Productivity Commission Inquiry Submission:

Reducing barriers to business dynamism in Australia

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The UNSW Centre for Social Impact (CSI), based in UNSW Business School, welcomes the opportunity to respond to the Productivity Commission's Inquiry into reducing barriers to business dynamism in Australia.

For over 18 years, the UNSW Centre for Social Impact has focused on research and education that accelerates investment and social innovation for sustainable and inclusive economies. Our recent research draws on current research from an Australian Research Council Discovery Project on gender-lens investing, and emerging analysis of Pitchbook data, providing insights into specific entrepreneurial deal flow and investment transactions from 2015-2025 nationally. We are knowledge partners for Equity Clear, an industry led initiative building data standards for investor reporting, and currently Chief Investigators for the NSW Government (Investment NSW) on research examining how to build more inclusive innovation and entrepreneurial ecosystems, addressing accessibility barriers for underrepresented groups.

We respond specifically to the Commission's interest into Australia's innovation ecosystem and support and incentives for innovation and entrepreneurs (Priority Area 2) and capital markets (Priority Area 4).

Based on our research, we highlight three key points for investigation and consideration by the Commission: (1) The gender investment gap as one of the largest all gender inequality gaps, (2) The need for data transparency and standardisation in revealing barriers and enablers across the entrepreneurial ecosystem, (3) The role for blended finance investment products and funds in addressing the gender-investment gap, through the adoption of proven government programs and investment mechanisms and applying a gender-lens nationally.

1. Closing the Gender investment gap in Australia

Globally, there is a $1.7 trillion financing gap for women entrepreneurs.[1] This gender investment gap is one of the most severe forms of gender inequality internationally, surpassing gaps in education (where women's participation rate is 95% of the equivalent figure for men), labour force participation (where it is 60%), and political leadership (22.5%).[2] The gap persists despite global research showing that startups with at least one female founder translate investment into revenue at more than twice the rate of all-

[1] IFC (2017). Investing in Women: New evidence for the business case. Available at: https://www.ifc.org/content/dam/ifc/doclink/2017/investing-in-women-new-evidence-for-the-business-case.pdf (Accessed 8 July 2026).
[2] World Economic Forum (2025). Global Gender Gap Report 2025. Available at: https://www.weforum.org/publications/global-gender-gap-report-2025/in-full/benchmarking-gender-gaps-2025/ (Accessed 8 July 2026).

male teams,[3] and that achieving gender parity in investment could generate a $5-6 trillion expansion in global GDP.[4] In 2019, the Rose Review estimated that for the UK alone, closing the gender gaps in rates of business creation and scaling up could generate an additional £250 billion in economic activity.[5] The entrepreneurship gap is therefore both a social equity issue and a profound economic inefficiency.

In Australia, only 15% of venture capital investment goes to female-led businesses, well below the US (20%) and comparable to European averages (18%).[6] Most strikingly, in 2025, all-woman start-up teams received just 2% of venture capital investment funding, a further decline from 2024.[7] Barriers to accessing capital (both equity and debt finance) are widespread for women: the Australian Small Business and Family Enterprise Ombudsman (2022) found that access to capital was a central barrier to growth for 43% of women-led small businesses surveyed. Furthermore, the NRCF Investment Snapshot (March, 2025) found that just 22% of all Australian start-ups are founded by women, and this imbalance is even more acute in the manufacturing sector. As NRCF states, this problem requires data-driven responses, engagement with the wider entrepreneurial ecosystem for pipeline, and production of case studies of female founder success, to ensure that the benefits of increased female representation are felt across the NRCF investment portfolio. Overall, in Australia, dismantling gender gaps is estimated to boost a $128 billion each year for the Australian economy.[8] Closing this investment gap is not only a matter of fairness—it is a strategic opportunity to unlock billions in untapped economic value and lift national productivity.

The challenges faced by women entrepreneurs appear to be particularly acute at the business expansion and exit phases, which the Productivity Commission have noted are key to overall business dynamism. In aggregate, 24.3 percent of deals in the Pitchbook dataset (a comprehensive database of private capital market activity) for Australia between 2015 and 2025 involve women-owned companies. However, these deals are notably concentrated within funding types associated with early stages of business growth: women-led companies make up over a third of businesses participating in accelerator/incubator, university spin-out, and grant deals. In contrast, deal types associated with 'good'

[3] Abouzahr et al. (2018). Why Women-Owned Startups Are a Better Bet. Boston Capital Group. Available at: https://www.bcg.com/publications/2018/why-women-owned-startups-are-better-bet (Accessed 8 July 2026).
[4] WeFi (2022). WE Finance Code: Data-Driven Transformation to Close the Gender Finance Gap. World Bank Group. Available at: https://www.worldbank.org/en/news/feature/2024/03/27/we-finance-code-data-driven-transformation-to-close-the-gender-finance-gap (Accessed 8 July, 2026).
[5] HM Treasury (2019). The Alison Rose Review of Female Entrepreneurship. Available at: https://www.gov.uk/government/publications/the-alison-rose-review-of-female-entrepreneurship (Accessed 8 July 2026).
[6] Something Ventured (2026)
[7] Equity Clear (2026). Show Us the Data: From anecdote to evidence. Available at: https://www.equityclear.com.au/report (Accessed 8 July 2026).
[8] Deloitte Access Economics (2022). Breaking the norm: Unleashing Australia's economic potential. Available at: https://www.deloitte.com/content/dam/assets-zone1/au/en/docs/services/economics/economics-breaking-norm-unleashing-australia-economic-potential-031122.pdf (Accessed 8 July 2026).

