



Airtree warns start-ups: adapt to AI or we're out

Emma Rapaport

Airtree has put founders of its vast portfolio of companies on notice that it will sell out of start-ups if they cannot show that their businesses are safe from the massive disruption caused by artificial intelligence.

The warning from one of the country's largest and most influential venture capital firms was issued as part of an update to investors earlier this year, a tightly held document obtained by *The Australian Financial Review*.

The update said it "would be remiss to pretend" AI was not hurting older start-ups.

"We are pressure-testing whether our portfolio companies have a credible AI story, not as marketing, but as a genuine product and revenue driver. If the answer is no, that's a strategic gap that needs to be addressed quickly," the firm wrote to investors in May, in the midst of a broader sell-off of software stocks triggered by concerns about a hit to growth.

Worries that more sophisticated AI

Star-studded PE in the wars

Private equity firm Straight Bat is in a world of pain, writing down one investment to zero, with another seven well below targets. ▶ **Street Talk p18**

tools launched by developers like Anthropic could disrupt subscription models and reduce their use have pushed shares in software companies such as Salesforce and Adobe down about 20 per cent over the year, although they have recently recovered.

Airtree reduced its valuation of

Canva, one of the country's biggest private software firms, by 17 per cent to \$US34.9 billion (\$49 billion) this month, as revealed by the *Financial Review*, given the company's struggles to roll out expensive AI tools across its design and editing platforms.

But there are smaller, lower-profile start-ups in investment portfolios held by major venture funds such as Airtree and Blackbird that have also been struggling to adapt to the emergence of powerful AI tools.

In its note to investors, Airtree said it

had identified start-ups where AI was quickly threatening business models, and advised them to use those tools to become self-sustaining by stripping out costs and breaking even.

The firm appears to have abandoned the initial dream for these companies to become the next billion-dollar valued "unicorns", instead indicating it would move to salvage capital before they lost too much value.

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▶ **Former treasurer flags 'end of exceptionalism'**

Costello's \$1trn debt warning

Michael Read and John Kehoe

Interest repayments have become the fastest-growing major area of Commonwealth spending after federal government debt breached \$1 trillion, prompting former treasurer Peter Costello to warn the milestone signals the end of Australian exceptionalism.

Debt topped \$1 trillion for the first time on Thursday when the Australian Office of Financial Management issued \$4 billion of Treasury notes.

Taxpayers are now spending more on interest than they do individually on the army, unemployment benefits, childcare or public schools.

Government debt is expected to fall back beneath the \$1 trillion threshold on Friday as other bonds mature, before pushing above it again permanently later this year.

John Fraser, who served as Treasury secretary under Liberal prime ministers Tony Abbott and Malcolm Turnbull, said while \$1 trillion was a significant milestone, the political failure to address the future debt trajectory

Pain piling up



The problem is the budget deficits forecast over the next decade and the lack of a plan or

ambition to fix this. **John Kehoe p6**

■ A rise in the unemployment rate suggests the economy is softening, but not quickly enough to rule out another interest rate rise this year. **News p7**

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ory was the greater concern. "You're not a strong economy if you're relying on debt all the time, and we're not doing anything about it," Fraser said.

"It will cost more to borrow and to roll over the debt. It's not just the federal debt, but it's the states as well."

While long anticipated, the \$1 trillion **Continued p6**



Skin cancer breakthrough | Former Australian of the Year Georgina Long was in Lisbon when news broke that her work on skin cancer therapies had hit the jackpot. Moderna announced positive results for a vaccine lauded as a turning point in the fight against melanoma, and potentially other cancers.

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Surge in cuts to NDIS plans after review

Michael Read
Deputy economics editor

Record numbers of participants in the National Disability Insurance Scheme are having their funding cut as the federal government moves to rein in the program's ballooning cost, sparking criticism from the disability sector that Labor is enforcing budget controls before its overhaul even comes into effect.

Fortitude, not platitudes

Without self-imposed discipline, the red numbers will continue, especially as Labor continues spending.

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About 40 per cent of NDIS participants who had a plan reassessment in the first three months of the year – about 18,000 people – had their budgets reduced, according to figures released by Health Minister Mark Butler.

The figure was sharply higher than the 25 per cent of assessments that led to cuts at the same time a year earlier.

