

CABINET - SUBJECTS FOR CONSIDERATION, 21 DECEMBER 2000 8:30 AM

Not Relevant

2. **Bills and Regulations in Principle**

201. **MPRI077/2000CS** Bio Innovation SA Business Structure
APPROVED AS AMENDED
All Ministers

Not Relevant

URP
AK
21/12

CABINET COVER SHEET

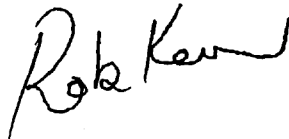
TITLE	BIO INNOVATION SA BUSINESS STRUCTURE
MINISTER	Rob Kerin Deputy Premier Minister for Primary Industries and Resources Minister for Regional Development
PURPOSE	<p>To form <i>Bio Innovation SA</i> by regulation as a subsidiary of the Minister for Primary Industries and Resources under the Public Corporations Act.</p> <p>To seek Cabinet approval for a list of persons to be appointed Directors.</p> <p>To seek Cabinet endorsement of the role and function statement as a basis for the regulations, and the proposed charter and performance agreement between the Board and the Treasurer.</p>
RESOURCES REQUIRED FOR IMPLEMENTATION	No additional resources are being sought for implementation of the proposal.
COSTS	Within existing budgetary allocation.
RELATIONSHIP TO GOVERNMENT POLICY	Commitment to new industry development; consistent with 1999 and 2000 Budget announcements.
CONSULTATION	Chief Executives, Department of Premier and Cabinet, Primary Industries and Resources, Industry and Trade, Human Services, Treasury staff, Crown Solicitor's office, Prudential Management Group.
FAMILY IMPACT STATEMENT	None.
URGENCY	N/A

RECOMMENDATIONS

It is recommended that Cabinet:

- 4.1 Approve the declaration of *Bio Innovation SA* as a subsidiary of the Minister for Primary Industry and Resources under the Public Corporations Act.
- 4.2 Approve Parliamentary Counsel to draft appropriate regulations to establish *Bio Innovation SA* as a subsidiary of the Minister for Primary Industries and Resources under the Public Corporations Act.
- 4.3 Approve the list of persons as Directors of *Bio Innovation SA*.
- 4.4 Endorse the draft role and function statement as the basis for the regulations, the proposed charter and the performance to be agreed between the Deputy Premier and the Treasurer.
- 4.5 Notes that *Bio Innovation SA* will not enter into any commercial joint ventures or take equity in any enterprises.

SIGNATURE OF MINISTER



PORTFOLIO

DEPUTY PREMIER
MINISTER FOR PRIMARY INDUSTRIES AND
RESOURCES
MINISTER FOR REGIONAL DEVELOPMENT

DATE

12/12/00

MINUTES forming ENCLOSURE to:

MPI 077/2000 CS

TO: THE PREMIER FOR CABINET

SUBJECT: BIO INNOVATION SA BUSINESS STRUCTURE

1. PROPOSAL

- 1.1 To seek Cabinet approval for the purpose of forming *Bio Innovation SA* as a subsidiary of the Minister for Primary Industries and Resources.
- 1.2 To seek Cabinet endorsement for a list of persons from which the Board of Directors shall be nominated.
- 1.3 To seek Cabinet endorsement of a role and function statement as a basis for the drafting of the proposed Charter and performance agreement with *Bio Innovation SA* Board and the Treasurer.
- 1.4 To seek Cabinet approval for the drafting of necessary regulations.

2. BACKGROUND

- 2.1 The principal objective of *Bio Innovation SA* is to drive a whole-of State, collaborative and focused approach to optimise the economic benefit to SA available through the State's bioscience assets and capability. It will achieve this by functioning under the following Terms of Reference:
- 2.2 Report to the Deputy Premier on key strategies and issues relating to the successful acceleration of South Australia's bioscience industry, including infrastructure needs.
- 2.3 Coordinate the development of those bioscience activities in South Australia that relate to commercialisation of intellectual property or business attraction and development.
- 2.4 Receive advice, input and direction from Biotechnology Industry Advisory Council.
- 2.5 Drive the implementation of the bioscience vision and industry development for South Australia.

- 2.6 Develop a communication strategy relating to bioscience in SA, including the provision of balanced information to Government and the general public, networking with industry, with the key role of risk management in bioscience industry development.
- 2.7 Contribute to the setting of priorities for research and commercialisation to create a focused sustainable bioscience industry in South Australia.

