MEDICAL TECHNOLOGIES AND PHARMACEUTICALS
Sector Strategy

Victoria’s Future Industries.
Extensive consultation has underpinned development of this sector strategy. Almost 150 businesses, industry, union and research organisations contributed their views and ideas.

- 108 people participated in 4 stakeholder forums
- 20 organisations participated in direct discussions with the Department
- 34 written submissions were received from a variety of businesses and organisations.

This sector strategy responds to the major themes arising from consultation with these organisations, together with feedback from an expert advisory group composed of representatives drawn from industry, research, peak bodies, unions, and the community.

In addition, we would like to acknowledge the contribution of members of the Future Industries Ministerial Advisory Council, who provided valuable advice and generously shared their knowledge and experience with Departmental staff charged with developing sector strategies:

- Mr David Bartlett, Chair, former Premier of Tasmania
- Mr Nixon Apple, Alternate Director, Australian Super
- Mr Jeff Connolly, Chairman and Chief Executive Officer of Siemens Group, Australia-Pacific Region
- Ms Gabrielle Coyne, former Chief Executive Officer, Penguin Random House Australia
- Professor Linda Kristjanson, Vice-Chancellor, Swinburne University of Technology
- Dr Leonie Walsh, Victorian Government Lead Scientist.
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We talk so much about our economic ‘transition’, but this transition won’t occur on its own. We have to take action ourselves. We need a real plan. And we need to invest.

That’s what our $200 million Future Industries Fund is all about.

The priorities of today will define our economic future, and we believe the Victorian Government needs to set those priorities.

With those priorities in mind, we can work with businesses to grow our traditional industries and invest in the sectors that will shape the next century.

Our Government has identified the priority sectors with potential for remarkable growth – the sectors in which Victoria is uniquely poised to lead the world:

- Medical technology and pharmaceuticals
- New energy technologies
- Transport, defence and construction technologies
- Food and fibre
- International education
- Professional services.

Collectively, these sectors have the potential to drive up to $70 billion in additional economic output by the year 2025, and create over 400,000 new jobs for Victorians.

The $200 million Future Industries Fund is turbocharging these priority sectors through job-creating grants to specialist firms and companies.

The $500 million Regional Jobs and Infrastructure Fund and the $508 million Premier’s Jobs and Investment Fund also lay the foundation for growth across our entire economy.

We have a few advantages under our belt: high-quality infrastructure, skilled workers, world-class liveability, well-connected cities, productive land and resources, all in close proximity to Asia.

But these resources must be harnessed if we are to grow the sectors that matter to our state – sectors like medical technology and pharmaceuticals. Employing over 20,000 people and generating $10 billion in revenue, this sector is a key driver of our state’s economy. Even more important than this, it has the potential to save lives. The future success of the medical technology and pharmaceuticals sector is simply not negotiable.

Our priorities for assisting this sector, outlined in this strategy, are the next step. It’s all about securing the high-growth industries of the future, and the jobs that come with them.

The Hon. Daniel Andrews MP
Premier of Victoria
MINISTERS’ FOREWORD

Australia is one of the world’s leading locations for the development and manufacture of medical technologies, biotechnologies and pharmaceuticals. Victoria is at the epicentre of this sector, employing more than 20,000 people, and generating over $10 billion in revenue, largely through global markets.

Global health care spending is projected to grow by more than 5 per cent a year, creating an urgent need for new technologies, goods and services to reduce spending and improve patient care.

This is an enormous economic opportunity for Victoria to develop and manufacture the new drugs, devices and digital solutions that will shape the future of healthcare.

Victoria has capabilities unparalleled in Australia and amongst the world’s best. We have a sophisticated network of start-ups, medium-sized businesses, large multinationals, hospitals, service providers, universities and research organisations that translate cutting-edge research into real health and economic outcomes.

