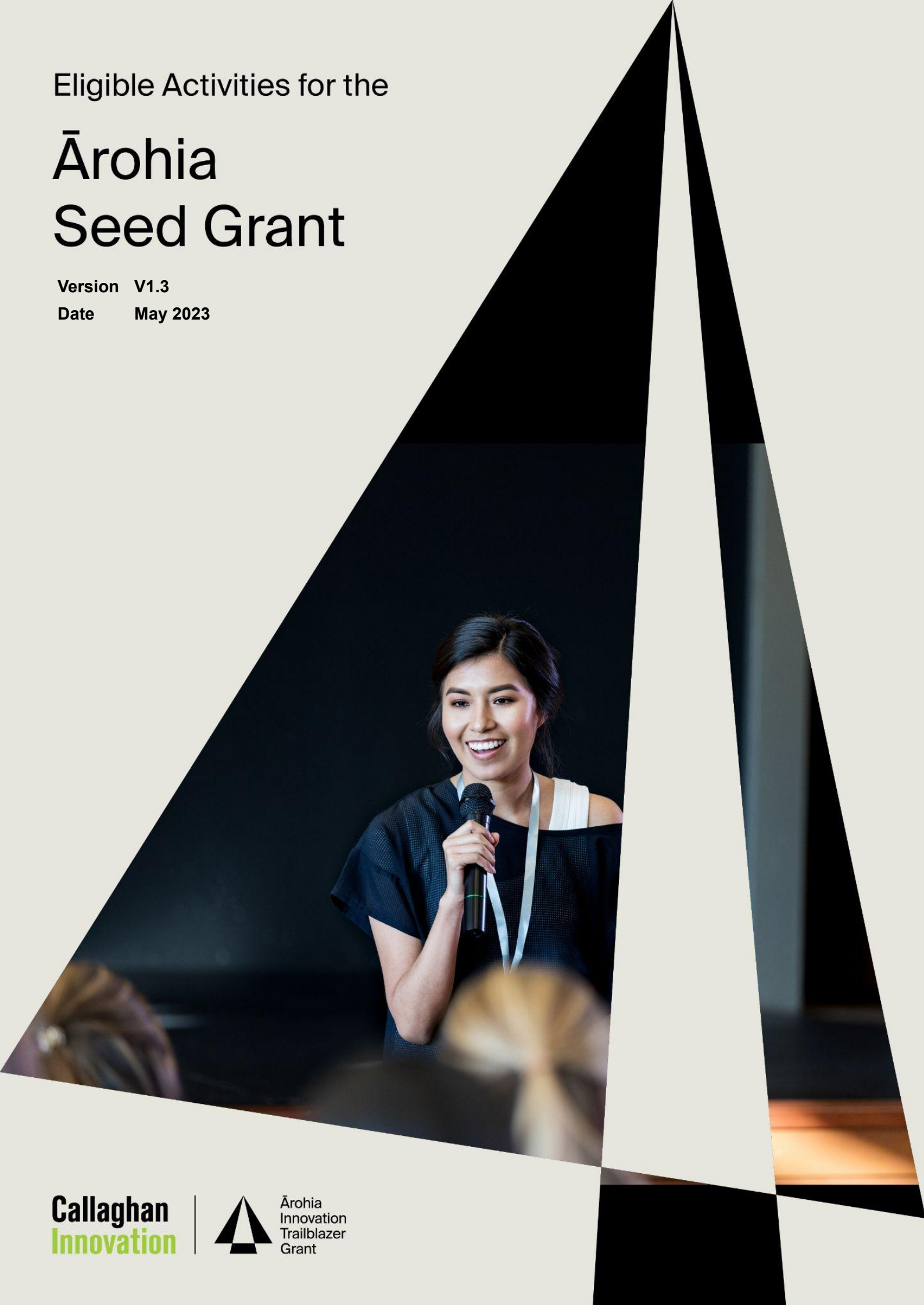


Eligible Activities for the

# Ārohia Seed Grant

Version V1.3

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## Recent updates to this document

VERSION	SECTION	WHAT'S CHANGED?
1.3	All sections	New layout of tables so it's easier to scan topics in the first column of each table.
1.3	Eligible Activities - Proof of concept testing with stakeholders (p. 5)	Wording changed from 'creating a low fidelity prototype' to 'building a prototype' since funding is not restricted solely to low-fidelity prototypes.
1.3	Eligible Activities (p. 6)	Addition of 'Attend an industry event' as an eligible activity.
1.3	Evidence of novelty (p. 7)	Eligible activities for novelty now presented in a separate section to make it easier to find.  Filing a provisional patent added as an eligible activity.
1.3	Limited activities and costs (p. 8)	Addition of the following limited activities / costs: <ul style="list-style-type: none"> <li>● internal labour - wages and salaries</li> <li>● internal labour - owner or shareholder labour</li> <li>● overheads</li> <li>● external labour.</li> </ul>
1.3	Ineligible activities (p. 8)	Addition of the following ineligible activities/costs: <ul style="list-style-type: none"> <li>● activities carried out (and related costs incurred) prior to grant application approval</li> <li>● entertainment</li> <li>● fees to file a full patent (i.e. beyond a provisional patent).</li> </ul>

