

South Australian Early Commercialisation Fund

Guidelines for Applicants

Effective date | 18 November 2016



Government of South Australia
Department of State Development

Purpose of this Guide

The South Australian Early Commercialisation Fund Guidelines (**Guidelines**) are to be used as a reference guide when applying for a grant under the South Australian Early Commercialisation Fund (**SAECF**).

Applicants for the SAECF grant (**Applicant**) should read these Guidelines before completing the SAECF Grant Expression of Interest (**Expression of Interest**) and the SAECF Grant Applicant Form (**Application Form**). The Application Form can only be completed in consultation with TechInSA (refer to stage 3 under the Application Process heading).

Overview of the SAECF

Objective

The SAECF is a competitive grant program established by the South Australian Government to assist South Australian technology companies, university research commercialisation organisations and entrepreneurs to commercialise their intellectual property (**IP**). The program provides project-specific grant support aimed at assisting early-stage South Australian projects and start-up companies to achieve key milestones and develop their businesses. The SAECF grant will also assist businesses based interstate or overseas intending to commercialise and develop their project in South Australia. TechInSA and the SAECF Independent Assessment Panel (**Panel**)(comprising of independent experts) may also provide advice/in-kind support in addition to any grants awarded.

TechInSA is a South Australian government funded organisation tasked with fostering the growth and development of the high-tech industry to support economic activity in South Australia.

Grant Amounts

Applicants may apply for grants of up to a maximum of \$500,000 + GST per project from the SAECF, which may be provided in tranches, be subject to achievement of project milestones and must be expended within a specified time frame. The three main phases of funding (and expected matched funding which may be required in most cases) under the SAECF are as follows:

- **Phase 1:** Proof-of-concept (Up to \$50,000 on a 3:1 basis) (\$3 of SAECF funding for every \$1 contributed)
- **Phase 2:** Product Development (Up to \$150,000 on a 2:1 basis) (\$2 of SAECF funding for every \$1 contributed)
- **Phase 3:** Early Commercialisation (Up to \$300,000 on a 1:1 basis) (\$1 of SAECF funding for every \$1 contributed)

Certain grants may be determined to be contingently repayable under the SAECF program (refer to the Repayable Grants heading set out below). Applications are accepted all year-round.

Eligible Expenditure

Examples of eligible expenditure under the SAECF program for each of the three phases include (but are not limited to) the following:

- **Proof-of-concept:** Access to and/or protection of intellectual property rights; technical prototyping & development of a minimum viable product; field tests/demonstrations to prove technical feasibility; access to specialist technical equipment/facilities; commissioning market research and testing (including competitor analysis); proving commercial viability by engaging with major customers/potential partners/investors, or developing a plan for regulatory approval.
- **Product Development:** Evolution/completion of development of final product/process/service; access to specialist manufacturing equipment or production facilities; engagement of technical specialists to fill a skills gap in the development of the product/service; validation of technology/product, or activities to support regulatory approval and safety requirements.
- **Early Commercialisation:** Accessing state-of-the-art manufacturing facilities to achieve first sales; engaging experienced executive(s) to fill a skills gap; executing on first sales or executing a major licensing or other commercial contract(s).

TechInSA will determine if a proposed expenditure is eligible for the purposes of a SAECF grant. TechInSA will make payments for eligible activities upfront or in arrears.

Repayable Grants

Grants made to university research commercialisation organisations or to Applicants with a turnover of more than A\$1 million per annum (GST exclusive) may be provided on a contingently repayable basis. Repayments under contingently repayable grants will be by way of royalties to the full amount plus CPI if the Applicant derives an income involving the IP or project outcomes. If no income is derived after ten (10) years from the project completion date, the Applicant will not be required to repay any grant funds. The terms of repayment of a contingently repayable grant will be determined on a case-by-case basis.

Eligibility Criteria

To be eligible, Applicants must meet **ALL** of the following six (6) criteria:

1. The Applicant must be an organisation or individual(s)/organisation(s) in the process of forming a corporation with a South Australian nexus. This includes a body established by or under an Act of the State or a company or registered body within the meaning of the *Corporations Act 2001 (Cth)*.

An organisation or individual will have a **South Australian nexus** if the majority of its (or its proposed) business is in South Australia or the Applicant's project is to be developed in South Australia or the organisation is a South Australian university research commercialisation organisation involved in the commercialisation of an innovative product, process or service. TechInSA has ultimate discretion to determine whether or not any proposed Applicant/project falls within this definition for eligibility requirements.

