



Startup Year

CONSULTATION RESPONSE DOCUMENT

1. 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	Science & Technology Australia
Organisation type (e.g. university, startup)	Peak body
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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 (if left blank, your submission will not be published on the Department's website)	Yes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?

Yes.

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?

Science & Technology Australia urges the Government to make the Startup Year registration process as easy as possible for providers. It should be streamlined and simple so the scheme encourages wide participation - with crucial but 'light-touch' checks and balances to assure probity.

Imposing overly-narrow metrics of 'success' for accelerators joining this program risks undercutting one of the stated program purposes - which is to 'stimulate the national focus on entrepreneurship and an innovation culture and boost business dynamism'. To create such a culture, Australia needs to nurture a stronger appetite of risk-taking and an acceptance of failure in many first startup attempts. An early experience of initial failure is an inevitable component of many startup ventures. Learning powerful lessons from an initial failure often spurs founders on to future major commercial success. The focus of the Startup Year program should be on the quality of support, training and skills development for student entrepreneurs, and the skills and lessons they learn from it.

Science & Technology Australia Recommendation 1:

We recommend providers be asked to lodge brief descriptors on:

- **Years of operation**
- **The nature of programs it offers**
- **The resources it provides to hosted startups**
- **Funding levels, sources and timeframes the accelerator offers to entrepreneurs, and how this is accessed/awarded (through competitive schemes or otherwise)**
- **The number of startups registered, startups active, level of funding raised**
- **The breadth of application areas**
- **Data on the diversity of founders supported by the accelerator**

Accelerator data should not be used punitively. Rather, it should be a positive guide to track the overall development of Australia's startup accelerators and to help identify the most effective startup programs nationwide. To shift culture and strengthen entrepreneurial skills, targets for improvement could be set for

every participating provider. And rather than eliminating some participants over time, the program could 'raise the game' of the entire sector.

What social and community impact measures could be included?

Delivering this opportunity to a broad range of students from a diversity of backgrounds is crucial.

The program should recognise the value of harnessing ideas with the potential to deliver social good, as well as projects with commercial success. This can often not be measured by a direct financial return on investment measure, yet still have the potential to be transformational and are equally deserving of support.

Science & Technology Australia Recommendation 2:

The Startup Year program should span the many and varied forms of research translation. It should support projects with 'social good' benefits as well as projects with commercialisation pathways.

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?

Providers must be equipped to support students and produce the best possible results. However, as with the registration process, the suggested eligibility requirements are quite extensive – care must be taken to ensure they do not become a barrier to participation.

Placing eligibility requirements on this program is unlikely, in and of itself, to ‘foster the required industry-university partnerships’. These relationships will likely already be in place, or more importantly, the university accelerator will have the skills and capacity to support the students to develop the required relationships and partnerships as appropriate for their project.

The program needs to consider students’ locations and the accelerator (and industry connections) that is best placed to meet their needs. Will students be required to work within the incubator program at their own university or will there be scope for students to work with other universities, who may have developed programs or industry linkages that may be more appropriate for a student’s specific idea?

Science & Technology Australia Recommendation 3:

The program should facilitate student access to the most appropriately located accelerator, even if this is not at their home university.

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

Broadly, yes. Science & Technology Australia cautions against stipulating too narrow a focus on 'alignment with areas of national priority'. The program should support a wide array of great ideas and entrepreneurship pathways, seeking pitches of clever ideas from students and assessing these on their merits, instead of imposing a top-down restriction on what should and shouldn't be supported.

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.

Science & Technology Australia cautions against imposing overly-stringent constraints on the range of ideas and projects that should be supported by this program, given its ambition to stimulate student innovation and bold thinking.

That said, one way to prioritise funding allocations would be to assess whether projects are aligned either with Trailblazer University fields or other projects supported by Australia's Economic Accelerator.

Science & Technology Australia Recommendation 4:

Projects supported through the Startup Year program should not be tightly limited by top-down priority or industry areas – given the early stage of students' careers, it should seek to support a wide range of promising ideas.

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?

It will be important to ensure students in regional Australia have access to the facilities and support that they need to pursue their ideas. These students may need to be supported to access an alternative university accelerator program should their home university not have an appropriate program.

Science & Technology Australia Recommendation 5:

A proportion of Startup Year places should be reserved to support disadvantaged students and students in regional and remote Australia.

