

Joint Standing Committee on Migration
Inquiry into the Business Innovation and Investment Programme
SUBMISSION BY THE AUSTRALIAN BUREAU OF STATISTICS May 2014

Evidence based decisions can produce more effective policy decisions, and as a result, better outcomes for the community. The use of statistical information is vital for making evidence based decisions that guide the implementation of new policy, monitor existing policy and evaluate the effectiveness of policy decisions. The Australian Bureau of Statistics (ABS) is Australia's official national statistical agency. The role of the ABS is to assist and encourage informed decision making, research and discussion within governments and the community by leading a high quality, objective and responsive national statistical service. The ABS provides statistics on a wide range of economic and social matters, covering government, business and the population in general. It also has an important coordination function with respect to the statistical activities of other official bodies. This includes ensuring a strong evidence base exists and to consider the use of big data, administrative data and data linking as methods to fill the information gaps across organisations.

Statistics aid the decision making process by enabling a numerical benchmark to be established and evaluate the progress of the policy or program. This is essential in ensuring that policies are meeting the initial aims and identifying any areas which may require alteration or improvement. Statistics are used to inform decision making throughout the different stages of the policy cycle. The ABS supports the development of measurement and evaluation strategies at the commencement of the policy development process and prior to implementation.

The ABS understands the importance of the Business Innovation and Investment Programme (BIIP) in attracting inbound investment and increasing entrepreneurial business talent to Australia by targeting migrants with a proven track record of innovation in business. The BIIP also assists in diversifying business expertise in Australia. The reduction in visa subclasses included in the BIIP to three, consisting of the business innovation and investment visa (provisional and permanent), and the business talent visa, has helped to simplify the visa arrangements and remove potentially under used visa subclasses which were part of the former Business Skills Program.

The ABS has limited statistics to support an inquiry into the BIIP at this stage. Current ABS business collections do not include a data item regarding participation in this programme. Sample sizes for our business collections would likely prove too small to capture a sufficient number of businesses involved in the programme even if a suitable data item were introduced. A potential future source of data may become available upon the implementation of a proposal to improve the collection and coordination of firm-level data. More detail regarding this proposal is included below.

Some of our household collections collect type of visa, but not the three visa subclasses the BIIP includes. The ABS produces a *Guide to Migrant Statistical Sources* (cat. no. 3414.0). It contains collections from the ABS and other government, academic and private sources. Our contribution to this inquiry relates mainly to the data that is currently, or potentially, available on the topics of innovation, investment and migrants, rather than specifically the BIIP. Data currently available on these topics provide a contextual background but do not directly inform the BIIP.

Current data available on relevant topics

Innovation

The development or introduction of new or significantly improved goods, services, processes or methods is generally considered to be innovation. As innovation is often seen as a continuous process and aspects can be intangible, it can be difficult to measure. The ABS concepts and definitions regarding innovation are based on those in the international framework, the *Oslo Manual: Guidelines for Collecting and Interpreting Innovation Data* developed jointly by Eurostat and the Organisation for Economic Co-operation and Development (OECD) to aid in measuring the process of innovation. ABS statistics on innovation are collected via the *Business Characteristics Survey* (BCS) (cat. nos. 8166.0, 8158.0 and 8167.0) which covers information about the broad types and status of innovation (active, still in development and abandoned) in Australian business.

Investment

Data on financial assistance from Australian government organisations to businesses is collected in the BCS (*Selected Characteristics of Australian Businesses*, cat. no. 8166.0). Details include whether it was in the form of grants, ongoing funding, subsidies, tax concessions or rebates.

Venture capital and later stage private equity is a form of investment (*Venture Capital and Later stage Private Equity*, cat. no. 5678.0). Venture capital is defined as high risk private equity capital for typically new, innovative or fast growing unlisted companies at the early stages of development. A venture capital investment is usually a short to medium term investment where the intended return on investment is mainly in the form of capital gains rather than a long term investment involving regular income streams. A high rate of return is sought on the capital invested due to the high risk associated with venture capital investment.

