



Australian Government

**Department of Industry, Innovation, Climate Change,
Science, Research and Tertiary Education**

The Industry Innovation Precincts Supporting high value Australian Food and Manufacturing Industries

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Business Problems

■ Structure of the industry

- ❑ SMEs comprise 98% of the industry plus lots of churn, e.g. 1794 entries and 1551 exits in 2011-12. Entries predominantly sole-traders or small – exits included 12 firms employing >200 staff.
- ❑ Many businesses never gain scale and fail to develop margins needed to overcome early stage hurdles in order to gain experience, and invest for growth to build scale.

■ Cultural

- ❑ Comparative lack of a knowledge sharing and collaborative culture to improve competitiveness and overcome barriers, esp. in the areas of skills and technical solutions access, supply chain networking, export market targeting and intelligence. Culture hindered by geographically-dispersed industry, low population density, and history of the self-sufficiency and pioneering in isolation.

■ Innovation

- ❑ Innovation drives 50-65% of productivity growth in developed nations (OECD study) yet Australian businesses (all sizes) rank near last on innovation/collaboration by international standards.
- ❑ SMEs have smaller margins and resources (time, funds, skills) to support innovation, and depend on connections and collaborators for innovation sharing.



How have overseas countries addressed this problem?

- Cambridge Science Park, UK – a business cluster with sectors in electronics, computing, software, scientific instruments and pharmaceuticals leveraging scientific research provided by Cambridge University.
 - Produced 1400 start-up firms employing more than 53,000 people and combined revenue greater than £13 billion pa.
- German Clusters – 100 regional clusters in wide range of fields (incl. biotechnology, carbon material development and medical research) comprising collaborations between universities, research institutions, industry and labor associations.

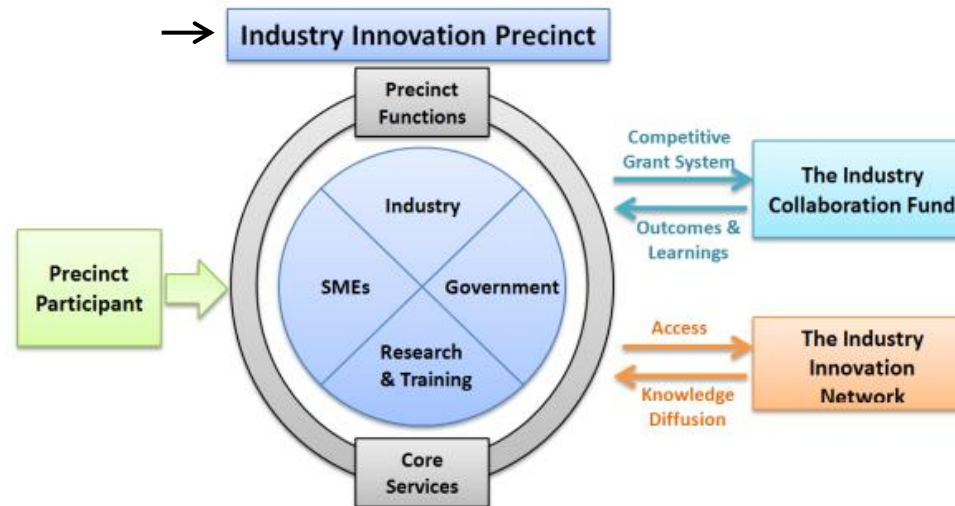


Australian Initiatives – Industry Innovation Precincts

- Up to \$4 million pa allocated for a new **Food Innovation Precinct**
- \$238.4 Million for establishment of 10 **industry-led** precincts as announced by Minister Combet in The *Australian Government's Industry and Innovation Statement* - part of the Government's \$1 billion '*Plan for Australian Jobs.*'
 - The food and manufacturing industries allocated precincts and recognised as areas where Australia has a competitive/comparative advantage.
 - 8 Precincts yet to be decided by the National Precinct Board.
 - Initial funding period: 5 years
- Each Precinct - headquartered in a specific location - will **network nationally** to:
 - better coordinate existing services;
 - leverage Australian research capacity, and;
 - provide new services to enable Australian businesses to innovate and grow.



Key Elements of the Precincts Initiative



■ Food Precinct:

Industry Collaboration Fund: *to support for large-scale projects.*

Industry Innovation Network: *for virtual network to support collaboration.*

- Food Precinct to leverage Australian Research Council's \$236.3 million (2013-2017) **Industrial Transformation Research Program (ITRP)**.
- Combined 5 year funding of \$504.5 million for Industry Innovation Precincts, ITRP and a new Manufacturing Technology Innovation Centre.



Food Precinct Status

- Industry-led Board chaired by Mr Peter Schutz.
- Ongoing stakeholder engagement.
- Location established in Melbourne.
 - Interim administrative headquarters to be at Latrobe University's Bundoora campus.
- ITRP Round 1 grant recipients announced: **\$23.8 million** for food industry R&D and research training
- IIN provider to be announced - Collabforge
- Precinct managing director appointed and directors short-listed
- Precinct opened for business in July 2013.
- Call for ICF applications – first round open from 1-12 July 2013



Industry Transformation Research Program Round 1

Outcomes – a win for future food innovation

- **\$9.3 million awarded for 4 food research training centres** (UQ, U. Adel, UNSW, Macq U.) focusing on *wine sector, food transformation, molecular and advanced technologies*.
 - 30% application success rate.
 - \$5.5 million in partner contributions: 32% business, 37% industry groups (including 2% foreign investment).
 - Includes funding for 42 research students, 13 post-doctoral researchers.
- **\$14.5 million awarded for 4 food research hubs** (U. Tas, U. Melb) focusing on *seafood and dairy sectors, food transformation, and Asian market access*.
 - 33% application success rate.
 - \$21.4 million in partner contributions: 22% business, 65% industry groups (including 29% foreign investment).



