

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Supplementary Budget Estimates
2016 - 2017

Division/Agency: Markets Group
Question No: 458
Topic: Programs administered by the department – evaluation reports or program analysis
Reference: Written
Senator: Ketter, Chris

Question:

For every program administered by the department and all portfolio agencies within it, provide:

- 1) Copies of any evaluation reports or program analysis prepared by external advisers in the last five years;
- 2) Copies of any evaluation reports or program analysis prepared within the department in the last five years.

Answer:

Australian Small Business Advisory Services (ASBAS)

- 1) Not applicable.
- 2) See attached 'Small Business Advisory Services Programme Review Report – October 2014 redacted'. Parts of this report have been redacted to protect the privacy of individuals and businesses named, and in circumstances where permission has not been obtained from third parties to make the information they provided public.

Small Business Support Line (SBSL)

Not applicable.

Commonwealth payments to the States and Territories

Not applicable.

The Department of the Treasury is responsible for facilitating the Commonwealth payments to the State and Territory Treasuries. However, in all but a few cases, policy responsibility for the programs under which these payments are made rests with the relevant agencies.

Payments to International Financial Institutions

Not applicable.

Other grant payments administered on behalf of the Australian Government

Not applicable.

Small Business Advisory Services Programme Review Report

October 2014

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Glossary

ABN	Australian Business Number
ABS	Australian Bureau of Statistics
BEC	Business Enterprise Centre
BECA	Business Enterprise Centres Australia
KPIs	Key Performance Indicators
CATI	Computer Assisted Telephone Interview
NEIS	New Enterprise Incentive Scheme
PBS	Portfolio Budget Statement
RBO	Registered Business Organisation
SBAS	Small Business Advisory Services programme
SBSL	Small Business Support Line
SMEs	Small and Medium Enterprises

Please note: All funding amounts referred to in this report are GST inclusive.

SBAS eligibility is broad, with advisory services available to small business intenders, start-ups, micro businesses and small businesses. The only requirement is that potential clients meet the definition of a small business of less than 20 full-time equivalent employees.

The success stories that appear throughout the report are a typical use experiences or personas rather than verified case studies.

Executive Summary

Small businesses are a vital part of the Australian economy, accounting for around 97 per cent of all businesses and about 4.5 million private sector jobs in Australia. Approximately 61 per cent of all businesses in Australia had a turnover of less than \$200,000 in 2012-13 (almost 1.3 million businesses)¹.

The Small Business Advisory Services (SBAS) programme is part of a complementary suite of Australian Government programmes designed to help small businesses increase their uptake of new technologies, build their skills and capabilities to overcome market failures and disruptions caused by unexpected shocks, such as a downturn in the economy or a natural disaster. Following the Federal election in 2013 the Abbott Government redesigned the suite which is represented in **Appendix One**.

The objective of the SBAS is to improve the ability of established not-for-profit small business advisory services that are providing low cost advisory and information services to assist small businesses, including new start-up businesses, build productivity and growth through the provision of low cost advisory services.

A total of \$49.26 million was allocated to the SBAS programme over the period 2008 to 2012. A further \$27.5 million was earmarked for the period 2012 to 2016. Currently, with a programme budget of approximately \$6 million per annum SBAS facilitates the provision of around 25,000 small business advisory services to small businesses every year.

Since its commencement in 2008, SBAS has delivered over 449,984 business advisory services to over 226,973 small business operators and intenders across a range of industry sectors in both metropolitan and regional locations. SBAS has evolved over time and has provided additional advisory services specifically to help small businesses respond to the Global Financial Crisis and the effects of natural disasters

The timing and nature of this Review is consistent with the Australian Government requirement for programmes to be reviewed every three to five years. Following the SBAS Review in 2011, the policy underpinning the SBAS programme was redesigned in the May 2012 Budget process. The first business advisory projects to be funded under the new SBAS programme policy commenced in January 2013 and will continue until December 2014.

A common theme in the Review consultations was that small business owners know the product or service side of their business but do not have the knowledge and expertise to manage all of the operations of their business effectively. Small businesses often have limited time, resources and financial capacity to search for and locate low-cost advice that is relevant to their business operations. The SBAS programme continues to help overcome small businesses' lack of awareness of the value, or potential benefits, of seeking and accessing business advisory services and the churn in the market associated with small businesses exits and the consequent loss of wellbeing.

Small businesses have been positive about the benefits they received from using SBAS. A survey of small businesses conducted as part of this Review reported that over 81 per cent of surveyed participants indicated that the advice they received had helped them make better business decisions. Of these 63 per cent indicated that the advice had led to improved productivity and 62 per cent indicated that it had helped them to save time and money. In addition, 65 per cent of participants said that the advice had improved their viability and profitability. A further 70 per cent of surveyed small businesses stated they would recommend this type of programme to other small businesses. Success stories, throughout the report, provide further evidence of the success of the programme.

¹ ABS Cat No. 8165.0 - *Counts of Australian businesses, including entries and exits*, June 2009-June 2013.

The survey also found that 24 per cent of SBAS assisted participants thought that the service had assisted the development of their marketing and business management skills; 40 per cent indicated that the advice had helped raise their revenue and sales and 39 per cent indicated that their businesses had expanded as a result of the advice they received.

Stakeholder consultations indicated that the level of awareness of SBAS was low. Where there was awareness of the programme, concerns about the potential to conflict with state programmes (Department of State Growth TAS and NSW Director, Small Biz Connect) and/or the lack of targeting for particular industry sectors (Housing Industry Association (HIA)) were identified.

The Review found that, while the SBAS programme is easy to access, the time poor characteristics of small businesses continues to affect their ability to seek advice. Survey results indicated that 84 per cent of participants who did not access SBAS services did not do so because of a lack of time or money; yet 60 per cent of those who did access SBAS services thought they were value for money. This lack of knowledge about the quality and value of advice provided through SBAS means that many small businesses may be missing out as they would be unlikely to pay to access private providers of advisory services.

For almost three in four (71 per cent) respondents to the survey from the broader small business community did not have the funds to invest in advice and training and found cost a barrier. Over one in four (29 per cent) of them did not feel that they would get value for money from the advice or training they sought.

To remove the cost barrier over one in two (56 per cent) of respondents from the broader small business community would be prepared to repay the cost at a time when business profits increased. Willingness to adopt this payment model was higher among those who had received advice from SBAS with 78 per cent prepared to repay the cost at a time when business profits increased.

The Review has identified aspects of the programme that could be enhanced to better target and deliver small business advisory services. Competitive, merit-based funding rounds that are guided by the principles of need and demand are imperative to ensuring an optimal allocation of government funds.

The Review concluded that the existence of market failure and social equity factors within the Australian economy were indicators of the need for the continuation of a low cost small business advisory services that provide face-to-face training and mentoring in marketing and business management skills. The Review identified that there would be value in targeting these services to small businesses in the regions where greater collaboration with successful private sector organisations would serve to develop innovative service delivery.

The Review team also found that the current flexibility of the SBAS, as demonstrated by the additional SBAS rounds (**Appendix Two** refers), has enabled the Australian Government to respond to unanticipated demand for advisory services. This responsive and effective approach to the delivery of small business advisory services has provided an appropriate companion to the small business advisory services offered by the Department of Industry. It is likely to continue to do so if aligned with the new streamlined single business service delivery initiative which was launched on 1 July 2014, as part of the Entrepreneurs' Infrastructure Programme.

Findings

1. The Review team found that the objectives of the SBAS programme remain appropriate and relevant to assisting small and micro businesses alleviate the consequences of a lack of access to information and business management advice.
2. A survey of small businesses who participated in the SBAS programme indicated that the provision of low cost advice and training was effective in 65 per cent of cases in building productivity and sustainability. More than half of these small businesses were much more likely to anticipate an increase in revenue than those who had not benefited from the Programme.
3. The survey also noted that business advice and training can play a crucial role in ensuring the viability of a small business and that the SBAS programme has succeeded in providing a perceived low cost and a high value for money service (57 per cent).
4. Small businesses who had participated in SBAS delivered advice and training identified the need for additional assistance to a far greater extent (78 per cent) than those from the broader small business community who had not participated (49 per cent). This may indicate Australian small business operators continue to be unaware of the benefits that can be gained by accessing business advisory services to improve their business capabilities.
5. The majority of surveyed small businesses who obtained advice under the SBAS programme reported significant/moderate improvement in the skills for which they have they have been trained (marketing 83 per cent and business management 87 per cent).
6. While current providers are delivering training and advice which broadly aligns with small business needs, improvements could be made SBAS by better tailoring advice for small businesses. 23 per cent of providers surveyed thought that a more personalised service with more one-on-one support and mentoring was desirable and 15 per cent felt that the service needed to be better tailored to their specific business or industry. 25 per cent of SBAS assisted small businesses thought that personal interaction was the most liked part of the programme. 63 per cent liked the knowledge, direction and the guidance of the presenters.
7. Cost, relevance and time remained the biggest barriers to small businesses participation in training and information seeking. Of those surveyed for the Review, time (47 per cent) and relevance (44 per cent) were the major reasons for not participating. 84 per cent from the broad business community reported either time or cost as a barrier.
8. Strategies could be put in place to encourage small business participation in SBAS. Automated online solutions to training and advice are likely to be accepted by some small businesses. 40 per cent of those who had been through an SBAS programme were likely to undertake online training in the future compared with 28 per cent of the broad small business community.
9. The SBAS programme had an overall positive effect on those who participated in it but knowledge of the programme was poor, even amongst those who had benefited from it. Only 44 per cent of those who participated in the survey were aware of it.
10. The flexibility of the programme has enabled support to be provided to small businesses as a result of unanticipated economic shocks.
11. The SBAS programme receives a high level of support from participants and a significant majority (70 per cent) would recommend this type of programme to other businesses.
12. While there is a high level of satisfaction with the programme amongst SBAS providers a number thought that the programme would be improved by the development of clearer KPIs and

milestones which would enable follow up of businesses, the number of jobs created and the partnerships formed.

13. The Review team found the SBAS programme to be a relatively low risk initiative. The lack of awareness of the programme presents a double edged sword for government however, as greater awareness of the programme will create greater demand. The capacity of the Programme funds to meet this increased demand will be limited. As a result, better targeting of the Programme is warranted.
14. The Review found that the percentage of AusIndustry funds spent on administering the SBAS programme was unsustainably high; being over 10 per cent of the total costs of the programme.

Recommendations

1. Given the continuing appropriateness of the SBAS programme, it should be retained to provide low cost business advisory services designed to improve underdeveloped skills and capabilities in the small business sector throughout Australia.
2. Advisory services to small and micro businesses and business intenders located in regions that currently have a high demand for, but limited access to, such services should be a priority under the SBAS programme.
3. The Treasury and the Department of Industry should identify indicators or measures of good advisory service provision and areas or regions of highest need.
4. The next SBAS funding round should focus on problem solving advisory services in the following areas: accounts and financial literacy, marketing and business planning, employment and skills development, management capabilities and digital engagement.
5. SBAS's KPIs and data collection methodologies should be redefined in order to more accurately measure the programme's effectiveness.
6. Consideration should be given to undertaking a longitudinal study to examine the linkages between small business growth and confidence, enhanced skills and knowledge, increased access to advisory services and the viability of small business operations.
7. The SBAS programme should be integrated with the Entrepreneurs' Infrastructure Programme (EIP) and marketed as part of a continuum of services designed to improve business growth and development opportunities as well as resolve issues faced by their businesses. Any targeted marketing campaign to improve small business' awareness of the SBAS programme should highlight the 'value adds' businesses have gained from participating in it.
8. Automated online solutions to training and advice being offered through the single business service initiative should be integrated with those being offered by the SBAS programme and the universal component of the Entrepreneurs' Infrastructure Programme (EIP).
9. A competitive, merit-based process, including periodic funding rounds allowing for a fair allocation of resources and greater scrutiny of provider performance should underpin the SBAS programme. Small business operators should be directed to specialised private sector advice where specialist SBAS services are unavailable.
10. The SBAS programme should retain sufficient flexibility to respond to the needs of small businesses that experience the consequence of natural disasters or unpredicted economic shocks.
11. Current administrative costs associated with supporting the programme should be reviewed with a view to their sustainability.

1. Introduction

Small businesses are a vital part of the Australian economy, accounting for over 97 per cent of all businesses and about 4.5 million private sector jobs in Australia. Approximately 61 per cent of all businesses in Australia had a turnover of less than \$200,000 in 2012-13 (almost 1.3 million businesses).

The Australian Government is committed to support a more successful small business sector, by providing advisory and information services to improve their productivity, competitiveness and growth. The Small Business Advisory Services (SBAS) programme, originally known as the Business Enterprise Centre (BEC) Initiative, was announced during the 2007 election by the then Labor Opposition. The programme aims to help small businesses, including new start-up businesses, build productivity and growth through the provision of low cost advisory services.

This is the second review of the SBAS programme, the first occurred in 2011. The timing and nature of this Review is consistent with the Australian Government requirement for programmes to be reviewed every three to five years. Following the initial review in 2011, the policy for the SBAS programme was redesigned in the May 2012 Budget process. The first business advisory projects to be funded under the new SBAS programme policy commenced in January 2013 and will continue until December 2014.

By nature the Australian small business sector is dynamic, with large numbers of start-ups and closures each year. The productivity and competitiveness of the sector could be significantly improved by enhancing the skills and capability of small business operators.

The process of engaging professional advisory services itself may be a challenge for new and struggling small businesses. Underdeveloped skills and capabilities in the small business sector can be stimulated by the provision of low cost business advisory services to more small businesses throughout Australia.

Small business operators are often unaware of the potential benefits and growth opportunities for their business that can be gained by accessing business advisory services, in terms of improving their business capabilities and solving problems faced by their businesses.

This lack of awareness about the quality and value of advice means that small businesses are less willing to seek out and pay for access to private providers of advisory services. The characteristics of small businesses amplify the effect of this unawareness issue, as small businesses often have limited time, resources and financial capacity to search for low-cost advisory services.

Many small businesses have underdeveloped business management skills. According to the Insolvency and Trustee Services Australia, “lack of business ability” was the fifth highest business related cause for bankruptcy. Reviews of small business literature suggest that management inefficiency / inadequacy is one of the underlying root causes of small business failure. International literature reflects the Australian experience, with Dun & Bradstreet reporting in the early 1990s that 88.7 per cent of all small business failures in the US were due to management mistakes.

OECD research indicates that upgrading the skills of all types of workers, including managers, is central to firm performance in knowledge-based economies. The quality of management is particularly important for small and medium-sized enterprises (SMEs), which must be able to adapt quickly to evolving markets and changing circumstances, but which often have limited resources.

Anecdotal evidence suggests that the ability to access tailored information, advice, knowledge and experience enhances the likelihood of businesses being able to achieve sustainability, productivity and growth. The 2011 Review of the SBAS programme found that the programme is addressing an identified and continuing need for the Australian Government to provide low cost small business advisory services. Review consultations revealed that access to low cost general face-to-face business advisory services is

critical to the viability and prosperity of small businesses. Almost 90 per cent of surveyed SBAS programme participants reported that they would recommend this type of programme to other small businesses.

In light of increasing pressures on businesses to adapt quickly to changes in their operating environment, small businesses need help to manage successfully and to capitalise on new opportunities. The SBAS programme provides business operators with low cost business advice, including tailored knowledge and recommendations about government programmes and services that meet their specific business needs.

1.1 Terms of Reference

The Review Terms of Reference are at **Appendix Three** and were developed in accordance with the Department of Finance Expenditure Review Principles. The Terms of Reference were approved by the SBAS Reference Group on 20 March 2014.

1.2 Acknowledgements

The Review team would like to thank all stakeholders for their cooperation and contribution, and staff from the Department of Industry (AusIndustry) and the Treasury (Small Business, Competition and Consumer Policy Division), whose efforts contributed to the accuracy and quality of the report.

SUCCESS STORY:

This page has been redacted to protect the privacy interests of the individuals and businesses named.

2. Review Methodology

In order to address the Review themes (appropriateness, effectiveness, efficiency and integration) it was necessary to obtain information on programme inputs, activities, outputs and outcomes. This information was obtained through:

- collection and analysis of data from within the Treasury and AusIndustry (Department of Industry), particularly periodical reports provided by the service providers;
- desktop research and literature review;
- assessment of programme logic, including review of assumptions;
- engagement of an independent consultant to conduct a survey to gauge the views of small businesses (820 SBAS participants and 350 businesses from the broader small business community), and
- consultations with stakeholders, service providers, industry representatives, Commonwealth agencies and state and territory governments.

2.1 Governance of the Review

A reference group was established to provide oversight and direction for the Review. The reference group's role was to ensure that all the terms of reference were addressed and that appropriate methodologies were used to provide evidence for the conclusions drawn in this report. The reference group comprised:

NAME	DEPARTMENT	DIVISION	TITLE
██████████	Department of Industry	AusIndustry	General Manager
██████████	Department of Industry	AusIndustry	Manager
██████████	Department of Industry	AusIndustry	Assistant Manager
██████████	Department of Industry	Corporate	Manager
██████████	Treasury	Small Business, Competition and Consumer Policy	Principal Adviser
██████████	Treasury	Small Business, Competition and Consumer Policy	Manager
██████████	Treasury	Small Business, Competition and Consumer Policy	Analyst

2.2 Project team

The Treasury had responsibility for drafting the Review report with input from the reference group and the independent consultant relating to the end user survey.

The Review team comprised policy and programme officers from the Small Business, Competition and Consumer Policy Division (The Treasury).

2.3 Scope

The Review focused on the performance of SBAS projects that commenced between 1 July 2011 and March 2014. The Review examined the performance of the SBAS programme against the criteria of appropriateness, effectiveness, efficiency, integration, performance assessment and strategic policy alignment. A particular focus was placed on the following four initiatives: Natural Disaster Assistance; Small Business Advisory Services 2012; Business Coaching and Mentoring, and Queensland Natural Disaster Assistance.

2.4 Research and analysis

In reviewing the performance of the SBAS programme against the Department of Finance Expenditure Review Principles², evidence was gathered and analysed to assess the extent to which the programme has achieved its policy objectives.

The Review addressed the Terms of Reference by gathering data through three processes: a desktop research and literature review, stakeholder consultation and a survey of small businesses by an independent consultant.

2.4.1 Desktop review

The Review undertook desktop research and a literature review to analyse information and data on small business policy and programmes. Data was collated from available documents including: relevant Treasury and Department of Industry files and other programme related documents; AusIndustry quarterly SBAS summary reports; various small business surveys; policy and other announcements from the Australian Government; and recent research and data on the small business sector of the economy, including Australian Bureau of Statistics (ABS) data.

At 30 June 2013 there were over two million actively trading small businesses in Australia. Small businesses represented over 97 percent of all businesses in Australia and are represented in all business sectors. Since 30 June 2010, active small business numbers have fallen 2.27 per cent (47,118) small businesses. Additionally, during the period of 1 July 2012 - 30 June 2013, small business numbers recorded a negative growth rate of 2.97 per cent.

Since 30 June 2010 small business entries have fallen 30.23per cent. For the period of 1 July 2012 - 30 June 2013, small business entries recorded a negative growth rate of 16.86 per cent. Over the four year period of 2009-10 to 2012-13 small business entries recorded an overall negative growth rate of 30.23 per cent³.

² <http://www.finance.gov.au/budget/budget-process/expenditure-review-principles.html>

³ Statistics sourced from the Australian Bureau of Statistics (June 2013), the Australian Financial Security Authority June 2012), and the World Bank *Doing Business* Reports

At June 2013, small businesses were employing around 4.5 million Australians, which accounted for about 43 per cent of private sector employment. While small businesses were found in all industry sectors and across the supply chain, the sectors with the highest level of small business employees include construction, professional, scientific and technical services and retail trade.

Small business contributed around 33 per cent of private⁴ industry value added (IVA) in 2012-13. IVA or business output is the measure of the contribution by businesses in each industry to gross domestic product.

Upgrading the skills of all types of workers, including managers, is central to firm performance in knowledge-based economies. The quality of management is particularly important for small and medium-sized enterprises (SMEs), which must be able to adapt quickly to evolving markets and changing circumstances, but which often have limited resources⁵.

Research and feedback from stakeholders (such as the OECD, industry associations, and academics) indicates that the following capability issues are present in the Australian small business sector: management capability; financial management; digital engagement and Innovation uptake/development.

According to the Insolvency and Trustee Services Australia (ITSA) Profiles of Debtors report of 2011, "lack of business ability" was the fifth highest business related cause for bankruptcy⁶. Previous reviews of small business literature suggest that management inefficiency / inadequacy is one of the underlying root cause of small business failure, and therefore probably a significant cause of many of the challenges facing small business⁷.

Research suggests that 90 per cent of business failures are due to management inadequacy (48 per cent incompetence and 42 per cent inexperience)⁸. International literature reflects the Australian experience, with Dun & Bradstreet⁹ reporting in the early 1990s that 88.7 per cent of all small business failures in the US were due to management mistakes.

It has been estimated that two thirds of small business failures in the United Kingdom (UK) are due to the incompetence of the owner-manager¹⁰. The identified problems cover behavioural issues, a lack of business skills, a lack of specific technical skills, and marketing myopia. The end result is that many small business owners fail to conduct formal strategic planning in a meaningful way. In fact, many fail to conduct any planning; others may fail to conduct operational planning, such as marketing strategies¹¹.

These underdeveloped management skills within small businesses can partly be attributed to a wide range of management functions such as sales, marketing, bookkeeping and human resources management, often being exercised by just one person. The majority of small businesses (61 per cent) are non-employing businesses and operate as either sole traders or partnerships¹². A common theme in the 2011 SBAS programme consultations was that small business owners know the product or service

A small business entry and exit statistic in the business register does not necessarily represent a business start-up or a business failure. There are a number of reasons why a business may enter or exit a specific category, including the sale of a business or changes to a business structure. Either of these occurrences would result in a business entry/exit statistic, but neither would count as a business start-up or failure.

⁴ Private sector excludes financial and insurance services and the general government component of public administration and safety, education and training and health care and social assistance.

⁵ <http://www.oecd.org/cfe/smes/2492440.pdf>

⁶ Insolvency and Trustee Services Australia (ITSA) Profiles of Debtors report – 2011 – figure 6:
<https://www.afsa.gov.au/resources/statistics/profiles-of-debtors-documents/profiles-of-debtors-2011>

⁷ Failure and Assistance of Small Firms, Roffle Peacock 2000

⁸ Perry, C & Pendleton, W (1991), Successful Small Business Management, Pitman Publishing, Longman Cheshire, Sydney.

⁹ Small Business Preventing Failure – Promoting Success, Small Business Development Center:

<http://frrl.files.wordpress.com/2010/08/small-business-preventing-failure.pdf>

¹⁰ Graham Beaver, "Small Business: Success and Failure," *Strategic Change* 12, no. 3 (2003): 115–22:
<http://web.b.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=3&sid=22673e7f-5d26-43ca-abd6-e8e72f338923%40sessionmgr114&hid=113>

¹¹ Cadden, D. T. & Lueder, S.L. (2013), Small Business Management in the 21st Century:

http://catalog.flatworldknowledge.com/bookhub/reader/2861?e=cadden_1.0-ch01_s02

¹² ABS Counts of Australian Businesses, Including Entries and Exits, June 2009-2013 – 8165.0, Table 13 p22

side of their business but do not have the knowledge and expertise to manage the operations of their business effectively.

This lack of information about the quality and value of advice means that small businesses are less willing to pay to access private providers of advisory services^{13,14}. These findings are consistent with the findings of a British Government study that examined the demand for mentoring among SMEs in the UK¹⁵. Specifically, the study found that there was evidence of a market failure, in that a third of all SMEs reported that there was a time when they would have benefited from a mentor, yet they had never used one.

A form of market failure occurs when businesses (or consumers) possess insufficient information about important factors such as price, product quality or industry capability that would enable them to make appropriate decisions. Small business operators, in particular, are often both unaware of the value or the potential benefits to themselves from seeking and accessing business advisory services in terms of improving their capability to run their business (such as business management skills).

The characteristics of small businesses amplify the effect of this lack of awareness issue, as small businesses often have limited time, resources and financial capacity to search for and locate low-cost advice that is relevant to their business operations.

The transaction costs of searching and locating information are high for small businesses due to the owner-operator management structure that is common in the sector – with 61 per cent of all small businesses being non-employing businesses¹⁶. Small businesses do not have the resources to maintain internal accountants and solicitors and usually have to seek advice from external sources.

As outlined above, small businesses are less aware of the benefits they would obtain from management training and few see training as a strategic tool. Further, due to higher turnover in managerial staff, small businesses may not realise the same benefits from training investments as larger firms. Since private training providers must group a number of SMEs together to realise scale economies, such generic training may also be of more limited value to a small businesses than to a larger firm receiving more targeted courses¹⁷.

Relevant sources of information and advice for small business are numerous and diverse which necessitates more time to be devoted by small businesses to accessing this information¹⁸. The process of engaging professional advisory services may itself be a challenge for many new small businesses.

Financial management

A major cause of small business failure is financial management. Many small business owners initially underestimate the amount of capital that should be available for operations, which may explain why most small firms that fail do so within the first few years of their creation¹⁹. The failure to start with sufficient capital can often be attributed to the inability of the owner to acquire the needed capital. It can also be due to the owner's failure to sufficiently plan for their capital needs. Cash-flow management, specifically, has been identified as a prime cause for failure²⁰. Good cash-flow management is essential for the survival of any firm, but small firms in particular must pay close attention to this process. Small

¹³ Small Business Advisory Services (SBAS) Review Report, November 2011 (not publically released)

¹⁴ <http://www.oecd.org/cfe/smes/2492440.pdf>

¹⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263226/demand_for_mentoring_among_SMEs.pdf

¹⁶ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8165.0>

¹⁷ <http://www.oecd.org/cfe/smes/2492440.pdf>

¹⁸ Small Business Advisory Services (SBAS) Review Report, November 2011 (not publically released)

¹⁹ Cadden, D. T. & Lueder, S.L. (2013), Small Business Management in the 21st Century:

http://catalog.flatworldknowledge.com/bookhub/reader/2861?e=cadden_1.0-ch01_s02

²⁰ Rubik Atamian and Neal R. VanZante, "Continuing Education: A Vital Ingredient of the 'Success Plan' for Business," Journal of Business and Economic Research 8, no. 3 (2010): 37–42: <http://journals.cluteonline.com/index.php/JBER/article/view/687>

businesses must develop and maintain effective financial controls, such as credit controls²¹. For very small businesses, this translates into having an owner who has at least a fundamental familiarity with accounting and finance²². As outlined above, small businesses are less aware of the importance of financial management skills to the viability of their business, and in turn the benefits they would obtain from seeking advice on this issue.