Over the past 15 years, Victorian governments have invested over $1.8 billion in building our science and technology-based industries including enabling infrastructure such as the Australian Synchrotron, the Melbourne Centre for Nanofabrication and Carbon Nexus at Deakin University in Geelong. Victoria’s medical technology, biotechnology and pharmaceutical sector has flourished within this environment. Revenues generated by Victorian companies have tripled since 2003, and there has been a fivefold increase in exports.

The Medical Technologies and Pharmaceuticals sector strategy will provide the framework for Victoria to continue its role as a global leader. Growing the medtech and pharmaceuticals sector will create rewarding, high value, secure jobs for Victorians and help us play a key role in improving health and wellbeing worldwide.

The Hon. Lily D’Ambrosio MP
Minister for Industry

The Hon. Philip Dalidakis MP
Minister for Small Business, Innovation and Trade

The Hon. Jill Hennessy MP
Minister for Health
"Victoria’s medtech and pharmaceuticals sector is poised for growth. Now is the time to build on our end-to-end capabilities, with a renewed focus on building connectivity and scale, promoting our excellence and creating a supportive environment for entrepreneurs and companies across different stages of the value chain."

Melbourne Medtech and Pharmaceuticals Forum
A GLOBAL LEADER

Locally connected. Globally integrated.

It is our vision that Victoria will be known as a leader in medtech, biotech and pharmaceuticals, revolutionising health globally. The development of a world-class medtech and pharmaceuticals industry in Victoria will create sustainable and rewarding jobs, and give people access to the latest health breakthroughs.

We will realise this vision through our outstanding research, industry and health system. Victoria has a sophisticated network of start-ups, small and medium enterprises (SMEs), large multinationals, hospitals, service providers, research organisations and manufacturers. We must now realise the benefits of this system and create new technologies, goods and services to meet the growing global demand for healthcare.

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REALISING GLOBAL OPPORTUNITY

An internationally focused sector

International markets present significant growth opportunities. Global demographic changes are driving the need for new and innovative products, to improve health outcomes and contain rising medical costs.

Contribution to Victoria

The medtech and pharmaceuticals sector provides substantial benefit to Victoria by generating high value jobs, economic activity and new therapeutic products. The broader sector, including health and medical research, employs over 20,000 people. Revenues generated by Victorian companies have tripled since 2003 (see Figure 1), and overall, Victorian companies and those operating in Victoria generated an estimated $12.7 billion in revenue in the 2014 financial year\(^1\). The local sector is representative of the global industry, characterised by a mixture of company types and sizes, including a number of multinationals.

\(^{1}\) Includes $9.9 billion in revenue from Victorian companies and $2.8 billion in revenue from non-Victorian companies operating in Victoria.

Figure 1: Revenue generated by Victorian owned companies

Source: Victorian Life Sciences Sector 2014 Annual Report, Blakes Industry & Market Analysis Pty Ltd
Manufacturing the future

Victoria’s manufacturing future lies in our high and medium technology industries, including pharmaceuticals and medical devices. The ability of our manufacturing organisations to link innovative design concepts with sophisticated manufacturing technologies and techniques will be key to securing our future.

One of our strengths is pharmaceuticals manufacturing. Victoria is home to both leading multinational pharmaceutical manufacturers and domestic companies manufacturing a variety of products, with a network of suppliers and contract research organisations operating alongside them.

Building on a long tradition in manufacturing, Victoria is home to significant capabilities in medtech manufacturing including biomedical engineering, bionics, and advanced and additive manufacturing. Victorian design and engineering companies are recognised globally for their excellence in translating innovative ideas into cutting edge solutions.

A call to action

Our medtech and pharmaceuticals sector has experienced many successes, like the evolution of CSL into a global company, the development of our biotech industry, and rise of our medtech sector.

However, capturing future opportunities will require us to address challenges and focus on strategic priorities. Now is the time to leverage Victoria’s high quality capabilities to secure and grow the sector in a globally competitive market.

