

Management report to Council

Agenda item 6.6

2018 – 19 Small Business Grants recommendations and program improvements

Council

Presenter: Katrina McKenzie, Director City Economy and Activation

27 November 2018

Purpose and background

1. The purpose of this report is to seek endorsement for the Small Business Grants program 2018-19 and to recommend improvements to the program as part of Annual Plan Initiative (API) 4.7 'identify opportunities to improve or expand the impact of the Small Business Grants Program'.
2. Small businesses make up a vital part of the Melbourne economy with an estimated 14,000 small businesses currently operating in the City of Melbourne. This represents over 80 per cent of all businesses within the municipality. Since 1996, the Small Business Grants program has awarded over \$8.3 million of funding to 376 small businesses, demonstrating a proven track record of supporting innovative businesses that delivers significant benefits to the City of Melbourne. Over the past 10 years Council's investment in the program has helped to generate \$70.9 million of gross turnover, \$58.3 million of equity investment and created 939 jobs.
3. The Small Business Grants Program 'provides financial assistance to support market-ready products and services that enhance the City of Melbourne's reputation for innovation and creativity, and contribute to a thriving, sustainable business culture' as noted in Attachment 6. The program has an approved budget of \$286,000.
4. This year has seen high demand from small businesses funding with over \$4.5 million requested.
5. A total of 165 applications were received and 16 applications are recommended for funding. Four applications have been noted by the assessment panel as reserves if a business is unable to proceed. Another 15 highly regarded applicants are recommended for mentoring to improve their overall viability as businesses in the future. A summary of recommended applicants is contained in Attachment 2 and the key findings and analysis are contained in Attachment 3.
6. All applications were assessed by an external panel the membership of which was endorsed by Council's Future Melbourne Committee on 26 April 2016. Information regarding assessors is contained in Attachment 4.

Key issues

7. This round of Small Business Grants applications has seen a significant number of applications from start-ups as well as a number of high quality applications from small businesses with a strong emphasis on social outcomes.
8. Collectively, the recommended applications have anticipated outcomes of 40 full-time, 19 part-time and 56 casual positions, gross turnover of \$13.7 million and equity investment of \$3.4 million.
9. Extensive internal and external consultation was conducted as part of API 4.7. A summary of the work undertaken and the future directions are detailed in Attachment 5.
10. Specific improvements that were identified include two annual funding cycles, a more streamlined application process, a new 'development' category as well as mentoring, alumni programs (including a 'give back' component). Support for Aboriginal businesses and the inclusion of criteria to recognise social outcomes are also recommended.
11. The current Small Business Grants guidelines state applications will not be disclosed to any other external party without the applicant's consent, unless required or authorised by law. Therefore information regarding applications is presented in summary form to ensure full details of business concepts remain commercial in confidence.

Recommendation from management

12. That Council:
 - 12.1. Approves the 2018-19 Small Business Grants as detailed in Attachment 2.
 - 12.2. Authorises the Director City Economy and Activation to approve funding for up to four reserve businesses to a total value of \$120,000 in the event one or more of the recommended businesses (Attachment 2) cannot proceed or declines funding.
 - 12.3. Approves the Annual Plan Initiative 4.7 improvements to the Small Business Grants in the 2019 – 20 funding cycle as detailed in Attachment 5.

Attachments:

1. Supporting Attachment (Page 3 of 21)
2. Recommended applicants (Page 5 of 21)
3. Key findings and analysis (Page 7 of 21)
4. External panel members (Page 8 of 21)
5. Review findings (Page 9 of 21)
6. Guidelines (Page 12 of 21)

Supporting Attachment

Legal

1. There are no direct legal issues arising from the recommendations from management.
2. Successful applicants to the 2018-19 Small Business Grants program will be required to enter into a funding agreement with Council and complete an acquittal report at the completion of 2019.

Finance

3. The budget for the 2018-19 Small Business Grants is \$286,000 and the total amount is recommended to fund the 16 successful applicants.

Conflict of interest

4. All Council staff and external assessment panel members were required to declare any direct or indirect interests they may have in relation to the applications.
5. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Occupational Health and Safety

6. As part of Council's funding agreements, all successful applicants will have to have insurance relevant to their business, comply with all legislative requirements and meet Occupational Health and Safety standards when delivering their small business outcomes.
7. All grant recipients will carry out obligations under the contract/agreement and including providing and maintaining a safe working environment.

Stakeholder consultation

8. A targeted communications plan was delivered using a mix of paid/unpaid and digital/non-digital channels to promote the current funding round. The campaign aimed to attract a diverse range of applicants and increase the number of new applicants.
9. The website homepage saw that a total of 12,971 people visited the site and more than 29,400 people were reached across City of Melbourne owned social media channels.
10. Extensive community and stakeholder consultation was undertaken to obtain critical feedback about the Small Business Grants program as part of API 4.7. A number of sectors were approached through online surveys, focus groups and one-on-one interviews. The consultation resulted in Council approaching over 1300 stakeholders with 106 respondents.

