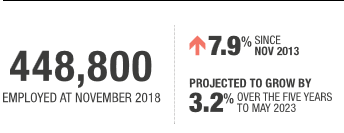
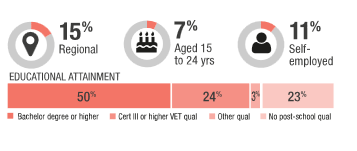
**Financial and Insurance Services**

<https://australianjobs.employment.gov.au/jobs-industry/financial-and-insurance-services>





Financial and Insurance Services employs 448,800 people across Australia. Employment is concentrated primarily in the capital cities and in Australia’s eastern states. Nearly half the workers in this industry are employed in New South Wales.

This workforce is highly qualified, with 77% holding post-school qualifications (compared with 68% across all industries). Almost all jobs are for Professionals, Clerical and Administrative Workers and Managers.

Reflecting the time it takes to attain the required qualifications, just 7% of this workforce is aged 15 to 24 years old.

Financial and Insurance Services employment is projected to increase by 3.2% over the five years to 2023 (well below the 7.1% projected across all industries).

# Innovative funding and financing

## <https://investment.infrastructure.gov.au/about/funding_and_finance/index.aspx>

## In this section

* [About innovative funding and financing](https://investment.infrastructure.gov.au/about/funding_and_finance/index.aspx#about)
* [Principles for Innovative Financing](https://investment.infrastructure.gov.au/about/funding_and_finance/principles_for_innovative_financing.aspx)
* [Cost Estimation Guidance](https://investment.infrastructure.gov.au/about/funding_and_finance/cost_estimation_guidance.aspx)

## About innovative funding and financing

As part of its focus on delivering greater value for money for Australians, the Australian Government has moved beyond the Government's traditional role of simply a transport infrastructure provider of funding for new projects to be an active, informed investor.

From 2019-20, the Government will invest over $13 billion through innovative financing options, such as concessional loans and equity injections. This approach is helping deliver nation‑shaping projects such as the WestConnex road upgrades, the new Western Sydney Airport and the Melbourne to Brisbane Inland Rail project.

These commitments are helping deliver infrastructure more efficiently, return greater value for investment and provide more opportunities for private sector involvement in projects. The Government considers a range of mechanisms when considering innovative funding and financing, including:

* concessional loans
* guarantees
* phased grants and availability payments
* equity injections
* value capture
* wider application of user charging.

To expand the Commonwealth's capacity to undertake detailed financial assessments, the Government established [Infrastructure and Project Financing Agency](http://www.ipfa.gov.au/) (IPFA), which commenced operation on 1 July 2017. IPFA will help the Government identify new financing solutions and provide advice on implementation, including for projects outside the transport sector.

## Success of innovation in Australia’s Financial Services lies in collaboration, not competition

<https://australianfintech.com.au/success-of-innovation-in-australias-financial-services-lies-in-collaboration-not-competition/>

Capgemini, a global leader in consulting, technology and outsourcing services, today announced the findings of a report published by The Australian Digital Transformation Lab, a joint venture between the University of Sydney Business School and Capgemini. The report finds that while Financial Technology (Fintech) firms are seeking to disrupt the larger players, moving forward, the opportunity in financial services is based on collaboration rather than competition.

The emerging Fintech industry and Australia’s traditional banking sector are being urged to work together in order to innovate in ways that allow them to survive the looming threat posed by so called ‘Big Tech’ companies such as Apple and Amazon. It is therefore critical for banks and Fintechs to consider collaboration as part of an integrated strategy.

“We commonly think of Fintech as small, digitally-native companies that fundamentally change the financial services market, disrupting and displacing incumbents. But what’s becoming clear is that it’s difficult for Fintech firms to prove themselves as a viable option for everyday consumers despite the innovation in services,” says the University of Sydney Business School’s Professor Kai Riemer.

“That’s not to say incumbents are able to sit back and enjoy their current status – customers are increasingly exposed to new Fintech options that offer convenient, engaging services. The future will lie in exploring collaboration,” Professor Riemer added.

According to the report, the increased pace of innovation tied with venture capital funding has led to a perfect storm in the financial services market:

1) The impression of stability and lingering customer trust has helped banks and other traditional institutions maintain their dominant position, but younger tech-savvy Gen Y customers are increasingly willing to go elsewhere for their financial services needs. Combined with the growing support from government, it would seem that Fintech companies are well placed to make the most of their increasingly favorable regulatory environment.

2) The Fintech sector has been successful in harnessing digital technology, using it to offer customers better prices, convenience, access, choice, and the benefits of community.

3) The Australian Fintech industry is thriving and incumbents and start-ups, who initially considered each other as competitors, now see the value in collaborating. Adjusting large-scale systems and embedded processes to become more responsive is however no simple task for incumbents, who face a major challenge in matching the agility of their nimbler counterparts.

4) While Fintech companies have successfully managed to bring to the market customer centric services and products, traditional firms still hold an advantage in the area of trust, specifically the perception of stability, security, and safety. This is particularly true when it comes to long term investments like mortgages – customers place their trust in traditional firms for their stability. If Fintechs want to overcome this hurdle and unlock a larger segment of the market and scale-up, they should consider partnering with incumbents.

**Australian Sustainable Finance Initiative**

[**https://www.sustainablefinance.org.au/**](https://www.sustainablefinance.org.au/)

## A sustainable and resilient economy – one that prioritises human well-being, social equity and protection of our environment – is the foundation for ensuring Australia’s prosperity.

## The Australian Sustainable Finance Initiative has been established to set out a roadmap for realigning the finance sector to support greater social, environmental and economic outcomes for the country.

# What is ASFI?

**The Australian Sustainable Finance Initiative (ASFI) is an unprecedented collaboration formed to help shape an Australian economy that prioritises human well-being, social equity and environmental protection, while underpinning financial system resilience and stability.**  
  
ASFI brings together leaders spanning Australia’s major banks, superannuation funds, insurance companies, financial sector peak bodies and academia to develop a Sustainable Finance Roadmap, in consultation with diverse sectors and stakeholders.

The roadmap, to be launched in 2020, will recommend pathways, policies and frameworks to enable the financial services sector to contribute more systematically to the transition to a more resilient and sustainable economy, consistent with global goals such as the UN Sustainable Development Goals and the Paris Agreement on climate change.

Its objectives include:

**1.** Mobilising capital to deliver on our national and global sustainable development goals commensurable with science-based targets and informed by international conventions, treaties and norms;

**2.** Enhancing the sustainability, resilience and stability of the financial system by embedding sustainability and human rights considerations into financial markets, products and services to better account for and manage risk and impact;

**3.** Ensuring better informed financial decision making by enhancing disclosures and transparency in financial markets for enhanced valuation of environmental and social risks and opportunities; and

**4.** Delivering a financial system that meets community and consumer expectations around sustainability and norms including informed engagement, improved and informed choice, effective disclosures and client interests while enhancing financial inclusion and financial well-being.

ASFI was born out of industry discussions which took place at the end of 2017, including the [**Financing a Resilient and Sustainable Economy**](https://www.unepfi.org/events/regions-events/asia-pacific-events/unep-fi-conference-on-financing-for-a-resilient-and-sustainable-economy-in-australia-sydney/) conference held in July 2018 in Sydney. At this event, representatives from academia, government, the finance sector, industry bodies, regulators and civil society discussed the importance of aligning the finance sector in Australia and New Zealand with the delivery of resilient and sustainable economies, including drawing on international developments.

The conference reinforced strong support for the finance sector to lead a sustainable finance roadmap initiative in Australia, with international and regional peak bodies pledging commitment to help deliver the Roadmap (see [**joint statement**](https://www.unepfi.org/psi/wp-content/uploads/2018/07/Statement-for-a-Sustainable-Finance-Roadmap-July-2018.pdf)).

Read ASFI’s Terms of Reference [**here**](https://www.sustainablefinance.org.au/s/ASFI-TOR-FINAL.pdf).

# What is sustainable finance?

**The health, sustainability and stability of our economy is inextricably linked with the health, sustainability and stability of our people, society and the natural systems on which we all depend.**

For Australia to continue to prosper in the 21st century we need to realign the systems that underpin our economy to support human well-being, social equity and our environment.

Australia has demonstrated its commitment through ratification of the [**Paris Agreement**](https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement) on climate change, the adoption of the [**Sustainable Development Goals**](https://www.un.org/sustainabledevelopment/sustainable-development-goals/), as well as long-standing commitments to uphold UN human rights obligations and other relevant international conventions.

To deliver on these commitments while meeting the expectations of Australians now and into the future, we need a financial system that is aligned to these commitments.

Globally, momentum is building to better align finance with our sustainable development needs. Countries and regions around the world are setting out Sustainable Finance Roadmaps that provide pathways and policy signals and set frameworks to enable the finance sector to contribute more systematically to the transition to a more resilient and sustainable economy, consistent with these global goals.

Our work is modelled on the work and progress internationally to align the finance sector with the goals of a resilient and sustainable economy, including the European Union’s [**High Level Expert Group on Sustainable Finance**](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en) and the UK’s [**Green Finance Taskforce**](http://greenfinanceinitiative.org/workstreams/green-finance-taskforce/).

# Who are we?

**The Australian Sustainable Finance Initiative comprises a Steering Committee with senior financial services, academic and civil society representatives, charged with overseeing the delivery of the Australian Sustainable Finance Roadmap as part of the Initiative.**

Working groups have also been established to bring in specific expertise, engage different parts of society and gather and distil diverse inputs to help frame understanding of the challenges and possible steps for the Roadmap.

### STEERING COMMITTEE MEMBERS

**Anna Skarbek**, CEO - ClimateWorks

Anna is CEO of ClimateWorks Australia, a non-profit, specialist adviser committed to accelerating the transition to net zero emissions for Australia and Asia Pacific. ClimateWorks was co-founded in 2009 by The Myer Foundation and Monash University and works within Monash Sustainable Development Institute. Anna is a former banker, lawyer and policy adviser, and currently a Director of the Centre for New Energy Technologies, the Green Building Council Australia and the Sustainable Melbourne Fund, and a former director of the Clean Energy Finance Corporation, the Carbon Market Institute and Amnesty International Australia.

**Connie Sokaris**, Executive General Manager Corporate Finance - National Australia Bank

Connie is responsible for meeting the capital markets and specialised funding needs of Corporate & Institutional clients at National Australia Bank. This includes bond, private placement and US private placement originations, loan syndications, securitisation, project finance and specialist leasing.

Connie has led several senior teams since joining National Australia Bank in 2003, and is a member of National Australia Bank’s Corporate and Institutional leadership team leading Strategy, Transformation and Enablement.

Connie has more than 25 years’ experience in Wholesale and Institutional banking within NAB and other Financial Institutions including Deutsche Bank and UBS in Australia, United Kingdom and United States. Connie is also a member of the FINSIA Institutional Markets Industry Council.

**Damien Walsh**, Managing Director -   
Bank Australia

Damien Walsh is Managing Director of Bank Australia Limited. Damien has over 30 years of experience in the mutual banking sector and he has been a leading voice in promoting values-based banking that creates mutual prosperity for people, communities and the planet. Under Damien’s leadership, Bank Australia has been recognised nationally and internationally as one of Australia’s most successful mutual banks. Damien has been instrumental in shaping the bank’s approach to sustainable development, responsible business practices, and leading a highly engaged corporate culture. In 2014 he was awarded a CEO Banksia Award for his contribution to sustainability.

**David Atkin**, CEO - Cbus

David is the CEO for Cbus, the national industry fund for more than 760,000 building and construction workers Australia wide, with AUD$47 billion funds under management. David was previously the CEO for Emergency Services and State Super and the CEO for JUST Super. He is Chair of SuperFriend a not-for-profit mental health foundation focused on creating mentally healthy workplaces, and is a Board Director for Frontier Advisors. David has a BA Hons University of Melbourne, Master of Arts Latrobe University and a Diploma of Financial Services and was recognised with distinguished alumni award from La Trobe University for his work in sustainable finance field. He was recently awarded the FEAL Fund Executive of the Year 2017.

**Didier Van Not**, General Manager Corporate and Institutional Banking - Westpac Banking Corporation

Didier is the General Manager, Corporate & Institutional Banking for Westpac Institutional Bank (WIB). In this role, Didier has global responsibility for Westpac’s corporate, institutional and government banking relationships, as well as ownership of the debt products offering, the management of the WIB balance sheet and the Industry Analytics & Insights function. He has over 20 years of institutional and investment banking experience globally, including in Europe, New Zealand and Australia. Didier is also the Chairperson of Westpac Group’s Climate Change Solutions Committee, Co-Chair of WIB’s ESG Risk Management Committee as well as the WIB representative on Westpac Group’s Sustainability Council.

