GROWTH, DIVERSIFICATION AND JOBS

A Business Development Strategy for the ACT
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MESSAGE FROM THE MINISTER

As Canberra enters its second century we want to start a new chapter in our ongoing journey for economic sustainability. Our economy is about our people, our knowledge, our assets and how we grow by enabling innovation.

Our economy will grow as we diversify our private sector base and this in turn will create new jobs. In short, the overall goal of this Business Development Strategy is growth, diversification and jobs.

We are going to achieve this by:

- fostering the right business environment;
- supporting business investment; and
- accelerating business innovation.

In the language of business, Canberra’s competitive advantage and distinctive capability stems from its function as Australia’s national capital. It occupies a unique place in Australia and in the world. The city is a national icon and major visitor destination. It gets attention as the centre of Australian public policy-making and for its leadership in the formation of Australian public opinion.

The ACT Government places a high priority on market-based policies and actions to broaden employment, and increase business and economic performance. We recognise the crucial role of the Commonwealth in our economy, but equally see the private sector as a key influencer and shaper of a dynamic and robust economy that provides a diversity of job opportunities.

Strong partnerships between government, business, education institutions and the region will position us to take advantage of our strengths and build on our capabilities.

In particular, clean economic development offers major opportunities for business development in relation to the creation of industries to meet new market demands. The ACT Business Development Strategy links in with our sustainability vision and provides leadership and support for the development, application and use of clean technologies in energy, transport and urban design.

This strategy refocuses the ACT Government’s business development initiatives for the next four years. Importantly it builds on the successful policy and program foundations that have been put in place this Century.

Canberra’s creativity and connectedness – together with our commitment to clean technologies – provides a strong foundation to build a dynamic private sector economy. Our aim is to harness knowledge to drive innovation and business growth, to ensure our business community is highly collaborative, connected and sustainable, and to make Canberra a preferred location for businesses to operate.

Andrew Barr, MLA
Minister for Economic Development
April 2012
WHERE ARE WE NOW?

Strong foundations

Canberra’s economic performance over the past 10 years has been the envy of cities and regional economies throughout Australia. We support the highest incomes in Australia, unemployment has remained below four per cent for nearly 10 years, and we have the most skilled and educated community in Australia. The opportunities Canberra provides to its people and its region – economic, social, leisure, community – are second to none in Australia. Canberra is a great place to invest, live and work.

These achievements have not been the outcome of economic serendipity. While we recognise the critical role of the Australian Government in our economy, the development trajectory of our economy is increasingly being driven by the private sector.

The ACT Government plays a critical role in this future. Over the past 10 years we have delivered strong fiscal management, maintained high quality services and invested strongly in education, health and new infrastructure. We are well aware of the need to create the community and social infrastructure that successful cities need.

The ACT Government has also implemented progressive business development policies and programs that have had, and are continuing to have, significant impact.

In fact, the past 10 years has also seen the genesis and growth of important Canberra companies across the business spectrum, many now with an international presence. And many of these operate in fields of business endeavour far removed from the accepted image of a government town.

Our shared task with the business community is to establish an environment where more and more of these enterprises grow from Canberra.

As we look to the future, it is important that we entrench policy settings that support private sector development.

In particular, this means relying less on the public sector as a driver of growth and creating the environment and opportunities for business in Canberra to grow and flourish. It means establishing pathways for jobs of the future and making Canberra more diverse economically. These are the high level goals of this strategy.

The ACT Government’s support for NICTA is a direct investment in Canberra’s innovation future and a key element of the ACT Government’s vision for the ICT sector. NICTA has a staff of 55 full time researchers and 50 PhD students who are working to develop technologies that will meet the current and future needs of Canberra and the nation. Over the next few months, the ACT Government and NICTA will establish a number of projects where NICTA’s advanced ICT expertise can add value to the issues we face as a service deliverer, for example in transport and health care.
WHERE ARE WE NOW?

Our Regional Role

Canberra is intrinsically connected to the South East Region of NSW through our transport hubs, education institutions, tertiary health services, retailing, research and knowledge-based institutions.

We recognise our role as a regional hub city to a broader population of around 600,000 people and the economic opportunity this regional connection also confers to Canberra. While this strategy has been framed largely around the issues and opportunities of the businesses that are resident within our borders, it also takes into account our business relationships and economic flows between Canberra and the region. Wherever we can, we will support regional businesses through our program environment and our development approaches.

Recognising the links between our economies and how our citizens access our services, successive governments in the ACT and NSW have always sought to work together for mutual benefit. The recently signed ACT-NSW Government MoU for Regional Collaboration will provide new impetus to the way both governments want the region to progress, and provide a platform to identify opportunities for the development of the region.

A clever, connected, creative city

Canberra is clever, connected and creative. Our citizens and major institutions are ingenious, astute and knowledgeable, providing a solid foundation for our knowledge economy.

Canberra has the highest levels of educational attainment for any city in the country, providing a rich talent pool for our 25,000 businesses predominantly in the services sector, and specifically in the Knowledge Intensive Professional Services Sector. This sector comprises 5200 businesses in computer system design, management consulting, accounting and legal services, engineering design and engineering consulting services, advertising, marketing, market research and statistics, specialised design and photography, and employment placement and recruitment services.

It also has a quarter of Canberra’s businesses that have over 200 employees.

Canberra is information rich. High rates of internet connection, smart phone ownership and social media use connect Canberra’s cosmopolitan citizens – many of whom have come from interstate or overseas.

Our universities, research organisations and cultural heritage institutions are sources of creativity, discoveries, inventions and ideas that form the basis for new businesses and application in growing enterprises.

Canberra has the capacity to become a truly clean 21st Century city. We are free of heavy industry legacy issues challenging other Australian cities, making us an ideal location for the development, application and use of clean technologies in energy, transport and urban design.
Strong economies are founded on effective infrastructure. Infrastructure, such as transport links, allows the movement of resources; communication infrastructure supports the diffusion of information; water and electricity networks provide basic inputs to businesses and households; and infrastructure, including hospitals, schools, recreation and cultural facilities, provides for the health, learning and amenity of citizens.