Digital engagement

The results of the Australian Bureau of Statistics' (ABS) annual *Summary of IT Use and Innovation in Australian Business, 2011-12* survey reveal that Australian small businesses are still moving slowly when it comes to engaging online^{23, 24}. While 91.9 per cent of all Australian businesses had internet access, only 41.6 per cent of small businesses (0-19 employees) have an online presence. In contrast 97.0 per cent of large businesses (200+ employees) have an online presence.

Part of the reason for this relatively low level of digital engagement is that small business operators are often time and resource poor. They often dedicate their scarce time and resources to focusing on their day-to-day core activities. Many are not able to invest sufficient time and resources toward identifying digital opportunities to improve their small businesses, or are sceptical about the return on investment from digital activities²⁵.

This effect is compounded by the rapid evolution of digital and online products and services, including new hardware options and more efficient software applications. A survey conducted by Optus in 2011 found that 43 per cent of businesses experienced difficulty in keeping up with technology developments²⁶. Evidence suggests that market-driven IT providers are not adequately supplying small business operators with essential information at an affordable price, which results in delayed adoption of new technology and business models across the Australian small business sector.

The Deloitte Access Economics report, *Connected Small Business: How Australian Small Businesses are Growing in the Digital Economy (2013)*²⁷ (the *Deloitte's Report*) indicated that many small businesses²⁸ are not establishing digital strategies and this could largely be explained by a lack of awareness of the importance of the internet along with the lack of skills or funding. The report recommended that educating small businesses on the importance of digital engagement is the "first step to convince the sceptics".

The lack of awareness of these opportunities results in small business operators' under-utilising and under-investing in digital and online aspects of their business. Figures from the Deloitte's report indicate that only 16 per cent of small businesses have high digital engagement, with more than one-third of businesses (35 per cent) using virtually no internet at all (typically only using email).

There are currently significant opportunities available to small businesses from increased digital engagement. For example, the Deloitte's Report²⁹ found that small businesses that are highly engaged

²¹ Cadden, D. T. & Lueder, S.L. (2013), *Small Business Management in the 21st Century*:

http://catalog.flatworldknowledge.com/bookhub/reader/2861?e=cadden_1.0-ch01_s02

²² Hugh M. O'Neill and Jacob Duker, "Survival and Failure in Small Business," *Journal of Small Business Management* 24, no. 1 (1986): 30–37: <http://web.a.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=10&sid=cb058ae0-63e5-4bdc-b851-2488046e1e41%40sessionmgr4001&hid=4101>

²³ <http://www.abs.gov.au/ausstats/abs@.nsf/latestProducts/8166.0Media%20Release12011-12>

²⁴ <http://www.digitalbusiness.gov.au/2013/07/02/latest-abs-statistics-many-australian-businesses-still-not-engaging-online/>

²⁵ http://www.deloitte.com/view/en_au/au/353dcb8dd760e310VgnVCM1000003256f70aRCRD.htm

²⁶ <http://www.optus.com.au/aboutoptus/About%2BOptus/Media%2BCentre/Media%2BReleases/2011/Australian%2BSMBs%2Bmust%2Bkeep%2Bpace%2Bwith%2Bconsumers%2Bin%2Bdigital%2Bworld>

²⁷ http://www.deloitte.com/view/en_au/au/353dcb8dd760e310VgnVCM1000003256f70aRCRD.htm

²⁸ Note – the *Connected Small Businesses* research survey analysed a sample of 500 Australian businesses with 1-100 employees. The ABS defines small business as those with up to 19 employees and medium size businesses as those with between 20 and 199 employees. For simplicity, the report refers to all businesses in the survey as 'small businesses', even though 9% have more than 20 employees.

²⁹ http://www.deloitte.com/view/en_au/au/353dcb8dd760e310VgnVCM1000003256f70aRCRD.htm

with the web are two times more likely to be growing and earn two times more revenue per employee than those with low engagement.

In particular, there are opportunities for small businesses to facilitate business engagement with new and existing customers who are becoming increasingly connected 24/7 through smart phones and other digital small screen devices. Australia ranks fourth globally for the number of active iOS (Apple) and Android (Google) devices per-capita; with 79 iOS or Android tablets and smartphones in circulation for every 100 adults, as at July 2012³⁰. In particular, smartphone penetration of the Australian mobile subscriber base has grown significantly to an estimated 84 per cent in 2013 from just 19 per cent penetration in 2007, according to the Australian Mobile Phone Lifestyle Index³¹, published by Australia's digital industry association, the Digital Industry Association for Australia (AIMIA).

In addition, Social Media is now ubiquitous with over 11 million active Australian Facebook users (approximately 50 per cent of the Australian population) and six other social networks with over one million active users³². This creates significant opportunities for small businesses to interact with existing and potential customers.

ABS data³³ also indicates that while the proportion of Australian businesses *placing* orders online is increasing (up from 50.8 per cent in 2010-11 to 55.3 per cent in 2011-12), the proportion of businesses *accepting* orders online remained almost unchanged (down from 28.0 per cent in 2010-11 to 27.8 per cent in 2011-12). When this statistic is considered in conjunction with the fact that income earned from online orders by Australian businesses is increasing (up from \$188.7 billion in 2010-11 to \$237.1 billion in 2011-12), it suggests that those businesses that continue to not accept orders online are missing out on a significant opportunity to generate income. Specifically, the ABS data indicates that micro businesses (0-4 employees) are the main business size missing out on this opportunity; with only 23.4 per cent of micro businesses accepting orders online compared to 40 per cent of large businesses.

For small businesses with low to medium digital engagement there is significant 'low hanging fruit' in terms of simple actions they can take to capitalise on the above opportunities and, in turn, increase their growth expectations. Such actions include establishing a website or social media presence, and engaging in more sophisticated digital marketing strategies – such as Search Engine Optimisation or Search Engine Marketing³⁴. The Australian Department of Communications currently delivers programmes to assist small businesses to undertake such actions and capitalise on these growth opportunities; primarily through the Digital Enterprise and Virtual Advisor programmes.

There are also significant untapped opportunities for small businesses in terms of growing and diversify their revenue sources through the uptake of more innovative digital technologies and systems. When implementing digital strategies many small businesses are initially motivated by cost considerations. Once small businesses have implemented digital strategies that capitalise on the 'low hanging fruit', the biggest long-term impacts of digital engagement are on revenue growth and diversification. In particular, highly digitally engaged small businesses are more likely to be diversifying their revenue sources by reaching new customers in local, national and global markets, and offering new innovative products and services, than small businesses that are not digitally engaged³⁵.

Given the potential economic benefits of this untapped opportunity, there may be a role for the Australian Government to help small businesses to increase their digital engagement by supporting their uptake of innovative digital technologies and systems. In particular, facilitating small businesses to diversify their revenue sources by using digital innovations to offer new products and services and reach new customers in local, national and global markets. The facilitation of revenue source diversification would ultimately help improve the long term sustainability of small businesses.

³⁰ [www.businessinsider.com/document/.../bii_australia_2013%20\(1\).pdf](http://www.businessinsider.com/document/.../bii_australia_2013%20(1).pdf)

³¹ http://www.aimia.com.au/enews/AMPLI/AMPLI%202012%20Report_FINAL_upd_Oct.pdf

³² <http://frankmedia.com.au/2013/05/01/social-media-statistics-australia-april-2013/>

³³ <http://www.abs.gov.au/ausstats/abs@.nsf/latestProducts/8166.0Media%20Release12011-12>

³⁴ http://www.deloitte.com/view/en_au/au/353dcb8dd760e310VgnVCM1000003256f70aRCRD.htm

³⁵ http://www.deloitte.com/view/en_au/au/353dcb8dd760e310VgnVCM1000003256f70aRCRD.htm

Stimulating innovation

Innovation is central as a driver of productivity growth over the long term. It can lift productivity whenever it has a practical use in industry and is genuinely new. It can take many forms, including the adoption of new technology, modification of an existing one, the application of a new idea, to name just a few. Innovative businesses can boost their productivity by, for instance, transforming their capabilities, collaborating with suppliers and peers, adapting existing technologies and processes to new uses or creating customised solutions to meet customers' needs³⁶.

Quite a lot of innovation is incremental (for example, the evolution of mobile phones to smart-phones). Much less frequently it can also be radical, in the sense that it introduces a truly revolutionary step change in production possibilities (for example, the invention of the combustion engine, electricity, air travel, the microprocessor, and more recently the Internet). Radical innovation can become a platform for many subsequent incremental improvements³⁷.

Innovation is a lot more than a linear progression from scientific research to discovery to technological improvements to finished products and their diffusion in society³⁸. It is a broad phenomenon that entails the complex interaction of human ingenuity, creativity and talent in the process of discovering new practical applications of knowledge. In terms of wellbeing, it involves the deployment of new ideas to production and all areas of life in society that boosts living standards. Recent thinking on innovation recognises the role of intangible capital (or knowledge-based capital) a major driver of productivity growth³⁹.

These forms of capital allow businesses to compete less on price and more on value (for example, on various product characteristics such as quality, reliability, sustainability, differentiation, brand image—all of which motivate customers to pay a higher price). Competing on value, rather than price, and occupying high-value market niches, is likely to become increasingly important for the success Australia's businesses going forward with the rapid rise of lower cost foreign producers (particularly from Asia) and increased contestability in domestic and foreign markets⁴⁰.

The results of the ABS *Selected Characteristics of Australian Business, 2011-12*⁴¹ survey reveals that in 2011-12, 58 per cent of small businesses do not consider innovative business practices to be a priority, compared to 29 per cent of larger businesses – see Figures 1 & 2. This lack of consideration of innovation measures is again likely due to small business operators being less aware of the importance of innovation to the viability of their business, and in turn the benefits they would obtain from seeking advice on this issue.

Given the potential economic benefits of uptake and development of innovation, there may be a role for the Australian Government in terms of helping small businesses to increase awareness of the benefits of innovation to the business operations. Initially such support could be focused on innovation types which are less complex to implement, such as the adoption of new technologies.

³⁶ <http://www.innovation.gov.au/industry/ReportsandStudies/Documents/DemystifyingProductivity.pdf>

³⁷ Gordon, R. J. (2012) Is U.S. economic growth over? Faltering innovation confronts the six headwinds, National Bureau of Economic Research, (Working paper 18315, August 2012), Cambridge MA: <http://www.nber.org/papers/w18315.pdf>

³⁸ Ministerial report on the OECD Innovation Strategy: Innovation to Strengthen Growth and Address Global and Social Challenges, 2010: <http://www.oecd.org/sti/45326349.pdf>

³⁹ Barnes, P. and McClure, A. (2009) Investments in Intangible Assets and Australia's productivity Growth, Productivity Commission Staff Working Paper, Canberra: <http://www.pc.gov.au/research/staff-working/intangible-investment>

⁴⁰ <http://www.innovation.gov.au/industry/ReportsandStudies/Documents/DemystifyingProductivity.pdf>

⁴¹ <http://www.abs.gov.au/ausstats/abs@.nsf/Products/8167.0~2011-12~Main+Features~Business+Innovation?OpenDocument>

Summary

As outlined above, adequate management capability, financial literacy, digital engagement, innovation uptake are vital to the competitiveness, productivity and sustainability of small businesses. Australian small business operators have a demonstrated weakness in all of these business capabilities. This is largely due to small business operators being unaware of the importance of these capabilities to the viability of their business, and the benefits of seeking business advisory services to improve such capabilities. Further, the characteristics of small businesses amplify the effect of this unawareness issue, as small businesses often have limited time, resources and financial capacity to search for low-cost advisory services. This results in small businesses incurring a high transaction cost when seeking and accessing business advisory services.

To assist in achieving its small business policy objectives (to improve the competitiveness and productivity of small businesses), the Australian Government could seek to target these specific small business capability issues through the provision of specifically targeted low cost business advisory services.

Currently, the most appropriate mechanism for providing advisory services is the Australian Government's existing SBAS programme. Specifically, it has enabled the Minister for Small Business to provide a targeted and immediate response for businesses affected by a business shock, such as a financial crisis or natural disaster. For example in 2013, the Queensland Natural Disaster Assistance initiative was delivered through a competitive themed round of the Small Business Advisory Services program to assist small businesses located in Queensland that were directly or indirectly affected by ex-Tropical Cyclone Oswald.

The programme also incorporates a national interest provision that allows the Minister for Small Business (subject to availability of funding) to provide direct financial support to an eligible organisation for an ad-hoc National Interest project that is of a strategic, urgent or high impact nature. For example, the Australian Newsagents Association received a national interest grant for the Newsagent Transformational Change and Sustainability project.

The purpose of this grant was to assist in transforming the newsagencies affected by News Limited's pilot T2020 consolidation of distribution territories in southern Brisbane, from retail/distribution businesses into specialist retailers and logistics businesses.

A series of whole group seminars, small group workshops and one-on-one sessions focused on maximising the potential for in-store and retail best practice to ensure the sustainability of the businesses and their employees that will be most disadvantaged by the outcomes of the T2020 process

Business organisations funded under SBAS are not-for-profit and Australian Government funding is targeted at meeting unmet needs, directing services to where the highest level of need is demonstrated. The SBAS programme's policy rationale ensures that the potential benefits to small businesses are maximised and specific gaps in business advisory services are addressed. It also prevents any overlap or duplication with business advisory programmes administered by the state and territory governments.

2.4.2 Stakeholder consultations

Interviews and surveys were used to obtain stakeholder views on SBAS outcomes and other relevant information. A range of stakeholders were consulted during the Review including state and territory governments, industry associations and members of business communities.

Around 100 interviews were undertaken by the Review team. This was made up of:

- over 60 via telephone; and

- 32 via online survey.

A list of stakeholder organisations and responses is at **Appendix Four**.

2.4.3 Quantum Market Research Survey

The Treasury commissioned Quantum Market Research Pty Ltd to conduct a survey of the SBAS programme. The overall objective of this research was to assess whether the activity was the most appropriate, effective and efficient way to achieve the Australian Government's policy objectives and desired outcomes.

In addition, the research was intended to gauge awareness, knowledge and use of the SBAS programme among small business owners and managers; and determine the programme's impact on, and benefits to, small businesses that have and have not received assistance.

The specific objectives were to:

- Establish if the programmes offered provided an appropriate strategy/ delivery mechanism to address small business needs;
- Determine what alternative strategies are available to address the need or problem, and uncover any implications for future delivery of the programme;
- Ascertain the likely consequences of not addressing the need or problem;
- Assess whether the objectives of the SBAS programme are still appropriate or do they need further review;
- Determine to what extent the SBAS programme has met its objectives;
- Establish what outcomes the SBAS programme achieved against its key performance indicators;
- Identify any unintended consequences (positive or negative) of the programme, and
- Determine if the programme is consistent with the achievement of sustainable.

The survey questionnaire was developed by Quantum in consultation with Department of Industry and received approval from the Australian Bureau of Statistics' Statistical Clearing House (approval no. 02194-02). The final questionnaire and the Quantum's findings are tabled in **Appendix Five**.

The questionnaire was designed to ensure a minimal burden on the respondent and tailored to different audiences based on their personal experience of the programme. A control sample of the broader small business community was utilized, against which benchmarks could be drawn.

The survey sample consisted of two segments ('strata'):

- Strata A: Businesses who had received advice from SBAS, and
- Strata B: The broader small business community (control group).

Within Strata A there was a focus on the following four initiatives: Natural Disaster Assistance (NDA); Small Business Advisory Services 2012 (SBAS 2012); Business Coaching and Mentoring (BCM); and Queensland Natural Disaster Assistance (QNDA).

Strata B were drawn from a stratified random sample ensuring it covered the following Australian and New Zealand Standard Industrial Classification (ANZSIC) divisions: agricultural, forestry and fishing; mining; services and non-classified.

The questionnaire was administered through Quantum Market Research through Computer Assisted Telephone Interviews (CATI). The majority of the survey questions were force-choice questions. There were also some open-ended questions for respondents to elaborate on or comment on specific issues.

Key survey details:

Fieldwork timing and provider	2 June 2014 to 12 June 2014, interviews conducted by Quantum Market Research.
Sample selection method	<p>Strata A - not all customers who received advice from SBAS were approached to take part in the research which means that the survey was subject to statistical sampling error. The sample of 820 (out of the 9,729 listed program customers) provides a confidence interval of +/- three percentage points (pp) at the 90 per cent confidence level for the overall results. Where possible interview quotas for individual strata were set so as to ensure a confidence interval of no greater than +/-10pp at the 90 per cent confidence level. As quotas were set by programme and state, weighting was employed to ensure the total results reflected the true profile of small business participants who had received advice from SBAS.</p> <p>Strata B were drawn from a stratified random sample. Quotas were also set to ensure that those businesses who participated accurately reflected the size of small businesses. As quotas were set by industry, weighting was also employed to ensure the total results reflect the true profile of small businesses.</p>
Sample size and target segments	A total of 820 of interviews were conducted and assessed in Strata A (NDA 178; SBAS2012 508; BCM 76; QNDA 61) and 350 interviews in Strata B.
Total listed end users	Strata A – 8081 listed end users
Response rate	Strata A – 32 per cent
Confidence interval	+/- three percentage points at the 90 per cent confidence level

In summary, the **Quantum Market Research** survey results indicate that:

Small business growth

Over the 2013-14 financial year a greater proportion of the broader small business community experienced a decrease in revenue than those who experienced an increase. Despite this, the future outlook among this group was positive with only one in five (20 per cent) expecting a fall in revenue over the coming financial year.

Those having received advice from SBAS were more likely to anticipate an increase in revenue (69 per cent) than those from the broader small business community (36 per cent).

The majority who received assistance from SBAS intend growing their business over the next two years (71 per cent); this was significantly higher than the growth expected among the broader small business community (27 per cent). Future growth was most anticipated among those who participated in either the SBAS 2012 or the BCM initiative (76 per cent and 81 per cent respectively).

Attracting new customers and business development were the most commonly cited growth strategies for small businesses, highlighting the importance of providing effective sales and marketing training to the small business market.

Identified areas of assistance

Small businesses experienced a plethora of issues/challenges with operating costs and cash flow being the main issue/challenge noted. Given the day-to-day challenges such as these faced by small businesses it is important that any training or advice is low cost and provides a clear return on investment.

The identified need for business advice and training was greatest among those who have received assistance from the SBAS. The need for business management, finance and marketing are most prominent for both groups, in addition to financial management for those who have received assistance from SBAS. Marketing and business management advice was in greatest demand for small businesses who had undertaken training with an SBAS provider.

With regard to the most common topics of advice (marketing and business management) the SBAS programme positively impacted the vast majority who received advice. Around one in four reported significantly improved skills in these areas respectively (24 per cent business management and 25 per cent marketing).

The level of consideration or use of online training was significantly higher among businesses who had engaged with SBAS.

Around a third (34 per cent) of the broader small business community had undertaken online training compared to around half (49 per cent) of those who received assistance from SBAS. Among the broader small business community 46 per cent would not consider or were unlikely to undertake online training in the future.

Awareness

Awareness of the SBAS programme was low with under half (44 per cent) of respondents who were identified as participating in the SBAS programme aware of it. This is likely to be due to individual projects not actually referring to the SBAS programme specifically.

78 per cent of programme participants were aware that the services offered under the SBAS programme were subsidised by the Australian Government. Three in ten (30 per cent) of those in the broader small business community had heard of SBAS.

Of those who were flagged as receiving assistance from SBAS and who were aware of the SBAS programme, only 49 per cent recalled using services supported by SBAS programmes.

For the majority of broader small businesses who were aware of the programme it was not a conscious decision not to participate in a service delivered by the SBAS. Although for almost half, time and lack of relevance were key factors influencing their decision not to participate (47 per cent and 44 per cent respectively).

Clearly, one of the principle difficulties associated with marketing SBAS is the fact that the programme has no national framework. The lack of awareness found by the Quantum survey reflects this problem.

Value for money

One of the reasons for the low cost nature (rather than free) of the SBAS programme was to ensure uptake. The other was to ensure that businesses take the services provided seriously.

Quantum found that the perceived importance of business advisory services to the viability of a business differed by group, with those that had received assistance from SBAS having a heavy reliance on business advisory services (78 per cent feeling it was important) compared with the broader small business community where there was a greater polarisation in perceptions of importance (49 per cent important vs 51 per cent not important).

Programme costs were seen to be low by the majority of SBAS programme participants (57 per cent). A very small minority (3 per cent) felt the costs were high in relation to the provision of low cost business advisory services.

In terms of value for money of the business advisory services received, six in ten (60 per cent) felt that the value for money of the advice was high with only four per cent feeling the advice provided a low value for money. Of those in the broader small business community who were aware of the SBAS programme, 12 per cent recalled using services supported by it.

Advocacy for SBAS

The projects supported by SBAS received a high level of advocacy, with seven in ten (70 per cent) who participated in the SBAS programme likely to definitely recommend this type of program to other small businesses. Only three per cent of participants would definitely not recommend the type of programme to other small businesses.

Of those that would recommend, a wide range of positive comments were made about the SBAS programme. SBAS providers' expertise and knowledge in providing the advice and training stood out as a key reason for liking the service (36 per cent).

Over one in four (28 per cent) could not suggest any improvements to the SBAS programme. A more personalised service with more one-on-one personal support and mentoring was desired by just under a quarter (23 per cent) and over one in ten (15 per cent) felt that the service needed to be more tailored to their specific business or industry.

Time, cost and accessibility to training are the most prominent barriers to seeking advice or business training.

Is the SBAS Programme an appropriate strategy/ delivery mechanism to address any identified need?

The objectives of the SBAS Programme remain appropriate, and the variety of services offered by providers, were in-line with small business's needs.

Encouragingly the majority of small businesses who have obtained advice or undertaken training under the programme reported significant/moderate improvement in the skills they have been trained in (marketing 62 per cent; business management 64 per cent) and also report that the advisory fees were low (57 per cent).

Alternative strategies available to address the need or problem, and any implications for future delivery of the Programme

The current funding strategy is effective in ensuring providers are delivering training and advice themes and topics broadly aligned with small business needs.

Improvements can be made to the execution, delivery and communication of programme with particular focus on:

- raising awareness of the opportunities to participate among the broader base of small businesses;
- increased tailoring of content to specific businesses to ensure projects/activities meet participant's needs;
- increased one-on-one contact and mentoring by experienced and knowledgeable trainers;
- strategies to manage cost and time barriers to participation, such as removing the cost barrier by enabling businesses to repay cost at a time when business profits increased (appealed to 56 per cent of non-participants), and
- better communication of the impact of training and advice on future business productivity and sustainability.

With time and cost pressures potentially pushing providers to more automated/online solutions the level of personal guidance and support is likely to be compromised unless carefully managed.

The likely consequences of not addressing the need or problem

Business advice and training play a critical role in developing small businesses with 49 per cent of them feeling that businesses advisory services were extremely/somewhat important to the viability of their business.

Are the objectives of the SBAS Programme still appropriate or do they need further review?

The objectives remain relevant for the above reasons but further focus needs to be provided on tailoring advice for businesses.

Is the Programme consistent with the achievement of sustainable economic growth through improved productivity and competitiveness and to what extent has the SBAS Programme met its objectives?

For small businesses who participated in SBAS projects, SBAS provided low cost advice and training to assist in building productivity and sustainability effectively:

- 81 per cent felt that advice helped them make better business decisions;
- 63 per cent felt the advice helped them save time and money;
- 62 per cent felt advice directly improved productivity; and
- 57 per cent felt Program costs were low.

The programme has also succeeded in providing a perceived low cost (57 per cent of participants) and a high value for money service (60 per cent of participants) to those who have participated. It has a high level of advocacy (70 per cent would definitely recommend it) and a low frequency of suggested improvements (28 per cent could not recommend improvements) reaffirming its success among small businesses.

Unintended consequences (positive or negative) of the Programme

There was one observed unintended consequence of the programme. Very few participants were aware of SBAS (44 per cent). For future rounds of funding it may be appropriate to ensure that SBAS is co-branded through providers to communicate this heritage/association.

2.5 Previous evaluations

An evaluation of the SBAS programme was undertaken in 2011 as part of the then Department of Innovation, Industry Science and Research's (DIISR) 2010-11 Internal Audit Work Program. The objective of the audit was to assess the effectiveness of internal controls surrounding administration of grant programmes under both the initial BEC Initiative and the SBAS Global Financial Crisis initiative. The evaluation found that controls over receipt and assessment of grant applications had operated effectively. It also identified areas where control could be strengthened over reconciliations of programme payments and the preparation of grant administration procedures. All recommendations from the audit were accepted and implemented.

Following the initial Review of the SBAS programme in 2011, the policy for the SBAS programme was redesigned in the May 2012 Budget process. The first business advisory projects to be funded under the new SBAS programme policy commenced in January 2013 and will continue until December 2014.

The timing and nature of this Review is consistent with the Australian Government's requirement for programmes to be reviewed every three to five years.

SUCCESS STORY:

This page has been redacted to protect the privacy interests of the individuals and businesses named.

3. Small Business Advisory Services Programme

3.1 Programme mandate and funding history

In 2007, a \$42 million Business Enterprise Centre (BEC) Initiative was provided to deliver low cost advisory services to small businesses in the Labor election policy document '*Labor's Priorities for Australia's Future*'. The election commitment announced funding to 36 BECs across Australia totalling \$10.5 million per year, for four years, from 1 July 2008. The BEC initiative ended on 30 June 2012.

The Ministerial Guidelines governing the 36 BECs were approved by the then Minister for Small Business, Independent Contractors and the Service Economy, the Hon Dr Craig Emerson MP, on 9 May 2008. On 24 October 2008, the then government built on this initiative and announced an additional \$4 million in the 2008-09 and 2009-10 financial years to assist in responding to the Global Financial Crisis. The GFC's initiative ended on 31 December 2009.

The introduction of the \$4 million funding measure initiated changes to the structure of the BEC Initiative. The name was changed to the Small Business Advisory Services (SBAS) programme. The revised guidelines, approved by the then Minister for Small Business, Independent Contractors and the Service Economy on 7 November 2008, were developed to provide the policy framework for this programme. However the 36 BECs continued to be managed using the May 2008 Ministerial Guidelines that were in force when the funding agreements were signed.

Over the life of the programme, nine additional funding initiatives have been announced which together form the SBAS programme. These are outlined in **Appendix Four**. The third initiative was the addition of the Advance Cairns BEC in the 2010 election. The fourth initiative, the Natural Disaster Assistance initiative, was a specific response to the natural disasters of the summer of 2010-11. These were followed by the SBAS 2012 initiative, Home Business Kickstart Package (\$260,000), Business Coaching and Mentoring initiative (\$600,000) and the QNDA initiative.

Additionally, funding was identified for specific purpose initiatives under the SBAS program's National Interest provision from 2012 onwards; StartUp Queensland Initiative (\$200,000); Australian Newspaper Federation (\$50,000); and HomeBiz Connect 2014 (\$100,000).

