



One Gippsland
National priority Fund - EOI Submission
Startup Gippsland – Regional Incubator 3.0

About the initiative

Building on the success of three previous iterations of the Startup Gippsland Regional Incubator, the 3.0 program is a newly revised program and aims to support the formation and scaling of businesses in Gippsland.

Incorporating best practice international approaches that are applied with local knowledge and delivered through local leadership and expertise, this program aims to increase the number of small businesses operating in the region. This will be done by delivering a tailored program that addresses local barriers to success. This will be done with the following elements:

1. Idea to Launch Incubator;
2. Scaleup Accelerator Program;
3. Bootcamp;
4. Remote startups incubator; and
5. 1:1 mentoring.

This submission is on behalf of One Gippsland (regional development peak body) with contract management through Latrobe City Council and GippTech (who is the delivery agency).

Selection Criterion 1: Effectiveness of the initiative to address structural and other barriers to employment of Australian job seekers and/or job creation.

Gippsland is a diverse region with vast natural beauty and rich resources. The region however has suffered a range of economic shocks that have devastated the economy and reinforced systemic disadvantage. This has resulted in a perfect storm of decline. The impacts of issues have resulted in the following indicators:

- Unemployment rate: in Gippsland is 7.2% compared to the state (Victorian) rate of 4.4%
- Labour force participation: in Gippsland it is 53% compared to 63.9% for Victoria
- Year 12 completion rate: in Gippsland it is 35% compared to State average of 79%
- The bachelor's degree attainment: in Gippsland is 12% which half the Victorian average at 24.3%

Between 2015 and 2020 the combined effect of the COVID-19 restrictions, bushfires, dairy crisis, drought and the closure of Hazelwood have further reduced the region's prosperity with the following impacts:

- Direct output loss of \$3.28 billion;
- Combined direct and indirect output loss was \$6.86 billion;
- A total of 10,213 job losses (direct and indirect).



Despite these challenges, Gippsland has great growth aspirations with target increased growth across these important areas:

- Attracting 75,000 new residents;
- Increasing Gross Regional Product to \$23.2 billion.

This program will use the networks of One Gippsland to create a pipeline of ancillary small businesses that will support the energy, food and fibre and tourism sectors. These sectors are highlighted in the Gippsland Regional Plan as fundamental to the region's future prosperity.

A strong and thriving small business network is fundamental to the economic future of any region, but this sector is very important in Gippsland. Small businesses in Australia accounted for just under 60% of total employment growth in the private sector between June 2013 and June 2018 and 57% of jobs growth in the same period.

According to the ABS, in 2016 small businesses (less than 20 employees) accounted for 97.4% of all Australian businesses, with 60% being sole traders and 27% being micro businesses (1-4 employees). In Gippsland this percentage is even higher with small businesses comprising 99% of all registered businesses.

However, the Australian Bureau of Statistics has also stated that 60% of businesses fail in the first three years of operation and of those who do fail, 50% are profitable at the time of failure – meaning that there is much more to overcome than just remaining profitable.

For any business to survive, grow and create employment they need to operate within the local context and deal with local challenges.

In addition to the socio-economic indicators outlined above Gippsland also suffers from a lack of connectivity. At 41,556 square kilometres, Gippsland is Victoria's largest region. Despite its size, it is only home to 270,000 people resulting in a smaller population that is spread across a large land mass. This has created issues associated with transport but importantly for small business digital connectivity. The Gippsland Digital Plan has identified the following digital connectivity challenges that hinder business development:

- 496 registered mobile blackspots throughout the region; and
- 72% of the regions cities and towns have identified an "intermediate" supply shortfall in access to fixed line broadband.

Startup Gippsland – Regional Incubator 3.0 seeks to address the challenges of small business operation with three extra principles:

- **Local leadership:** with university, local government, peak bodies and local employers collaboration;
- **Local solutions:** supporting businesses to thrive with the mentorship of those who have overcome local challenges (transitioning economy, digital connectivity and sparsely populated region); and



- **Locals first:** connecting Startups to Gippsland's growth sectors (energy, food and fibre, visitor economy) to enable both the sectors and business to support the region's economic prosperity through a strong ancillary sector.