exits for founders, such as IPOs, acquisitions, or mergers,[9] are less common: women-led businesses made up only 15.3 and 11 percent of IPO and merger/acquisition deals, respectively. This pattern holds when examining VC deals specifically: in the Pitchbook dataset, 24.9 percent of 1st round funding went to companies with at least one woman in a leadership position, with this share steadily declining to 19.4 percent by 4th round funding. This raises further concerns regarding a decline in women ownership and control as enterprises scale and seek larger investment, and requires further data investigation.

2. Need for data transparency and standardisation in revealing barriers and enablers across the entrepreneurial ecosystem

Unlike leading economies such as the UK and US, Australia lacks a comprehensive, system-wide mechanism to publicly track progress in the domain of women's entrepreneurship. As the gender investment gap is the manifested outcome of complex ecosystem interactions, barriers and enablers can be contextual, experienced differently by individuals and groups of entrepreneurs, in different ventures, markets and communities.[10][11] Improving data transparency would include tracking indicators for entrepreneurial potential, indicators for entrepreneurial activities, and indicators for performance metrics.

UNSW CSI is a research and knowledge partner supporting Equity Clear, a data transparency initiative created by Scale Investors, Giant Leap and Alberts, to develop a national standard for investor diversity reporting.[12] This initiative is designed to move the early stage and venture capital sector from ad hoc reporting to a consistent national framework. Equity Clear's work on gender lens investing data standards enables the tracking of the pipeline and progress of women-led businesses, and could readily be expanded in the future to consider other underrepresented groups. Unlike current reporting, which largely focusses on who ultimately gets funded, the model aims to capture diversity metrics across the full investment funnel, from initial deal screening, through to capital allocation.

The lack of gender-disaggregated data in large government datasets (e.g. in the BLADE dataset produced by the ABS)[13] and the absence of an alternative national 'source of truth' on the state of the

[9] Brush et al (2018). The gender gap in venture capital- progress, problems, and perspectives. *Venture Capital*, *20*(2), 115–136. https://doi.org/10.1080/13691066.2017.1349266
[10] Spigel, B. (2017. The Relational Organization of Entrepreneurial Ecosystems. *Entrepreneurship Theory and Practice* 41 (1): 49–72. https://doi.org/10.1111/etap.12167.
[11] Stam E, Van de Ven A (2021) Entrepreneurial ecosystem elements. Small Business Economics 56, 809–832. https://doi.org/10.1007/s11187-019-00270-6
[12] Equity Clear (2026).
[13] ABS (n.d.). Business Longitudinal Analysis Data Environment (BLADE). Available at: https://www.abs.gov.au/statistics/data-integration/integrated-data/business-longitudinal-analysis-data-environment-blade (Accessed 8 July 2026).

gender investment gap and entrepreneurial ecosystem lead to a lack of understanding of how to locate or address issues in the ecosystem. For example, BLADE does not include the full scope of available ASIC data,[14] while data brokers act as gatekeepers to population level debt finance data. An effective data system could provide a picture of how different elements in the system interact, produce industry insights (e.g. 'hot' and 'cold' spots for investment activity in women-owned businesses), and generate insights into geographic dispersion (e.g. by state, city verse regional, and so on). The absence of such a system or data presentation platform means that it is difficult to see the extent of the broader system challenges experienced by female and diverse founders across their financing journeys. This not only constrains policy effectiveness, but also means many groups and individuals are wasting time and resources repeatedly 'making the case' for investing in women. A full ecosystem view requires sex or diversity disaggregated data that is publicly available from public sector investment and support, from State and Territories, the Commonwealth, entities such as the National Reconstruction Fund. To enable the best interventions, the Productivity Commission could recommend setting the standard, that there is sex and diversity disaggregated data published as part of public accountability and transparency, and the assessment of effective interventions.

3. Existing investment models and products that can address a gender-investment gap

CSI's recent Impact Investing Benchmarking Report, produced in collaboration with Impact Investing Australia, reveals the need for a gender-lens focus in private investment and the potential for a renewed focus on blended finance.[15] The report found that while investors had a moderate interest in gender-equality or economic opportunities for women (22% or investors reporting this as an area of interest), the issue was entirely overlooked by advisors, with none selecting this as an area they have recommended to their clients. However, 60 percent of active investor respondents had participated in some form of blended finance structure, suggesting that there is interest in this approach from the broader impact market.

