Business & Economic Development Advisory Committee

Agenda & Reports

13 August 2024

Our Vision

A City which values its heritage, cultural diversity, sense of place and natural environment.

A progressive City which is prosperous, sustainable and socially cohesive, with a strong community spirit.

City of Norwood Payneham & St Peters
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City of Norwood Payneham & St Peters

8 August 2024

To all Members of the Business & Economic Development Advisory Committee

Committee Members

- Mayor Robert Bria (Presiding Member)
- Cr Grant Piggott
- Cr Victoria McFarlane
- Cr John Callisto
- Ms Amanda Grocock
- Ms Amanda Pepe
- Mr Ben Pudney
- Mr Joshua Baldwin
- Mr Matt Grant
- Ms Rebecca Thomas
- Ms Trish Hansen

Staff

- Mario Barone (Chief Executive Officer)
- Lisa Mara (General Manager, Governance & Civic Affairs)
- Claire Betchley (Manager, Marketing & Place Activation)

NOTICE OF MEETING

I wish to advise that pursuant to Sections 87 and 88 of the *Local Government Act 1999*, the next Ordinary Meeting of the Business & Economic Development Advisory Committee, will be held in the Mayors Parlour, Norwood Town Hall, 175 The Parade, Norwood, on:

Tuesday 13 August 2024, commencing at 6.30pm

Please advise Claire Betchley on 83664582 or email cbetchley@npsp.sa.gov.au, if you are unable to attend this meeting or will be late.

A light meal will be available at the meeting.

Yours faithfully

Mario Barone
CHIEF EXECUTIVE OFFICER

Page No.

VENUE Mayors Parlour, Norwood Town Hall

HOUR

PRESENT

Committee Members

Staff

APOLOGIES

ABSENT

TERMS OF REFERENCE:

The Business & Economic Development Advisory Committee is established to fulfil the following functions:

- *To provide high-level independent expert advice to the Council on economic development matters and employment growth opportunities in the City of Norwood Payneham & St Peters and to have oversight of the continued implementation of the Council's Economic Development Strategy.*
- *To identify issues, opportunities, and initiatives which impact on business and economic development in the City of Norwood Payneham & St Peters.*
- *To provide advice to the Council and recommend actions, including the conduct of studies associated with business and economic development, as required, in order to facilitate the identification of opportunities, issues, strategies and actions.*
- *To assist the Council to facilitate and promote economic growth and development in the City of Norwood Payneham & St Peters.*
- *To provide advice to the Council as required, to facilitate the creation of business networks (both within South Australia and Australia), which provide benefits for the City of Norwood Payneham & St Peters and the business sector.*
- *To provide strategic direction and leadership to ensure that members of the business community are able to participate in the development and implementation of the City's business and economic development outcomes.*
- *Conduct forums to identify and articulate relevant information in respect to services and activities in the City of Norwood Payneham & St Peters that contribute to the City's economic growth.*
- *Advocate and work actively with State and Federal Governments and their agencies, the private sector and relevant peak bodies on key economic priorities which deliver positive outcomes for the City and the community.*
- *Consider and advise the Council on medium and long term matters relevant to business and economic development within the City of Norwood Payneham & St Peters.*

1. CONFIRMATION OF MINUTES OF THE BUSINESS & ECONOMIC DEVELOPMENT ADVISORY COMMITTEE MEETING HELD ON 28 MAY 2024

2. PRESIDING MEMBER'S COMMUNICATION

3. PRESENTATION

A presentation will be provided to the Committee by Mr Ray Garrand from Acil Allen (Consultants), regarding the Glynde & Stepney Economic, Market & Strategic Options Analysis.

4. STAFF REPORTS

4.1 GLYNDE AND STEPNEY FOOD AND BEVERAGE PRECINCT AND STARTUP HUB – BUSINESS CASE

REPORT AUTHOR:	General Manager, Governance & Civic Affairs
GENERAL MANAGER:	Chief Executive Officer
CONTACT NUMBER:	8366 4549
FILE REFERENCE:	qA109047
ATTACHMENTS:	A - B

PURPOSE OF REPORT

The purpose of this report is to present the *Glynde & Stepney Food and Beverage Precinct and Startup Hub Business Case* to the Business & Economic Development Advisory Committee (the Committee) for consideration.

BACKGROUND

As Committee Members will recall, at its meeting held on 3 October 2023, the Council allocated funding as part of the 2023-2024 Budget to undertake a detailed economic and strategic options analysis to inform the Council's strategic vision and strategic planning for the Employment Zones in Glynde and Stepney.

In accordance with the Council's resolution, an invitation to submit a quotation to undertake the delivery of the *Glynde and Stepney Economic, Market & Strategic Options Analysis* was undertaken and following the assessment of the submissions, Acil Allen was awarded the contract for Phase 1 of the *Glynde and Stepney Economic, Market & Strategic Options Analysis*.

Due to the extensive scope of work, the Project has been split into two (2) phases and Acil Allen has been appointed to deliver the following seven (7) components as part of Phase 1 – Comparative Analysis of the Project:

- identify the level of current demand and forecast growth (anticipated future demand) for not only food and beverage manufacturing, but also light industrial land more generally, as well as competing demands on the land use based on the location of the precincts;

- include a comparison of the Glynde and Stepney food and beverage manufacturing precincts with other similar precincts across the greater Adelaide region, the State and more broadly across Australia (supply) – considering current performance and potential performance;

- identify any challenges or barriers that could hinder the growth of food and beverage manufacturing in these precincts;

- identify key trends across the industrial property market; identify gaps in the market and providing some direction on whether Glynde and Stepney should be a start-up location or an incubator for food and beverage manufacturing;

- outline the opportunity cost of retaining these two (2) precincts as employment land versus other land uses (ie residential) or sacrificing employment land for residential, in the case of Stepney;

- provide guidance on the level of private and public investment that is required to protect these precincts for light industrial/manufacturing and more specifically, for the expansion of food and beverage manufacturing in these precincts; and

- include an investigation into the highest and best land use for each of the two (2) precincts.

The items that are to be undertaken as part of Phase 2, are:

- a cost benefit analysis of a range of options including retaining employment zones for light industry, creating food and beverage precincts, allowing market driven changes or rezoning to accommodate residential uplift;

- determine the value of the arterial road fronting land versus non-arterial road fronting land for small scale food and beverage manufacturing and more generally light industrial uses;

- evaluate existing infrastructure (at a high level) and identify the upgrades that are required to accommodate the potential land uses and the heavy vehicles that will support the efficient functioning of these precincts. Identify if there are any bottlenecks or limitations that could hinder growth; and

- examine employment generation should the food and beverage sector expand and what the potential loss of employment in other sectors might be if the Council focuses on the food and beverage manufacturing sectors - as well as the implications of losing employment land for the purposes of residential development and what that means in terms of providing jobs close to where people live.

At its meeting held on 28 May 2024, a presentation was provided to the Committee by Mr Ray Garrand of Acil Allen regarding the *Glynde and Stepney Economic, Market & Strategic Options Analysis*.

A copy of the *Glynde and Stepney Economic, Market & Strategic Options Analysis Report* is contained within **Attachment A**.

Following consideration of the presentation and the report regarding the matter, the Committee resolved the following:

1. *the Committee notes the contents of this report; and*

2. *the Council invites all Glynde and Stepney food and beverage manufacturers to a "Round Table" event, to discuss and gather their comments regarding the issues impacting the Glynde & Stepney precincts to be considered as part of the Glynde and Stepney Economic Market & Strategic Options Analysis Project.*

Since that time, the *Glynde and Stepney Food and Beverage Precinct and Startup Hub Business Case* has been prepared by Acil Allen, as part of the project.

At this stage, the Round Table event has not yet been scheduled, as it would be appropriate to conduct the Round Table event with the Glynde and Stepney food and beverage manufacturers to discuss both the *Glynde & Stepney Economic, Market & Strategic Options Analysis* and the Draft *Glynde and Stepney Food and Beverage Precinct and Startup Hub Business Case* (the Business Case), following the Committee's consideration of the Business case.

The Round Table discussions will be organised to occur in October 2024.

Mr Ray Garrand of Acil Allen will be in attendance at the meeting to provide a presentation to the Committee regarding the *Glynde and Stepney Food and Beverage Precinct and Startup Hub Business Case* to allow for further discussion and input before the document is finalised.

A copy of the *Draft Glynde and Stepney Food and Beverage Precinct and Startup Hub Business* Case is contained within **Attachment B**.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The key strategic documents that align with this Project are listed below:

- *The 30 - Year Plan for Greater Adelaide;*
- *Greater Adelaide Regional Plan* – Discussion Paper;
- *CityPlan 2030: Shaping Our Future – Mid Term Review 2020;*
- *City of Norwood Payneham & St Peters - Economic Development Strategy 2021-2026; and*
- *South Australia's Small Business Strategy 2023 – 2030.*

FINANCIAL AND BUDGET IMPLICATIONS

The Council has allocated a budget of $50,000 for the *Glynde and Stepney Economic, Market & Strategic Options Analysis*.

DISCUSSION

The *Glynde & Stepney Economic, Market & Strategic Options Analysis* (the Report), examines the key market trends in the food and beverage sector, including household food consumption trends and the factors that influence consumer purchasing decisions and market demand.

The Report has also considered the key success factors required for food and beverage precincts and provides a comparative analysis of the Glynde and Stepney food and beverage precincts against a number of similar precincts as well as the existing strengths, opportunities and constraints of the Glynde and Stepney food precincts.

Glynde and Stepney are located in close proximity to the Adelaide CBD and have a strong manufacturing history and food culture. Glynde and Stepney are located in close proximity to the Adelaide CBD, and have a strong manufacturing history and food culture. The Report highlights that both precincts "*face significant challenges due to their lack of amenity, poor parking and local infrastructure and predominenence of other manufacturing and commercial operations within the precinct*".

The Glynde precinct for example, is bordered by main arterial roads, however public transport options are limited and therefore visitors to the precinct are required to travel by car to the precinct. There are also issues in terms of the interface of residential and light industrial land uses and the use of residential streets by heavy vehicles needing to access the precinct.

A number of businesses in the Glynde precinct also lack sufficient off-street parking, and it is common practise within the precinct for vehicles to be parked on footpaths. The Report acknowledges the challenges in addressing these issues, as many businesses were established prior to any planning regulations.

Whilst the Report identifies the strategic importance of protecting the precinct from land uses such as bulky goods and shopping/retail centres, it also acknowledges that "*A significant investment would be required by Council to upgrade infrastructure and improve urban amenity to make the precinct more customer and business friendly. This investment will be important to revitalise the precinct, increase its profile and help to better balance the interface between residents and light industry*."

The Stepney triangle is located approximately 2km from the Adelaide CBD. Like the Glynde precinct, the Stepney triangle is bordered by busy arterial roads. The precinct can be accessed via numerous public transport routes and provides a range of shops, services and entertainment.

Whilst similar to the Glynde precinct in terms of the width of the streets and issues associated with on-street parking, the local amenity is far more attractive, with Linde Reserve providing a valuable asset within the Stepney Triangle for both employees and visitors to the precinct.

The Report concludes that the Stepney Triangle "*is more suitable for the development of a start-up food and beverage manufacturing precinct due to its closer proximity to the CBD, lot sizes, better urban amenity and the niche offerings within the precinct*", however suggests that the Council will need to invest in the local infrastructure to "*revitalise the precinct*."

Draft Glynde and Stepney Food and Beverage Precinct and Startup Hub Business Case

The *Draft Glynde and Stepney Food and Beverage Precinct and Startup Hub Business Case* (the Business Case), has been prepared on the basis of transforming Stepney into "*a more visible and dedicated food and beverage manufacturing precinct with an initial focus on supporting both existing businesses and start-ups within the Stepney Triangle"*.

"The aim is to foster a dynamic startup ecosystem within Stepney and Glynde that supports entrepreneurs from across the food and beverage manufacturing sectors (as well as other sectors) by fostering innovation, collaboration and sustainable growth."

However, as identified within the *Glynde & Stepney Economic, Market & Strategic Options Analysis, the* Stepney Triangle presents the most compelling case for a Startup Hub and therefore the focus of the Business Case is on a model based on establishing an "*Urban Food and Beverage Manufacturing Precinct".*

"An Urban Food and Beverage Manufacturing Precinct which involves a startup hub would leverage the following characteristics of Stepney:

- *small lot sizes appropriate for startups*
- *close to the CBD, attracting a skilled, highly educated, and entrepreneurial workforce*
- *long and successful food manufacturing history and culture*
- *supporting local infrastructure with maintenance completed or planned*
- *close to Norwood and CBD commercial shopping areas which are potential areas for supply*
- *predominantly zoned as Employment Lands."*

The Business Case suggests that it is important that this initiative is industry lead and that the focus of a startup hub, would not be on the physical infrastructure but on the basis on supporting resources, and the provision of mentorship and networking opportunities to help startups grow and to attract high-growth firms to the precincts.

OPTIONS

Not Applicable.

CONCLUSION

The establishment of a food manufacturing precinct in Stepney, presents numerous economic opportunities. Capitalising on Stepney's strategic location for the establishment of a Startup Hub has the potential to become a catalyst for sustainable economic growth, benefiting both the local community and the broader region which in turn aligns with the State's economic development goals and could contribute significantly to South Australia's position in the global food industry.

With this in mind, it is important to undertake a strategic approach to ensure the preservation of the Stepney Triangle as a key area for light industrial and food and beverage manufacturing in Eastern Adelaide.

COMMENTS

Nil.

RECOMMENDATION

1. That the Committee endorses the *Draft Glynde and Stepney Food and Beverage Precinct and Startup Hub Business Case* for the purpose of conducting the Round Table discussions with the Glynde and Stepney food and beverage manufacturers.

2. That the Committee notes that the outcome of the Round Table discussions with the Glynde and Stepney food and beverage manufacturers will be considered as part of the final *Glynde and Stepney Food and Beverage Precinct and Startup Hub Business Case.*

3. The Committee notes that the final *Glynde and Stepney Food and Beverage Precinct and Startup Hub Business Case,* will be presented to the Committee for consideration and endorsement following the conclusion of the Round Table discussions with the Glynde and Stepney food and beverage manufacturers.

Attachment A

Glynde and Stepney
Food and Beverage Precinct and Startup Hub
Business Case

A1

ACIL ALLEN

July 2024

Report to City of Norwood Payneham & St Peters

Glynde and Stepney Economic, Market & Strategic Options Analysis

A comparative analysis

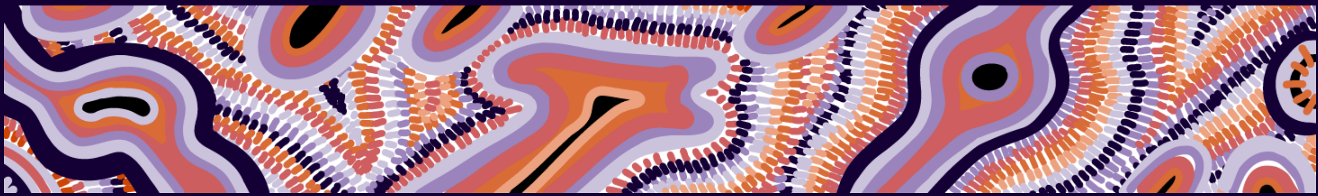
About ACIL Allen

ACIL Allen is a leading independent economics, policy and strategy advisory firm, dedicated to helping clients solve complex issues.

Our purpose is to help clients make informed decisions about complex economic and public policy issues.

Our vision is to be Australia's most trusted economics, policy and strategy advisory firm. We are committed and passionate about providing rigorous independent advice that contributes to a better world.

ACIL Allen acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the land and its waters. We pay our respects to Elders, past and present, and to the youth, for the future. We extend this to all Aboriginal and Torres Strait Islander peoples reading this report.



Goomup, by Jarni McGuire

Contents

Executive summary

Project purpose

The City of Norwood Payneham & St Peters is conducting an Economic Market and Strategic Options Analysis for the Glynde and Stepney employment precincts. This analysis will assist the Council in determining the optimal land use for these areas, evaluating the demand for expanding the food and beverage manufacturing sector, identifying challenges and threats to current and future land uses, and assessing the economic value of various development scenarios. These scenarios include transforming the precincts into food and beverage manufacturing hubs, retaining them as mixed-use or light industrial zones, or rezoning them for residential or other uses. The findings will guide the Council in making strategic decisions to support sustainable development and economic growth.

This report is the first stage of the analysis which looks at key market trends in the food and beverage demand and for manufacturing and the key success factors required for food and beverage precincts. It provides a comparative analysis of the Glynde and Stepney food and beverage precincts against similar and competing precincts and outlines existing strengths, opportunities and constraints of the Glynde and Stepney food precincts.

Food and beverage demand trends

The demand for premium food and beverages in Australia is driven predominantly by increasing incomes and changing consumer preferences but is currently facing significant head-winds arising from inflationary pressures and rising input costs for manufacturers. In recent times there has been a shift in demand towards premium and healthier products, driven by higher incomes and increased consumer awareness and demand for quality. Sustainability and Environmental, Social and Governance (ESG) factors are also increasingly important to consumers, influencing purchasing decisions and market demand. Specific sectors such as flour and grain milling, cereal and pasta manufacturing, chocolate and confectionery, and liquor retailing have to a large extent adapted to these trends, focusing on innovation and niche markets to maintain growth.

The strategic alignment with current trends and consumer preferences should help position many of the producers in the Glynde and Stepney precinct for longer-term success in an increasingly competitive and dynamic food and beverage market.

The growing trends towards premium, sustainable, and health-focused products present valuable opportunities for the precincts. By targeting niche markets and producing high-end, artisanal foods, premium baked goods, and health-conscious snacks, the precincts can tap into the increasing consumer demand for quality and sustainability

Traceability and authenticity are crucial in meeting modern consumer expectations, particularly for locally sourced products. Leveraging South Australia's reputation for niche and premium production, and ensuring the use of local inputs, can enhance the precincts market positioning.

Food and beverage manufacturing precincts

Food and beverage manufacturing is the largest manufacturing sub-sector in South Australia with food manufacturing alone accounting for around 24% of manufacturing employment in South Australia.

While manufacturing as a whole has been in decline across Australia there has been an increase and resurgence in manufacturing in South Australia with stabilisation occurring in 2016 and even increasing back to 6% of GSP over 2020 to 2023. Food manufacturing in South Australia has grown over the past 3 years by around 10% from $4.9 billion to $5.4 billion.

This growth is underpinned by innovation and value-adding which is the key to the growth in food and beverage manufacturing in South Australia.

There are a range of success factors that underpin food and beverage manufacturing precincts including strong market demand for products, accommodative zoning and regulations, enabling infrastructure, skills and workforce capability and a culture of research and collaboration. Successful precincts often have strong industry leadership and business networks and are supported by initiatives that foster collaboration and technological advancement. For Glynde and Stepney challenges such as increasing input costs as well as skill shortages, infrastructure constraints, and zoning pressures will impact on future growth and competitiveness.

Comparative analysis

The Glynde and Stepney precincts have been compared to the North Adelaide Food Park at Endinburgh Parks in Adelaide, a customer facing food precinct at Marrickville in Sydney and the Australian Food and Innovation Centre (AFIC) at La Trobe University in Melbourne.

The precincts have been compared based on eight criteria:

— Location
— Infrastructure and land availability
— Zoning and planning
— Access to consumers
— Workforce and skills
— Government investment
— Enterprise culture
— Leadership and collaboration.

The analysis assess the strengths and weakness of each precinct against these criteria and provides guidance on the necessary investments and changes that may be required to protect and expand the precincts.

Implications for Glynde and Stepney

Glynde and Stepney, similar to Marrickville, are close to the CBD and have an educated population with a strong manufacturing history and food culture. While they have potential to be vibrant consumer-facing precincts they face significant challenges due to their lack of amenity, poor parking and local infrastructure and predominenence of other manufacturing and commercial operations within the precinct. Unlike Marrickville, Glynde and Stepney suffer from inadequate road access (narrow streets with heavy vehicle traffic and congested parking) making them less accessible to consumers. Additionally, the lower population densities in Glynde and Stepney restrict the potential consumer base compared to the higher densities in Marrickville. Furthermore, the absence of consumer-oriented facilities such as shops and restaurants (which are predominantly located on The Parade in Norwood) further diminishes their appeal as consumer-facing precincts.

The feasibility of developing Glynde and Stepney into large-scale food and beverage manufacturing precincts is also limited by several factors. The presence of North Adelaide Food Park, with its established large-scale operations, poses a significant competitive challenge especially for larger greenfield businesses with a strong national or export focus. The small scale of available sites in Glynde and Stepney restricts their capacity to accommodate large manufacturing operations, and makes them better suited to start-ups or small to medium scale food and beverage manufacturing.

Inadequate transport links further complicate the logistics of large-scale manufacturing in Glynde and Stepney, impacting the efficiency and cost-effectiveness of operations. Additionally, Glynde and Stepney are currently facing skill shortages and may struggle to attract and retain the necessary workforce over the longer term due to an ageing workforce and low population growth. The Inner Metro area of Adelaide is forecast to have a 1% per annum population growth over the period 2021-2041 compared to 3.2% for the northern suburbs of Adelaide over the same period.

Infrastructure and planning constraints facing Glynde and Stepney are compounded by soft infrastructure constraints including:

— very little collaboration between food and beverage manufacturers in the precincts
— no shared vision or strategy for the precincts
— no significant benefits from agglomeration in terms of sharing of resources, knowledge sharing or innovation.

Key findings and next steps

While the Glynde and Stepney precincts face a number of constraints the growth in food manufacturing and increased focus on advanced manufacturing in South Australia underpins the strategic importance of protecting these Employment Lands for mixed or light industrial use with an increasing focus on food and beverage manufacturing where possible. The presence of Employment Lands so close the city is a major asset given the limited industrial land and increasing pressures from residential infilling and population growth.

Stepney is more suitable for the development of a start-up food and beverage manufacturing precinct due to its closer proximity to the CBD, lot sizes, better urban amenity and the niche offerings within the precinct.

Public access infrastructure such as parking, sidewalks and urban amenity is an issue which will require investment by Council overtime to upgrade infrastructure and improve urban amenity to make the precinct more customer and business friendly. This investment will be important to revitalise the precinct, increase its profile and help to better balance the interface between residents and light industry.

The focus for the future development of the precinct should also be on investment in soft or enabling infrastructure to increase collaboration, knowledge sharing, innovation and skills and capability.

Lower population growth and skills levels many result in increased skill challenges in the future and investment in training, R&D, and capability building will be important for retention and growth of businesses in the precinct.

To transition the existing businesses into a more cohesive food and beverage precinct will require industry leadership (with support from governments) to better harness the benefits of agglomeration through developing a shared vision for the precinct, fostering greater collaboration, better sharing of resources as well as support for increased innovation, research and development and the upskilling of workers.

The development of a Food and Beverage Manufacturing Precinct and Startup-hub should be in stages with the initial stage being the development of a more detailed Business Case which would need to be underpinned by industry leadership and strategic investment from both the City of Norwood Payneham & St Peters and potentially State Government.

Introduction 1

1.1 Background

The City of Norwood Payneham & St Peters is seeking to conduct an Economic, Market, and Strategic Options Analysis of the employment precincts in Glynde and Stepney. This analysis aims to help the Council determine the best land use for these areas, assess the demand for expanding the food and beverage manufacturing sector, identify threats and challenges to current and future land uses, and evaluate the economic value or cost of various development scenarios, including transforming the precincts into food and beverage manufacturing hubs, retaining them as mixed-use or light industrial zones, or rezoning them for residential or other uses. The analysis will also explore market gaps suitable for Council adoption, land for small-scale manufacturing, and respond to assumptions in the Greater Adelaide Regional Plan.

Historically, Glynde and Stepney have significantly contributed to South Australia's food and beverage manufacturing industry and light industrial activities over the past 40 to 50 years. Ensuring the long-term viability and beneficial use of these precincts is crucial for the local community, economy, and regional economic prosperity. The analysis's findings will guide the Council in making informed strategic decisions to support sustainable development and economic growth in these areas.

1.2 Scope of works

ACIL Allen will provide the following against the project objectives identified by the Council:

— Identify current and future demand for food and beverage manufacturing, considering market trends, technological advancements, and changing consumer preferences.

— Compare the Glynde and Stepney food and beverage manufacturing precincts with similar precincts in greater Adelaide, the State, and Australia, evaluating current and potential performance.

— Identify challenges hindering the growth of food and beverage manufacturing, including regulatory issues, workforce gaps, financing access, market competition, and zoning constraints.

— Provide direction on whether Glynde and Stepney should be start-up locations or incubators for food and beverage manufacturing.

— Provide guidance on the required private and public investment to protect and expand light industrial and food and beverage manufacturing in these precincts, helping the Council target potential funding sources, including government and industry partnerships.

