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White Paper

Commonwealth Government Grants: 2018 to 2022

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We acknowledge and celebrate the First Nations people on whose traditional lands we meet and work, and whose cultures are among the oldest in human history.

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Foreword

The twofold aims of this White Paper are to independently evaluate the openness and competitiveness of the Australian Commonwealth grant program and to provide a descriptive analysis of the characteristics of businesses that use these grants. Through a detailed exploration and analysis of the grant funding process — and using data made available by the Australian Government via GrantConnect — the authors of this White Paper report put a spotlight on how taxpayer funding is being utilised by the Commonwealth government.

In a democracy such as Australia's, where the government draws its legitimacy from citizens through the election process, taxpayers should have a vital interest in how government allocates funds to different grant programs — not least because the allocation of grant funds can affect the level of funding available for other types of government services. In addition, we are experiencing a very perilous time where people's belief in government is being tested sorely and the level of disengagement and cynicism is perhaps unique in its scale.

Hence, one of the primary underlying objectives of the White Paper is to address this decreasing trust in government via the four recommendations outlined in the executive summary and to ensure that government cares deeply about taxpayers' money. So, the independent scrutiny that is being brought about via this White Paper report should not only assist taxpayers in determining whether their taxes are being spent appropriately but should also enhance belief and trust in government and in our democratic institutions.

This White Paper report is the first in a three-part series focusing on the administration of Commonwealth grants. Part I provides a detailed descriptive analysis of business grants with particular reference to the selection and allocation processes, the value of grants, the government agencies/departments associated with these grants, and characteristics of firms that use these grants. Part II, to be released in the first half of 2024, will examine both the productivity and performance of companies that have received Commonwealth grants. Part III, to be released in mid-2024, will investigate non-business (public good) community grants in Australia.

I would like to thank the Deakin Business School researchers for their devotion and time they spent on analysing large samples of data from GrantsConnect and the Australian Bureau of Statistics (ABS) that form the evidentiary basis for the findings presented in this White Paper. Their work demonstrates the significant value of Australian governments providing access to reliable and relevant data and it is only through such data sharing that governments can improve their policy inputs and advice.



Andrew Conway

CEO, Institute of Public Accountants (IPA)

A handwritten signature in dark ink, appearing to read 'Andrew Conway', with a horizontal line underneath.



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Executive Summary

This report provides an extensive analysis of Australian Government grants awarded to businesses between 2018 and 2022. Each year, the government spends billions of dollars of taxpayers' money on grants to community organisations and businesses. Between 2018 and 2022, the government handed out an average of about \$14 billion annually on 29,000 grants — with total expenditure of around \$70 billion over the five years.

Approximately 9% of all Commonwealth grants — about 2,600 annually — were provided for business purposes from 2018 to 2022. Average annual expenditure on business grants was around \$600 million, or more than \$3 billion in total over the five years. Despite the significant expenditure involved, publicly available information about business grants, the selection processes for awarding them and the businesses that receive them is very limited.

The primary purpose of this research report is to illuminate and scrutinise this hitherto shrouded process. Using data from the government's online GrantConnect platform, we have analysed in detail the various selection processes, the types of grants awarded, and the quantum of financial support provided. A key element of our analysis involved constructing an index to rate the various processes for awarding business grants. For each type of grant, we separately rated the *openness* of the applicant pool and the *competitiveness* of the selection process. The collective results, outlined below, provide considerable cause for concern.

Inherent problems with the grants system were highlighted in 2021 in a scathing review by the Australian National Audit Office (ANAO). Yet, more than two years since the ANAO review, our research into business grants reveals that the administration of this perpetual multi-billion-dollar pipeline of Commonwealth public expenditure remains, to a significant degree, shielded from public scrutiny — and mostly without competitive selection processes

for grant applicants. These issues raise questions about the integrity of a system that has already been tarnished by high-profile political controversies — including the so-called 'sports rorts' affair — and leaves the system potentially open to ongoing misappropriation or misallocation of public money.

Our research reveals a large majority of business grants — contrary to government guidelines — are awarded through non-competitive processes. We found:

- The overwhelming majority (83.77%) of business grants between 2018 and 2022 were awarded on a *demand* basis; that is, business applicants that met stated eligibility criteria were awarded grants up to the limit of available funding — without any assessment of their merits relative to other applicants, nor reciprocal obligation to taxpayers.
- The skewing towards non-competitive processes was far greater for business grants than for general community grants. A Joint Committee of Public Accounts and Audit inquiry into Commonwealth grants (2023) found that just 35% of grants across all categories were subject to competitive selection processes. By itself, this was considered cause for concern. Our research reveals much worse numbers for business grants awarded from 2018 to 2022, with fewer than 17% subjected to competition between applicants.
- Competitive selection processes were rare for all categories of business grants. Based on our index (COM) ratings, competitive processes were particularly scarce for 'business development' grants (average competitiveness score of 0.15), 'small business' grants (0.04) and 'industry innovation' grants (0.09).
- For small businesses, grants offered via ad hoc (ministerial discretion) and closed, non-competitive processes had higher average values (approximately \$1.7 million for both) than grants subject to open, competitive processes (\$1.5 million).

- A significant minority of grant processes, involving large sums of public money, remain almost entirely hidden from public scrutiny. Most notable among them are *ad hoc* grants, which are awarded by ministerial discretion, and which therefore arguably entail the greatest potential, in theory, for misuse of public resources.
- A total of 313 ad hoc grants, or 2.4% of the total number of business grants over the period 2018-2022, were awarded by government ministers to assist small businesses. These grants had a mean value of \$1.7 million and a total value of about \$540 million. Despite the sizeable numbers involved, ministers exercised this discretion with negligible oversight.

The preponderance of non-competitive processes for awarding business grants appears in conflict with the Commonwealth Grants Rules and Guidelines which, as the ANAO noted in its 2021 review, urge open and competitive merit-based processes.

In contrast to our findings on the paucity of *competitive* business grant selection processes, we found a high proportion of processes were *open* (defined for this study as open to any applicants that meet the stated eligibility criteria, and publicly advertised) across most categories. Among more open categories were grants for ‘business development’ (average score 0.84), ‘small business’ (0.99) and ‘industry innovation’ (0.99).





However, while *open* processes involve, by definition, at least some level of transparency, we found a broad and systemic lack of transparency across most Commonwealth grants programs — both open and closed. For example, the online GrantConnect platform — the primary source of public information on Commonwealth grants — provides only headline or summary information on grants, grant programs and recipients. And for competitive grant processes, there is no information on numbers of applicants, nor the criteria used to separate them. Moreover, the identities of competitive grant applicants remain undisclosed throughout selection processes — and only successful applicants are ever publicly identified.

Among the multiple government agencies that awarded business grants from 2018 to 2022, only a few operated grant programs with high levels of both competitiveness and openness. They included the Great Barrier Reef Marine Park Authority (scores of 1.0 and 1.0) and the National Emergency Management Agency (0.98 and 0.98).

Other agencies — including Wine Australia and Austrade — used mostly open processes, but rarely assessed applicants on a competitive basis.

We believe this report raises serious questions about the transparency, accountability and integrity of significant components of a system that hands out almost \$1 billion of taxpayers' money annually to Australian companies — from the very small to the large — with virtually 'no strings attached'.

Accordingly, we have prepared four recommendations aimed at improving the transparency and competitiveness of the business grants system and, by extension, its integrity. These are summarised as follows:

Recommendation 1:

Enhance transparency by publicly identifying all applicants for competitive grants, both successful and unsuccessful.

Information currently provided on the GrantConnect platform does not allow for proper scrutiny of processes for awarding Commonwealth grants. It includes only headline or summary information on grants, grant programs and recipients. For competitive grant processes, there is no information on the identities of applicants, the number of applicants, nor decisive criteria used to separate them. To enhance the transparency of the grant administration process, we recommend that the Government disclose the identities of all applicants involved in competitive processes, as well as the numbers of applicants — successful and unsuccessful — and the criteria used to separate them.

Recommendation 2:

Full and prompt disclosure should be required when government ministers overrule public service or expert committee recommendations on awarding of grants.

Ministerial power is a primary concern with the administration of grants. For the democratic process to serve as a control on misuse of public funds, there must be full and timely disclosure by government ministers awarding grants. Currently, ministers are required to write to the Minister of Finance by 31 March each year reporting their use of discretion to award grants and the reasons for doing so. To enhance the public's ability to monitor ministerial discretion, we call for regulations requiring ministers to fully disclose individual cases of discretion at the time each grant is made.

Recommendation 3:

Toughen disclosure requirements for ad-hoc grants awarded by government ministers.

Ad hoc grants arguably entail the greatest scope for misuse of public resources, as the regular administration of processes is suspended and replaced with ministerial discretion subject to negligible oversight. While ministers awarding ad hoc grants are required to comply with seven key principles, currently there is no requirement for them to publicly explain the use of their discretion. As with other grants, however, they are required to record, in writing, the basis for the approval of the grant. We recommend that regulations be amended requiring ministers to disclose their use of discretion; explain the alternatives recommended by the public service or panel; and explain their reasons for exercising discretion. These disclosures should be published in full on GrantConnect and incorporated into GrantConnect's permanent data bank — all within 21 calendar days after the grant agreement takes effect. While this would not in any way reduce ministers' ability to use discretion, it would provide more transparency and capacity for the public to monitor ad hoc grant provision.

Recommendation 4:

Require government agencies to provide more information about grants and their purposes.

There is currently a paucity of meaningful information provided to the public on the purposes and expected benefits to businesses and the wider community of business grant programs. This inhibits the capacity for public scrutiny of grant programs, potentially undermines public confidence in the system and, by extension, adds to the risk of moral hazard and/or adverse selection in awarding of grants. Accordingly, we recommend that government agencies be required to provide more information and evidence to the public about the purposes and rationales for individual business grant programs.

1. Introduction

1.1 Description of the problem

There is substantial scepticism in the Australian community about the transparency and probity of the administration of Commonwealth grants. Recent high-profile grant programs such as the Safer Communities Fund and the Commuter Car Park Project have drawn widespread public criticism for conflating political aims with valid economic or social objectives. In its annual report to Parliament, the Australian National Audit Office (ANAO) said its audits of grants administration indicate that there has not been consistent compliance with the intent of the Commonwealth Grants Rules and Guidelines (Joint Committee of Public Accounts and Audit (JCPAA), 2023). The report particularly highlighted insufficient reporting and recording of grant decisions and of the outcome of grants. Similarly, a review by the Australian National Audit Office (ANAO) of recent changes to grants administration under Streamlining Government Grants Administration (SGGA) program found insufficient evidence of improvement in the effective and efficient delivery of grants. The review concluded that “core deliverables were not achieved, and shortcomings in the design and operation of the hubs impacted on the realisation

of the intended SGGA Program benefits” (ANAO, 2022, p. 8). Among the ANAO’s strongest criticisms was for the \$1.25 billion Community Health and Hospitals Program, which it said was “ineffective and fell short of ethical requirements” (Joint Committee of Public Accounts and Audit (JCPAA), 2023).

Given the interconnectedness between politics and the provision of government grants, the failure of grants administration should be of great interest to the voting public. The allocation of scarce taxpayer resources to grants puts pressure on funding for other types of government services such as social security or medical care, and also affects levels of government debt and taxes. It is therefore of paramount importance that grant funding is allocated prudently in pursuit of clear, worthwhile and achievable economic or social public policy objectives, rather than misused or wasted on politically motivated programs with questionable public benefits.

While many community grant projects for public infrastructure receive substantial public attention through media coverage, there is far less focus on grants specifically targeted at particular industries and businesses, and at developing export markets.



In the years 2018 to 2022, the Australian Government awarded around 29,000 grants annually, with an average annual total value of approximately \$14 billion. In each year, more than 2,600 of these grants, or approximately 9% of the annual total, were provided for business purposes, with an average annual value of approximately \$603 million. Despite the significant number and value of both community and business grants, there is a paucity of empirical evidence surrounding the characteristics of these grants and the businesses and community organisations that receive them. It also appears there is little knowledge in the Australian community about how Commonwealth grants are being used, notwithstanding the publicity generated by recent critical reviews and public scandals. Specifically, there appears to be a dearth of knowledge about the selection processes used to scrutinise the applicants, and the amounts of public money spent on different community and business programs. This limited knowledge reduces the public's ability to scrutinise and monitor the administration of public funds.

This research report puts a spotlight on this perpetual multi-billion-dollar pipeline of taxpayer funding and how it is being used by government. In a democracy such as Australia's, where the government draws its legitimacy from citizens through the election process, taxpayers should have a vital interest in how government allocates funds to different grant programs — not least because the allocation of grant funds can affect the level of funds available for other types of government services. Accordingly, through a detailed exploration and analysis of the grant funding process — and using data made available by the Australian Government via GrantConnect — this report aims to independently evaluate the openness and competitiveness of the Australian Commonwealth grant program. Such independent scrutiny should assist taxpayers in determining whether their taxes are being spent appropriately.

1.2 Purpose and scope of the report

The primary objective of this report is to provide a descriptive analysis of Commonwealth grants awarded for business purposes between the years 2018 and 2022 inclusive. Business grants are a common form of organisational sponsorship, providing external funding to individual businesses by government departments or agencies. As discretionary instruments based on firm and project characteristics, external funding grants are provided outside market exchange mechanisms and without competitive processes, with the policy objective to selectively alter the target businesses' emergence, survival or performance. The descriptive analysis in this report includes an outline of the various types and objectives of Commonwealth grants being offered to businesses, and a detailed examination of the various selection processes and criteria used to allocate and award grants to individual firms.

This report is the first in a three-part series focusing on the administration of Commonwealth grants. Part I provides a detailed descriptive analysis of business grants with particular reference to the selection and allocation processes, the value of grants, the government agencies/departments associated with these grants, and characteristics of firms that use these grants. Part II, to be released in the first half of 2024, will examine both the productivity and performance of companies that have received Commonwealth grants. Part III, to be released in mid-2024, will investigate non-business (public good) community grants in Australia.

The structure of Part I is as follows: Section 2 provides background, context and a worldwide literature review of public grants. Section 3 explains the data, methods and analytical techniques used in the analyses of the data. Section 4 provides a detailed descriptive analysis of business grants. Section 5 reports a similar analysis leveraging data from ABS BLADE. Section 6 describes our conclusions. Finally, Section 7 provides several practical recommendations to improve the administration of government grants.

2. Background, context and literature review

2.1 Background and context

Commonwealth grant administration is primarily regulated by the Commonwealth Grant Rules and Guidelines 2017 (CGRGs) (Department of Finance, 2017). These rules establish the principles, effective framework and recording and reporting obligations for all government grants. Among a wide range of requirements, these rules mandate federal government agencies to publish on the GrantConnect website details of any grants awarded to entities or individuals from 1 January 2018. The website provides a centralised, whole-of-government portal for users to access grant opportunities and review grant data. It includes publicly available information on the types of grants provided, their purposes, and the amounts awarded. For this report, we have used this data to examine grants awarded for the stated purpose of supporting business activities, growth and innovation, with the overall objective of improving transparency and accountability and gauging the efficacy of the grants made available to businesses.¹

The term *grant* is typically used to describe funding linked to short-term project funding or the one-off provision of money.² *Funding*, by contrast, is a broader term (grants are just one type of funding) and is sometimes used to describe longer-term agreements. Broadly, grants are defined as the provision of external funding to a focal organisation such as a small business by a public actor such as a government department or agency, and taking place outside market exchange mechanisms with the aim of selectively altering the target organisation's emergence, survival or performance (Jourdan & Kivleniece, 2017). According to the Commonwealth Grants Rules and Guidelines, Commonwealth grants are contractual agreements between the Commonwealth and the grantee for the provision of financial assistance. Business grants usually provide smaller funding amounts that can benefit a larger number of smaller beneficiaries. Typically, business grants can support acquisition of machinery, tools and equipment and firm's learning activities, and are targeted towards loosening capital constraints experienced by smaller firms.

These characteristics make business grants an attractive tool for Australian policy makers. Stevenson & Lundström (2007) explain that grants are used by governments as “*policy measures taken to stimulate [for example] entrepreneurship*” (p.23) in businesses over different life-cycle stages. Commonwealth grants are primarily used to achieve government policy outcomes such as increased employment, business growth and enhanced innovation — while also helping grantees achieve their own objectives. In the years 2018 to 2022, the Australian Government dispensed around \$834 million annually through the various types of grants to businesses.

Government policies aimed at assisting the business community may also target activities such as training and education, advisory services, counselling and direct financial support. These supports can be distributed through various financial instruments such as soft loans, credit guarantees, subsidies and tax incentives — as well as grants. Business grant applicants can seek funding for a range of different types of activities, such as research and development (R&D), delivery of certain types of services; infrastructure; or building capacity. The primary intention of these policies is to address market failures, particularly related to small business. For example, the potential of an individual small business can often be limited by its lack of financial resources and, in many cases, inability to access external capital (Cosh et al., 2009). Governments usually employ a mix of two approaches to assist and affect the behaviour of small businesses (Dennis, 2016).

¹ The issue of efficacy is dealt with in Part II.

² <https://www.nfplaw.org.au/free-resources/fundraising-&-holding-events/grant-funding>

The first approach is to use government intervention to reduce or eliminate barriers to entry and growth, including those caused by anti-competitive business behaviour (Dennis, 2016, p. 150). The second policy approach is to alleviate difficulties faced by small businesses in accessing financial capital (Dilger, 2016). To address some of these market failures and constraints, governments provide taxpayer-funded grants to businesses via different selection processes, which vary depending on the objective of the grant.

Grants are provided through both competitive and non-competitive selection processes, by meeting (or satisfying) grant application criteria, or on a one-off or ad hoc basis (see Appendix A). Government agencies and departments reserve the right to choose grant recipients outside of an open selection process, including by closed selection or negotiating the extension of an existing agreement with a current recipient, to get the best outcomes. **An open competitive grant (OC)** is subject to a competitive selection process and is open to anyone or any business that meets the eligibility criteria. Open competitive grant rounds have open and closing dates for applications, and applicants are assessed against set selection criteria. By contrast, **targeted or restricted competitive grants (TRC)** are open to a limited number of potential grant recipients

and are usually advertised in the media. Targeted or restricted competitive grants also have open and closing dates for applications, and applicants are assessed against set selection criteria.

