



Female Founders Co-Investment Fund

Program Guidelines

08 March 2024





The Queensland Government welcomes you to our services and information.

If any of our web pages are not available in your language, please call 1800 512 451 and ask for an interpreter in your preferred language.

ACKNOWLEDGEMENT OF COUNTRY

The Department of Environment, Science and Innovation (the department) acknowledges the Country and people of Queensland's First Nations. We pay our respect to Elders, past, present and emerging. We acknowledge the continuous living culture of First Nations Queenslanders—their diverse languages, customs and traditions, knowledges and systems. We acknowledge the deep relationship, connection and responsibility to land, sea and sky Country as an integral element of First Nations identity and culture. This Country is sacred. Everything on the land has meaning and all people are one with it. We acknowledge First Nations peoples' sacred connection as central to culture and being. First Nations people speak to Country, listen to Country, sing up Country, dance up Country, understand Country and long for Country. We acknowledge and thank First Nations people for the enduring relationship connecting people, Country and ancestors—an unbreakable bond that safely stewarded and protected the land, waters and sky for thousands of generations.

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1. About the Female Founders Co-Investment Fund

The Queensland Government's *Advance Queensland - Innovation for a Future Economy 2022-2032 Roadmap* sets out the direction, initiatives, and key priority outcomes for the next phase in Queensland's journey toward becoming a leading and sustainable world-class innovation economy.

The Roadmap targets priority outcomes including greater investment attraction and more innovative businesses starting, growing and staying in Queensland; and increasing the participation of priority cohorts in the Queensland innovation ecosystem. Female founders are identified as a priority cohort. More information is available at <https://advance.qld.gov.au/innovation-future-economy>.

The **Female Founders Co-Investment Fund** (the Fund) aims to increase the number and value of investments flowing to Queensland based female founded businesses with a clear innovation focus i.e., innovation driven enterprise (IDE).

The Fund will provide support for eligible businesses to leverage funding and secure new early-stage investment to build business capacity, and will:

- support Queensland female founders to close early-stage investment rounds leveraging Government backing,
- assist Queensland female founders to grow their innovative businesses across a wide range of industries,
- increase the number of female founders participating in the Queensland innovation ecosystem,
- help to grow an investment pipeline for female founded businesses.

1.1 What we are looking for

The Fund will provide grants to female founded and led IDEs with an innovative and high growth potential who secure early-stage investment from a new eligible investment entity. The IDE's primary business function (product/service) must be beyond proof of concept¹ stage.

For the purpose of this program, a **female founded business** (applicant organisation) is one in which, for at least six months prior to application, is:

- **majority female owned:** at least 51% of shares are held by a woman/women* **AND**
- **female led:** at least one primary executive decision-making position is held by a woman; e.g. Chief Executive Officer, Chief Financial Officer, Chief Technology Officer, Chief Scientific Officer.

* *If the female founder's shares are held within a trust, the applicant organisation will be required to demonstrate how it meets the eligibility criteria above.*

An **Innovation Driven Enterprise (IDE)** is a business that emphasises innovative solutions as a key driver of growth, competitive advantage, and value creation. Such enterprises focus on developing and commercialising new products and/or services to achieve their strategic outcomes.

2. Available Funding

The Fund provides grants from \$50,000 to \$200,000 (excluding GST) to Queensland based female founded businesses securing new early-stage investment as part of a capital raise.

The grant will be matched at a 1:3 ratio (i.e. \$1 in grant funding for every \$3 of secured investment) paid over a period of 12 months, for a capital raise round led by a new **eligible investment entity**. The final amount of grant funding will be determined based on the provisional approval, the 1:3 ratio

¹ The definition of 'proof of concept' for this program is the "Initial ideation stage to explore the viability of an idea".

and the actual total investment funds secured. This total amount may be different than the provisionally approved amount based on the actual total investment funds secured.

Example: A provisionally approved applicant organisation proposes to raise \$240,000 and requests \$80,000 in 1:3 matched grant funding. If the applicant organisation successfully raises \$180,000 instead, the applicant organisation would still receive \$60,000 in 1:3 matched grant funding (subject to due diligence checks and final approval).

Only investment received from eligible investment entities will be matched. Determination of the matched grant funding amount excludes investment participation from associates, related parties, or existing shareholders of the applicant organisation.

