



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON ECONOMY AND GENDER AND ECONOMIC EQUALITY
Ms Leanne Castley MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair),
Mr Johnathan Davis MLA

Inquiry into Annual and Financial Reports 2020-2021 ANSWER TO QUESTION TAKEN ON NOTICE 3 March 2022

Asked by ELIZABETH LEE MLA on 3 MARCH 2022: KAREENA ARTHY took on notice the following question(s):

[Ref: Hansard Proof Transcript 3 March 2022, Page 101 - 103]

In relation to: Grant to Significant Capital Ventures (SCV)

MS LEE: Chief Minister, I would like to take you to the business and innovation grants and sponsorship recipients that are listed on page 162 of the annual reports, noting that the total amount for the scheme is \$200,000. It is interesting to note that there is one business that received \$150,000 of that fund, or 75 per cent, and it has been awarded to Significant Capital Ventures, which is founded by the Hindmarsh family in collaboration with ANU. It was awarded "to support its administration costs". Can you please explain what that grant was awarded for? Administration costs just seems a bit odd. Thank you.

Mr Barr: Significant Capital Ventures is obviously a venture capital fund that invests in other businesses. So this would be for support to enable them to continue that role. But I will get officials to give you some more detail on that.

MS LEE: Thank you.

Ms Arthy: Thank you, Chief Minister. Significant Capital Ventures has been in operation for a couple of years now. We have provided \$750,000 to Significant Capital Ventures to support its establishment and subsidise its administration costs. The allocation that is listed in the annual report is an ongoing commitment underneath that arrangement to provide administration support to that fund.

MS LEE: It is being provided because that was the agreement when it was established; is that right?

Ms Arthy: I do not have the agreement in front of me. I can certainly check on that and take that one on notice. However, we did provide the initial funding to support its establishment and administration. They made an approach to us for additional support, and we recommended that the support be provided to assist it, given the work it is doing.

MS LEE: I am sorry, I am still a bit unclear about why a venture fund would need subsidies or support for administration costs.

Ms Arthy: I am just checking if another official in the room has that background. I may need to take that on notice and go back to the original agreement that we had with them. We do support another venture capital fund, and it depends on the nature of the agreement and what they have asked us for in the beginning. This particular fund was set up to do work in a particular niche area. Again, I do not have the contract in front of me. We can take that on notice and provide more information. As part of our contribution to getting this particular fund set up, the role of the government was to provide establishment costs and that admin support. We can go back to the original agreement and come back to you on notice with more detail about the nature of that agreement.

MS LEE: Can you please also outline who gets any profits.

Ms Arthy: Certainly. I can do that.

Mr Barr: Yes. This is a reasonably longstanding arrangement. So, yes, we can get all of that detail for you. I think this also reflects the fact that the officials in the room were not the officials who would have been involved in the negotiation of that agreement. But this is not new, Ms Lee; it has been around for quite some time, and I am very happy for all of the information related to it to be provided to the committee.

MS LEE: Thank you. On notice, because I think Ms Arthy referred to the original agreement a number of times, are you able to provide a copy of that to the committee as well?

Mr Barr: Absolutely, yes.

MS LEE: Could you include some details, if it is not stated clearly in the agreement, as to the reason this organisation was chosen—what criteria and that type of thing.

Mr Barr: Absolutely, yes. Certainly. No problems at all.

ANDREW BARR MLA: The answer to the Member's question is as follows:—

1. In regards to the grant awarded to SCV - can you please explain what this covered in terms of administration costs?

Funding was provided for costs related to the administration and management of Significant Capital Ventures Pty Limited's Early-Stage Venture Capital Limited Partnership.

This funding represents a small contribution to support a team of 14 people who are responsible for:

- Sourcing investment opportunities;
- Pre-investment mentoring;
- Opportunity assessment and evaluation;
- Deal making, including evaluation, due diligence, and negotiation of investment documents; and
- Investment management – involving hands-on engagement with portfolio companies.

2. What was the nature of this agreement with SCV?

Deed of Grant. The grant period was from 30 July 2018 to 30 June 2021 and provided \$150,000 per annum for a total of \$450,000. A Deed of Variation was executed on 13 November 2020 that provided an additional \$150,000 in 2020-21.

