Legislative Assembly

Legislative Assembly Committee on Investment, Industry and Regional Development

Support for Start-ups in Regional New South Wales

Report 4/56 – August 2018

Contents

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Contact details	Legislative Assembly Committee on Investment, Industry and Regional Development Parliament House 6 Macquarie Street SYDNEY NSW 2000
Telephone	(02) 9230 2226
E-mail	investmentindustry@parliament.nsw.gov.au
Website	www.parliament.nsw.gov.au/investmentindustryandregionaldev

Chair's Foreword

I am pleased to present the Report of the Committee's Inquiry into Support for Start-ups in regional New South Wales. The start-up sector across the State is rapidly evolving. The Government has significantly invested in encouraging start-up growth in Sydney, notably through the recent establishment of the Sydney Start-up Hub. Sydney has produced a number of successful start-ups and has been referred to as the 'start-up capital of Australia'. There is no doubt that Sydney is a world centre of innovation and start-up development.

The question is, how can Government support innovation and the launch and growth of start-ups outside Sydney across regional New South Wales? While there is some discussion over the exact definition of a start-up, start-ups can generally be distinguished by an innovative approach to a new product or process. Over recent years start-ups have developed throughout regional New South Wales, from Wagga Wagga to Coffs Harbour, driven by naturally innovative regional people. Start-ups are an important part of the regional landscape as they increase job opportunities for local people, push boundaries to deliver innovative solutions and inspire others to consider entrepreneurship.

During our Inquiry, we spoke to stakeholders from across regional New South Wales, including start-up founders and members of innovation ecosystems based in Southern New South Wales and the Mid-North Coast. Our efforts largely focussed on government support efforts for regional start-ups.

We have made eight recommendations and four findings. Our recommendations aim to improve communication of Government programs currently available and provide alternate options to assist start-ups located in regional areas. We would particularly like to see a continued focus by Government on supporting regional innovation activities and ecosystems.

We were concerned to hear Government grant and loan application processes are seen as overly complex and that this can act as a barrier for start-up founders. We were concerned that what has been described as a "grant writing industry" for start-ups could develop in response to complicated funding eligibility criteria and application processes. It was indicated that start-up founders had difficulty identifying available support options and resources, and they could be potentially missing out on support their product or idea could be eligible to receive.

I acknowledge that since the launch of this Inquiry, Jobs for NSW has already begun to make changes to its processes, including efforts to improve the time taken to assess applications. I welcome these changes and the positive impact this will have for future applicants, and I appreciate the responsiveness that Jobs for NSW has shown to date in responding to feedback and refining programs.

We have recommended that Jobs for NSW provide feedback to applicants that are not successful in their grant applications. Feedback regarding unsuccessful applications can provide meaningful advice to start-up founders on aspects of their application that need improvement. Feedback should also assist founders to identify alternate funding options if necessary.

It was clear that valuable work to encourage start-ups is already being done in the regions by local innovation champions, regional universities, entrepreneurs and regional councils. We have found that start-up hubs and regional universities play particularly important roles in inspiring

regional innovation and supporting regional entrepreneurs. An issue identified was a lack of local investment funds in regional areas which could provide early 'angel stage' funding to start-ups. In response to this issue we have recommended that the Government establish a program to support development of local investment funds in regional areas throughout New South Wales. This recommended program is intended to lead to the growth of more private funding opportunities for regional start-ups within their local areas.

We understand that competitions are useful mechanisms to support innovation and start-ups in a number of ways. Competitions provide a number of benefits to competitors apart from just the winning prize, including publicity, opportunities for networking and mentorship support. We have recommended that the Government support the development of start-up competitions within each regional state electorate. These competitions will be open to local entrepreneurs and are intended to inspire regional innovation throughout the State.

To accompany the program of regional electorate competitions we propose that regional start-ups that are successful within these competitions should have opportunity to advance their product to a 'Regional Growth Pathway' competition. This second stage competition would be coordinated by Jobs for NSW and would provide an additional avenue for regional start-ups to receive the support they need to grow in regional New South Wales. Importantly, the 'Regional Growth Pathway' competition would be an opportunity to celebrate those inspirational regional entrepreneurs who have established promising start-ups that can bring jobs and economic growth to regional New South Wales.

It is essential that we work to keep promising start-ups, innovations and entrepreneurs within our State. Big ideas need to stay in regional New South Wales. Entrepreneurs throughout our State have shown us the rewards that come from being bold and brave in business and we should recognise and support our start-up founders. We need to foster a spirit of entrepreneurialism across the State, and we have recommended that entrepreneurialism should be further encouraged within the State's schools, particularly in our regions.

Support for start-ups is still a relatively new area of Government activity. The outcomes of policies implemented to support start-ups, particularly in regional areas, should be reviewed on an ongoing basis to ensure that they are effective and to assess whether change is necessary. We have recommended that the Government coordinate with other levels of government when planning efforts to encourage regional innovation and entrepreneurship and when considering local regional needs. We strongly encourage the Government to continue to work to ensure that regional New South Wales is a place where innovation and start-ups can thrive and bring growth and prosperity to the State.

I thank my fellow Committee members for their contributions to this Inquiry, and all stakeholders that made contributions through submissions, visits of inspection, and public hearings. I also acknowledge the efforts of the Hon. Katrina Hodgkinson who was the Chair of the Committee at the Inquiry's commencement. My thanks also go to the Committee staff for their assistance in compiling this report.

Michael Johnsen MP
Chair

Findings and Recommendations

That Jobs for NSW review start-up funding program eligibility information and criteria to ensure that it is clear, easy to understand and well publicised.

That Jobs for NSW ensure that it provides feedback to unsuccessful applicants for start-up related funding.

That the NSW Government establish a program to support the development of local investment funds in regional areas throughout New South Wales.

The Government has a crucial role to support the development of regional innovation ecosystems and assist regional start-ups and entrepreneurship.

That the NSW Government list details of start-up and innovation funding programs, events and hubs across the State in one central and easy to access location.

Regional start-up and innovation hubs are important features of regional innovation ecosystems and serve as centres for start-up events, support, networks and mentoring.

Regional universities are important features of local innovation ecosystems in regional areas and can play a valuable role in supporting regional start-up growth.

Start-up competitions are effective ways to support promising start-ups through financial, education and mentorship prizes. Competitions also help to develop local innovation ecosystems and provide entrepreneurs with opportunities to network and obtain experience, support and exposure.

That the NSW Government establish a program to support start-up competitions in each regional electorate in New South Wales.

That the NSW Government establish a 'Regional Growth Pathway' competition available to regional start-ups that were previously successful in a regional electorate competition.

That the NSW Government support efforts to encourage entrepreneurship in schools, particularly in regional areas, and consider working with local community groups to provide entrepreneurship programs for students.

That the NSW Government coordinate with the Australian Government and regional local councils when planning programs to assist regional innovation.

Chapter One – Regional start-ups in New South Wales

1.1 The Inquiry into support for start-ups in regional New South Wales was self-referred by the Committee on 31 May 2017. The terms of reference for the Inquiry are available at Appendix One, and information regarding the Inquiry process is available at Appendix Two.

1.2 The Government in its submission referred to the percentage of Australian start-ups in regional New South Wales as indicated in the *Startup Muster 2016 Annual Report*:

> …regional NSW accounted for 6.2 per cent of start-up founders and 8.6 per cent of start-up supporters across Australia (including accelerators, incubators, mentors, educators, service providers and government). This is the best regional performance of all states, and also outperforms the state-wide figures for South Australia, the ACT and Tasmania.[1]

1.3 In May 2018 the Government advised that 44 per cent of Australia's start-ups are in New South Wales, and that one in ten start-ups are in regional New South Wales.[2]

1.4 During the Inquiry we heard varying definitions of the term 'start-up'. In its submission, the Government cited the Startup Muster definition of start-up as 'an early stage business that has a large addressable market who is able to attain market quickly utilising technology'.[3]

1.5 The Department of Industry later provided the start-up definition used by Government agency Jobs for NSW:

> Startups – defined by Jobs for NSW as organisations that have fewer than 20 employees and with a scalable business model. Often these companies have no sales (so are pre-revenue) or operating at a loss. Typically these firms are younger than three years of age but can be older.[4]

1.6 Liam O'Duibhir, Chief Coordinator of IntoIT Sapphire Coast and Director of 2pi Software, noted that an aspiration to 'scale' could be considered as part of a start-up definition:

> …my personal view of a start-up is a business with lofty ambitions, aspirational ambitions, to scale: I think in the modern era to scale as rapidly as possible. I think the start-ups or certainly the ones that have that air of romanticism about them, so to speak, would be, I guess, best identified by some of those successful start-ups in

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[1] Submission 10, NSW Government, p. 3

[2] NSW Government, *NSW is making good progress but we could do more*, document tabled by Ms Zoe de Saram, 30 May 2018, https://www.parliament.nsw.gov.au/ladocs/other/11442/NSW%20Government%20-%20NSW%20is%20making%20good%20progress%20but%20we%20could%20do%20more%20document.PDF, p. 1

[3] Submission 10, NSW Government, p. 3

[4] Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, p. 2

> Silicon Valley—the massive unicorns that grab the headlines. Not all the headlines are good, obviously, in some cases; but, certainly, the trajectories that they have followed for aspirational people, they are attractive. I would say if you stripped it all back the majority of start-up minded people would have that type of scale idea in their heads.[5]

1.7   We heard that differing start-up definitions can create confusion and complexity for entrepreneurs considering support programs and other opportunities. Regional Development Australia Central West (RDA Central West) noted that start-up definitions can differ across public and private sectors:

> For many Government programs the definition of a 'start-up' is a quite well established business who is multiple years down the track, however many need support before this stage. There is not clear alignment between the definition of 'start-up' in the public and private sectors, and consequently when support can become available to them.[6]

1.8   We understand that start-ups are small, newly emerging and entrepreneurial businesses that often offer an innovative product, service or process and seek to grow quickly. We acknowledge that start-ups often use innovative technology-based solutions to offer new products or services, although not all start-ups have a technological or digital component.

Innovation and entrepreneurial ecosystems in regional areas

1.9   An important aspect of innovation and start-up activity in New South Wales is the innovation ecosystem. An innovation ecosystem is a network of resources, stakeholders, events and spaces that contribute to innovation within a particular region. The Government described innovation ecosystems as bringing together 'entrepreneurs, skilled workers and investors to create high growth businesses and significant economic opportunities'.[7] Dr Paul Collits outlined the common elements of start-up and entrepreneurship ecosystems in his submission to the Inquiry:

> There are many elements to an ecosystem - entrepreneurs, entrepreneurial communities, pipelines of entrepreneurship, support organisations, champions, sources of venture and other capital, events, spaces, mentors, entrepreneurship infrastructure, educational institutions, entrepreneurship community developers, and national and global networks.[8]

1.10   Charles Sturt University (CSU) advised that fully developed regional entrepreneurial ecosystems need to incorporate a number of elements, including:

- Natural capital;

- Assessable markets;

- Human capital/skilled workforce development;

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[5] Mr Liam O'Duibhir, Transcript of evidence, 30 May 2018, p. 9

[6] Submission 31, RDA Central West, p. 5

[7] Submission 10, NSW Government, p. 10

[8] Submission 5, Dr Paul Collits, p. 1

- Access to funding and finance;

- Support systems/mentors;

- Facilitating government and regulatory frameworks;

- Education and training;

- Universities functioning as catalysts and training sites for the future entrepreneurs;

- Cultural support;

- Adequate infrastructure; and

- Regional leadership.[9]

1.11   The Government noted that while regional communities in New South Wales have had varying levels of success in establishing a 'vibrant environment for viable start-up businesses', common success factors have included:

> …cohesive and collaborative regional stakeholder groups, programs and physical spaces that promote entrepreneurship, clustering of companies, and focusing on a region's competitive advantages. The latter may include making the most of local industry strengths, its population base, and connectivity to major centres via transport links or digital connectivity.[10]

1.12   While the term 'innovation ecosystem' can be used to refer to different sized geographic areas, such as 'the state's innovation ecosystem' or 'Australia's innovation ecosystem', in this Inquiry we have focused on regional innovation ecosystems. These are ecosystems based in particular geographic regions throughout New South Wales, and are often centred on one or multiple physical hubs.

1.13   RDA Hunter indicated that start-ups need to be embedded in a wide, diverse innovation ecosystem to grow and prosper.[11] Port Macquarie-Hastings Council advised the Committee of its efforts to build a innovation ecosystem in the local region:

> 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.[12]

1.14   The importance of regional innovation ecosystems and the role of Government in supporting ecosystems is discussed in Chapter Three.

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[9] Submission 13, Charles Sturt University, p. 3

[10] Submission 10, NSW Government, p. 4

[11] Submission 30, Regional Development Australia Hunter, p. 1

[12] Submission 9, Port Macquarie-Hastings Council, p.4

Barriers and advantages for regional start-ups

1.15   We consider a regional start-up in New South Wales to be a start-up located outside the Greater Sydney Metropolitan Area. Considering the size of the State, regional start-ups can be located hundreds of kilometres from Sydney.

1.16   As start-ups are small newly emerging businesses involving innovative ideas or business models, there can be significant hurdles to overcome on the path to becoming a viable business. Regional start-ups can face challenges due to their geographical location and distance from opportunities, resources and events that may be concentrated in major cities, particularly in Sydney.

1.17   Sydney is described as the 'start-up capital of Australia' by the Government in its Innovation Strategy.[13] The Government's Innovation Strategy acknowledges that Sydney is the 'innovation entry point' for the State and that Sydney's innovation ecosystem is of international significance:

> Sydney is the innovation entry point for entrepreneurs and startups to access opportunities across NSW. It is also the landing pad for essential foreign investment, technology and talent. Sydney ranks in the top three startup ecosystems in Asia – a sector worth A$70 billion to the NSW economy.[14]

1.18   It is clear that entrepreneurs and start-ups in regional areas can benefit from the considerable start-up and innovation activities and opportunities in Sydney. However, concerns have been raised that too much Government attention is placed on Sydney's innovation ecosystem to the detriment of regional areas.

1.19   Dr Collits commented that a challenge for government is to ensure regional areas can access and benefit from the opportunities available through start-up activity in cities:

> It is also the case that much startup activity is concentrated in capital cities and larger centres, due to more connected ecosystems. This raises the challenge for government policy - how to ensure that regional centres participate in the current startups revolution. The key is understanding the elements of a startup and entrepreneurship ecosystem and supporting the nodes of the ecosystem and the connections between them, at regional scale.[15]

1.20   CSU argued that regional entrepreneurs face a number of different conditions compared to urban counterparts when starting and operating a business:

> Regional entrepreneurs and small business owner/managers often face a different set of institutional, resource, and market conditions than their urban counterparts. Some of the key differences noted include access to customers and suppliers, knowledge

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[13] NSW Government, *Bringing Big Ideas to Life – NSW Innovation Strategy*, www.innovation.nsw.gov.au/sites/default/files/NSW_Government_Innovation_Strategy_Document.pdf, p. 5, accessed 8 August 2018

[14] NSW Government, *Bringing Big Ideas to Life – NSW Innovation Strategy*, www.innovation.nsw.gov.au/sites/default/files/NSW_Government_Innovation_Strategy_Document.pdf, p. 12, accessed 8 August 2018

[15] Submission 5, Dr Paul Collits, p. 1

spill-overs through networking and R&D institutions and cost advantages of urban agglomeration.[16]

1.21   The Government submission outlined a number of economic challenges that face regional New South Wales, including an ageing population out-pacing that of metropolitan New South Wales, changes to dominant industries, and greater workforce automation impacts.[17] The Foundation for Young Australians (FYA) noted that youth unemployment is significantly higher in regional New South Wales compared to the national average.[18] FYA outlined specific barriers that exist for regional young people across the country who are considering entrepreneurship:

- Lack of 'Entrepreneurial Mindset' - Perceptions of entrepreneurship not being 'real' employment is perceived as the overriding barrier in all areas. Young people do not see themselves as potential entrepreneurs and neither do schools, council and local business. Usually there is a single local champion or a small cluster of people who are keen to introduce entrepreneurship to young people in the area.

- Limited networks for knowledge, support and inspiration - Networks were limited to the community in the local area limiting learning, mentoring and business opportunities.

- Lack of something to aspire to and thrive in - The narrative in every regional area, particularly by schools, seems to be 'you need to leave to succeed'. Regional representatives also felt there was nowhere for young people to direct their entrepreneurial ambitions towards.

- Lack of skills and resources - Limited training (such as Lean Canvas or business skills) and equipment (such as new tech e.g. Makers Spaces) available.[19]

1.22   Other challenges to start-ups in regional New South Wales indicated by stakeholders include:

- Limited access to funding, financial investment and venture capital opportunities which are often centralised in Sydney. RDA Northern Rivers argued that regional start-ups suffer from an 'informational disadvantage' as investors are typically found in metro areas.'[20]

- Technological hurdles, including access to adequate mobile coverage and high speed internet access.[21]

1.23   Stakeholders also identified a number of advantages of living in regional New South Wales and pursuing a start-up:

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[16] Submission 13, Charles Sturt University, p. 5

[17] Submission 10, NSW Government, p. 4

[18] Submission 18, Foundation for Young Australians, p. 4

[19] Submission 18, Foundation for Young Australians, p. 4

[20] Submission 7, Regional Development Australia Northern Rivers, p. 2

[21] Submission 35, NSW Farmers, p. 2

- Generally lower costs of living, including more affordable housing options and a high quality of life.[22]

- A growing SME sector focussed on innovation. The Government advised that Commonwealth Bank research indicated 61 per cent of regional businesses in New South Wales earning between $500,000 to less than $2 million were innovating in some way.[23]

- Numerous regional universities and campuses. The Government advised that there are six separate universities in regional New South Wales with locations across 17 regional centres.[24]

- The use of modern communications technology to allow regional start-ups to easily and cheaply contact advisors, clients and investors around the world.

1.24   Coffs Harbour City Council summarised the opportunities and advantages for both regional areas and regional start-ups of increased start-up activity:

> …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.[25]

The role of Government to support and fund regional start-ups and innovation

1.25   Supporting innovation is a focus of governments around the world, as indicated in the Government's Innovation Strategy:

> Governments around the world are directing their energies to promoting innovation because it is important to their core objectives of increasing income growth, creating jobs, raising the standard of living, and providing quality services to the community.[26]

1.26   The Government's Innovation Strategy identifies the need to support innovation and entrepreneurship in regional New South Wales through promoting opportunities and success stories as one of four 'primary areas for action':

> Building on the strong position of NSW as the national leader in innovation, and Sydney as the startup capital of Australia, to benefit the greater NSW regions and

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[22] Submission 10, NSW Government, p. 4 and Submission 3, Mr Duncan Fischer, p. 1

[23] Submission 10, NSW Government, p. 4

[24] Submission 10, NSW Government, p. 4

[25] Submission 12, Coffs Harbour City Council, p. 5

[26] NSW Government, *Bringing Big Ideas to Life – NSW Innovation Strategy*, www.innovation.nsw.gov.au/sites/default/files/NSW_Government_Innovation_Strategy_Document.pdf, p. 4

become a globally recognised centre of entrepreneurship. This includes promoting opportunities and success stories, to attract businesses and individuals to NSW.[27]

1.27   The Government has indicated that supporting regional start-ups is a priority as regional entrepreneurs are essential to the growth of regional communities.[28] Start-ups and small to medium sized enterprises (SMEs) provide significant opportunities for employment and economic growth.

1.28   The University of Wollongong described the impact of start-ups on local economies:

> Start-up companies play an important role in local, regional, state and national economies. They encourage innovation, provide opportunity to commercialise research, generate new cash flow, and new employment opportunities. Support is required for start-up companies to help them overcome the numerous obstacles they face.[29]

1.29   The Government's Sydney Startup Hub Fact Sheet states that between 2008 and 2014, 100 per cent of all new jobs (net jobs growth) came from SMEs. The document notes that this 'underpins the call to action for government to invest in and strengthen the startup and the SME community, which are the powerhouses of job creation'.[30] The Department of Industry also noted that all net jobs growth in New South Wales actually comes from six per cent of small to medium businesses - those businesses that seek to scale up. [31]

1.30   FYA noted that the 2017 report by Universities Australia and Startup Muster, *Startup Smarts: Universities and the Startup Economy,* reported nearly a quarter of Australian start-up businesses are founded outside capital cities. The report indicated that start-ups are projected to create more than half a million jobs across Australia over the coming decades.[32]

1.31   The Government has a role to play in ensuring the economic growth and prosperity of the regional areas of the State. Supporting the establishment and development of start-ups and innovation ecosystems in regional areas is a way for the Government to encourage jobs growth and innovation outside of Sydney. The Government offers programs that assist ecosystem development and provide direct funding in the form of grants and loans to regional start-ups. Programs that directly provide funding to start-ups are discussed in Chapter Two. Efforts to support regional innovation ecosystems are discussed in Chapter Three.

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[27] NSW Government, *Bringing Big Ideas to Life – NSW Innovation Strategy*, www.innovation.nsw.gov.au/sites/default/files/NSW_Government_Innovation_Strategy_Document.pdf, p. 5

[28] NSW Government, *Sydney Startup Hub Fact Sheet*, sydneystartuphub.com/__data/assets/pdf_file/0006/135609/Sydney-Startup-Hub-fact-sheet.pdf, accessed 25 July 2018, p. 2

[29] Submission 15, University of Wollongong, p. 1

[30] NSW Government, *Sydney Startup Hub Fact Sheet*, sydneystartuphub.com/__data/assets/pdf_file/0006/135609/Sydney-Startup-Hub-fact-sheet.pdf, accessed 25 July 2018, p. 1

[31] Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, p. 2

[32] Submission 18, Foundation for Young Australians, p. 2

Chapter Two – Improving Government funding programs for regional start-ups

2.1   We heard that a common concern for start-ups is access to funding and investment. Access to funding and investment can be particularly challenging for regional start-ups as many investment opportunities, accelerators and incubators are concentrated in metropolitan areas.