Canberra has always had high-quality infrastructure, befitting its role as the national capital. This must be maintained and renewed, and new investments made to meet demand on the basis of long-term plans and resource commitments.

The impact of these issues on economic growth is critical, and accordingly the ACT Government has allocated significant resources to strengthen these areas. Recently this has included allocating the proceeds of the lease variation charge to an Urban Improvement Fund.

Timely and appropriate land releases are crucial to support our continued population and economic growth. Provision of housing choice, and a range of housing that meets affordability criteria, will enable Canberra to attract and retain the workforce it needs, as well as meeting the needs of the community. Coordinated and appropriately located land releases also minimise the costs to the community of providing key infrastructure and services.

The private sector is also playing a critical role through major infrastructure developments such as the Canberra International Airport, and through public-private partnerships in land development and major cultural and recreational facilities.

The private sector is the major investor in hotel developments that are essential for the growth of the tourism industry and business visitation. The ACT Government will ensure that the statutory planning, site allocation and development approvals process enable developers and operators to plan with reasonable certainty over the medium to longer term.

What sets Canberra apart

- A concentration of research, depth of tacit knowledge, embedded Intellectual Property
- Leading education, research and cultural institutions
- A highly skilled and educated population
- A connected and collaborative business community
- An external facing and can-do business mindset
- Blended technology and creative capacities
- A government that has historically supported business formation with market aligned programs
- The hub city for a dynamic growing region
WHERE ARE WE NOW?

An integrated strategy

The Business Development Strategy integrates with other ACT Government plans and strategies to deliver the Government’s strategic objectives including:

- the Housing Affordability Plan which aims to ensure there is an adequate and diverse range of housing options that meet the changing needs of Canberrans;
- our commercial and industrial land release strategies that are designed to support continued population and economic growth;
- the Australian Capital Tourism Strategic Plan that aims to increase the economic value of tourism to the Canberra economy;
- our sport infrastructure and place branding that aim to further enhance Canberra’s quality of place factors; and
- the ACT Government’s arts support program which aims to maximise our creative potential, create an interesting society and build on the links between the arts, technology and business.

The connectivity of these issues to business and economic development was raised repeatedly during the consultation phase for this strategy. We understand these linkages and the important part they play in our economic growth and we have provided significant resources and funded many significant new initiatives across the portfolio areas of land planning, sports, tourism and attraction, leisure and the arts.

Our competitive advantage

What sets Canberra apart from other Australian cities is that we are the nation’s capital. The consequent demand for goods and services by the Australian Government and national institutions encourages the growth and location of business in Canberra.

Throughout the consultations for this strategy, Canberra’s proximity to the Australian Government was consistently acknowledged as our number one competitive advantage. Canberra’s core business is the generation, application and use of knowledge. These features have always applied in universities and in the policy arms of the public sector. Increasingly, the application and use of knowledge creates major opportunities for business development and growth.

Combining our unique competitive advantage and our core strengths gives rise to opportunities to start new businesses, provide niche services to government and in turn export those products and services.

CollabIT has developed a strong reputation for bringing SMEs, multi-national corporations, education and research organisations together around collaborative and commercial opportunities in Canberra's ICT sector. CollabIT's vision is to generate $50 million worth of business for Canberra's ICT SMEs over the next three years. The program aims to achieve this through collaboration and a well-planned program of activities and networking events.
Our opportunities

Our development opportunity is to build and sustain knowledge-intensive businesses that meet the innovation that is being sought from a broad range of purchasers locally, nationally and internationally.

This means relying less on the public sector as a driver of growth and creating the environment and opportunities for business in Canberra to innovate, grow and flourish.

Many Canberra businesses have become internationally competitive and sustainable through innovation. They are developing and delivering pioneering products and services, and creating new markets through export opportunities. Companies like Electro Optical Systems, Aspen Medical, the Centre for Customs and Excise and CEA Technologies, have grown to become major exporters through innovative responses to government requirements.

There are also many Canberra companies that have commercialised discoveries, inventions, and new ideas sourced from our research and cultural heritage institutions and, more generally, from our creative people. Prime examples from NICTA’s Canberra research groups are the AutoMap and ePASA projects which are preparing for company spin outs over the next 12 months. InterfereX is also a new start up company derived directly from NICTA Canberra.

Some of our main business challenges have been the fluctuations in demand that flow from the cycle of Australian Government expenditure cuts and expansion; our lack of business density; and route to market skills. These challenges and others identified during the consultations are also opportunities that can be leveraged to enable economic growth.

Some of the key opportunities identified include:

• developing deeper, more commercially focused links between research, education and business;
• growing collaboration between creative industries and technology;
• fostering development towards clean economy operations, products and services;
• moving past the negative political Canberra image and having confidence to shape a new ‘Canberra brand’ as a savvy business destination, unique tourism region and an international education hub; and
• overcoming skill shortages through education talent retention and increasing our skilled migration efforts.

The directions and initiatives articulated in this strategy aim to build capability to leverage our opportunities and address our challenges.
The initiatives in this strategy are guided by the following principles and understandings about the ACT Government’s role in supporting the development of a dynamic private sector economy.

1. Cities need to actively shape and project their competitive proposition to attract people and investment.

2. It is people – their innate skills and talent – that drive economic development in the knowledge economy. The ACT Government’s program and policy focus is on developing capability across the economy and to support knowledge creation and transfer between the various layers and key players in our innovation system.

3. A key role for the ACT Government is to establish an environment that fosters innovation and nurtures new knowledge-based business opportunities.

4. Business program interventions must be highly targeted and based on market failure rationale.

5. The ACT is creating a connected government and together with our collaborative business community we can make this a real point of difference in the way we address issues and pursue new opportunities.