# Introduction

## Purpose of the Ārohia Innovation Trailblazer Grant

The Ārohia Innovation Trailblazer Grant is designed to provide funding for activities (excluding R&D) involved in taking to market a world-leading innovation that can help transform Aotearoa New Zealand's innovation ecosystem. It comprises two grants - the Ārohia Seed Grant and the Ārohia Full Grant.

## Purpose of this document

This document provides guidance on what are eligible activities and costs for the Ārohia Seed Grant. Eligible Activities described in this document mean “Eligible Non-R&D Expenditure” as defined in the Ministerial Direction. The Ārohia Seed Grant funds 50% of eligible costs up to maximum of \$25k.

The activities and costs related to your grant application should be entered into the Ārohia Seed Grant Work Plan template, to outline how grant funding will be used. An [example of a Work Plan](#) is provided on our website. When you are ready to complete your own Work Plan, a Work Plan template can be downloaded from the grant application in the online (IMS) portal. The completed Work Plan should be submitted as part of the Ārohia Seed Grant application.

Ārohia Seed Grant applicants should review the [Ārohia Full Grant application questions](#) to help identify activities that can be included in an Ārohia Seed Grant Work Plan.

This document is current as at the date listed on the cover page. We reserve the right to amend this document from time to time. Changes may occur without notice, but we will use reasonable endeavours to communicate changes via the Ārohia Innovation Trailblazer Grant page on our website.

## High level detail:

The **Ārohia Seed Grant** helps fund activities that enable you to obtain evidence needed to complete a future Ārohia Full Grant application. The evidence could relate to your innovation's potential in the following areas, all of which are assessed for the Ārohia Full Grant:

- market impact
- commercial feasibility
- commercial viability
- novelty
- benefits to the innovation ecosystem.

**R&D activities** are explicitly excluded from the Ārohia Innovation Trailblazer Grant. R&D activities are defined as:

- an activity that seeks to resolve a scientific or technological uncertainty as defined in the [Research & Development Tax Incentive \(RDTI\)](#), and
- any supporting activity that is integral to resolving this uncertainty.

Innovation activities that aren't integral to resolving a scientific or technological uncertainty are ineligible for New to R&D Grant and RDTI funding, but are generally covered under the Ārohia Innovation Trailblazer Grant.

# Ārohia Seed Grant Eligible Activities

## Evidence of market impact, commercial feasibility and commercial viability

Eligible activities to obtain evidence on market impact, commercial feasibility and commercial viability could include the following activities (note - this list is a guide and is not intended to be exhaustive):

ITEM	ELIGIBLE ACTIVITY EXAMPLES
<b>Conduct research into customers</b>	This could include any research to obtain evidence that a market of customers who will buy and/or use the innovation exists and can be targeted.
<b>Conduct research into market factors</b>	This could include research to determine: <ul style="list-style-type: none"> <li>● market size</li> <li>● market share</li> <li>● market growth</li> <li>● market dynamics (e.g. forces affecting market demand and supply)</li> <li>● value chain structure</li> <li>● market competitiveness relative to any existing offerings in the market that the innovation may compete with, or any similar innovations that are close to market or in development.</li> </ul>
<b>Proof-of-concept testing with stakeholders</b>	This could include: <ul style="list-style-type: none"> <li>● obtaining advice from a competent professional on any aspect of an innovation concept's feasibility and viability that is unrelated to resolving a scientific or technical uncertainty, including advice on:               <ul style="list-style-type: none"> <li>○ building a prototype</li> <li>○ non-R&amp;D experiment design</li> <li>○ analysing test findings.</li> </ul> </li> <li>● building a prototype i.e. a pre-commercial mock-up, model, wireframe or sample created only for the purpose of learning (not sale), including:               <ul style="list-style-type: none"> <li>○ engaging a designer/developer</li> <li>○ purchasing equipment used to build prototypes</li> <li>○ purchasing hardware/software licences e.g. prototyping tools, co-creation platforms and data for early model development</li> <li>○ purchasing materials/components to build mock-ups/models.</li> </ul> </li> <li>● recruiting participants.</li> </ul>