Additionally, the Australian Government uses four types of *non-competitive* grants to achieve its policy objectives: open non-competitive, closed non-competitive and demand driven grants. For **open non-competitive grants (ONC)**, applicants can submit grant proposals at any time over the life of the grant opportunity. These proposals are assessed individually against set selection criteria, and funding decisions for each application are determined without reference to the comparative merits of other applications. By contrast, **closed non-competitive grants (CNC)** are offered only to targeted businesses which are invited to submit grant proposals. Such proposals are individually assessed against set criteria, but not against other grant submissions. The third non-competitive category, **demand driven grants (DD)**, are provided to applicants that satisfy stated eligibility criteria. Funding is received by the applicant up to the limit of available funding. Demand-driven grant rounds are subject to revision, suspension or abolition of the grant opportunity, depending on the need and budgetary constraints. Finally, **ad hoc (or one-off) grants (AH)**, which are not available to a range of applicants or provided on an ongoing basis, are usually determined by ministerial decisions and are provided to recipients to meet a specific need, often due to an urgent matter or other circumstances.

2.2 Business grants: a review

Our review focuses on grants that deliver public support or public sponsorship to businesses, providing them with a range of non-reciprocal grants or other forms of external funding. Governments use business grants to address market failures, pursuing specific business and/or entrepreneurship policy objectives with the aim of selectively altering the emergence, survival or performance of target businesses. Grants are among a range of types of public sponsorship and policy interventions aimed at increasing the



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competitiveness of economic actors or sectors (Lazzarini, 2015). Unlike some other forms of state-based financial assistance such as tax concessions, grants do not entail any expectation that the awarded funds will be repaid (Grajzl et al., 2023).

Governments often encourage businesses, including small businesses, to apply for public grants that provide financial assistance and support for specific projects, initiatives or operational needs. Public grants can also serve as a catalyst for growth and help businesses achieve their strategic goals. Our literature review identified various theoretical reasons for why businesses would seek public grants. These reasons can be grouped into five broad categories: access to financial resources, to address various operational needs (especially for small businesses), to promote innovation and competitiveness, jobs creation, and to support business communities.

Grants providing access to financial resources usually offer a source of non-repayable funding, which can be particularly attractive for small businesses with limited capital. They provide a means to secure resources without incurring debt, reducing financial strain. Grants that address operational needs can be used for capacity building to support training and skill development initiatives within a small business. This can lead to improved productivity and competitiveness. These grants can also be used to help small businesses adopt new technologies or upgrade their existing systems, leading to increased efficiency and better service delivery. Small businesses can also use these grants to diversify their product or service offerings, reducing their dependence on a single revenue stream and enhancing resilience. Governments can also provide risk mitigation grants to act as a safety net during economic downturns or in the face of unexpected challenges, such as the JobKeeper grant during the COVID-19 pandemic.

Many grants are designed to support research and development efforts and to promote innovation and competitiveness. Small businesses can use these funds to innovate, develop new products, improve existing ones, and try to stay competitive in their industry. Public grants may be targeted

at fostering innovation and entrepreneurship, encouraging small businesses to take risks and explore new opportunities and thus expand their markets — including overseas markets through export grants. Businesses that secure innovation-type grants may gain a competitive advantage over rivals that do not have access to the same resources, allowing them to offer better products or services.

Governments often provide grants to encourage businesses to create jobs, especially in economically disadvantaged areas. Small businesses can use grant funding to hire new employees and stimulate local economic growth. Some grants require businesses to contribute to community development or engage in socially responsible activities. These grants can be presented in the form of promoting sustainable practices and environmental initiatives, which can help small businesses adopt green technologies, reduce their carbon footprint, and comply with environmental regulations. These grants can also enhance a company's reputation and foster goodwill among customers and stakeholders. By investing in projects or initiatives funded by grants, small businesses can position themselves for long-term sustainability and growth. Some grants also assist businesses to achieve industry-specific certifications or meet regulatory requirements. This can open new markets or opportunities for business growth. Receiving a public grant may also open doors to partnerships and collaborations with other businesses or research institutions, potentially leading to mutual benefits.

For all their positive intentions and outcomes, business grants have been the focus of increasing criticism in recent years (Brown & Lee, 2018), particularly in developed economies such as the United States, the United Kingdom and the European Union. The criticism arises because of the very nature of grants as essentially discretionary, non-recoverable one-off subsidies or payments to firms (Wren, 2005), with no requirement for repayment or returns of any financial costs to the public sector. One of the main criticisms is that one-off subsidies or payments can lead to 'moral hazard' and/or 'adverse selection' problems (Wren, 2005). For example, grant expenditures undertaken

by a third party, such as the owner-manager of a business, can be subject to the ‘principal-agent’ problem (see Jensen & Meckling, 1976), whereby the government department (the grant provider) as ‘principal’ has little or no control over the expenditure of the grant funding and how the owner-manager (the agent) effectively deploys it. The business owner-manager also is less inclined to maximise the return from the expenditure than if it was drawn from internal firm resources (Brown & Lee, 2018). There is also great difficulty in establishing the level of additional benefit that these grants can provide to the business community. Receiving grants can also lead to a ‘grant mentality’ or ‘grant culture’ within individual businesses, which can negatively impact on the self-resilience of business owners, producing adverse selection problems by awarding grants to the wrong type of firm or owner (Brown & Lee, 2018; Wren, 2005). Further, significant grant support provided over an extended period can have unintended consequences, such as altering the innovative behaviour of firms and their ability to generate their own revenue streams (Brown & Mawson, 2016).

Research literature on the effectiveness of grants is limited but growing (Brown & Lee, 2018). The areas in which grants have been shown to be effective and to perform reasonably well on a number of criteria — such as cost per job, levels of additionality and spillover — are capital expenditure and tax credits to facilitate R&D (Devereux et al., 2007; Harris & Robinson, 2005; Wren, 2005). Tax credits and capital-related grants are used to assist small businesses to meet the upfront costs of R&D and to enable the purchase of capital equipment and/or premises, enabling policy makers to assess the tangible differences grants can make to the expansion of target firms (Becker, 2015; Brown & Mason, 2017).

Prior research has found that some grants are deemed unsuitable for certain types of activities, especially on the grounds of their inferior cost-effectiveness (Bondonio & Greenbaum, 2014). However, other types of grants such as capital grants are increasingly viewed as appropriate in certain areas, including in less well-developed regions (such as remote areas

of northern Queensland and the Northern Territory) where there is a poorly endowed SME sector and poorly developed financial institutions (Devereux et al., 2007; Harris & Robinson, 2005; Wren, 2005). A move away from grant-based assistance has been most apparent within innovation policy (Martin, 2016), where tax credits have become more prevalent. But this often favours larger and medium-sized firms, whereas smaller companies are often less able to fund innovation and have greater difficulties raising finance within credit markets.

In conclusion, the extant literature highlights the importance of developing reliable evaluations of the impact of discretionary grants that target SMEs and entrepreneurs (OECD, 2023). The literature shows that systematic and reliable evaluations are essential for justifying the use of public resources for community and business support and for steering those resources to the measures that deliver the greatest benefits against government objectives (OECD, 2023). Hence, “*context matters*” (Brown & Lee, 2018). When considering the conditions that will influence the structure, conduct and performance of grants, policy makers need to take into consideration three main issues: institutional and regulatory context, timing and targeting (normal SMEs versus high-growth firms) (Brown & Lee, 2018, pp. 28–29). This is because governments generally adopt a relatively wide-ranging ‘broad brush’ approach when designing systems for the provision of grants. Grants can be targeted at certain sectors, stage(s) of business development, company growth orientation and export orientation. However, the funding requirements of SMEs are not homogenous, and policy makers should therefore pay considerable attention to the precise issues within the intended target market for different grants, as poorly designed financial assistance to SMEs is often distortive — arguably even more so than no assistance (Brown & Lee, 2018).

3. Data and methods

Data on Commonwealth grants is released by the Department of Finance via the online GrantConnect platform and is publicly available. For this report, the IPA-Deakin SME Research Centre downloaded all available data related to grants from GrantConnect in November 2022. The data provides the following information:

- Type of grant awarded
- Government agency or department that is linked to the grant
- Approval date of the grant
- Socio-economic category of the grant (for example, aged care, business development, childcare, disaster relief, drought, employment services, small business)
- Purpose (objective) of the grant
- Selection process used to award the grant
- Grant details including recipient’s name, ABN and postcode, value of grant, variations to the grant, start date and end date

From this information we derived our descriptive statistics reported in this document. The Commonwealth grants data analysed covers a period from 1 January 2018 to 10 November 2022. An average of about 29,000 grants were awarded each year over all socio-economic categories, with approximately \$14 billion worth of grants awarded annually, totalling \$66.9 billion over the roughly five-period (see Table 3.1).

Table 3.1. Number and value of Commonwealth grants awarded annually: 2018-2022

Year	Number of grants	Total grants value	Average grant value
2018	22,219	\$13,100,000,000	\$588,932
2019	24,805	\$13,700,000,000	\$552,188
2020	35,274	\$12,100,000,000	\$343,225
2021	29,529	\$14,300,000,000	\$482,897
2022	33,750	\$13,700,000,000	\$404,749
Total	145,577	\$66,900,000,000	

Source: GrantConnect. Includes both business and non-business (community) grants.

4. Business grants

Business grants were derived from the ‘socio-economic category’ variable in the GrantConnect dataset. The socio-economic variable comprises 109 category labels ranging from ‘Academic Medical Research’ to ‘Zoos, Wildlife Sanctuaries and Conservation’ (See Appendix A for a full list of categories).

This variable identifies four business category labels: Business Development, Industry Innovation, Small Business, and Trade and Tourism. For this report, we focus on the first three category labels only, leaving out ‘Trade and Tourism’ because of the non-business objectives (purposes) of some of these grants. However, we will include the ‘Trade and Tourism’ category in our forthcoming third research report, which investigates non-business (i.e., public good) community grants in Australia. Tables 4.1 and 4.2 below show that 13,231 grants were awarded to businesses in the three socio-economic categories

we are examining in the five-year period 2018 to 2022. ‘Industry Innovation’ grants made up almost 68% of the total, followed by ‘Business Development’ (16%) and ‘Small Business’ (16%) grants. Within the ‘Industry Innovation’ category, a wide variety of grants were offered to businesses of all sizes to meet various government and business industry innovation objectives. Many ‘Industry Innovation’ grants are specifically targeted at small businesses — including, for example, the ‘Product Innovation & Research’ sub-category grant, which provides small businesses up to three years old and with turnover of less than \$1.5 million in the year of application, with matching funding of up to \$50,000 to hire research experts to assist them to grow their businesses. Other grants allow small businesses to claim up to \$1 million in matching funds to help them bear commercialisation costs and expenditures involved in bringing an innovative product or process to the market.

Grants under the ‘Business Development’ category

Table 4.1. Commonwealth business grants by category: 2018-2022

Year	Business Development		Small Business		Industry Innovation		Total	
	Number	%	Number	%	Number	%	Number	%
2018	251	1.62	51	0.39	1,832	12.95	2,134	14.96
2019	381	3.02	103	0.7	1,946	14.65	2,430	18.37
2020	764	4.37	106	0.86	1,985	14.96	2,855	20.19
2021	449	4.67	1,824	13.81	1,792	13.3	4,065	31.78
2022	306	2.57	0	0.00	1,441	12.12	1,747	14.69
Total	2,151	16.26	2,084	15.75	8,996	67.99	13,231	100.00

Source: GrantConnect

Table 4.2. Number and value of Commonwealth business grants

Year	Number	Total value	Average value
2018	2,134	\$422,392,861	\$197,935
2019	2,430	\$542,232,594	\$223,141
2020	2,855	\$610,193,622	\$213,728
2021	4,065	\$1,060,717,488	\$260,939
2022	1,747	\$379,521,279	\$217,242
Total	13,231	\$3,015,057,844	\$227,878

Source: GrantConnect

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are specifically targeted at small business growth and expansion and aim to stimulate the Australian economy. One type of 'Business Development' grant allows target small businesses to write off up to \$30,000 in assets for properties bought and used in the year of application. Another grant type under this category allows small businesses to claim up to \$2,100 for improving their cyber security measures. By contrast, grants provided under the 'Small Business' category are to encourage growth of start-ups and to assist small businesses affected by the COVID pandemic.

During the five-year period covered by this study, an average of 2,646 Commonwealth grants were provided to businesses annually. Business grants represented approximately 9% of a total of about 29,000 Commonwealth grants awarded each year (see Table 4.2). A total of around \$3.02 billion in business grants were provided over the five years, or an average of about \$603 million per year. The average value of individual business grants during the study period was \$227,878.

Tables 4.3 and 4.4 outline the total value and average value of grants across the three business grant categories examined in this study: Business Development, Small Business, and Industry Innovation. While 68% of all business grants were awarded for industry innovation purposes, this category accounted for approximately 77% of the business grant budget. As the average grant value for both innovation grants and business development grants is relatively similar, the extent to which innovation grants represent the overall value of business grants reflects the sheer volume of industry innovation grants provided by the Commonwealth.

Through analysis conducted for this report, we can reveal a more detailed breakdown of the different purposes for which grants have been provided. Using the text provided on GrantConnect under the variable *purpose*, we used a natural language computing process to separate the purposes of the grants into 18 distinct categorisations or 'topics', ranging from Childcare to Research and Small Business and Growth (see Table 4.5 below). Two topics appeared to identify

Table 4.3. Total value of Commonwealth business grants by category: 2018-2022

Year	Business Development	Small Business	Industry Innovation
2018	\$74,160,805	\$24,040,720	\$324,191,335
2019	\$92,458,445	\$11,056,046	\$438,718,103
2020	\$217,096,494	\$11,981,445	\$381,115,682
2021	\$128,521,881	\$79,091,953	\$853,103,654
2022	\$64,909,471	\$0	\$314,611,809
Total	\$577,147,096	\$126,170,164	\$2,311,740,583

Source: GrantConnect

Table 4.4. Average value of Commonwealth business grants by category: 2018-2022

Year	Business Development	Small Business	Industry Innovation
2018	\$295,461	\$471,387	\$176,960
2019	\$242,673	\$107,340	\$225,446
2020	\$284,158	\$113,032	\$191,998
2021	\$286,240	\$43,362	\$476,062
2022	\$212,122	\$0	\$218,329
Total	\$268,316	\$60,542	\$256,974

Source: GrantConnect

grants for business purposes: Topic 15 (Business and Growth Grants [n=6,604]) and Topic 9 (Small Business and Growth [n=13,268]). As we do not know whether business grants identified in the 'Topic' variable are correlated with business grants from the 'Category' variable, we conducted a pairwise correlation on the two variables and found that the magnitude of the correlation was high (0.336, $p < .000$) and statistically significant. However, as the two variables were not perfectly correlated and around 25% of observations were unaccounted for in the variable 'Topic', we conducted separate analyses on these two cohorts.

While the magnitude of the correlation between the variables 'Category' and 'Topic' is high, the total frequency count in each identifier over the period 2018-2022 differs significantly (13,231 versus

19,872). Grants identified in the variable 'Topic' are matching the same business observation in the variable 'Category', but there exist both grants that are defined by businesses grants on a 'category' basis and grants identified as business grants on a 'topic' basis that are not matched by grants in the other set. Accordingly, total business grants identified in 'Topic' are valued at approximately \$223 million per year, at a total of around \$1.12 billion over the five-year period. The average individual value of these grants over the five years was \$56,158.

The total value and average value of grants under the topic 'Small Business and Growth' was significantly lower on average, but higher in total — \$716.8 million in total and \$54,021 per grant on average — compared to 'Small Business' grants identified

Table 4.5. Number of Commonwealth grants awarded by business 'Topic': 2018-2022

Theme/Topic	Number	%	Cum. %
1. Topic 1 (Energy Installation)	23,144	16.32	16.32
2. Topic 2 (Research)	19,731	13.91	30.23
3. Topic 3 (Independent Living)	374	0.26	30.49
4. Topic 4 (Fuel and CapEx)	5,906	4.16	34.66
5. Topic 5 (Aged Care)	7,883	5.56	40.22
6. Topic 6 (COVID Grants)	15,004	10.58	50.79
7. Topic 7 (NDIS)	4,772	3.36	54.16
8. Topic 8 (Strategic Economic)	6,608	4.66	58.82
9. Topic 9 (Small Business and Growth)	13,268	9.35	68.17
10. Topic 10 (Childcare)	4,967	3.50	71.67
11. Topic 11 (Community Grants)	8,721	6.15	77.82
12. Topic 12 (Covid Aged Care Grants)	6,617	4.67	82.49
13. Topic 13 (Indigenous Grants)	3,392	2.39	84.88
14. Topic 14 (Other)	20	0.01	84.89
15. Topic 15 (Business and Growth Grants)	6,604	4.66	89.55
16. Topic 16 (Regional Childcare)	8,650	6.10	95.65
17. Topic 17 (Indigenous Grants)	2,492	1.76	97.41
18. Topic 18 (Education Grants)	1,220	0.86	98.27
19. Unallocated (Not assessed)	2,458	1.73	100.00
Total	141,831	100.00	

Source: GrantConnect

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Table 4.6. Number and Value of Commonwealth business grants defined by 'Topic': 2018-2022

Year	Number	Total value	Average value
2018	1,474	\$36,890,691	\$25,028
2019	6,612	\$303,920,252	\$45,965
2020	4,171	\$194,867,333	\$46,720
2021	1,395	\$55,800,386	\$40,000
2022	6,220	\$524,490,697	\$84,323
Total	19,872	\$1,115,969,359	\$56,158

Source: GrantConnect

Table 4.7. Number of Commonwealth grants by business 'Topic': 2018-2022

Year	Number	Total value	Average value
2018	1,474	\$36,890,691	\$25,028
2019	6,612	\$303,920,252	\$45,965
2020	4,171	\$194,867,333	\$46,720
2021	1,395	\$55,800,386	\$40,000
2022	6,220	\$524,490,697	\$84,323
Total	19,872	\$1,115,969,359	\$56,158

Source: GrantConnect

Table 4.8. Total value of Commonwealth grants by business 'Topic': 2018-2022

Year	Small Business & Growth	Business & Growth
2018	\$16,499,579	\$20,391,112
2019	\$50,720,158	\$253,200,094
2020	\$143,887,741	\$50,979,592
2021	\$12,807,246	\$42,993,140
2022	\$492,836,907	\$31,653,790
Total	\$716,751,631	\$399,217,728

Source: GrantConnect

Table 4.9. Average value of Commonwealth grants by business 'Topic': 2018-2022

Year	Small Business & Growth	Business & Growth
2018	\$279,654	\$14,202
2019	\$10,072	\$162,436
2020	\$52,058	\$35,764
2021	\$79,548	\$29,978
2022	\$93,909	\$38,084
Total	\$54,021	\$60,451

Source: GrantConnect

under ‘Category’. The average value of ‘Business and Growth’ grants was \$60,451, in contrast to the average value of Industry Innovation grants (\$256,974) and Business Development grants (\$268,316) over the same period. Tables 4.8 and 4.9 below provide an outline of the total and average values of grants classified under the topics ‘Small Business and Growth’ and ‘Business and Growth’.