6. The ACT Government recognises that embracing technology and the digital economy enables opportunities for accelerating innovation and increasing overall productivity.

7. Particularly important is the development of clean technologies and leveraging the capabilities and possibilities of the National Broadband Network.
Growing business potential is about securing our future productivity and providing future jobs for Canberrans. Important drivers of productivity include innovation, education, skills and ICT.

Canberra’s knowledge-intensive businesses are significant exporters, innovators and creators of employment, and there is exciting potential for further growth. In 2011, Canberra’s knowledge-intensive professional and technical services businesses contributed 18 per cent to growth, and our education institutions contributed a further seven per cent.

While Canberra remains on a growth trajectory, our construction businesses, which contributed 21 per cent to growth in 2011, will continue to be important to our economic future. This industry is also becoming increasingly knowledge intensive and also rapidly developing skills and expertise in ‘green building’ driven by changing standards and customer demand.

Tourism is estimated to have contributed almost five per cent to growth, or $1.3 billion to Canberra’s economy, and is one of our larger private sector employers.

Our community sector employs a significant number of people, with about 3000 workers across more than 150 employers in Canberra, delivering programs and services supported by ACT Government funding. Recent community sector reforms, such as the restructuring of service delivery frameworks for youth homeless and family support services purchased by the ACT Government, will enhance the capability of the sector to deliver high quality and critical services and provide more integrated support for vulnerable Canberrans. The skill sets being generated in this sector also have important links to new directions in economic development including social enterprise and corporate social responsibility. The delivery link between two ACT Government programs – Canberra BusinessPoint and the Women and Micro Credit Program delivered through Lighthouse Business Innovation Centre – is a demonstration of this linkage.

This strategy is focused on creating jobs by building strength in areas where Canberra has demonstrated competitive advantage and distinctiveness. The following economic drivers will accelerate growth and diversification in our economy.

Smart Ward is a start up company that has been supported with $60,000 via two innovation grants. Established in 2009, Smart Ward is developing software to improve the efficiency of medical care in hospital wards by supporting activity prioritisation and relieving the burden of repetitive paperwork from caregivers. Its SmartWard system has been designed in consultation with nurses and other clinicians to provide a touch screen console at the patient bedside and central monitor at the nurses’ station. Its aim is to reduce the administrative burden and stress of managing a ward so that nurses can concentrate on patients. The company now has six employees and is working towards a full clinical trial. It has attracted significant private sector investors.
JOBS FOR OUR FUTURE

Clean economy

Canberra is a leader in the research, development, and use of clean technologies for energy, transport and urban design. This is increasingly opening up new business development opportunities, and we will continue to develop our clean technology skill base in order to succeed.

Gamma Vaccines Pty Ltd has been supported with $25,000 through Innovation Connect to assist in the development of GammaFlu®, a universal flu vaccine that is expected to eliminate the need to produce new influenza vaccines each year. Gamma Vaccines Pty Ltd has also been successful in obtaining Australian Government support through the Commercialisation Australia program. The company is recognised as a leader in this field and recently presented a paper to the World Health Organisation Conference in Geneva.

Tourism and events

Canberra has the potential to become a preferred international tourist and business investment destination. The capacity for direct international flight services and the development of aviation partnerships in key international markets including New Zealand, China and South East Asia is a key priority. Creating a ‘Canberra brand’ is a critical step in building our profile and further securing the city’s long term future as a key regional business and tourism hub.

Canberra’s image as a ‘National Sporting Capital’ can be further enhanced through promotion as a sporting, training and recreational tourism destination.

StageBitz® has been supported with a $30,000 Innovation Connect grant for the development of an online inventory system for theatre, film, television and event companies. StageBitz® is an offshoot from Production Genie® which was funded by ICon during 2008 for a value of $40,000. ICon recognised the potential Production Genie offered as an ACT start-up in bringing together the creative and ICT sectors. StageBitz® was awarded the 2011 Tech23 Catalyst Award for the business most likely to be a catalyst for change in its industry and received the ATP Innovation Silicon Valley Explorer Prize. Its clients include Opera Australia, NIDA, the Victorian College of the Arts, QUT and Bell Shakespeare.
Science and research

Research and the sciences are fundamental to our next century economy. Canberra is an unparalleled location for science, research and discovery, home to over 10 per cent of Australia’s public sector research effort. Utilising this capability through innovation and knowledge intensive businesses will grow and diversify our economy. Communicating science and its benefits will promote this development.

Education and training

Businesses are attracted to locations with deep talent pools. Canberra’s educational institutions provide a training hub for the entire region, meeting the professional and paraprofessional training needs of government and business. It also sustains a robust education export sector. The Learning Capital Council – which brings together our educational institutions, business and government – is currently determining the next steps for building Canberra’s education future.

Plant phenomics is about understanding how a plant’s genetic make up determines its function and performance. The ACT Government’s $1.1 million investment in the Canberra High Resolution Plant Phenomics Centre is helping researchers develop new and improved crops, healthier foods and more sustainable agricultural practices. The ACT Government’s contribution supports outreach activities such as post doctoral fellowships and international promotion. As a result the Centre has attracted international scientists and recognition as a world leader in plant phenomics science. The Centre has also secured a $20 million funding contribution from the Bill and Melissa Gates Foundation.

Creative and cultural

Innovation is accelerated at the intersections of disciplines and sectors. Canberra’s creative and cultural industries – including our national cultural institutions, local arts organisations, designers and artists – integrate knowledge and practice in engineering, arts and design and information technology. The cross-sector collaboration that is already occurring between ICT and screen-based companies in Canberra shows the strong potential that collaborative approaches can have to the formation and exploitation of new intellectual property and content.
The objective of this strategy is to broaden the contribution of the private sector by facilitating growth, economic diversification and new job opportunities. This will be achieved through three strategic imperatives:

- the right business environment;
- supporting business investment; and
- accelerating business innovation.