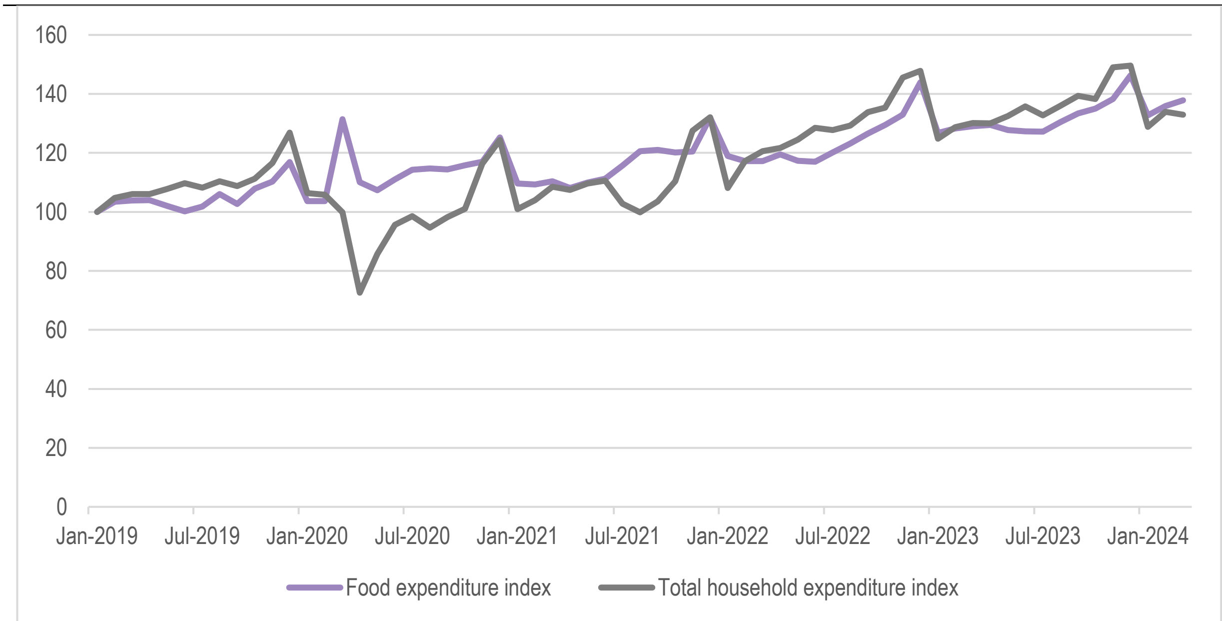
Food and beverage demand 2

2.1 Household food consumption

An analysis of food consumption and demand trends would indicate that while some producers within the Glynde and Stepney food and beverage precincts will face increasing challenges in the short-term arising from higher input cost, increased competition and inflationary pressures (especially for confectionery/ dessert products premium alcohol), in the longer term demand for products within the precinct should experience growth overall arising from increases in population, incomes and changing consumer preferences.

Figure 2.1 below compares ABS monthly household expenditure data for food products and overall expenditure.

Figure 2.1 Household food expenditure compared to total expenditure



Source: ABS Monthly Household Spending Indicator

The following trends can be gained from this data:

— Food spending is broadly in line with total household spending, except for when COVID hit in early 2020, and food spending increased while total spending dramatically decreased.

— Food spending is more stable than household spending, especially during periods of overall spend contraction.

Over this time there was a significant increase in food prices. In the two years to June 2023, the cumulative Consumer Price Index (CPI) increase for food and non-alcoholic beverages totaled 13.9% compared with a 4.9% cumulative increase over the three years prior (2018-19 to 2020-21). The recent price increases in food, along with a general increase in all consumer prices is consistent with a lower volume of food being purchased despite the value of food retail turnover in 2022-23 exceeding previous years.

Data from 2022-23 by the ABS on the sales of food products at the retail level shows the following:

- The greatest percentage declines in consumption of major food groups between 2021-22 and 2022-23 were from:
  - Legume and pulse products (-9.9%)
  - Fruit products (-7.9%)
  - Vegetable products (-7.1%)
  - Dairy and meat substitutes (-7.0%)
- While per capita consumption from all major food groups decreased between 2021-22 and 2022-23, some sub-major groups saw small increases. The sub-major groups with the greatest relative increases in daily per capita consumption were:
  - Muesli bars (5.4%)
  - Electrolyte and energy drinks (3.3%)
  - Poultry-based mixed dishes (2.6%)

Of interest to Glynde and Stepney food producers was that the smallest decline in demand due to inflationary pressures over this period were snack foods (-3.2%), cereal based products (-3.2%), and milk products (-3.8%). A recent RBA analysis of how consumers react to food prices [1] found that found that those products where consumers have been most sensitive to price changes, are non-perishable and frozen products, fruit, and confectionary/dessert items. The relatively price unresponsive items were vegetables, other perishable products such as bread, and cooking ingredients such as sugar, dough, and tomato paste.

While it is slightly out of date, ABARES analysed trends in Australia's food market from 1988-89 to 2018-19[2], with the following findings:

- Estimated growth in the volume of household food consumption has been relatively consistent in recent decades, averaging 2.4 per cent a year.
- Between 1988-89 and 2009-10, key drivers were population growth (55% of food demand growth), income growth (42%), and changes in tastes and preferences (9%) partly offset by higher real food prices (-7%).
- Between 2009-10 and 2016-17, key drivers were population growth (64%), changes in tastes and preferences (2%), lower real food prices (10%) and income growth (6%).
- Based on ABS household expenditure survey (HES) data, there has been a significant trend away from home cooking toward meals out and fast foods. The share of meals out and fast foods in total food expenditure increased from 25 per cent in 1988-89 to 31 per cent in 2009-10 and 34 per cent in 2015-16, the latest year available.

[1] Ewing, R., Merrington, L. and Atyeo, P. 2023. How do consumers react to the price of food? Evidence from supermarket micro data, *RBA Conference 2023.*

[2] ABARES 2019. Food demand in Australia: trends and issues 2018, https://www.agriculture.gov.au/abares/research-topics/food-demand/trends-and-issues-2018

2.1.1 Demand by product type

The demand for premium food and beverages in Australia varies significantly across different product lines and sectors of the industry. The demand for niche, healthy, local and high quality products will help underpin demand across many sectors.

In Flour and Grain Mill Product Manufacturing, rising wheat prices have impacted profitability, with revenue growth expected to be modest. However, manufacturers have been supported by free trade agreements and are forecasted to offer more value-added alternatives in response to increasing demand for premium or healthier baked products. The industry is expected to grow marginally over the coming years, influenced by global demand fluctuations and evolving consumer preferences.[3]

Cereal, Pasta, and Baking Mix Manufacturing have seen revenue growth despite challenges from supermarket price competition and changing consumer preferences. Ongoing product development and innovation have been key drivers, catering to consumers' health-conscious lifestyles and preferences for quality ingredients. While revenue is forecasted to contract slightly, niche markets and specialised products are expected to support industry growth.[4]

In Chocolate and Confectionery Manufacturing, consumer preferences for healthier and premium products have driven changes in product offerings. Manufacturers have responded with sugar-free, gluten-free, and vegan options, while small-scale producers have emerged to meet the demand for artisanal products. Despite challenges from rising input costs and competition from imports, the industry is projected to grow, fueled by increasing disposable income and a preference for locally sourced ingredients.[5]

Similarly, in Liquor Retailing, despite challenges from declining alcohol consumption and rising health consciousness, revenue growth has been driven by demand for premium beverages although this has waned in recent times due to inflationary pressures which has seen a decline in growth in craft beer sales and spirits.

With intensifying competition and shifting consumer preferences, the industry is expected to see marginal growth, particularly for independent retailers and manufacturers focusing on niche and premium products.[6] Many food and beverage manufacturers are currently facing significant challenges arising from increasing input costs (including electricity, gas and wage pressures) the increasing cost of regulation (such as re-labelling costs to comply with new food and beverage regulations) and changes in consumer preferences as a result of either global and national health trends or changes in consumer demand arising from inflationary pressures.

[3] IBISWorld. (August 2023). Flour and Grain Mill Product Manufacturing in Australia. Retrieved from https://my.ibisworld.com/au/en/industry/C1161/about ANZSIC 2006: 1161

[4] IBISWorld. (August 2023). Cereal, Pasta and Baking Mix Manufacturing in Australia. Retrieved from https://my.ibisworld.com/au/en/industry/C1162/about ANZSIC 2006: 1162

[5] IBISWorld. (April 2024). Chocolate and Confectionery Manufacturing in Australia. Retrieved from https://my.ibisworld.com/au/en/industry/C1182/about ANZSIC 2006: 1182

[6] IBISWorld. (November 2023). Liquor Retailing in Australia. Retrieved from https://my.ibisworld.com/au/en/industry/G4123/about ANZSIC 2006: 4123

2.2 Food and beverage demand trends

2.2.1 Megatrends

Premium products

As seen in both the wine and beverage industry there is a shift towards premium products with a focus on higher quality, sustainable and healthier products, in the food sector this premiumisation includes foods which are locally produced and either have higher nutritional values or are heathier and traceable.

South Australia's food and beverage sector and many of the food and beverage manufacturers in Glynde and Stepney are niche, specialist or premium producers which align closely to this growth trend.

The shift towards premium products aligns with the niche, specialist, and premium producers present in South Australia's food and beverage sector, including those in Glynde and Stepney. Understanding consumer preferences for higher quality, sustainable, and locally produced goods is essential for assessing the potential market demand for products from these precincts.

Sustainability and ESG

There is now a strong consumer focus on Environmental, Social and Governance (ESG) factors for food and beverages, this is underpinned by international and domestic market trends and research.

A 2022 survey of Australian consumers[7] found that:

— Nearly 9 in 10 Australians (88%) have reduced their environmental impact in some way.

— 1 in 2 Australians actively looks for greener products or services.

— Concern about climate change (73%), wanting to feel good about personal choices (57%), and setting a good example for others (48%) are the top reasons people choose green products.

A survey of over 9,000 consumers globally also found that 52% of global respondents say they are more eco-friendly than they were six months ago. About half of respondents consciously consider factors related to sustainability when making purchasing decisions.

It is important to note, however, that price and convenience still matter the most, with 69% of respondents prioritising getting the best deal when shopping either in-store or online. Understanding consumers' willingness to pay (WTP) for sustainable products is crucial for producers. Studies suggest that most consumers are willing to pay extra for sustainability, with premiums varying by product and market segment. Factors like gender, marital status, and education level influence willingness to pay, with women often showing higher WTP for environmentally friendly products. In Australia, organic certification is well-known, with various studies showing price premiums ranging from 20% to over 70%.[8],[9]

A continuing and increasing focus on ESG will be important for the food and beverage manufacturers at Glynde and Stepney while also balancing this against price and distribution/convenience considerations.

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[7] Wallis, S. 2022. Going Green: A report on Australian consumer attitudes to climate action, Finder

[8] Brown, C., and M. Sperow. 2005. "Examining the Cost of an All-Organic Diet." *Journal of Food Distribution Research* 36(1): 19–26.

[9] Lee, M., von der Heidt, T., Bradbury, J. and Grace, S. 2021. How much more to pay? A study of retail prices of organic versus conventional vegetarian foods in an Australian regional area. *Journal of Food Distribution Research*, 52(3), 46-62.

The strong consumer focus on environmental, social, and governance factors underscores the importance of sustainability in food and beverage manufacturing. Given the increasing consumer demand for greener products and willingness to pay premiums for sustainability, assessing the sustainability practices and potential of Glynde and Stepney manufacturers becomes crucial for their long-term viability and market competitiveness.

Health and wellbeing

The increasing focus on health and wellbeing is a growing international trend which is seeing a decline in alcohol consumption (including wine) and a shift to healthier alternatives such as low alcohol or zero alcohol beverages.

Health consciousness of Australian consumers has reportedly increased in all but two of the past 25 years, according to IBISWorld. This is driven by the falling national smoking rate and per capital alcohol consumption.

Currently, over 40% of Australians prioritise consuming fresh fruits and vegetables, while approximately 24% focus on reducing sugar and fat intake and opting for healthier snacks.[10] The annual growth in real expenditure per person on health and wellbeing is 1.7%, indicating a significant societal commitment to health and wellness.[11] These trends underscore consumers' eagerness to invest in and pay for products that promote health and wellbeing.

CSIRO identified the following opportunities related to the health and wellbeing concerns of consumers[12]:

— Free-from and natural: these are products free from certain substances like gluten, lactose, allergens, and meat, is expected to rise due to global population growth and increased rates of food intolerances. The market for these foods in Australia is estimated to reach $4.2 billion by 2030. Key products include soy milk, gluten-free bread, and lactose-free milk, reflecting changing consumer preferences and dietary requirements.

— Fortified and functional: these are products containing added health ingredients or nutrients for nutritional benefits, such as probiotics in yogurt or omega-3 oils in milk. Examples include foods for infant development, meals for elderly health, and sports nutrition products like whey protein. In Australia, the market for these products is expected to reach $5.5 billion by 2030, with a $4.2 billion export opportunity.

— Personalised nutrition: these are products, and services based on individual characteristics, such as genotype or phenotype. This includes diagnostic testing and e-tools using mobile and sensor technologies. In Australia, the market for personalised nutrition is expected to reach $550 million by 2030. While 30% of consumers globally are willing to pay a 50% premium for these services, the market's growth in Australia depends on factors like consumer adoption rates and the development of relevant technologies.

Research has found that the willingness to pay for healthier food products ranged from a premium of 5.6% to 91.5% (average 30.7%) for healthier foods.[13]

The growing international trend towards health and well-being has implications for product offerings and consumer preferences in the food and beverage sector. Understanding the shift towards healthier alternatives, such as low or zero alcohol beverages, and the demand for free-from,

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[10] Australian Institute of food Safety 2016. Food Safety and Consumer Trends 2016.

[11] AIHW 2016. Health expenditure Australia, 2015-16.

[12] Wynn, K. and Sebastian, B. 2019. Growth opportunities for Australian food and agribusiness: Economic analysis and market sizing, CSIRO Futures.

[13] Alsubhi, M., Blake, M., Nguyen, T., Majmudar, I., Moodie, M. and Ananthapavan, J. 2023. Consumer willingness to pay for healthier food products: A systematic review, *Obesity Reviews* Volume 24, Issue

natural, fortified, and functional products provides insights into potential market opportunities for manufacturers in Glynde and Stepney.

Traceability and authenticity

The traceability of food is increasingly important this includes knowledge of where food is source, authenticity and premium on local production.

Traceability refers to the ability to trace products throughout the supply chain, from production to consumption. It has become a critical tool in ensuring food safety, quality, and integrity. Various definitions and standards exist for traceability, but they all emphasise the importance of being able to identify the origin and handling of food products at any stage of the food chain.

An analysis of 72 peer-reviewed articles on the WTP for food traceability showed a price premium of 32% for food that was traceable including locally produced.[14]

One area which traceability is vital is the provenance and authenticity of products. One study of consumers response to authenticity of food products found that individuals express higher WTP for choices they make about authentic items, find authenticity appealing and assign it higher value even when controlling for quality, and recognise and distinguish systematically among the four types of authenticity. The four types of authenticity identified were:

- Type authenticity – something that is true to associated type, such as notions of heritage and tradition.
- Moral authenticity – the sincerity of the choices behind an organisation and its products.
- Craft authenticity – whether something is made using appropriate techniques and ingredients.
- Idiosyncratic authenticity – assigns a commonly recognised historical uniqueness to the organisation, product, or service.[15]

Many of the food producers in the Gynde and Stepney precincts have local production and authenticity as an integral part of their offering.

With increasing consumer emphasis on traceability and authenticity, particularly in locally sourced products, evaluating the provenance and authenticity of products from Glynde and Stepney becomes crucial. This trend will be of particular importance to those manufacturers who use local South Australian inputs, and so can prove to consumers and retailers who stock their products that they are using local ingredients.

Consumer preferences for premium, sustainable, healthy, and traceable products present opportunities for Glynde and Stepney manufacturers. By aligning with these trends, stakeholders can enhance competitiveness and meet evolving consumer expectations, positioning themselves for success in the dynamic food and beverage market.

2.2.2 Implications for Glynde and Stepney

The creation of a food and beverage manufacturing precinct in Glynde and Stepney can significantly benefit from the stability and resilience of food spending, even during economic downturns. With food prices rising and consumers spending more despite purchasing less, the precinct has a solid foundation to focus on value-added products that justify higher prices. Diversifying the product range to include both staple goods and higher-margin specialty items can

[14] Tran, D., Schouteten, J., Gellnyck, X. and De Steur H. 2024. How do consumers value food traceability? – A meta-analysis, *Food Control*, Volume 162

[15] O'Connor, K., Carroll, G. and Kovacs, B. 2017. Disambiguating authenticity: Interpretations of value and appeal. *PLoS ONE* 12(6): e0179187.

help cater to varying consumer price sensitivities, ensuring a balanced approach to market demands.

The growing trends towards premium, sustainable, and health-focused products present valuable opportunities for the precinct. By targeting niche markets and producing high-end, artisanal foods, premium baked goods, and health-conscious snacks, the precinct can tap into the increasing consumer demand for quality and sustainability. Emphasizing environmentally friendly practices and ethical production processes can attract consumers who prioritize ESG factors and are willing to pay premiums for such products. Additionally, the shift towards convenience and ready-to-eat meals aligns with the evolving lifestyle preferences, offering further avenues for innovation and market growth.

Traceability and authenticity are crucial in meeting modern consumer expectations, particularly for locally sourced products. By implementing robust traceability systems and promoting the authenticity of their offerings, manufacturers in the precinct can appeal to consumers who value knowing the origins and integrity of their food. Leveraging South Australia's reputation for niche and premium production, and ensuring the use of local inputs, can enhance the precinct's market positioning. This strategic alignment with current trends and consumer preferences should help position many of the producers in the Glynde and Stepney precinct for longer-term success in the dynamic food and beverage market.

Food and beverage manufacturing 3

3.1 The revival of manufacturing

In the last decade there has been a shift in urban policy in developed economies which has seen an increasing focus on manufacturing in urban areas. While the focus of manufacturing policy both in South Australia and nationally has been on advanced manufacturing and Industry4.0, which predominantly involves manufacturing in outer-suburban industrial areas,[16] there are still manufacturing opportunities that develop local employment opportunities and meet local consumer demand.[17]

This type of manufacturing tends to be low in R&D expenditure and typically employs more labour-intensive production processes in the manufacture of high-quality products. The premium food and beverage sector is an example. A small but growing body of research argues that such activity exhibits highly urbanized and localised location preferences due to their distinct production needs defined by tightly knit and specialised supply, service, and labor networks.[18],[19] In this way they offer the potential to diversify urban labour markets and productively use established industrial precincts under threat from mixed-use residential and office space.

In South Australia there are 6,717 manufacturing business with the majority (92 per cent) being small businesses employing fewer than 20 people.[20] Many of these businesses are low-tech, relying on design innovations and skilled labor rather than advanced technology. Food and beverage manufacturers, in particular, tend to be small, producing high-value, design-intensive products in response to consumer demands.

These firms often cluster in inner-city areas to meet their varied labour demands, facilitating low inventories, fast turnarounds, and rapid responses to market trends. They also benefit from spatial clustering, which facilitates trust-building and tacit knowledge exchange. However, these firms, as is the case in Glynde and Stepney, face challenges from real estate market competition and zoning restrictions, which result in the transition to urban industrial zones to operate or grow.

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[16] CSIRO 2016. Advanced Manufacturing: A roadmap for unlocking future growth opportunities for Australia, *CSIRO Futures.*

[17] Grodach, C., and Gibson, C. 2019. Advancing manufacturing?: blinkered visions in US and Australian urban policy, *Urban Policy and Research*, 37(3), 279-293.

[18] Friedman, A., and Byron, J. 2012. High-tech, high-touch, and manufacturing's triple bottom line, *Innovations: Technology, Governance, Globalization*, 7(3), 83–95.

[19] Fox Miller, C. (2017). The contemporary geographies of craft-based manufacturing, *Geography Compass*, 11(4), 1–13.

[20] South Australian Department of Industry, Innovation and Science, 2023. South Australia's Advanced Manufacturing Strategy.

A study examining the geography of manufacturing in Melbourne found that low-tech manufacturers have distinct location patterns. Food and beverage manufacturing tends to cluster in rapidly gentrifying areas, potentially indicating new hybrid manufacturing-retail outfits.

Advanced manufacturing, on the other hand, is clustered around industrial zones, primarily near Port Melbourne and Fisherman's Bend.[21]

A survey of 31 food and beverage manufacturers in Melbourne[22] found the following:

— Food and beverage manufacturers primarily choose locations based on **affordable rent** and factors associated with **physical proximity.**
— Clustering in industrial zones offers indirect sustainability benefits like reduced transportation costs, building reuse, and **promotion of local consumption.**
— **Affordability** is a key factor, with industrial zones regulating competition to keep rents lower, although rising rents and competition exist due to building conversions.
— **Marketing advantages from clustering** with similar firms influence location choices.
— **On-site sales are crucial**, leading some firms to opt for commercial or mixed-use zones despite the protection of industrial zones.
— **Transport accessibility** is important for customer and workforce access.
— **Local supply chains** provide predictability and quality control, important in the face of supply chain insecurity.
— Concentration doesn't lead to direct collaboration but **supports relationships among businesses** in the same district.

While there were advantages of these urban precincts they also faced a number of disadvantages:

— Most firms retrofit existing buildings for production, with older industrial spaces offering flexibility but also posing **challenges in securing larger floorspace.**
— Transitioning to **sustainable energy sources** is difficult due to outdated utilities and building structures.

This study also examined how zoning regulations impact Melbourne's food and beverage manufacturers. The current system places greater scrutiny on new and changing uses, making it challenging for small and start-up firms to navigate. For example, new businesses may need multiple permits for land use, building expansions, and other activities. Additionally, industrial zones, while offering protections for sustainable operations, may not support contemporary hybrid business models that blend production and consumption.

Mixed-use commercial zones allow for such activity but have higher rents and competition for space. Obtaining planning permits can be a lengthy and costly process, leading some businesses to trade off direct customer access for less planning-related risk. Parking requirements also pose challenges, as seen with one producer being required to add more parking spaces than necessary. Businesses in industrial zones sometimes face issues establishing customer-facing uses despite their manufacturing operations being allowed. However, working with knowledgeable planners or councils experienced in specific industry regulations can improve the planning experience. Overall, local planning departments and individual officers often need to adapt old codes to support new industries, leading to significant variation in the planning process.

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[21] Grodach, C. and Martin, D. 2021. Zoning in on urban manufacturing: industry location and change among low-tech, high-touch industries in Melbourne, Australia, *Urban Geography,* 42:4, 458-480

[22] Grodach, C., Taylor, L., Martin, D. and Hurley, J. 2023. Regulating Sustainable Production, *Urban Planning,* Volume 8, Issue 4, Pages 168-197

3.2 Food and beverage manufacturing in South Australia

Food and beverage manufacturing (including wine) is the largest manufacturing sub-sector in South Australia with food manufacturing alone accounting for around 24% of manufacturing employment in South Australia.

South Australia's food and beverage manufacturing industry generated around $8.2 billion in revenue in 2021-22. While there has been a decline in manufacturing share of GSP and employment in South Australia, especially with the cessation of car manufacturing, food manufacturing in South Australia has trended up over the last two decades.[23] Food manufacturing has grown over the past 3 years by around 10% from $4,924 million to $5,442 million (Table 3.1).

While manufacturing as a whole has been on decline across Australia we have seen an increase and resurgence in manufacturing in South Australia with stabilisation occurring in 2016 and even increasing back to 6% of GSP over 2020 to 2023 (Figure 3.1).

This growth is underpinned by innovation and value-adding which is the key to the growth in food and beverage manufacturing in South Australia.