4.1 Business grants awarded by selection process

We now turn to a broad examination of the selection processes that business grants are subjected to. As discussed earlier, to address market failures and constraints, governments provide grants to businesses via several selection procedures, depending on the objective of the grant. The Commonwealth Grants Rules and Guidelines emphasise that grants should achieve value for money, be cost effective, and deliver good outcomes and policy objectives. It follows that grant selection processes should be open and competitive, and if not open and competitive, then at least administered fairly, consistently and transparently. In paragraph 11.5, the CGRGs says

open and competitive merit-based processes should be the preferred procedure to allocate funding, as these processes achieve better outcomes and value for money. Where a procedure other than a competitive merit-based selection process is used, governments should document why a different approach is being used (CGRGs, 2017, p. 30).

The Commonwealth grants data demonstrate that Australian governments favour a demand driven (DD) approach to awarding business grants. Table 4.10 shows that the overwhelming majority (83.77%) of business grants are provided based on demand — that is, business applicants that satisfy stated eligibility criteria will be awarded grants up to the limit of available funding. Under alternative open-competitive (OC) processes for awarding business grants (accounting for just 9.47% of the total), any business can apply as long as they meet the eligibility criteria. A further 3.46% of business grants are awarded through open non-competitive (ONC) selection procedures. ONC procedures are used by business applicants that can submit a grant proposal at any time over the life of the grant opportunity, while their grant proposal is assessed against selection criteria.

Table 4.10. Number of Grants by Business Category and Selection Procedure: 2018-2022

Selection Process	Business Development		Small Business		Industry Innovation		Total	
	Number	%	Number	%	Number	%	Number	%
Closed Non-Competitive (CNC)	24	0.18	1	0.01	17	0.13	42	0.32
Demand Driven (DD)	1,442	10.90	1,670	12.44	8,071	60.59	11,183	83.77
Ad Hoc Grant (AH)	265	2.00	1	0.01	47	0.35	313	2.88
Open Competitive (OC)	305	2.31	80	0.60	833	6.44	1,218	9.47
Open Non-Competitive (ONC)	108	0.82	332	2.47	22	0.19	462	3.46
Targeted/Restricted Competitive (TRC)	7	0.05	0	0.00	6	0.04	13	0.10
Total	2,151	16.26	2,084	15.75	8,996	67.99	13,231	100.00

Source: GrantConnect

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The highest average value of business grants was offered through closed non-competitive grants selection procedure (\$1.74 million), with \$5.5 million offered to a small businesses under a Small Business grant and \$2.69 million under the Industry Innovation scheme (see Table 4.11). In contrast, open competitive business grants attracted on average around \$1.52 million, just less than the average figure for closed non-competitive grants, while ad hoc or one-off grants attracted an average of \$1.72 million. Ad hoc grants are usually determined by ministerial decision and are provided to recipients to meet a specific need. For example, in May 2021 the Council of Small Business of Australia (COSBOA) was awarded an ad hoc grant for the following purpose:

“This project will support the continuation of the Council of Small Business Organisations Australia Limited (COSBOA) Go Local First campaign across Australia to encourage consumers to shop locally, thereby increasing the viability of small businesses, strengthening economic activity in the local economy and aiming to promote employment in the small business sector. The campaign will support small businesses impacted by COVID-19.”

Based on descriptive observational evidence, it appears that Commonwealth business grants during the 2018 to 2022 period were more likely than not to be awarded based on non-competitive selection processes. Similar observations were made in a Joint Committee of Public Accounts and Audit (JCPAA) inquiry into Commonwealth grants administration in March 2023. And the Australian National Audit Office (ANAO) remarked during its inquiry that although the CGRGs preferred approach is to award grants subject to open and competitive merit-based processes, only ‘35% of grants by number, or 39% by value, are subject to a competitive selection process’ (Joint Committee of Public Accounts and Audit (JCPAA), 2023). Further, the ANAO commented to the JCPAA inquiry committee that use of additional criteria, other than those in the CGRG guidelines, were being used more often in the administration and consideration of the award of grants. The ANAO believes use of these ‘other factors’ is becoming more frequent even though these criteria have never been

part of the CGRG framework as part of the grants assessment procedures (Joint Committee of Public Accounts and Audit (JCPAA), 2023), see section 2.60).

To properly compare the application and selection processes used to deliver grants between different categories, we constructed a measure of the competitiveness and openness (‘COM’) with which grants are administered. The underlying assumption of the measure is that more open, competitive processes provide greater levels of scrutiny, probity and accountability. We defined an *open* application process as one that was publicly advertised and open to any applicants that met the stated eligibility criteria. We defined a *competitive* selection process as one where multiple applicants competed for a single grant (or for a limited number of grants) with final selection based on merit, in accordance with advertised selection criteria. Using these definitions, we separately examined each Commonwealth business grant awarded between 2018 and 2022 for the openness of its application pool and the competitiveness of its selection process, applying a score of ‘one’ for each variable when it was satisfied, or ‘zero’ when it was absent. Hence, grant selection processes that were both open and competitive received a ‘one’ score for each variable. By comparison, grants provided on an open, but non-competitive basis received a ‘one’ for openness, but a ‘zero’ for competitiveness. Grants delivered using closed or targeted selection processes received a ‘zero’ for openness. Across various groupings and categories of business grants (differentiating between types of grants, for example) we averaged these metrics — or gave them a weighted average by grant value — to calculate COM scores for each category.

Calculation of COM scores was subject to some discretion in the treatment of demand driven and ad-hoc selection processes. As the potential pool of applicants to a demand driven grant program is not selected by the grant provider, we consider these processes to be akin to open processes. However, they are non-competitive as demand driven grants are provided on an eligibility basis, not on a competitive merit-based assessment. Ad-hoc grants have the greatest use of discretion by government, and

Table 4.11. Average Value of Grants offered by Business Category and Selection Procedure: 2018-2022

Selection Process	Business Development		Small Business		Industry Innovation		Total	
	Average	Standard Deviation	Average	Standard Deviation	Average	Standard Deviation	Average	Standard Deviation
Closed Non-Competitive (CNC)	\$906,177	\$1,640,163	\$5,500,000	\$0	\$2,691,306	\$4,978,011	\$1,738,106	\$3,508,078
Demand Driven (DD)	\$107,481	\$586,537	\$36,249	\$36,299	\$24,249	\$16,054	\$36,773	\$213,248
Ad Hoc Grant (AH)	\$765,374	\$1,778,306	\$8,800,000	\$0	\$6,981,655	\$15,832,291	\$1,724,479	\$6,688,611
Open Competitive (OC)	\$423,903	\$365,396	\$432,111	\$1,253,575	\$2,032,626	\$7,180,440	\$1,524,660	\$5,995,176
Open Non-Competitive (ONC)	\$592,589	\$286,828	\$50,499	\$47,612	\$1,925,387	\$2,666,780	\$266,502	\$731,111
Targeted/ Restricted Competitive (TRC)	\$613,960	\$307,400	\$0	\$0	\$1,100,000	\$0	\$838,286	\$332,940
Total	\$268,316	\$855,775	\$60,542	\$343,043	\$256,974	\$2,589,807	\$227,878	\$2,168,620

Source: GrantConnect

specifically ministers. As ad-hoc grants are generally provided directly to a recipient to undertake an action of public interest, sometimes with some level of urgency, this process is considered to be ‘closed’, as potential recipients (or organisations that would desire to receive the grant) cannot apply through a formal grant process. Ad-hoc grants are also considered to be non-competitive. While there may be competition that exists informally in the determination of grant by government, the fact that this competition does not play out in the grant process itself (and therefore is not subject to the recording requirements of other grant processes) reduces the level of public scrutiny that can apply to the process. Accordingly, they are considered in COM to be non-competitive.

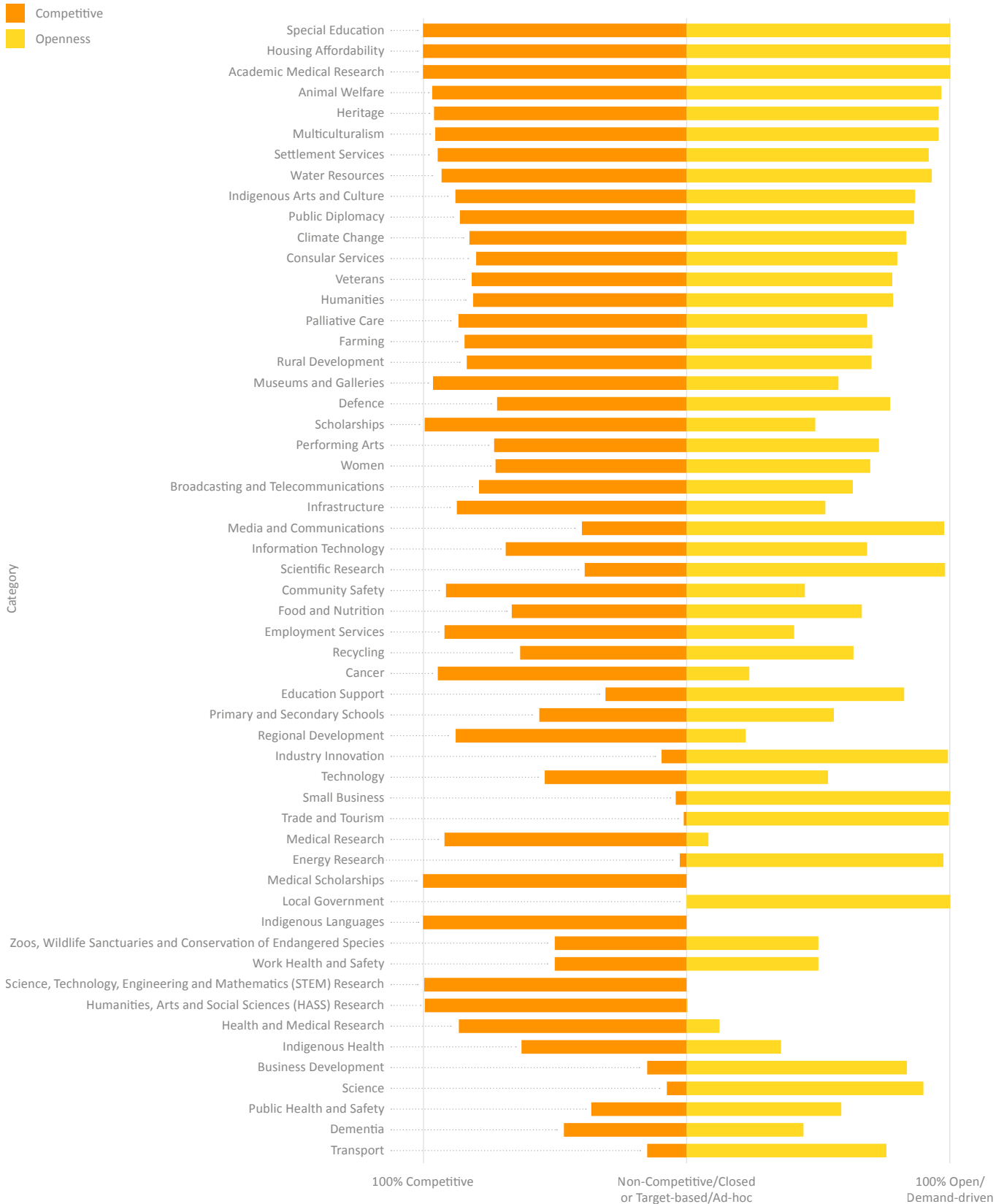
Consistent with the preceding analysis in this report and with the view that ‘context matters’, Figure 1 shows that COM varies considerably by the category (or nature) of the grant program. As indicated by the solid bars in Figure 1, processes used to allocate business grants generally are quite open, with

Business Development (0.84), Small Business (0.99), and Industry Innovation (0.99) among the most open of any category. However, these grants are issued largely without competitive processes that are suggested to improve the efficient use of taxpayer funds, with Business Development (0.15), Small Business (0.04), and Industry Innovation (0.09) among the least competitive categories of grant. The relatively contrasting results for the two aspects of COM are likely a reflection of the use of demand driven grant processes to issue grants to these businesses.

The COM for business grants contrasts with the COM for many other types of grants. Some categories of grant almost exclusively use open and competitive processes for deciding recipients. For example, grants related to Special Education, Housing Affordability, and Academic Medical Research all receive a score of 1 on both openness and competitiveness measures. Conversely, several categories of grant exclusively use non-competitive and closed processes and have very low COM levels.

COMMONWEALTH GOVERNMENT GRANTS: 2018 TO 2022

Figure 1. Competitiveness & Openness Measure (COM) by Category: 2018-2022



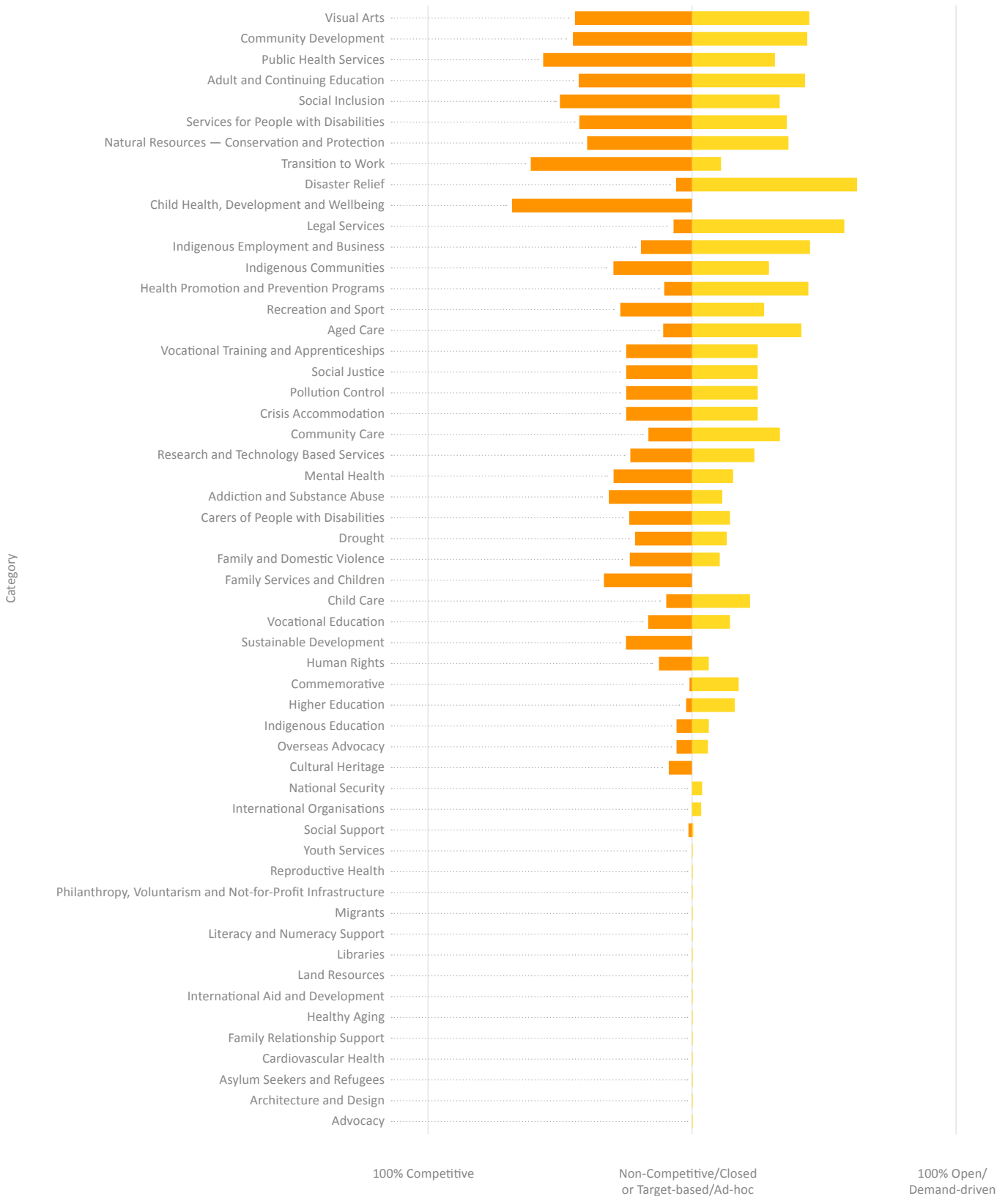
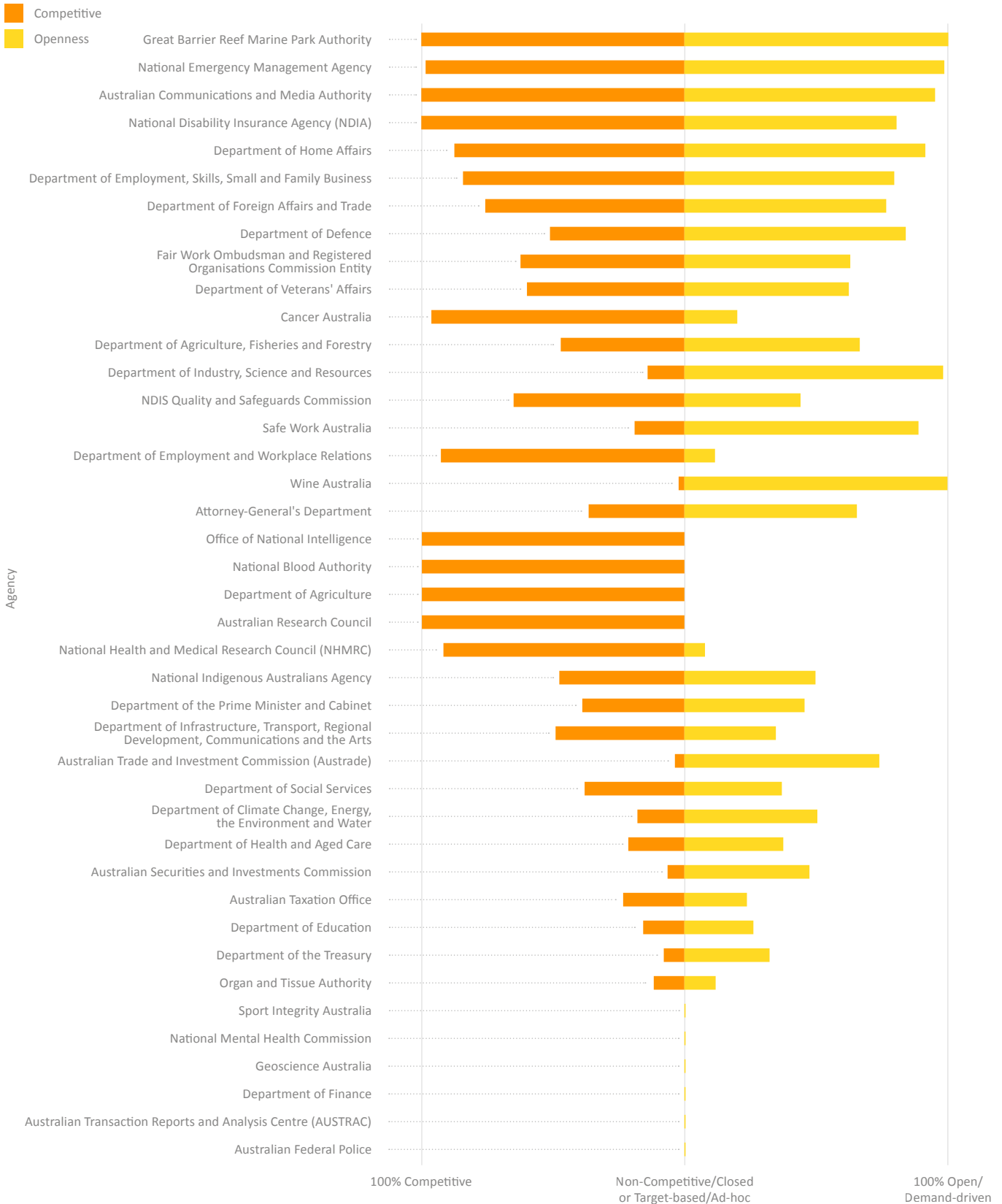


