



The AUSTRALIAN PRIVATE EQUITY &  
VENTURE CAPITAL ASSOCIATION Limited

# Media release

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## AVCAL welcomes the Government's Innovation Statement

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The Government undertook a thorough collaborative engagement process with industry and AVCAL welcomes the Innovation Statement and its focus on developing the jobs of the future for Australia. We are particularly pleased to see the recognition of the importance of the Venture Capital industry to enable Australia's innovations turn into products, processes and services that add to the economy and provide jobs in the future.

The new round of the Innovation Investment Fund (IIF) with \$350M committed will be a great boost to venture investing in Australia, especially taking into account the equal amount of private capital that will be invested alongside. The commitment that any money returned to the Government will be recycled through the program is also very welcome.

Improvements to the ESVCLP and VCLP structures will improve clarity for investors. We particularly welcome clarification that gains from investments through a ESVCLP or VCLP will be on the capital account for all qualified domestic investors.

The review into Employee Share Schemes, which is currently underway, is also an important component of the overall program and AVCAL is consulting closely with the Government on the necessary changes to this program. Currently innovators can be saddled with an income tax liability before their shares have realised any income and, given the inherent risks of early stage companies, may never be worth anything. We need an employee share scheme that encourages, not punishes, our innovators.

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AVCAL is the voice of venture capital (VC) and private equity (PE) in Australia. Our membership includes 54 domestic and international VC and PE managers active in Australia as well as pension/super funds, service providers and other stakeholders. AVCAL is active in communicating, researching and advocating the significant contribution that VC and PE makes to the broader Australian economy. Australian VC and PE firms manage over \$29bn in funds under management. They provide capital and expertise to companies in a range of business life-cycles: start-ups, SMEs and large organisations. AVCAL VC and PE members focus on enhancing innovation, productivity, entrepreneurial activity and sustainability in the companies they invest in. Australian VC and PE firms back more than 500 companies which employ over 100,000 full-time equivalent jobs. Since records began in the late 1990s, the industry has distributed around A\$16 billion to its limited partner investors which include pension/super funds, institutions and governments.

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