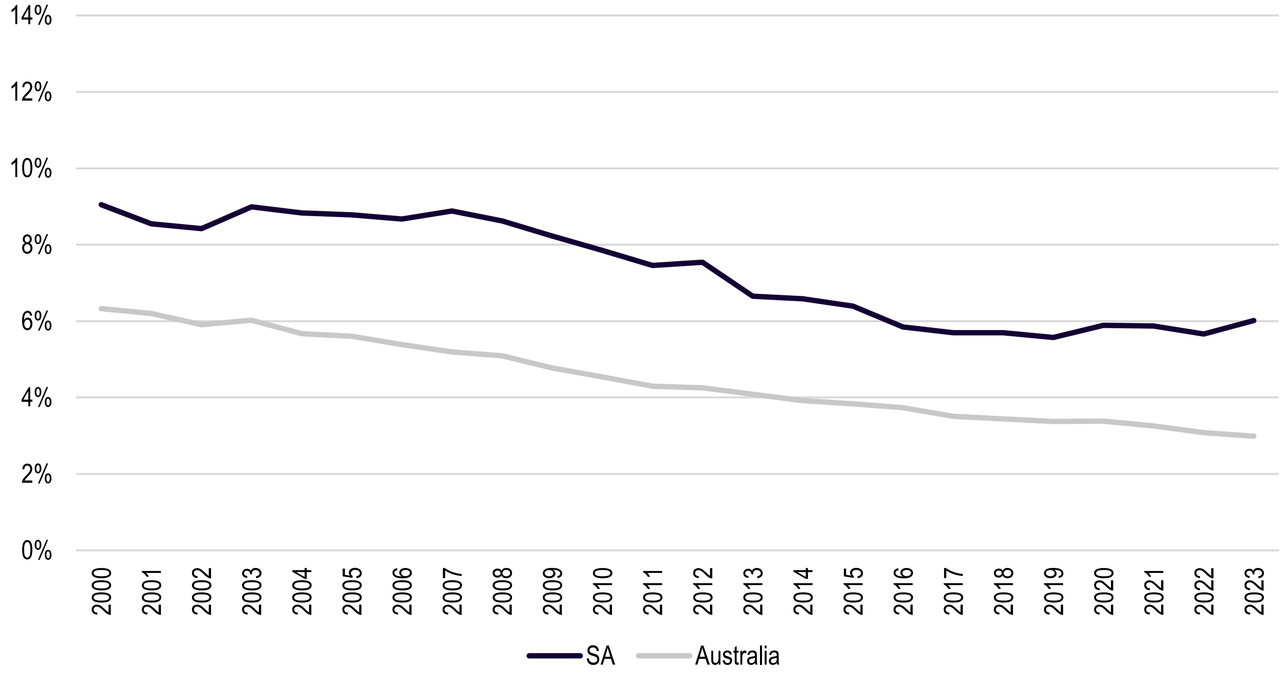
This valued-adding includes transforming raw products into processed or manufactured goods which are ready to eat as well as the addition of nutritional and quality enhancements which command higher prices and margins. Value-adding also involves developing new products or varieties, maximizing the use of by-products, implementing quality assurance standards, and adapting product presentation to meet market demands. Each of these activities adds value to the final product in its unique way, catering to diverse consumer needs and preferences.

This value-adding is reflected in the food an beverage manufacturers at Glynde and Stepney that produce a wide range of specialty foods as well as confectionery, alcoholic and non-alcoholic beverages and premium foods.

Food and beverage manufacturing is the largest manufacturing sub-sector in South Australia. As shown in Figures 3.1 and 3.2 below, manufacturing as a whole in South Australia follows the opposite trend to the rest of Australia, with stabilisation occurring in 2016 and even increasing back to 6% of GSP over 2020 to 2023.

[23] South Australian Government 2018, Food, Wine and Agribusiness Discussion Paper, data based on SA Manufacturing Industry Gross Value-Add, ABS State Accounts.

Figure 3.1 Manufacturing Total Factor Income as a % of GSP, South Australia and Australia



Source: ABS State Accounts

Table 3.1 South Australian food and beverage manufacturing

	Sales and service income					
	2019-20		2020-21		2021-22	
Heading	Share of Aus (%)	SA value ($ million)	Share of Aus (%)	SA value ($ million)	Share of Aus (%)	SA value ($ million)
Total manufacturing	5.8%	$23,932	5.7%	$23,833	5.6%	$25,865
Food product manufacturing	5.0%	$4,924	5.2%	$5,101	5.0%	$5,442
Beverage manufacturing	18.0%	$3,127	15.9%	$2,826	15.2%	$2,753
	Employment					
	Share of Aus (%)	SA number employed	Share of Aus (%)	SA number employed	Share of Aus (%)	SA number employed
Total manufacturing	7.6%	62,654	7.6%	63,476	7.8%	67,650
Food product manufacturing	7.6%	16,082	7.5%	16,037	7.7%	15,823
Beverage manufacturing	23.3%	7,187	23.1%	7,386	23.8%	8,315

Source: ABS

3.3 Food and beverage manufacturing precincts

The rationale behind establishing a food precinct lies in the concentration of businesses that specialise in transforming raw agricultural products into higher-value goods. By clustering these businesses together, precincts aim to create a synergy that enhances the value of the products and reduces production costs. This clustering effect can range from simple activities such as packaging to more complex manufacturing processes that create entirely new products.

One of the primary advantages of a food value-add precinct is the creation of a one-stop shop for all required inputs and processes. This close proximity of businesses leads to significant gains in productivity and cost reduction, ultimately increasing profitability. Additionally, the precinct enables economies of scale, as firms can specialise in specific products or processes, leading to increased efficiency and lower costs per unit.

Furthermore, a food value-add precinct can create a critical mass of businesses, making certain manufacturing activities viable that would otherwise not be feasible due to insufficient demand or resources. This critical mass can attract more businesses to the area, fostering further growth and innovation in the food value-add sector.

The concept of agglomeration is also relevant, as clustering related firms together can reduce transportation costs, increase access to specialised services, and create a network of businesses that enhance overall productivity. This clustering effect can make certain projects, such as large-scale infrastructure investments, more economically viable.

Additionally, food precincts can lead to higher productivity per worker and increased access to skilled labor. The concentration of related industries in one area can create a pool of workers with specialised skills, making it easier for businesses to find qualified personnel. Furthermore, the agglomeration effect can incentivise labor mobility across sectors, leading to a more flexible and adaptable workforce.

3.4 Innovation precincts

Innovation precincts are large, specialised areas that foster collaboration between firms, researchers, investors, and entrepreneurs. They can take various forms, from clusters around research-intensive institutions to dedicated buildings hosting startups and investors. While called "innovation precincts" in Australia, they're known internationally as "innovation districts," "hubs," or "clusters." These precincts are defined by their intense collaboration, productivity, and brand visibility.

They have emerged globally over the past 25 years as a response to market pressures for competitiveness and the preference of new companies and talent for urban, connected environments. Precincts can develop organically in underutilised areas or through deliberate government support. They vary in type and format, with three broad models identified by the Brookings Institution: anchor plus (centred around universities for example), reimagined urban areas, and urbanised science parks (located in outer-metro). Stepney and Glynde would be reimagined urban areas which are typically well served by transport, have an element of heritage building stock, and are in close proximity to high-rent CBD.

Innovation precincts enhance collaboration, leading to new ideas, businesses, and jobs. They deliver superior products and services, drive financial benefits, increase export growth, and lead to higher wages. They also have social, environmental, and cultural benefits, though they require planning to mitigate issues like housing affordability and urban sprawl.

Successful precincts deliver innovations through new and improved products and services and operational practices. Higher rates of innovation mean an increased capacity to deliver products and services to market at a reduced cost, which amplifies improvements to consumer experiences and living standards. High-value, research-oriented sectors such as the applied sciences, creative fields such as industrial design and graphic arts, and specialised, small-batch production such as artisan-oriented manufacturing are among the leaders in the innovation economy for delivering superior services and products. These have included the internet, smart phones, medical treatments, and other ubiquitous innovations that have a direct, day-to-day impact on consumer and community wellbeing.

3.4.1 Success factors

A summary of the factors that contribute to a successful food manufacturing cluster and precinct is outlined below.

Key factors of a successful precinct	Relevance for Glynde and Stepney precincts
Market demand and economic rationale for the cluster	There is strong and increasing market demand for valued added, premium food and beverage products
People and capability	The Glynde and Stepney food precincts include businesses with strong industry leaders and a workforce with many years of experience. The Council area has a strong food culture that attracts people to want to work in the precinct.
Culture of research and collaboration	While individual businerss in the precinct invrest in research and the development of new and innovative products there does not seem to be a strong culture of sharing of ideas or collaboration within the precincts.
Infrastructure	Access to physical and public infrastructure such as transport, electricity, gas and water as well as waste disposal are critical to a precincts success. Both Glynde and Stepney, to varying degrees, face challenges in terms of local infrastructure, urban amenity, parking and traffic management.
Accommodative regulation and zoning	A regulatory and zoning system and process that supports growth and development is critical, cumbersome or uncertain zoning or permitting processes can slow or stop development. The current zoning as Employment Lands supports current businesses and any move to rezone to allow for strategic infill will potentially increase the interface between residents and industry and create uncertainty for businesses looking to locate in the precints.
Access to funding and investors	There has been little strategic investment by governments in the precincts although individual companies are able to access support under existing programs for innovation and advanced manufacturing. Start-up companies often require mentoring and support either by way of funding or access to infrastructure in the precinct such as work space, labs etc.
Agglomeration benefits	The collocation of businesses in a precinct creates a focal point for sharing of resources, agglomeration benefits and collaboration. Nurturing and strengthening benefits through agglomeration would support the development of the Precincts especially for new ventures and start-up companies.

Source: ACIL Allen derived from Baily and Montalbano, 2018. Clusters and Innovation Districts: Lessons from the United States and CEDA, 2024. Clean energy precincts: How to seize the green export opportunity.

Similarly, the NSW Innovation and Productivity Council identified seven factors for precinct success.

Market drivers

— Strong market demand for the products or services that the precinct provides.
— Good access to markets, sizeable buyers, and a public sector market willing to embrace innovative technologies.
— An available local workforce pool.
— Access to a local base of investors with an appetite for higher risk investments.
— Innovative finance streams are available.
— Strong networks with universities and research institutions that have a culture of collaboration, ongoing investment in research, and experience in commercialising research,
— Pro-enterprise policies and trusted partnerships between government, business, and research.

Competitive advantage

— Leverages unique place-based characteristics.
— Leverages the core regional economic and institutional strengths.
— Has mechanisms for attracting and retaining talent.
— Has a brand identity that conveys the competitive advantage and shared vision.

Infrastructure

— High quality transport infrastructure.
— Fast, reliable, and secure digital infrastructure.
— Access to advanced technology and equipment.
— Flexible building design with adaptable spaces.
— Access to affordable commercial rents to attract and retain startups.
— Specialist infrastructure where needed, such as water provisions for manufacturing.
— Flexible and adaptive land use planning.

Amenity

— A range of hot spots for social interaction.
— Access to affordable housing for workers.
— Easy access for people to move through and within it.
— Flexible land-use regulations to allow a mix of activities.

Enterprise culture

— A community that sees it as a desirable place to work.
— Strong education and skill development aimed at providing future talent and entrepreneurship.
— Anchor institutions with collaborative cultures that are well integrated with the precinct.

Leadership

— A coordinated governance structure and leadership group.
— A collaborative leadership group that builds partnerships.

- A vision statement that sets out short, medium, and long-term goals.
- Transparent, regular, and ongoing community engagement.
- Cross-government commitment to innovation.

3.4.2 Implications for Glynde and Stepney

The creation of an innovation precinct at Glynde or Stepney would require significant investments based on the described innovation precinct model above. The success of such a precinct would depend on careful planning, investment in infrastructure, supportive regulatory frameworks, and strong leadership.

If achieved, however, innovation precincts can drive economic benefits through superior product and service delivery, increased export growth, and higher wages. The clustering of businesses can lead to economies of scale and agglomeration benefits, reducing costs and improving efficiencies.

3.5 Strategic Alignment : food and beverage manufacturing strategies

3.5.1 South Australia Food and Beverage Five Year Export Strategy

The South Australian Food and Beverage Five Year Export Strategy set the goal of increasing export sales from $2.6 billion in 2021 to just over AUD $3 billion by 2027.

The Strategy highlighted that the majority of the food and beverage business in South Australia are small businesses with 64% of the businesses in the food and beverage industry having an annual turnover of less than $5 million with around 50% having 19 employees or less.

Challenges identified that need to be addressed include:

- Many small, entrepreneurial businesses with outstanding products need mechanisms to overcome their lack of critical mass.
- Food and beverage freight consolidation is underdeveloped and uncompetitive, relative to other states. Exporters often rely on shipping through other states, which impacts on export viability.
- Sea and air freight services are uncompetitive from South Australia to priority export markets.
- The training and coaching for food and beverage specific export skills development across the whole value chain is sporadic and lacks integration, resulting in duplication of costs and making it difficult for businesses to assess the best development options for their people.
- There is a need to support industry investment in new technologies and systems that enhance productivity, open pathways for emerging category entry and drive product innovation.

Recommendations to address these challenges include:

- Establish an industry-led food and beverage export steering group.
- Create an industry-led collaborative route to market model for selective priority markets.
- Develop an integrated food and beverage competency development program.
- Digital trade tracking and traceability.
- Attract and facilitate investment in leading edge technology for priority and emerging categories.

3.5.2 Food and Grocery Manufacturing 2030 (Australian Food & Grocery Council)

The report notes that food and grocery manufacturing sector in Australia provides nearly 276,000 jobs and contributing significantly to Australia's exports.

The sector is facing significant challenges in terms of input costs, skill shortages and inflationary pressures. Over the past ten years, Australian food manufacturers' input prices have increased by 49 per cent from 2010 to 2020, whereas output (wholesale selling) prices have only increased by 24 per cent in the same period. This compares to the broader manufacturing sector where output prices have closely tracked input prices.

Australia's reputation for "clean and green" products is valuable but not sufficient to remain competitive. Consumers increasingly demand innovative, premium, and sustainable products, requiring investments in new products, packaging, and digital technologies. Despite the sector's resilience, profitability has declined, and capital investment has stagnated, leading to a stifling of innovation.

To unleash the sector's potential, the report "Sustaining Australia: Food and Grocery Manufacturing 2030" outlines several recommendations. These include:

— Strategic industry policy: Add non-food grocery manufacturing to the Modern Manufacturing Strategy and develop annual policy reforms to support sector growth.
— Investment incentives: Allocate funds for a co-investment grant program to adopt modern manufacturing and digital technologies.
— Skills: Fund a skills audit and training center for advanced manufacturing skills.
— Regulatory reform: Centralize responsibility for setting and enforcing food standards, allowing FSANZ assessments to reference international standards.
— Digital labelling: Establish an industry-government taskforce for regulatory compliance through digital labelling.
— Retail-supplier relationships: Monitor supermarket buyer power and the effectiveness of the Food and Grocery Code of Conduct.
— Export growth: Develop an export growth strategy aiming for ten per cent annual growth to 2030.

The report presents three scenarios for the sector's future: high growth, muddling through, or decline. To achieve high growth and reach a turnover of $250 billion by 2030, the sector must invest in innovation and new products. Without intervention, there is a risk of stagnation or decline, leading to job losses and reduced international presence.

3.5.3 Parliamentary inquiry into food and beverage manufacturing

The House of Representatives Standing Committee on Industry, Science and Resources has commenced an inquiry into Food and Beverage Manufacturing. The inquiry will look at opportunities for expanding innovation and value-adding in the food and beverage manufacturing industry in Australia, with regard to:

— Innovation trends and new technologies, both locally and internationally.
— Ways to support new and emerging products and industries, including premium and niche products, new proteins, and Indigenous foods.
— Opportunities across both domestic and export markets for Australian manufactured products, including shifting consumer trends.
— Approaches to circular economy, waste reduction and decarbonising, including packaging and food waste.
— How the research sector can help to grow this ecosystem.
— Future workforce and skills needs.
— Mechanisms for the Australian Government to support further innovation and sustainable growth in the sector.

3.5.4 Food South Australia submission to the Inquiry

Food South Australia has played a crucial role in advancing growth, innovation, and sustainability within the state's food and beverage sector. Through various programs and initiatives, the organization has bolstered market development, industry collaboration, innovation, sustainability, and workforce development, enhancing the sector's resilience and competitiveness.

Innovation and Growth Trends

The food and beverage manufacturing industry in South Australia is undergoing significant growth driven by technological advancements and changing consumer preferences. Key trends and technologies shaping the industry include smart packaging, advanced manufacturing, alternative proteins, and food waste reduction strategies. These innovations are enhancing product transparency, streamlining production processes, and promoting sustainable and ethical food choices.

Research and Development in Packaging Technologies

South Australia boasts a dynamic research and development landscape, characterized by strong collaborations between industry, academic institutions, and government bodies. Research focuses on sustainable packaging solutions, government-supported initiatives, and collaborations with universities to drive innovation in packaging technologies, enhancing food safety, quality, and shelf life.

Supporting a Circular Economy and Global Competitiveness

Australia is leveraging its agricultural diversity and culinary heritage to meet domestic and international demands for high-quality, sustainable products. South Australia's commitment to a circular economy is evident through initiatives aimed at reducing waste and promoting recycling and sustainable practices, positioning its products favorably on the global stage.

Market Development Programs

Food South Australia has led market development programs to assist local producers in expanding their reach domestically and internationally. Initiatives such as trade missions, export readiness workshops, and market intelligence reports have facilitated market entry into regions such as Asia, Europe, and North America, increasing the global presence of South Australian food products.

Industry Networking and Collaboration

The organization facilitates networking opportunities and collaboration within the industry through events, forums, and industry gatherings. Collaborative projects such as industry clusters, research partnerships, and supplier networks strengthen the sector's resilience and competitiveness, promoting innovation and knowledge exchange.

Innovation and Research Projects

Food South Australia has supported numerous innovation and research projects to drive technological advancements and product development. These projects, in collaboration with research institutions, government agencies, and industry partners, aim to enhance the industry's capacity for innovation and position South Australia as a hub for food technology and research excellence.

Sustainability and Environmental Initiatives

Recognizing the importance of sustainability, Food South Australia has implemented initiatives to promote environmentally responsible practices. Programs focusing on waste reduction, energy efficiency, and sustainable packaging help businesses adopt more sustainable practices, reducing their environmental impact.

Skills Development and Workforce Training

Investing in skills development and workforce training is essential for building a capable workforce that can meet the industry's evolving needs. Food South Australia has developed training programs, workshops, and professional development opportunities to enhance the skills and capabilities of industry professionals, empowering individuals and businesses to thrive in a competitive marketplace.

3.5.5 Implications for Glynde and Stepney

Establishing and developing existing food and beverage manufacturing precincts in South Australia aligns well with the strategic goals and recommendations in recent food sector and manufacturing strategies in South Australia and nationally.

In South Australia food and beverage manufacturing is the largest sector of the State's manufacturing industry with food manufacturing growing by 10% over the last three years. Food and beverage manufacturing precincts can significantly enhance the State's economic growth and global competitiveness by focusing on its identified strengths in food, wine, and agribusiness. Ensuring that industry has access to the infrastructure (including appropriately zoned land), skills, research and innovation to grow is therefore important to underpinning the future growth of the sector and an important function of food and beverage precincts such as Glynde and Stepney.

While the Glynde and Stepney food and beverage precincts have a number of competitive advantages significant investment would need to be made in local infrastructure, planning and other supports to be able to protect the existing business operations from further urban encroachment and to be able to attract new businesses to the precincts.

While the State Government provides significant support to the agricultural and manufacturing sectors through programs administered by the Department of Primary Industries and Regions, south Australia (PIRSA), the Department of Industry, Innovation and Science (DIIS) and Department of Trade and Investment (DTI) much of this support is by way of competitive grant programs for companies. There are no dedicated State Government programs or funding available that would support the development of the precinct but there is the potential to align with funding available under existing State or Commonwealth programs.

4 Comparative analysis

The Glynde and Stepney precincts have been compared to the:

- North Adelaide Food Park at Edinburgh Parks in Adelaide
- Marrickville Food Precinct - a customer facing food precinct in Sydney
- Australian Food and Innovation Centre (AFIC) - an innovation precinct at La Trobe University in Melbourne.

4.1 Criteria to assess the Glynde and Stepney precincts

The precincts have been compared based on eight factors:

- Location
- Infrastructure and land availability
- Zoning and planning
- Access to consumers
- Workforce and skills
- Government investment
- Enterprise culture
- Leadership and collaboration.

While each precinct is not strictly comparable on all measures, the comparative analysis is useful in providing insights regarding Glynde and Stepney's comparative strengths and potential weaknesses.

4.1.1 Location factors

These include distance from the CBD, access to transport, proximity to suppliers as well as proximity to customers.

4.1.2 Infrastructure and land availability

This includes an assessment of total precinct size and lot sizes which determines the type of business that can be accommodated, the potential for growth and the level of scale benefits that can be achieved.

Other infrastructure such as roads transport access and utilities such as energy (including access to renewable energy), water and waste are also critical for precinct success.

4.1.3 Zoning and planning

Zoning and planning pressures can significantly influence food and beverage manufacturing precincts including the threat from competing land uses such as urban in-fill. Restrictions or requirements related to land use, building codes, environmental regulations, and access to utilities can impact the location, size, and design of the precinct. Additionally, community resistance or support can affect the development and expansion of such precincts. Planning regulations and strategies at the State level are vital for allowing manufacturing to occur and preventing this land being shifted to residential purposes.

4.1.4 Access for consumers

For customer facing precincts such as Glynde, Stepney and Marrickville consumer access is important consumer will be defined for each precinct. Factors that facilitate or are potential barriers for consumer access will be assessed and compared between precincts. The competitive landscape for these consumers from other precincts will also be identified. Any strategies to engage with consumers and build the brand of precincts will also increase access to consumers.

4.1.5 Workforce and skills

A detailed demographic comparison of each of the food precincts is provided in Appendix B.

Education

Education levels influence the workforce available for manufacturing by determining the skillset and productivity of employees. Higher education levels generally lead to a more skilled workforce capable of handling advanced manufacturing technologies and processes, thereby increasing efficiency and innovation. Lower levels of education, however, may be more appropriate for low-skilled jobs such as food and beverage manufacturing.

Employment

The level of unemployment impacts the workforce available for a food and beverage manufacturing precinct by influencing the supply and demand for jobs. High unemployment rates generally result in a larger pool of available workers, making it easier for the precinct to fill positions, often at lower wages. Conversely, low unemployment rates can lead to a tighter labour market, making it more challenging to attract and retain workers, possibly requiring higher wages to compete for talent.

4.1.6 Government investment

Government investment can play a crucial role in the development of a food and beverage manufacturing precinct by providing funding for infrastructure, research and development, and workforce training. This investment can help create a supportive environment for businesses, attract private investment, and stimulate economic growth in the region. Additionally, government support can help ensure that the precinct meets regulatory requirements and environmental standards, fostering sustainability and long-term success.

4.1.7 Enterprise culture

Successful food and beverage manufacturing precinct and innovation precincts are supported by robust educational and skill development initiatives for both new and existing workers and fostering talent development and entrepreneurial spirit. Many precincts have key anchor institutions (larger companies, VET or Higher Education institutions or research organisations) which are key in attracting companies to locate within the precinct and the sharing of talent and fostering innovation.

4.1.8 Leadership and collaboration

The successful development of a food and beverage manufacturing precinct benefits from having strong industry leadership or a well-coordinated governance structure including a collaborative leadership group that actively builds partnerships. A precinct should have a clear vision statement outlining short, medium, and long-term goals, supported by transparent and ongoing community engagement, and a commitment to the precinct and fostering innovation and growth from all levels of government.

Table 4.1 Comparative analysis

Criteria	Glynde	Stepney	North Adelaide Food Park	Marrickville	Innovation precincts
Location factors	8km north-east from CBD Good transport links via Payneham, Glynburn and Lower North East Rd. The precinct is at the interface of residential and light industrial uses resulting in traffic and heavy vehicle concerns by local residents.	2km from CBD The precinct is a mix of commercial and light industrial users with food an beverage manufacturing making up only a small proportion of businesses.	26km from CBD located in the City of Salisbury, Edinburgh Parks. Excellent transport links with the Northern and Port Expressway with relatively easy access to the port and airport and major logistic terminals. Close to horticulture and wine producing regions at Virginia and Barossa Valley.	6km from Sydney CBD Various transport options through buses and train stations at Marrickville and Sydenham. Has easy access to Port Botany for any input requirements and access to export markets. Flemington markets are also relatively close for access to food inputs.	Australian Food Innovation Centre (AFIC) at La Trobe University 14km from Melbourne CBD. It is 15 minutes from Melbourne airport and 30 minutes from the CBD. It is also closely located to the Melbourne wholesale markets (Epping Markets) and the RMIT Food Research and Innovation Centre. Has plenty of access by transport due its location as a university campus. The Goulburn region is 100km away for direct access to primary produce.
Land and infrastructure	Two lots above 7,000 SQM Three more above 4,000 SQM 20 above 1,000 SQM Around 50 below 1,000 SQM Precinct caters for small to medium sized businesses. There is little capacity for growth for medium or larger companies. Only ad hoc maintenance of infrastructure has been done with little or no investment in streetscape renewal works.	Three lots above 7,000 SQM Three above 3,000 SQM 40 above 1,000 SQM Around 100 below 1,000 SQM Precinct caters predominantly for small businesses. There is little capacity for growth for medium or larger companies. Local street infrastructure is quite good with regular maintenance and upgrades undertaken.	Lots range from 2,500 SQM to 20+ hectares. Precinct has significant capacity for growth and caters for medium to larger sized businesses. All allotments have industrial grade roads, three-phase power. Potable and non-potable water, sewage and communications including water reuse and renewable options.	Less than 20% of serviced lots have a land area of more than 1,000 SQM, most are under 500 SQM. This reflects the nature of the businesses in the precinct which are mostly micro and small enterprises (92%).	The total campus is 235 hectares. Actual sizes for businesses will be small, focused more on the sharing of joint facilities such as labs, incubated spaces, kitchens, and small-scale manufacturing.
Zoning and planning	Glynde and Stepney precincts are predominantly zoned Employment Lands to reflect the range of uses of the precincts		Industrial precinct with Renewal SA and City of Salisbury working collaboratively to ensure timely	There is diminishing industrial land in Marrickville while mixed used zoning along main arterial	No zoning issues as part of University campus.