The programs and activities under the strategy are aligned with these strategic directions. The following sections outline the key activities and programs to be progressed.
Supporting business investment

Accelerating business innovation
## THE RIGHT BUSINESS ENVIRONMENT

**Business taxation**

All governments assert to operate in a manner that is fiscally responsible, to establish a regulatory framework that is fair, efficient and transparent, and to invest in hard and soft supporting infrastructure. This environment establishes a strong foundation that supports business formation, innovation, entrepreneurialism and ultimately growth of the private sector and jobs.

For businesses to grow and thrive it is important that taxes are levied and administered equitably and efficiently and do not create growth disincentives. Taxation regimes should also be competitive with other states and territories. Given that Canberra is physically surrounded by NSW, it is important that the ACT system is, to the greatest extent possible, competitive with the NSW system.

**Business regulation**

We also want to ensure that regulations addressing public policy goals facilitate rather than impede competition and innovation. We will establish a small expert panel to work across government to investigate regulatory impediments to Canberra businesses. Initially concentrating on municipal regulatory issues, the outcomes focused panel will report to the Minister for Economic Development and the Chief Minister.

We will also help SMEs with compliance by building capability through education, running targeted information sessions and providing compliance help in clear and concise language.

**Make it easy to set up and operate a business**

Interacting with government is easier when there are high professional standards built around principles of service quality, integrity and public value. We will make it easy for business to interact with the ACT Government. Specifically, we will establish clear entry points for business interactions with government. This will involve commitment to the implementation of the Australian Business Licensing Information System (ABLIS) and establishment of a single account as the vehicle for completing and submitting returns and reports to all ACT Government agencies.
Provide information, advice and business mentoring

There is a growing segment of Canberra residents who want to start and manage their own business. We will support this new and growing generation of entrepreneurs through mentoring, advice and, where appropriate, seed funding.

There is also a growing preference among students to set up a business after finishing their studies rather than work in a larger organisation. Many establish their business before graduation. There have been some very impressive and remarkable success stories, and more to come.

Key actions

- Payroll tax reform
- Red Tape Reduction Panel
- Better government compliance support
- Advice and business mentoring
- Local SME procurement
## Payroll tax reform

The ACT Government will raise the threshold from which businesses are liable to pay payroll tax. This means the ACT will have an even higher threshold, making it a great place for SMEs to grow. The specifics of this reform will be announced in the 2012-13 Budget as part of a suite of tax reform initiatives.

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<td>The ACT Government understands that small business is the engine room of our private sector economy, and is the sector most capable of creating new jobs quickly. Under the Government’s new tax policy, many ACT businesses will cease paying payroll tax and all the other remitters will also receive a tax cut because they too start paying payroll tax at a higher threshold.</td>
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| The Government is making these changes to make it easier for businesses to take the next decision to hire. Consistent with what the business community has said to us, our expectation is that these changes will stimulate private sector employment growth. |

## Local SME procurement

The ACT Government wants to support SMEs in Canberra and our region through its purchasing decisions. SMEs can find it challenging to tender for and win government business. To recognise the importance of local industry and to address this, the ACT Government will introduce a new evaluation criteria for goods and services tenders that puts a weighting against whether the tenderer is a local SME and/or their involvement with local businesses. The criterion will be designed so that it doesn’t add to the cost of tendering and doesn’t detract from value for money considerations, but does provide an incentive to engage with ACT and region SMEs. This policy change will be implemented early in 2013.

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**ACTION**

**Red Tape Reduction Panel**

The Red Tape Reduction Panel will be an expert panel tasked to investigate regulatory impediments to ACT businesses. It will be outcome oriented, focusing on specific problems facing individual businesses with a mandate to engage with agencies and fix things that don’t work or don’t make sense. For the first 12-18 months the Red Tape Reduction Panel will focus on municipal regulatory issues. The Panel will report to the Minister for Economic Development and the Chief Minister.

**Listening to small business**

We will convene an annual listening to small business dialogue process between the ACT Government and the small and micro business sectors so we better understand the issues and opportunities they are dealing with. Where there is a role for the ACT Government to address these matters, we will strive to do that directly and quickly. The listening process will be constructed on the same basis as the Small Business Focus Groups – the 10 sector groups that were used in the consultation phase for the development of this strategy.

**OUR THINKING AND EXPECTATIONS**

We will identify, remove or improve outdated, unworkable and ill directed business regulations. Membership of the Panel and its Terms of Reference will be announced in June 2012.

We want to be closer to the SME sectors and know what issues and opportunities they are dealing with, and whether the ACT Government can assist.
# The Right Business Environment Initiatives

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<td><strong>Government Navigator Program</strong>&lt;br&gt;This will be a targeted information brokerage function between the ACT Government and SMEs to help build knowledge flows. The aim will be to quickly connect small and micro firms to relevant functional area expertise inside government and in the process of doing that, build SME compliance capability. The program will deliver tailored information to the business sector on current compliance issues.</td>
<td>We know it can be difficult finding the right person in government to talk to when you have a government-related issue in business. But when you do find the right person, the issues are usually resolved or progressed quickly. This new program is about making that connection happen as fast as possible.</td>
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<td><strong>Social media ‘Buy Local’ campaign</strong>&lt;br&gt;Social media is a powerful tool to connect local communities. We want to encourage consumers to support local business endeavours. We also see increased business-to-business commerce as an important element of buying local. We will implement a pilot social media campaign promoting the advantages of buying from local businesses.</td>
<td>Our aim is to increase awareness across our community of the value of buying locally.</td>
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<td><strong>Canberra BusinessPoint</strong>&lt;br&gt;Canberra BusinessPoint is an information, mentoring and advisory service to start-ups, intenders, small and micro firms and high growth potential firms. It is funded by the ACT Government but delivered under a collaborative model with the business community through the Canberra Business Council and the Lighthouse Business Innovation Centre.&lt;br&gt;To build on the success of the program, we are going to bring more direct small and micro business input to the way Canberra BusinessPoint programs are shaped and delivered. The listening to small business dialogue will be a key source of information on how to best achieve this outcome.</td>
<td>Our aim is to make Canberra BusinessPoint even more focused and connected to the needs and aspirations of emerging SMEs and entrepreneurs.</td>
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**Business Online Services ACT Implementation, and the Australian Business Account**

