

Governments get behind funding Australian start-ups and innovators

23 October 2015

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Emerging and innovative Queensland businesses will be pleased to hear that the State Government's \$40 million Business Development Fund has kicked off. The Fund is targeted at emerging and high growth innovative Queensland businesses and will provide opportunities for investments of between \$125,000 and \$2.5 million by the Fund. It is a requirement that there is at least matching private sector co-funding of the business.

The Fund will invest directly in the business and both the co-investor and the Fund will become shareholders in the business (which must be a company). It will be necessary to have in place a shareholders' agreement and other documentation and the co-investor may be provided with a buy out right for the Fund's shares in the business over the medium term.

The Fund has a number of investment criteria and will focus on businesses who:

- have the majority of their assets and employees located in Queensland;
- are commercialising research, or an innovative idea, product or service;
- create opportunities for new, high value and skilled employment; and
- have a realistic prospect of becoming commercially successful.

An independent investment panel will assess Fund applications.

In further welcome news for start-ups, the Federal Government has announced that draft legislation to facilitate crowd sourced equity funding will be implemented by the end of this year. Further details on crowd sourced equity funding can be found [here](#).

The Government reiterated its continued commitment to developing a legislative regime for equity crowd funding in its recent response to the Financial System (Murray) Inquiry, stating that supporting the funding needs of early stage innovators is "an urgent priority".

It is hoped that both of these funding initiatives will increase the level of investment in emerging and innovative businesses in Australia.

To discuss how your business could benefit from the Queensland Business Development Fund or crowd sourced equity funding please contact HopgoodGanim Lawyers' [Corporate Advisory and Governance](#) team.

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