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Select Committee on Adopting Artificial Intelligence (AI)

Via email: aicommitee.sen@aph.gov.au

17 May 2024

Dear Honourable Members,

Re: Select Committee on Adopting Artificial Intelligence (AI)

The Council of Small Business Organisations Australia (COSBOA) appreciates the opportunity to contribute to this significant inquiry on the adoption of Artificial Intelligence technologies in Australia. As an advocate for the interests of small businesses across the nation, COSBOA recognises the transformative impact that AI can have on our economy, society, and the environment.

We appreciate the committee's consideration of our views and look forward to contributing to the development of policies that will shape the future of Artificial Intelligence in Australia.

1. Introduction

1.1 Background

Our organisation has a longstanding commitment to fostering innovation and productivity within the small business sector, which we believe is pivotal to Australia's prosperity. Through our previous submissions and ongoing advocacy, we have underscored the need for a balanced and practical approach to AI adoption—one that harnesses its vast potential while mitigating associated risks.

Drawing from our extensive engagement with industry leaders, small business owners and technology specialists, this submission encapsulates our comprehensive learnings from the active testing, development, and deployment of AI technologies within our own operations. Our proactive stance in rigorously testing and adopting new technologies ensures we fully comprehend their risks and benefits, positioning COSBOA at the forefront of AI application for small businesses.

Our stakeholder engagement in the AI domain includes collaborations and partnerships with prominent industry leaders and entities such as Microsoft and Telstra. Stakeholders we have engaged with relating to AI include:

- **Industry Leaders**
 - Microsoft
 - Google
 - Intuit
 - Telstra
 - Square
 - Xero
 - MYOB
- **COSBOA Members**
 - Tech Council of Australia
 - Digital Service Providers Australia New Zealand (DSPANZ)
 - Australian Communications Consumer Action Network (ACCAN)
 - Communications & Information Technology Training Ltd (CITT)
 - Australian Traditional Medicine Society (ATMS)
 - Direct Selling Australia
- **Government Agencies**
 - Commonwealth Scientific and Industrial Research Organisation (CSIRO)
 - Department of Home Affairs
 - Australian Small Business and Family Enterprise Ombudsman (ASBFEO)
 - The Attorney General's Office
 - Department of Industry, Science and Resources
 - Department of Employment and Workplace Relations

We have witnessed firsthand the productivity enhancements AI can bring to small businesses, often serving as a catalyst for growth and innovation. However, we are equally aware of the potential risks, such as algorithmic bias and threats to privacy, which can undermine public trust and the integrity of our institutions.

In this submission, we will highlight the importance of a national AI education framework, the expansion of grant programs to support AI adoption, and the development of a Model AI Governance Framework tailored to the Australian context.

1.2 Goal

We advocate for regulations, initiatives, and practices that enable small businesses to responsibly leverage AI's transformative potential, thereby driving productivity and fostering innovation.

2. Executive Summary

COSBOA is committed to positioning Australian small businesses at the forefront of AI adoption, ensuring they are empowered to harness its benefits and mitigate potential risks. Our strategic approach centres on education, support, and governance.

2.1 Key recommendations

COSBOA's key recommendations to support the integration of AI within the Australian small business sector are:

- 1. National AI Education Framework:**
 - a. Develop a comprehensive AI education program tailored for small businesses.
 - b. Provide accessible resources and training to enhance AI literacy.
- 2. Financial Support for AI Adoption:**
 - a. Increase funding for grants and incentives that enable small businesses to adopt AI technologies.
 - b. Simplify the application process for financial assistance programs.
- 3. Model AI Governance Framework:**
 - a. Create a governance framework that sets clear AI ethical standards and regulatory compliance guidelines.
 - b. Include provisions for data protection, privacy, and algorithmic transparency.
- 4. Collaboration and Partnerships:**
 - a. Foster partnerships between small businesses, technology providers, and educational institutions.
 - b. Encourage co-development and sharing of AI best practices.
- 5. AI Innovation Incentives:**
 - a. Offer tax incentives and subsidies for small businesses investing in AI research and development.
 - b. Support small businesses in patenting and commercialising AI innovations.
- 6. Regulatory Alignment and Support:**
 - a. Align AI regulatory measures with international best practices while considering local business contexts.
 - b. Provide legal and regulatory support to small businesses navigating AI adoption challenges.

By adopting these recommendations, Australia can ensure its small businesses are equipped to thrive in an AI-driven economy, balancing innovation with responsibility and inclusivity.

3. Issues and Recommendations

3.1 Issue 1: Enhancing AI Literacy Among Small Businesses

3.1.1 Background

Small businesses often lack the resources and knowledge necessary to understand and implement AI technologies effectively. This gap in AI literacy can hinder their ability to compete and innovate in an increasingly digital economy.

