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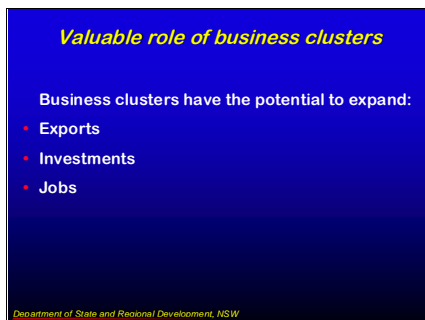


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Good morning ladies and gentlemen. My name is xxx and I am a Business Development Manager for the Department of State and Regional Development. It's my pleasure this morning to provide you with an overview of the Department's Business Cluster program.

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business clusters have been shown to be effective ways for groups of industries and/or businesses to increase awareness of their goods and services, and increase demand. By increasing awareness and demand, they are working together to create a bigger pie.

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Valuable role of business clusters

Being in business does not always mean being in competition,

But can also mean working together to make a particular industry sector stronger

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Silicon Valley—perhaps the world's most famous example of a successful business cluster—is a good example of that. Instead of being at each other's throats, American information technology [IT] companies branded their region and succeeded in marketing it as a place of innovation.

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Industry and business collaboration

Foster the creation of:

- New ideas
- New business opportunities
- Better business management

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International experience of business clusters

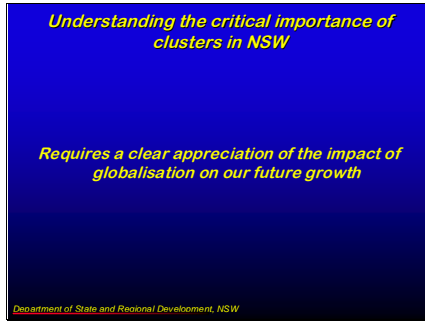
Has demonstrated their effectiveness in stimulating:

- Export
- Enterprise
- And economic growth

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Company collaboration and networking foster a greater exchange of information and create an environment that encourages new ideas, new business opportunities, and improved process and management practices.

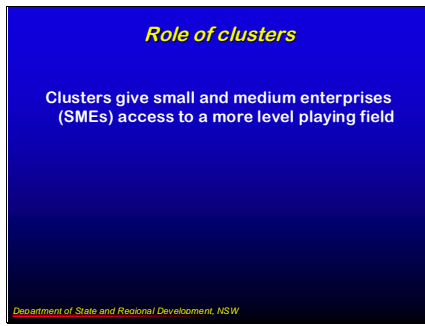
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Increasingly New South Wales companies will face a world dominated by large global companies.

Clusters give small and medium enterprises a way to compete. Our success in identifying and fostering these clusters of excellence will greatly impact on our success in the global economy.

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As well as Silicon Valley in California, major clusters have emerged in places as diverse as southern China, where the specialty is low technology, labour-intensive manufacturing clusters, and Italy which is well known for its fashion and luxury sports cars. These world-renowned clusters have driven export, growth and innovation in their regions.

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The Business Cluster Program aims to:

- Assist groups of businesses that want to create sustainable and commercially focused business clusters
- Aims to provide tailored non-financial and financial assistance during the cluster's life cycle

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Business Development Managers from the Department of State and Regional Development will work as a catalyst with eligible clusters by providing knowledge, guidance and support to enhance a cluster's development.

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Business Cluster Funding:

Eligible projects may attract:

- a one-off 75% subsidy of up to \$10,000 during early stage development
- And matched (50%) financial support up to \$10,000 for any one project and up to \$20,000 over any two-year period in the ongoing development of the cluster

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Early stage development/ formation, during which plans, milestones, structures and collaborative bonds are established; and development, in which the cluster moves to implement its business plan, develop its links to other institutions and achieve more complex and larger goals.

The funding could be used for business or marketing planning, market research or promotion, or support for a facilitator to organise and manage the cluster. Once the cluster reaches maturity and becomes financially self-sufficient, it will continue to receive the support of the Government's business development managers.

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Eligibility Criteria:

- Must be substantively industry and/or geographically concentrated in NSW
- Should have identified an active champion
- At least 80% of members must be SME companies with the following criteria:
 - Trading for at least 2 years
 - Financially viable
 - Employ a minimum of one person in addition to its owners
 - Turnover between \$200,000 and \$50m

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A crucial key to the success of a cluster is the involvement of an active champion. This is one of the criteria groups must meet in order to join the new program. The champion can be a person or company that is prepared to lead and energise the cluster and has the strategic and operational management experience to ensure the cluster achieves its goals.

