

Minister for Industry, Innovation and Science



Min ID: MB15-001642

CC Assistant Minister for Innovation

For Decision

Subject **SUPPORT FOR MASSCHALLENGE**

Urgency Please action before **2 March 2016** to allow time to notify MassChallenge before the possible announcement on 16 March 2016.

Recommendations That you:		
1. approve the Guidelines for providing a grant to MassChallenge at <u>Attachment A</u> ;		1. Approved / Not approved
2. approve the grant of \$280,000 to MassChallenge to launch their Bridge Programme in Australia (<u>Attachment B</u>);		2. Approved / Not approved
3. approve the appointment of a delegate to manage the grant to MassChallenge under the Entrepreneurs' Programme; and		3. Approved / Not approved
4. sign the delegation authority at <u>Attachment C</u>		4. Signed / Not Signed
Signature:   /2016		Christopher Pyne PS Version: 24/2/2016
Contact Officer:	s22 (irrelevant material)	Acting Manager, Entrepreneurship Policy
Clearance Officer:	Lisa Schofield	General Manager, Commercialisation Policy Branch
		Ph: (02) s22 (irrelevant material)
		Ph: (02) s22 (irrelevant material)

Key Points:

- In January 2016, Assistant Minister Roy requested that the department investigate options to provide funding to MassChallenge, a global non-profit startup accelerator, to expand into Australia.
- Following discussions with Assistant Minister Roy, and your Office, the department has consulted with s22 (irrelevant material) and state and territory governments about the possible expansion of MassChallenge to Australia.
- The department is of the view that providing Commonwealth funds will help MassChallenge establish a national presence in Australia by bringing together federal, state and territory governments and help MassChallenge secure partnerships with domestic players in the entrepreneurship ecosystem, including s22 (irrelevant material)
 - s22 (irrelevant material) and state and territory governments have indicated they are supportive of the expansion of MassChallenge to Australia and may provide financial or other support.
- Guidelines are required for the one-off grant of up to \$280,000 to MassChallenge under the Commonwealth Grants Rules and Guidelines. The guidelines have been developed to reflect that policy authority and legislative authority for the initiative comes from the Entrepreneurs' Programme. See Attachment A.
- In accordance with advice from the Australian Government Solicitor on similar ad-hoc grants (e.g. s22 (irrelevant material)), the department believes this grant has a low constitutional risk and has legislative authority through the Entrepreneurs' Programme item listed in Schedule 1AB of the *Financial Framework (Supplementary Powers) Regulations 1997*.
- An instrument of authorisation appointing the General Manager, Accelerating Commercialisation & Innovation Connections, in AusIndustry as a Delegate is required to execute the funding agreement and administer the grant to MassChallenge under the Entrepreneurs' Programme (see Attachment C).

Background:

Released under the FOI Act.

- Ms s22 (irrelevant material) (Director of Corporate Affairs, s22 (irrelevant material) has approached Assistant Minister Roy seeking financial support to launch the Bridge Program in partnership with MassChallenge.
- The department has also spoken to Ms s22 (irrelevant material) from MassChallenge to understand the Bridge Program model and what the expansion may look in Australia.
- The proposed Bridge Program will have events in 2016-2017, including startup competitions, bootcamps and mentoring across Australia. The ten most promising startups nationwide would be flown to Boston, United States for an intensive bootcamp.

Regulatory Implications: Nil.

Consultation: YES. AusIndustry – Entrepreneurs’ Development; AusIndustry – Business Services; Budget Policy; and Legal Branch.

Attachments:

Attachment A: Guidelines for grant to MassChallenge

Attachment B: MassChallenge’s Draft Proposal

Attachment C: Delegation instrument



Australian Government

**Department of Industry,
Innovation and Science**

**COMMONWEALTH OF AUSTRALIA
DEPARTMENT OF INDUSTRY, INNOVATION AND SCIENCE**

**APPOINTMENT AND AUTHORISATION BY THE MINISTER OF DELEGATE FOR
THE GRANT TO MASSCHALLENGE**

I, the Hon CHRISTOPHER MAURICE PYNE MP, Minister for Industry, Innovation and Science hereby:

1. APPOINT the employee of the Department of Industry, Innovation and Science (the Department) performing or acting (from time to time) in the role of General Manager, Accelerating Commercialisation & Innovation Connections, AusIndustry, as the Programme Delegate for the Grant to MassChallenge to be delivered under the Entrepreneurs' Programme through Ad-hoc or One-Off Grant Guidelines .
2. AUTHORISE the persons performing (or acting in) the roles listed above, to exercise the functions of the Programme Delegate.
3. AUTHORISE the Programme Delegate for the Grant to MassChallenge to:
 - i) Enter into a Funding Agreement with MassChallenge on behalf of the Commonwealth;
 - ii) Take all necessary decisions and carry out all necessary functions in relation to the administration of the grant in accordance with the Ad-hoc or One-Off Grant Guidelines for grant to MassChallenge; and
 - iii) Authorise from time to time such employees of the Department as the Programme Delegate considers suitable to take some or all of such decisions and to carry out some or all of such functions as are specified in the Ad-hoc or One-Off Grant Guidelines for grant to MassChallenge.

The appointment and authorisation takes effect from this 16th day of March 2016.

A handwritten signature in blue ink, appearing to read 'Chris Pyne', written over a dotted line.

Hon CHRISTOPHER MAURICE PYNE MP
Minister for Industry, Innovation and Science.

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s47G Business Information



Released under the FOI Act.

www.masschallenge.org
contact@masschallenge.org

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Australian Government
Department of Industry,
Innovation and Science

Ad-hoc or One-Off Grant Guidelines
Guidelines for grant to MassChallenge

Purpose or description of the granting activity

1. The Australian Government will provide financial support to support MassChallenge's expansion into Australia in 2015-16 and 2016-17.
2. MassChallenge is an accelerator program founded in Boston, USA with expanded programs in Israel and the UK. The objective of MassChallenge is to catalyse a global 'start-up renaissance' by running start-up accelerators for high-impact start-ups and connecting entrepreneurial ecosystems around the world. MassChallenge has publicly stated that it is on a mission to launch new MassChallenge accelerator programs in ten cities around the world by 2020.
3. The purpose of the Australian Government Grant is to support the initial expansion of MassChallenge into Australia and help it secure partnerships with domestic players including State and Territory Governments.
4. The purpose of MassChallenge's Australian expansion is to:
 - a boost Australian start-up competitiveness within national and international markets through training, mentorship and exposure to world-class education resources;
 - b build and strengthen Australian start-up ties with the MassChallenge ecosystems in Boston, London, and Israel to ensure network connectivity and promote international trade with Australia as a global entrepreneurial hub;
 - c share best practice start-up training and acceleration processes with MassChallenge partners to promote the global growth of innovation-driven economic development; and
 - d lay the foundation for MassChallenge's additional expansion activities into Australia in 2018 and beyond to continue to boost Australian start-up competitiveness.
5. Funding will be provided for up to 50% of *eligible costs*; up to a maximum of \$280,000 (excluding GST).
6. Grant funds will be used for the initial expansion of MassChallenge in Australia including organising pitching competitions and intensive boot camps for promising Australian start-ups.
7. Supporting MassChallenge will help develop linkages between the Australian and international entrepreneurship ecosystems and improve the commercial prospects of innovative, globally focused Australian start-ups.
8. Business accelerators (incubators and hubs) have recently gained traction as a common model of support for early stage businesses – principally for innovative technology-focused companies.

OBJECTIVES OF THE GRANTING ACTIVITY

9. The objectives of the grant to MassChallenge are:
- a to increase the international linkages and networks between Australian start-up founders, mentors and investors in Australia with overseas entrepreneurship ecosystems to promote interstate or international trade and commerce;
 - b to drive business competitiveness across national and international markets by building the management capability of innovative businesses commercialising new ideas; and
 - c to facilitate knowledge transfer of international best practices by supporting engagement of international experts into the Australian entrepreneurship ecosystem to increase national and international market access by Australian start-ups.

