Gender Lens on the 2026 Budget

Policy area:	Economic Productivity, Business, Innovation
Portfolio / agency:	Industry, Science and Resources
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Key Portfolio Issues

Baked in bias: A lost gender equality and economic opportunity

The Department of Industry, Science and Resources is at the heart of the economic productivity growth and resilience efforts led by the Government through Future Made in Australia, the National Reconstruction Fund, and Ambitious Australia, the Government's new agenda for major reform in the research, development and innovation ecosystem. The critical question underlying these efforts, is whether the strategies and initiatives implemented and overseen by the Government address the level of baked in bias and gender discrimination in Australia's investment ecosystem.

The Government's 2023 Women's Economic Empowerment Taskforce report identified the significant productivity dividend of addressing this gendered discrimination, highlighting that boosting the number of female entrepreneurs to parity with men would boost the Australian economy by between $71 billion and $135 billion (p. 41). Beyond the numbers of women entrepreneurs, the Government's *Working for Women: A Strategy for Gender Equality* identified that the gender gap in access to investment capital, where women-led teams receive only two per cent of venture capital, as a gender equality challenge that impacts Australia's economic security and resilience.

The only targeted measure in the Government's portfolio of innovation and investment initiatives that has been addressing this financing challenge is the Boosting Female Founders Initiative, now a terminating measure in the 2026-2027 Budget. Without this initiative, or analysis of the constraints and specific initiatives to address gendered bias,

the significant investments in the industry, science and innovation portfolio, a Future Made in Australia, including the National Reconstruction Fund, the Industry Growth Program, the Early Stage Venture Capital Limited Partnerships and the Venture Capital Limited Partnerships, not only miss the chance to take advantage of this gap in a growth, productivity and equality of opportunity, but risk entrenching gendered discrimination in the entrepreneurial ecosystem.

Budget Measures

Boosting Female Founders Initiative

Payments ($'000)

	2025-26	2026-27	2027-28	2028-29	2029-30
Department of Industry, Science and Resources					
Total — Payments	1,706	-	-	-	-

Source*: Budget Related Paper No. 1.11 Industry, Science and Resources Portfolio*, Table 2.1.2: Program components of Outcome 1, Program 1.1 Growing innovative and competitive businesses, industries and regions, p. 38.

Gender implications of this budget measure

There is a clear gendered disparity when it comes to incentives to enable business growth within Australia, and failing to address this enables a discrimination brake on economic growth, resilience and productivity.

One third of businesses in Australia are led by women, and this is growing fast. This growth is driven by factors such as the attractiveness of the level of independence and flexibility that businesses can enable, alongside pressures of a gendered disparity in caring responsibilities. Taking the frame of small business as a starting point, those up to 19 employees, between 2006 and 2021, the number of female small business owners grew by 24 per cent, more than three times the growth of male counterparts. This is a clear source of dynamism in the Australian economy, which has influence. According to the Australian Small Business and Family Enterprise Ombudsman, in 2023-2024, small businesses added over $590 billion of value to the Australian economy, a third of Australia's total GDP, and employed over five million people, 39 per cent of the private sector workforce in 2023-24.

Boosting the number of female entrepreneurs to parity with men would boost the Australian economy by between $71 billion and $135 billion. Addressing this gendered bias can have real return on investment and equality dividends. Women-led companies deliver a far better return on investment, generating 78 cents for every dollar funded, compared to 31 cents for male-founded startups.

The gendered bias against enabling the growth of women-led businesses is clear. It could be termed a market failure, where opportunities are lost as a result of baked in bias across the innovation ecosystem.

In 2025, Something Ventured: The State of Australia's Startup Funding noted that all-woman teams received just two per cent of venture capital investment funding, and mixed leadership teams with at least one female founder received 24 per cent of investment capital funding**;** the majority of funding, 76 per cent, went to start ups led by all-male founders**.** In 2026, the Australian Small Business and Family Enterprise Ombudsman reported that 43 per cent of women-led business owners respondents identified access to capital as a central barrier to growth.

This gendered dynamic is also clear in the amounts that are received, beyond the numbers of investments made. In 2025, startups founded by all-women teams typically received $500,000 in funding. Startups founded by mixed-gender teams typically received $2.2 million. All-male teams typically received a deal size of $3.5 million. In other words, all-male startups typically received seven times the amount of funding than all-women startups. Mixed-gender startups typically received around four times the funding than all-women startups. (Something Ventured, 2025)

Unsurprisingly, it is also clear in the level of support that women entrepreneurs report they feel. Around three in five women (63 per cent) do not feel supported by Australia's entrepreneurial and start up ecosystem. 37 per cent of women feel their gender affected their ability to raise capital and start-up funding, which increases to 66 per cent of non-Caucasian women, and contrasts to the 27 per cent of men who feel their gender affected their ability to raise start-up funding (Risse, 2026).

There are initiatives that are increasing the representation of women in STEM, including the Women in STEM Entrepreneurship Program, which have a critical role and contribution to play addressing bias and discrimination in these critical economic sectors and supporting diverse women and girls to build STEM skills and succeed in STEM education and careers. And of course, women and diverse unrepresented groups are eligible to apply for initiatives such as the Industry Growth Fund. However, an approach to industry growth and investment that does not address gendered socio-economic

inequalities is one that will both miss significant opportunities, and risks exacerbating discrimination.

