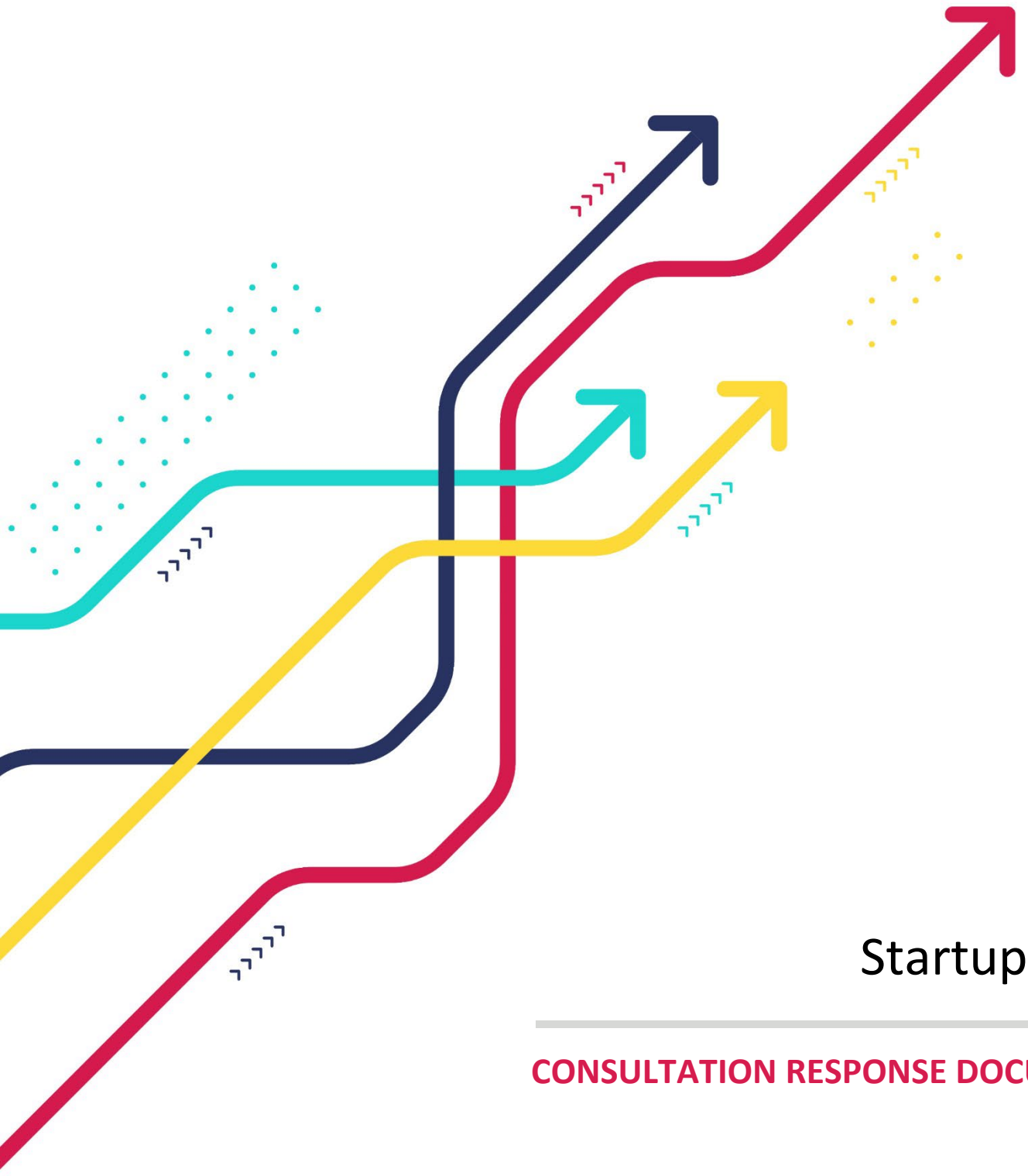

Startup Year

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	Regional Universities Network (RUN)
Organisation type (e.g. university, startup)	Peak organisation
Contact name	Alec Webb
Contact email	execdir@run.edu.au
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 (if left blank, your submission will not be published on the Department's website)	Yes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?

RUN universities play an invaluable role in the ongoing development and renewal of key workforces in regional, rural, and remote (RRR) Australia, while driving much of the research and innovation that underpins the prosperity of established and emerging regional industries.