3. Eligibility

3.1 Applicant Organisation

To be eligible to apply, the **applicant organisation** must:

- be a business headquartered in Queensland (operating and having its head office located in, Queensland)
- have an active ABN and be registered for GST
- meet the definition of a female founded business (outlined under Section 1)
- have no more than 50 full-time equivalent employees
- not be a subsidiary of a group of companies that has more than 50 full-time equivalent employees in total
- not have received investment through previous capital raises totalling more than \$500,000
- be engaging in or planning to engage in an early-stage capital raise from a new eligible investment entity or entities.

3.2 Investment Method

The applicant organisation must, at the time of application:

- be planning to secure and finalise their capital raise within six months (180 calendar days) of receiving provisional approval from the Fund, **OR**
- have secured an offer of investment, from a new eligible investment entity within the previous three months (90 calendar days), and will aim to secure and finalise their capital raise within six months (180 calendar days) of receiving provisional approval from the Fund.

The applicant organisation must be undertaking its capital raise using an **eligible investment method**, being:

- issuance of new shares;
- issuance of new convertible notes that cannot be redeemed within the first 12 months; and/or
- entering of a new SAFE (Simple Agreement for Future Equity).

Eligible investment methods **do not include**:

- an investment attached to an accelerator program or startup program;
- in kind (non-cash) investment, for e.g., those attached to a venture studio approach;
- crowdfunding, loans/debt, or investment from founders/staff.

3.3 Investment Entity

The applicant organisation must be seeking to enter an investment arrangement with an **eligible investment entity** that:

- is not an existing shareholder or investor with the applicant organisation (prior to the current raise),
- has an active ABN (unless operating as a trust or international party),
- is not an associate² or related party to the applicant organisation,
- meets the minimum fiduciary requirements of being a sophisticated investor³ (as set out in the Corporations Act 2001), **OR** holds a current AFS License, **OR** is a practicing investment organisation, including, but not limited to:
 - an Angel Investor/Group/Network/Syndicate
 - Venture Capital fund
 - Professional Investor or Investment Fund Manager
 - Early-Stage Venture Capital Limited Partnerships (ESVCLP) or Venture Capital Limited Partnership (VCLP)
 - Managed Investment Scheme or Management Investment Trust
 - a Family Office
- has an established track record of early-stage venture, research, or innovation relevant investments.

4. Use of Grant Funding

The expenditure of the Female Founders Co-Investment Fund grant funding must be related to growing and/or scaling the business, including but not limited to:

- salary expenditure (including salary-related on-costs) for new employees directly contributing to the organisation's growth plan
- salary expenditure (including salary-related on-costs) for founder and existing employees directly contributing to the organisation's growth plan up to a maximum of 20% of total grant funding
- product research and development
- marketing/promotion
- securing new customers
- expanding to new markets
- scaling production/delivery
- professional services provided by external parties.

Wherever possible, the Female Founders Co-Investment Fund grant funding must be expended in Queensland, or through Queensland-based suppliers.

The Female Founders Co-Investment Fund grant funding must **not** be used for activities which include:

- FDA/TGA or other regulatory approval costs
- capital works and/or physical infrastructure, including any buildings, telecommunications and IT networks
- employee allowances, bonuses or fringe benefits
- conference fees

² Associate as defined under [ITAA 1936 s318](#)

³ For the purposes of this program, the definition of a sophisticated investor can be found on the [ATO website](#).

- travel costs
- entertainment costs
- ongoing compliance fees and licences
- costs associated with securing and/or managing the grant funding (e.g., grant writers and bookkeeping costs)
- general business operating costs, including but not limited to rent or lease costs, rates, electricity, water, internet, insurance, software, accounting fees, legal fees.