Criteria	Glynde	Stepney	North Adelaide Food Park	Marrickville	Innovation precincts
	with food and beverage industry making up only a small proportion of businesses. There is pressure for strategic infill at both precincts, in particular the Stepney triangle being identified for strategic infill in the Greater Adelaide Regional Plan (GARP).		development approvals for greenfield developments.	roads cater for some manufacturing, this is exacerbated by the Sydenham to Bankstown Urban Renewal Corridor Strategy and the new Sydney Metro line development.	
Access for consumers	Significant parking challenges with limited off street parking resulting in parking congestion on streets. Safety issues for pedestrians and drivers. Poor public amenity and access. Pollution from automative businesses.	Less parking pressures than Glynde. Streetscape and urban amenity is better than Gynde in some areas. Narrow streets restrict access. Permeability and access through Stepney, however, is much better than for Gynde.	Consumers are transport businesses and retailers. Very good access through the presence of transport and logistics companies and the Woolworths distribution centre.	Close to the CBD and densely populated areas, shown by the high number of apartments and flats in the LGA. Also close to areas such as Newtown and Enmore which attract consumers.	The end consumer is more nebulous for an innovation precinct. It can be researchers, students, or other businesses. The location at a university campus provides plentiful access.
Employment	A relatively low level of unemployment, but had the highest rate of part-time workers, indicating potentially available workforce for full-time work. Highly educated workforce with 42% having a bachelor's degree or above, compared with 32% for the total Australian population. Reflecting the level of education, has a high proportion of professionals with a very small amount of trades workers, labourers, and machinery operators, which would be required for a manufacturing precinct. The highest median age of 41. This is driven by significantly higher population in the 80+ age range.		Only 19% of those in the City of Salisbury and City of Playford LGAs hold an advanced diploma or higher compared to 32% across the State. That said 16% of the population have a Certificate III qualification which is higher than the State average of 14%. Given that many of the jobs in the food manufacturing sector are semi-sor lower skilled workers then the educational profile in northern Adelaide may be more favourable for food manufacturing business.	Lowest unemployment, highest number of professionals, and lowest number of machinery operators and trades workers.	High level of education. Not as high as the other more central LGAs but still higher than Australian average at 38% Equal lowest level of unemployment. Moderate level of professionals and a relatively high level of trades workers.

Criteria	Glynde	Stepney	North Adelaide Food Park	Marrickville	Innovation precincts
			than the profile in inner suburbs where qualification levels are hig		
Government investment	None apart from ad hoc maintenance		Significant investment, including a State Government $7 million Food Park Business Attraction Fund.	None	There is investment of $5 billion over 10 years into the La Trobe University Bundoora campus. This includes significant investment into a transformed Research and Innovation Precinct.
Enterprise culture	Historically a strong enterprise culture with some businesses present for many decades. While individual businesses invest in new products and innovation there does not appear to be a collaborative enterprise culture that connects businesses in the precincts.		The presence of some of the largest businesses in the Food Park Australia underpins a strong enterprise culture. The opportunity to leverage off these businesses with longer term and more secure contracts is high.	A strong culture of enterprise through a long history of manufacturing in the area, and through the attraction of new businesses. Creative industries are a strength of the area.	Startup businesses are present in the precincts, with innovation a requirement for these.
Leadership and collaboration	Leadership exists through a number of longstanding companies in the precincts with generations of successful manufacturing experience . At present, the diversity of businesses in the areas makes food and beverage manufacturing collaboration difficult.		Government has provided leadership, as has large organisations such as Woolworths by locating here. The concentration of businesses makes collaboration easier.	Strong collaboration through previous research projects, the Inner West Council, and Made in Marrickville group od manufacturers.	Anchoring institution through LaTrobe University provides leadership. Collaboration is embedded into the precinct.

Source: various

4.2 Implications of the analysis for Glynde and Stepney

4.2.1 Consumer-facing precinct challenges

Similar to Marrickville, Glynde and Stepney are located relatively close to the CBD, have an educated population, and a strong history of manufacturing that has been kept. This points to the potential for a consumer-facing precinct to take advantage of a strong consumer base with relatively high incomes.

Glynde and Stepney face significant challenges as potential consumer-facing precincts primarily due to their lack of amenity and limited consumer access Unlike Marrickville, which benefits from superior transport infrastructure, higher population density, and enhanced consumer-oriented facilities, both Glynde and Stepney fall short in these critical areas.

— Transport Infrastructure: Marrickville's robust transport system facilitates easy consumer access, whereas Glynde and Stepney suffer from inadequate transport links, making them less accessible to consumers.

— Population Density: The higher population density in Marrickville supports a vibrant consumer market, contrasting sharply with the lower densities in Glynde and Stepney, which limits the potential consumer base.

— Consumer Amenities: The infrastructure in Marrickville is designed to cater to consumers, including a variety of shops, restaurants, and services. In contrast, Glynde and Stepney lack such amenities, further diminishing their appeal as consumer-facing precincts.

4.2.2 Large scale manufacturing precinct

The feasibility of developing Glynde and Stepney into large-scale food and beverage manufacturing precincts is also limited by several factors:

— Competition: North Adelaide Food Park represents a significant competitor with its established large-scale operations. The presence of such a competitor makes it challenging for Glynde and Stepney to attract similar large-scale investments.

— Site Scale: The small scale of available sites in Glynde and Stepney restricts the ability to accommodate large manufacturing operations. This limitation contrasts with the more extensive and suitable sites available in North Adelaide Food Park.

— Transport Difficulties: Inadequate transport links further complicate the logistics of large-scale manufacturing in Glynde and Stepney, impacting the efficiency and cost-effectiveness of operations.

— Workforce Availability: The availability of a skilled workforce is another critical challenge. Glynde and Stepney may struggle to attract and retain the necessary labor force compared to more established industrial areas.

4.2.3 Innovation precinct

Transforming Glynde and Stepney into innovation precincts would require substantial overhaul due to several key deficiencies:

— Lack of Anchor Institution: Successful innovation precincts typically revolve around a major anchor institution, such as a university or research centre, which drives collaboration and attracts innovative businesses. Glynde and Stepney lack such institutions, impeding their ability to foster an innovation ecosystem.

— Minimal Collaboration: The current level of collaboration between businesses in Glynde and Stepney is minimal. Without a concerted effort to enhance collaborative initiatives, the precincts will struggle to develop into innovation hubs.

— Overhaul Requirements: Achieving the transformation into innovation precincts would necessitate significant investments in infrastructure, fostering collaboration, and potentially attracting an anchor institution. This overhaul represents a considerable challenge given the existing conditions in Glynde and Stepney.

5 Precinct overview

5.1 Glynde and Stepney

5.1.1 Location

Glynde

The Glynde precinct, located 8km northeast of Adelaide CBD, is accessible via major roads but lacks public transport options, leading residents and employees to rely heavily on private vehicles. Concerns arise from the interface of residential and light industrial land uses, particularly regarding heavy vehicle traffic through residential streets.

Existing businesses in Glynde lack off-street parking, leading to parking issues on the streets and safety concerns. The Council faces challenges in addressing these issues, as many businesses predate current planning regulations regarding parking.

A significant investment would be required by Council to upgrade infrastructure and improve urban amenity to make the precinct more customer and business friendly. This investment will be important to revitalise the precinct, increase its profile and help to better balance the interface between residents and light industry.

Stepney

The Stepney triangle is located approximately 2km from the Adelaide CBD.

Stepney, west of Nelson Street is bound by busy arterial roads on all three sides. Its close proximity to the Adelaide CBD, numerous public transport routes, a variety of employment opportunities, shops, services and entertainment, as well as Linde Reserve means that people tend to rely less on private motor vehicles and more on walking, cycling and public transport. Similarly to Glynde, the width of the streets does in some cases cause some issues, particularly for larger vehicles. Overall, the permeability through Stepney is far greater than in Glynde.

In 2019, the Council appointed Tonkin (Consultants) to develop a Local Area Traffic Management (LATM) Plan for the suburbs of Stepney, Maylands and Evandale. The findings and the recommendations in relation to the Stepney Triangle (i.e. the south western quadrant bound by Nelson, Payneham & Magill Roads) were:

— concern with lack of capacity in the arterial roads and therefore ‘through’ traffic using local streets;
— characterised by narrow streets, narrow footpaths and largely commercial/industrial land uses;
— high percentage of ‘through traffic’ in the AM and PM peaks along Henry Street;
— high percentage of commercial vehicles;

5.1.2 Size and capacity

Glynde

The majority of lot sizes at Glynde are under 1,000 square metres. There are two sites over 7,000 square metres, and a further 14 sites between 1,000 and 7,000 square metres.

Stepney

Similarly to Glynde, the majority of sites are under 1,000 square metres. Stepney, however, is a larger area in total with more lots present. There are three sites over 7,000 square metres, and a further 44 sites between 1,000 and 7,000 square metres.

5.1.3 Planning and regulatory environment

Both Glynde and Stepney are predominantly zoned Employment Lands. This allows for 'light industry', which means industry that does not detrimentally affect the amenity of the locality, such as through the emission of noise, smell, fumes. It must also not cause dangerous or congested traffic conditions in any nearby road.

There is pressure for strategic infill at both sites, in particular the Stepney triangle being identified for strategic infill in the Greater Adelaide Regional Plan (GARP). This plan has been identified as not taking into consideration the maintenance of heritage and character values. Former industrial land in Stepney has already been rezoned in the *Payneham and Stepney Strategic Sites Development Plan Amendment* (authorised 11 February 2021). A large re-zoned site at 372 Payneham Road, the former Schweppes factory site, has been redeveloped for low-rise retail.

There is also the need to protect industrial land, as identified in the GARP:

> "Traditional industries will still require dedicated land separated from other uses and near freight routes. But growth in cleaner and quieter industries is expected to increase demand for inner suburban employment lands too."[24]

The GARP also acknowledges the potential for innovation precincts:

> "Protect and capitalise in employment land in the Inner Metro…for future knowledge-based industries and innovation precincts."[25]

Low-rise, small-scale 'infill' development is occurring in virtually all suburbs of the City of Norwood Payneham & St Peters. Mapping in the 2022 Land Supply Report for Greater Adelaide suggests more potential among sites at a greater distance from the CBD in the City of Campbelltown and north-eastern suburbs of the City of Norwood Payneham & St Peters. This is notwithstanding higher land values closer to the CBD generally prompting developers to opt to build up which is more expensive, as has occurred mainly in Kent Town and Norwood in Urban Corridor zones (but also in Stepney and Marden).

> "A key concern for many councils is the impact of the liveability of our communities as a result of increased infill development to support population growth and economic development. This infill development has not only impacted on the liveability and character of our streets and neighbourhoods but has resulted in concerns relating to traffic management, stormwater management, overshadowing of existing properties, lack of carparking and an overall loss of amenity. This has been a result of the poor quality design of many infill developments. The impacts of infill development need to be more

thoroughly considered in the Plan and good design, placemaking and best practice standards must be a central objective of the revised Plan."

5.1.4 Economic significance

The food and beverage manufacturing sector within the City of Norwood Payneham & St Peters, contributes approximately $395M (5.3%) of total output generated in the City of Norwood Payneham & St Peters. As a percentage of total State output, this contribution equates to 0.15%. Of the total number of people employed in the City of Norwood Payneham & St Peters, 2.4% are employed within the food and beverage manufacturing sector.

In the period between 2015 – 2023, food manufacturing within the City experienced a growth rate of 10.2%, with beverage manufacturing businesses growing at a rate of 13.3%. However, in relation to Glynde and Stepney specifically, the number of food manufacturing businesses has declined from 17 to 12. While beverage manufacturing has grown from one (1) to two (2).

According to the City of Norwood Payneham & St Peters' Economic Development Strategy 2021-2026, there were 422 people employed in local food and beverage manufacturing in 2020, comprising 38.6% of the 1,098 manufacturing jobs.

5.1.5 Constraints

There are several infrastructure and planning constraints that impact on the Precincts:

— Heavy vehicle movement is prevalent, especially in Glynde.
— No new infrastructure investment has occurred for a very long time in either area.
— Limited maintenance investment has occurred in Glynde, so infrastructure quality in terms of footpaths, landscaping and general amenity is in a state of disrepair.
— Stepney has been identified for strategic infill in the draft Greater Adeliade Regional Plan.
— Automative businesses contribute to noise pollution and make the area generally not attractive to consumers.
— Many businesses would be non-compliant with the planning zones in place.
— No public amenity exists.

These infrastructure and planning constraints are compounded by soft infrastructure constraints including:

— very little collaboration between food and beverage manufacturers in the precincts
— no shared vision or strategy for the precincts
— no significant benefits from agglomeration in terms of sharing of resources, knowledge sharing or innovation.

5.2 Marrickville

5.2.1 Location

The Carrington Road precinct is located south of the Bankstown-City rail line, 6 kilometres southwest of Sydney Central Business District (CBD). In 1926, General Motors opened a large automotive factory on Carrington Road which closed in 1931, many of the area's factories have been closed with the decline in manufacturing and converted to retail or residential uses or lost to redevelopment.

Marrickville Road is the primary east west connection through the food precinct which is located on Carrington Road. Marrickville Railway Station is at the centre of the core of the precinct. The precinct has reasonable bus connections and there are a number of local east-west and north-west on-road cycleways, whilst the Cooks River shared cycleway is located along the southern boundary of the precinct.

5.2.2 Size and capacity

On the west side of Carrington Road a newly built complex of industrial units houses a cluster of food processing, gourmet food makers and providores who supply Sydney's cafes, bars and restaurants with everything from roasted coffee to yoghurt, gluten-free bread to sausage casings.

The cluster features ethnic small businesses servicing the city's Asian restaurants, European grocers, and continental bakehouses including:

— All Seasons Gourmet Produce provide vegetable chopping services.

— Wellness by Tess provides quality food for people with specialty diets.

— Brooklyn Boy Bagels bake for local cafes and markets.

— Laduree makes luxury macaroons and tea blends for city stores and teahouses.

Industrial businesses generally require larger, unencumbered production areas that are only achievable on larger sites. However, throughout all of Marrickville's industrial-zoned land, less than 20% of serviced lots have a land area of more than 1,000m2 (NSW Land & Property Information 2015). The vast majority of lots are less than 500m2 – not dissimilar in size to the low density residential lots surrounding these industrial areas.

5.2.3 Planning and regulatory environment

There is concern over the diminishing industrial land in Marrickville, exacerbated by the Sydenham to Bankstown Urban Renewal Corridor Strategy and the new Sydney Metro line development. While there is limited IN1 or IN2 zoned land in station precincts, B5 and B6 zoned clusters along main arterial roads allow for various industrial and business uses, leading to higher prices compared to industrial zones. Despite the higher costs, industrial users consider proximity to key markets and suppliers when choosing locations, weighing the benefits against cheaper options in the west.

Adjacent to the Inner West Council which contains Marrickville, the City of Sydney's 2014 rezoning of parts of the Green Square Southern Employment Lands from industrial to business zones reflects a shift toward accommodating new business forms and enterprises needing flexible environments. Marrickville has experienced some intensification, seen in projects like the Enterprise Industrial Estate, achieving high sale prices due to its configuration allowing for more intensive land use.

The Marrickville Manufacturers' Association, trading as Made in Marrickville, advocates for local manufacturing, while the Inner West Brewery Association's Inner West Ale Trail showcases the area's craft breweries, enhancing its reputation as Australia's Craft Beer Capital.

Council currently has a Special Rate Levy scheme in place for businesses in the Dulwich Hill, Marrickville, Newtown and Petersham town centre areas. Funds collected under the scheme are applied in those precincts to a range of marketing, branding and event initiatives. This is known as the Urban Centres Program (UCP) which was introduced in the former Marrickville Council area and has proved successful in supporting local business in partnership with local business chambers.

5.2.4 Economic significance

Carrington Road is a highly active hub of local business activity, with low vacancy rates, and significant employment creation both within the precinct, and for services such as deliveries, taxis and studio hire that interact with its enterprises. An audit documented 223 enterprises within the

Carrington Road's 700 metre precinct, and further categorised 172 of these by sector. The three most prevalent categories of enterprises in the precinct were manufacturing (27%), creative (17%) and creative/manufacturing (17%).

The precinct is overwhelmingly home to micro- (less than four employees) and small businesses (between 5-19 employees), as defined by the Australian Bureau of Statistics. Micro- and small enterprises constitute 92 percent of the precinct.

Employment in retail and food services grew by 90% between 2006 and 2011, with an additional 300 people in this sector. Whilst this figure captures some of the new retailing on the periphery of the industrial-zoned land, it also reflects the emergence of new cafes and retailers in the Marrickville-Sydenham precinct. This trend has clearly continued since 2011, with larger café and food retail facilities such Bourke Street Bakery and Double Roasters emerging in the precinct and a number of food wholesalers offering sales direct to public.

5.2.5 Constraints

The reduction in travel times between Port Botany and the western suburbs to be delivered by the WestConnex motorway will further reduce any competitive advantage that businesses in the Sydenham-Marrickville Industrial Precinct gain from their location. Reduced travel time will benefit industrial precincts located along the M5 Motorway, which offers safer passage for heavy vehicles (and permits travel by larger vehicles such as B-doubles) than local streets in the Inner-West. The industrial precinct at Padstow would only be a few minutes further away from Port Botany than Marrickville outside of peak hours. Combined with increased government investment in freight rail, the proximity advantages for industrial business locating in Marrickville-Sydenham are expected to be virtually eliminated. It is considered unlikely that the larger-scale industrial operations and/or wholesale businesses that rely on this proximity advantage will remain in the area when these infrastructure improvements are delivered and cheaper, better-serviced land along the M5 motorway becomes viable for these uses.

The western and northern edges of the Sydenham-Marrickville Industrial Precinct are expected to come under increasing pressure through the infringement of non-industrial land uses including residential, retail, and creative uses. If this is allowed to continue to occur in an uncoordinated manner, it will result in a worsening of existing land use conflicts and will place additional pressures on the operations of legitimate existing industrial businesses.

5.3 North Adelaide Food Park

5.3.1 Location

Edinburgh Parks is located 26 kilometres from the CBD, with a total area of 650 hectares. Lots range from 2,500 metres squared to 20+ hectares. It has close proximity to major freight routes, serviced by key transport and logistical infrastructure. The total precinct is a $1.9 billion investment comprising of designated areas for aerospace and manufacturing, defence technology, logistics support, and automative industries. While only part of this investment is towards food and beverage manufacturing, it indicates the scale of the park which is well suited to large greenfield developments.

The State Government has established Food Park to create opportunities for businesses to co-locate and enable both new and existing food and beverage processors, manufacturers, food packaging specialists, cold-chain suppliers, and logistic and transport companies to co-locate with like enterprises and accessing services on one precinct – improving their potential to collaborate, build productivity through economies of scale and expand and export.

Major food logistic and warehousing facilities are either located in the Northern Food Park or within close proximity this includes:

- Coles has a distribution centre at 92,000 metres squared
- Drakes Supermarkets has built a state-of-the-art $80 million grocery distribution centre just 2.5 kilometres from Food Park. It will have the capacity to house approximately 23,000 separate lines of products, including grocery, dairy and frozen foods. Drakes has a strong emphasis on supporting local food producers.
- Inghams has invested $100 million in a new food processing facility.
- La Casa Del Formaggio relocated from Glynde investing $35 million in a new state-of-the-art manufacturing facility.
- A $24 million logistics optimisation centre for DHL, with Toll Fright, Lineage Logistics and Auscold Logistics also present, provides a transport, distribution, and storage hub for small-to-medium food producers, including chilled and frozen cold storage.

5.3.2 Size and capacity

The Northern Adelaide Food Park covers an area of around 650 hectares including both government land managed by Renewal SA and privately held land holdings. The site can accommodate developments ranging from 2,500m^2 to over 20 hectares. This means that the precinct is able to accommodate large greenfield developments for food manufacturers or logistics as well as factory space for smaller food processors and other services.

La Casa Del Formaggio, for instance relocated to the Northern Adelaide Food Park and their facility is 8,120 m^2 and cost $35 million.. The Inghams chicken processing facility is substantially larger at 24,000 m^2..

5.3.3 Planning and regulatory environment

$7 million in funding was made available to attract food and beverage manufacturers to locate in the Park through the Food Park Business Attraction Fund. Existing food and beverage businesses located at the Food Park, as well as international and interstate businesses looking to relocate to South Australia, may also be eligible to apply to the State Government's $200 million Future Jobs Fund.

The South Australian Government has supported the development of critical infrastructure in northern Adelaide that will support the success of Food Park, this includes projects such as:

- **Northern Adelaide Irrigation Scheme:** which provides recycled water to horticultural growers on the northern Adelaide Plains.
- **The Northern Connector Project:** The $867 million Northern Connector provides a six-lane, 15.5 kilometre motorway which provides a vital freight link between the Northern Expressway, South Road Superway and Port River Expressway and significantly reduces road delivery times into and out of Food Park and enhances connections to Adelaide Airport and the State's food producing areas.

From an energy perspective De Lorean is planning to build a bioenergy plant at Food Park which will convert up to 200,000 tonnes of waste each year into energy. The plant will use biogas from liquid and solid waste from park-based businesses to create electricity, gas and thermal heating. Excess energy will also be fed back to the grid.

5.3.4 Economic significance

The North Adelaide Food Park is a pivotal economic driver for the region, serving as a major hub for agricultural activities such as horticulture, food processing, and value-added production. The food park's infrastructure and facilities enhance the region's export potential, enabling local producers to meet international standards and expand their market reach, thus boosting export revenues.

In addition to driving employment and economic growth, the North Adelaide Food Park promotes supply chain efficiency and innovation in agriculture. By clustering food-related businesses, the park reduces transportation costs and streamlines operations, making the entire supply chain more cost-effective. Collaboration with research institutions and universities fosters the development of new technologies, sustainable practices, and value-added products, enhancing the competitiveness of local businesses.

Overall, the North Adelaide Food Park plays a crucial role in driving economic prosperity and regional development, benefiting not only Northern Adelaide but also the broader South Australian economy. According to a report by the South Australian Government, the agribusiness sector in the region is valued at over $1 billion annually, highlighting its significant economic impact. This initiative is projected to create approximately 3,700 jobs, thereby bolstering local employment and supporting the regional economy.[26]

5.3.5 Constraints

There are few constraints on the Food Park due to the significant space available leading to little land use conflict and the low-skilled workforce that is available in the area.

The only constraint is around access to end consumers due to lower incomes in the area. However, end consumers are not the target market and due to links with retailers and transporters consumers in other areas of Adelaide can be reached efficiently.

5.4 Food Innovation Precincts

5.4.1 Australian Food Innovation Centre (AIFC)

The Australian Food Innovation Centre will connect the agrifood industry with innovation and workforce training capabilities to boost the competitiveness of the sector. A new state of the art facility at La Trobe University's Bundoora campus in Melbourne's north will provide industry with the opportunity to co-locate with university researchers and the CSIRO National Food Innovation Hub.

CSIRO and La Trobe will also work with partners to create a national eco-system which will provide access to resources as well as international export relationships. The Victorian Government committed $1.5 million in funding as part of its 2022-23 Budget to explore the co-location of agrifood research and development capability at the Campus.

The partnership with CSIRO and La Trobe provides the following to businesses:

— Access to existing research and innovation capabilities
— Access to infrastructure such as food lab facilities and small scale end-to-end food manufacturing
— Innovation and incubation spaces for start-ups and SMEs
— Connection to regional campuses which enables on-farm research

AFIC will be located within the La Trobe University Research and Innovation Precinct, which spans 40 hectares. It is 15 minutes from Melbourne airport and 30 minutes from the CBD. It is also closely located to the Melbourne wholesale markets (Epping Markets) and the RMIT Food Research and Innovation Centre.