ITEM	ELIGIBLE ACTIVITY EXAMPLES
<p><b>Obtain professional advice and services</b></p>	<p>You can obtain a wide range of professional/technical advice and services (non-R&amp;D related) to help you determine if your innovation has potential market impact and represents a commercially feasible and viable opportunity. The advice/services sought could include:</p> <ul style="list-style-type: none"> <li>● assessing regulatory &amp; reimbursement environments</li> <li>● completing a market feasibility study</li> <li>● designing/evaluating a business model, including the cost structure, pricing and revenue model aspects</li> <li>● designing/evaluating a service delivery model concept</li> <li>● designing/evaluating a go-to-market/distribution strategy</li> <li>● designing/evaluating a customer relationship management strategy</li> <li>● evaluating staff resourcing needs and costs</li> <li>● researching supply chain and logistics dependencies/costs</li> <li>● identifying compliance requirements and costs</li> <li>● designing/evaluating a customer adoption strategy.</li> <li>● designing/evaluating a market launch strategy</li> <li>● developing a strategy to manage information assets.</li> </ul>
<p><b>Purchase published reports and data</b></p>	<p>This could include subscribing to a reputable database and purchasing publications for market, solution, competitor and business model insights.</p> <p>The maximum subscription term we will support is one year.</p>
<p><b>Attend an industry event</b></p>	<p>This could include attending any relevant event, such as a trade show or conference, to obtain evidence on market impact, commercial feasibility or commercial viability of your innovation.</p>

## Evidence of novelty

Eligible activities to obtain evidence on novelty could include the following activities (note - this list is a guide and is not intended to be exhaustive):

ITEM	ELIGIBLE ACTIVITY EXAMPLES
<b>Obtain professional advice and services</b>	The advice/service sought on novelty could include: <ul style="list-style-type: none"> <li>• engaging an expert to investigate the novelty of an innovation and discuss the terms of any intellectual property.</li> <li>• obtaining a Freedom to Operate (FTO) opinion from a registered patent attorney and conducting a Trademark, Patent and FTO search*.</li> </ul>
<b>Protect Intellectual Property</b>	This could include filing a provisional patent (to the extent it is essential to conducting research to build evidence of your innovation’s potential with customers and stakeholders).
<b>Purchase published reports and data</b>	This could include obtaining publications on the latest developments in specific industries, academic journals, conference proceedings and accessing data repositories.

\*Please note that Callaghan Innovation will only co-fund or fund patent work and patent advice that is provided by a registered patent attorney. This includes advice on the validity of patents and their infringement resulting from FTO/IP scanning search results. We recommend doing due diligence on providers in this space, including taking into account whether they are registered or recognised by any industry body. For patent related work and advice, we recommend contacting a registered Trans-Tasman patent attorney (the directory can be found [here](#)).

## Evidence of benefits to the Aotearoa New Zealand innovation ecosystem

An innovation ecosystem is a network of organisations, individuals, and resources that are involved in the creation, diffusion, and adoption of new innovations and technologies, and that work together to create an environment that supports the development of new innovation. Resources can be financial resources, knowledge, expertise, facilities, or resources that facilitate access to new markets.

Eligible activities to obtain evidence on potential benefits to the innovation ecosystem in Aotearoa New Zealand could include the following activities (note - this list is a guide and is not intended to be exhaustive):

ITEM	ELIGIBLE ACTIVITY EXAMPLES
<b>Conduct research into potential innovation ecosystem benefits</b>	This could include research or discussions with any stakeholder who may be impacted by an innovation or could collaborate with you on it e.g. suppliers, iwi, industry associations, startup incubators, investors, research institutions and other entrepreneurs, to understand potential impacts and opportunities.
<b>Purchase published reports and data</b>	This could include purchasing research studies to understand innovation ecosystem impacts.

## Ārohia Seed Grant Limited Activities / Costs

The following activities are eligible to obtain evidence on market impact, commercial feasibility, commercial viability, novelty or innovation ecosystem benefits, subject to the limits indicated:

ITEM	LIMITED ACTIVITIES / COSTS
	All costs referenced below are exclusive of GST
<b>Travel to international or domestic locations</b>	<p>Travel could be, for example, to visit markets / customers / competitors / suppliers / distributors / partners.</p> <p>We will only contribute towards transport and accommodation (room) costs, and these must be essential for the progression of the innovation project.</p> <p>The maximum amount of approved eligible costs for travel that we will contribute towards is \$15,000 and our maximum contribution is \$7,500.</p>
<b>Internal labour - wages and salaries</b>	<p>Paying employees wages and salaries is eligible under Ārohia Seed Grant provided the employees' work is directly related to, required for, and integral to the evidence gathering activities specified in your Ārohia Seed Grant Work Plan. The eligible hourly rate for staff comprises the total of:</p> <ul style="list-style-type: none"> <li>• salary and wage costs, and</li> <li>• overheads (calculated at 20% of the hourly rate).</li> </ul> <p>For <b>salaried employees</b>, divide the PAYE yearly contracted salary by 1,752 hours (this is the maximum number of chargeable hours per year, allowing for statutory holidays, annual leave and sick leave).</p> <p>For <b>waged employees</b>, use the employee's hourly rate.</p> <p><b>Note:</b> You must be able to verify any internal labour costs, i.e. you need to keep records (such as pay slips or invoices) showing how much you paid to employees and when. You must retain this evidence and be able to provide it if you are audited. Internal labour costs not able to be verified will not be eligible for reimbursement.</p>