A list of funded SBAS providers covered by the evaluation period is at **Appendix Six**.

3.2 Programme objectives

The objective of the SBAS programme is to maximise the sustainability, productivity and growth of small business through the provision of business advisory services. The programme aims to achieve this through expanding and strengthening the capacity of service providers to deliver low cost small business advisory services.

BECs and other registered business organisations provide appropriate skills development, advisory and information services to small business operators and intending operators. These include mentoring, business planning, legal and accounting referral services, staff training programmes, women and national referrals. Funding is to supplement, not replace, existing funding arrangements from other sources.

3.3 Programme elements

Two types of organisations have been funded under the SBAS programme:

1. Business Enterprise Centres (BECs)

BECs are community-based, not-for-profit business assistance organisations that are incorporated and supported by a local board of management. They are designed to facilitate the creation, retention and development of sustainable business enterprises and foster local economic development.

BECs are often funded through public-private partnerships with governments (Federal, state, territory and local), private enterprise and local communities across Australia.

2. Registered Business Organisations (RBOs)

Registered Business Organisations are incorporated, not-for-profit bodies whose fundamental function is to provide business advisory services, including to small businesses. These organisations may include, but are not limited to, Chambers of Commerce and community organisations.

4. Appropriateness

This principle addresses whether there is a role for government to fill a gap left by the market, and if there is a role, which level of government should undertake to meet that gap. In examining the appropriateness of the SBAS programme, the Review sought to determine:

- Is the policy rationale for the SBAS programme still valid?
 - Is the SBAS programme still needed?
 - What are the social equity and market failure considerations?
- Is the delivery mechanism appropriate in meeting the identified need? What are the likely consequences of not addressing the need or problem?
- Are there any implications for future delivery of the programme?
- Is the Australian Government the most appropriate level of government to deliver the SBAS programme?

4.1 Policy rationale of the Small Business Advisory Services programme

The Australian Government is committed to increase the number of small business start-ups, drive economic growth, productivity, and competitiveness. The policy rationale of the SBAS programme has been commented upon in previous sections of this report (section 2.4.1 refers).

Underpinning this rationale are the Australian Government's three key small business priorities:

- Reduce red tape burdens, including to improve how regulators engage with small business;
- Improve the operating environment facing small business; and
- Build small business capability by increasing the quality and effectiveness of Australian Government engagement with the sector.

By cutting compliance costs, small businesses will have more time and resources to focus on developing their business and doing what they do best: creating wealth and employment. This will also lead to growth and new opportunities for small business.

Commenting on the first meeting of the Prime Minister's Business Advisory Council, the Hon Bruce Billson MP, Minister for Small Business noted that: 'Small business and family enterprises were recognised as key drivers of innovation and improved living standards and crucial to our National Industry Investment and Competitiveness Agenda as we look at what the 'over the horizon' economy may look like'⁴².

Facilitating access to small business advice and assistance can have significant flow-on benefits to the economy. The SBAS programme provides low cost business advisory services across Australia, in both regional and metropolitan areas, to help improve the sustainability, productivity and growth of small businesses.

Additionally, the SBAS programme helps small businesses to adapt to changes in their operating environment and also helps them to manage successfully, and to capitalise on new opportunities. Since the programme's inception in 2008, 197 projects have been funded to provide business advisory services to small businesses. 106 of these projects were during the review period. The project descriptions and contact details of all current service providers are accessible online at www.business.gov.au.

The SBAS programme is directed towards enabling Business Enterprise Centres and RBOs to strengthen and expand their capacity to provide advice to both start-ups and existing small businesses. SBAS providers are able to provide guidance and assistance to small businesses which can be particularly valuable to those businesses that may not be able to pay for private services or access this advice otherwise.

SBAS also supports the work of the Australian Small Business Commissioner (soon to be the Small Business and Family Enterprise Ombudsman) whose role is to be a concierge for dispute resolution, a Commonwealth-wide advocate for small businesses and family enterprises, a contributor to small business friendly regulation, and a contributing agency for Australian Government assistance and information. The Ombudsman will seamlessly link with the Government's single business service to help small businesses access general business advice and to find out about Australian Government services and programmes.

Stakeholder consultations supported the need for the provision of free or low cost advice to small business intenders, home-based, micro and small businesses. Key consultation messages suggest that the problem is twofold: first, small businesses are often unaware of the need, value and benefits of accessing external advice which leads them to under consume such services; and second, small businesses have limited ability to pay for advisory services. The nature of this problem suggests that government may have an interest in both raising awareness among small businesses of the value and availability of advisory services and facilitating access to low cost advisory services.

The Review team believes that the economic significance and characteristics of small businesses have not changed substantially since the establishment of the SBAS programme and, as a result, considers that the policy rationale is still valid.

The Australian Government's provision of low cost small business advice may be motivated by the economic significance of small business. However, the need for Government intervention is determined by the existence of market failure, social equity considerations and minimising transactions costs. These factors are discussed below.

4.1.1 Overcoming access to advice and mentoring

'In the case of public enterprises, governments have traditionally justified activities in particular markets based on equity concerns and market failure. Where market failures exist there may be a case for government ownership of services, but only where it is the most efficient and effective response to this market failure. In practice, competition and monopoly issues are often better addressed through appropriate regulatory frameworks rather than through government ownership. Further, when the market

⁴²The Hon Bruce Billson MP, Media Release, *Small business to play crucial role in changing economy*, 19 December 2013

failure has been remedied, there is a strong argument that government should withdraw from the market⁴³.

Market failure occurs when businesses (or consumers) possess insufficient information about important factors such as price, product quality or industry capability that would enable them to make appropriate decisions. These situations are particularly prevalent in the process of obtaining credit⁴⁴ and when markets do not allocate resources effectively or efficiently to produce the outcome most highly valued by the community⁴⁵.

Market failures can result from the under-provision of public goods, externalities, information asymmetries, structural failure and competition failure. The Review has identified that a market failure, as a consequence of externalities, is present in the operation Australian small business market.

'When one is going to set up a new firm, it is important to establish it properly from the beginning. Founding conditions have long-lasting effects upon survival, and subsequent reversal of the initial decisions later on may be insufficient to produce the desired improvement in the probabilities of survival'⁴⁶.

Unfortunately, many small businesses are not established properly. A key barrier to sustainability and productivity in the Australian small business sector is underdeveloped skills, capability and education amongst many small business operators. This is largely due to small business operators being unaware of the potential benefits and growth opportunities for their business that can be gained by accessing business advisory services at inception.

If an individual entrepreneur goes into business poorly prepared the chance of bankruptcy within a few years increases and the result adds to churn in the Australian economy without any significant economic benefits.

This churn of business entries and exits is accompanied by job creation and destruction, a loss of wellbeing for the business owner and potentially, the creation of a rocky path for other, better prepared businesses, to succeed. Put another way, poorly prepared businesses in the market place are likely to have negative spill-over effects on the broader market.

By helping the development of more efficient small businesses by providing low cost, low risk, programmes such as SBAS, the Australian Government is supporting the development of a smoother/happier and more efficient marketplace with less mental health costs and happier citizens and small business people.

By contributing to the costs of the SBAS services, individual small businesses, are acknowledging the benefits the SBAS programme is delivering to them. Results from the Quantum Market Research survey undertaken on behalf of the Review indicate that small businesses who benefit from SBAS services thought them high value for money and major contributors to their increased productivity and revenue.

The characteristics of small businesses amplify the effect of inadequate information. As noted previously small businesses often have limited time, resources and financial capacity to search for and locate low-cost advice that is relevant to their business operations. The transaction costs of searching and locating information are high for small businesses due to the owner-operator management structure that is common in the sector.

⁴³ National Commission of Audit, <http://www.ncoa.gov.au/report/phase-one/part-a/2-1-what-do-australians-expect-their-governments-to-do.html>

⁴⁴ Lambert, R.A.; Leuz, C. and Verrecchia, R.E., Information Asymmetry, Information Precision and the Cost of Capital, December 2006, <http://karlan.yale.edu/p/ObservingUnobservables-long.pdf>

⁴⁵ Productivity Commission, *Design Principles for Small Business Programs and Regulations*, Staff Research Paper 1998, p48

⁴⁶ Geroski, P.A, Mata, J, 'Founding Conditions and the Survival of New Firms', Faculty of Economics, University of Lisbon, July 2007, p 27

Small businesses do not have the resources to maintain internal accountants and solicitors and usually have to seek advice from external sources. Relevant sources of information and advice for small business are numerous and diverse which necessitates more time to be devoted to accessing this information.

For example, small businesses are often both unaware of the value or the potential benefits to themselves from seeking and accessing business advisory services. This lack of information about the quality and value of advice means that small businesses are less willing to pay for access to private providers of advisory services.

Furthermore, small businesses not only face difficulties in searching and accessing advice, many also have underdeveloped management skills and knowledge. This can partly be attributed to a wide range of management functions such as sales, marketing, bookkeeping and human resources management, often being exercised by just one person.

The majority of small businesses (61 per cent) are non-employing businesses and operate as either sole traders or partnerships⁴⁷. A common theme during the Review's consultations was that small business owners do not appear to have the knowledge and expertise to manage the operations of their business to the full extent possible.

4.1.2 Social equity

Maximum participation in economic, social and community life is a defining characteristic of an inclusive society. Achieving this outcome for all Australians means delivering policies and programmes which support people to learn and strengthen their ability to participate actively in the labour market and in their communities.⁴⁸

'Australians expect their governments to step in to deal with situations where the actions of some impact negatively on others. This includes interventions to prevent such things as drink driving or smoking in public amenities, to protect children and to regulate activities that might lead to environmental degradation.

As well as addressing market failures, Australians expect governments will provide a social safety net which helps protect the poor, the vulnerable, the elderly and the truly disadvantaged. This is the Australian way.

Fairness and equity also matter a great deal to Australians and we accept government has a role to play in redistributing income. A progressive tax system combined with a targeted welfare system is the best way of addressing income distribution and Australia has been a world leader in this since Federation⁴⁹.

Being 'socially included' also means that people have the *resources* (skills and assets, including good health), *opportunities* and *capabilities* they need to:

- learn—participate in education and training
- work—participate in employment, unpaid or voluntary work including family and carer responsibilities
- engage—connect with people, use local services and participate in local, cultural, civic and recreational activities, and
- have a voice—influence decisions that affect them.

The SBAS programme facilitates access to information and resources for individuals to start a business or enhance an existing business. This service can help empower people to become self-employed or

⁴⁷ ABS Counts of Australian Businesses, Including Entries and Exits, (Cat No. 8165.0) June 2013

⁴⁸ Social Inclusion Principles for Australia, www.socialinclusion.gov.au/Principles/Documents/SIPPrinciples.pdf

⁴⁹ National Commission of Audit, S2.1. <http://www.ncoa.gov.au/report/phase-one/part-a/2-1-what-do-australians-expect-their-governments-to-do.html>

increase the capability of businesses to expand and employ additional staff. These services are open to any small business intender or existing small business and are either free or low cost. The program is inclusive and equitable in its service delivery and is consistent with strengthening Australian's ability to participate in the labour market and community.

4.2 Appropriateness of the delivery mechanism

Face-to-face services

The 2004 Sensis Business Index Special Report, *How SMEs Access Information*, found that overwhelmingly, small to medium businesses (SMEs) reported face-to-face discussions as their preferred method for accessing information. The survey found 46 per cent of SMEs in general preferred face-to-face communication. Regional SMEs had an even stronger preference for face-to-face communication, with 51 per cent of regional SMEs noting that this was their preferred method.

Small businesses continue to prefer to receive business advice and training face-to-face. The Quantum survey found that 25 per cent of participants thought one of the key reasons for recommending SBAS services was the one-on-one attention and personal interaction received and 63 per cent of those interviewed by Quantum participated in an SBAS service through face-to-face interactions. Another 23 per cent of those surveyed by Quantum thought that that more personalised services and one-on-one support and mentoring was needed despite the fact that 85 per cent of providers interviewed over the telephone currently offered one-on-one mentoring/business advisory services.

Despite previous results obtained as part of the 2011 SBAS evaluation indicating that small businesses were less likely to use skills development and training if they were delivered online, Quantum Market Research results indicate that over 50 per cent of the general small business community and 70 per cent of those who had participated in an SBAS service would consider online training in the future. This may reflect the change in general community attitudes towards use of the Internet and the increased access to reliable Internet in the three years since the last survey.

In reconfiguring its suite of services to small businesses, the Australian Government has recognised the value of providing virtual services. Virtual small business offerings will be delivered through business.gov.au, the Small Business Support Line; Small Business Building and the Entrepreneurs Infrastructure Programme (EIP) (**Appendix One** refers).

This virtual provision may enable remote areas can access to serves where face-to-face services are not a viable possibility. It will also allow the 'time poor' to access services when needed or when they have time (such as after-hours). Other mechanisms such as Skype will be trialled for the provision of small business advisory services.

Service providers

Business Enterprise Centres

A significant proportion of the SBAS programme is delivered by Business Enterprise Centres (BECs). Thirty nine BECs and 22 non-BECs are funded through the SBAS 2012 round to deliver services.

BECs are community-based not-for-profit business assistance organisations that are incorporated and supported by a local board of management. They are designed to facilitate the creation, retention and development of sustainable business enterprises and foster local economic development.

BECs through their successful public/private partnerships with governments, private enterprise and local communities across Australia provide practical confidential business facilitation services. Additionally these partnerships provide BEC clients access to a wealth of professional services and government

programmes. BEC staff have an appreciation of the regional issues affecting businesses and are able to tailor advice to suit the specific needs of small businesses because they are locally based and operated.

BECs provide a variety of services, from business start-up advice and assistance to business growth mentoring, seminars, business plan assistance and skills training. They also assist in facilitating business-to-business networking opportunities and provide information on grants and assistance that may be available to business at that time.

Most BECs have a regular e-newsletter and are able to follow social media-updates, networking and other events coming up in the local area. In addition, BECs have formed a number of local, state and national sponsorships and alliances that provide benefits such as saving money to their clients.

Stakeholder consultations highlighted the important community role of BECs and other service providers (RBOs). For example, in many instances, BECs provide linkages and facilitate networks between local organisations and individuals which helps to connect and strength the social and economic fabric of the community.

A large proportion of them work in close collaboration with their local councils and Chambers of Commerce and are regular users of local media; radio, print and television. BECs also assist businesses that are struggling and this can have flow-on effects on local communities including supporting family relationships and their assets.

The Review considers that the SBAS programme is socially inclusive, has a positive impact on the viability of local communities and that SBAS providers are, in the most part, deeply embedded in their communities.

Other service providers – Registered Business Organisations

The service providers funded under the SBAS programme in response to the Global Financial Crisis and the natural disasters that occurred in Australia since October 2010 were selected through a competitive and merit-based process. These funding rounds broadened the scope of eligible applicants beyond BECs to include registered business organisations such as Chambers of Commerce and community organisations. All subsequent rounds followed this process.

Providing these organisations were currently effectively and efficiently delivering business advisory services to small businesses as their fundamental activity, they were eligible to apply for funding. This recognises that small business services are delivered through a diverse range of organisations at a local level.

Registered business organisations now delivering services under the SBAS program in addition to BECs include Chambers of Commerce, Colleges of Technical and Further Education, Regional Development Australia organisations and sector specific industry associations.

The Review team concurs with the recommendations of the 2011 Review that the eligibility criteria for the SBAS programme should remain broadened to enable a greater range of RBOs to participate in any future funding rounds.

Flexibility of programme guidelines

A number of SBAS rounds have provided funds to advisory services to respond to natural disasters resulting in economic shocks. The 2012 SBAS Ministerial Guidelines allow for a high degree of flexibility:

'In order to be responsive to changes in business conditions and/or government priorities, at the discretion of the Minister, a funding round/s may be targeted toward a particular small business opportunity and/or challenge and/or may include a business service/s as specified by the

Government. Any targeting will be announced at the time of calling a funding round and specified in the Customer Guidelines'.

Unfortunately such a high degree of flexibility can impact on the availability of funds for merit based funding of advice and training to small business, despite being a useful instrument to administer these services quickly and efficiently.

That said flexibility may be useful if the programme is then able to respond to ad-hoc issues that periodically arise as a consequence of natural disasters and resultant economic shocks. The Review considers that some flexibility in the SBAS programme should be retained for this purpose.

4.3 Appropriateness of delivery at the Australian Government level

SBAS is a programme whose national focus ensures that funding is provided to projects which are specifically tailored to suit the needs of small businesses across the country. As a result the policy responsibility for the programme is currently appropriately located at the Commonwealth level. Delivery is through not-for-profit providers ensuring it reaches those most in need of its assistance. In addition, collaboration between all levels of government is supported and encouraged.

Future allocations under an SBAS programme are likely to be impacted by consequences stemming from *Williams v Commonwealth (2)* [2014] due to the programme's reliance on the Corporations Power. The Ministerial and Customer Guidelines will need to be revised in 2014 to leave no doubt that funding is being provided to corporations for the purpose of having those corporations improve their ability to assist small businesses with advice and information.

4.4 Summary

Quantum Market Research, in their survey commissioned for this Review, found that the objectives of the SBAS programme remain appropriate and that the variety of services offered by SBAS providers was in line with small business' needs. Encouragingly, the majority of small businesses who have obtained advice or training under the programme reported significant/moderate improvements in the skills they have been trained in (marketing 62 per cent and business management 64 per cent) and that the advisory fees were acceptably low (57 per cent).

Originally announced in the 2007 election, the SBAS programme has evolved over time and has provided over 422,000 separate advisory services to more than 218,000 small businesses across the country.

RBOs provide advice on matters such as, developing business plans, preparing applications for finance, cash flow management and marketing plans.

In the 2012-13 Budget, the then government announced it was providing a further \$27.5 million to extend the SBAS programme over four years, with on-going funding thereafter. The program will be continued to provide low cost business advisory services across Australia to help improve the sustainability, productivity and growth of small businesses.

As at 30 June 2014 across all active initiatives there were 74 active SBAS programme business advisory projects, being delivered to small businesses by 63 service providers, nationwide.

The SBAS programme helps small businesses to adapt to changes in their operating environment, to manage successfully and to capitalise on new opportunities. It remains an appropriate policy response to the market failure relating to information access that is present in the market for small business information and advisory services.

The Review team found that there is a continuing need for government provision of small business advisory services to help address market failure and to enhance the viability of Australian small businesses.

The Review also found that the SBAS programme could be enhanced through increased flexibility in its design to allow it to respond to unanticipated needs for advisory services.

SUCCESS STORY:

This page has been redacted to protect the privacy interests of the individuals and businesses named.

5. Effectiveness

5.1 Clear and consistent objectives

SBAS is a national programme providing funding to projects which are tailored to suit the needs of small businesses. Through its national network of service providers, the SBAS programme is a valuable source of 'real-time' intelligence to the Australian Government regarding issues affecting the small business sector.

The objective of the SBAS initiatives, covered by this Review, was to maximise the growth potential, prosperity and sustainability of small businesses by providing low cost business advisory services and skills development activities on issues important to establishing, sustaining and growing a small business.

Australian small business operators have a demonstrated weakness in all of these business capabilities. This is largely due to small business operators being unaware of the importance of them to the viability of their business, their lack of knowledge about information available to them and the benefits of seeking business advisory services to improve such capabilities.

Management capability; financial literacy; digital engagement and technology activation and uptake are essential to the sustainability and success of small businesses but they often have limited capability to delivering them because of limited time, resources and financial capacity to search for low-cost advisory services. The objectives of SBAS are consistent with filling this capability gap.

5.2 Achievements against objectives

The Review was required to consider the extent to which the SBAS programme has met its objectives, both in broad terms and against its specific key performance indicators (KPIs). In determining this, the Review examined data from AusIndustry, the results of the Quantum survey and stakeholder consultation.

The task was complicated by the fact that the evaluation covers the period from 2011 to 2014 during which time a number of special initiatives were developed under the programme in response to natural disasters and a number of constitutional issues emerged. These factors led to the development of different Ministerial and Customer Guidelines and, as a result, somewhat different foci from that originally intended.

In 2008 the Guidelines noted that:

'the principal objective of this initiative is to maximise the growth potential, prosperity and sustainability of small businesses through enhanced access to information and advice on issues important to establishing, sustaining and/or growing small business.

As applicable, this initiative aims to improve the business skills of small business operators, intending operators and independent contractors. It is intended that this initiative will enable the selected grantees to demonstrate the extra benefits for small business that can be gained when they expand and strengthen their capacity to provide additional low cost business advisory services'.

Consequences of *Williams v Commonwealth* (1) [2012]

As a consequence of the case of *Williams v Commonwealth* (1) [2012] the High Court found that the Commonwealth's executive power alone was insufficient to spend public money. Spending programmes had to be supported by legislation, and that legislation had to be linked to a head of power in the Constitution.

SBAS was subsequently deemed by the Australian Government Solicitor to be at a high risk of being declared constitutionally invalid as SBAS was supported by the Australian Constitution's '*corporations, trade and commerce, and territories*' heads of power. This was problematic because the description in Schedule 1AA of the Regulation under the Financial Management Act stated that SBAS was providing "assistance to small businesses" – which might not be corporations, and therefore not covered by the corporation's power.

To provide legislative support, the Small Business Advisory Services (SBAS) programme was, along with other Commonwealth expenditure programmes, listed in Schedule 1AA of the Regulation under the Financial Management Act reworded. The listing read:

Small Business Advisory Services

Objective: To provide assistance to small businesses to improve sustainability, productivity and growth through providing access to low-cost business advisory services and activities to enhance business management skills.

The Ministerial Guidelines for SBAS were amended accordingly to indicate that funding was to corporations for *them* to provide advice and information to small businesses and the constitutional risk rating was, accordingly, reduced to low. As a result the programme objective for the 2012 guidelines was changed as follows: the objective of the SBAS programme is to maximise the sustainability, productivity and/or growth potential of the participating small businesses through, access to low cost business advisory services.

In addition, a *SBAS Programme Logic Model* (to be found in **Appendix Seven**) was developed to reflect these changes. The Review has approached the measurement of the effect of the SBAS programme by aligning its assessment with the targets identified in the *Model*.

SBAS Natural Disaster Assistance (NDA), as the oldest initiative covered in this evaluation, was governed by the 2008 Guidelines. The Ministerial Guidelines of 2012 covered the SBAS 2012, SBAS Queensland Natural Disaster Assistance (QNDA), SBAS Business Coaching and Mentoring (BCM) and the National Interest applications.

Consequences of *Williams v Commonwealth* (2) [2014]

In *Williams* (2), it was argued that Commonwealth funding provided to the Scripture Union of Queensland (which was a corporation) for the Schools Chaplaincy Programme, was supported by the Commonwealth's corporations power. The High Court rejected this argument. The High Court indicated that only laws "authorising or regulating the activities, functions, relationships or business of constitutional corporations" were supported by the corporations' power. The Commonwealth was providing funding to the Scripture Union of Queensland merely for it to provide that funding to others to provide chaplaincy services – therefore the corporations' power did not support the Chaplaincy Programme.

After *Williams* (2), due to its reliance on the Corporations Power, the Australian Government Solicitor rated SBAS as "high – particularly vulnerable" to being declared constitutionally invalid.

The Ministerial and Customer Guidelines were subsequently revised to leave no doubt that funding was being provided to corporations for the purpose of having those corporations improve their ability to assist small businesses with advice and information.

Even the name of the programme was changed to the Australian Small Business Advisory Services programmes to make it clearer that funding was going to corporations providing advisory services to small businesses and not to unincorporated small businesses. As a result the Australian Government Solicitor lowered the constitutional risk rating of the programme to medium.

Due to the programme's continued reliance on the Corporations Power, it was not possible to return the programme to a rating of low. It should be noted, however, that only programmes rated as high risk are under consideration by the Australian Government for alternative delivery mechanisms (such as, for example, funding being provided to the States).

It should also be noted that, despite the revisions of Guidelines referred to above, the nature of the programme – to provide advice and information to small businesses – is unaltered. The revisions have simply clarified the constitutional support for the programme.

5.2.1 Impact on small businesses

The Department of Industry's Portfolio Budget Statement (PBS) KPI for the SBAS programme is:

'Number of services provided to small businesses through the Small Business Advisory Services'

The Department of Industry assessed the effectiveness of the Programme by measuring the total number of services assisted against a target estimate of 47,802 (*this figure was later revised upwards to 70,500 encompass the inclusion of the former programmes Small Business Support Line and Enterprise Connect*).

The contract KPI for service providers is different from the overall programme KPI being *the number of 'unique' businesses assisted* by the service provider, that is, those defined by unique ABNs or names in the case of small business intenders. The reason behind the thinking for the inclusion of this additional performance indicator was that the Department of Industry wanted to ensure that services were spread across as many small businesses as possible rather than the same small businesses being potentially 'over-served'. Individual service providers set their own targets for the number of unique businesses to be assisted.

The SBAS programme aims to maximise the sustainability, productivity and growth of small businesses through the provision of business advisory services. Improvement in the sustainability, productivity and growth of small businesses may be attributable to a range of factors, advice and information being just two.

Researchers in the US have identified that difficulty in determining what small business programmes are most effective and whether they meet their intended objectives⁵⁰. In particular, they have noted that the quality of existing evaluations, in terms of their ability to measure the casual effects of programme on business outcomes are, in many cases, unsatisfactory'. They conclude that researchers who seek to understand the effects of small business assistance programmes must contend with the limitations of existing data. As a result the primary evidence underpinning the assessment is often of a more qualitative nature arising from surveys of small businesses and business intenders and stakeholders.

The same problem arises when attempting to assess Australian SBAS data. Given the nature of the programme it is difficult to ascribe a causal link between the advice and assistance provided under the programme with the broad programme objective of 'maximising the sustainability, productivity and growth of small business through the provision of business advisory services.

The problem becomes apparent when trying to examine the effectiveness of SBAS. Treasury commissioned the Australian Bureau of Statistics (ABS) to undertake 'an analysis of the differences in productivity and business performance for businesses involved in the SBAS programme and similar businesses that are not'. Data was supplied from SBAS collections. The ABS matched each SBAS

⁵⁰ Gu ,Q; Karoly, L.A. and Zissimopoulos, J. *Small Business Assistance Programs in the United States*, Kauffman-RAND Institute for Entrepreneurship Public Policy, September 2008, 32.

business to the ATO administrative datasets (that is BAS and BIT), calculate the change in performance* from the "before" to the "during" to the "after" period. The following measures were used to assess performance and provide an average change for each item at the lowest level of disaggregation possible:

- Total Sales (from BAS)
- Total profit/loss (from BIT)
- Total Income (from BIT)
- Total Wages/Salaries (from BAS as an indicator of change in employee numbers)

* Performance measured by one or all of the above.

Options for disaggregation were included at an industry (or combined industry) level and period of intervention. The ABS noted that where the match to the ATO datasets was low, it may not be possible to provide the data below the total level.

