

5 Other Matters

Not Relevant

6 Cabinet Notes

Not Relevant

603 REPORT ON PROGRESS ON RECOMMENDATIONS FROM ADELAIDE  
THINKER IN RESIDENCE, DR MAIRE SMITH "DEVELOPING A BIOECONOMY  
IN SOUTH AUSTRALIA" - NOTED

Not Relevant

603

**MINUTES forming ENCLOSURE to**

**TO: THE PREMIER FOR CABINET TO NOTE**

**RE: REPORT ON PROGRESS ON RECOMMENDATIONS FROM ADELAIDE  
THINKER IN RESIDENCE, DR MAIRE SMITH  
"DEVELOPING A BIOECONOMY IN SOUTH AUSTRALIA"**

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**1. PROPOSAL**

For Cabinet to note progress vis-à-vis recommendations by Adelaide Thinker in Residence, Dr Marie Smith in her report "Developing a Bioeconomy in South Australia".

**2. BACKGROUND**

Dr Smith was Adelaide's third Thinker in Residence. Dr Maire Smith, a world renowned bioscience industry expert in the commercialisation of bioscience research, has a strong background in global marketing, licensing, project management, business development and scientific research, largely gained in leading international pharmaceutical companies.

Dr Smith was the former Chief Executive Officer of Manchester Innovation Limited, the commercialisation arm of the University of Manchester. In September 2004 she was appointed as the Director of Intellectual Property for the United Kingdom's National Health Service.

The Department of Primary Industries and Resources SA and Bio Innovation SA joined as partners with the Adelaide Thinkers in Residence secretariat to bring Dr Smith to South Australia. Dr Smith visited Adelaide twice on this program, first in August 2003 and again in July 2004, spending seven weeks in Adelaide.

Dr Smith prepared the final report "Developing a Bioeconomy in South Australia" outlining a positive pathway for developing South Australia's bioscience economy of the future. The report was completed in February 2005 and tabled in Cabinet for noting on 2 May 2005.

**3. DISCUSSION**

The report makes a number of key recommendations. Action to date against these recommendations (denoted R1, R2, R3 etc) is as follows:

- R1    *The Waite Partners conclude a scientific and commercial review of the agricultural biology sector and produces a business plan around focused targets.***

The Waite Partners, comprising the University of Adelaide, The Australian Centre for Plant Functional Genomics, South Australian Research and Development Institute (SARDI), CSIRO Land and Water Division, Australian Wine Research Institute and Bio Innovation SA, are committed to developing a new 'Vision for the Waite'. Currently a project team is identifying core capabilities and a mechanism for encouraging synergy through collaboration to facilitate commercial outcomes.

- R2    *Recruit an AgBio commercial specialist, with experience and vision, to work with the Waite Partners and Bio Innovation SA.***

This recommendation has been implemented. Dr Martin Miller commenced his appointment at Bio Innovation SA as Director of Agricultural and Environmental Biotechnology on 6 May 2004. Since then he has provided expert advice and grant assistance to seven agbio companies, is the driving force behind the new Waite Vision and is building international networks. Bio Innovation SA recently signed a MOU with Plant Bioscience Ltd (PBL) for a Technology Transfer Alliance. PBL is the leading technology transfer company in the UK, representing many publicly funded organisations including the John Innes Centre in Norwich.

- R3    *Knowledge transfer providers, working in collaboration with Bio Innovation SA, highlight key research propositions in biomedicine likely to have commercial impact.***

Bio Innovation SA has co-funded two key positions since 2004 to provide academic researchers with greater access to specialist biomedical commercial advice. Dr Paul Tolstoshev, Commercialisation Research Manager at Adelaide Research & Innovation (the commercialisation arm of the University of Adelaide) is located in and works directly with researchers in the School of Molecular and Biomedical Science. Ms Rachel Marin, was appointed as Director of Commercialisation at the Queen Elizabeth Hospital (TQEH) to support research commercialisation at both TQEH and Flinders Medical Centre. A third appointment has recently been agreed for the Faculty of Health Science, University of Adelaide. These appointments have assisted in increasing the rate at which promising technologies with commercial potential are identified. They can then be targeted for development to the point where they can attract additional funding for 'proof of concept' and commercial development.

