



Startup Year

CONSULTATION RESPONSE DOCUMENT

Startup Year Consultation Submissions

Please use this response document to provide a submission to the Department of Education on the proposed Startup Year initiative.

Completed submissions are to be submitted to accelerator@dese.gov.au. Submissions should not exceed 1,500 words. Please contact the Department if you require this document in an alternate format.

Submissions will close at **11.59 AEDT Tuesday 15 November 2022**

Please provide your details in the table below:

Organisation name	Charles Sturt University
Organisation type (e.g. university, startup)	University
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Do you agree to have your submission published online? (if left blank, your submission will not be published on the Department's website)	Yes

1 Definition

For the purpose of Startup Year, an accelerator program will be defined as any higher education provider-based program that provides wraparound advice and services to support prospective and new entrepreneurs build their innovative startup ideas and create new firms.

Does the proposed definition appropriately reflect higher education accelerators?

Charles Sturt University believes the proposed definition of accelerators is fit for purpose, however we note that the development of an ecosystem requires aspects such as incubation (or pre-acceleration). The focus on acceleration in areas of the document such as the Purpose implies a focus on emergent businesses which already have a clearly defined idea.

We believe that the called for and required increases in activity as described in the context section of the document are underpinned by a broad awareness, aspiration, curiosity, and skills development increase across the entire (in this case) student cohort. As such incubation must be included specifically in the program definition.

In addition to the above the University would also like to note that there is some inconsistency in the use of terminology such as incubator/accelerator, especially between the use of pre-accelerator and incubator across the industry.

2 Registration Process

A recurring registration process will be established for providers to participate in the Startup Year initiative. To register, providers will be required to submit an application, which must include the following information:

- Program overview and outcomes, including any supporting documentation, policy documents and business outcomes
- Program components over the business-focused year
- Student enrolments (actual and projected)
- Activities, facilities and non-financial support provided and their associated costs or value
- Funding available to participants
- Eligibility criteria for applicants
- Established industry, higher education and/or government partnerships
- Experience of key partners, supervisors and program contributors, including any successful former founders
- Faculties/industries (if applicable)

Optional: links to existing case studies

What other accelerator success measures could be considered as part of the registration process? For example, growth in student numbers, diversity in student cohort, number of successful startups or commercialised products from participating students, job creation, and industry partnerships?

Charles Sturt University believes as a high-level description the stated application requirements are adequate, however we would also note that the application must provide opportunity for universities based in regional areas to submit proposals that serve the needs of the regional community and that suit the innovation ecosystem of regional communities.

The success measures appear to be appropriate though we suggest that different measures may be for universities without an in-house accelerator or little track record in producing startups. This aspect of the Startup Year Initiative, and indeed the Initiative as a whole, would be strengthened by collecting and publishing whole of sector and cohort data on the creation of student startups – data outside the scope of current and previous collections of data on commercialisation (SCOPR, NSRC).

The University suggests further that the Department may need to consult further with the research sector on various aspects of the registration process, including:

- how long a university's registration would last,
- whether there would be an evaluation or re-registration process,
- what arrangements the Department will put in place for handling personal, commercial-in-confidence and other forms of sensitive information, and
- whether Departmental officers involved in managing the program will be required to make confidentiality and conflict of interest declarations, as is required for similar programs in, for example, the Department of Industry.

What social and community impact measures could be included?

Charles Sturt University would welcome the inclusion of case study aspects to demonstrate community impact, and reporting on measures such as First in Family, First Nations, regional and remote, and Low Socio-Economic Status student participation.

Social and community impact measures could include engagement with local businesses (as suppliers, participants, funders, end users) and social capital outputs (increases in employment).

3 Selection Criteria

To be eligible to participate in the Startup Year initiative, tertiary providers must meet the following criteria which will be assessed by Education and DISR:

- Be an Australian University or University College
- Have clearly defined program outcomes, industry partnerships, and student engagement strategies
- Demonstrated experience supporting students accelerate their startup ideas and build their skills and experience or a well - defined strategy to support this
- Have established research and commercial links to facilitate translation, commercialisation and immersion in the startup ecosystem
- Alignment with areas of national priority
- Have the ability to deliver an accelerator program with a diverse student cohort including regional students, including First Australians
- Demonstrated value proposition for the student and/or industry

Do the proposed eligibility requirements foster the required industry-university partnerships and student engagement? Are there any additional requirements that should be considered?

Charles Sturt University supports the proposed eligibility requirements. As an institution already leading across several areas of student diversity and engagement with these populations, with sector leading graduate outcomes and employment, and with close connection to established industries located in regional Australia, the University would expect that the scheme considers long term and holistic activity that fosters regional partnerships with industry and student engagements.