Following initial analysis the ABS concluded that: 'the usefulness of the analysis, at this time, may be limited as no information is available to identify when the business actually received the assistance/service and on this basis, no definitive 'after service year' could be determined. The possibility of a lag effect between a business receiving the assistance and the realisation of benefits could also limit the ability to link the change in business performance to the receipt of programme assistance. Therefore, drawing of conclusions based on comparison of results between years and attribution to programme effects may not be advisable at this time'.

The Treasury, after considering the first report, and weighing up the ABS advice, determined that proceeding with the second part of the statistical consultancy would provide proof of concept evidence for future work even if definitive conclusions could not be drawn from the results.

The results of the statistical consultancy confirmed the ABS's initial thoughts that: 'due to limitations in the data, the ABS advised that firm conclusions about the effectiveness of the SBAS, QNDA and BCM programmes should not be drawn from this analysis.

Recommendations for improvement of this analysis are:

1. Getting a precise start and end date of when the programme assistance/service is provided to the business.
2. Repeating the analysis when additional after years data are available. Due to the lag effect often associated with programme outcomes, a larger number of after programme year data may need to be available in order to more accurately gauge the merits of the programme

'Once the actions in the two recommendations are undertaken, the data will be of sufficient quality to undertake further tests of statistical significance'. In addition, the ABS found that once more time has lapsed post programme, it would be possible to use a Propensity Score Matching technique to assess the effectiveness of the SBAS programme.

In effect, causal links between the SBAS and productivity and performance using ABS data could not be drawn at this stage. To obtain accurate measure of effectiveness a longitudinal study may be the only way in which to elicit an accurate result.

That said some evidence does exist linking the sustainability, productivity and growth of small businesses. Quantum research examined the link between SBAS service provision and small business sustainability and growth and found that: 81 per cent of those surveyed felt that the SBAS supported advice had helped them to make better business decisions; 62 per cent felt that the service had directly improved their productivity and 63 per cent felt that the advice had saved them time and money.

The Quantum research also found that SBAS participant businesses have had better success in the past 12 months at increasing their revenue than those in the broader small business community. For the SBAS assisted businesses 43 per cent had experienced an increase in revenue compared with only 25 per cent in the broader small business community. When asked about the likely change in their

revenue for the next financial year, 36 per cent of the broader small business community indicated that they were likely to experience an increase whereas 69 per cent of SBAS assisted businesses thought their revenue was likely to increase. These results reflect the positive impact of the SBAS programme on potential small business growth and business confidence.

The business confidence exhibited by SBAS assisted small businesses may be linked to improved skills and knowledge and their recognition of the value of marketing and business management advice. Eighty per cent or more of respondents in the Main Funding Round or 2009 Funding Round indicated their skills had improved to some extent. During this evaluation period the Quantum survey identified that 83 per cent of respondents indicated that their skills had improved in marketing and 87 per cent in business management.

SBAS participants were significantly more likely to consider the need for training and business advice over the next 12 months than were those in the broader small business community illustrating that another effect of the SBAS programme is to raise awareness and influence small business behaviour when seeking information and advice. Sixty five per cent of non-SBAS participants thought they needed no training compared with 20 per cent in the SBAS trained small business community. Of those who indicated a need for training the following were rated as most important: business management; marketing; financial management; taxation and growing your business.

As indicated above, a longitudinal study could examine the linkages between business confidence, enhanced skills and knowledge, increased access to advisory services and the viability of business operations. The idea of such a study was also suggested by a number of the service providers surveyed as part of the Review.

The level of awareness of low cost advice available to small businesses remains low. When asked where small business operators would normally go for advice if they needed it Quantum found that 47 per cent of the broader business community and 38 per cent of the SBAS trained small business community indicated an accountant or financial adviser. Only 3 per cent of the broader community and 11 per cent of the SBAS trained community thought of seeking advice from an Australian Government programme.

5.2.2 Typical Profile of an SBAS Client

The Quantum survey found that a typical small business varied somewhat from one which had received SBAS funded advice. It was generally smaller; had been in business for longer; was much more inclined not to grow but to maintain its current size; had not experienced the same level of increased revenue since the last financial year or undertaken business training skills. The typical profile is depicted below.

Typical profile of an SBAS client (small business)	Typical profile of a member of the broader small business community
Gender: 52% male; 48% female	Gender: 59% male; 41% female
Number of employees	Number of employees
0-4 78%	0-4 89%
5-19 16%	5-19 11%
20+ 6% *	20+ 0%
Been in business for:	Been in business for:
> 6 months 5%	> 6 months 0%
6-12 Months 13%	6-12 Months 0%
1-3 years 20%	1-3 years 5%
3-5 years 13%	3-5 years 5%
> 5 years 49%	> 5 years 90%

Intention to grow business		Intention to grow business	
Grow	71%	Grow	27%
Maintain	20%	Maintain	53%
Downsize	25	Downsize	4
Exit	7%	Exit	15%
Revenue since last financial year		Revenue since last financial year	
Increased	43%	Increased	25%
Stayed the same	26%	Stayed the same	42%
Decreased	31%	Decreased	33%
Undertaken business training skills		Undertaken business training skills	
Yes	61%	Yes	44%
No	39%	No	56%

* It should be noted that 20+ employees is outside of the definition of a small business and scope of the SBAS programme.

While five per cent of SBAS assisted small businesses had been in business for less than six months it was unclear how many of them were business intenders or from where they came, however of those who sought help: 10 per cent were from the accommodation and food services; 12 per cent from professional, scientific and technical services; 15 per cent from retail trade; nine per cent from healthcare and social assistance and seven per cent from arts and recreations services and construction respectively.

The striking variance of SBAS assisted businesses from those in the general population of small businesses was in the areas of the agriculture, forestry and fishing (four per cent SBAS assisted and 10 per cent in the general population and in transport, postal and warehousing (25 per cent and 15 per cent respectively). This may be the result of a sampling error but it may also indicate a lack of awareness of the importance of training amongst these industry groups or satisfaction with their current size and productivity.

5.2.2 Outcomes against key performance indicators (KPIs)

Given the very broad nature of the objective and key performance indicator for the SBAS programme, intermediate performance indicators and a Programme Logic Model (see **Appendix Seven**) were developed by the SBAS policy team to gain a more meaningful insight into the impact of the programme. As a result, the outcomes of the SBAS programme have been examined against each intermediate KPI/target identified in the Model document. In some cases where the services provided were of a 'national interest nature' no intermediate targets were developed.

KPI 1: Number of services provided to small businesses

The Portfolio Budget Statement (PBS) KPI for the SBAS Programme is:

Number of services provided to small businesses through the Small Business Advisory Services

Against this PBS KPI the programme has met or exceeded its KPI. That is, overall the providers have had no difficulty in delivering services, equal to, or in excess of the KPI, identified in the PBS. A number of individual services were not so successful; the reasons for this are discussed below and were particular to the service.

The total number of services provided to small businesses in 2013-14 under the SBAS Program was **50,664**. This figure was well in excess of the target for the programme of **47,802**.

SBAS Program -Services Provided (2013-14)					
Quarter 2013-14	Concluded Initiatives		Current Initiatives		
	StartUp QLD	HomeBiz Connect 2014	SBAS 2012	BC&M	QNDA
Jul - Sep 13	0	0	10617	571	490
Oct - Dec 13	9	0	10037	486	893
Jan - Mar 14		0	10283	832	718
Apr - Jun 14		0	12437	1291	2000
TOTAL	9	0	43374	3180	4101
Total Services Provided (2013-14)					50664

KPI 2: Number of 'unique' businesses assisted

As noted above, the Department of Industry agreed individual KPIs with each service based on the number of 'unique' businesses they thought they would be able to assist. This KPI became part of individual Funding Agreements.

Start Up Queensland

Start Up Queensland		
State	Entity Name:	Actual Businesses assisted to 31 December 2013 (9 month reporting period)
NSW (Head Office)	BECA	59

On 15 November 2012, the then Minister for Small Business, the Hon Brendan O'Connor MP, announced a National Interest project to address the high impact of job losses suffered by public servants in Queensland.

Business Enterprise Centres Australia (BECA) was granted \$200,000 (GST exclusive) to assist public servants made redundant in Queensland who were considering starting or buying a small business. These small businesses or business intenders were to be provided with access to low cost business advice, on business and financial planning, business management, networking and recommendations about government programs. No KPIs or interim targets were initially set.

The KPI for this project was added into the PBS KPI when the Department of Industry was asked to do a revision of the expected end of year target. 59 small businesses or business intenders were assisted. In effect, an average of **\$3,390** inclusive of administrative costs was available to assist each business.

Business Coaching and Mentoring

Business Coaching and Mentoring			
State	KPI as in Funding Agreement	Targets identified in the Programme Logic Model	Actual businesses assisted to 30 April 2014 (15 month reporting period)
NSW	250	225	84
QLD	200	180	160
SA	400	360	225
TOTAL	850	765	469

Business Coaching and Mentoring services are only delivered in NSW, QLD and SA through a special allocation of \$600,000 approved by the then Prime Minister Julia Gillard. Three Business Enterprise Centres (BEC): Advanced Cairns; Penrith and District, and Southern Success, were provided with one-off grants to deliver business coaching and mentoring services to small businesses located in the regions of Cairns, Western Sydney and City of Onkaparinga in Southern Adelaide. \$200,000 (GST exclusive) was paid to each of the providers over two years, and is administered by Ausindustry.

The grants were intended to address a gap in advisory services identified by the then Minister for Small Business, the Hon Chris Bowen. At the time the Minister noted that 'these RBOs had demonstrated capability having provided services under the Small Business Advisory Services (SBAS) programme over a number of years and that they were uniquely placed in targeting services to this hard to reach demographic'⁵¹.

It was also noted that the current SBAS programme was heavily oversubscribed with the last funding round of the programme attracting nearly 250 projects with only 63 being able to be funded. The Minister concluded that 'there was a clear unmet demand from small businesses and the programme has proved to be valuable in responding to demands on Government by small businesses for support in improving management practices'.

The recovery from the Global Financial Crisis; rapid growth of new business models such as those drawing on e-commerce; the impact of the resources boom; and the need to respond to the strong Australian dollar and its effects on consumers meant small businesses continued to emphasise the need for improved business management skills.

KPIs were agreed with service providers and targets set in accordance with the Programme Logic Model. Measured against these targets the Business Coaching and Mentoring was, overall, 61 per cent effective in meeting its targets. RBOs in NSW were the least effective delivering only 37 per cent of the targeted services. QLD RBOs delivered 89 per cent and SA RBOs 63 per cent.

Overall, an average of **\$1,280** inclusive of administrative costs was available to assist each small business.

Commentary why these targets were not met is provided below.

⁵¹ Hon Chris Bowen, Letter to the Prime Minister

The Queensland Natural Disaster Assistance initiative

Queensland Natural Disaster Assistance			
State	KPI as in Funding Agreement	Targets identified in the Programme Logic Model	Actual Businesses assisted to 30 April 2014 (9 month reporting period)
QLD	3,844	3,460	837

Queensland Natural Disaster Assistance (SBAS QNDA) was delivered as part of a broader 'Queensland Support Package' announced by the then Prime Minister Julia Gillard on 28 February 2013. The SBAS QNDA initiative was provide total funding of \$2 million over two years, for approximately 10 small business advisory projects (up to \$100,000 per annum), to assist small businesses in Queensland impacted directly or indirectly by ex-tropical cyclone Oswald (and associated rainfall and flooding).

The initiative is to provide small businesses operators in Queensland with access to low cost business advice, including tailored knowledge and advisory services to meet the needs of their businesses during this time of crisis. Only 25 per cent of targeted business services were capable of being delivered.

Overall an average of **\$2,390** inclusive of costs was available to assist each small business

The Small Business Advisory Services (SBAS Round 2012)

In the 2012-13 Budget, the Australian Government provided \$27.5 million to extend the Small Business Advisory Service (SBAS) programme over four years, with on-going funding thereafter. Following the 2012-13 Budget announcements, the delivery of small business advisory services commenced in January 2013 and will conclude in December 2014.

The initiative was designed to provide low cost business advisory services across Australia to help improve the sustainability, productivity and growth of small businesses. Under the 2012 SBAS round, the Australian Government awarded over \$12 million to 63 service providers who are delivering 74 projects across Australia.

SBAS 2012			
State	KPI as in Funding Agreement	Targets identified in the Programme Logic Model	Actual businesses assisted to 30 April 2014 (15 month reporting period)
QLD	3,234	2,911	1,712
SA	3,682	3,314	1,527
NT	660	594	416
WA	8,488	7,639	4,509

TAS	1,840	1,656	1,065
VIC	6,466	5,819	2,809
NSW	5,733	5,160	3,494
ACT	250	225	103
TOTAL	30,353	27,318	15,637

To date (30 April 2014), the programme has achieved 57 per cent of its targets for assistance at an average cost of **\$768**, including administrative costs, per small business advisory session.

Reasons why service providers have not met their 'unique' business targets

Comments made by AusIndustry officials and SBAS providers during telephone calls, surveys and at conferences provide insight into why SBAS providers may not have met their agreed contract targets despite meeting the PBS KPI targets overall. The reasons include the following:

- Return clients were not counted as an additional business; therefore, these figures do not reveal the real number of appointments held with clients. Servicing the same small businesses multiple times often meant that the provider had met the PBS KPI but not their contract KPI.
- Service providers noted they were spending longer with each client than first anticipated to ensure they were providing useful and quality advice specific to that business' needs.
- Service providers are reasonable at estimating how many services they can provide given the time they have available but they are less adept at determining how many unique businesses they will get through the door;
- As each SBAS 2012 project is different there is no baseline to measure against.
- Service providers misunderstood that they were to be estimating unique businesses over the life of the programme (some appear to have thought they were nominating the number of services to be provided not unique businesses). Service providers comments included the following:
 - 'I didn't put the application in (the person has left the organisation) so I don't know how they calculated that';
 - 'I thought it was unique businesses per quarter rather than the life of the project';
 - The economic climate in my region has changed since we applied and the demand has decreased';
 - 'We misunderstood what that number meant when we applied'.
- Providers have been so busy servicing existing small business clients that they have no time to either service new clients and/or to market for new clients;
- In some cases a lack of marketing (that is, they are waiting for people to find them, rather than the other way around – they were too passive, rather than proactive) was responsible for the low number of clients serviced;

- In other cases ‘providers just seem to have overestimated the demand in their region (and if that has been noted we have suggested they expand their region as long as it does not cut across another SBAS provider’s region);
- Some providers misunderstood what they were supposed to be reporting and some realised they had not reported some activities that they should have been.

Intermediate Outcomes and KPIs

As indicated above, given the very broad nature of the objective and KPI for the SBAS programme, the Review sought to examine the effectiveness of the SBAS Programme using the intermediate performance indicators and outcomes identified in the Programme Logic Model shown below.

Programme Logic Model

Outcomes		Key Performance Indicators (KPIs)	Targets
Intermediate Outcomes			
1	Small businesses and intenders accessing SBAS funded services	Percentage of a service provider’s estimate of small businesses and intenders likely to be assisted (as estimated in grant application).	90 per cent of the total number of small businesses and intenders as estimated in grant application were assisted ⁵² .
2	Small businesses and intenders experience a benefit from accessing SBAS services	Percentage of small businesses and intenders that found benefit in the services provided.	90 per cent of the small businesses and intenders accessing the services found them beneficial.
3	Small businesses and intenders apply the benefit to their businesses or intentions	Percentage of small businesses and intenders that applied the benefit and changed practices or plans.	90 per cent of the small businesses and intenders who found benefits then applied them to their businesses or changed their business practices.
4	Small businesses experience an improvement in sustainability, productivity and growth	Percentage of small businesses and intenders that improved sustainability, productivity and growth.	90 per cent of those businesses applying benefits improved their sustainability, productivity and growth

Intermediate Outcome 1: Small businesses and intenders accessing SBAS funded services

Small business’ awareness of RBOs remains quite low. The low initial recognition of the SBAS programme amongst those small businesses that had accessed advice when surveyed by Quantum is not surprising as the programme is not branded or actively promoted as ‘the SBAS programme’, it is largely up to the individual RBO to raise awareness in their own community.

This may also be one of the reasons why none of the SBAS service providers (examined in the previous section) met their self-nominated targets for the number of businesses they assisted. Never the less, service providers generally tried to market their services and they used a variety of mediums to do so. When asked ‘what approaches do you use to make clients aware of your services?’ their responses were as indicated in the following table:

Channel	Percentage of SBAS providers who use this channel for marketing
Email/e-newsletter	18
Direct Mail	11
Newsletter	45
Social Media	31
Word of mouth/networks	44
Workshops/Seminars/Forums/Expos (webinars)	38
Website	38
Local Media (ads; radio; TV; print)	49
Local Councils/Chamber of Commerce databases	32
Other: banks; supermarkets; professional networks; local champions; local politicians; Branding (vehicles and uniforms)	10

Source: Survey of selected SBAS providers By AusIndustry

The effectiveness of promotional activity of SBAS

SBAS providers were contracted to market their projects. Almost 50 per cent used the local media including radio, TV and the print media. Despite this marketing, recognition of SBAS is low amongst the small business community.

It should be acknowledged however, that a marketing campaign covering the whole programme was made difficult because the programme did not extend across the whole country and the programme policy behind each of the programme initiatives varied.

The Review team believes that there is value in attempting to increase awareness of the programme before the next SBAS round is undertaken. This may only be possible if the focus of the programme is changed to that of one with a uniform programme policy underpinning it and which is subject to a competitive, merit-based process.

One way, suggested in a previous review is still worthy of mention. That is attempting to boost awareness at times where businesses are required to interact with government, for example when registering an ABN.

Another way might be to include SBAS in the general marketing being undertaken for the suite of programmes being delivered by the Department of Industry.

Another idea suggested previously is the use of case studies and testimonials from small businesses to enhance the program's credibility.

A number of success stories are found throughout this report.

Interim Outcome 2: Small businesses and intenders experience a benefit from accessing SBAS services

The target set in the Programme Logic Model was that 90 per cent of the small businesses and intenders accessing the services found them beneficial. The results of the Quantum survey found that 81 per cent of SBAS assisted small businesses thought that the advice they had received helped them make better business decisions; 63 per cent thought that the advice had helped them save time and money and 62 per cent thought that the advice had improved their productivity. Overall, 68.6 per cent of small businesses had experienced an increase in productivity.

Interim Outcome 3: Small businesses and intenders apply the benefit to their businesses or intentions

This outcome is difficult to measure as it requires a longer term review rather than a point in time survey to assess. The Quantum survey indicated that small businesses who received an SBAS funded service were much more likely to grow (71 per cent compared with 27 per cent who did not receive SBAS advice) and to experience an increase in revenue (43 per cent compared with 25 per cent who did not receive SBAS advice) than those who did not receive such a service. These findings indicated that SBAS assisted businesses applied the benefits of their training to their businesses.

Interim Outcome 4: Small businesses experience an improvement in sustainability, productivity and growth

The target set in the Programme Logic model was that 90 per cent of those businesses applying benefits improved their sustainability, productivity and growth. The Quantum survey results indicated that in all cases sustainability, productivity and growth had increased by more than 50 per cent as shown in the following table:

Overall Benefit	Specific Benefit	Percentage
Greater Productivity	Better business decisions	81%
	Saved time and money	63%
	Advice improved productivity	62%
Greater Sustainability	Improved profitability and visibility	65%
Increased Growth	Increase in revenue/sales	53%
	Business expansion	55%

The value of mentors being able to adopt a 'hands-on' approach through on-site visits and provide follow-up support was one of the major reasons given for these advances.

5.3 Summary

Since 2008, the programme has successfully provided over 462,000 business advisory services to over 230,000 small business operators and intenders. As a result, the Review concludes that the SBAS programme has had an overall positive effect on participant small businesses; however the extent of this impact is difficult to measure because of the problems associated with identifying causality. The Review

team considers that it would be useful for research to be conducted on how to improve the measurement of the impact of the programme on small businesses.

Overall, SBAS grants have enabled RBOs to expand their range of services to small businesses and to extend their geographical coverage. The programme represents an investment in a national small business advisory service provider network.

These organisations have been able to build capacity, develop and promote new service packages tailored to the needs of specific clients. The return on this investment of Australian Government funds will continue to improve as more small businesses are aware and serviced under this initiative.

SUCCESS STORY:

This page has been redacted to protect the privacy interests of the individuals and businesses named.

6. Efficiency

The Review attempted to examine whether the SBAS programme is being delivered in the most efficient way achievable and whether more of the costs of the programme should be borne by the beneficiaries. As part of this process the Review considered the following:

- Does the SBAS programme have any spill-over effects or unintended consequences?
- Would it be reasonable to attempt to recover costs from the users of SBAS services?
- What is the level of satisfaction with SBAS services? Number of complaints reported to AusIndustry?
- Is SBAS seen as an easily accessible programme?
- Is the programme's delivery method and administration as efficient as possible?
 - To what extent have inputs been minimised or outputs maximised to achieve the programme's intended products and services?
 - Has the programme been implemented on schedule?
 - Have there been any overspends since the programme was introduced, and how has this been factored into estimates of future spending?

6.1 Spill-over effects or unintended consequences

To be successful RBOs need to be at the centre of the communities in which they are located. By being well connected with the broader community they are positioned to provide small businesses and small business intenders with advice tailored to their particular needs. Service providers surveyed for the Review demonstrated the fact that the majority were in regular contact with the stakeholders relevant to their clients' needs.

The viability of a small business can have significant implications for the social wellbeing of its owners and the broader community. By providing ill prepared businesses with information that discourages them from starting up or assisting failing businesses to either turn around or make a planned exit, service providers can help businesses to avoid financial and emotional distress.

A number of stakeholders commented on these social benefits of the programme, providing extensive anecdotal evidence for how providing timely advice can help prevent business failure. This aspect of the programme can lessen the instance of small business owners requiring social welfare and government services.

6.2 Cost recovery

The capacity of small businesses to pay for advisory services is influenced by their size, age and location. It was widely recognised among stakeholders that services to small business intenders, start-ups and micro businesses should remain low cost as these clients are not in a position to pay substantial amounts for advice and a high fee would deter them from accessing services. As indicated in other parts of this report, 84 per cent of respondents from the broader small business community surveyed for the review reported time and cost as a barrier.

A number of RBOs have fee schedules based on firm size or turnover to recoup costs from those established small businesses that require substantial services and are able to pay for it. These fees still remain below the commercial rate for business advice and are considered low cost. The Review noted an inconsistency in the level of charges among states and centres with 7 per cent still charging no fee for their service, despite the fact that they should be charging one. Some RBOs commented that targeted cost recovery from businesses enabled them to provide a greater number of services to those individuals or businesses that cannot afford to pay much.

The Review in 2011 noted that small businesses can be sceptical of the value of free services. It noted that a large number of RBOs often charge a token fee for services such as workshops or seminars in order to improve attendance and participation. Charging a token fee (for example \$20-50) also gets buy-in from the small business owner or manager which enhances the value they receive from these services.

This Review considers that the programme's advisory services should remain 'low cost' but not free and that providers should determine what fee structure to apply based on the capacity of businesses in their local region.

For the sake of consistency however, AusIndustry should consider providing guidance to service providers about how to benchmark their charges against some form of fee schedule. This practice should ensure that the fee is below the commercial rate for a comparable service, and it does not deter small businesses from accessing the service.

Results from the phone survey of service providers conducted for this Review revealed that 45 per cent of service providers did not refer to the costs of their services, either because of a lack of relevance or for some other reason. That reason may be that a number are still charging no fees. It would be interesting to know more about the methodology used by RDOs to determine the value of their services.

COSTS

All services are no cost to client	7%
All services are low cost to client	18%
Services are combination of low and no cost	29%
Did not mention costs at all	45%

6.3 Level of satisfaction with SBAS services

Quantum survey results indicated that there was a high level of satisfaction amongst small businesses who had received assistance from an SBAS funded service provider. As noted earlier in this report there was increased productivity, sustainability, growth and value overall amongst those assisted. Seventy per cent of who said that they would recommend the services of an SBAS provider to other small businesses.

Expressed as a perception of value, the survey found that 60 per cent of those businesses who had received advisory services felt that the value for money of the advice was high and only four per cent felt the advice was low value for money. The survey also found that the growth intentions of businesses were correlated with the likelihood that respondents would recommend the programme.

6.4 Is the SBAS programme easy to access?

The SBAS programme's accessibility can be measured by how easy it is for small businesses to obtain information and advice from funded service providers. This can be gauged by determining whether there are any eligibility restrictions on small businesses accessing SBAS services, the geographical service coverage of RBOs and the extent to which the SBAS programme is known amongst the broad small business community.

SBAS eligibility is broad, with advisory services available to small business intenders, start-ups, micro businesses and small businesses. The only requirement is that potential clients meet the definition of a small business of less than 20 full-time equivalent employees. The SBAS Natural Disaster Assistance initiative, whilst restricting access to small businesses that were impacted by the natural disasters, did not apply any other constraints. From this perspective, the SBAS programme is easy to access as it is open to any individual or small business that is aware and seeking business advice.

As the 2011 Review found, the geographical spread of SBAS funded service providers can impact small businesses' ability to access the programme. Given the time poor nature of small businesses, geographical distance can be a barrier to accessing face-to-face advisory services. The programme can only service small businesses that are located within a practicable distance from a SBAS-funded RBO. The limited reach of the SBAS programme could be perceived as a restriction on small businesses accessing the services, although they may be able to access state funded programmes.

Virtual assistance could be another way to overcome access issues providing internet services are available. Flexibility in delivery and therefore accessibility is fundamental to the programme. Sixty four per cent of businesses accessing SBAS funded services were operating from home compared with 56 per cent of the general community of small businesses.

38 per cent of businesses accessing SBAS funded services, normally sort business advice from an accountant or financial advisor and 47 per cent of the general small business community. Even if they were aware of SBAS it is unlikely that accountants or financial advisors would refer them to SBAS providers because they may see SBAS as a competitor for their services.

The Quantum survey found that of the respondents who were aware of SBAS (44 per cent of businesses accessing SBAS funded services and 30 per cent of the general small business community) were so because they had heard by word of mouth (18 per cent and 14 per cent respectively) or through the media (11 per cent and 35 per cent respectively).

For the majority of businesses who were aware of the programme but had not sought help from the programme (or who could not recall doing so), it was not a conscious decision not to participate in the programme. For almost half of them, time and perceived lack of relevance were the key factors influencing their decision not to participate (47 per cent and 44 per cent respectively).

Some providers consulted for this Review indicated that strategic action was needed to encourage small businesses to participate in their services. Operating outside of normal business hours and providing virtual and mobile services were given as examples of this type of action.

