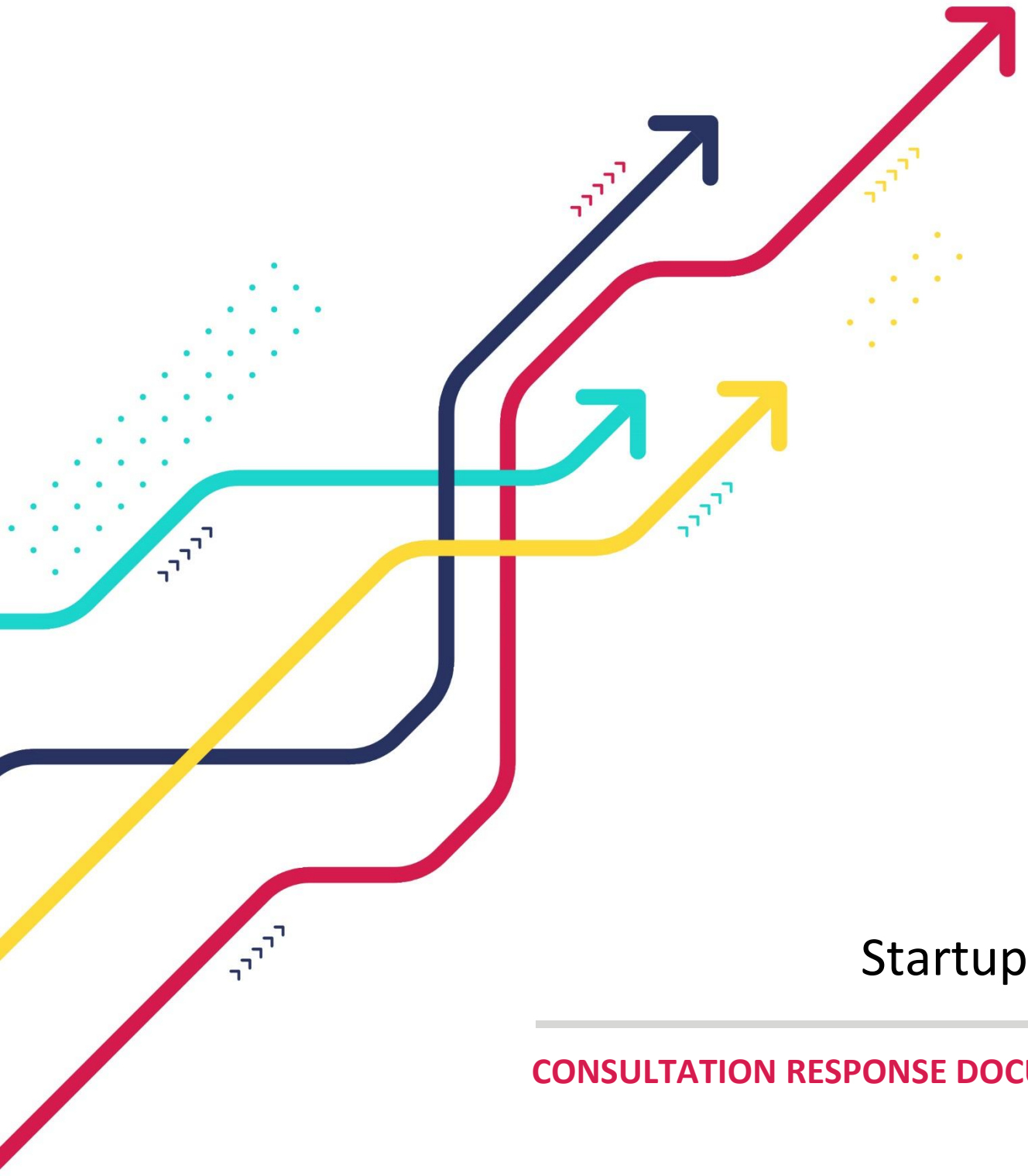

Startup Year

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	Cooperative Research Australia
Organisation type (e.g. university, startup)	Association
Contact name	Alethia Barceinas
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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 (if left blank, your submission will not be published on the Department's website)	Yes

Cooperative Research Australia (CRA) welcomes the opportunity to provide recommendations for consideration on the Startup Year Consultation (2022).

CRA is the voice of industry-research collaboration and advocates for the translation of research into commercial, economic, social, and environmental outcomes that benefit all Australians. Our members form a lynchpin in the Australian innovation system and are focused on creating new products, services, industries, and value in our economy. CRA represents Cooperative Research Centres (CRCs), CRC Projects (CRC-Ps), post-CRC entities, and universities as well as other industry-research collaborative entities, associated businesses, alumni and professionals.

CRA commends the Australian Government on its commitment to research, science and innovation and appreciates the Department of Education's effort to boosting Australia's innovation, sovereign capability and support in areas of national priority.

The consultation on fostering entrepreneurship among final year students and recent graduates, is an opportunity to give a voice to the experience and success of the high-skilled cohort embedded in the industry-led research that CRA represents.

Cooperative Research Australia is committed to working collaboratively with the Australian Government to build an innovation strategy that ensures a productive and prosperous country for all Australians. We are open to facilitating a platform for further consultation and/or clarification with our members on any of the points.

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?
This definition would be strengthened by adding mention of collaboration or mentoring with industry, which is key to bridging the space between academic preparation for entrepreneurship with its application in the market.