We would also like to see the scheme cover startups in new and growing industries in regional areas, such as health care, social services, renewable energy, environmental management, and eco-tourism – all industries with strong prospects for employment growth and economic impact, and which would benefit from innovation.

Are the proposed criteria for registering higher education provider accelerators fit for purpose?

Yes

4 Allocation Process

Places will be allocated yearly, in a similar manner to the OS-HELP mechanism. There will be two rounds of revision and adjustment each calendar year.

With places being limited to 2,000 per year, what are some key factors to prioritise allocation? For example, links to priority areas, industry and regional connections, market value and commercialisation opportunities, social and community impact, diversity metrics.

Charles Sturt University believes allocation should be based on all aspects listed, with providers asked to demonstrate clear linkages into and between their course profiles and the Startup Year programs they propose to run.

For example, Charles Sturt University would likely propose that it offers students a Startup Year experience in Agribusiness (as one example) and would be able to clearly articulate industry linkages, social and community impact and access to industry and that an emergent startup would need to perform activities such as product/market fit, user/customer research and future potential investors.

Charles Sturt University also suggests that the criteria take into account the differing characteristics and profiles of universities, including the nature of their industry linkages, potential access to venture capital and other industry resources, the local industry environment and other factors.

Further, noting comments in a recent Productivity Commission interim report on innovation (*5-year Productivity Inquiry: Innovation for the 98%*) that “spillovers from place-based programs are localised to participating firms, declining rapidly with distance” (p56), the program should provide for a wide geographic spread of allocations to enable as many students as possible to participate in the program and maximise local/regional impact.

What strategies can be in place to ensure students from educationally disadvantaged backgrounds have access to, and can achieve success through the Startup Year initiative, including to support regionally-based startups?

The scheme could be designed to allocate a certain number of positions to universities like Charles Sturt who are already active in support of students from non-traditional backgrounds.

5 Program design to meet intended outcomes

A key ambition for the Startup Year initiative is to supplement the funding and resources in existing and emerging accelerator programs to allow more students to build and market their innovative startup ideas. As there will be diversity in the ideas, industries, and student background, a key consideration of the program is how to best provide value to the student, ensure quality program delivery, and best facilitate positive student outcomes.

Does the proposed approach fill a gap in the market?

At this point it is unclear what policy problem or gap the Startup Year Initiative is intended to address, or why it should be addressed by the creation of a new program rather – with associated administrative and operation costs and new reporting requirements for universities – rather than, say, ensuring other Australian Government early stage commercialisation programs (e.g. Accelerating Commercialisation, the Trailblazer Universities program) are open to student participation, and encouraging state and private sector programs to follow suit.

Charles Sturt University would therefore like to see further elaboration of the problems the program is proposing to address, not at the national level, but description of specific instances where the program design would alleviate these challenges.

We would also be keen to understand which programs across Australia are over-subscribed or which programs are inaccessible to students due to cost of the program itself and see greater detail in the program contexts or overview documents; and then see these aspects included in a refined program consultation paper.

As noted above, the case for the program would be strengthened by collecting and publishing data on student startups – an exercise that would also help set targets for the Startup Year Initiative. This could include collecting qualitative information on the barriers students face in developing a startup.

Our experience is that similar programs are offered free of charge to undergraduate students however these are not well attended by undergraduate students, a situation we are looking at from a strategic and undergraduate curriculum perspective.

As the document states, there are approximately 100 university type accelerator programs, so we are uncertain that lack of access is currently the most significant issue.

Charles Sturt University believes that students from these backgrounds face a multitude of challenges in creating a startup. Anecdotally we believe that at the end of an undergraduate degree, students from these backgrounds may not be inclined to undertake an additional year or more in founding a startup, rather than entering the workforce and earning a wage. We believe the Startup Year Initiative needs to examine the broader factors around student aspiration and curiosity to create a startup, and then consider the practical limitations these students might face, and the program should then include some measures that address the identified limitations that these students currently experience.

Charles Sturt University would welcome greater clarity in the program regarding how the proposed solution addresses the translation from learning to research/commercialisation/impact. As the consultation paper indicates, Australia is faring poorly compared to its peers in terms of translating research, so we wonder if the gap in the market is rather at the conclusion of stages of study like HDR (Honours/Masters/PhD) instead of at the undergraduate stage.

Is there a clear value proposition for students and higher education providers?

While Charles Sturt University is extremely supportive of initiatives that will enhance entrepreneurial activity stemming from Australia's tertiary institutions, we believe that the value proposition of the scheme needs to be further refined.