Figure 2. Competitiveness and Openness Measure (COM): All Grants by Agency



4.2 Business grants awarded by government agency

Table 4.13 presents the composition of Commonwealth grants to business by government agency and category. A significant majority of business grants (68.67%) are awarded via the Department of Industry, Science and Resources, followed by the Australian Trade and Investment Commission (Austrade) (12.55%) and the Department of Agriculture, Fisheries and Forestry (7.31%). Unsurprisingly, 65.94% of grants are ‘Industry Innovation’ grants provided by the Department of Industry, Science and Resources, reflecting 97% of all industry innovation grants. Many of the remaining grants are issued by Austrade for small business (12.55%) for purposes and by Wine Australia (6.1%).

Figure 2 presents an analysis of COM by government agency, which reveals further interesting insights. Many agencies operate grant programs with high levels of both competitiveness and openness. For example, the Great Barrier Reef Marine Park Authority (1.0 and 1.0), National Emergency Management Agency (0.98 and 0.98) and Australian Communications and Media Authority (1.0 and 0.95) all use both competitive and open grant processes almost exclusively. Relatively few other government agencies maintain such rigorous and transparent administration. For example, Wine

Australia and Austrade both use almost exclusively open processes, but rarely assess applicants competitively. Several agencies use exclusively closed processes, but often use competitive processes to allocate grants to eventual successful applicants.

Figure 3, which hones the COM analysis exclusively on business grants, shows that business grants are seldom subject to competitive processes. This finding is consistent with our COM analysis outlined earlier. Among the notable exceptions to this trend, business grants provided by the Department of Employment, Skills, Small and Family Business (1.0) and the Department of Employment (1.0) and Workplace Relations (1.0) exclusively use competitive (and open) processes. These grants are related to two programs, one focused on deregulation (Industry Innovation) and the other on small business advisory services (Small Business), and were awarded to 15 different recipients. The former deregulation grant program provided over \$741,000 in grants, and the advisory service program funded over \$4.5 million in grants. Given that the nature of these activities is not so different from other grant activities that may be funded by other agencies, it may be prudent for government to assess the efficiency and effectiveness of these administration processes and the eventual grant outcomes relative to other similar programs that do not make use of such competitive processes.

Figure 3. Competitiveness and Openness Measure (COM): Business Grants by Agency

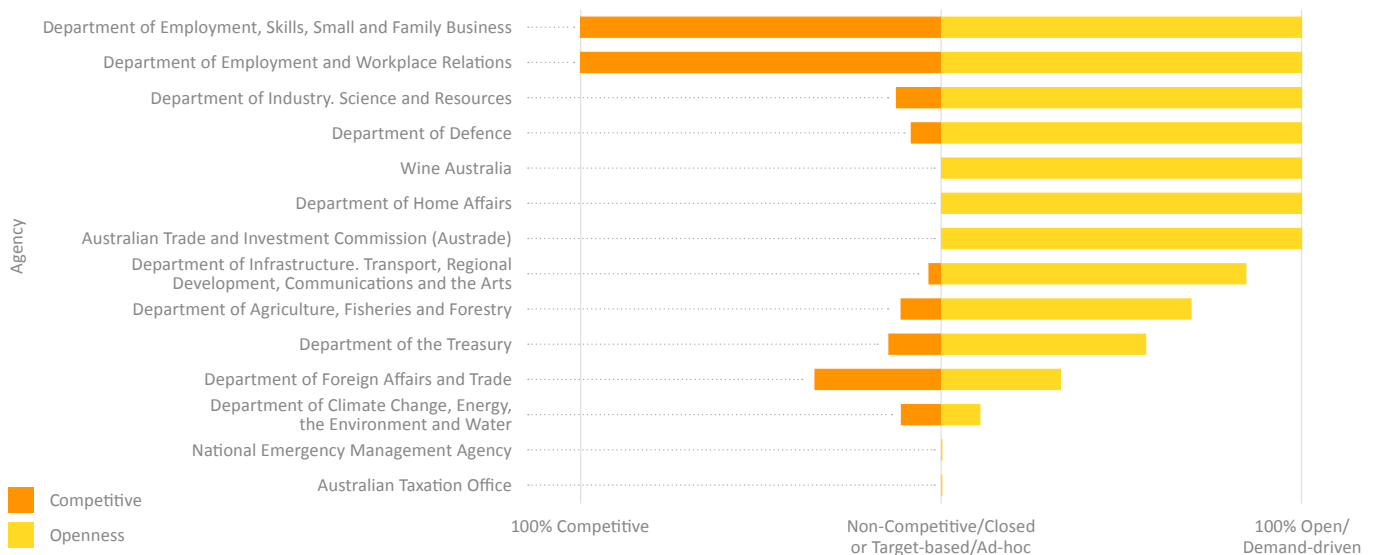


Table 4.12. Commonwealth Grants by Business “Category” and Government Agency

Agency	Number	%	Cum. %
Australian Taxation Office	2	0.02	0.02
Australian Trade and Investment (Austrade)	1,661	12.55	12.57
Department of Agriculture, Fisheries	967	7.31	19.88
Department of Climate Change, Energy etc.	8	0.06	19.94
Department of Defence	362	2.74	22.67
Department of Employment and Workplace	10	0.08	22.75
Department of Foreign Affairs and Trade (DFAT)	3	0.02	22.77
Department of Home Affairs	33	0.25	23.02
Department of Industry, Science and Resources	9,086	68.67	91.69
Department of Infrastructure, Transport.	270	2.04	93.73
Department of the Treasury	21	0.16	93.89
National Emergency Management Agency	1	0.01	93.90
Wine Australia	807	6.10	100.00
Total	13,231	100.00	

Source: GrantConnect

Table 4.13. Commonwealth Grants by Business “Category” and Government Agency

Selection Process	Business Development		Small Business		Industry Innovation		Total	
	Number	%	Number	%	Number	%	Number	%
Australian Taxation Office	2	0.02	0	0.00	0	0.00	2	0.02
Australian Trade and Investment (Austrade)	0	0.00	1,661	12.55	0	0.00	1,661	12.55
Department of Agriculture, Fisheries	967	7.31	0	0.00	0	0.00	967	7.31
Department of Climate Change, Energy etc.	5	0.04	0	0.00	3	0.02	8	0.06
Department of Defence	0	0.00	362	2.74	0	0.00	362	2.74
Department of Employment and Workplace	0	0.00	0	0.00	10	0.08	10	0.08
Department of Foreign Affairs and Trade (DFAT)	1	0.01	0	0.00	2	0.02	3	0.02
Department of Home Affairs	0	0.00	0	0.00	33	0.25	33	0.25
Department of Industry, Science and Resources	314	2.37	47	0.36	8,725	65.94	9,086	68.67
Department of Infrastructure, Transport.	48	0.36	0	0.00	222	1.68	270	2.04
Department of the Treasury	6	0.05	14	0.11	1	0.01	21	0.16
National Emergency Management Agency	1	0.01	0	0.00	0	0.00	1	0.01
Wine Australia	807	6.10	0	0.00	0	0.00	807	6.10
Total	2,151	16.26	2,084	15.75	8,996	67.99	13,231	100.00

Source: GrantConnect

Table 4.14. Commonwealth Grants by Business “Category” Value and Government Agency

Selection Process	Business Development		Small Business		Industry Innovation		Total	
	Average	Standard Deviation	Average	Standard Deviation	Average	Standard Deviation	Average	Standard Deviation
Australian Taxation Office	\$2,217,050	\$84,782	\$0	\$0	\$0	\$0	\$2,217,050	\$84,782
Australian Trade and Investment (Austrade)	\$0	\$0	\$35,847	\$35,096	\$0	\$0	\$35,847	\$35,096
Department of Agriculture, Fisheries	\$262,657	\$895,472	\$0	\$0	\$0	\$0	\$262,657	\$895,472
Department of Climate Change, Energy etc.	\$4,742,100	\$9,673,239	\$0	\$0	\$24,445,667	\$16,483,185	\$12,130,938	\$15,332,548
Department of Defence	\$0	\$0	\$75,416	\$136,240	\$0	\$0	\$75,416	\$136,240
Department of Employment and Workplace	\$0	\$0	\$0	\$0	\$74,170	\$3,054	\$74,170	\$3,054
Department of Foreign Affairs and Trade (DFAT)	\$26,980	\$0	\$0	\$0	\$33,000	\$0	\$30,993	\$3,476
Department of Home Affairs	\$0	\$0	\$0	\$0	\$12,228	\$12,806	\$12,228	\$12,806
Department of Industry, Science and Resources	\$534,752	\$270,470	\$89,653	\$91,648	\$251,237	\$2,574,726	\$260,199	\$2,524,122
Department of Infrastructure, Transport.	\$1,705,537	\$1,549,033	\$0	\$0	\$189,420	\$918,961	\$458,952	\$1,204,279
Department of the Treasury	\$1,660,902	\$1,207,576	\$2,508,147	\$3,408,009	\$3,100,000	\$0	\$2,294,260	\$2,845,844
National Emergency Management Agency	\$734,140	\$0	\$0	\$0	\$0	\$0	\$734,140	\$0
Wine Australia	\$42,762	\$26,899	\$0	\$0	\$0	\$0	\$42,762	\$26,899
Total	\$268,316	\$855,775	\$60,542	\$343,043	\$256,974	\$2,589,807	\$227,878	\$2,168,620

Source: GrantConnect

5. ABS BLADE Analysis

Data obtained from GrantConnect was matched to the Australian Bureau of Statistics' (ABS) Business Longitudinal Analysis Data Environment (BLADE).

The ABS BLADE datasets contain anonymised firm-level longitudinal data from tax filings, business registrations, customs and excise, intellectual property data on patents, trademarks and designs, and various ABS surveys between the financial years 2001-02 and 2020-21. Accordingly, our available dataset of grants is reduced by the removal of the 2022 financial year. Financial data are derived from the Australian Tax Office's (ATO) Business Income Tax (BIT) and where BIT data are missing, we supplement these with data obtained from the ATO's Business Activity Statement (BAS) and from the ABS's Business Characteristics Survey (BCS) dataset.

While the BLADE datasets enable comparative modelling of grant receiving businesses to financially and geographically similar businesses that do not receive grants, this will be addressed in future reports. In this report we provide a descriptive analysis of Commonwealth grants awarded to businesses. The analysis is based only on the 'socio-economic business category' variable, which comprises 'Business Development', 'Small Business, and' 'Industry Innovation' grants. We use this variable to identify business grants and then compare business grant characteristics reported in Section 5 from GrantConnect, such as selection procedure and value of grant by firm-level characteristics from BLADE such as size of business,

industry in which the business operates, whether the business is making profits/losses, and whether the business is an exporter or a non-exporter.

5.1. Size of business

We reported earlier in Section 4 that based on the 'socio-economic category' variable, 13,231 grants were awarded to businesses in the five-year period 2018 to 2022. Of these grants, 9,806 (74%) or 10,922 (83%) were matched to the BLADE dataset, depending on which definition of business size was used in the analysis. There is some business grant data attrition in the final matched samples due to the definitions of business size we use. As the ABS defines a micro-business as having 1-5 employees, a small business 5-19 employees, a medium-size business 20–199 employees, and a large business more than 199 employees, by definition, businesses with employees would have a company structure and thus the 26% attrition rate in business grants (see Table 5.1). However, the Australian Taxation Office (ATO) defines business size by revenue. When administering its research and development (R&D) policy, for example, the ATO defines a small business as one with annual revenues of less than \$20 million. We applied this ATO definition of small business for our study.

Restricting our sample of grants to those satisfying the 'socio-economic business category' variable, around 9% of business grants were awarded to businesses determined by the ABS to be 'micro', 13.16% to large businesses, and 48.54% (by far the largest share) to medium-size businesses. Interestingly, the average value of grants was highest for micro businesses

Table 5.1. Commonwealth Business Grants by Size of Business and Value: 2018-2021

	Number	%	Total Value	Average Value
Micro	835	8.52	\$328,000,000	\$392,366
Small	2,921	29.79	\$390,000,000	\$133,652
Medium	4,760	48.54	\$610,000,000	\$128,238
Large	1,290	13.16	\$354,000,000	\$274,720
Total	9,806	100.00	\$1,682,000,000	\$171,528

Source: GrantConnect and ABS BLADE

(\$392,365), given the substantial enough number of grants (n = 835) offered in this size category, this result is surprising when compared to the average value of grants awarded in the medium-size business category, and may be a function of size correlated characteristics such as industry.

In contrast to the ABS size definition, the ATO definition of small business used in this report shows that more than 80% of business grants are awarded to businesses with less than \$20 million in revenue.

As small businesses are faced with funding constraints caused by imperfections in the capital markets (Beck et al., 2006; Cressy & Olofsson, 1997), business grants are transactional forms of support provided by the Commonwealth government designed to alleviate some of these imperfections and thus promote small business growth and performance. The average value of business grants to small businesses is \$187,483, compared to \$230,243 for large businesses.

Table 5.2. Commonwealth Business Grants by ATO Size of Business and Value: 2018-2021

	Number	%	Total Value	Average Value
Small Business < \$20 million	8,864	81.16	\$1,660,000,000	\$187,483
Large Business \$20 million	2,058	18.84	\$474,000,000	\$230,243
Total	10,922	100.00	\$2,134,000,000	\$195,385

Source: GrantConnect and ABS BLADE



COMMONWEALTH GOVERNMENT GRANTS: 2018 TO 2022

5.2. Industry

The industry sectors awarded the most business grants are Manufacturing (25.96%), Professional, Scientific and Technical (19.21%), and Wholesale Trade (13.28%). Industry sectors such as Education and Training, Construction, Retail Trade, and the remaining sectors all individually less than 10% of grants (by number). The highest total grant values over the 2018-2021 period are associated with Manufacturing (\$400 million) and Professional, Scientific and Technical (\$718 million) sectors (See Table 5.3).

A breakdown of businesses by industry and size demonstrates that medium-size businesses dominate the business grant market across all

sectors in terms of the number of grants awarded (n = 4,717) or 48.55%, and in terms of total value — approximately \$592 million, or 40% of the total value (see Tables 5.4 and 5.5).³ However, using the ATO definition of small business, around 79% of grants are awarded to businesses with less than \$20 million in revenue, with a total value of approximately \$1.5 billion (see Table 5.6).

³ These statistics reflect percentages of observed grants. Due to restrictions placed on all outputs from the ABS BLADE environment, we are unable to present certain values due to either small sample sizes and/or dominance problems. Accordingly, these values are denoted by an asterisk (*) in relevant tables. These values may be different from those related to the full sample of relevant grants, although these differences are expected to be small.

