

19 July 2017

The Hon. Katrina Hodgkinson MP
Chair of the Legislative Committee on Investment, Industry and Regional Development
Parliament of NSW
Sydney NSW 2000

Dear Ms Hodgkinson,

Support for Start-ups in Regional NSW

I write on behalf of the Port Macquarie-Hastings Economic Development Steering Group to make a submission to the above enquiry.

The Economic Development Steering Group provides a forum in which local government, business and industry leaders discuss and debate, plan and progress local and regionally significant economic outcomes to drive the continued growth of our local economy.

The Port Macquarie-Hastings region has a strong and vibrant small business community, with several business networks, mentoring and advisory services available. Despite the relative strength of our business community, there is room for improved outcomes from State Government programs and policies, including increased support for young entrepreneurs, broadening support for start-up hubs and incubators to be inclusive of regional centres, and taking a more *solutions focused* approach to policy development at the State Government level.

We applaud the Committee on conducting this inquiry and encourage you to consider recommendations around better cooperation and alignment between federal, state and local government programs to improve outcomes for regional NSW.

Should you have any queries regarding matters raised in this submission, please don't hesitate to contact me or Council's Group Manager Economic Development and Communications, Liesa Davies on [REDACTED]

Yours Sincerely

[REDACTED]
Rob Turner (Councillor)
Chair, Economic Development Steering Group
Port Macquarie-Hastings Council

**Submission to the Parliament of NSW Legislative Council
Committee on Investment, Industry and Regional Development
Inquiry into Support for Start-ups in Regional New South Wales**

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.

Response from the Port Macquarie-Hastings Economic Development Steering Group

- a. The effectiveness of state government policies and programs aimed at supporting start-ups in regional areas.

The core layer of support for start-ups in regional NSW is the Industry NSW [Business Connect](#) program – an advisor network providing small business mentoring and advice on a subsidised fee-for-service platform. This program has successfully attracted strong take-up in the Port Macquarie-Hastings region, with the local Business Connect advisor reporting particularly strong numbers of clients compared to some other areas. Despite the fact we have limited information about this program's efficacy, the strong take-up and continued support for this program from local business networks indicates that it is positively impacting the local business environment.

[Innovation NSW](#) also runs a number of programs to support start-ups in NSW, notably though the obvious program relevant to start-ups in regional NSW – [A home for entrepreneurs](#) – clearly articulates that the NSW government is focused first on supporting start-ups in the City of Sydney. Such an approach is likely to continue to see innovative start-ups forced to relocate to capitalise on the support and programs offered in Sydney, reinforcing stereotypes that innovative start-ups are not succeeding in regional NSW.

The [Jobs for NSW Startups](#) program has significant potential to both energise start-ups in regional NSW, but to also increasingly share the story of start-ups developing job creation industries. One of the elements of the Jobs for NSW Startups program is the provision of support to incubators, however recent updates on this program appear to have made the support more elusive to incubators interested in partnering with NSW Government, and we have not seen any such support provided in the Port Macquarie-Hastings region.

Feedback from members of the Economic Development Steering Group suggests the [minimum viable product grants](#) are a particularly effective element of state government support to innovative start-ups. Notably, recent changes to the grant, including earlier release of funding, have improved the chances of start-ups reliant upon such funding achieving viability.

The Port Macquarie Hastings region is fortunate to have a well-developed business support network led by the three local Chambers of Commerce, Mid North Coast NSW Business Chamber, Hastings Business Women's Network, Industry Mid North Coast and the Hastings Micro Business Forum. These combined with programs offered by the Edmund Barton Centre, and government funded programs such as Business Connect all provide support and mentoring opportunities for the start-up community. As these organisations are on the front line in engaging with start-ups on-going Government assistance is crucial. Assistance could take the form of operational funding or funding for initiatives that are specifically start-up focussed.