**Emma Herd**, CEO - Investor Group on Climate Change

Emma Herd has been Chief Executive Officer at the Investor Group on Climate Change since August 2015. Emma has worked in climate change, sustainability, public policy and finance for almost twenty years. Prior to IGCC, Emma spent 15 years at Westpac Banking Corporation where she worked at the vanguard of climate change and finance. She held a range of roles across carbon finance and emissions trading, ESG Risk assessment, public policy and advocacy, sustainability strategy development and corporate affairs across Westpac Institutional Bank and Westpac Banking Corporation. She started her career working in Parliamentary Committees (Senate and House of Representatives) in Parliament House, Canberra. Emma is a Non-Executive Director of the Carbon Market Institute and a member of the Queensland Climate Change Advisory Council. She holds a Bachelor of Asian Studies (Thai) Hons.

**Jacki Johnson** (Co-Chair), Advisor to IAG on Climate Change and Sustainability, Co-Chair of the UNEP FI Global Steering Committee

Jacki is an Advisor to the IAG Board on Climate Change and Sustainability and was formerly Group Executive, People, Performance & Reputation at IAG, responsible for the functions of people and culture, corporate and government affairs, safer communities, the Australian Business Roundtable for Disaster Resilience & Safer Communities and the IAG Foundation. She is also an elected member of the UNEP FI Global Steering Committee holding the role of Co-Chair, a member of Chief Executive Women and a member of the Steering Committee for Sydney 100 Resilient Cities. From 2010 to 2016, Jacki was Chief Executive of IAG’s New Zealand business. Former roles include President of the Insurance Council of New Zealand, Chair of the Christchurch Recovery Chief Executives' meeting, and Executive Director IAG New Zealand. In addition, Jacki is a Non-Executive Director of Community First Credit Union and a member of the Corporate Governance Committee.

**Dr John Hewson AM**, Chairman - Business Council for Sustainable Development Australia

Dr John Hewson is an economic and financial expert with experience in academia, business, government, media and the financial system. John is a highly respected economic and business leader with a long track record on sustainability and action on climate change dating back to his ambitious emission reduction policy in 1993. He has worked as an economist for the Australian Treasury, the Reserve Bank, the International Monetary Fund and as an advisor to two successive Federal Treasurers and the Prime Minister. Dr Hewson was the former leader of the federal opposition in Australia during 1990-1994. He is the Chair of the Tax and Transfer Policy Institute at ANU. In November 2018, John was appointed a Director and the Chair of the Business Council for Sustainable Development Australia.

**Mark Joiner**, Chairperson – QBE Australia Pacific

Mark has more than 30 years of international and Australian top tier business experience. Throughout his career, Mark has served as Executive Director of Finance for National Australia Bank Group, Chief Financial Officer and Head of Strategy and Mergers and Acquisitions for Citigroup’s global wealth management business in New York, Senior Vice President of Corporate Development at Boston Consulting Group and Associate Director of Australian Ratings (now Standard & Poor’s). Mark has also held directorships at Clydesdale Bank Plc, Boston Consulting Group and JBWere. Mark holds an MBA with distinction from the Melbourne Business School and is a member of the Institute of Chartered Accountants (England and Wales). In addition to chairing the QBE Australian and New Zealand Operations (ANZO) Board, Mark chairs the ANZO Investments Committee.

**Mark Senkevics**, Managing Director Head Australia and New Zealand - Swiss Re

Mark currently holds office as Managing Director and Head of Australia & New Zealand, Swiss Reinsurance Company, having been with the company since February 2003. In his current capacity, Mark forms part of the APAC regional management team at Swiss Re while concurrently holding positions as Director of the Board of the Insurance Council of Australia and Committee member for the Life Board for the Financial Services Council. With over two decades of experience in reinsurance his career spans from underwriting, marketing, client management to strategic management. Mark graduated from the University of Sydney in 1988 with a degree in Electrical Engineering and is a Graduate of the Australian Institute of Company Directors. He is married with two children and enjoys running, watersports, architecture as well as wide and varied taste in music.

**Matthew McAdam**, Director Asia Pacific - Principles for Responsible Investment

Matthew McAdam joined the Principles for Responsible Investment (PRI) in 2012 and is responsible for overseeing the PRI’s activities in the Asia Pacific region. He previously led the PRI’s global Communications and Events teams in London and prior to this worked at Standard & Poor’s managing communications and media relations across S&P’s credit ratings, indices, equity and fund research businesses across Europe, the Middle East and Africa. He was previously a finance journalist at The Australian Financial Review in Sydney. Matthew has a Masters in Sustainability Leadership from the University of Cambridge, a Bachelor of Communications from Griffith University and a Graduate Diploma of Applied Finance and Investment from Australia’s Finsia and the UK Investment Management Certificate.

**Michael Thorpe**, Managing Director Institutional Banking and Markets - Commonwealth Bank of Australia

With over two decades’ experience in Australia and London, Michael is responsible for overseeing advice, client relationships and financing for the CBA’s institutional infrastructure and real estate clients. Commonwealth Bank’s infrastructure and real estate team is a major part of the CBA’s Institutional Banking & Markets division, and supports vital national infrastructure such as energy and water utilities, hospitals, schools, prisons, roads, railways and ports, commercial and residential real estate. Michael is also responsible for sustainable finance within the Institutional Banking and Markets Division at CBA. Michael has also held senior roles in project finance and resources at Lloyds Banking Group, Bank of Scotland and Westpac Banking Corporation, and was a former Board member of the Clean Energy Council. He holds a Bachelor of Science (Honours) from the University of Western Australia.

**Paul Orton**, Head of Project, Export & Sustainable Finance, Loans & Specialised Finance – Institutional – ANZ﻿

Paul leads ANZ’s team working across Project, Export & Sustainable Finance.  These teams provide a range of debt origination, structuring and execution capabilities to ANZ customers primarily in the infrastructure, energy and resources sectors.  The focus on sustainable finance was initiated in 2014 with ANZ being a long term leader in renewable energy and now a leader in the rapidly emerging green finance market.

Prior to joining ANZ in September 2010, Paul was Head of Institutional Banking, Australia & Asia, nabCapital (National Australia Bank), responsible for all institutional customer relationship management teams in Australia and Asia.  Paul’s time at NAB followed 12 years at Deutsche Bank, culminating in the position of Head of Project & Leveraged Finance Australia.

**Phil Vernon**, Chairman, Beyond Zero Emissions, Director Responsible Investment Association Australasia and Director Planet Ark Environmental Foundation

Phil has over 30 years’ experience in financial services and, until August 2019, was the Managing Director of Australian Ethical Investment, Australia’s leading ethical superannuation fund and investment manager with over $3bn in funds under management. Phil is a Director of the Responsible Investment Association of Australia and the Planet Ark Environmental Foundation and of Beyond Zero Emissions, a climate change think tank. Phil holds a Bachelor of Economics from the University of New England, a Masters in Commerce from the University of New South Wales and a Master of Business Administration from Macquarie Graduate School of Management. He is a Fellow of the Australian Institute of Company Directors and of Chartered Accountants Australia and New Zealand.

**Richard Brandweiner**, CEO -   
Pendal Group

Richard was appointed as chief executive officer, Australia of Pendal Group (formerly BT Investment Management) in February 2018 and is a member of the Pendal Group Global Executive Committee. Richard has more than 20 years’ experience in investment management and is responsible for the Australian arm of Pendal Group, including asset management, operations, sales and marketing. Before joining Pendal Group, Richard was Chief Investment Officer at First State Super, one of Australia’s largest pension funds and prior to that was Group Executive at Perpetual Investments, one of Australia’s oldest and most awarded fund managers. Richard is a CFA charterholder and holds a Bachelor of Economics from the University of New South Wales. Richard previously served as president of the CFA Society and is vice chair of the Australian Advisory Board on Impact Investing.

**Robynne Quiggin**, Professor - University of Technology Sydney, Business School

Professor Robynne Quiggin is a Wiradjuri lawyer who has worked across legal and policy areas of relevance to Aboriginal and Torres Strait Islander Australians including financial services, consumer issues, human rights, governance, rights to culture, heritage and the arts. Robynne has served on the board of Bangarra Dance Theatre, the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) and was formerly a Trustee of the Australian Museum. She currently chairs the Board of the NSW Aboriginal Housing Office chairs Westpac’s Indigenous Advisory Committee, is a member of Westpac’s Stakeholder Advisory group and IAG’s Consumer Advisory Board.

**Sarah Barker**, Special Counsel -   
Minter Ellison

Sarah Barker is Head of Climate Risk at MinterEllison. She has two decades' experience as a corporate lawyer, and is regarded as one of the world's foremost experts on investment governance issues relating to climate change. Her expertise is sought by public and private sector clients across Australasia, and by global institutions from the Bank of England to the United Nations PRI. Sarah is a non-executive director of Emergency Services & State Super, and the Responsible Investment Association Australasia. She teaches the Australian Institute of Company Directors' flagship Company Directors' Course and Cambridge Institute for Sustainability Leadership's 'Earth on Board' programme, and in an academic visitor at the Smith School of Enterprise & the Environment at the University of Oxford.

**Simon O'Connor** (Co-Chair), CEO - Responsible Investment Association Australasia

Simon is the CEO of RIAA - an organisation with over 240 organisations and individual members who jointly manage over $9 trillion in assets globally - where he has worked for the past 6 years to elevate sustainability issues as core investment risks and opportunities, and shift capital to support a more sustainable, equitable and prosperous world. Simon has operated at the intersection of economics, finance and sustainability for nearly 20 years and has extensive international experience as an economic adviser, investment analyst and sustainability consultant across finance, corporate and not for profit sectors. Simon is active across the region and internationally in responsible investment and sustainable finance, as a member of the Global Sustainable Investment Alliance, member of the New Zealand Sustainable Finance Forum’s Technical Working Group, member of the Aotearoa New Zealand National Advisory Board on Impact Investing and the UN backed Principles for Responsible Investment (PRI) Australia Network Advisory Committee.

**Responsible Investment Association Australasia (RIAA)**

<https://responsibleinvestment.org/about-us/>

**About Us**

The Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and New Zealand.

RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

With over 270 members managing more than $9 trillion in assets globally, RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand. Our membership includes super funds, fund managers, banks, consultants, researchers, brokers, impact investors, property managers, trusts, foundations, faith-based groups, financial advisers and individuals.

RIAA achieves its mission through:

* Providing a strong voice for responsible investors in the region, including influencing policy and regulation to support long-term responsible investment and sustainable capital markets;
* Delivering tools for investors and consumers to better understand and navigate towards responsible investment products and advice, including running the world’s first and longest running fund Certification Program, and the online consumer tool Responsible Returns;
* Supporting continuous improvement in responsible investment practice among members and the broader industry through education, benchmarking and promotion of best practice and innovation;
* Acting as a hub for our members, the broader industry and stakeholders to build capacity,

# Innovation Finance Fund

<https://www.mitchellam.com/asset-management/our-services/innovation-finance-fund/>

**Direct Lending to Australian R&D Companies**

The Mitchell Asset Management Innovation Finance Fund specialises in providing loans to Australian SMEs eligible for tax rebates under the R&D Tax Incentive Scheme.

In doing so, the IFF also provides investors a secured return for an attractive risk profile.

Mitchell Investment Management manages the fund and has over 100 years combined experience of in credit risk, debt markets and equity investments.

**Direct Lending to Australian R&D Companies – opportunity for Borrowers and Investors**

As Australia continues its economic transition, it is positioning itself as the “Innovation Nation”. This involves substantial investment in research and development (R&D). R&D spending is actively encouraged by the Federal Government which provides refundable tax credits via their R&D Tax Incentive Program.

The Mitchell Asset Management Innovation Finance Fund has been establish to assist eligible SMEs obtain short to medium term loans to assist with cash flow drag, while they await their refundable tax credit from the Federal Government.

Providing SMEs a solution to this cash flow drag presents a secured investment opportunity to investors in the fund.

Whether you are an investor or borrower, the Innovation Finance Fund can tailor a solution that will allow you to benefit from the R&D Tax Incentive scheme.

**Christopher Kent[[\*]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html" \l "fn0)   
Assistant Governor (Financial Markets) ‘The Availability of Business Finance’**

Speech at **30th Australasian Finance and Banking Conference**   
University of New South Wales – 13 December 2017

<https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html>

It is a pleasure to be here to discuss the availability of business finance in Australia. Businesses need funding for their day-to-day operations and to undertake investment. These funds can be generated internally, from profits, or they can come from various external sources. The availability of funding has an important bearing on current and future economic activity.

My remarks today are structured around three key issues.

