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Committee Secretary
House of Representatives
Standing Committee on Primary Industries and Regional Services
R1 110
Parliament House
CANBERRA ACT 2600
AUSTRALIA

Wednesday, 28 February 2001

Re: "Inquiry into the development of high technology industries in regional Australia based on bioprospecting"

Dear Sir,

On behalf of BioProspect Limited, I would like to present our brief submission to your inquiry.

We are a listed public company, owned almost exclusively by Australians. We are also an independent bio-prospecting company.

BioProspect holds a long term bioprospecting license with the Western Australian Government.

That is, BioProspect investigates naturally occurring compounds within biological material that may have activity as therapeutic or pharmaceutical compounds in both human and animal application. In addition, Agro-chemical activity is also investigated.

We believe that our independence is significant to our success, in that we are not owned or controlled by any pharmaceutical company or any other organisation with a vested interest, either in Australia or Internationally and this independence allows us to operate, (as we would like to say), as a fair and honest broker of the biological resources to which we have access rights.

We believe very strongly in the Convention on Biological Diversity (CBD) and our corporate mission statement is based on that protocol. (Please visit our website)

Our relationship with sovereign states is therefore based on the CBD. Key elements which we insist are included in any contract are as follows:

Access to biological resources is strictly on the basis of sustainable access and contingent on

agreement to:

Collect only minimal quantity to satisfy screening for biological activity.

All collections are “vouchered” and identified by qualified taxonomists. Voucher specimen libraries are maintained by the sovereign state, (eg. in Herbaria and/or Museums)

No extract collections of endangered or protected species are ever collected from the wild. Collections of protected species only occur if material is sustainably available from cultivated or farmed collections.

Any requirement for further quantity of biological material to continue research is from cultivation or farming or in rare circumstances from proven sustainable collections from natural sources.

Access is contingent on proven activity towards detection or discovery of useful compounds within that resource material, within reasonable time periods.

Primary ownership of all intellectual property derived from a biological resource remains always in the hands of the sovereign state of its derivation. For example;

All patents are issued in the name of the sovereign state which provided the resource or derived resource .

Exclusive license to use this IP is assigned to the bioprospector under strict performance and activity covenants eg.

Nil activity towards screening biological resources for active compounds or other approved uses within reasonable time causes exclusivity to be withdrawn.

Nil activity towards commercialisation causes exclusivity to be withdrawn.

Sub-licenses are issued under conditions not inconsistent with the above (2 (a) and 2 (b)).

Wherever possible, infrastructure and human resources of the sovereign state are used to collect, process, and value add to the primary biological resource.

If possible and practical this includes investment in local infrastructure and local education (graduate and post graduate).

If possible and practical this includes sub-contracting scientific expertise and institutional infrastructure within universities and institutions of the sovereign state.

If possible and practical this includes packaging and brokering of “clever chemistry” from within the sovereign state together with the processed primary resource to attract third party sponsorship to local research groups and institutions.

Most importantly, the sovereign state receives royalties from any commercial activity resulting from their natural resource or derived from their natural resource. For example:

This results in the sovereign state receiving a share of any income received by the bioprospector from any activity derived from the use or application of a natural resource whether from marketing of a compound extracted from a biological resource or the marketing of a compound synthetically derived as a result of investigation of the primary biological resource.

This also results in the sovereign state receiving a share of any income received as milestone payments during the development phases of commercialisation of a natural compound or its derivatives.

In the context of Australia, some of the above tenets (e.g. education and infrastructure) require modification since the CBD was intended for use as a guideline for relationships with countries without the international muscle to protect their natural resources.

For instance, we are very keen to be party to discussions and interactions leading to satisfactory solutions to the fair distribution of benefits derived from the development of Commonwealth derived material.

It is perhaps worth discussing a model whereby the sovereign states share of royalty income derived from bioprospecting resides, wholly or partly, in a suitable independently managed fund or pool from where this resource is distributed to further protect the diversity of the nation's biota and to directly reward the use of indigenous knowledge in the sustainable development of that biota. We would support and would like to be involved in discussing the development of such a model.

Advantages of such a model would include an easily implemented equitable mechanism for fair recognition of input from several sources regarding the same material. This is perhaps the biggest hurdle in private enterprise's attempt to fairly reward similar input from several diverse parties. A Commonwealth sponsored model would clearly overcome this difficulty.

Management of this "Indigenous Biodiversity" fund would necessarily include representatives of Government, Industry and Indigenous peoples.

Our own policies include the outsourcing of any work to any party or parties within the state of origin or Australia in general who are capable of performing the work at commercial rates and with adequate quality assurance. If generally adopted within Commonwealth policy, this may add a further important dimension to the social return from the sustainable development of the nation's biota.

In closing, BioProspect Limited would be very happy to expand on any of the ideas presented here at any time and would be equally happy to participate in any public hearing or other discussion associated with this inquiry. Our Collection Protocols and Pro-Forma License arrangements are available to the committee on request under confidentiality.

Your sincerely,

Greg Eaton

CEO

Director of Science

BioProspect Limited