3.1.2 Recommendations

Government should support education and training programs in AI targeting the small business community. By enhancing AI literacy, we can empower more small businesses to adopt AI, unlocking significant productivity gains.

- **Develop AI Education Programs:**
 - Create targeted AI education and training modules that cater to the varying skill levels within the small business community.
 - Collaborate with industry experts to ensure content relevance and applicability.
- **Promote Accessible Learning Resources:**
 - Launch an online learning platform providing free or subsidised courses on AI basics, use cases, and implementation strategies.
 - Distribute easy-to-understand guides and case studies showcasing successful AI adoption by similar-sized businesses.

3.2 Issue 2: Financial Barriers to AI Adoption

3.2.1 Background

The cost of AI technology implementation can be prohibitive for small businesses, with many unable to invest in necessary infrastructure or expertise.

3.2.2 Recommendations

- **Expand Funding and Grants:**
 - Increase the allocation of funds dedicated to AI adoption in small businesses, ensuring a wider reach and impact.
 - Streamline grant application processes to make it easier for small businesses to access financial support.
- **Tax Incentives for AI Investment:**
 - Introduce tax breaks and incentives for small businesses investing in AI technologies and related training.
 - Provide guidance on how to leverage these financial benefits effectively.

3.3 Issue 3: Navigating AI Governance and Ethics

3.3.1 Background

Small businesses may struggle with the ethical implications and regulatory compliance associated with AI, such as data privacy and algorithmic bias.

3.3.2 Recommendations

- **Establish a Governance Framework:**
 - Develop a set of AI governance guidelines that address ethical considerations and compliance requirements.
 - Offer workshops and consultation services to assist small businesses in understanding and implementing these guidelines.
- **Regulatory Support Structures:**
 - Set up dedicated support channels to help small businesses navigate the complexities of AI regulations.
 - Implement policies that protect small businesses from unfair competition and ensure a level playing field.

3.4 Issue 4: Building Collaborative Networks for AI Advancement

3.4.1 Background

Small businesses often operate in isolation and may not have the network or partnerships necessary to fully leverage AI technologies.

3.4.2 Recommendations

- **Foster Industry Partnerships:**
 - Encourage collaboration between small businesses, AI technology providers, and academia to facilitate knowledge exchange and innovation.
 - Establish industry clusters or hubs where businesses can connect and access shared AI resources.
- **Share Best Practices:**
 - Create a repository of case studies and best practices in AI that small businesses can learn from and apply to their operations.
 - Organise regular networking events and forums to promote community learning and collaboration.

3.5 Issue 5: Encouraging AI Innovation and Commercialisation

3.5.1 Background

There is a need to stimulate innovation and support the commercialisation of AI within the small business sector to ensure long-term competitiveness.

3.5.2 Recommendations

- **Innovation Incentives:**
 - Provide financial incentives for small businesses to engage in AI research and development activities.
 - Support the commercialisation of AI innovations through funding and mentorship programs.
- **Intellectual Property Assistance:**
 - Offer guidance and support for small businesses in securing patents for their AI innovations.
 - Facilitate partnerships with legal experts to navigate intellectual property rights in the AI domain.

3.6 Issue 6: Aligning AI Regulations with Global Standards

3.6.1 Background

Small businesses face difficulties in keeping pace with the rapidly evolving global AI regulatory landscape, which can impede their ability to operate internationally.

3.6.2 Recommendations

- **Regulatory Harmonisation:**
 - Implement AI regulations that are in line with international standards to facilitate global market access for small businesses.

- Monitor global regulatory trends and provide timely updates to the small business community.
- **Legal and Regulatory Advisory Services:**
 - Establish a panel of legal and regulatory experts to offer advice on AI-related matters to small businesses.
 - Create a helpdesk for small businesses to seek quick and reliable regulatory guidance.

4. Conclusion

COSBOA recognises the transformative potential of AI technologies for Australia's small business community. Any delay in learning to utilise these tools risks leaving small businesses behind in the digital era.

The key recommendations outlined in this document are designed to address the critical challenges faced by small businesses in adopting and leveraging AI technologies. By implementing these recommendations, we aim to enhance AI literacy, reduce financial barriers, establish robust governance frameworks, foster collaborative networks, incentivise innovation, and align with global regulatory standards.

We are committed to working with Industry and the Australian Government to act swiftly on these recommendations, ensuring that small businesses are empowered to harness the benefits of AI, driving productivity, innovation, and competitive advantage in a rapidly evolving digital economy.

Yours sincerely,



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