First, I'll talk about the internal and external sources of funds and the way in which businesses use those funds. External finance has become available on increasingly favourable terms for large borrowers over recent years, including because of increased competitive pressures in this market. However, for the business sector as a whole, internal funds are the key source of funding for investment. Growth in external funding has only a weak relationship to investment. Debt funding appears to be linked to mergers and acquisitions activity, which has remained relatively modest compared with levels prior to the financial crisis.

The second issue I want to discuss is the experience of entrepreneurs seeking to start or expand a small business. They are typically more reliant on external finance, which remains difficult for them to obtain. Access to finance for such small businesses is important though, since they generate significant employment growth, drive innovation and boost competition in markets.

The third issue I'll cover is the potential to improve access to finance for entrepreneurs.

Much of what I have to say today draws on the information from a Small Business Finance Advisory Panel that the Reserve Bank has convened each year for the past 25 years.[[1]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn1) We've gained a variety of perspectives by talking to entrepreneurs from a range of industries and locations across Australia. It's been an invaluable way to better understand the challenges faced by innovative small businesses.

## Business Funding and Investment

But first, I'll start with some observations about the business sector overall. Data from the Australian Bureau of Statistics on the balance sheet of the Australian business sector shows that businesses are financed by around 60 per cent equity and 40 per cent debt (Graph 1).[[2]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn2) Business debt is dominated by loans from financial institutions, with debt securities playing a relatively minor role. This capital structure is similar to most other comparable advanced economies. The United States, to which we are often compared, is actually an outlier. Bank loans are a much smaller share of business funding in the US.

Graph 1

The primary source of new finance for Australian businesses is internal funding (Graph 2). That is supplemented by funds raised externally. The primary use of funds is for productive investment, such as commercial buildings, machinery, software and other forms of intellectual property. A non-trivial share, though, is used to pay dividends and to purchase financial assets, or for mergers and acquisitions.[[3]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn3)

Graph 2

It is well established in the literature that businesses prefer to finance investment using internal funds. Raising funds externally is more costly and can involve restrictions being imposed on the managers.

Internal funding is closely related to business investment. They are similar in size. This is evident in Graph 3, in which the dots comparing the level of internal funding (in a given year) with the level of business investment (the following year) are clustered around the 45 degree line. Also, there is a clear positive relationship between internal funding and investment.[[4]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn4)

Graph 3

In contrast, the relationship between external financing and investment is less clear in the aggregate data. External financing is generally much smaller than investment – that is, the external funding dots in Graph 3 tend to be well to the left of the 45 degree line. Moreover, there is only a weak positive relationship between businesses' external funding and investment.[[5]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn5)

Debt funding has moved more closely with mergers and acquisitions activity (Graph 4).[[6]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn6) For instance, in the period leading up to the global financial crisis, debt finance was used by a small number of highly leveraged firms to fund several mergers and acquisitions.

Graph 4

Like the growth of external debt, listed equity raisings have been relatively modest over the past 10 years, with relatively little capital raised through initial public offerings (IPOs) (Graph 5). This followed a period of significant equity raisings during the 2000s, partly driven by a number of privatisations through public floats.

Graph 5

Overall, external finance has become more readily available over recent years. Monetary policy, both here and abroad, is very accommodative, and interest rates on business loans and corporate bonds are near historic lows. Accordingly, the interest being paid by businesses is around its lowest level since the early 1960s (relative to operating profits; Graph 6).[[7]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn7) Also, equity raising is relatively attractive at current valuations.

Graph 6

A consistent message from business surveys and the RBA's liaison program has been that funding conditions have generally improved over the past five years.

Despite this, the demand for borrowing by businesses has been relatively moderate. Following the crisis, there was significant deleveraging across the corporate sector (Graph 7). Subsequently, gearing ratios outside the resources sector have remained relatively low. Over recent years, non-mining business investment has been growing and the outlook for investment has improved. However, as I've already noted, firms have been able to finance investment from internal sources. Even in the resources sector, while gearing rose after the global financial crisis, it did not reach the levels that prevailed immediately before the crisis. It has declined in the past couple of years, as resource companies have been using the boost to their cash flows from higher commodity prices and rising output to pay down debt.

Graph 7

Some parts of the business sector haven't seen the supply of external funding improve over recent years. The domestic banks have sought to constrain their exposures to the resources sector and commercial property, partly in response to prudential supervision from the Australian Prudential Regulation Authority.[[8]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn8) Also, small businesses continue to find it challenging to obtain external finance. Indeed, this could be one factor that helps to explain why investment by small businesses has been unusually weak over recent years (Graph 8).[[9]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn9)

Graph 8

## Finance for Small Businesses

The challenge of obtaining finance has been a consistent theme of the Small Business Finance Advisory Panel. In this context, it is important to distinguish between two types of small businesses. First, there are the many established small businesses that are not expanding. Their needs for external finance are typically modest. Second, there are small businesses that are in the start-up or expansion phase. They are not generating much in the way of internal funding. Accordingly, those businesses have a strong demand for external finance. I'll focus my comments on the issues relevant to this second group of small businesses.

I should emphasise again that access to finance for small businesses is important because they generate employment, drive innovation and boost competition in markets. Indeed, small businesses in Australia employ almost 5 million people, which is nearly half of employment in the (non-financial) business sector. They also account for about one-third of the output of the business sector.[[10]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn10)

Compared with larger, more established firms, smaller, newer businesses find it difficult to obtain external finance since they are riskier on average and there is less information available to lenders and investors about their prospects. Lenders typically manage these risks by charging higher interest rates than for large business loans, by rejecting a greater proportion of small business credit applications or by providing credit on a relatively restricted basis.

The reduction in the risk appetite of lenders following the global financial crisis appears to have had a more significant and persistent effect on the cost of finance for small business than large business. After the crisis, the average spread of business lending rates to the cash rate widened dramatically. The increase was much larger and more persistent, though, for small business loans (Graph 9). In part, this increase owed to the larger increase in non-performing loans for small businesses than for large business lending portfolios (Graph 10). It's not clear, however, whether the increase in interest rates being charged on small business loans relative to those charged on large business loans (over the past decade or so) reflects changes in the relative riskiness of the two types of loans.[[11]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn11)

Graph 9

Graph 10

Over recent years, there has been strong competition for large business lending, which has resulted in a decline in the interest rate spread on large business loans. Part of the competition from banks for large business loans has been driven by an expansion in activity by foreign banks. Large businesses also have access to a wider array of funding sources than small businesses, including corporate bond markets and syndicated lending.

In contrast, competition has been less vigorous for small business lending. Indeed, some providers of small business finance were acquired by other banks or exited the market following the onset of the crisis.[[12]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn12) Also, the interest rates on small business loans have remained relatively high. This difference in competitive pressures is evident in the share of lending provided to small business by the major banks, which is relatively high at over 80 per cent. This compares with a share of around two-thirds in the case of large businesses. Small businesses continue to use loans from banks for most of their debt funding because it is often difficult and costly for them to raise funds directly from capital markets.

The RBA's liaison has highlighted that if small business borrowers are able to provide housing as collateral, it significantly reduces the cost and increases the availability of debt finance. Lenders have indicated that at least three-quarters of their small business lending is collateralised and they only have a limited appetite for unsecured lending. However, there are a number of reasons why entrepreneurs find it difficult to provide sufficient collateral for business borrowing via home equity:

* they may actually not own a home, or have much equity in their home if they are relatively young;
* similarly, they may not have sufficient spare home equity if they've already borrowed against their home to establish a business and now want to expand their business;
* and even if they have plenty of spare home equity, using their homes as collateral concentrates the risk they face in the event of the failure of the business.

Many entrepreneurs have limited options for providing alternative collateral, since banks are far more likely to accept physical assets (such as buildings or equipment), rather than ‘soft’ assets, such as software and intellectual property.

Given the higher risk associated with small businesses, particularly start-ups, equity financing would appear to be a viable alternative to traditional bank finance. However, small businesses often find it difficult to access equity financing beyond what is issued to the business by the founders. Small businesses have little access to listed equity markets, and while private equity financing is sometimes available, its supply to small businesses is limited in Australia, particularly when compared with the experience of other countries (Graph 11). Small businesses also report that the cost of equity financing is high, and they are often reluctant to sell equity to professional investors, since this usually involves relinquishing significant control over their business.

Graph 11

## Innovations Improving Access to Business Finance

There are several innovations that could help to improve access to finance by: providing lenders with more information about the capacity of borrowers to service their debts, and connecting risk-seeking investors with start-up businesses that could offer high returns.

### Comprehensive credit reporting

Comprehensive credit reporting will provide more information to lenders about the credit history of potential borrowers. The current standard only makes negative credit information publicly available. When information about credit that has been repaid without problems also becomes available publicly, the cost of assessing credit risks will be reduced and lenders will be able to price risk more accurately; this may enhance competition as the current lender to any particular business will no longer have an informational advantage over other lenders. It may also reduce the need for lenders to seek additional collateral and personal guarantees for small business lending, particularly for established businesses. Indeed, the use of personal guarantees is more widespread in Australia than in countries that have well-established comprehensive credit reporting regimes, such as the United Kingdom and the United States.

For several years, the finance industry has attempted to establish a voluntary comprehensive credit reporting regime in Australia. Participation has so far been limited.[[13]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn13) However, several of the major banks have committed to contribute their credit data in coming months. The Australian Government has announced that it will legislate for a mandatory regime to come into effect mid next year.

### Open banking

The introduction of an open banking regime should make it easier for entrepreneurs to share their banking data (including on transactions accounts) securely with third-party service providers, such as potential lenders. When assessing credit risks, lenders place considerable weight on evidence of the capacity of small business borrowers to service their debts based on their cash flows. For this reason, making this data available via open banking would reduce the cost of assessing credit risk. A review is currently being conducted with a view to introducing legislation to support an open banking regime.

### Large technology companies

Technology firms can use the transactional data from their platforms to identify creditworthy borrowers, and provide loans and trade credit to these businesses from their own balance sheets. This could supply small innovative businesses that are active on these online platforms with a new source of finance. Amazon and Paypal are providing finance to some businesses that use their platforms. For example, Amazon identifies businesses with good sales histories and offers them finance on an invitation-only basis. Loans are reported to range from US$1 000 to US$750 000 for terms of up to a year at interest rates between 6 and 14 per cent. Repayments are automatically deducted from the proceeds of the borrower's sales.

### Alternative finance platforms

Alternative finance platforms, including marketplace lending and crowdfunding platforms, use new technologies to connect fundraisers directly with funding sources. The aim is to avoid the costs and delays involved in traditional intermediated finance.

While alternative financing platforms are growing rapidly, they are still a very minor source of funding for businesses, including in Australia. The largest alternative finance markets are in China, followed by the United States and the United Kingdom. But even these markets remain small relative to the size of their economies (Graph 12).

Graph 12

Marketplace lending platforms provide debt funding by matching individuals or groups of lenders with borrowers. These platforms typically target personal and small business borrowers with low credit risk by attempting to offer lower cost lending products and more flexible lending conditions than traditional lenders. Data collected by the Australian Securities and Investments Commission indicate that most marketplace lending in Australia is for relatively small loans to consumers at interest rates comparable to personal loans offered by banks (Graph 13).

Graph 13

It is unclear whether marketplace lending platforms are significantly reducing financial constraints for small businesses. Unlike innovations such as comprehensive credit reporting, which have the potential to improve the credit risk assessment process, marketplace lenders do not have an information advantage over traditional lenders. As a result, they need to manage risks with prices and terms in line with traditional lenders.[[14]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn14) Nevertheless, these platforms could provide some competition to traditional lenders, particularly as a source of unsecured short-term finance, since they process applications quickly and offer rates below those on credit cards.

Crowdfunding platforms have the potential to make financing more accessible for start-up businesses, although their use has been limited to date. Crowdsourced equity funding platforms typically involve a large number of investors taking a small equity stake in a business. As a result, entrepreneurs can receive finance without having to give up as much control as expected by venture capitalists.[[15]](https://www.rba.gov.au/speeches/2017/sp-ag-2017-12-13.html#fn15) Several legislative changes have been made to facilitate growth in these markets, including by allowing small unlisted public companies to raise crowdsourced equity.

## Conclusion

The provision of external finance to Australian businesses is dominated by the banks. Funding from that source has generally become available on increasingly favourable terms for large borrowers over recent years. Even so, much of business investment is financed from internally generated funds, while growth in business debt is more closely related to mergers and acquisitions activity, which has remained relatively modest compared with levels seen before the global financial crisis.

Entrepreneurs starting or expanding a small business are typically more reliant on external finance, which remains difficult to obtain. Lending to small businesses is dominated by the major banks and there is less competition in this market. Interest rates paid by small businesses are also much higher than those paid by large businesses; it's not clear the extent to which this difference reflects the greater risk involved in extending loans to small businesses. Entrepreneurs starting businesses often resort to personal credit cards for day-to-day funding, while those seeking to expand their businesses are concerned by the collateral required to obtain funding at lower interest rates.

