

BOOSTING THE COMMERCIAL RETURNS FROM RESEARCH

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As Australia's largest life science venture capital investor, we will focus in our submission on the commercial returns from *Medical Research*.

The proposed Medical Research Future Fund is a terrific initiative, but it ignores Australia's uneven track record of commercializing Australian Medical Research, which should be addressed in parallel with planning to double the funding of Australian Medical Research.

It is imperative that when the Medical Research Future Fund is given to the Future Fund to manage, part of the operating instructions for the Future Fund be to *invest in companies and funds that invest in Australian life science companies*. As the Future Fund does not currently invest in Australian venture capital firms or Australian life science companies, this would be different from what would otherwise happen by following the same investment strategy as the Future Fund.

An appropriate proportion to invest in Australian life science companies and funds that focus on those companies might be 10% of the fund. Income generated by the fund could then be deployed to fund medical research as has been envisaged. This would ensure that the Medical Research Future Fund would have a chance of increasing commercial returns from medical research, not just increasing medical research.

The most substantial impediment to commercializing Australian Medical Research in Australia is lack of capital, in particular lack of capital for clinical stage commercialization, usually that which is conducted by Australian private and public companies. When funds are raised, Australia does well, and creates great companies, with products that are used by Australian patients and patients all over the world.

The R&D tax credit program is an excellent enabler of life science commercialization in Australia, with CEOs choosing to stay in Australia, or bring companies to Australia to commercialise and benefit Australia's excellent facilities, people, regulatory environment and clinical trials, helping to build the life science industry.

The welcome recent proposal to channel funds from 888 high net worth visas into venture capital funds would also help boost the supply of capital to life science companies, as more than one third of venture capital in Australia is invested in life sciences.