RUN supports opportunities for students studying at regional universities to build on their aspirations through access to programs that will enable innovation and creativity, while working alongside local industry and communities in regional Australia.

RUN seeks further clarification regarding the terminology of an 'accelerator' program. While the consultation paper notes that according to Universities Australia, there are more than 100 hubs in Australian universities – it should be noted the range varies from accelerators, startup partnerships, events, incubators, and other opportunities at different universities[1]. These will not necessarily result in a significant number of new startups. Further information is required regarding the definition of an 'accelerator' program and the pathways for universities to develop and offer this.

Regional universities have established a strong reputation amongst the sector as providing best-practice student support. To strengthen this definition RUN recommends criteria be established for higher education providers, outlining the wraparound advice and services required to support prospective students and new entrepreneurs undertaking this program.

RUN supports initiatives that will foster innovation opportunities of RRR students, strengthen links between regional universities and communities, and that will directly and positively contribute to the economic and social development of RRR areas.

[1] Universities Australia, University Startup Hubs, https://www.universitiesaustralia.edu.au/our-universities/university-startup-hubs/ on 11 November 2022

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?

As a percentage of student load, RUN universities enrol the nation's highest rates of Indigenous students, students from low socio-economic backgrounds, first-in-family students, and students from RRR communities.

When considering the registration process, RUN supports a nuanced approach in identifying success factors experienced by regional universities, including but not limited to, enrolment of students based in RRR areas; links to regional and remote industries and communities; and the support the university offers to facilitate enrolment of RRR students. RUN notes that references to student enrolments, funding, and/or numbers of new startups, should be relative to the size of the university and the location.

RUN asks consideration be given to industry partnerships and job outcomes, as well as diversity in the student cohort. These factors are important where institutions face thinner markets with lower concentration of businesses and where it may be more difficult to demonstrate prior success. RUN cautions against relying on crude metrics such as employment outcomes or the number of startups in the proceeding year. There can be quite lengthy periods between incubation, acceleration and a thriving successful startup which will need to be captured in the development of any metric.

RUN recommends reference materials be developed, including best practice case studies from regional Australia, to inform higher education providers of what is expected as part of this program.

What social and community impact measures could be included?

RUN notes this program aims to support innovations and boost sovereign capability in areas of national priority and promote social good to support the Government's National Reconstruction Fund. The consultation paper outlines that startups have an important role in job creation, commercialising ideas, strengthening links between universities and the broader community, – and solving social and community-based issues.

RUN supports opportunities to measure – impact on local employment, improving access to services, dealing with disadvantage, and removing barriers to access – across the national priority areas of the Startup Year program.

As part of the registration process, RUN recommends that social and community impact measures be included. This may include commitment to supporting social return on investment, sustainable development, and/or diversity in new business such as startups with a focus on the non-for-profit or social enterprise sectors. There is also the opportunity to measure social and community impacts through qualitative measures such as surveys. RUN notes the timeframes may make it difficult to identify longer term community and social impacts of startups, noting these become evident after the student has completed the program.

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?

RUN acknowledges that some universities may newly develop or redevelop programs and will not have the demonstrated experience to meet the selection criteria. RUN recommends introductory criterion be established to support universities commencing the Startup Year program.

RUN supports policies that enable increased access to universities, especially for students from traditionally underrepresented cohorts. To further enable a diverse student cohort including regional students, including first nations students, the opportunity to access Startup Year RUN asks consideration be given to alternative options for the program to be delivered by providers and/or accessed by students. Examples include:

a) allowing providers to establish virtual hubs and share resources;
b) enabling universities to partner with third party providers that are experts in the delivery of such programs with extensive resources, experience, and social capital networks; or,
c) enabling likeminded institutions to engage in a consortium approach. For example through RUN where universities would pool funding for the development of an accelerator program for use by all regional universities. Once developed, each university would have access to the program content for delivery at each institution. All RUN institutions and participants could come together for a pitch event toward the end of the course with industry and venture capitalists and other professionals to leverage networks and seek further advice.

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

The proportion of Australians with a bachelor's degree (or above) varies greatly based on where Australians live. The 2019 National Regional, Rural and Remote Tertiary Education Strategy (Napthine Review) identified that individuals who grow up in RRR locations are around 40 per cent less likely to gain a higher-level tertiary education qualification and less than half as likely to gain a Bachelor and above qualification by the time they are 35 years old, compared to individuals from metropolitan areas[2].