5.4.2 Western Australian Food Innovation Precinct

The Western Australian Government, through the Department of Primary Industries and Regional Development (DPIRD), is supporting the advancement of new product developments through the Food Innovation Precinct WA (FIPWA). This will lead to the scaling up of WA primary producers, food, and beverage manufacturers to meet market demand. A significant investment, including $45 million from the State Government and $21.75 million from the Australian Government's Regional Growth Fund, has been made in FIPWA, owned by the Shire of Murray. This precinct, which houses the Food Technology Facility within the Peel Business Park, is designed to foster innovation and growth in value-added food production in WA.

The Peel Business Park is located 70km south of Perth and 10km north-east of Mandurah, Western Australia's largest regional city. The Park is 1,000 hectare in size, situated alongside the 42,000 hectare Peel Food Zone. Peel Business Park also has a renewable energy industrial microgrid providing clean, green energy to Park customers, delivering an expected saving of around 30% when compared to regulated bundled tariffs.

The Food Technology Facility, a key component of FIPWA, is supported by DPIRD funding for a five-year Future Food Systems CRC project led by Murdoch University. This project aims to assess the commercial viability of an advanced food manufacturing pilot plant in WA. The facility will provide a platform for primary producers and food and beverage businesses to develop, test, and produce new products using innovative manufacturing technologies, helping them confirm market demand and source buyers before investing in large-scale production. Additionally, the precinct offers an Enterprise Support Program (ESP), a $3.85 million competitive grant program, to further assist businesses in accessing funding support for their initiatives.

It houses the following centres:

— Research and Development Centre: Managed and run by Murdoch University through its Future Foods Institute, the centre works with businesses on a range of initiatives across the value chain of food production to consumption. Working alongside the Innovation Centre and the Production Centre, businesses can test market demand and buyers, allowing them to invest with confidence in new large-scale commercial production lines.

— Innovation Centre: Serves as a landing pad for businesses and entrepreneurs, facilitating collaborations, networking, and business expansion. It offers co-working spaces and connects businesses to essential services such as export services, market testing, agri-tech transfer programs, and financial services.

— Food & Beverage Production Centre: The Western Australian Government provided a significant investment to create a common-use food technology facility. The facility houses advanced food manufacturing equipment that will assist primary producers and help food and beverage businesses develop, test, and produce new and improved products. Situated in the same complex is Spinifex Brewery who make beverages infused with native Indigenous botanicals.

Economic modelling indicates that FIPWA could increase Western Australia's food and beverage sector output by between one and three per cent in the first five years of operation. This translates into between 17 and 51 new food businesses, delivering the following benefits:

— growth in WA's food and beverage sector output by between $110 and $330M

— economic injection of between $245 and $737M in other economy sectors

— direct job creation of between 169 and 506 jobs

— indirect job creation of between 323 and 977 jobs.

5.4.3 Implications for Glynde and Stepney

Currently there is no equivalent precinct to the AFIC and FIPWA in South Australia. This is despite food and beverage being the largest manufacturing sub-sector in South Australia and significant primary production occurring on the fringes of Adelaide. The closest existing equivalent is the Waite Research Precinct which has a plant-based food pilot laboratory. Built in 2021-22 at a cost of $5m, the Food Innovation Laboratory is a cutting-edge facility for food-related teaching and research – enabling ‘paddock to plate’ activities at the Waite Campus. This is mainly a teaching and research facility, however, with little commercial capability.

The Waite Campus also hosts the Fight Food Waste Cooperate Research Centre and Adelaide is also home to Stop Food Waste Australia, the new national peak body charged with delivering the National Food Waste Strategy. This shows that South Australia is the main location for Australia’s food waste reduction activities. There is the potential to partner with these organisations and the South Australian Government to have space for businesses with a food waste reduction component to their operations.

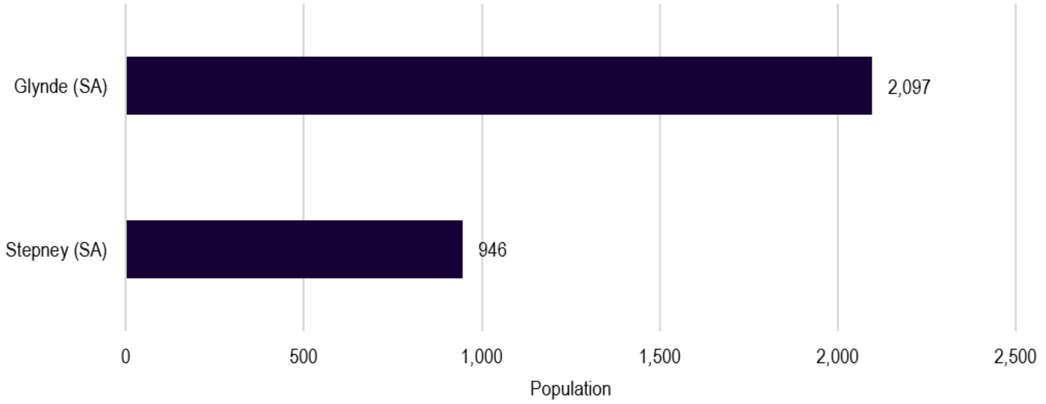
Socio-economic profile of Glynde and Stepney

A

Population

The population of Glynde (2,097) is more than twice that of Stepney (946), as shown in **Figure A.1.**

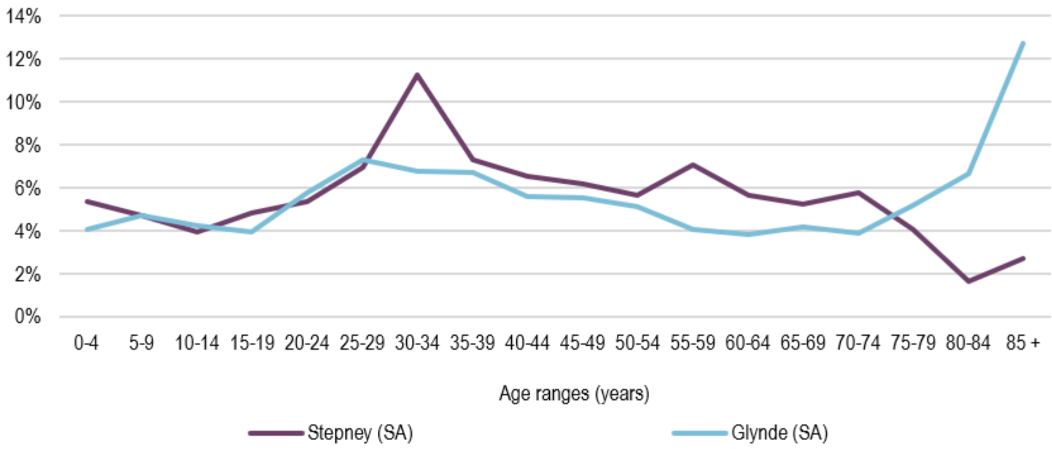
Figure A.1 Population of Glynde and Stepney



Source: ABS Census data (2021).
Glynde: https://abs.gov.au/census/find-census-data/quickstats/2021/SAL40515
Stepney: https://www.abs.gov.au/census/find-census-data/quickstats/2021/SAL41382

There is significant difference between Glynde and Stepney in terms of the proportion of each population over the age of 80. In Glynde, 20% of the population are 80 years or older. This proportion is much smaller in Stepney, with 5% of the population over the age of 80. The median age in Glynde is 45, compared to 39 in Stepney. This disparity highlights the distinct demographic profiles of these two areas. Glynde has a higher concentration of elderly residents, while Stepney's population skews younger. The age distribution of residents in Glynde and Stepney shown in **Figure A.2.**

Figure A.2 Population of Glynde and Stepney, by age range

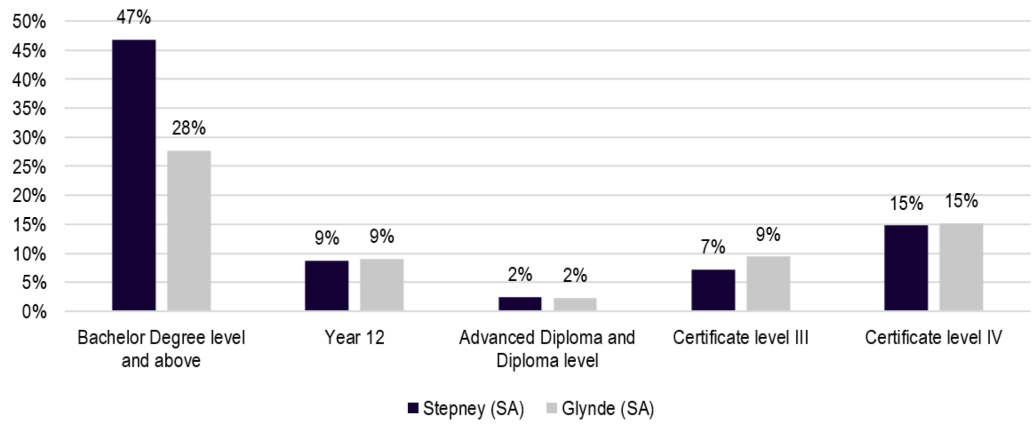


Source: ABS Census data (2021).
Glynde: https://abs.gov.au/census/find-census-data/quickstats/2021/SAL40515
Stepney: https://www.abs.gov.au/census/find-census-data/quickstats/2021/SAL41382

Education

Glynde and Stepney exhibit several similarities in terms of the highest educational attainment of their residents. Notably, 9% of the population in both areas have a highest educational attainment of Year 12. The proportion of residents with Advanced Diploma and Diploma Level education is consistent at 2% in both suburbs. Furthermore, 15% of the population in both suburbs have attained education up to the Certificate level IV. Glynde and Stepney have a similar proportion of residents who have educational attainment up to Certificate III, at 9% and 7% respectively. In Stepney, 47% of the population have attained a bachelor's degree or higher. This number is significantly lower in Glynde at 28% (**Figure A.3**).

Figure A.3 Level of highest educational attainment

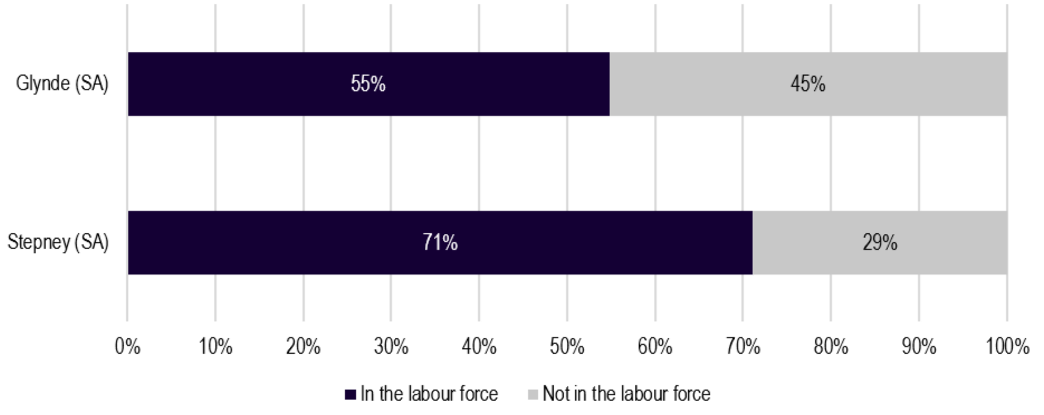


Source: ABS Census data (2021).
Glynde: https://abs.gov.au/census/find-census-data/quickstats/2021/SAL40515
Stepney: https://www.abs.gov.au/census/find-census-data/quickstats/2021/SAL41382

Employment

Glynde has a larger overall labour force compared to Stepney, however the labour force participation rate in Glynde (55%) is significantly lower than in Stepney (71%). This discrepancy is likely influenced by the age distribution within each area. Stepney tends to have a younger population on average, which could explain the higher labour force participation rate (**Figure A.4**).

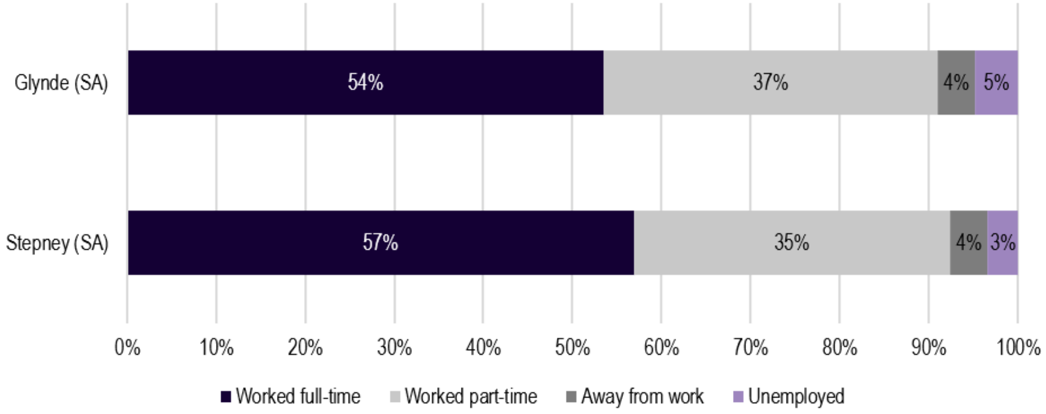
Figure A.4 Labour force participation in Glynde and Stepney



Source: ABS Census data (2021).
Glynde: https://abs.gov.au/census/find-census-data/quickstats/2021/SAL40515
Stepney: https://www.abs.gov.au/census/find-census-data/quickstats/2021/SAL41382

Employment arrangements in Glynde and Stepney are relatively similar in terms of the proportions of each population working full-time, part-time, away from work, and experiencing unemployment. The proportion of the labour force working full-time is slightly greater in Stepney. In Glynde, the proportion of the labour force that is working part-time or unemployed is slightly greater than Stepney (**Figure A.5**).

Figure A.5 Employment status in Glynde and Stepney



Source: ABS Census data (2021).
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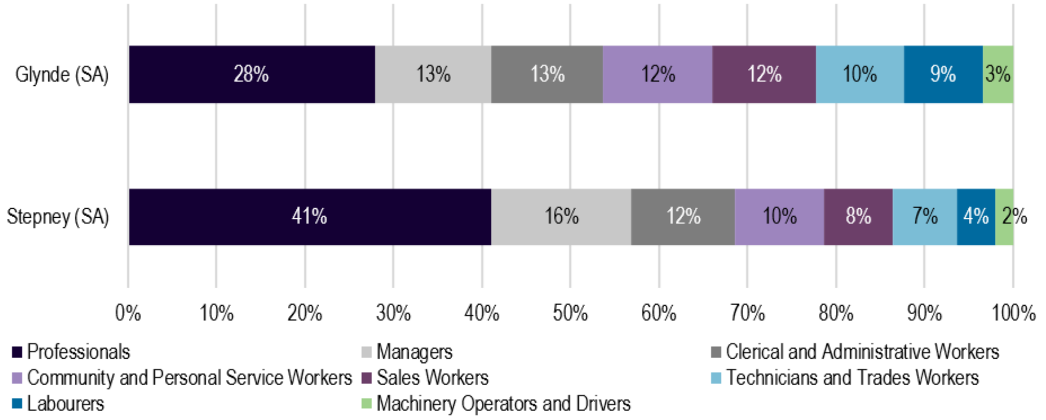
Stepney: https://www.abs.gov.au/census/find-census-data/quickstats/2021/SAL41382

The top occupations of Glynde and Stepney residents are outlined in **Figure A.6.** The most significant difference between the top occupations in Glynde and Stepney lies in the proportion of professionals: 28% in Glynde and 41% in Stepney. There are less significant differences between Glynde and Stepney in terms of other occupations.

Figure A.6 Occupation, top responses



Source: ABS Census data (2021).

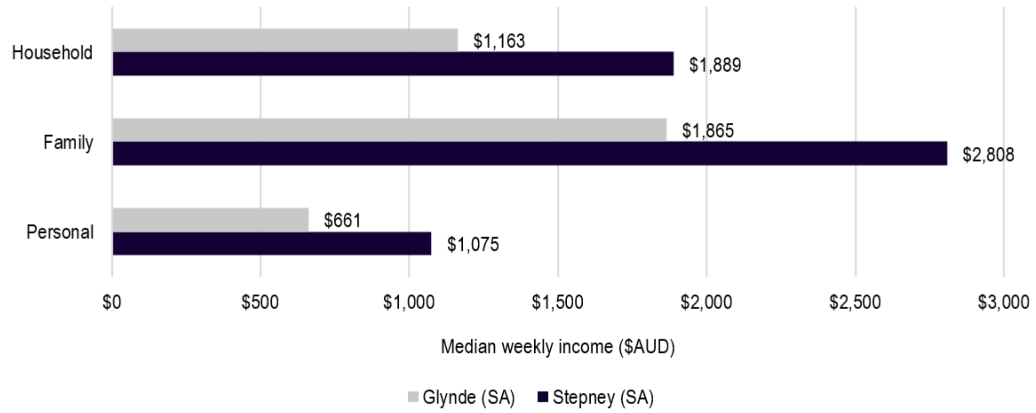
Glynde: https://abs.gov.au/census/find-census-data/quickstats/2021/SAL40515

Stepney: https://www.abs.gov.au/census/find-census-data/quickstats/2021/SAL41382

Incomes

Figure A.7 outlines the median weekly household, family and personal incomes in Glynde and Stepney. Median weekly incomes in Stepney are significantly greater than in Glynde across all measures. Median household income is 51% greater in Stepney than in Glynde, while personal income and household incomes are more than 60% greater.

Figure A.7 Median weekly income in Glynde and Stepney



Source: ABS Census data (2021).

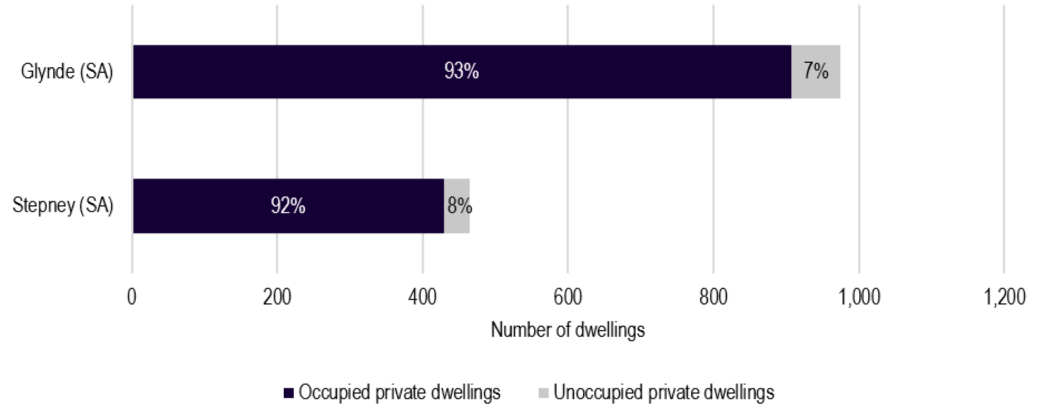
Glynde: https://abs.gov.au/census/find-census-data/quickstats/2021/SAL40515

Stepney: https://www.abs.gov.au/census/find-census-data/quickstats/2021/SAL41382

Housing

Figure A.8 presents the number of dwellings in Glynde and Stepney, by occupancy status. There are more than twice as many dwellings in Glynde than Stepney. Occupancy rates in the suburbs are very similar.

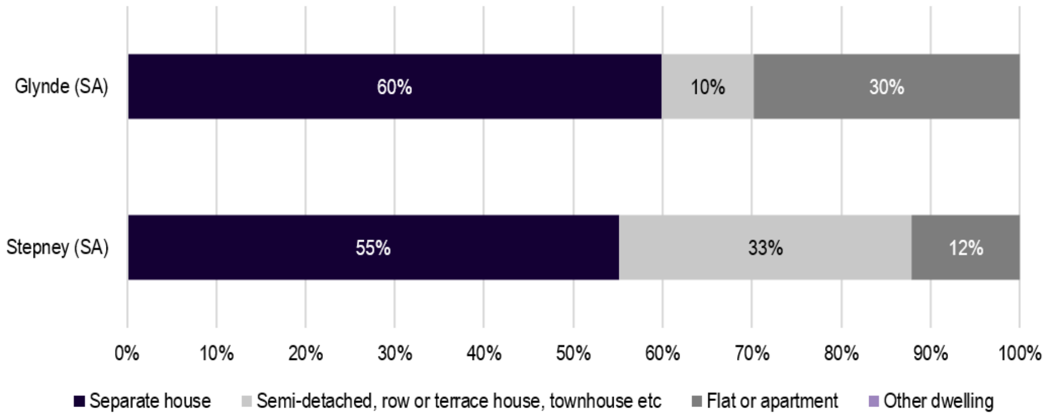
Figure A.8 Number of dwellings in Glynde and Stepney, by occupancy status



Source: ABS Census data (2021).
Glynde: https://abs.gov.au/census/find-census-data/quickstats/2021/SAL40515
Stepney: https://www.abs.gov.au/census/find-census-data/quickstats/2021/SAL41382

Figure A.9 presents the proportion of dwellings in Glynde and Stepney that are separate houses, semi-detached, row, terrace houses and town houses, flats or apartments, or other dwellings. Glynde has a greater proportion of dwellings that are separate houses and flat/apartments, while Stepney has far more semi-detached, row, terrace and townhouses.

Figure A.9 Number of dwellings in Glynde and Stepney, by structure



Source: ABS Census data (2021).
Glynde: https://abs.gov.au/census/find-census-data/quickstats/2021/SAL40515
Stepney: https://www.abs.gov.au/census/find-census-data/quickstats/2021/SAL41382

Demographic comparisons of food precincts

B

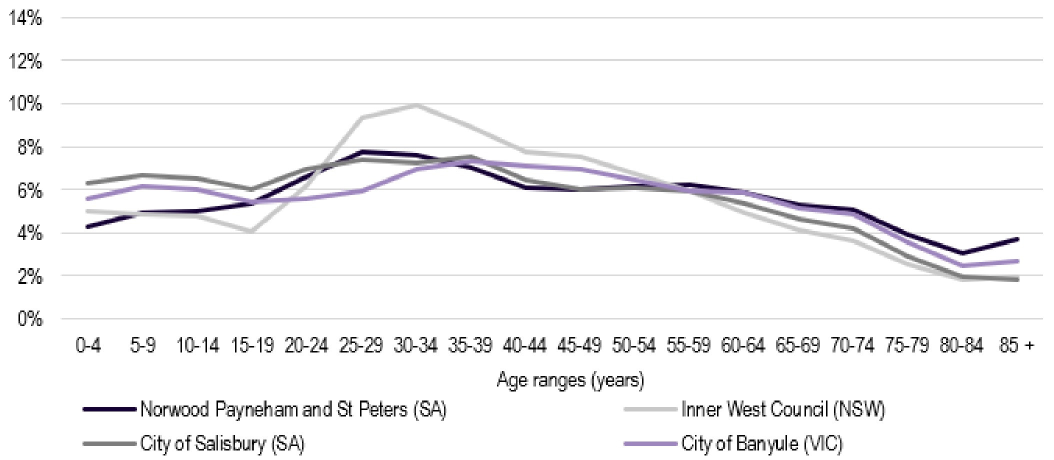
This appendix provides a comparison of key demographic and employment data for the food precincts that have been compared including:

- Glynde and Stepney: Norwood Payneham & St Peters LGA data
- Northern Food Park: City of Salisbury LGA data
- Marrickville Food Precinct: Inner West Council LGA data
- Australian Food Innovation Centre: City of Banyule LGA data.

Population

The age distribution in Norwood Payneham & St Peters, City of Salisbury, Inner West Council and City of Banyule are presented in Figure B.2. A notable difference between these distributions is that the Inner West Council population is skewed towards the ages 25 to 44. These distributions also highlight the greater proportion of residents over 80 years of age in Norwood Payneham & St Peters and the City of Banyule in comparison to the Inner West Council and City of Salisbury.

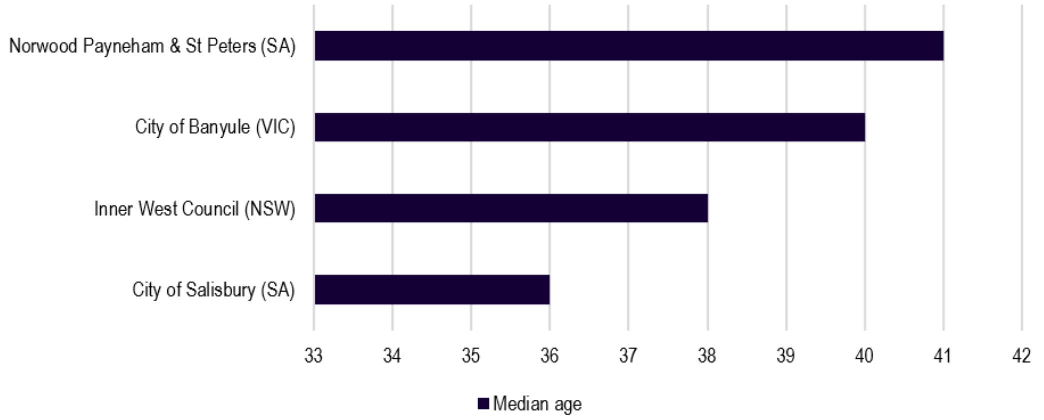
Figure B.1 Population, by age range



Source: ABS Census data (2021).

