



ANNUAL REPORT

2007

Industry Development Centre (Hunter) Ltd (IDC)

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Company Profile

BACKGROUND

The Industry Development Centre (IDC) is a not-for-profit, business service organisation established to assist industry development in the Hunter Region and thereby creating employment opportunities. Established in 1992 as a result of a Federal Government initiative, the IDC set about focusing on the needs of Hunter businesses. The IDC is now funded through fee-for-service activities, including a well-established conference centre, tenancy and business services.

PURPOSE

The purpose of the Industry Development Centre is to help Industry in the region develop.

VISION

Creating Business Opportunities by connecting Hunter Businesses to each other and the world.

MISSION

To help Industry in the Region develop by providing:

- Connections
- Facilitation
- Advice
- Meeting Places
- Business Accommodation

OBJECTIVES

To Provide:

Access to expert advice from Government and Industry sources.

To Strengthen:

Linkages between Regional Businesses and Research Institutions.

To Promote:

The development and use of new technologies in existing and new Businesses.

To Encourage:

Businesses to expand their focus to national and international markets.

To Attract:

New Businesses to the Region.

Board

The IDC Board comprises representatives from industry, community and the University of Newcastle.

The board members are:

- Hon Peter Morris
(Chairman)
- Ralph Asquith
- Dr Moira Gordon
- Gary Kennedy
- Jeff Phillips
- Trevor Gerdson
- Evelyn King
- Catherine Henry
- Allan Bargwanna
(Company Secretary)

Management and Staff

At 30 June 2007 staff members were:

- Darrell Nicholls
Executive Officer
- Le-Anne Stewart
Centre Manager / Conferencing
- Troy White
Commercialisation Manager
- Merri Bell
Innovation Adviser
- Andrea Pugh
Marketing Assistant
- Lisa Standen
Administration Officer
- Danni Jordan
Receptionist

Chairman's Report



During 2006-2007, continued quality service to clients, staff skills and positive relationships with government and industry agencies enabled the IDC to achieve an improved result on the previous year. The financial outcome was supplemented by the recoupment of some of the WestPoint investment.

From its establishment, the IDC has had a prime responsibility to provide industry development services. Over the years the nature of these services has changed as state and local government agencies have assumed and expanded on the pioneering role of the IDC.

This process has freed the IDC to utilise its resources to cater for the emerging needs of industry and business.

Concentration on quality control of products and services, integrity of products, ongoing adaptation to industry needs and regular revision of products and markets being served has secured the IDC's place as a leading provider of Innovation Advisory Services, regionally, state-wide and nationally.

Requests for the IDC to stage regional Innovation Advisory Services are a measure of the performance of the IDC's team.

The expanded availability of on-line services, an effective e-commerce strategy, productive alliances with industry and education and training service providers and support from government agencies have all contributed to the IDC's continued progress.

Close attention to detail in the provision of IDC services, prudent control of costs and consistent sales efforts contributed to the improved financial results.

The increase in rental income resulted from the continuation of the almost 100% occupancy rate for the year. It was supplemented by the significant increase in catering income.

The good condition of the building reflects the efficacy of the preventative maintenance program being pursued.

Overall it has been a good year for the IDC, which has benefited from the improving skills of our staff, their commitment to task and the leadership of Executive Officer Darrell Nicholls.

Fellow directors have given freely of their time and skills to further the objectives of the IDC. I thank them for their commitment and the efforts they devote to the objectives of the IDC.

As the existing lease arrangements approach conclusion, the Board will be exploring options for the continuation and development of the IDC's services beyond June 2009.

Peter Morris
Chairman
31 October 2007

Executive Officer's Report



For more than fifteen years the IDC has delivered advice and support to innovators through a range of products and services aimed at helping them maximise the return from their intellectual investment in the three key areas of education, evaluation and commercialisation. In 2006-2007 the IDC continued to build these core activities with demand for services resulting in a record number of client

contacts. These initiatives are subsidised by the IDC Conference facility and the serviced office complex in the Centre.

As part of its range of services, the IDC delivers on behalf of the NSW Department of State and Regional Development's (DSRD) Hunter Innovation Advisory Service (IAS), the On-Line Innovation Advisory Service (Ausinvent) and a very successful Building and Construction Innovation Cluster as part of the DSRD Technology Diffusion Program.