Intensive work is underway on Canberra’s participation in the Business Online Services (BOS) Project, a key component of the COAG-endorsed Australian Business Number/Business Names Registration Project. Part of the Seamless National Economy Intergovernmental Agreement, this project will deliver an ambitious set of reforms via the establishment of a nationally-coordinated online system that will provide one entry point for business interactions with all tiers of government. The aim is to reduce red tape, ensure that businesses can access an improved information service, and enable businesses to manage their government-related obligations using a client account. The first services due for release are the new Australian Business Licence and Information Service (ABLIS) which will incorporate regulatory requirement data from all jurisdictions; and a more far reaching reform, the Australian Business Account (ABA), which has the potential to revolutionise how businesses and governments interact in both transaction and information provision. To make sure the ACT Government is at the front of this implementation process, we will fund selected ABA related pilot projects within ACT agencies.

This is an exciting long-term national reform project which will reduce red tape and compliance costs to SMEs and indeed all businesses. Overall, the new system will make interaction with all levels of government easier and more efficient, saving businesses time and money. We will ensure Canberra is well positioned for these important, national-led reforms.
# The Right Business Environment Initiatives

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<td><strong>Lighthouse Business Innovation Centre</strong></td>
<td>In early 2011 we introduced new delivery arrangements for Lighthouse which aligned it closer to Canberra BusinessPoint. Instead of having two separate services for SMEs, these changes have improved collaboration and the triaging of companies to the right place in the advisory system through one access point. We will continue to work hard on these directions through the joint Program Advisory Panel.</td>
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<td>Lighthouse Business Innovation Centre is a jointly funded initiative of the former Epicorp ICT Incubator and the ACT Government. Its focus is to attract both high-growth business and early stage investment opportunities from existing local industry, research institutions and individual entrepreneurs. Lighthouse then provides the heavy lifting advisory service function required for the development of investment-ready companies. The heavy lifting is being addressed through servicing the specific needs of individual enterprises to help sharpen their business model and their investment prospects. Lighthouse also acts as a focal point, or hub, in partnership with other institutional players in the ACT innovation system to provide a continuum of services that can assist in the critical early stages of business development.</td>
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<td><strong>Redevelopment of the Government Business Portal</strong></td>
<td>We will improve the communications interface with the ACT business community. We will also provide greater leadership around business information.</td>
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<td>The ACT Government’s online information interface with the business community needs to be modernised. Just as other governments are encouraging businesses to join the digital and online revolution, the ACT Government needs to lead the way too. The existing business.act.gov.au website will be redeveloped on a Web 2.0 platform. We will also incorporate social media to increase the flow of valuable information across the ACT business community.</td>
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SUPPORTING BUSINESS INVESTMENT

Create a Canberra brand

It is important that Canberra has a brand that attracts attention and focuses efforts in relation to business development and growth. The brand must be authentic (rather than aspirational) and convey a message about what Canberra stands for – its values, reputation and culture. These relate to Canberra’s standing as a knowledge economy and a knowledge society.

We will ensure that a Canberra brand is much more than a logo or a slogan and will be enduring into our second century.

Promote access to talent

The ACT Government is keen to make Canberra an attractive place for new business investment. We are aware that businesses are attracted to talent pools, an area in which we believe Canberra has a significant offering particularly in professional services.

However there are pressures on the talent pool and the ACT Government is keen to work with education institutions to ensure that talent is continually replenished by cooperating in the commencement and continuation of education programs.

One service investment facilitation

Corporate boards want to avoid the subsidy trap. Businesses say that if a government feels that it has to pay a company to move to a location then the location is most likely sub-optimal.

We won’t pay corporations to come to Canberra, but we will make it easier for businesses to move quickly through the various processes and decision points in order to set up or expand their operations here.

The ACT Government will ensure that:

- there is a consistent message that Canberra is open for business and is looking for new private sector investment;
- there is an alignment of officials across government;
- investments are prioritised from a whole of government perspective;
- relevant investor information is accurate, consistent and can be relied upon in preparing documentation;
- marketing, communication and public relations strategies reflect Canberra’s values, reputation and culture; and
- the business development vision, mission and objectives are effectively communicated.
Key actions

- Branding of Canberra
- Investment facilitation
- Indigenous enterprise development
### SUPPORTING BUSINESS INVESTMENT INITIATIVES

