

media release

Joint industry statement: Industry unites in call to back our biotechs to keep jobs during COVID-19

11 May 2020

Despite this being the life sciences industry's 'finest hour' as it pivots to fast track COVID-19 vaccines, treatment and diagnostics and digital health solutions, the sector's pre-revenue companies are calling for support to keep their highly-skilled 65,000 jobs. Health and medical start-ups, making up more than 85 per cent of the sector need JobKeeper to retain skills and talent.

The health industry's R&D, including clinical trials, is a key contributor to Australia's patient wellbeing and growth economy. The signatories of this open letter – from the medical technologies, digital health, biotechnologies and pharmaceuticals industry sector and the health and medical research sector – urge the inclusion of pre-revenue life science companies in the JobKeeper eligibility criteria.

Australia's pre-revenue biotech and medtech companies house priceless talent and intellectual property that could be permanently lost to Australia if they are not able to access JobKeeper to weather the COVID-19 storm.

The ATO recently denied the industry's application to expand the JobKeeper payment eligibility criteria to include pre-revenue biotech and medtech companies working in Australia.

These life science companies are at the heart of the essential research and development of vaccines, repurposed and emerging therapies, diagnostics, digital solutions, as well as test kits and ventilators to combat COVID-19. They raise the quality of life for all Australians.

The Government has acknowledged the unintended exclusion of other sectors and developed alternative tests. Charities, including medical research institutes, can now elect to exclude government revenue from the JobKeeper turnover test, thereby enabling them to continue delivering their vital services. Start-ups, including those in the tech sector who have gone through high-growth, can use the alternative 'decline in turnover' test that recognises that it may not be appropriate for an entity to compare their current monthly or quarterly GST turnover with the same period a year ago, for example when they are less than a year old.

Without JobKeeper eligibility criteria being expanded to include pre-revenue life science companies, they stand to lose up to a decade of substantial scientific and capital contributions.

These companies are also not immune from the global economic challenges, and many pre-revenue companies are under strain as their clinical trials are halted and delayed and venture capital markets dry up.

They face a myriad of challenges different from those of other industries. The unique business model enables them to translate research into lifesaving and enhancing products for patients, but involves very



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long timeframes and significant capital. Critically, life science companies are often not generating revenue for typically up to 15 years for therapeutics and seven years for medical devices.

Therefore, they do not have revenue to show, nor revenue to reduce by 30 per cent, regardless of their fierce need for cash flow and reliance on venture capital, which is drying up during the COVID-19 crisis.

This substantial sector encompasses an entire ecosystem that at the commencement of the year, included more than 1,800 organisations and 240,000 employees; start-ups and SMEs account for 86 per cent of the life sciences industry, and employ more than 65,000 Australians in high-value jobs. The sector has been adding more than \$4 billion gross value per annum to Australia's economy, and, to date, is a world leader with a strong track record in developing new therapies to combat devastating disease.

JobKeeper's intention is to retain staff and to support businesses to recommence quickly without needing to rehire when the downturn is over. Omitting pre-revenue life science companies has the potential to knock over the entire industry – companies will be 'moth-balled', innovative research (predominantly clinical trials) parked, and staff let go.

The skills needed for this industry are very difficult to source and this will become harder during the road to recovery. These impacts are the exact opposite of the policy's intent. Access to the JobKeeper scheme will enable staff to remain connected to the company, and will support businesses to recommence quickly without needing to rehire when the downturn is over.

AusBiotech surveyed its membership and found 62 per cent respondents indicating that their clinical trials are being delayed or that recruitment has been paused. This disruption to the clinical trials trajectory will impact patients nationally and globally. The necessity and ability to keep staff on will be vastly impacted by JobKeeper payments.

The companies behind the innovative products being developed and delivered have been at the forefront of global responses to COVID-19 coronavirus, after also rallying to respond to the medical needs of those who suffered during a summer of catastrophic fires across Australia. It is unjust to the sector to be left unsupported through this globally-challenging and unprecedented period. **We cannot lose the social and economic benefits being delivered through the Australian life sciences sector.**

Yours sincerely



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About AusBiotech

AusBiotech is Australia's biotechnology organisation, working on behalf of members for more than 30 years to provide representation and services to promote the global growth of Australian biotechnology. AusBiotech is a well-connected network of over 3,000 members in the life sciences, including therapeutics, medical technology (devices and diagnostics), food technology and agricultural, environmental and industrial sectors.

About ANDHealth

ANDHealth is Australia's only organisation dedicated to providing programs designed specifically to address the unique commercialisation challenges faced by digital health companies.

About Medicines Australia

Medicines Australia represents the discovery-driven pharmaceutical industry in Australia. Our member companies invent, manufacture and supply innovative medicines and vaccines to the Australian community, which keeps Australians out of hospitals, prevents disease and play a pivotal role in ensuring a productive and healthy community. Medicines Australia's mission is to drive the creation and development of a predictable environment for the continued, sustainable growth of the innovative and researchbased prescription medicines industry.

About MTAA

The Medical Technology Association of Australia represents manufacturers, exporters and suppliers of medical technology products used in the diagnostics, prevention, treatment and management of disease and disability.

About Life Sciences Queensland

LSQ is a Member based organisation that is working for the life sciences industry in Queensland. LSQ recognises and supports the Queensland Government's commitment to work with industry, to build infrastructure and attract world-class individuals to form the basis of a life sciences industry in Queensland. As an industry-led vehicle, which promotes and supports all segments of the life sciences industry, LSQ works to enhance Queensland's national and international reputation as a centre of commercial and research excellence in life sciences.

About BioMelbourne Network

The BioMelbourne Network is a membership-based, industry forum representing over 185 organisations and business leaders in biotechnology, medical technology and health innovation industries in the State of Victoria. Our role is to foster links between companies, research organisations, financial markets and government to create an environment for that enables conversation, collaboration and prosperity.