3. Who receives any profits from the ventures that this grant supports?

Any profits received from the ventures are a matter for the fund and its investors. The ACT Government does not receive any financial returns from the fund. However, a successful start-up ecosystem with growing ventures creates a number of benefits to businesses and the territory by: creating jobs; attracting and retaining talent; creating tax revenue for the government; building capability and capacity, and further diversifying our economy.

4. Can a copy of the original agreement be provided?

SCV has agreed that the original Deed of Grant, executed on 30 July 2018 can be provided. Refer to Attachment A.

5. Why was the organisation chosen to be awarded this grant?

On 8 April 2020 the government received a funding proposal from SCV that sought support for its business operations and capital investment. The Fund under SCV's management is the only active Canberra-based fund.

Venture capital plays an important role in the early stage of the investment cycle in supporting the growth and expansion of start-ups. The presence of local venture capital plays to the strengths of the Canberra ecosystem and is important for overcoming the barriers of accessing finance for start-ups. Successful start-ups provide positive returns to investors while directly stimulating employment in the economy.

SCV has invested \$2.35 million into three Canberra-based companies with \$4.60 of additional investment already attracted for every dollar invested by SCV. The activities of SCV have so far created 38 new jobs for its Canberra-based companies.

Approved for circulation to the Standing Committee on Economy and Gender Equality

Signature: 

Date: 19.3.22

By the Minister for Economic Development, Andrew Barr MLA



AUSTRALIAN CAPITAL TERRITORY

DEED OF GRANT

Date

30 July 2018

Parties

AUSTRALIAN CAPITAL TERRITORY

**SIGNIFICANT CAPITAL VENTURES
LIMITED PTY LIMITED
ABN 32 607 951 986**

Prepared by

Chief Minister, Treasury and Economic Development
Directorate
Enterprise Canberra
Innovation, Industry and Investment

Version

July 2018

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PARTIES: **AUSTRALIAN CAPITAL TERRITORY**, the body politic established by section 7 of the *Australian Capital Territory (Self-Government) Act 1988* (Cwlth) (**Territory**) represented by the Chief Minister, Treasury and Economic Development Directorate.

SIGNIFICANT CAPITAL VENTURES PTY LIMITED ACN 607 951 986 of **CAMPBELL ACT 2612** (**Recipient**).

BACKGROUND

The Territory has agreed to make and the Recipient has agreed to accept the Grant for the purpose of the Funded Activity on the terms and conditions of this Deed.

IT IS AGREED by the parties as follows.

1. Interpretation

1.1 Definitions

The following definitions apply in this Deed, unless the context otherwise requires.

Contact Officer means, in relation to each party, the representatives whose names and contact details are specified in **Item 5 Schedule 1**, or as notified in writing from time to time by one party to the other.

Funded Activity means the activity described in **Schedule 2**.

Grant means the amount specified in **Item 2 Schedule 1** and any interest accruing on that amount after it has been paid to the Recipient.

Grant Material means all material created, written or otherwise brought into existence as part of, or for the purpose of carrying out the Funded Activity including all reports (whether in draft or final form), documents, equipment, information and data stored by any means.

Grant Period means the period specified in **Item 1 Schedule 1**, and if extended, the initial period and the extended period.

GST has the same meaning as it has in the GST Act.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999* (Cwlth).

- Invoice** means an invoice that:
- (1) if GST is payable in respect of any taxable supply made under this Deed, is a valid tax invoice for the purposes of the GST Act;
 - (2) clearly sets out the details of the Funded Activity undertaken or to be undertaken and the amount that is due for payment, is correctly calculated and is in respect of the Funded Activity;
 - (3) sets out or is accompanied by any other details or reports required under this Deed; and
 - (4) is rendered at the times specified in **Item 2 Schedule 1** (if any) and addressed to the Territory's Contract Officer.

Special Condition means any provision set out in **Schedule 3**.

- Territory** means:
- (1) when used in a geographical sense, the Australian Capital Territory; and
 - (2) when used in any other sense, the body politic established by section 7 of the *Australian Capital Territory (Self-Government) Act 1988* (Cwlth).