The primary focus of this strategy is to grow the sector to create increased economic activity and jobs for Victorians. Its objective is to support growth in existing businesses, and accelerate the creation and attraction of new businesses to Victoria.

The success of this sector is linked to the strength of Victoria’s health and medical research capabilities. A forthcoming health and medical research strategy will outline the Victorian Government’s vision for supporting this critical component of the wider health system.
“Victoria is Australia’s premier hub for health and medical research and has the potential to capitalise on this expertise by increasing the commercialisation of our research discoveries and developments. This will directly lead to the formation of new SMEs as well as advanced manufacturing for export markets.”

St Vincent’s Hospital
ACHIEVEMENTS TO DATE

The Andrews Labor Government is delivering on its election commitments with a clear focus on growing jobs and sharing opportunities across our society.

We have established three new Funds totalling over $1.2 billion to support job creation and economic development, with a particular focus on our priority sectors including medical technologies and pharmaceuticals:

- $200 million Future Industries Fund
- $508 million Premier’s Jobs and Investment Fund
- $500 million Regional Jobs and Infrastructure Fund.

We opened the $5 million Future Industries Manufacturing Program in 2015 and the $20 million Future Industries Sector Growth Program has just opened. These programs are focused on helping businesses to partner with each other, and with educational institutions and the community, to invest in job-creating projects. We have also established LaunchVic, a $60 million initiative to foster the creation of start-up enterprises.

To support our economy as it continues to transition, we recently released Towards Future Industries: Victoria’s Automotive Transition Plan. This $46.5 million plan will help businesses, workers and communities affected by the closure of automotive manufacturing operations to meet the challenges ahead and capture emerging opportunities. This includes $33 million for the Local Industry Fund for Transition (LIFT), and a further $5 million to establish the Automotive Supply Chain Transition Program.

We have also put in place changes to help local businesses get their fair share of work from government projects. For government procurement projects with a total value of $50 million or more, we now set local content level targets that must be met – meaning more work for local businesses and more local jobs.

The Major Project Skills Guarantee, which commenced on 1 January 2016, requires that apprentices make up 10 per cent of the workforce on major state projects. We are continuing to look for other opportunities to strengthen our local content policies and use government procurement to support the local economy.

The Victorian Invitation Program is the most expansive inbound trade mission program in the state’s history. More than 590 qualified international buyers from 27 countries visited Victoria in 2015 as part of the program. We have also supported over 420 businesses, across a number of sectors, to visit 35 cities in 19 countries as part of our outbound trade mission program, including trade delegations to BIO and AdvaMed in the USA. The Victorian Government also sponsors local trade and investment activities, including the AusMedtech, AustBiotech, and Australia Biotech Invest conferences.

We are proud of these achievements but know there is much more to do, working in partnership with industry, educational institutions, unions, and the broader community.
MEDICAL TECHNOLOGIES AND PHARMACEUTICALS

Sector Strategy
Build scale and capability

Victoria has a high quality medtech and pharmaceuticals sector, encompassing a skilled workforce, quality education providers, leading research institutes, a sophisticated health system, and a dynamic industry.

We are already home to Australia’s two largest medical precincts and numerous clusters and partnerships in areas of world leading expertise. For example, Geelong is home to world leading research and capability in infectious diseases while Melbourne’s eastern and south eastern suburbs are home to a diversity of high technology manufacturers of medtech, biotech and pharmaceutical products.

However, the sector has told us that there are areas that, if improved, would boost competitiveness and create new employment opportunities for Victorians.

We will take a whole-of-state focus to capitalise on our existing capabilities and create scale to rival other centres of excellence. We will capitalise on Victoria’s strengths by building collaborative networks to capture larger scale opportunities, and accelerate new developments.

Supporting local organisations to engage with national and international customers as ‘service providers’ has proven benefits.