There are several innovations that have the potential to improve access to finance, although their use has been limited to date. The most promising development in the near term is mandatory comprehensive credit reporting, which has the potential to lower the cost of credit risk assessment for all lenders and reduce the need for entrepreneurs to provide personal guarantees and collateral.

[Call us 1300 432 044](tel:1300%20432%20044)

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# Sustainable Australia Fund

# <https://sustainableaustraliafund.com.au/>

The Sustainable Australia Fund was established by the [City of Melbourne](https://www.melbourne.vic.gov.au/) in 2002 as a part of their eco-city vision. In 2019 the fund was recapitalised and scaled, in partnership with [Bank Australia](https://bankaust.com.au/), to drive environmental upgrades at a national scale.

We are Australia’s leading provider of Environmental Upgrade Finance. We've invested more than $30m in environmental upgrades for Australian businesses, saving more than 300,000 tonnes of emissions from entering the atmosphere.

We work with businesses like yours to improve your cash flow while making the world a better place. Complete the form on the right and our team will take you through how it could help your business.

# Finance Your Building Upgrade With No Impact On Cashflow

### Building upgrade loans for environmental works, enabled by government

* Loans tied to building, not owner
* No capital or security required
* Repayments collected through council rates
* Up to 100% finance including hard and soft costs

[Environmental Upgrade Finance Explained](https://sustainableaustraliafund.com.au/#how-it-works) [WATCH VIDEO](https://sustainableaustraliafund.com.au/)

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## Download More Information

#### How It Works:

### Environmental Upgrade Finance

If your business wants to do a building upgrade you may have access to government enabled finance. Environmental Upgrade Finance is a fixed rate, long term loan that gives you access to the capital you need to unlock savings and make your building more sustainable.

Repayments are made through your local council, over terms up to 20 years, meaning your business could be cash-flow positive in year one.

##### What’s different from other loans?

* Up to 100% project finance, including hard and soft costs.
* Loan terms between 4 - 20 years
* Repayments made via local council rates
* Repayments can be split between landlord and tenants
* No requirement for personal or business security

##### Who can apply?

Any type of business can apply, provided:

* Building is on rateable land
* Primarily a non-residential property
* Upgrade has a measurable environmental benefit

This includes Agriculture, Commercial Office Building, Tourism and Commercial and Industrial properties.

[WHERE IT´S AVAILABLE](https://sustainableaustraliafund.com.au/#availability-in-your-area)

Up to 100% finance

Loan terms up to 20 years

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Bottom of Form

Top of Form

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## Our Finance

Our finance can be used to fund a range of environmental and building upgrade projects that comply with the relevant state-based government legislation. Our team can guide you on the eligibility process, but if the works improve the energy, water, environmental efficiency or sustainability of existing buildings, they will likely qualify. Finance can also be used for many of the auxiliary, soft and hard costs associated with these projects. Our three financial products are designed to meet the needs of different businesses pursuing the most popular upgrade projects.

A new way to finance environmental upgrades as part of significant **renovation and repositioning** projects

[FIND OUT MORE](https://sustainableaustraliafund.com.au/capital-fund/)

A fixed rate, long term **solar PV & battery finance solution** for commercial installations, bringing power into your own hands

[FIND OUT MORE](https://sustainableaustraliafund.com.au/solar-fund/)

A flexible, long term loan for innovative environmental upgrade projects, including **energy efficiency, waste management, water, retrofits and more**

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## Success Stories

We've helped Australian businesses improve their energy and waste efficiency without costing the world. These success stories show how Environmental Upgrade Finance can help businesses beat price rises, stay competitive and do the right thing.

* [Hussey & Co](https://sustainableaustraliafund.com.au/#tabs-1)
* [Impact Investment Group](https://sustainableaustraliafund.com.au/#tabs-2)
* [Minogue Dairy Farm](https://sustainableaustraliafund.com.au/#tabs-3)
* [HJ Langdon](https://sustainableaustraliafund.com.au/#tabs-4)
* [Rye Hotel](https://sustainableaustraliafund.com.au/#tabs-5)

Lance Petersen: Hussey & Co General Manager

“Since the last 99kW solar system was installed through EUF last year, our business has realised a $14,000 reduction in our power bills. We expect this new solar installation of 505 kW to multiply these savings five-fold.

“EUF has been a great way for our business to simply access finance with a favourable rate and term.”

Hussey & Co Council

[Mornington Peninsula Shire](https://www.mornpen.vic.gov.au/About-Us/Business-Economy/Environmental-Approaches/Environmental-Upgrade-Finance-EUF)

###### Installation Partner

[Cherry Energy Solutions](https://sustainableaustraliafund.com.au/partners/cherry-energy-solutions/)

###### Project Overview

Hussey & Co is a lettuce farm on the Morning Peninsula that delivers quality produce to Australia and overseas. With 74 acres of land, multiple sheds and industrial processing facilities, it relies heavily on energy to stay in business.

###### Problem

Energy consumption was paralysingly high, and with prices increasing this posed a significant threat for the company to stay price competitive with outside competitors.

###### Upgrade

After initially installing a roof-mounted system and realising $14k pa of savings, Hussey & Co were so impressed they decided to take out another EUA almost immediately for a ground-mounted system.

* Stage 1: 99.64kW system
* Stage 2: 505kW system
* Total: 887kW total solar PV array

###### Outcome

The solar upgrades saved over **$86,000 / year** in electricity costs. It also cuts 754 tonnes of carbon emissions, which is the equivalent of taking 161 cars off the road each year.

# Venture Capital

## <https://www.business.gov.au/Grants-and-Programs/Venture-Capital>

## Overview

The Australian Government has a range of venture capital programs designed to attract domestic and foreign investment. This investment is vital to help innovative Australian businesses commercialise technologies and turn research into new products.

As well as access to capital, these programs give Australian businesses access to skills and experienced people, improving their chances of success.

There are strategies businesses can use to increase their likelihood of obtaining venture capital, whether from the Australian government or the private sector.

Domestic and foreign investors can take advantage of a number of tax benefits, depending on the program they choose. Tax incentives for fund managers are also available.

The content on the following programs pages is mainly for fund managers. But it is also useful for those [seeking investment](https://www.business.gov.au/Finance/Seeking-finance/How-to-pitch-for-venture-capital) or for investors interested in the Australian venture capital market.

## Venture capital investment programs

Whether you are a fund manager wishing to establish a venture capital partnership, an investor looking to invest in Australia's venture capital market, or seeking venture capital for your business, you can benefit from the following programs.

[Grants & Programs](https://www.business.gov.au:443/grants-and-programs/early-stage-venture-capital-limited-partnerships)

### [Early Stage Venture Capital Limited Partnerships (ESVCLP)](https://www.business.gov.au:443/grants-and-programs/early-stage-venture-capital-limited-partnerships)

[Grants & Programs](https://www.business.gov.au:443/grants-and-programs/early-stage-venture-capital-limited-partnerships)

[Learn about the tax benefits available for fund managers and investors.](https://www.business.gov.au:443/grants-and-programs/early-stage-venture-capital-limited-partnerships)

[Venture Capital Limited Partnerships (VCLP)](https://www.business.gov.au:443/grants-and-programs/venture-capital-limited-partnerships)

[Grants & Programs](https://www.business.gov.au:443/grants-and-programs/venture-capital-limited-partnerships)

[Learn about the tax benefits available for fund managers and eligible foreign investors.](https://www.business.gov.au:443/grants-and-programs/venture-capital-limited-partnerships)

[Australian Venture Capital Fund of Funds (AFOF)](https://www.business.gov.au:443/grants-and-programs/australian-venture-capital-fund-of-funds)

[Learn about tax incentives available to Australian Venture Capital Fund of Funds (AFOF) fund managers and investors.](https://www.business.gov.au:443/grants-and-programs/australian-venture-capital-fund-of-funds)

[Pooled Development Funds (PDF)](https://www.business.gov.au:443/grants-and-programs/pooled-development-funds)

[The PDF programme helped raise capital and make equity investments in SME Australian business.](https://www.business.gov.au:443/grants-and-programs/pooled-development-funds)

### [Biomedical Translation Fund (BTF)](https://www.business.gov.au:443/grants-and-programs/biomedical-translation-fund)

[Grants & Programs](https://www.business.gov.au:443/grants-and-programs/biomedical-translation-fund)

[Get funding to develop your biomedical discoveries into a commercial success.](https://www.business.gov.au:443/grants-and-programs/biomedical-translation-fund)

## Other Australia Government support

### Tax incentives for early stage investors

Investors and businesses can also research the Australian Taxation Office’s (ATO) [tax incentives](https://www.ato.gov.au/Business/Tax-incentives-for-innovation/In-detail/Tax-incentives-for-early-stage-investors/) for early stage investors program. These incentives help connect early stage innovation businesses with investors who have funds and business experience.

A business can ask the ATO for a ruling on whether it qualifies as an early stage innovation company (ESIC). For more information, refer to the ATO.

### Significant Investor Visas

The Significant Investor Visa (SIV) offers a 4 year pathway to apply for permanent residency. This visa is for entrepreneurial and high net worth individuals willing to make substantial investments that drive innovation and lead to the commercialisation of Australian ideas.

More information on SIVs, including the [SIV complying investment framework](https://www.austrade.gov.au/International/Invest/Guide-to-investing/Coming-to-Australia/significant-and-premium-investor-programs), is available from Austrade.

## Registered venture capital funds – Lists . . .

[Department of Industry, Innovation and Science](https://www.industry.gov.au/data-and-publications/venture-capital-dashboard)

[The AIC publishes statistics and research on the Australian venture capital industry](https://www.avcal.com.au/AIC/Research/Research/AIC/Research/Research-Home.aspx)

[Australian Investment Council](https://www.avcal.com.au/AIC/Research/Research/AIC/Research/Research-Home.aspx)

## Customer stories

Many successful Australian businesses began as start-ups or early stage firms with limited funds. Their access to venture capital and people with commercialisation skills helped them turn their ideas, research or innovation into commercial successes. Venture capital funds and partnerships have also been able to grow and prosper as a result of government venture capital initiatives.

To find out how Australian businesses and venture capital funds and partnerships have benefited, read the stories below.

<https://www.business.gov.au/grants-and-programs/early-stage-venture-capital-limited-partnerships/customer-stories/blackbird-ventures>

Blackbird Ventures manages 3 Early Stage Venture Capital Limited Partnerships (ESVCLP) and invests in a range of Australian start-ups. Learn how web-based graphic design platform Canva has grown with Blackbird Ventures.



Ventures were founded in 2012, sparked by the surge in start-up activity in Australia, and the lack of venture capital available at that time. Blackbird Ventures has grown from a team of three people in 2012 to twelve today. The company now manages three Early Stage Venture Capital Limited Partnerships (ESVCLP) with funds worth AU$194 million combined. It provides equity capital for all stages of start-up companies including seed – ideas – stage and series A – early growth stage

Ventures currently has 110 investors involved in their partnerships. These are split between individuals, most of whom are tech-founders and institutions such as Cisco, Host Plus, First State and the Future Fund.

Ventures has invested funds in over 90 companies. These companies are typically high-tech start-ups, focusing on software and frontier technologies such as autonomous vehicles, robotics and the commercial space industry.

One investee company is Canva, a software business based in Sydney. Canva offers a graphic design website, providing an intuitive drag-and-drop type user experience that has changed graphic design globally. The platform offers millions of photos, graphics and fonts, attracting both professional-designers and amateurs alike. Blackbird Ventures first invested in Canva in 2012 at their seed stage, providing the initial capital to get them off the ground. Blackbird Ventures initially invested AU$250,000 in Canva, a figure that has since grown to more than AU$50 million.

This investment has allowed Canva to grow. From its founding in 2012, it has been able to expand its team to over 250 people. Canva’s platform is now used by tens of millions of people monthly. This success has allowed Canva to attract further capital from global investors.

Ventures has seen an excellent return on its investment in Canva which has helped it to grow and raise more capital for another fund. Blackbird Ventures also shares in Canvas continued success, and the Canva founders are highly active in the start-up community, helping the next generation of founders.

### Features

* Ventures attract investment to help the next generation of tech-founders get their businesses off the ground.
* Ventures manages three ESVCLP funds worth AU$194 million, and has invested in 93 start-up companies to date.
* Ventures first invested in Canva in 2012 at their seed stage, providing the initial capital to get them off the ground.
* Blackbird Ventures initially invested AU$250,000 in Canva.
* Canva has developed a web-based graphic design platform.
* Canva team has grown to over 250 people.