This indicates substantial opportunity for a government-backed fund-of-funds to act as a catalytic investment model, using a blended-finance approach, at national scale. There is already a proven success model for increasing investment in women in the region: this is DFAT's Australian Development Investments, which uses public capital to mobilise private investment into SMEs and strengthen impact investment markets across the Indo-Pacific.[16] Importantly, it includes a separate

[14] ABS (n.d.).
[15] Campbell et al. (2025). The 2025 Impact Investing Benchmarking Study. Impact Investing Australia. https://assets.csi.edu.au/assets/Impact-Investor-Insights-Activity-and-Performance-Report-2025.pdf
[16] DFAT (n.d.). Australian Development Investments. Available at: https://adi.fund/ (Accessed 8 July 2026).

technical assistance facility to build capability in investee pipeline, as well as advisor understanding. The scale of the National Reconstruction Fund and its own recognition of the lack of investment in women-owned enterprises presents a ready-made opportunity to create a carve out of the existing investment capital available into a dedicated fund-of-funds focused on addressing the gender investment gap.[17] The value of a funds of funds approach to catalyse investment in innovation is a recommendation from a recent Commonwealth review of Australia's R&D ecosystem,[18] and has been adopted by Breakthrough Victoria in their new strategy.[19]

Furthermore, at CSI we also research the relationship between women's entrepreneurship and social impact. Women entrepreneurs often run businesses that are embedded in local networks of families, customers, and suppliers across ethnic, religious, or political lines; these networks can build cross-community ties during conflict, provide channels for information and de-escalation, and act as platforms for communication, especially in local markets and cooperatives.[20] Women's enterprises and cooperatives have long served as hubs for community savings schemes and social protection, collective bargaining with local authorities, and advocacy for local issues.[21] These supplementary public infrastructures are essential for local government productivity.[22]

In our work on the gender-investment gap, we also reviewed issues around women-owned businesses access to debt finance, and especially how this intersects with enterprises that may have a social or environmental focus. For example, the UK Investing in Women Code 2025 report found that 94 percent of businesses that borrowed from Community Development Finance Institutions (CDFIs) had experienced loan application rejection from mainstream financial institutions.[23] CDFIs are non-profit, mission driven lenders that target SME entrepreneurs and social enterprises and typically consider broader range of factors in their lending decisions than traditional banks.

There is an opportunity to support existing lending organisations, to address a similar market gap in

[17] National Reconstruction Fund (2025). Investment Snapshot #1: Female Founders. Available at: https://www.nrf.gov.au/news-and-media-releases/investment-snapshot-1-female-founders (Accessed 8 July 8, 2026).
[18] Department of Industry, Science and Resources (2026). Ambitious Australia: Strategic Examination of Research and Development final report. Available at: https://www.industry.gov.au/publications/ambitious-australia-strategic-examination-research-and-development-final-report (Accessed 8 July 8, 2026).
[19] Breakthrough Victoria (n.d.). Fund Investment. Available at: https://breakthroughvictoria.com/growth-stages/fund-investment/ (Accessed 8 July 8, 2026).
[20] Ramya, H. P. & Deepak, R. (2024). Empowering Women: Strategies and Initiatives for Enhancing Financial Well-Being and Economic Independence. In G. Malik, R. Bansal, S. Gupta, & Y. Ansari (Eds.), Emerging Perspectives on Financial Well-Being (pp. 95-110). IGI Global Scientific Publishing.
[21] UN Women (n.d.). Transparency Portal. Available at: https://open.unwomen.org/en (Accessed 8 July 8, 2026).
[22] Shen, Y., Cheng, Y. (Daniel), & Yu, J. (2023). From recovery resilience to transformative resilience: How digital platforms reshape public service provision during and post COVID-19. Public Management Review, 25(4), 710–733.
[23] Department for Business and Trade (2025). Investing in Women Code Annual Report 2025. Available at: https://www.gov.uk/government/publications/investing-in-women-code-annual-report-2025 (Accessed 8 July 8, 2026).

Australia. Social Enterprise Finance Australia, for example, has a demonstrated record of success investing in women-owned social enterprises from initial government seed funding. Further funding would allow it to support growth in these businesses and the valuable social infrastructures they provide.

Recommendations

Recommendation 1: Build National Ecosystem Intelligence and National Data Standards

We suggest the creation of a national dashboard as a start to mapping Australia's innovation ecosystem, including key players and sources of aggregate data (both public and privately held). Such a dashboard would generate new insights and contribute to providing accountability in building a more inclusive innovation system. It would also act as knowledge-sharing infrastructure to also improve ecosystem coordination and identity gaps in support.

This requires supporting emerging gender lens investing data standards (as per work commenced by Equity Clear), and requiring government bodies and government supported providers of capability building programs to collect and report on data disaggregated by gender (and other variables) capturing the accessibility of under-represented groups.

Recommendation 2. Create dedicated gender-lens investment fund of national significance and associated capability building programs for intermediaries

We recommend creating a national fund-of-funds by carving out existing capital within the NRCF and applying a gender-lens to its allocation.

We also recommend providing capital to support the lending capability of existing organisations to also create a dedicated gender-lens stream of lending, as proven successful in equivalent DFAT models for regional investment.