

BioBusiness Proof of Concept Grant

► Eligible expenditure

The BioBusiness Proof of Concept Grant helps NSW life science companies take projects from research to early stage commercialisation.

The program supports proof of concept projects to stimulate innovation and drive productivity in the life science industry.

The BioBusiness Proof of Concept Grant funds up to 50 per cent of eligible project expenditure up to a maximum of \$100,000. Up to 10 grants will be made in each year.

Eligible expenditure is expenditure incurred and paid by the grantee company on projects at the proof of concept (POC) stage, as described in the grant application. This may include a variety of expenditure categories such as labour costs and labour on-costs; equipment; consumables; materials; project administration, prototype construction; and contract research. Eligible expenditure does not include market research, IP protection or “in-kind” contributions paid by third parties.

The expenditure incurred must commence only after approval of the grant and cannot be used retrospectively.

Project activity and expenditure is expected to be undertaken in NSW. Interstate and overseas expenditure is permitted where such activities can not be undertaken in New South Wales. It will normally be limited to 20 per cent of total eligible project expenditure. Where interstate or overseas expenditure is proposed, detailed reasons as to why the activities cannot be conducted in New South Wales should be submitted for DSRD approval.

Labour costs

Eligible labour costs expenditure covers the regular salaries or wages paid or payable to employees that are directly employed on the core elements of the biotechnology proof of concept activities during the period of the project.

The maximum claimable salary as part of eligible expenditure, including packaged components, is \$120,000.

You may only claim salary costs to the extent that an employee is working on the biotechnology proof of concept project. Where an employee spends less than 100 per cent of their time on the biotechnology proof of concept project, salary costs should be apportioned using the following formula:

- Eligible salary costs = total salary incurred in period x actual time spent on project in period / total time at work in period.

Salaries for project management activities are not eligible expenditure, these costs are covered under project management and administration.

Labour on-costs

Labour on-costs include holiday pay, public holidays, sick leave, workers compensation insurance (workcare), superannuation (employer contribution), long service leave, payroll tax, annual leave loading, etc. A set rate of 30 per cent to cover all labour on-costs is applied to each employee's total remuneration package and assessed in proportion to the amount of time spent on the project.

Project management and administration costs

Eligible project management and administration costs include general project management, and a proportion of communications, accommodation, computing facilities, printing and stationery, postage, legal, accounting and auditing fees, and bank charges.

Eligible project management and administration costs are limited to a maximum of 10 per cent of total eligible project expenditure.

Contract expenditure

Eligible contract expenditure is the cost of any biotechnology proof of concept project activities performed by another organisation for you. For example, the design, implementation and/or construction of research projects, clinical trials or prototypes.

Where the contractor and your organisation are not at "arm's length", the amount assessed for work performed shall be an amount considered to be a reasonable charge for that work, and contains no unacceptable overheads and no element of "in group profit".

Contract work related to managerial and marketing expertise will not be eligible.

Equipment expenditure

Eligible equipment expenditure is:

- the cost of any equipment essential to establish proof of concept that is bought, hired, rented or leased during the project; and/or
- the hiring of laboratory facilities during the project period for activities essential to establish proof of concept.

Where equipment is purchased after approval of the grant, eligible expenditure is the depreciation allowed through the Commissioner of Taxation's effective life schedules, according to the proportion and over the time which it is used on the project.

Allowance for hired, rented or leased equipment is simply the number of payment periods dedicated to the project use, multiplied by the period hiring fee. Where equipment is purchased under a hire purchase agreement or financed through a finance lease, the cost of the item is capitalised, and then depreciated in the normal manner.

Prototype, trial and demonstration expenditure

Expenditure incurred in establishing validation, efficacy, demonstration of capability, scale-up, evidence of replicability, prototypes, and pre-clinical trials can be claimed. Expenditure on consumables and materials necessary to demonstrate proof of concept may also be claimed under this category.

Where prototypes comprise part or all of the project's outcome and their construction or use within the project contributes directly to proving the concept, you may claim the total costs to construct the prototype.

Prototype expenditure includes the cost of materials consumed in constructing (and testing of) a process or prototype. The expenditure could include the costs of dies and jigs that are used to make the prototypes, and would be expensed in the books of account.

Contact details

New South Wales Government
Department of State and Regional Development
GPO Box 5477, Sydney, NSW 2001 Australia
Tel: +61 2 9338 6622 Fax: +61 2 9338 6676
Email: biotechnology@business.nsw.gov.au

www.business.nsw.gov.au



Department of State and
Regional Development



New South Wales Government

