

Health Industries Fund

Guidelines

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1.1 Introduction

Health Industries South Australia (**HISA**) was established in 2014 to pursue the South Australian Government's economic development strategy targeting the health and biomedical sciences. HISA works with government and the private-sector to promote South Australia as an attractive investment destination for pharmaceutical companies, clinical trials, medical devices, digital healthcare and tele-medicine, and nutraceuticals.

As part of the 2016-17 Mid-Year Budget Review in December 2016, the South Australian Government (**Government**) announced the Health Industries Fund (**HIF**) to attract enterprises in the health and biomedical sciences to establish or expand operations in South Australia.

The HIF will be an important part of the South Australian Government's commitment to an economic development model targeting the health and biomedical sciences. This is demonstrated by the establishment of HISA for the purpose of attracting inbound investment, by the support of other initiatives such as TechInSA, MedVet and Tonsley, and by the development of Adelaide BioMed City.

The HIF, which has funding of \$6 million until the end of 2017-18, will be administered by HISA, the agency responsible for attracting inbound investment in the health and biomedical sciences.

HISA will be responsible for the initial evaluation of applications for funding, using selection criteria to determine whether a project aligns with its mandate of contributing to the economic development of the state through the attraction of inbound investment in the life sciences sector.

1.2 Non-financial support

Support of a non-financial nature is also offered by HISA and may include:

- **Project management:** the provision of specialist expertise to simplify dealings between government and investors and to provide introductions and advice that streamline the path to investment in South Australia.
- **Supply chain support:** the government may consider providing supply chain information, which could help proponents to engage a skilled workforce or services for their project.
- **Business-matching:** HISA may work with other government agencies and private sector counterparts to connect new technologies, innovation, services, skills or processes to local demands, opportunities or researchers and developers.

1.3 Program Objectives

The HIF has been established to strengthen HISA's ability to pursue its mandate to contribute to the economic development of South Australia through a growing and dynamic health and biomedical sciences sector, specifically by:

- Increasing inbound direct investment in the health and biomedical sciences
- Creating jobs in the health and biomedical sciences sector in South Australia
- Increasing the profile of South Australia as a destination for inbound investment
- Strengthening critical links between life sciences companies in South Australia.

2.1 HIF Eligibility Criteria

Funding from the HIF is available to companies who can demonstrate that their business plan will deliver significant benefits to South Australia and the local life sciences sector, accompanied by high-quality financial information and commercialisation strategy.

To be eligible to apply for funding from the HIF, prospective applicants must first submit an Expression of Interest to HISA, briefly (2-3 pages) outlining the potential project, the justification for South Australian Government support, and project proponents and partners.

Prospective applicants are encouraged to discuss their projects with HISA before submitting an Expression of Interest and formal application to determine the project's suitability for the HIF and any non-financial support that HISA may provide.

Following continued discussion, HISA will require prospective applicants to submit a Business Plan, demonstrating:

- An investment strategy, including the benefits of the project and justification for financial support
- A commercialisation strategy
- A financial model, including estimates of capital expenditure and job creation
- Clear definition and estimates of timing of project milestones
- Long-term sustainability of the enterprise
- Evidence of financial capability and managerial and technical competency
- Understanding of risk profile and risk mitigation strategy
- The enterprise's operations in the health and biomedical sciences
- Creation of sustainable employment in South Australia
- Analysis of markets relevant to the enterprise's business and its marketing strategy
- The extent to which external funding supports the project.

This information is required before funding support will be considered and is a standard requirement for any type of interaction between HISA and a potential investor. The outcome may or may not require financial support from the state.

The following selection criteria will be used to judge claims for program funding:

1. Projects must be in the industry sector of the health and biomedical sciences
2. Projects must create sustainable employment, principally in South Australia
3. Projects must continue placing the health and biomedical sciences as one of the drivers identified with the transformation of South Australia's economy
4. Projects must not seek funding for operating costs
5. Proponents must present a Business Plan detailing the project's fundamentals.

Only applications that HISA has determined meet the selection criteria will be accepted for consideration.

Eligible applications will initially be assessed by the HISA executive team against the program criteria, and recommended or not recommended for funding based on a project's alignment with the objectives of HISA.

The final determination will be at the discretion of the Minister who will be responsible for approving funding amounts of \$500,000 and below; or Cabinet for funding requests above \$500,000. These decisions will be final.

HISA will make the HIF guidelines available on its website. Aside from this, the HIF will be promoted in seminars, meetings with potential investors and through the publication of marketing materials.

HISA will notify applicants about the success of their application. In the event that financial support is to be provided to a project, the applicant(s) will be required to enter into relevant legal agreements, on terms and conditions required by the South Australian Government, following the approval of Cabinet.

These documents will set out:

- the terms of the agreement, including possible phased provision of funding over the life of the project
- milestones required to be met for the Government to provide financial support
- any other obligations to be met by the project proponent as part of the funding agreement
- relevant repayment arrangements if agreed KPIs and/or milestones are not met.

Financial support will only be provided to companies when KPIs, milestones and repayment events have been agreed.

3.1 Definitions

- **Applicant(s)** is the enterprise that has lodged an Application for the Health Industries Fund.
- **Application** means the prescribed program application form (Business Plan), lodged in accordance with the requirements outlined in Section 2.1.
- **Expression of Interest** is a brief document, required to be submitted by a prospective applicant to initiate formal negotiations about program funding, summarising the project and providing information about project proponents
- **FTE** is a person:
 - o who is taken to be an employee under the Payroll Tax Act 1971 (SA), or who is engaged through an employment agent under an employment agency contract for the purposes of Section 4A of the Payroll Tax Act 1971 (SA); and
 - o who, under an applicable industrial award or agreement, is taken to work on a full time basis, or if no such award or agreement exists, is required under their terms of employment, to work at least 37.5 hours a week.

Where two or more persons are employed on a part time basis, and would otherwise qualify as FTEs but for the hours worked, then those persons' routine weekly work hours can be combined to equate to a full time equivalent and be regarded as an FTE.
- **Health Industries South Australia** is the South Australian Government agency established for the purpose of attracting inbound investment in the health and biomedical sciences.