Relation to Council policy

11. The recommendations are consistent with Council Plan 2017 – 21 A Prosperous City with the priority to provide 'support to Melbourne's start-ups and innovative businesses' and related Future Melbourne 2026's priority to be "attractive and supportive for new and existing businesses".
12. Recommendations in this report also align with Waste Resource Recovery Plan, Melbourne Music Strategy 2018 – 21 and Start-up Action Plan 2017 – 21.

Corporate social responsibility

13. Four of the recommended applicants have a strong emphasis on social outcomes (Koel Pty Ltd, Justice Denium, She's A Crowd Pty Ltd and Girl Geek Academy).
14. A large number of the recommended grant recipients will also implement a number of ethical and sustainable business practices that include:
 - 14.1. Designing sustainable product packaging and reusable devices.
 - 14.2. Determining annual goals and achievable processes to reduce carbon footprint.
 - 14.3. Developing products and services to preserve endangered ecosystems and the local environment.
 - 14.4. Encouraging employees to carpool, take public transport and cycle, and offsetting carbon emissions for business-related flights.
 - 14.5. Encouraging waste reduction and resource capture.
 - 14.6. Fostering a discrimination-free diversified workforce, with fair wages for all.
 - 14.7. Inspiring waste reduction by providing a collection service for used hardware to be refurbished reuses and recycled.
 - 14.8. Installing low-energy lighting and other methods to optimise energy performance.
 - 14.9. Making small production runs, or products made to order, to ensure no over production and waste.
 - 14.10. Promoting ethical, well-designed and well-made products, using high quality materials for longevity.
 - 14.11. Providing a paperless office and recycling all office waste, including electronics.
 - 14.12. Purchasing green office supplies, recycled furniture and from ethical suppliers.

Program overview and table of recommended applications 2018

Program Rationale

The Small Business Grants (SBG) program aims to encourage and support new, creative and diverse business activities that will contribute to a thriving and competitive business environment within Melbourne. The program seeks to create employment opportunities and also increase the level of business investment in the municipality.

Recommended applicants

Start-ups and established businesses from a range of sectors including iconic retail businesses, cutting edge technology platforms, boutique organics products, to businesses that care about the community and environment have presented worthy and diverse business proposals.

Recommended application criteria

Each application is assessed by City of Melbourne officers and by an independent, external panel. Applications are scored against the following criteria:

- Innovation and creativity (30%)
- Business readiness (25%)
- Financial viability (20%)
- Benefits to the City of Melbourne (20%)
- Ethical and other considerations. (5%)

Non-recommended applications

The non-recommended applications generally did not meet all of the eligibility criteria or did not strongly address the program's key objectives and guidelines relative to other applications in a highly competitive round.

The four most common elements demonstrated in these applications were:

- poor quality or incomplete financials
- no evidence that proposal is market ready
- limited benefits to the City of Melbourne
- no demonstrated strong point of difference

Reserve applications

Four applications have been placed on a reserve list to be offered funding should any of the recommended applicants are unable to proceed or decline their grant offer. These applications were highly regarded and considered worthy of funding if budget allows.

Mentoring applications

Fifteen applications are recommended to be offered mentoring from the Small Business Mentoring Service to address the areas of improvement identified in their proposals and potentially reapply in a future funding round.

Recommended applications

The following 16 applications are recommended for funding due to their strong alignment to the assessment criteria. These applications represent a diverse selection of Melbourne's most innovative and dynamic retail businesses, innovative technology platforms, boutique organic products, cutting-edge biotechnology and socially aware initiatives.

The recommended applications demonstrate solid market potential, long term financial viability and a sound business model.

Collectively, these applications have anticipated outcomes of 40 full-time, 19 part-time and 56 casual positions, gross turnover of \$13.7 million and equity investment of \$3.4 million.

	Applicant	Category	Industry	Location	Grant amount
1	ColourSpace Gallery Pty Ltd	Start-up	Creative / Business service	Docklands	\$15,000
2	DreamWalk Apps Pty Ltd	Start-up	Technology	Melbourne 3000	\$17,000
3	HH MPI Pty Ltd t/a MagicPi	Start-up	Artificial Intelligence (AI)	Melbourne 3000	\$8,000
4	Justice Denim	Start-up	Fashion	To be confirmed	\$15,000
5	Koel Pty Ltd t/a Viva La Cup	Start-up	Hospitality	To be confirmed	\$23,000
6	PayPix Holdings Pty Ltd t/a Tilly	Start-up	Retail	Carlton	\$17,000
7	She's A Crowd Pty Ltd	Start-up	Technology	Melbourne 3000	\$15,000
8	Thirty South Pty Ltd t/a Act of Wine	Start-up	Retail	Southbank	\$22,000
9	Umps Health Pty Ltd	Start-up	Technology	Melbourne 3000	\$15,000
10	Zero Impact Energy Pty Ltd	Start-up	Advanced manufacturing / Waste	Carlton	\$23,000
11	10Tickles Animation & Design	Expansion	Creative/ Technology	To be confirmed	\$22,000
12	Christine	Expansion	Retail	Melbourne 3000	\$23,000
13	Girl Geek Academy	Expansion	Education	Melbourne 3000	\$15,000
14	Ion Opticks Pty Ltd	Expansion	Biotech	Parkville	\$23,000
15	Silverpond Pty Ltd	Expansion	Artificial Intelligence (AI)	Melbourne 3000	\$23,000
16	The Sneaker Laundry	Expansion	Retail	Melbourne 3000	\$10,000
Total funding recommended					\$286,000