An informal spot check of the recipients of the Early-Stage Commercialisation Grants identified that out of 36 recipients, only two were led by an all-female team, six were led by mixed teams, meaning 78 per cent of grants were awarded to all male teams. This underlines that addressing gender bias in the entrepreneurial financing ecosystem required dedicated analysis and targeted effort, and without it, Australian Government financing risks entrenching gendered bias and discrimination in access to finance and capital.

The National Reconstruction Fund's (NRF) $15 billion to diversify and transform Australia's economy is a significant opportunity. Its only reference to grants to female founders is a 2025 snapshot that identifies that while 22 per cent of applications came from female led or female founded firms, it was for less than five per cent of the total value (National Reconstruction Corporation, 2025), with no reporting on how many female founders received grants, and no measures to address this aside from noting this data. The *National Reconstruction Fund Corporation Act 2023* (section 17) requires the NRF Board, in performing its functions, to have regard to the desirability of encouraging and improving economic participation by historically underrepresented groups including women, First Nations Australians, people with a disability, and people of culturally and linguistically diverse backgrounds. If the NRF is not addressing this effectively, then they are not meeting their mandate, or delivering on the economic and equality opportunities.

Ambitious Australia: Strategic Examination of R&D Final Report, Strategic Examination of R&D independent expert panel, the report from a year-long review of Australia's research, development and innovation ecosystem released in March 2026, identifies that the Early Stage Innovation Company (ESIC) incentive and Early Stage VC Limited Partnerships (ESVCLP) scheme have played a key role in supporting the development of the angel investor and early stage venture capital sector in Australia, and have a significant contribution to make in the future. But at no point do the recommendations connect this role to the importance it states in investing for an outcome that promotes diversity in entrepreneurs benefiting women.

Implementing the recommendations in the *Ambitious Australia* report provides a valuable opportunity for Government, but given the absence of a gender analysis within this report, an additional step is required as part of implementation: a whole of government review of gendered and social disparities in access and outcomes. This type of review would then inform the structural changes required in bringing together support and incentive schemes across government. The influential Rose Review of Female

Entrepreneurship undertaken in the United Kingdom is a model that could be used. A similar review in Australia could catalyse new growth as the benefits of bringing these schemes and incentives together promotes the broadest benefit to all Australians, particularly women in all their diversity, so Ambitious Australia promotes ambition for all.

Australia can leverage Australian Government initiatives, such as the NRF, to create incentives within the financing ecosystem to invest in inclusion, catalysing investment in businesses led by diverse entrepreneurs. The *Rose Review* in the UK resulted in a dedicated initiative of 500 million pounds in commitment from the British Business Bank to create incentives to address the inequity in access to funding. It catalysed new public private partnerships to increase investments in diverse founders, and earlier this year the first 'Women backing Women' fund of funds reached its first close raising 130 million pounds to address these gendered inequities in access to funding. An Inclusive Australia Fund of Funds window within the NRF could create incentives in the financing ecosystem in Australia to support the growth and expansion within established and emerging fund managers to shift practice with a grant and capital model (covering technical assistance, grants and recyclable loan capital), creating incentives that de-risk capital allocation to diverse women-led businesses in priority sectors of the economy.

Data plays a critical role in surfacing the inequalities, tracking progress, and promoting accountability. Currently, there is no sex disaggregated data published in the Department of Industry, Science and Innovation Portfolio's outcome statements about the diversity of beneficiaries and clients. This lack of data hides gendered inequalities in access and outcomes. If this was included, it could become part of portfolio public performance and accountability.

Equity Clear has been leading the development of gender-lens investing data standards for industry. If the Government engaged with this initiative, and adopted or aligned with this emerging data collection and publication standards, it would enable a common approach for both Government and the private sector investors to assess the progress through the pipeline of women-led businesses accessing investment capital for growth. Aligned with this initiative, a gender-lens dashboard that connects the breadth of work required to influence the ecosystem, and enables public reporting of progress on investing with broader social and economic trends in women's entrepreneurship and representation in the STEM and finance sectors would enable the catalytic reforms required across multiple portfolios.

The 2023 Women's Economic Equality Taskforce report outlined opportunities for Australia in addressing gender inequality, which was underlined by the commitment to women's economic equality and security in the Working for Women Strategy. We have

the opportunity to embed this into the Ambitious Australia program, so it enables ambition for all and women in all their diversity are leading, benefiting from and building the economy without discrimination and bias.

Recommendations

NFAW recommends the Government focus on fixing the system - not the women – and break the baked in bias, by:

- Reviewing Commonwealth innovation and industry financing initiatives to identify gender and social inequalities in access and outcomes, and developing and implementing reforms to enable broader reach and benefit
- Creating incentives to shift the ecosystem, by establishing an Inclusive Australia Funds of Funds window within the National Reconstruction Fund
- Supporting *Equity Clear's* proposed gender-lens investing data standards, to enable a common approach across government and investors monitoring progress and identifying gaps
- Developing a national dashboard to connect public reporting of progress on investing with broader social and economic trends in women's entrepreneurship, representation in STEM and finance sectors
- Publishing sex-disaggregated data in the Industry, Science and Innovation Portfolio outcome statements and tracking progress on gendered discrimination in innovation, growth and entrepreneurship as part of portfolio performance.

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