

**Submission
No 23**

SUPPORT FOR START-UPS IN REGIONAL NEW SOUTH WALES

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The Hon. Katrina Hodgkinson MP
Chair
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Submission to the Committee - Support for Start-ups in Regional New South Wales

SUPPORTING THE START-UP ECONOMY IN REGIONAL NSW

Terms of Reference

That the Committee inquire into and report on support for start-ups in regional NSW, including:

- a. The effectiveness of state government policies and programs aimed at supporting start-ups in regional areas.
- b. Possible new initiatives and reforms to reduce barriers and capitalise on the advantages associated with regional start-ups.
- c. Policies and programs in other jurisdictions.
- d. Any other related matters.

The Hon. Katrina Hodgkinson MP

Context of this Submission Rural and Regional Tourism

The Start-up: A business model that is in principle a private enterprise, with benefits to whole communities rather than an individual or corporate entity.

Scope and premise: Starting with one region, making business success and then replicating using a structured franchise-system.

Project goal: Sustainable and ongoing benefits to develop and to establish 'the sharing economy' with 60 % of visitor earnings shared with the surrounding community and people.

The context for regional New South Wales: Tourism is a diverse service industry and can drive economic prosperity. However all towns and regions of New South Wales are competing for the same outcome, that is, strong rural and regional jobs growth, sustained rural economies, and sustainable youth employment. They are all seeking community empowerment with growth through tourism opportunities, with many competing for the same source of visitors. We consider that a replicable tourism business model that solves the issue of competition is a first step in addressing the regional tourism conundrum.



The Objective:

We propose the statement

‘That for any of the regional towns in New South Wales “our business model will make reality the provision for hosting up to 500 visitors for seven days or longer throughout a year.. For such a vision to manifest and be realised, to start, we need to get it right in one area’.

The mechanism to achieve such an outlook is a **strategic formula**, starting with a first, **best case example, the whole of the community, hosting model**.

This submission addresses work being undertaken to establish a prosperous regional tourism industry for the 200 regions of New South Wales.

Our solution: We have developed a franchise business format in a model that is Community Hosted Tourism.

OUR SUBMISSION: A start up proposal to build a private enterprise replicated hosting model across regional New South Wales and Australia. The resources needed for this enterprise are a rural discovery resort model for accommodation of minimum hosting for 100 couples. The centralised accommodation, along with the diversity in a community to host long stay visitors is matched by the special interests and attractions in each region.

Our nomination: Government to support the development of one region as a first best case example, replicable state-wide business model. The success of the first region would attract further and ongoing private dollars from industry wanting to copy that success for maximum, ongoing, local jobs, and earnings returns. Replication then implemented through the franchise management framework is then applied in each of the 200 regions of New South Wales; the 500 regions of Australia and incorporating the corresponding indigenous communities. Our model is progressively applicable for the ongoing development of local economies in Australian rural and regional areas.

The following sections as Part A, B and C address the following aspects.

A: Observations in a Regional Start-up economy (1-5)

B: Impediments to Start-up in Tourism that focus on Regional and Rural areas (1-2).

C: Impediments to Start-up in Tourism for Lithgow a Best Case example Model Region (1-3a, 3b, 3c, 3d)



A: Observations in the Regional Start-up economy

1. The government seems to have a non-strategic approach with multi small grants across all of NSW. Consequently, start-up funds are limited because the spread is across all regions simultaneously.
2. There is no mechanism that identifies projects requiring a private enterprise and government partnership to achieve an overarching policy commitment. Rarely is there a synthesis of the two streams.
3. Projects with a holistic vision and outcomes do require different funding models.
4. If a new business proposal can demonstrate to pay back to the seed-funder (the government), then this would open up more opportunities and deliver better outcomes, rather than relying on a model of 50 % funding by the proponent.
5. The ongoing calls by the government for individual ideas to solve or to support jobs and the economy do not present a pragmatic model to solve the magnitude of what is required to progress all the townships of rural Australia:

B: Current impediments to Start-up in Tourism that focus on Regional and Rural areas

1. The greatest consideration to the commercial viability of ideas is that regional Australia has so much distance and in the current tourism model, **each town competes for the same visitor pool**. Such that, unless a grouping of niche products is developed, physically getting the traveller to where they, and we want them, presents unique limitations and or opportunities. Thus to solve the issue of traveller distance, we suggest to utilise the start-up business profile developed into a single best case model, then replicated across the State being appropriately scaled for the towns and areas they would serve.
2. State planning instruments are not keeping pace with the pace of business development, particularly for the emerging tourism economy. We have developed the Community Title, which is available to these types of projects. However, community title conflicts with state government planning pro forma which denies tourist accommodation of any commercial scale in the rural areas.