2018-19 Small Business Grants (SBG) program – key findings and analysis.**1. 2018-19 funding round applications**

- 165 applications were received of which 31 were considered to be ineligible for assessment.
- 134 eligible applications (93 start-up, 39 business expansion, two export entry) were assessed.
- 16 small business applications recommended for funding by the panel.
- Four applicants were recommended for the reserve list.
- 15 unsuccessful applications were recommended for mentoring.
- \$4.5 million grant funding requested.

Table 1: Overview of applications received, ineligible and recommended

Category	Applications received	Ineligible applications	Applications recommended
SBG - Start-up	116	23	10
SBG - Business Expansion	44	5	6
SBG - Export Entry	5	3	0
Total	165	31	16

Table 2: Recommended applications

Key performance measures	Amount/No
Anticipated gross turnover	\$13,716,298
Level of intended equity investment	\$3,457,000
Anticipated full time jobs	40
Anticipated part time jobs	19
Anticipated casual jobs	56

Table 3: Recommended applications by industry

Industry	Number of applications
Advanced manufacturing	1
Biotech	1
Creative	2
Education	1
Information technology & communication	5
Retail/ Hospitality	6
Total	16

Table 4: Recommended applications by business location

Location	Number of applications
Carlton	2
Docklands	1
Melbourne CBD	8
Parkville	1
Southbank	1
Location yet to be confirmed	3
Total	16

2018–19 Small Business Grant external panel members

The following external panel experts were endorsed by Council's Future Melbourne Committee on 26 April 2016. They represent a wide and diverse range of skills in the local, national and international business community.

	Name	Background, expertise and current position
1	Katya Ellis	<ul style="list-style-type: none"> • Events director of Novinka International Pty Ltd and business mentor with Small Business Mentoring Service. • Operated three small businesses, a wholesale agency, fashion brand, and a fashion-marketing agency with a retail boutique. • Previous work has included roles as a purchasing analyst for Ford Motor Company, Director of Business Development, Melbourne Textiles Agencies and as an Outreach Manager (Government and Industry liaison) for National Information Communications Technologies Australia.
2	Joss Evans	<ul style="list-style-type: none"> • CEO, INNOVIC (Victorian Innovation Centre Ltd). • Manage and run a small NFP social enterprise, INNOVIC. • Has thorough knowledge and experience of the commercialisation process. • Broad experience in innovation, business development and commercialisation, covering diverse industry sectors, and has worked with entrepreneurs, start-ups, social enterprises and SMEs. • Judge for a number of business awards and an assessor for several tertiary business planning competitions.
3	Alison Huitfeldt	<ul style="list-style-type: none"> • General Counsel at Linfox Armaguard Pty Ltd. • Manager - Customer Development & Legal at Linfox, Senior Lawyer at Linfox, Vice President at Melbourne Law Masters Student Association. • Extensive experience in the corporate sector working as a corporate lawyer. • Proficient at understanding the legal and commercial needs of stakeholders across a range of operational areas. • Board and panel experience in the not-for profit and government sectors.
4	Sophie Krantz	<ul style="list-style-type: none"> • Director of Strategy and Internationalisation providing services on international trade and investment to ASX 100 companies. • Director of Global Growth which provides advisory services on social design and innovation, abundance-based internationalisation, and global partnerships, plus start-ups and SMEs. • International Trade Strategy Manager at BlueScope with extensive experience in trade and investment. • Extensive work in the field of growth strategy and international market development and expansion.
5	Chris Langdon	<ul style="list-style-type: none"> • Chief Executive of Langdon Ingredients, a food ingredients supplier with 170 staff and annual turnover of over \$130 million. • Non-executive director of two ASX list companies and head of audit committee, and also a private tertiary college. • Extensive business acumen and an excellent understanding of local, national and international business.
6	Marcus Powe	<ul style="list-style-type: none"> • Founder and Managing Director of a consulting business with extensive experience in starting and growing small businesses. • Currently owns three small businesses. • Entrepreneur in Residence at RMIT University. • Fellow at Wade Institute of Entrepreneurship, Ormond College, University of Melbourne. • Co-author of four handbooks. • Associate, Melbourne Business School, the University of Melbourne. • Member, Educator Network, Thunderbird School of Global Management. • Start Up Champion, Start up Victoria.