The IDC also continues to work with its extensive network of key strategic partners in government and industry and, during the year, undertook a number of joint activities in support of innovation. These contacts provide an extensive support network for IDC clients. This benefit has been evidenced in the ability of the IDC to introduce clients to funding sources, provide promotional avenues and gain access to major manufacturers and distributors.

As part of its commitment to foster innovation awareness the IDC provided sponsorship and involvement in a number of awards and activities directly related to innovation. During 2006-2007 the IDC:

- Delivered the inaugural "Hunter IAS Building on Bright Ideas Awards". This award celebrates innovation and acknowledged Hunter

Innovation Advisory Service clients and their “bright ideas”. The awards were judged by an independent panel of industry and government representatives on the commercial potential of the inventions. The winner was Coastal Innovations Pty Ltd with their invention Speed Eave™ a new panel-joining product for the building industry. The award ceremony allowed the finalists to showcase their inventions to potential investors, licencees and business partners and was covered on television by NBN news in both Newcastle and Port Macquarie.

- Sponsored the inaugural Innovation Excellence Program conducted by the Hunter Institute of TAFE. These awards were open to all Hunter Institute students and staff for their new products or services that have potential for a commercial market or significant business result. The judging panel awarded two prizes, one for a student and one for staff members. The IDC sees the TAFE system as a fertile breeding ground for innovation and is committed to continue to work with the Hunter Institute to foster and recognises the efforts of students and staff in their inventive endeavors.
- Undertook further sponsorship of innovation awards through the MAP Marketing Fastest Growing® Innovation Industry Awards and Hunter Manufacturing Awards.
- Is a supporter and member of the Hunter Founders Forum, which encourages investment in innovative businesses located in the Hunter by facilitating introductions between the innovative business and potential investors. Executive Officer Darrell Nicholls is an Accredited Nominated Advisor to innovative businesses seeking to take part in the Forum.

Further promoting the innovation message, the IDC continued its series of Regional Innovation Advisory Service outreach programs this year in Coffs Harbour and Tweed Heads. This program, supported by NSW Department of State and Regional Development, delivers expert advice direct to regional areas that would not normally have local access to

this service. The seminar brings together experts on commercialising inventions, patent attorneys and representatives from IP Australia and AusIndustry. The program also provides one-on-one consultations to address individual issues.

Strong industry and government networks and alliances have enabled the IDC to leverage off its range of products and services in support of clients. This industry recognition has enabled the IDC to access a number of major manufacturers and distributors that are not necessarily available to clients directly but are willing to seriously consider projects put forward by the IDC.

The IDC works closely with its strategic alliances partners to provide every opportunity for clients to showcase and promote their ideas. During this year a number of IDC clients appeared on the ABC's The New Inventors show providing them with good exposure and another vehicle to promote their invention.

In addition, through its involvement in the on-line Innovation Advisory Service www.ausinvent.com, the IDC provided the opportunity for clients to list their inventions in that site's Online Exhibition. In addition the site provides a Snapshot Gallery, which highlights success stories of inventors that have used the Innovation Advisory Service.

The Innovation team members Troy White, Commercialisation Manager, Merri Bell, Innovation Adviser and Andrea Pugh, Marketing Assistant consistently deliver professional constructive advice and support to clients. I commend them for their commitment and professionalism.

Strong professional operation of the building and conference facilities and an effective administrative support is crucial to the overall success of the IDC. The Centre has consistently maintained an occupancy rate of 100% and has hosted more than 430 conferences and meetings during the year. It continues to be used to support groups exploring further

opportunities in the Hunter as part of the IDC commitment to providing “a meeting place for business”. Congratulations to Centre Manager Le-Anne Stewart and her team Lisa Standen, Accounts, and Danni Jordan, Receptionist, for the professional way they have presented the facility.

The IDC continues its commitment to staff training with members of staff undertaking a wide range of training courses including project management, computer applications, first aid, customer service, responsible service of alcohol and marketing during the year.

The IDC remains committed to creating new business opportunities through the support of new technologies, providing linkages and access to a range of government and industry sources and providing a high quality meeting place bringing these groups together.

I acknowledge and thank the Board and its Chair, the Hon Peter Morris for the encouragement and support they have shown me over the past year.

Darrell Nicholls
Executive Officer

Innovation Services

The IDC has been delivering innovation services since 1992, making it one of the longest continuous providers of this unique service in Australia. The service, based in Newcastle, now provides advice Australia wide to more than 1500 inventors and innovators each year.

