



Australian Government
Department of Industry

EVALUATING THE IMPACT OF ENTERPRISE CONNECT CORE SERVICES

An experimental study by the ABS

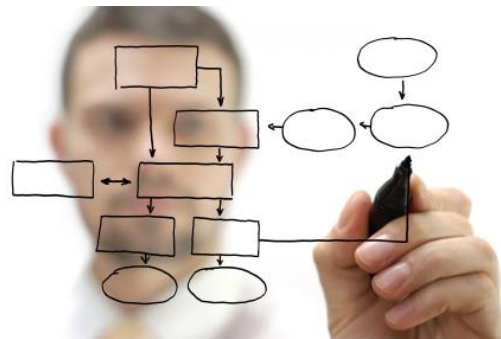
Australian Government Statistical Forum
Canberra, Wednesday 30 October 2013

Mark Cully, Chief Economist



WHAT IS THIS STUDY ABOUT?

- Estimating the impact of the EC programme on the recipient firms' financial performance
- Focusing on EC's Business Reviews (BR) and Tailored Advisory Services (TAS) for firms in the Professional Scientific & Technical Services and Manufacturing sectors
- Covering the period 2007-08 to 2010-11





CHALLENGES WITH STUDIES OF THIS KIND

- The problem of the counterfactual
 - The situation of what would have happened to a firm in the absence of treatment is unobserved
- The problem of selection bias
 - The treatment group might not be chosen at random, i.e. there might be observable selection determinants
 - Firms with a high likelihood of benefitting from the program might also self-select into treatment



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DATA & METHODOLOGY

- Evaluating the impact on revenue, wages, value-add, profit and exports
- Using a sample of 2,007 for BR (over 50% of the population) and 792 for TAS
- Methods: Paired Comparisons, Propensity Score Matching and Difference in Differences
 - Matching variables: Revenue, export and R&D status, foreign ownership and main state of operation



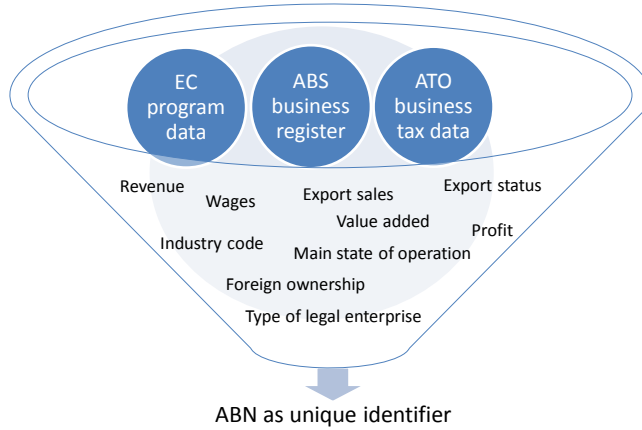
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WHAT DOES A CREDIBLE COUNTERFACTUAL LOOK LIKE?

Constructing the data set

Using the ABS Common Frame and Business Taxation data

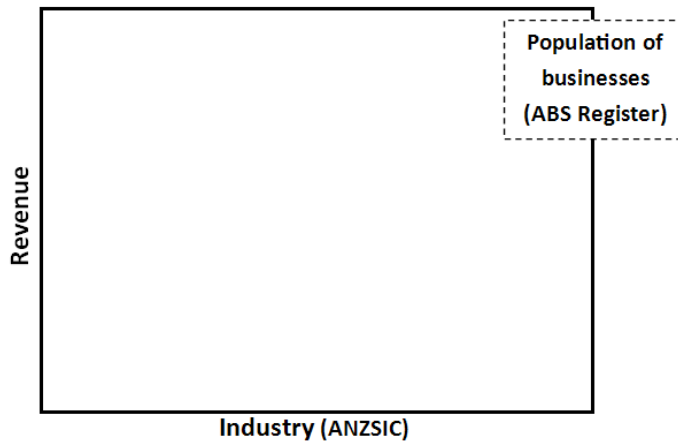


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WHAT DOES A CREDIBLE COUNTERFACTUAL LOOK LIKE?

Constructing the control group

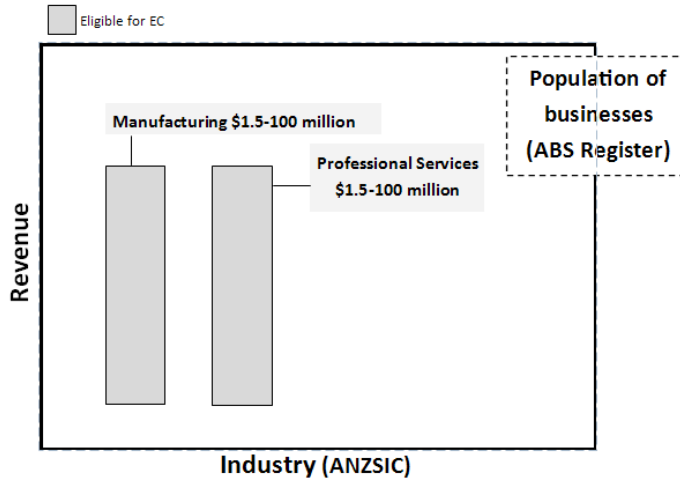


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Constructing the control group