2.2   Jobs for NSW has a $190 million fund to invest over four years, with a minimum of 30 per cent to be invested in regional New South Wales.[33] Zoe de Saram, Deputy Secretary of Skills and Economic Development at the Department of Industry, described Jobs for NSW's support of start-ups which have difficulties accessing funding:

> …we play in a space where start-ups are cash constrained and there are no other sources of funding. The Jobs for NSW board has made a deliberate decision about risk appetite. That has been made in consultation with the New South Wales Government. There are very strong audit and risk arrangements around these processes and decisions. So we do not enter into this field lightly.[34]

2.3   Jobs for NSW and the Department of Industry coordinate several funding programs to assist regional start-ups at various stages of growth, from the research and concept stage through to product development. These programs include:

- TechVouchers – a program of grants up to $15,000, 'to connect start-ups with experts in relevant fields and work on joint research projects'.[35] TechVoucher funding must be matched by the SME recipient.[36]

- Minimum Viable Product (MVP) – a program providing competitive matched funding grants of up to 50 per cent of approved project costs up to $25,000 to help start-ups move from proof of concept to a first sale.[37] MVP grants are aimed at start-ups that 'are yet to generate revenue to help them engage with a potential business customer, or channel to market, and create innovative solutions that address compelling industry needs or market gaps'.[38]

- Building Partnerships (BP) – a program providing competitive grants of up to $100,000 for start-ups across the State that are already generating revenue to 'fund a consortium that enables the business to establish key accounts'.[39]

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[33] Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, p. 2

[34] Ms Zoe de Saram, Transcript of evidence, 30 May 2018, p. 59

[35] NSW Government, *Jobs for NSW Funding Roadmap*, document tabled by Ms Zoe de Saram, 30 May 2018, www.parliament.nsw.gov.au/ladocs/other/11443/NSW%20Government%20-%20Jobs%20for%20NSW%20Funding%20Roadmap.PDF

[36] Department of Industry, *TechVoucher*s, https://www.industry.nsw.gov.au/business-and-industry-in-nsw/innovation-and-research/techvouchers, accessed 9 August 2018

[37] Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, p. 3

[38] NSW Government, *Startups*, https://www.jobsfornsw.com.au/funding/startups, accessed 27 July 2018

[39] NSW Government, *Jobs for NSW Funding Roadmap*, document tabled by Zoe de Saram, 30 May 2018

Applicants also need to demonstrate that at least 65 per cent of project cost funding has already been secured.[40]

- Regional Growth Loans – a program of interest free loans for start-ups and fast-growth SMEs to create jobs in regional New South Wales. Loans are for between $200,000 and $500,000 for companies with a minimum of five employees creating at least ten full time equivalent jobs within two years. Applicants need to be able to demonstrate likely revenue of at least $500,000 within one year.[41]

- Strategic Growth Loans – a program of flexible loans of amounts from $500,000 to $1.2 million. The program is open to applications from SMEs (with a minimum of five employees) which will create at least 20 additional full time jobs in three years, and are likely to have revenue of at least $1 million within one year. Loans are offered over a term of four years and at a 9.2% interest rate.[42]

2.4   The Government indicated that MVP and BP programs are available to start-up companies that:

> …usually have not made any sales or sufficient sales to 'meet the criteria of banks to provide a business loan as their target markets are new: presenting additional risk to a bank'.[43]

2.5   The Department of Industry also advised that between June 2014 and April 2018 more than 69 regional start-ups had received support through programs including the MVP and BP grants. A total of $1.9 million had been provided through the MVP and BP programs to regional start-ups during this period.[44] The Department also advised that a survey of 36 MVP grant recipients in metro and regional New South Wales indicated that recipients had had an increase in employment by 76 per cent. A high percentage of surveyed start-ups indicated they had found it very easy to do business with Jobs for NSW.[45]

Comments regarding current Government funding programs

2.6   During the Inquiry, we heard that Government policies and programs to support and fund start-ups have evolved over recent years. We also received some positive and negative comments about funding programs.

2.7   Stefan Miller, Managing Director of Coffs Harbour start-up ShotTrack, indicated that Government funding he had received (including two MVP grants) had helped his start-up prototype get 'up and running'.[46] Port Macquarie-Hastings Council

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[40] NSW Government, *Building Partnerships grants*, https://www.jobsfornsw.com.au/our-products/building-partnerships-grants, accessed 20 July 2018

[41] Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, p. 3, and NSW Government, *Regional Growth Loans*, www.jobsfornsw.com.au/our-products/regional-growth-loans, accessed 31 July 2018

[42] NSW Government, *Regional Support*, www.jobsfornsw.com.au/funding/regional-support, accessed 1 August 2018

[43] Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, p. 3

[44] Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, pp. 5-6

[45] Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, p. 7

[46] Mr Stefan Miller, Transcript of evidence, 29 May 2018, p. 27

indicated that MVP grants have been effective in its local area, and that recent improvements to the program have been positive:

> 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.[47]

2.8 In contrast, Bland Shire Council argued that Jobs for NSW programs including the MVP and BP programs, Accelerating Growth Loans and Gazelle Loan Guarantees had generally not been effective in the Bland Shire.[48]

2.9 Charles Sturt University (CSU) commented that Jobs for NSW funding programs are being taken up in regional areas (particularly the MVP program) and can greatly support regional start-ups:

> Other funding initiatives through Jobs for NSW such as Minimum Viable Product (MVP) grants are being taken up in regional areas, and should be continued and widely promoted. These have a lot of potential for supporting start-ups and scale-ups.[49]

2.10 Dr Stephen Saunders, Section Leader, Industry and Destination Development, Coffs Harbour City Council, indicated that between 2017 and early 2018 Jobs for NSW had become more flexible when considering funding applications and regional circumstances:

> I am not saying this purely because we are about to put in an expression of interest, but we have noticed a change in the last year where there is more flexibility coming into their thinking. I think they have realised that to achieve their objectives in terms of regional growth they have got to think in a different way. It remains to be seen whether that is all followed through but certainly that has historically been an issue.[50]

2.11 We heard from other stakeholders, including from Omar Khalifa of iAccelerate at the University of Wollongong, that efforts to support start-ups in regional areas could be improved and were often 'too little, too slow'.[51] Several areas where Government programs could be improved were identified and these are discussed below.

Program complexity and eligibility criteria

Recommendation 1

That Jobs for NSW review start-up funding program eligibility information and criteria to ensure that it is clear, easy to understand and well publicised.

2.12 Overly complicated information and criteria about Government programs can cement a perception that Government funding programs are too difficult to apply

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[47] Submission 9, Port Macquarie-Hastings Council, p. 3

[48] Submission 27, Bland Shire Council, p. 5

[49] Submission 13, Charles Sturt University, p. 3

[50] Dr Stephen Saunders, Transcript of evidence, 29 May 2018, p. 5

[51] Mr Omar Khailfa, Transcript of evidence, 30 May 2018, p. 34

for and require too much time and paperwork. We recommend that Jobs for NSW ensure program eligibility criteria is clear and easy to understand in an effort to make it easier for start-up founders to apply. We note that the Department of Industry has advised that it has reviewed and streamlined criteria and assessment processes since the start of the Inquiry:

> Since the call for submissions to the Committee in July 2017, the team within Jobs for NSW has evolved the eligibility criteria and streamlined the assessment process, moving from a two stage to a one stage application. In addition eligibility criteria have evolved in light of feedback.[52]

2.13   During the Inquiry, we heard that composing grant and funding applications can be difficult and onerous for entrepreneurs, particularly those interacting with Government programs for the first time. Sarah Nolet of start-up consultancy AgThentic stated:

> …when funding programs are made available from the government, they need to be friendly for SMEs (including startups) to apply for. The idea that a whole industry has emerged to do grant writing is ridiculous and counter productive.[53]

2.14   The University of Wollongong suggested that Jobs for NSW funding criteria could be tightened to remove ambiguity and provide clarity and certainty to interested applicants. The University also argued that clear, easily accessible guidelines regarding program requirements should be provided to assist potential applicants.[54]

2.15   It was indicated that changing program criteria and other program rules could impact funding applicants. At the Coffs Harbour hearing, Louise Hardman, founder and CEO of The Plastic Collective start-up, described how changes in MVP program rules had impacted her efforts to apply for funding:

> The main barrier to the funding was it felt like the rules kept changing with the Minimum Viable Product grant and I was never quite sure of the rules. When it did get approved then the rules changed again and I said, "I simply can't accept those conditions." I would get the funding after I finished the research and development and I said, "I can't do that." I sort of said no and then they came back to me and said, "Okay, we'll do it so we give you 25 per cent now and 75 per cent later."[55]

2.16   Complex and unclear eligibility criteria and frequent changes can adversely affect start-up founders applying or considering applying for programs, and can cause confusion around programs that may already involve complicated applications. We encourage Jobs for NSW to ensure there is clear public communication of any changes to eligibility criteria and of the commencement date of any changes to ensure clarity and transparency for potential applicants.

2.17   At the Sydney hearing Ms de Saram acknowledged that Jobs for NSW could do more to clarify program eligibility for potential applicants:

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[52] Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, p. 7

[53] Submission 26, AgThentic, p. 1

[54] Submission 15, University of Wollongong, p. 7

[55] Ms Louise Hardman, Transcript of evidence, 29 May 2018, p. 19

> I think there is far more effort that is needed and something I would like to drive with Jobs for NSW and others is managing people's expectations up-front. So when they come to us and ask, "Is there funding available?" we can be a lot clearer. We can tell them what we are looking for, the eligibility criteria, where it has worked in previous cases and where it has not, the quality of the application and the critical success factors of that application that we can learn from and inform these new people who come through the door. I think it is about getting in early and educating more. So I am hoping that this Parliamentary inquiry is lifting the awareness of people around some of these key factors that need to be taken into account. Then Jobs for NSW will follow through and set expectations upfront and give clearer information like what is in [the] "Jobs for NSW Road Map" in helping people navigate through.[56]

2.18   We also heard concerns that programs were not well publicised, particularly in regional areas. Bathurst Regional Council argued that while support programs could provide useful opportunities for regional start-ups, many regional entrepreneurs may not be aware of them:

> Additionally the Minimum Viable Product Grants and Building Partnership Grants provide great opportunities, however Council feels that these opportunities are not well communicated to start-ups or to those who may be interested in developing a new idea into a viable business model.[57]

2.19   We encourage the Government to do more to publicise funding and support opportunities available for innovative entrepreneurs, particularly those in regional areas. We support Jobs for NSW conducting more outreach to regional innovation ecosystems to advise entrepreneurs of available programs. Our recommendation for the Government to publicise all regional start-up funding opportunities along with details of start-up resources, hubs and events in one central location is discussed in Chapter Three.

Feedback regarding unsuccessful applications

Recommendation 2

That Jobs for NSW ensure that it provides feedback to unsuccessful applicants for start-up related funding.

2.20   It is important that start-up founders who apply for Government funding can receive feedback from Jobs for NSW regarding any unsuccessful applications. Unsuccessful applicants should also be advised if more suitable alternative funding opportunities are available, including through another level of Government or a private provider.

2.21   Application feedback is important as it can assist start-up founders to refine and consider their approach to attracting investment, and can help identify alternative potential sources of private or Government support. RDA Central West indicated that in some instances a failure to provide feedback could be considered a lack of transparency in the assessment process:

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[56] Ms Zoe de Saram, Transcript of evidence, 30 May 2018, p. 58

[57] Submission 28, Bathurst Regional Council, p. 2

Government Grants – in some instances there is considered to be a lack of transparency throughout this process (such as a lack of feedback or additional grants process information), and it can also be time-consuming.[58]

2.22   Grant and funding applications take time to compose and submit, and time is often at a premium for entrepreneurs, particularly start-up founders who may still be working in other employment while pursuing their start-up. We recommend that Jobs for NSW review its funding application processes to ensure that unsuccessful applicants are provided with feedback on their applications in a timely manner. While improving processes to provide feedback to unsuccessful applicants may increase workloads for Jobs for NSW, we consider that it will be of long term benefit to the State's entrepreneurs.

2.23   Feedback could also be better provided to organisations seeking funding for regional innovation ecosystem activities. At the Coffs Harbour public hearing, we heard that there is a lack of detailed feedback provided to organisations when they are unsuccessful in accessing grant funding.[59]

Timeliness of funding application assessment and the impact of red tape on applicants

2.24   Concerns were raised about the time taken for Jobs for NSW to process funding applications, and the amount of red tape involved in applying for programs. Liam O'Duibhir, Director of 2pi Software and Chief Coordinator of IntoIT Sapphire Coast, indicated that the paperwork and effort required to apply for Government programs dissuades entrepreneurs and start-up founders from applying.[60] Mr O'Duibhir advised that grant application process complexity had influenced his own decision not to pursue grant funding.[61]

2.25   Kerry Grace, CEO of RDA Mid North Coast, commented that the length of time taken to assess funding applications and their complexity dissuades entrepreneurs from applying:

> My feedback from the businesses—and I can only provide the feedback from the businesses, I do not have personal experience—is that the assessment process is too long and extended. They have moved on by the time they have an answer and have given up. That is the red tape…
>
> They [applicants] are not grant writers, so they do not have the experience to do that. If it does get to the level of requiring something like a cost-benefit analysis, it is impossible.[62]

2.26   Ms de Saram explained that the timeliness of application assessments had been identified as an issue by Jobs for NSW and already partially addressed:

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[58] Submission 31, Regional Development Australia Central West, p. 4

[59] Mr Tony Rothacker and Professor Stuart Smith, Transcript of evidence, 29 May 2018, p. 43

[60] Submission 16, 2pisoftware, p. 1

[61] Mr Liam O'Duibhir, Transcript of evidence, 30 May 2018, p. 10

[62] Ms Kerry Grace, Transcript of evidence, 29 May 2018, p. 13

> To answer the specific question about time frames, there was a lot of feedback in the submissions about the time it is taking and the amount of effort that is required. As we all know, these companies will be time poor and every minute that they spend on applications and business processing is money for them... They [Jobs for NSW] have minimised the amount of paperwork to the point where I am told—and it is still to be tested by me and I am really keen for feedback from people—that you can complete the basic questionnaire in up to two hours. It is very straight forward.[63]

2.27   Ms de Saram further advised:

> What I discovered when I did my homework is the NSW Innovation Concierge service, anchored by our Department of Finance, Services and Innovation. Start-ups or other innovators can get online and submit their requests for information. I asked what sort of feedback people are getting and what sort of questions people are asking, and I am told it is largely around the funding side of it and access to funding. One of the things I would like to see going forward over the next 12 months is Jobs for NSW looking at its processes, looking at its applications, looking at the face-to-face support we give people when they want to apply for these sorts of assistance measures.[64]

2.28   We acknowledge that Jobs for NSW has identified and has responded to concerns that funding application processes have taken too long and involved substantial paperwork. We also acknowledge that funding application assessment needs to be complete and thorough to ensure integrity. We support Jobs for NSW making appropriate efforts to make processes quicker and easier for entrepreneurs, while maintaining a high level of thoroughness appropriate for the management of public funds.

The impact of matched funding requirements and calls for smaller grant amounts

2.29   Concerns were raised about the requirement of some funding programs for applicants to match any Government supplied funding with their own funds. Calls were also made for smaller grant amounts to be available for start-ups in regional areas which could be more easily matched by applicants.

2.30   Simone Eyles, founder of Wagga Wagga based start-up 365Cups, indicated the frustration felt by some start-up founders about the requirement for applicants to already have a substantial amount of funds in order to receive matched funding:

> You can get matched funding but you need to prove you have the cash in the bank, most startups are doing what they can with what they have, if they had cash in the bank they wouldn't be applying for funding. It is such a frustrating, time consuming process dealing with these grant applications. I have spoken to over 10 people across NSW and gone into battle for them against Jobs for NSW – none of the grants got funded, it's MVP funding – it should be easy to get.[65]

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[63] Ms Zoe de Saram, Transcript of evidence, 30 May 2018, p. 55

[64] Ms Zoe de Saram, Transcript of evidence, 30 May 2018, p. 55

[65] Submission 19, 365Cups, p. 2

2.31   Fiona Barden, Business Development Coordinator at Coffs Harbour City Council, commented that smaller grant amounts may be easier for start-ups to apply for and to be able to match with their own funds:

> …to have $50,000 of matched funding becomes a difficult thing, which is what most of the grants are for. Therefore, for them to have matched grant funding, to apply for funding amounts up to $10,000 would be probably the most available for people. Between $2,000 and $10,000 would allow them to apply and they would have multiple opportunities to apply for that. As the business grows then they may be able to apply for that at a different opportunity. We are not saying that $50,000 is too much but the matched funding is probably more difficult for them to do.[66]

2.32   Coffs Harbour City Council indicated that start-ups accept the need to contribute to grant funding but large minimum grant amounts can make this difficult:

> Accessibility to smaller grant amounts would provide benefit to regional start-up businesses. Startup business[es] 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.[67]

2.33   RDA Central West also cited the requirement for funding program applicants to have 'upfront cash' as a barrier for regional start-ups:

> Upfront cash – the design of programs which require upfront cash like the NSW Government's TechVouchers can be difficult for start-ups as well who are traditionally financially strained in these early stages.[68]

2.34   Entrepreneur Dr James Cowley argued that matched funding requirements do not suit regional start-ups which have less access to other funding options compared to city based start-ups:

> The method of funding in many government grants is not suited to regions… Many grants require 50/50 matched funding. Occasionally they will say there are exceptions but stress there will be few. In the city, with numerous well funded bodies around, this is not difficult. In the regions there is not a slush fund in councils, NFP's, businesses of thousands of dollars just waiting around for matching to Government grants. In the start-up sector there certainly isn't.[69]

2.35   We acknowledge concerns about the impact of matched funding on regional start-ups, and note it can be difficult for regional start-ups to easily access substantial amounts of money to match government funding. Frequently start-up founders have invested substantial amounts of their own resources and that of family and friends by the time their start-up is at a stage where it can be competitive in grant or loan applications.

2.36   However, we also note the importance of start-up founders contributing to the funding of their own start-ups. We encourage the Government to review its

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[66] Ms Fiona Barden, Transcript of evidence, 29 May 2018, p. 5

[67] Submission 12, Coffs Harbour City Council, p. 4

[68] Submission 31, Regional Development Australia Central West, p. 5

[69] Submission 6, Dr James Crowley, p. 7

funding programs and assess whether more flexibility regarding matched funding requirements can be incorporated. We also encourage the Government to consider making smaller grant amounts available for regional start-ups and young start-up founders.

Possible further initiatives to support regional start-up funding

Support for local investment fund development in regional areas

2.37   We note that the Regional Landing Pad at the Sydney Startup Hub is intended to assist regional start-up founders access and connect with potential private investors, incubators and accelerators located in Sydney.[70] A number of stakeholders suggested other approaches that could be pursued by Government to further assist regional start-ups access financial investment.

2.38   One suggestion was for Government support and encouragement of private investment funds or 'angel funding groups' in regional areas. These groups could create more private funding opportunities for regional start-ups, which is particularly important considering many investors and opportunities are located in Sydney. We recommend that the Government establish a program that supports activities to develop and encourage local investment funds in regional New South Wales.

Recommendation 3

That the NSW Government establish a program to support the development of local investment funds in regional areas throughout New South Wales.