### How the Government has helped

The ESVCLP has helped Blackbird Ventures attract investors due to the tax concessions the programme provides. The ESVCLP provides great benefits for start-up companies, most significantly the capital necessary to get their business off the ground. The start-up companies also benefit from the network the partnership brings with access to other similar minded companies as well as the experience investors bring.

Blackbird Ventures believes the ESVCLP programme ultimately attracts investment to Australia, creating a local community of tech founders. The companies that operate within this community are recognised and respected on the global stage.

### Further information

Canva has been assisted by Blackbird Ventures through its funds registered under the Australian Government’s Early Stage Venture Capital Limited Partnerships (ESVCLP) programme.

To check your eligibility, visit the [Venture capital](https://www.business.gov.au/Grants-and-Programs/Venture-Capital) page or call [13 28 46](tel:132846).

#### Download Blackbird Ventures' customer story

[[](https://www.business.gov.au/grants-and-programs/early-stage-venture-capital-limited-partnerships/customer-stories/right-click-capital)](https://www.business.gov.au:443/grants-and-programs/early-stage-venture-capital-limited-partnerships/customer-stories/right-click-capital)

### [Right Click Capital – making investment ‘sweeter’](https://www.business.gov.au:443/grants-and-programs/early-stage-venture-capital-limited-partnerships/customer-stories/right-click-capital)

[The tax offset provided through ESVCLPs sweetens investment opportunities.](https://www.business.gov.au:443/grants-and-programs/early-stage-venture-capital-limited-partnerships/customer-stories/right-click-capital)

# Right Click Capital – making investment ‘sweeter’

<https://www.business.gov.au/grants-and-programs/early-stage-venture-capital-limited-partnerships/customer-stories/right-click-capital>

Last Updated: 02 December 2019

Right Click Capital’s fund managers believe Australia’s venture capital arrangements help more investors consider high-potential companies. Learn why they believe the tax offset provided through ESVCLPs sweetens investment opportunities.

Investment fund manager Benjamin Chong says Australia’s venture capital arrangements are encouraging more people to consider investing in high-potential, early stage Australian companies.

Mr Chong, one of three partners at venture capital firm Right Click Capital, says a 10 per cent tax offset introduced in 2016, for people investing through early stage venture capital limited partnerships (ESVCLPs) is ‘sweetening’ investment opportunities and attracting new investors.

Investors can also receive capital gains tax free status for complying investments made through ESVCLPs, making it a very attractive asset class for investors.

*Benjamin Chong, Investment Fund Manager and Right Click Capital partner*

“The tax measures allow new investors to put their toe in the water on a very favourable basis.”

In 2016, the venture capital arrangements were also changed to allow venture capital funds to provide more support to innovative companies for longer.

The changes raised the investment ESVCLP funds can make, from $100 to $200 million, and mean funds no longer need to divest companies once their value exceeds $250 million.

“Becoming a larger fund, making larger investments, allows us to better support more emerging companies,” Mr Chong says. “And not having to divest companies that reach a value of $250 million means we are not forced to sell our stake in a business prematurely … it’s a very helpful measure.”

## Encouraging investment in early stage companies

Right Click Capital backs Australian internet tech start-ups that have the potential to go global. Its investors include high net wealth individuals, family offices and superannuation funds.

“Our fund not only provides money, we also add value, spending time with founders to help them with their company strategy and operation, helping them work out how to expand or best export to international markets,” Mr Chong says.

Right Click Capital’s backing has nurtured the success of several high-profile Australian companies, including hipages, which connects consumers and tradespeople in an online marketplace.

“We've been the key investor in that business over the last couple of years and have seen it grow to be Australia’s largest home services marketplace,” Mr Chong says.

"We’re also very excited to be an early investor in 8i, a 3D imaging and virtual reality start-up, that allows customers to create 3D images and 3D holograms, and which recently scored a $25 million investment from Time Warner.”

Mr Chong says it is rewarding to be part of the growth of these dynamic Australian companies.

“They not only create direct jobs and revenue, they also have a spill-over effect and create jobs and growth in other parts of our economy,” he says.

Australian Government venture capital programs work with private venture capital fund managers to provide capital and professional expertise to innovative Australian companies.

[[](https://www.business.gov.au/grants-and-programs/early-stage-venture-capital-limited-partnerships/customer-stories/giant-leap)](https://www.business.gov.au:443/grants-and-programs/early-stage-venture-capital-limited-partnerships/customer-stories/giant-leap)

### [Giant Leap Fund – blending profit and purpose for maximum return to investors](https://www.business.gov.au:443/grants-and-programs/early-stage-venture-capital-limited-partnerships/customer-stories/giant-leap)

[Discover how Giant Leaps supports environmental, social and sustainable start-ups.](https://www.business.gov.au:443/grants-and-programs/early-stage-venture-capital-limited-partnerships/customer-stories/giant-leap)

<https://www.business.gov.au/grants-and-programs/early-stage-venture-capital-limited-partnerships/customer-stories/giant-leap>

The Giant Leap Fund invests in world changing Australian start-ups that deliver environmental, social, and sustainable benefits. This allows investors to align their values with their financial resources. Discover how Giant Leap supported Sendle through the ESVCLP.

Giant Leap is an Early Stage Venture Capital Limited Partnership (ESVCLP) fund launched in 2016 by the Impact Investment Group. The group initially focussed on sustainable property investments. It later diversified into renewable energy infrastructure, managing solar funds. The Giant Leap Fund has AU$15 million in committed capital. The fund invests in impact businesses – businesses who aim to create maximum positive impact for their customers, business partners and the public at large, as well as for the environment.

Giant Leap has approximately 80 investors. The Impact investment Group has ambitions to attract superannuation capital into future funds.

Giant Leap has invested in nine early stage companies in the past two years. Giant Leap initially focussed on Series A – growth stage with early sales and manufacturing – companies. However, AU$1 million of the AU$15 million fund has been allocated to earlier seed stage –financing to prove a new idea investments.

One of the Giant Leap Fund’s success stories is Sendle, a carbon-neutral courier business, who has also secured funding from other investors. Sendle’s innovative approach to providing courier services is shaking up the industry and setting a new benchmark for convenience, affordability and simplicity in parcel delivery. Sendle helps small businesses send parcels door to door for less than the cost of parcel post.

Sendle has benefitted from the Giant Leap Fund’s participation in the ESVCLP, with funds assisting the company to grow sales, employ more people, develop its service offering and gain recognition in its field.

Giant Leap recognised that Sendle’s business model was highly scalable within a very clearly defined market. Sendle also shared Giant Leap’s values with respect to the environment and sustainability.

### Features

* The Giant Leap Fund is designed for investors who want to make a positive social or environmental impact.
* The Giant Leap Fund has invested in Sendle, a carbon-neutral courier business providing a critical service to an under-served market.

### How the Government has helped

The ESVCLP programme has made it possible for the Giant Leap Fund to attract investors through its tax incentives. The ESVCLP also supports networking opportunities for investors and investee companies in addition to enabling investors to work closely with the investee companies, offering support and advice.

The ESVCLP programme is helping Australia to position itself in a growing economy of future relevance. It’s helping Australian businesses move away from traditional sectors which are in decline and move forwards into the knowledge and innovation economies.

Amanda Goodman, Director at Giant Leap, believes the programme also contributes significantly to the growth of the economy.

“The ESVCLP programme incentivisesinvestment in early stage businesses in Australia, stimulating growth in innovation and new technologies that will help shape the economy of the future. It has also facilitated the launch of Australia’s first 100% impact focused venture fund, boosting funding for purpose-driven businesses tackling meaningful social and environmental challenges.” Amanda Goodman, Director, Giant Leap

### Further information

Sendle has been assisted by the Giant Leap through its fund registered under the Australian Government’s Early Stage Venture Capital Limited Partnerships (ESVCLP) programme.

To check your eligibility, visit the [Venture capital](https://www.business.gov.au/Grants-and-Programs/Venture-Capital) page or call [13 28 46](tel:132846).

#### Download Giant Leap Fund's customer story

# Venture Capital Dashboard

<https://www.industry.gov.au/data-and-publications/venture-capital-dashboard>

[Venture Capital Dashboard [PDF 1.8MB]](https://www.industry.gov.au/sites/default/files/2020-02/venture-capital-dashboard.pdf)  [[DOCX 3.3MB]](https://www.industry.gov.au/sites/default/files/2020-02/venture-capital-dashboard.docx)

Venture capital is a mechanism for financing new and innovative companies. When early-stage companies have access to capital and to people skilled and experienced in the commercialisation process the chances of success are greatly enhanced. The government’s venture capital programs aim to assist. Early Stage Venture Capital Limited Partnerships (ESVCLPs) and Venture Capital Limited Partnerships (VCLPs) work with private venture capital fund managers to provide capital and professional knowledge to innovative companies.

This report provides key statistics on Australian venture capital funds and investments registered under the Venture Capital Act 2002. It is an important resource for program and policy representatives, venture capitalists, the academic community and those seeking to enhance their understanding of venture capital.

## Read more

* Find out more about [Venture capital on business.gov.au](https://www.business.gov.au/assistance/venture-capital).
* View [Venture capital annual reports](https://www.industry.gov.au/data-and-publications/venture-capital-reporting).

EARLY STAGE VENTURE CAPITAL LIMITED PARTNERSHIPS (ESVCLP)

<https://www.business.gov.au/Grants-and-Programs/Early-Stage-Venture-Capital-Limited-Partnerships/List-of-Early-Stage-Venture-Capital-Limited-Partnerships>

# List of Early Stage Venture Capital Limited Partnerships

Last Updated: 21 February 2020

Find a list of registered and conditionally registered Early Stage Venture Capital Limited Partnerships.

VENTURE CAPITAL LIMITED PARTNERSHIPS (VCLP)

# List of Venture Capital Partnerships

Last Updated: 21 February 2020

Find a list of registered and conditionally registered Venture Capital Limited Partnerships.

<https://www.business.gov.au/Grants-and-Programs/Venture-Capital-Limited-Partnerships/List-of-Venture-Capital-Partnerships>

AUSTRALIAN VENTURE CAPITAL FUND OF FUNDS (AFOF)

# Tax incentives to encourage investment in a portfolio of registered venture capital partnerships

<https://www.business.gov.au/Grants-and-Programs/Australian-Venture-Capital-Fund-of-Funds>

# Tax incentives for early stage investors

From 1 July 2016, if you invest in a qualifying early stage innovation company (ESIC), you may be eligible for the tax incentives for early stage investors (sometimes referred to as 'angel investors') contained in Division 360 of the *Income Tax Assessment Act 1997.*

The tax incentives provide eligible investors who purchase new shares in an ESIC with a:

* [non-refundable carry forward tax offset](https://www.ato.gov.au/Business/Tax-incentives-for-innovation/In-detail/Tax-incentives-for-early-stage-investors/#Calculatingtheearlystageinvestortaxoffse) equal to 20% of the amount paid for their eligible investments. This is capped at a maximum tax offset amount of $200,000 for the investor and their affiliates combined in each income year
* [modified capital gains tax (CGT) treatment](https://www.ato.gov.au/Business/Tax-incentives-for-innovation/In-detail/Tax-incentives-for-early-stage-investors/?anchor=HowdoesCGTapplytoqualifyingshares#HowdoesCGTapplytoqualifyingshares), under which capital gains on qualifying shares that are continuously held for at least 12 months and less than 10 years may be disregarded. Capital losses on shares held less than 10 years must be disregarded.

The maximum tax offset cap of $200,000 doesn't limit the shares that qualify for the modified CGT treatment.

See URL below for full content:

<https://www.ato.gov.au/Business/Tax-incentives-for-innovation/In-detail/Tax-incentives-for-early-stage-investors/>

EARLY STAGE VENTURE CAPITAL LIMITED PARTNERSHIPS (ESVCLP)

# Our Innovation Fund – growing world-class innovative technology businesses

<https://www.business.gov.au/Grants-and-Programs/Early-Stage-Venture-Capital-Limited-Partnerships/Customer-stories/Our-Innovation-Fund>

Last Updated: 02 December 2019

Our Innovation Fund helps exceptional entrepreneurs to grow world-class technology businesses. Read how the fund used its first Early Stage Venture Capital Limited Partnership (ESVCLP) to support 9 companies.



Assignar co-founder Sean McCreanor (centre) with Our Innovation Fund partners Jerry Stesel (left) and David Shein.

## Our Innovation Fund partners with exceptional entrepreneurs to grow world-class innovative technology businesses.

Our Innovation Fund, established its first Early Stage Venture Capital Limited Partnership (EVCLP) of AU$50 million in 2016. The fund invests in early stage businesses with innovative, high growth or disruptive technologies that have the potential to shake up established markets.

The fund’s investment team have all previously founded their own businesses and understand the challenges.