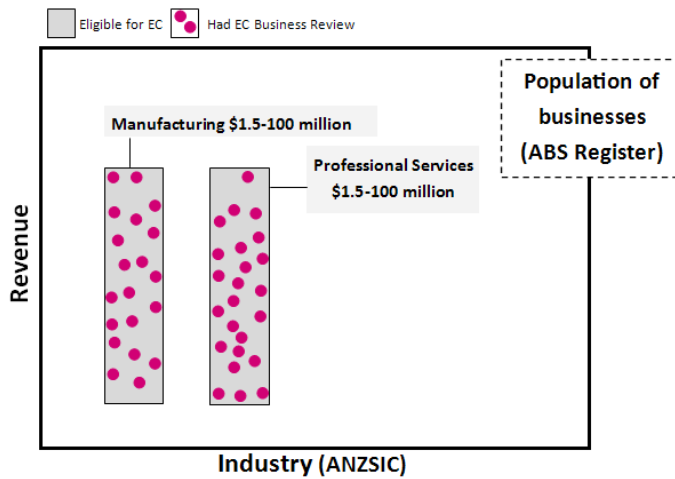


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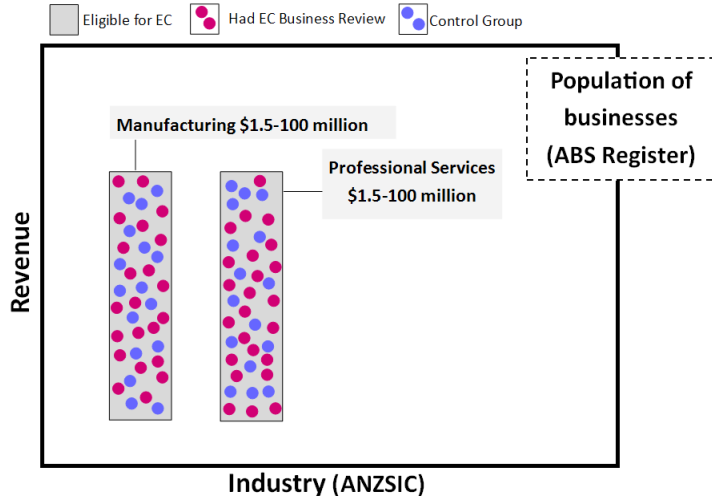
Constructing the control group



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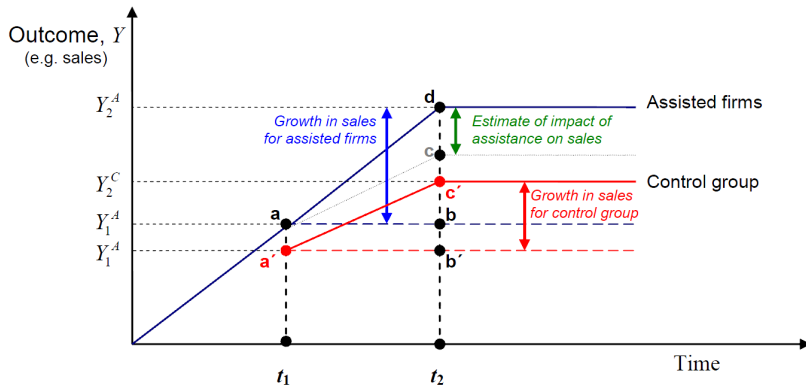
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THE DIFFERENCE IN DIFFERENCES METHOD

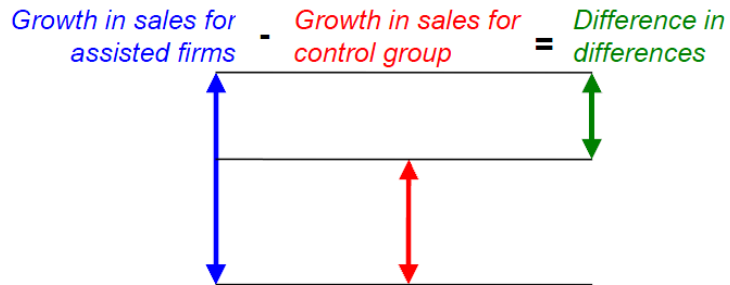


Source: New Zealand Ministry of Economic Development, April 2011

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THE DIFFERENCE IN DIFFERENCES METHOD



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HIGH LEVEL RESULTS

- Clients that received a BR, on average, increased their performance by more than otherwise similar firms that did not receive assistance, particularly in relation to revenue
- Clients that received further support through TAS grants increased their performance by more than those that received a BR.



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AVERAGE DIFFERENCE IN REVENUE OF EC FIRMS IN 2010-11 COMPARED TO THE CONTROL GROUP

Business Reviews

Manufacturing	Professional services
\$339,231	\$334,637
Economic benefit = 1,415* \$336,934 = \$476.8 million	
Program delivery cost = \$50 million	

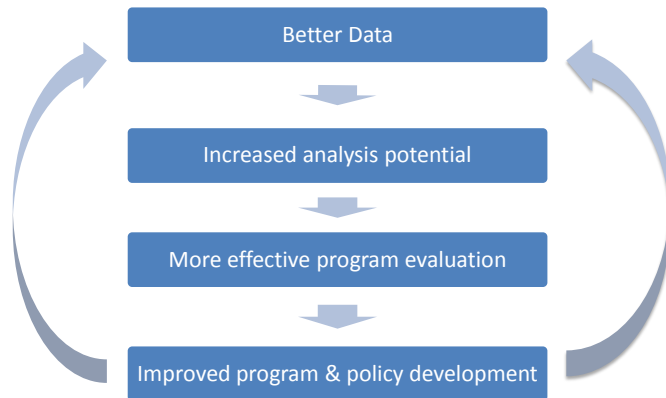
Tailored Advisory Service Grants

Manufacturing	Professional services
\$660,259	\$612,037
More than 80% revenue improvement above those that received a Business Review but did not access funding	

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ITERATIVE INTERACTION BETWEEN DATA COLLECTION, MODELLING AND POLICY DEVELOPMENT



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