

BioMelbourne Network Policy Principles - 2018 State Election

The biotechnology, medical technology and pharmaceutical sector in Victoria is vibrant and growing but yet to reach its full potential contribution to the Victorian economy. Historical support from governments has allowed the sector to grow, now employing 75,000 people and generating \$12.7 billion in revenue, a figure which has doubled since 2011.

Victoria needs stable and supportive policy settings that foster a business environment that allows Victorian biotechnology, medical technology and pharmaceutical companies to be globally competitive. To drive economic growth and bring healthcare solutions to Victorians faster, BioMelbourne Network calls all parties contesting the 2018 state election to develop policies that:

Are cohesive across the innovation lifecycle:

- More than 650 companies are engaged in the sector in Victoria and are operating in a complex and highly regulated global healthcare landscape that creates challenges and risks for the industry
- Changes and gaps in policy cause uncertainty for industry leading to a reluctance to invest
- Companies need consistent, cohesive and stable policies across education, research, development, translation, market access and commercialisation to secure investment and engagement that grows the health innovation ecosystem in Victoria.

Facilitate industry-led collaboration:

- Industry-led collaboration drives innovation, but it is not occurring at scale in Victoria due to the complexity of the value chain
- Government support is needed to facilitate connections between industry, academics, healthcare providers, R&D services, business and finance to drive growth in the sector
- Incentives to create innovation partnerships and sustain supply chains in Victoria that engage local suppliers will increase jobs and retain maximum economic benefits for the State of Victoria.

Grow the talent pool:

- Skills shortages are impeding industry development in Victoria, particularly in senior technical roles
- Need to ensure graduates have industry-ready skills and experience, and to provide SMEs with access to leadership development programs for workforce sustainability planning
- Support for talent attraction and development is necessary to address immediate skills shortages.

Grow companies:

- Recent unpublished research suggests a lack of critical mass of early-stage seed funding in Victoria to undertake product development activities resulting in a sub-scale start-up sector
- Total R&D spending by Victorian SMEs (excluding CSL and MSB) has flatlined
- To ignite the next growth phase, Victoria must support existing companies to scale-up R&D activities, build product pipelines, facilitate market access locally and globally, and accelerate companies with demonstrated commercial potential.

Promote global engagement:

- Key markets for Victorian companies are global and previous governments have invested in global engagement through trade missions, travel grants and international business offices
- It takes time to gain international market access and only now are companies reaping the benefits of previous investment by executing on global growth strategies
- Victoria must support the next generation of companies to extend their reach into global markets by facilitating access to international expertise and build partnerships that increase global competitiveness.

Attract and expand company presence in Victoria:

- Victoria is losing high growth opportunities to other states such as Queensland and South Australia
- Other states have aggressive relocation and expansion incentive programs which have been very successful in attracting investment from local and international companies
- Without further investment and a growth-mindset in Victoria, the state will fail to capitalise on its market-leading research capability, continue to lose home-grown companies and fail to attract significant new international business.

Encourage innovation in the healthcare system:

- Victorian grown health innovations are not always adopted locally – this is a market failure
- Local healthcare systems need incentives to become early-adopters of new innovations
- Victoria needs to develop mechanisms to encourage hospital boards and decision makers to prioritise engagement with local innovators, increase clinical research and development, support local market access and bring local innovation to patients sooner.

Leverage federal funding:

- Victoria wins nearly half the NHMRC funding for medical research but underperforms in terms of attracting federal industry and innovation funding
- A strategic approach is needed to increase the federal allocation of funding to Victoria
- Victorian incentives to harness Federal innovation and commercialisation grants will prime partnerships, create jobs and build the pipeline of opportunity for Victoria.

Strengthen clinical trials:

- Victoria has a strong and growing clinical trials sector, but global competition is increasing
- Streamlining multi-site approval, ethics and governance are necessary but not sufficient. Victoria is at risk of losing trials to international sites, such as Japan, EU, South Korea & Russia
- Victoria must address challenges in patient recruitment, standardisation of costs and processes and increase workforce capability to remain globally competitive for clinical trials.

Boost manufacturing:

- The global pharmaceutical sector is experiencing massive cost pressure and Victoria is seen as a relatively high-cost manufacturing destination, particularly for labour
- The opportunity for Victoria is in its reputation as a high-quality manufacturer with capacity for high complexity, high-value products
- The state must incentivise high tech infrastructure upgrades to boost productivity and export capacity and promote Victoria's reputation for quality production.