It directly generates economic activity and jobs, and is a source of new knowledge, capabilities and investment. Victorian organisations provide a range of services that support the translation and commercialisation of new products and technologies. In particular, we are a premier location for clinical trials, built on a strong foundation of key opinion leaders (clinicians), world-class infrastructure, and a robust intellectual property and efficient regulatory system.

By building scale and capability we aim to:

• Create stronger connections across the sector and the broader economy, enabling organisations to compete at a competitive scale to realise global opportunities and attract investment
• Attract large companies to Victoria to boost the industry’s critical mass and capabilities
• Increase global business for Victoria’s service organisations in research, clinical trials, contract manufacturing, engineering, and design.

Figure 2: Key medtech and pharmaceuticals locations in Greater Melbourne and Geelong

1. Geelong
2. Central
3. North
4. East
5. South East
6. Outer South East
7. West
“To increase collaboration in the medtech industry, Swinburne believes Victoria needs a centre (similar to the Centre for Integration of Medicine and Innovative Technology in the USA) that is inclusive of a broad range of participants across industry, universities and medical research institutes.”

Swinburne University
What we plan to do

1. **Implement collaborative initiatives in areas of world leading capability**
   
   In partnership with the sector, we will establish new collaborations, and build upon existing ones, in areas of world leadership. We have a unique opportunity to bring together Victoria’s full expertise in areas such as cancer, infectious diseases and immunology, biomedical engineering, and cognitive computing and assistive technologies to achieve scale and global competitiveness.

   A key focus will be bringing together the state’s leading capabilities in translational drug discovery and development to create a world-class offering that will accelerate the commercialisation of new drugs. This will position Victoria as a leading biomedical hub and pharmaceutical innovation location.

   We will develop an initiative for our medtech industry to accelerate the development of solutions to clinical problems. We will draw on international best practice, such as the Centre for Integration of Medicine and Innovative Technologies in Massachusetts, to foster collaboration among clinicians, research and industry in order to accelerate the innovation cycle and develop novel products and solutions.

   The Victorian Government has committed to contribute $60 million towards the establishment of the Aikenhead Centre for Medical Discovery, Australia’s first biomedical engineering research and education centre. The Centre will bring leading researchers, clinicians, engineers, scientists and students together to fast track development and commercialisation of new medical devices and products.

2. **Support networking opportunities to increase connections across the sector**

   Through partnerships with the Melbourne Convention Bureau, industry associations and the sector, we will continue to attract and support networking events and activities that encourage organisations to connect both locally and globally. Activities will focus on targeted collaborative opportunities and seek to engage groups across and outside of the sector (e.g. venture capital, clinicians, ICT companies).

   We will also work with the sector to establish industry working groups to provide a single forum for government engagement and to create a collaborative environment for shared learning and best practice. The Victorian Government is already investigating a pharmaceuticals manufacturing forum, and will be exploring opportunities to pilot similar groups in medtech and digital health.

3. **Grow and promote Victoria’s capabilities in clinical trials and service provision**

   We will consolidate Victoria’s opportunities as a value-adding service provider to both local and international businesses by targeting areas of strength to attract international investment. This will include supporting private and public research and service organisations to develop and promote the necessary capabilities and capacity to collaborate with industry. Guided by the forthcoming health and medical research strategy, we will also continue to focus on building our clinical trials industry by removing barriers and attracting more clinical trials to Victoria.

   “Clinical trials are a key competitive advantage for Victoria, in terms of attracting business activity and investment. International companies, including large pharmaceutical companies and smaller biotechs, who conduct clinical trials in Victoria create spill-over benefits for the wider sector.”

   BioMelbourne Network
Capture high value manufacturing

There are significant opportunities for Victoria to create sustainable jobs in areas of niche, high value, and high quality manufacturing. Companies in the sector are already pioneering new technologies and successfully manufacturing products locally, for sale globally. Victoria is rapidly becoming the national centre for advanced manufacturing, with both the Commonwealth funded Innovative Manufacturing Cooperative Research Centre (CRC) and Advanced Manufacturing Growth Centre to be located in Victoria.