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<tr>
<th>ACTION</th>
<th>OUR THINKING AND EXPECTATIONS</th>
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<tr>
<td><strong>One service investment facilitation</strong></td>
<td>Investment facilitation needs to be viewed as a specialised function within government. Cities and regions that do it well are organised, strategic and proactive in the way they promote their investment credentials and how they explore and target opportunities. All of these skill sets exist inside the ACT Government and we need to ensure they are well connected to deliver investment facilitation outcomes. This initiative will fund a specialist senior officer to draw these skill sets together and apply them to project opportunities. The funding will also support a range of associated activities focusing on outreach, lead generation, deal development and deal closure. It will be a high priority function within EDD and across government.</td>
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<tr>
<td>A dedicated investment facilitation function will be established inside the Economic Development Directorate (EDD). It will bring together capabilities within EDD and across key government agencies to respond quickly to investment leads generated by expanded marketing and outreach activities. It will also see an increased capability to respond to and engage with Austrade Foreign Investment leads generated across its international network. Austrade too is committing more effort to investment facilitation and we need to be ready to leverage those changes. New and existing activities to be delivered include:</td>
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<td>• a Key Companies Program focused on leveraging new investments from locally based international companies;</td>
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<td>• a sectoral investment readiness and capability study in key sectors to use in outreach activities;</td>
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<td>• a new hard copy investment prospectus with supporting online content linked to Canberra place branding;</td>
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<tr>
<td>• establishment of across agency response capability to service investment opportunities; and</td>
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<tr>
<td>• more focused marketing and outreach activities to promote Canberra.</td>
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<tr>
<td><strong>Digital Economy</strong></td>
<td>The NBN has immense potential. These programs will improve digital literacy and understanding of NBN capability in the ACT community.</td>
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<tr>
<td>In addition to the company and entrepreneur based support under the ACT Government’s innovation programs, we will continue to seek funding under the Australian Government’s programs to support the implementation of the National Broadband Network and the digital economy.</td>
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<tr>
<td>ACTION</td>
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<tr>
<td><strong>Branding of Canberra</strong></td>
<td>‘Brand Canberra’ needs to resonate with a range of stakeholders across our economy and community. It will be complemented by a grass roots strategy to tell the success stories that reinforce Canberra’s values, reputation and culture.</td>
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<tr>
<td><strong>Indigenous enterprise development</strong></td>
<td>This will be an avenue to support Indigenous social enterprise and a pathway for greater financial independence and employment opportunities.</td>
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<tr>
<td><strong>Online Skilled Migration Processing System</strong></td>
<td>We will increase the efficiency of the skilled migration facilitation process which will reduce time costs to both applicants and employers.</td>
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**Branding of Canberra**

This action is about defining and projecting the Canberra opportunity to the outside world. We appreciate that people and investment are highly mobile, so we need to constantly shape and project our value proposition. Current branding is focused largely on the tourism message. While See Yourself In Canberra has been effective in the domain it is used, reshaping, broadening and refining needs to occur.

**Indigenous enterprise development**

In conjunction with the Elected Body, support for Indigenous enterprise development will be established to assist Aboriginal and Torres Strait Islander people to start or grow their own businesses, and to develop business acumen and business confidence.

**Online Skilled Migration Processing System**

Access to skilled workers is one of the business community’s key concerns. The ACT Government operates a skills attraction and migration program that works within the policy framework set by the Australian Government. Our existing migration services have been very successful in attracting skilled migrants to Canberra in areas of strategic need to the economy. As a regional certifying body, the program also works with ACT employers to facilitate skilled migrants under the permanent employer sponsored visa program. We have committed to a project to streamline program processes by replacing the existing paper-based application and information vetting system with an online system. This will increase the speed of the certifying and approval process which will benefit both applicants and ACT employers.
ACCELERATING BUSINESS INNOVATION

Innovation is the way people and organisations generate new ideas and put them into practice. It is the foundation of economic growth and competitiveness. This has been known for many years, but is attracting increasing attention from governments around the world in the post GFC climate.

**Innovation and economic growth**

Economic growth is driven by the creation of new and better ways of producing goods and delivering services—a process that triggers new and productive investments. New businesses and sometimes entirely new industries emerge by developing and commercialising new ideas.

Innovation requires a culture of entrepreneurship and preparedness to take on risk. It requires people who are prepared to be pioneers. New firms account for most net job growth; small businesses employ 30 per cent of high-tech workers. Start-ups create a disproportionate share of new jobs.

Canberra’s economic growth will be secured by becoming a city of innovators – a city that generates the best and brightest ideas and sees these ideas adopted and applied in the city, the nation and the world.

**Partnering for innovation**

Strong partnerships between government, business and education institutions are the foundations upon which innovation is built. We will ensure that Canberra is positioned as an innovation hub and a leading Australian entrepreneurial ecosystem through:

- continued commitment to collaboration in teaching and research centres by bringing together talented scientists and entrepreneurs to support innovation in cutting edge areas;
- investment in knowledge transfer, including innovation intermediaries and creating a climate for the adoption and application of new ideas to improve business productivity and performance;
- encouraging and supporting the creation and commercialisation of discoveries, inventions and ideas including through innovation contests and challenges;
- facilitating access to capital;
- mentoring potential entrepreneurs through connections, collaborations and networks; and
- accelerating the development of technologies in strategic areas such as clean technology and the digital economy.

The ACT Government will ensure that institutional arrangements are in place and that these interactions and relationships work to achieve the best outcomes for all parties.
Key actions

- Investing in NICTA
- Connecting export support through Global Connect
- Expanding Innovation Connect
- Linking clean tech development
- My Digital City innovation prize
## Accelerating Business Innovation Initiatives

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<tr>
<th><strong>Action</strong></th>
<th><strong>Our Thinking and Expectations</strong></th>
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<td><strong>Innovation Connect</strong></td>
<td>We will build on the success of Innovation Connect and establish new channels to accelerate innovation capability. This means providing a focused stream of support for emerging clean tech companies, and using Innovation Connect to co-invest in the activities that help establish new innovation infrastructure in Canberra.</td>
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Innovation Connect is a competitive grants program providing funding for small technology focused companies and entrepreneurs. It aims to accelerate viable, creative ideas along the commercialisation pathway. Innovation Connect was introduced in 2008 and has since directly supported around 100 applicants. As important as the direct support it provides, the program also establishes linkages, collaboration and referral of firms to other forms of support such as company mentoring and guidance.

To build on the program’s success, Innovation Connect will be augmented in a number of important areas:

- a new funding stream for clean tech or sustainability oriented companies will be created inside the program and new funding will be added;

- a strategic opportunities funding stream will be established under Innovation Connect to support co-funding development of major proposals focused on new innovation infrastructure. For example, this could be for state/territory co-investments in competitive funding processes such as Cooperative Research Centre rounds or for co-investments into seed and early stage investment funds. This funding stream would also consider seed funding opportunities in collaborative projects in the university and research institution sector. The objective is to build new and unique knowledge capacity in Canberra and to leverage external funding sources; and

- the ACT Government will commit new funding to the Entrepreneur Development Fund (EDF) stream, subject to the outcomes of the current trial and continued support from funding partners. EDF funding is provided in a matched format by the ACT Government, Epicorp and Lighthouse to support high level skills transfer in innovation-focused Canberra businesses.