We know that 70 per cent of students that graduate from a RUN university go on to remain living and working in RRR Australia, enriching their communities and economies while reducing the education disparity between cities and regional areas.

The benefits of enabling opportunities for higher education providers in regional Australia to support and increase the participation of RRR students in Startup Year accelerator programs, will directly and positively contribute to the economic and social development of RRR areas across Australia.

RUN recommends a fit for purpose registration criteria be developed for regional universities, with attention to the resourcing required, and providing a pathway to support institutions that are establishing a new program for delivery as the current proposed criteria would exclude institutions who are not currently active in this space.

[2] Department of Education, National Regional, Rural and Remote Tertiary Education Strategy: final report [Napthine review], 2019, accessed at https://www.education.gov.au/access-and-participation/resources/national-regional-rural-and-remote-tertiary-education-strategy-final-report on 17 October 2022

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.

The consultation paper outlines the priority areas for the Startup Year program aim to support the priority funding areas of the Government's National Reconstruction Fund. RUN recommends prioritised allocation be given to social and community impacts in regional, rural, and remote areas; engagement with First Nations People; and regional connections.

RUN notes that metropolitan universities are saturated with incubator and accelerator programs. There is an opportunity to shift the dial in regional Australia and enable providers and students with better access to resources and partnerships to support innovation noting that spillover benefits of metropolitan programs decline with increasing distance and will not benefit regional Australia. Other factors that can be considered as part of the allocation process may include: cross-sector collaboration amongst regional institutions; sectors with key skills gaps in particular regions; prioritising institutions with strong and growing industry collaborations and workplace learning opportunities; dedicating a portion of places to regional and remote areas and other equity groups to address disadvantage and encourage employment outcomes.

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?

RUN recommends dedicating a minimum number of places each year to identified target groups, to ensure students from educationally disadvantaged backgrounds have access to the Startup Year program.

It is noted that the design of the Startup Year program may include an additional 12-months of study to complete the program. Where suitable, consideration should be given to allowing the flexible use of Startup Year loans for courses that are run in parallel or as part of an existing degree.

RUN notes that students from low socioeconomic and disadvantaged backgrounds are best supported by universities located close to their own community support structure. RUN recommends that Startup Year should leverage the strengths of regional universities who are best placed with their community knowledge and networks, to connect with disadvantaged student cohorts and regional students. This program may potentially increase the density of entrepreneurs and innovators in regional Australia.

Given the resourcing involved with establishing a new Startup Year accelerator program, consideration should be given to strategies enabling regional universities to work together to provide the best learning experience for regional students. This may include regional partnership, virtual hubs, dual delivery of a program, and/or digital and blended learning opportunities that could lead to greater collaboration between participants and industries.

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?

RUN acknowledges the approach does provide increased accessibility for students to complete accelerator programs, while also prompting higher-education providers to consider how they work with local industries and support students to deliver such programs.

RUN supports the inclusion of micro-credentials in the funding framework with student loans. It provides a more flexible learning environment demanded by industry and students. RUN notes that few startups initially succeed, so would recommend the investment focus on providing students and recent graduates the skills they need to potentially create a startup or to work with one. Gaps in regional markets will continue to improve over time through such programs, by growing a strong foundation and capacity for innovation between universities, networks, and students.

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

Value Proposition for students: RUN is concerned the accelerator programs require an established proof of concept which may be difficult for students at an undergraduate level. Further clarity is needed about the outcomes and design of the programs, to ensure there is a maximum benefit for students. For example, will students completing an accelerator gain degree credit or will it enable them to start a business? RUN recommends further consultation be undertaken focussing solely on the voice of prospective, current, and former accelerator students.

RUN universities have a high proportion of mature aged students studying online. To engage this cohort, there would need to be flexibility in how the programs be delivered.

Value Proposition for Higher Education Providers: RUN notes concerns about the lack of incentivises for regional universities to develop new programs, improve existing offers, or adapt programs to changing industry or student needs.

The funding facilitates students enrolling in courses, but this approach does not provide sufficient funding to facilitate regional university investment into accelerators with lower student numbers. There is currently no incentive for smaller regional universities to extend or update their offerings or to offer for the first time.

If the proposed funding is to be utilised by universities to deliver an education program, there is an opportunity to consider repurposing underspent short course funding already allocated.

