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One example of this is the treatment of life sciences industries in Australia versus Malaysia.

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Reaching up: Malaysia aims to build a core of more than 100 biotech companies.

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"[In Australia] it is a case of sink or swim. We haven't met a politician who has really noticed us. [The attention from government] hugely affects our company."

Glatz says his company has been given "bionexus" status in Malaysia, which means its activities are tax free for 10 years. "It is the difference between [national] industry politics, I would say."

Australia is not a small player in life science. According to the Biotechnology Industry Organisation, Australia has the fifth-largest biotechnology market in the world after America,

Canada, Germany and Britain. As recently as 2008, Australia was the leading location of biotechnology companies in the Asia-Pacific with 470 core companies, half of which were in human therapeutics, 16 per cent in agricultural biotechnology and 13 per cent in diagnostics.

But since the global financial crisis, the cash position of biotechnology has deteriorated, research by Burrill & Company and Ernst & Young shows. Some analysts describe the financing environment as “dismal” and put question marks over the industry’s future.

Malaysia’s environment is very different. The industry is smaller but hopes are high that this can be changed. Planning is the emphasis. The senior vice-president of corporate affairs at Malaysia’s BiotechCorp, Razif Aziz, says the country aims to build a core of more than 100 companies to create a critical mass in Malaysia’s biotechnology industries. He believes Malaysia is doing better than Singapore in encouraging businesses in the sector.

Malaysia’s strategy is shaped by regional dynamics. “In the case of China, we are complementing a lot of their activities,” he says. “We have a lot of biotechnology companies that are trying to have part of their activities over there. To us, China is an opportunity not just in the market but also in co-operation. We are a strategic part of Asia. You can fly six hours up and six hours down and cover all of Asia.”

Aziz says Malaysia’s approach is not based on picking winners. “We are not taking an extreme approach where we say these companies must succeed,” he says. “Some will not succeed, although we of course want to get some global players. Our economy has always been to some extent driven by foreign direct investment; it is the only way we can reach the ambitious targets we have set ourselves. We have always seen foreign direct investment as a catalyst; a way to bring in high-end stuff, then local companies can build around that.”

The approach in Australia is very different. It has been, at best, only intermittently successful. Mike Hirshorn, the former chief executive of Cochlear, says that in the life sciences space there has been little success in building companies with an international position other than Cochlear, CSL and Resmed. He says companies can get some start-up backing from governments but in the critical mid-period phase they do not receive crucial support.

Setting national goals for industry development, however, would have different consequences in Australia than in Malaysia, where there tends to be a far more collectivist approach. It is unlikely that a Malaysian-style, state-driven approach to emerging industry development would work in Australia.

The big difference is perhaps in the tolerance for failure. Aziz says the approach of the Malaysian government is to create an “ecosystem” that will “grow” a number of emerging companies. “We are looking at [an investment] multiplier of eight to 10 times,” he says. “We are trying to build an industry, not just individual investments. If there is not organic growth, it won’t work. There is also going to be an inter-dependence of ASEAN countries. There is enough space for everyone.”

In the Australian environment, companies are viewed more in isolation, and signs of failure are quickly punished. Daina Vanags heads clinical development for biotech company CBio, which is looking to develop treatments for auto-immune diseases such as rheumatoid arthritis, psoriasis and multiple sclerosis. The intention is to use knowledge about why a mother's immune system is dampened during pregnancy and causes the diseases to go into remission. A protein has been isolated that has had some clinical success when applied intravenously. But trials where it was applied under the skin were not as good as hoped.

Vanags says the shareholders were not impressed by the recent release of information about clinical trial results, and are looking to respond by removing three directors. "[The disgruntled shareholders are saying] the release of information the company made is damaging to the shareholders. But we had to be scientifically accurate."

Even support for success can be slow in Australia. Cardia's Klatz says the company turned over \$1.4 million in the past quarter, almost a fourfold pro-rata increase. The shares have not improved markedly, although the company was able to raise \$4.5 million capital in June.

Klatz says favourable government legislation is the key to developing the business. "Eighty to 90 per cent of our activities are outside Australia," he says. "We are seeing some movements at national level but nothing at the federal level." Klatz says the company gets revenue from Singapore, South America and India. "The challenge for Australia is to create industry clusters," he says. "It is happening everywhere but Australia."

Associate professor Tracey Brown, the chief scientific officer at Alchemia, has invented a cancer-targeting treatment that is showing early signs of promise. She says it was difficult to raise government funding and in any case what could have been raised was not enough. She says having to seek private funding was the "best thing that could have happened".

Brown signed all the intellectual property over to Meditech, which has since merged with Alchemia, in return for getting the funding. She says the deal with Meditech was that there would be enough funding to get the drugs into clinical trials within two years.

Meditech delivered, she says. "It gave me enough money to do it."

Brown laments the lack of support given to life science business. "I am disappointed with government," she says. "[In the review system for grants] they send people who are not qualified to assess your work. We have the best scientists in the world but in order for them to get enough money, they have to go overseas. It is sad."