A single program interface for Innovation Connect will also be introduced to bring these activities together as a way of further driving synergies and collaboration. The My Digital City innovation prize will also be brought under this project suite.
**ACTION**

**My Digital City innovation prize**

A prize-based innovation competition will engage tertiary students and ACT citizens in the development of new digital government services to stimulate innovation in electronic and mobile technologies, including government service access on mobile technology platforms such as tablets and smart phones. Beyond the prize, we will also match up the best applicants and their ideas to mentors in the business community and other programs that can accelerate their route to market business journey.

**OUR THINKING AND EXPECTATIONS**

We want our communities to start getting engaged and thinking outside the square about Canberra’s digital future. This program is about seeding those ideas, some of which will lead to new m-government services for our citizens. Many of these innovators will be introduced to our ecosystem of people support – the Canberra Network – which helps them grow and develop into innovative companies. This initiative will also project Canberra as an innovation hub.

**ACT technology business incubator feasibility study**

A high performing business incubator has the potential to be an important innovation asset for Canberra’s private sector economy. This study will look at best practice models for an incubator with advice on the role of government, likely partners and partnership funding models, the nature of demand and services, target outputs, and outcomes.

**OUR THINKING AND EXPECTATIONS**

Various stakeholders in the business community have approached the ACT Government with ideas on new forms of business incubation and innovation showcasing. This study will test those ideas and importantly explore new models that can be pursued. The ACT Government will contribute funding or other resources to a proposal where collaborative partnership exists and where the non-government sector is both leader and majority resource contributor to the initiative.
## ACCELERATING BUSINESS INNOVATION INITIATIVES

### Global Connect

A single program interface, Global Connect, will be established for the various trade development related activities supported by the ACT Government. It will fund:

- a competitive grants program providing funding to emerging Canberra exporters to support certain trade development activities;
- the ACT Exporters’ Network which provides private sector leadership promoting exporting in a unique forum for new and experienced exporting companies to network, share knowledge and expand their export activities;
- the Trade Mission Program, an annual outbound ministerial-led mission providing companies with soft landing support in new markets;
- the ACT Chief Minister’s Export Awards, which recognise excellence in export performance and feed into the National Export Awards. It provides ACT finalists with a prestigious reference to expand international markets;
- the Exporting Government Solutions Centre of Excellence, which will provide resources and expert mentoring to SMEs with a demonstrated capability of delivering innovative solutions to the Australian public sector to access international markets;
- the delivery of the Government-Industry Education Exports Strategy; and
- the ACT International Student Ambassador Program, which aims to leverage the international student experience of Canberra as both an international education marketing tool and as a skills network that can link to the ACT economy.

We will bring these activities together under one business-facing program banner, Global Connect, to create a program environment that supports collaboration and linkage. This approach is also consistent with the directions of our innovation program suite.

In addition, the ACT Government will extend initiative funding for two components of Global Connect where funding would otherwise cease in 2012:

- we will fund the International Student Ambassador Program for a further three years; and
- we will fund the Exporting Government Solutions Centre of Excellence.
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<td><strong>CollabIT</strong></td>
<td>CollabIT ACT is a small program achieving big things. It works well because it is delivered for the ICT industry, by ICT industry people who are passionate about growing their businesses in Canberra. Increased funding will add to the existing base of activities such as seminars, networking events and the development of a collaboration portal.</td>
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<tr>
<td>CollabIT is an engagement and business development initiative that links SMEs with multi-national corporations, government purchasers and other stakeholders in the ICT sector. It is a joint initiative of the ACT Government and the Australian Information Industry Association (AIIA).</td>
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This initiative provides funding for the Canberra Research Laboratory of NICTA, Australia’s ICT research centre of excellence. This new arrangement will provide up to $12 million over four years, consisting of project-based grants and payroll tax waivers. NICTA has a staff of 55 fulltime researchers and 50 PhD students who are working to develop technologies that will meet the current and future needs of Canberra and the nation.

Over the next few months, the ACT Government and NICTA will establish a number of projects where NICTAs advanced ICT expertise can add value to the issues the ACT Government faces as a service deliverer. For example, NICTAs e-Health Living Lab concept will draw in the research expertise across our universities and hospital system to test bed technologies and training systems for the next generation of clinicians.

NICTA is also developing advanced technologies to make transport systems more efficient with the potential to save millions of dollars in direct costs and reduce carbon emissions.

The 2009 Commonwealth Review of the NICTA program noted that the national investment in NICTA has developed it to a point where it is at an optimum size and can be regarded as a national asset and key component of Australia’s innovation infrastructure. The review also emphasised the importance of investment in ICT research given the underlying and enabling nature of ICT capabilities in all areas of the economy, and the continuing comparatively low investment in ICT research and development within Australia. These are views shared by the ACT Government.
### Science communication

Good science is one of the key drivers of knowledge and innovation and critical to our ability to participate in an increasingly competitive national and global economy. The Science Communication Program supports a range of activities that allow the public to interact with science, scientists, scientific issues and processes. The program is aimed at raising awareness of, and engaging the ACT community in, science and scientific issues.