The innovation services program assists small to medium sized businesses and individual inventors develop and commercialise new products and technologies in local, national and international markets. This targeted program supports the inventor throughout their journey from “Concept to Commercialisation” focusing on the three main areas of education, evaluation and commercialisation.

The IDC has developed a range of product and services specifically designed assist in this process. These products and services are being constantly refined to meet the needs of clients.

The current products include:

Education:

- NSW Innovation Advisory Service
- Patent Attorney opinions
- The next step

Evaluation:

- Intellectual Property (IP) assessment and protection requirements
- Product Searches
- Technical Assessments - Prototype
- Technical Assessments - Commercialisation
- Innovation Market Assessments
- Industry Opinions
- Investment Ready Assessments

Commercialisation:

- Licencing or sale of IP rights
- Negotiations
- Promotion and media campaigns
- Identifying and sourcing grants and financing
- Strategic planning
- Commercial partnering

The IDC has developed an innovative e-commerce strategy designed to promote innovation and support innovation clients and includes the following sites:

www.idc-hunter.org.au – the corporate site for the IDC, which includes promotion of innovation services,

www.innovation.org.au – a site focused on IDC innovation activities and promoting clients. This site ranks highly on search engines and provides a significant referral source for all parties represented on the site.

www.patentattorney.org.au provides a listing of all Australian Patent Attorneys on a dedicated site. This service has proven invaluable to IDC clients and others seeking the services of a registered Patent Attorney.

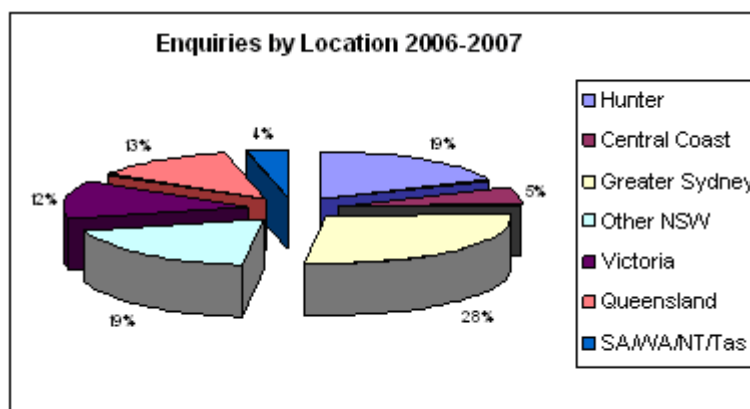
www.patentsearch.com.au – a brochure style website promoting IDC's patent search expertise while providing links to free online patent databases.

This strategy is supported by IDC Innovation E-news with more than 700 individual recipients receiving this monthly update on innovation news and events.

The IDC continues to deliver commercialisation services to Western Sydney with the delivery of the IDC Innovation Express at the offices of NSW Department of State and Regional Development at Parramatta.

In addition the IDC, in conjunction with NSW Department of State and Regional Development, Davies Collison Cave Patent Attorneys, IP Australia and AusIndustry, delivered a Regional Innovation Advisory Service at Coffs Harbour and Tweed Heads, which attracted more than 60 participants providing access to information on Intellectual Property matters, commercialisation issues and Government grants and support.

As a result of the strong referral networks, promotional activities, seminars and the innovative e-commerce strategy, the IDC client base has continued to grow nationally with the following graph representing the spread of enquiries.



These clients represent enquiries from a wide range of industry categories including but not limited to:

- Biotechnology
- Building and Construction
- Chemicals
- Computing
- Education
- Software/Hardware
- Engineering
- Food and Beverage
- Environment and Energy
- Infrastructure and Utilities
- Financial Services
- Media and Advertising
- Household and Hardware
- Medical and Healthcare
- IT and Telecommunications
- Mining and Resources
- Paper and Packaging
- Primary Industry
- Textile, Clothing and Footwear
- Tourism and Leisure
- Transport and Logistics

During the past 12 months the IDC has successfully represented and assisted clients by managing several product presentations to prospective licencees within NSW and interstate (resulting in ongoing negotiations), assistance in identifying most appropriate distribution channels (manufacturer seeking markets), and promotional campaigns (resulting in increased sales and interest from overseas).

Industry recognition of the role played by the IDC and the professional commercial oriented approach has resulted in access to a number of major manufacturers that would not have otherwise been accessible to clients. This has resulted in these manufacturers and distributors willing to seriously consider projects put forward by the IDC.

The IDC continues to work with a number of inventors to negotiate manufacturing and licencing deals. These products include, but are not limited to, building and construction products, safety products, sporting goods, plumbing supplies, motor industry, storage, electrical tools and furniture.