These views were consistent with those expressed in the 2011 Review that in light of the time poor nature of small businesses, ease of access to the SBAS programme could be further enhanced through working with service providers to ensure there is service coverage outside of normal office hours. Alternatively, SBAS funding could also be dedicated to providing mobile services to small businesses to conduct on-site business consultations. It should be noted that extended hours and mobile services are more expensive to operate and as a result fewer small businesses can be serviced.

6.5 Efficiency of programme administration and delivery method

The Review attempted to determine whether the SBAS program is delivered in the most efficient way possible and the extent to which programme delivery is administratively simple and low risk was considered.

Inputs and Outputs

There are 74 projects being delivered by 63 providers across all the current initiatives of the SBAS programme. As noted in the 2011 review of the SBAS programme, the Department of Finance and Deregulation's Expenditure Review Principles state that efficiency can often be improved by optimising the use of inputs, such as capital and labour. By leveraging off existing resources such as centres and business advisers, government expenditure is targeted to the actual provision of advisory services to small businesses rather than on the physical infrastructure necessary to deliver face-to-face advice'. The Review therefore considers that this delivery model has inherent efficiencies.

To ensure the outputs of the programme are maximised, funding should be used to directly provide small business services to the greatest extent possible. The Ministerial Guidelines (prior to changes made to reflect the Williams cases) required applicants to:

- be not-for-profit;
- be incorporated under a relevant law of the Commonwealth, State or Territory.
- have an Australian Business Number; and
- be a Business Enterprise Centre or a Registered Business Organisation which engages in trading activities.

The Customer Guidelines stated that eligible expenditure can be determined by the Funding Agreement between the Commonwealth of Australia and the individual funding recipient. The funding agreement will specify, amongst other things, the nature of the low cost business advisory services to be undertaken by the successful applicant, the specified time for completion of the proposal, the amount and timing of funding payments and reporting and audit requirements.

As indicated in the 2011 Review, the open-ended nature of this arrangement has the potential to allow eligible expenditure to be different for each RBO. This Review found that a number of the RBOS had been unable to deliver services according to their contracts and that this situation had continued through the funding period, despite few complaints being made to AusIndustry.

The Review considers that SBAS funding should only be made available to organisations that can demonstrate that they are viable and are capable of effectively delivering services to small businesses at the time of application.

Efficiency can often be improved by exploiting economies of scale such as through shared services arrangements. Unfortunately, difficulties within Business Enterprise Centres Australia (BECA) have prevented the umbrella body from undertaking the role of intermediary in relation to SBAS funding as recommended by the 2011 Review and thereby taking account of those economies of scale.

Cost efficiencies

The Review has also attempted to examine the cost efficiency of delivering the SBAS programme. From the figures outlined in the table below⁵³, the Review estimated the percentage cost of programme delivery compared to the total cost of the programme. This methodology was utilised in the 2011 review and has been repeated here for purposes of comparison.

⁵³ AusIndustry Senate Estimates Brief, 30 April 2014

In their comments about the evaluation of grants programmes, the Australian National Audit Office (ANAO) notes that ‘the evaluation report should provide a balanced assessment of the granting activity, with a particular focus on the extent to which it has achieved the objectives set for it. The evaluation report should also:

- detail the context of the granting activity, as well as the validity and reliability of information and the methodology used;
- discuss the challenges experienced in implementing the evaluation strategy;
- link the analysis performed to the reported findings, conclusions and recommendations; and
- identify whether the reported outcomes were in line with the expectations outlined in the applications.

Similar to developing a monitoring and evaluation strategy, proportionality is a key principle that influences the content of an evaluation report with the detail in the report commensurate with the significance (in financial and other terms) of the granting activity and the risk associated with the granting activity⁵⁴.

Despite its relative simplicity and some challenges in obtaining the most recent data, the Review team considers that the methodology outlined above complies with the principles of proportionality.

That said, the calculation should be viewed with some caution as it includes money administered by AusIndustry only and does not include a component for the costs incurred by Treasury in administering their component of the programme, the policy development or the costs associated with the evaluation.

Departmental Funds

Departmental	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Budget	691	569	822	579	838	590	4089

The departmental budget for the Department of Industry was taken to represent the cost of delivery of the programme as it includes staff costs and travel expenses to oversee and administer the programme.

The administered funds include grant monies and allocations for marketing and legal expenses associated with delivering small business advisory services.

The figure reveals that the cost of delivering the programme is approximately 10.8 per cent of the total cost of the programme. If this figure is compared with that estimated in the 2011 Review where the cost of delivery was found to be 2.7 per cent of the total cost of the SBAS programme, it would appear that there has been an eight percentage points increase in administration costs.

Even if the 2011 figure is adjusted by the addition of the 2012-13 departmental budget figure, which was not included in the original calculation, it appears that the current costs of administering the programme has increased by at least five percentage points since 2011 to 10.8 per cent of the total cost of the programme.

The Department of Industry is of the view that following are exceptional circumstances that should be taken into account when measuring the efficiency of the programme:

⁵⁴ ANAO, Implementing Better Practice grants Administration, December 2013, p 93.

- the BEC initiative received far greater administered funding than SBAs 2012 there was a significant increase in costs;
- the funds provided to the programme were calculated and approved by the Department of Finance and Deregulation during the NPP process as the amount of funds required to run the programme (noting that this amount is 15 per cent less than the original figures as the ERC made an arbitrary 15 per cent cut to all NPPs that year);
- the methodology fails to look at workload – BEC initiative had 36 projects and currently there are 76 (79 before terminations) all of which need to be managed;
- Treasury required reporting of data for SBAS 2012 which requires considerable additional work by AusIndustry to cleanse and maintain; and
- AusIndustry has been required to undertake assessment for the QNDA round on an unfunded basis and has also been required to implement BCM and National Interest projects also unfunded and unplanned.

Despite the comments above, and noting that the care which needs to be taken when examining the figures, the Treasury considers that 10.8 per cent of the total cost of the programme is an unsustainable level of administration costs when compared to the level of funding that is directed to providing services to small businesses.

The ANAO has informed the Review that anything above 5 per cent administrative costs as a per cent of the total costs of the programme needs close examination and must reflect exceptional circumstances that are not clearly evident in this programme.

As a result, the Department of Industry and the Treasury should look closely at how these costs can be contained; noting especially that much of the work undertaken in the state offices in relation to the Programme is either unfunded or subsidised by other parts of AusIndustry.

This is particularly important given the Australian Government's commitment to cut red tape and reduce costs.

Administered Funds

SBAS PBS ALLOCATIONS	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Category	\$m	\$m	\$m	\$m	\$m	\$m	
Previous SBAS uncommitted	0.25						
Grants*	6.043	5.802	5.858	6.258	5.862	6.164	
conversion to ongoing program		0.303	0.11				
Continuation of program in 2012-13 Budget	0.114	0.086	-0.133	0	0		
transfer from other programs	0.626						
TOTAL GRANTS	7.033	6.191	5.835	6.258	5.862	6.164	
Hotline	0.004		0.004		0.004		

Advisory Service Conference		0.04	0.04	0.04	0.04	0.04	
Evaluation^		0	0				
Marketing	0.01	0.02	0.104	0.021	0.108	0.022	
Total Operating expenses	0.03	0.06	0.148	0.061	0.152	0.062	
Total	7.063	6.251	5.983	6.319	6.014	6.226	37.856

Administration and Risk

The Expenditure Review Principles assert that the simplest and most cost-effective solution should be implemented to meet the Australian Government's objectives and the lowest-risk solution should be adopted unless there is a compelling reason to introduce a higher-risk option.

The SBAS programme depends on a network of business advisory services for its delivery. The Department of Industry, through AusIndustry, manage the relationship with these service providers and the funding agreements with them.

AusIndustry collects performance reports, data on the number of services seen and conducts compliance visits to providers as necessary. Staff are able to manage intensive periods by careful management of resources.

To some extent the use of known service providers has simplified the administration of the programme and reduced the risk associated with delivery. Between 1 July 2013 and 30 June 2014 a total of 16 compliance visits were made by AusIndustry staff. Of the 68 providers, four were visited three times each in Queensland; in both Victoria and Tasmania two providers were both visited twice each. Two projects were also terminated, one in NSW and one in SA.

No complaints were reported to AusIndustry about the individual services. All providers submitted their data forms and reports on time; a somewhat surprising figure as 32 per cent of the same service providers, when asked, said that they had experienced difficulty in undertaking the reporting requirements placed upon them while 50 per cent had no difficulty with the reporting requirements. The time taken for them to undertake the reporting tasks varied enormously between 1-5 and 2-3 days per quarter.

The SBAS newsletter, an important document for keeping service providers up to date with current information, was opened, if not read, by 52 of the 68 providers over the 2013-14 financial year.

The time taken to undertake the reporting required under the programme implies that an unnecessarily onerous burden is being placed on service providers. Spending up to five days a quarter on reporting is clearly a poor use of valuable time and resources that could be better spent on assisting small businesses. The Department of Industry and Treasury need to canvas urgently the reasons for this regulatory impost and why it is being felt more by some service providers than others.

From interviews with the network of service providers it was noted that approximately equal numbers of service providers (27 per cent in each case) thought that the information being collected about the SBAS programme was either right or wrong. In addition, 10 per cent of these service providers thought that a longitudinal study would enable the causal links between the programme and the sustainability, productivity and growth of small business to be established. Others thought that the KPIs needed reviewing and the ABN as an indicator of a 'unique' business was a poor choice.

6.6 Summary

The SBAS programme is highly regarded by service providers. Ninety two per cent of those surveyed for this Review thought the level of support from AusIndustry was 'wonderful' or 'excellent' and it would be a great pity to see this support fall. That said the percentage of funds spent on administering the programme is unsustainably high.

The SBAS programme is a low cost, low risk initiative and is administratively simple, despite the reporting burden that some service providers experience. Access was increased by a few of the service providers by the provision of out-of-hours services and onsite visits.

The Review found that some attempt was being made by service providers to recover costs, although these were generally minimal and linked to a business' capacity to pay.

Clearly participation in an SBAS funded service changed businesses attitudes to accessibility. The Quantum survey results indicate that cost was a barrier to accessing information and advice for 71 per cent of the general small business community.

SUCCESS STORY:

This page has been redacted to protect the privacy interests of the individuals and businesses named.

7. Integration

This principle deals with the degree to which the SBAS programme is able to work with other government agencies (Australian, state, territory and local). The questions that need to be answered are:

- Does SBAS overlap with other available services or programmes delivered through other Australian and State Government agencies?
 - Are there any conflicting or inconsistent objectives between programmes and activities?
- What relationships does the SBAS programme have with other Australian and state government agencies that deliver similar or complementary programmes?
 - How can they be improved?
 - Are agencies effectively working together to consistently deliver the Australian Government's policy objectives with clearly defined lines of responsibility?

7.1 Cooperation and coordination with other government agencies

The SBAS programme operates alongside related small business initiatives at the Australian and state and territory government levels. The nature of the relationship between these initiatives and jurisdictions vary, but overall they are complementary.

SBAS aims to complement and link with other government initiatives, particularly the new Entrepreneurs Infrastructure Programme (EIP) and the single business delivery initiative being delivered by the Department of Industry. It seeks to facilitate the delivery of business advisory services to small businesses – particularly small business intenders, microbusinesses and start-ups – many of which will not be able to access the intensive business advisory services delivered under EIP, due to the minimum annual turnover eligibility requirement.

The Department of Industry is undertaking a comprehensive marketing campaign to promote the business advisory services offered through the single business service and EIP. The single business service is likely to receive 500,000 calls per annum from businesses. As mentioned previously marketing of SBAS should be included in this campaign.

The former Small Business Support Line received approximately 25,000 business contacts per year, and referred 16 per cent of these contacts to Business Enterprise Centres (BECs) for face-to-face advisory services. If this proportion of referrals to RBOs continues under the single business service initiative, there is likely to be increased pressure on demand for the face-to-face services that will be provided by this proposal.

7.1.1 Australian Government overview

The Single Business Delivery Initiative

As part of the new \$484.2 million EIP, the Australian Government is investing \$92.4 million to put in place a new streamlined single business service initiative. The Department of Industry's new single business service initiative is delivered by AusIndustry at: www.business.gov.au. It is also available by calling: 13 28 46 (between 8.00 am and 8.00 pm AEST weekdays), or through an online enquiry form, or web chat.

This new, simple and streamlined service includes expert agents who are experienced at running small businesses to help with subjects like obtaining finance, managing cash flow, taxation, marketing, and information about Government programmes and support.

The integration of the Small Business Support Line into the single business service initiative should simplify and streamline the delivery of support available to all businesses.

Entrepreneurs' Infrastructure Programme (EIP)

The Australian Government has established the EIP to implement its new approach to industry support. The Department of Industry has carriage of the EIP and single business service initiative. The programme will streamline engagement with industry and will focus on supporting job creation, providing information, and facilitating access to business management advice to lift the capability of all businesses.

Through this programme, small to medium enterprises, in specified industries, will receive support to better link them to supply chains, provide opportunities for collaboration with researchers and innovators, improve business and entrepreneurship skills and access to market and industry information.

The Treasury is currently working with the Department of Industry on the development and implementation of the EIP. To ensure there is no duplication it is vital that any refocus of the SBAS programme integrates effectively with the EIP and the broader single business service framework.

Department of Industry

Business.gov.au is an online portal that is a well-recognised service among small businesses. The role of business.gov.au is to aggregate information and transactions from all three levels of government to assist businesses comply with government requirements simply and conveniently. A wide range of services and information is available about start-up, taxation, licensing and legislation, as well as significant transactions such as ABN Lookup, taxation compliance and licence applications.

7.1.2 State and territory government overview

Each state and territory government offers some form of information or advisory service to small businesses. These services are delivered in a variety of ways through one-on-one advice; websites; social media or mediation support. A summary of these services can be found in **Appendix Eight**.

New South Wales' SmallBiz Connect links with, but does not overlap, Commonwealth programmes and a range of local government initiatives.

Western Australia has Small Business Centres that provide free advice and support to existing small businesses and refers to specialist advisers such as accountants and lawyers; the WA programme does not support small business intenders. Tasmania provides a network of business advisers and mentors via Enterprise Centres Tasmania.

Victoria's Small Business Institute is dedicated to ensuring small businesses grow and that they have a voice in policy development. In addition, Small Business Victoria works with the Small Business Mentoring Service to provide mentors for small business.

Queensland runs Mentoring for Growth and Small Business Solutions that provide mentoring and business skills for promoting growth and profitability amongst small businesses. South Australia's 'Coaching and Mentoring Programme' has an advanced business skills development programme targeted at owners and managers of established businesses.

The Australian Capital Territory delivers mentoring and advisory services through Canberra Business Point and the ACT Digital Enterprise.

The SBAS programme intersects with state government programmes when a RBO receives funding from both Australian and state sources. Stakeholder consultation indicated that multiple sources of funding are generally complementary and allow advisory services to be extended to more small businesses.

Ten per cent of service providers interviewed for the Review thought that there was too much overlap between SBAS and state programmes. Some state government officials also indicated there is some confusion in the minds of service providers about what state and Commonwealth agencies actually fund.

During consultations conducted by the Review, the Department of State Growth, Tasmania noted that: 'There is little understanding of the difference between our service and SBAS. Not sure if the outcomes are being counted twice. The Department is aware of the Small Business Advisory Services (SBAS) Programme. In fact, some of their existing service providers also receive SBAS funding. The Department was not aware of any small businesses that had provided any direct comments on the SBAS programme, probably because they cannot differentiate between our service and SBAS. It would be extremely beneficial to the small business sector if we could have some input into future funding scope; specifically what regions should this funding cover that is not already being serviced by our existing Enterprise Centre' services'.

In a similar vein, the Director, Small Biz Connect NSW indicated that 'there were concerns about how the NSW State and Commonwealth programmes will complement each other (rather than compete against each other)'. He also highlighted the fact that NSW had received some negative feedback from their programme area from clients who indicated that advice from SBAS funded services was too generalised. He indicated that joint planning between the Commonwealth and states and territories would produce a better product.

Stakeholder contact between the Department of Industry and the Treasury occur on a regular basis in relation to the SBAS programme. The Australian Small Business Commissioner noted that 'in its engagements with small business stakeholders the Office has received a number of positive comments regarding the services that small business organisations are providing as a result of funding provided through the SBAS programme. These comments have come from business chambers, industry associations, AusIndustry Regional Managers and RBO Managers. There have been some concerns raised in regards to funding through SBAS only being available to not for profits, or affiliations with not for profits. There is some consternation that this is unfairly precluding potential providers.

7.3 Summary

The Australian Government's programmes are intended to provide a complementary and seamless suite of services to all businesses including small businesses. The SBAS programme complements the programmes for small business delivered by other Commonwealth agencies and state and territory governments. It aims to support service providers who assist small businesses to adapt to changes in their operating environment by providing low cost information and advice. The services funded under the programme provide support to the smaller end of the small business spectrum and to start-ups.

SUCCESS STORY:

This page has been redacted to protect the privacy interests of the individuals and businesses named.

8. Performance Assessment

This principle addresses attempts to answer the question of whether the programme is subject to robust performance assessment and measurement.

- Are the SBAS programme's key performance indicators aligned with the objectives of the SBAS programme?
- Is it clear how the effectiveness of the programme will be measured?
 - Does the SBAS programme have sound data collection methodologies?

8.1 Appropriateness of key performance indicators

To ensure programmes are effectively managed, on track and delivering the services intended, clear objectives and performance indicators are crucial. 'Measuring programme performance is essential to good management, to public accountability and transparency, and to internal organisational learning and development. Consistent, clear reports of performance provide an important record of an entity's progress towards meeting Australian Government policy objectives; how well public money is being spent and whether planned achievements are on track'⁵⁵.

Performance management KPIs should: tie into the overall business objectives; measure areas that will influence the success of the business and indicate areas requiring further action. SBAS KPIs should therefore measure the extent to which service providers are delivering advisory services to small businesses and the extent to which their sustainability, productivity and growth are enhanced as a result.

As indicated earlier in this report, the Department of Industry's Portfolio Budget Statement (PBS) KPI for the SBAS programme is:

'Number of services provided to small businesses through the Small Business Advisory Services'

The Department of Industry assessed the effectiveness of the Programme by measuring the total number of services assisted against a target estimate of 47,802. The contract KPI for service providers was slightly different from the overall programme KPI being *the number of 'unique' businesses assisted* by the service provider, that is, those defined by unique ABNs or names in the case of small business intenders. AusIndustry worked with each SBAS funding recipient to develop benchmarks for the level of services that were to be delivered under SBAS.

The Review found that both the programme KPI and the KPI for each contracted service only measured the extent of the activities or outputs of the programme and not the outcome. As a result, the KPI provided no insight into how the small businesses assisted under the programme had grown as a result of the information and advice they had received. This finding was consistent with the findings of the 2011 Review of SBAS.

As indicated in Section 5.3 the programme policy team recognised this as a problem and developed a Programme Logic Model, with intermediate outcomes and KPIs, to assist in determining the extent to which the outcomes of the Programme had been met. The data from the survey of small business intenders and active small businesses undertaken by Quantum was used to test the established targets.

⁵⁵ Department of Finance and Deregulation, <http://www.finance.gov.au/sites/default/files/performance-information-and-indicators.pdf>

The SBAS programme's intermediate performance indicators in the Programme Logic Model were better targeted to measuring outcomes. These indicators represent the interaction the programme has with small businesses. The indicators are:

- Small businesses and intenders accessing SBAS funded services;
- Small businesses and intenders experience a benefit from accessing SBAS services;
- Small businesses and intenders apply a the benefit to their businesses or intentions; and
- Small businesses experience an improvement in sustainability, productivity and growth.

While numerical targets were set under the Programme Logic Model, the Review team found them to be somewhat arbitrary. The Review acknowledges the difficulty associated with measuring the tangible impacts of advice on small businesses because of the general nature of the advice and issues with causality, however, further work on the KPIs needs to be undertaken in order to better link KPIs to the Programme's objectives and outcomes.

8.2 Data collection methodologies

AusIndustry undertakes data collection for the programme. Data has been collected for all the SBAS initiatives from the funding recipients. The SBAS Natural Disaster Assistance (SBAS NDA) initiative concluded on 30 June 2012. The SBAS NDA service providers were required to report monthly on the number of actual businesses assisted as well as the type and number of services delivered. On a quarterly basis, service providers are required to report on the above as well as specific information regarding how businesses were impacted by the disasters.

At the conclusion of their funding agreements SBAS NDA providers were required to submit a final report and audit report within 60 days of the conclusion of the funding agreement. On acceptance of the final report the SBAS NDA providers received a small retention payment.

The information from the SBAS NDA reports on the impacts on small businesses and the local economies were summarised in a SBAS NDA Stakeholder report prepared by AusIndustry at the conclusion of the initiative.

The SBAS 2012, SBAS Business Coaching and Mentoring (SBAS BC&M), SBAS Queensland Natural Disaster Assistance (SBAS QNDA) and SBAS National Interest providers are required to report quarterly. In addition they are required to provide End of Financial Year reports and at the completion of each initiative will be required to submit Final Reports and Audit reports within 60 days.

At the end of each quarter the providers must provide information on each small business assisted during that period. The information collected is:

- Details of the business (that is, name of business, ABN and address);
- The details of the person in that business assisted and their contact details;
- Industry of business;
- Number of employees;
- Whether they are a small business intenders;
- Whether the business is in a 'priority' target group (that is, women In business, Indigenous In business, family In business, home-based business); and
- The type of business advisory service provided (that is, business management skills, financial management skills, business planning advice, mentoring and networking for business, general business advice).

This information on the number of unique small businesses assisted and the number of services provided to small businesses is collated by AusIndustry. Providers must also complete a quarterly written report, outlining the progress of their project against budget and explaining the progress of the

project. The report also outlines their observations on issues affecting small businesses in their region and any customer stories that are worthy of note.

AusIndustry prepares a quarterly summary of the provider reports which highlights such things as the top issues affecting small business and the top industries being assisted. At the end of each initiative, and following the receipt of final reports, a stakeholder report summarising the impacts on small businesses and the local economies will be prepared for each initiative.

8.3 Summary

The SBAS programme's KPIs could be enhanced by being more specific, measurable and linked to the programme's outcomes.

Data collection methodologies could be improved by requiring service providers to report on data that is directly aligned to the programme's KPIs. It is important that this data is collected in a consistent manner and collated in a meaningful way for use by the policy and programme areas.

9. Strategic Policy Alignment

This principle seeks to address whether the SBAS programme is consistent with the Australian Government's strategic long term policy priorities.

- Is the programme consistent with the Australian Government strategic long term policy priorities?
 - In particular, areas that help sustain economic growth through improved productivity and participation.

9.1 Consistency with Australian Government priorities

Supporting small businesses to grow and flourish is a fundamental priority for the Australian Government which has variously described the small business sector as the engine room of the Australian economy⁵⁶ and small business and family enterprises as key drivers of innovation and improved living standards and crucial to our National Industry Investment and Competitiveness Agenda⁵⁷.

In the words of the Hon Bruce Billson MP, Minister for Small Business 'we (the Government) see small business as the future of the over the horizon economy. We believe there is huge potential for small business to contribute to the growth of the economy and boost employment'⁵⁸.

As mentioned previously, the Australian Government has reordered its priorities to maximise the sustainability, productivity and growth of small business through the provision of a continuum of advisory services to be delivered through a single business service. The objective of SBAS, through expanding and strengthening the capacity of service providers to deliver low cost small business advisory services, remains entirely consistent with the afore-mentioned Australian Government's priorities.

⁵⁶ The Coalition's Policy for Small Business, August 2013 <http://paweb-static.s3.amazonaws.com/13-08-19%20The%20Coalition%E2%80%99s%20Policy%20for%20Small%20Business.pdf>

⁵⁷ Hon Bruce Billson MP, Minister for Small Business, Press release *Small business to play crucial role in changing economy*, 19 December 2013 <http://bfb.ministers.treasury.gov.au/media-release/016-2013/>

⁵⁸ Hon Bruce Billson MP, Address to Fair Work Ombudsman Small Business Forum, RACV Club, Melbourne, 7 March 2014 <http://bfb.ministers.treasury.gov.au/speech/004-2014/>

9.2 Summary

The Australian Government has stated its support for small business many times, in speeches, formal policy statements and media releases.

The Australia Government broadly aims to assist the small business sector by:

- improving the business environment in which small business operates;
- ensuring effective consultation with small business on the issues affecting them;
- reducing the burden of regulation;
- enhancing the competitiveness of small business; and
- promoting a culture of entrepreneurship.

The SBAS programme is consistent with the Australian Government's long term policy priorities, including its productivity and participation objectives. The programme helps to achieve these objectives by complementing the suite of services provided to small business by providing services that are:

- relevant – skills learnt contribute to the sustainability and growth of the small business;
- practical – oriented towards action learning for participants
- delivered in a flexible manner – at a location and/or time convenient to the small business owners and/or managers, and
- strategic – supported by referral services, including to other small businesses with specific professional skills.

Services provided by SBAS include workshops and mentoring services to assist new ventures and start-ups, answering common questions and helping them avoid common pit-falls, such as issues involving recruitment, intellectual property or leasing. The services also assist in the development of basic business skills like financial management, marketing, and general business management (including developing a business plan).

Productivity and Participation

Increasing productivity has been identified as an overarching strategic policy objective by the Australian Government. The SBAS programme aims to support the productivity agenda by increasing the productivity of small businesses. It focuses on maximising the growth potential, prosperity and sustainability of small businesses through enhanced access to information and advice on issues important to sustaining and/or growing small business. It also aims to improve the business skills of small business operators and owners.

These activities increase small business profitability, help reduce incidence of small business failure and consequently increase economic benefits.⁵⁹ Boosting productivity and reducing the burden of regulation is critical to making Australian businesses, entrepreneurs and workers better off. Reducing regulation will make our economy more competitive, provide greater incentives for job creation and real wage growth and contribute to the higher living standards Australians deserve in the 21st century⁵⁹.

