Start of HIGHER GST TOO MUCH TO BITE OFF — STUDY BUSINESS has supported the goods and services tax staving CLAIRE HEANEY which the end user, the deal directly with the end user, the control of the con bigger things

Takeover injects \$10m

VICTORIAN technology start-ups will share in up to \$10 million under an expansion of Sydney-based corporate accelerator Slingshot.

Slingshot has bought Melbourne-based, mentor-driven start-up accelerator Angel-Cube.

The renamed Slingshot accelerator will be launched mid-

Slingshot said it was undertaking an "aggressive national expansion strategy to solidify itself as the leading corporate innovation accelerator in Australia"

"Victoria is a hotspot for technology start-ups, attracting the attention of leading technology firms and the move to Melbourne is the next step in Slingshot's goal to build a national accelerator brand," Slingshot co-founder Craig Lambert said.

Businesses will be eligible for \$150,000 per team.

"We've seen the great success that has come from this market and with a number of exciting opportunities with both corporates and start-ups on offer, it was time to make a permanent move to Melbourne," Mr Lambert said.

He said Slingshot worked with corporates keen to support entrepreneurs to develop products and services they would then have the option of

"We wanted to have a bigger footprint in the start-up



ecosystem and looked to existing programs that we could partner with.'

AngelCube, based at the Inspire 9 co-working hub, was an early Melbourne start-up accelerator.

Its founders, Nathan Sampimon and Adrian Stone, said the announcement would drive growth.

Mr Sampimon said: "We're so proud of everything Angel-Cube has achieved since launching in 2010, we have accelerated 32 start-ups and raised over \$20 million.

"With the support of Slingshot, start-ups will now have access to increased funds and the expertise of their network of corporate partners."

Slingshot plans to run at least three programs in Victoria. The aim is to match the best start-ups and scale-ups to the growth agenda of corporates. Mr Lambert said: "The way

we approach the relationships between start-ups and corporates has been a big success for both parties.'

The founders of AngelCube will continue to assist with strategic direction and act as mentors.

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than half believing they would be worse off if it rose.

A DBM Consultants survey of almost 700 people between February and March shows consumer-driven businesses such as food and retail believed they would have borne the brunt of an increase.

Tim Honcoop said if the GST had increased from 10 per cent to 15 per cent it would create negativity and uncertainty among businesses and consumers.

"With businesses passing on the possible 15 per cent additional costs, these findings show the extent to

He said retail, accommodation, food services, and arts and recreation particularly, were conscious of encountering consumer resistance should the GST go up.

Nearly 80 per cent said they felt they would be worse off. "Two thirds of those who them," he said.

Women were especially negative towards any rise as 85 per cent of female respondents believed they would be adversely affected.

Mr Honcoop said the Government had done the right thing by deciding to keep the GST at 10 per cent.



Tim Bishop and part of his fleet of 36 trucks that began as a single, worn-out van. Picture: MIKE KEATING

Delivering the goods and going places

FROM high school dropout to founder of the fast-growing Man with a Van, Tim Bishop is a man on the move.

In his early 20s he decided to study a certificate in renewable energy, having pledged to help save the world.

After delivering pizzas among other part-time gigs, he bought a clapped-out van to earn some cash as a courier.

When told it was too old and would be unreliable, he started moving students.

With mattresses strapped to the roof, the business started to

CLAIRE HEANEY

hit its straps. Over some years it was clear it was a winner and his friend, James Bowden, joined him.

"For the cost of a sausage roll and a Slurpee a friend in the sharehouse designed the logo," Mr Bishop said.

Although the company is presently renting in Church St, Abbotsford, a permanent headquarters is being built around the corner near the old Carlton and United Brewery.

Having struggled to find

something rewarding, Mr Bishop said running a removal business ticked all the boxes.

He enjoyed the systems required to keep it operating, the physical labour and communicating with people.

"I would literally have a phone in one ear and a couch resting on the other shoulder."

There are no longer vans, now replaced by 36 trucks of various sizes and 140 staff working part and full time.

Mr Bishop said underlining the business was a focus on customer service — staff have

three days' training before they touch a piece of furniture.

Furniture removal is not without its risks. In August a new employee was shot in the hand when a gun on a wardrobe, which he thought was a toy, discharged.

A few years ago, removalists were pulled over by police and accused of stealing furniture.

While Melbourne is a success, longer term Mr Bishop would like to go interstate.

"Our biggest thing was timing — we were the right product at the right time," he said.

Investors fear unknown as central banks lack firepower

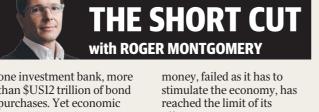
HAT don't we like? The world! Over the past month, we have visited most capital cities as part of our inaugural investor roadshow, and met more than 1000 investors.

The conversations have told us that what investors fear most is uncertainty.

Without putting their finger on it, investors describe a general unease about the future, more so than they have experienced before.

At Montgomery, we reckon we might just have an explanation.

Since the global financial crisis, there have been over 600 interest rate cuts around the world and, according to



one investment bank, more than \$US12 trillion of bond purchases. Yet economic growth has not been stimulated enough to see anything resembling an economic recovery.

What does it all mean? It means that we (I mean the globe) are right back where we were in the late 1930s with policymakers finding that fiscal and monetary policy levers are doing no more than pushing on a string. It seems like the combination of debt and

money, failed as it has to stimulate the economy, has reached the limit of its effectiveness.

The combination of very low interest rates and the use of quantitative easing — the handing of money to financial institutions to buy assets has pushed the prices of assets up so high that there is no incentive for investors to take on the risk for a return that doesn't compensate them appropriately.

When long-term interest rates are as low as short-term

interest rates, private and corporate investors have no incentive to invest for the

We are seeing this in the US where companies are not investing in productive capacity - they aren't building more factories or laboratories — they are instead merely buying back their shares — effectively returning money to shareholders.

Seven years after the crisis that prompted the fall in interest rates, they remain locked at all-time lows.

And debt levels are already so high that further debt increases would reduce further any willingness to spend.

In this scenario, central banks are completely powerless to prevent the next financial crisis or recession because with interest rates already at zero, there are no more bullets left to fire at a slowing economy.

For investors in property and stock market indices, you can expect at best very low single-digit returns for some years. If there is any strong rally in asset prices between now and 2019, one would expect them to be reversed.

Periods of panic should also be expected and that is why we have so much cash in our funds and the ability to profit from declining share prices through short selling.

You should probably be

prepared to take advantage of lower prices, too.

Oh and for those who haven't completely given up and reached the end of this column, there is a silver lining.

Businesses like REA Group, Isentia and Challenger will keep growing their earnings and generating high rates of return on equity without any debt.

They're the businesses you want to own over the next few years, not the stocks with the highest dividend yields but no growth.

ROGER MONTGOMERY IS CHIEF INVESTMENT OFFICER AT THE **MONTGOMERY FUND** @rjmontgomery