

**Submission
No 12**

SUPPORT FOR START-UPS IN REGIONAL NEW SOUTH WALES

Organisation: Coffs Harbour City Council
Name: Mr Stephen Saunders
Position: Section Leader Industry and Destination Development
Date Received: 21 July 2017

BACKGROUND

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.

Key issues:

- Tyranny of distance of regional areas
- Accessibility to customers/trials
- Skills development
- Accessibility to grant funding and matched funding
- Long term support

Recommendations:

Support of co-working and innovation spaces in regional locations

Initiate smaller grant opportunities or lower percentage of matched funding

Opportunity for start-up hubs for traditional industries

Promotion of NBN connectivity

SUBMISSION

Coffs Harbour City Council acknowledges the growing number of Australian founders living in regional areas and the growth of start-ups trending towards moving to regional NSW. It is paramount that there is support for these businesses in their early stages.

The *DRAFT Coffs Harbour Economic Development Strategy 2017-2022* includes the following key priorities that align with *Council's Community Strategic Plan (MyCoffs)* goals:

- 1) Champion business, innovation and technology to stimulate economic growth and local jobs
- 2) Attract people to work, live and visit

The Community Strategic Plan is the foundation for the strategies and delivery plans that Council operates under as they provide for the community.

NSW Department of Planning and Environment has identified Coffs Harbour as a regional city on the Mid North Coast of NSW with a current population of approximately 74,000 (ABS ERP 2016). The city has a diverse mix of industry including construction, health, retail and accommodation with the potential to build on existing opportunities in agriculture/food and associated industries, technology/ innovation enterprises including environmental technologies along with sporting excellence opportunities. There are 5,484 businesses in the LGA with approximately 95% of them being small business (less than 20 employees) and more than 50% of all businesses being sole traders. Appendix 1 shows the mix of businesses and employment by industry.

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

The state government has a number of initiatives aimed at supporting start-up business which extend into regional areas. The State government supported Business Connect program, the Small Business Friendly Council program and Easy to do Business initiatives along with other tools and grant opportunities show a level of support of entrepreneurship in NSW.

Both the Jobs for NSW Initiative and the NSW Small Business Strategy highlight the desire the State government has to support people investing their time and capital in business. Initiatives such as red tape reduction, tax relief opportunities, accessibility to training for business owners and



employees, fair procurement support and decreased payment times for government work are all beneficial to businesses and we commend the state government on their willingness to investigate and implement these initiatives.

We do believe that there are further opportunities to be investigated that could more particularly assist the design of relevant and meaningful programs for regional business start-ups.

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

While there are a number of new and ongoing opportunities to assist start-up businesses in NSW, there appears to be very limited or general ways that regional start-ups can specifically access these.

In the Regional Jobs Now Fact sheet, five programs are mentioned to support business in regional areas. A number of these are unattainable for regional start-up businesses of the Coffs Coast. Our regional area, along with numerous others, has approximately 95% of businesses that are micro businesses (0-5 employees) so to grow FTE numbers by 10 per business in a 2 year period would be largely unfeasible. According to ABS research, the average turnover of all businesses in the Coffs LGA is approximately \$429,400. Appendix 2 shows the average business turnover of the LGA from ABS statistics.

We are excited by the opportunity that is presented to start-ups in Sydney with the new Sydney Start-up Hub and acknowledge the amazing opportunity for businesses in the innovative and technology space. While there is an opportunity for regional start-ups in the regional landing pad, we recognise further government support by the State Government to assist and/or fund innovation incubators and accelerators in regional areas would be of great assistance. Coffs Harbour is well connected both physically by road, rail and regular air travel, and electronically by NBN connectivity direct to premises of the LGA. It also offers amazing opportunities for work/life balance and comparably low cost of living.