The SBAS programme supports small businesses and those who are seeking to enter business for the first time. It has the potential to contribute to increased employment and reduces reliance on the government for income support. It has the potential to provide tangible benefits to small business by

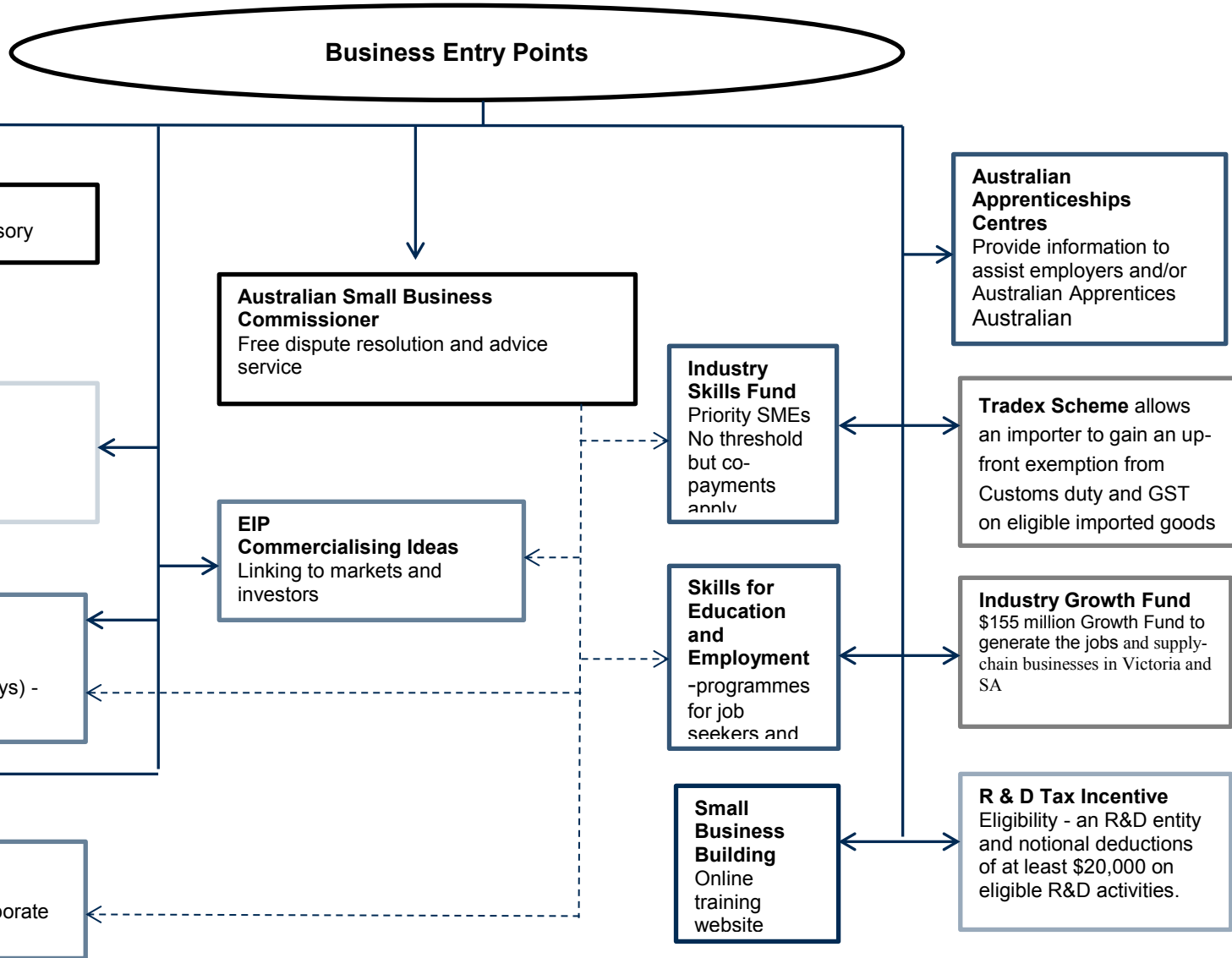
⁵⁹ The Coalition's Policy to Boost Productivity and Reduce Regulation, July 2013, <http://paweb-static.s3.amazonaws.com/Policies/ProdPolicy10Jul13.pdf>

making it less likely that businesses will fail and more likely that they will grow and have the capacity to provide additional employment opportunities. It also provides valuable advice to those considering starting a business and offering counselling that can prevent poorly thought out businesses being started. This has the effect of reducing costs to taxpayers as well as reducing stresses upon individuals and their families.

SUCCESS STORY:

This page has been redacted to protect the privacy interests of the individuals and businesses named.

Australian Government Business Services Offerings – Appendix One



Additional Programme Initiatives - Appendix Two

- On 4 August 2010, the then government announced funding of \$500,000 over two years for a new BEC to be run by Advance Cairns. Advance Cairns joined the network of BECs, bringing the total number to 37, to deliver general low cost advisory services to small businesses. Funding for this initiative ended as scheduled on 28 February 2013.
- On 1 July 2011, the then government announced funding of \$2.5 million for Natural Disaster Assistance to assist competitive, merit-based funding to 25 RBOs, including BECs, to help small businesses affected by natural disasters that occurred throughout Australia since October 2010. Funding for this initiative ended as scheduled on 31 May 2012.
- On 8 May 2012, the then government announced that \$27.5 million would be provided to extend the SBAS programme for a further four years, and ongoing thereafter to enable the continued delivery of advice and support to small businesses. Services commenced on 1 January 2013, with 55 organisations delivering 63 projects around Australia. Funding for this first round will end as scheduled on 31 December 2014.
- On 1 July 2012, the then government announced the Home Business Kickstart package to provide assistance to home based businesses, focusing particularly on women and stay at home parents who run a small business from home or are intending to start a home based small business. Funding for this initiative ended as scheduled on 30 June 2013.
 - The Business Mentor Services Tasmania (BMST) received \$50,000 to provide mentoring services to relevant businesses in Tasmania.
 - Business Enterprise Centres Australia received \$210,000 to run a series of eight small business seminars, one in each capital city, providing a range of information and contact packages to home based small businesses.
- On 15 November 2012, the then government announced the StartUp Queensland initiative providing funding of \$200,000 to Business Enterprise Centres Australia. The objective of this national interest project was to maximise the sustainability, productivity and growth potential of small business intenders, from those affected by redundancies of public servants in Queensland. This programme was mutually agreed to be terminated following the Business Enterprise Centres Australia announcement of their restructure in February 2014.
- On 18 December 2012, the then Government provided funding of \$50,000 for the Australian Newspaper Federation (ANF). This national interest project provided funding to assist Queensland newsagents impacted by News Limited's pilot T2020 consolidation of distribution territories for home delivery. The initiatives were delivered through a combination of seminars, small workshops and one-on-one visits. The events aimed to help businesses cope with an immediate challenge and create new, long-lasting opportunities. Funding for this initiative ended as scheduled on 30 June 2013.
- On 13 March 2013, the then government announced \$600,000 over two years to provide business coaching and mentoring services to small businesses. The then Minister for Small Business wrote to the former Prime Minister to seek policy authority to support three RBOs: Advanced Cairns, Penrith City and District, and Southern Success, with one-off grants to provide business coaching and mentoring services to small businesses located in the regions of Cairns, Western Sydney and City of Onkaparinga in Southern Adelaide. Funding is scheduled to end on 31 March 2015.
- On 28 February 2013, the then government announced a new competitive, merit based funding round – Queensland Natural Disaster Assistance. The objective is to provide low cost advisory services to improve management capability, business skills and financial management skills of participating small businesses in Queensland that were directly or indirectly impacted by ex-Tropical Cyclone Oswald

(and associated rainfall and flooding). Funding for this first round is scheduled to end on 30 June 2015.

- On 20 June 2013, the then government agreed to provide a further \$100,000 to fund Business Enterprise Centres Australia to conduct an additional series of nationwide HomeBiz Connect seminars in the first half of 2014. This programme was mutually agreed to be terminated following the Business Enterprise Centres Australia announcement of their restructure in February 2014.

Terms of Reference - Appendix Three

The Treasury

Review of the Small Business Advisory Services Programme

September 2013

The Treasury is to undertake a review of the Small Business Advisory Services (SBAS) Programme in 2013-14 and 2014-15. The review will be conducted by a review team, including representatives from the policy (The Treasury) and programme administration area (AusIndustry), who will be guided by a reference group and be supported by an independent consultant. The review team, and the independent consultant assisting it, will consult with the service providers, end users (small business owners and operators), industry stakeholders, Commonwealth departments and agencies and state and territory governments.

Background

The objective of the SBAS programme is to help small businesses, including new start-up businesses, build productivity and growth through the provision of low cost advisory services.

The SBAS programme is a part of a complementary suite of Australian Government programmes to help small businesses build their skills and capabilities to overcome information asymmetries regarding their business performance and challenges that are associated with unexpected shocks, such as a downturn in the economy or a natural disaster. To date, the following programmes have received funding under the SBAS programme.

- In 2008-09, 36 Business Enterprise Centres (BEC) across Australia received funding to deliver general low cost advisory services to small businesses. A total of \$42 million over four years was provided as funding for this initiative and it ended as scheduled on 30 June 2012. This element was known as the BEC Initiative. The 36 BECs were selected by the then Government. The then Government selected the BECs and nominated the services to be provided by the BECs, without departmental input.
- Building on this initiative, on 24 October 2008, the then Government announced a new funding measure of an additional \$4 million over the 2008-09 and 2009-10 financial years to RBOs (including BECs) to provide additional support and advisory services to small business to assist them in responding to the Global Financial Crisis.
- The introduction of the \$4 million funding measure initiated changes to the existing structure of the BEC initiative. As such, the name was changed to the Small Business Advisory Services programme (SBAS) to accommodate these changes. Funding for this initiative ended as scheduled on 31 December 2009.
- On 4 August 2010, the then Government announced funding of \$500,000 over two years for a new Business Enterprise Centres to be run by Advance Cairns. Advance Cairns joined the network of 36 Business Enterprise Centres, bringing the total number of BECs funded to 37, to deliver general low cost advisory services to small businesses. Funding for this initiative ended as scheduled on 28 February 2013.
- On 1 July 2011, the then Government announced funding of \$2.5 million for Natural Disaster Assistance to assist competitive, merit based funding to 25 not-for-profit RBOs, including BECs, to help small businesses affected by natural disasters that occurred throughout Australia since October 2010. Funding for this initiative ended as scheduled on 31 May 2012.

- On 8 May 2012, the then Government announced that \$27.5 million would be provided to extend the Small Business Advisory Service programme for a further four years, and ongoing thereafter to enable the continued delivery of advice and support to small businesses. Services commenced on 1 January 2013, with 55 organisations including Registered Business Organisations and Business Enterprise Centres delivering 63 projects around Australia. Funding for this first round will end as scheduled on 31 December 2014.
- On 1 July 2012, the then Government announced the Home Business Kickstart package to provide assistance to home based businesses, focusing particularly on women and stay at home parents who run a small business from home or are intending to start a home based small business. Funding for this initiative ended as scheduled on 30 June 2013.
 - The Business Mentor Services Tasmania (BMST) received \$50,000 to provide mentoring services to relevant businesses in Tasmania.
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- On 15 November 2012, the then Government announced the StartUp Queensland initiative providing funding of \$200,000 to Business Enterprise Centres Australia. The objective of this National Interest project is to maximise the sustainability, productivity and/or growth potential of small business intenders, from those affected by the recent redundancies of public servants in Queensland. Outcomes for this initiative are currently under review by Business Enterprise Centres Australia. This programme was agreed to be mutually terminated following the BEC Australia announcement that it was restructuring in February 2014.
- On 18 December 2012, the then Government provided funding of \$50,000 for the Australian Newspaper Federation (ANF). This National Interest project funding is provided to assist the Queensland newsagents impacted by News Limited's pilot T2020 consolidation of distribution territories for home delivery. The initiatives were delivered through a combination of seminars, smaller workshops and one-on-one visits, aimed to help businesses cope with an immediate challenge and also to create new, long-lasting opportunities. Funding for this initiative ended as scheduled on 30 June 2013.
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- On 28 February 2013 the then Government announced a new competitive, merit based funding round – Queensland Natural Disaster Assistance. The objective to provide, low cost advisory services and targeted towards improving management capability, business skills and / or financial management skills of participating small businesses located in Queensland that are directly or indirectly impacted by ex-Tropical Cyclone Oswald (and associated rainfall and flooding). Funding for this first round will end as scheduled on 30 June 2015.
- On 20 June 2013 the then Government agreed to provide a further \$100,000 to fund Business Enterprise Centres Australia to conduct an additional series of nationwide HomeBiz Connect seminars in the first half of 2014. This programme was agreed to be mutually terminated following the BEC Australia's restructure in February 2014.

Authority for Review

The timing and nature of this review is consistent with the Australian Government requirement for programmes to be reviewed every three to five years. Following a review, which comprised of independent components in 2011, the policy for the SBAS programme was redesigned in the May 2012 budget process. The first business advisory projects to be funded under the new SBAS programme policy commenced in January 2013 and will continue until December 2014.

Review Scope and Timing

Programme coverage – The review will examine the performance of the SBAS programme against the criteria of appropriateness, effectiveness, efficiency, integration, performance assessment and strategic policy alignment.

Effective review date – This review will examine all SBAS projects that commenced from 1 July 2011 to March 2014.

The review is scheduled to be completed in October 2014. The findings, conclusions and review report will be confidential and provided to the Minister for Small Business.

Terms of Reference

The review Terms of Reference have been developed in accordance with the Expenditure Review Principles published by the Department of Finance.

In assessing government activity against the Expenditure Review Principles, evidence must be used to demonstrate whether the activity is the most appropriate, effective and efficient way to achieve the Australian Government's policy objectives and desired outcomes.

Appropriateness

Provide an overview of the appropriateness of the SBAS programme by describing the need for government intervention and/or objective identified and agreed by the Australian Government:

- The nature and extent of any continuing need or problem that needs to be addressed;
- Is the SBAS programme an appropriate strategy/ delivery mechanism to address any identified need?
- Alternative strategies available to address the need or problem, and any implications for future delivery of the programme.
- The likely consequences of not addressing the need or problem; and
- Is the programme administered by the most appropriate level of government?

Effectiveness

Provide an overview of the effectiveness of the SBAS programme, focussing on how it could be improved, by addressing:

- Are the objectives of the SBAS programme still appropriate or do they need further review?
- To what extent has the SBAS programme met its objectives?
 - What outcomes has the SBAS programme achieved against its key performance indicators?
- Any unintended consequences (positive or negative) of the programme; and
- Examine the cost effectiveness of the administered funding expenditure of the SBAS programme.

Efficiency

Provide an overview of the efficiency of the SBAS programme, focussing on how it could be improved, by addressing:

- Is the programme administered and delivered in the most efficient way achievable?

- To what extent have inputs been minimised or outputs maximised to achieve the programme's intended products and services;
- Whether the programme has been implemented on schedule; and
- Explain any under or overspends in the years to date. Indicate how this experience has been factored into estimates of future spending.

Integration

Provide an overview of whether the policy objectives of the SBAS programme should or can be delivered through government agencies working together, by addressing:

- If there are conflicting or inconsistent objectives between the programme and other activities, including programmes across other levels of government; and
- Are the government agencies involved able to work together effectively to consistently deliver the Government's policy objectives within clearly defined lines of responsibility?

Performance Assessment

Provide an overview of the extent to which the SBAS programme has incorporated regular and robust performance assessment and measurement by addressing:

- Are the key performance indicators aligned with the objectives of the SBAS programme?
- Is it clear how the effectiveness of the programme will be measured? Does the SBAS programme have sound data collection methodologies?

Strategic Policy Alignment

Provide an overview of the extent to which the SBAS programme is consistent with the government's strategic long term policy priorities, by addressing:

- Is the programme consistent with the achievement of sustainable economic growth through improved productivity and competitiveness?

Approach to Review

Reference Group

A reference group will be established to provide oversight and direction for the review. The reference group will help to ensure that all the terms of reference are addressed and that appropriate methodologies are used to provide evidence for the conclusions drawn in the final report.

The reference group will comprise:



- (AusIndustry, General Manager)
- (AusIndustry, Manager)
- (AusIndustry, Assistant Manager)
- (Department of Industry, Evaluation Unit, Manager)
- (Department of Industry, Evaluation Unit, Assistant Manager)
- (Treasury, Principal Adviser)
- (Treasury, Manager)
- (Treasury, Analyst)

The reference group will meet for milestone events and other times as required, including:

Task	Date
Discuss and provide advice on the Terms of Reference	December 2013
Discuss and provide advice on the consultation process, including the engagement of an independent consultant to conduct an end user survey	January 2014

Provide comment on proposed survey design	March 2014
Discuss analysis of results of findings from end user survey and consultation process	July 2014
Discuss and provide comment on Draft Report	August 2014
Presentation of Final Report to the Executive of The Treasury and AusIndustry (Department of Industry).	October 2014

Review Team

The Treasury has responsibility for drafting the Review report with input from the review team and the independent consultant relating to the end user survey.

The review team comprised policy and programme officers from the Small Business, Competition and Consumer Policy Division (The Treasury) and the AusIndustry Division (Department of Industry). Note, all members of the review team are included in the reference group. The review team will meet on a regular basis after the commencement of the evaluation.

Methodology of Review

In order to conduct the review a number of approaches will be used, including:

- Collection and analysis of data from within The Treasury and AusIndustry (Department of Industry), particularly periodical reports provided by the service providers;
- Desktop research and literature review;
- Assessment of programme logic, including review of assumptions;
- Engagement of an independent consultant to conduct a survey to gauge the views of end users (small business participants); and
- Consultations with stakeholders, including the service provider, industry representatives, Commonwealth agencies and state and territory governments.

Stakeholder Consultation - Appendix Four

1. KEY THEMES - SURVEY OF SELECTED SBAS PROVIDERS (Conducted by AusIndustry Network)

Key Questions	Response	Quantum
1. How long have you been in your role?	Minimum Maximum Average	5 months 23 years 7 years
2. What are the 3 responsibilities that take up most of your time?	Managing: Administration (including staffing; budgets and planning): Business Advisory: Hosting Workshops: Stakeholder Engagement and Marketing: Mentoring: Connecting SBs with SBs, networking/Facilitation: Political management:	35% 20% 25% 24% 23% 8.5% 16% 4%
3. What approaches do you use to make clients aware of your services? Can the programs availability and benefit be better communicated to intended clients?	Email/e-newsletter: Direct Mail: Newsletter: Social Media: Word of mouth/networks Workshops/Seminars/Forums/Expos (webinars): Website: Local Media (ads; radio; TV; print): Local Councils/Chamber of Commerce databases: Banks; supermarkets; professional networks; local champions; local politicians; Branding (vehicles and uniforms):	18% 11% 45% 31% 44% 38% 38% 49% 32% 10% 10%
4. In your area, what are the biggest concerns of the businesses that use your services?	Uncertainty with government: Fear of government programmes being cut: Economic environment/business confidence: Staffing issues (access; WPHS; PR): Financial issues (costs; cash flow; financial management Inability to innovate: Red-tape/complexity: Marketing: Time management: Poor understanding of technology; e-tools and social media: Declining population:	11% 11% 34% 25% 41% 3% 10% 3% 7% 15% 4%
5. Are you able to address these concerns with the services you offer? If so how?	Yes: No: Somewhat: Better targeted services: More effective use of technology and social media: Increased referrals to professionals could assist: 'User pays' servicing:	63% 11% 10% 21% 14% 10%

		3%
6. If not, what other types of assistance would you like to be able to offer?	Change ratio of workshops to one-on-one assistance provided. Pro bono or cheap lawyers, accountants, insurance agents, technology educators, banks and doctors (counselling). One stop shop services. Strategic, succession and workplace planning More funds.	10% 20%
7. What do you think are the biggest challenges facing small businesses in your region?	Uncertainty with government/Economic environment/business confidence: Staffing issues (access; WPHS; PR): Financial issues (costs; cash flow; financial management): Inability to innovate: Red-tape/complexity: Marketing: Time management: Poor understanding of technology; e-tools and social media: Declining population:	27% 15.5% 17% 4% 10% 3% 6% 15.5% 8%
8. Do you work with other advisory services or state government agencies?	Referrals to and from the SBSL: No contact with SBSL: Some contact: Close contact: Close contact with their relevant state/territory government colleagues: Work with local governments Work with local development boards, corporations or regional councils: Work with local Chambers of Commerce: Worked with local universities, TAFEs or colleagues: Work with Commonwealth agencies (ATO bga.gov.au; Austrade; DAFF; ASIC; ACCC; ABS; NEIS; Immigration; Centrelink and the Superannuation Clearing House: Worked Indigenous business Respondents worked with local private sector professionals including accountants, lawyers; banks; medical personnel and Lifeline: Refer clients informally: Refer clients formally:	Limited 13% 20% 4% 41% 35% 8% 17% 7% 37% 8% Limited 41% 11%
9. What is different about the services you provide compared to other business advisory services that are available? (prompt: type of services/price/availability)	Free, low cost, affordable and price competitiveness services: Flexible, prompt; professional, independent and non-competitive services: Staff have a small business perspective; are jargon free and targeted: Specifically tailored services for women and Indigenous businesses: Personalised and one-on-one service: No one else provides these:	Unable to estimate %
10. What sort of effect do you think your services are having?	Positive: Negative: Neither or did not answer directly:	66% 0% 34%
11. Can you think of any success stories of businesses that you have helped? Have you considered submitting this for possible inclusion in the monthly SBAS	Poor response rate. Many respondents do not track companies and/ or had not heard of the newsletter. Some specific businesses that were listed: [REDACTED]	Unable to estimate %

programme Newsletter? Alternatively, do you track companies that have closed or existed? Why did they close?	[REDACTED]	
12. Do you think that your organisation would be able to continue to operate if Commonwealth funding ceased for the SBAS programme?	YES, with reduced and/or changed services YES, with same services NO: would be unable to continue without Commonwealth funding	49% 23% 28%
13. If the organisation increased the fees they charge for some of their services, what do you think the result would be?	Less take up of services: Negative effect on their client base: Already charge fees with positive outcome: Mix of responses depending on client base: No response:	69% 69% 23% 6% 2%
14. Why should the government be involved in providing small business advice?	<p>Mixed and diverse response:</p> <p>Involved</p> <ul style="list-style-type: none"> • As an investment and catalyst for economic development; macroeconomists do not have small businesses on their radar. Net job creation comes from small business which leads to export growth. • Government needs to be seen to care about its entire people, especially in times of disaster - likely to result in 'public good' – stronger communities. • Services independent of government are important because many customers are not confident, or are suspicious of, government. • Market forces do not provide tailored services for small business in regional areas. <p>Not Involved</p> <ul style="list-style-type: none"> • Not sure Government should be involved; rather it should provide funding for independent experts to provide such advice. • Government should be a 'seeder', not a long term proposition. • Businesses hate government and do not want to talk to someone at the local council; they want to talk to an independent person. • From a free market perspective, there is no reason businesses should not do it themselves but they do not know that they NEED to do it. Once they become savvier then the need for support will dissipate. • Government should not give advice to small business, just assistance when needed. <p>Costs/Benefits</p> <ul style="list-style-type: none"> • Providing free/low cost small business advisory services would not be commercially viable. • Small business advice has potential to deliver large return for a comparatively small government investment. • Encourage economic diversity (reduce big business monopoly); 'small business advice is not corporate welfare'. • Economic benefit from well -targeted programs increasing start-ups, growth, productivity and employment. • Private supplier would price themselves out 	Unable to estimate %

	of the market and therefore not deliver these outcomes.	
15. Is your organisation a member of an Association and what is your relationship? (ie: BEC Australia)	Member of an association: Not a membership of an association: Member of BECA: Formerly members of BECA Chambers of Commerce: NIES (New Enterprise Incentive Scheme)r	93% 7% 50% 7% 28% 7%
16. How would you characterise your relationship with AusIndustry? How could they improve their support? Do you receive and distribute the monthly SBAS programme Newsletter?	Good-excellent-fantastic support for AusIndustry: Could be better: – More face-to-face contacts/visits – Less reporting – Improved templates – Better advice on programme delivery – More workshops like Brisbane – Too many staff changes difficult to keep up Received newsletter: Did not receive newsletter:	92% 6% 63% 11%
17. What are the reporting requirements that you have to prepare for the SBAS Programme like?	Reporting requirements are not difficult to use: Experienced significant difficulty in undertaking the reporting tasks:	50 % 32%
18. Is the information difficult to put together? How long does it take?	Time taken to undertake the tasks:	1-5 days or 2-3 days per quarter
19. Do you think that the SBAS Programme is collecting the right kind of information to measure the programme's success? What other kinds of information should they be asking for?	Right information: Wrong information: Need longitudinal study to measure causal links between the programme and the business success: Need better KPIs and milestones mandated: Need harder data particularly around Indigenous matter: Need follow up information to monitor business success; number of jobs created, business turnover and partnerships formed was also identified: Way of capturing repeat visits.	27% 27% 10% Unable to estimate %
20. If the programme could be redesigned, what would you change?	No change to the programme: Funding should be for a longer period: Programme needs more flexibility; spread too thinly and duplicates state programmes: KPIs of the programme needed greater clarification (ABN a poor measure of performance): Programme should be better targeted at regional issues and problems: Funding was too low to have any real effect.	28% 13% 10% 9% 9%
21. Is there anything else you would like to raise with us regarding the programme?	'Very valuable as it is': Need greater focus on regions: Access to experts on small business paid for by the Government: More emphasis on face-to-face funding: Credit to be given to past successful recipients: Less turnover of AusIndustry staff: A better spread of funding across the nation.	20% 6% Unable to estimate %

2. AWARENESS OF SBAS BY COMMONWEALTH, STATE AND TERRITORY AGENCIES AND SELECTED INDUSTRY BODIES

This section has been redacted as the Treasury has not obtained permission from relevant agencies and industry bodies to make this information public.

3. PHONE CALLS WITH CURRENT SBAS PROVIDERS AS AT April 2014

Number of providers spoken to (out of 63)	55
---	----

SERVICES PROVIDED*

One-on-one mentoring/business advisory services	87%
---	-----

Seminars	42%
----------	-----

Workshops	71%
-----------	-----

Networking Events	20%
-------------------	-----

*does not add to 100% because providers offer a combination of the above services

SERVICE DELIVERY

One-on-one	11%
------------	-----

Group	16%
-------	-----

Combination	73%
-------------	-----

ONLINE SERVICES

Had own website	85%
-----------------	-----

Did not have own website	15%
--------------------------	-----

Use Skype as part of their service	5%
------------------------------------	----

Offer webinars to clients	11%
---------------------------	-----

TOOLS and RESOURCES

Tools (eg. Diagnostic or health checks)	20%
---	-----

Resources (templates and plans)	36%
---------------------------------	-----

Combination of tools and resources	24%
------------------------------------	-----

None of the above	20%
-------------------	-----

COSTS

All services are no cost to client	7%
------------------------------------	----

All services are low cost to client	18%
-------------------------------------	-----

Services are combination of low and no cost	29%
Did not mention costs at all	45%

NB: The above information was gathered through 5 – 30 minute phone conversations with SBAS providers. These statistics are based on what was discussed during the phone conversations; they are by no means exhaustive of all services offered. These are only the percentages of providers who mentioned certain activities, services and costs, and should only be used as a guide.