To remain competitive, manufacturers will need to focus on continual innovation and improvement. There are clear opportunities to work collaboratively to share learning and best practice between industry and the broader sector. Significant opportunities also exist to leverage the considerable expertise and talent developed in the automotive sector.

There is a growing demand from Asia for Australian-manufactured products, particularly for pharmaceuticals, as a result of our reputation for clean, safe, and quality products. However, local pharmaceutical manufacturers are already at capacity. To capture this opportunity companies will need to improve productivity and expand. Increasing capacity, utilisation and access to local talent and infrastructure to support scale-up activities will be key to jobs growth.

By capturing high value manufacturing we aim to:

- Support local manufacturers to introduce new product lines and expand operations
- Increase human capital and investment to support scale-up
- Attract companies to Victoria to undertake development and high value manufacturing activities
- Capture growing demand for Australian-manufactured products in Asia.

“There is substantial opportunity for establishment, retention and growth of advanced manufacturing of pharmaceuticals, medical devices and growing niche areas”

AusBiotech
What we plan to do

4. Drive innovation in pharmaceuticals manufacturing
   In partnership with industry and research, we will support the linking of existing capabilities through an innovation initiative for pharmaceuticals manufacturing.
   The initiative would provide local manufacturers with access to researchers to solve problems in a rapid and responsive environment. It would also provide students and researchers with the opportunity to utilise industry facilities to develop real-world skills.

5. Encourage R&D and continuous improvement in manufacturing
   We will provide incentives to eligible businesses wanting to adopt new technologies and implement best practices, based on market insights and customer requirements. We will prioritise grants to support capital investment in new technology, plant and equipment.
   We will also work with the Innovative Manufacturing CRC, Advanced Manufacturing Industry Growth Centre and other partners to leverage Victoria’s broader manufacturing capabilities. This will help businesses who otherwise are unable to invest in advanced manufacturing R&D to access appropriate capabilities and knowledge.

6. Support Victorians to enter the medtech and pharmaceuticals manufacturing workforce
   We will work with industry and the education and training system to more closely align training and industry needs. In partnership with industry we will explore the design and delivery of initiatives to provide access to a trained labour force with standardised good manufacturing practice (GMP) certification.
   A key focus for the Government will also be supporting the transition of manufacturing capabilities from traditional areas (e.g. automotive) to new and growing areas allowing them to benefit from the knowledge, expertise, and talent already developed.

“Government support in translating skills from other industries to the medical device and pharma area would be a significant advantage, especially with the redeployment of high tech skills from the advanced manufacturing sector such as the aeronautical and automotive industries”

Engineers Australia
Access skills and infrastructure

The strength of the Victorian medtech and pharmaceuticals sector relies on people, knowledge and infrastructure. We have a unique competitive advantage that can be leveraged by coupling our talented workforce, quality education providers, world leading research and infrastructure, and a great health system with strong design, ICT, engineering and manufacturing capabilities.

However, we can do more to increase visibility and utilisation of local capabilities and infrastructure to improve access for SMEs and help them with their product development.

Investment in a whole of state ICT approach to consolidate and provide access to clinical and medical research information is vital. Our major competitors are already advanced in development and utilisation of clinical data. Improved access to quality health and medical research data would drive new innovation in Victorian research, and attract international companies to undertake R&D and clinical trials in Victoria.

Access to talented people is also a critical driver of success. The best technology won’t make it to market without the correct mix of skills around it. We need to ensure that we have a workforce to support future growth in the sector through a targeted approach to address skills and resource gaps.