Coffs Harbour City Council currently operates a co-working space that offers desk space and technology, along with programs for business development in both the city centre and outlying town. Additional financial support, along with concrete accessibility to skills, ideas, networks, customers and investments would enable our start-up businesses to accelerate their propositions



with local support. Their growth and development would assist job creation in our regional area, skill development of our existing and potential workforce and the ability for retention of youth in the LGA. Appendix 3 shows the population of Coffs Harbour broken into age groups as compared to NSW. Coffs Harbour is well below the averages of NSW for population in the 20 – 44 year age brackets. This impacts on the number of people who have the potential to participate in the workforce (particularly in service or new industries), invest in business or residential property, and use disposable income.

We also acknowledge the number of traditional industries in our region. As indicated in the North Coast of NSW Local investment Plan, a number of traditional industries are high priority sectors for our region. While the preference for these sectors is to engage with digital applications as part of business as usual, we also appreciate that these traditional sectors need support to engage and develop new businesses. We have a strong belief that instigating a Start-Up hub for these more traditional sectors would be a fantastic opportunity for our regional area. The opportunity to create a hub that services agricultural and food industries, creative industries along with technological businesses providing an opportunity for “making” as well as education, support and sales is an activity that Coffs Harbour City Council would like to explore with support from the State Government.

Accessibility to smaller grant amounts would provide benefit to regional start-up businesses. Start-up business accept that they need to contribute to any start-up grant funding, but when the minimum amounts that they can apply for are \$50,000 or more, the grant opportunity is then inaccessible for many regional start-up businesses. As a local government body, Coffs Harbour City Council would be happy to administer smaller grant amounts per business on behalf of the State Government to allow greater accessibility to start-up businesses in our region.

c. Policies and programs in other jurisdictions.

While we are unaware of any policies or programs in other jurisdictions that provide opportunities for start-up businesses in regional areas, we acknowledge both the Queensland State Government and the Victorian State Government for their programs for small business. The Queensland State Government, along with supporting Small Business Week also has a comprehensive resource on their website which is logical and easy to use and includes questionnaires, printable information and



industry information for start-up and existing businesses. The Victorian state government provides a Small Business festival, a month long opportunity for regional and metro businesses to learn and celebrate.

We have also had some opportunity to work with an international venture accelerator, and while the opportunities that are provided are from private enterprise, there would be great value in investigating the ways that State Government can be involved in bringing venture capitalists and regional business start-ups together.

d. Any other related matters.

While we acknowledge the support that is offered to start-up businesses by the State Government, it is vital to highlight the value that start-up businesses bring to regional areas and the value that a regional area can afford to a start-up business.

Opportunities such as lower cost of commercial leasing and/or purchase, availability of workers and liveability of the area add value to a start-up business as they begin operations. This combined with the opportunities to enable retention of residents and the associated benefits allow continued economic viability and liveability within a regional area.