1.2 General

In this Deed, unless a contrary intention is expressed:

- (1) references to "Recipient" includes any employees, agents or subcontractors of the Recipient;
- (2) references to legislation or to provisions in legislation include references to amendments or re-enactments of them and to all regulations and instruments issued under the legislation;
- (3) words importing a gender include the others; words in the singular number include the plural and vice versa; and where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (4) "include" is not to be construed as a word of limitation;
- (5) headings have no effect on the interpretation of the provisions; and

- (6) an obligation imposed by this Deed on more than one person binds them jointly and severally.

2. Payment and Use of Grant

2.1 Payment of Grant

The Territory must pay the Recipient the Grant following its receipt of an Invoice and otherwise in accordance with **Item 2 Schedule 1**.

2.2 Use of Grant

The Recipient must:

- (1) use the Grant only for the Funded Activity;
- (2) undertake the Funded Activity diligently and otherwise in accordance with this Deed; and
- (3) complete the Funded Activity by the end of the Grant Period.

3. Grant Period

This Deed is for the Grant Period unless extended or terminated under the provisions of this Deed.

4. Separate accounting for Grant

4.1 Separately account for Grant

The Recipient must, within its accounting system, account for the Grant separately from any other funds of the Recipient.

4.2 Bank account

If required by the Territory, the Recipient will deposit and hold in a separate bank account the Grant, and must:

- (1) promptly notify the Territory of:
 - (a) the details of that account, and
 - (b) any change to that account.
- (2) not cause or allow any funds other than the Grant to be deposited into that account.

5. GST

If the Recipient is registered under the GST Act, the Territory will, on receipt of an Invoice, pay to the Recipient an amount equal to the GST under the GST Act lawfully payable by the Recipient in respect of supplies to the Territory that are taxable supplies under the GST Act.

6. Records

6.1 Obligation to keep records

The Recipient must:

- (1) keep all records necessary to substantiate expenditure of the Grant in compliance with applicable laws;
- (2) provide a complete and detailed record and explanation of:
 - (a) expenditure of the Grant,
 - (b) other money received and spent on the Funded Activity,
 - (c) the progress of the Funded Activity, and
 - (d) any other records in respect of the Funded Activity,that the Territory may reasonably require from time to time; and
- (3) retain the records referred to in this clause for at least 7 years following the completion of the Funded Activity or the expiration or termination of this Deed, whichever occurs first.

6.2 Access

- (1) To audit the Recipient's compliance with this Deed, the Territory may, at reasonable times and on reasonable notice, enter the Recipient's premises and inspect the records kept by the Recipient and the progress of the Funded Activity.
- (2) The Recipient must:
 - (a) give the Territory access to those facilities and such assistance as may reasonably be necessary to enable the Territory to conduct an audit under **clause 6.2(1)**, and
 - (b) permit the Territory, at its own cost, to take copies of any records which it reasonably considers relevant to its audit.

6.3 Territory's Auditor-General

Any of the Territory's rights under this **clause 6** may be exercised by the Territory's Auditor-General, her delegate or any relevantly qualified person engaged to perform any functions of the Auditor-General.

7. Reporting of progress and expenditure

7.1 Progress reports

The Recipient must provide written reports to the Territory relating to the progress of the Funded Activity and expenditure of the Grant in the manner and at the times required in **Item 3 Schedule 1**.

7.2 Other notifications

The Recipient must keep the Territory reasonably informed about all matters which are likely to materially and adversely affect the timing, scope or cost of the Funded Activity or the Recipient's ability to carry on or complete the Funded Activity in accordance with this Deed.

8. Acknowledgement of Funding

8.1 Acknowledgement of Territory support

The Recipient must in relation to the Funded Activity:

- (1) acknowledge the support of the Territory in any public event, media release or media coverage; and
- (2) include an acknowledgement in the form set out in **Item 6 Schedule 1** in all documents, brochures, books, articles, newsletters, other artistic works or literary works or advertising.