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<tr>
<td>Long term, we are aiming to have a strong representation of science, technology and engineering (STE) skills in our economy. Effective science communication plays a critical role in shaping the individual decisions that will achieve this. STE skills are the foundation for technological advancement. Blend STE skills with entrepreneurship and innovation will flourish. The program we are funding is designed to build a community:</td>
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<td>• that is informed and excited about science;</td>
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<td>• that recognises and values its significance to our economic and social well-being;</td>
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<td>• whose education system delivers an adequate supply of well-qualified scientists, engineers and technologists into our workforce;</td>
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<td>• that provides trusted quality information for opinion formers, policy developers and decision makers; and</td>
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<td>• that attracts external interest and investment in its scientific activities.</td>
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## ACCELERATING BUSINESS INNOVATION INITIATIVES

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<td><strong>Canberra Business Development Fund</strong></td>
<td>We are providing further funding to CBDF for new equity investment. This will be matched by the Hindmarsh Group with an equal contribution, creating a new funding pool to invest in Canberra-based growth oriented companies that require equity-based funding.</td>
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<tr>
<td>Canberra Business Development Fund (CBDF) is an ACT-focused venture capital fund designed to provide innovative ACT firms with significant growth potential with a source of capital funds through equity investment. CBDF is a 50 per cent shared investment partnership between the ACT Government and Australian Capital Ventures Limited (ACVL is a Hindmarsh Group company) currently operating with $8 million under management. CBDF investment provides significant growth benefits for investee companies including the injection of high-level management skills, the capacity to leverage additional private sector capital, access to Commonwealth funds and grants, and quality employment growth. To date CBDF investments have created over 70 new jobs in Canberra, most of which are highly skilled positions within wealth creating businesses and sectors.</td>
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<td><strong>Discovery Translation Fund and ANU Connect Ventures</strong></td>
<td>In 2011 the ACT Government worked with ANU to implement a number of reforms to ANU Connect Ventures, including the establishment of the Discovery Translation Fund. The ACT Government is now more actively involved in linking Discovery Translation Fund companies and fund-supported IP to the broader system of innovation support in the ACT. This is about increasing collaboration and information sharing across the Canberra network.</td>
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<tr>
<td>ANU Connect Ventures and the Discovery Translation Fund are venture capital and proof of concept funds respectively, managed by the Australian National University from funding initially provided by the ACT Government through Economic White Paper initiatives. The Discovery Translation Fund aims to assist the commercialisation of new innovations and technologies originating from Canberra region public sector research organisations and small commercial ventures. Unlike similar funds, it does not require matched funding and is not repayable. ANU Connect Ventures is an equity investment fund operating as a registered venture capital company.</td>
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**ScreenACT**

ScreenACT, the Office of Film, Television and Digital Media, is a central element of the ACT Government’s overall support to the local screen sector. ScreenACT’s vision is to make Canberra and the surrounding region a centre of creative convergence that contributes to the life and vitality of the nation’s capital. ScreenACT delivers industry support programs, represents the sector at local, national and international forums and provides professional development to local screen practitioners.

**ACT Screen Investment Fund**

The ACT Screen Investment Fund is designed to support the growth of the ACT screen industry which includes film, television and digital media by increasing the output of screen productions made in the ACT involving significant Canberra elements. It provides equity co-investment with the marketplace (for example, Screen Australia) into eligible projects with clear commercial potential. The objectives of the fund are to:

- encourage producers to undertake significant film projects in the ACT;
- stem the leakage of production and post-production activity from the ACT to other jurisdictions;
- grow our creative skills base; and
- contribute to cultural and economic development.

**Our Thinking and Expectations**

We will provide additional funding for ScreenACT to expand its capacity and increase its level of support for capability development. The funding will enable ScreenACT to focus on screen project development activities, thereby creating a consistent flow into the marketplace of high-quality projects that are eligible for support by the ACT Screen Investment Fund.

The Screen Investment Fund is building opportunities in our highly creative film and screen sector. During its first 12 months of operation we learned that many worthy projects need earlier developmental support before they are ready for equity investment through the fund. Accordingly, we have re-profiled the fund so the bulk of the $1.8m will be available in calendar years 2013 and 2014. At the same time we are increasing our funding support to ScreenACT so it can provide more extensive support to film development projects that are potentially eligible for fund support.
HOW WE WILL KNOW WE HAVE SUCCEEDED

The pay-off for investments in business program lead development is necessarily long term. The metrics for business development programs are typically new businesses formed, jobs created, income (sales) generated and exports. These are essentially process and output indicators.

Assessing aggregate impact and results is more complex and longer term. It is necessary to know whether supported businesses have been sustainable and have made a discernable contribution to the development of Canberra as a genuine knowledge economy.

Therefore, qualitative and quantitative indicators are required for this purpose. It also requires promotion of business success stories. Some of these stories are told through business awards and celebrations, but the narrative must be enduring.

The goal of the Business Development Strategy is to support growth, diversification and jobs. We will know we are on track to achieve this goal through the following success markers:

- a sustained lift in the rate of business formation as measured by ABN data above the current long term average rate;
- an increase in the nominal contribution of private sector employment in our economy and, over the medium term, an increase in the proportionate share of private sector employment;
- an increase in the rate of contact and engagement of local businesses and entrepreneurs to the ACT Government’s innovation, trade and investment program environment;
- similarly, an increase in the rate of contact and engagement of early stage ‘clean tech’ and environment sustainability companies with the Government’s program environment. In Innovation Connect in particular, we are aiming to see 10 per cent of all program applicants coming from these sector disciplines;
- maintaining the current healthy rate of growth in ACT exports, notwithstanding the strong rise in the value of the Australian dollar; and
- the establishment of clear benchmarks of regional and SME content in ACT Government contracted goods and services, with the clear objective of increasing local participation over time.

The starting point data on each of these markers will be the year ending June 2012. The ACT Government will report annually on the progress of the Strategy for the next four years. That report will be tabled in the Legislative Assembly.

The ACT Government’s expectation is that over the medium to long term, this strategy – working in concert with the other aligned strategies and approaches of the government – will lead to measurable diversification and growth in the private sector. But our shared vision must be a business sector that is openly confident about its future and leading that future through action, independently from government.
GROWTH, DIVERSIFICATION AND JOBS

A Business Development Strategy for the ACT
BUSINESS DEVELOPMENT
ACT ECONOMIC DEVELOPMENT DIRECTORATE

- GPO Box 158 Canberra ACT 2601
- Phone: 1800 244 650