Appendix 1 – Businesses and employment in Coffs Harbour

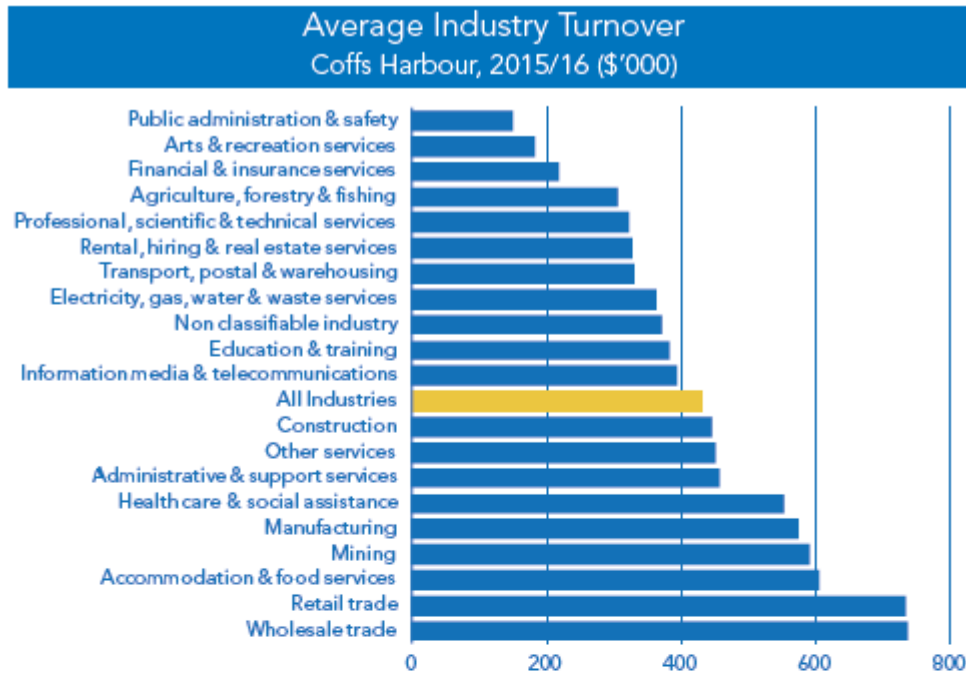
Registered businesses by industry

Coffs Harbour City - Total registered businesses		2016		
Industry	Number	%	New South Wales %	
Mining	12	0.2	0.2	
Public Administration and Safety	15	0.3	0.4	
Electricity, Gas, Water and Waste Services	15	0.3	0.3	
Information Media and Telecommunications	28	0.5	1.2	
Education and Training	67	1.2	1.4	
Arts and Recreation Services	72	1.3	1.3	
Industry not classified	74	1.3	1.4	
Wholesale Trade	137	2.5	3.8	
Administrative and Support Services	200	3.7	4.0	
Manufacturing	211	3.9	3.6	
Transport, Postal and Warehousing	239	4.4	6.3	
Other Services	250	4.6	4.0	
Accommodation and Food Services	315	5.7	4.2	
Retail Trade	344	6.3	6.1	
Financial and Insurance Services	412	7.5	9.1	
Health Care and Social Assistance	424	7.7	5.9	
Professional, Scientific and Technical Services	506	9.2	13.0	
Rental, Hiring and Real Estate Services	560	10.2	11.1	
Agriculture, Forestry and Fishing	573	10.4	7.3	
Construction	1,028	18.8	15.5	
Total business	5,484	100.0	100.0	