8.2 Other obligations

The Recipient must:

- (1) in relation to the material referred to in **clause 8.1(2)**, promptly provide to the Territory:
 - (a) if requested by the Territory, a draft of that material at least 10 days prior to publishing or printing, and
 - (b) a copy of that material; and
- (2) on reasonable notice, invite the Territory to participate in any public event, media release or media coverage related to the Funded Activity.

9. Intellectual Property Rights

9.1 Ownership of Grant Material

Ownership of all Grant Material, including any intellectual property rights, vests on its creation in the Recipient.

10. Insurance and Indemnity

10.1 Recipient's insurance

The Recipient must effect and maintain for the Grant Period:

- (1) all insurance coverage required by it by law;
- (2) public liability insurance with coverage in the amount of not less than the amount specified in **Item 4(1) Schedule 1** in respect of each claim, including voluntary workers insurance cover if volunteers are engaged by the Recipient; and
- (3) any other insurance specified in **Item 4(2) Schedule 1**,

with an insurer having a Standard and Poor's or Best's Rating A- or better and must produce evidence of that insurance as required by the Territory.

10.2 Indemnity

The Recipient indemnifies the Territory, its employees and agents against liability in respect of all claims, costs and expenses in relation to all loss, damage, injury or death to persons or property caused by the Recipient, its employees, agents or contractors in connection with the use of the Grant or the conduct of the Funded Activity except to the extent that the Territory caused the relevant loss, damage or injury.

11. Termination of Grant

11.1 Breach

The Territory may terminate this Deed at any time by written notice to the Recipient, if the Recipient:

- (1) is or becomes bankrupt or insolvent, enters into voluntary administration or makes any arrangement with its creditors or takes advantage of any statute for the relief of insolvent debtors;
- (2) fails to:
 - (a) commence the Funded Activity in a timely manner,
 - (b) undertake the Funded Activity diligently, or

- (c) meet any timeframes specified in this Deed; or
- (3) commits any other breach of a provision of this Deed, where that breach:
 - (a) if capable of being remedied, is not remedied within the period specified in a written notice by the Territory, or
 - (b) is not capable of being remedied.

11.2 Termination or reduction of funding for any reason

The Territory may, at any time by written notice to the Recipient, terminate this Deed or reduce the funding for the Funded Activity for any reason, and in that event the Recipient must:

- (1) in the event of termination, comply with the notice and **clause 12**; or
- (2) in the event of a reduction in funding, continue to undertake the Funded Activity in accordance with the notice.

11.3 No prejudice

Nothing in this **clause 11** prejudices any other rights or remedies of the Territory in respect of any breach of this Deed.

12. Refund of Grant

12.1 Repayment of unacquitted funds

At the end of the Grant Period, or earlier termination of this Deed, the Recipient must:

- (1) unless otherwise required under this Deed, within 30 days, provide the Territory with a statement of expenditure of the whole of the Grant; and
- (2) promptly repay any or all of the Grant that remains unacquitted.

12.2 Meaning of unacquitted funds

For the purposes of **clause 12.1**, the Grant remains unacquitted if it:

- (1) is not spent and is not contractually committed to be spent; or
- (2) has been spent in breach of this Deed.

13. Dispute Resolution

13.1 Negotiation and Mediation of Dispute

- (1) If a difference or dispute (**Dispute**) arises in relation to this Deed, then

either party may give written notice to the other that a Dispute exists, which specifies details of the Dispute, and the parties agree that they will endeavour to resolve the Dispute by negotiations, or, if the Dispute has not been resolved within 28 days of the issue of the notice, undertake a mediation process.

- (2) If a mediation process is undertaken in accordance with **clause 13.1(1)** the mediator will be an independent mediator agreed by the parties or, failing agreement, nominated by the chairperson of The Institute of Arbitrators and Mediators Australia, ACT Chapter. Unless otherwise agreed, the parties will equally share the costs of the engagement of the mediator.

13.2 No prejudice

Nothing in this **clause 13** will prejudice the rights of either party to institute proceedings to enforce the Deed or to seek injunctive or urgent declaratory relief in respect of any Dispute.