ITEM	LIMITED ACTIVITIES / COSTS All costs referenced below are exclusive of GST
<b>Internal labour - owner or shareholder labour</b>	<p>The cost of paying owner or shareholder labour is eligible. For individuals with a shareholding of 5% or greater, the hourly rate is limited to the lesser of:</p> <ul style="list-style-type: none"> <li>• up to \$80 per hour plus overheads, or</li> <li>• the current direct/actual shareholder payments.</li> </ul> <p><b>Note:</b> You must be able to verify any labour costs, i.e. you need to keep records (such as pay slips or invoices) showing how much was paid. You must retain this evidence and be able to provide it if you are audited. Labour costs not able to be verified will not be eligible for reimbursement.</p>
<b>Overheads</b>	<p>Overheads are the indirect costs or fixed expenses of operating a business. Overheads can be claimed at the fixed rate of 20% of internal labour costs to take into account the following indirect costs or fixed expenses of operating a business:</p> <ul style="list-style-type: none"> <li>• insurance</li> <li>• rates</li> <li>• utilities, e.g. power, water and heating</li> <li>• office rent (local and international)</li> <li>• office cleaning</li> <li>• security</li> <li>• repairs and maintenance</li> <li>• phone, postage, printing and stationery</li> <li>• non-R&amp;D related lease payments unrelated to your innovation project.</li> </ul>
<b>External Labour</b>	<p>The cost of paying external labour is eligible, with external labour defined as:</p> <ul style="list-style-type: none"> <li>• non-PAYE labour or contractors who invoice for their time, or</li> <li>• internal team members who are not PAYE employees.</li> </ul> <p><b>Note:</b> You must be able to verify any external labour costs, i.e. you need to keep records (such as pay slips or invoices) showing how much was paid. You must retain this evidence and be able to provide it if you are audited. Labour costs not able to be verified will not be eligible for reimbursement.</p>
<b>Database subscription</b>	The maximum subscription term we will support is one year.
<b>Pitch Preparation</b>	<p>Pitch preparation could include pitch deck creation and pitch coaching.</p> <p>The maximum amount of approved eligible costs for pitch preparation that we will contribute towards is \$10,000, and our maximum contribution is \$5,000.</p>

# Ārohia Seed Grant Ineligible Activities

The following activities are not eligible for Ārohia Seed Grant funding:

ITEM	INELIGIBLE ACTIVITIES
<b>Research and Development (R&amp;D) related activities</b>	<p>The following activities are considered R&amp;D activity and are not eligible under Ārohia Seed Grant funding:</p> <ul style="list-style-type: none"> <li>• developing/building a prototype to test a scientific or technological uncertainty</li> <li>• engaging a technical expert to resolve a scientific or technological uncertainty related to the innovation's novelty.</li> </ul> <p>If you do need to develop a technical prototype or engage a technical expert to explore a scientific or technological uncertainty, you should consider applying for the New to R&amp;D Grant or the RDTI.</p>
<b>Costs incurred outside Funding Agreement period</b>	<p>An activity is ineligible if it is carried out prior to the start date or after the end date of a Callaghan Innovation Ārohia Seed Grant Funding Agreement.</p>
<b>Expand beyond a first market launch</b>	<p>An activity is ineligible if:</p> <ul style="list-style-type: none"> <li>• your innovation has already launched in a first market, and</li> <li>• the activity relates to expanding the innovation's reach into a new market (domestic or international).</li> </ul>
<b>Entertainment</b>	<p>Entertainment is an ineligible expense.</p>
<b>Protect Intellectual Property</b>	<p>Fees to file a full patent i.e. beyond the provisional 'patent pending' stage are ineligible (filing a provisional patent is eligible - see 'Evidence of novelty' <a href="#">above</a>).</p>
<b>Professional advice and services</b>	<p>The following advice/services are ineligible under Ārohia Seed Grant funding:</p> <ul style="list-style-type: none"> <li>• general legal/compliance advice (unrelated to your innovation project)</li> <li>• paying an independent auditor or accountant to prepare financial reports</li> <li>• paying someone to prepare an Ārohia Seed Grant application.</li> </ul>
<b>Activities that would impact reputation</b>	<p>An activity is ineligible if it would bring the reputation of the grant initiative, Callaghan Innovation, or the Government into disrepute.</p>