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

To ensure quality, a positive student experience, and outcomes, RUN supports a continuous improvement approach where industry and regional institutions are involved in an ongoing capacity to advise and inform the delivery of the program. Student feedback is also critical in designing and improving the programs. RUN supports opportunities to enhance student experience, such as collaborating through virtual hubs, or having programs delivered by industry and experienced entrepreneurs.

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

To support and encourage ambition to establish new firms, the Startup Year initiative and how to access the program needs to be clearly communicated to target cohorts and promoted within the university and their networks.

RUN members can identify some existing undergraduate degrees and honours programs that already include components of entrepreneurship and/or incubation of business ideas. These could act as pathways for students to consider and commence an accelerator program. RUN also acknowledges there is an opportunity to widen the scope of eligible Startup Year programs beyond programs that are formally branded as accelerators.

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

RUN recommends implementing qualitative mechanisms such as engagement with students to understand and measure their experiences through surveys and focus groups.

Depending on the resources available to measure the longer-term success of the accelerator program, consideration should be given to industry assessment. Such as:

- has the program supported innovation in an area of national priority?;
- has there been an impact on addressing any social and community issues?;
- longitudinal data on where students are 3 to 5 years out from the program (whether establishing a startup or being part of one)?; and,
- in which region is the participant based and what is the prevailing unemployment rate?

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

RUN recommends the success of the Startup Year initiative and the participating students be measured using a combination of qualitative and quantitative sources to provide appropriate context. RUN recommends at a minimum that the measures be reported by location – regional and metropolitan programs – to identify trends, improvements, and areas of excellence.

Reporting on the number of startups as a percentage of those that have competed the program, will provide a measure of the success of the program and for the student. This value could be reviewed in the short and long term. For instance, the number of startups commenced within 12 months of completing the accelerator program; and number of startups commenced within 5 years of completing the accelerator program. This will provide an indication of success of individual accelerator programs, regionally and metropolitan based programs, and provide a national perspective for the efficacy of the Startup Year initiative.

Other measures of success include student feedback and including a net porter score to gauge satisfaction with the program. Again, this will provide feedback for institutions offering the program, an indication of satisfaction from regional students vs metropolitan students, and the national program.

RUN recommends reviewing the Startup Year initiative by the diversity of the student cohort and diversity of new start-ups, again reporting by location and differentiating the regional and metropolitan programs.

Despite the above, RUN notes that the success of the startup program should not be measured solely on the number of startups. Commercialisation outcomes can be found in varying formats yet often have similar impacts of job creation and product development. Startups take substantial effort, knowledge, and resources to be sustainable, with many not progressing beyond the startup phase of company development. Successful startups often take numerous years to realise success and thus this program should be viewed as a long-term investment in Australia's innovation ecosystem.

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?

RUN recommends engaging and/or co-designing the programs with student input to ensure they have a positive experience, and they have opportunities to develop their skills and put them into practice.

RUN acknowledges that students from non-traditional or underrepresented backgrounds should be a special focus of incentives to encourage their adoption of ongoing learning and skills development. Appropriate engagement strategies are critical to delivering programs to First Nations students and low socioeconomic student cohorts.

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

RUN universities are supportive of students being able to receive both formal and informal learning as part of the program. It is noted that creativity, innovation, and design thinking is done best in informal, non-graded environments.

RUN is seeking clarification if the intention is to have the program as part of the Australian Qualification Framework? RUN notes that not all experienced entrepreneurs have formal higher degree qualifications and therefore would recommend policy settings include the possibility for startup year students to learn from experienced innovative individuals in this space.

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

RUN endorses the implementation of micro-credentials or qualifications that support a student to innovate and pursue their ideas through an accelerator program. Micro-credentials can be beneficial at the start of the commercialisation process, and then potentially for the development of 'non-technical' skills such as learning to pitch ideas to potential partners.

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

RUN acknowledges that accelerator programs are designed to tease out opportunities that already display commercial merit. Market investigation needs to have been conducted prior to commencing the accelerator program, to validate that the idea/opportunity solves an industry/market problem in a unique way. RUN is concerned this work requires a level of skill, commercial knowledge, and experience that an undergraduate may not possess.

For students to test, trial, and learn facilities and projects to build their skills and understanding towards their business ideas, RUN recommends enabling opportunities for co-location and engagement with industry and professionals. Regional universities will need to explore and make use of effective online and virtual engagement platforms to ensure their students have similar opportunities to network and learn as those in metropolitan areas.

There are also opportunities to work in partnership with other higher education providers.

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?