C: Current impediments to Start-up in Tourism for Lithgow a Best Case example Model Region

1. Our team is operating from a private enterprise perspective but to succeed, in part or with a total solution, the proposal needs a strategic approach and partnership with government. We refer to point A2 above, stating “There is no mechanism that identifies projects requiring a private enterprise and government partnership to both achieve an overarching policy commitment. Rarely is this a synthesis of the two streams”.
2. Land and development approvals currently lack an insight to create situations to provide for the needs of long-stay tourists in a model to be operated in a franchise replicable business solution across the State.
3. In addition to the planning instrument called Community Titles, we identify three other factors that need resolution:
 - a. Allowance for broader zonings to allow flexibility in the rural areas for the construction or installation in a package of accommodation, knowledge and leisure needs, designed to cater for a range of business scale and opportunities.
 - b. The equity locked up in land and farm infrastructure is a problem. The utilisation of quality and aesthetically pleasing designed pre-manufactured structures is a sensible option. Using the philosophy of holistic design for regenerative agriculture: “Building a business with portable and scalable infrastructure is more desirable than an investment in single use infrastructure with high initial outlay. It allows greater flexibility in management and decision-making¹.”
 - c. Tourist visitor facilities on private and public land zonings. Facilities for visitors include toilets and wash rooms, tea rooms, libraries/ books DVDs, brochures, internet connections.
 - d. Consideration to make this into a dedicated strategic plan is at the State and Local Government planning level.

OUR VISION: Lithgow as the gateway to Central New South Wales makes strategic sense!

Lithgow is a strategically selected location that presents the best case region because this is the right area, only 2 hours from the centre of Sydney with recently upgraded road and rail links to Sydney, being directly accessible to the international and domestic inbound visitor market

¹ This is a supporting reference from a text by Richard Perkins 59^oN (2016), *Making Small Farms Work - A Pragmatic Whole Systems Approach to Profitable Regenerative Agriculture*.



LITHGOW AND DISTRICT: Sydney is the gateway for visitors to New South Wales and located only three hours by rail transport to the west side of the Blue Mountains. Lithgow is a region that is accessible to both domestic and international visitors. Lithgow was the first region for the iron and steel industry in Australia. We are a mining and power based economy with tourism as the alternative industry.

Lithgow offers a best case example of a first start up, building opportunities in a tourism industry that include catering for long-stay visitors, organised to utilise all the attractions; the existing assets and all facilitated through a community based-sharing economy model.

We consider our region has a benchmark opportunity to achieve as a township the hosting and service for 500 pre-booked (international – domestic) visitors to our district so that each visitor would stay 7 days or longer. In this scenario, the economic impact of such a commitment is that business can be calculated with benefits into many millions of dollars annually for one region, **and trillions of dollars for NSW, and then Australia wide**. The premise is to serve the long stay visitors **is to cater to their special interests**.

What the visitors to a region will ‘do’ **while they are in an area for 1 to 3 weeks** needs coordination by a management company locally operated by knowledgeable representatives in the region’s based community. All the income generated is through a pre-dedicated visitor supply that offers significant benefits to the local government area. Each participating host and business will want to contribute to providing the prepaid services necessary for achieving the best holiday experience a region can offer. Therefore to achieve the necessary reservoir of visitor experiences hosted by people in the community, the business relies on visitors **matched to the visitor's interests**. In an overarching way, the destination is pre-booked. How we envisage the development of the tourism based products of a region and specifically **for Lithgow and surrounds as the first start-up multi millions earning and replicable, industry model**, is that the tourist dollar would stay in the locality, and in doing so build a network of supporting businesses in the region.

We call this strategy Community Hosted Tourism. The business components of Community Hosted Tourism all depend on each other to succeed and each with an individual capacity to generate an independent income.

The business includes a domestically owned real estate market with sale and lease-back of Holiday Units (Hollipods) to the operating company, pre-committed **and legally locked in** to share 60% of visitor earnings with the surrounding community and people. A giant public, private partnership with its sharing parameters locked for a community forever.

Additional products exist in the package, summarised as accommodation and the education and experience based attractions. We see this as **the whole being greater than the sum of its parts that participate** in a system dedicated to creating an industry with localised and regional benefits.

A precise of the essential that synthesise this holistic model is presented below.



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COMMUNITY HOSTED TOURISM

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Knowledge Centre Info Domes | Long Stay Booking App

Closure

I Dr Jane Aiken participate as a representative for our region and propose the idea and concept for **Whole of Community Hosted Tourism**, which we recently exhibited in Sydney at the CEBIT technology exhibition to build on Marc Aussie-Stone's 40-year vision as planned, and local government area supported, proposed Rural Discovery Resorts. Through our professional planning and tourism associations in the town we have contacts and business experience to engender co-operation.

My **20th April 2017 lodged, Expression of Interest** to the **Rebuilding NSW Environment and Tourism Development Fund** presents the same Community Hosting tourism proposal. The general concept outlined in the proposal is designed to benefit all of a rural or regional community.

Thank you for this opportunity to share our projects, our vision and our experience. We trust this submission provides an informative contribution to your committee's terms of reference.

Yours faithfully,
Dr Jane T. Aiken,
Representing Lithgow Community
Member of the NSW – Lithgow Business Chamber
Participant with the Rural Development Task Force
Resident, Lithgow.