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?

We believe the registration process could include the following elements:

- A definition of success for the institution and for the student participants.
- A KPI matrix, with specific milestones to be met periodically (monthly, biannually, yearly, etc) against measure of progress of the student.

What social and community impact measures could be included?

Measures linked to national social, economic and environmental priorities could be included, such as First Nations leadership, decarbonisation, social equality. Possible examples:

- How will the start-up consider the environment? (impact on spatial environmental footprint of certain activities, decarbonisation, consideration of sustainable materials)
- What are the social impacts of the start-up? (Equity, diversity and inclusion (already mentioned); employment across socio-economic levels; training opportunities)
- What is the governance model of the proposed start-up? (ethics, diversity in members, risk management)

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?

The selection criteria could be strengthened by specifying the inclusion of the activities that link committed industry partners with the delivery the program.

Furthermore, in light of the loan scheme model, we believe that the additional debt mixed with high rate of failure in startups, could prove a disincentive for some students. Therefore, we recommend that that the program seek to ensure:

- That the accelerators and support that students will partner with will demonstrably increase their chances of success
- The learning value of failure and resilience to recover from it are built into the program
- That adding to graduate HECS /OS-HELP debts do not negatively impact entrepreneurial ambitions.

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

Refer to response above.

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.

- Have a link to clear national priorities
- Demonstrated market opportunity and a plan to sustainability
- Prioritisation of regional and culturally diverse projects.

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?

- Potentially, allocating additional funding for strong promotion in regional or disadvantaged areas, so that the existence and process of the program is well-known and clearly understood.
- Seeking mentors with similar background to support student success.

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?

The program would be strengthened by mapping its relationship to existing programs inside and outside tertiary institutions, and its relationship to the innovation ecosystem.

We will better harness existing investment and expertise by facilitating greater collaboration across programs and entities. This can be done by taking an ecosystem view, rather than seeing entities and programs in isolation.

A high-performing innovation system is characterised by ecosystems that comprehend and enable interaction between universities and research institutes, Australian Research Council and NHMRC programs, the National Collaborative Research Infrastructure Strategy facilities, Industry Growth Centres, Cooperative Research Centres, entities arising from the University Research Commercialisation Package, incubator hubs, entrepreneurs programs, different levels of Government, industry partners and startups. These are unified by their core goals to create innovative products and services to benefit Australia.

Successful clusters that bring together the innovative ecosystem in Australia would create real potential to transform existing industry, generate new jobs and new career pathways, also addressing the boundaries of localisation.

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

Refer to response above.

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

A focus on expanding the opportunity for industry (organisations, SMEs, VC's, Angel Investors,) to get involved in the cultivation of a new generation of entrepreneurs would be valuable.

The involvement and mentoring of students by experienced industry practitioners and start-up veterans will ensure the success of the program, to support students across the full breadth of challenges in creating a small business, understanding investment, finance, business structures & business models, market/s, market analysis, product development, industrial mentoring, governance, taxation, industrial relations, building a team of trusted advisors, etc.

Undertaking the entrepreneurship journey needs to add this as a measurable matrix at every level.

A few examples of how industry could be more involved might be (not limited to):

- industry advisory board/committee
- industry personnel embedded into the accelerators
- industry mentors
- small to medium enterprise representatives with experience navigating the early days when the network is small, the finance is meagre and the governance is not clearly understood

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

From the perspective of industry-led cooperative research, where our connections to the innovation ecosystem are tied, we would expect to see a link with industry-based PhD students/graduates in the form of opportunities for collaboration, mentorship, networking or even a potential pathway for entrepreneurs (entrepreneurs enrolling to highly-skilled programs as the CRC PhD programs).

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

- Return on investment
- Enrolment and completion
- Initiation, maintenance, duration, growth and wind up of every entrepreneurship project
- Tracking up of alumni for a number of years
- Student satisfaction and career paths

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

- Quantitatively, with a set date of completion, a minimum return on investment, number of participating students that initiated and kept their entrepreneurship projects for a number of years.
- Qualitatively, with impact to key national priorities, preparation of skills necessary to become an entrepreneur (i.e. regardless of whether their accelerated project survived or not, follow up on the students' experience beyond the accelerator; for example, if they went on to start their own businesses, if the income from their businesses is their main source of income, and if they created further sources of employment)

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?

As mentioned above, the main measure should not be the business project developed during the acceleration process, but the skills seeded in the students.
The program should consider a follow up on the students' experience beyond the accelerator, to understand if they went on to start their own businesses, if the income from their businesses is their main source of income, and if they created further sources of employment.

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

Of course, the combination of formal and informal learning will ensure a rich experience for students.

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

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?

Absolutely. Refer to responses above.

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?

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?

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?

Refer to responses in 3. Selection criteria

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

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 time to build entrepreneurial skills could take longer than a year. It would be important to adjust the expected results of only one year to not rely too heavily in unrealistic measures of success for such limited amount of time.

An alternative option would be allocating fewer students for the pilot program but allowing them to be on the program for longer than a year. This would give the opportunity of a longitudinal approach.

Also, as mentioned above, there is a concern that if this program creates further debt for students, a failure of the program will only create a burden, diminishing the experience.

An option to address this issue, suggested by our members, is that the pilot could take the form of a grant or small equity stake.

What lessons can be learnt from a pilot program?

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