- R4    *Align all bioscience technology transfer activities in universities, institutes and hospitals.***

The Science, Technology and Innovation Directorate of DFEEST commissioned Ernst & Young to assess the economic impact should the three SA university technology transfer arms be amalgamated into one entity. As a result of estimates of the cost to Government to achieve this, the project did not proceed. However, the funding support provided by Bio Innovation SA described in R3 has assisted in improving the flow of deals from participating institutions, and would benefit from further expansion, subject to funding.

- R5 *Publish the State Intellectual Property (IP) Policy and view IP practice in South Australia as an asset to business collaboration, whether that IP emanates from a government department, university, institute or hospital.***

A whole of Government IP policy working group, under the chairmanship of Dr Jurgen Michaelis, CEO of Bio Innovation SA, has been developing a new IP policy in line with the Government's need for a more commercially responsive and consistent approach. Cabinet approved the new IP policy on 12 December 2005.

- R6 *The State creates a proof of concept fund (open to business and research organisations) in the region of \$1 million per annum. Funding up to a ceiling of \$250,000 can be apportioned to high value projects, identified by Bio Innovation SA. These projects must meet agreed criteria and milestones and be subject to due diligence.***

Bio Innovation SA allocates approximately 50% of its operating budget to grant funding, including the establishment of a proof of concept fund to support both academic researchers and established companies. Grant guidelines are available at [www.bioinnovationsa.com.au](http://www.bioinnovationsa.com.au)

Bio Innovation SA applies a ceiling of \$50,000 per grant rather than the \$250,000 suggested by Dr Smith, so as to be able to provide assistance to a larger number of projects.

Bio Innovation SA recently raised a \$35 million early-stage bioscience venture capital fund with an announcement by the State Government pending.

- R7 *Undertake a targeted promotion of the State's biotech strengths to inform venture capitalists about bioscience.***

It is noted that support has been given to promoting the industry by the active participation of Premier Mike Rann and the Minister for Science and Information Economy at Bio 2004 in San Francisco, Bio 2003 in Washington and most recently, Bio 2005 in Philadelphia.

Bio Innovation SA has a comprehensive web page outlining opportunities in South Australia and has recently staged a 'pitch-fest' for venture capitalists to invest in South Australian companies.

- R8 *The State supports an incubation strategy based on market-driven sustainable deals – whether licensing deals or spinout company formation. The commercial activity will need to be driven by Bio Innovation SA, in partnership with the relevant stakeholders from the University, hospital or institute concerned.***

Sustainable deal flow depends on building a research capability, business development expertise and access to finance. In the 12 months to June 2005, Bio Innovation SA facilitated the creation of five new bioscience companies, awarded \$683,628 in grants to early stage bioscience companies, leveraging almost \$2.3 million in total project expenditure. An additional \$290,000 was awarded under Bio Innovation South Australia's Commercial Infrastructure fund and \$439,000 awarded under the Adelaide Integrated Bioscience (AIB Labs) Infrastructure Fund. Through these programs, Bio Innovation SA successfully acts as a 'virtual' business incubator to support the

transition of academic research into commercialisation and then to accelerate company growth.

**R9 *The State supports infrastructure at Thebarton with a dedicated biotechnology incubator. The incubator will need branding with a name of powerful resonance such as the 'Adelaide Biotechnology Quarter'.***

Cabinet approved \$9m in funding in April 2004, increased to \$11.5m in May 2005 towards the construction of a dedicated bioscience incubator at the Thebarton Bioscience Precinct. A funding model has now been agreed between the Department of Treasury and Finance (DTF), the Land Management Corporation (LMC) and Bio Innovation SA. Detailed architectural design work commenced in late 2005, and construction is now scheduled to commence in late 2006, with an expected completion date of late 2007.

The incubator will offer office and laboratory facilities for up to 16 early stage biotechnology companies, along with specialist business mentoring services provided by Bio Innovation SA. The demand for the facility is high, based on the rate of new company formation facilitated by Bio Innovation SA and other interest shown from elsewhere in Australia.

There is a high concentration of high tech companies in Thebarton, with over 90 small to medium enterprises and over 750 employees in an area marketed as the 'Thebarton Advanced Technology and Bioscience Hub', which includes the Bioscience Precinct and University of Adelaide Research Park. Given the interest of biotech and related companies to locate to this area, there is an opportunity for a major integrated urban redevelopment project to revitalise the western suburbs through new employment and investment opportunities for the area.

A national marketing campaign to promote interest in the incubator and other land available in the area will commence in 2006.

