



28 July 2023

Industry Growth Program

Department of Industry, Science and Resources

10 Binara St

CANBERRA ACT 2600

via email: [IndustryGrowthProgram.consultation@industry.gov.au](mailto:IndustryGrowthProgram.consultation@industry.gov.au)

Dear Sir/Madam,

**Designing and promoting the Industry Growth Program to engage small and family businesses.**

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) is encouraged by the Australian Government's support for entrepreneurs and start-ups with the announcement of the Industry Growth Program. The ASBFEO recommends that the Department of Industry, Science and Resources expedite the process of business application and selection, given the cessation of the Entrepreneurs' Programme and reduction in support for the Self-Employment Assistance Small Business Coaching program in the 2023-24 Budget.

The precipitous closure of the Entrepreneurship Facilitators Program (run by the Department of Employment and Workplace Relations) reinforces the urgency and importance of accelerating the Industry Growth Program.

Policy and regulatory settings that celebrate and support entrepreneurial ventures are particularly needed at this time, given that:

- *Advancing Prosperity*, the Productivity Commission's 2023 report, found Australia is facing a seemingly entrenched slowdown in the rate of productivity growth, with average annual labour productivity growth at its slowest in 60 years during the 2010s.<sup>1</sup>
- The CPA Australia (CPA) *Asia-Pacific Small Business Survey 2022-23*, found that only 14.3 per cent of Australian businesses state they will introduce a new product, process or service that is unique to their market or the world in 2023, the lowest result of the markets surveyed.<sup>2</sup>
- The CPA survey also found that younger businesses and younger respondents are more likely to innovate.<sup>3</sup> However, 2021 Census data indicated that only 8 per cent of Australian small business owners were aged under 30, significantly below the peak of 17 per cent in 1976, while almost half (47 per cent) were aged 50 or over.<sup>4</sup>

To ensure the Industry Growth Program reflects the diverse characteristics of entrepreneurs and start-ups, and captures the full national growth and development opportunities of greater entrepreneurship, we offer three further recommendations to the Australian Government.

- 1. Ensure the Industry Growth Program's administrative requirements, including application processes and ongoing reporting are right-sized and proportionate.**

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<sup>1</sup> Productivity Commission, *Advancing Prosperity*, 2023.

<sup>2</sup> CPA Australia, *2022-23 Asia-Pacific small business survey*, 2023.

<sup>3</sup> *ibid.*

<sup>4</sup> ASBFEO, *Quarterly Report: 1 October to 31 December*, 2022.



Participants in the previous Entrepreneurs' Programme have proposed some administrative improvements to the Industry Growth Program, which could be made without compromising the thoroughness of the application process or clear and consistent reporting in exchange for public funds.

The application process for the Entrepreneurs' Programme was described as very thorough; however, little feedback or guidance was provided to applicants through their application process. An early-stage assessment tool could be made available to provide guidance or feedback before an application is submitted. This could also warn applicants that their application is likely to be rejected if it fails to meet certain criteria. Another option could be to highlight the common characteristics of previous successful examples, or to provide templates with suggested lengths of different sections.

## **2. Promote awareness of the program through tailored and targeted communications**

The program presents an opportunity for the dynamic and fast-growing small business sector with an entrepreneurial spirit to pursue their ambitions and contribute to the nation's growth and economic development. However, for the program to reach its full potential, a wide-reaching information campaign is essential to prevent low awareness and avoid underpromotion, which has been a problem faced by the Self-Employment Assistance Small Business Coaching program and the Entrepreneurship Facilitators Program. Programs that are designed to facilitate the success and durability of Australia's significant cohort of self-employed (1.6 million Australians) cannot achieve their objective if awareness is low.

More broadly, information provided by government to small businesses needs to be clear, reliable and fit for purpose, including eligibility requirements, application processes and the benefits to small business by participating. For example, guidance should be made readily available in concise and accessible language to help small businesses determine their eligibility and program compliance obligations. Guidance should also be tailored to encourage and assist entrepreneurs from culturally and linguistically diverse communities.

## **3. Review the effectiveness and scope of the Industry Growth Program after two years.**

The program should be reviewed after two years to investigate how effectively it is supporting both the government's objectives, as well as participants at different stages of the program cycle. The review should also determine the appropriate value of program funding over the forward estimates, noting that the department expects funding requirements to increase significantly from 2023-24 to 2026-27.<sup>5</sup>

The ASBFEO also urges the government to review the scope of the Industry Growth Program, which is currently limited to seven classes of technology, industry and activity, namely:

- renewables and low emissions technologies
- medical science
- transport
- value-add in the agriculture, forestry and fisheries sectors
- value-add in resources

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<sup>5</sup> Department of Industry, Science and Resources, *Portfolio Budget Statements 2023-24 Budget Related Paper No. 1.11*, p 37.



- defence capability
- enabling capabilities.

Policies to promote entrepreneurship and innovation are most effective when they are not restricted by industry or activity, but instead support widespread competition and market selection of new products and processes. Entrepreneurs and business owners are better placed than governments to anticipate changing consumer preferences, and to generate or leverage new techniques of production or distribution. The government should consider broadening the criteria for small business participation in the Industry Growth Program to ensure that future opportunities for business transformation, productivity and economic growth are not foregone.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact the ASBFEO Policy & Advocacy team at [advocacy@asbfeo.gov.au](mailto:advocacy@asbfeo.gov.au).

Yours sincerely,

**The Hon Bruce Billson**

Australian Small Business and Family Enterprise Ombudsman