By facilitating access to skills and infrastructure we aim to:

- Support local companies, particularly SMEs, to leverage local expertise and infrastructure to develop innovative new products, capture larger opportunities and grow their workforce
- Ensure that Victoria is both developing and attracting the required skills to support sector growth
- Facilitate access to consolidated clinical and medical research information and capabilities, to attract and support development and clinical trials.
What we plan to do

7. **Assist companies to access local R&D infrastructure and expertise**
   We will work with the sector to implement platforms that facilitate access to and improve utilisation of existing infrastructure and expertise (both public and private). We will improve the visibility and coordination of Victoria’s infrastructure and expertise to increase access by industry, and accelerate development and commercialisation of new products and solutions.

8. **Better use digital technologies and capabilities to foster growth**
   Guided by our forthcoming health and medical research strategy, we will work with industry to identify and develop a whole-of-state approach for health and medical research data. This approach will form a critical resource in supporting local R&D and attracting international companies to Victoria.
   We will also encourage models that build and enable access to ICT and data analytics expertise and systems as a service to the sector.

9. **Build workforce capacity to grow the sector**
   We will partner with the sector to ensure we have the right mix of skills to enable growth. There will be a focus on enabling skills, including scale-up capabilities to support manufacturing, entrepreneurial talent, business and commercial knowledge for researchers, management, leadership and internationalisation.
   Mechanisms will include internships, industry-based learning, and mentoring programs for businesses and researchers. Initiatives to overcome specific skills gaps, such as GMP manufacturing qualifications, will be developed collaboratively with the sector. We will also work to ensure current courses and training programs align with sector needs.
   The sector will also benefit from the supported transition of manufacturing capability from automotive into medtech and pharmaceuticals, where there is considerable expertise in areas such as lean manufacturing, just-in-time delivery, supply chain management, product and system design, development and engineering, inventory management, and marketing.

“There is a need for initiatives which enable researchers to develop the skills and experience necessary to equip them for collaborative research opportunities with industry partners, or positions within the private sector.”

Medical Technology Association of Australia
Medtech and pharmaceutical businesses are reliant on international markets from inception – initially for inward investment and collaboration, and later for clinical validation and export opportunities.

Growing demand for healthcare has created a significant opportunity for the sector, and Victoria is well placed to build on its strengths as a global leader in medtech and pharmaceuticals. However, national and international competition is fierce, with many other jurisdictions wanting a share of the growing healthcare market.

Supporting local companies with trade and investment will be key to their growth and the creation of new jobs. We can boost the competitiveness of Victorian organisations by building and promoting a clear, consistent, and high quality brand for the sector. This brand should encapsulate Victoria’s high quality system and capture the strengths of both the sector and the state.

As an export-focused sector, many Victorian medtech and pharmaceutical enterprises have established trade relationships. However, there is still a vital role for government in supporting organisations, particularly growing SMEs, to access international markets through targeted investment and trade activities, facilitating collaborations and partnerships, and building necessary government-to-government relationships.

By engaging the international market we aim to:

- Build and leverage a strong Victorian brand, in order to increase exports and access to new markets and customers
- Increase inward investments by building on the strength of the local industry.

Engage the international market
What we plan to do

10. **Promote the sector with a high quality brand**

In partnership with the sector, we will develop and promote a brand that encapsulates Victoria’s high quality system. This will include positioning Victoria as a leading location to develop products, engage world leading clinicians and researchers, conduct clinical trials, and manufacture high value products.

We will also leverage Victoria’s ‘clean, green and safe’ reputation combined with effective regulatory, manufacturing and marketing standards, to target emerging markets.

We will continue to actively promote our international profile as a world leading biotechnology location, recognising the success of the local sector and opportunities for biotechnology in the international community.

11. **Support targeted international investment and trade activities**

A priority for the Victorian Government will be international investment and trade coupled with local re-investment.

Through our local and international investment and trade teams we will develop clear value propositions and conduct targeted promotion of our world-class capabilities (e.g. drug discovery, pharmaceutical manufacturing, medical device development and clinical trials) in key markets.

A key focus will be attracting international investment to the state, particularly through inbound missions targeting areas such as venture capital, significant investors and large multinational companies.