2018 Annual plan initiative review recommendations

2018-19 Annual Small Business Grants (SBG) program – background, key findings and improvements.

1. Annual plan initiative 4.7

Identify opportunities to improve or expand the impact of the SBG program.

Agreed Scope

- Engage with small businesses and start ups, and conduct desktop research on other existing programs, to fully understand the most impactful forms of support and where CoM can provide the most value, taking into account the Startup Action Plan.
- Identify what additional outcomes and impacts would result from a proposed scaled increase to the program's funding.
- Propose an effective program framework to support the above findings.

2. Methodology

The following tasks were undertaken:

- An assessment of the current program, structure, budget and resources.
- Reviewed data collected through surveys, history of application trends and consultation sessions.
- Conducted desktop research on diverse programs offered to small business community.
- Reviewed other relevant grants and sponsorship programs to inform good practice and continuous improvement identified for the grants program.
- Identified the key findings to inform recommendations to improve the program.

3. Background facts

- The SBG program has provided funding since 1997 to stimulate economic growth and to create a climate to the attraction of new businesses.
- In 2006, the SBG program was refocused to support small businesses that offer strong point of difference and therefore contribute the diversity within the City of Melbourne.
- The program only targets small businesses that are market ready and have the seed funding to proceed with their business proposal. The funding aims to accelerate the startup process and allow the business to grow at a much greater pace.
- Since its inception the program has funded over \$8.3 million to 376 small businesses. The program has a proven track record of supporting innovative businesses that deliver significant benefits to the municipality.
- A large number of recipients have achieved significant success and some have become global businesses and household names across different industries.
- The current SBG program has a budget of \$286,000.

4. Consultation

- Internal and external survey's and stakeholder feedback commenced in June 2018 and were completed in September 2018.
- The consultation resulted in Council approaching over 1300 stakeholders with 106 respondents. This involved:
 - External qualitative and quantitative online surveys sent out to current assessors, past successful applicants (from 2006-17), unsuccessful applicants (from 2014-17) and unsubmitted applicants (from 2015-17).
 - An internal email survey was send to staff members at the City of Melbourne who had contact with the program.
 - An external consultant conducted two focus groups, one with assessors and successful applicants and one with unsuccessful applicants. Staff were not present for the focus groups to ensure unconstrained feedback was provided from participants.
 - Advice was sought from an Aboriginal business funded through the program who has strong connections with Aboriginal business networks and entrepreneurs.
 - Data was compiled and analysed for key themes and suggestions summerised in the Recommendations which appear on page 3.

Summary of Annual Plan Initiative 4.7 recommendations

Theme	Focus	Key Findings	Recommendations	Priority	Outcome	2019 Timeline			
						Q 3	Q 4	Q 1	Q 2
Program structure, management and delivery	Application form	<ul style="list-style-type: none"> The current application form is lengthy and requires a significant amount of time/effort to be completed. Program staff are currently required to provide high levels of assistance during application period. 	<ul style="list-style-type: none"> Review to ensure that the application form is user-friendly. Reduce length and simplify application form Introduce a series of programs (workshops/mentoring) to assist businesses with application preparation. 	Med-high	Improve applicants' application experience				
	Application process	<ul style="list-style-type: none"> Aspects of the application assessment process appeared unclear and the external panel assessment process was not fully understood. More clarity about the program guidelines and criteria could be included in the public briefings. 	<ul style="list-style-type: none"> Review and improve overall communication on program's guidelines and criteria. Reduce high level of information required. Review information on website. 	Med-high	Increase transparency and clarify				
	Assessment process	<ul style="list-style-type: none"> External assessors felt that the process is thorough. Unsuccessful applicants like more detailed feedback. 	<ul style="list-style-type: none"> Review approach to improve feedback loop to applicants. Explore potential improvements in assessment process. 	Med	Increase transparency				
	Funding round	<ul style="list-style-type: none"> One funding round a year is not responsive to business community's needs. Unsuccessful applicants have to wait for 12 months before they can resubmit their proposal. 	<ul style="list-style-type: none"> Introduce two funding rounds each year. 	High	More customer focused				
	Budget	<ul style="list-style-type: none"> Current budget only allows funding to low percentage of applications received. Limited capacity to fund significant proportion of high quality applications. 	<ul style="list-style-type: none"> Explore the potential to increase budget via the annual planning and budget planning process. 	High	Increase impact of funding				
	Admin	<ul style="list-style-type: none"> Current administrative support systems will need to expand to ensure improvements can be achieved. Increased administration required given increase in application numbers. Current resources require review to enable delivery of complementary initiatives (eg: networking, alumni, workshops) to support applicants. 	<ul style="list-style-type: none"> Program improvements will require realignment of some resourcing to support the new initiatives. 	High	Better customer experience for applicants				
	Marketing	<ul style="list-style-type: none"> There is a lack of promotion of current grant recipients and the rich history of the program. Enable past recipients to be advocates for the program and Melbourne's small business Community more broadly. 	<ul style="list-style-type: none"> Promote recipients' success stories. Develop case studies of successful applicants. Explore, identify and facilitate where appropriate to include grant recipients in other Council's initiatives and promotional campaigns. 	Med-high	Profile Council's commitment to small business				