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Practical Tips

- Identify the champion
- Small groups work better
- Avoid tyre kickers/ hidden agendas
- Don't drive the cluster, industry must do it

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What doesn't work

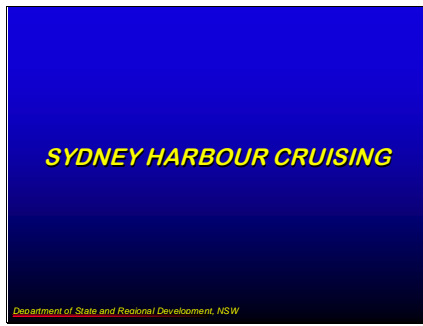
- Lack of trust between members
- No commercial outcomes
- If cluster is driven by consultant/government agencies
- Terms of reference too broad
- Cluster is too reliant on government subsidy

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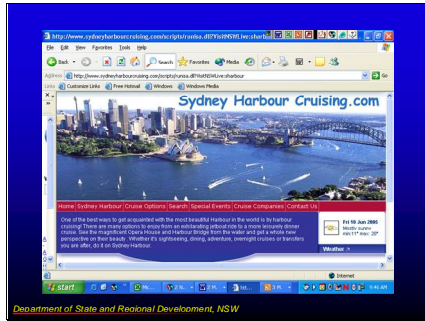


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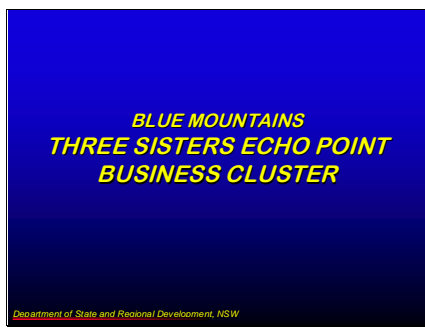


The Sydney Harbour Cruising Network comprises of a group of traditionally strong competitors who have decided to work together to promote Sydney Harbour as a destination. The six network members have been assisted by New South Wales Government business experts to market their services on the Internet. They developed a shared web site with each guaranteed equal representation. The web site specifically targets free, independent travellers—that is, those not travelling as part of a group—a market that is traditionally hard to access.

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Another great example of a successful cluster that has thrived with State Government support is the Three Sisters Echo Point Tourism Cluster in the Blue Mountains. Formed in 2002, it now has 15 members who employ 210 people and have a total turnover of \$47 million. Members include retail outlets at the Three Sisters site, travel providers, accommodation companies and ecotourism companies.

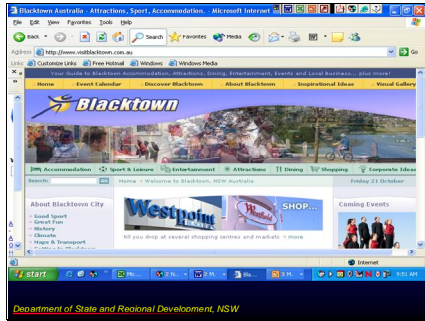
NSW Department of State and Regional Development has provided critical funding in the Formation and Implementation Stages. The Network has developed and implemented a comprehensive range of activities, which included network web site development, marketing & promotion, training & merchandising programs and resolution of impediment issues.

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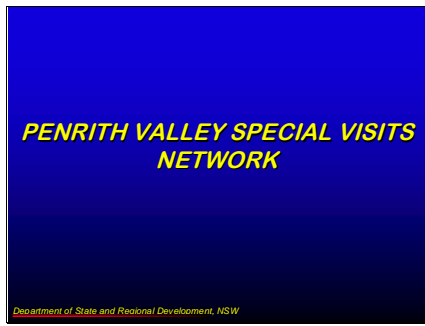


The Blacktown City Tourism Network was formed by Blacktown City Council in 2003 with New South Wales Department of State & Regional support. It has about 75 members ranging from tourist attractions—including the Blacktown City International Motorsport Precinct, which incorporates Eastern Creek International Raceway, and Featherdale Native Animal Park—to accommodation places and function centres, such as the Rooty Hill RSL. The network has initiated a range of new and effective collaborative marketing including a tourism booklet, a new web site and trade show attendance. As well, it has been crucial in the appointment by Blacktown City Council of a full-time tourism officer. That network has resulted in new partnerships between venues and accommodation providers. Also there are new events to bring visitors to the city of Blacktown, including a new sports festival held for the first time in September 2005.

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The Penrith Valley Special Visits Network. This network—also formed with the Department of State & Regional support comprises of Penrith businesses specialising in education tours for the Chinese. The network wants to generate more international business visits to the region, which will attract more investment into Penrith Valley and, hence develop the local economy and generate employment opportunities. The Penrith Valley Special Visits Network has successfully established links with tourism and migration organisations in Sydney and China. The network has undertaken trade missions to China and has also attended trade events. The network is currently developing a bi lingual promotional video to communicate with potential customers. The network also plans to contract an international marketing specialist to develop a marketing plan to expand its customer base in Asia.

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For a more detailed outline of business clusters and networks, please refer to the Department's website.