The median age distribution across LGAs is presented in Figure B.1. The median age of residents is highest in Norwood Payneham & St Peters, at 41. The median age of residents is lowest in the City of Salisbury, at 36.

Figure B.2 Median ages in Norwood & St Peters, City of Banyule, Inner West and City of Salisbury

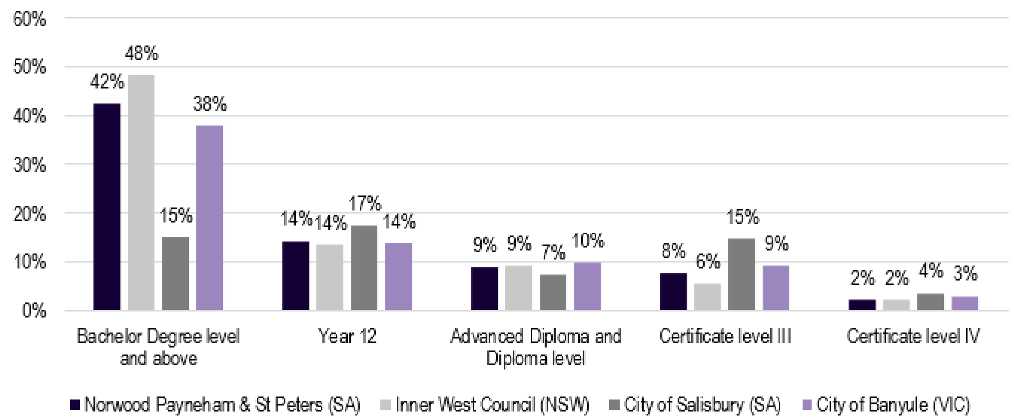


Source: ABS Census data (2021)

Education

Figure B.3 outlines the proportion of the population with different levels of educational attainment in each LGA. The Inner West Council has the highest proportion of residents with a bachelor's degree or higher, at 48%. Conversely, the City of Salisbury has the lowest proportion of residents with a bachelor's degree, at 14%. The proportion of residents whose highest level of education is Year 12 is 14% in Norwood Payneham & St Peters, Inner West and the City of Banyule. The proportion of residents in each LGA whose highest level of education is an Advanced Diploma or Diploma ranges between 7% and 9%. The proportion of residents whose highest level of education is Certificate III is highest in the City of Salisbury at 15% and lowest in the Inner West at 6%. The proportion of residents whose highest level of educational attainment is Certificate IV is relatively similar across all LGAs, ranging from 2% to 4%.

Figure B.3 Population, by highest level of educational attainment

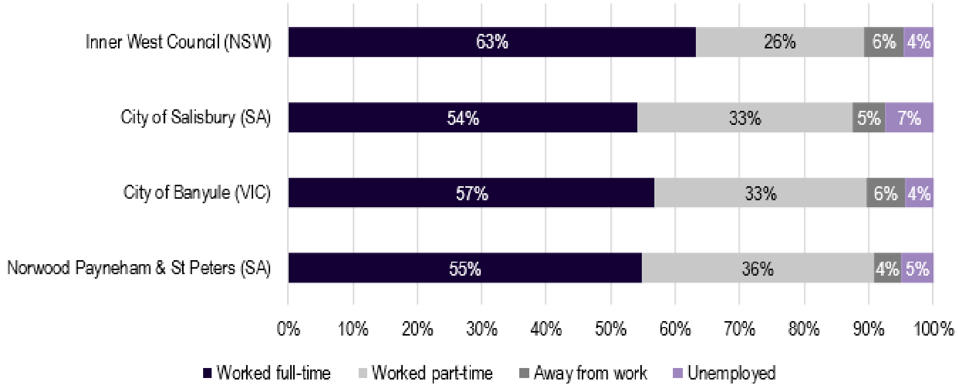


Source: ABS Census data (2021)

Employment

Figure B.4 outlines employment arrangements across Norwood Payneham & St Peters, Inner West Council, City of Salisbury and City of Banyule. The Inner West Council has the highest proportion of residents working full-time at 63%, while the City of Salisbury has the lowest at 54%. The unemployment rate is highest for the City of Salisbury at 7% and lowest for the Inner West Council and City of Banyule at 4%.

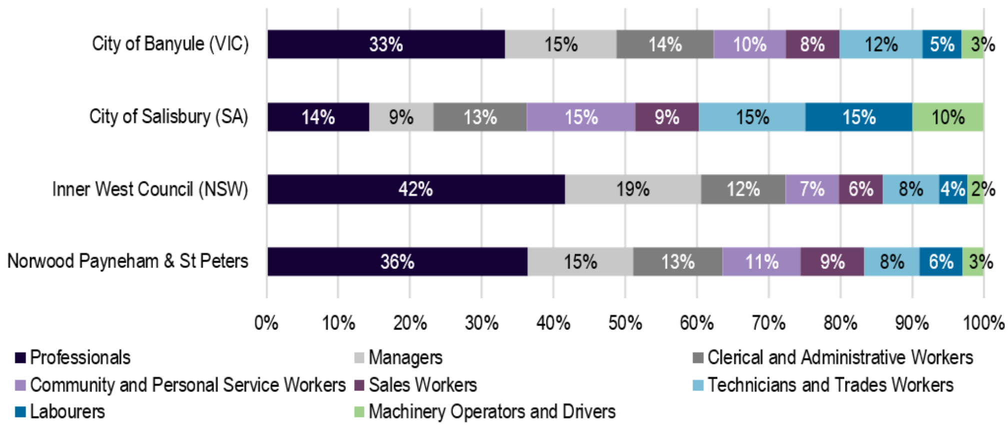
Figure B.4 Employment status



Source: ABS Census data (2021)

Figure B.5 presents the distribution of occupations, by top response. The top responses across all LGAs were Professionals, Managers, Clerical and Administrative Workers, Community and Personal Service Workers, Sales Workers, Technicians and Trades Workers, Labourers, and Machinery Operators and Drivers. The most common occupations across the City of Banyule, Inner West Council and Norwood Payneham & St Peters were Professionals and Managers. The top occupations in the City of Salisbury were Community and Personal Service Workers, Technicians and Trade Workers and Labourers.

Figure B.5 Occupation, top responses

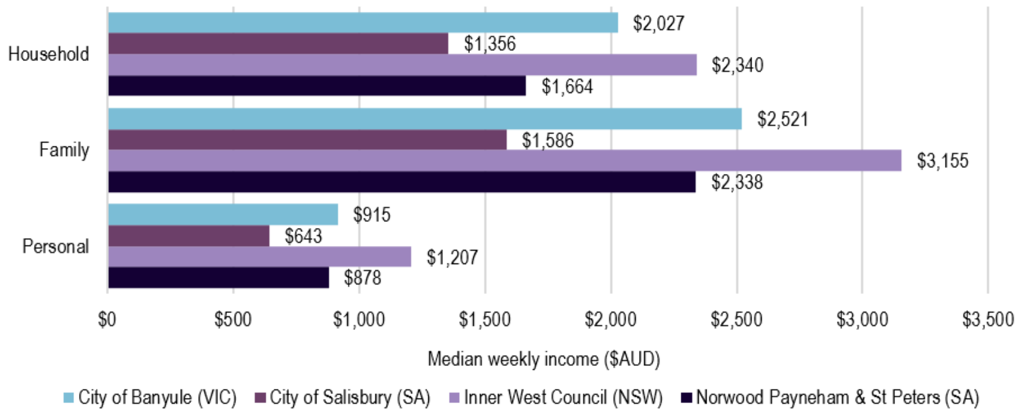


Source: ABS Census data (2021)

Income

Figure B.6 presents the average household, family and personal incomes in Norwood Payneham & St Peters, Inner West Council, City of Salisbury and City of Banyule LGAs. The Inner West Council has the highest median weekly household ($2,340), family ($3,155) and personal ($1,207) incomes. Median weekly incomes are lowest in the City of Salisbury, with median household incomes of $1,356, family incomes of $1,586 and personal incomes of $643.

Figure B.6 Median weekly incomes

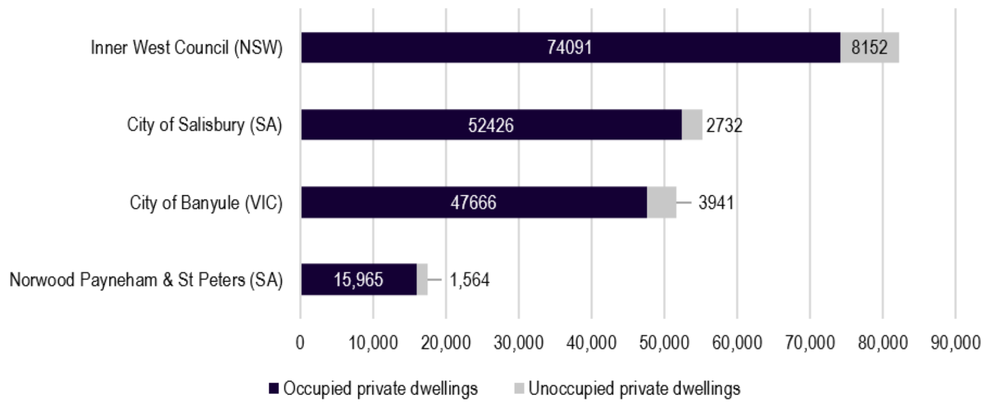


Source: ABS Census data (2021)

Housing

Figure B.7 presents the total number of dwellings in Norwood Payneham & St Peters, Inner West Council, City of Salisbury and City of Banyule. The Inner West Council has the greatest number of occupied and unoccupied dwellings, whereas Norwood Payneham & St Peters has the fewest.

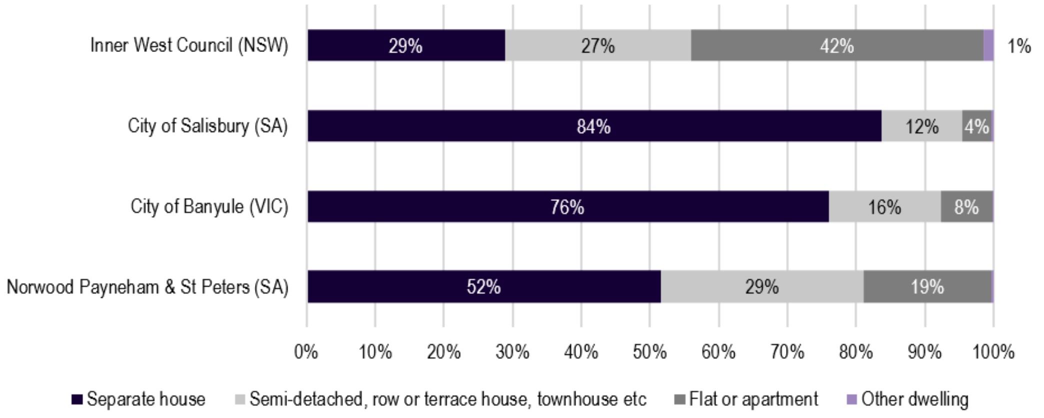
Figure B.7 Dwelling count



Source: ABS Census data (2021)

Figure B.8 provides an overview of the proportion of each type of dwelling in each LGA. In Norwood Payneham & St Peters, around half of all dwellings are separate houses, followed by semi-detached, row or terrace/townhouses, and flats or apartments. In the City of Banyule and City of Salisbury there is a much greater proportion of dwellings classified as separate houses, 76% and 84% respectively. In contrast, the Inner West has a much lower proportion of separate houses (29%) and a much higher proportion of flats/apartments (42%).

Figure B.8 Dwelling structure



Source: ABS Census data (2021)

Melbourne
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80 Collins Street
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Attachment B

Glynde and Stepney
Food and Beverage Precinct and Startup Hub
Business Case

ACIL ALLEN

Glynde and Stepney Food and Beverage Precinct and Startup Hub

Business Case

July 2024

About ACIL Allen

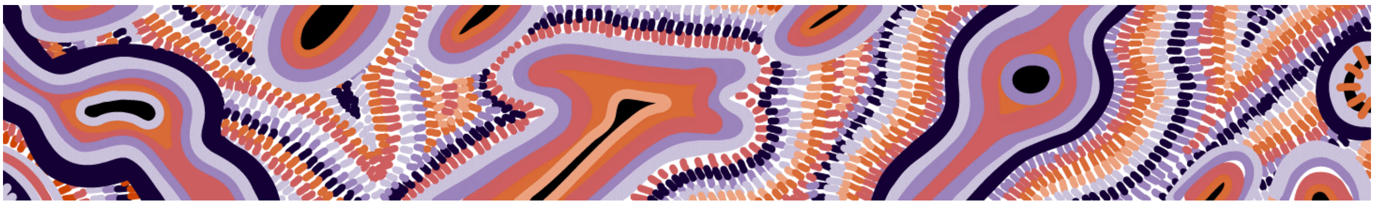
ACIL Allen is a leading independent economics, policy and strategy advisory firm, dedicated to helping clients solve complex issues.

Our purpose is to help clients make informed decisions about complex economic and public policy issues.

Our vision is to be Australia's most trusted economics, policy and strategy advisory firm. We are committed and passionate about providing rigorous independent advice that contributes to a better world.

Report to: City of Norwood Payneham and St Peters

ACIL Allen acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the land and its waters. We pay our respects to Elders, past and present, and to the youth, for the future. We extend this to all Aboriginal and Torres Strait Islander peoples reading this report.



Goomup, by Jarni McGuire

Contents

1 Proposal background

The proposal is to transform Glynde and Stepney, over time, into a more visible and dedicated food and beverage manufacturing precinct with an initial focus on supporting both existing businesses and start-ups within the Stepney Triangle.

The aim is to foster a dynamic startup ecosystem within Stepney and Glynde that supports entrepreneurs from across the food and beverage manufacturing sectors (as well as other sectors) by fostering innovation, collaboration and sustainable growth. The startup hub would provide supporting resources, mentorship, and networking opportunities to help startups grow in a supportive and vibrant community and to attract high-growth firms to the region.

The focus of the precinct and startup hub is less on providing physical space or infrastructure but more on creating the supporting "soft infrastructure" through greater collaboration, training, research and development and increasing the visibility and identity of the existing precinct. Supporting the precinct by providing greater planning certainty and retaining employment lands underpins the viability of the precinct.

It is important that the food and beverage manufacturing precinct and startup hub is industry lead, but with support as required from Government (Local, State and Commonwealth). There is potential to establishment a chapter of Food SA within the precinct, involving existing food and beverage businesses with Stepney and Gynde, and overtime this may evolve into a more formal governance structure that promotes broader employment and economic development within the designated employment lands.

2 Strategic rationale

2.1 The need for light industrial land in Adelaide

There is a significant shortage of industrial land in Adelaide, especially in urbanised areas in the East and South of Adelaide.

Industrial land vacancy rates have fallen from 6% in 2020 to 2% in 2023 for large allotments (>3,000sqm). Around 75% of the sale/lease of industrial land is in the North West or Outer North linked to the Northern Connector. Because of supply constraints and increasing land prices in urban areas, the Inner West/East accounts for only around 6.6% of the uptake of industrial land.[1]

Stepney, Glynde, Kent Town, and Newton are the only industrial land in the Inner East.

Existing industrial land in Glynde and Stepney is highly valued with significant increases forecast. High industrial land prices and the increasing land locked situation in Glynde and Stepney has the potential to drive future growth or expansion of the larger food and beverage manufacturers in the region north.

Existing business have highlighted the benefits of the existing precinct and location in Stepney and Glynde in terms of proximity to the city, the opportunity to have both a wholesale and retail outlet as well as access to local labour.

As pressure mounts on larger business in the precinct in terms of expansion there is an opportunity to support existing smaller to medium sized food and beverage business as well as attract other high-valued adding food and beverage manufacturers to the precinct.

2.2 The Greater Adelaide Regional Plan

The Greater Adelaide Commission is preparing a new Greater Adelaide Regional Plan which will identify long-term urban land and infrastructure needs to support sustainable growth.

The current plan, which was updated in 2017, highlighted the importance of employment lands following learnings and feedback with local councils, government agencies, peak bodies, and community stakeholders, in particular:

— The need to improve planning decisions, annual reporting on the consumption of residential and employment land use and urban development trends was recommended.

— Ensure planning controls for employment lands are flexible to allow new green technologies and industries can emerge and grow.

— Provide sufficient strategic employment land options with direct access to major freight routes to support activities that require separation from housing and other sensitive land uses.

— Prepare guidelines and accompanying planning policies for employment lands (including industrial, defence and agri-business uses) to identify those areas that require protection from development, may evolve to more mixed-use employment, or may transition to other land uses, including residential. Which in the case of Stepney or Glynde would not be recommended given the strategic importance of employment lands.

— Undertake a bench-marking process for the underlying assumptions and analysis of retail and industrial employment land supply.

1 Source: Land Locked 2024, Property Council of Australia

The Greater Adelaide Regional Plan aims to support a smart, sustainable, and inclusive future by ensuring sufficient land allocation for current and future industries. This includes the need for employment land that accommodates various industries, is well-serviced and connected, and integrates quieter and greener industries into urban environments.

The Greater Adelaide Commission acknowledges that there is a diversification of business types within employment precincts, with a focus on knowledge-intensive activities near the CBD and a balance needed between new housing developments and future employment needs in city-fringe areas. It also highlighted the importance of flexible planning to accommodate evolving industry demands while maintaining liveability and urban productivity.

Stepney is categorised as knowledge intensive employment lands. Knowledge-intensive industries, which thrive on access to educated workers and proximity to knowledge-generating institutions, are typically located in CBDs or dedicated innovation hubs. However, encroaching residential development in inner-city areas, driven by higher densities, is putting pressure on valuable employment land. The challenge lies in balancing the interests of landholders and the need for new housing with the preservation of land for future knowledge-based industries.

Rezoning proposals for inner-city employment land highlight this tension, as they could generate new houses but reduce land supply for employment activities and limit the opportunity to create knowledge-based innovation precincts that provide workers with employment opportunities in high-amenity precincts in urban areas near transport, retail and wholesale trade and services.

2.3 Food and Beverage manufacturing precincts in South Australia

Food and beverage manufacturing is the largest manufacturing sub-sector in South Australia with food manufacturing alone accounting for around 24% of manufacturing employment.

While manufacturing as a whole has been in decline across Australia, both in absolute terms and as a share of the economy, there has been an increase and resurgence in manufacturing in South Australia. The trend was reversed in 2016 when manufacturing as a share of the South Australian economy stabilised, and then from 2020 to 2023 it increased to reach 6% of GSP. Over this time food and beverage manufacturing has grown by around 10% from $4.9 billion to $5.4 billion.

The growing trends towards premium, sustainable, and health-focused products present valuable opportunities to South Australia and the Stepney and Glynde precincts. The strategic alignment with current trends and consumer preferences should help position many of the producers in the Glynde and Stepney precinct for longer-term success in an increasingly competitive and dynamic food and beverage market. By targeting niche markets and producing high-end, artisanal foods, premium baked goods, and health-conscious snacks, the precincts can tap into the increasing consumer demand for quality and sustainability.

Traceability and authenticity are crucial in meeting modern consumer expectations, particularly for locally sourced products. Leveraging South Australia's reputation for niche and premium production, and ensuring the use of local inputs, can enhance the precincts market positioning.

To be successful, food and beverage manufacturing precincts need to be underpinned by strong market demand for products, accommodative zoning and regulations, enabling infrastructure, skills and workforce capability and a culture of research and collaboration. Successful precincts often have strong industry leadership and business networks and are supported by initiatives that foster collaboration and technological advancement. Addressing local infrastructure issues and providing certainty regarding future zoning will also be important in terms of future growth and competitiveness.

2.4 South Australian Advanced Manufacturing Strategy

The South Australian Government released its Advanced Manufacturing Strategy in 2023 which included the ambitious target to increase the share of manufacturing in the state's economy from 6% to 10% in the next decade.

Manufacturing is currently South Australia's largest sector, accounting for around 17% of total state output by revenue, 25% of business research and development, 20% of exports, 7% of employment, and 6% of industry value-add.

South Australia's food and beverage sector is a major driver of local manufacturing, with food-related manufacturing, machinery and equipment the largest component of South Australia's manufacturing sector – accounting for nearly half of all manufacturing activity, or 3% of the state economy.

The adoption of industry 4.0 technologies is set to mitigate South Australia's historical challenges of cost, scale, and distance to markets by improving the ability to provide customised and high-value products to global customers.

In the last decade there has been a shift in urban policy in developed economies which has seen an increasing focus on manufacturing in urban areas. While the focus of manufacturing policy both in South Australia and nationally has been on advanced manufacturing and Industry 4.0, which predominantly involves manufacturing in outer-suburban industrial areas,[2] there are still manufacturing opportunities that develop local employment opportunities and meet local consumer demand.[3]

This type of manufacturing tends to be low in R&D expenditure and typically employs more labour-intensive production processes in the manufacture of high-quality products. The premium food and beverage sector is an example. A small but growing body of research argues that such activity exhibits highly urbanised and localised location preferences due to their distinct production needs defined by tightly knit and specialised supply, service, and labor networks.[4],[5] In this way they offer the potential to diversify urban labour markets and productively use established industrial precincts under threat from mixed-use residential and office space.

In South Australia there are 6,717 manufacturing business with the majority (92%) being small businesses employing fewer than 20 people.[6] Many of these businesses are low-tech, relying on design innovations and skilled labor rather than advanced technology. Food and beverage manufacturers in particular, tend to be small, producing high-value, design-intensive products in response to consumer demands.

These firms often cluster in inner-city areas to meet their varied labour demands, facilitating low inventories, fast turnarounds, and rapid responses to market trends. They also benefit from spatial clustering, which facilitates trust-building and tacit knowledge exchange. However, these firms, as is the case in Glynde and Stepney, face challenges from real estate market competition and zoning restrictions, which result in the transition to urban industrial zones to operate or grow.

The COVID-19 pandemic and other global factors have emphasised the importance of domestic supply chains, potentially driving local manufacturing and innovation clusters like at Lot Fourteen, Tonsley, and potentially through food and beverage manufacturing precincts which have a focus on value-adding to local produce.

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[2] CSIRO 2016. Advanced Manufacturing: A roadmap for unlocking future growth opportunities for Australia, *CSIRO Futures.*

[3] Grodach, C., and Gibson, C. 2019. Advancing manufacturing?: blinkered visions in US and Australian urban policy, *Urban Policy and Research*, 37(3), 279-293.

[4] Friedman, A., and Byron, J. 2012. High-tech, high-touch, and manufacturing's triple bottom line, *Innovations: Technology, Governance, Globalization*, 7(3), 83–95.

[5] Fox Miller, C. (2017). The contemporary geographies of craft-based manufacturing, *Geography Compass*, 11(4), 1–13.

[6] South Australian Department of Industry, Innovation and Science, 2023. South Australia's Advanced Manufacturing Strategy.

2.5 Stepney food and beverage hub: The gap in the market

In Adelaide there are several existing startup hubs, innovation precincts, and manufacturing clusters that support entrepreneurship, innovation, and industry collaboration. Most of these precincts are in dedicated areas such as Tonsley Innovation District, Lot Fourteen or Edinburgh Parks (see Table 2.2).

Substantial investment has been made by the State, Commonwealth and Local Governments in the establishment and operation of these innovation precincts, for example:

— **Lot 14** includes around $757 million investment from the Commonwealth and State Governments as part of the Adelaide City Deal, much of this funding is for new or refurbishment of buildings and not all has been fully expended. Around $20.8 million was committed in the State Budget in 2021-22 to fit out the innovation precinct at Lot 14.

— **Tonsley:** the State Government acquired the 61 hectare Tonsley site from Mitsubishi Corporation for $35 million and invested around $125 million in the development of the new TAFE campus and $32 million for the new Drill Core Library, in total government investment in the precinct is around $250 million which has facilitated a further $395 million of private sector investment, with around 150 businesses operating from the precinct. Renewable SA overseas the development, management and attraction of investment to the precinct and has a number of staff dedicated to Tonsley.

— **The Stretton Centre** is a partnership between the University of Adelaide, the City of Playford and the South Australian Government and received $11.3 million in funding from the Commonwealth Government to support the establishment of the $15.3 million Centre.

