

# The South Australian Food Industry

## Growth Through Innovation Strategy Research Project



### Research Project Summary

The South Australian agrifood industry is a significant contributor to the state's economy, generating \$16.2b in revenue and employing 18% of the state's workforce in 2015-16 (PIRSA Food Scorecard 2015-2016). The sector is envisioned to be one of the top economic priorities for sustained development and economic progress of South Australia, leveraging its competitive position in domestic and export markets.

In 2016, the Centre for Global Food and Resources of the University of Adelaide was commissioned to work with Food South Australia to conduct a study of 'drivers and barriers of growth through innovation in the South Australian agrifood sector'. The aim of this project was to identify areas of growth through innovation, in order to assist with the development of an industry-led strategic framework for the South Australian food and beverage sector that is underpinned by collaboration and innovation. This project was supported with funding from Primary Regions and Industries SA.

A 'sectoral systems of innovation' (SSI) approach provided the research framework for the study, which was undertaken in three parts: a comprehensive online survey, in-depth interviews with award-winning food and beverage businesses, and an analysis phase using the SSI framework to analyse potential opportunities and actions for growth through innovation in the industry. The project also included workshops to facilitate feedback from regional food and beverage businesses and with industry leaders to obtain feedback on the findings of the analysis phase.

### Industry survey

The online survey was combined with the 2016 State of the South Australian Food Industry survey Food South Australia conducts annually. This component of the study was designed to gather information on industry capacity, production, distribution and operational factors. These included compliance and business costs, along with questions designed to provide a more detailed understanding of the activities food and beverage businesses perceive to be 'innovative', and to identify innovative activities undertaken by these businesses in the last two to three years. Future plans for innovative activity and obstacles to innovation and business development were also surveyed. Businesses were also asked about sources of assistance to overcome challenges and obstacles to development.

## Interviews and industry consultation

The second phase of the study comprised in-depth interviews with food and beverage businesses who have won industry awards over the last decade. This group of businesses was selected in order to examine the significance of winning awards in terms of business development, and because of the valuable knowledge gained by these businesses since they began and leading up to achieving award-winning results. Internal and external success factors were examined and each interview included discussion of current challenges faced by businesses in the sector and potential facilitators in overcoming those challenges. An important facet of these interviews was the examination of the perception of 'collaboration' among food and beverage businesses and gaining an understanding of the importance businesses place on collaboration as a factor in their success.

## Analysis and identification of opportunities

In the third phase of the project, the opportunities for growth through innovation were analysed and a strategy framework developed.

## Key findings

The research shows that, although very few businesses perceive collaboration to be an innovative activity, knowledge sharing through informal networks exists and there is significant potential to develop inter-industry collaborative strategies to explore opportunities for innovation.

Industry associations have been identified as key facilitators for exploring market opportunities, and for the provision of support and assistance, however, a lack of effective collaboration is having an impact on information sharing relevant to the exploration of new markets and identification of collective business opportunities.

The key knowledge gaps identified by the SSI framework analysis are machinery, equipment and technological expertise, followed by potential gaps of interaction between the institutions operating in the sector. While public institutions such as government agencies and industry groups are seen as facilitators of innovative activity, businesses expressed concerns with issues such as compliance, regulatory requirements/standards, and lack of information and access to support programs such as grant funding, confirming these all have an impact on business operations and innovative development. There is also a need for encouragement and facilitation of collaborative activities within, and across, industry sub-sectors.

Critical challenges facing the sector include:

- Lack of availability of skilled human resources and appropriate tertiary level training, requiring more effective communication and capacity building between the food industry and knowledge providers to identify gaps in detail and develop collaborative solutions
- Lack of South Australian-based expertise and support in equipment/machinery, technology and packaging

- Cost and inefficient duplication of requirements for compliance/regulation of the industry
- Lack of access to capital

## Recommendations

The recommended framework for a 'growth through innovation' strategy includes:

### Vision

- Food and agriculture should be the top priority for the South Australian Government.
- The reputation and importance of the agriculture and food industry to the South Australian economy must be maintained and reinforced, and its importance nationally must be asserted.

### Pathways

- Encouragement and facilitation of collaborative activities within and across industry sub-sectors.
- Identify and utilise opportunities for businesses to be supported on trade missions and provide support for exploratory trips identified by the businesses themselves.
- Provide better access locally to skills and technological support, especially for equipment and machinery in processing and packaging.
- Expand the focus from China to other emerging Asian markets while focusing efforts in China on targeted consolidated markets and establishing distribution networks.
- Exploring opportunities in functional foods, the ingredients market and native Australian foods.

### Actions proposed:

During the consultation and survey phases, a number of actions were proposed by food and beverage businesses. These included (in no particular order):




- Train and assign innovation brokers/facilitators in the field to ensure collaborative activities are encouraged and implemented (communication to be followed by action).
- Organise and implement 'mentoring circle' programs within the industry, involving experienced industry professionals (this may include retired industry professionals) to advise and guide the industry.
- Develop short, concise, coherent state food plans (ie one page plans).
- Streamline regulatory requirements and consolidate audit requirements.
- Develop a supply chain for native Australian food and herbs, and develop standards for these products with the assistance of FSANZ.
- Encourage and support small businesses to be part of regional food events and international food and wine shows.
- Increase focus on emerging businesses using sales channels such as farmers' markets and facilitate development of their skills and business systems to support business growth and sustainability; act as an informal networking platform for small businesses.

### Connect with us

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