

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Industry, Tourism and Resources Portfolio
Supplementary Budget Estimates 2006-2007, 1 November 2006

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES
TOPIC: EARLY STAGE VENTURE CAPITAL LIMITED PARTNERSHIP (ESVCLP) SCHEME
REFERENCE: WRITTEN QUESTION

QUESTION No.SI-41

Senator Carr asked:

Is the statement in Budget Paper 2 that the ESVCLP will “progressively replace” existing arrangements from 1 July 2006 now out of date? If not, what “progress” has been made to date in replacing the existing arrangements, from the perspective of investors?

ANSWER

Budget Paper No 2 stated that the ESVCLP will replace the existing pooled development funds (PDF) programme, which will be closed to new registrants. Registered PDFs will continue to be able to operate after the ESVCLP investment vehicle has been introduced, but over time fund managers may wish to promote the ESVCLP as the preferred vehicle for venture capital because of the tax exemption and the flow through income tax treatment.

QUESTION No.SI-42

Senator Carr asked:

Has there been a delay in developing the legislation? If so, why?

ANSWER

There has been no delay in developing the legislation. Legislation is expected to be introduced during 2006-07.

QUESTION No.SI-43

Senator Carr asked:

What is the procedure likely to be for an entity that wishes to establish an ESVCLP in the near future? Is it possible to do this prior to legislation being passed?

ANSWER

The Budget announcement provided some broad parameters for the operation of the ESVCLP. The Budget announcement also noted that the ESVCLP must meet certain regulatory and reporting requirements. It is not possible to provide specific advice on the procedure for establishing an ESVCLP, or to establish an ESVCLP until these requirements are finalised.