

Senate Committee on Financial Technology and Regulatory Technology
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science, Energy and Resources
Financial Technology and Regulatory Technology
28 February 2020

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Money invested through ESIC, ESVCLP and VCLP - Financial Technology and Regulatory Technology

REFERENCE: Question on Notice, 28 February 2020, Written Question

QUESTION No: FTRT-1

How much money has been invested through the ESIC, ESVCLP and VCLP programs each year since their introduction?

Please provide a breakdown of how much of this investment in each program has been directed into FinTech and RegTech firms.

ANSWER

Question 1

How much money has been invested through the ESIC, ESVCLP and VCLP programs each year since their introduction?

Methodology:

All investment transactions for ESVCLP and VCLP were selected and summed by financial year.
Note: FY19/20 data reflects Year To Date (YTD) data.

Department of Industry, Science, Energy and Resources (DISER) response:

- Through the ESVCLP program a total of \$1.17 billion has been invested since partnerships commenced investing in 2010-11.
- Through the VCLP program a total of \$7.82 billion has been invested since partnerships commenced investing in 2004-05.

The investment amount in each financial year is only available for the venture capital tax incentive programs (ESVCLP and VCLP) and are provided in the table below.

ESVCLP and VCLP investment amount

| Financial Year | ESVCLP (\$ million) | VCLP (\$ million) |
|-----------------------|----------------------------|--------------------------|
| FY04/05 | | 8.15 |
| FY05/06 | | 149.70 |
| FY06/07 | | 522.98 |
| FY07/08 | | 390.03 |
| FY08/09 | | 286.33 |
| FY09/10 | | 206.27 |
| FY10/11 | 6.55 | 486.51 |
| FY11/12 | 17.55 | 315.18 |
| FY12/13 | 21.20 | 225.28 |
| FY13/14 | 37.21 | 265.66 |
| FY14/15 | 63.84 | 582.56 |
| FY15/16 | 104.68 | 900.56 |
| FY16/17 | 191.19 | 820.21 |
| FY17/18 | 217.00 | 1133.56 |
| FY18/19 | 299.88 | 797.56 |
| FY19/20 (YTD) | 208.86 | 727.91 |
| Total | 1167.96 | 7818.46 |

The ESIC program

The tax incentives for investors in early stage innovation companies (ESIC) is administered by the Australian Taxation Office. The measure started from 1 July 2016 and for the first two years of the scheme, around \$630 million was invested in ESICs.

Question 2

Please provide a breakdown of how much of this investment in each program has been directed into FinTech and RegTech firms.

DISER's response:

Due to the nature of data collected, it is difficult to extract information on discrete sectors such as FinTech and RegTech investments. For the department's submission, it assessed every investment made by ESVCLPs and VCLPs during two select income periods (2018-19 and 2013-14) to determine which investments were made in recognised FinTech and RegTech firms. The department determined \$42 million was invested into 47 FinTech and RegTech investee companies by ESVCLP and VCLP partnerships in 2018-19 and \$6 million was invested in four companies in 2013-14.