

AusBiotech advocates to ease funding for start-ups

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Singapore: Australia life science association, AusBiotech, has proposed to develop an investor incentive model to stimulate and encourage investment in start-up and pre-revenue companies.

AusBiotech is advocating for greater incentives to encourage investors to provide capital to the life science sector's young, innovative companies. In particular, there is a gap in the various incentives that exist to encourage investors to 'park' their capital in pre-revenue, pre-dividend companies for three years or more. These so-called 'patient investors' are desirable as they provide more stability and certainty to start-up companies.

Long-term venture capital investment is an area where the 'market' is failing in Australia, thereby impacting the biotechnology industry's ability to grow at its potential rate, according to AusBiotech.

The proposal further adds that, "Access to capital is critical to the success of small, start-up companies, but even more-so for life sciences companies that have unique business model, notably that they can be pre-revenue (and therefore non-dividend-paying) for a decade or more before they reach marketing/regulatory approval, while needing tens or hundreds of millions of dollars for research and development (R&D).

In the current climate of structural shifts in the economy and the recognition that innovation is a key driver of productivity and therefore the economy, the use of the tax system to promote growth in innovation is sensible and enables Australia to address the market failures that currently stifle innovation in its early stages."