5. Supporting Evidence

5.1 Stage 1 – Provisional approval

Supporting evidence required for submission **at the time of application** varies depending on the status of the applicant organisation's identified eligible investment method as follows:

Stage of investment	Supporting Evidence Required
Applicant organisation is planning to secure investment within six months (<i>180 calendar days</i>)	<ul style="list-style-type: none"> ▪ a letter of support from one of the below referees (template available on the program website) detailing the applicant organisation's readiness and intent to secure investment from eligible investment entities: <ul style="list-style-type: none"> – a suitably qualified independent party who is a member of the Chartered Accountants Australia and New Zealand; or CPA Australia; or Institute of Public Accountants with Professional Certification; or – chair or equivalent of the applicant organisation's governance board; or – established, reputable Queensland innovation ecosystem leader. ▪ an investment plan with details of the approaches to eligible investment entities and respective outcomes already undertaken and/or planning to undertake. <p>On entering into an eligible investment, the applicant organisation will then be required to provide the supporting evidence below.</p>
Applicant organisation has secured an offer of investment from a new eligible investment entity <i>within the previous three months (90 calendar days)</i>	<ul style="list-style-type: none"> ▪ details of the lead and supporting eligible investment entities (if any) engaged in the nominated raise ▪ an executed term sheet, SAFE or convertible note for the relevant nominated raise ▪ a letter of support from the lead eligible investment entity (template available on the program website)

5.2 Stage 2 – Final approval

All applicant organisations will be required to evidence the investment method, amount and timing once it is finalised and funds have been secured using:

- eligible investment methods
- eligible investment entities.

Evidence should be provided in the form of:

- details of the final lead and supporting eligible investment entities engaged in your nominated raise
- all finalised and executed term sheets, SAFE or convertible notes for the nominated raise
- all finalised and executed shareholder agreements or subscription agreements
- evidence of the receipt of investment funds in the form of:
 - bank statement/confirmation in the applicant organisation's name, **or**
 - a declaration from a suitably qualified independent party who is a member of:
 - the Chartered Accountants Australia and New Zealand, **or**
 - CPA Australia, **or**
 - Institute of Public Accountants with Professional Practice Certificate

6. Assessment criteria

All applications will be assessed against the following assessment criteria. The application form contains questions which support the applicant organisation to address the assessment criteria.

All criteria are equally weighted.

Criterion 1: Innovation

The applicant organisation must demonstrate:

- the primary business function has a [clear innovative focus](#)⁴, with:
 - a genuine focus on developing an innovation for commercialisation,
 - high growth potential,
 - the potential to successfully scale up the business,
 - the potential to address a broader than local market through the business,
 - the potential to have a competitive advantage for the business.
- the primary business function (product/service) is past the proof-of-concept stage
- it owns, or has been assigned irrevocable, perpetual rights to any intellectual property necessary to commercialise the product or service
- it has appropriate measures in place to protect any intellectual property relating to the product or service.

Criterion 2: Organisational Capability

The applicant organisation must demonstrate:

- a business plan that includes the organisation's current financial statements, with:
 - a 12-month organisational budget demonstrating at least 12 months runway post-investment
 - current cashflow projections.
- the relevant experience and skills of the founder(s) and key personnel, including advisory or governance boards.

Criterion 3: Growth and Investment Viability

The applicant organisation must demonstrate:

- a current pitch deck including:
 - the organisation's total addressable market

⁴ Refer to the ATO [Principles based innovation test](#)

- a growth plan outlining:
 - how the proposed grant funding will be expended over 12 months
 - how the proposed investment from the nominated raise (excluding the grant funding) will be expended over 12 months
 - how any remaining investment will be expended beyond 12 months
- A current and future investment strategy covering a minimum 12-month period from receipt of the nominated raise.

Criterion 4: Sustainability and Resilience

The applicant organisation must demonstrate:

- The nominated raise will strengthen the applicant organisation to grow, attract future investment and continue to be based in Queensland
- The nominated raise will support the applicant organisation to provide benefits to Queensland industries/and or broader community.

7. Application process

Applications may be submitted at any time. Submit your application online via the Advance Queensland website with all documentation required for assessment.

The Fund will remain open until all funds have been allocated.

All applications will be assessed against the eligibility requirements. Eligible applications will be progressed for assessment in a competitive, merit-based process by a panel of assessors.

Two stage funding process:

Stage 1 – Provisional approval	<p>Successful applicant organisations will be granted provisional approval to receive grant funding.</p> <p>The applicant organisation may use the provisional approval to leverage further investment to successfully complete the nominated raise.</p>
Stage 2 – Full approval	<p>The applicant organisation will only be fully approved once it has:</p> <ul style="list-style-type: none"> • provided evidence that the nominated raise (excluding the grant funding) has been secured (which must be provided within 180* calendar days of the provisional approval date) and • satisfied due diligence and probity assessment. <p><small>*Additional time may be approved on a case-by-case basis</small></p>

Applicant organisations may be contacted at any stage of the application process to clarify any information provided in the application and/or to request further information to enable a due diligence and probity assessment.