Later stage private equity is defined as investment in later stage of development, as well as investment in underperforming companies. For these companies, the risks are still high and investors have an exit strategy with the intended return on investment mainly in the form of capital gains, rather than long term investment involving regular income stream.

The quarterly *Survey of New Capital Expenditure* (cat. no 5625.0) collects estimates of actual and expected new capital expenditure by private businesses for selected industries in Australia. The quarterly *Business Indicators Survey* (cat. no. 5676.0) collects estimates of sales of goods and services, wages and salaries, company profits, and the book value of inventories

Research and experimental development (R&D)

ABS statistics on research and development provide comprehensive data on Australia's R&D undertaken within the Business (cat. no. 8104.0), Government and Private Non-Profit (cat. no. 8109.0) and Higher Education (cat. no. 8111.0) sectors. The information is used for policy formulation, allocation of funds and the determination of priorities for research and development. Data from for all sectors are now collected every two years (biennially).

Migrants

Of most direct relevance is *the ABS Characteristics of Recent Migrants Survey* (cat. no. 6250.0). It is currently undertaken every three years as a supplementary topic to the monthly Labour Force Survey. The information collected enables an assessment of the labour market experience and other characteristics of persons who have migrated to Australia in the last ten years. It is a household based survey and includes information on type of current visa, and type of initial visa on their arrival in Australia. It does not provide detail on specific visa subclasses, only distinguishing between Permanent - Skilled (Independent) or Permanent -

Skilled (Other/n.f.d.) The most recent results are available with respect to the November 2010 survey. The last survey was conducted in November 2013 with results expected in mid-2014.

The ABS has also recently released the *Australian Census and Integrated Migrant Dataset, 2011* as a Table Builder product. This dataset is the result of using statistical techniques to link the Department of Immigration and Border Protection's Settlement Database with the 2011 Population Census for those permanent arrivals who had been granted permanent residency between 1 January 2000 and Census Night 2011. The dataset provides the capacity to analyse the settlement outcomes of permanent arrivals as reported in the Census by variables that relate to their conditions of entry such as visa class, main or secondary applicant, and whether they applied onshore or offshore.

Future potential data

Enhancing Firm-Level analysis and evaluation

There is ongoing demand for statistics on small businesses of various types and for statistics allowing analysis of the micro-economic drivers of business performance and productivity. The interest in small business, which includes family businesses and entrepreneurial businesses, stems from the need to measure the effectiveness of government policies and programs aimed at supporting them. However, while ABS has made attempts to improve the range of information available on these types of businesses, conceptual issues such as definitions and methodological problems in gathering 'fit of purpose' quality information remain. Similar issues with collecting information on such businesses have been experienced by other national statistical offices.

In response to these challenges the ABS has been working in partnership with a range of other Commonwealth departments and agencies to develop a plan to enhance the collection, integration and coordination of, and access to, firm level data (the Firm Level Plan). This initiative will support increased firm level analysis of business performance. As part of the plan an enhancement of business longitudinal data and a linked longitudinal employer and employee database is expected to be developed. Also core data sets with standard definitions will be created and used when collecting information on business assistance programs. All of the above will result in more accessible data, which will be more suitable for program evaluation purposes. Greater use will be made of administrative data to minimise respondent burden. Funding is yet to be negotiated.

Data integration projects

The ABS is currently working on another data integration project using an extract from the Department of Immigration and Border Protection's Settlement Database (SDB). The Migrant Personal Income Tax project, which will link the SDB to the Australian Taxation Office's Personal Income tax dataset hopes to provide an insight into the economic outcomes of permanent migrants (including own incorporated business income, investment income and superannuation and annuity income). This project is still at the feasibility phase with a research paper due for release later in 2014.

Conclusion

While the ABS currently on has data that provides a context to the BIIP, there are initiatives in train which, subject to funding, could potentially provide more direct information of relevance.