This is one of the reasons the fund dedicates not only capital but their time and experience to mentoring new founders.

It can be quite a lonely journey being a founder and very stressful. You have very high expectations from a lot of parties, your employees, your investors and your customers. So, it is very common for founders to share different things, to help each other, to minimise or reduce that strain.

*David Shein, Partner, Our Innovation Fund*

### Feature

* Our Innovation Fund is an AU$50 million ESVCLP that has made 13 investments into nine companies as well as follow-on investments in four companies.
* The fund’s investment team provide advice, mentorship, and networking in addition to capital.
* Our Innovation Fund invested AU$2m in Assignar, a cloud based company which has since employed more people and increased sales.

### Assigna

Our Innovation Fund invested AU$2 million into Sean McCreanor’s Assignar start up in 2016. The construction technology platform, assists companies with asset, people and project management.

Assignar has experienced many benefits since receiving investment from Our Innovation Fund, including a threefold increase in recurring revenue and a threefold increase in employees.

Assignar continues to win customers in Australia through the strength of its product and relationships. It has also recently moved into the US market, with the founder relocating to Denver, Colorado.

If you are a small or medium size sub-contracting business, you don’t want to be interacting with ten different point (different) solutions. With Assignar, you can manage a project, your people, your assets and your health and safety records all digitally.

*Sean McCreanor, Founder & CEO, Assignar*

### How the Government has helped

Our Innovation Fund saw an opportunity in the growing Australian technology sector to support early stage companies enabled by the government’s tax concessions programs.

If the ESVCLP Program didn’t exist, there would be a lot fewer early stage companies in Australia and fewer jobs created and a much lower chance of Australia creating some really significant technology businesses on the world stage.

*Jerry Stesel, Partner, Our Innovation Fund*

### Further information

Assignar has been assisted by Our Innovation Fund through its funds registered under the Australian Government’s Early Stage Venture Capital Limited Partnerships (ESVCLP) programme.

To check your eligibility, visit the [Venture capital](https://www.business.gov.au/Grants-and-Programs/Venture-Capital) page or call [13 28 46](tel:132846).

#### Download Our Innovation Fund's customer story

# Venture capital

<https://www.industry.gov.au/funding-and-incentives/venture-capital>

Main content area

Venture capital companies provide risk capital to innovative early-stage businesses to fund their commercialisation activities. These companies help convert research and development into commercial outcomes. They support improved productivity, competitiveness and economic diversification.

We encourage venture capital investment through:

* Early Stage Venture Capital Limited Partnerships
* Venture Capital Limited Partnerships

These programs attract capital into the venture capital sector, build investment skills, and help support the growth of globally competitive businesses.

## Early Stage Venture Capital Limited Partnerships (ESVCLP)

The ESVCLP helps attract investors by providing flow-through tax treatment and a complete tax exemption for investors on their share of profits made by the ESVCLP on eligible investments. Investors also receive a 10 per cent non-refundable tax offset on capital invested during the year.

[Find out if you are eligible and apply through business.gov.au](https://www.business.gov.au/assistance/venture-capital/early-stage-venture-capital-limited-partnership).

## Venture Capital Limited Partnerships (VCLP)

The VCLP provides flow-through tax treatment for investors, as well as a tax exemption for eligible foreign investors, on their share of profits made by the VCLP on eligible investments.

[Find out if you are eligible and apply through business.gov.au](https://www.business.gov.au/Assistance/Venture-Capital/Venture-Capital-Limited-Partnerships).

## Read more

* [Venture Capital Dashboard](https://www.industry.gov.au/data-and-publications/venture-capital-dashboard)
* [Venture Capital Reporting](https://www.industry.gov.au/data-and-publications/venture-capital-reporting)

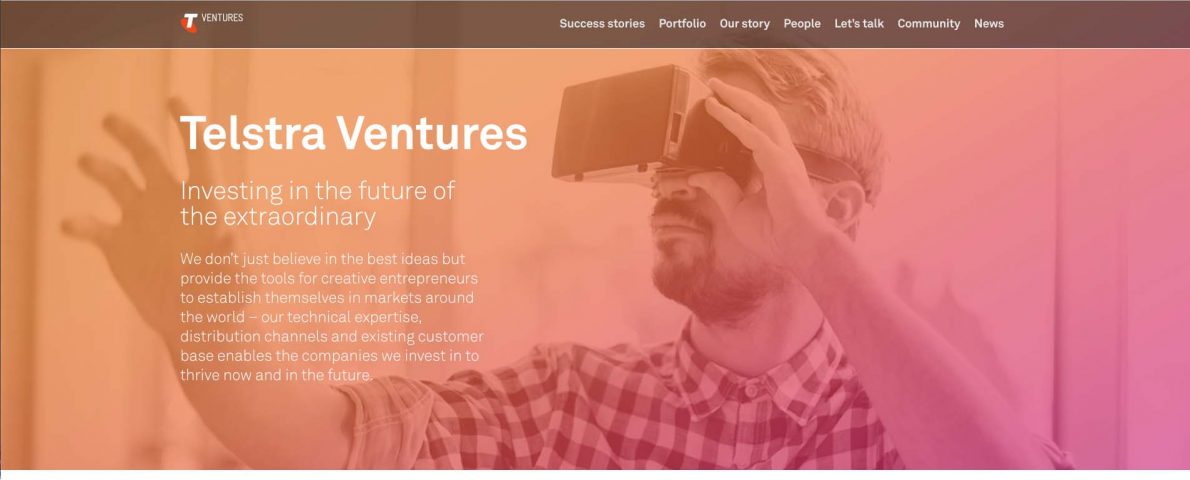
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<https://www.elegantmedia.com.au/blog/top-12-venture-capital-firms-australia/>

# Top 12 Venture Capital Firms in Australia

Posted by [Nathan Hassell](https://www.elegantmedia.com.au/blog/author/nathanhassell/)Updated on October 8, 2018



Venture Capital (VC) firms are the lifeblood of start-ups and early business firms. These firms basically **raise capital** and provide **start-up funding**.

In this article, we will have a closer look at the top 12 Australian venture capital firms.

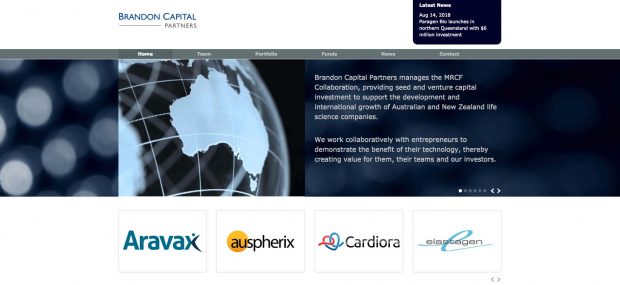
1. [Telstra Ventures](https://www.telstraglobal.com/ventures/)

[](https://www.elegantmedia.com.au/blog/wp-content/uploads/2018/10/Screen-Shot-2018-10-11-at-1.53.21-PM-copy.jpg)

Telstra Ventures, a strategic venture capital firm, is very active in start-up funding. The firm majorly focuses on technology start-ups with high growth potential. It has invested in forty-one start-ups since its facilitation in 2011.

Telstra Ventures has nearly 250M dollar funds under management. The investments are backed up by Harbour Vest which is one of the largest global private equity firm and Telstra, a leading technology company.

1. [Brandon Capital](http://www.brandoncapital.com.au/)

[](https://www.elegantmedia.com.au/blog/wp-content/uploads/2018/10/Screen-Shot-2018-10-11-at-1.54.31-PM-copy.jpg)

Brandon Capital is one of the best VC firms in Australia, headquartered in Sydney. The firm specializes in boosting the growth and improving the medical outcomes of life science-based firms.

Brandon Capital is basically a seed capital firm that has actively dealt with nearly twenty-four start-ups. It has nearly 300M funds under management.

1. [H2 Ventures](https://h2.vc/)

[](https://www.elegantmedia.com.au/blog/wp-content/uploads/2018/10/Screen-Shot-2018-10-11-at-1.57.23-PM-copy.jpg)

H2 Ventures, an early stage Australian VC firm was founded in 2011 and has invested in 37 firms so far. It has over 10 M funds under management. The venture capital firm is focused mainly on investing in and developing financial technology and artificial intelligence-based firms.

It is, in fact, an early stage venture capital firm, and its portfolio list comprises Spriggy, Birch, Equitize, and Simply Wall St, to name a few.

1. [GBS Venture Capital Firm](http://www.gbsventures.com.au/)

[](https://www.elegantmedia.com.au/blog/wp-content/uploads/2018/10/Screen-Shot-2018-10-11-at-2.02.26-PM-copy.jpg)

GBS Venture Capital firm was founded in 1996 and has assisted medical development and life science-based start-up firms. They have recently started investing in medical devices and diagnostics related firms.

The best part is that their experience in life sciences has made them take up a board-level role in developing portfolio firms. The Venture Capital firm manages over 400 million-dollar funds and has actively invested in nearly 32 firms since its initiation.

1. [Square Peg](https://www.squarepegcap.com/)

[](https://www.elegantmedia.com.au/blog/wp-content/uploads/2018/10/Screen-Shot-2018-10-11-at-2.05.44-PM-copy.jpg)

Square Peg is a Melbourne-based venture capital firm and was founded in 2012. It mainly invests in technology-based start-ups in early stage or growth stage. Square Peg manages over 400M dollars funds under management. It is one of the leading VC firms in Australia that has invested in nearly 30 online and 2 technical start-ups. The investments are largely backed up by Hostplus. The firm has made headlines, due to its investments of 150M dollars in just two years.

1. [Carthona Capital](https://www.carthonacapital.com/)

[](https://www.elegantmedia.com.au/blog/wp-content/uploads/2018/10/Screen-Shot-2018-10-11-at-2.07.39-PM-copy.jpg)

Carthona Capital, founded in 2013, is one of the leading VC firms in Australia which is active in seed funding. They manage 50M dollar funds and have invested in nearly 30 firms since their inception.

Carthona Capital invests by pooling its own capital in collaboration with a few highly worth family businesses and institutions. They invest in early-stage businesses and high growth potential start-up firms. Carthona’s portfolio list includes companies like Abra, credible, Hint Health and the like.

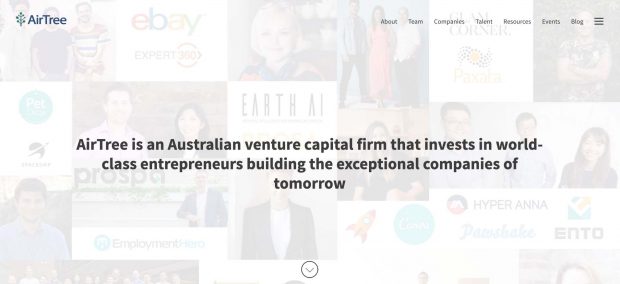
1. [Blackbird Ventures](https://blackbird.vc/)

[](https://www.elegantmedia.com.au/blog/wp-content/uploads/2018/10/Screen-Shot-2018-10-11-at-2.09.00-PM-copy.jpg)

Blackbird Ventures, based in Sydney and founded in 2012, basically invests and provides equity capital for firms in an early stage, series A, and seed-based firms.

They manage nearly 200M funds under management and have raised nearly 400M funds and have invested in 28 technology-based firms. The portfolio list includes Karbon, Sempo, Honee, MOVUS, and Bugcrowd to name a few. It mainly focusses in series-A deals.

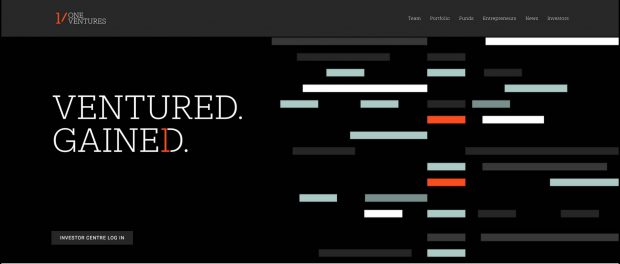
1. [Airtree Ventures](https://airtree.vc/)

[](https://www.elegantmedia.com.au/blog/wp-content/uploads/2018/10/Screen-Shot-2018-10-16-at-1.49.21-PM-copy.jpg)

Airtree Ventures Private Limited, a Sydney-based venture capital firm, founded in 2014, focusses investments in seed and early-stage ventures. Airtree venture manage around 250M dollar funds and has invested in twenty-three firms.

It is one of the leading VC firms in Australia that focusses on technology and software-based firms.  They have partnered with several prominent artificial intelligence firms like Hyper Anna, Seconds and Prospa.