Table 2.1 Existing precincts in Adelaide

Precinct	Description
Lot Fourteen	Lot Fourteen is a major innovation precinct in Adelaide. It houses the Australian Space Agency, the Australian Institute for Machine Learning, and a range of startups, research organisations, and government agencies focused on technology and innovation.
Tonsley Innovation District	Located on the site of the former Mitsubishi Motors manufacturing plant, Tonsley is a thriving hub for advanced manufacturing, clean technology, and education.
Stretton Centre	The Stretton Centre in Playford is a business innovation hub that supports startups, entrepreneurs, and small businesses in the northern suburbs of Adelaide. It offers coworking spaces, business support services, and networking opportunities.
Lonsdale Innovation Hub	Located in Adelaide's southern suburbs, the Lonsdale Innovation Hub focuses on supporting advanced manufacturing and engineering businesses. It provides access to shared facilities, workshops, and business development programs.
Australian Integrated Design Manufacturing Centre (IDMC)	Located at the University of South Australia's Mawson Lakes campus, the IDMC supports research and development in advanced manufacturing technologies. It collaborates with industry partners to drive innovation and competitiveness in manufacturing.
Technology Park Adelaide	Managed by the South Australian Government, Technology Park is a major hub for technology and innovation businesses. It offers a range of facilities and services to support startups and established companies in the technology sector.
Northern Economic Plan Precincts	The Northern Economic Plan includes the establishment of two innovation precincts in the northern suburbs of Adelaide focused on advanced manufacturing, food and beverage manufacturing, defence, renewable energy, and technology. These precincts aim to stimulate economic growth and job creation in the region.
Edinburgh Parks	Edinburgh Parks is South Australia's largest master-planned industrial estate at 600 hectares with strong links to existing manufacturing facilities, including defence. It contains the North Adelaide Food Park.

Waite Research Institute (WRI)	The Institute's broad vision is to drive the innovation to secure a sustainable future for Agriculture - by creating high-quality, nutritious and climate resilient products.

Source: ACIL Allen

Existing precincts cover the defence, food and beverage manufacturing, agriculture, defence, advanced manufacturing, renewables, other technology areas. Many of the existing precincts have dedicated facilities and coworking spaces for instance the Stretton Centre focuses on supporting businesses through coworking spaces, meeting rooms, and business support services to startups and entrepreneurs. The Stretton Centre also actively engages with the local community through events, workshops, and networking opportunities.

While a food and beverage innovation centre exists at WRI, there is a gap in the market for a food and beverage manufacturing precinct with a startup hub focus. Stepney would be focused more on the commercial and employment aspects of food and beverage manufacturing, in contrast to WRI which has a research focus.

Consolidating a food and beverage manufacturing precinct in Glynde and Stepney would be unique in that it is focussing on supporting both existing and new business in situ at Glynde and Stepney rather than building separate dedicated facilities or developing new greenfield sites such as Edinburgh Parks. Rather than substantial funding for capital investments funding would be for supporting or soft infrastructure to support start-ups, collaboration, training, research and innovation and exports.

2.6 The current state of Stepney

The Stepney triangle is located approximately 2km east of the Adeliade CBD and bounded by busy arterial roads on all three sides. Its close proximity to the CBD, extensive public transport routes, variety of employment opportunities, retail services, as well as the nearby Linde Reserve, means that residents and workers can rely less on private motor vehicles. Unlikely Glynde, Stepney offers greater permeability and accessibility. However, the narrow streets, narrow footpaths, and largely commercial/industrial land uses create challenges.

Stepney encompasses a large number of lots, most of which are under 1,000 square metres. Three sites are over 7,000 square metres and an additional 44 sites range between 1,000 and 7,000 square metres. The majority of these lots are zoned as Employment Lands, which permits light industry that does not adversely affect local amenity. The Greater Adeliade Regional Plan identified the Stepney triangle for strategic infill, a move that has already seen former industrial land rezoned for low-rise retail and other developments. Despite this, there is a recognised need to protect industrial land to accommodate both traditional and emerging industries.

Stepney plays a notable role in the local economy, particularly within the food and beverage manufacturing sector. This sector contributes approximately $395 million, or 5.3% of the total output generated in the City of Norwood Payneham and St Peters, with 2.4% of employment tied to food and beverage manufacturing. From 2015 to 2023 the food manufacturing side has experienced a decline in the number of businesses, while beverage manufacturing saw modest growth.

Stepney faces several constraints that impact its functionality and appeal:

— Infrastructure: The area suffers from aging infrastructure with limited recent investment. The narrow streets and footpaths, coupled with a high percentage of commercial vehicles, exacerbate traffic congestion and safety concerns.

— Planning: The area is subject to pressures from strategic infill development. Some businesses in the area do not comply with zoning regulations, so some adjustment either to their operations or their zoning needs to be completed.

— Collaboration: There is a lack of collaboration among businesses in the precinct, with no shared strategy to harness the potential benefits from agglomeration, such as resource sharing or innovation.

Overall, while Stepney's proximity to the Adelaide CBD and its access to public transport offer significant advantages, the precinct requires substantial infrastructure upgrades and strategic planning to address its constraints and enhance its economic and social viability.

2.7 The consequences of inaction

The major consequences of inaction in terms of a strategic approach to the use of land in Stepney is the inadequate protection of scarce inner-suburban employment lands leading to housing infill.

There are significant concerns about the impact of infill development on Stepney, particularly regarding the liveability and character of the area. Poorly designed infill developments in other jurisdictions have led to traffic management issues, stormwater management problems, overshadowing of existing properties, lack of parking, and overall loss of amenity. Additionally, current policies do not sufficiently protect historic buildings, leading to the potential loss of valuable heritage and character in neighbourhoods.

Increased infill development has also resulted in a significant loss of private open space and tree canopy cover. This loss negatively impacts the liveability of streets and neighbourhoods. There is a need to strengthen the protection of urban trees and improve design quality and have a more targeted approach to infill development to maintain culture and heritage values (including food and beverage manufacturing which is integral to the history and culture of the City of Norwood Payneham and St Peters) and avoid fragmented outcomes.

The Stepney Employment Zone is a key area for light industrial and food and beverage manufacturing, and its designation as a Strategic Infill Site raises concerns about potential residential development displacing these industries. The Council is committed to protecting these employment lands, noting the need to balance new housing with future employment needs. The risk of losing valuable employment land to residential use could undermine the economic objectives of the area and displace existing businesses.

Loss of businesses in Stepney would lead to lower employment opportunities and lower diversity of employment opportunities in the area, leading to distributional impacts as certain demographics are harmed in terms of their employment prospects. It would also lead to fewer local options for consumers, whether they be individuals who want to purchase food and beverage products directly from the manufacturer, local businesses such as cafés and restaurants, or organisations such as community groups who require catering services.

Finding 1 Preserving the Stepney Employment Zone

The Stepney Employment Zone is a key area for light industrial and food and beverage manufacturing in Eastern Adelaide. Its potential designation as a Strategic Infill Site will increase land values and residential development and potentially displace important food and beverage manufacturing and other industries from the area. Given the significant shortage of available industrial land in Adelaide, including Eastern Adelaide, it will be important to protect these employment lands, noting the need to balance new housing with future employment needs. The risk of losing valuable employment land to residential would undermine the important cultural and economic character and opportunities of the area and displace existing businesses.

2.8 Stepney as a reimagined urban area

The Brookings Institution identifies three broad models: anchor plus (centred around institutions like universities), reimagined urban areas (well-served by transport, with heritage buildings near high-rent CBDs), and urbanised science parks (in outer metropolitan areas). Stepney is an example of a reimagined urban area. This model is defined by industrial districts which are undergoing physical and economic transformation to capture new areas of growth. This change is powered by transport access, historic building stock, a culture of enterprise, and proximity to CBDs with high rent. The characteristics of Glynde which align with those of a successful startup hub are listed in Table 2.1 below.

Table 2.2 Characteristics of Stepney

Characteristic	Alignment with startup hub
Location	It is located 2km from the Adeliade CBD. This underpins many of the other characteristics such as transport links and accessibility to a skilled workforce. Other benefits of the location include: – It provides networking opportunities by being close to the city's business ecosystem, containing corporate headquarters, financial institutions, and professional service providers. – Events, conferences, and networking sessions are held in the CBD, providing startups with opportunities to connect with potential clients, partners, and investors. – Being close to the CBD means access to potential buyers such as restaurants and cafes for food and beverage manufacturing.
Lot sizes	Most of the lot sizes cater for small to medium sized businesses, while there is little capacity for growth for medium or larger companies. Smaller lot sizes are appropriate for a startup hub for the following reasons: – Smaller lots have lower rental costs, making them more affordable for startups. Startups usually start small and expand their space as they grow. – Smaller lots can be more easily adapted to the changing and differing needs of startups. – Smaller lots allow for a higher density of startups within a hub, fostering a sense of community and facilitating networking and collaboration. – Small lots allow for some to be used as shared spaces such as meeting rooms and event spaces, reducing individual costs. – Smaller lots can be designed to ensure easy access for employees, clients, and partners.
Zoning and planning	Stepney is predominantly zoned as Employment Lands, which has the following benefits for a startup hub: – It typically allows for a wide range of business activities, including manufacturing, assembly, warehousing, and office work. This versatility can accommodate various types of startups, from food and manufacturing to creative industries. – Compared to commercial or office zoning, light industrial spaces often come with lower rental costs, making them more affordable for startups. – Startups involved in manufacturing or production can benefit from being able to conduct their operations on-site, reducing transportation costs and logistical complexities. – Light industrial zoning tends to have more permissive regulations regarding noise, emissions, and hours of operation compared to commercial or residential zones. – Being in a light industrial zone means being part of a community of similar businesses, which can foster collaboration, networking, and shared resources. This environment can lead to partnerships and business opportunities that might not be available in other zones.

Public amenity	While there is room for improvement, Stepney has better permeability and access than Glynde, providing the following benefits: – Access to high foot traffic areas and local amenities can help startups build brand awareness. Visibility in busy areas can attract attention and drive organic growth through word-of-mouth and community engagement. – Proximity to amenities such as cafes, restaurants, and retail stores enhances the overall customer experience. Customers are more likely to visit and engage with businesses that are conveniently located. – Startups providing services, such as health and wellness, consulting, or retail, benefit from being easily accessible to their clients, leading to higher satisfaction and repeat business. – Shared amenities create a sense of community among startups and local businesses. Regular interactions and shared spaces can foster a supportive ecosystem where startups can learn from each other and collaborate. – A location with good amenities is attractive to top talent. Potential employees are more likely to choose a workplace that offers convenience and a pleasant environment.
Available workforce	The council has a highly educated, but relatively old workforce with 42% having a bachelor's degree or above, compared with 32% for the total Australian population. This has the following benefits: – An educated workforce brings specialised knowledge and advanced skills in various fields, which are essential for innovative product development and problem-solving. – Educated professionals are often more adept at learning new skills and adapting to technological advancements, which is crucial in the fast-paced startup environment. – Higher education often includes training in leadership and management, equipping employees with the skills needed to take on leadership roles within the startup. – Educated professionals often have access to extensive networks through their academic and professional affiliations, which can lead to partnerships, collaborations, and new business opportunities.
Historically has an enterprising culture	– Leaders from longstanding companies with extensive manufacturing experience can provide valuable mentorship to startup founders and teams. Their insights into industry best practices, operational efficiency, and strategic planning can guide startups towards sustainable growth. – Longstanding companies often have well-established networks with suppliers, distributors, and other key stakeholders. Startups can leverage these connections to access resources, form partnerships, and gain market entry more easily. – Association with a region known for its enterprising culture and successful manufacturing history can enhance a startup's credibility. – Longstanding companies contribute to regional economic stability and growth, creating a favourable environment for new businesses. Startups can thrive in such an ecosystem where there is steady demand and economic activity. – Insights gained from longstanding businesses can help startups identify niche markets, differentiate their products, and develop unique value propositions.

Finding 2 **Stepney as a reimagined urban area**

Stepney could play a similar role for startups but leverage its proximity to the CBD and existing infrastructure to create a diverse innovation hub that includes creative industries, technology startups, small-scale manufacturing, and food and beverage manufacturing. It could learn from the Stretton Centre and provide affordable coworking spaces, networking opportunities, and work on branding and marketing efforts to attract businesses to the area.

Inner city areas play a crucial role in fostering local innovation ecosystems and can even arise organically without a distinct innovation hub brand. These areas, characterised by high urbanisation, accessibility, and vibrant mixed-use environments, attract corporate headquarters of global companies, particularly in sectors like digital and financial technology.

Key features of these inner-city innovation locations include proximity to customers, strong connections between industry clusters, access to talent and investors, and affordable workspaces. The clustering of complementary industries, coupled with government support and infrastructure development, has been pivotal in the success of these innovation hubs.

2.9 Critical success factors

Successful precincts deliver innovations through new and improved products, services, and operational practices. Higher rates of innovation mean an increased capacity to deliver products and services to market at reduced costs, which amplifies improvements to consumer experiences and living standards. High-value, research-oriented sectors such as applied sciences, creative fields such as industrial design and graphic arts, and specialised, small-batch production such as artisan-oriented manufacturing are among the leaders in the innovation economy for delivering superior services and products.

Strategic location and accessibility

A strategically located precinct with excellent accessibility to major transportation routes, such as highways, rail networks, and ports, is critical for the efficient movement of raw materials and finished products. Proximity to suppliers and markets reduces transportation costs and delivery times, enhancing the precinct's attractiveness to businesses and ensuring the timely distribution of goods.

Robust infrastructure and utilities

Reliable and modern infrastructure, including water supply, electricity, waste management, and telecommunications, is essential for the smooth operation of manufacturing activities. High-quality infrastructure minimises operational disruptions and supports the adoption of advanced technologies, improving productivity and sustainability within the precinct.

Skilled workforce availability

Access to a skilled and trained workforce is vital for the success of a food and beverage manufacturing precinct. Collaboration with local educational institutions to provide specialised training programs can ensure a steady supply of qualified personnel. Investing in workforce development not only meets current labour demands but also supports long-term growth and innovation.

Strong regulatory support and compliance

A supportive regulatory environment that facilitates business operations while ensuring compliance with health, safety, and environmental standards is crucial. Streamlined permitting processes, clear guidelines, and incentives for sustainable practices can attract and retain businesses. Effective regulatory support also fosters a reputation for quality and safety, enhancing the precinct's competitiveness.

Innovation and collaboration ecosystem

A thriving ecosystem that encourages innovation and collaboration among businesses, research institutions, and government agencies can drive continuous improvement and growth. Establishing innovation hubs, providing funding for research and development, and promoting partnerships can lead to the development of new products and processes, keeping the precinct at the forefront of the industry.

Market access

Ensuring easy access to domestic and international markets is a key success factor. Developing strong relationships with export agencies, leveraging trade agreements, and participating in global supply chains can expand market reach and boost revenue. Facilitating market access also helps businesses within the precinct to scale and compete on a global level.

Community engagement and support

Building strong relationships with the local community and ensuring that the precinct's development aligns with community interests can foster goodwill and support. Engaging with residents, addressing their concerns, and contributing to local economic development can create a positive environment for businesses to thrive. Community support is essential for the long-term sustainability and acceptance of the precinct.

Financial incentives and support

Offering financial incentives such as tax breaks, grants, and low-interest loans can attract new businesses and encourage existing ones to expand. Providing financial support for infrastructure development, innovation, and workforce training can reduce operational costs and promote growth. Financial incentives are a powerful tool for driving investment and ensuring the precinct's economic viability.

Effective governance and management

Strong governance and effective management are essential for coordinating activities, managing resources, and ensuring the precinct's long-term success. Establishing a dedicated management body to oversee operations, facilitate stakeholder engagement, and implement strategic plans can drive continuous improvement and address challenges proactively. Effective governance ensures that the precinct remains adaptive and responsive to industry needs.

3 Options development

3.1 Options considered

Three options were considered through a literature review and comparative analysis: a consumer-facing precinct, a large-scale food and beverage manufacturing precinct, and an innovation precinct.

Consumer-facing precinct

A consumer-facing precinct is designed to attract and serve consumers directly, offering a variety of shops, restaurants, and services, much like Marrickville in Sydney. However, Stepney faces significant challenges in becoming a consumer-facing precinct. Its transport infrastructure is inadequate compared to Marrickville, making it more difficult for consumers to access. The lower population in Stepney limited the potential consumer base, unlikely densely populated Marrickville, which supports a vibrant consumer market. Additionally, Stepney lacks the variety of consumer-oriented facilities present in Marrickville, reducing its appeal.

Therefore, despite its proximity to the CBD and a strong history of manufacturing, Stepney's challenges in accessibility, infrastructure, and consumer amenities hinder its development into a successful consumer-facing precinct.

Large-scale food and beverage manufacturing precinct

A large-scale food and beverage manufacturing precinct, exemplified by the North Adelaide Food Park, focuses on hosting extensive manufacturing operations supported by advanced infrastructure and strong transport links. Stepney, however, is not well-suited for this type of development. The established North Adelaide Food Park presents significant competition with its large-scale operations and extensive facilities. Stepney's smaller site areas restrict its ability to accommodate large manufacturing operations, in contrast to the larger sites available at North Adelaide Food Park. Additionally, Stepney's inadequate transport links hinder the efficiency and cost-effectiveness of large-scale manufacturing logistics. These logistical challenges make it difficult for Stepney to attract the same level of investment and business activity as the North Adelaide Food Park.

Furthermore, the workforce availability in Stepney poses another critical challenge. While Stepney has a highly educated workforce, it lacks the specific skills and trades required for extensive manufacturing operations. This contrasts with the North Adelaide Food Park, which benefits from a local population with the necessary qualifications for food manufacturing.

Innovation precinct

An innovation precinct, like the Australian Food and Innovation Centre at La Trobe University, is designed to foster research, development, and collaboration, typically revolving around a major anchor institution such as a university or research centre. However, transforming Stepney into an innovation precinct presents several challenges. Stepney lacks a major anchor institution to drive collaboration and innovation, a critical component of successful innovation precincts. The current level of collaboration between businesses in Stepney is minimal, which is essential for fostering an innovation ecosystem.

The precinct would require substantial enhancements to support research and development activities, including the establishment of shared facilities such as labs, incubated spaces, and small-scale manufacturing units.

3.2 Preferred option

While Stepney is not appropriate for the three types of precincts outlined above the preferred model would be to establish an Urban Food and Beverage Manufacturing Precinct with a focus on supporting both existing and new business in situ at Glynde and Stepney rather than building separate dedicated facilities or developing new greenfield sites such as Edinburgh Parks. Rather than substantial funding for capital investments funding would be for supporting or soft infrastructure to support start-ups, collaboration, training, research and innovation and exports.

An Urban Food and Beverage Manufacturing Precinct which involves a startup hub would leverage the following characteristics of Stepney:

— small lot sizes appropriate for startups
— close to the CBD, attracting a skilled, highly educated, and entrepreneurial workforce
— long and successful food manufacturing history and culture
— supporting local infrastructure with maintenance completed or planned
— close to Norwood and CBD commercial shopping areas which are potential areas for supply
— predominantly zoned as Employment Lands.

4 Key solution features

A startup hub needs to contain two types of assets: physical infrastructure, and networking infrastructure. Economic assets are the firms and institutions that drive an innovative environment. Physical infrastructure is the available spaces – buildings, open spaces, streets – designed and organised to stimulate collaboration and innovation. Networking infrastructure is the relationships firms and institutions have that can advance ideas and lead to growth.

4.1 Physical infrastructure

Public physical infrastructure

Physical assets in the public realm include accessible spaces such as parks, plazas, and streets. Public spaces provide informal settings where people can interact, build relationships, and foster a sense of community. These spaces create environments that are attractive places to work, helping to attract talent. This attractiveness can also help to create events, cultural activities, and recreational facilities that contribute to a vibrant community that supports the well-being and productivity of its members.

Private physical infrastructure

Physical assets in the private realm creative environments conducive to innovation and growth for firms in the startup hub. Startups often require flexible and affordable spaces that can adapt to their evolving needs. By offering a variety of workspaces, from traditional offices to coworking areas and lab spaces, these assets support startups at different stages of growth. An element of neighbourhood serving retail can contribute to a vibrant community where people live, work, and socialise. This enhances the quality of life for startup employees and makes the area more attractive to potential talent and investors.

Private assets could include:

— **Flex workspaces.** Flexible office spaces that can be easily reconfigured to meet the changing needs of startups. These might include coworking spaces, hot desks, and private offices that can be rented on short-term leases.

— **Affordable areas for startups.** Smaller, more affordable office spaces that lower the barrier to entry for new businesses. These areas provide startups with the room to grow without the high costs associated with traditional office leases.

— **Neighbourhood-serving retail.** Retail spaces such as cafes, restaurants, grocery stores, and gyms provide essential services and amenities, making the area more liveable and attractive to both startups and their employees.

Finding 3 Investment in physical infrastructure required

Significant investment in private infrastructure would be required to reach the full potential of developing Stepney as a start-up precinct. This could include investment in coworking spaces, shared facilities for manufacturing or research and development.

The investment in private infrastructure would need to be supported by increased investment by Council to enhance urban amenity to make Stepney a more attractive workplace, as well as potentially providing space to support collaboration between startups.

4.2 Networking infrastructure

While investments in physical infrastructure are important, the creation of social infrastructure will be even more important to the success of a startup hub in Stepney. Consultations with existing businesses highlighted that the current level of collaboration is minimal while the comparative analysis showed that collaboration was entrenched and integral to similar successful food and beverage precincts such as Marrickville in Sydney (see Case Study 1) and the Australian Food Innovation Centre.

There are five areas that the precinct should focus on to help foster greater collaboration including:

— **Strong industry leadership** including identifying a local business leader and champion for the precinct to help oversee the development of the precinct and bring existing business together as well as assist in attracting new business
— Establish an overarching **Governance framework** that enables input from key stakeholders and helps identify the key needs of local businesses and areas where the hub can add value and expectations and contributions from key stakeholders
— **Anchoring institution** – identify key anchoring institutions or bodies such as Food SA or the Waite Institute that can assist with the delivery of programs or research and development and innovation.
— **Mentors** - access to internal and external mentors to provide guidance and advice to existing and new start-up businesses.
— **Programs** – access to existing or new programs to support existing or new businesses in the precinct.

Leadership and governance framework

Industry leadership will be integral to transitioning Stepney to a defined food and beverage manufacturing precinct, including the establishment of a startup hub.

The region has a long and successful history of food manufacturing and there would be enormous value in the greater sharing of knowledge and experiences in addressing current challenges between large and medium sized manufacturers and the smaller niche and emerging manufacturing sector in the region.

It will be important to establish a governance Advisory Board across the precinct which includes key stakeholders across the sector from industry, Food SA, Local and State Government, and the education and research sectors.

The Advisory Board would have oversight of initiatives aimed at increasing collaboration across the precinct and in particular for the startup hub. It would need to be adequately resourced to carry out the operational activities which support entrepreneurs, such organisation of events, mentoring sessions, education and networking opportunities. The Advisory Board would help promote and develop the brand of the precinct and start-up hub and assist in engaging external stakeholders where required.

There is potential for the Advisory Board to come under Food SA as a separate initiative or local chapter of Food SA. This would need to be explored further with Food SA so as to avoid overlap and duplication. Potential partners or key stakeholders that would be important to the development of the precinct are outlined in Table 3.1.

The functions of the Advisory Board would be to:

— guide vision and strategy
— facilitate access to support activities and programs
— advance policy and liaise with governments
— mobilise funding
— raise profile and branding and build public will
— monitoring and evaluation.

These functions would be developed over time, with development of the vision and strategy occurring in the first instance. As the community evolves, the focus can shift towards measurement, branding, and advocacy, and then increased funding based on past success.

The Advisory Board could be established as a “steering committee” initially to attract diverse viewpoints and increase the change of buy-in across the public and private sectors, and the community. The “steering committee” could involve government and other key stakeholders initially with the potential to develop into a more formal structure such as a not-for-profit organisation if warranted. It could be a mission-oriented not-for-profit with a focus on social enterprise and angel investing.