Theme	Focus	Key Findings	Recommendations	Priority	Outcome	2019 Timeline				
						Q 3	Q 4	Q 1	Q 2	
Potential new program initiatives	“Develop” grant category	<ul style="list-style-type: none"> Program currently only supports market ready proposals. A proportion of applications received have merit but lack proof of concept. Opportunity to harness creative thinking demonstrated by applicants and continue to evolve their business concept. 	<ul style="list-style-type: none"> Investigate and develop a new category to support validation and proof of concept. Explore potential partnership opportunities with expertise within City of Melbourne to further develop business proposals. 	Med-high	Support Melbourne's start-up economy					
	Aboriginal businesses consultation study	<ul style="list-style-type: none"> Low number of applications received from Aboriginal businesses. Opportunity to grow number of Aboriginal businesses currently located or delivering services to City of Melbourne. Knowledge of the program generally is minimal across Aboriginal entrepreneurs. 	<ul style="list-style-type: none"> Undertake consultation with the Aboriginal business community to understand their needs and potential impediments to the grants program. Consider flexible funding grants models that are culturally responsive and appropriate. 	High	Support a city with an Aboriginal focus goal					
	Social Enterprises	<ul style="list-style-type: none"> Clear demand for funding from social enterprises sector as evident from applications received. Social enterprises are a key sector in City of Melbourne. 	<ul style="list-style-type: none"> Update Small Business Grant guidelines and criteria to incorporate Social Enterprise grants objectives. Explore the potential to combine Small Business Grants and Social Enterprise Grants Finalise review of Social Enterprise Grants 	Med-high	Support more enterprise addressing social issues/change					
	Engagement	Mentoring program (expand existing)	<ul style="list-style-type: none"> Applicants found mentoring sessions useful to help start and/or grow their business. Past recipients are potentially good candidates to provide peer mentoring to successful applicants given their breadth of experience and business acumen. 	<ul style="list-style-type: none"> Establish a register of businesses that can participate across all sectors. Expand the current mentoring program to include past recipients. Explore potential partnership with other accelerator programs and corporates in the city. 	Med-high	Increase the success rate of new business				
		Alumni program (new)	<ul style="list-style-type: none"> Past recipients requested more opportunities to engage with Council post-agreement period. Recipients supportive of a 'give back' program. 	<ul style="list-style-type: none"> Establish a register of businesses and business leaders that can participate across all sectors. Establish an alumni network and a 'give back' program. 'Give back' may be on an individual or group basis and could include expertise, mentoring, business plan guidance, marketing tips. 	Med-high	Build a strong and vibrant small business community				
		Short-term affordable space program (new)	<ul style="list-style-type: none"> Access to short-term and pop-up spaces is important to allow a small business to trial their product/service; seek customer's feedback, promotion before their launch. 	<ul style="list-style-type: none"> Work with relevant Council programs (including the Precinct Development program) to identify potential short-term spaces suitable for small businesses to occupy in a temporary or pop up capacity. Establish a register of spaces that can be accessed. 	Med	Support more places and opportunities for innovation and testing				

Small Business Grants Program

Guidelines

Timelines

Applications open	Monday 9 July 2018
Workshop sessions	Dates and bookings¹
Application close	Mon 6 Aug 2018, 11:59 pm AEST
Assessment period	Aug to Nov 2018
Council meeting	Late Nov 2018
Notification of outcome	Early Dec 2018

Introduction

Helping passionate, innovative small businesses realise their dreams and reach new markets is the primary aim of our small business grants program.

The program provides financial assistance to support market-ready products and services that enhance the City of Melbourne's reputation for innovation and creativity, and contribute to a thriving, sustainable business culture.

Start-ups and established businesses from any sector are welcome to apply as long as you have a great idea and a sound business proposal that is going to proceed regardless of grant funding.

Grants are open to forward-thinking small businesses currently located or intending to locate within the City of Melbourne including the central business district as well as Docklands, East Melbourne, Fisherman's Bend, Jolimont, Kensington, North Melbourne, Parkville, South Wharf, West Melbourne and parts of Carlton, Carlton North, Flemington, Port Melbourne, South Yarra and Southbank.