2. The Applicant's project must be innovative and have strong potential to benefit South Australia.

A person or body will be taken to be involved in an innovative venture if the focus or involvement includes one or more of the following activities:

- (a) High-technology manufacturing or the development of novel technology related to such manufacturing;
- (b) The development or production of innovative or IP focussed products (including software); or
- (c) The provision of knowledge-intensive services or processes that use research and development, science or technology and highly skilled workers.

3. The Applicant must demonstrate access to the existing and potential IP that will be necessary for the project.
4. The Applicant must have an innovative product, service or process for global markets with potential for large revenues and economic activity in South Australia.
5. The Applicant must produce evidence of the ability to co-fund a proportion of the project costs (which may include, if deemed appropriate by TechInSA, some proportion of funds from other Government or non-Government grant sources).
6. The Applicant must demonstrate that they are otherwise unable to fully fund the activities.

Please note that preference will be given to Applicants with a turnover of less than A\$2 million per annum (GST exclusive).

Merit Criteria

Applications will be assessed by TechInSA and the Panel against the following criteria:

- The feasibility and commercial potential of the proposed business or project;
- The capability, commercial experience and skill of the Applicant organisation's board and/or management team and the persons involved in the project;
- The need for financial assistance and the extent to which the Applicant commits its own resources (cash and in-kind) to the project;
- Evidence that IP created, developed and commercialised through the project is unique and will occur in South Australia;
- The extent to which the eligible activities will contribute to the development of the Applicant's organisation; and
- The extent to which the project will provide benefits to South Australia (such as job creation, asset/IP accumulation, accumulation of skills and experience, leveraging of other funding and/or financial returns).

Application Process

The Application process comprises the following stages:

1 Expression of Interest	Interested Applicants should complete an Expression of Interest form: Click Here . TechInSA will review Expressions of Interest and Applicants will be notified to let them know whether or not they are eligible to proceed to stage 2.
2 TechInSA Meeting	TechInSA will contact Applicants that are eligible to proceed to stage 2 to arrange a meeting. Applicants are encouraged to provide background information before the meeting. The meeting will be a preliminary informal (non-confidential) discussion on the organisation, the proposed activities and eligibility for the SAECF grant.

<p>3 Project Proposal & Due Diligence</p>	<p>If the Applicant is invited to proceed to the next stage, the Applicant will be asked to prepare a succinct outline of the proposed project (Project Proposal) including the budget, timeframe, milestones and some background information on the technology and the Applicant. It should cover the key elements of the proposal in light of the stated objectives of the SAECF grant. TechInSA will conduct due diligence on the Project Proposal and on the basis of the Project Proposal, the selected potential Applicant may be invited to submit an Application Form.</p> <p>Persons associated with the Applicant (e.g. directors and officers of the organisation) will be required to complete a 'Grant Application Relevant Interest Form' to declare their relevant interest in the project/company or potential/actual conflicts of interest. Further information on the type of disclosure required will be provided if an Applicant reaches this stage of the process.</p>
<p>4 Application Form</p>	<p>TechInSA will work with the Applicant to complete the Application Form which requires detailed information relating to the Applicant and the project.</p>
<p>5 Presentation</p>	<p>All Applicants will be required to present their proposal to TechInSA. Formal presentations to the Panel and/or TechInSA Board will be required for grants above \$50,000.</p>

Selection Process

Assessment

All Applications will be assessed on merit. TechInSA reserves the right not to fund an Application regardless of whether or not an Applicant fulfils the eligibility criteria and addresses all merit criteria. An offer of funding may be subject to special conditions.

TechInSA reserves the right not to award any grants. All decisions made by TechInSA and the Panel are final.

Unsuccessful Applicants will be notified in writing. Unsuccessful Applicants may re-apply for an SAECF grant.

Grant Deed

Successful Applicants (**Grantee**) will be required to enter into a Grant Deed with TechInSA for the funding. The Grant Deed will set out (amongst other things) provisions relating to the following:

- Reporting and acquittal obligations (including a requirement to provide financial statements/reports at the end of each financial year);
- Budget, eligible expenditures and project milestones;
- Repayment obligations including royalty reporting (if the grant is repayable);
- Authority for TechInSA to formally audit the accounts and records of the Grantee;
- Obligation to acknowledge the SAECF in public statements about the project for a period of time; and
- Any other special conditions upon funding made by TechInSA.


TechInSA may also disclose broad details of the Grantee and the Grantee's project (including name, amount of funding and brief explanation of the project) for purposes of promoting the SAECF program and reporting on its operations.

A breach of the Grant Deed (including where the Grantee is wound up, becomes insolvent, or enters into an agreement to sell a substantial part of its assets, shares or business on uncommercial terms) may result in the Grantee being required to refund a portion of, or the maximum amount of, the grant.

Interested Applicants are encouraged to submit an Expression of Interest by completing this form: [Click Here](#).

Contact TechInSA

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