RUN is supportive of providing opportunities for students to engage with and build networks with domestic and international partners in finance and startups, as well as their own industry of interest. Engagement opportunities including mentoring and networks are considered a valuable aspect offered as part of accelerator programs.

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?

RUN supports policies that enable increased access to education, especially for students from traditionally underrepresented cohorts.

While there are no significant risks to expanding the program, RUN notes that undergraduate and recent graduate students may not have the skills required to have worked through their ideas and identify commercial merit and/or proof of concept. Consideration should be given to expanding the design of this initiative to include the foundation skills required to develop students' ideas, prior to commencing the accelerator program.

In terms of the eligible cohort, there are benefits expanding the criteria based on other qualifications and/or industry experience. This would be beneficial for regional, remote, and rural Australians, as the proportion of Australians with a bachelor's degree (or above) varies greatly based on where Australians live.

The disparity in tertiary participation/attainment between regional and metropolitan Australia, and the stronger demand for skilled workers in RRR locations, indicates that regional communities play host to the greatest concentrations of untapped economic potential at a national level.

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?

RUN is seeking further clarification regarding the Startup Year loans, including how the funding model will be administered.

When examining costs across the sector, nuanced consideration must be paid to the difference experienced by regional universities in the cost of teaching and the provision of equitable student experience, and the subsequent costs in supporting the needs of regional student cohorts. As such, RUN supports the need for regional differentiation of university teaching and research funding – including funding to deliver the Startup Year initiative in regional Australia.

For prospective students considering the Startup Year loans, it would depend on their financial means and stage of life. For entrepreneurs accessing the accelerator scheme, a loan to cover fees may not suffice as an incentive. It is noted that entrepreneurs may already have access other support programs such as the Entrepreneur Program, the Innovation Connections Program, the ARC Industry Fellowship Programs or the CRC-P Scheme.

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?

RUN would caution this approach, noting the risk is that the loan funds may not be well-used to advance a startup. There are concerns if a student is not participating in an accelerator program, they will not have the appropriate wraparound supports and/or connections to industry and networks. Again, further clarification is needed regarding the Startup Year loans program, including how the funding will be administered.

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

RUN universities already have various schemes in place to allocate scholarships to students from low socioeconomic and disadvantaged backgrounds, and students from regional communities.

Regional universities are well placed to identify students likely to succeed from being part of the Startup Year initiative – considering their abilities, the intent and design of the accelerator, and capacity to engage with industry.

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?

RUN supports undertaking a first-year pilot phase to inform the future direction of the Startup Year program. The benefits will include feedback and perspectives from students, stakeholders, and higher education providers, and provides an early indication of the outcomes.

RUN asks consideration be given to including more than one regionally based accelerators in the pilot phase. This will provide greater insight into how Startup Year can be implemented to best support students from regional Australia.

Consideration should be given to allowing a new accelerator program take part in the first-year pilot. This will provide a different perspective to the challenges and areas for improvement, compared to institutions that already have a well-established accelerator program that can be offered as part of the Startup Year initiative. Again, further information is required on the pathway for universities to develop and offer an accelerator as part of this initiative.

What lessons can be learnt from a pilot program?

As part of the first-year pilot phase, RUN recommends inviting students, stakeholders, and providers to share their feedback and recommendations for improvement. The pilot provides the environment to trial and review this scheme by allowing stakeholders to assess the feasibility of the program; provide feedback on the funding model; identify if the program is supporting innovation in areas of national priority; highlights gaps/improvements in the initial stages of designing the accelerator program; consider if the wraparound supports are sufficient; and determine if participants have progressed or have the ability to progress their ideas from proof of concept to a startup.

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

RUN universities support the inclusion of regional representation during the pilot phase. The pilot should include diverse student representation from Indigenous students, students from low socio-economic backgrounds, first-in-family students, and/or students from regional communities.

The market and engagement opportunities for regional entrepreneurs will vary considerably to those in metropolitan areas. We know that regional Australia is well-serviced by many world-class comprehensive universities that already have the capacity to translate investment in tertiary education and research into higher participation rates amongst underrepresented student cohorts.

RUN recommends the findings from this pilot be reported by location to identify trends by regional and metropolitan programs.

RUN advocates that a fit for purpose pilot criteria be developed for regional universities. The pilot can draw attention to the resourcing required in regional locations, and student and industry feedback. Social entrepreneurship and community impact will also be important to take into account during this pilot phase.