Table 4.1 Potential partner organisations

Organisation	Description and relevance
Food SA	Food SA is the peak industry body for the food sector in South Australia, supporting food businesses with marketing, export, and industry development services. For a startup hub, Food SA can provide sector-specific support for food startups, including market insights, networking opportunities, and assistance with scaling production and entering new markets. Their expertise can help food startups innovate and thrive in the competitive food industry.
South Australian Department of Primary Industries and Regions (PIRSA)	PIRSA has oversight of the South Australian Food and Beverage Five Year Export Strategy and food and agricultural sector in South Australia. PIRSA produces regular Food and Wine ScoreCards which evaluates the contribution made by the food and beverage industry to the South Australian economy. They also identify opportunities for future growth.
South Australian Department of State Development	The South Australian Department of State Development has carriage of the Advanced Manufacturing Strategy and for fostering innovation, economic growth, and workforce development in the State. The Department can provide policy guidance and facilitate linkages to advisory and funding programs, and initiatives that support startups, including grants, training programs, and access to resources that drive innovation and skills development.
University of Adelaide Waite Research Institute	The Waite Research Institute at the University of Adelaide specialises in agricultural and food science research. The Institute can offer collaboration opportunities, access to cutting-edge research, and support for commercialising technologies in agriculture and food production. Stepney could be a test-bed for the commercialising of new technologies tested at the institute.
TAFE SA	TAFE SA has a well-established food and hospitality and manufacturing training capability at Regency TAFE but also across the TAFE network. Over the years they have supported numerous food entrepreneurs (including Maggie Beer) in the development and testing of new products as well as the training of staff both in the food and hospitality sector but also in manufacturing processes.

Source: ACIL Allen

Anchoring institution

An anchoring institution in a startup hub is a central organisation that provides crucial resources such as funding, mentorship, and networking opportunities to support startups and entrepreneurs. These institutions attract and concentrate resources within the hub, creating a supportive environment for innovation. They also catalyse collaboration among startups, established companies, academia, and government agencies, facilitating the exchange of ideas and driving economic growth and innovation in the region.

Potential anchoring institutions include:

— **The Waite Research Institute (WRI)** could serve as an anchoring institution in Stepney, Adelaide. The institute, affiliated with the University of Adelaide, focuses on agricultural research and innovation. Its presence in Stepney could provide a direct link between agricultural research and local startups in the food and beverage industry, fostering collaboration and knowledge exchange. The WRI could offer access to research facilities, expertise, and funding opportunities, supporting startups in developing innovative products and sustainable practices. Additionally, the institute's connections to the broader agricultural research community could help attract talent and resources to Stepney, further enhancing its reputation as a hub for food and beverage innovation.

— **Lot Fourteen** is a key innovation precinct in the heart of Adelaide, focusing on industries such as defence, space, innovation, and culture. It houses a mix of startups, established companies, research institutions, and government agencies, providing a fertile ground for collaboration and innovation. Lot Fourteen offers various programs, spaces, and resources to support startups and entrepreneurs, making it a potential anchoring institution for Stepney if it requires expansion due to its initial success.

— **University of South Australia's Innovation & Collaboration Centre (ICC)** supports startups, entrepreneurs, and businesses through programs, workshops, and networking events. Its presence in Stepney could serve as a catalyst for innovation and collaboration in the area, attracting resources and talent to support the local startup ecosystem. Additionally, the ICC's connections to the broader innovation community in Adelaide could help bridge the gap between Stepney and other startup hubs in the city, creating opportunities for cross-pollination of ideas and expertise.

Mentoring

Access to external and internal mentors can provide expert knowledge in specific disciplines such as accounting, legal, digital or other technical domains. General accountability and management support could also be provided, as well as professional development. As experienced entrepreneurs, mentors could also provide guidance on access to networks and markets.

Internal mentors could be available on a regular and informal basis, while external mentors could be available when they come to the area on a planned regular basis. The role innovation hub central organisation would be to make appropriate connections between mentors and mentees, communicate availability of visiting mentors, and support scheduling.

Programs

Programs within an innovation hub provide essential structure, facilitating community learning, and collaboration toward shared goals. They could include:

— **Accelerator programs** are structured to support the development and transformation of entrepreneurial ideas to commercialisation over a set timeframe. An example is the INCUBATE Accelerator Program offered in Sydney through the University of Sydney which is a 14-week intensive program designed to take startups from their first MVP (Minimum Viable Product) to their first investment, customer and revenue earned. It is available to pre-existing startup businesses to accelerate their growth. The INCUBATE program offers entrepreneurs access to 1:1 mentors in a range of areas and access to a collaborative workspace for the duration of the program. A $5,000 equity free grant is also provided to participants and the program also facilitates introductions to potential investors/funders. Similar programs exist in South Australia through the three Universities or there may be an opportunity to work with the State Government and Food SA to have a specific program developed and funded for the food and beverage manufacturing sector in South Australia.

— **Partnership programs** are collaborations with corporations, universities, and research institutions that provide startups with access to resources, expertise, and new markets. These partnerships often include joint events and networking opportunities.

— **Export assistance:** Food South Australia (Food SA) has received $2 million in funding from the Department for Trade and Investment (DTI), to deliver export facilitation programs for the food and beverage manufacturing sector over the next four years.

  Key initiatives that will be funded under in partnership with DTI include:

  – Leading delegations of food and beverage exporters to major global trade shows in priority markets such as Southeast Asia and the United States.
  – Facilitating visits by leading international food and beverage importers to South Australia.
  – Supporting Food SA members' participation in key domestic industry events like Fine Food Australia.
  – Providing enhanced export advisory services through DTI's TradeStart Adviser network.
  – Showcasing industry excellence via the South Australian Premier's Food and Beverage Industry Awards Program.

4.3 Quantification of soft infrastructure requirements

Costs

To manage and setup the Advisory Board, one FTE staff member will be required, referred to as the Operations manager. The Operations manager will be required to carry out the following:

— engage organisations to be members of the Advisory Board
— engage the community
— organise marketing activities
— act as secretariat of the Advisory Board which involves setting up meetings, taking minutes, ascribing actions, and following up with Advisory Board members on their actions

Other roles required to be funded would be that of an entrepreneur in residence and mentors. It is expected that this would also come to around one FTE in aggregate while being filled by multiple individuals.

Options to resource the positions include:

— Leverage existing staff at organisations such Food SA, South Australian Government, or Lot Fourteen, which has the benefit of utilising existing budgeted resources and awareness of the local context. Having staff available with the required skills and without compromising other activities could be a challenge.
— Employment of new staff would allow for the role to be defined clearly from the outset. Challenges would exist in terms of costs of acquisition and the risk of redundancy or replacement.
— Contracting on an as-needs basis allows for flexible delivery, particularly if the services are lumpy as compared to ongoing. Contracting can have a higher per-engagement cost and less continuity than a dedicated individual.

— Outsourcing to a third party has the benefit of leveraging an organisation with experience and specialist skills. This would also be more expensive than hiring a dedicated individual.

A combination of different options is also a possibility. For example, employ a new staff member part-time for parts of the role while contracting a marketing specialist.

Another cost item will be training programs. These would be run by an existing organisation such as The Department for Trade, Tourism and Investment, Food SA, the Waite Research Institute, or a combination.

Marketing will also be required to build the brand of the precinct. This will lead to higher levels of startup attraction, funding, and participation from other relevant organisations, as well as increased levels of community support.

Table 4.2 below estimates these costs.

Table 4.2 Costs associated with soft infrastructure

Item	Cost	Assumption source
Setup costs, such as initial studies and governance arrangements	$300,000	Queensland Government Precincts and Places Fund grants
Staffing - Operations manager	$80,000	South Australia Government Project Officer salary
Staffing – Entrepreneur in residence and mentors	$150,000	High end estimate
Training and development programs	$30,000 per business 10 businesses	Based on the SA Export Accelerator Program
Marketing	$10,000	Estimates of branding costs from searching online, including graphic design
Total	$840,000	

Source: ACIL Allen

Revenue options

There are three options for revenue generation: grant funding or Government investment, membership fees, and a combination of grants and membership.

As an example of Government investment, the first round of funding through Queensland's Innovation Precincts and Places Fund invested $4 million in thirteen precincts, including the following initial strategic work:

— $295,000 for the Gold Coast Health and Knowledge Precinct to develop a step-change sophisticated investment attraction strategy, leveraging existing expert advice identifying key opportunities.

— $291,293 for The Mill at Moreton Bay to obtain expert strategic advice and activities to inform their actions plans as part of the consultation of best-practice governance framework, investment attraction strategy, and operational assessment strategy.[7]

[7] https://statements.qld.gov.au/statements/99951

Case Study 1 Marrickville as an example of a reimagined urban industrial area

The Carrington Road precinct, situated 6 kilometers southwest of Sydney CBD, has undergone significant transformation from its industrial origins. Originally home to General Motors' automotive factory in 1926, the area's industrial decline has seen many factories repurposed for retail or residential purposes. The area's economic vitality is underscored by its role as a hub for local manufacturing and creative industries, supported by initiatives like the Urban Centers Program.

The precinct's industrial units cater to a range of needs, including specialised services like vegetable chopping and gluten-free bakery products. Despite constraints on available space—less than 20% of lots exceed 1,000m2—businesses thrive due to strategic location near key markets and suppliers. This proximity, however, faces challenges from urban renewal projects and the Sydney Metro development, impacting zoning and land use policies.

Carrington Road thrives as a bustling hub of local business activity, characterised by low vacancy rates and substantial employment opportunities. A recent audit identified 223 enterprises within the precinct's 700-meter radius, with manufacturing, creative industries, and combined creative/manufacturing ventures comprising the predominant sectors. Micro0 and small businesses represent 92% of businesses in the precinct.

The precinct has seen significant growth in employment, particularly in retail and food services, which expanded by 90% from 2006 to 2011, adding 300 jobs. This growth reflects the emergence of new cafes, retailers, and food wholesalers within the Marrickville-Sydenham area, including notable establishments like Bourke Street Bakery and Double Roasters, contributing to the precinct's dynamic commercial environment.

Specific initiatives which have ensured success of the area and provide lessons for Stepney include:

- The Marrickville Manufacturers' Association, trading as Made in Marrickville, advocates for local manufacturing
- The Inner West Brewery Association, in association with the Inner West Council, has created the Inner West Ale Trail with the aim of enhancing the reputation of the area as Australia's Craft Beer Capital
- The Council currently has a Special Rate Levy scheme in place for businesses in the Dulwich Hill, Marrickville, Newtown and Petersham town centre areas. Funds collected under the scheme are applied in those precincts to a range of marketing, branding and event initiatives. This is known as the Urban Centres Program (UCP) which was introduced in the former Marrickville Council area and has proved successful in supporting local business in partnership with local business chambers.

Finding 4 Investment in soft infrastructure is more important at this stage

While Stepney currently has some of the physical requirements of a startup hub (transport access, small lot sizes, proximity to CBD), it has a low base level of collaboration between firms and no coordination or anchor institution to increase this. A committee of organisations including the City of Norwood Payneham & St Peters, relevant State Government bodies such as Renewal SA, Relevant peak bodies such as Food SA, universities, and other startup ventures such as Startup Adelaide could provide the guidance required for Stepney to become a successful startup hub.

4.4 Risk assessment

There are a number of risks that will need to be considered and managed in implementing the proposal as outlined in Table 4.3.

Table 4.3 Risk register

Risk	Likelihood	Impact	Risk rating	Mitigation options
An anchor institution cannot be found	Medium	High	High	— A range of anchor institutions should be engaged with to increase the likelihood of partnering with one. — Initially begin planning and setting up of the precinct without a set anchor institution, but instead use a steering committee of many organisations.
State Government funding can't be secured	Medium	High	High	— Partner with Food SA to increase the likelihood of securing funding. — Align with Federal Government programs where possible to try to secure funding from this avenue as well. — Engage with State Government to find out what they need in order to secure funding, such as more detailed financial analysis than in this business case.
Incompatible businesses, such as automotive businesses, continue to dominate the employment lands limiting the scope of further developing food and beverage manufacturing in the precinct.	Medium	Medium	Medium	— Complete an initial stocktake and audit of businesses in Stepney, including their alignment with zoning laws and their leasing arrangements, in order to identify those businesses who should not be present in Stepney.
There is not enough demand in terms of startups in the food and beverage manufacturing sector.	Low	High	Medium	— South Australia has a significant level of food and beverage manufacturing, so a strong marketing campaign should be able to attract sufficient interest. — Partnering with organisations such as Food SA will increase reach and attractiveness.
There is duplication of other precincts in Adelaide	Low	Medium	Low	— Involving organisations such as Lot Fourteen (Stone and Chalk) and the Waite Research Institute in the steering committee will help minimise any duplication while leveraging broader opportunities.
Political, public, or community pressure to change existing arrangements	Low	Medium	Low	— Ensure that key stakeholders are fully consulted regarding proposed changes to the area. — Maintain ongoing and open dialogue with the local community, industry partners, and local Members of Parliament. The steering committee is one avenue through which this occur, with local community groups involved in the process.

Source: ACIL Allen

5 Social and economic benefits

A startup hub can stimulate economic growth and job creation by attracting investment, creating jobs, and fostering innovation and entrepreneurship in a region

5.1 Benefits from collaboration and innovation

Co-location, agglomeration and collaboration are key foundations of innovation districts. Collaboration between organisations or industry and academia allows for the sharing and harnessing of knowledge, skills and expertise, which in many cases, would have only been localised. Co-location helps foster collaborative relationships that lead to new ideas, businesses, and jobs. The sharing of critical infrastructure also helps reduce costs and provides access to facilities that would not have otherwise been available.

Research collaboration between industry and academia enables the sharing of knowledge and provides better insight into complex issues or problems. A report by the Australian Council of Learned Academies (ACOLA) found that businesses that collaborated with researchers on innovation increased their productivity growth by three times.[8]

World Bank research shows that proximity is crucial for sharing knowledge and new ideas among entrepreneurs and workers in advanced industrial and service-oriented production. In Australia, this collaboration is assessed as increasing the likelihood of new-to-Australia innovation by 32%.

5.2 Productivity

Innovation precincts have been shown to maintain higher than average productivity and firm growth. Research indicates that in the United States, firm-level productivity increases in high-tech businesses located near other firms, a trend similarly observed in the United Kingdom, Japan, and Canada. For example, in 2015, worker productivity in Silicon Valley was 1.7 times the U.S. average, marking a 15% increase from 2005. Moreover, the cumulative GDP output of innovation-intensive sectors in Silicon Valley surged almost 150% from 2010 to 2015, underlining the substantial economic impact of innovation clusters.

5.3 Jobs growth and higher wages

Across OECD member countries, advanced manufacturing precincts saw an average employment growth rate of 13.5%, while knowledge-intensive services precincts experienced a 19.4% growth over four years, surpassing European country averages. In the US, the Brooklyn Tech Triangle witnessed an impressive 87% employment growth from 2009 to 2015, significantly higher than the 29% growth in the surrounding Brooklyn area, contributing an estimated $5.3 billion to the economy in 2015. Additionally, each technology-based job in the US has been found to create five jobs in other sectors, leading to a technology industry growth rate 25 times greater than other sectors. Similarly, in the UK, one in seven of the working population is employed by firms located in the top 31 economically significant precincts, offering average salaries higher than those in the surrounding regions, a trend also observed in Canada and Sweden.

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[8] ACOLA (2016). *Securing Australia's Future Report Number 10. Skills and capabilities for Australian enterprise innovation.*

5.4 Quantification of benefits in Stepney

There are significant benefits to innovation and collaboration for SMEs. A study in 2015 found that SME firms that previously introduced innovations had an annual productivity increase that was 2.7 percentage points higher than non-innovating firms over the subsequent year. Furthermore, innovating firms with Australian-based collaborations raised their productivity by 4.4 percentage points per year.[9]

These figures can be used to estimate the annual benefits of a startup hub in Stepney.

Land Supply Report for Greater Adelaide – Employment Land provides an indicator of the current level of job supply in Stepney. In 2020, it was estimated that there were 3,900 jobs in Inner Metro Adelaide employment lands across 116 hectares of zoned employment land, giving approximately 34 jobs per hectare. Using this figure for Stepney, which is part of Inner Metro employment lands, this provides a figure of 560 jobs.

The median wage per year in Australia is $67,600, giving total wages of $37,841,431 in Stepney. Productivity increases are reflected in wages when higher productivity leads to greater company profits, enabling employers to afford higher wages for their employees. The productivity increases for innovation and collaboration found by the RBA can therefore be applied to this figure to quantify the benefits from innovation and collaboration that a startup hub would bring to SMEs in Stepney.

As shown in Table 4.1, the total economic benefits of a startup hub realised through increased wages are $2,573,217 per year.

Table 5.1 Economic benefits

	Wage increases from productivity factor
Benefits from innovation	$1,021,719
Benefits from collaboration	$1,551,499
Total benefits	$2,573,217

Source: ACIL Allen

5.5 Social and cultural benefits

In addition to the market benefits identified, there are non-market benefits which while difficult to be quantified, are nevertheless important to be recognised. Connecting local residents to employment and educational opportunities within these precincts can significantly benefit communities. They also create a diversity of jobs which can significantly benefit a cross-section of the community, including the disadvantaged. For instance, in STEM-intensive industries within innovation precincts, 50% of jobs do not require a bachelor's degree and offer wages 10% higher than non-STEM jobs in high-growth fields such as healthcare and IT.

Previous research completed by the SA Centre for Economic Studies at the University of Adelaide to assess the value of job creation for socially and economically disadvantaged, which could be a focus for Stepney. Social benefits for this type of job creation include:

— Greater job readiness form employment training
— New and better work skills
— Improved self-esteem
— Healthier, structured lifestyles
— Social connection

[9] Palangkaraya, A., Suprling, T., and Webster, E. 2015.

— Return to further education

These benefits were estimated to have a social value of $0.50 for each dollar invested for a social enterprise in Adelaide. This value does not include direct economic benefits, such as the benefits to local employers, or any savings to tax payers that may result from reduced social security payments in the present and the future.

Finding 5 Benefits of co-location and agglomeration

Experience internationally has shown that co-location and agglomeration of businesses in clusters or manufacturing precincts can significantly increase innovation and improve productivity, resulting in increased economic growth, improved sustainability, and increased employment and investment in those precincts.

6 The role of government and next steps

Innovation precincts depend on collaborative efforts among various stakeholders, including governments, research and education institutions, industry players, entrepreneurs, investors, and landowners, necessitating diverse leadership and governance to navigate competing priorities for successful development.

6.1 Australian Government

The Federal Government plays a supporting role for innovation and startup hubs through direct funding opportunities and programs which create connections between researchers and industry.

As an example of the former, the Government announced the *Investing in a Future Made in Australia* program in the 2024-25 Budget. It outlines key initiatives and investments aimed at driving innovation, supporting advanced manufacturing, and creating jobs. It emphasises the importance of building a competitive and resilient economy, with a focus on research and development, skills development, and industry collaboration.

One of the key initiatives is the establishment of the Australian Advanced Manufacturing Fund, which will provide $1 billion over ten years to support advanced manufacturing projects. This fund aims to drive innovation, increase productivity, and create high-quality jobs in Australia's manufacturing sector.

The research and innovation infrastructure is also set by the Federal Government, through institutions such as:

— CSIRO is the national science agency, which works collaboratively to connect industry to global supply chains.
— The Australian Research Council Centres of Excellence undertake innovative and transformational research addressing the most significant research problems to Australia. They create collaborations between universities, publicly funded research organisations, other research bodies, governments, and businesses in Australia and overseas to address these research problems.
— The Cooperative Research Centres (CRC) program links industry with the research community to solve industry-identified problems and help commercialise new technologies.

Investment in a startup hub in Stepney should focus on these priority areas to capitalise on Federal grant programs such as the Industry Growth Program.

6.2 South Australian Government

The South Australian Government, through the newly established Department of State Development and PIRSA, offers a range of programs and services that could be accessed by companies and potential startups in the precinct.

There has been a significant focus on building a start-up ecosystem with more than 780 South Australian startups, employing an estimated 7,400+ people.[10] Adelaide debuted on the Global Startup Ecosystem Report's Emerging Ecosystem list in 2024. The city's startup ecosystem experienced significant growth,

[10] Dealroom estimate

jumping over 25 spots in the overall rankings and increasing in value by 19% to reach $1.9 billion, with startups raising $146 million in early-stage funding from July 2021 to December 2023.

Specific startup supports include:

— Seed-Start: Provides financial support for early-stage, high-growth potential businesses in South Australia to assist with the cost of commercialising a unique product or service.

— South Australian Venture Capital Fund: A $50 million fund managed by Artesian Venture Partners to help early-stage companies accelerate their growth to national and global markets.

— Southern Angels: An angel investment firm supported by the South Australian Government, investing in high-growth companies with the potential for global impact.

— Women in Business Fearless Innovators Grant: Helps innovative South Australian women access capital to grow their businesses into national and global enterprises, promoting a more inclusive and diverse business community.

— Business SA: Facilitates programs connecting business founders with knowledge and mentors for sustainable growth, including the Business Accelerator Program, SAYES, and ENCORE.

— ThincLab: Provides startups with a space and community to nurture ideas, develop entrepreneurial skills, and connect with mentors, investors, and experienced entrepreneurs.

— Innovation and Collaboration Centre: Supports early-stage startups with workspace, mentoring, and funding, aiming to build globally scalable and investment-ready businesses.

— New Venture Institute: Specialises in translating ideas into industry outcomes, with programs like Venture Dorm to help founders progress from business conception to market validation.

The State Government, through the Department of State Development, has provided $2 million in funding to Food South Australia (Food SA) to deliver export facilitation programs for the food and beverage manufacturing sector over the next four years.

6.3 Local Government

The role played by local governments in innovation precinct development is typically through land use planning, local economic policies and programs, engaging with stakeholders and the community, and activating its assets as a landowner. It has significant influence on the local amenities, including the quality of the public domain and open spaces, walkability and local services.

Local governments can also convene key stakeholders to exchange knowledge and ideas to ensure that local leaders feel ownership and investment in a credible plan they have helped develop. For example, City of Parramatta Council is a member of the Westmead Alliance, which was formed to develop a future vision for the Westmead Health and Education Precinct and plays a key supporting role in providing secretariat and planning services for the group.

The potential role of the City of Norwood Payneham and St Peters in progressing the development of the Food and Beverage Manufacturing Precinct are outlined below.

6.4 Next steps

To progress the Food and Beverage Manufacturing Precinct the City of Norwood Payneham and St Peters should consider the following next steps:

Leadership and advocacy: while many of the levers for the development of the food and manufacturing precinct are held by industry, the Council has a crucial role in providing leadership by setting strategic directions and establishing the appropriate planning and policy framework, through advocacy and engagement with industry and with both the State and Commonwealth Government.

An important first step will be to facilitate a roundtable with industry to outline Council's efforts to preserve the Employment Lands and seek industry's support and views regarding the development of a food and manufacturing precinct.

Industry leadership will be integral to transitioning Stepney to a defined food and beverage manufacturing precinct, including the establishment of a startup hub. In this regard, it will be important to establish a governance framework and Advisory Board across the precinct which includes key stakeholders across the sector from industry, Food SA, Local and State Government, and the education and research sectors. Council initially will play an important role in facilitating the establishment of this Advisory Board.

To resource the establishment of the precinct will require around $850,000 in funding to establish governance and other arrangements as outlined in Table 4.2.

The Council should meet with the Ministers for Industry, Innovation and Science, the Hon Susan Close and Minister for Trade and Investment, the Hon Joe Szakacs and the CEO of the Department of State Development to outline the proposal and explore opportunities for co-funding with the State Government either through new or existing programs.

The Chair of the Advisory Board, once appointed, should also meet with Food SA, the Waite Institute and the CEO of the Department of State Development to invite their participation in the Advisory Board and explore access to existing programs or the co-design of new programs for companies in the precinct.

Planning and regulation. A key role for Council will be to provide the appropriate planning and regulatory framework for businesses in the precinct and to continue to advocate for the preservation of existing Employment Lands with the Minister for Planning and Urban Development and the SA Planning Commission. There is pressure for strategic infill at both precincts, in particular the Stepney triangle being identified for strategic infill in the Greater Adelaide Regional Plan (GARP), this will create increased uncertainty for producers looking to expand or establish in the precinct and create increasing tensions and pressures between producers and residents.

Restrictions or requirements related to land use, building codes, environmental regulations, and access to utilities can impact the location, size, and design of the precinct. Additionally, community resistance or support can affect the development and expansion of the precinct.

Planning and regulatory decisions regarding traffic management and parking and non-compliant business operations in the current employment lands will also be important.

Provision of infrastructure: the Council has an important role through increased investment in local infrastructure including roads, footpaths and streetscape to improve traffic flow where possible and enhance urban amenity. Any increased infrastructure investment in Stepney and Glynde will need to be balanced with the many other competing infrastructure priorities.

Capacity and capability building: the Council potentially has a role in building capacity and capability within the community and this will be an area of increased focus in areas such as human capital development, population growth, supporting the ageing of the population, encouraging innovation and entrepreneurship. There may be opportunities for the Council to foster or promote entrepreneurship and innovation programs aimed at start-ups in the precinct.

Promotion: Increasing the profile of the companies in the food and manufacturing precinct either through the production of guides, tours, events, networking sessions or purchase and use of local produce at Council events will all be valuable in helping to raise the profile of the food and beverage precinct.

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5. OTHER BUSINESS

(Of an urgent nature only)

6. NEXT MEETING

Tuesday 29 October 2024

7. CLOSURE