The IDC is committed to developing and maintaining strong strategic alliances and links with industry and government partners. These networks provide IDC clients access to a wide range of specialist advice and support and cover areas such as:

- Intellectual Property
- Finance
- Research institutions
- Funding and grants
- Major manufacturing companies
- Prototype development
- Legal
- Marketing
- Capital raising
- Distributors

Over the past 12 months the IDC has been involved in a range of joint initiatives that have included:

NSW Department of State and Regional Development (DSRD)

- Delivering a range of innovation related programs.
- Participating in workshops and forums to address the needs of small business and inventors with regard to innovation support.
- Delivering commercialisation advice and support at the Parramatta offices of DSRD as part of the IDC Innovation Express service.
- Delivering Regional Innovation Advisory Service seminars and consultations in Coffs Harbour and Tweed Heads

Hunter Founders Forum

- Supporter and member of the Hunter Founders Forum which encourages investment in innovative businesses located in the Hunter by facilitating introductions between the innovative business and potential investors
- Executive Officer Darrell Nicholls is an Accredited Nominated Advisor to innovative businesses seeking to take part in the forum.

Hunter Institute of TAFE

- Consultant to the Innovation Excellence Program designed to recognise and encourage innovation in business improvements and/or inventions by Institute staff and students.
- Member of the judging panel for the inaugural awards.

Davies Collison Cave, Patent Attorneys

- The IDC-sponsored monthly Patent Attorney free consultation on Intellectual Property with Sydney-based Davies Collison Cave. During the year more than 150 clients took advantage of this service.
- Davies Collison Cave has established a representative office in Newcastle at the IDC. This represents the first permanent Patent Attorney presence north of Sydney in New South Wales.
- Davies Collison Cave also took part in the Regional Innovation Advisory Service in Coffs Harbour and Tweed Heads

IP Australia

- Hosting the first IP Australia Regional Access Point, which provides a computer workstation at the IDC where clients can access IP Australia data free of charge.
- Distributing a wide range of IP Australia publications.
- IP Australia also took part in the Regional Innovation Advisory Service in Tweed Heads.

AusIndustry

- Jointly promoting the range of support programs available through AusIndustry.
- AusIndustry also took part in the Regional Innovation visits to Coffs Harbour.

Hunter Area Consultative Committee and Business Enterprise Centres

- Presenting sessions on IP and commercialisation strategies at a number of industry forums.
- Member of the expert panel for the Hunter Entrepreneurs' Program conducted by Hunter Business Centre under a program funded by AusIndustry.
- Providing support and information to their small business clients.

ABC TV "The New Inventors" Show

- A number of IDC clients have participated in the program including the following:
 - Operator Assisted Mirror
 - Sea Grass Mooring System
 - Blowfly Sander
 - Double Ended Tap Washer
 - EzeVue Shelf in a Drawer
 - Spead Eave
 - Flowstopper Plumbing Device
 - Flexi Chest Storage System
 - PaddleMotion

Master Builders Association - Newcastle

- Delivery of the Building and Construction Innovation Cluster as part of the Technology Diffusion Program.

The IDC has also sponsored a number of innovation awards and events over the year. These have included:

- MAP Marketing Fastest Growing Awards 2007 – IDC sponsored the Innovation Award, which was presented to Heat Pack Originals by Torinat.
- Hunter Founders Forum – fostering the success of new and existing businesses where entrepreneurs are encouraged.
- Fernleigh Track Challenge 2007 – Hunter initiative to showcase and develop electric powered personal transportation for urban areas.
- Hunter Manufacturing Association 2006 – the IDC sponsored the Innovation in Product Design for medium companies and it was won by Inbye Mining Services.
- Hunter Institute of TAFE Innovation Excellence Awards - Two awards were presented; one to staff members Julie Hobson and Linda Sharpe and one to TAFE student Jady Swinkels. The IDC also provided innovation services to the students to assist them realise the potential of their ideas.

The IDC has also been requested to contribute to a number of publications on issues facing small and medium businesses in the area of innovation. These publications include the Newcastle Herald, Sydney Morning Herald, The Australian, Business Review Weekly, the ABC Catapult website and Hunter Business Review as well as a range of regional newspapers and local television and radio stations.

