

# Female Founders Co-Investment Fund Guidelines

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## About the 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 increasing startup and business survival rates and increasing the participation of priority cohorts in the Queensland innovation ecosystem.

The **Female Founders Co-Investment Fund** is a pilot program which aims to increase the number and value of investments flowing to Queensland based female founded businesses.

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

- support Queensland female founders to close their first professional investment round 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.

The Fund will provide grants to 100% female founded businesses with an innovative and/or high growth focus that secure pre-seed or seed investment from an eligible investor.

For the purpose of this program, a 100% female founded business is one in which all founding shareholders at the point of incorporation, or the trustee or owners of the trustees of a trust, are female-identifying persons. At the time of application, the organisation must also have more than 50% female ownership.

## Funding

The Fund provides grants from \$50,000 to \$200,000 (excluding GST) to Queensland based female founded businesses securing new investment.

The grant will be matched with a 3:1 ratio (i.e. \$1 in grant funding for every \$3 of secured investment) awarded over a period of 12 months, for either a single investment or a raise round led by an **eligible investment entity**.

Determination of the matched grant funding amount excludes investment participation from associates, related parties, or existing shareholders of the Applicant.

## Eligibility Criteria

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

- be a Queensland based business
- have an ABN and be registered for GST
- be a 100% female-founded business
- have more than 50% female ownership
- 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, grant funding or accelerators totalling more than \$500,000
- not be a current or past recipient of the Ignite Ideas Fund
- be currently undertaking eligible pre-seed or seed investment from an approved eligible investor.

The applicant organisation must currently be undertaking an **eligible investment method** using:

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

Additionally, *at the time of application*, an eligible investment method must be entered into with a new **eligible investment entity** who:

- meets the minimum fiduciary requirements of being a sophisticated investor<sup>1</sup> (as set out in the Corporations Act 2001) or hold an AFS License.
- have an ABN (unless operating as a trust).
- be 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
- possess an established track record of early-stage venture investments
- is not an investment attached to an accelerator program or startup program
- is not an in kind (non-cash) investment, e.g., those attached to a venture studio approach.

<sup>1</sup> For the purposes of this program, the definition of a sophisticated investor can be found on the [ATO website](#).

- is not an associate<sup>2</sup> or related party to the Applicant organisation.
- is not an existing shareholder or investor with the Applicant organisation.

## Using the Grant Funds

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

- hiring staff
- marketing/promotion
- securing new customers
- expanding to new markets
- expanding production/delivery
- professional services.

Wherever possible, the funding must be expended in Queensland, or through Queensland-based suppliers.

The grants 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
- costs associated with the production of products for sale, employee allowances, bonuses or fringe benefits
- conference fees
- entertainment costs
- ongoing compliance fees and licences
- inventory and warehousing costs
- 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, rates, electricity, water, internet, insurance, software, accounting fees, legal fees.

## Supporting Evidence

Applicants will be required to demonstrate the investment method at both the time of application and when finalised and funds have been secured.

<sup>2</sup> Associate as defined by under [ITAA 1936 s318](#)

At the point of application you must provide:

- a letter of support from the lead investment entity
- a business plan that includes current financial statements, including:
  - a 12-month organisational budget demonstrating at least 12 months runway,
  - cashflow projections,
  - a growth plan for the 12-month period of the agreement.
- the term sheet from the lead investor, SAFE or convertible note for the relevant round of investment raised – current at the point of application (dated and executed)
- Profiles of the founder(s) and key personnel

If your application is provisionally approved, you must then provide:

- All finalised and executed term sheets, SAFE or convertible notes for the relevant round of investment raised
- All finalised and executed shareholder agreements or subscription agreements
- Evidence of the receipt of investment funds (received after the provisional approval date)

## Assessment Criteria

### 1. **Organisational capability**

**The applicant should demonstrate:**

- an established business plan outlining:
  - the primary business function/product/service has a [clear innovative focus](#)<sup>3</sup>
  - supporting financial statements
- the relevant experience and skills of the founder(s) and key personnel, including advisory or governance boards.

