

Kevin Rudd and Labor

A New Way

Australian Labor

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Biopharmaceutical Innovation Partnership

What are Australian Innovation Partnerships?

Australian Innovation Partnerships are Federal Labor's new way of supporting Australian industry – placing industry in the driver's seat to coordinate Australian effort, grow Australian exports and jobs, and diversify our national economy.

Beyond the China Resources Boom, we need to be building a modern and diverse economy that forges new industries and new jobs.

In the past, Australia has put too many of our eggs in the one basket.

With Australian Innovation Partnerships, we will build on our strengths, seize our opportunities and diversify our national economy. Innovation Partnerships provide a positive plan to kick-start innovation, expand exports and create well-paid, high-skilled jobs for Australians.

The Partnerships are in areas of established strength and areas of emerging opportunity – so that we are building on today's strengths while building up tomorrow's.

Australian Innovation Partnerships are a key part of the \$1 billion *Plan for Australian Jobs* package. Labor is investing over \$500 million to establish 12 Partnerships.

Australian Innovation Partnerships will build industry networks, forge industry strategy, tackle shared industry challenges and leverage research capability.

In a first for Australian industry policy, they will be industry-led, backed by significant research partners and have the support of government – though only if the Rudd Labor Government is re-elected.

Core industry partners that have already come on board include some of the biggest names in industry and research. Firms like Kraft, Boeing, Woodside, Cochlear and CSL. Research institutions like the CSIRO, University of Technology Sydney, Monash University and University of QLD, to name a few.

Five Australian Innovation Partnerships have already been announced:

- **Manufacturing Excellence**, based in Melbourne. We're still a nation that makes things and we're backing our continued manufacturing excellence. Almost 200 organisations have already signed up, including firms like BAE systems, BlueScope Steel, Boeing and Futuris. Today, almost one million Australians work in manufacturing and this Partnership will help advance our national manufacturing capabilities for generations to come.
- **Food Innovation**, based in Melbourne. The food industry is a vital part of our economy, generating sales of over \$80 billion in 2009-10 and spending almost \$450 million in R&D. Major household names like Kraft, Pepsico and Kelloggs (to name a few) are already on board, helping Australia's food industry meet Asia's increasing food demand.
- **Medical Technologies**, based in Sydney. We have a history of incredible success in medical technologies, like Cochlear, and we're backing the next breakthroughs in Australian innovation. The global medical technology market is valued at more than US\$300 billion a year and is expected to approach US\$350 billion by 2016. The industry in Australia has all the prerequisites needed to expand to become a leading source of growth, exports and jobs.
- **Oil & Gas**, based in Perth, to seize the next wave of investment in our resources sector. Over 250 organisations have expressed an interest and major industry players are already signed up, including Woodside, Shell, Santos, Origin Energy and GE Oil & Gas. This sector is currently spending \$200 billion in new Australian projects; an investment that generated more than 100,000 Australian jobs last year alone. This partnership will help unlock multi-billion dollar investments and generate thousands of new jobs.
- **Sports Technology**, based in Geelong. The new partnership could grow Australia's sports industry exports by at least 75 per cent from around \$A286 million to \$A500 million per annum. This growth alone would create up to 1,500 jobs for the sports technology sector in Australia. Leveraging partners like the AFL, Tennis Australia and the Australian Institute of Sport, this partnership will capitalise on our world class sporting reputation, create new jobs, and position regions like Geelong as leaders in the industries of the future.

More Innovation Partnerships, reflecting the breadth of Australia's existing strengths and emerging opportunities, will be announced in the coming weeks.

What is the Biopharmaceutical Innovation Partnership?

The Biopharmaceutical Innovation Partnership is an industry-led network that will create new high technology jobs, boost exports and deliver research outcomes that will benefit the health of Australians and people around the world.

The Biopharmaceutical Innovation Partnership will receive government funding of up to \$6 million to 2016-17, which will be matched cash or in-kind by core partners, to boost productivity and the commercialisation of new biopharmaceutical technologies, creating economic benefits and jobs for Australians.

The Partnership will have access to a competitive, merit-based Industry Collaboration Fund to support large-scale collaborative projects and activities with large knowledge spill overs. The amount of funding available for individual projects will range from between \$100,000 to \$10 million per year.

The Partnership is an industry-led initiative backed by government. Already it includes 11 partners from industry, the peak industry bodies and the university sector: major names like multinational pharmaceutical companies GlaxoSmithKline and AstraZeneca, and Australia's CSL, working alongside one of our leading research universities, Monash University.