Port Macquarie-Hastings Council (PMHC) has been proactive in seeking enhanced cooperation between various levels of government, with one successful example being the joint PMHC/AusIndustry delivery of tender-writing workshops in 2015 and 2016. This program, delivered at the request of PMHC, saw tens of businesses trained in improved tender and bid preparation, increasing their chances of success. Such programs (delivered in response to local demand), are more likely to deliver the successes governments of all levels are aiming for. By increasingly cooperating and coordinating efforts to deliver improved outcomes for start-ups in regional NSW, the likelihood of achieving the desired results are likely to be improved.

Council is aware of several fledgling high tech start-ups, established and previously based in Port Macquarie, who have chosen to relocate to Brisbane due to incentives and the availability of government support. They also quoted a more "innovative environment" exists in Queensland, as another reason for relocating.

- b. Possible new initiatives and reforms to reduce barriers and capitalise on the advantages associated with regional start-ups.

In line with the [NSW Small Business Strategy](#) to make NSW the easiest place to start and grow a business, it is important that the NSW Government continue to focus on reducing unnecessary barriers and burdens to small business at the state government level. As an example of how this has been achieved at the local government level, over recent years Port Macquarie-Hastings Council has sought to develop a culture of being *solutions focused*, with one example of significant change being our support for small start-ups that require use of council-managed land. Following the trial and implementation of our new *Commercial Activities on Council-managed Land Policy* we have increased the opportunities for start-ups in our region (including fitness instruction, food vendors and markets) to offer such services in public spaces. By clarifying the process and approvals required, an increasing number of individuals are commencing business in our region, many of which are start-ups.

Specific initiatives to support young entrepreneurs appears to be lacking in State Government programs. Ideally, awareness of entrepreneurship and innovation

should be increased at the high school and tertiary education levels through the education system, financial literacy improved throughout schooling, and micro-grants or loans made available for people at a younger life-stage than average start-ups in regional NSW.

The State Government could consider a low interest start-up loan program to encourage new business activity. This may result in a start-up boom with more young people and budding entrepreneurs being given an opportunity to thrive.

Programs of this type – encouraging young people to seriously consider entrepreneurship through specific programs – have been run successfully elsewhere, with significant evidence to support their effectiveness. Taking a multi-pronged approach to support young entrepreneurs and encouraging potential entrepreneurs across regional NSW is likely to further improve outcomes.

Limited awareness of the opportunity to raise venture capital investment exists in regional settings, with smaller investments potentially having particularly high legal overheads in one-off regional cases. Developing legal, technical, and technological support for helping local investors access regional investment opportunities appears to be a particularly attractive option for improving the rate of small-scale venture capital investment in regional NSW start-ups.

The [Business Connect Bus \(previously the Small Biz Bus\)](#) is a good example of State Government flexibly providing resources into regional NSW communities. Such an approach has the potential to be expanded, with advisory services provided through flexible approaches such as pop-up shops and other locations integrated with the businesses being served.

c. Policies and programs in other jurisdictions

The Queensland Government [Young Starters' Competition](#) and [Young Starters' Fund](#) are good examples of a state government targeting increase entrepreneurship in youth. Applied in the regional NSW context, such programs could improve productivity in key regional industries, enhance outcomes for regional youth, and retain the talent to build vibrant productive regional economies into the future.

d. Any other related matters.

Council has for many years worked with and supported local stakeholders to develop an innovation eco-system underpinned by start-up businesses. The eco-system is made up of innovative small businesses and organisations including PMHC, events which support innovators, infrastructure, co-working spaces and most importantly an innovative/incubator centre.

Council would like to see funding for an innovation/incubator centre in Port Macquarie and in other regional centres across the State. Such facilities can be the breeding ground and support mechanism for start-ups, resulting in job creation and investment attraction.

Entrepreneurism and innovation needs to be entrenched in the education system. Young people need to be aware of alternative employment options including self-employment via a business start-up. At the recent Mid Coast Careers Market in Port Macquarie in May 2017 local business networks took the opportunity to engage with students and discuss turning great ideas into a business. The response was overwhelming and showcased the talent that exists within regional areas. Harnessing this talent within the start-up context and entrenching entrepreneurship in the education system presents a great opportunity for the State Government.