2.39   The Coffs Harbour Innovation Centre argued that a local investment fund in the Coffs Harbour region would be an important source of support and potential funding for regional start-ups:

> We believe it is vital to have a local investment fund. To be able to invest and support local start-ups and have the decision board based locally made of local entrepreneurs is another key element of a successful start-up ecosystem.[71]

2.40   Tony Rothacker, Manager of the Coffs Harbour Innovation Centre, indicated at the Coffs Harbour hearing that such a local investment fund should be run by entrepreneurs:

> I mean that an early-stage limited partnership venture capitalist fund is driven by entrepreneurs. If it is a regional investment fund, it should be driven by the regional needs. I think that should be the aim of the fund. The Federal Government is providing guidelines around that, which is great. I do not know how a State Government could support it from its point of view. I do not think that State Government would be an investor in that.[72]

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[70] NSW Government, *Sydney Startup Hub Fact Sheet*, sydneystartuphub.com/__data/assets/pdf_file/0006/135609/Sydney-Startup-Hub-fact-sheet.pdf, accessed 25 July 2018, discussed further at paragraph 3.27

[71] Submission 14, Coffs Harbour Innovation Centre, p. 1

[72] Mr Tony Rothacker, Transcript of evidence, 29 May 2018, p. 39

2.41   Mr O'Duibhir argued that a private investment fund in the Bega Valley region would be an important addition to the local innovation ecosystem:

> What we do not have though is an angel funding group—a group of high net worth individuals who come together to put risk capital into smart ventures that the sons and daughters of our local farming community are proposing…[73]

2.42   Mr O'Duibhir further commented:

> I would love to see a bold initiative from the Government perhaps around activating high net worth individual networks in regional communities. There are models you could perhaps follow: There are the Sydney Angels and the Capital Angels. Newcastle has the Founders Forum up in the Hunter Valley. If we could get one of those groups up it would potentially be the icing on the cake if we score this incubator as well. We will have most of the components for an independent, regionally based, thriving start-up community.[74]

2.43   Omar Khalifa, CEO of iAccelerate at the University of Wollongong, commented that regional start-ups have limited access to private funding opportunities and particularly to investor organisations:

> We do not yet have the support network of investors, in particular. We know about people in hightech and fintech and so forth, and they can find investors easily. People in regional areas who are trying to solve local problems or regional problems, or even national problems, may not have access to those same funding sources…

> …This is a real challenge for those in more foreign lands across the State where they do not have necessarily that pool. Also, the people who may have the money locally do not have the skills to know how to invest in those companies. We think this is an opportunity for us to help provide that education and that linkage between an investor community and the start-up community. These are certainly areas that could be used. We think the Government could help to prime a couple of funds that would help as well, and that would include a social enterprise fund…[75]

2.44   We note that efforts have been made in other jurisdictions to encourage local private investment specifically in local start-ups and entrepreneurs. In Queensland, the Regional Angel Investors Support Program has been introduced to encourage local angel investor group formation in regional areas. The program aims to:

> …strengthen the availability of angel investment opportunities for regionally based start-ups and support business angels to collaborate and build networks in regions.[76]

2.45   Funding is available under the program to eligible organisations for $20,000 per Queensland region to support the delivery of education, networking events and activities that create and support local angel investor groups in a region. The program is designed to complement the Advancing Regional Innovation Program,

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[73] Mr Liam O'Duibhir, Transcript of evidence, 30 May 2018, p. 14

[74] Mr Liam O'Duibhir, Transcript of evidence, 30 May 2018, p. 15

[75] Mr Omar Khalifa, Transcript of evidence, 30 May 2018, p. 36

[76] Queensland Government, *Regional Angel Investors Support Program*, https://advance.qld.gov.au/entrepreneurs-and-startups-investors/regional-angel-investors-support-program, accessed 11 July 2018

which supports Queensland's regional innovation ecosystems and is discussed further in Chapter Three.[77]

2.46   In the United States, the Federal Government's Economic Development Administration coordinates the Seed Fund Support Grant Competition, an initiative to encourage the 'formation, launch and growth of early-stage seed capital funds'.[78]

> [The] FY18 Seed Fund Support Program provides funding for technical assistance to support the creation, launch, or expansion of equity-based, cluster-focused seed funds that invest regionally-managed risk capital in regionally-based startups with a potential for high growth.[79]

2.47   Seed Fund Support grants can only be used to encourage the development of seed funds that 'increase one or more regional innovation clusters' innovators' and entrepreneurs' access to early-stage capital' and cannot be used for direct investment in start-ups. Examples of appropriate uses of funding would include outreach and education activities regarding early-stage risk investment.[80] The program acknowledges that:

> Access to capital for early-stage companies is an essential element of a healthy regional innovation cluster. Taking an idea or innovation from conception to market often requires capital, but, in many regions across the country, innovators and entrepreneurs struggle to find it.[81]

2.48   The Government can play a larger role to encourage the growth of private investment groups in regional areas throughout the State, particularly in areas where these groups can complement an already strong innovation ecosystem. Private investment groups would complement existing innovation activities and provide another possible source of financial investment for regional start-ups. Funding provided under this recommended program should not be used to directly fund start-ups, but used to support the development of regional investment groups.

Procurement of start-up services and products

2.49   During the Inquiry, increased procurement of start-up services and products was suggested as a tangible way for the Government to directly support the State's start-ups.

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[77] Queensland Government, *Regional Angel Investors Support Program guidelines*, https://advance.qld.gov.au/entrepreneurs-and-startups-investors/regional-angel-investors-support-program/regional-angel-investors-support-program-guidelines, accessed 11 July 2018

[78] U.S. Economic Development Administration, *Seed Fund Support Grant Competition*, https://www.eda.gov/oie/ris/seed/, accessed 17 July 2018

[79] U.S. Economic Development Administration, *Regional Innovation Strategies (RIS)*, https://www.eda.gov/oie/ris/, accessed 11 July 2018

[80] U.S. Economic Development Administration, *2018 Regional Innovation Strategies Program Notice of Funding Opportunity*, https://www.eda.gov/files/oie/ris/2018-RIS-Program-NOFO.pdf, accessed 30 July 2018, pp. 6-7

[81] U.S. Economic Development Administration, *2018 Regional Innovation Strategies Program Notice of Funding Opportunity*, https://www.eda.gov/files/oie/ris/2018-RIS-Program-NOFO.pdf, accessed 30 July 2018, p. 6

2.50   Mr Khailfa suggested that the Government target a proportion of its procurement spending on start-up products and services.[82] RDA Central West argued that the Government should make it easier for start-ups to work with it:

> The Government is often considered to be a big potential customer for many start-ups in the region. Especially when sectors such as health are the third largest contributor to the region's GDP and the most significant industry employer in the region.
>
> However from a startup point of view, this is often considered a missed opportunity when it becomes too difficult to work with Government…
>
> There is a need to make it easier for start-ups and small businesses to deal with Government. Creating a mandate to encourage collaboration and greater procurement through the start-up sector may be one possibility, if it is important to be considered a 'good customer' by start-ups and small businesses in regional areas.[83]

2.51   The Government has indicated that its Procurement Innovation Stream program is 'a dedicated mechanism to foster innovation through the way government buys goods and services.'[84] The Government advised that the Procurement Innovation Stream upper limit was increased to $1 million in 2016, in an effort to make it easier for start-ups to:

> directly provide services to Government through a proof of concept trial or outcomes based procurement of up to $1 million in value.[85]

2.52   We support the use of the Procurement Innovation Stream to make it easier for start-ups to work with the Government. We encourage the Government to further investigate opportunities to procure innovative services and products from start-ups, particularly those from regional areas.

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[82] Mr Omar Khalifa, Transcript of evidence, 30 May 2018, p. 34

[83] Submission 31, Regional Development Australia Central West, pp. 4-5

[84] NSW Government, *Changes to the Procurement Innovation Stream*, https://www.innovation.nsw.gov.au/whats-happening/changes-procurement-innovation-stream, accessed 26 July 2018

[85] Submission 10, NSW Government, p. 11

Chapter Three – Government support for regional innovation ecosystems

3.1   We heard during the Inquiry that it can take some time for start-up founders and entrepreneurs to develop their concept and business. During this time access to a network of likeminded individuals and an innovation ecosystem incorporating resources, support and mentoring opportunities can be extremely beneficial. Bathurst Regional Council argued in its submission:

> A region's ability to support the development of start-up businesses depends on a wide-spread culture of entrepreneurship. NSW regions must build economic ecosystems that help entrepreneurs turn good ideas into high-growth, scalable businesses.[86]

3.2   We find that Government support for the development of regional ecosystems is crucial to assist start-ups and encourage a culture of innovation and entrepreneurship in regional areas. Innovation ecosystems build a fertile environment where founders can initiate a start-up, access a network of resources, peers and mentors, and be encouraged to pursue growth.

Finding 1

The Government has a crucial role to support the development of regional innovation ecosystems and assist regional start-ups and entrepreneurship.

Efforts to assist regional innovation ecosystems in New South Wales

3.3   The Government currently has a number of programs and initiatives aimed at supporting regional innovation ecosystems, including the Local Innovation Network program and the Boosting Business Innovation program. These programs will be discussed later in this Chapter.

3.4   Throughout the Inquiry regional stakeholders commented that much of the Government's investment to support start-ups is focused on Sydney. This, together with the concentration of private investment opportunities in Sydney, was perceived as placing regional New South Wales at a comparative disadvantage. The Coffs Harbour Innovation Centre stated:

> Many incubators and Venture Funds are based in metropolitan areas and it appear[s] most of the NSW Government investment is focused on Sydney (SSE, Sydney Start-up Hub). Government Grant[s] are mostly aiming at Infrastructure. Very limited funding was allocated at operation and marketing of the innovation hubs and start-up incubators.[87]

3.5   Omar Khalifa, CEO of iAccelerate at the University of Wollongong, argued that regional innovation has been under resourced by State and Federal governments:

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86 Submission 28, Bathurst Regional Council, p. 3

87 Submission 14, Coffs Harbour Innovation Centre, p. 1

> Today, State and Federal governments are underestimating and underinvesting in the potential for regional areas to generate more higher-paid employment and helping the regions in their transitions to become powerhouses of innovation, entrepreneurship and economic activity. This proportionate focus on start-ups in urban centres and in already well-supported sectors illustrates an ongoing imbalance and needs urgent rectification.[88]

3.6   The Foundation for Young Australians (FYA) argued that regional young people in particular need access to local entrepreneurial networks and role models to pursue entrepreneurship as a career option:

> We believe there is a real opportunity to grow the Start-Up Sector in regional and rural NSW and Australia. However, there is also a very real risk that the pipeline of potential entrepreneurs could be thin. Young people in regional areas often do not have access to the skills, networks, resources and critically the mindset, to pursue entrepreneurship pathways.[89]

3.7   In recent years there has been a growth in innovation ecosystems and related activities throughout regional New South Wales. Many of these ecosystems and activities have been initiated by local entrepreneurs, regional universities or regional councils. Simone Eyles of Wagga Wagga start-up 365Cups indicated that Government could do more to support these locally-inspired efforts:

> Stop consulting and start doing, there is a massive opportunity in the regions to support what is already happening and to highlight and encourage the leaders (Coffs Harbour is leading the way in this space) but this needs to be lead regionally by regional activators…[90]

3.8   RDA Sydney argued that the private sector is the main driver of start-up ecosystems in New South Wales:

> While the government sector has a potentially important role to play in the fostering of startup ecosystems throughout NSW, it is the private sector that is the main driver. RDA Sydney believes that startup infrastructure, whether a specialised startup incubator, coworking centre, or broader smart work centre, should ideally be managed by the private sector or an agile entity that prioritises its own viability and returns on investment (universities are good examples of the latter e.g. University of Wollongong with iAccelerate or Western Sydney University with Launchpad). Not that the public sector cannot do it, but rather that financial viability issues and adaptation/innovation are key to private sector survival.[91]

3.9   Di Somerville, founder of the RTGC Group and the Australia Post Regional Pitchfest competition, commented that the Government has a role to support and grow sustainable regional ecosystems:

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[88] Mr Omar Khalifa, Transcript of evidence, 30 May 2018, p. 33

[89] Submission 18, Foundation for Young Australians, p. 4

[90] Submission 19, 365Cups, p. 3

[91] Submission 24, Regional Development Australia Sydney, p. 3

> Government has a more proactive role in building sustainable ecosystems and getting everyone together to work together as a community so that the communities have ownership of it and move forward.[92]

3.10   Warren Grimshaw AM, Chair of the Coffs Harbour Technology Park Board, called for further government support for regional innovation activities and skill building for start-up founders:

> What we really need is government support around the innovation activities so that we can use the money to engage and use those to bring those skills to the emerging businesses, to our start-ups. I think that is the real key to going forward.[93]

3.11   Tony Rothacker, Manager of the Coffs Harbour Innovation Centre, advised the Committee that Government support is welcome but innovation ecosystems should ideally be driven by entrepreneurs:

> Some local governments are more advanced than others but the innovation systems should be driven by entrepreneurs. It should not be driven hierarchically; it should be more driven by entrepreneurs who want to make a difference and then give back to the community. It is a very tricky situation where you mix entrepreneurs with government in hierarchical organisations…
>
> As a really great example, I love to quote from Singapore. Singapore is also thriving in the start-up space. The view of many venture capitalists is: "We really welcome the government to the table, but hands out." They need to be part of it, they are part of the solution, they are part of the feeder organisations but the innovation and start-up space should be driven by entrepreneurs who are keen to solve global problems.[94]

Local Innovation Network program

3.12   The Local Innovation Network (LIN) program was launched in 2018 by Jobs for NSW with $2.1 million in funding to build stronger innovation and entrepreneurial networks in regional New South Wales. The LIN program identified seven regional areas which could apply for funding to assist their local ecosystems and innovation networks. The seven areas, described as the 'seven strongest emerging innovation areas across NSW', were Armidale, Bathurst, Byron Bay, Coffs Harbour, Newcastle, Wagga Wagga and Wollongong.[95] The program aimed to assist start-ups to overcome key barriers to growth by helping them access collaboration opportunities, information and professional development services in their local area.[96]

3.13   Zoe de Saram, Deputy Secretary of Skills and Economic Development at the Department of Industry, advised that a number of factors were considered in identifying the seven locations, including existing start-up activity and presence of regional universities.[97] Expressions of Interest for up to $300,000 in LIN program funding for each of the seven areas were sought from local innovation champions

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[92] Ms Di Somerville, Transcript of evidence, 30 May 2018, p. 45

[93] Mr Warren Grimshaw AM, Transcript of evidence, 29 May 2018, p. 35

[94] Mr Tony Rothacker, Transcript of evidence, 29 May 2018, p. 39

[95] Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, p. 4

[96] Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, pp. 4-5

[97] Ms Zoe de Saram, Transcript of evidence, 30 May 2018, pp. 60-61

and organisations. Proposals were encouraged to have the following intended effects on their communities:

- Encourage best practice,

- Expand their geographic footprint, including investment in equipment or fitout if required,

- Build awareness and engagement to expand their client pipeline and build participation in regional entrepreneurship.[98]

3.14   The LIN program aimed to help regional ecosystems build a 'pipeline of entrepreneurs' and local community interest in innovation and entrepreneurship.[99] Ms de Saram indicated that the LIN program was a community-driven exercise, where local innovation communities can influence how Government funding is applied in their local area to assist the ecosystem.[100]

3.15   During the Sydney hearing, Omar Khalifa indicated that while the LIN program was a positive step for regional areas, the $300,000 amount per identified region was less than expenditure on innovation infrastructure in Sydney:

> Currently the Government is offering $300,000 for each of seven regional hubs to support efforts in the regions for a total of just over $2 million for the entire State. That is great but not nearly enough. In somewhat stark contrast, the Government recently spent $35 million on the Sydney Startup Hub here alone in Sydney.[101]

Committee Comment

3.16   We acknowledge that the LIN program is still at an early stage in its implementation, and was introduced during the course of this Inquiry. The program is similar to efforts implemented in other Australian jurisdictions to support regional innovation, as discussed later in this chapter.

3.17   We have found that the Government's involvement in developing regional innovation ecosystems is crucial, and we support the use of funds through the LIN program to assist ecosystem development. We are encouraged that LIN program funding can be used for the local needs of each regional ecosystem, which is an acknowledgement that different regional ecosystems can have different strengths. We note that a more flexible approach by Government to address local conditions was called for by a number stakeholders, including Universities Australia.[102] Regions can have particular characteristics and industry clusters, and we support communities having input into how their local innovation ecosystem is supported.

3.18   We note comments made about the quantity of funding available to each identified regional area under the LIN program, compared to the funding used to support the Sydney Startup Hub. We encourage the Government to assess the impact of LIN funding after its distribution to review its effectiveness and

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98 Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, pp. 4-5

99 Answer to question on notice, Ms Zoe de Saram, Department of Industry, 22 June 2018, p. 5

100 Ms Zoe de Saram, Transcript of evidence, 30 May 2018, p. 61

101 Mr Omar Khalifa, Transcript of evidence, 30 May 2018, p. 34

102 Submission 25, Universities Australia, p. 1

determine whether increased or recurring funding is required. The outcomes of the recently initiated first round of LIN funding (applications were open from May to June 2018) should be closely evaluated. The successes and failures identified as part of this evaluation should be used to inform improvements to subsequent LIN funding rounds.

3.19   Should the first round of LIN program funding be successful in supporting ecosystems in the seven identified areas, we encourage the Government to consider expanding the program to other regional areas.

Boosting Business Innovation program

3.20   The Government's Boosting Business Innovation program (BBIP) involves $12 million in funding aimed at encouraging collaboration between research organisations and business communities and creating a networked innovation ecosystem across the State.[103] The BBIP gives start-ups access to regional universities to stimulate research, innovation and economic growth.[104] The Government explained in its submission how the BBIP is intended to accelerate innovation in the State:

> The 11 NSW universities and CSIRO each received $1 million to collaborate with SMEs seeking to scale up and innovate. BBIP is establishing collaborative spaces across the State through participating partners (for example the University of New England SMART region incubator and the University of Newcastle delivery of the Innovation Defence Hub at Williamtown). BBIP covers a wide variety of disciplines including IT, health, advanced manufacturing, digital technology, defence and aerospace, energy, agritech and biotech.
>
> The program is growing the regional start-up sector and creating innovation clusters across the state. It provides access to high tech equipment and technical expertise research by SMEs and start-ups through TechVouchers. Over $2.3 million of the funding (just under 20 per cent) has been allocated to TechVouchers to assist SMEs with funding to engage and work with NSW research organisations.[105]

3.21   Charles Sturt University (CSU) explained that it has used BBIP funding to support regional start-ups and entrepreneurship through the following programs:

- Walan Mayinygu, an Indigenous entrepreneurship 'pop-up' innovation hub, led by Associate Professor Michelle Evans.

- CenWest Innovate led by Professor Mark Morrison in Bathurst, a program including ecosystem and entrepreneurial development programs.

- An Agri-tech Incubator Hub in Wagga Wagga led by Professor John Mawson.[106]

3.22   We heard from stakeholders that the BBIP has been effectively used to connect universities, start-ups and industry partners. In its submission the University of

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[103] Submission 10, NSW Government, p. 10

[104] NSW Department of Industry, *Boosting Business Innovation Program*, https://www.industry.nsw.gov.au/business-and-industry-in-nsw/innovation-and-research/boosting-business-innovation-program, accessed 9 July 2018

[105] Submission 10, NSW Government, p. 10

[106] Submission 13, Charles Sturt University, p. 2

Newcastle explained that BBIP funding had assisted the University to develop ecosystem activities tailored to local needs:

> The BBI grant has enabled UON to rapidly consolidate its lead role in enhancing the culture of entrepreneurship within the Newcastle region, and support the growth of startups and new industries in our region. A significant aspect of this funding is the freedom given to our university to curate a program of activity based on the specific needs of our regional ecosystem, and engaging the entire entrepreneurial pipeline. This includes not just serial entrepreneurs, but potential entrepreneurs (e.g. students), aspiring entrepreneurs, mentors, investors and service providers.[107]

3.23   CSU further noted the impact of the BBIP on engaging regional universities with regional start-ups through events and activities:

> The Boosting Business Innovation program supported by NSW Government has enhanced the engagement of regional universities, including CSU, with regional SMEs including start-ups. Attendance at CSU run events and activities by start-ups as part of this program has been encouraging, as is initial interest in tech and business support vouchers. The Program is moving into its second year and better understanding of the benefits it is producing will be realised over time. Nonetheless, there is strong support of the potential role that regional universities can play in supporting start-ups and other businesses. Programs such as BBI which support such engagement are welcome.[108]

3.24   We support efforts to connect regional universities with regional start-ups and local innovation ecosystems. The role of regional universities to encourage regional innovation is discussed further in Chapter Four. The BBIP appears to have had a positive impact in establishing events, courses and activities involving start-ups, which can lead to stronger regional innovation ecosystems. The BBIP is an acknowledgement of the important role regional universities have in supporting regional start-ups and developing entrepreneurial skills in regional communities.

3.25   We encourage the Government to conduct a review of the BBIP to assess its impact across the State and to ensure that regional communities across New South Wales can access opportunities created through the BBIP.

Sydney Startup Hub and the Regional Landing Pad

3.26   The Sydney Startup Hub was officially opened in February 2018. The Hub is a physical space in the Sydney CBD that brings together private incubators, accelerators, investors, Government representatives and New South Wales start-ups. Founders can work from the hub, and it hosts innovation related events that connect and network start-up founders with others in the innovation community.[109]

3.27   The Hub incorporates a Regional Landing Pad that is exclusive and free for use by regional start-ups. Among other functions the Regional Landing Pad is intended to

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[107] Submission 34, University of Newcastle, p. 2

[108] Submission 13, Charles Sturt University, p. 3

[109] NSW Government, *Sydney Startup Hub Fact Sheet*, sydneystartuphub.com/__data/assets/pdf_file/0006/135609/Sydney-Startup-Hub-fact-sheet.pdf, accessed 25 July 2018

provide users access to events and networking sessions hosted by incubators, corporates or industry associations.[110] The Government advised that the Sydney Startup Hub is intended to support regional entrepreneurs by a 'hub and spoke model', which will 'connect metropolitan and regional investors, skills and customers, and help to overcome barriers to growth and commercialisation'.[111] The Committee visited the Sydney Startup Hub and the Regional Landing Pad on 5 March 2018 (see Appendix Three).

