tax offset (equivalent to 133 per cent deduction) for all other eligible R&D entities. Unused offset amounts can be carried forward for use in future income years.

Key Methods of Doing Business
As a general rule Australian Biotechnology companies, along with the major research institutes will actively look to partner with overseas companies. The markets of the US and Europe are the key end target for Australian companies and they will particularly look for service providers with expertise in these markets to assist in the development of products.

Ability and knowledge of ways to access funding, for example from the European Framework 7 programme can be a big incentive for Australian companies looking to outsource or collaborate on R&D programmes. Business culture is commonly face-to-face in Australia so meeting potential clients more than once is a must. Targeting meetings at international events such as BIO or BioPartnering Europe, followed up by visits to Australia is a useful way to generate a relationship.
Major events and activities

AusBiotech 2012
30th October – 2nd November 2012, Melbourne

AusBiotech is the national biotechnology industry organisation which also runs the annual AusBiotech conference, the largest biotechnology event in the Asia Pacific region.

In 2010 over 1500 participants attended the conference in Melbourne including 200 international delegates from 20 countries.

UK Trade & Investment supports UK companies wishing to attend AusBiotech by hosting on the UK stand, recommending companies to target through partnering and invitation to a high level networking event.

Find full details of all events in this country and sector on the UKTI website.
New export events are added daily to the site and you can register to be alerted to them on a daily, weekly or monthly basis

UKTI’s Tradeshow Access Programme (TAP) provides grant support for eligible Small & Medium Sized Enterprises (SME’s) to attend trade shows overseas. Find out more about UKTI support for attendance at overseas events

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Next steps - How UKTI can help

British companies wishing to develop their business in the Australia market are advised to undertake as much market research and planning as possible in the UK. UKTI’s team in Australia, with its wide local knowledge and experience, can provide a range of services to British-based companies wishing to grow their business in global markets.

This can include:

- Provision of market information
- Validated lists of agents/distributors
- Key market players or potential customers in the Australian market
- Establishment of interest of such contacts in working with you
- Arranging appointments
- Organise seminars or other events for you to meet contacts and promote your company in the Australian market

This work is available via our Overseas Market Introduction Service (OMIS), a chargeable service which assists British-based companies wishing to enter or expand their business in overseas markets.

To find out more about commissioning this work, or accessing other UKTI services and specialist advice, please visit the UKTI website to find contact details for your local UKTI office.

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