It does not cover the Melbourne metropolitan area. Prospective applicants are encouraged to review the [City of Melbourne municipality map \(PDF 315 KB\)](#)².

Eligibility Checklist

Before you continue, please complete the checklist to determine whether your business is a good candidate for a small business grant. Applicants who do not meet the requirements or do not provide the relevant documentation will not be considered.

- Are you located within the City of Melbourne boundaries or are you planning to relocate within the municipality within the next three months?
- Do you have 20 or fewer employees?
- Do you have an Australian Business Number (ABN)?
- Is your proposal genuinely innovative, creative and does it demonstrate a strong point of difference?
- Can you demonstrate how the City of Melbourne will benefit from your proposal?
- Does your proposal create employment opportunities and increase the level of business investment in Melbourne?
- Does your proposal demonstrate solid market potential and ready to launch?
- Can you demonstrate that you will be able to proceed without the grant?
- For exporters, does your proposal increase the overall value and volume of exports from the city?
- For business expansion grants, are you introducing a completely new product/service into your company portfolio?

Grant objectives

- To encourage and support new, creative and diverse business activities that will contribute to a thriving and competitive business environment within the city.
- To create employment opportunities and increase the level of business investment in the municipality.
- To support innovative businesses that demonstrate solid market potential and a sound business model, including long-term financial viability.
- To increase the overall value and volume of exports from the City of Melbourne municipality.

What do we mean by innovation?

Innovation is not invention, nor is it doing things slightly differently to the way others are doing them already or bundling together existing products and services. Innovation means doing something in a new, creative or novel way. It may involve improving on an existing service or product that increases its utility or opens up new markets. It may mean that an idea is radically different, but equally it may mean that an idea addresses an everyday process in a revolutionary or original way.

You could ask: what is the point of difference between my idea and that of the enterprise next door? The City of Melbourne is looking for enterprises that indicate, through their innovation, that they can add to the city's economic prosperity and diversity.

Grant Eligibility

Who is eligible to apply?

Small businesses that will make a measurable contribution to the small business grant objectives are eligible to apply.

An applicant must:

- have a registered Australian Business Number (ABN)
- be located within or committed to relocate promptly to the City of Melbourne municipality within three months from the letter of grant offer
- employ 20 people or less
- have an appropriate legal structure, such as a sole trader, an Australian registered company, business cooperative or partnership and have documentary evidence of an appropriate legal structure.

Who is not eligible to apply?

Franchisees, subsidiaries of larger companies, unincorporated associations and government departments or agencies are not eligible to apply.

Branches of foreign companies that are not registered as an Australian company are also not eligible to apply. Individuals / organisations providing trade facilitation services to businesses are not eligible to apply under the export entry grants category.

Those who are not located in or considering relocation to the City of Melbourne are ineligible to apply. Potential applicants should give consideration as to why their business model dictates a need to be located in the City of Melbourne, not just because a grant is on offer.

Grant Categories

Businesses can only apply for one category in each funding round. If you apply for more than one category you will be asked to choose one category and your other application/s will not be considered.

Start-up

Start-up grants are designed to assist with the establishment of new, creative and innovative businesses that will increase the diversity of the city's business community and boost Melbourne's capability in key business sectors.

Grants of up to \$30,000 are available.

Business expansion

Business expansion grants are targeted to assist the expansion of existing innovative businesses, defined as

- an existing City of Melbourne small business introducing a new, innovative activity/product/service as part of its expansion phase, or
- an existing innovative small business relocating to the municipality as part of its business expansion process.

Grants of up to \$30,000 are available.

Export entry

Export entry grants are focused on helping companies enter and expand into new overseas markets. They support export-ready small businesses looking to enter the international market for the first time, as well as more experienced exporters who wish to expand into new markets.

Export entry grants are offered on a matched-funding basis and claimed after the proposed activities have been undertaken.

Grants of up to \$10,000 are available. Businesses can apply under two sub-categories; new exporter and current exporter.

A new exporter

- has export turnover of less than 5 per cent of total annual dollar turnover
- has an export strategy and demonstrated export readiness/capability.

A current exporter

- has demonstrated export experience in one or more overseas markets
- seeks to explore export opportunities in a new market or launch a new product/service in an existing market.

Up to three export grants may be awarded to a business, with each grant occurring in three separate financial years. The approval of subsequent grants will be subject to the satisfactory completion of agreed performance measures of the previous grant.

Application

A series of individual grant category lunchtime briefing sessions will be held during the application period to allow prospective applicants to seek more information about the program and seek advice. To make a booking or for more information visit [small business grants](#)³.

These sessions are not compulsory but highly recommended.

How do I apply?

To apply, simply follow these steps.