We will support local businesses with specific investment and trade objectives through facilitated business matching and engagement, access to expertise, and grants to enable access to international markets and events.

We will also build a global business alumni network through our Victorian Government Business Offices and social networks enabling local researchers, entrepreneurs and business to access expatriate Australians and alumni for expertise, partnerships, and investment opportunities.
Growth in the medtech and pharmaceuticals sector will require the creation of new products and services, through the translation of research, the establishment of new companies and continued R&D within existing organisations.

As a sector characterised by a significant number of start-up companies, survival is dependent on access to funding and capital for each stage in the development and commercialisation lifecycle. To attract capital we need to develop and promote a sustainable pipeline of investment opportunities and commercial success stories that demonstrate the value and capability of our sector.

Our strengths in health and medical research, engineering, ICT and materials science form the basis for generating new ideas that contribute to the global pipeline of new drugs, devices and digital solutions. A coordinated effort is required to capitalise on these strengths and overcome translation hurdles, including increasing industry partnered research, addressing skills gaps, and creating a supportive business and research environment.

New start-ups will be a source of jobs growth for the sector. Nurturing an entrepreneurial environment and providing access to the right infrastructure, advice and investment will accelerate the progress of new companies and support their ability to scale-up and employ staff.

By supporting new ideas and enterprises we aim to:

- Increase the translation of research from Victoria’s leading research organisations into new products and services
- Create a supportive environment for entrepreneurs and new companies
- Facilitate the development of a sustainable pipeline of investable opportunities.
What we plan to do

12. Make it easier for businesses and researchers to access capital

We will continue to promote Victoria as a location with investment-ready opportunities to both domestic and international markets, supported by targeted value propositions. We will market these investment opportunities through our local investment and trade teams, our network of 18 international Victorian Government Business Offices, and to recipients of Significant Investor visas.

We will work with the sector to investigate mechanisms for attracting and leveraging private investment. This may include encouraging more funds under management and venture capital to locate and invest in Victoria.

We will also work with the Commonwealth Government to support the introduction of new models and incentives for raising capital and to ensure that Commonwealth funds are appropriately targeted across the R&D lifecycle.

13. Improve commercialisation of research

We will work with industry and researchers to implement programs that improve the translation of research into commercial outcomes, through increased interaction and cross-fertilisation of skills. Focus areas will include internships, joint appointments and training programs for universities, research and industry; access to technology transfer, business advisory and commercialisation expertise; and models that foster industry-research collaboration and SME participation.

We will also work with the Commonwealth Government to support the implementation of funding that is appropriately targeted at translational research and industry-partnered activity.

14. Encourage and attract entrepreneurs

Through the $60 million Start-up Initiative, LaunchVic, the Victorian Government will grow our broader start-up system in partnership with the entrepreneur community. This will include support for industry accelerators and incubators to be accessible to medtech and pharmaceuticals sector start-ups.

We will continue to support a culture of entrepreneurship and commercialisation through mechanisms such as education and mentoring programs, and through events and networks such as investor-entrepreneur meet-ups and hackathons.

“More support for translational research would help increase the value of intellectual property before it goes offshore and therefore increase revenue and royalty flows.”

CSL Limited
Ensuring that we have the right business environment is key to our global competitiveness, enabling the sector to attract investment and local businesses to grow creating new jobs.

Government policy and programs contribute to competitive advantage through provision of support, stability, and regulatory settings. Victoria already has beneficial policy settings but more can be done to ensure the sector remains globally competitive.

We have a role in advocating for policy stability and adoption of new sector growth measures at the Commonwealth level. Action at the state level should complement Commonwealth funding and activity in order to leverage its larger funding base, research infrastructure, and broader taxation and institutional mechanisms.

While the Australian regulatory system is well regarded globally, there are still opportunities for improvement. We need to strike the right balance between maintaining the integrity of our regulatory system and ensuring patient safety, with reducing time and cost for industry to provide consumers with earlier, cost-effective access to novel therapeutics and medical devices.