Quantum Market Research Findings and Questionnaire - Appendix Five

06/05/14

**Department of Treasury
Small Business Advisory Services Program Research**

Quotas/Sampling:

STRATA A: Small businesses who have received advice from the SBAS

Total of n=850

STRATA B: The broader small business community

Total of n=350

Sample file information:

Business name

ABN

Contact name

Contact telephone number

Address Line 1

Address Line 2

Address line 3

State/Territory

Postcode

Business size

Type Activity

SBAS Organisation Name

SBAS Project

SBAS City

SBAS Postcode

SBAS Themes

Introduction:

Good morning/afternoon my name is [full name] and I am calling on behalf of the Commonwealth Government Department of Treasury from Quantum Market Research, an independent research company. May I please speak to <NAME FROM SAMPLE>.

When respondent on phone:

We are conducting a survey on behalf of the Small Business, Competition and Consumer Policy Division in the Treasury. The survey aims to gauge business owners' or managers' awareness, knowledge and use of the Small Business Advisory Services Program supported by the Commonwealth Government. The information gained from this survey will also help the Small Business, Competition and Consumer Policy Division determine what kinds of assistance small business owners and managers would find useful.

STRATA A: This interview should take no more than 20 minutes to complete.

STRATA B: This interview should take no more than 10 minutes to complete.

You have been randomly selected along with a sample of other small businesses to take part in this survey and your answers to the survey are totally confidential and will only be used for research purposes. It's only your opinions we are after, and there will be no sales follow up as a result of this survey.

Is now a good time for us to talk or could we schedule in a more convenient time for you to be interviewed?

Our call may be monitored by my supervisor for quality assurance and training purposes. This survey has been approved by the Australian Government Statistical Clearing House. The approval number is 02194 -- 02. You may phone the Statistical Clearing House on (02) 6252 5285 to verify the approval number.

Q.1. Firstly can you confirm the name and postcode of your business?

A.) Name of
 business [_____]

B.) Postcode
 [_____]

Q.2. Interviewer record gender: **[DO NOT READ OUT. SR]**

Male 1

Female 2

Q.3. What is the position(s) you hold in your organisation? **[INTERVIEWER NOTE THAT DUE TO SIZE OF BUSINESS MOST ARE LIKELY TO BE OWNER AND MANAGER - SO MULTIPLE RESPONSE POSSIBLE] [DO NOT READ OUT]**

Owner 1
Manager.....2
Other [Specify] 3

NEW QUESTION

Q.3.a How many employees does your business currently employ? **[DO NOT READ OUT. SR]**

_____ RECORD NUMBER

CODE AS PER ABS AS FOLLOWS

0 (No employees)..... 1
1-42
5-19..... 3
20+..... 4

TERMINATE STRATA B

Don't Know..... 5

TERMINATE STRATA B

Q.4. Does your business either partially or completely operate from your home? **[DO NOT READ OUT. SR]**

Yes 1
No 2

Q.5. What is the main industry in which this business/organisation operates? **[DO NOT READ OUT. SR. PROMPT WHERE NECESSARY] (ANZIC CODES)**

Agriculture, Forestry and Fishing 1
Mining 2
Manufacturing 3
Electricity, Gas, Water and Waste Services 4
Construction 5

Wholesale Trade	6
Retail Trade	7
Accommodation and Food Services	8
Transport, Postal and Warehousing	9
Information Media and Telecommunications	10
Financial and Insurance Services	11
Rental, Hiring and Real Estate Services	12
Professional, Scientific and Technical Services	13
Administrative and Support Services	14
Public Administration and Safety	15
Education and Training	16
Health Care and Social Assistance	17
Arts and Recreation Services	18
Other Services	19
Don't know / can't say	15

Q.6. And how long has your business been operating? **[DO NOT READ OUT. SR]**

Less than 6 months.....	1
Between 6 and 12 months.....	2
Between 1 and 3 years	3
Between 3 and 5 years	4
More than 5 years	5
Don't Know.....	6

NEW QUESTION

Q.7. In a week, how many hours do you normally work for your business? **[DO NOT READ OUT. SR]**

Less than 10 hours per week	1
10 - 35 hours per week	2
36 - 45 hours per week	3
More than 45 hours per week.....	4
Other.....	5

Which of the following best describes your business plans over the next 2 years... **[READ OUT. SR]**

We intend on growing the business.....	1
We intend on maintaining the business as it is	2
We intend on downsizing the business.....	3
We intend on exiting the business (eg. Retirement, buy-out, closure) ..	4
Other [DO NOT READ OUT].....	5

ASK Q.8 IF 0 = CODE 1

Q.8. In what way do you intend on growing your business? **[OPEN]**

ASK Q.8 IF 0 = CODE 3 OR 4

Q.9. Why is that (ie. Downsizing or exit)? **[OPEN]**

NOTE: WORDING ASSUMES ALL INTERVIEWS WILL BE COMPLETED PRIOR TO 30 JUNE 2014 WORDING TO CHANGE IF FIELDWORK DELAYED.

Q.10. Compared to last financial year (12/13), has the number of people your business employed this financial year (13/14)... **[READ OUT. SR]**

- Increased 1
- Stayed the same 2
- Decreased..... 3
- Don't Know / N/A..... 4

Q.11. Compared to this year, are the number of people your business may employ next financial year likely to... **[READ OUT. SR]**

- Increase 1
- Stay the same 2
- Decrease 3

Don't Know / N/A.....4

NOTE: WORDING ASSUMES ALL INTERVIEWS WILL BE COMPLETED PRIOR TO 30 JUNE 2014 WORDING TO CHANGE IF FIELDWORK DELAYED.

Q.12. Compared to last financial year (12/13) has your revenue this financial year...
[READ OUT. SR]

Increased 1
Stayed the same 2
Decreased..... 3
Don't Know / N/A..... 4

ASK Q.13 IF Q.12 = CODE 1 (REVENUE INCREASED)

Q.13. And by what percent has your revenue increased this financial year?
[Interviewer example: If a business's revenue has grown from \$2m to \$3m, it has increased 50%]

Percentage [_____]

NOTE: WORDING ASSUMES ALL INTERVIEWS WILL BE COMPLETED PRIOR TO 30 JUNE 2014 WORDING TO CHANGE IF FIELDWORK DELAYED.

Q.14. Compared to this financial year is your revenue next financial year likely to (14/15)... **[READ OUT. SR]**

Increase 1
Stay the same 2
Decrease 3
Don't Know / N/A..... 4

ASK Q.15 IF Q.3 = CODE 1 (OWNER)

Q.15. Is this your sole source of income? **[DO NOT READ OUT. SR]**

Yes 1
No 2

ASK Q.16 IF Q.15 = CODE 2 (BUSINESS OWNER AND NOT SOLE SOURCE OF INCOME)

Q.16. What percentage of your income is derived from this business?

Percentage [_____]

ASK Q.17 TO Q.22 OF STRATA B ONLY

NEW QUESTION

Q.17. What is the legal status of this business/organisation?... **[READ OUT. MR]**

[note: a business may use a combination of these as part of its structure, so multiple response possible]

Sole proprietor or partnership 1
Incorporated company 2
Incorporated association 3
Trust 4
Government/Semi-government authority 5
Other (please specify) 6
Don't know **[DO NOT READ OUT]** 7

NEW QUESTION

Q.18. And when your business was first established, was it a... **[READ OUT. MR]**

[Note: a business may use a combination of these as part of its structure, so multiple response possible]

- Sole proprietor or partnership..... 1
- Incorporated company 2
- Incorporated association 3
- Trust..... 4
- Government/Semi-government authority 5
- Other (please specify) 6
- Don't know **[DO NOT READ OUT]** 7

NEW QUESTION

Q.19. When your current business was first established, how was it financed? Was it financed by... **[READ OUT. SR]**

- An equity contribution from one individual 1
- An equity contribution from more than one individual 2
- An equity contribution from a separate business 3
- Other (specify) 4

NEW QUESTION

Q.20. During the first year after your business was established, did any of its owners have other significant sources of income? **[DO NOT READ OUT. SR. PROBE IF YES]**

- No, the owner/s relied on the business for all/most of their income 1
- Yes, all of the owner/s had other sources of income 2
- Yes, some but not all of the owner's had other sources of income 3
- Don't know 4

NEW QUESTION

Q.21. Not including monies owed to trade creditors, does the business have any borrowings from other parties to finance its operations (e.g. credit cards, loans, overdrafts)?

- No 1
- Yes 2
- Don't Know..... 3

ASK Q.22 IF Q.21 CODE 2 (BORROWINGS TO FINANCE OPERATIONS)

NEW QUESTION

Q.22. And who is the lender of those funds:

- One of the owners 1
- A family member 2
- Another private individual or business 3
- A financial institution. 4
- Other (specify) 5
- Don't know 6

Business advice and training

Q.23. How important do you feel business advisory services are to the viability of your business? Are they **[READ OUT. SR]**

- Extremely important 1
- Somewhat important 2
- Not that important..... 3
- Not at all important..... 4
- Don't know 5

NEW QUESTION

Q.24. What type of business advice and training have you had a need for in the last twelve months? **[DO NOT READ OUT. MR. PROMPT IF NECESSARY]**

- Regulation..... 1
- Diversification..... 2
- Exporting..... 3
- Women in Business 4
- E-Commerce..... 5
- Taxation 6
- Finance 7
- Start-up..... 8
- Growing your business..... 9
- Marketing 10

Business management.....	11
Financial management.....	12
Business continuity planning (resilience to future natural disasters) ...	13
Other [Please specify]	11
None	12

Q.25. And if you did need advice who would you normally seek business advice from?
[DO NOT READ OUT. MR. PROMPT IF NECESSARY]

Accountant/Financial Adviser	1
Business advice provided as part of a Commonwealth Government program /service	2
Business advice provided as part of a State Government program	3
Lawyer/ Solicitor	4
Industry Association	5
Family	6
No one (just me)	7
Business Mentors	8
Using Business Advisory Services Delivered Online	9
Other [Please specify]	10

Q.26. Have you undertaken any business skills training? **[DO NOT READ OUT. SR]**

Yes.....	1
No	2

ASK Q.27 IF Q.26 = CODE 1 (UNDERTAKEN TRAINING)

Q.27. And who provided the training? **[DO NOT READ OUT. MR]**

A Commonwealth Government program	1
A State Government program	2
An industry association	3
An educational institution (eg. Tafe, CIT, Uni)	4
A private training provider	5
Local Government.....	6
Other [Please specify]	7
Don't know	8

Q.28. And which of the following statements best describes your exposure and attitude to online training **[READ OUT. SR]**

I have undertaken online training and would do so in the future	1
I have undertaken online training and am unlikely to do so again	

- in the future 2
- I have not undertaken online training but would consider it 3
- I have not undertaken online training and would not consider it..... 4

Small Business Advisory Services Program

I would now like to ask you some questions about a program called the Small Business Advisory Services Program. This program delivers advisory services to small business owners through service providers such as business enterprise centres.

Q.29. Before today had you heard of the Small Business Advisory Services Program?

[DO NOT READ OUT. SR]

- Yes 1
- No 2

SKIP TO Q.52

- Not sure 3

SKIP TO Q.52

ASK Q.30 IF Q.29 = CODE 1 (YES AWARE OF SBAS PROGRAM)

Q.30. How did you first find out about the Small Business Advisory Services Program?

[DO NOT READ OUT. SR. PROBE IF NECESSARY]

- Australian Government Department or Agency 1
- State Government Department..... 2
- Local Government Department 3
- Media 4
- Industry or Business Association..... 5
- Private Business Advisor..... 6
- Word of Mouth 7
- Approached by a Business Enterprise Centre 8
- Approached by a Chamber of Commerce 9
- Online search..... 10
- Other [Please specify] 11

ASK Q.31 IF Q.29 = CODE 1 (YES AWARE OF SBAS PROGRAM)

QUESTION CHANGED

Q.31. Have you used a service supported by the Small Business Advisory Service Program? **[DO NOT READ OUT. SR]**

Yes	1
No	2
SKIP TO Q.48	

ASK Q.32 IF Q.31 = CODE 1 (YES PARTICIPATED IN SBAS PROGRAM)

NEW QUESTION

Q.32. In which areas did the Small Business Advisory Services Centre provide you with advice? **[DO NOT READ OUT. MR. PROBE IF NECESSARY]**

Regulation.....	1
Diversification.....	2
Exporting.....	3
Women in Business	4
E-Commerce.....	5
Taxation	6
Finance	7
Start-up.....	8
Growing your business.....	9
Marketing	10
Business management.....	11
Financial management.....	12
Business continuity planning (resilience to future natural disasters) ...	13
Other [Please specify]	14
I did not received any advice [specify]	15

ASK Q.33 IF Q.31 = CODE 1 (YES PARTICIPATED IN SBAS PROGRAM)

NEW QUESTION

Q.33. How was contact first made with your Small Business Advisory Services Centre? **[DO NOT READ OUT. MR]**

One to one face-to-face interaction	1
Seminar	2
Internet.....	3
Expo/conference	4
Telephone.....	5
Email.....	6

Other [Please specify] **ASK Q.34 IF Q.31 = CODE 1 (YES PARTICIPATED IN SBAS PROGRAM)**

Q.34. How did you most often interact with your Small Business Advisory Services centre for advice? **[DO NOT READ OUT. MR. PROBE IF NECESSARY]**

- One to one face-to-face interactions..... 1
- Seminars/Workshop sessions 2
- Internet..... 3
- Expo/conference 4
- Telephone 5
- Email 6
- Other [Please specify] 8

ASK Q.35 IF Q.31 = CODE 1 (YES PARTICIPATED IN SBAS PROGRAM)

NEW QUESTION

Q.35. And what resources, tools and materials were you provided with during the Small Business Advisory Service Program? **[DO NOT READ OUT. MR. PROBE IF NECESSARY]**

- Developed resources – (these could include handouts, factsheets, brochures & presentations etc)..... 1
- Diagnostic tools – (these could include health checks or business diagnostics, identifying areas for development) 2
- Other (specify) 3
- No resources, tools and materials provided..... 4

ASK Q.36 IF Q.31 = CODE 1 (YES PARTICIPATED IN SBAS PROGRAM)

Q.36. To what extent do you think your participation in the Small Business Advisory Services program improved your skills in the following areas. **[READ OUT EACH STATEMENT. SR FOR EACH]**

SHOW ONLY THOSE CODED AT Q.32

	Significantly improved	Moderately improved	Slightly improved	Not improved	Confused me	Don't Know / NA
a) Regulation	1	2	3	4	5	6
b) Diversification	1	2	3	4	5	6
c) Exporting	1	2	3	4	5	6
d) Women in Business	1	2	3	4	5	6
e) E-Commerce	1	2	3	4	5	6
f) Taxation	1	2	3	4	5	6
g) Finance	1	2	3	4	5	6
h) Start-up	1	2	3	4	5	6
i) Growing your business	1	2	3	4	5	6
j) Marketing	1	2	3	4	5	6
k) Business management	1	2	3	4	5	6
l) Financial management	1	2	3	4	5	6
m) Business continuity planning (resilience to future natural disasters)	1	2	3	4	5	6
n) <Other at Q.32>	1	2	3	4	5	6

ASK Q.37 IF Q.31 = CODE 1 (YES PARTICIPATED IN SBAS PROGRAM)

NEW QUESTION

Q.37. Under the Small Business Advisory Services program, the centre you used is required to provide low cost business advisory services. Do you believe the costs were... **[READ OUT. SR]**

High 1
 Moderate..... 2

Low	3
Don't Know [DO NOT READ OUT]	4
Not Applicable [DO NOT READ OUT]	5

ASK Q.38 IF Q.31 = CODE 1 (YES PARTICIPATED IN SBAS PROGRAM)

NEW QUESTION

Q.38. And in terms of value for money of the business advisory services you received.
Do you believe the value for money you received was... **[READ OUT. SR]**

High	1
Moderate.....	2
Low	3
Don't Know [DO NOT READ OUT]	4
Not Applicable [DO NOT READ OUT]	5

ASK Q.39 IF Q.31 = CODE 1 (YES PARTICIPATED IN SBAS PROGRAM)

QUESTION ADAPTED

Q.39. For each statement I read out, please indicate whether you agree or disagree...
[READ OUT EACH STATEMENT. SR FOR EACH]

READ OUT STATEMENT – Is that completely, moderately or slightly?

	Complet ely agree	Moderat ely agree	Slightly agree	Slightly disagree	Moderat ely disagree	Complet ely disagree	Don't Know / NA
A. The advice helped me make better business decisions [PRODUCTIVITY]	1	2	3	4	5	6	7
C. The advice helped me save time and money [PRODUCTIVITY]	1	2	3	4	5	6	7
D. The advice improved our productivity [PRODUCTIVITY]	1	2	3	4	5	6	7

E. The advice has helped me expand the business [GROWTH]	1	2	3	4	5	6	7
F. The advice has helped me improve the viability/profitability of the business [SUSTAINABILITY]	1	2	3	4	5	6	7
G. The advice has helped increase revenue/sales [GROWTH]	1	2	3	4	5	6	7

ASK Q.40 IF Q.31 = CODE 1 (YES PARTICIPATED IN SBAS PROGRAM)

Q.40. How likely are you to recommend this type of program to other small businesses? Would you

Q.41. **[READ OUT. SR. PROBE IF NECESSARY]**

- Definitely recommend 1
- Probably recommend 2
- Probably not recommend 3
- Definitely not recommend..... 4
- Don't Know **[DO NOT READ OUT]**..... 5

ASK Q.42 IF Q.40 = CODE 1-2 (DEFINITELY/PROBABLY RECOMMEND)

Q.42. Overall, what did you like most about the Small Business Advisory Services program? **[OPEN]**

ASK Q.43 IF Q.31 = CODE 1 (YES PARTICIPATED IN SBAS PROGRAM)

NEW QUESTION

Q.43. How could the Small Business Advisory Services program be improved or tailored to better meet your needs? **[OPEN]**

ASK Q.44 Q.31 = CODE 1 (YES PARTICIPATED IN SBAS PROGRAM)

Q.44. And were you aware that the services provided under this program were subsidised by the Commonwealth Government? **[DO NOT READ OUT. SR]**

- Yes 1

No2

SBAS Referral

ASK Q.45 IF Q.31 = CODE 1 (YES PARTICIPATED IN SBAS PROGRAM)

NEW QUESTION

Q.45. At any point in your dealings, did the Small Business Advisory Services Centre refer you to someone else for advice? **[DO NOT READ OUT. SR]**

Yes 1

No 2

ASK Q.46 IF Q.45 = CODE 1 (YES SBAS OFFICER REFERRED ELSEWHERE)

NEW QUESTION

Q.46. Who did the Small Business Advisory Services officer refer you to? **[DO NOT READ OUT. MR. PROBE IF NECESSARY]**

Australian Government Department or Agency 1

State/Territory Government Department 2

Local Government Department 3

Private Business Advisor..... 4

Other [Please specify] 5

ASK Q.47 IF Q.45 = CODE 1 (YES SBAS OFFICER REFERRED ELSEWHERE)

NEW QUESTION

Q.47. Which of the following statements best describes how the Small Business Advisory Services Officer referred you to someone else? **[READ OUT. SR]**

Pointed me to the right person/team/department who could help 1

Initially referred me to the wrong person/team/department but subsequently pointed me in the right direction' 2

Pointed me towards the wrong person who could not help me or point me in the right direction..... 3

None of the above **[DO NOT READ OUT]**..... 4

Decisions not to participate in the SBAS

ASK Q.48 TO Q.51 OF STRATA B ONLY

ASK Q.48 IF Q.31 = CODE 2 (NO PARTICIPATION IN SBAS PROGRAM)

Q.48. Did you make a conscious decision not to participate in a service delivered by the Small Business Advisory Services program? **[DO NOT READ OUT. SR. PROBE IF NO]**

- Yes 1
- No, my business was not eligible 2
- No, I never got around to it..... 3
- No, Other [Please specify]..... 4

ASK Q.49 IF Q.31 = CODE 2 (NO PARTICIPATION IN SBAS PROGRAM)

Q.49. To what extent was your decision not to participate influenced by each the following reasons? **[READ OUT EACH STATEMENT. SR FOR EACH]**

	Not at all	To some degree	To a high degree
a. Unable to take time away from business	1	2	3
b. Project / activities did not meet your needs	1	2	3
c. Project/ activities were held at an inconvenient time	1	2	3
d. Project/ activities were held in an inconvenient location	1	2	3
e. Project/ activities were too expensive	1	2	3

ASK Q.50 IF Q.31 = CODE 2 (NO PARTICIPATION IN SBAS PROGRAM)

Q.50. Were there any other factors that influenced your decision not to use services provided by the Small Business Advisory Services Program? **[DO NOT READ OUT. SR. PROBE IF YES]**

- Yes [Specify: What other issues influenced your decision?] 1
- No 2

Q.51 IF Q.50 = CODE 1 (OTHER FACTORS DRIVING NON-PARTICIPATION)

NEW QUESTION

Q.51. To what extent was your decision not to participate influenced by that / those reason(s)? **[READ OUT. SR]**

- Not at all..... 1
- To some degree..... 2
- To a high degree..... 3

Future directions and areas for improvement

NEW QUESTION

Q.52. Of aspects that I will read out, which do you consider are barriers to seeking advice or business training **[READ OUT. SR]**

Q.52.a And of those which is the biggest barrier **[READ OUT. SR]**

- | | Q.52 | Q.52.a |
|---|------|--------|
| Cost | 1 | 1 |
| Time..... | 2 | 2 |
| Accessibility to training (online or location)..... | 3 | 3 |
| Something else [Specify]..... | 5 | 5 |
| No barriers to training [EXCLUSIVE] | 4 | N/A |

ASK Q.53 IF Q.52.A= CODE 1 (COST IS THE BIGGEST BARRIER)

NEW QUESTION

Q.53. Why is cost a barrier? **[DO NOT READ OUT. MR]**

- Lack of money to invest..... 1
- No/Not value for money..... 2
- Other (specify) 3

ASK Q.54 IF Q.52 = CODE 1 (COST IS THE BIGGEST BARRIER)

NEW QUESTION

Q.54. And if the Government fully funded business advice and training activities, would you be prepared to repay the cost at a time when your business profit increased? **[DO NOT READ OUT. SR]**

- Yes 1
- No 2

NEW QUESTION

Q.55. What are the three major issues/challenges is your small business currently facing? **[DO NOT READ OUT. PROMPT IF NECESSARY]**

Q.55.a And of those three factors which is the biggest issue/challenge you are facing? **[DO NOT READ OUT. PROMPT IF NECESSARY][SHOW ONLY THOSE CODES CODED AT Q.55]**

	Q.55	Q.55.a
Access to Finance.....	1	1
Disaster.....	2	2
Drought.....	3	3
Regulation (Red Tape).....	4	4
Cashflow.....	5	5
Operating costs.....	6	6
Taxation.....	7	7
Penalty rates.....	8	8
Superannuation.....	9	9
Local Council.....	10	10
State Government.....	11	11
Finding new customers.....	12	12
Innovation.....	13	13
Digital Engagement.....	14	14
New Technologies.....	15	15
My business capabilities & skills.....	16	16
My financial management skills.....	17	17
Finding a Business Advisor.....	18	18
Finding skilled staff.....	19	19
Other (SPECIFY 1).....	20	20
Other (SPECIFY 2).....	21	21
Other (SPECIFY 3).....	22	22

NEW QUESTION

Q.56. How is this issue/challenge impacting your small business? **[OPEN]**

NEW QUESTION

Q.57. Are these issues / challenges preventing you from growing your business? **[DO NOT READ OUT. SR]**

Yes 1
No 2

NEW QUESTION

Q.58. Can you think of any services that the Government could provide to assist your business to be more productive and/or grow (for example, business skills training)? **[OPEN]**

NEW QUESTION

ASK STRATA B ONLY

Q.59. At secondary school what sort of business training would have better assisted you? **[DO NOT READ OUT. SR]**

Did not do secondary/high school 1

NEW QUESTION

ASK STRATA B ONLY

Q.60. During your vocational studies what sort of business training would have better provided you with assistance? **[DO NOT READ OUT. SR]**

- Did not undertake vocational training 1
- No training required..... 2

That’s the end of the interview. As this is market research, it is carried out in compliance with the Privacy Act and the information you have provided will be used only for research purposes. Thank you for participating in this survey. Your input will be very valuable in helping the Small Business, Competition and Consumer Policy Division in the Department of Treasury to gauge awareness of these small business assistance programs and their effectiveness.

Q.61. To assist in the Department’s analysis of the data would you mind if we associated your name and contact details with the data we collected today and pass this back to the Department?

- Yes give permission to associate contact details with data..... 1
- No 2

This research survey was conducted by Quantum Market Research. If you have any queries, you can call our switchboard during normal business hours on 03 9289 9599, or you can call the Australian Market and Social Research Society’s free survey line on 1300 364 830.

Q.62. Would you like to speak to a departmental officer in regard to the Small Business Advisory Services program we have talked about?

- Yes..... 1
- No 2

IF Q.62 = CODE 1 READ OUT STATEMENT

QUANTUM FINDINGS

Quantum Findings ¹			
Issue	Broad Small Business Community		SBAS Assisted Small Businesses
Intention to grow small business in next two years	27%		71%
Intention to hire staff revenue in coming financial year	9%		35%
Change in revenue in 13/14 financial year	Increase - 25%		Increase – 43%
	Decrease – 33% (73% operating cost prevents growth)		Decrease
Anticipated revenue in coming financial year	36% ²		69% ³
Started life as a sole proprietor	65%		65%
Financed by equity contribution from one individual	45%		45%
Financed by equity contribution from more than one individual	30%		30%
Owe money to a finance institution	95% of those who owe money		95% of those who owe money
Importance of business advisory services	Important	49%	Important 78%
	Not important	51%	Not important 22%
	No need for advice 65%		
	Need for advice 35%		
Business Management was the right type of advice	10%		30%
Marketing advice important	5%		25%
Received developed resources – handouts; factsheets, brochures, presentations			72%
Have undertaken skills training	44%		61%
	Online 34%		Online 49%
Accountants and financial advisers relied on for advice	47%		
Awareness of SBAS Programme	30%		44%

¹ Low level of responses is attributable to?