1. [One Ventures](https://one-ventures.com.au/)

[](https://www.elegantmedia.com.au/blog/wp-content/uploads/2018/10/Screen-Shot-2018-10-16-at-1.51.15-PM-copy.jpg)

One Ventures, one of the leading VC firms in Australia was founded in 2006, in Vancouver. Rather than just investing, they even work with these start-ups to trigger their growth and assist in promoting these firms to Global Marketplaces.

One Ventures mainly focuses on start-up funding in healthcare and technology-based sectors. They manage over 330M dollar funds and has invested in fifteen start-ups since its initiation.

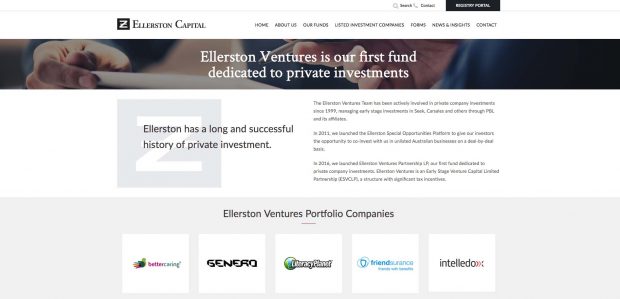
1. [Reinventure Group](https://reinventure.com.au/)

[](https://www.elegantmedia.com.au/blog/wp-content/uploads/2018/10/Screen-Shot-2018-10-16-at-1.52.27-PM-copy.jpg)

Reinventure Group, founded in 2014 invests in seed and early-stage ventures. Reinventure Group partnered with Westpac Banking cooperation focus on FinTech firms and had invested in 28 firms since its initiation.

The Group manages over 100M Dollars fund. Society one, Basiq, Everproof, Coinbase and Valiant are few firms that form a part of their portfolio.

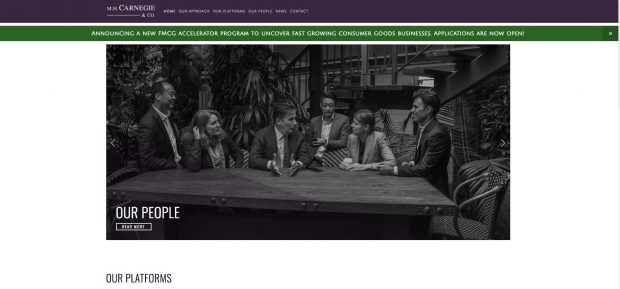
1. [Ellerston Ventures](https://ellerstoncapital.com/our-fund/venture-capital/)

[](https://www.elegantmedia.com.au/blog/wp-content/uploads/2018/10/Screen-Shot-2018-10-16-at-2.11.50-PM-copy.jpg)

Ellerston Ventures has been active in start-up funding since 2016. It invests in early-stage firms and targets businesses with strong teams. Ellerston Ventures manages over 100M dollar funds and has invested in nearly 11 firms since its foundation.

It focusses on firms from different sectors that meet the pre- IPO qualifications. The best part about this venture is that you can avail various tax incentives if they invest in your firm.

1. [MH Carnegie](http://mhcarnegie.com/)

[](https://www.elegantmedia.com.au/blog/wp-content/uploads/2018/10/Screen-Shot-2018-10-16-at-2.13.02-PM-copy.jpg)

MH Carnegie, one of the leading **Australian venture capital** firms, was founded in 2010. They manage over 95M dollars and has invested in 23 firms since their formation. The firm focusses on medical and real estate firms and is specialized in expansion capital.

**Wrapping Up**

These are some of the best venture capital firms in Australia. Did we miss an important mention here? Do let us know.

Elegant Media is an Australian mobile technology company that delivers business solutions. Our clients range from first-time entrepreneurs, government organisations to large-scale enterprise businesses. We use mobile technologies to start new businesses or improve efficiency of existing businesses.

<https://www.elegantmedia.com.au/about-us/>

<https://www.socialventures.com.au/impact-investing/for-enterprises/?gclid=EAIaIQobChMIzLj1vLHz6AIVoZvCCh3gvgF_EAMYAiAAEgL8q_D_BwE>





## Our approach

We invest in scalable solutions to Australia’s most pressing societal problems. We look for both not-for-profit and for-profit organisations with the capacity to repay a loan or issue equity and generate positive social outcomes.

### Our investment criteria:

* Ability to create meaningful social outcomes for people experiencing disadvantage in Australia
* Either at least $500,000 annualised revenue (for equity) or security available (for loans)
* Minimum investment ask of $500,000

### We are looking for social impact in:

* Disability
* Employment (including social enterprises and social procurement)
* Working with First Australians
* Aged care
* Education
* Social and affordable housing
* Community care

## Our portfolio



### Streat

Vanguard

### Vanguard



### Nightingale



### Maths Pathway



### Sustain



### Integrated Medical Centre

PGM Refiners

### PGM Refiners

Ability Enterprises

### Ability Enterprises

<https://www.socialventures.com.au/impact-investing/for-enterprises/?gclid=EAIaIQobChMIzLj1vLHz6AIVoZvCCh3gvgF_EAMYAiAAEgL8q_D_BwE>

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# ****The sad state of the venture capital industry****

<https://theconversation.com/the-sad-state-of-the-venture-capital-industry-7244?gclid=EAIaIQobChMIzLj1vLHz6AIVoZvCCh3gvgF_EAMYAyAAEgIwIPD_BwE>

May 26, 2012 [Tim Mazzarol](https://theconversation.com/profiles/tim-mazzarol-1526) Winthrop Professor, Entrepreneurship, Innovation, Marketing and Strategy , University of Western Australia

Venture Capital (VC) is often viewed by the mainstream media as an exciting and glamorous part of the entrepreneurial landscape. The popular image portrayed is that of “Dragon’s Den” where hopeful would-be entrepreneurs pitch their ideas to a panel of wealthy investors in a reality TV show. Within the university sector the teaching of entrepreneurship is often focused on getting students to develop business plans and pitch to prospective venture financiers using the Dragon’s Den as a role model.

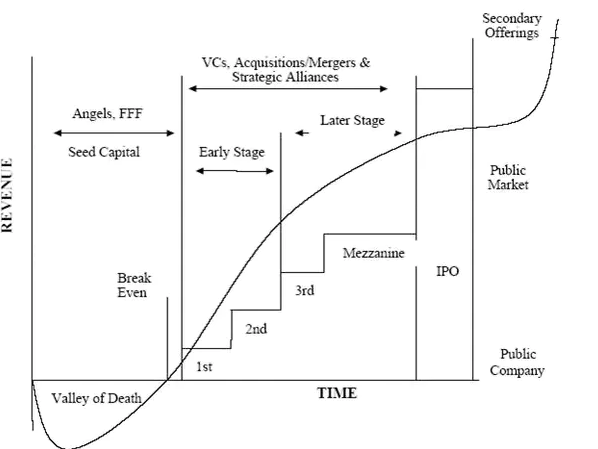
There is no doubt that VC funding has an important place in the wider landscape of business financing. It is also a good idea for would-be entrepreneurs to learn how to prepare and present business plans. However, the reality is that VC funds only a tiny percentage of businesses. In fact research by the [Kauffman Foundation](http://www.kauffman.org/) suggests that less than 1% of the estimated 600,000 new employer businesses created in the United States each year obtain VC financing.

Most new start-up ventures are funded by the founder’s savings, credit cards and what they can borrow from the “Three F’s”. These are the family, friends and fools who usually invest in early stage ventures more out of a desire to support the entrepreneur than any rational investment decision. Banks also provide a good deal of money to new ventures, but typically as a second mortgage secured against the entrepreneur’s home or personal assets. VC funding is rare and securing it is nothing like a reality TV show.

**What is the venture capital industry?**

The VC industry (if we can even use this term) is relatively young. Equity financing of fast growing ventures has been around for a long time. There have been merchant banks since the middle ages and investment banking has been around since the 1930s. Private investment in the form of “business angels” have also been a feature of the entrepreneurial landscape since the 1920s. It emerged when Broadway musicals were funded by wealthy uptown patrons of the theatre who would come downtown like angels to provide the cash needed by producers to bankroll new shows. However, the VC industry as it is known today emerged in the 1990s.

The VC industry is difficult to define. It typically involves formal and informal levels of investment by different institutions across the emerging life-cycle of the business. As shown in the following diagram, the venture capital cycle moves through a series of stages. It commences with informal investing by family, friends and sometimes business angels. If the business needs more money it will proceed through a series of stages until it might go to the open market via an initial public offering (IPO).



The Venture Capital Cycle. Cardullo (1999)

This is broadly the funding cycle followed recently by Facebook. It is understood that a major motivator for the Facebook listing was the desire by VC investors to get their money back out. In 2011 Facebook had a valuation of over US$100 billion although its revenue for 2010 was only $2 billion. The list of shareholders who took the company to market is a who’s who of American angel investors and corporate VC funds. A key part of the VC strategy is to exit the deal, so these investors were keen to see the IPO as a means of opening the escape hatch.

**The boom and bust of the VC industry**

Much of the current hype about VC investing emerged in the United States during the 1990s. The technological changes, particularly in the field of information and communications technologies (ICT) that emerged from the 1970s and 1980s provided opportunities for new enterprises. Companies like Apple, Google, Microsoft, Starbucks, Cisco and Genentech were all recipients of VC funding during their growth cycles.

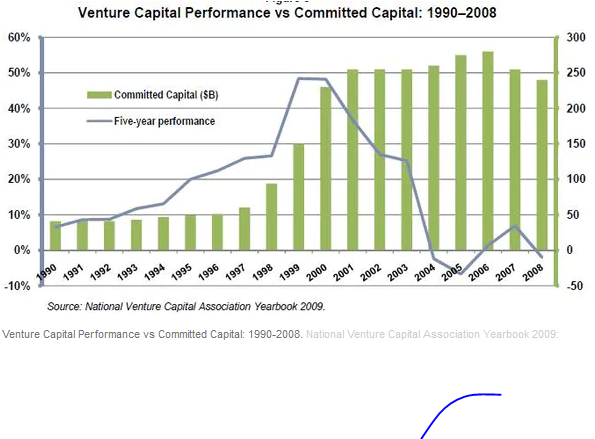
ICT investments and some opportunities in biotechnology and medical or health science were key fields for VC investment. According to the US National Venture Capital Association (the VC industry lobby group) from 1970 to 2005 VC funding created around 10 million new jobs and US$2.1 trillion in revenues within the United States. By 2007 VC investment in the USA was estimated at around US$29.4 billion across some 3,813 deals. Approximately half of this money was invested evenly across biotechnology, medical technology and ICT areas. The “Dot.com” boom of 1999-2000 was a peak in the VC investment process and something of a high water mark for the sector.

Despite the initially impressive growth of the VC industry during the 1990s, the performance of VC investments over the past decade has been unimpressive. Research undertaken by the Kauffmann Foundation suggests that only 20 out of 100 venture funds produced returns that were better than the public share market by more than 3% per annum. Of these the majority were invested prior to 1995.

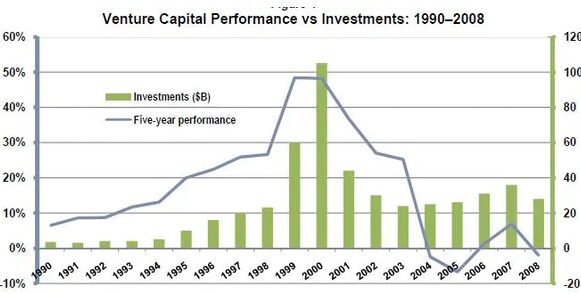
Of the majority of US VC funds, 62% failed to exceed returns otherwise available from the public stock markets, particularly after management fees and associated costs were factored in. There is also no consistent evidence of a “J” curve emerging in VC investments since at least 1997 and only 13% of VC funds with over US$400 million of capital invested produced better returns than could be obtained on the stock market. Overall, the majority (78%) of VC funds examined failed to deliver sufficient returns to reward patient long-term investors.

**VC performance versus investments**

Kauffman Foundation’s research also tracked the performance of VC investments over time from the early 1990s to 2008 at the start of the global financial crisis. According to this analysis the VC industry in the United States was the architect of its own destruction. Investments in many traditional VC areas were becoming less capital intensive, while exit strategies via IPO or trade sales were more problematic. As such markets were less willing to take on immature and unprofitable companies. As shown in the following diagram, the level of committed capital rose dramatically in the late 1990s only to reach a point of saturation resulting in a rapid decline in VC performance.



Despite this maturing of the investment markets into which VC funding can be placed the fund managers who control such investment pools have continued to invest in deals in order to maintain their business models. Some of this investment has been into clean technologies and biotech, but as shown in the diagram below, the investment returns have continued to be poor.