3.28   At the Sydney hearing, Ms de Saram advised that as at 30 May 2018 there had been about 150 registrations to use the Regional Landing Pad. Ms de Saram reiterated that the Sydney Startup Hub is intended to be a 'resource and a critical asset for regional New South Wales'.[112]

3.29   Sarah Nolet, Founder and CEO of AgThentic, explained how initiatives such as the Regional Landing Pad that link regional entrepreneurs with businesses in Sydney can be valuable:

> A lot of the start-ups we work with will come to Sydney and we will facilitate a number of meetings here for them. So that is a great way in terms of government support. Things like the Regional Landing Pad here in Sydney is a great way to do that; we can have everyone in the same place all day, so that makes it really easy and builds a bit of a central location for investors and others to know that regional start-ups can come there and will be there.[113]

3.30   However, some stakeholders indicated that the benefits of the Regional Landing Pad may be limited to start-ups which can afford to travel to and from Sydney. Mr Rothacker commented on this at the Coffs Harbour hearing:

> It is great to have a start-up hub as a regional landing pad in Sydney but at the same time I am wondering how the regions are going to benefit from it, because most of the time is spent in the regions.[114]

3.31   Ms Somerville also discussed the Regional Landing Pad, indicating that while it is a positive initiative, there are concerns about the practical assistance the Landing Pad provides to regional start-ups:

> …with the Sydney Start-up Hub, I think it is fantastic. There is a regional landing pad there. I hate the fact that we are put away in a back corner and locked in a room. We are not allowed—well, not allowed, but basically perceived to be shunned away and not speak to anyone, but I think it sends the wrong message. It is great if you are in Sydney to say, "We've got all this free office space in the regions and you can use it." I am not going to pay $1,200 and take two days out of my life to fly up there and back

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[110] NSW Government, *Regional Landing Pad Fact Sheet*, document tabled by Ms Zoe de Saram, 30 May 2018, available: www.parliament.nsw.gov.au/ladocs/other/11441/NSW%20Government%20-%20Regional%20Landing%20Pad%20Fact%20Sheet.PDF, p. 1

[111] Submission 10, NSW Government, p. 10

[112] Ms Zoe de Saram, Transcript of evidence, 30 May 2018, p. 61

[113] Ms Sarah Nolet, Transcript of evidence, 30 May 2018, pp. 47-48

[114] Mr Tony Rothacker, Transcript of evidence, 29 May 2018, p. 39

just so I can use the free meeting space. It is a misguided view of what the region needs.[115]

3.32   We acknowledge that the Sydney Startup Hub and the Regional Landing Pad are new and positive developments for the statewide innovation ecosystem. It is clear that accessing the Hub could bring benefits to regional start-ups, such as increased exposure to private financial investment opportunities, clients, networking, and mentoring. Physically accessing the Hub would also involve a substantial cost in time and money for many start-ups in regional areas of the State far from Sydney, as indicated by Di Somerville.[116]

3.33   We encourage the Government to do more to connect regional start-ups to the opportunities and events available at the Hub through the intended 'hub and spoke model'. After a suitable period of time the Government should conduct an assessment of the impact of the Regional Landing Pad on regional start-ups and regional ecosystem growth.

Current start-up and ecosystem support initiatives need to be better publicised

3.34   Throughout the Inquiry we heard from stakeholders that Government efforts to assist regional start-ups could be better publicised. To resolve this, we recommend that the Government create a single location where the details of all start-up support programs, events and hubs across New South Wales are listed.

Recommendation 4

That the NSW Government list details of start-up and innovation funding programs, events and hubs across the State in one central and easy to access location.

3.35   The recommended central location should be easy to access online and include details of Government support programs as well as networking events, competitions, and physical hub spaces. This would benefit founders, entrepreneurs, and those who are considering entrepreneurship, as it would publicise opportunities and connect potential founders with hubs and programs in their local innovation ecosystem.

3.36   Jobs for NSW or the Department of Industry should be responsible for managing this central resource, and for ensuring it is kept up to date with new programs as they are established. We heard that it is difficult for entrepreneurs to be aware of all grant opportunities due to new programs being initiated and older ones being phased out over time.[117]

3.37   Australian Government start-up initiatives should also be included in this resource to ensure that it can be used by entrepreneurs to see all available programs. The 'Jobs for NSW Funding Roadmap' document, tabled at the Sydney hearing by Ms de Saram, is a positive example of an effort to provide information about start-up

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[115] Ms Di Somerville, Transcript of evidence, 30 May 2018, p. 44

[116] Ms Di Somerville, Transcript of evidence, 30 May 2018, p. 44

[117] Mr Stefan Miller, Transcript of evidence, 29 May 2018, p. 28

support programs in a clear and accessible way.[118] The document clearly shows funding programs provided by the New South Wales and the Australian Governments along a start-up's path from concept to export.

3.38 At the Coffs Harbour hearing Kerry Grace, CEO of RDA Mid North Coast, commented that it can be difficult for entrepreneurs to 'understand reporting requirements, insurance requirements or who to speak to to get help'. Ms Grace indicated that a central place where entrepreneurs can identify the support options along their growth pathway would be useful:

> To get back to the question about what could happen to encourage the whole ecosystem, there needs to be a place that people can access to understand the next step in their pathway.[119]

3.39 FYA argued that a lack of awareness of relevant support programs and local networks makes it difficult for young people wanting to start a new business:

- Young entrepreneurs don't know where to start or lack knowledge and/or expertise to enable them to kick-start a venture.

- Young entrepreneurs lack local networks and don't know what support there is or how to get it.[120]

3.40 Some stakeholders proposed the introduction of a 'one-stop shop' that lists all support programs and initiatives available to start-up founders. RDA Mid North Coast supported this concept:

> There is much scope to create a collaborative regional program which offers start-ups the following; A one-stop shop information portal to training, other learning opportunities, mentoring and collaborative purchasing…[121]

3.41 Ms Nolet advised that a central location where start-up support options could be found and reviewed by entrepreneurs across the State would be useful:

> Specifically things like access to knowledge and resources. In the case of regional Australia that is the central location to go for all my options for funding, all of my options for incubation, all of my options for start-up programs and courses. So a bit of a consolidation of the resources into one place and really easy access digitally to those options. So that is like one really specific thing that could be done that would be really useful.[122]

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[118] NSW Government, *Jobs for NSW Funding Roadmap*, tabled on 30 May 2018, available www.parliament.nsw.gov.au/ladocs/other/11443/NSW%20Government%20-%20Jobs%20for%20NSW%20Funding%20Roadmap.PDF

[119] Ms Kerry Grace, Transcript of evidence, 29 May 2018, p. 15

[120] Submission 18, Foundation for Young Australians, p. 3

[121] Submission 2, RDA Mid North Coast, p. 2

[122] Ms Sarah Nolet, Transcript of evidence, 30 May 2018, p. 48

Business Connect program

3.42   We received feedback that some regional small business owners and start-up founders were unaware of the Government's Business Connect program. This issue was raised during our site visit to Albury and Wagga Wagga in November 2017.

3.43   The Business Connect program is a Government initiative aimed at helping entrepreneurs start and grow small businesses. 70 per cent of the $30 million invested in the program is aimed at regional New South Wales.[123] Under the program 11 independent service providers based across New South Wales provide business advisory services and business skills training.[124] Port Macquarie-Hastings Council advised that strong local take up and business support for the program indicates that it is having a positive impact on businesses in its region.[125]

3.44   We encourage the Government to better publicise the Business Connect program in regional areas. Information needs to be made more widely available about the services and advice available to small businesses and start-ups from Business Connect advisors. We encourage Business Connect advisors to regularly connect with regional innovation ecosystems to ensure there are frequent opportunities for start-up founders to access the program.

Efforts to support regional innovation ecosystems in other jurisdictions

3.45   We acknowledge that governments around Australia are pursuing efforts to support innovation ecosystems in regional areas. Start-up support programs in other jurisdictions can impact on the decisions of start-up founders to remain in New South Wales or move elsewhere. For instance, Port Macquarie-Hastings Council advised that a number of locally based start-ups had relocated to Brisbane:

> 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.[126]

3.46   There appears to be a significant focus by governments in other Australian jurisdictions on providing assistance to develop local innovation ecosystems. Considering the significant efforts in other states to boost regional innovation, we encourage the Government to ensure that regional areas in New South Wales remain competitive in attracting and retaining start-ups.

Advancing Regional Innovation and Community Digital Champions (Queensland)

3.47   The Queensland Government's Advancing Regional Innovation program aimed to connect local innovation efforts in regional areas of Queensland, harness existing strengths and build regional capacity. Twelve regions in Queensland were

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[123] Submission 10, NSW Government, p. 12

[124] NSW Department of Industry, *About Business Connect*, https://www.industry.nsw.gov.au/business-and-industry-in-nsw/businessconnect/about-the-business-connect-program, accessed 4 July 2018

[125] Submission 9, Port Macquarie-Hastings Council, p. 2

[126] Submission 9, Port Macquarie-Hastings Council, p. 3

identified and matched funding of up to $500,000 was made available for each region.[127]

3.48   Regions were encouraged to put forward collaborative applications which could include a number of innovation focused activities to be held across the region. Examples of eligible funding uses included equipping innovation facilities, creating increased access to innovation mentors and experts, and providing start-up skills programs.[128] Proposals were to be driven by a 'lead applicant', required to be an organisation such as a council, an innovation service provider (such as a coworking space) or a publicly funded research organisation.

3.49   The Queensland Government also has a Community Digital Champions program, which seeks to identify outstanding individuals who are passionate digital advocates in regions across the state. Identified Champions are not paid, however they 'seek to inspire their communities' by encouraging use of digital technologies, increasing digital awareness, and increasing online participation.[129]

LaunchVic programs (Victoria)

3.50   The Victorian Government established LaunchVic in 2016 as an independent agency responsible for developing Victoria's start-up ecosystem. LaunchVic does not directly fund start-ups, but provides funding for initiatives to build the state's ecosystem:

> LaunchVic invests in the infrastructure of the startup ecosystem that in turn supports startups and startup entrepreneurs in Victoria. Our role is to enhance competition, collaboration, and quality in the ecosystem, and advocate for the sector. LaunchVic is specifically looking to invest in programs that help startups scale their businesses.
>
> …LaunchVic invests in organisations that deliver education, acceleration, incubation, mentoring, competitions, events or other programs that support Victorian startups with high-impact potential, that use innovation and/or address scalable markets.[130]

3.51   LaunchVic conducts funding rounds which focus on financially supporting different aspects of the Victorian innovation ecosystem. LaunchVic's sixth funding round 'Supporting Local Council Startup Communities' focused on 'increasing diversity and inclusion by supporting local councils to improve access and participation in the startup ecosystem across Victoria'.[131] A total of $2.4 million was invested

[127] Queensland Government, *Advancing Regional Innovation Program*, https://advance.qld.gov.au/entrepreneurs-and-startups-industry-investors-small-business-universities-and-researchers/advancing-regional-innovation-program, accessed 24 July 2018

[128] Queensland Government, *ARIP Guidelines*, https://advance.qld.gov.au/entrepreneurs-and-startups-industry-investors-small-business-universities-and-researchers/advancing-regional-innovation-program/arip-guidelines, accessed 11 July 2018

[129] Queensland Government, *Community Digital Champions*, https://advance.qld.gov.au/entrepreneurs-and-startups/community-digital-champions, accessed 11 July 2018

[130] LaunchVic, *Frequently Asked Questions*, https://launchvic.org/general/faqs, accessed 24 July 2018

[131] LaunchVic, *Funding guidelines*, https://launchvic.org/general/funding-guidelines-round-6, accessed 3 August 2018

through this funding round aimed at boosting 'access and participation in the state's booming startup sector, with a focus on regional Victorian communities'.[132]

3.52   Under this funding round grants were allocated to a number of Victorian regional councils to support innovation ecosystem building activities, including (as an example) $100,000 to the City of Ballarat for the 'STARTUP BALLARAT!' project:

> City of Ballarat to run STARTUP BALLARAT! a program of meetups, hackathons, masterclasses and coworking trials. The program will address gaps for early-stage startups in the local community and aims to create a stronger startup brand for Ballarat to attract more founders, talent and investment.[133]

Regional New Industries Fund (Western Australia)

3.53   The Western Australian Government has established a $4.5 million Regional New Industries Fund aimed at supporting venture creation, acceleration of SME growth and seed innovation initiatives across nine identified regions.[134] The Fund is divided into two streams:

- Regional Stream – grants of up to $300,000 per region to 'seed local initiatives' that build a community's innovation pipeline and drive long term impact; and

- State Network Stream – funding programs that 'increase connectivity and build capability across regions, the state and to international markets'.[135]

Committee Comment

3.54   The programs and funding efforts discussed above appear to have similar characteristics to the LIN program recently implemented by the Government in New South Wales. We encourage the Government to continue to assess the outcomes of similar programs in other jurisdictions and evaluate, learn from and implement successful practices.

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[132] The Hon. Philip Dalidakis MP, Minister for Trade and Investment, Minister for Innovation and Digital Economy, Minister for Small Business, *Funding Boost to Fuel Regional Startups*, https://launchvic.org/files/180704-Funding-Boost-To-Fuel-Regional-Startups.pdf, (4 July 2018), accessed 24 July 2018

[133] LaunchVic, *Round 6 Supporting Local Startup Communities*, https://launchvic.org/rounds/round-6, accessed 24 July 2018

[134] Western Australia Department of Primary Industries and Regional Development, *Regional New Industries Fund*, http://www.drd.wa.gov.au/projects/Economic-Development/Pages/regional_new_industries_fund.aspx, accessed 11 July 2018

[135] Western Australia Department of Primary Industries and Regional Development, *Regional New Industries Fund*, http://www.drd.wa.gov.au/projects/Economic-Development/Pages/regional_new_industries_fund.aspx, accessed 11 July 2018

Chapter Four – Regional start-up hubs and regional universities

4.1 During the Inquiry, we heard from stakeholders about how regional start-up hubs can connect start-up founders, mentors and businesses and build local innovation ecosystems. We observed the positive impact regional universities can have on ecosystems. We have found that regional start-up hubs are important features of regional innovation ecosystems. We have found that regional universities play an important role in encouraging regional innovation.

Finding 2

Regional start-up and innovation hubs are important features of regional innovation ecosystems and serve as centres for start-up events, support, networks and mentoring.

Finding 3

Regional universities are important features of local innovation ecosystems in regional areas and can play a valuable role in supporting regional start-up growth.

Regional start-up hubs

4.2 Start-up hubs are spaces that offer entrepreneurs a physical location to work, access to workshops and events, and opportunities to connect, collaborate with and learn from other start-up founders and entrepreneurs. Hubs are often repositories for resources and advice about government programs and services, and opportunities to access mentoring and financial investment.

4.3 Gary Leung, a start-up founder and YLab Associate at the Foundation for Young Australians (FYA), explained how hubs can provide support and a sense of community for young entrepreneurs through knowledge sharing and collaboration:

> Important in fostering networks are enterprise or collaboration hubs like EnergyLab, the FYA Hub, and the Sydney Startup Hub. These hubs serve as shared spaces where young entrepreneurs work, connect with peers, and collaborate on projects. They allow entrepreneurs working at their desk to turn around and immediately find relevant advice and coaching specific to the problems they are facing.[136]

4.4 Hubs can provide a wide variety of services apart from a physical space and address to work from. These include access to specialist intellectual property lawyers (to provide advice on aspects of business and trademarks), banking services and grant writing assistance. Hubs can be privately run and owned, or owned and coordinated by universities, local councils or the Government. Importantly, some hubs incorporate incubators and/or accelerators to encourage start-up growth.

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[136] Mr Gary Leung, Transcript of evidence, 30 May 2018, p. 25

4.5   Incubator support can incorporate mentorship, technical assistance and/or funding over a long duration to assist the development of a start-up concept. Accelerator support generally occurs over a time-fixed program. It can incorporate education as well as mentorship, equity funding and other support to accelerate a start-up business to the point of commercialisation or to attract further investment or customers. The Sydney Startup Hub is partnered with a number of private incubators and accelerators, including the Studio Incubator and the Microsoft ScaleUp Program.[137] We note that the start-up sector is constantly evolving, and that incubator and accelerator models are flexible and can share common features.

4.6   Incubators and accelerators can be privately run or provided by organisations such as universities. For instance, iAccelerate is a University of Wollongong organisation that offers two main business acceleration and incubation programs, iAccelerate Start and iAccelerate Advanced.[138] iAccelerate is 'built around a robust educational program, formalised business acceleration monitoring and one-to-one mentoring.'[139] Omar Khalifa, CEO of iAccelerate, advised the Committee of the advantages of the iAccelerate facility being part of the University of Wollongong:

> As the university's basic accelerator we do far more than most accelerators by bringing more to the table, including direct access to researchers, a pool of students of all disciplines, access to a vast international network of university accelerators and researchers, exposure to a network of successful alumni as mentors and even investors, and allowance for longer-term time frames for incubating and achieving success.[140]

4.7   Some stakeholders argued that the Government could do more to support the development of more regional satellite accelerators and incubators being linked to regional hubs.[141] The Government outlined in its submission that Jobs for NSW has worked with accelerators and incubators across the State through its Incubator and Accelerator Program. We did not receive sufficient evidence regarding the Incubator and Accelerator Program during the inquiry to assess its impact on regional areas. We note that the Government submission stated:

> Jobs for NSW has developed partnerships with accelerators and incubators across NSW, including those in the regions, to support their ability to nurture high potential start-ups to become jobs generators of the future. This includes support for Eighteen04, a Newcastle-based business incubator to help fast-track the development of smart and sustainable technology in the Hunter region.[142]

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[137] NSW Government, *Sydney Startup Hub – Residents*, sydneystartuphub.com/residents, accessed 24 July 2018

[138] Submission 15, University of Wollongong, p. 2, and *iAccelerate Process* document tabled by Mr Omar Khalifa, 30 May 2018, available www.parliament.nsw.gov.au/ladocs/other/11438/University%20of%20Wollongong%20-%20iAccelerate%20Process.PDF

[139] iAccelerate, *iAccelerate*, https://www.iaccelerate.com.au/about/iaccelerate.html, accessed 1 August 2018

[140] Mr Omar Khalifa, Transcript of evidence, 30 May 2018, p. 33

[141] Mr Omar Khalifa, Transcript of evidence, 30 May 2018, p. 34

[142] Submission 10, NSW Government, p. 10

Impact of regional start-up hubs

4.8   Start-up founder Stefan Miller described how using the Coffs Harbour Innovation Centre had made it possible to live in a regional location and still work with international clients in a supportive entrepreneurial environment:

> First of all, the innovation hub is fantastic. It is really great to work with. It is a good space and everyone is very helpful. Being an international company I think at the moment probably 75 per cent of our clientele are international so I do not really need to be in Sydney or Melbourne and this is not a bad place to live. It is a five-minute drive to work and there is the innovation hub. I cannot complain at all. I really like it.[143]

4.9   Louise Hardman spoke of how useful she had found a local hub in Coffs Harbour, particularly when she was not familiar with the local innovation ecosystem or startup terminology:

> Also the council's Six Degrees co-working space was very important for me as far as providing me with a place that I could go and talk to people that knew how to do business. As a zoologist I walked in going, "Hello. I've got this idea." They said, "Do you want to do a pitch?" I did not even know what a pitch was. In the end, they trained me to do the pitch. That helped me win the start-up [competition].[144]

4.10   In its submission, FYA argued that regional hubs can support and enable youth-led regional economic development:

> FYA advocates for the creation of regional hubs to support and enable youth-led economic development, including start-ups. Regional hubs would provide pathways for young people in regional NSW to develop local enterprises with the support of peer networks, shared infrastructure, access to training and local mentors all within a collaborative environment.[145]

4.11   Annette Cairnduff of FYA argued that hubs are particularly important to support young people trying to establish themselves in the regional innovation ecosystem:

> There are practical things that young people need assistance with learning, including marketing, financial management and all of the things that are associated with starting up a business. Having a hub where they can do that… being able to talk to other people who are at different stages of development at different times is one of the real opportunities in regional Australia.[146]

Access to hubs from more remote regional locations

4.12   Some stakeholders were concerned that hubs may not be accessible to entrepreneurs living in more remote areas, as hubs are generally located in large regional centres. In his submission, Dr James Cowley recommended that regions need a network of hubs to overcome barriers of distance:

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143 Mr Stefan Miller, Transcript of evidence, 29 May 2018, p. 27

144 Ms Louise Hardman, Transcript of evidence, 29 May 2018, p. 20

145 Submission 18, Foundation for Young Australians, p. 4

146 Ms Annette Cairnduff, Transcript of evidence, 30 May 2018, p. 27

> 1 hub in a city does not mean 1 hub in a region. Regions are spread out and need a network of hubs.[147]

4.13　　Dr Stephen Saunders advised that part of Coffs Harbour City Council's economic development strategy is to:

> …create little pop-up hubs, some more formal, some less formal, in all of our village areas over time. We are on record as saying that we want to do another one of those in Sawtell and we will also be looking at other areas. The whole idea is to make it easy for people to access the internet, be able to do their work independently and one of the business owners that I know of actually works internationally but from Coffs.[148]

4.14　　Dr Saunders spoke about the need to digitally connect entrepreneurs in more smaller regional towns through 'mini hubs':

> …we would like to be able to create little mini-hubs. They do not have to be flash environments; they should simply create a network through things like basic video conferencing-type connectivity.[149]

4.15　　Mr Leung noted that hubs are not always accessible to young people living in regional areas, particularly if digital connections to larger city based hubs are not reliable:

> When things go wrong enterprise hubs are an important source of support. They are a place to commiserate with fellow entrepreneurs, deal with the emotions connected to failure and then figure out your next plans. My fear is that young people in regional areas will not get access to the opportunities, networks, and support available from being part of such hubs. Technology offers a potential solution to connect and integrate regional and urban co-working spaces and accelerators, but is not yet fully viable.
>
> The youth unemployment rate in regional New South Wales reaches up to 30 per cent, compared to the national average of 13 per cent. This demonstrates the critical need for development of entrepreneurial hubs and networks.[150]

4.16　　Another concern voiced by stakeholders is that start-up hubs can be perceived as being geared towards the 'technology sector'. John Elgin of the Murray Hume Business Enterprise Centre commented that hubs can seem exclusive and not accessible to people unfamiliar with innovation ecosystems or their terminology:

> The current system of hubs/incubators/accelerators (and other buzz words) are, by their very nature, exclusionary. They require a number of pre-steps and prior knowledge, the capacity to talk the jargon, an elevator pitch, a sexy industry/concept to be pitching. Young people, an introvert, a person with low self-esteem/confidence, or an older person will not even think to pursue an idea, or even raise it in any more than conversation with a friend/colleague.[151]

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[147] Submission 6, Dr James Cowley, p. 6

[148] Dr Stephen Saunders, Transcript of evidence, 29 May 2018, p. 4

[149] Dr Stephen Saunders, Transcript of evidence, 29 May 2018, pp. 8-9

[150] Mr Gary Leung, Transcript of evidence, 30 May 2018, p. 25

[151] Submission 36, Murray Hume Business Enterprise Centre, pp. 1-2

4.17   We understand that hubs play a central role in connecting regional start-up founders with each other and with opportunities and resources. Hubs are also useful for facilitating networks with metropolitan centres, and with other regional hubs around the State. The Government should consider examining the spread of start-up hubs across regional New South Wales to assess their reach and impact on smaller communities outside regional centres. We also acknowledge that there is a need for hubs to be inclusive and approachable, particularly to encourage access by young people or people without entrepreneurial experience.