Table 5.3. Commonwealth Business Grants by Industry and Value: 2018-2021

	Number	%	Total Value	Average Value
Manufacturing	2,828	25.96	\$400,000,000	\$141,451
Professional, Scientific and Technical	2,093	19.21	\$718,000,000	\$343,164
Wholesale Trade	1,447	13.28	\$92,400,000	\$63,839
Education and Training	829	7.61	\$116,000,000	\$140,299
Construction	584	5.36	\$42,600,000	\$72,956
Retail Trade	501	4.6	\$45,500,000	\$90,728
Other Services	480	4.41	\$176,000,000	\$366,470
Agriculture, Forestry and Fishing	418	3.84	\$39,400,000	\$94,231
Administrative and Support Services	332	3.05	\$59,100,000	\$178,148
Financial and Insurance Services	178	1.63	\$33,100,000	\$185,892
Rental Hiring and Real Estate Services	171	1.57	\$15,400,000	\$90,227
Transport, Postal and Warehousing	165	1.51	\$7,538,500	\$45,688
Accommodation and Food Services	151	1.39	\$8,189,447	\$54,235
Arts and Recreation Services	139	1.28	\$27,500,000	\$197,680
Public Administration and Safety	137	1.26	\$91,800,000	\$669,765
Mining	129	1.18	\$67,200,000	\$521,209
Health Care and Social Assistance	118	1.08	\$18,100,000	\$153,595
Information, Media, Telecommunications	110	1.01	\$13,500,000	\$122,887
Electricity, Gas, Water and Waste Services	55	0.5	\$20,100,000	\$365,600
Undefined	29	0.27	\$814,577	\$28,089
Total	10,894	100.00	\$1,992,242,524	\$182,875

Source: GrantConnect and ABS BLADE

Table 5.4. Commonwealth Business Grants by Industry and Size of Business: 2018-2021

	Micro		Small		Medium		Large		Total [#]	
	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, Forestry and Fishing	28	0.29	95	0.98	233	2.40	14	0.14	370	3.81
Mining	11	0.11	46	0.47	56	0.58	*	*	113	1.16
Manufacturing	108	1.11	666	6.86	1,708	17.58	123	1.27	2,605	26.81
Electricity, Gas, Water and Waste services	*	*	13	0.13	28	0.29	*	*	41	0.42
Construction	16	0.16	172	1.77	325	3.35	18	0.19	531	5.47
Wholesale Trade	131	1.35	511	5.26	607	6.25	61	0.63	1,310	13.48
Retail Trade	68	0.70	174	1.79	190	1.96	*	*	432	4.45
Accommodation and Food Services	10	0.10	23	0.24	97	1.00	*	*	131	1.35
Transport, Postal and Warehousing	*	*	43	0.44	100	1.03	*	*	143	1.47
Information, Media and Telecommunications	17	0.17	37	0.38	41	0.42	*	*	96	0.99
Financial and Insurance Services	22	0.23	44	0.45	68	0.70	*	*	134	1.38
Rental Hiring and Real Estate Services	*	*	52	0.54	69	0.71	*	*	133	1.37
Professional, Scientific and Technical Services	240	2.47	664	6.83	803	8.27	171	1.76	1,881	19.36
Administrative and Support Services	*	*	69	0.71	123	1.27	*	*	293	3.02
Public Administration and Safety	*	*	21	0.22	29	0.30	71	0.73	128	1.32
Education and Training	15	0.15	*	*	35	0.36	714	7.35	818	8.42
Health Care and Social Assistance	19	0.20	35	0.36	41	0.42	14	0.14	110	1.13
Arts and Recreation Services	37	0.38	15	0.15	19	0.20	*	*	72	0.74
Other Services	48	0.49	142	1.46	145	1.49	15	0.15	373	3.84
Undefined	0	0.00	*	*	*	*	*	*	0	0.00
Total[#]	770	7.93	2,822	29.05	4,717	48.55	1,243	12.79	9,715	100.00

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

COMMONWEALTH GOVERNMENT GRANTS: 2018 TO 2022

Table 5.5. Commonwealth Business Grants by Industry, Size of Business and Value: 2018-2021

	Micro	Small	Medium	Large	Total [#]
	Total Value	Total Value	Total Value	Total Value	Total Value
Agriculture, Forestry and Fishing	\$2,495,999	\$10,742,488	\$12,407,087	\$935,100	\$26,580,674
Mining	*	\$20,278,560	\$12,581,142	*	\$32,859,702
Manufacturing	\$52,608,368	\$86,376,651	\$179,493,719	\$47,602,714	\$366,081,452
Electricity, Gas, Water and Waste services	*	\$453,555	\$5,282,380	*	\$5,735,935
Construction	\$379,482	\$10,506,712	\$25,078,662	\$2,688,013	\$38,652,869
Wholesale Trade	\$5,382,239	\$17,703,353	\$38,141,246	\$22,283,111	\$83,509,949
Retail Trade	\$25,269,094	\$6,200,314	\$8,241,138	*	\$39,710,546
Accommodation and Food Services	\$178,841	\$525,773	\$6,692,942	*	\$7,397,556
Transport, Postal and Warehousing	*	\$1,398,552	\$4,486,610	*	\$5,885,162
Information, Media and Telecommunications	\$5,939,383	\$3,474,981	\$1,690,897	*	\$11,105,261
Financial and Insurance Services	\$3,592,399	\$3,815,396	\$6,944,491	*	\$14,352,286
Rental Hiring and Real Estate Services	*	\$2,615,747	\$2,820,725	*	\$5,436,472
Professional, Scientific and Technical Services	\$135,075,945	\$131,678,296	\$203,350,498	\$77,585,022	\$547,689,761
Administrative and Support Services	*	\$13,760,697	\$24,128,253	*	\$37,888,950
Public Administration and Safety	*	\$17,897,227	\$2,607,646	\$19,454,822	\$39,959,695
Education and Training	\$2,399,382	*	\$1,476,011	\$99,047,203	\$102,922,596
Health Care and Social Assistance	\$5,661,953	\$7,304,635	\$3,960,546	\$333,922	\$17,261,056
Arts and Recreation Services	\$2,031,004	\$920,985	\$773,789	*	\$3,725,778
Other Services	\$24,363,397	\$41,120,177	\$51,428,694	\$3,692,812	\$120,605,080
Undefined		*	*	*	
Total[#]	\$265,377,486	\$376,774,099	\$591,586,476	\$273,622,719	\$1,507,360,780

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.
Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

Table 5.6. Commonwealth Business Grants by Industry, ATO Size of Business and Value: 2018-2021

	Small	Large	Total [#]
	Total Value	Total Value	Total Value
Agriculture, Forestry and Fishing	\$28,871,662	\$10,207,312	\$39,078,974
Mining	\$45,542,899	\$21,693,052	\$67,235,951
Manufacturing	\$309,395,462	\$90,628,215	\$400,023,677
Electricity, Gas, Water and Waste services	\$16,896,003	*	\$16,896,003
Construction	\$22,388,443	*	\$22,388,443
Wholesale Trade	\$55,014,724	\$37,360,794	\$92,375,518
Retail Trade	*	*	*
Accommodation and Food Services	\$7,143,239	*	\$7,143,239
Transport, Postal and Warehousing	\$6,858,209	\$680,291	\$7,538,500
Information, Media and Telecommunications	\$13,309,993	*	\$13,309,993
Financial and Insurance Services	\$25,796,997	*	\$25,796,997
Rental Hiring and Real Estate Services	\$14,953,868	\$364,925	\$15,318,793
Professional, Scientific and Technical Services	\$632,355,749	\$85,607,039	\$717,962,788
Administrative and Support Services	\$38,698,549	\$19,006,448	\$57,704,997
Public Administration and Safety	\$32,123,887	\$19,297,783	\$51,421,670
Education and Training	\$16,092,816	\$99,013,562	\$115,106,378
Health Care and Social Assistance	\$17,752,050	\$317,179	\$18,069,229
Arts and Recreation Services	\$13,059,607	*	\$13,059,607
Other Services	\$162,269,645	\$5,445,975	\$167,715,620
Undefined	\$422,456	*	\$422,456
Total[#]	\$1,458,946,258	\$389,622,575	\$1,848,568,833

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

COMMONWEALTH GOVERNMENT GRANTS: 2018 TO 2022

5.3. Export and non-export firms

The overwhelming majority (approximately 81%) of business grants given during the period 2018-2021 were given to non-exporters (see Tables 5.7 to 5.9). Among the other 19% of business grant recipients that were exporters, most were medium- and large-sized businesses. Approximately 9% of grants were given to medium-sized exporters, and 8% of grants were given to large-sized exporters. Very few grants were provided to micro- and small-sized exporters. The average value of the grants awarded to micro and small businesses was \$144,518 and \$86,499, respectively — similar to the average value of grants to medium-size businesses

(\$103,704), whereas large businesses received grants worth on average \$272,698 — around 1.5 times the average amount (\$176,841) for exporters overall, regardless of business size. However, the profile distribution of companies changes somewhat when we use the ATO turnover definition of small and large businesses (see Tables 5.10 to 5.12). Small exporters receive 5.67% of grants, substantially higher than those receiving grants using the ABS definition of small or micro business. The average value of grants received by small businesses is \$92,830, compared to the average value of grants to large businesses of \$232,543. The average value of grants to export businesses, regardless of revenue, was \$192,373.

Table 5.7. Commonwealth Business Grants by Non-Exporter/Exporter and Size of Business: 2018-2021

	Micro		Small		Medium		Large		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
Non-Exporter	806	8.32	2,759	28.49	3,835	39.60	479	4.95	7,879	81.35
Exporter	13	0.13	113	1.17	890	9.19	790	8.16	1,806	18.65
Total	819	8.46	2872	29.65	4,725	48.79	1,269	13.10	9,685	100.00

Source: GrantConnect and ABS BLADE

Table 5.8. Commonwealth Business Grants by Non-Exporter/Exporter, Size of Business and Total Value: 2018-2021

	Micro	Small	Medium	Large	Total
	Total Value	Total Value	Total Value	Total Value	Total Value
Non-Exporter	\$323,534,043	\$377,621,356	\$499,472,817	\$104,585,533	\$1,305,213,749
Exporter	\$1,878,733	\$9,768,767	\$92,296,478	\$215,431,070	\$319,375,048
Total	\$325,412,776	\$387,390,123	\$591,769,295	\$320,016,603	\$1,624,588,797

Source: GrantConnect and ABS BLADE

Table 5.9. Commonwealth Business Grants by Non-Exporter/Exporter, Size of Business and Average Value: 2018-2021

	Micro	Small	Medium	Large	Total
	Average Value	Average Value	Average Value	Average Value	Average Value
Non-Exporter	\$401,407	\$136,869	\$130,241	\$218,341	\$165,657
Exporter	\$144,518	\$86,449	\$103,704	\$272,698	\$176,841
Total	\$397,329	\$134,885	\$125,242	\$252,180	\$167,743

Source: GrantConnect and ABS BLADE

Table 5.10. Commonwealth Business Grants by Non-Exporter/Exporter and ATO Size of Business: 2018-2021

	Small		Large		Total	
	Number	%	Number	%	Number	%
Non-Exporter	8,130	75.43	786	7.29	8,916	82.72
Exporter	611	5.67	1,251	11.61	1,862	17.28
Total	8,741	81.10	2,037	18.90	10,778	100.00

Source: GrantConnect and ABS BLADE

Table 5.11. Commonwealth Business Grants by Exporter/Non-Exporter, ATO Size of Business and Total Value: 2018-2021

	Small	Large	Total
	Total Value	Total Value	Total Value
Non-Exporter	\$1,586,456,552	\$139,307,650	\$1,725,764,202
Exporter	\$56,718,933	\$290,910,843	\$347,629,776
Total	\$1,643,175,485	\$430,218,493	\$2,073,393,978

Source: GrantConnect and ABS BLADE

Table 5.12. Commonwealth business grants by exporter/non-exporter, size of business and average value: 2018-2021

	Small	Large	Total
	Average Value	Average Value	Average Value
Non-Exporter	\$195,136	\$177,236	\$193,558
Exporter	\$92,830	\$232,543	\$186,697
Total	\$187,985	\$211,202	\$192,373

Source: GrantConnect and ABS BLADE

COMMONWEALTH GOVERNMENT GRANTS: 2018 TO 2022

5.4. Profit and loss-making firms

Approximately 4% of grants in our data were provided to companies that recorded losses, measured as sales turnover less total expenses (see Table 5.14). Loss-making companies attracted a total of \$260 million in grant value, averaging \$539,152 per grant. A total of 269 out of 414 business grants given to loss-making businesses were given to large-sized businesses based on the ABS definition, representing 64.98% of such grants, followed by medium-size at 21.98% (see Table

5.15). These reflect 2.78% and 0.94% of total business grants awarded, respectively. The average grant value for medium-size loss-making businesses was close to \$1.5 million, compared \$85,581 for loss-making small businesses (see Table 5.17). Notably, grants given to large-sized loss-making companies were notably smaller, with an average value of \$297,191. Across all firm sizes, grants to loss-making businesses averaged \$530,324 — more than three times the average value of grants to profit-making businesses of \$151,552.

Table 5.13. Commonwealth Business Grants by Industry and Profit/Loss-Making Business: 2018-2021

	Loss		Profit		Total [#]	
	Number	%	Number	%	Number	%
Manufacturing	46	0.43	2,782	26.05	2,828	26.48
Professional, Scientific and Technical Services	120	1.12	1,969	18.44	2,089	19.56
Wholesale Trade	45	0.42	1,402	13.13	1,447	13.55
Education and Training	114	1.07	700	6.55	814	7.62
Construction	*	*	577	5.40	577	5.40
Retail Trade	*	*	491	4.60	491	4.60
Other Services	*	*	429	4.02	429	4.02
Agriculture, Forestry and Fishing	*	*	402	3.76	402	3.76
Administrative and Support Services	*	*	254	2.38	254	2.38
Financial and Insurance Services	*	*	175	1.64	175	1.64
Rental Hiring and Real Estate Services	*	*	168	1.57	168	1.57
Transport, Postal and Warehousing	*	*	162	1.52	162	1.52
Accommodation and Food Services	*	*	149	1.40	149	1.40
Arts and Recreation Services	13	0.12	124	1.16	137	1.28
Public Administration and Safety	68	0.64	62	0.58	130	1.22
Mining	*	*	126	1.18	126	1.18
Health Care and Social Assistance	*	*	114	1.07	114	1.07
Information, Media and Telecommunications	*	*	108	1.01	108	1.01
Electricity, Gas, Water and Waste services	*	*	53	0.50	53	0.50
Undefined	*	*	27	0.25	27	0.25
Total[#]	406	3.80	10,274	96.20	10,680	100.00

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

Table 5.14. Commonwealth Business Grants by Profit/Loss Making Businesses and Total Value: 2018-2021

	Number	%	Total Value	Average Value
Loss-Making Business	483	4.42	\$260,000,000	\$539,152
Profit-Making Business	10,439	95.58	\$1,880,000,000	\$179,642
Total	10,922	100.00	\$2,140,000,000	\$195,935

Source: GrantConnect and ABS BLADE

Table 5.15. Commonwealth Business Grants by Profit/Loss-Making and Size of Business: 2018-2021

	Micro		Small		Medium		Large		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
Loss-Making	12	0.12	42	0.43	91	0.94	269	2.78	414	4.27
Profit-Making	807	8.33	2,830	29.22	4,634	47.85	1,000	10.33	9,271	95.73
Total	819	8.46	2,872	29.65	4,725	48.79	1,269	13.10	9,685	100.00

Source: GrantConnect and ABS BLADE

Table 5.16. Commonwealth Business Grants by Profit/Loss-Making, Size of Business and Total Value: 2018-2021

	Micro	Small	Medium	Large	Total
	Total Value	Total Value	Total Value	Total Value	Total Value
Loss-Making	\$3,645,354	\$3,594,389	\$132,369,854	\$79,944,427	\$219,554,024
Profit-Making	\$321,767,422	\$383,795,735	\$459,399,441	\$240,072,176	\$1,405,034,774
Total	\$325,412,776	\$387,390,124	\$591,769,295	\$320,016,603	\$1,624,588,798

Source: GrantConnect and ABS BLADE

Table 5.17. Commonwealth Business Grants by Profit/Loss-Making, Size of Business and Average Value: 2018-2021

	Micro	Small	Medium	Large	Total
	Average Value	Average Value	Average Value	Average Value	Average Value
Loss-Making	\$303,780	\$85,581	\$1,454,614	\$297,191	\$530,324
Profit-Making	\$398,720	\$135,617	\$99,137	\$240,072	\$151,552
Total	\$397,329	\$134,885	\$125,242	\$252,180	\$167,743

Source: GrantConnect and ABS BLADE

COMMONWEALTH GOVERNMENT GRANTS: 2018 TO 2022

5.5. Selection procedures

In Section 4, we reported that the Commonwealth grants data demonstrate a demand driven (DD) approach to awarding business grants. Table 5.18 shows that in the period 2018-2021, approximately 85% of business grants were given using the DD approach, with half of these of grants going to

medium-size businesses.⁴ Nearly all grants provided to medium-sized businesses were demand driven. Similar results are observed for large businesses, which almost exclusively make use of demand driven grant processes, but overall receive only 13% of grants. In contrast, in the grants they applied for, micro-businesses were more frequently subject to open-competitive (OC) merit-based business grant

Table 5.18. Commonwealth Business Grants by Selection Procedure and Size of Business: 2018-2021

	Micro		Small		Medium		Large		Total [#]	
	Number	%	Number	%	Number	%	Number	%	Number	%
Closed Non-Competitive	*	*	*	*	*	*	14	0.14	14	0.14
Demand Driven	589	6.02	2,441	24.93	4,119	42.07	1,048	10.70	8,263	84.40
Ad Hoc	16	0.16	40	0.41	90	0.92	80	0.82	236	2.41
Open Competitive	172	1.76	273	2.79	318	3.25	109	1.11	915	9.35
Open Non-Competitive	37	0.38	115	1.17	192	1.96	18	0.18	362	3.70
Targeted or Restricted Competitive	*	*	*	*	0	0.00	*	*	0	0.00
Total[#]	814	8.31	2,869	29.31	4,719	48.20	1,269	12.96	9,790	100.00

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

Table 5.19. Commonwealth Business Grants by Selection Procedure, Size of Business and Value: 2018-2021

	Micro	Small	Medium	Large	Total [#]
	Total Value	Total Value	Total Value	Total Value	Total Value
Closed Non-Competitive	*	*	*	\$25,648,924	\$25,648,924
Demand Driven	\$49,883,458	\$91,238,602	\$119,566,456	\$79,223,664	\$339,912,180
Ad Hoc	\$40,113,133	\$42,093,805	\$191,110,236	\$102,198,538	\$375,515,712
Open Competitive	\$217,895,337	\$223,439,069	\$256,061,303	\$111,434,580	\$808,830,289
Open Non-Competitive	\$13,229,749	\$23,587,448	\$18,610,599	\$1,510,896	\$56,938,692
Targeted or Restricted Competitive	*	*	\$0	*	\$0
Total[#]	\$321,121,677	\$380,358,924	\$585,348,594	\$320,016,602	\$1,606,845,797

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

procedures, under which any business that meets the eligibility criteria can apply. Micro-sized business grants account for 8.31% of grants, of which 22% were OC grants. Most other size categories exhibit around 10% OC grants. Ad hoc or one-off grants, usually determined by ministerial decree and provided to recipients to meet a specific need, are relatively infrequent, making up only 2.4% of grants.

