



creating

work opportunities

through

the development

of people,

enterprises and

our communities

25 September 2002.

Mr John Carter,
The Secretary,
Senate Employment, Workplace Relations
and Education References Committee
Suite SG .52,
Parliament House,
CANBERRA,
ACT 2600.
Attention Ms Margaret Blood.

Dear Mr Carter,

We are writing to make a Submission to the Senate Employment, Workplace Relations and Education Reference Committee Inquiry into Small Business Employment, in advance with our meeting with the Committee at 3.15 pm on 8 October 2002 and a visit to our Narrabundah incubator at 3.45 pm.

Our submission comprises this letter and two additional documents:

1. A CREEDA Discussion paper, "Developing Incubation Policy". This raises a number of general issues that are important in developing policy for business incubators and you may find some of the points and analysis useful.
2. A paper prepared by the Australia New Zealand Association of Business Incubators (ANZABI), addressing a number of points to do with the integration of the current funding program with AusIndustry.

We have also attached a copy of an article about CREEDA and its business incubation activities published in the US NBIA Review (National Business Incubator Association) in 2001, after CREEDA became the first non-US business incubator to win the NBIA's Business Incubator of the Year Award. Also attached is a schematic illustration of the market for small business assistance programs, identifying the area in which business growth - and therefore employment growth - is most likely to be achieved.

CREEDA believes that if business growth - and therefore employment growth - outcomes are to be maximised, there needs to be increased focus within small business assistance programs in identifying those businesses with the potential to grow and in delivering services to them. To do this effectively there needs to be an increased research effort: we need a better profile of small business; of how it varies geographically; of its needs; of its growth potential; and of business operators preferred means of obtaining information and assistance.

While CREEDA's own statistics and experience provide strong evidence of the success of business incubation in improving the success, survival and growth rates of small business, CREEDA also acknowledges that business incubation is just one of a number of enterprise and economic development tools that need to be available to help small business grow. CREEDA itself has diversified in recent years from primarily a business incubation organisation, to one that complements incubation with a variety of employment assistance and training programs.

The existing incubator-funding program has been changed over the years and in response to various reviews and is seen by the incubation industry as having most of the settings about right. However, the integration of the program with AusIndustry can be expected to result in additional changes. This is an exciting opportunity for the industry to better integrate the incubator program with other relevant business assistance programs.

The other main points we want to make are that programs such as the Business Incubator and other Federal Government small business programs should be:

1. Integrated with other Federal, State and Local Government Programs and
2. Targeted at those businesses that want to grow. CREEDA has undertaken work and research into micro and home based businesses in most States of Australia. Continually we find that only 20 per cent of micro businesses want to grow to employ people. Only a percentage of this segment would have the ability and capacity to in fact grow their business to employ people. There is a real danger that by focusing on the majority of micro business that do not want to grow any larger skews policy and program development.
3. That there should be an agreement between Federal, State and Territory Governments about what types of assistance each level of Government will provide for business incubation. For instance, the Commonwealth could concentrate on funds for increasing levels of skills of incubators and incubator managers and funds for upgrading incubator facilities; while State and Territory Government's might concentrate on provision of buildings

and funds for delivering advisory services. Such a rationalisation should be put on the agenda of the Small Business Ministerial Council.

Should you require any clarification or additional information please let me know?

Yours sincerely,

Julian Webb.
CREEDA CEO
ANZABI Secretary.

cc. Senator Stephen Conroy.