We believe that further case studies or evidence points need to be incorporated into the program proposal which makes the link between the problem – lower than desired level of entrepreneurship and commercial activity – and the solution – which is proposed as student debt to access university-based accelerators.

Consultation with aspiring and successful student entrepreneurs should be part of this process and should include canvassing their views on financing the development of their ideas via HELP type debt.

Finally, we believe that the requirement or linkage between credentialling and access to an accelerator program needs further consideration in the overall design of the program.

What other design elements could be considered to ensure quality, a positive student experience and outcomes?

As increasing activity in this area is one of national significance, Charles Sturt University believes that many of our students would be reluctant to take on further personal student loan debt to engage in the scheme as it is currently proposed. The attractiveness and importance of a graduate wage to the families and indeed whole communities of disadvantaged students is something a startup year scheme needs to consider in its design.

The scheme needs to consider not just the skill base potential startup founders need to create these firms but also the support these founders need in financial terms to stay the course, not least because the scheme is proposing support in areas aligned with national priorities with typical pathways to commercialisation that can take several years.

Charles Sturt University believes that one potential addition or variation to the scheme would be to develop a multi-year description of a startup curriculum which could be included in undergraduate courses that are aligned with the national priority areas in order to build awareness and aspiration well before a 'capstone' event. This could involve three phases:

1. a credit bearing undergraduate subject would introduce students to the general field of research/innovation/commercialisation in their discipline area
2. an elective where students could research, propose and validate a business (similar to an MBA type new venture subject)
3. taking such a proposal, research or potential venture into an accelerator, or into a Higher Degree by Research environment.

Not all students will wish to launch a startup – but all students should have an awareness of the possibility, and then be provided a pathway from the earliest stages of their undergraduate degree should this be of interest to them.

What else could be considered to support the ambition to establish new firms?

Charles Sturt University believes that there remains significant work to undertake, especially in regional Australia, in the stages leading up to when a student may have a business idea ready for an accelerator program, such as building aspiration, awareness of commercialisation possibilities and more broadly making these kinds of skills normalised from the first stages of the relevant undergraduate degrees so that over time, the pipeline of skilled students ready to move into research commercialisation or startup businesses grows. This aspect may be in addition to, or an additional program/s.

What data is required to measure the success of participating in university-based accelerator programs?

Different data will be required to measure the success of the student(s), their startup(s), a participating university's program, and the Startup Year Initiative as a whole.

For students and their startups, success measures will depend in part on the business model they develop, and could include:

- generation of IP,
- attracting venture capital,
- applying for an Australian Government or State Government commercialisation grant,
- industry uptake,
- student employment including the creation of their own business,
- short- and medium-term outcomes (e.g. revenue, capitalisation, expansion or acquisition)

How do we measure the success of the Startup Year initiative and the participating students?

In addition to the metrics above:

- Increased pipeline of potential businesses and student engagement with entrepreneurship (not all will succeed, but there are more chances of success when the sample size grows).
- improved ability within universities to support such efforts instead of such extensive reliance on external contract for program delivery.
- growth in number of students participating in university accelerator programs (and external programs);
- increase in the number of students completing such programs.
- peer-reviewed and other publications.
- IP transfer – options, licenses, assignments.
- ROI (measured against universities' investments and the debt incurred by the student).

6 Student experience

Students are the central stakeholder for Startup Year initiative, as the recipients of loans and the driver of startup creation and innovation. As such, it is important that the student experience is considered in the Startup Year design and delivery, to ensure the program meets their needs and provides them with the opportunity to develop the suite of skills and experience required to grow their startup ideas and build their businesses. Students will be required to complete micro-credentials or qualifications as part of the Startup Year program.

How can we ensure the Startup Year program brings the most value to students?

In asking students to take on debt we need to be certain that this debt is providing value significantly above and beyond what is often provided now in many institutions as part of the student experience. If the aim is to create a startup, debt funding is generally used for funding an expansion of the operation of the startup. This debt is normally located in a company structure.

Two critical questions therefore need to be addressed in designing the program: do the benefits of participating in the Startup Year Initiative outweigh the financial and opportunity costs (for universities and for the students involved), and do the knowledge and skills the students gain make them more employable – and not just in/by a company they start or another in the same industry sector – i.e. does the program lead to better outcomes for the student beyond those obtained through a university education.

Should students be able to receive formal and informal learning as part of the program?

Charles Sturt University believes that the learning component needs to be flexible and is dependent on the individual circumstances of the business and the student.