Although small in terms of volume, access to the domestic market also remains important to Victorian businesses to demonstrate local market validation as a launch pad to new markets.

By enhancing the business environment we aim to:

- Advocate for a stable and cohesive state and Commonwealth policy environment to support long term sector development
- Leverage our robust regulatory system as an asset when targeting investment opportunities and accessing international markets
- Advocate for an optimal tax environment, which supports R&D, manufacturing and investment with end-to-end tax settings.
What we plan to do

15. **Work with the Commonwealth to optimise tax and regulatory settings**

   We will work with the Commonwealth Government to continue to review and optimise the tax environment, with a view to supporting R&D, manufacturing and investment with end-to-end tax settings. This will include advocating for stability where settings are optimal, and change in areas to support capital raising and retaining activity in Victoria.

   We will continue to work with the Commonwealth on reforming and streamlining state, territory and national regulation, including continued advocacy for a nationally consistent approach to therapeutics regulation. Priority areas will include increased harmonisation with other leading international regulators to streamline pre-market assessment, priority review of new medicines, audits of notified bodies and GMP standards, and approval of variations using risk-based approaches.

16. **Better leverage Commonwealth support and initiatives**

   We will continue to support and work collaboratively with existing and new Commonwealth agencies and funded initiatives relevant to the sector, including:

   - Advocating to the Commonwealth for funds to be appropriately targeted across the R&D lifecycle (e.g. the new Biomedical Translation Fund)
   - Working with the Medical Technologies and Pharmaceuticals Industry Growth Centre to better coordinate Commonwealth and state programs, and to advocate for long term policy stability
   - Partnering with the Innovative Manufacturing CRC and Advanced Manufacturing Growth Centre to build Victoria’s advanced manufacturing capabilities and talent pool.

17. **Improve domestic market access to support local jobs**

   We will continue to focus on improving access to domestic procurement by working with Health Purchasing Victoria and healthcare providers to identify opportunities for import replacement, and by utilising the Victorian Industry Participation Policy to increase the uptake of local products.
Securing the sector into the future

The Victorian Government will deliver this strategy in partnership with industry and other key stakeholders. In delivering this strategy we aim to achieve lasting growth, and in doing so create rewarding, high value, and secure jobs for Victorians.

The success of this strategy will be measured through:

- Growth in scale and capability, reflected by an increase in value-adding collaborations and investment attracted to Victoria
- Local companies growing their business and retaining value-adding activity in Victoria, reflected by an increase in businesses growing local operations, continual increases in deal size, and a shift towards later-stage assets sold
- An increase in manufacturing related activities, measured by capital investment and exports
- A sustainable pipeline of investable opportunities, reflected by an increase in successful new businesses being created and capital attracted by the sector
- Active engagement with international markets, measured through increased exports and rate of export growth
- The creation of new skilled jobs, and enabling the workforce to support capacity increases and scale-up
- Enhanced innovation and R&D across the sector, measured by industry utilisation of enabling infrastructure, and capabilities and investment in R&D activities.
## Victorian Government Programs

There are a range of programs which will support and complement delivery of the Medical Technologies and Pharmaceuticals sector strategy.

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LaunchVic</strong></td>
<td>The Victorian Government, through its $60 million Start-up Initiative, will establish LaunchVic as an independent entity to grow Victoria’s broader start up ecosystem in partnership with the start-up community.</td>
<td></td>
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<tr>
<td><strong>Victorian Industry Participation Policy</strong></td>
<td>Each year, the Victorian public sector spends more than $10 billion on procurement activities from goods and services to construction. The Victorian Industry Participation Policy requires government agencies to consider competitive local suppliers when awarding government contracts. For government procurement projects valued at $50 million or more, minimum local content requirements are set that must be satisfied.</td>
<td></td>
</tr>
</tbody>
</table>

## Contacts

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