Connecting regionally and virtually

4.18   Regional hubs often host and facilitate start-up and entrepreneurial focused events, which can involve an in person presentation or meeting or virtual online events and webinars. We heard from stakeholders about the benefits that events such as presentations from successful international entrepreneurs can provide start-ups in regional areas. Other types of start-up related events can include pitchfests, hackathons, conferences, coding nights, networking meetups and competitions. These types of events hosted by regional hubs allow entrepreneurs to connect with peers, share and grow ideas and skills, and continue to build a local ecosystem and a culture of entrepreneurship.

4.19   Virtual events in particular can be used to connect regional start-up founders with activities hosted in Sydney and other cities. Virtual start-up events can include in-person events held at a single hub which are also recorded and live streamed via an online platform or social media application.

4.20   Sarah Nolet advised that her organisation AgThentic has experienced increasing demand for digital content such as podcasts and webinars related to agtech start-ups:

> I would say the digital world is quite receptive to this [webinars, teleconferences and podcasts]. Sure, there are connectivity issues, and I am sure you have heard about that and are aware of that, but podcasts are a great way because you can download them when you have connectivity and listen to them when you need and they are not large. So I would say that is quite a useful way and we get demand for more things like that. We have demand to record the meetups as well as webinars and we also run programs entirely remotely. There is digital infrastructure now in terms of videoconferences, and audio files like podcasts make it quite easy to do things digitally and remotely.[152]

4.21   It is clear that regional hubs can play an important role in facilitating and hosting start-up events, as well providing locations for entrepreneurs to attend and take part in virtual events that are hosted elsewhere but broadcast to a network of hubs. While there is no doubt that in-person events are attractive and useful in developing regional innovation ecosystems, virtual events and digital content also provide benefits and can often be more readily accessed by regional start-up founders.

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[152] Ms Sarah Nolet, Transcript of evidence, 30 May 2018, p. 47

The role of regional universities and the Sydney School of Entrepreneurship

4.22   We have found that regional universities have a significant and active role in encouraging and facilitating innovation in regional New South Wales. During the Inquiry, we heard from three regional universities at public hearings (Southern Cross University, University of Newcastle and University of Wollongong) and visited Charles Sturt University at its Wagga Wagga campus.

4.23   Regional universities educate and mentor start-up founders and entrepreneurs, can provide start-ups with links to students, support opportunities such as incubators and accelerators, and can collaborate with start-ups on joint research projects. Regional universities frequently form a key element of regional innovation ecosystems due to the variety of ways they assist and interact with regional entrepreneurs and innovation communities.

4.24   The Government's Boosting Business Innovation program (BBIP), discussed in Chapter Three, is an example of how support for increased partnerships between business and regional universities can improve regional innovation networks. Universities can also influence the clustering of start-ups focused on particular industries in geographic areas by concentrating resources and local research and innovation initiatives on those industries.

4.25   The Australian Government Department of Industry, Innovation and Science's 2016 report *How Regional Universities Drive Regional Innovation* noted engagement between universities and external organisations is important for regional innovation:

> The ability of universities to drive innovation is dependent on effective engagement with companies and other external organisations. However, university structures typically have divisions between their teaching, research and service activities, making whole of organisation functions like engagement quite challenging. Effective engagement is a challenge for universities because of industry's need for a streamlined interface, or at least the need for university strategies to overcome structural barriers to whole of organisation engagement with industry.[153]

4.26   The report made a number of conclusions about the impact of regional universities on regional innovation, including:

> Conclusion 1.3: Colocation of research activity with regional industry practitioners and stakeholders through regional campuses is a strong driver of regional business innovation.
>
> Conclusion 1.8: Regional universities maintain strategic focuses that are relevant for their communities, and support business innovation within their communities.

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[153] Australian Government Department of Industry, Innovation and Science, *How Regional Universities Drive Regional Innovation*, https://www.industry.gov.au/data-and-publications/how-regional-universities-drive-regional-innovation, accessed 25 July 2018, p. 61

Conclusion 3.1: Regional Australian universities are well placed to drive innovation in their local communities and maintain a concurrent global vision.[154]

4.27 Universities Australia in their 2017 report, *Startup Smarts: Universities and the Startup Economy,* examined data from the Startup Muster organisation to determine how universities and graduates are responsible for startup number growth. Universities Australia noted the following:

- In 2016, 84.4 per cent of startup founders had a university qualification.[155]

- 70.5 per cent of founders with a university education attended an Australian university, with the remaining 29.5 per cent having gone to university in another country.[156]

- In 2013, universities, medical research institutes and publicly funded research agencies had equity holdings in 180 startups.[157]

4.28 Siobhan Curran, Manager, 12N Operations and Programs, University of Newcastle, discussed the role local universities in regional New South Wales play to connect local businesses with undergraduate students looking to participate in a start-up.[158] Ms Curran also emphasised the important role that universities have in providing research capabilities for a particular region or for an emerging research focus.

> From the University of Newcastle's perspective, being a one-university town in a regional centre such as Newcastle provides us with a unique opportunity to provide direct connection for our undergraduate student cohort into industry and business, so providing that talent pool of students who can participate either in start-ups or begin their own start-up businesses and, from the academic perspective, being able to provide research connections to small and medium enterprises [SMEs] and industry to help them solve their problems.[159]

4.29 In its submission, the University of Newcastle noted that the higher education sector is a significant player in Australia's changing innovation culture:

> The higher education sector, as for the national economy, is experiencing increasing disruption and undergoing significant change. All Universities, in varying degrees, are pursuing an approach that will see the Australian research and innovation culture become more entrepreneurial, adaptive to stakeholder needs, and commercially responsive. In the future, successful universities will be part of strong innovation ecosystems that demonstrate clear and facilitated communication and collaboration

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[154] Australian Government Department of Industry, Innovation and Science, *How Regional Universities Drive Regional Innovation*, https://www.industry.gov.au/data-and-publications/how-regional-universities-drive-regional-innovation, accessed 25 July 2018, p. 12

[155] Universities Australia, *Startup Smarts: Universities and the Startup Economy*, (March 2017), p. 9

[156] Universities Australia, *Startup Smarts: Universities and the Startup Economy*, (March 2017), p. 9

[157] Universities Australia, *Startup Smarts: Universities and the Startup Economy*, (March 2017), p. 8

[158] Ms Siobhan Curran, Transcript of evidence, 30 May 2018, p. 17

[159] Ms Siobhan Curran, Transcript of evidence, 30 May 2018, p. 17

pathways for industry and universities to share knowledge, human capital, capacity and opportunities.[160]

4.30   Ms Nolet described the important relationship between universities and regional start-ups. Ms Nolet indicated that there is a need for universities to focus on programs connecting students with mentors and investors, as well as providing training on the best practices of entrepreneurship.[161]

4.31   Universities provide opportunities that can encourage regional young people to remain in regional areas and attract others to relocate to a regional area.[162] Regional universities often form an integral part of regional innovation ecosystems. We note the prominence of iAccelerate at the University of Wollongong and the Agritech Incubator at the Charles Sturt University Wagga Wagga campus.

4.32   We encourage the Government to continue to work closely with universities to foster regional innovation and provide support to regional start-ups. We support continued collaborative programs linking Government and regional university efforts to build an innovation network, such as through the BBIP.

An increased regional focus for the Sydney School of Entrepreneurship

4.33   The Sydney School of Entrepreneurship (SSE) was launched in 2017 as a 'new school for new ways of working' with a goal to drive next-generation Australian entrepreneurship.[163] SSE is a collaboration between 11 New South Wales universities and TAFE NSW, providing academic units of study and other events aimed at supporting and developing entrepreneurial skills.[164]

4.34   Nick Kaye, CEO of SSE, advised during the Sydney hearing that over 30 per cent of SSE students are from regional New South Wales.[165] Mr Kaye indicated that SSE works with regional universities to connect students across the State to entrepreneurship education opportunities, and SSE staff form part of the State's broader innovation ecosystem:

> Members outside of Sydney are an essential part of the school: Charles Sturt, Southern Cross, Newcastle, New England and Wollongong universities and of course the network of regional TAFE NSW campuses. To date more than 30 per cent of students undertaking our core unit join us from regional New South Wales. Our teaching team, the peer-to-peer network and industry connections empower student entrepreneurs to understand, access and participate within their relevant local and statewide as well as sectorial ecosystems. We provide direct contact with major start-ups including Canva and Facebook, amongst others, and of course the Sydney Startup Hub.[166]

4.35   A number of stakeholders indicated that SSE can play an important role in providing entrepreneurship education and connecting regionally located

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[160] Submission 34, University of Newcastle, p. 1

[161] Ms Sarah Nolet, Transcript of evidence, 30 May 2018, p. 51

[162] Ms Kerry Grace, Transcript of evidence, 29 May 2018, p. 11

[163] Mr Nick Kaye, Transcript of evidence, 30 May 2018, p. 2

[164] Sydney School of Entrepreneurship, *Sydney School of Entrepreneurship*, sse.edu.au, accessed 5 July 2018

[165] Mr Nick Kaye, Transcript of evidence, 30 May 2018, p. 2

[166] Mr Nick Kaye, Transcript of evidence, 30 May 2018, p. 2

universities and TAFEs. Charles Sturt University advised that it is an active supporter of SSE through regional events and developing programs and initiatives.[167] Ms Curran highlighted that students from University of Newcastle faculties including engineering, built environment and science had participated in SSE programs.[168]

4.36   Concerns were raised during the Inquiry about the ability of people in regional New South Wales to access the courses, events and opportunities provided by SSE. Mr Khalifa indicated doubts about the ability of city based entrepreneurship initiatives to assist regional areas:

> It has created a base for those entrepreneurs who need to come into the city to activate networks here. It is more useful to us that we have facilities like that for entrepreneurs to take advantage of from wherever they are in New South Wales. That is great. Whether or not city-based entrepreneurship centres can help much in the regions, I have my doubts. We understand the regions better, we deal with the people there and understand the issues there and often times urban focussed entrepreneurship centres begin to focus on things that are much more distant to what is necessary.[169]

4.37   In response to questions about how the Sydney-based SSE supports regional students and regional start-up founders, Mr Kaye indicated that the regional activities of SSE will evolve over time, as the SSE model is fine-tuned.[170] Mr Kaye noted how SSE had utilised virtual events as part of their training activities to access regional communities.[171] Mr Kaye also advised that SSE is able to use the resources of its regional university partners to conduct physical events such as workshops, hackathons or units of study.[172]

4.38   Ms Curran argued that there is scope for SSE to provide more support to regional New South Wales, possibly through coordinating more regional visits by successful entrepreneurs visiting the State:

> I do think that there is probably capacity, or there could be capacity, by the Sydney School of Entrepreneurship to support the regions more broadly, potentially, through their speaker Visiting Entrepreneurs Program. We have been able to take advantage of that where we have had two entrepreneurs visit through their program. They speak at Sydney and then at regional universities. Several of those are selected for that entrepreneur to go and speak there as well. That is just so valuable for us to be able to access that kind of talent.[173]

4.39   Ms Curran further commented:

> …I think the engagement is much higher when the person is in the room. Obviously, they are able to ask questions. Participants are able to ask questions of the speaker

[167] Submission 13, Charles Sturt University, p. 2

[168] Ms Siobhan Curran, Transcript of evidence, 30 May 2018, p. 17

[169] Mr Omar Khalifa, Transcript of evidence, 30 May 2018, p. 39

[170] Mr Nick Kaye, Transcript of evidence, 30 May 2018, p. 3

[171] Mr Nick Kaye, Transcript of evidence, 30 May 2018, p. 2

[172] Mr Nick Kaye, Transcript of evidence, 30 May 2018, p. 4

[173] Ms Siobhan Curran, Transcript of evidence, 30 May 2018, p. 23

afterwards. I think it provides a much greater feeling of goodwill that the region is deemed important enough to have a speaker come to that region to speak directly.[174]

4.40   We welcome SSE's efforts to encourage entrepreneurship throughout New South Wales, particularly through working with universities and TAFE. We acknowledge that SSE is still a new initiative, however we consider that regional areas could benefit more from SSE initiatives. We encourage the Government to work with SSE to ensure that courses, resources and events are available to people who live outside Sydney.

4.41   While we support the use of virtual programs and events to connect with regional students and entrepreneurs, there remains significant value in holding physical events in regional areas. We strongly support SSE's previous efforts to organise notable speakers on entrepreneurship to attend events in regional areas, along with events in Sydney. We encourage the Government to ensure that the regions of New South Wales have opportunities to hold events involving presentations from leaders in innovation and entrepreneurship.

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[174] Ms Siobhan Curran, Transcript of evidence, 30 May 2018, p. 23

Chapter Five – Innovation and start-up competitions

5.1   Competitions, challenges and prizes are approaches that can be used to support entrepreneurs, encourage innovation, and enable regional start-ups to access funding and other opportunities. A number of regional start-up competitions are currently held in New South Wales. The Government also currently uses a competition/challenge model to encourage innovative solutions in transport and other complex issues.

5.2   We find that start-up competitions are effective ways to provide funding and support to regional start-ups which have potential for growth. Along with financial prizes, competition prizes can include expert advice, mentoring, and access to training opportunities, all of which are extremely important for start-up founders, particularly in regional areas.

> **Finding 4**
>
> **Start-up competitions are effective ways to support promising start-ups through financial, education and mentorship prizes. Competitions also help to develop local innovation ecosystems and provide entrepreneurs with opportunities to network and obtain experience, support and exposure.**

Competitions provide a number of benefits to participants

5.3   During our site visit to the Charles Sturt University Agritech Incubator in Wagga Wagga, we spoke with a number of local start-up founders and discussed ways Government could further support regional start-ups. A suggestion made during the visit was that governments should consider organising or sponsoring more start-up and innovation competitions as an alternative funding mechanism. Possible advantages of competitions that were discussed at the visit included:

- The creation of connections and networks between start-ups and others involved in innovation and entrepreneurship;

- The publicity and exposure provided for start-ups involved; and

- Financial prizes to assist start-up growth.[175]

5.4   The Kaufmann Foundation, an organisation focused on education and entrepreneurship based in the United States, has examined types of 'early stage entrepreneurship support programs' and the impact of competitions in encouraging entrepreneurship. The Foundation has noted that prize competitions are effective at encouraging new entrants to an innovation ecosystem, but they

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[175] Site visit report, Southern NSW, 6 November 2017 (see Appendix Three)

can also redirect labour and attention towards competition potentially at the cost of useful work.[176]

5.5   For competitors who do not win a competition there are positive outcomes for simply being involved. The Foundation highlighted the benefits that competitions can provide start-ups and entrepreneurs in addition to financial prizes:

> Early theoretical work on the mechanism behind prize competitions has stressed monetary rewards, but the empirical work in prizes has suggested that non-monetary incentives seem to dominate monetary in the actual operation of prizes. The emerging empirical evidence on prize competitions has stressed the non-monetary impacts of competitions such as the signal value obtained by winning a competition. Thus, prize competitions are one of the ways in which entrepreneurs can improve their capacity to gain access to critical resources. Another set of institutions that facilitate the process of resource acquisition are networking events which improve an entrepreneur's social capital. Taken together, competitions and prizes are critical institutions in an innovation ecosystem that facilitate the improvement of the capacity of early stage firms to gain resources.[177]

5.6   It is important for the Government to encourage start-up growth in regional areas due to the potential jobs that these innovative up-scaling businesses can create. Sarah Nolet of AgThentic advised that Government support for prizes, pitches or competitions can encourage people considering founding a start-up to take the risk and pursue entrepreneurship:

> I think that is where Government can really support in facilitating models, whether it is prizes, pitches or competitions, that increase the birth rate and raise awareness of start-ups as a tool for regional entrepreneurs and regional entrepreneurship is a path. That is one area. There are lots of examples of that, which I am sure you have heard about from different submissions that are already happening.[178]

5.7   Two concerns raised throughout the Inquiry were that regional start-ups lacked access to funding opportunities, and that regional innovation ecosystems needed support to provide adequate mentoring, networking and development opportunities for start-up founders.

5.8   Establishing a program to support local regional start-up pitchfest style competitions in regional New South Wales could respond to both of these concerns. Prize seed funding can be made available for competition winners. Competitions will also provide opportunities for networking and mentorship along with publicity and exposure for all competing start-ups.

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[176] Kaufmann Foundation, *Early Stage Entrepreneurship Support Programs*, https://www.kauffman.org/microsites/state-of-the-field/topics/entrepreneurial-support-programs, accessed 9 July 2018

[177] Kaufmann Foundation, *Early Stage Entrepreneurship Support Programs*, https://www.kauffman.org/microsites/state-of-the-field/topics/entrepreneurial-support-programs, accessed 9 July 2018

[178] Ms Sarah Nolet, Transcript of evidence, 30 May 2018, p. 50

Regional electorate start-up competitions

5.9   We recommend that the Government establish a program to support start-up competitions in each of the State's regional electorates. These competitions could form a central event for regional innovation ecosystems across New South Wales. Regional electorate competitions will be opportunities for budding entrepreneurs to network and connect with others in the regional innovation space, including local councils, regional universities and private accelerators and incubators. These competitions would be highly transparent but involve a simple application process to encourage start-ups to become involved.

Recommendation 5

That the NSW Government establish a program to support start-up competitions in each regional electorate in New South Wales.

5.10   An annual start-up competition in each regional electorate in New South Wales would have the following beneficial impacts:

- Encouraging regional innovation and a culture of regional entrepreneurship;

- Showcasing promising start-ups in each regional electorate and highlighting examples to encourage others;

- Providing seed funding to competition winners, as well as providing support, mentoring, networking and advice opportunities to all entrants; and

- Building local regional innovation ecosystems around a key annual event.

5.11   Our recommended program would allow local organisations, local innovation champions and others to apply for funding to run local pitchfest style competitions in their regional electorate. The competitions should not be directly run by the Government. Local innovation champions (such as prominent entrepreneurs and start-up founders in a regional ecosystem) could apply for funding to run these competitions. Regional councils and universities could also apply to coordinate the competitions. It is optimal for these competitions to be driven by the specific circumstances of the local area and they should complement other initiatives in the local ecosystem.

5.12   Regional electorate competitions should be aimed at start-ups at an early stage of growth, where founders can pitch early stage ideas. Regional electorate competitions could also incorporate support and sponsorship from the private sector to enhance the reach and effectiveness of the event. The recommended program should not exclude applicants who are already coordinating start-up competitions in regional areas. Groups who have already made efforts to build regional competitions should not be disadvantaged.

5.13   Funding available to successful applicants through the regional electorate competition program should incorporate two parts:

- An appropriate sum of funding available to applicants to coordinate, publicise and run a competition; and

- An appropriate sum to be used as part of the financial 'seed funding' prize for the successful start-up at the end of a competition.

5.14   During the Inquiry we encountered two regional start-up competitions that had been locally initiated and that had successfully encouraged innovation and start-ups in the local area. These regional competitions are examples of the type of competitions that the recommended regional electorate competition program could support, and are discussed below.

Hume Bank Life Tech Challenge

5.15   During our site visit to Albury and Wagga Wagga we met with representatives of Hume Bank to discuss the Hume Bank Life Tech Challenge, an innovation pitch competition based in Albury.[179]

5.16   Described as 'looking for innovative, driven, visionary people who have an idea to improve a standard of living through technology,' the challenge incorporates a financial prize along with 12 months of mentoring from successful local entrepreneurs.[180] The mentoring component was described as the key part of the competition's prize by the Murray Hume Business Enterprise Centre:

> … the key prize for the ultimate winner for the Hume Bank Tech Challenge was not the money (it helps), but was the year-long mentoring/coaching they will receive… The capacity to have capable people to challenge them, a sounding board, brainstorm, a subtle adjustment in approach/attitude/design makes a huge difference.[181]

Startup Coffs Coast Pitch Competition

5.17   Startup Coffs Coast is a start-up and innovation event held in Coffs Harbour involving expert speakers and opportunities for local start-ups to showcase their work. The event includes a Pitch Competition, where start-up founders 'pitch their innovative business idea to a panel of business experts and an audience of other entrepreneurs, small business owners, potential investors, students, and business and community leaders'.[182] The 2018 Pitch Competition main prize was a $30,000 package, including $5,000 in non-equity seed funding, mentorship, six months access to the Coffs Harbour Innovation Hub, and business advice.[183]

5.18   At the Coffs Harbour hearing we spoke about the competition with representatives from Coffs Harbour City Council, and with a previous Pitch Competition winner, Louise Hardman. Dr Stephen Saunders of Coffs Harbour City Council described Startup Coffs Coast and the Pitch Competition at the hearing:

> We have an annual innovation event. If you could imagine something a bit like Shark Tank on television, but a much friendlier version. We run an annual event called Startup Coffs Coast where from across the region, from Clarence all the way down to Nambucca shire, across to Bellingen shire, we attract entrepreneurs to come and pitch

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[179] Site visit report, Southern NSW, 6 November 2017 (see Appendix Three)

[180] Hume Bank, *Life Tech Challenge 2018*, https://www.humebank.com.au/promotions/life-tech-br-challenge-2018-br, accessed 10 July 2018

[181] Submission 36, Murray Hume Business Enterprise Centre, p. 2

[182] Startup Coffs Coast, *Pitch Competition*, https://startupcoffscoast.com/pitch-comp/, accessed 10 July 2018

[183] Startup Coffs Coast, *Pitch Competition*, https://startupcoffscoast.com/pitch-comp/, accessed 10 July 2018

their new business ideas. They compete for prizes. We have an independent set of judges.[184]

5.19   Dr Saunders explained that competing start-ups benefited from exposure to other entrepreneurs, potential investors, and other interested groups:

> Part of the competition is all about exposing people within the ecosystem to new partners as well. It is not only about the main prize.[185]

5.20   Louise Hardman of local start-up The Plastic Collective indicated that her success in the Startup Coffs Coast Pitch Competition, along with use of the local Coffs Harbour coworking space, had been crucial to her start-up's development. Ms Hardman indicated that the competition was a 'great stepping stone' to the growth of her business.[186]

A second stage competition as a growth pathway for more established regional start-ups

5.21   Start-up founders can have difficulty accessing investment at a number of growth stages. It can be particularly difficult at the stage where start-ups are preparing to commercialise their product and access broader markets, after research and development has been completed.