- Visit and review the information on [small business grants](#)⁴ program.
- Book and attend a category-specific lunchtime briefing session. Attendance at a session is strongly encouraged but not mandatory for submitting an application.
- Complete the appropriate online application form.
- Attach all relevant supporting documents, including a full set of required financial statements.
- Submit your application online by Mon 6 Aug, 11:59 pm AEST.

Submit your application

Your application must be received by the nominated closing date and time for each funding round. Late applications will not be accepted.

You will not be able to amend or submit your application online after the closing date. You will receive an email confirming receipt of your application.

Claimable items

What can I claim?

All expenditure items must be directly related to the proposal. Refer to each category listed below for more details. Please note only expenditure items that have not yet been incurred prior to lodging your application will be eligible in any of the grant categories.

What can't I claim?

We do not fund operational expenses that are considered as ongoing costs such as rent, utilities, wages and personal expenses.

Start-up and business expansion

The start-up and business expansion grants support expenditure items directly related to establishing a business or as part of a business expansion process.

Export entry

³ <http://www.melbourne.vic.gov.au/business/opportunities/grants-sponsorships/small-business-grants/pages/small-business-grants.aspx>

⁴ <http://www.melbourne.vic.gov.au/business/opportunities/grants-sponsorships/small-business-grants/pages/small-business-grants.aspx>

The export entry grants support the following categories of export-related activities:

Overseas representation and marketing consultants

- Costs associated with engaging an overseas representative acting on behalf of the business to market or promote the product/service. Cost associated with engaging an overseas representative or consultant for business matching activities.

Market research

- Cost of engaging a consultant to undertake targeted export market research.

Marketing visits

- Cost of economy airfares, on-ground travel and accommodation.

Free samples

- Cost of providing free samples to non-residents.

Communications

- Cost of communications directly associated with the export project.

Promotional literature

- Production cost of internationally-branded promotional materials, advertising and translation.

Trade fairs and exhibitions

- Cost of participating in international trade fairs, seminars or exhibitions.

Outbound missions

- Cost of participating in a City of Melbourne business/trade mission.

Export product development and protection

- Cost of modifying a product/service or its packaging in order to tailor it to the export requirements of an overseas market. Cost associated with product/service protection including intellectual property rights, patents and trademarks.

Expenditure not directly related to export-related activities will not be considered.

Assessment process

What is the assessment process?

Each application will be assessed against the small business grants assessment criteria. An assessment report is prepared for consideration by an external review panel made up of experienced small business operators and advisors.

The panel will consider the conforming applications on a competitive and merit basis and make recommendations for approval. On the basis of these recommendations, the Melbourne City Council will determine the final grant funding.

Lobbying

Canvassing or lobbying councillors, employees of the City of Melbourne or assessment panel members in relation to any grant or sponsorship application is prohibited during the application process. No further consideration will be given to an application submitted by an applicant who canvasses or lobbies a councillor, City of Melbourne employee or assessment panel member in relation to their application.

Assessment criteria

Applications considered to offer the most valuable contribution to the achievement of the program's objectives and consistent with the City of Melbourne's goals will be offered grants. The assessment criteria for individual grant categories are outlined below.

Start-up and Business expansion

- Innovation and creativity (30 per cent)
Able to clearly demonstrate via a market analysis and by a subsequent market strategy, a strong point of difference, not duplicating existing products/services available in the city, and can demonstrate unique, hard to copy, or extensive intellectual capital or property.
- Business readiness (25 per cent)
Able to demonstrate 'business readiness' that the product/service is well-researched, planned and financially viable and ready to be launched.
- Financial viability (20 per cent)
Able to demonstrate financial viability, sound management and that the proposal will be able to proceed without a grant.
- Benefits to the City of Melbourne (20 per cent)
Able to deliver measurable economic benefits to the City of Melbourne in areas such as job creation, investment, revenue generation and capability building.
- Ethical and other consideration (5 per cent)
Able to demonstrate sustainable business practices and alignment with Council's policies.

For business expansion applicants:

You must also be able to demonstrate the proposed business expansion activity is a new product/service, not just organic growth of the existing suite of products or services.

Export entry

- Export potential (30 per cent)
Able to demonstrate the potential demand for the product or service in an overseas market and deliver direct export outcomes.
- Export readiness (25 per cent)
Able to demonstrate 'export readiness' in that the proposed export product/service is well-researched, planned and financially viable.
- Financial viability (20 per cent)
Able to demonstrate financial viability and sound management including ability to match approved funding on a dollar-for-dollar basis.
- Benefits to City of Melbourne (20 per cent)
Able to demonstrate your proposal will deliver measurable economic benefits to City of Melbourne in the areas of export earnings, investment and job creation.
- Ethical and other considerations (5 per cent)
Able to demonstrate sustainable business practices and alignment with Council's policies.

All export category applicants must be able to demonstrate the goods/services for export are manufactured or produced in Australia.

For current exporter applicants:

You must also be able to demonstrate a level of existing business success, supported by financial documentation.