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 discussion paper notes there are more than 100 accelerators across the higher ed system, but it's unclear how much unmet demand there is among students to access these. Typically, student participation in accelerators offered by home institutions is free, but there is limited data currently on how many applications to participate are unsuccessful.

Science & Technology Australia Recommendation 6:

Analysis to understand the level of unmet demand across university accelerators should be conducted to help inform program delivery. Science & Technology Australia would be pleased to be commissioned to undertake such analysis for the Department.

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

For providers: without knowing how each university accelerator operates, it's not immediately clear what the value proposition will be. Will \$11,800 in funding be sufficient to cover the costs of the accelerator training and support as well as any required seed funding?

For students: it must be acknowledged that this funding will be added to students' HELP debt, and will need to be repaid in due course. It's widely accepted that there is a need to promote a culture of accepting failure in startup ventures so as to foster a more dynamic startup ecosystem. However, whether this acceptance of failure should extend to an acceptance of an additional \$11,800 debt is a very different question.

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

A crucial, yet missing, component for the program's success is how it will nurture cohorts of students to leverage a powerful supportive peer network to speed their development as innovators and entrepreneurs.

Overarching oversight of all projects funded through the Startup Year program would enable projects with similar, overlapping or aligned goals to be connected – encouraging collaboration and avoiding duplication.

Science & Technology Australia has vast experience delivering cohort-based learning programs and building peer networks to supercharge momentum for government and university sector initiatives. We would be honoured to work with the Department of Education to deliver a bespoke service drawing on our unique expertise and leadership in this type of peer network program delivery.

Science & Technology Australia Recommendation 7:

The program should include overarching cohort-level support to build a supportive peer network among program participants. With our vast membership network and experience in building peer cohorts, STA would be ideally placed to deliver a bespoke service to nurture connections and create a strong Startup Year national network of next-generation emerging entrepreneurs.

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

The metrics to measure program success must be realistic. While there may be some students with ideas that could underpin the creation of a new company, it's more likely that the ideas (and capabilities) of final year, recent graduates and even PhD students will be more modest in scale.

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

The concept of 'success' needs to be carefully considered, as acceptance of failure is an important component of building a strong startup ecosystem. A better metric may be to simply measure the number of students who receive access to training and skills that will equip them to pursue entrepreneurial pathways.

Translational impacts may also extend beyond simple financial or commercial returns. These need to be measured as well, noting that results may occur on significantly longer timeframes.

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

For the overall initiative, tracking improvements in providers' key performance parameters would be a good success indicator. Improvements across the network of higher education accelerators would improve startup culture.

For the participating students, this has to be evaluated with care, as per previous response.

Science & Technology Australia Recommendation 8:

Caution must be taken in establishing success metrics too closely tied to commercial outcomes or number of new firms established. The program will be successful if it contributes towards building a stronger entrepreneurial culture in Australia – which is difficult to measure. Tracking key performance measures of participating providers would be the best way to measure 'success', noting that some projects may have outcomes that extend beyond direct financial or commercial returns.

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?

Students must consider whether the additional \$11,800 that will be added to their HELP debt will deliver them long-term benefits. As such, the quality of the training and skills they receive from their incubator/accelerator will be critical.

Support to build networks and relationships and a nurturing peer group will also provide long-term value to students. Science & Technology Australia is ideally placed to deliver a program to foster these connections and ensure connectivity and coherence to forge a network of these student and graduate entrepreneurs. We would be pleased to explore this further with the Department of Education.

Science & Technology Australia Recommendation 9:

To deliver maximum value to students, the program should include a bespoke service that nurtures a strong and supportive peer group across the cohort of participating students. STA could deliver an alumni program to support a strong Startup Year national network of next-generation emerging entrepreneurs.

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

We would expect a fundamental offering from the providers would be in-depth training programs, negating the need for formal credentials. Startups and innovation are by definition disruptive and rarely are a product of highly structured learning. The focus should be on giving the participants access to the right tools, guidance on how to use them, and giving them freedom to choose what matters to the business strategy.

Additionally, it seems unlikely that the funding would be sufficient to cover the costs of a formal course or accreditation/qualification as well as supporting the specific training and skills development provided by accelerators.