5.22   We also consider that start-up competitions can be significant opportunities to broadly highlight, publicise and encourage entrepreneurship and innovation across regional New South Wales.

5.23   In order to publicly acknowledge examples of promising regional start-ups, and to provide an alternative option for these start-ups to access funding, we recommend that the Government establish a 'second stage' start-up competition. This competition will be the second stage of our proposed competition strategy as it will be open only to regional start-ups which have been previously successful in a regional electorate competition. This second stage start-up competition would be referred to as the 'Regional Growth Pathway' competition.

Recommendation 6

That the NSW Government establish a 'Regional Growth Pathway' competition available to regional start-ups that were previously successful in a regional electorate competition.

5.24   The 'Regional Growth Pathway' competition is aimed at start-ups that are more established than start-ups competing at regional electorate competitions. The competition would provide another avenue for promising regional start-ups to obtain funding and support to commercialise their product or service and access additional clients. Importantly, this regional New South Wales-wide competition

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184 Dr Stephen Saunders, Transcript of evidence, 29 May 2018, p. 2

185 Dr Stephen Saunders, Transcript of evidence, 29 May 2018, p. 6

186 Ms Louise Hardman, Transcript of evidence, 29 May 2018, p. 20

would provide a platform for the Government to publicly acknowledge regional innovation and entrepreneurship.

5.25   Entrants would compete for more substantial prize funding and support compared to the prizes available through the recommended regional electorate competitions. Similar to the regional electorate competitions, but on a larger scale, benefits would also exist for unsuccessful entrants in the form of opportunities for networking, publicity and skill building.

5.26   We recommend that the prize money amount for the 'Regional Growth Pathway' competition should be a sufficient sum to have a real impact towards commercialisation for the successful start-up. The prize money should not be equity-based and should be provided in a package with opportunities for mentoring and other assistance towards commercialisation.

5.27   The non-equity based funding aspect of the prize will be attractive for start-up founders, as will the public acknowledgement that comes with winning a regional New South Wales-wide competition. The 'Regional Growth Pathway' competition should include a condition that the successful start-up base its operations within New South Wales, in order to retain in the State the increase in jobs that accompanies start-up growth.

5.28   Unlike the regional electorate competitions, the 'Regional Growth Pathway' competition should be coordinated by the Government, with Jobs for NSW taking a lead role in organising the competition and promoting it across the State. The Government should ensure that the competition is widely publicised and can be used as an opportunity to promote regional New South Wales as a place of innovation, entrepreneurship and successful small businesses.

5.29   The 'Regional Growth Pathway' start-up competition should only be available to regional start-ups previously successful at the regional electorate competition level after they have sufficiently incubated their concept. It is intended that start-ups would only consider entering the 'Regional Growth Pathway' competition at a growth stage where they are seeking support and investment to commercialise their product.

5.30   During the Inquiry it was indicated that start-ups can have difficulties in accessing funding to commercialise their model or product. At the Coffs Harbour hearing, when asked about the one thing the Government could do to assist her start-up, Ms Hardman advised:

> Probably being able to get a $50,000 loan that goes in between research and development so you can really get started. There is a gap there. Once your research is done and before you get the contracts coming in or you have one or two, it would be good to have that money to make that leap. That is the most important thing for me.
>
> I know that in another 12 months I will probably have enough contracts and income to be able to apply for more funding. We will probably be off and running by then, but it would be good to have that money when we get to the point where we have to build the first five machines after we have put everything into research and development. We could use it to pay a graphic designer and to do brochures. Two guys have just done some fantastic filming. We are lucky that we now have some sponsorship from

different companies to pay for the media, and we will use that for promotion to try to sell a few machines and programs. It is the proof of concept. Now that I have the first machine in the field, I can say, "Yes, I've done it; it works." It would be that in-between bit.[187]

5.31   Stefan Miller of the ShotTrack start-up also advised that he had had difficulty in accessing funding and support to commercialise one of his products:

I applied also for the commercialisation grant. I gave it to the case manager and he said that I was probably asking for a bit too much money for what I am looking at. I do not know. The way they put it, you need to prove that people want it but you cannot have first say. It is a catch-22 situation. It is very hard to get another business to invest if we do not have any potential sales as yet.[188]

5.32   We note that the Australian Government offers an Accelerating Commercialisation Grant, which can provide businesses with access to advice and matched funding of 'up to $1 million to cover eligible commercialisation costs to help them to take novel products, processes and services to market.'[189] The recommended 'Regional Growth Pathway' competition could be seen as a possible additional route to the Grant for regional start-ups in New South Wales.

Other innovation competitions

5.33   We note that the Australia Post Regional Pitchfest (run in 2016 and 2017) is a previous example of a pitch-style competition that encouraged innovation and new start-ups throughout regional Australia.[190] The Government has also used competitions and prizes to encourage public participation in the development of innovative solutions to complex issues. Some examples of Government run competitions in New South Wales are discussed below.

Innovation Launch

5.34   The Government's Innovation Launch program is a 'program of structured challenges designed to help innovators collaborate with government to solve important problems. Seed funding of up to $150,000 is available to successful proponents, which enables them to undergo incubation, as well as advance their ideas.'[191]

5.35   The Innovation Launch program provides funding for transformative ideas that can be shown to deliver public value. The program incorporates challenges where innovative concepts are invited in response to specific policy issues, including:

- Reducing Domestic Violence Reoffending;

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[187] Ms Louise Hardman, Transcript of evidence, 29 May 2018, p. 24

[188] Mr Stefan Miller, Transcript of evidence, 29 May 2018, p. 27

[189] Australian Government, *Accelerating Commercialisation*, https://www.business.gov.au/Assistance/Entrepreneurs-Programme/Accelerating-Commercialisation, accessed 5 July 2018

[190] Australia Post Regional Pitchfest, *What is Pitchfest*, https://regionalpitchfest.com/about/, accessed 8 August 2018

[191] Submission 10, NSW Government, p. 11

- Youth Employment Innovation Challenge; and

- Smart Cities and Accessibility.[192]

5.36   Competition applicants are shortlisted and invited to pitch their ideas and compete for funding. Ideas are assessed based on four key functions: the strategic fit of the idea with policy priorities, how innovative the idea is, how valuable the idea is; and the potential for the idea to scale within government.[193] Successful concepts are incubated and supported towards being piloted with a government agency.[194]

5.37   Bathurst Regional Council encouraged the use of competitions similar to Innovation Launch to provide opportunities for regional start-ups to be exposed to potential investors and build skills and experience:

> Council strongly encourages the exploration of these pitching platforms [such as Innovation Launch challenges and Regulatory Sandboxes] to place potential start-up ideas in front of investors. Facilitating such contact will allow entrepreneurs to attract funding and to network with individuals and organisations who may be able to help launch their business. These businesses could also be a joint venture between all levels of government in providing funding to start-ups who have met the required criteria to receive seed funding (supported by the necessary documentation). Additionally, the opportunity to pitch to potential investors is an invaluable experience for up and coming entrepreneurs and the provision of these platforms will further develop their skills.[195]

Transport Pitchfest and Travel Choices Innovation Challenge

5.38   Transport for NSW runs Transport Pitchfest, an opportunity for the public to submit innovative ideas that would benefit the transport system. Innovative ideas are submitted online and can be chosen for a 'Pitch Day', when submitters present their idea to Transport for NSW and explain how it would benefit customers. One of the key judging criteria is innovation – whether the concept is unique, original, and demonstrates tangible technical innovations.[196]

5.39   Transport for NSW also runs the Travel Choices Innovation Challenge, a competition aimed at prompting 'innovative thinking around digital products and services that could provide customers with trip planning information alongside messages that encourage customer travel behaviour change.'[197] Challenge winners receive support from Transport for NSW. A number of products endorsed by Transport for NSW have been incubated and delivered through the Challenge.[198]

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[192] NSW Government, *Challenges*, https://launch.innovation.nsw.gov.au/ct/c_b.bix, accessed 5 July 2018

[193] NSW Government, *Selection Criteria*, https://launch.innovation.nsw.gov.au/ct/c_e.bix, accessed 18 July 2018

[194] NSW Government, *How the Challenge Process Works*, https://launch.innovation.nsw.gov.au/ct/c_c.bix, accessed 18 July 2018

[195] Submission 28, Bathurst Regional Council, p. 5

[196] NSW Government Open Data, *Transport Pitchfest*, https://opendata.transport.nsw.gov.au/transport-pitchfest, accessed 20 July 2018

[197] NSW Government Open Data, *Travel Choices Innovation Challenge*, https://opendata.transport.nsw.gov.au/travel-choices-innovation-challenge, accessed 20 July 2018

[198] NSW Government Open Data, *Products from the Travel Choices Innovation Challenge*, https://opendata.transport.nsw.gov.au/products-from-travel-choices-innovation-challenge, accessed 20 July 2018

Committee Comment

5.40   We support efforts to solve complex problems and deliver public value through Innovation Launch challenges, which encourage innovative social enterprise start-ups to work with Government. Our recommended new regional electorate competitions and 'Regional Growth Pathway' competition would be open to all types of start-ups. Our recommended competitions should complement the Innovation Launch program as additional mechanisms to encourage entrepreneurship and innovation in New South Wales. We encourage the Government to continue to use Innovation Launch Challenges into the future to inspire innovative responses to complex issues facing New South Wales.

Chapter Six – School age education in entrepreneurship in regional New South Wales

6.1   During the Inquiry, we heard from a number of stakeholders that entrepreneurship should be highlighted in schools as a possible and viable career option, rather than as a risky alternative.

6.2   We recommend that the Government take further steps to highlight entrepreneurship as a possible career option for students, particularly in regional areas. The Government should support more programs that encourage and develop entrepreneurial skills, such as the $20 Boss program provided by the Foundation for Young Australians (FYA). These entrepreneurial programs could include connections with local entrepreneurs, community and business groups, particularly for schools located in regional New South Wales.

Recommendation 7

That the NSW Government support efforts to encourage entrepreneurship in schools, particularly in regional areas, and consider working with local community groups to provide entrepreneurship programs for students.

Changing attitudes to entrepreneurship

6.3   We heard from stakeholders that changing public and regional attitudes towards entrepreneurship is necessary to encourage innovation, start-ups and business growth, particularly in regional areas.

6.4   Annette Cairnduff from FYA argued that a negative perception of entrepreneurship is a barrier for regional young people:

> …for lots of young people setting out on an entrepreneurial path, it is not necessarily acknowledged or recognised as part of a contribution to the community. It is often seen as I am doing it for self, not that I am creating jobs. I am part of the economy; it is a valuable path in respect of the way that I am contributing to the broader economy and to the world more generally.[199]

6.5   FYA noted that young people in regional areas can 'lack something to aspire and thrive in' and 'the narrative in every regional area, particularly by schools, seems to be 'you need to leave to succeed''. [200]

6.6   Liam O'Duibhir, Chief Coordinator of IntoIT Sapphire Coast and Director of 2pi Software, commented on the need for attitudes to entrepreneurship to change in order for regional entrepreneurship to flourish:

> I think that a certain amount of cultural transformation has to happen so that entrepreneurship as a career will flourish... If that cultural transformation does not happen, then entrepreneurship will always be at the far end of the spectrum, basically.

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[199] Ms Annette Cairnduff, Transcript of evidence, 30 May 2018, p. 29

[200] Submission 18, Foundation for Young Australians, p. 4

> Young kids will not be encouraged. They will be encouraged into safer career options.[201]

6.7   John Elgin of Murray Hume Business Enterprise Centre noted that the need to adjust attitudes towards business is the 'key to start-up culture'.[202] It was noted during our site visit to Albury and Wagga Wagga that resilience is a key skill held by successful entrepreneurs and that failure can be seen as a positive if an individual can learn and develop from the experience.[203] Mr Elgin further stated:

> We need to make it less about failure than learning. There needs to be a communications strategy that encourages a new attitude to business and failure as a necessary step in the process.[204]

6.8   Dr Stephen Saunders, Section Leader, Industry and Destination Development, Coffs Harbour City Council, argued that educating and equipping younger generations with entrepreneurial skills is essential for an innovative start-up culture to grow:

> I believe that is for a culture of innovation and entrepreneurship to be established. We need to be starting at an even younger cohort now. I do not have the technical understanding of education to know exactly what age group but if we are looking for cultural change, it needs to start at a relatively early age.[205]

6.9   For regional areas experiencing higher rates of youth unemployment, it is particularly important that entrepreneurship is seen as a viable career opportunity. In June 2018, youth unemployment in the Greater Sydney area was recorded at 9.6 per cent, while the rate in regional New South Wales was 11.9 per cent.[206] Improving regional employment opportunities is an important step in encouraging regional young people to remain in regional areas rather than seek jobs in Sydney or elsewhere.

6.10   In his submission, Dr Paul Collits noted the importance of growing the pipeline of entrepreneurs for the future of regional economies:

> We need a framework for identifying emerging entrepreneurs and supporting them towards starting businesses, especially young people who will be the future stars of the region's economy. This is, in effect, about growing the "pipeline" of entrepreneurs. Pipeline development will involve actively promoting the entrepreneurial mindset in the community and among our young people. It is worth remembering that by 2025 75% of the world's workforce will be millennials.[207]

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[201] Mr Liam O'Duibhir, Transcript of evidence, 30 May 2018, p. 10

[202] Submission 36, Murray Hume Business Enterprise Centre, p. 1

[203] Site visit report, Southern NSW, 6 November 2017 (see Appendix Three)

[204] Submission 36, Murray Hume Business Enterprise Centre, p. 2

[205] Dr Stephen Saunders, Transcript of evidence, 29 May 2018, p. 3

[206] NSW Parliamentary Research Service, *Regional labour force trends and NSW electorates (June 2018)*, www.parliament.nsw.gov.au/researchpapers/Pages/NSW-regional-labour-force-data---interactive-portal.aspx, accessed 8 August 2018

[207] Submission 5, Dr Paul Collits, p. 55

6.11   RDA Northern Rivers acknowledged that people in regional New South Wales are naturally innovative, and that this innovative perspective could be channelled into successful start-ups:

> Innovation is already part of the makeup of rural and regional New South Wales and has been for hundreds of years. What is needed now is a revitalising of that history and the establishment of a broad network to start co-ordinating and bringing in the knowledge of what is available so that the people of regional NSW can show the world how to apply that knowledge successfully.[208]

6.12   We agree that a shift in attitudes towards entrepreneurship is needed to enable a start-up culture to flourish in regional areas and for entrepreneurship to be more widely seen as a viable and positive career option. We understand that universities, regional councils and others are attempting to change these attitudes, particularly by providing school level programs that encourage entrepreneurial skills.

Benefits of school age entrepreneurial education

6.13   During the Inquiry, stakeholders indicated that the Government could do more to ensure that entrepreneurship is seen as a positive career path. This could be achieved through supporting more programs in schools that encourage entrepreneurial thinking and skills.

Innovation, collaboration and financial literacy

6.14   Entrepreneurial programs encourage ideation, problem solving, teamwork and innovation skills. Siobhan Curran of the University of Newcastle noted the beneficial impact of events such as hackathons and networking opportunities on students and their skill development:

> We put on an event called Ideas Collider, which is like a mini hackathon. They [the students] have an hour to come up with an idea. It is basically just to get people in the mindset about what it takes to develop an idea. We split them into groups where they do not know each other. There is a level of uncertainty around what the skills are on the table so they have to learn very quickly and then also address certain criteria within a pitch at the end of that one hour to present a commercial potential idea. It is through those kinds of programs where we are introducing people to the concept of entrepreneurship and risk taking and realising that you do not have to have something perfect to present and you do not have to work on it for years and months and spend thousands and thousands of dollars to do it. That particular program is being deployed with five Hunter-based high schools in the beginning of July. [209]

6.15   Ms Cairnduff informed us of the FYA $20 Boss program, which involves giving school children a '$20 start-up grant' to set up a social enterprise over the course of the term:

> It [$20 Boss] is the largest program run in schools for young people. The students get a $20 start-up grant and they set up a social enterprise over the term. It is mapped to the curriculum, so it is not run in class. The students then return the investment; they have to pay us back the $20 at the end of the program. Those young people are

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[208] Submission 7, RDA Northern Rivers, p. 3

[209] Ms Siobhan Curran, Transcript of evidence, 30 May 2018, p. 22

making thousands and thousands of bucks out of their $20 for their local community and local charities.[210]

6.16   The program helps students develop skills in communication, collaboration, critical thinking and problem solving. Ms Cairnduff described these skills as 'things that cross multiple domains in terms of the skills and capabilities we need young people to have for the future of work'.[211]

6.17   Ms Cairnduff argued that programs like $20 Boss are useful tools to promote entrepreneurship in regional schools. She emphasised the importance of entrepreneurship programs for students as they provide opportunities for young people to create something and 'fail or succeed':

> These programs give young people an opportunity to start up something. They have an opportunity to work and collaborate with people to start something up in their own community that is relevant to their own lives, that they have connection to in terms of their own day-to-day experience, and that is relevant to their community and place. We know that with young children, in particular, it is very important. It is important to have opportunities to experience what it is like to start something up from scratch, to fail or succeed, to put something into action and to have the opportunity to engage with other young entrepreneurs from the region.[212]

6.18   Entrepreneurial programs in schools enable students to innovatively experiment with real-world situations, which can motivate students to learn more about entrepreneurship and starting a business. We strongly encourage the Government to consider supporting more entrepreneurial programs in schools across the State, particularly in regional New South Wales. These programs could be delivered in partnership with local entrepreneurs and community groups.

Employability

6.19   Stakeholders emphasised that entrepreneurial programs enable students to build skills that can be applied in real-world jobs and improve their employability. This is particularly important in regional areas where youth unemployment rates are higher. Dr Saunders explained that employability was one of the desired outcomes of Coffs Harbour City Council's Youth Entrepreneur Program:

> One of the things that we have done since making the submission is to commence support for a pilot program called the Youth Entrepreneur Program... In essence, what this is, is supporting high school youth to go through a structured program on what it means to be an entrepreneur, and through a facilitated program pick up skills over a 20-week period that would enable them to either move into an entrepreneurial type environment or enhance their employment skills and their employability.[213]

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[210] Ms Annette Cairnduff, Transcript of evidence, 30 May 2018, p. 26

[211] Ms Annette Cairnduff, Transcript of evidence, 30 May 2018, p. 28

[212] Ms Annette Cairnduff, Transcript of evidence, 30 May 2018, p. 27

[213] Dr Stephen Saunders, Transcript of evidence, 29 May 2018, p. 2

STEM skill building

6.20   Some stakeholders noted the importance of science, technology, engineering and mathematics (STEM) education to equip young people with skills to develop future start-ups. We note that the Government's Innovation Strategy states:

> To meet the future needs of industry we must ensure the right mix of talent, with skills in diverse fields such as critical and experimental thinking, creative problem solving, managed risk-taking, management and entrepreneurship, along with science, technology, engineering and mathematics (STEM).[214]

6.21   Mr O'Duibhir outlined the initiatives he has been involved in in the Bega region to encourage STEM learning inside and outside the classroom, including through events such as National Science Week:

> We are also working with others in the community to promote participation in STEM learning, particularly amongst young people, both within and outside the school curriculum. We actively take part in National Science Week and have been instrumental in organising demonstration of scientific applications of drones/quadcopters, robotics-building workshops, synthesiser-making, 3D printing, virtual reality and coding.[215]

6.22   Sarah Nolet, Founder and CEO of AgThentic, noted the importance of building STEM skills in education and the need for STEM skills in industries seeking innovative solutions, such as agriculture:

> A STEM [pathway] in general is incredibly important, it is in agriculture as well, and there is a role for digital content as well. The challenge with digital content at a younger age is engagement with it and that is all of the broader educational and technology issues. …What we previously talked around is that universities are a great hub to bring students in to experience the practical side of it. We already have trial farms and testing infrastructure to see these technologies in practice or build and create new ones. There is work going on to use technology like drones to get kids excited about agriculture. There are many overlaps in the digital world as well as the physical world.[216]

6.23   The Government has advised in its Innovation Strategy that it will:

> Work closely with industry and education providers to develop programs that attract more diverse high-potential students into STEM higher and vocational education, and retain high-performing students in NSW STEM industries. This will be done through a suite of initiatives across NSW Government, including the establishment of a NSW STEM Foundation to support excellence, diversity and retention in STEM.[217]

[214] NSW Government, *Bringing Ideas to life: NSW Innovation Strategy*, https://www.innovation.nsw.gov.au/sites/default/files/NSW_Government_Innovation_Strategy_Document.pdf, accessed 8 August 2018, p. 10

[215] Submission 16, 2pi Software, pp. 2-3

[216] Ms Sarah Nolet, Transcript of evidence, 30 May 2018, p. 52

[217] NSW Government, *Bringing Ideas to life: NSW Innovation Strategy*, https://www.innovation.nsw.gov.au/sites/default/files/NSW_Government_Innovation_Strategy_Document.pdf, p. 11, accessed 8 August 2018

6.24   We acknowledge the Government's Innovation Strategy, which indicates an aim to collaborate with industry and education providers to encourage greater student participation in STEM education. We encourage the Government to continue efforts to support STEM learning, particularly with a focus on regional areas.