The total value of merit-based open-competitive (OC) business grants across all business sizes amounted to around \$808 million (see Table 5.19), approximately half the total of \$1.6 billion allocated to Commonwealth grants in the available data.⁵ The highest average value business grants were awarded through ad hoc or one-off selection procedure across all business sizes (see Table 5.20).

Table 5.20. Commonwealth Business Grants by Selection Procedure, Size of Business and Average Value: 2018-2021

	Micro	Small	Medium	Large	Total [#]
	Average Value	Average Value	Average Value	Average Value	Average Value
Closed Non-Competitive	*	*	*	\$1,832,066	\$1,832,066
Demand Driven	\$84,692	\$37,378	\$29,028	\$75,595	\$41,137
Ad Hoc	\$2,507,071	\$1,052,345	\$2,123,447	\$1,277,482	\$1,591,168
Open Competitive	\$1,266,833	\$818,458	\$805,224	\$1,022,336	\$883,968
Open Non-Competitive	\$357,561	\$205,108	\$96,930	\$83,939	\$157,289
Targeted or Restricted Competitive	*	*	\$0	*	\$0
Total[#]	\$394,498	\$132,575	\$124,041	\$252,180	\$164,366

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

Table 5.21. Commonwealth Business Grants by Selection Procedure and ATO Size of Business: 2018-2021

	Small		Large		Total [#]	
	Number	%	Number	%	Number	%
Closed Non-Competitive	*	*	16	0.15	16	0.15
Demand Driven	7,334	67.19	1,683	15.42	9,017	82.60
Ad Hoc	170	1.56	92	0.84	262	2.40
Open Competitive	884	8.10	191	1.75	1,075	9.85
Open Non-Competitive	337	3.09	55	0.50	392	3.59
Targeted or Restricted Competitive	*	*	0	0.00	0	0.00
Total[#]	8,725	79.93	2,037	18.66	10,916	100.00

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

⁴ These statistics reflect percentages of observed grants. Due to restrictions placed on all outputs from the ABS BLADE environment, we are unable to present certain values due to either small sample sizes and/or dominance problems. Accordingly, these values are denoted by an asterisk (*) in relevant tables. These values may be different from those related to the full sample of relevant grants, although these differences are expected to be small.

⁵ These statistics reflect percentages of observed grants. Due to restrictions placed on all outputs from the ABS BLADE environment, we are unable to present certain values due to either small sample sizes and/or dominance problems. Accordingly, these values are denoted by an asterisk (*) in relevant tables. These values may be different from those related to the full sample of relevant grants, although these differences are expected to be small.

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The average value of ad hoc grants varied between business sizes, from more than \$2.5 million to micro-businesses, \$2.12 million to medium-size businesses, \$1.28 million to large businesses and \$1.05 million to small businesses. By comparison, the average value of an open-competitive grants across all business size categories was \$883,968, with relatively minimal variation between businesses sizes. The average value of grants to large businesses awarded under closed non-competitive procedures was \$1.83 million across 14 grants.

Using the Australian Taxation Office (ATO) definitions of small and large businesses, the highest average valued grants of \$1.92 million were awarded to large businesses via closed non-competitive procedures (see Table 5.23). The average value of non-competitive ad hoc grants to small businesses

was over \$1.8 million, and to large businesses around \$1.2 million. Overall, the average value of ad hoc grants was around 52% higher than the average value of grants awarded under open competitive processes, potentially a result of the critical nature of many of those grants. By contrast, demand driven grants were on average valued at around \$40,000 — significantly lower than the \$1.63 million average value of ad hoc grants across all business sizes.

The distribution of grants by industry sector (see Table 5.24) shows that the overwhelming majority of grants are awarded on a demand driven basis.⁶ In total, 85.22% were awarded using this process, while notably fewer were delivered using other selection processes, with more merit-based open-competitive processes accounting for much of the remainder at 9.30% of grants. Businesses in the Manufacturing

Table 5.22. Commonwealth Business Grants by Selection Procedure, ATO Size of Business and Value: 2018-2021

	Small	Large	Total [#]
	Total Value	Total Value	Total Value
Closed Non-Competitive	*	\$30,749,624	\$30,749,624
Demand Driven	\$258,473,803	\$101,402,557	\$359,876,360
Ad Hoc	\$313,440,940	\$114,937,620	\$428,378,560
Open Competitive	\$992,224,803	\$179,377,202	\$1,171,602,005
Open Non-Competitive	\$62,859,340	\$3,751,490	\$66,610,830
Targeted or Restricted Competitive	*	\$0	\$0
Total[#]	\$1,626,998,886	\$430,218,493	\$2,057,217,379

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

Table 5.23. Commonwealth Business Grants by Selection Procedure, ATO Size of Business and Average Value: 2018-2021

	Small	Large	Total [#]
	Average Value	Average Value	Average Value
Closed Non-Competitive	*	\$1,921,852	\$1,921,852
Demand Driven	\$35,243	\$60,251	\$39,911
Ad Hoc	\$1,843,770	\$1,249,322	\$1,635,033
Open Competitive	\$1,122,426	\$939,148	\$1,089,862
Open Non-Competitive	\$186,526	\$68,209	\$169,926
Targeted or Restricted Competitive	*	\$0	\$0
Total[#]	\$186,476	\$211,202	\$191,156

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

⁶ Ibid.

Table 5.24. Commonwealth Business Grants by Industry and Selection Procedure: 2018-2021

	CNC		DD		AH		OC		ONC		TRC		Total#	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Agriculture, Forestry & Fishing	0	0.00	377	3.57	*	*	26	0.25	*	*	0	0.00	403	3.81
Mining	0	0.00	102	0.97	0	0.00	27	0.26	0	0.00	0	0.00	129	1.22
Manufacturing	*	*	2,380	22.53	*	*	298	2.82	145	1.37	0	0.00	2,823	26.72
Electricity, Gas, Water & Waste	0	0.00	44	0.42	*	*	*	*	*	*	*	*	44	0.42
Construction	0	0.00	544	5.15	*	*	19	0.18	15	0.14	0	0.00	578	5.47
Wholesale Trade	*	*	1,366	12.93	0	0.00	61	0.58	19	0.18	0	0.00	1,446	13.69
Retail Trade	0	0.00	463	4.38	0	0.00	*	*	*	*	0	0.00	463	4.38
Accommodation & Food Services	0	0.00	141	1.33	0	0.00	*	*	0	0.00	0	0.00	141	1.33
Transport, Postal & Warehousing	0	0.00	148	1.40	0	0.00	*	*	13	0.12	0	0.00	161	1.52
Information, Media & Telecom.	0	0.00	80	0.76	*	*	20	0.19	*	*	*	*	100	0.95
Financial & Insurance Services	0	0.00	139	1.32	*	*	32	0.30	*	*	0	0.00	171	1.62
Rental Hiring & Real Estate	0	0.00	157	1.49	0	0.00	11	0.10	*	*	0	0.00	168	1.59
Professional, Scientific & Tech.	*	*	1,527	14.45	81	0.77	327	3.09	147	1.39	*	*	2,082	19.70
Administrative & Support Service	*	*	226	2.14	12	0.11	17	0.16	*	*	0	0.00	255	2.41
Public Administration & Safety	0	0.00	70	0.66	31	0.29	*	*	*	*	0	0.00	101	0.96
Education & Training	*	*	706	6.68	23	0.22	71	0.67	*	*	0	0.00	800	7.57
Health Care & Social Assistance	0	0.00	90	0.85	*	*	20	0.19	*	*	0	0.00	110	1.04
Arts & Recreation Services	*	*	129	1.22	*	*	*	*	0	0.00	0	0.00	129	1.22
Other Services	*	*	286	2.71	93	0.88	54	0.51	*	*	0	0.00	433	4.10
Undefined	0	0.00	29	0.27	0	0.00	*	*	0	0.00	0	0.00	29	0.27
Total#	814	8.31	2,869	29.31	4,719	48.20	1,269	12.96	4,719	48.20	1,269	12.96	9,790	100.00

Source: GrantConnect and ABS BLADE
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Table 5.25. Commonwealth Business Grants by Industry, Selection Procedure and Value: 2018-2021

	CNC	DD	AH	OC	ONC	TRC	Total#
	Total Value	Total Value	Total Value	Total Value	Total Value	Total Value	Total Value
Agriculture, Forestry and Fishing	\$0	\$12,083,086	*	\$17,179,020	\$0	\$0	\$29,262,106
Mining	\$0	\$2,399,638	\$0	\$64,836,313	*	\$0	\$67,235,951
Manufacturing	*	\$66,584,097	*	\$290,894,128	\$16,023,552	\$0	\$373,501,777
Electricity, Gas, Water and Waste services	\$0	\$1,103,002	*	*	*	*	\$1,103,002
Construction	\$0	\$11,517,248	*	\$11,053,591	\$1,477,797	\$0	\$24,048,636
Wholesale Trade	*	\$38,966,061	\$0	\$49,613,830	\$3,251,127	\$0	\$91,831,018
Retail Trade	\$0	\$10,888,127	\$0	*	*	\$0	\$10,888,127
Accommodation and Food Services	\$0	\$2,981,176	\$0	*	\$0	\$0	\$2,981,176
Transport, Postal and Warehousing	\$0	\$3,313,405	\$0	*	\$998,798	\$0	\$4,312,203
Information, Media and Telecommunications	\$0	\$1,869,872	*	\$7,342,864	*	*	\$9,212,736
Financial and Insurance Services	\$0	\$4,087,254	*	\$26,172,198	*	\$0	\$30,259,452
Rental Hiring and Real Estate Services	\$0	\$4,066,822	\$0	\$9,164,344	*	\$0	\$13,231,166
Professional, Scientific and Technical Services	*	\$72,265,383	\$202,294,501	\$406,423,535	\$31,486,369	*	\$712,469,788
Administrative and Support Services	*	\$31,694,902	\$14,909,336	\$9,780,597	*	\$0	\$56,384,835
Public Administration and Safety	\$0	\$36,147,509	\$6,570,385	*	*	\$0	\$42,717,894
Education and Training	*	\$31,635,016	\$19,494,864	\$39,675,536	*	\$0	\$90,805,416
Health Care and Social Assistance	\$0	\$2,238,997	\$0	\$13,473,909	\$0	\$0	\$15,712,906
Arts and Recreation Services	*	\$7,797,372	\$0	*	*	\$0	\$7,797,372
Other Services	*	\$17,046,438	\$122,734,993	\$19,524,639	\$0	\$0	\$159,306,070
Undefined	\$0	\$814,577	\$0	0	*	\$0	\$814,577
Total#	\$0	\$359,499,982	\$366,004,079	\$965,134,504	\$53,237,643	\$0	\$1,743,876,208

Source: GrantConnect and ABS BLADE
 * Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.
 # Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

Table 5.26. Commonwealth Business Grants by Industry, Selection Procedure and Average Value: 2018-2021

	CNC	DD	AH	OC	ONC	TRC	Total#
	Average Value	Average Value	Average Value	Average Value	Average Value	Average Value	Average Value
Agriculture, Forestry and Fishing	\$0	\$32,050.63	*	\$660,731.54	*	\$0	\$72,610.68
Mining	\$0	\$23,525.86	\$0	\$2,401,344.93	\$0	\$0	\$521,208.92
Manufacturing	*	\$27,976.51	*	\$976,154.79	\$110,507.26	\$0	\$132,306.69
Electricity, Gas, Water and Waste services	\$0	\$25,068.23	*	*	*	*	\$25,068.23
Construction	\$0	\$21,171.41	*	\$581,767.95	\$98,519.80	\$0	\$41,606.64
Wholesale Trade	*	\$28,525.67	\$0	\$813,341.48	\$171,111.95	\$0	\$63,506.93
Retail Trade	\$0	\$23,516.47	\$0	*	*	\$0	\$23,516.47
Accommodation and Food Services	\$0	\$21,143.09	\$0	*	\$0	\$0	\$21,143.09
Transport, Postal and Warehousing	\$0	\$22,387.87	\$0	*	\$76,830.62	\$0	\$26,783.87
Information, Media and Telecommunications	\$0	\$23,373.40	*	\$367,143.20	*	*	\$92,127.36
Financial and Insurance Services	\$0	\$29,404.71	*	\$817,881.19	*	\$0	\$176,955.86
Rental Hiring and Real Estate Services	\$0	\$25,903.32	\$0	\$833,122.18	*	\$0	\$78,756.94
Professional, Scientific and Technical Services	*	\$47,325.07	\$2,497,462.98	\$1,242,885.43	\$214,192.99	*	\$342,204.51
Administrative and Support Services	*	\$140,242.93	\$1,242,444.67	\$575,329.24	*	\$0	\$221,117.00
Public Administration and Safety	\$0	\$516,392.99	\$211,947.90	*	*	\$0	\$422,949.45
Education and Training	*	\$44,808.80	\$847,602.78	\$558,810.37	*	\$0	\$113,506.77
Health Care and Social Assistance	\$0	\$24,877.74	\$0	\$673,695.45	*	\$0	\$142,844.60
Arts and Recreation Services	*	\$60,444.74	\$0	*	\$0	\$0	\$60,444.74
Other Services	*	\$59,602.93	\$1,319,731.11	\$361,567.39	*	\$0	\$367,912.40
Undefined	\$0	\$28,088.86	\$0	\$0	\$0	\$0	\$28,088.86
Total#	\$0	\$39,927	\$1,525,017	\$981,826	\$157,043	\$0	\$165,046

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.
Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

Source: GrantConnect and ABS BLADE

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(26.72%), Wholesale Trade (13.69 %) and Professional, Scientific and Technical Services (19.70%) receive the most grants. However, total values of grants are distributed somewhat differently, with Professional, Scientific and Technical Services businesses receiving over \$712 million, and other services a noteworthy \$159 million from only 4.10% of grants. Likewise, average values of grants differ substantially from the distribution of the number of grants (see Table

5.26). The highest average value of grants delivered was those provided to companies on an ad hoc basis in the Professional, Scientific and Technical Services industry, delivering an average of \$2.49 million, compared to \$2.40 million for open competitive grants awarded to companies in the Mining industry. These values far exceeded all other sectors and processes. Ad hoc grants have, overall, the highest average values (across all industries \$1.52 million), followed

Table 5.27. Commonwealth Business Grants by Selection Procedure and Exporter/Non-Exporter: 2018-2021

	Exporter		Non-Exporter		Total [#]	
	Number	%	Number	%	Number	%
Closed Non-Competitive	11	0.10	15	0.14	26	0.24
Demand Driven	1,555	14.44	7,462	69.27	9,017	83.71
Ad Hoc	48	0.45	214	1.99	262	2.43
Open Competitive	178	1.65	897	8.33	1,075	9.98
Open Non-Competitive	70	0.65	322	2.99	392	3.64
Targeted or Restricted Competitive	0	0.00	*	*	*	*
Total[#]	1,862	17.29%	8,910	82.71%	10,772	100%

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

Table 5.28. Commonwealth Business Grants by Selection Procedure, Exporter/Non-Exporter and Total Value: 2018-2021

	Exporter	Non-Exporter	Total [#]
	Total Value	Total Value	Total Value
Closed Non-Competitive	\$26,817,754	\$13,508,470	\$40,326,224
Demand Driven	\$61,156,355	\$298,720,005	\$359,876,360
Ad Hoc	\$78,288,813	\$350,089,747	\$428,378,560
Open Competitive	\$176,045,166	\$995,556,839	\$1,171,602,005
Open Non-Competitive	\$5,321,688	\$61,289,142	\$66,610,830
Targeted or Restricted Competitive	\$0	*	\$0
Total[#]	\$347,629,776	\$1,719,164,203	\$2,066,793,979

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

Table 5.29. Commonwealth Business Grants by Selection Procedure, Exporter/Non-Exporter and Average Value: 2018-2021

	Exporter	Non-Exporter	Total [#]
	Average Value	Average Value	Average Value
Closed Non-Competitive	\$2,437,978	\$900,565	\$1,551,009
Demand Driven	\$39,329	\$40,032	\$39,911
Ad Hoc	\$1,631,017	\$1,635,933	\$1,635,033
Open Competitive	\$989,018	\$1,109,874	\$1,089,862
Open Non-Competitive	\$76,024	\$190,339	\$169,926
Targeted or Restricted Competitive	\$0	*	\$0
Total[#]	\$186,697	\$192,948	\$191,867

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

Table 5.30. Commonwealth Business Grants by Industry and Exporter/Non-Exporter: 2018-2021

	Exporter		Non-Exporter		Total [#]	
	Number	%	Number	%	Number	%
Agriculture, Forestry and Fishing	70	0.65	345	3.22	415	3.88
Mining	*	*	117	1.09	117	1.09
Manufacturing	591	5.52	2,237	20.90	2,828	26.42
Electricity, Gas, Water and Waste services	*	*	51	0.48	51	0.48
Construction	24	0.22	560	5.23	584	5.46
Wholesale Trade	314	2.93	1,133	10.58	1,447	13.52
Retail Trade	46	0.43	455	4.25	501	4.68
Accommodation and Food Services	*	*	148	1.38	148	1.38
Transport, Postal and Warehousing	*	*	159	1.49	159	1.49
Information, Media and Telecommunications	*	*	105	0.98	105	0.98
Financial and Insurance Services	22	0.21	156	1.46	178	1.66
Rental Hiring and Real Estate Services	*	*	164	1.53	164	1.53
Professional, Scientific and Technical Services	246	2.30	1,843	17.22	2,089	19.52
Administrative and Support Services	*	*	252	2.35	252	2.35
Public Administration and Safety	45	0.42	85	0.79	130	1.21
Education and Training	433	4.05	381	3.56	814	7.60
Health Care and Social Assistance	*	*	115	1.07	115	1.07
Arts and Recreation Services	*	*	136	1.27	136	1.27
Other Services	24	0.22	420	3.92	444	4.15
Undefined	*	*	27	0.25	27	0.25
Total[#]	1,815	16.96	8,889	83.04	10,704	100.00

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

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by open and competitive grants (across all industries \$981, 826). Demand driven grants are generally relatively small, with an average of \$39,927 per grant across all industries, compared to the average value of \$157,043 per grant across all industries delivered via open non-competitive processes.

