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The Director, Skills and Innovation Policy Section
Migration Planning and Visa Policy Branch
Department of Home Affairs
Canberra. ACT.
By email: ICAP@homeaffairs.gov.au

Re: Complying Investment Framework (CIF) for the BIIP

Dear Sir/Madam

We note with interest the Discussion Paper on the Complying Investment Framework (CIF) for the Business Innovation and Investment Program (BIIP).

We were also pleased to see the comments on Minister Alan Tudge on the need to increase commercialisation of University research, and the establishment of the University Research Commercialisation Scheme Taskforce, chaired by Mr Jeff Connolly, announced on 11 November 2020, to provide advice on how to improve the commercialisation and translation of university research.

Uniseed is Australia's longest running university venture fund and recognised as one of the top 5 university venture funds worldwide (Global University Venturing Powerlist 2018). Since starting in late 2000, Uniseed has seeded and supported 57 start-up companies borne out of Australian research organisations (Universities and CSIRO). These start-ups, and the contract research funding they have provided back to research partner laboratories, have funded the employment of well over 600 staff.

In early 2018, Uniseed signed an MOU with Atlas Advisors Australia (AAA), where AAA would co-invest alongside Uniseed based on funds managed by AAA under the Significant Investor VISA (SIV) Scheme. To date, AAA, through the ESVCLP named 'Stoic VC', has invested in 17 early-stage companies originating from Australian research organisations. The investment portfolio has around 1/3 of investments in drug development; 1/3 in other life sciences/biotech (e.g. agriculture) and 1/3 in other technologies.

We make the following comments on the difficulties of commercialising university research and the significant role the SIV program can have in this regard:

At the time of invention and subsequent patenting, nearly all technologies are too early to interest external companies (as a licensee) or most investors (as a start-up).

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These technologies require additional (seed) funding to get to a stage where other parties are interested; colloquially known as the "Valley of Death".

Despite record venture capital raisings in 2020, nearly all venture capital funds operating in Australia do not invest in technologies at seed stage in research organisations – one issue being that even if a technology is spun out as a start-up or licensed to a third party, given the early stage of the technology, it takes many years before any financial returns, as these generally occur when the start-up is sold or does an IPO, or as royalties from licensing. This time frame is too long for closed end venture funds which generally have a 10-year life.

There is a need for more strategic 'proof of concept' (seed) investment to assist in working up technologies to make them 'investible' for later stage investors.

This is where funds such as Uniseed and Stoic VC have an impact; providing early seed funding and participating in subsequent funding rounds, thereby assisting in raising funds from other investors in later rounds, where over $10 has been raised for every dollar invested by Uniseed.

This has proved a successful model, with Uniseed seeding companies that have delivered a number of commercial exits including three high profile exits:

- Fibrotech – sold to Shire plc for US$75M up front plus milestones. The company was seeded out of the University of Melbourne by Uniseed in 2007, with exit occurring 7 years later in 2014.

- Spinifex - sold to Novartis for US$200M up-front plus milestones. The company was seeded out of the University of Queensland by Uniseed in 2005, with exit occurring 10 years later in 2015.

- Hatchtech - licensed to Dr Reddy's Labs in a $200M deal. This investment was made in 2000 and took 15 years to exit.

The SIV, through groups like AAA/Stoic, has been integral to the support of university commercialisation in recent years; with Uniseed/AAA founding companies that have gone on the raise nearly $300 million.

We urge the Department not only to continue the mandatory allocation to Venture Capital and Private Growth Equity funds (VCPE), but to **increase this allocation and ensure some of these funds flow to early seed stage funding where it is really needed.**

Please let me know if you would like any further details or information.

Sincerely

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CEO

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