Nominated eligible investment entities may be contacted at any stage of the application process to verify the investment commitment.

There is no implicit guarantee of approval at any stage in the process, and applicant organisations will be notified via email of the application outcomes.

The Queensland Government reserves the right to administer the Female Founders Co-Investment Fund and conduct the assessment and approval processes at it sees fit. This may include, at its discretion, considering current government priorities and the need to balance the investment to support a diversity of activities across regions and industries and to recognise regional opportunities

outside of South-East Queensland; and ensuring successful applications are equitably distributed across the state and to recognise priority target groups inclusive of regional, youth and Indigenous businesses.

The Queensland Government may, at its discretion, not accept an application or award funding in the case that a project involves (but is not limited to) activities involving liquor, gambling, tobacco, adult services and illicit substances.

8. Key dates

Activity	Date
Provisional approval	Approximately 6-10 weeks from date of application.
Final approval	Approximately 6-10 weeks from receipt of evidence that the nominated raise has been secured and due diligence and probity assessment has been completed.

9. Funding agreement

Successful applicant organisations will be required to enter into a legally binding funding agreement with the Queensland Government. You should ensure you have read and accept the terms and conditions of the agreement, prior to submitting an application, as the funding agreement will not be negotiable at the time a funding offer is made.

Successful applicant organisations must execute a funding agreement with the Queensland Government within 10 business days of the receipt of the final version of the funding agreement.

The offer may lapse if you do not sign the agreement within this time.

Successful applicant organisations must commence their approved growth plan activities within 40 business days of execution of the funding agreement and eligible expenditure can only be incurred from the growth plan activities commencement date as detailed in the funding agreement.

Failure to meet this timeframe may result in the funding agreement being terminated.

Payment of grants will be made in instalments based on growth plan activity milestones. The first payment of 80% will be made upon execution of the funding agreement; and the final milestone payment of 20% will be in arrears following successful completion of the remaining growth plan activities.

Grant payments will be made upon the provision of documentary evidence that all funding agreement requirements have been satisfied, including evidence that the relevant growth plan activities have been completed and that adequate eligible project expenditure has been incurred.

10. Promotion of supported projects

Successful applicant organisations will be expected to actively promote their growth plan activities, and to provide information and attend media/promotion events if requested. The Queensland Government funding should be acknowledged by successful applicant organisations in all relevant published material, media releases and public statements.

11. Privacy

The Department of Environment, Science and Innovation (the department) is collecting personal information from you such as your name, address, contact details of yourself and your business (including employees and partners), resume, employment and directorship, corporate officer history, payslips, asset and financial information and other information relevant to your application or provided by you. This information is collected for the purpose of assessing and evaluating your application for funded projects, milestone reports, and otherwise the departments function of supporting businesses and industry through innovation programs and grants.

Personal Information may also be disclosed where required for purposes associated with undertaking assessment of applications, including due diligence enquiries. The email address you provide will be used to communicate with you about your application or program participation (if successful). For example, you may be contacted via email about participating in a survey, interview or focus group. Dependent upon the email service provider you have chosen, this may result in your personal information being transferred overseas.

The personal information provided may be provided to other relevant Queensland Government departments and Ministers, to publicly announce or publish details as identified in the guidelines and promote those projects that have been funded. This may include the successful applicant organisation's name and the amount of funding awarded, project details, agreed outcomes, and progress.

De-identified aggregated data may also be used for the purpose of managing and evaluating the Female Founders Co-Investment Fund and inform government about designing and improving future policies and programs. Your personal information will also be used to provide the services outlined in the guidelines, and for the purposes of research, evaluation, promotion and monitoring of such services, and to improve and design services and programs.

Your personal information will not be otherwise used or disclosed unless authorised or required by law and will be managed in accordance with the *Information Privacy Act 2009*. The provisions of the *Right to Information Act 2009* apply to documents in the possession of the Queensland Government.

The Queensland government privacy policy can be found at: www.qld.gov.au/legal/privacy.

12. Further Information

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LinkedIn: Advance Queensland

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