The City of Melbourne's priorities are to ensure its international connections contribute to Melbourne being a prosperous, internationally engaged and harmonious city. Key markets include China, Japan, the US, India, ASEAN and Korea.

Terms and Conditions

Grant recipients will be required to enter into a 12-month agreement with the City of Melbourne and meet agreed performance measures and conditions in relation to the anticipated outcomes, as identified in the application. Grant recipients are also required to have appropriate business insurances in place and be located within the City of Melbourne municipality for the duration of the agreement.

All recipients are required to submit two reports during the period of the agreement (at six months and 12 months), detailing progress against the agreed measures. Recipients will also be required to recognise the City of Melbourne's support, in an agreed manner and to participate in any public promotions organised by the City of Melbourne to promote the small business grants.

The City of Melbourne may also contact you to gain feedback about the progress of your business over the longer term. A City of Melbourne officer is likely to contact you up to five years after you receive the grant, to gain an understanding of how the grant made a difference to your enterprise and its development. This may include questions about how your business has grown including major milestones and achievements. The responses will be aggregated with those of other recipients to guide future refinement of the grants program.

Start-up and business expansion grants recipients may be required to use the Small Business Mentoring Service to assist the success of the proposed activity. The City of Melbourne will reimburse part of the cost of the service.

On average, applicants will be notified of the assessment outcome three months from the closing date of the application.

All decisions are final. There will be no review or appeal process. However, unsuccessful applicants are eligible to re-apply.

If successful, when will I receive payment?

Start-up and business expansion

Successful recipients will receive an initial payment of 50 per cent of the grant after both parties have signed the agreement. The balance of the grant payment will be made at the conclusion of the 12-month term of the agreement and will be subject to the receipt of a 12-month report detailing satisfactory completion of agreed performance measures as well as detailed invoices and proof of payment for completed items.

Payments will only be made for items invoiced after the application closing date. For example, if the closing date is 1 August, successful applicants are eligible to claim for items invoiced from 1 August onwards.

Export entry grants

Grant payments will be made on receipt of a post-activity report detailing satisfactory completion of agreed performance measures and an acquittal form including supporting documents such as invoices and receipts up to the approved amount.

No payments will be made prior to expenditure being incurred. Approved grants will remain valid for a period of 12 months from the date of approval.

Ethical Considerations

Preference will be given to applications that demonstrate sustainable business practices and business practices in line with the ethical charter.

Ethical charter

The City of Melbourne seeks to support small businesses that will contribute to one or more of the following:

1. production of high quality and properly presented products and services
2. development of locally-based ventures
3. development of appropriate technological systems
4. improvement of wasteful or polluting practices
5. development of sustainable land use and food production
6. preservation of endangered ecosystems, human happiness, dignity and education
7. the dignity and wellbeing of animals.

The City of Melbourne will avoid supporting small businesses that unnecessarily:

1. pollute land, air or water
2. destroy or waste non-recurring resources
3. extract, create, produce, manufacture, or market materials, products, goods or services that have a harmful effect on humans, non-human animals or the environment
4. market, promote or advertise, products or services in a misleading or deceitful manner
5. create markets by the promotion or advertising of unwanted products or services
6. acquire land or commodities primarily for the purpose of speculative gain
7. create, encourage or perpetuate militarism or engage in the manufacture of armaments
8. entice people into financial over-commitment
9. exploit people through the payment of low wages or the provision of poor working conditions
10. discriminate by way of race, religion or sex in employment, marketing or advertising practices
11. contribute to the reduction of human rights generally.

This Ethical Charter is based on the [Australian Ethical Charter](#)⁵ (1989), Australian Ethical Investment Ltd.

Other City of Melbourne funding opportunities

The City of Melbourne offers a wide range of grants and sponsorship opportunities to support the Melbourne community. Grants and sponsorships enable successful applicants to deliver quality programs, events,

products and services significant to Melbourne, bringing social and economic returns. Full details including dates and guidelines are available from the website at [Grants and Sponsorships](#)⁶.

More information

Contact [City of Melbourne](#)⁷:

Email smallbusinessgrants@melbourne.vic.gov.au

Phone 03 9658 9658 (7.30am to 6pm, Monday to Friday, Public holidays excluded)

Applicants with a disability may contact us to discuss any additional support they need. If you are deaf, hearing-impaired, or speech-impaired, please email us or call us via the National Relay Service:

Teletypewriter (TTY) users phone 133 677 then ask for 03 9658 8710 or 03 9658 8874

Speak & Listen users phone 1300 555 727 then ask for 03 9658 8710 or 03 9658 8874

In person

Melbourne Town Hall – Administration Building

120 Swanston Street, Melbourne

7.30am to 5pm, Monday to Friday

(Public holidays excluded)

In writing

City of Melbourne

GPO Box 1603

Melbourne VIC 3001

Australia