Among participants whose plans were cut in the first three months of the year, the average reduction was 19 per cent – up from 15 per cent one year earlier.

Grattan Institute disability program director Sam Bennett said the increase "appears to apply more so to adults and to people with higher levels of need".

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Allan, Andrews in building inquiry's sights

Sumeyya Ilanbey

Daniel Andrews and Jacinta Allan will be in the crosshairs of a long-awaited royal commission into corruption and criminality in Victoria's building industry after their successor as premier, Ben Carroll, unveiled wide-ranging terms of reference and vowed: "Nothing and nobody is off limits."

Christopher Kourakis, a former chief justice of the South Australian Supreme Court, will oversee the Royal Commission into the Integrity of Major Public and Civil Infrastructure Con-

Caught on camera

A human resources executive for infrastructure giant BMD has admitted to a Queensland inquiry into the CFMEU that he knew and met with an alleged senior bikie. ▶ **News p2**

struction Projects in Victoria, which has been tasked with examining allegations of criminality and corruption on taxpayer-funded projects.

The commission, which will be given a budget of \$50 million, will probe the conduct of construction companies, the CFMEU, contractors, subcontract-

ors, labour-hire firms, suppliers, the government and its delivery agencies.

A final report is due by August 20 next year.

"Victorians deserve the truth. They deserve to know how organised crime found its way onto our building sites," Carroll said at a press conference.

Asked if Allan, Andrews and public servants in treasury and the finance and premier's department could be called, Carroll said "yes".

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Protecting MPs dwarfs AFP's terrorism spend

The Australian Federal Police spends less than one-tenth of its budget, or \$152 million, on counter-terrorism – a figure dwarfed by the more than \$500 million it spends on protecting politicians and government buildings. The AFP spent \$523 million on protection costs in the 2024-25 financial year, documents provided to the royal commission into antisemitism reveal. In her interim report in April, royal commissioner Virginia Bell said in the five years to 2024-25, the proportion of funding that national intelligence community agencies spent on counter-terrorism had "significantly declined". ▶ **News p4**

Tycoon v the tabloid

Storm over billionaire's 'Palestine war chest'

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LIVING WITH ART

The collectors who found immeasurable value at Sydney Contemporary



Above left: The bedroom of the Sun Dust suite, one of just four at Moon Gang.
Above right and below: The jungle views from the Night Fever suite.
PHOTOS: TOMMASO RIVA

TRAVEL BALI

Moon landing

A new micro-resort takes wellness to a whole new place, writes **Virginia Jen**.

Ritual movement at Bali's new micro-retreat turns out to be an outdoor silent disco for one. I've spent a couple of days at Moon Gang following a program designed to ignite my creative spark. Working up a sweat in the humid, drizzly air to an algorithm-led soundtrack, my bare feet stomping atop straw mats, feels like a slightly awkward exercise. Given the intent of the creative talent behind the stay, though, I'm willing to bust a move.

Four years in the making, Moon Gang opened at the end of June – in line with the strawberry moon – as a four-suite retreat deep in Ubud. Owner-operator Kirsten Millbank of Adelaide-based design and wellness platform Firstbase Studio envisioned a place for recalibration and recharge “where like-minded creatives can gather and let imagination, expressiveness and mindfulness run free-flowing”.

To turn an old holiday villa into a creative oasis, she enlisted Sydney-based interior design firm YSG, led by Yasmine Ghoniem, whose portfolio ranges from studios and apartments at the soon-to-open Powerhouse Parramatta to the residences of Go-To skincare founder Zoë Foster-Blake and artist Ramesh Mario Nithiyendran.

Moon Gang is a two-hour drive from Denpasar. I arrive by car, but at the arrival pit-stop – Mini Moon Gang – manager Wayan Ariani hands me a sparkly helmet and whisks me up the Sari Organic Walk to the retreat on a scooter.

Entering the grounds, the scene of four tiered suites surrounding a tiled pool is immediately restorative. With olive-green lounges and lush plantings, the pool is the social centre of the property. It joins the adjacent Nongkrong lounge, which features a mini library and record-listening bar – where vinyls by Portishead and Sade sit alongside Indonesian and Japanese pop. Curated by Jakarta-based graphic designer and DJ Munir Harry Septiandry (aka Midnight Runners), the record collection was built over a year with finds from China, Hong Kong and Japan. He was also responsible for the staff's football-jersey-esque “Moon Gangster” shirts.