Membership is open to all companies and research organisations in the sector and more partners will come on board once the Partnership is formally established by the end of 2013.

The Partnership represents both small biotech companies striving to commercialise new discoveries and the biopharmaceutical manufacturing industry that is looking to increase production volumes, be more cost competitive and efficient and better capitalise on local innovation.

The Biopharmaceutical Innovation Partnership will have headquarters in Melbourne and centres in other states as more partners sign up.

Why the biopharmaceutical sector?

The biopharmaceutical sector is important for diversifying the Australian economy beyond the China Resources Boom. This Partnership will support one of Australia's most important high-value, high-technology export industries.

Key Facts

- The medicines industry is Australia's largest high-technology exporter - over \$4 billion in 2011-12.¹
- The medicines and pharmaceutical industry exports more by value than the Australian car and wine industries, increasing exports of medicines by more than 800% since 1990.²
- Australia is among the world's leading exporters of medicines, ranking 11th.³

¹ *Medicines Australia FactsBook* (3rd ed) p 11-12.

² *Medicines Australia FactsBook* (3rd ed) p 13.

³ *Medicines Australia FactsBook* (3rd ed) p 13.

- The medicines industry employs over 40,000 Australians,⁴ making it one of the largest employers of university graduates, especially from the sciences.⁵

The global medicines industry is currently worth over \$900 billion and is estimated to be worth over \$1.5 trillion by 2016.⁶

Australia has a world class biopharmaceutical sector but there are a number of areas where we can improve our global competitiveness. These include maintaining cost competitiveness and winning a larger share of global investment, as well as successfully commercialising Australian discoveries within Australia.

What will the Biopharmaceutical Innovation Partnership do?

The Biopharmaceutical Innovation Partnership will drive collaboration between industry players and researchers to enhance productivity and competitiveness, create jobs and build capabilities and skills for export growth.

Partners will collaborate in areas such as the research and development of new medicines and new production technologies. The Partnership will:

- Improve industry productivity, for example by generating efficiencies through industry-wide collaboration or harmonisation of supply chain requirements
- Promote, retain and speed up commercialisation and manufacture of Australian discoveries and IP within Australia
- Improve education and training working with university partners
- Boost engineering and advanced manufacturing capability, for example by working with university partners to develop engineering solutions and implement productivity gains on the factory floor.

How do Australian Innovation Partnerships work?

Australian Innovation Partnerships bring firms and researchers together to develop new products and processes, encourage new investment, take advantage of new technology and improve skills and capabilities.

They are being established in sectors and locations where there is great potential to leverage existing strengths and deepen the concentration of innovation and expertise.

Labor's Innovation Partnerships create new strategic networks, taking collaboration in Australia among business, researchers and government to a new level.

This collaboration will give Australian businesses the competitive edge in a tough global market. This collaboration will help Australian businesses to realise new opportunities - diversifying the national economy beyond the mining boom.

⁴ Commonwealth of Australia, *Pharmaceutical Industry Strategy Group Final Report* (2008).

⁵ *Medicines Australia FactsBook* (3rd ed) p 9.

⁶ *Medicines Australia FactsBook* (3rd ed) p 52; IMS Health, *IMAS Market Prognosis*.

Australia is not the first country to collaborate to enhance innovation. For example, the United Kingdom has Catapult Centres and Germany has the Fraunhofer Institute.

However, Australian Innovation Partnerships are different because they have been developed by and will be operated by industry itself.

How are Australian Innovation Partnerships being implemented?

Applications to establish Innovation Partnerships, led by industry and backed by research partners, were assessed by an independent Board.

The response from industry was overwhelming: over 50 applications were received involving around 450 business, industry associations, government departments, universities and research institutes, covering an incredibly diverse range of sectors.

In June, the Board provided the Government with a shortlist of sectors where Australia enjoys competitive advantage and global opportunity. The Rudd Labor Government will support Australian Innovation Partnerships in all these sectors.

Once established, partners will work together to establish a governance model, legal structure and performance indicators. They will establish a Board and Executive team that will be responsible for ongoing strategic direction, governance, operations and management of the partnership and ensuring it achieves its objectives as agreed with Government.

All Australian Innovation Partnerships will have access to a competitive, merit-based Industry Collaboration Fund to support large-scale collaborative projects and activities with large knowledge spill overs. The amount of funding available for individual projects will range from between \$100,000 to \$10 million per year.

Australian Innovation Partnerships will forge links across industries and share knowledge and ideas through the online Australian Innovation Network. This Network will enable all precincts to leverage the full potential of the NBN.