3. DISCUSSION

- 3.1 *Bio Innovation SA* was established to report to the Deputy Premier on the implementation of a vision and strategy for the acceleration of the SA bioscience industry. It has been overseen by the Deputy Premier and a sub-group of the Senior Management Council. An interim project team has been responsible for implementing *Bio Innovation SA*'s vision and strategy, with representatives from Industry and Trade, Human Services, Primary Industries and Resources, Office of the Deputy Premier and a Consultant Project Manager.
- 3.2 The requirement for *Bio Innovation SA* to have a separate legal entity is preferred. Industry advice indicates that the opportunity to bring together disparate areas of Government involved in lifesciences research may provide sufficient focus to leverage off the considerable investment in lifescience research.
- 3.3 The emphasis for *Bio Innovation SA* as a body corporate will be to:
 - 3.3.1 Ensure the overall direction of *Bio Innovation SA* as specified in the regulations, and to oversee the implementation of stated objectives;
 - 3.3.2 Ensure *Bio Innovation SA* develops and regularly updates a strategic plan;
 - 3.3.3 Ensure the effective management of funding during the life of the program;
 - 3.3.4 Oversee the purchase of appropriate services;
 - 3.3.5 Maintain strict accountability in accordance with appropriate Statement of Accounting Concepts, applicable Australian Accounting Standards, Treasurers Instructions and Accounting Policy Statements promulgated under the provisions of the Public Finance and Audit Act 1987;
 - 3.3.6 Promote a productive and cooperative relationship with government, consumers and service providers;

3.4

Clause 10(1) Legal Professional Privilege

3.5

Attachment 2 is a draft role and function statement for the Board of Directors for *Bio Innovation SA* which can act as the basis for drafting of regulations and the charter required under Section 12 of the Public Corporations Act.

- 3.6 It is proposed that the Board of *Bio Innovation SA* consists of a maximum of four directors.
- 3.7 It is recommended that the term of appointment for the directors be two years, but may be extended by the Minister as he sees fit.
- 3.8 This Cabinet Submission was originally submitted to the Cabinet Office on 23 November and circulated.

Agency comments indicated that there was a lack of understanding of the commercial versus non-commercial nature of *Bio Innovation SA*.

All points raised by the Agencies concerned have been addressed and the Draft Charter and Cabinet Submission have been amended to reflect the non-commercial nature of *Bio Innovation SA*

4. RECOMMENDATIONS

It is recommended that Cabinet :

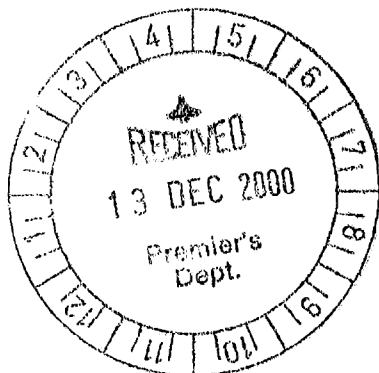
- 4.1 approve declaration of *Bio innovation SA* as a subsidiary of the Minister for Primary Industries and Resources under the Public Corporations Act;
- 4.2 authorise Parliamentary Counsel to draft the appropriate regulations to establish *Bio Innovation SA* as a subsidiary of the Minister for Primary Industries and Resources;
- 4.3 approve the list of persons as Directors of *Bio Innovation SA*;
- 4.4 endorse the draft role and function statement as the basis for the regulations, the proposed charter and the performance to be agreed between the Deputy Premier and the Treasurer.
- 4.5 Notes that *Bio Innovation SA* will not enter into any commercial joint ventures or take equity in any enterprises

4.6. Require agreement on the nodal structure to be decided with Presidential Management Group. Deferred to 21.12.00

DEPUTY PREMIER
MINISTER FOR PRIMARY INDUSTRIES AND RESOURCES
MINISTER FOR REGIONAL DEVELOPMENT

CLARIFICATION:
Agreement required on
"nodal" structure
RK

12 December 2000



In Cr

21 DEC 2000



ATTACHMENT 1

Clause 10(1) Legal Professional Privilege

Clause 10(1) Legal Professional Privilege

Clause 10(1) Legal Professional Privilege

ATTACHMENT 2

DRAFT ROLE AND FUNCTION STATEMENT

The Board of Directors of Bio Innovation SA shall be responsible for effective and efficient management and administration subject to regulations prepared under the Public Corporations Act 1993.

Specifically the Board of Directors shall:

- Ensure the overall direction of *Bio Innovation SA* as specified in the regulations;
- Oversee the implementation of stated objectives;
- Ensures *Bio Innovation SA* develops and regularly updates an implementation plan;
- Ensures the effective management of funding during the life of the program;
- Oversees the purchase of appropriate services;
- Maintains strict accountability;
- Promotes a productive and cooperative relationship with government, consumers and service providers;

ATTACHMENT 3

LIST OF PERSONS FOR BOARD MEMBERSHIP

Mr Warren McCann (chair)

Mr Dennis Mutton or delegate

Mr John Cambridge or delegate

Ms Christine Charles or delegate

Bio Innovation SA

PROPOSED CHARTER

1. Preliminary

This charter has been prepared by the Minister for Primary Industries and Resources and the Treasurer in accordance with Section 12 of the *Public Corporations Act 1993*, in consultation with the corporation.

2. Interpretation

Expressions used in this Charter have the same meanings as in the *Public Corporations Act 1993* which is referred to as the 'Act'.

3. Strategic Direction

Bio Innovation SA's strategic direction is:

- To drive the achievement of the South Australian Government's vision of building a world-class bioscience industry that creates and attracts major bioscience companies for State economic and social development.