Science & Technology Australia Recommendation 10:

Unless a strong case can be made for students to undertake a formal qualification as part of the program, the funding should focus on the training and support provided by the university accelerator and/or project seed funding.

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

See previous response, and STA recommendation 10.

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

The accelerator program students participate in should include access to the facilities required to do this work – funding through the Startup Year program would have to be sufficient to cover the costs of this. This may or may not be the case, depending on the complexity of the students’ ideas and projects.

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?

Any opportunities for students to connect with, build relationships and form collaborative partnerships or connections will be valuable.

Science & Technology Australia Recommendation 11:

The Startup Year program should facilitate access for participating students to meet with a range of potential industry partners and entrepreneurship experts.

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?

Recent graduates will be in a similar position to final year students in terms of ideas development and skills capability. It's likely that if they have completed their studies, they may be in a better position to concentrate on developing their startup idea – however, they may equally be constrained by employment requirements.

Science & Technology Australia Recommendation 12:

The Startup Year program should include final year students, recent graduates and PhD students.

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?

It's possible that the Startup Year loan may help a student with additional seed capital, or fund additional training/qualifications that would help them pursue their entrepreneurial pathway that would otherwise have been out of reach. However, it's very difficult to determine this without a comprehensive understanding of how much unmet demand currently exists for students to access accelerators.

(See Science & Technology Australia Recommendation 6)

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?

Building a culture with acceptance of failure and a focus on skills and lessons learned should be an integral part of the program – this is important across all career/translation/commercialisation stages.

Students and projects allocated funding in the program should be assessed on their own merit, rather than whether or not they have missed out on a place in an accelerator – this will also likely vary from institution to institution and depend on total application numbers.

Science & Technology Australia Recommendation 13:

The Startup Year program should support the most promising ideas, as assessed on merit, rather than looking to fund students who have missed out on an accelerator place.

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

This will depend on the experience and expertise in university accelerators. Given the proposed registration and eligibility requirements, it can be assumed that institutions that meet these requirements will have the requisite expertise to select students wisely and deliver appropriate support, training and mentoring.

What are other options could be considered?

Science & Technology Australia supports efforts to boost university research translation and commercialisation, noting that it is exactly that – **research** translation and commercialisation. It is very likely that students at the undergraduate, and even PhD level, might have interesting and valuable ideas that may lead to a translational opportunity. However, it is unlikely they will be at a stage of their STEM career to have developed the deep expertise that will enable them to bring deep-tech or sophisticated STEM research to a translation or commercialisation pathway.

STA's proposal of a Bench to Boardroom program seeks to support STEM researchers at more developed career stages to build the entrepreneurial skills required to navigate industry to take their research to translation or commercialisation. STA believes this is a more appropriate career stage to develop these skills and provide the sort of support envisaged by the Startup Year program. That said, the Startup Year program could identify students at an early stage who are intending to pursue their research career but are also invested in translating or commercialising their research, and be a useful preliminary step upon which a Bench to Boardroom training program would build.

Science & Technology Australia Recommendation 14:

Science & Technology Australia's Bench to Boardroom program would deliver a powerful boost to research translation and commercialisation across Australia, equipping researchers with deep STEM expertise with skills to engage with industry and navigate translation and commercialisation pathways. This program should be funded as a later-stage complement to the Startup Year initiative.

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?

Running a smaller-scale pilot program in the first year offers the opportunity to test processes and learn from any challenges to improve subsequent roll-out.

Risks may include a lack of scale and/or critical mass to achieve success – noting the high failure rate of startup attempts, consideration must be given to the number of attempts that must be supported to achieve any successes.

What lessons can be learnt from a pilot program?

Lessons learnt from a pilot program could include determining whether the funding of \$11,800 is sufficient to effectively support a startup venture, and if one year is enough time to see a project through to completion.

A pilot program may also demonstrate whether or not students are at the appropriate stage of their careers to have sufficiently developed research to bring to a translation or commercialisation venture.

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

A pilot program would need to involve enough participants to properly test the program, and should give all university accelerators the chance to apply for funded places. Given the program's intention to boost entrepreneurial culture across the sector, any pilot program should not be restricted by location or discipline/industry focus.

Science & Technology Australia Recommendation 15:

To enable wide participation from the outset of the scheme, any pilot program should give all university accelerators the chance to apply for funded places, even if the initial pilot is run on a smaller scale.