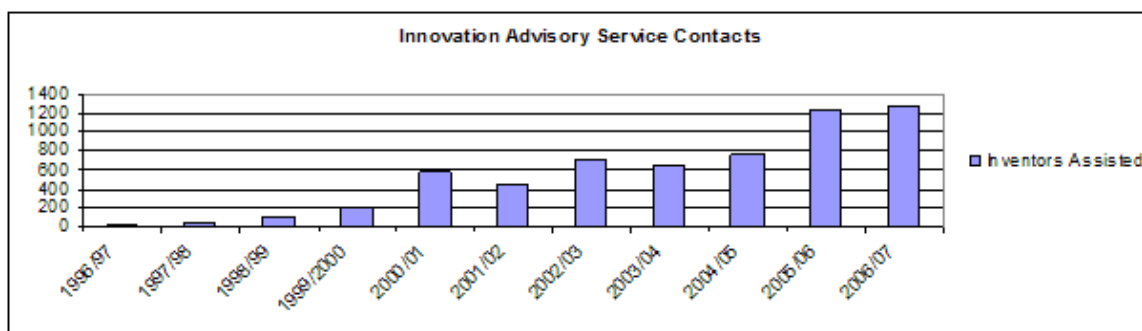
HUNTER INNOVATION ADVISORY SERVICE



www.smallbiz.nsw.gov.au
www.ausinvent.com
Phone 1300 134 359

This service is subsidised by the NSW Department of State and Regional Development and provides clients with a no cost to them consultation providing initial advice and support on protecting and commercialising their inventive products and services. This service is designed to educate the client on the process and to determine where they currently sit in that process. The IDC then works with the client to determine the next step and develop strategies to progress toward a commercial outcome.

The IDC has been delivering this program since 1996 and the demand for this service continues to grow with more than 1264 clients accessing the service in 2006 - 2007.



HUNTER IAS BUILDING ON BRIGHT IDEAS AWARD

The Hunter Innovation Advisory Service, delivered by the Industry Development Centre (Hunter) Ltd (IDC), held the inaugural Building on Bright Ideas Award to celebrate innovation and acknowledge Hunter Innovation Advisory Service clients and their 'bright ideas'.

Entries for the Award were outstanding and included a number of inventions that had previously appeared on ABC's The New Inventors.

Winner of the inaugural Award was Coastal Innovations Pty Ltd of Port Macquarie with Speed Eave™ - a new panel-joining product for the building industry. The innovation was voted by a panel of industry and Government representatives to have the greatest commercial potential.

Speed Eave™ took out the honours from an impressive line-up of finalists including:

- FLOWSTOPPER Plugging Device – a new tool for the plumbing industry;
- Double-Ended Tap Valve – two tap washers in one;
- Flexi-Chest – a fully collapsible storage container; and
- Blowfly Sander – a versatile new sanding tool.

The Award ceremony was held at the IDC and the winner and finalists were presented by Miss Julie Scott, Executive Director, Small Business Development, NSW Department of State and Regional Development and the Hon. Peter Morris, IDC Chairman. In what proved to be an extremely well attended event, finalists were also given an opportunity to showcase their inventions to potential investors, licensees, business partners and the media, which generated significant interest for a number of the finalists.



Award finalists with IDC Executive Officer at award ceremony

ON-LINE INNOVATION ADVISORY SERVICE



The IDC manages the www.ausinvent.com on-line Innovation Advisory Service on behalf of NSW Department of State and Regional Development. The site provides help for inventors/innovators to build on their bright ideas.

www.ausinvent.com provides all the latest news and events, access to free and subsidised innovation services, an on-line exhibition showcasing the latest bright ideas, self-assessment software to help gauge the likelihood of success of a new idea and a selection of useful links. The site also provides a gateway to the traditional Innovation Advisory Services at the Hunter, Illawarra, Western Sydney and Sydney.

During 2006 the IDC, in consultation with NSW Department of State and Regional Development, undertook an extensive upgrade of the site to improve accessibility and content. In addition to updating the look of the site in line with a new Department image, the on-line exhibition has also been revamped to provide a more extensive coverage of the inventions displayed. A number of “success stories” have also been included demonstrating support provided under the Innovation Advisory Service. The links section has also been reviewed to highlight, and provide easy access to, relevant supporting sites.

In 2007-08 the IDC will continue to improve the site to maintain relevance and accessibility to NSW inventors and innovators.

INNOVATION CLUSTERS

The NSW Department of State and Regional Development provides funding for selected Innovation Clusters. These groups of business managers meet monthly to tap into the knowledge of industry experts and peers and help members better identify, evaluate, and implement

advanced technologies and management techniques. The Industry Development Centre (IDC) has been involved in running a number of such groups in the Hunter region.