4. Nature and Scope of the Commercial Operations

The activities of Bio Innovation SA are described in Regulation 13 and are limited to the following;

- to facilitate building a world-class bioscience industry in South Australia that develops and fosters world-class Research and Development to commercialisation stage, and that creates and attracts major biotechnology, pharmaceutical and agribusiness companies for State economic and social development;
- to assist in strengthening the intellectual capital and customer capital of the State's research capability;
- to develop a culture within the research providers that, subject to the researchers meeting their primary obligations to their employers, embraces commercialisation of intellectual capital;
- to identify and position South Australia's bioscience capability globally;
- to focus initially on the provision of services to local bioscience businesses and such other businesses as in the reasonable opinion of the Board would be of benefit to the bioscience industry in South Australia;
- to carry out other functions conferred on Bio Innovation SA by the Minister.
- To contribute to policy development to accelerate bioscience industry development, consistent with broader Government policy.

Bio Innovation SA must obtain approval of the Minister before it makes a material change to its policy direction or budget.

In providing assistance Bio Innovation SA may provide cash payments either by way of loan or grants or a combination of both, but will generally assist by supporting the costs of service providers and other needs, always ensuring that an appropriate business case and accountability is established. Bio Innovation SA will have relatively few staff and will aim to provide assistance through external consultants rather than through its own staffing levels.

It is expected that Bio Innovation SA will assist in establishing and provide some of the funding necessary in the creation of a seed fund. Bio Innovation SA will expense seed funding to bioscience projects based on their commercial potential.

Additionally, the following activities may be performed by Bio Innovation SA:

- provision of subsidised business support services, market support services and infrastructure to the local bioscience industry, in a manner which creates and builds enterprises that may subsequently be eligible for support through existing government services;
- act as an information and referral body for the local bioscience industry;
- the board will make decisions in relation to the acquisition and disposal of assets and may delegate to the Director power to acquire and dispose of assets.

4.1 Investment Activities

Bio Innovation SA shall not independently invest any of its funds. Such amounts will be held in operating accounts with the Reserve Bank of Australia.

4.2 Operations and Transactions Outside the State

The nature and scope of activities outside South Australia shall be limited to the provision of minor consulting services and project management services where it has a benefit to the local bioscience industry, and subject to the approval of the Minister. And in particular where the following may occur:

- To assist interstate branches of offices of bioscience companies that have significant presence in South Australia,
- To assist other interstate or overseas bioscience companies if, in the opinion of the Board, this will be of benefit to the South Australian bioscience industry.

5. Financial Standards & Reporting

5.1 Interim Reports on Operations

Bio Innovation SA will be required to provide a range of appropriate reports as directed by the Minister for Primary Industries and Resources and the Treasurer, including:

- quarterly profit & loss, balance sheet and cash flow statements.
- an exception report on any other information, in the opinion of the Board, should be provided.
- other information as requested from time to time by the Minister for Primary Industries and Resources or the Treasurer.

5.2 Form & Content of Accounts & Financial Statements

Bio Innovation SA will be required:

- to prepare financial statements based on accounting concepts, Australian Accounting Standards, specific instructions from the Treasurer and generally accepted accounting principles and practices.
- to maintain separate accounts and records for and report upon all areas of activity.

5.3 Accounting & Internal Auditing Systems & Practices

Bio Innovation SA will be required:

- to establish and maintain financial and accounting processes, practices and systems in accordance with appropriate standards of practice.
- to establish and maintain effective internal auditing of its operations in accordance with appropriate standards of practice.

6. Setting of Fees and Charges

Bio Innovation SA has no obligation to set fees or charges for services that may be provided to the bioscience industry unless specifically directed by the Minister for Primary Industries and Resources at some future time.

7. Operating Environment

Bio Innovation SA has been established to deliver a range of services targeted at growing and developing the local bioscience industry, through capitalising on South Australia's existing world class R&D.

Bio Innovation SA through its Board and management structure is accountable for its performance as a State owned enterprise and will act to maximise its longer term performance whilst working within the spirit and bounds of this Charter, Performance Statement and a Corporate Plan.

The Board is authorised and required to;

- develop an annual corporate plan with approval of the Minister and make decisions and act within the scope of this Charter, and the corporate plan,
- develop a corporate image and undertake marketing and promotional activities in accordance with the corporate plan,

- develop and implement operating policies, systems and procedures designed to improve the efficiency and effectiveness of Bio Innovation SA's operations,
- secure accommodation that enables ease of access for customers and, is of a quality consistent with expectations of its customers,
- implement a policy that ensures staff maintain confidentiality of all commercial-in-confidence information and to put into place procedures to minimise the potential for conflicts of interest,
- recruit staff on such terms and conditions as it thinks fit, subject to provisions consistent with the **Public Sector Management Act**, and

7.1 Compliance with Government Policies

Bio Innovation SA will comply with all relevant **Government** policies unless specifically exempted.

7.2 Compliance with the Public Finance and Audit Act

Bio Innovation SA will be subject to all the requirements of the **Public Finance and Audit Act**.

Bio Innovation SA will be subject to all Treasurer Instructions (Authorities) unless specifically exempted.

8. Date of Operation

This **Charter** will come into effect upon the proclamation of the Bio Innovation SA Regulations (or other date specified) and will be reviewed before 30 June 2001.