² Only 10% over five years old

³ 51% over five years old

	26% not aware of a programme supported by SBAS	Programmes do not refer to SBAS as funding source
Method of finding out about SBAS		Word of mouth 18%
		Online search 13%
Participation in an SBAS Programme		Face2face 63%
		Telephone; f2f and email 87%
		Seminars/workshops 17%
		Received developed resources 72%
Advice helped better business decisions		Yes 81%
		No 15%
Advice improved productivity		63%
Advice helped save time/money		62%
Advice improved viability/profitability		65%
Advice helped revenue/sales		40%
Advice helped expand business		39%
SBAS assisted development of improved business management skills		24%
SBAS assisted development of improved marketing skills		24%
Referred to someone for advice		34%
		Of these 73% were to private providers
Referred to the right person		Right 95%
		Wrong 5%
Awareness of Commonwealth subsidising programme		78%
Programme costs compared with other low cost business advisory services		High 3%
		Low 57%
Advice was value for money		Yes 60%
		No 4%

Reason for not participating in an SBAS service	Time and cost 84%	
	Unable to take time away from business – 47%	
	Activities did not suit needs – 44%	
	Cost was a barrier - 71%	
	Unlikely to get value for money - 29%	
If able to pay for SBAS services overtime	Yes when profits increase – 56%	
Likely to recommend the programme to others	Yes - 70%	
	No – 3%	
Suggestions for improvements to the programme	None – 28%	
	More personalised service 29%	
	Better tailored to specific business type – 15%	
Reason for liking the programme	SBAS officer’s skill in providing advice – 36%	

SBAS RBO Providers 2011 – 2014 - Appendix Six

2011 Natural Disaster Assistance

	Organisation	Head Office	State
1	Wagga Wagga Business Enterprise Centre Ltd	Wagga Wagga	NSW
2	Northern Rivers BEC (NORBEC)	Lismore	NSW
3	The Australian Industry Group	North Sydney	NSW
4	Business Enterprise Centre Ipswich Region Inc	Ipswich	QLD
5	Thuringowa Enterprise Centre	Condon	QLD
6	Hinchinbrook Chamber of Commerce, Industry & Tourism Inc.	Ingham	QLD
7	Gulf Savannah Development Inc	Cairns	QLD
8	The Rockhampton Enterprise Centre	Rockhampton	QLD
9	Somerset Regional Business Alliance	Glamorganvale	QLD
10	Rural Solutions Queensland Inc	Roma	QLD
11	Gladstone Area Promotion and Development Limited	Gladstone	QLD
12	Burnett Inland Economic Development Organisation (BIEDO)	Goomeri	QLD
13	Toowoomba Chamber of Commerce & Industry	Toowoomba	QLD
14	Whitsunday Development Corporation	Cannonvale	QLD
15	Career Employment Australia t/a BEC Brisbane Metro	Coorparoo	QLD
16	BEC Redland Brisbane Bayside Ltd	Victoria Point	QLD
17	Bundaberg Enterprise Centre Assoc Inc	Bundaberg	QLD
18	Community Potential Foundation Limited	Devonport	TAS
19	Continuing Education Bendigo Limited	Bendigo	VIC
20	Small Business Mentor Service Inc	Ringwood	VIC
21	Sunraysia Rural Counselling Service Inc	Mildura	VIC
22	North Central Rural Financial Counselling Service (Vic) Inc	Bendigo	VIC
23	Ballarat Business Centre Inc Trading as Eureka BEC	Ballarat	VIC

24	Murray Dairy Inc	Tatura	VIC
25	Belmont BEC	Belmont	WA

2012 SBAS Round

	Organisation	Suburb/City	State
1	Ballarat BEC	Ballarat	VIC
2	BEC (Darwin Region) Inc	Winnellie	NT
3	BEC (Darwin Region) Inc	Alice Springs	NT
4	BEC Southern Sydney	Kirrawee	NSW
5	Belmont BEC Inc	Belmont	WA
6	Belmont BEC Inc	Belmont	WA
7	Box Hill Institute	Box Hill	VIC
8	Braddon Business Centre	Burnie	TAS
9	Break O'Day Business Enterprise Board Inc	St Helens	TAS
10	Bundaberg Enterprise Centre Association Inc	Bundaberg	QLD
11	Burnett Inland Economic Development Organisation Inc	Goomeri	QLD
12	Business Enterprise Centre Ipswich Region Inc	Ipswich	QLD
13	Business Foundations	Rockingham	WA
14	Business Foundations	Fremantle	WA
15	Central Coast BEC – Mentor Services	Tuggerah	NSW
16	Chamber of Commerce and Industry of Western Australia (Inc)	East Perth	WA
17	City of Salisbury	Salisbury	SA
18	Community Potential Foundation Ltd	Launceston	TAS
19	Community Potential Foundation Ltd	Hobart	TAS
20	Dalby Chamber of Commerce and Industry Inc	Dalby	QLD
21	Eastern Suburbs BEC – Greater Western Sydney	Bondi Junction	NSW

22	Eastside BEC	Payneham	SA
23	Enterprise and Training Company Limited	Coffs Harbour	NSW
24	Geelong Chamber of Commerce	Geelong	VIC
25	Gulf Savannah Development Inc	Cairns	QLD
26	Holmesglen Institute of TAFE	Holmesglen	VIC
27	Horsham Rural City Council	Horsham	VIC
28	Hunter Business Centre	Newcastle	NSW
29	Inner West BEC	Thebarton	SA
30	Kangan Batman Institute of Technical and Further Education Board	Broadmeadows	VIC
31	Lighthouse Business Innovation Centre Pty Ltd	Fyshwick	ACT
32	Macarthur BEC Ltd	Smeaton Grange	NSW
33	Macarthur BEC Ltd	Liverpool	NSW
34	Mackay Chamber of Commerce Inc	Mackay	QLD
35	Murray Hume BEC Inc	Wodonga	VIC
36	New England North West BEC	Armidale	NSW
37	North Central Rural Financial Counselling Service	Bendigo	VIC
38	North West Business Development Centre	Port Adelaide	SA
39	Northern Rivers BEC	Lismore Heights	NSW
40	Queanbeyan Enterprise Centre Inc	Queanbeyan	NSW
41	Regional Development Australia – Adelaide Hills, Fleurieu and Kangaroo Island	Victor Harbor	SA
42	Regional Development Australia - Far North	Port Augusta	SA
43	Regional Development Australia – Limestone Coast Inc	Mount Gambier	SA
44	Regional Development Australia – Whyalla and Eyre Peninsula Inc	Port Lincoln	SA
45	Rockhampton BEC	Rockhampton	QLD
46	Small Business Centre Bunbury Wellington	Bunbury	WA
47	Small Business Centre East Kimberley	Kununurra	WA
48	Small Business Centre East Metro	Midland	WA

49	Small Business Centre Mid West Inc	Geraldton	WA
50	Small Business Centre North West Metro	Joondalup	WA
51	Small Business Centre South East Coastal	Esperance	WA
52	Small Business Centre Stirling	Balcatta	WA
53	Sunraysia Rural Counselling Service	Mildura	VIC
54	The Illawarra ITeC Ltd (Illawarra BEC)	Coniston	NSW
55	The Illawarra ITeC Ltd (Shoalhaven and District BEC)	Nowra	NSW
56	The Illawarra ITeC Ltd (South Coast Region BEC)	Moruya	NSW
57	The Illawarra ITeC Ltd (Southern Highlands BEC)	Moss Vale	NSW
58	Wagga Wagga BEC Ltd	Wagga Wagga	NSW
59	Wheatbelt Business Network Inc	Mt Walker	WA
60	Wodonga Institute of TAFE	Wodonga	VIC
61	Wynnum Districts Chamber of Commerce	Wynnum	QLD

*Terms of reference list 63, but only 61 are listed here – the projects with Broken Hill and North Adelaide BECs were terminated.

2012 Home Business Kickstart

	Organisation	Head Office	State
1	Business Enterprise Centres Australia	Wollongong	SA
2	The Business Mentor Services Tasmania (BMST)	Hobart	TAS

2012 StartUp Queensland Initiative*

	Organisation	Head Office	State
1	Business Enterprise Centres Australia	Wollongong	Delivered in QLD

*Mutually terminated following BECA's the announcement of their restructure in February 2014

2012 Australian Newspaper Federation (ANF)

	Organisation	Suburb/City	State
1	Australian Newsagents Federation	St Leonards	NSW

2013 HomeBiz Connect*

	Organisation	Suburb/City	State
1	Business Enterprise Centres Australia	Wollongong	NSW

*Mutually terminated following BECA's the announcement of their restructure in February 2014

2013 Queensland Natural Disaster Assistance (QNDA)

	Organisation	Suburb/City	State
1	Bundaberg Enterprise Centre Association Inc	Bundaberg	QLD
2	Burnett Inland Economic Development Organisation Inc	Goomeri	QLD
3	Business Enterprise Centre Sunshine Coast	Sippy Downs	QLD
4	Gladstone Area Promotion & Development Ltd	Gladstone	QLD
5	National Centre for Studies in Travel and Tourism Pty Ltd	Brisbane	QLD
6	Queensland Fruit and Vegetable Growers Ltd	Fortitude Valley	QLD
7	Subtropical Dairy Programme Ltd	Wynnum	QLD
8	Toowoomba and Surat Basin Enterprise Pty Ltd	Toowoomba	QLD
9	Whitsundays Marketing & Development Ltd	Jubilee Pocket	QLD

The project with Business Enterprise Centre – Ipswich Region was terminated.

2013 Business Coaching and Mentoring (BCM)

	Organisation	Suburb/City	State
1	Advance Cairns (Operations) Ltd	Cairns	QLD
2	Penrith City and District Business Advisory Centre	Penrith	NSW
3	Southern Success Business Enterprise Centre Inc	Morphett Vale	SA

Small Business Advisory Services (SBAS) Programme 2012-2016: Program Logic -- Appendix Seven

Program Objective: Maximise the sustainability, productivity and growth of small businesses through the provision of business advisory services.

The program contributes to DIISRTE Outcome 1: – The sustainable development and growth of Australian industry, particularly the manufacturing, services and small business sectors, by encouraging business to innovate, collaborate and commercialise ideas, and be delivering business advice, assistance and services.

Outcomes		Key Performance Indicators (KPIs)	Targets	Measures and Method
Intermediate Outcomes				
a)	Small businesses and intenders accessing SBAS funded services	Percentage of a service provider's estimate of small businesses and intenders likely to be assisted (as estimated in grant application).	90 per cent of the total number of small businesses and intenders as estimated in grant application were assisted ⁶³ .	Statement in SBAS application by service provider concerning number of intenders and small businesses to be assisted compared to actual results achieved.
b)	Small businesses and intenders experience a benefit from accessing SBAS services	Percentage of small businesses and intenders that found benefit in the services provided.	90 per cent of the small businesses and intenders accessing the services found them beneficial.	Opinion survey of intenders and small businesses addressing services, preferences and statement of benefit/s.
c)	Small businesses and intenders apply the benefit to their businesses or intentions	Percentage of small businesses and intenders that applied the benefit and changed practices or plans.	90 per cent of the small businesses and intenders who found benefits then applied them to their businesses or changed	Survey of intenders and small businesses capturing data on how they applied advice or changed their practices as a result of participating in the services.

⁶³ If a service provider said it would deal with 1000 businesses then the numbers in category of outcome would be 900(a), 810 (b), 729 (c) and 656 (d). The main performance measure for the service provider would be to be associated with sustainability, productivity and growth improvements in 65% [or 656 under (d)] of businesses receiving advice. Note, intenders cannot make up a proportion of the final KPI if they do not proceed to start businesses.

			their business practices.	
d)	Small businesses experience an improvement in sustainability, productivity and growth	Percentage of small businesses and intenders that improved sustainability, productivity and growth.	90 per cent of those businesses applying benefits improved their sustainability, productivity and growth	Survey of intenders and small businesses to measure the number reflecting change in the three factors (small business sustainability, productivity, growth) and beliefs about the role of advisory services in achieving these changes.

The program contributes to Outcome 1 through Program 1.1 Industry Development and Investment: advisory and information services to assist the growth of business (including small business).

SBAS Program 2012-2016:

Measures and Example Indicators

Measures and Method		Indicator	Indicator	Indicator
a)	Statement in SBAS application by service provider concerning number of intenders and small businesses to be assisted compared to actual results achieved.	Number stated in application and actual results.		
b)	Opinion survey of intenders and small businesses addressing services, preferences and statement of benefit/s.	Type of advisory services found most useful.	Description of benefits obtained (relating to actions affecting the three program outcome factors – sustainability, productivity and growth).	
c)	Survey of intenders and small businesses capturing data on how they applied	Examples of applying knowledge or skills given/improved by the service provider subsequent to	Examples of how business practices changed after receiving	Degree of attribution to advice received in applying knowledge or

	advice or changed their practices as a result of participating in the services.	receiving advice.	advice.	changing practices.
d)	Survey of intenders and small businesses to measure the number reflecting change in the three factors (small business sustainability, productivity, growth) and beliefs about the role of advisory services in achieving these changes.	Change in actual or expected net profit margin compared to 2010/11 (productivity) ⁶⁴ .	Change in actual or expected current asset and liability balance compared to 2010/11 (sustainability).	Change in actual or expected net profit compared to 2010/11 (growth).

2 Other data and indicators useful to evaluating the program and setting baseline data are

1. Australian Business Number **Core data item**
2. Business name associated with ABN **Core data item**
3. Date of registration of ABN **Core data item**
4. Industry of business (ANZIC classification by division A-Q) **Core data item**
5. Employment (a) employees, working proprietors, salaried directors, and (b) contractors (Last pay period in June of preceding financial year) **Core data item**
6. Total revenue from sales of goods and services in line with item G1 on BAS (last completed financial year ending on or before 30 June) **Core data item**
7. Taxable income or loss (last completed financial year ending on or before 30 June) **Core data item**
8. Net profit in 2010/11 **Growth**
9. Net profit margin for 2010/11 **Productivity**
10. Dollar value of sales per full time employee (including working proprietors, salaried directors and contractors) **Productivity**
11. Current asset and liability balance at 30 June 2012 **Sustainability**
12. What of the following does your business have? (a) Business plan, (b) marketing plan, (c) business continuity plan to deal with disasters. **Sustainability**
13. How many weeks of operating expenses do you hold in reserve? (Forced choice) **Sustainability**
14. What are your expectations for revenue for this financial year? (Forced choice) **Growth**
15. Are your tax and other regulatory reporting requirements always on time? **Productivity**
16. How would you describe your current involvement in community affairs (Forced choice) **Sustainability**

State and territory small business programmes – Appendix Eight

Government Advisory Services

	National	Australian Capital Territory	New South Wales	Northern Territory	Queensland	South Australia	Tasmania	Victoria	Western Australia
Name	1. Small Business Advisory Services program 2. New Enterprise Incentive Scheme (NEIS)	1. Canberra BusinessPoint (CBP) 2. Australian Capital Territory Digital Enterprise	1. SmallBiz Connect 2. Small Business Mentoring Service Inc (SBMS)	1. Business Growth 2. Territory Business Centres	1. Mentoring for Growth (M4G) 2. Small Business Solutions	Coaching and Mentoring Program	Enterprise Centres Tasmania (ECT)	1. Small Business Mentoring Service Inc (SBMS) 2. The Small Business Institute (TSBI)	Small Business Development Corporation (SBDC)
Cost	1. Low Cost < \$ 500 2. Free if eligible and meet requirements (also RECEIVE NEIS allowance)	1. Low Cost 2. Free	1. Affordable 2. 1 session approx. \$100, price reduces as you attend more sessions	1. Low Cost Potential subsidies, depends on type of service used. 2. Unsure	1. Fully subsidised program for Queensland businesses 2. Low cost <\$500	High Cost > \$2500 (including GST)	Free	1. Low Cost < \$500 2. Low cost <\$500	Free
About	1. The Small Business Advisory Services (SBAS) program aims to maximise the growth potential, prosperity and sustainability of small businesses through enhanced access to information and advice on issues important to establishing, sustaining and/or growing a small business. Grant applicants demonstrate a need for the proposed service to be funded by grants under this program, and that the need is not already being met e.g. by funding from other levels of Government. The Small Business Advisory Services program provides assistance to state and	1. ACT Government's business mentoring and advisory service to small businesses that need advice and support in the establishment, operation and development of a business. The services are provided across two key modules: Offer mentoring, one-on-one consultations, targeted clinics, and networking events to businesses that are: - intenders - start ups - established - high growth - value realisation/leaving	1. The Small Biz Connect program connects small business operators with an experienced business advisor who will give face to face, quality support to help to get the business off to the best start. Small Biz Connect is funded by NSW Government and links with other support services such as Commonwealth Entrepreneurs' Infrastructure Programme (EIP) and local Government initiatives. Website includes Small Business Tool Kit with information	1. Business Growth is an innovative package of assistance programs specifically structured to assist local businesses build profitability, sustainability and capability. Various business services including: - overview - business planning - integrated management systems - mentor support - business solutions - technology solutions - employment solutions - growing pastoral business	1. Mentoring for Growth (M4G) is a panel mentoring process with the support of private sector business mentors. Generally aimed at growing businesses, annual turnover over \$500k, headquartered in Queensland; be innovative and competitive. Government also offers the following programs – mentoring for investment, mentoring for export, mentoring for recovery. 800 registered mentors. Face-to-face and videoconference sessions. Program is for businesses needing	The Coaching and Mentoring Program is an advanced business skills development program targeted at owners and managers of established small businesses located in South Australia. The program is delivered in partnership between DMITRE and Business SA. Program includes (at cost of \$2500 inc GST): - 10 x 3hr monthly group coaching sessions - Facilitated by business coach - private business lunch with	Enterprise Centres Tasmania is a state-wide network of business advisors and mentors who provide confidential and practical advice to Tasmanian small business. All stages of business – starting and running an existing business.	1. Small Business Victoria works with the not-for-profit and independent Small Business Mentoring Service Inc (SBMS) to help small business operators to choose a mentor to ensure they suit the business. SBMS' business mentors have backgrounds in a wide range of businesses and industries including: - Retail - Manufacturing - Wholesale - Franchising, and - Service businesses 2. TSBI is dedicated	Small Business Centres offers free advice and support to new and existing businesses by offering: practical help, referral to specialist advisers (accountants, lawyers, etc), help with government departments and regulations, business workshops, business information, and help with problem solving. Topics include: - planning and

	<p>regional areas where a need and demand has been identified and during the reconstruction during a natural disaster.</p> <p>2. The NEIS program provides job seekers with accredited small business training, business mentoring and income support to help them turn a business idea into a viable business and help them to become a self-employed business owner. The scheme is delivered by a national network of NEIS providers including BECs, TAFE small business centres, community organisations and private sector businesses.</p> <p>NEIS providers give personalised assistance to clients to achieve business goals through the first year of business. Also receive NEIS allowance for up to 39 weeks (and is not affected by income received through the NEIS business).</p>	<p>Works with businesses at every step of the lifecycle</p> <p>2. ACT Digital Enterprise is a 2 year program of workshops, interactive training and digital business consultation sessions focusing on opportunities presented by greater digital presence in preparation for the delivery of high speed internet.</p> <p>Group workshops are aimed at business owners, directors and senior managers of SMEs looking to understand digital opportunities available to them.</p>	<p>on business planning, finance and cash flow, marketing and sales and HR and employee management.</p> <p>2. SBMS of NSW is an arm of SBMS Victoria to help small business operators with mentoring.</p> <p>SBMS' business mentors have backgrounds in a wide range of businesses and industries including:</p> <ul style="list-style-type: none"> - Retail - Manufacturing - Wholesale - Franchising, and - Service businesses 	<p>Program offers information, funding and development services to enhance business performance, profitability, employment levels and market penetration.</p> <p>For businesses that are already operating successfully. Generally:</p> <ul style="list-style-type: none"> - over 2 years old - turnover of \$300k pa or more - NT business <p>2. Territory Business Centres are the initial contact and referral point for starting a business, business and industry licence information, business planning assistance and departmental assistance programs.</p>	<p>assistance with growth and innovation. Not recommended for start-ups or early stage businesses.</p> <p>2. Designed to enhance the business skills, profitability and growth of small businesses, Small Business Solutions provides small business owners the opportunity to get real business assistance from accredited industry professionals.</p> <p>Business coaching for full business health check, access to vocational training and business events, maximise productivity; growth and profits of a small business.</p>	<p>successful SA entrepreneur</p> <ul style="list-style-type: none"> - networking events <p>Each business assigned to a group based on annual turnover. Intensive sessions with these groups allow businesses to share and collectively solve issues.</p>		<p>to ensuring the growth of the small business sector and giving them a representative voice.</p> <p>Offer workshops, seminars, networking, women in business, webinars, and mentoring.</p> <p>All workshop and seminar programs include a private mentoring session to assist with implementing what was learnt during the session. Also offer certificate courses.</p>	<p>structures</p> <ul style="list-style-type: none"> - premises and location - marketing - money, tax and legal - employing people - exporting and importing - business grants
Website	<p>1. List of SBAS providers: http://www.business.gov.au/grants-and-assistance/small-business/sbas/Pages/SBAS-ServiceProviderList.aspx</p> <p>2. List of NEIS providers: http://jobsearch.gov.au/provider/neis.aspx</p>	<p>1. http://www.canberra.businesspoint.com.au/contact/</p> <p>2. http://actdigitalenterprise.com.au/</p> <p>List of business advisory and support services in ACT: http://www.business.gov.au/</p>	<p>1. http://www.smallbusiness.nsw.gov.au/supporing-business/small-biz-connect-advisory-program</p> <p>Small Business Tool Kit: http://www.business.nsw.gov.au/doing-</p>	<p>1. http://www.dob.nt.gov.au/business/starting-business/business-growth/Pages/default.aspx</p> <p>2. http://www.dob.nt.gov.au/business/tbc/Pages/default.a</p>	<p>1. http://www.business.qld.gov.au/business-improvement/mentoring-growth</p> <p>2. http://www.smallbusinessolutions.qld.gov.au/content/sbs-standard.asp?</p>	<p>http://business-sa.com/business-support/coaching-and-mentoring-program</p>	<p>http://www.enterprisecentres.tas.gov.au/</p>	<p>1. https://www.sbms.org.au/</p> <p>2. http://www.tsbi.com.au/about-us/</p>	<p>http://www.smallbusiness.wa.gov.au/</p>

		act.gov.au/grants-and-assistance/advice_and_support/general_business	business-in-nsw/assistance-for-business/online-resources-and-tools/small-business-tool-kit 2. http://nsw.sbms.org.au/	spx					
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Hotlines and Telephone Numbers

	National	Australian Capital Territory	New South Wales	Northern Territory	Queensland	South Australia	Tasmania	Victoria	Western Australia
Name of Service	Small Business Support Line	Canberra BusinessPoint (CBP)	SmallBiz Connect	Territory Business Centre	Business and Industry Portal	Small Business Contact Service	Tasmania Business in Action	Business Victoria phone line	Small Business Development Corporation (SBDC)
Telephone	13 28 46	1300 648 641	1300 795 534 or (02) 8222 4800	1800 193 111	General enquiries call 13 74 68	1300 142 820	Call: 1800 440 026 or SMS: 0408 916 980	13 22 15 or (03) 9651 9999	13 12 49
Hours of Operation	Monday to Friday from 8.00am until 8.00pm AEST	Monday to Friday from 9.00am until 5.00pm	Monday to Friday from 9.00am until 5.00pm	Monday to Friday from 8.00am until 5.00pm	Not specified	Monday to Friday from 8.30am until 5.00pm	Monday to Friday from 9.00am until 5.00pm	Monday to Friday from 8.00am until 6.00pm	Mon – Fri, 8.30am – 5pm (Western Standard Time)
Topics of Advice	The Small Business Support Line and referral service provides businesses (including small businesses and independent contractors) with a first point of contact to access information and referral services to improve their business sustainability and help better manage their business. There is a diversity of	Gives businesses in the ACT region free access to business information mentoring and advisory services.	Small Biz Connect is a quality, personalised and highly subsidised business advisory program for small businesses in NSW.	Business owners and those wishing to get started in business can access a wide range of information including business planning, insurances, licences and permits, marketing, business structures, intellectual property, taxation,	General information service	The Small Business Contact Service is a referral service, directing telephone and email enquiries to the most appropriate sources of business information, counselling, advice or services.	Business Tasmania provides assistance for people to find answers to business-related queries quickly, accurately and cheerfully.	Small businesses receive free business help for start-ups and existing businesses, including regulatory compliance and licences required and referrals to advisers and government agencies.	Small Business Centres offer: <ul style="list-style-type: none"> • referral to specialist advisers (accountants, lawyers, and etc), • help with government departments and regulations, • business

	knowledge including business start-up information, banking and finance, accounting and marketing, advertising, small business counselling and information technology.			sourcing finance and much more.					workshops, <ul style="list-style-type: none"> business information, help with problem solving.
Other Resources	Website: http://www.business.gov.au/grants-and-assistance/small-business/sbsl/Pages/default.aspx Part of business.gov.au / single business service which includes the following the channels: - email - web chat - Twitter - Facebook - YouTube - LinkedIn - network of over 20 offices across Australia	http://www.canberrabusinespoint.com.au/contact/ - Facebook - Online enquiry form	Email: we.assist@smallbusiness.nsw.gov.au Website: http://www.smallbusiness.nsw.gov.au/contact - Twitter	Website: http://www.dob.nt.gov.au/business/tbc/Pages/default.aspx Email: territory.businesscentre@nt.gov.au - Facebook - Google + - YouTube	Website: http://www.business.qld.gov.au/business/support-tools-grants/support/small-business - Facebook - Twitter - Google + - Online enquiry form	Website: http://www.statedevelopment.sa.gov.au/contacts - Facebook - Linked In - Twitter	Website: http://www.business.tas.gov.au/#gethelp - Online enquiry - Facebook - Twitter - YouTube	Website: http://www.business.vic.gov.au/contact-us - Twitter - Facebook - Online enquiry form	http://www.smallbusiness.wa.gov.au/ Email: info@smallbusiness.wa.gov.au
Jurisdiction	Federal, State, Local	Territory and Local	State and Local	Territory and Local	State and Local	State and Local	State and Local	State and Local	State and Local

Small Business Commissioners

	National	Australian Capital Territory	New South Wales	Northern Territory	Queensland	South Australia	Tasmania	Victoria	Western Australia
Mediation Services	✓	N/A	✓	N/A	N/A	✓	N/A	✓	✓
Able to refer to a tribunal for determination	✗	N/A	✓	N/A	N/A	✗	N/A	✓	✓

Investigate complaints & make representations on behalf of SB	✓	N/A	✓	N/A	N/A	✓	N/A	✓	✓
Review and advocacy role for better govt small business policy/laws/regs & reports to Minister.	✓	N/A	✓	N/A	N/A	✓	N/A	✓	✓
Investigate compliance with industry codes	✗	N/A	✗	N/A	N/A	✓	N/A	✓	✓
Website/ hotline info service	✓	N/A	✓	N/A	N/A	✓	N/A	✓	✓
Contact details	Website: asbc.gov.au Hotline: 1300 650 460 Email: enquiries@asbc.gov.au	N/A	Email: we.assist@smallbusiness.nsw.gov.au Website: http://www.smallbusiness.nsw.gov.au/contact	N/A	N/A	Phone: 1800 072 722 Email: sasbc@sa.gov.au Website: sasbc.sa.gov.au	N/A	Phone: 13 8722 Email: enquiries@vsbc.vic.gov.au Website: vsbc.vic.gov.au	For info about SBC call SBDC media contact Di Graham on (08) 655 23218
Jurisdiction	National	N/A	State	N/A	n/a	State	N/A	State	State