### 2. **Impact**

**The applicant should demonstrate how they will:**

- benefit the Queensland innovation ecosystem
- give back to Queensland and/or Queensland communities
- create Queensland jobs
- benefit local innovation technologies and industries.

### 3. **Value**

**The applicant should demonstrate:**

- how the grant funding represents value for money and the impact it will have on the business
- a growth plan outlining:
  - how the grant funding contribution will be used during the 12 months, including a detailed outline of planned grant expenditure
  - continuity past the current investment.

## Application Process

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

All applications will be assessed against the eligibility requirements. Only eligible submissions will be considered for funding support. Applications will remain open until all funds have been allocated.

Eligible applications will be assessed in a competitive, merit-based approach by a panel of assessors.

Successful applicants will be provisionally approved to receive funding. The applicant may use the provisional approval to leverage further investment to successfully complete the raise of their nominated round. A single investor round must still receive provisional approval.

The Applicant will only be fully approved once they have provided evidence that the nominated raise has been secured after their application, which must be provided within 120 calendar days from the provisional approval date.

Evidence of the receipt of investment funds can take 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 Institute of Chartered Accountants, or
  - CPA Australia, or

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<sup>3</sup> Refer to the ATO [Principles based innovation test](#)

- the Institute of Public Accountants with Professional Practice Certificate.

Significant difference between the investment funds at the time of application and the final submission of investment terms may result in the funding offer being withdrawn.

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.

There is no implicit guarantee of approval at any stage in the process, and applicants will be notified via email of the application outcomes. It is anticipated that assessment for provisional approval may take up to six weeks.

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.

## Conditions of Funding

Successful applicants will be required to enter into a legally binding Financial Incentive Agreement (FIA) with the State of Queensland through the Department of Tourism, Innovation and Sport. You should ensure that you have read and accept the terms and conditions of the FIA, prior to applying for funding, as these are not negotiable at the time a funding offer is made.

Successful applicants will be required to finalise the FIA within 30 business days of receiving the initial draft and execute an FIA within 10 business days of the department providing the final version.

An initial grant milestone payment of 80% will be made upon the provision of documentary evidence that the total matched 3:1 ratio investment funds from

the eligible investor/s have been received by the applicant organisation. For example, if Advance Queensland is providing a total of \$100,000 in grant funding, a minimum of \$300,000 will need to be received by the applicant organisation from the eligible investor/s to facilitate the 80% payment. The remaining 20% will be made at the successful conclusion of the FIA.

Failure to meet prescribed timeframes will result in the funding offer being withdrawn.

Funding recipients will be expected to provide information and attend media/promotion events as requested.

The Queensland Government funding should be acknowledged by recipients in all relevant published material, social media, media releases and public statements.

## Eligible Investor

Following commencement of the project, the recipient organisation must immediately notify the department in the event the lead investor ceases to be part of the raise. In the event of such notice, the department may do one of the following:

- agree for the funding to continue without the exiting investor
- suspend the funding activity until the department is satisfied the project can be delivered without the exiting investor
- terminate the FIA and cease all arrangements.

## Privacy

The Department of Tourism, Innovation and Sport (the department) is collecting personal information from you such as your name, address, contact details of yourself and your business (including employees and partners), resumé, employment and directorship, corporate officer history, 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 the department's

function of supporting businesses and industry through innovation programs and grants.

The information collected will be provided to an external party through a standing offer arrangement in order to accurately assess your application and perform necessary due diligence.

The email address you provide will be used to communicate with you. 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 as identified in the guidelines and Frequently Asked Questions (FAQs) and to promote those projects that have been funded. This may include the recipient'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 initiative and inform government. Your personal information will also be used to provide the services outlined in the guidelines and FAQs to, evaluate, promote and monitor such services, and to improve and design future 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 Queensland Government privacy policy can be found at:  
[www.qld.gov.au/legal/privacy](http://www.qld.gov.au/legal/privacy)

## Further information

**Web:** [advance.qld.gov.au](http://advance.qld.gov.au)

**Email:** [advancequeensland@dtis.qld.gov.au](mailto:advancequeensland@dtis.qld.gov.au)

**Facebook:** Advance Queensland

**Twitter:** @AdvanceQld

**Phone:** 13 QGOV (13 74 68)