**R10 *Promote entrepreneurial programs, such as those available at the Centre for the Development of Entrepreneurs in the University of South Australia, to help train tomorrow's entrepreneurs.***

The importance of creating an entrepreneurial culture within the research community is recognised through the SA Government, with sponsorship for a number of initiatives already in place through the Science, Technology and Innovation Division of DFEEST. These include the Tall Poppies Campaign, the Masters in Science and Technology programme at The University of Adelaide and the Premiers Science Awards.

Bio Innovation SA also believes an Entrepreneur in Residence Programme is vital to support early stage biotechnology companies, by attracting senior commercial managers, locally, interstate and/or overseas to manage high growth companies for up to one year until they can appoint a permanent CEO. An international search for appropriate candidates is underway, although suitable qualified candidates willing to relocate to South Australia are globally in short supply.

***R11 Establish formal networks involving Bio Innovation SA, the three universities and the Waite Partners, to ensure maximum synergy and consistent policy and branding messages for the commercialisation of biotech opportunities.***

Bio Innovation SA has established strong community support for its five annual high quality networking events, which regularly attract over 200 attendees from the SA bioscience community. From this, cross-fertilisation of ideas has occurred between researchers who would usually have little to do with one another in their traditional academic or industry circles. This has led to strong community networks, industry and academic researchers being brought together in a formal way for specific projects, including the *Adelaide Integrated Bioscience Laboratories* (AIB Labs) project to improve access to sophisticated research equipment; the *In Vivo Models* working group to collectively market Adelaide's research expertise; *Drug Development South Australia*, a clinical trials network, and the *IP Task force*, which is promoting a consistent policy framework for IP across the Government and universities in SA. Bio Innovation SA continues to be strongly outcome focussed, and has strong support from the Deputy Vice Chancellors – Research of the state's three universities for such initiatives.

***R12 Showcase suitable opportunities seeking finance are showcased in major business sites such as London, Singapore, Tokyo, Boston & San Francisco, signposting South Australia's biotech network to other business centres.***

Bio Innovation SA actively prepares companies to pitch for funds and supports travel to appropriate international forums. It is a member of the State and Federal Government marketing group (Committee for Marketing Australian Biotechnology) under the auspices of Ausindustry, which actively promotes Australia as a biotech destination at major international conferences such as Bio 2005.

***R13 The State liaise with the Federal Government to encourage existing public relations campaigns to promote the advantages of agbio to society.***

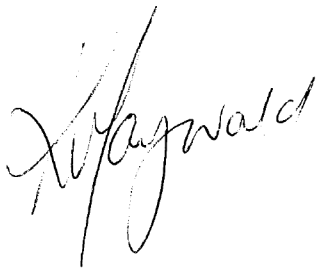
The importance of a national approach to such PR campaigns is recognised and co-ordinated through the Committee for Marketing Australian Biotechnology (see R12). Key local initiatives include the "getting into genes" program for schools being conducted by the Australian Centre for Functional Plant Genomics from its headquarters at The Waite.

**R14 The State develops specific regional incentives to encourage companies – ideally from Asia – to come to South Australia to collaborate with the Waite Partners and the biotech incubator at Thebarton.**

No specific regional incentives have been implemented to date. However, it is believed that there will be some interest in Asia to relocating to Adelaide to benefit from a 'one-stop-shop' access to bioscience business incubator facilities combined with expert business mentoring. Targeted promotion will occur once the incubator is established. This was also Dr Smith's experience at the Manchester Incubator in the United Kingdom.

#### 4. RECOMMENDATIONS

It is recommended that Cabinet note that significant progress has been made against the recommendations of the report.



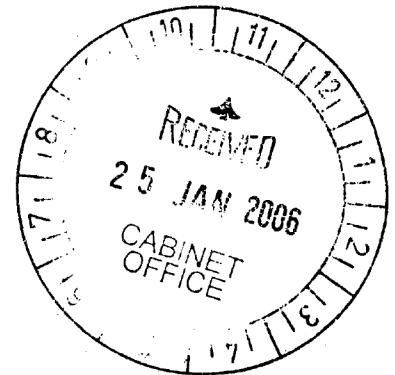
**Karlene Maywald**  
**MINISTER FOR SCIENCE AND INFORMATION ECONOMY**

Date: 23/1/06



**Hon Rory McEwen MP**  
**MINISTER FOR AGRICULTURE, FOOD AND FISHERIES**  
**MINISTER FOR STATE/LOCAL GOVERNMENT RELATIONS**  
**MINISTER FOR FORESTS**

Date: 30 JAN 2006



**In Cabinet**

30 JAN 2006