14. Variation

14.1 Variation to Funded Activity

The Recipient must obtain the Territory's prior written approval for any variation to the Funded Activity, including:

- (1) the Funded Activity or work programs;
- (2) the Funded Activity's objectives or outcomes;
- (3) variation of more than 10% in expenditure for a specified item of the approved budget that forms part of the Recipient's application for a grant for the Funded Activity; and
- (4) the Grant Period.

14.2 Variation to Deed

This Deed may only be varied by the written agreement of the parties prior to the expiration of the Grant Period.

15. General

15.1 No assignment

The Recipient must not assign the whole or any part of this Deed without the prior written consent of the Territory. If the Territory gives its consent, the Territory may impose any conditions.

15.2 Conflict of interest

The Recipient warrants that at the start of the Grant Period no conflict of interest exists or is likely to arise in the performance of the Funded Activity and of its other obligations under this Deed and must, if a conflict or risk of conflict of interest arises during the Grant Period, notify the Territory immediately in writing and comply with any requirement of the Territory to eliminate or otherwise deal with that conflict or risk.

15.3 No employment, partnership or agency relationship

Nothing in this Deed constitutes the Recipient, or its employees, agents or subcontractors as employees, partners or agents of the Territory or creates any employment, partnership or agency for any purpose and the Recipient must not represent itself, and must ensure its employees, agents and subcontractors do not represent themselves, as being employees, partners or agents of the Territory.

15.4 Entire Agreement

This Deed comprises the entire agreement between the parties in relation to the Grant and the Funded Activity and supersedes any prior representations, negotiations, writings, memoranda and agreements.

15.5 Severability

Any provision of this Deed that is illegal, void or unenforceable will not form part of this Deed to the extent of that illegality, voidness or unenforceability. The remaining provisions of this Deed will not be invalidated by an illegal, void or unenforceable provision.

15.6 No waiver

Failure or omission by the Territory at any time to enforce or require strict or timely compliance with any provision of this Deed will not affect or impair that provision in any way or the rights and remedies that the Territory may have in respect of that provision.

15.7 Compliance with laws and governing law

- (1) The Recipient must comply with the laws from time to time in force in the Territory in performing the Funded Activity.
- (2) This Deed is governed by and construed in accordance with the law for the time being in force in the Territory and the parties submit to the non-exclusive jurisdiction of the courts of the Territory.

15.8 Notices

Any notice, including any other communication, required to be given or sent to either party under this Deed must be in writing and given to the relevant

Contact Officer. A notice will be deemed to have been given:

- (1) if delivered by hand, on delivery;
- (2) if sent by prepaid mail, on the expiration of two days after the date on which it was sent;
- (3) if sent by facsimile, on the sender's facsimile machine recording that the facsimile has been successfully and properly transmitted to the recipient's address; or
- (4) if sent by electronic mail, on the other party's acknowledgment of receipt by any means.

15.9 Forms and statements

The Territory may reasonably require any form, record or statement required under this Deed to be in a particular form.

15.10 Special Conditions

In the event of any inconsistency between any Special Condition and any other provision of this Deed then, to the extent of any inconsistency, the Special Condition will prevail.

15.11 Survival of clauses

Clauses 6, 7.1, 10.2 and 12 will survive the expiration or earlier termination of this Deed.

SCHEDULE 1

GRANT DETAILS

Item 1. Grant Period
See clauses 1.1 and 3

From the date of this Deed until 30 June 2021

Item 2. Grant
See clauses 1.1 and 2.1

- (1) Grant: \$450,000 GST Exclusive
- (2) The Grant is payable by instalments. Invoices may only be rendered in accordance with the following.

Amount	When Invoice may be rendered
\$150,000	the instalments will be linked to the completion of milestones listed in Schedule 2, Item 2.
	The Invoice should be made out to: Chief Minister, Treasury and Economic Development Directorate Economic Development Innovation, Industry and Investment Attention: Lena Desyatnykova

- (3) Except if otherwise stated in this Deed, the Grant is:
- (a) Payable within 30 days of receipt by the Territory of an Invoice;
- (b) Inclusive of GST and all other taxes, duties and charges; and

Item 3. Reporting and Acquittal
See clause 7.1

- (1) The recipient is required to submit reports in accordance with Item 3 Schedule 2.