Success of this initiative will be marked against the following metrics (these align to the United Nations Global Sustainable Development metrics):

- Decent work and economic growth
- Industry, innovation and infrastructure
- Partnerships to achieve goals
- Job creation
- Session attendance.

Selection Criterion 2: The extent to which the organisation demonstrates local knowledge and connections, organisational capacity and relevant experience in project delivery that will contribute to the achievement of the Fund objectives.

Through the previous versions of this program GippsTech have developed the experience, knowhow and capacity to deliver this program. This submission and program are an endorsed position of the regional peak body alliance One Gippsland. Membership of One includes all six local governments, Food and Fibre Gippsland, TAFE Gippsland and Federation University.

GippsTech will work through One Gippsland to establish a clear, locally lead governance structure to deliver the project that will include:

1. Terms of reference;
2. A project control board (including Federation University, Local Government, Industry);
3. Project plan with project milestones; and
4. Financial reporting framework.

In addition to the networks of One Gippsland, GippsTech has many existing relationships and these deep connections across education, government, industry and the community will be actively invited in engaging with the proposed program.

Further since starting in 2019, 122 people have successfully completed the Startup Gippsland program. That means that the program has played a pivotal role in enabling 122 entrepreneurs in Gippsland to have the tools to be successful, grow and contribute to the economic success of their region.

Selection Criterion 3: The extent to which the proposed initiative contributes to economic and social benefits and the Fund objectives.

This initiative directly aligns with many of the 'Funds' objectives of removing workforce barriers, creating long term social and economic benefit, building employer capacity and strengthening the capacity of stakeholders.



The key objective of this initiative is to foster and facilitate the growth of small and startup businesses to strengthen Gippsland's economy and create more job opportunities across the region. With 112 businesses successfully supported once completing the program, this objective is well and truly established and delivering.

The support in 112 emerging businesses through this program has created new jobs, with many of these businesses employing staff as they grow, generating even further job creation.

This success will continue to generate employment opportunities as the direct economic benefit of indirect jobs creation is a multiplier of at least 0.2 to every new direct job. When looking at the indirect economic benefit generated in the community this number doubles with 0.4 jobs to every new direct and indirect job.

Employing 5.5 million Australians and generating \$380 billion, small businesses are clearly essential to the Australian economy. They are also at the core of regional communities and economies both in terms of employment and value add. As stated by the Australian Government in their 'Giving Small Business a future Campaign', "When regional small business is strong it creates local jobs in our communities and drives regional economies".

The initiative will also create a pipeline of ancillary future needs of the \$1.4 billion energy, \$7 billion food and fibre and \$2.4 billion tourism sectors. These sectors are highlighted in the region's regional plan – the Gippsland Regional Plan – as fundamental to the region's future prosperity.

As also identified in the **Gippsland Regional Plan**, these businesses must continue to be agile and innovative to survive and thrive. It is important to address local barriers to operation in Gippsland.

This program acts as a key resource for small businesses facing the impacts of COVID-19 restrictions by helping many businesses pivot and innovate in the face of dramatic market changes.

By facilitating the capacity building and business development of Gippsland's small businesses, significant economic, employment and social outcomes can be expected through increasing workforce participation and fostering innovative and entrepreneurial spirit. This will actively work to lower the high rates of people on welfare and increase rates of workforce participation.

By creating business resilience, fostering growth of new businesses and assisting existing businesses to scale up, more businesses will be able to adapt to changes in market conditions meaning they can continue to employ long term. Facilitating the inception of new businesses also creates a pipeline of potential employment opportunities in Gippsland.

In addition to generating more employment opportunities in these businesses by facilitating growth, fostering entrepreneurial attitudes and actively working to support small businesses in the region will increase investment desirability from businesses outside the region, further growing Gippsland's economy and jobs market.



This initiative also benefits stakeholders such as local government by directly working to achieve goals within council economic development plans. Local government economic development teams are tasked with facilitating and encouraging diversification of businesses in the area to create economic and job opportunities, this initiative supports those aims and provides local government with another avenue to achieve their goals.

For more information

Shannyn Peterson

M: 0434 274 457

E: gippsland@collectiveposition.com