

National Reconstruction Fund Taskforce  
Department of Industry, Science and Resources  
By email: [NRF\\_Consultations@industry.gov.au](mailto:NRF_Consultations@industry.gov.au)

Dear Sir/Madam,

**RE: Submission regarding National Reconstruction Fund Consultation Paper**

Thank you for the opportunity to provide a written submission with respect to the National Reconstruction Fund (NRF) Consultation Paper. The Council of Small Business Organisations Australia (COSBOA) welcomes your consultation process and appreciates your efforts to consider the needs of Australian small businesses when establishing the NRF to diversify and transform Australia's industry and economy. COSBOA supports this valuable investment to help create secure jobs and sustainable economic growth.

**The Council of Small Business Organisations Australia (COSBOA)**

COSBOA is the national peak body representing the interests of small business. Collectively, COSBOA's members represent an estimated 1.3 million of the 2.5 million small and family businesses that operate in Australia.

As a collaboration of peak organisations across a wide range of industries, COSBOA acknowledges small and medium sized enterprises (SMEs) are major contributors to the Australian economy. SMEs employ 68% of Australia's workforce. In GDP terms, SMEs together contribute 56% of value added. Small and medium businesses are therefore key partners in rebuilding Australia's economy as Australia emerges from the COVID-19 pandemic.

**Introduction**

COSBOA's members represent a wide range of industries. We note the NRF will invest across 7 priority areas including renewables and low emissions technologies, medical science, transport, value-add in agriculture, forestry and fisheries, value-add in resources, defence capability and enabling capabilities. We believe there is a need to drive investments that support innovation, add value and develop capability for small businesses across all these industries, particularly in the post COVID-19 climate.

Small businesses have faced significant challenges and financial hardships over the past few years due to the pandemic. It is particularly important to note the complexities of the current climate in which small businesses owners are now operating. Small business owners are working extremely hard to rebuild and grow their business, while facing many ongoing challenges such as worker shortages, supply chain issues, reduced cash flow and increased debt burdens. Small business owners are creative, adaptive and resilient, however the pressures of running a small business have been steadily increasing and have taken a significant toll on many people.

Small businesses provide employment and training opportunities, contribute richly to the diversity and culture of our local communities, and ensure the Australian economy continues to grow. They need to be supported with increased financial investment and opportunities for innovation. A healthy, competitive environment in which small businesses are supported by Government to thrive with greater opportunities for improved productivity, particularly in the digital economy is essential.

## Priorities

COSBOA recommends prioritising transformation to more Australian ownership and diversification of production in supply chains across all priority areas. It is particularly important to create opportunities for small businesses in regional areas to thrive, thereby assisting the development of regional and remote communities.

Increased investment in transport, agriculture, manufacturing, renewables, telecommunications and digital capabilities are all essential.

Reducing costs for small business in these areas and supporting innovation and job creation is necessary. Small businesses rely on smaller margins and are still experiencing significant worker shortages. Combined with the rising costs of supply chain issues, energy and insurance premiums have also significantly impacted many of our members. As with all small businesses and particularly in regional areas, it is the ever-increasing input costs that are significant for everyone at the present time.

For dairy and cattle farmers, these costs include power, feed, water, fertilizer, council rates and insurance. Australian agriculture businesses have faced extreme weather events, labour shortages, significant supply chain disruptions and higher input costs. They must be supported to ensure production is sustainable for the long term.

Our discussions with the Australian Meat Industry Council (AMIC) have highlighted that with constrained labour availability to work in meat processing facilities, supply chains don't have flexibility to respond to changing supply and demand dynamics. The shortage of meat processing workers is adding to the cost of retail products, on top of wider inflationary pressures.

