

POLICY BRIEF #7

Department of Industry, Science and Resources, and SMEs



The Department of Industry, Science and Resources encourages Australian start-ups and small-to-medium enterprises (SMEs) to develop innovative solutions to government challenges. The Business Research and Innovation Initiative (BRII), which is a challenge-based innovation program worth \$19 million, provides funding for start-ups and SMEs to undertake research and development (R&D) on new-to-market technologies. More specifically the program:

- Builds the innovation capacity of start-ups, SMEs and government agencies
- Improves capability to access national and international markets

- Helps SMEs be more confident and aware when working with government
- Increases government agencies' sourcing of innovative solutions (1)

The Business Research and Innovation Initiative Pilot was announced as part of the National Innovation and Science Agenda, with funding commencing 1 July 2016.

The initiative will operate in three stages. Each stage sets out how the initiative will work with all stakeholders in solving one of the five challenges set out by the Government. The first stage will aim to set out five national policy and service delivery challenges as determined by Innovation

and Science Australia. To date, the Federal Government is already consulting with several State and Territory governments about the issues they are facing and their experiences in launching similar programs. The second stage invites start-ups and small businesses to submit proposals to address the policy and service delivery challenges. If a start-up or small business is determined a winner, they will receive a grant up to \$100,000 over three to six months of development. The final stage of the initiative will allow businesses to apply for a further grant of \$1 million over the following 18 months. These funds can be used to develop a product prototype or a proof of concept (2).

Nous Group conducted an independent post-commencement evaluation of the BRII pilot on behalf of the Office of the Chief Economist's Evaluation Unit. The report was published on 1 June 2019. The evaluation considered program design, implementation and outcomes to date. It found that the pilot is well designed and implemented. Some outcomes are already being realised, particularly for small to medium enterprises that have progressed to the second stage of proof of concept funding. Staff working in challenge agencies are highly positive about

the process and potential outcomes. Findings will help us optimise the program and increase its visibility (3).

In 2018, the Australian Government also launched the \$20 million SME Export Hubs Initiative, which is intended to help Australian businesses grow, exports, and increase local and regional jobs. SME export hubs are collaborative business networks that help boost the export capability of local and regional businesses, through supporting activities such as developing collective brands, leveraging local infrastructure to scale business operations, and positioning regional businesses to participate in global supply chains. The Initiative provides matched funding of up to \$1.5 million for up to four years from 2018-19 to 2021-22. The SME Export Hubs Initiative complements existing programmes, including the Industry Growth Centres Initiative, the Entrepreneurs' Programme, the Regional Development Australia Committees, and services and initiatives delivered by Austrade, such as the Export Market Development Grants Scheme, TradeStart, and the FTA-ME Grant program which aims to generate market entry strategies for Australian SMEs that lead to opportunities to increase utilisation of FTAs in eligible markets (4).

REFERENCES

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