SELECTION PROCESS

10. The Minister for Industry, Innovation and Science has approved a one-off grant of up to \$280,000 (excluding GST) to MassChallenge, to assist in the initial expansion into Australia.
11. MassChallenge has provided the department with its proposal to expand into Australia and organise the following activities in 2016:
- a A pitching competition in at least one Australian city;
 - b A three-day boot camp for the top ten entrants of the pitching competition;
 - c Another pitching competition open to boot camp participants;
 - d A four-day boot camp in the United States for the top ten entrants in the pitching competition.
12. The grant to MassChallenge provides an opportunity to contribute to the Australian Government's priorities of increasing entrepreneurship and innovation activity in Australia. MassChallenge;
- a uses an operating model suited to supporting high-impact start-ups – MassChallenge undertakes four-month accelerator programs aimed at supporting high-impact, globally focused start-ups.
 - b has established offices in leading entrepreneurial ecosystems around the world (Boston, Israel, United Kingdom) and plans to bring talented individuals with a track record in entrepreneurship, commercialisation and investment attraction to Australia
 - c has a track record of investment attraction and claims that it has accelerated 835 start-ups since 2010 that have collectively raised more than \$1.1 billion in external funding, generated over \$520 million of revenue and created over 6,500 jobs.
13. Grant funding will go towards supporting the activities outlined in paragraph 11.

FUNDING

14. Funding of 50% of eligible costs, up to a maximum of \$280,000 (excluding GST), will be provided to MassChallenge for expenditure incurred directly on expanding into Australia in 2016.
15. Payments will be made in arrears on the achievement of milestones. The payment amount will be determined by eligible expenditure incurred directly related to the project and the agreed funding ratio for the project. There will be a maximum of two payments.
16. Twenty percent of the total grant amount will be paid following acceptance of the final report.

17. Eligible costs may include:

- a Expenses incurred in organising events and activities to support businesses to improve their ability to compete and trade in national and international markets, including:
 - i network development and community engagement activities – such as pitching competitions in Australian cities and related marketing activities;
 - ii workshops and mentoring – such as boot camps with international mentors;
 - iii administrative expenditure incurred in launching the MassChallenge – such as staff salaries, ICT equipment, internet costs, printing and stationery; and
- b additional eligible costs as agreed by the Programme Delegate.

REPORTING REQUIREMENTS

18. Reporting arrangements will be as per the requirements of the funding agreement and will include reports associated with payment point/s and a final report at the conclusion of the project for evaluation purposes.

19. Payments will be made on achievement of milestones. Milestone reports must include the following:

- a eligible expenditure incurred directly related to the project;
- b agreed funding ratio for the project; and
- c provision of agreed evidence of achievement of milestones.

20. The final report will include the following metrics:

- a investment raised per start-up – from an introduction by MassChallenge
- b number of start-ups supported
- c number of applicants to the MassChallenge
- d number of international mentors and investors supported to come to Australia
- e number of Australian start-ups, mentors and investors supported to visit USA
- f annual budget and expenditure, including:
 - i sources of financial support – Government and otherwise
 - ii expenditure on activities

EVALUATION MECHANISMS

21. Metrics and data (as detailed in paragraph 21) collected for each successful intake of MassChallenge start-ups will be used to evaluate the grant activity upon completion.

22. The evaluation will determine whether the Australian Government grant was effective in:

- a helping Australian start-ups gain investment and customers in national and international markets;
- b helping globally focused Australian start-ups build their management and innovation capability;
- c encouraging the development of international linkages and relationships; and
- d supporting the international expansion of accelerators and incubators.

CONFLICT OF INTEREST

23. The department manages conflicts of interest according to the APS Code of Conduct (section 13 (7) of the Public Service Act 1999). We publish our conflict of interest policy on the Department of Industry, Innovation and Science website.
24. Programme advisory committee members and other officials must declare any conflicts of interest. A delegated authority receives and retains all declarations. The delegated authority assesses all declarations to determine whether a conflict of interest exists and whether it is significant. In the event that a conflict of interest is identified, that individual will be advised what they must do to manage the conflict. For example, if a conflict of interest is a cause for concern, that official will not take part in the assessment of applications under the programme.
25. If the Minister cannot make a decision under the programme without a conflict of interest arising, the Secretary will become the final decision maker.

MassChallenge grant payment record

Payment date	Amount	Services	Time period covered
24/10/2016	s47G Business Information		20 April 2016 to 15 June 2016
12/1/2017			16 June 2016 to 31 December 2016
14/9/2017			1 January 2017 to 1 May 2017