Our discussions with Australian Communications Consumer Action Network (ACCAN) have highlighted that small businesses in regional and rural areas often incur additional fees for their telecommunications services, for example thousands of dollars for an antenna or equipment to extend signals. Some small businesses experience difficulties getting the right connection type for their building which can be time consuming and costly, for example requiring running cables through walls. Other businesses are unable to get Sky Muster or satellite services because there are several other units on the premises. This restricts consumer choice and has implications on affordability. The quality of communications connections can also affect the affordability of services for small businesses. This might relate to where the small business is located, for example they might operate out of an older shopping centre which has poor connectivity or limited mobile coverage, however the small business can't afford to independently improve the connectivity. In some cases, shopping centre owners or body corporates can influence who small businesses connect to, which can dictate price.

Investment in digital transformation is also critical. A significant barrier to tech start-ups developing capabilities is limited funding. COSBOA also notes the Government's Digital Economy strategy aims for all businesses to be digital businesses by 2030. COSBOA supports the increased opportunities provided for tech start-ups and small business transitioning in a digital economy, while also being mindful of the increased cyber security risks.

Many small businesses are aware of security threats but do not have the knowledge to address those threats. Small businesses have embraced digital platforms and are building up their skills in digital tools. Many small businesses have a high level of proficiency with e-commerce, however some still require further assistance. COSBOA would like to see more investment, education and training available in this area to enable more businesses to thrive. Small businesses face challenges in creating and maintaining a basic cybersecurity program, which includes having data security controls in place, having a consistent method of managing controls and having an established framework of assurance

to share with customers and regulators. A basic cyber security framework that can assist with creating and managing a cybersecurity program that goes beyond the Essential 8, which is also limited to just PC environments, is required.

COSBOA is proud to have developed a Cyber Wardens pilot program which aims to become Australia's first cyber safety workplace certification or micro-credential for the small business sector. The program is designed by small business for small business, and aims to upskill Australia's small business workforce to give owners and employees the knowledge and tools they need to safely engage in the digital economy.

A significant level of investment in renewables and low-emission technologies is also necessary. The Australian Government has committed Australia to reduce its greenhouse gas emissions by 43% by 2030 and to deliver 82% renewables within that same timeframe. Worker shortages remain a significant problem in this industry and it is unlikely Australia will meet its 43% emissions reduction target by 2030 unless more individuals can be appropriately trained and engaged to work in this important sector.

In order to build resilience, entrepreneurship and the capacity for small businesses across a wide range of industries to scale, these immediate issues of concern must be addressed. Increased financial investment is important, along with tailored support facilitated by trusted advisers and trusted industry-specific pathways.

### Conclusion

COSBOA welcomes your willingness to consult widely and appreciates your efforts to ensure the priorities of Australian small businesses are reflected in the NRF. We believe there is a need to drive investments that support innovation, add value and develop capability for small businesses across all priority industries, particularly in the post COVID-19 climate. We advocate for continued small business stakeholder consultation in relation to the implementation of the NRF and we look forward to assisting you in this regard wherever possible.

We seek a National, consistent, and streamlined process for engagement by small business in assisting meeting the objectives of the NRF. Small Business must be designed into the process.

We seek NRF investment alongside and providing an incentive for private and small business involvement. Co-Investment will encourage small business.

We seek the fund to support innovative development with small business in industries identified as in need of support.

On behalf of our members, I sincerely thank you for the opportunity to participate in this consultation process.

Yours sincerely,



Matthew Addison  
Chair - Council of Small Business Organisations Australia (COSBOA)

8 February 2023

## About COSBOA

Small business in Australia is the backbone of the economy. We harness its diversity and provide its people with a voice, distinct from big business.

Established in 1979, the Council of Small Business Organisations of Australia (COSBOA) is a member-based not for profit organisation exclusively representing the interests of small businesses.

The capability, representation and reach of COSBOA is defined by a mix of over 40 national and state-based association members. COSBOA's strength is its capacity to harness its members views and to advance consensus, across policy areas that are common to many. Our member organisations work behind the COSBOA secretariat, to assist us with policy development and to guide our advocacy - not just for small business but also for the benefit of the Australians they employ.

In this capacity, COSBOA makes submissions and representations to Government including its agencies, on issues that affect small business and in pursuit of good.