Food Precinct's Goals

- Build a network between businesses, advisors, education bodies, research institutions and government to create the critical mass for future growth.
- Foster collaboration, knowledge, skills and technology transfer and industry-led research.
- Help businesses develop a continuous virtuous innovation cycle, produce higher value-add products, increase margins, and develop scale.
- Increase revenue, profits and competitiveness of participating food businesses.
- Increase the number of exporting Australian firms and their foreign market share.
- Improve skilled employment and training opportunities, and build the skills capability and agility of the workforce, including leadership and risk management skills.
- Increase foreign direct investment and ability to access capital.
- Develop a long term strategic plan for the sector and provide services to address strategic industry needs
- Deliver substantial economic, environmental and social benefits to Australia.



Precinct Services

- Facilitating collaborations, insights and training delivery to foster innovation, increased value delivery, capability development, and growth.
- Growth Opportunities and Leadership Development (GOLD) services for SMEs.
- The base funding of Food Precinct will **not** fund:
 - the purchase of land, buildings or other infrastructure, or
 - specific research, commercialisation or other activities of individual firms.





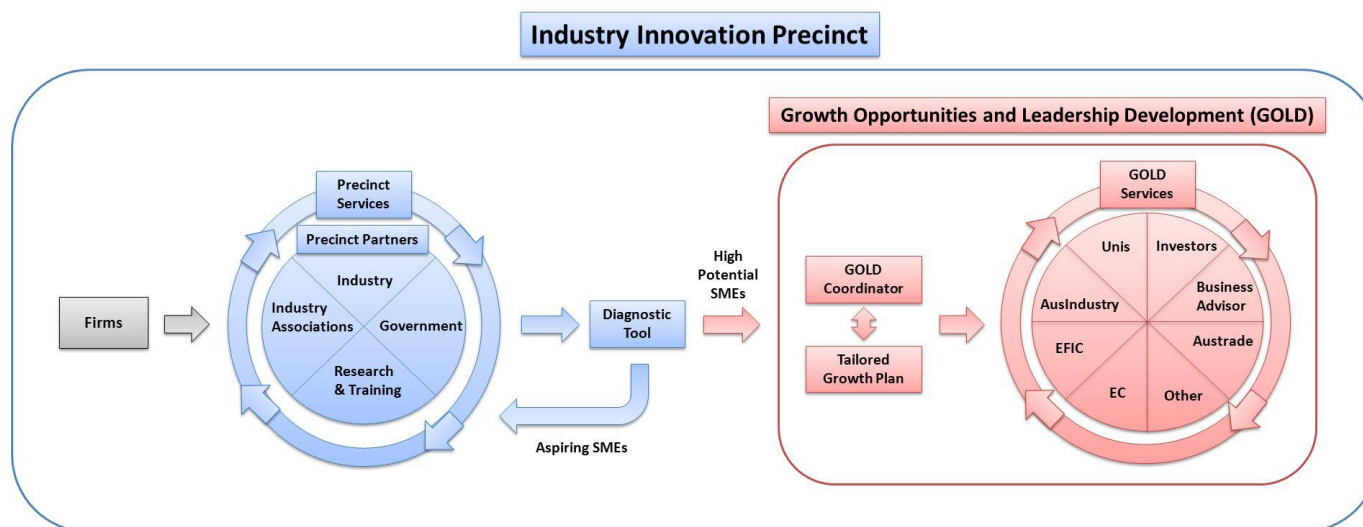
Potential Additional Food Precinct Services

- National Technical information support service.
- Sales and foreign direct investment brokering service.
- Facilitating links to commercialisation services and access to venture capital
- Foreign market insights and access service including:
 - Export and supply chain opportunities
 - Meet the Asian customer sessions
- Tailored training workshops including
 - Management
 - Leadership
 - Innovation
- Bespoke grant and government assistance finder service
- Access to IIN services
 - Online workshops, webinars, technical or QA audit information, Q&A sessions



Growth Opportunities and Leadership Development (GOLD) for SMEs

- GOLD aims to accelerate growth for high potential SMEs
- GOLD will provide advanced business support including coordination of services for:
 - management development and business design solutions, and
 - supply chain improvement programs and enhanced marketing services.
- Service providers will include Enterprise Connect, AusIndustry, Austrade and the Export Finance and Insurance Corporation.





Industry Collaboration Fund

- Competitive, merit-based program with the objective of encouraging and building on collaborations within Precincts.
- Collaborations must be business-led and participate in a Precinct to be eligible.
- Larger scale projects applications must demonstrate:
 - knowledge sharing or technology transfer;
 - bring new innovation practices and capability to the food industry, or;
 - build global partnerships.
- Projects applications may include development of:
 - market opportunity, technology opportunities; or value chain projects;
 - should demonstrate significant levels of collaboration across the food and beverage supply chain; and
 - leave a legacy once the project is complete, e.g. training, skills capability
- Requires matched funding.
- Applications for the first round were from 1-12 July 2013



Industry Innovation Network

- The IIN will be a online resource using the NBN to facilitate:
 - open access to a centralised industry knowledge base;
 - collaboration and knowledge transfer;
 - promote and forge innovation; and
 - link businesses to potential suppliers, partners, and customers.
- Services will include:
 - knowledge access and sharing via a centralised industry knowledge repository;
 - linking functions to foster connections and grow business networks; and
 - news and event notification.
- Additional proposed future services:
 - training services and tools;
 - Online collaborative tools; and
 - access to customised advisory services.



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