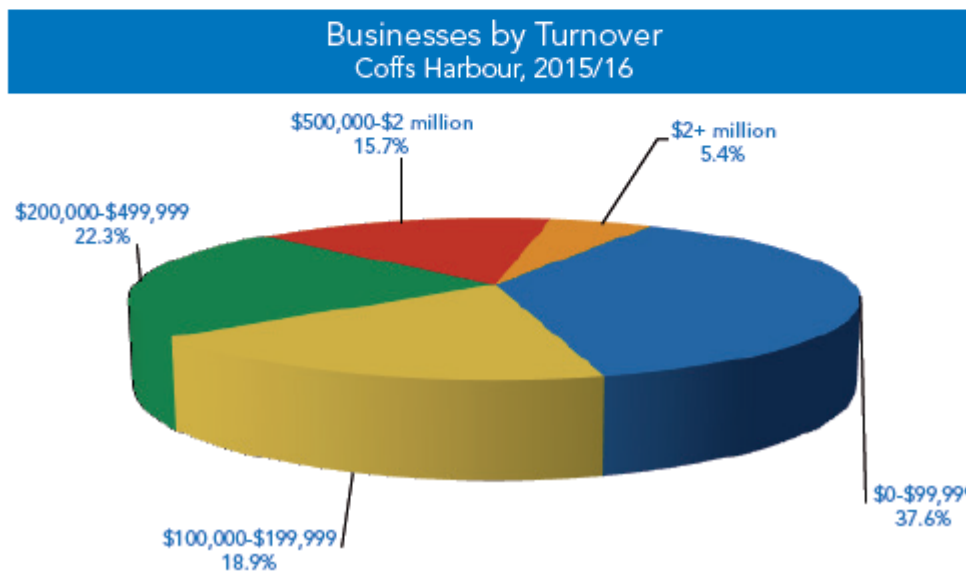
Employment (total) by industry

Coffs Harbour City	2015/16		
Industry (Click rows to view sub-categories) ↕	Number ^	% ↕	New South Wales% ↕
Mining	54	0.2	1.0
Electricity, Gas, Water and Waste Services	285	0.9	1.2
Information Media and Telecommunications	371	1.2	2.5
Arts and Recreation Services	445	1.4	1.5
Rental, Hiring and Real Estate Services	600	1.9	1.8
Financial and Insurance Services	631	2.0	5.3
Wholesale Trade	814	2.6	4.5
Administrative and Support Services	1,003	3.2	3.5
Transport, Postal and Warehousing	1,200	3.8	5.1
Agriculture, Forestry and Fishing	1,311	4.2	2.3
Professional, Scientific and Technical Services	1,372	4.3	8.5
Other Services	1,440	4.6	4.0
Manufacturing	1,558	4.9	7.9
Public Administration and Safety	1,837	5.8	6.3
Education and Training	2,931	9.3	8.2
Construction	3,035	9.6	7.6
Accommodation and Food Services	3,052	9.7	7.0
Retail Trade	4,580	14.5	10.3
Health Care and Social Assistance	5,035	16.0	11.5
Total Industries	31,554	100.0	100.0

Appendix 2 – Business Turnover Coffs Harbour LGA

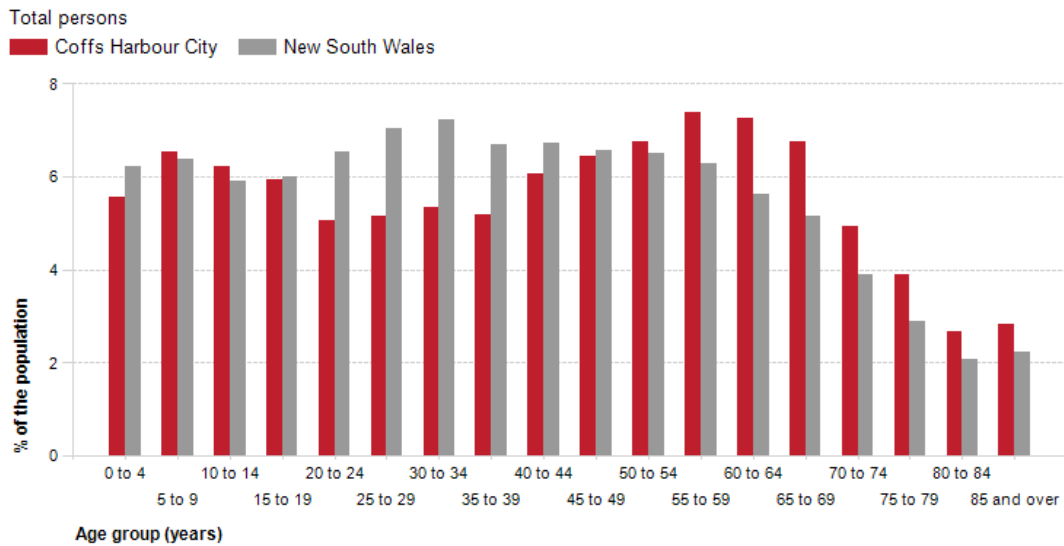


Source: ABS 8165.0



Appendix 3 – Population by age group (Coffs Harbour v New South Wales)

Age structure - five year age groups, 2016



Source: Australian Bureau of Statistics, Census of Population and Housing, 2016 (Usual residence data)
Compiled and presented in profile.id by .id, the population experts.