

# Australia on track to be a global biotech player

Bill Pheasant

A viable Australian biotechnology industry is at least five years away and would require more mature and patient venture capital investors, according to a senior industry player.

Speaking after the final function at BIO 2005 in Philadelphia, Peter Riddles — the former chairman of peak body AusBiotech — said that state and federal governments needed to maintain their momentum for “at least three to five more years”.

“These things don’t happen unless you have a critical mass of money, intellectual property and people,” he said.

“We need our venture capital — our investors — to be more mature, more patient and more sophisticated.”

However, Brigitte Smith, head of one of the country’s leading biotechnology venture funds, GBS Ventures, said that the recent \$150 million raising from Australian investors indicated strong interest in the sector.

Ms Smith said it wasn’t a question of patience and maturity, but depth in the market.

“I don’t think Australian investors are short-sighted. I don’t think that is the right criticism,” she said.

GBS Ventures’ original fundraisings involved Australian investments into Australian science, but later funds partnered increasingly with US investors to spread investment risk and build capacity.

However, it has meant that



Access to US funds will help local biotech companies grow.

Photo: PETER BRAIG

many Australian science projects have required a US offshoot to become visible to American funds.

“It is a generalisation, but US investors won’t invest in an Australian incorporated entity. So there is some taking of projects to the US, which is less helpful to building an ‘indigenous’ industry,” Ms Smith said.

Dr Riddles rejected as “long-standing”, recent attacks that questioned the viability of Victoria’s plan to become a global top-five player in the biotechnology sector.

“Let’s not forget that five years ago we weren’t doing any of this [building a biotechnology industry],” he said.

“People were saying we would

never be able to commercialise — but look at the number of companies that have been spun out.”

Victorian Premier Steve Bracks — on his fifth visit — was among a 400-strong Australian delegation to BIO 2005 that included federal Industry Minister Ian Macfarlane, Queensland Premier Peter Beattie and his South Australian counterpart Mike Rann, along with NSW Science Minister Frank Sartor.

The good news for the week was Proteome Systems’ announcement that its rapid tuberculosis diagnostic had won support from an entity of Microsoft founder Bill Gates, sending its share price from 16¢ to more than 40¢.