



Media release

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We must invest more in innovation: AVCAL

AVCAL, which represents Australia's private equity and venture capital industry, has lodged a submission to the National Commission of Audit. The submission urges the commissioners to maintain support for the Innovation Investment Fund (IIF) programme and the implementation of the 2013 McKeon Review recommendation for the establishment of a Translational Biotech Fund (TBF).

"The IIF is a vital source of funding for many innovative start-ups in Australia," AVCAL CEO Yasser El-Ansary said. "By bridging the funding gap for companies looking to commercialise their concepts, we can ensure that Australian innovation remains a key ingredient for future economic growth while at the same time having very little impact on the Government's fiscal balance."

The establishment of a TBF would also be an important step in helping early stage biotech companies, as identified in the comprehensive work undertaken as part of the recent McKeon Review. The TBF is intended to support research commercialisation by bridging the "valley of death" at the early clinical stage and testing of medical devices.

Both programmes involve the acquisition of financial assets through administered capital, which means they do not impact the Government's fiscal balance and in actual fact the Government can obtain a return on the funds invested.

"There aren't many areas of public policy where the Government can actually make money by spending money," said Mr El-Ansary.

From an overall federal revenue base of around \$400b p.a., the Government currently spends around \$9b p.a. (or the equivalent of 2.25%) on science, research and innovation. It is estimated that less than 1.5% of the \$9b goes towards research translation into commercial outcomes.

"There is an irrefutable flaw in our current policy prioritisation – we don't invest enough in innovation, and we have to start taking steps to arrest the slide. Our chronic under-investment goes some way to explaining why Australia currently lags behind our global counterparts in collaborative innovation, as identified in the *2013 Australian Innovation System Report*," said Mr El-Ansary.

"Long-term policy support for forward-thinking initiatives such as the IIF and TBF will greatly help in fostering an environment that nurtures the development of Australian innovation beyond the confines of universities, laboratories and research centres."

A copy of AVCAL's submission to the National Commission of Audit can be viewed at: www.avcal.com.au

About AVCAL

The Australian Private Equity & Venture Capital Association Limited (AVCAL) is a national association which represents the private equity and venture capital industries. AVCAL's members comprise most of the active private equity and venture capital firms in Australia. These firms provide capital for early stage companies, later stage expansion capital, and capital for management buyouts of established companies.

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