Throughout, walls are rendered in earth-based composites, while Ghoniem's penchant for colour plays out vividly in public and private spaces awash in



Top: Guests browse records in the the Nongkrong Lounge.
Above: One of the resort's communal spaces. Right: The pool in Moon Gang's central courtyard. PHOTOS: TOMMASO RIVA

terracotta tones, inky hues, lime green, and lemon yellow. Benchtops, including the record booth, are fashioned from recycled bottle tops in a blurred, galactic pattern. “YSG doesn't do ‘nice’ – they do feeling,” says Millbank. “We wanted an experience that comes from letting the place be felt, and that's exactly the register Yasmine and the studio work in.” Ubud is Ghoniem's favourite part of Bali, though she had not previously visited this specific pocket. “I remember the journey there more than I remember the site,” she says. “I just found it so incredible that an area like this still exists.”



Need to know

Rates From \$310 a night. The entire property can be exclusively booked for group stays.

The Moon Gang enclave sleeps up to 10 guests. Outside each suite door is a small shrine for daily offerings, which also displays the room's spiritually charged name: Golden Shadow + Sun Dust, Velvet Mood, Midnight Runners or, my stay, Night Fever. Each suite features plant-dyed curtains and bedside pendants crafted from banana-leaf paper by local artisans.

Night Fever's split-level loft includes a sitting area without a TV and a breeze-blocked bathroom. The upper level, accessed via slightly precarious stairs, is a sleeping zone with a built-in bed and a bamboo-legged 'creativity desk' complete with a watercolour set. Other in-room cultural touchpoints include photographer Henri Cartier-Bresson's *The Decisive Moment*, a traditional Balinese horoscope pamphlet, a tribute tome to deep-listening proponent Pauline Oliveros and a portable cassette player with a curated selection of tapes – including, fittingly, Pink Floyd's *The Dark Side of the Moon*.

Moon Gang's schtick hangs on the opt-in wellbeing program. Guided biophilic yoga, breathwork, meditations and “ritual movement” all take place on the Melamun Terrace, weather permitting. Guests can also partake in moonlight typewriting sessions for subconscious streaming, hilltop midnight running, starlit movie screenings, moon bathing and stargazing – all included in the rate, as well as access to the infrared sauna.

Add-on treatments include facials, massages and body wraps. Therapist Lia Dewi gives me a life-affirming traditional Indonesian massage one day, followed by a relieving gua sha body detox massage targeting fascia release the next. These treatments combine traditional techniques with Fields of Yarrow oils and lotions



made from ingredients harvested on local Balinese farms (the suite bathrooms are also stocked with custom Fields of Yarrow products). There is also a menu of IV-drip vitamin infusions from BSI International targeting brain function, skin health, liver function, flu ailments or a hangover. After a blood pressure and temperature check, you're hooked up right from your bed to wait for the medicinal magic to take hold.

The Wellness Lab carries a Japanese sensibility, but “everything else was a whimsical take on Indonesia”, says Ghoniem. “We wanted these details to feel like they had just appeared.”

The all-day dining menu is courtesy of Dragonfly Café, just outside Moon Gang's walls. Breakfast might be a vegetable omelet, lunch a tempeh burger with a tangy mango side salad and dinner a mackerel fillet in garlic butter and thyme. While Moon Gang lacks an on-site restaurant or traditional concierge service, the hospitality is warm, with attentive staff taking care of guests with charm and ease.

“What you lack in the bells and whistles, you get back in a totally different way,” says Ghoniem. “There's no sense of time when you enter this place because there is this abundant sense of freedom.”

I spend my four-day stay taking part in a handful of activities, wandering through Ubud and spinning records as I float in the pool. The simplicity of these moments brings a gentle recalibration, and I leave feeling replenished and grounded – exactly as Millbank intended. As she sums up the ideal Moon Gang visit: “What we hope stays with people is a feeling: that you left a little more yourself and a little more connected.” **L&L**

The writer was a guest of Moon Gang Bali.