Item 4. Other insurance requirements
See clause 10.1

- (1) Public Liability Insurance: Not used
- (2) Other Insurance: Not used

Item 5. Contact Officers

See clauses 1.1 and 15.8

For the Territory:

Brent Chick
Manager
Innovation, Industry and Investment
Canberra Nara Centre
1 Constitution Avenue
Canberra ACT 2601
Email: brent.chick@act.gov.au
Phone: 02 6207 7215

For the Recipient:

Michele Troni
Director
Significant Capital Ventures Pty Limited
Email: michele.troni@hindmarsh.com.au
Phone: 02 6129 1591

**Item 6. Form of
Acknowledgement**

See clause 8.1

This statement should be included in all material:
“With assistance from the ACT Government”.
The ACT Government logo, in accordance with
any Territory policy governing its use, should
also be displayed on any promotional material
that relates to the Funded Activity.

SCHEDULE 2

THE FUNDED ACTIVITY

Item 1. Activities

Funding will support costs related to the administration and management of Significant Capital Ventures Pty Limited's Early Stage Venture Capital Limited Partnership.

Item 2: Payment Schedule

The Recipient may invoice in accordance with the following Schedule.

Date	Prerequisite event	Amount
On execution of this Deed of Grant	Payment on signing of Deed of Grant	\$150,000
15 July 2019	Submission of progress report for the period 1 July 2018 to 30 June 2019	\$150,000
15 July 2020	Submission of progress report for the period 1 July 2019 to 30 June 2020	\$150,000
15 July 2021	Submission of final progress report for the period 1 July 2020 to 30 June 2021	\$0

Item 3: Reporting and Acquittal

Progress Reports

The Recipient must provide Progress Reports by the date specified in Item 2 of Schedule 2.

The Recipient must include in the report:

- A statement of financial performance; and
- Information on investments made, book value and main business location of investee company.

SCHEDULE 3

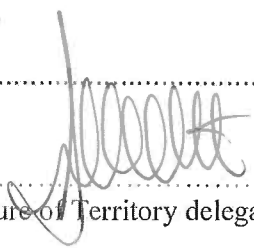
SPECIAL CONDITIONS

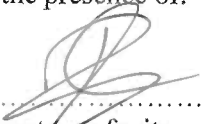
See clauses 1.1 and 15.10

Not used

SIGNED AS A DEED ON 30 July2018

SIGNED for and on behalf of the)
AUSTRALIAN CAPITAL TERRITORY)
in the presence of:)

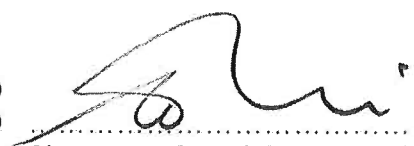

.....
Signature of Territory delegate



.....
Signature of witness

Glen Hassett
.....
Print name

Brent chick
.....
Print name

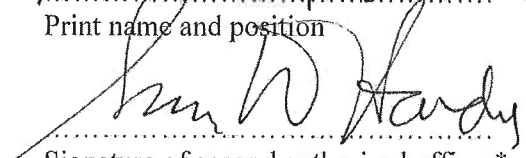
SIGNED for and on behalf of)
Significant Capital Ventures Pty)
Limited)
ABN 32 607 951 986 in the presence of:


.....
Signature of Recipient or authorised officer*
*delete whichever is not applicable (see note below)


.....
Signature of witness

MICHAEL TRON, DIRECTOR
.....
Print name and position

Hannah Tran
.....
Print name


.....
Signature of second authorised officer*
*see note below

STEPHEN HARDY, DIRECTOR
.....
Print name and position



- Note:
- Date: Must be dated on the date the last party signs the Deed or, if signed counterparts of the Deed are exchanged, the date of exchange. Also date the cover page.
 - Individual: Must be signed by the individual Recipient and witnessed.
 - Incorporated Association: Must be signed in accordance with the Recipient's constitution, which may or may not require the common seal to be affixed. As a minimum, 2 authorised officers must sign.
 - Company: Must be signed in accordance with section 127 of the Corporations Act 2001 (Cwlth), for example, by 2 directors or a director and a secretary. Common seal may be affixed if required under the Recipient's constitution.