Entrepreneurship programs may need Government support for successful implementation

6.25   During the Inquiry we heard that some regional entrepreneurs and organisations had faced difficulties when attempting to work with schools and the Department of Education to organise entrepreneurship activities and programs. Mr O'Duibhir described the challenges he has faced when attempting to engage with local regional schools about possible efforts to encourage entrepreneurship:

> I have to say that it is an area in which I have failed abysmally. I have been knocking on school doors for about eight years and really have had almost zero traction. I speak to other groups who have similar messages around things that they are passionate about, and I think they have generally had a similar outcome. I do have good relationships with the head teachers there. The conclusion drawn is that unless it can be done during school hours and paid for, it is not really going to happen at schools.[218]

6.26   Port Macquarie-Hastings Council noted that specific initiatives to support young entrepreneurs appear not to be widely available:

> 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.[219]

6.27   FYA noted that they have been able to implement programs in some schools, including 56 schools in New South Wales and 22 in regional areas, through corporate sponsorship.[220] Ms Cairnduff explained that although the Department of Education has been supportive of the $20 Boss program and has reinforced its support for the program with schools, FYA engages with schools directly about the program.[221]

6.28   When discussing Coffs Harbour City Council's Youth Entrepreneur Program, Dr Saunders indicated that they had received assistance from local business partners but had had a muted response from the Department of Education:

> The program has the support of business mentors from within the community. We were fortunate to secure partners in this with the Woolgoolga & Northern Beaches Chamber of Commerce. Woolgoolga is one of our important town centres. We were also fortunate to secure the support of the Woolgoolga High School and their principal. One of the things that we would be looking for over time is to roll this program out across our local government areas, specifically looking for the support of

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[218] Mr Liam O'Duibhir, Transcript of evidence, 30 May 2018, p. 10

[219] Submission 9, Port Macquarie-Hastings Council, pp. 3-4

[220] Ms Annette Cairnduff, Transcript of evidence, 30 May 2018, p. 26

[221] Ms Annette Cairnduff, Transcript of evidence, 30 May 2018, p. 27

the Department of Education in that area, which has not been fully forthcoming at this point.[222]

6.29   Dr Saunders suggested the types of support that the Department of Education could provide to programs such as the Youth Entrepreneur Program:

> Two types of support. One is financial support, but not necessarily in a significant way. The second is access to schools and willingness to pick up this program and adopt it. Clearly, there are important considerations around working with children, which have to be met every time we have these workshops, and we do not have any issue with that at all. We have been through our partners trying to secure support for the program and the roll out of the program across New South Wales from the Department of Education. That does not seem to have been reciprocated at this stage. Whether it is a matter of the right people not getting the message or the communication, I do not know. We understand that the program is in its early stages but we think that it is a very important initiative to support in some way.[223]

6.30   Kerry Grace, Director of RDA Mid North Coast, spoke of the challenges she had encountered attempting to work with the Department of Education to implement entrepreneurial programs in local schools:

> Working with the Department of Education is—I will not give a metaphor, I will just say outright it is very difficult.
>
> …We have not even been able to reach the regional director level. We made a conscious decision to work as a pilot with one of the schools. The process of building trust with the headmistress did take a significant amount of time.[224]

6.31   Ms Grace emphasised the importance of ensuring that entrepreneurial courses and resources are up-to-date to address current themes and meet the current needs of students and businesses:

> If people are simply sat in a classroom and fed a curriculum or resources designed 10, 15 or 20 years ago, we will not build an entrepreneurial culture.[225]

Committee Comment

6.32   We acknowledge that there are many competing priorities in the education curriculum, and that incorporating new programs into the education system can be difficult. We encourage the Government to take steps to make it easier for entrepreneurship programs to be run in schools, particularly in regional areas. We encourage the Department of Education to consider working with regional groups such as Regional Development Australia organisations, local councils and chambers of commerce in order to deliver entrepreneurship and business skill development programs. We encourage the Department of Education to assess how potential entrepreneurial programs can benefit students and encourage innovative and entrepreneurial thinking.

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[222] Dr Stephen Saunders, Transcript of evidence, 29 May 2018, p. 2

[223] Dr Stephen Saunders, Transcript of evidence, 29 May 2018, p. 2

[224] Ms Kerry Grace, Transcript of evidence, 29 May 2018, p. 16

[225] Ms Kerry Grace, Transcript of evidence, 29 May 2018, p. 14

Chapter Seven – Coordination of regional start-up support

7.1   Start-ups in New South Wales can access support programs and opportunities provided by a variety of organisations including local councils and the State and Australian Government. We heard that a lack of coordination between levels of government regarding programs to support start-ups and regional innovation can create confusion for entrepreneurs, duplication of initiatives and increased red tape.

7.2   We note that the Government's Innovation Strategy states that the Government will, where possible, 'collaborate across all levels of government to reduce regulatory hurdles for businesses.'[226] We recommend that the Government increase its efforts to coordinate with the Australian Government and regional local councils not only to reduce regulatory hurdles but also to ensure regional innovation programs are complementary and avoid duplication. Avoiding program duplication would lead to more efficient use of the Government's resources and optimise efforts to support regional start-ups and innovation.

Recommendation 8

That the NSW Government coordinate with the Australian Government and regional local councils when planning programs to assist regional innovation.

Coordination with the Australian Government

7.3   Omar Khalifa, CEO, iAccelerate at the University of Wollongong, argued that duplication and overlapping of Federal and State programs can lead to gaps in support, which then need to be filled by other funding sources from the local community. Mr Khalifa called for better coordination particularly between Federal and State Governments to ensure that programs are complementary and that resources are optimised. Mr Khalifa outlined the approaches that the University had made to the State and Federal Government for funding to establish additional regional hubs, and the different requirements each program incorporated:

> We are seeking to have both Federal and State moneys to help contribute to the development of those [additional hubs along the South Coast network], each has different requirements and the programs currently in place will only fund certain things. Some overlap and sometimes they work really nicely together and sometimes they leave further gaps that still have to be filled by potential local communities or other funds. We are hoping that they get better and better coordinated, that is Federal and State, and the gaps are reduced and these help reinforce each other and ensure that the State in particular is getting the coverage they need in areas they feel are most in need of further development in the entrepreneurial sense.[227]

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[226] NSW Government, *Bringing Big Ideas to Life – NSW Innovation Strategy*, https://www.innovation.nsw.gov.au/sites/default/files/NSW_Government_Innovation_Strategy_Document.pdf, accessed 27 July 2018, accessed 8 August 2018, p. 6

[227] Mr Omar Khalifa, Transcript of evidence, 30 May 2018, p. 38

7.4   The University of Wollongong suggested in its submission that improvements could be made to State and Federal regional innovation programs, and that greater synergy of policy and programs would be of strategic assistance.[228]

7.5   We heard that a lack of clarity about funding opportunities from the Australian or State Government can create confusion for business owners and entrepreneurs. Kerry Grace, CEO of RDA Mid North Coast, stated at the Coffs Harbour hearing:

> It is also difficult for business owners to understand the differences between the State Government and the Federal Government and to understand reporting requirements, insurance requirements or who to speak to get help. It is a minefield for people who do not know what State, Federal or local government funding means.[229]

7.6   Charles Sturt University argued that it can be difficult for entrepreneurs to navigate the support frameworks in place at the Federal and State level:

> Government innovation frameworks and government priority areas for innovation are in existence but not always well-known across sectors and the distinction between the Federal and State policies can be difficult to navigate.[230]

7.7   Universities Australia indicated a concern that limited government coordination can lead to gaps in support efforts:

> Both Commonwealth and State governments offer a range of support aimed at encouraging and supporting innovation and start-ups. It is important that there are synergies between these programs, as well as with the activities of local governments. Without a level of co-ordination there is a danger that while some aspects of the start-up and innovation ecosystem could be well supported, there may be unhelpful gaps that jeopardise success.[231]

7.8   We note that the University of Newcastle called for a national organisation to be established to coordinate innovation support efforts across the country and across levels of government:

> UON supports the establishment of a National Centre of Innovation to connect local ecosystems across Australia and provide coordination advice and leadership to develop synergies in local, State and Federal support for both regional and metropolitan startups.[232]

7.9   We recommend that the Government coordinate with the Australian Government to ensure that support program duplication and overlap is avoided and to maximise the impact of the Government's resources devoted to regional start-ups.

Coordination with local government

7.10   We recognise the important role of local councils in encouraging regional innovation ecosystems. Local councils often have a detailed understanding of their

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[228] Submission 15, University of Wollongong, p. 8

[229] Ms Kerry Grace, Transcript of evidence, 29 May 2018, p. 15

[230] Submission 13, Charles Sturt University, p. 5

[231] Submission 25, Universities Australia, p. 1

[232] Submission 34, University of Newcastle, p. 8

local ecosystem and can have frequent direct interactions with new start-up founders and entrepreneurs. A number of regional councils have become involved in innovation through supporting local start-up hubs, competitions, networking events and programs.

7.11   Local circumstances and characteristics mean that innovation ecosystems can differ in size, development and scope across the different regions of the State, as argued by RDA Sydney:

> …not every region is uniform and there may be significant ecosystem characteristics in one region that may not be present in others.[233]

7.12   Greater coordination between State and local government to raise awareness of opportunities and programs could benefit communities and ensure that more regional entrepreneurs are aware of available support.[234] Greater coordination with local councils could also improve the Government's awareness of the particular strengths and challenges in a local regional innovation ecosystem.

7.13   Port Macquarie-Hastings Council advised it has previously been successful in working with other levels of government to provide programs for local businesses and entrepreneurs. The Council cited as an example its work with the Australian Government's AusIndustry agency to provide local tender-writing workshops in 2015 and 2016. The Council stated:

> 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.[235]

7.14   Coffs Harbour City Council suggested that local government could assist with Government programs by administering smaller grant amounts aimed at regional start-ups:

> 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.[236]

7.15   We note that the Victorian Government's LaunchVic agency has compiled a 'Startup guide and toolkit for local government', a resource to assist Victorian councils with strategies to support start-up activities.[237] The resource provides checklists and how-to guides for councils to follow to support events in their local innovation ecosystem. Simone Eyles suggested in her submission that providing information packs to local councils could be a way of supporting local innovation initiatives.[238]

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[233] Submission 24, Regional Development Australia Sydney, p. 4

[234] Submission 7, Regional Development Australia Northern Rivers, pp.1-2

[235] Submission 9, Port Macquarie-Hastings Council, p. 3

[236] Submission 12, Coffs Harbour City Council, p. 4

[237] LaunchVic, *A startup guide and toolkit for local government*, launchvic.org/files/LV-Startup-Guide.pdf, accessed 26 July 2018

[238] Submission 19, 365cups, p. 3

7.16   We encourage the Government through Jobs for NSW to collaborate further with councils to support regional start-ups. We encourage the Government to consider providing resources to regional councils to assist the development of local innovation ecosystems. Some regional councils have been notably successful in supporting local start-ups; guides to best practice based on these examples may be useful to assist regions where local innovation ecosystems are less developed.

Appendix One – Terms of Reference

That the Committee inquire into and report on support for start-ups in regional New South wales, 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.

Appendix Two – Conduct of the Inquiry

On 31 May 2017, the Committee resolved to conduct an Inquiry into support for start-ups in regional New South Wales, and adopted the Inquiry's terms of reference (Appendix One).

The then Chair, The Hon. Katrina Hodgkinson MP issued a media release on 1 June 2017 advising of the initiation of the inquiry and calling for submissions from the public. Submissions were open until 21 July 2017. The Committee also emailed a list of stakeholders inviting submissions to the Inquiry.

In total we received 36 submissions from a range of stakeholders including the Government, local councils, Regional Development Australia organisations, universities, and entrepreneurs. All published submissions are available on the Committee's webpage and a list of all submissions is available in Appendix Four.

On 6 November 2017, we conducted a site visit to Albury and Wagga Wagga to meet with start-up operators and other stakeholders to gain further insight into the advantages and barriers associated with start-up development in regional New South Wales.

On 5 March 2018, we conducted a site visit to the Sydney Startup Hub in York Street, Sydney. The Committee toured the Hub and inspected the Regional Landing Pad, a space allocated for use by regional start-ups. We spoke with Hub management and entrepreneurs using the facility during the visit.

On 29 May 2018, we travelled to Coffs Harbour and held a public hearing at the Coffs Harbour City Council building. Eight witnesses from the Mid North Coast area, including representatives from Coffs Harbour City Council, Southern Cross University and local start-ups gave evidence at the hearing.

Immediately following the hearing we conducted a site visit to the Coffs Harbour Innovation Centre. We toured the Centre and spoke with start-ups working at the Centre, as well as Centre management.

On 30 May 2018, we held a public hearing in Sydney at Parliament House. Twelve witnesses from across the State gave evidence during the hearing, with two witnesses providing evidence by teleconference. A full list of witnesses is available in Appendix Five.

Appendix Three – Site visit reports

1. Monday 6 November 2017 – Site visit to Southern New South Wales

Albury:
Meeting with representatives of Possumworks (start-up hub), Regional Development Australia Murray, and Albury Northside Chamber of Commerce

The following issues were discussed:

Education
- Students need to be taught about the principles of entrepreneurship and ideation from a young age. Entrepreneurship should be a focus at the primary, high school, tertiary and traineeship level, particularly in regional New South Wales. Experienced entrepreneurs could be encouraged to present to schools to discuss innovative career possibilities. At the tertiary level, institutions can connect students with businesses and create alumni networks – similar to the Sydney School of Entrepreneurship.
- The basics of business need to be more clearly discussed with students (such as working towards a minimal viable product), along with the need for resilience in the face of challenges and the ability to take risks to succeed in business, particularly in a 'global marketplace'. There should be a cultural shift in how the community views entrepreneurship and an 'innovative mindset'.

How hubs work
- Start-up hubs generally provide spaces for self-directed individuals to work on innovative business ideas. Informal hub social environments encourage networking and the sharing of ideas which can lead to new opportunities and the development of start-up efforts.
- Hubs can be used by individuals for a short period to test their start-up ideas before pursuing them in a wider marketplace. Hub staff and experienced operators at the hub can provide encouragement, support and advice to new start-ups, including connections to intellectual property lawyers and banks.

Role of Government
- Rather than just 'getting out of the way' of start-ups, Government can assist by encouraging entrepreneurial education and in developing structures to help the development of hubs and the success of regional start-ups.
- Current criteria for start-up support provided by Jobs for NSW can be too onerous for start-up operators and early stage entrepreneurs.

Meeting with representatives of Hume Bank and Murray Hume Business Enterprise Centre

The following issues were discussed:

Life Tech Challenge
- Hume Bank supported the 2017 'Life Tech Challenge', a competition for innovative business ideas. The winner of the competition received a $10,000 prize and 12 months of mentorship from successful local entrepreneurs.

- The competition provided an opportunity for regional people to submit ideas for innovation and obtain advice and mentorship about starting a business. The mentoring aspect of the competition and of the prize was seen as more valuable than the financial reward by participants and others involved.

Regional small business and entrepreneurs
- Business skills training and mentoring is important for regional small businesses; start-ups often need a 'helping hand' to assist to guide them to growth. Resilience is an important skill for start-up operators; failure can be seen as a positive if the individual learns from the experience.
- Business Connect programs are not widely publicised; Business Connect needs to be advertised more broadly in order to impact more small business people. Experience with the Business Connect program is seen by some of the major banks as a qualifier for a small business loan, which is an added benefit.
- The criteria for small business and start-up loans provided by Jobs for NSW are seen as being too onerous and tough to deal with.

Wagga Wagga:
Meeting with local entrepreneurs, start-up founders and representatives of the Charles Sturt University (CSU) Agritech Incubator

The following issues were discussed:

Government support
- Standard legal advice and template agreements could be provided to start-ups to assist with small business growth, for example: a template statement of intellectual property.
- The National Broadband Network and other public infrastructure is crucial to regional economic growth.
- Government could continue to support the 'regional brand' (for example 'EvoCities' and the 'Silicon Paddock') to encourage investment and engagement in regional start-ups.
- Existing business support programs such as those provided by Business Enterprise Centres could be more widely advertised. The Business Bus program resonates with small regional communities much more than it does in larger centres.
- The Government's appetite for risk needs to shift – in order to support start-ups better, the Government should be willing to accept more risk when allocating loans or seed funding (see the experience of the Israeli Government). Often Government grants and loans are seen as requiring too much paperwork for too little return.
- Government often has a Sydney focus, to the detriment of regional areas. Start-up festivals coordinated by the Government need to be statewide, similar to the approach in Victoria and Queensland.
- Government should consider organising or sponsoring more start-up/innovation competitions as an alternative way of supporting potentially successful start-ups financially. Competitions are advantageous – for both hosts and competitors - because they can create connections and networks, provide start-ups with exposure, and offer financial incentives to assist and incentivise business growth.
- Local and State Governments should consider providing physical spaces for start-up hubs, in order to encourage innovation and growth.

The AgriTech Incubator program at CSU
- The program provides 4 major streams of activity:
    - Support for cohorts of 8 to 12 incubator program participants through mentorship and skill building;
    - A physical coworking space;
    - Provision of TechVouchers; and
    - Support and encouragement for more female participation in technological industries, including school events and competitions.
- Participants have to apply and be interviewed to join the program.
- The program uses links to industry, particularly the agricultural industry, to increase awareness of the AgriTech Incubator and to attract further participants.
- Participants have found the Incubator program has encouraged them to pursue their innovation concepts, which may not have occurred without the program's support.
- The Incubator provides seminars and workshops to support the different streams and ensure an understanding of business skills, including lean business models. The incubator program enabled participants to evaluate whether they should pursue with a start-up idea or move on to a new concept.

Education
- Engagement with students at an early primary school level is important to introduce ideas about innovation and entrepreneurship. This is particularly important for regional school children who may be exposed to a smaller variety of career options.
- Events are useful to provide primary school students with opportunities to pitch ideas and work through the ideation process.

Funding
- Start-up founders often directly invest their savings in their innovation ideas. Small seed funding programs could be an option for the Government to directly encourage start-up growth.

Networking opportunities
- As regional start-up operators are separated from metropolitan centres by distance, virtual events, webcasts and webinars would be useful to connect regional start-ups with the broader innovation community and fellow entrepreneurs.
- Regional videoconferencing facilities are important for connectivity between regional start-ups and with other stakeholders, clients and investors.
- 'Community Managers' at start-up hubs perform an important role to connect start-up operators and encourage networking and mentoring events.

2. Monday 5 March 2018

Visit to the Sydney Startup Hub, 11 - 31 York Street, Sydney

Members inspected the facilities available to start-ups at the Hub, including the Regional Landing Pad, a space devoted for use by start-ups located in regional areas. Members also spoke with regional entrepreneurs who were using the Regional Landing Pad facilities. Members were advised that the Hub had officially opened on 14 February 2018 and was progressing well, with more start-ups accessing the facility each week.

3. Tuesday 29 May 2018

Visit to the Coffs Harbour Innovation Centre, Coffs Harbour Technology Park

Members inspected the facilities available to start-ups at the Innovation Centre, including working spaces and meeting rooms. Members also spoke with start-up founders who were using the Centre.

The following issues were discussed:
- Challenges of being located regionally (it was noted that speakers are sometimes borrowed from other locations for events).
- Efforts to highlight the advantages of being located in Coffs Harbour, including proximity to an airport with regular flights to Sydney, Melbourne and Brisbane. The Centre has recently rebranded and used a marketing campaign to focus on the advantages of their location for young start-up founders and those with families.
- The Centre's involvement in the Open Innovation Challenge:
  - Part of the Mid North Coast Local Health District's Health Innovation and Research Symposium.
  - Entrepreneurs, start-ups and creative thinkers are asked to make a pitch in relation to two challenges: addressing the rate of Aboriginal mothers smoking during pregnancy; and reducing youth suicide rates.
  - The winner of each challenge will receive a cash reward of $5000; 12 months desk space at the Coffs Harbour Innovation Centre; and a phone consultation with a legally-trained start-up specialist.
- Efforts to assist local startups and build a local regional innovation network.