We do not believe that a generic program that carries a formal credit is the most pressing aspect in the context of a startup's early-stage operation.

How could a micro-credential or qualification best work in practice?

Charles Sturt University believes that an authentic learning experience based micro-credential or qualification is best utilised as a preparatory skills building or aspiration raising device and should be distinct from the activities and support provided to a startup business and is in line with our broad proposal for there to be more detail included in the program around how the program design meets the needs of student stakeholders at various stages of their entrepreneurial journey.

How would students access test, trial and learn facilities and projects to help build skills and understanding towards their own business idea?

Should there be opportunities for students to engage with and build networks with domestic and international partners in finance and startups, as well as in their own industry of interest?

Recognising the importance of person-to-person linkages in startup ecosystems, Charles Sturt University supports the inclusion of networking and similar opportunities in the program.

Further, noting that students based in rural, regional and remote areas have fewer opportunities to participate in network-building opportunities (e.g. trade fairs, conferences, workshops), and face higher costs for doing so, the Startup Year Initiative should include a small grant program to support students from those areas.

7 Student Eligibility Requirements

When considering the current cohorts accessing higher education-based accelerator programs, two key personas emerge. The first are students and recent graduates who might have identified a startup idea through their studies and need wraparound support and mentorship to build and iterate their ideas. The second are more advanced in their careers and have identified problems within their industries or communities for development.

We propose Startup Year loans focus on the former group, that is final year undergraduate students and current post-graduate students. Students participating in an accelerator program, who are recommended by their supervisors, can access these loans as additional support to bring their startup ideas to market.

Option: the loans could help bridge the gap between supply and demand, providing loans to students who miss out on a place within an accelerator program, are recommended by their supervisor as benefitting from access to additional specialised advice and time to refine their startup concept.

What are the benefits and risks in expanding the program to recent graduates?

Charles Sturt University sees no significant risks in engaging the program to recent graduates – in fact we believe these recent graduates who have real world experience in industry are a vital source of potential startup ventures, however as above we would like to further understand the proposed gap in the ecosystem that the scheme is addressing.

What are the benefits and risks in providing Startup Year loans provide to students who have been accepted into accelerator programs? Does this provide a value add to entrepreneurs accessing these existing programs?

If a student has already been accepted, there is an assumption they have met financial and capability entry requirements or have engaged in an equity swap. Charles Sturt University would be supportive if it were demonstrated students could not access because of a lack of financial means however we are unsure of the extent of this circumstance nationally.

What are the benefits and risks in providing Startup year loans to those who are earlier in their startup journey and have missed out on a place in an accelerator? Do the benefits, learning and experience outweigh the risk of failure?

Charles Sturt University is supportive of measures to assist aspiring entrepreneurs. However, if we consider an accelerator as one part of the innovation ecosystem, and incubators more generally as supporting earlier stage ideas or ventures than an accelerator, then we would like to see the role of incubator type bodies considered in this wider environment.

How can universities ensure these loans are allocated to the most suited students?

By ensuring that there is a holistic and well considered approach to supporting students who want to engage in or pursue entrepreneurial ventures.

With that in mind, the Department may want to consider allocation criteria that help increase participation by equity cohorts (First Nations, low SES, rural, regional and remote students and others), and relative opportunity (access to industry and other forms of advice, access to venture capital, local/regional industry structures).

What are other options could be considered?

8 Startup Year Pilot

The Startup Year initiative is anticipated to commence in July 2023. This can be achieved through a full program rollout, or through a first-year pilot phase. A first-year pilot phase would help to inform the future direction of the initiative, including validating processes such as registration and bidding, identify key themes in priority areas, student eligibility, and measures for success. The pilot would include a small number of places at a select number of existing higher education provider-based accelerator programs. This would include a national footprint, including at least one regionally based accelerator.

What are the benefits and risks for undertaking a first-year pilot?

The benefits are that a larger scale roll out can be built on the lessons from the pilot. Charles Sturt University believes that the risks of the pilot are that the program is not targeting specific enough areas of the larger problem identified in the context section of the consultation paper i.e. translation from study/research to commercialisation/impact. Charles Sturt University remains supportive of working with Government to further identify these aspects and implement accordingly.

What lessons can be learnt from a pilot program?

As above.

What criteria could be established for pilot participants? For example, location, student numbers, industry of focus.

Charles Sturt University agrees that the pilot should include a specific set of industry(ies)/locations across Australia, with a view to incorporating into existing accelerator programs that meet this brief.

The pilot should also include a mix of universities: viz, institutions with and without established accelerator programs; metropolitan, outer urban and regional; differing student cohorts, etc.