Venture Capital Performance vs Investments: 1990-2008. National Venture Capital Association Yearbook 2009: Kauffman Foundation www.kauffman.org

According to the Kauffman Foundation the best option for addressing this problem is to “right-size” the VC industry, reducing the size of the venture funding going into the US economy. Its size within the overall context of the US economy grew abnormally during the 1990s and early 2000s, but has now become a largely unattractive asset class.

**So how is the VC industry in Australia doing?**

For Australia the plunge into VC investment paralleled that of the USA albeit on a much smaller scale. In 2007 there were 186 VC funds managers and 280 investment funds operating in Australia with around $15.2 billion. A study by the Australian Bureau of Statistics (ABS) into the Australian VC industry in 2008-2009 just prior to the GFC identified around $17.6 billion in committed funds with 56% of this money coming from the superannuation funds. These were part of the federal government’s Innovation Investment Fund (IIF) and Innovation Investment Follow-on Fund (IIFF) rounds.

In 2012 the [Australian Private Equity and Venture Capital Association Ltd](http://www.avcal.com.au/about-avcal/about-avcal) reported that there is over $26 billion worth of VC and private equity (PE) investments in Australia. However, like their US counterparts the Australian VC industry has suffered equally hard times in recent years. Since 2007 investment performance has been poor and fund raising has become more difficult.

The GFC has had a significant impact on the availability of money for VC investments, and the superannuation funds are increasingly reluctant to take risks with their money. In recent years Australian VC funds managers were more likely to be reinvesting in their existing portfolio of businesses than looking for new ventures to invest into. For example, around 65% of the VC fund investments made in Australia in 2010 were follow-on funding.

Australia’s VC success stories were businesses such as Cochlear, SEEK, Resmed and Look Smart. However, in a similar pattern to the USA the Australian VC industry has found it increasingly difficult to identify new frontiers for growth. Most VC funding continues to go into ICT and biotech, although clean technologies have started to attract attention.

**Future outlook for the VC industry**

If the Kauffman Foundation is correct the VC industry is likely to shrink over coming years and return to what it always was, namely a valuable but very niche form of investment. They recommend a cleaning up of the VC industry in the US with the aim of essentially avoiding inefficient VC funds managers who have drawn too many excessive fees from their portfolios for little genuine return on these investments. As an investor Kauffman recommends moving away from VC funds towards the open stock market.

In Australia the key concern is how to find the money for VC funding. Superannuation funds and governments are increasingly unwilling to put up the capital. There is also competition for available funding from other sectors of the economy such as infrastructure. A shake out and downsizing of the Australian VC sector is highly likely in the current environment. Dragon’s Den may look exciting but it is far from the reality of entrepreneurship and VC investing.

# Impact Investing

# <https://www.mhcarnegie.com/impact-investing>

## USING OUR INVESTMENT EXPERTISE TO SOLVE SOME OF AUSTRALIA’S LARGEST SOCIAL ISSUES

Through [Michael Traill’s](https://www.linkedin.com/in/michael-traill-6aa30510/) extensive experience as a pioneer in Australia’s Impact Investing industry, Carnegie is extremely well positioned to source and create large scale investments in this area, backed by sufficient capital to attract partnerships from larger for purpose groups and intermediaries to lead significant, socially-aligned transactions.

Carnegie co-ordinated an Impact Investing Working Group comprising the largest Australian super funds and industry and impacting investing experts.  Following the working group Carnegie identified various sectors where there are opportunities for larger scale impact investment.  These include:

* Aged care;
* Housing opportunities backed by the National Disability Insurance Scheme;
* Education; and
* Social and affordable housing

We are actively seeking larger scale impact investment opportunities with the following characteristics:

1. Sectors where government provides funding and bi-partisan support.
2. Opportunity to run the operations better by applying business/commercial disciplines, allowing the operation to take on debt for social purpose.
3. Scope to approach the government to further support the business, thereby underpinning/enhancing risk/return metrics (e.g. through income tax / payroll tax exemptions), with consideration of how long these concessions will be secure.
4. Property backed structures to provide security to investors, and allow deployment of greater volumes of funds.

| **Case Study** | |
| --- | --- |
| Company | Carnegie Catalyst Health REIT |
| Date of Investment | October 2017 |
| Investment Status | Current |
| Deal Summary | Carnegie Catalyst provides the opportunity to implement a new funding structure for aged care to accelerate the growth of facilities run by proven ethically aligned operators. The structure allows both parties to focus on their strengths - operators delivering high quality resident care and the Carnegie Catalyst Health REIT providing the operator a cost effective and capital light growth solution. This model improves the operator’s cashflow, allowing not for profit operators to use the equity released from the structure to be directed to other mission related objectives. $200m of funding has been committed by an institutional investor, with the seed transaction involving $31m funding to [PresCare](https://www.prescare.org.au/) for the development of a 140 bed residential aged care facility close to Townsville hospital. Construction of this development commenced in October 2017, and a second $30m transaction for development of 96 bed facility in central Brisbane is committed. |
| Carnegie Value Add | Partnering with the Catalyst management team, Carnegie assisted with the fundraising process and due diligence, in addition to sourcing and securing the institutional capital required for both the seed development to proceed and a commitment to fund the broader roll out of aged care developments |

# Portfolio companies

# Medical Devices

# <https://www.mhcarnegie.com/medical-devices>

## Maximising an attractive australian R&D landscape to commercialise the most promising advances in medical technology

M.H. Carnegie is targeting attractive medical device opportunities at the intersection of Australian innovation and the US distressed medical device market. We have a demonstrated track record of investing in cutting edge innovations in the sector and are looking to build on this success. We believe that Australia has a true competitive advantage in medical devices being a proven leader in the industry combined with a strong healthcare system and a strongly favourable tax environment to carry out research and development.

Our medical device platform is managed by a highly experienced leadership team led by Australian-based [Mark Carnegie](https://www.mhcarnegie.com/mark-carnegie), who has over 30 years of experience as a global entrepreneur, investor and corporate adviser and US-based [Trevor Moody](https://www.mhcarnegie.com/trevor-moody), who has over 25 years of experience as an investor and operator in the medical technology industry.

| **Case Study** | |
| --- | --- |
| Company | [Simplify Medical](https://www.simplifymedical.com/) |
| Date of Investment | December 2014 |
| Investment Status | Current |
| Deal Summary | Simplify is a medical device company that has developed an implantable cervical disc replacement to treat patients with degenerative disc disease of the spine. The Simplify Disc is a best-in-class cervical disc replacement designed to preserve natural motion and is the only cervical disc replacement designed to allow the full diagnostic imaging capability of MRI. This important feature eliminates the need for CT scans and reduces patient radiation exposure. The Simplify Disc is CE Mark approved in Europe and is currently the subject of two large clinical studies in the US. Co-investors in Simplify are leading global healthcare investors, [Life Science Partners](https://www.lspvc.com/) and [Sectoral Asset Management](https://www.sectoral.com/) |
| Carnegie Value Add | M.H. Carnegie lead the recapitalisation of Simplify in 2014 and has been instrumental in strategy, financing, corporate governance etc since then. Mark Carnegie and Trevor Moody are members of the Simplify board of directors |

# Portfolio companies

# Venture capitalist Mark Carnegie leads $65m wireless pacemaker funding

<https://www.afr.com/politics/65m-wireless-pacemaker-raising-brings-tech-to-oz-20171114-gzks9s>

[**Ben Potter**](https://www.afr.com/by/ben-potter-j7gdk)Nov 14, 2017

Venture capitalist Mark Carnegie was alerted years ago by a science adviser to a Californian developer of a wireless heart pacemaker that could save the lives of some patients, but he baulked at the terms.

Every month the adviser would call Mr Carnegie and say, "I have got another CRT patient who is going to die because he is not responding to treatment. When are you going to do something about this?" Mr Carnegie told The Australian Financial Review.

Now [MH Carnegie & Co](http://mhcarnegie.com/), Mr Carnegie's venture capital fund, and Chris Nave's [Brandon Capital](http://www.brandoncapital.com.au/) have led a $US50 million ($65 million) capital raising to fund clinical trials of [EBR Systems'](http://www.ebrsystemsinc.com/) WiSE CRT pacemaker for 350 patients in the US, Australia and Europe.

The WiSE-CRT wireless pacemaker improves outcomes for patients whose heart chambers beat out of sync. Video supplied.

The device is a wireless cardiac resynchronisation treatment (CRT) pacemaker for heart patients with left and right chambers beating out of sync, about 30 per cent of whom fail to respond to treatment by a conventional wired CRT pacemaker.

The WiSE-CRT pacemaker successfully treated 94 per cent of a group of 36 patients that had failed to respond to conventional treatment in a European trial, and is already approved for sale in Europe but not yet in the US or Australia.

Advertisement

MH Carnegie, Brandon Capital and their Australian co-investors contributed $US29 million of the new capital and will emerge with just under half of EBR Systems' capital, in a deal that upends the conventional "bleak" narrative of Australian tech companies selling out early for little reward to overseas owners.

## Bringing tech to Oz

In this case Australia is taking advantage of its competitive advantage in running clinical trials for medical devices, global leadership in cardiac research and research and development tax breaks to bring a promising technology that is towards the end of a 17-year development cycle here.

"It's not very often you get an opportunity that is addressing such a huge market need and that is really at the end of its development program," Dr Nave said.

"Australia has been great at exporting technology early for little benefit."

Venture capitalist Mark Carnegie, who is raising funds for the trial of a wireless pacemaker. Christopher Pearce

Mr Carnegie added: "This is two Australian VC companies bringing technology to Australia that's going to save people's lives."

At least 100 of the 350 trial patients will be recruited for the Australian trials, which will be led by Prash Sanders, a world expert on heart rhythm management and who sits on the steering committee of the global trial. The goal is for the WiSE-CRT pacemaker to be approved for use in the US and Australia in 2020.

Some cardiac patients suffer decreased blood flow to the body because the left and right ventricles – or chambers – of the heart do not beat in harmony, dramatically reducing the efficiency of the body's vital pump.

Conventional wired CRT relies on wires to deliver "pacing pulses" to get the left and right ventricles of a heart suffering an attack beating in harmony again. But the wire can't be inserted inside the left ventricle for fear of causing clots and strokes, so it has to be embedded in a vein in the wall of the heart.

The WiSE-CRT wireless pacemaker improves outcomes for patients with the two chambers of their heart beating out of sync. EBR Systems

This shortcoming is the main cause of the 30 per cent failure rate of conventional wired CRT pacemakers, which means that about $US1.3 billion of the $US3.8 billion allocated from scarce health care funds spent annually on these patients is wasted.

Wireless CRT overcomes the problem by sending a wireless pulse from a battery-powered device embedded in the skin of the chest to a tiny receiver electrode – about the size of a large rice grain – embedded in the left ventricle. The receiver then transmits electrical pulses directly to the left ventricle.

Brandon Capital manages the federal government-backed $480 million Medical Research Commercialisation Fund. MH Carnegie manages more than $500 million and specialises in medical devices.

Chris Nave, managing director of Brandon Capital, which has invested in EBR Systems alongside MH Carnegie.  Louis Douvis

## Innovation Investment Fund Report

<https://pattens.com/innovation-and-rd-grants/innovation-investment-fund-report/285/>

Since its inception the Innovation Investment Fund (IIF) has licensed 13 new venture capital innovation funds that have helped 99 Australian businesses commercialise original research. To date the IIF program has committed a pool of $524 million of government and private capital to invest in promising early-stage companies. Yesterday, the program received a tick from internationally respected econometricians Professor Gordon Murray and Professor Marc Cowling who were commissioned to analyse the program.

The report showed that the program is effectively supporting start-up ventures in Australia, contributing significantly to the economy and improving the lives of Australians through job creation and commercialisation of vital products such as Bronchitol, which treats cystic fibrosis.

Lets take a quick look at Bronchitol which is a product of Pharmaxis Ltd.  The the Gillard Government suggests Bronchitol would not have been available to cystic fibrosis sufferers without support from the IIF program (and the Howard Government).  Pharmaxis have raised equity of over $142 million ($10m in 2002 from a private placement, $25m in 2003 from an IPO, $20 m in 2004, $87m in 2005) as well as receiving a START Grant of $6m in 2002.  Their income in 2010 included sales of only $828k but interest of $3.935m and they had $86m in cash.  The most successful aspect of this business so far is raising equity.

The IIF need venture capital innovation fund managers that are prepared to support hi tech and high risk projects.  Unfortunately they are only prepared to invest in sure things, provided other parties, like mum and dad investors, will share the risk.

The report, titled An Independent Econometric Analysis of the ‘Innovation Investment Fund’ Programme (IIF) of the Australian Commonwealth Government: Findings and Implications, will inform the development of future options for support of venture capital in Australia. The report can be accessed at [www.innovation.gov.au](http://www.innovation.gov.au/).