Grant processes also materially differ between exporting and non-exporting companies (see Tables 5.27 to 5.29). Grants to exporting companies made up 17.29% of total grants, while grants to non-exporters make up 82.71%. Of those to exporting companies, nearly all were allocated on a demand driven basis,

reflecting 14.44% of all grants, or 83.52% of grants given to exporters. These demand driven grants had a total value of approximately \$61.2 million, and an average value of \$39,329 per grant. Of grants given to exporters, open competitive procedures comprised a large portion of the remainder at 9.98% (or 1.65% of total grants), accounting for around \$176 million, with an average value of more than \$989,018 per grant. A small proportion of grants to exporters were awarded through closed non-competitive (0.59% of grants to exporters) and ad hoc (2.58%) procedures. However, the average value of these grants was significantly higher — \$2.44 million and \$1.63

Table 5.31. Commonwealth Business Grants by Industry, Export/Non-Export Business and Value: 2018-2021

	Exporter	Non-Exporter	Total [#]
	Total Value	Total Value	Total Value
Agriculture, Forestry and Fishing	\$10,558,341	\$28,520,633	\$39,078,974
Mining	*	\$45,283,682	\$45,283,682
Manufacturing	\$103,813,334	\$296,210,343	\$400,023,677
Electricity, Gas, Water and Waste services	*	\$20,032,763	\$20,032,763
Construction	\$1,016,946	\$41,589,190	\$42,606,136
Wholesale Trade	\$38,352,930	\$54,022,588	\$92,375,518
Retail Trade	\$4,248,995	\$41,205,518	\$45,454,513
Accommodation and Food Services	*	\$7,905,801	\$7,905,801
Transport, Postal and Warehousing	*	\$7,402,595	\$7,402,595
Information, Media and Telecommunications	*	\$12,846,213	\$12,846,213
Financial and Insurance Services	\$4,132,237	\$28,956,513	\$33,088,750
Rental Hiring and Real Estate Services	*	\$15,190,083	\$15,190,083
Professional, Scientific and Technical Services	\$75,463,136	\$642,499,652	\$717,962,788
Administrative and Support Services	*	\$57,393,276	\$57,393,276
Public Administration and Safety	\$4,047,852	\$47,373,817	\$51,421,669
Education and Training	\$73,928,697	\$41,177,681	\$115,106,378
Health Care and Social Assistance	*	\$17,505,480	\$17,505,480
Arts and Recreation Services	*	\$17,278,577	\$17,278,577
Other Services	\$7,977,056	\$159,738,564	\$167,715,620
Undefined	*	\$759,577	\$759,577
Total[#]	\$323,539,524	\$1,582,892,546	\$1,906,432,070

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

million respectively — compared to grants to exporters awarded through demand driven and open competitive processes (see Table 5.29). Among the different industry sectors, grants to exporters in manufacturing accounted for 5.52% of the total, with an average value of \$192,000. Grants to Education and Training sectors accounted for 4.05% of grants, with an average grant value of \$171,000. Grants to Wholesale Trade were 2.93% of grants with an average grant value of \$122,000, and grants to Professional, Scientific and Technical Services were 2.3%, with an average grant value of \$307,000.

Most grants to loss-making companies were delivered using demand driven processes (see Table 5.32).⁷ These grants comprised 3.50% of total grants, or

around 72% of those given to loss-making companies. The total value of such grants accumulates to \$29 million, with an average of \$77,470 per grant. Notably, for the 11.1% of grants awarded to loss-making companies on an ad hoc basis, the average grant value was \$2.89 million — more than 30 times the average value of demand driven grants to loss-makers.

⁷ These statistics reflect percentages of observed grants. Due to restrictions placed on all outputs from the ABS BLADE environment, we are unable to present certain values due to either small sample sizes and/or dominance problems. Accordingly, these values are denoted by an asterisk (*) in relevant tables. These values may be different from those related to the full sample of relevant grants, although these differences are expected to be small.

Table 5.32. Commonwealth Business Grants by Selection Procedure and Profit/Loss Making Business: 2018-2021

	Loss		Profit		Total [#]	
	Number	%	Number	%	Number	%
Closed Non-Competitive	*	*	22	0.20	22	0.20
Demand Driven	384	3.50	8,718	79.36	9,102	82.85
Ad Hoc	59	0.54	274	2.49	333	3.03
Open Competitive	90	0.82	1,045	9.51	1,135	10.33
Open Non-Competitive	*	*	394	3.59	394	3.59
Targeted or Restricted Competitive	0	0.00	*	*	*	*
Total[#]	533	4.85	10,453	95.15	10,986	100.00

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

Table 5.33. Commonwealth Business Grants by Selection Procedure, Profit/Loss Making Business and Value: 2018-2021

	Loss	Profit	Total [#]
	Total Value	Total Value	Total Value
Closed Non-Competitive	*	\$35,826,224	\$35,826,224
Demand Driven	\$29,748,517	\$332,557,617	\$362,306,134
Ad Hoc	\$170,625,084	\$324,082,839	\$494,707,923
Open Competitive	\$83,156,297	\$1,155,161,730	\$1,238,318,027
Open Non-Competitive	*	\$66,634,970	\$66,634,970
Targeted or Restricted Competitive	\$0	*	\$0
Total[#]	\$283,529,898	\$1,914,263,380	\$2,197,793,278

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.

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Table 5.34. Commonwealth Business Grants by Industry, Profit/Loss-Making Business and Value: 2018-2021

	Loss	Profit	Total [#]
	Total Value	Total Value	Total Value
Agriculture, Forestry and Fishing	*	\$32,155,236	\$32,155,236
Mining	*	\$67,133,470	\$67,133,470
Manufacturing	\$10,424,284	\$389,599,392	\$400,023,676
Electricity, Gas, Water and Waste services	*	\$20,043,763	\$20,043,763
Construction	*	\$42,433,546	\$42,433,546
Wholesale Trade	\$6,311,143	\$86,064,375	\$92,375,518
Retail Trade	*	\$42,032,274	\$42,032,274
Accommodation and Food Services	*	\$8,165,034	\$8,165,034
Transport, Postal and Warehousing	*	\$7,490,558	\$7,490,558
Information, Media and Telecommunications	*	\$13,396,223	\$13,396,223
Financial and Insurance Services	*	\$30,844,751	\$30,844,751
Rental Hiring and Real Estate Services	*	\$12,666,438	\$12,666,438
Professional, Scientific and Technical Services	\$149,710,688	\$568,252,100	\$717,962,788
Administrative and Support Services	*	\$55,131,551	\$55,131,551
Public Administration and Safety	\$19,736,935	\$31,684,734	\$51,421,669
Education and Training	\$14,159,594	\$100,946,784	\$115,106,378
Health Care and Social Assistance	*	\$17,397,423	\$17,397,423
Arts and Recreation Services	\$350,820	\$16,949,757	\$17,300,577
Other Services	*	\$144,219,782	\$144,219,782
Undefined	*	\$744,577	\$744,577
Total[#]	\$200,693,464	\$1,687,351,768	\$1,888,045,232

Source: GrantConnect and ABS BLADE

* Indicates data is suppressed by ABS DataLab. Totals including this data cell exclude grants that are suppressed.

Total affected by suppression of data from ABS DataLab. Totals and averages are only for observable sample of grants.



6. Discussion and conclusions

This research report provides a descriptive and detailed analysis of Commonwealth grants awarded to business entities for business purposes between the years 2018 and 2022.

Through our examination and analysis of grants data made available by the Department of Finance via the online GrantConnect platform, we have gleaned important insights into the type and quantum of financial support being provided by Australian taxpayers to businesses through grants. On its face, our research raises questions about the transparency, accountability and integrity of significant components of a system that hands out almost \$1 billion of taxpayers' money annually to Australian businesses — from the very small to the large — with limited transparency and accountability in its processes.

Around 29,000 grants were awarded annually to the Australian community between 2018 and 2022, with an annual total value of about \$14 billion. Grants for business purposes numbered more than 2,600 a year and were collectively worth around \$834 million, or approximately 9% of the annual total. Despite the significant number and value of community and business grants, empirical evidence surrounding the characteristics of these grants, the businesses that receive them, the processes used to award them, and the amounts of taxpayer funds spent is limited. And despite a recent critical review by the Australian National Audit Office (2021), knowledge in the wider community about the system is also scarce, resulting in limited public scrutiny and monitoring of the ongoing administration of the grants system. In this research report, we shed new light on this historically shadowy, yet very significant branch of government expenditure.

Of the 13,231 grants awarded to businesses between 2018 and 2022, the most common were for 'Industry Innovation', making up nearly 68% of all grants, followed by 'Business Development' (16%) and 'Small Business' (16%). The average value of 'Industry Innovation' grants over 2018-2022 was \$256,974, while 'Small Business' grants averaged \$184,281. The average value of 'Industry Innovation' and 'Small Business' grants was smaller than the average value of

'Business Development' grants (\$60,542).

Around 8.5% of business grants were awarded to micro businesses, compared to 13.16% to large businesses, with the majority being awarded to medium-size businesses (48.54%). Interestingly, although micro businesses attracted the smallest number of grants (n = 835), the average value of grants to micro businesses (\$392,365) was higher than for all other (larger) business size categories — including small businesses with less than \$20 million in annual revenue (\$187,483) and large businesses (\$230,243).

Industry sectors that awarded the highest number of business grants over the five-year study period were Manufacturing (25.96%), Professional, Scientific and Technical (19.21%) and Wholesale Trade (13.28%).

The highest total grant values were awarded in the Professional, Scientific and Technical (\$718 million) and Manufacturing (\$400 million) sectors. The overwhelming majority (approximately 81%) of companies awarded business grants are non-exporters. Among the 19% of exporting businesses awarded grants, 49% were medium-size companies and 43.74% were large. Only around 7% of exporting companies to receive grants were in the micro and small business categories, with an average grant value of \$144,518 and \$86,499 respectively. These values are similar to the average value of grants that medium size businesses (\$103,704) received, whereas large size businesses received on average \$272,698 in grants, which is around 1.5 times the average amount (\$176,841) that exporters receive, regardless of business size.

Around 4.42% of grants were provided to loss-making companies. Loss-making companies attracted \$260 million in grant value, averaging \$539,152 per grant for every loss-making company. The majority of loss-making companies awarded business grants were large businesses (64.98%), followed by medium-size (21.98%) and small businesses (10.14%). However, the average grant value for a medium-size loss-making business was close to \$1.5 million, compared to \$85,581 for small loss-making businesses. Nonetheless, it appears that loss-making businesses, regardless of size, attract on average \$530,324 in

business grants — more than three times the average value of grants to profit-making businesses (\$151,552).

Results from our investigations demonstrate that Australian governments favour a demand driven (DD) approach to awarding business grants.

The overwhelming majority (83.77%) of business grants are provided on a demand basis — that is, as long as business applicants satisfy stated eligibility criteria, they will be awarded a grant up to the limit of available funding. A further 3.46% of business grants are awarded through open non-competitive (ONC) selection procedures. ONC applicants can submit a grant proposal at any time over the life of the grant opportunity, and their proposal is assessed against selection criteria. By contrast, just 9.47% of business grants are subject to an open competitive (OC) selection process.

The GrantConnect data shows Commonwealth business grants are more likely to be awarded through non-competitive selection processes. Similar observations were made in a Joint Committee of Public Accounts and Audit (JCPAA) inquiry into

Commonwealth grants administration in March 2023. The Australian National Audit Office (ANAO) remarked during the inquiry that although the CGRGs preferred approach is to award grants that are subject to open and competitive merit-based processes, only ‘35% of grants by number, or 39% by value, are subject to a competitive selection process’ (JCPAA Report 495, June 2023). The highest average values of business grants are offered via those selection processes that are least open and competitive, with ad hoc processes (for relatively few grants) and closed non-competitive grants selection procedures. Open competitive processes have relatively large average grant values for innovation grants.

To properly compare the selection processes used to deliver grants between categories, we constructed an index measure of the competitiveness and openness (‘COM’) with which grants are administered. For each grant, we separately examined the ‘openness’ of the applicant pool and the ‘competitiveness’ of the selection process, applying a score of ‘one’ for each variable when it was satisfied, or ‘zero’ when it was





absent. Hence, grant selection processes that were both open and competitive received the maximum 'one' score for each variable. By comparison, grants provided on an open, but non-competitive basis received 'one' for openness, but 'zero' for competitiveness. And grants delivered using closed or targeted selection processes received a 'zero' for both. Across different groupings of grants, these metrics were then averaged, or given a weighted average by grant value, to provide the final COM score.

Our results demonstrate that processes used to allocate business grants generally are quite open, with 'Business Development' (a score of 0.84), 'Small Business' (0.99) and 'Industry Innovation' (0.99) among the most open categories. However, these grants are issued largely absent to competitive processes, raising questions about how efficiently taxpayers' funds are being used. 'Business Development' (with a score of 0.15), 'Small Business' (0.04), and 'Industry Innovation' (0.09) were among the least competitive categories. The contrasting results for the two aspects of COM (openness and competitiveness of process) are likely a reflection of the wide use of demand driven grant processes.

An analysis and breakdown of COM between different government agencies shows significant variations. While some government agencies operate grant programs with a high level of competitiveness and openness — such as the Great Barrier Reef

Marine Park Authority (1.00 and 1.00) and the National Emergency Management Agency (0.98 and 0.98) — relatively few agencies maintain such transparent administration. For example, Wine Australia and Austrade both use almost exclusively open processes, but seldom uses grants that are competitively assessed. Yet business grants provided by the Department of Employment, Skills, Small and Family Business (1.00) and the Department of Employment (1.00) and Workplace Relations (1.00) exclusively use competitive (and open) processes. These grants are related to two types of programs: those focused on deregulation (Industry Innovation) and small business advisory services (Small Business) and were awarded to 15 different recipients. The deregulation grant program provided over \$741,000 in grants, whereas the advisory service program funded over \$4.5 million in grants.

Our findings suggest that the Commonwealth government should review the efficiency and effectiveness of these administration processes, as well as the eventual grant outcomes relative to other similar programs that do not make use of such competitive processes. Accordingly, we make the following four recommendations.

7. Recommendations

While administering a broad system of government grants for both the community and business is a complex and nuanced undertaking, addressing the many concerns regarding transparency and accountability of the system is likely to improve perceptions of fairness, equity and efficiency held by the public. It is through this lens that we formulated our recommendations.

In providing the recommendations, we recognise the important overlapping legal regimes that govern documentation, recording and disclosure of grant information — most significantly, the Commonwealth Grants Rules and Guidelines (2017). These regulations provide guidance to ministers on the required standard for all aspects of grants administration. These regulations interact with the Privacy Act 1998, which restricts the nature of information that can be released by Government. Where applicable, the following recommendations may require changes to these requirements and regulations.

Recommendation 1:

Enhance transparency by publicly identifying all applicants for competitive grants, both successful and unsuccessful.

The primary purpose of releasing administrative data on grants and grant provision is to allow monitoring of the processes by the public. As previously discussed, the administration of grant provision “regularly falls short of expectations” and is not fully consistent with the intent of compliance requirements in the Commonwealth Grants Rules and Guidelines (ANAO, 2022).

While the Australian National Audit Office regularly conducts reviews of grant provision, our research suggests more information about the administration of individual grants needs to be provided for the public to have confidence in the system. According to the Commonwealth Grants Rules and Guidelines (CGRGs), grants administration must be consistent with the seven key principles, including governance and accountability (principle 6) and probity and

transparency (principle 7). In this context, we believe the present information set provided by the government, and available on Grant Connect, does not allow for proper scrutiny of most of these aspects of administration. The dataset contains only headline or summary information on grants (or grant programs) and recipients of grants. For competitive grants, no information is provided on key areas such as: total number of applicants; number of successful applicants; number of unsuccessful applicants; and number of applicants that did not meet the eligibility criteria. Nor is there any information on the decisive criteria used to separate applicants.

To enhance the transparency of the grant administration process, we recommend that the government expand its disclosure on GrantConnect to include the clear identification of all applicants for all competitive grants, and the specific criteria used to separate them. In making this recommendation, we accept there may be some privacy concerns for applicants. However, we believe the implications for privacy are minimal, and that these concerns are outweighed by the need for more transparency. Applicants currently maintain anonymity throughout the process but must accept eventual disclosure of their identity in the event of a successful application, even for small grants. Accordingly, the value of privacy appears temporary at most. From a public policy perspective, there is a strong case to be made that allowing private corporations, individuals, or organisations to request government funding anonymously substantially weakens trust in the grants processes. As other countries such as the United Kingdom, France, Sweden, and the United States currently have similar disclosure rules on grants to Australia’s, introducing mandatory disclosure of applicant details would be a novel step forward, with Australia signalling a strong commitment to government transparency and trust.

To mitigate any material privacy concerns for applicants, different approaches to identity disclosures could be used. For example, the disclosure of applicant data could relate solely to corporate entities and other institutions, removing

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concerns about disclosure of personal individual information. We also propose that certain types of grants may have confidentiality applied to them — specifically, those related to defence or national security issues. This would be consistent with existing practice to keep certain details of some grants withheld for specific confidentiality reasons.

Overall, however, we caution against providing grant information in any anonymised form, or without material details of the purpose or activities related to the application. When the identity of applicants and details of their applications are withheld, the ability of the public to satisfy itself of the probity of grant administration is heavily impaired.

Recommendation 2:

Full and prompt disclosure should be required when government ministers overrule public service or expert committee recommendations on awarding of grants.

