

## SA BUSINESS

# The new manager of the SA Venture Capital Fund will be required to employ the old managers, tender documents show

The former managers of the SA Venture Capital Fund must be retained by any new external manager, tender documents show.

Cameron England, The Advertiser

Subscriber only | August 26, 2019 6:21pm



Elaine Stead, formerly of Blue Sky Venture Capital.

- [Blue Sky falls into administration](#)
- [Leaked contract shows Blue Sky's big pay packet](#)

Any new manager of the South Australian Venture Capital Fund will be required to hire the former employees of failed private equity company Blue Sky who are currently managing the fund.

The tender documents to find a new financial backer for the SAVCF, following Blue Sky being placed in administration in May, have been released, with expressions of interest due by September 17.

While the fund is put forward as a \$50 million fund to invest in emerging SA tech companies, half of the money earmarked for the fund is for reinvestment in existing companies the fund has already backed, dropping the figure to just more than \$24 million.

Of this, \$6 million is already committed, meaning only \$18 million is available for new investments.

The fund has, since it started in July 2017, invested \$6 million in three companies, which the government says has leveraged a further \$18.09 million from co-investors.

As revealed by *The Advertiser* earlier this year, BSVC Pty Ltd - the Blue Sky subsidiary managing the fund - was to be paid management fees ranging from \$915,751 to \$1,045,568 per year for the first seven years of the 15 year contract, then \$703,094 per year for the remainder.

On top of that, the independent committee chaired by Raymond Spencer and including ABC board member Donny Walford, is paid another \$170,500 per year, based on publicly available contracts, which are valid until July 5, 2020.

The new contract says the new manager should "Actively develop and source deal flow from within, and outside of, South Australia", but also says it must employ former Blue Sky director Dr Elaine Stead and Alexandra Grigg.

"The SAVCF Manager must demonstrate ... an ability and willingness to retain in a full-time capacity the existing SAVCF team to provide continuity and to maintain a strong local presence in order to source and assist in the development of investable deal flow."

The manager would also have to set up its own investment management committee to ensure proper due diligence on potential investments. However the original committee would also remain.

"Following Investment Committee approval, the SAVCF Manager must seek final approval from the SAVCF Management Committee before a call notice ... can be issued to release funds for payment," the tender documents say.

The main elements of the tender show the SAVCF intends to work in the same way as previously, attracting other investors to back companies it selects.

"The SAVCF is a co-investment fund, requiring each initial investment into an eligible company to be matched with at least 50 per cent investment from other venture capital funds or other sophisticated investors," the tender documents say.

The new manager's responsibilities would include:

- developing and maintaining relationships with reputable coinvestors,
- actively developing and sourcing deal flow from within SA, and
- developing and maintaining relationships within the SA start-up scene.

Treasurer Rob Lucas said the current management committee believed the ongoing employment of Dr Stead and Ms Grigg was preferable.

"The SAVCF Management Committee considers it important that there is continuity of management of existing investments and the current and future investment pipeline," he said in a statement.

"They believe this is best achieved by the new SAVCF manager retaining Ms Elaine Stead and her team."

The Treasurer said if alternate staff were desired by the new manager "it would need to seek agreement of the SA Venture Capital Fund Management Committee consistent with the Investment Management Agreement.

"The SAVCF Management Committee, which is chaired by respected SA businessman Mr Raymond Spencer, oversees the performance of the SAVCF Manager, including the investment team."

The fund is currently being managed on a temporary basis by Melbourne Securities Corporation.



## COMMENTS



Show comments



## **A TIMELINE OF EATING CHOCOLATE**

SPONSORED

### **MY NEWS**