Appendix Four – Submissions

No.	Author
1	Mr Tom Benjamin
2	Regional Development Australia, Mid North Coast
3	Mr Duncan Fischer
4	Mr Tim Whitaker
5	Dr Paul Collits
6	Dr James Cowley
7	Regional Development Australia- Northern Rivers
8	Confidential
9	Port Macquarie Hastings Council
10	NSW Government
11	Confidential
12	Coffs Harbour City Council
13	Charles Sturt University
14	Coffs Harbour Innovation Centre
15	University of Wollongong
16	2pi software
17	Coder Academy
18	Foundation for Young Australians
19	365cups
20	Illawarra Forum Inc.
21	Mr Vince Ross,
22	Dr John McNaughton
23	Consulting & Environmental Services Pty Ltd
24	Regional Development Australia Sydney
25	Universities Australia
26	AgThentic
27	Bland Shire Council
28	Bathurst Regional Council
29	Australia Agriculture Academy
30	Regional Development Australia Hunter
31	Regional Development Australia Central West
32	Ideation at Work

No.	Author
33	Business Council of Co-Operatives and Mutuals
34	University of Newcastle
35	NSW Farmers
36	Murray Hume Business Enterprise Centre

Appendix Five – Witnesses

Council Chamber, Coffs Harbour City Council Building
Coffs Harbour NSW, 29 May 2018

Witness	Position	Organisation
Dr Stephen Saunders	Section Leader, Industry and Destination Development	Coffs Harbour City Council
Ms Fiona Barden	Business Development Coordinator	Coffs Harbour City Council
Ms Kerry Grace	Chief Executive Officer	Regional Development Australia Mid North Coast
Ms Louise Hardman	Chief Executive Officer	The Plastic Collective
Mr Stefan Miller	Managing Director	ShotTrack
Mr Tony Rothacker	Manager, Innovation Centre	Coffs Harbour Innovation Centre
Mr Warren Grimshaw AM	Chair, Coffs Harbour Technology Park Board	Coffs Harbour Technology Park Board
Professor Stuart Smith	Business Development Manager (Research)	Southern Cross University

Macquarie Room, Parliament House
Sydney NSW, 30 May 2018

Witness	Position	Organisation
Mr Nick Kaye	Chief Executive Officer	Sydney School of Entrepreneurship
Mr Liam O'Duibhir	Director Chief Coordinator	2pisoftware IntoIT Sapphire Coast
Ms Siobhan Curran	Manager, 12N Operations & Programs	University of Newcastle
Dr Mark Flynn	Executive Director Global Impact Cluster, Better Health, Healthcare and Treatment	University of Newcastle
Ms Annette Cairnduff	General Manager, Research, Evaluation and Partnerships	Foundation for Young Australians

Mr Gary Leung	YLab Associate	Foundation for Young Australians
Mr Canio Fierravanti	Director, Government Relations	University of Wollongong
Mr Omar Khalifa	Chief Executive Officer, iAccelerate	University of Wollongong
Ms Di Somerville Via teleconference	Founder	RGTC Group and Regional Pitchfest
Ms Simone Eyles Via teleconference	Founder	365Cups and Working Spaces HQ
Ms Sarah Nolet	Founder and Chief Executive Officer	AgThentic
Ms Zoe de Saram	Deputy Secretary, Skills and Economic Development	Department of Industry

Appendix Six – Extracts from Minutes

MINUTES OF MEETING No 15
4:30 pm, Wednesday 31 May 2017
Room 1043, Parliament House

Members present
Ms Hodgkinson (Chair), Mr Aplin, Mr Barr, Mr Crouch, Mr Harris, Mr Rowell, Ms Smith.

Officers in attendance
Carly Maxwell, Caroline Hopley, Abegail Turingan

1. Confirmation of minutes of previous meeting no 14 24 May 2017

Resolved on the motion of Mr Crouch, seconded by Mr Rowell: That the minutes of meeting no 14 be confirmed.

2. New inquiry – support for start-ups in regional NSW

The Committee discussed the draft terms of reference for the inquiry.

The Committee agreed on the definition of 'start-up' as drafted by the Committee staff.

Resolved on the motion of Mr Barr, seconded by Mr Aplin:
a) That the Committee conduct an inquiry into support for start-ups in regional NSW in accordance with the draft terms of reference;
b) That the Committee call for submissions to be received by 21 July 2017 and email the targeted list of stakeholders; and
c) That the Chair issue a media release announcing the inquiry and publish details of the Inquiry on the Committee's webpage.

The Committee discussed potential stakeholders for the inquiry.

The Chair asked that Members nominate additional stakeholders to the Committee staff.

3. Next meeting

The meeting adjourned at 4:46pm until 12:30pm on 2 August 2017.

MINUTES OF MEETING No 16
9:32am, Wednesday 2 August 2017
Room 1043, Parliament House

Members present
Ms Hodgkinson (Chair), Mr Aplin, Mr Barr, Mr Crouch, Mr Harris.

Apologies

Apologies were received from Mr Rowell and Ms Smith

Officers in attendance

Simon Johnston, Ben Foxe, Caroline Hopley

1. **Minutes of previous meeting**

   Resolved on the motion of Mr Crouch, seconded by Mr Aplin: That the minutes of Meeting No. 15 on 31 May 2017 be confirmed.

2. **Inquiry – Support for start-ups in regional NSW**
   (a) Submissions received

   Resolved, on the motion of Mr Harris, seconded by Mr Crouch, that:

   The Committee publishes submissions nos. 1, 2, 3, 4, 5, 6, 7, 9, 10, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29 and 30 in full;

   the Committee publishes-in-part submission no. 19, with information identifying other parties suppressed as per the author's request; and

   that submissions nos. 8 and 11 remain confidential at the request of the authors.

   (b) ***

   ***

   (c) Future timeline of the inquiry

   The Chair raised the possibility of site visits in late 2017. The Committee discussed options for holding site visits in late October and/or early November 2017, and possible regional locations for the visits.

   The Committee requested that Committee staff conduct an analysis of the geographic origin of the submissions received to inform consideration of site visit locations.

3. *******

   ***

4. **Next meeting**

   The meeting adjourned at 9:49 am, until 9:20 am on 9 August 2017.

MINUTES OF MEETING No 17

4:06pm, Tuesday 8 August 2017
Room 1043, Parliament House

Members present
Ms Hodgkinson (Chair), Mr Crouch, Mr Harris, Mr Rowell, Ms Smith

Apologies
Mr Aplin, Mr Barr

Officers in attendance
Simon Johnston, Ben Foxe, Caroline Hopley

1. **Minutes of previous meeting**

    Resolved on the motion of Mr Harris, seconded by Mr Crouch: That the minutes of Meeting No. 16 on 2 August 2017 be confirmed.

2. **Inquiry – Support for start-ups in regional NSW**
    (d) Submissions received

    Resolved on the motion of Mr Crouch, seconded by Mr Rowell, that the Committee publishes submissions nos. 31, 32, 33, 34, and 35 in full.

    (e) *

    ***

    (f) Site visits

    Resolved, on the motion of Mr Crouch, seconded by Mr Harris, that the Committee attend site visits in Coffs Harbour, Albury/Wagga Wagga, Bathurst and Sydney between 6 and 9 November 2017.

    Committee staff were requested to research specific locations for the Committee to visit during the November site visits and possible stakeholders to visit in each location.

3. ***

    ***

4. **Next meeting**

    Date to be determined. The meeting adjourned at 4:13pm.

MINUTES OF MEETING No 18
4pm , Thursday 23 November 2017
Room 1043, Parliament House

Members present
Mr Aplin (Deputy Chair), Mr Barr, Mr Crouch, Mr Harris, Mr Johnsen

Apologies

Mr Rowell, Ms Smith

Officers in attendance

Simon Johnston, Ben Foxe, Caroline Hopley, Abegail Turingan

Mr Aplin as Deputy Chair opened the meeting in accordance with Standing Order 284, which provides for the Deputy Chair to act as Chair, in the Chair's absence.

1. **Committee membership**

   The Deputy Chair advised the Committee of a change in membership:

   Mr Johnsen replaced Ms Hodgkinson, resigned (Legislative Assembly Votes and Proceedings, 23 November 2017, entry no. 21).

   The Deputy Chair welcomed Mr Johnsen to the Committee.

2. **Election of Chair**

   Resolved on the motion of Mr Crouch, seconded by Mr Aplin: That Mr Johnsen be elected Chair of the Committee. Mr Johnsen then assumed the Chair.

3. **Confirmation of minutes**

   Resolved on the motion of Mr Barr, seconded by Mr Crouch: That the minutes of Meeting No 17 be confirmed.

4. **General business**

   Mr Aplin advised that the Committee had completed a successful site visit to Albury and Wagga Wagga on 6 November 2017.

   ***

5. **Next meeting**

   Date to be determined. The Committee adjourned at 4:02 pm.

MINUTES OF MEETING No 19

11:02 am , Monday 18 December 2017
Room 813, Parliament House, and via telephone

Members present

Mr Johnsen (Chair), Mr Aplin, Mr Barr, Mr Crouch, Mr Harris

Apologies

Mr Rowell, Ms Smith

Officers in attendance

Simon Johnston, Benjamin Foxe, Caroline Hopley, Abegail Turingan

1. **Confirmation of minutes**

   Resolved on the motion of Mr Harris, seconded by Mr Crouch: That the minutes of Meeting No 18 be confirmed.

2. *******

   ***

3. **Inquiry – Support for start-ups in regional NSW**

   The Committee discussed the progress of the inquiry and the next steps for the inquiry in 2018.

   (g) Public hearings

   Resolved on the motion of Mr Barr, seconded by Mr Crouch:

      i   That the Committee conduct a site visit to the Sydney Start-up Hub in York Street in February/March 2018.

      ii   That the Committee conduct a public hearing in Coffs Harbour in April/May 2018.

      iii That the Committee conduct a public hearing at Parliament House, Sydney in April/May 2018.

      iv That the Committee invite selected witnesses to appear at the hearings.

      v   That the Chair issue a media release prior to the 2018 hearings and visits.

   Committee staff were requested to contact Members' offices to check availability and to ascertain dates for the site visit and hearings.

   (h) Submission received

   Resolved, on the motion of Mr Crouch, seconded by Mr Aplin: That the Committee authorise the partial publication of submission 36, with highlighted comments (paragraph five) omitted.

4. **General business**

   Mr Aplin advised that he had received information from a member of the public with experience with start-ups regarding possible approaches to support for start-ups in regional NSW.

5. **Next meeting**

   Date to be determined in January 2018. The Committee adjourned at 11:13 am.

MINUTES OF MEETING No 21
12:01PM, Tuesday 6 March 2018
Room 1254 Parliament House

Members present
Mr Johnsen (Chair), Mr Crouch, Mr Aplin, Mr Harris

Apologies
Mr Barr, Ms Smith, Mr Rowell

Officers in attendance
Elaine Schofield, Benjamin Foxe, Caroline Hopley, Abegail Turingan

1. **Confirmation of minutes**
    Resolved on the motion of Mr Aplin, seconded by Mr Crouch: That the minutes of Meeting No 20 be confirmed.

2. *******
    ***

3. **Inquiry – Support for start-ups in regional NSW**
    The Committee noted that Committee staff will draft a brief site visit report following the visit to the Sydney Startup Hub on 5 March 2018, and that Committee staff are currently approaching witnesses for the planned May public hearings.

4. *******
    ***

5. **Next meeting**
    Monday 26 March 2018. Time to be determined. The Committee adjourned at 12:10pm.

MINUTES OF MEETING No 22
8:46 AM, Monday 26 March 2018
Macquarie Room Parliament House

Members present
Mr Johnsen (Chair), Mr Aplin, Mr Barr, Mr Crouch, Mr Harris

Apologies
Mr Rowell, Ms Smith

Officers in attendance
Elaine Schofield, Benjamin Foxe, Caroline Hopley, Abegail Turingan

1. **Confirmation of minutes**

   Resolved on the motion of Mr Crouch, seconded by Mr Aplin: That the minutes of Meeting No 21 on 6 March 2018 be confirmed.

2. *******

   ***

3. **Inquiry – Support for start-ups in regional NSW**

   Resolved on the motion of Mr Barr, seconded by Mr Harris: That the Committee invite the following witnesses to the public hearings for the inquiry into support for start-ups in regional NSW on Tuesday 29 May 2018 at Coffs Harbour and Wednesday 30 May 2018 at Sydney:

   - Coffs Harbour City Council
   - Regional Development Australia Mid North Coast
   - The Pacific Collective
   - ShotTrack
   - Southern Cross University
   - Coffs Harbour Innovation Centre
   - University of Newcastle/Slingshotters
   - University of Wollongong
   - Sydney School of Entrepreneurship
   - Foundation for Young Australians
   - Lift Me Up/2pi Software
   - Di Somerville
   - AgThentic
   - NSW Government

4. **Next meeting**

   Date and time to be determined. The Committee adjourned at 4:43 pm.

MINUTES OF MEETING No 24

9:01 am, Wednesday 23 May 2018 and Thursday 24 May 2018

Room 1254 and Room 1136

Members present

Mr Johnsen (Chair), Mr Aplin, Mr Barr, Mr Crouch, Mr Harris, Mr Rowell

Apologies

Ms Smith

Officers in attendance

Elaine Schofield, Benjamin Foxe, Caroline Hopley, Abegail Turingan

1. **Confirmation of minutes**

   Resolved, on the motion of Mr Crouch, seconded Mr Aplin: That the minutes of the Public Hearing on 26 March 2018 be confirmed.

   Resolved, on the motion of Mr Crouch, seconded Mr Aplin: That the minutes of Meeting No 23 on 12 April 2018 be confirmed.

2. *******

   ***

   The deliberative meeting was interrupted at 10:01 am for the meeting of the House.
   The deliberative meeting recommenced at 9:04 am on 24 May 2018 in Room 1136.

   ***

3. **Inquiry – Support for start-ups in regional New South Wales**

   The Committee noted the finalised hearing programs and itineraries for the May public hearings in Coffs Harbour and Sydney.

4. **Next meeting**

   The Committee adjourned at 9:58 am. The next meeting will be at 9:30 am on 29 May 2018 in the Park Beach and Jetty Rooms, Coffs Harbour City Council Building.

MINUTES OF MEETING No 25
9.34 am, Tuesday 29 May 2018
Council Chamber, Coffs Harbour Council Building, Coffs Harbour

Members present
Mr Johnsen (Chair), Mr Aplin, Mr Barr, Mr Crouch, Mr Harris

Apologies
Mr Rowell, Ms Smith

Officers in attendance
Benjamin Foxe, Caroline Hopley

1. **Confirmation of minutes**

   Resolved, on the motion of Mr Crouch, seconded Mr Barr: That the minutes of Meeting No 24 on 23 and 24 May 2018 be confirmed.

2. **Inquiry – Support for start-ups in regional New South Wales**

   Witnesses, Media, Transcript of Evidence, Answers to questions on notice

   Resolved on the motion of Mr Barr, seconded by Mr Crouch:

a) That the Committee invite a representative from Coffs Harbour Technology Park to provide evidence at a public hearing on 29 May 2018.

b) That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 29 May 2018 in accordance with the Legislative Assembly's guidelines for coverage of proceedings for committees administered by the Legislative Assembly.

c) That the corrected transcript of evidence given on 29 May 2018 be authorised for publication on the Committee's website.

d) That witnesses be requested to return answers to questions taken on notice and supplementary questions within 14 days of the date on which the questions are forwarded to the witness, and that once received, answers to questions on notice and supplementary questions be published on the Committee's website.

e) That members submit any supplementary questions to the secretariat within two days of receipt of the uncorrected transcript.

3. Public hearing (from 9:36 am)

The Chair opened the public hearing at 9:36 am. Witnesses and the public were admitted.

Mr Stephen Saunders, Section Leader, Industry and Destination Development and Ms Fiona Barden, Business Development Coordinator, Coffs Harbour City Council, sworn and examined.
Evidence concluded, the witnesses withdrew.

Ms Kerry Grace, Chief Executive Officer, Regional Development Australia Mid North Coast, affirmed and examined.
Evidence concluded, the witness withdrew.

Ms Louise Hardman, Chief Executive Officer, The Plastic Collective, affirmed and examined.
Evidence concluded, the witness withdrew.

Mr Stefan Miller, Managing Director, ShotTrack, affirmed and examined.
Evidence concluded, the witness withdrew.

Mr Tony Rothacker, Manager, Coffs Harbour Innovation Centre, and Professor Stuart Smith, Business Development Manager (Research, Southern Cross University), affirmed and examined. Mr Warren Grimshaw AM, Chair, Coffs Harbour Technology Park Board, sworn and examined.
Evidence concluded, the witnesses withdrew.

The Chair closed the public hearing at 2:49 pm. The public withdrew.

4. Next meeting

The meeting adjourned at 2:51 am. The Committee noted that the next meeting is to be Wednesday 30 May 2018, 9:20 am, Macquarie Room, Parliament House.

MINUTES OF MEETING No 26
9.26 am, Wednesday 30 May 2018
Macquarie Room, Parliament House

Members present
Mr Johnsen (Chair), Mr Aplin, Mr Barr, Mr Crouch, Mr Harris

Apologies
Mr Rowell, Ms Smith

Officers in attendance
Elaine Schofield, Benjamin Foxe, Caroline Hopley, Abegail Turingan

1. **Confirmation of minutes**
   Resolved, on the motion of Mr Aplin, seconded Mr Crouch: That the minutes of Meeting No 24 on 23 and 24 May 2018 be confirmed.

2. **Inquiry – Support for start-ups in regional New South Wales**

   Witnesses, Media, Transcript of Evidence, Answers to questions on notice

   Resolved on the motion of Mr Aplin, seconded by Mr Crouch:

   a) That the Committee invite Simone Eyles to provide evidence at a public hearing on 30 May 2018.
   b) That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 30 May 2018 in accordance with the Legislative Assembly's guidelines for coverage of proceedings for committees administered by the Legislative Assembly.
   c) That the corrected transcript of evidence given on 30 May 2018 be authorised for publication on the Committee's website.
   d) That witnesses be requested to return answers to questions taken on notice and supplementary questions within 14 days of the date on which the questions are forwarded to the witness, and that once received, answers to questions on notice and supplementary questions be published on the Committee's website.
   e) That members submit any supplementary questions to the secretariat within two days of receipt of the uncorrected transcript.

3. **Public hearing (from 9:32 am)**
   The Chair opened the public hearing at 9:32 am. Witnesses and the public were admitted.

   Mr Nick Kaye, Chief Executive Officer, Sydney School of Entrepreneurship, affirmed and examined.
   Evidence concluded, the witness withdrew.

   Mr Liam O'Duibhir, Chief Coordinator, IntoIT Sapphire Coast, and Director, 2pi Software, sworn and examined.

Evidence concluded, the witness withdrew.

Ms Siobhan Curran, Manager, Integrated Innovation Network, Operations and Programs, University of Newcastle, affirmed and examined. Mr Mark Flynn, Executive Director, Global Impact Cluster, Better Health, Healthcare and Treatment, University of Newcastle, sworn and examined.
Evidence concluded, the witnesses withdrew.

Ms Annette Cairnduff, General Manager, Research, Evaluation and Partnerships, Foundation for Young Australians, and Mr Gary Leung, YLab Associate, Foundation for Young Australians, affirmed and examined.
Evidence concluded, the witnesses withdrew.

Mr Canio Fierravanti, Director, Government Relations, University of Wollongong, sworn and examined. Mr Omar Khalifa, Chief Executive Officer, iAccelerate, University of Wollongong, affirmed and examined.
Evidence concluded, the witnesses withdrew.

Ms Dianne Somerville, Founder, RGTC Group and Regional Pitchfest, and Ms Simone Eyles, Founder, 365Cups and Working Spaces HQ, before the Committee via teleconference, affirmed and examined.
Evidence concluded, the witnesses withdrew.

Ms Sarah Nolet, Founder and Chief Executive Officer, AgThentic, affirmed and examined.
Evidence concluded, the witness withdrew.

Ms Zoe de Saram, Deputy Secretary, Skills and Economic Development, Department of Industry, sworn and examined.
Evidence concluded, the witness withdrew.

The Chair closed the public hearing at 5:01 pm. The public withdrew.

4. **Acceptance and publication of tendered documents**
   Resolved, on the motion of Mr Barr, seconded Mr Aplin: That the Committee accept and publish the following documents tendered during the public hearing:

   a) iAccelerate Economic Impact Data, 2017 End of Year, University of Wollongong
   b) iAccelerate Process, University of Wollongong
   c) Jobs for NSW Funding Roadmap, NSW Government
   d) 'NSW is making good progress but we could do more' document, NSW Government
   e) Regional Landing Pad Fact Sheet, NSW Government

5. **Next meeting**
   The Committee adjourned at 5:10 pm. The next meeting is to be Thursday 7 June 2018, at 1 pm.

MINUTES OF MEETING No 27
1.01 pm, Thursday 7 June 2018
Room 1043, Parliament House

Members present
Mr Johnsen (Chair), Mr Barr and Mr Harris. Mr Aplin, Mr Crouch, Mr Rowell and Ms Smith joined the meeting at a later time.

Officers in attendance
Jonathan Elliott, Benjamin Foxe, Leon Last

1. **Confirmation of minutes**
   Resolved, on the motion of Mr Barr, seconded Mr Harris: That the minutes of Meeting No 26 on 30 May 2018 be confirmed.

2. *******
   ***

3. **Inquiry – Support for start-ups in regional New South Wales**
   The Committee discussed options for inquiry recommendations.

4. **Next meeting**
   The Committee adjourned at 2:01 pm. The date and time of the next meeting is to be confirmed.

UNCONFIRMED MINUTES OF MEETING No 28
1:03 pm, Thursday 16 August 2018
Room 1254, Parliament House

Members present
Mr Johnsen (Chair), Mr Aplin (Deputy Chair), Mr Barr, Mr Crouch, Mr Rowell, Ms Smith

Apologies
Mr Barr

Officers in attendance
Elaine Schofield, Ben Foxe, Caroline Hopley, Abegail Turingan

1. **Confirmation of minutes**
   Resolved on the motion of Mr Crouch, seconded Mr Aplin: That the minutes of Meeting No 27 on 7 June 2018 be confirmed.

2. Inquiry – Support for start-ups in regional New South Wales

Consideration of Chair's draft report

The Committee agreed to consider the report in globo.

Resolved, on the motion of Mr Aplin, seconded Mr Harris: That the recommendations and findings included in the draft report be agreed to.

Resolved, on the motion of Mr Crouch, seconded Ms Smith: That the draft report be the report of the Committee, and that it be signed by the Chair and presented to the House; that the Chair and Committee staff be permitted to correct stylistic, consequential, typographical and grammatical errors; and that, once tabled, the report be published on the Committee's webpage.

3. Next meeting

The Committee adjourned at 1:13 pm. The date of the next meeting is to be determined.