The benefits to members of participating in the Cluster Program are:

- Assist members to improve the general business aspects of their operations;
- Help members increase their awareness of new technologies and management practices;
- Provide members with the opportunity for regular networking in a learning and knowledge sharing environment; and
- Help members anticipate and manage change within their business.

Since 2004 the IDC has delivered an Innovation Cluster to the Building and Construction Industry in the Hunter through a strategic alliance with the Newcastle Master Builders Association. With more than 45 members and an average attendance of around 25 this series consisted of 10 sessions covering such topics as:

- Water Recycling Initiatives
- Builders' Roundtable on trends and challenges in the building future
- BASIX 12 months on
- Water and Electricity don't mix – A site visit
- Effective Marketing Strategies
- Job Costing
- Electronic Marketing
- OH & S
- Innovation Showcase
- Sustainability in building products

The innovation showcase provided the opportunity for new and innovative products within the building and construction industry to gain valuable market feedback on their innovation from the people that may use them. The interaction and feedback ensured this was a valuable exercise for all involved.

The ability to conduct a session on site enabled another local innovative product, Protectelec, to demonstrate their unique electrical safety system in a real world environment to the industry.

Conference Centre

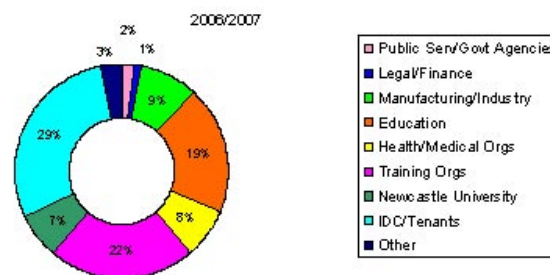


THE MEETING PLACE FOR BUSINESS

The IDC hosted over 370 corporate conferences, seminars and training events in 2006-2007. These events brought over 14,960 visitors to the Centre, showing a decrease in actual events from 2005-2006. However, value adding has enabled income to reach slightly better than the previous year.

The cancellation of ongoing weekly direct marketing groups reflects the decrease in bookings and visitors. An increase can be seen in the use of the Centre by training organisations and the University of Newcastle. The potential for legal and financial companies to utilise the facilities for mediation has been recognised. Our strategy for the future is to raise awareness of the IDC as the chosen meeting place for business particularly in the areas of education, health/medical organisations and legal/finance.

Our client base is shown below:



The IDC also welcomed on board as regular clients Association of Building Sustainability (ABSA), IPAA-NSW, Australian Institute of Management (AIM) and Milcom Communications Pty Ltd.

Star Anise Gourmet Catering continued as the contract caterer for conference events at the IDC. From small meetings, large multi-day conferences, and networking events, all catering needs were well cared for at the IDC.

Tenant Services



During 2006-2007, the IDC offered serviced business accommodation to 15 businesses. A 99% occupancy rate was maintained throughout the financial year, which is better than the average office market occupancy in Newcastle. This reflects the high demand for a well-presented professional business location.

Tenancy departure was National Safety Council of Australia (NSCA) while the IDC welcomed new tenant Ecowise Environmental.

As at 30 June 2007 the IDC was home to:

- Aviation Performance Systems
- AusIndustry
- CHD Partners
- Davies Collison Cave
- Ecowise Environmental
- Garrad Hassan
- Microster
- Quality Data
- Ramsden Telecommunications Training
- Richard Ford
- Solutions Business Development
- The Fourth Wave
- Travelworld Group - Administration
- TUNRA

BUILDING MANAGEMENT

Preventative and ongoing maintenance systems are ongoing including repairs and upgrade to external paved areas of the building and a full inspection and report on pest control conditions and systems.

The IDC was included as part of the University of Newcastle's facilities audit with no items found requiring attention at present or in the immediate future.

The 2007 annual tenant survey results showed great results with improved feedback.

Sponsorship

The IDC was pleased to provide sponsorship and support for a number of local organisations and events throughout the year reflecting an ongoing commitment to regional development in the Hunter.

These sponsorships include:

- Hunter Institute of TAFE – Innovation Excellence Awards
- Women in Business Mentor program
- MAP Marketing Fastest Growing Awards 2007
- HunterTech
- Hunter Founders Forum
- Fernleigh Track Challenge
- Hunter manufacturing Awards