Ministerial power is a primary concern with the administration of grants. Despite a potentially extensive application and evaluation process, ministers in the relevant public offices retain discretion over the success of grant applications and can order the provision of grants on bases other than merit. Two recent scandals clearly illustrate problems with ministers holding the power to override recommendations for meritorious grants. In 2021, then acting Federal Education Minister Stuart Robert vetoed six research grants against the recommendations of the Australian Research Council. In the *Australian Financial Review*, John Roskam of the Institute of Public Affairs described this action in the following terms: “*The idea of a political veto, a ministerial veto, a government veto on university research is, at one level reprehensible... [and] It runs counter to a liberal democracy*”.⁸ Similar concerns were expressed in relation to the colloquially known “*sports rorts scandal*” of 2019, where the ANAO found in its report into the Community Sport Infrastructure Program *Award of Funding under the Community Sport Infrastructure Program* that many grants were awarded on criteria other than merit. Criticisms of ministerial override centre on

the insertion of politics into decision making, which undermines the efficiency and effectiveness of a system that is supposed to award grants based on merit, and instead awards grants based on political expediency and the ability of the grants to influence votes in marginal or safe seats. Many other types of events and grants have also generated concern over the use of ministerial discretion.⁹

While critics suggest that wielding discretionary power over government funding may be undemocratic, it is not necessarily inconsistent with a proper functioning democracy or an efficient administration of grants. Ministers are elected officials and, accordingly, are subject to monitoring by the public, who express their judgement at elections. Conversely, public servants or panels that may otherwise make decisions on the merits of grant applications are seldom publicly elected. Accordingly, resting discretionary powers with ministers may be preferable, from a democratic perspective, as the public can hold ministers accountable through the election process.

However, for the democratic process to serve as a control on misuse of public funds, there must be full and clear disclosure by ministers when they use discretion. At present, ministers exercising such discretion are required to write to the Minister of Finance by 31 March each year reporting, collectively, the use of discretion and the reasons for use (para 4.11 CGRGs). However, to enhance the *public’s* ability to monitor the use of ministerial discretion, we call for regulations that require ministers to fully disclose their use of discretion for each grant for which discretion is exercised, at the time the grant is provided. Similar calls have been made in NSW by the Auditor-General which, in relation to the investigation into the Regional Cultural Fund, asserts that any use of ministerial override should be documented.¹⁰ Currently, several requirements exist regarding record

⁸ <https://www.afr.com/policy/health-and-education/robert-s-research-grants-veto-a-pre-election-dog-whistle-20220105-p59lzm>.

⁹ See e.g. <https://australiainstitute.org.au/report/grants-with-ministerial-discretion/>; <https://www.theage.com.au/politics/victoria/ex-ministers-kairouz-and-scott-face-scrutiny-over-grant-funding-20211207-p59fdh.html>.

keeping (see Chapter 2 of *Report 495 Inquiry into Commonwealth grants administration*),¹¹ but none exist for contemporaneous disclosure of discretion. We recommend that regulations require ministers to disclose their use of discretion; explain the alternatives recommended by the public service or panel; and explain their reasons for exercising discretion. Ministers should report these items in writing on Grant Connect and have them incorporated into the Grant Connect data. As with existing disclosures on Grant Connect, this should occur within 21 calendar days of the grant agreement taking effect.

Recommendation 3:

Toughen disclosure requirements for ad-hoc grants awarded by government ministers.

Government grants are provided through a variety of application processes, some of which are less competitive than others, and therefore create greater scope for misuse of government resources. As discussed in Section 2, *open competitive* processes place no (or few) restrictions on the number (or type) of organisations or individuals that may apply for a grant. The applicants are assessed competitively, and the recipients are determined on merit according to several selection criteria. In contrast, *non-competitive* arrangements choose grant recipients without relative assessment of the applications to a closed pool of applications.

Ad hoc grants entail arguably the greatest scope for misuse of resources as the regular administration of grant processes is suspended and replaced with an exercise of ministerial discretion. From our data, a total of 21,078 ad hoc grants were awarded between 2018 and 2022, of which 386, or 2.88% of all grants, were business grants. These ad hoc business grants had a mean value of \$1.6 million,

and total value in excess of \$610 million across the sample period. Yet despite the sizeable value of the grants, ministers exercise this discretion with negligible oversight. According to the Department of Finance, ad hoc grants “*generally do not involve planned selection processes, but are instead designed to meet a specific need, often due to an urgent matter or other circumstances*”.¹² There is no requirement for ad hoc grants to be publicly advertised on GrantConnect, nor any requirement for ministers to publicly explain their use of discretion to award grants. However, as with other grants, ministers are required to record in writing the basis for the approval of the grant, and the grants must be administered consistently with the seven key principles.

Whether all ad hoc grants meet the “*urgent matter or other circumstances*” criterion is unclear. For example, across a three-year period, one private company received approximately \$26.5 million to assist in a business conversion, and another received around \$17 million in grants to develop steel production facilities. Similarly, a clean energy company received \$5.5 million to develop home charging infrastructure. A broader examination of non-business grants suggests a range of similarly intriguing grants, including grants for market stalls and similar events, art installations and rebranding of government entities. This report passes no judgement on whether these grants are valuable additions to the community and to the broader Australian public. Perhaps many of these grants have resulted in highly positive outcomes. Rather, we question whether grants of this sort should be provided without *either* a competitive process, where the merits of the grant are assessed relative to other potentially meritorious applications, or disclosure of the use ministerial discretion in a format and location that invites the public to understand the use and reasoning for the minister’s discretionary application of public funds.

¹⁰ <https://www.audit.nsw.gov.au/our-work/reports/integrity-of-grant-program-administration>.

¹¹ https://parlinfo.aph.gov.au/parlInfo/download/committees/reportjnt/RB000137/toc_pdf/Report495InquiryintoCommonwealthgrantsadministration.pdf.

¹² See template and surrounding CGRG available at: <https://www.finance.gov.au/government/commonwealth-grants/tools-and-templates>.

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Consistent with Recommendation 2, we call for an enhanced regime of disclosure related to ad hoc grants. As before, we recommend that regulations be amended requiring ministers to:

- disclose their use of discretion
- explain the alternatives recommended by the public service or panel
- explain their reasons for exercising discretion.

Ministers should report these items in a written disclosure released on GrantConnect and incorporated into the permanent GrantConnect data. As with existing disclosures on GrantConnect, this disclosure should occur within 21 calendar days after the grant agreement takes effect. While this does not, in any way, reduce the ability for ministers to use their discretion, it does provide a means for the public to monitor the use of discretionary grants.

Recommendation 4:

Require government agencies to provide more information about grants and their purposes.

For the public to meaningfully consider and scrutinise the delivery of grants by government, public information must adequately describe the reasons for awarding the grant and/or the purpose for which the grant will be used. As discussed in Section 2, it is important that the purpose of the grant is well explained to avoid moral hazard and/or adverse selection and to establish the level of additionality that these grants might provide to the business community. While preceding recommendations focus on ensuring the use of ministerial discretion is accompanied by suitable disclosures, proper administration of grant processes should also ensure that the public can scrutinise grants provided without ministerial discretion.

For grants awarded to private organisations, GrantConnect provides information on the actions that will be taken with the funding, on activities to which those actions relate, and the nature of the grant program. The most relevant item is the ‘purpose’ for which the grant is to be used, which is detailed in a discrete text field. For example:

“A grant has been awarded to build an innovative solution to address information sharing challenges across jurisdictions for occupational registrations and licenses. The project will use the Spectar Group SpecIA platform to automate the information matching requirements. Armed with advanced intelligence and limitless automation-processing capabilities, SpecIA platform is capable of taking on large-volume of repetitive tasks based on business and validation rules. The grant will enable Spectar Group to stand up a test instance to demonstrate the feasibility of SpecIA platform to automate the registration and license information sharing process with minimal user intervention.”
(GA226371)

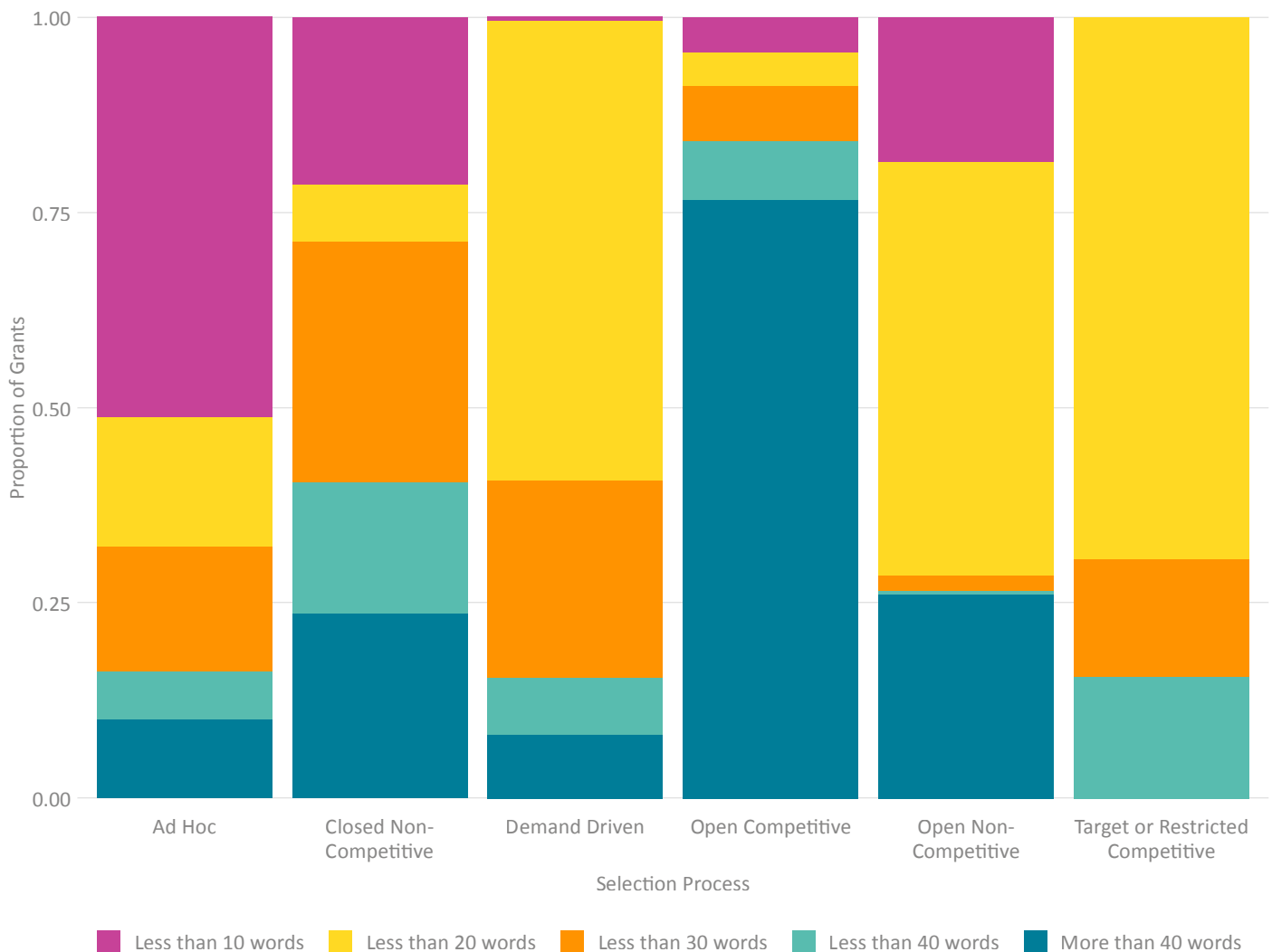
There is, however, considerable variation in the quality of statements of purpose provided through GrantConnect. Details on many grants provide only minimal disclosure of intended purpose. For example: “Business growth grant” (GA64061, Demand-driven); “Support package assisting small exporters” (GA122164, Open Competitive); and “Support SFSE - NABS - Community Engagement” (GA44610, Ad-Hoc). These examples are typical of many grant details provided on GrantConnect, and are drawn from different processes. For the business grants covered in our data set, more than 54% provided fewer than 20 words to describe the purpose, and more than 75% fewer than 30 words. Further analysis is presented in Figure 4.¹³ As shown, purpose descriptions become even less extensive for ad hoc grants, with fewer than 10 words covering the purpose in more than 50% of ad hoc grants, and fewer than five words in half of those. Similarly, among closed and non-competitive business grants, more than 20% provide fewer than 10 words of description. The most substantial descriptions, perhaps unsurprisingly, involved grants provided on an open and competitive basis, with over 75% containing more than 40 words.

While it may be plausible that minimal disclosure in some cases is already optimal, and that the use of boilerplate language and undetailed descriptions of purpose fits with the nature of each grant (for example, short descriptions may be appropriate

where the purpose of the grant for the recipient is evident from the nature of the grant program itself), an examination of the data available to the public does not necessarily support such a conclusion. Accordingly, we recommend that the government assess the requirements of the CGRGs for disclosure of purpose on GrantConnect, and enhance the required disclosures, especially for ad-hoc, demand driven and targeted/restrictive grants. The guidelines should stop the use of boilerplate language and require disclosure of specific purposes where the specific purpose is not apparent from the nature of the grant and requires more full disclosure of purpose commensurate with what is currently evident for open and competitive grants.

¹³ The computed length of descriptions of purpose presented in Figure 4 does not adjust for a variety of institutional factors that may contribute to the length of the description. Such factors could include the agency that issues the grant. In unrepresented analyses, adjusting for data for agency specific factors does not alter the conclusion drawn nor significantly reduce the amount of variation between selection processes.

Figure 4. Extent of purpose description for business grants 2018-2022



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Appendix A

Socio-Economic Category Variable

Business grants identified in GrantConnect dataset from the variable 'Socio-Economic Category'

Socio-Economic Category	Number	%	Cum. %
Academic Medical Research	18	0.01	0.01
Addiction & Substance Abuse	184	0.13	0.14
Adult & Continuing Education	7	0	0.14
Advocacy	5	0	0.15
Aged Care	15,452	10.55	10.69
Animal Welfare	62	0.04	10.74
Architecture & Design	1	0	10.74
Asylum Seekers & Refugees	1	0	10.74
Broadcasting & Telecommunications	133	0.09	10.83
Business Development	2,249	1.54	12.36
Cancer	147	0.1	12.46
Cardiovascular Health	1	0	12.47
Carers of People with Disabilities	193	0.13	12.6
Child Care	14,609	9.97	22.57
Child Health, Development & Wellbeing	22	0.02	22.58
Climate Change	242	0.17	22.75
Commemorative	919	0.63	23.38
Community Care	6	0	23.38
Community Development	12,842	8.77	32.15
Community Safety	660	0.45	32.6
Consular Services	5	0	32.6
Crisis Accommodation	4	0	32.6
Cultural Heritage	34	0.02	32.63
Defence	754	0.51	33.14
Dementia	90	0.06	33.2
Disaster Relief	15,942	10.88	44.09
Drought	749	0.51	44.6
Education Support	292	0.2	44.8
Employment Services	203	0.14	44.94
Energy Resources	2,364	1.61	46.55
Family Relationship Support	1	0	46.55
Family Services & Children	3	0	46.55
Family & Domestic Violence	161	0.11	46.66
Farming	753	0.51	47.18
Food & Nutrition	3	0	47.18
Health Promotion & Prevention Progr..	920	0.63	47.81
Health & Medical Research	1,864	1.27	49.08

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Socio-Economic Category	Number	%	Cum. %
Healthy Ageing	1	0	49.08
Heritage	117	0.08	49.16
Higher Education	211	0.14	49.3
Housing Affordability	1	0	49.3
Human Rights	16	0.01	49.32
Humanities	2,296	1.57	50.88
Humanities, Arts & Social Sciences ..	2,034	1.39	52.27
Indigenous Arts & Culture	3,029	2.07	54.34
Indigenous Communities	1,365	0.93	55.27
Indigenous Education	1,741	1.19	56.46
Indigenous Employment & Business	1,357	0.93	57.39
Indigenous Health	1,908	1.3	58.69
Indigenous Languages	1	0	58.69
Industry Innovation	9,126	6.23	64.92
Information Technology	32	0.02	64.94
Infrastructure	142	0.1	65.04
International Aid & Development	15	0.01	65.05
International Organisations	30	0.02	65.07
L& Resources	6	0	65.07
Legal Services	2,458	1.68	66.75
Libraries	5	0	66.75
Literacy & Numeracy Support	5	0	66.76
Local Government	1,650	1.13	67.88
Media & Communications	327	0.22	68.11
Medical Research	2,642	1.8	69.91
Medical Scholarships	2	0	69.91
Mental Health	624	0.43	70.34
Migrants	1	0	70.34
Multiculturalism	700	0.48	70.82
Museums & Galleries	26	0.02	70.83
National Security	26	0.02	70.85
Natural Resources - Conservation & ..	2,413	1.65	72.5
Overseas Advocacy	17	0.01	72.51
Palliative Care	165	0.11	72.62
Performing Arts	26	0.02	72.64
Philanthropy, Voluntarism & Not-for..	8,228	5.62	78.26

Socio-Economic Category	Number	%	Cum. %
Pollution Control	4	0	78.26
Primary & Secondary Schools	66	0.05	78.31
Public Diplomacy	739	0.5	78.81
Public Health Services	943	0.64	79.45
Public Health & Safety	85	0.06	79.51
Recreation & Sport	282	0.19	79.7
Recycling	30	0.02	79.73
Regional Development	7,278	4.97	84.69
Reproductive Health	4	0	84.7
Research & Technology Based Services	17	0.01	84.71
Rural Development	545	0.37	85.08
Scholarships	1,660	1.13	86.21
Science	544	0.37	86.58
Science, Technology, Engineering & ..	4,117	2.81	89.39
Scientific Research	881	0.6	90
Services for People with Disabilities	3,056	2.09	92.08
Settlement Services	111	0.08	92.16
Small Business	2,090	1.43	93.59
Social Inclusion	6	0	93.59
Social Justice	8	0.01	93.59
Social Support	770	0.53	94.12
Special Education	2	0	94.12
Sustainable Development	8	0.01	94.13
Technology	13	0.01	94.14
Trade & Tourism	5,247	3.58	97.72
Transition to Work	18	0.01	97.73
Transport	393	0.27	98
Veterans	2,477	1.69	99.69
Visual Arts	9	0.01	99.7
Vocational Education	138	0.09	99.79
Vocational Training & Apprenticeships	4	0	99.79
Water Resources	147	0.1	99.89
Women	139	0.09	99.99
Work Health & Safety	2	0	99.99
Youth Services	4	0	99.99
Zoos, Wildlife Sanctuaries & Conser..	12	0.01	100
Total	13,231	100.00	



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