

ITEM 6. SYDNEY FOOD BUSINESS INCUBATOR: UNIVERSITY OF SYDNEY KNOWLEDGE EXCHANGE SPONSORSHIP**FILE NO: S112458.012****SUMMARY**

It is proposed to establish a Sydney Food Business Incubator pilot in the city as a collaborative project involving federal, state and local (the City) government, along with the academic and social enterprise sectors.

A food business incubator is a model that fosters the development of food-based start-up businesses. It provides opportunities for people who are disadvantaged to develop sustainable social enterprises through providing vocational education and training in value-added food production, coupled with business development skills. It is focused on the development of businesses that increase access to healthy and affordable food for the wider community.

The food business incubator model primarily addresses the underlying causative factors in food insecurity, including social disadvantage, economic exclusion and rising inequality. This initiative would become one of the suite of responses by the City and its partners to food insecurity in our prosperous city, which affects 8.5 per cent or approximately 17,000 of our residents, and rising (*Community Wellbeing Indicators, 2016*).

The University of Sydney has applied for a Knowledge Exchange Sponsorship to develop the Sydney Food Business Incubator as part of a three-year cross-agency pilot. It is planned to be delivered as an Australian Research Council (ARC) Linkage collaborative research project.

An ARC Linkage grant application will be submitted to federal government subsequent to the City's agreement to participate in this project through endorsement of this Council report. UrbanGrowth NSW, TAFE NSW, and Settlement Services International have committed to collaborate in the project (see Attachment A).

The City's sponsorship package would only be activated if the federal ARC research application is successful – delivering federal matched funding for every dollar of cash and value-in-kind provided by the collaboration's partner organisations. The ARC application would be assessed by July 2018. The Sydney Food Incubator would then be developed and delivered as a three-year pilot project.

The initiative will enable residents' participation in the city's vibrant food economy and contribute to the growth of the city's ecosystem of sustainable food-based enterprises. It will support some of Sydney's most vulnerable people to feed themselves, while delivering broader food security, social justice and community resilience outcomes.

Residents will be engaged to participate in the scheme through the city's networks of social housing communities, Aboriginal and Torres Strait Islander communities, and refugee and asylum seeker communities.

Innovative and collaborative responses to critical social justice and resilience issues facing our community are keystones of the City's *City for All* Social Sustainability Policy and forthcoming Action Plan, the Eora Journey Economic Development Action Plan, and the forthcoming metropolitan Sydney Resilience Strategy.

This leading-edge food business incubator model is being established in cities across the world, most notably Detroit and other US cities (see Attachment B). The Sydney incubator proposed by the University of Sydney is based on best practice models.

This three-year pilot offers Sydney the opportunity to actively participate in national and global food justice networks, to share learnings from the rigorous research and evaluation that will be a core component of this federal research pilot, and to deliver direct positive social impacts in the local area. The pilot project brings potential to scale up this model in the city – including through urban renewal areas – bringing longer-term social and economic benefits.

RECOMMENDATION

It is resolved that:

- (A) Council approve a cash sponsorship to University of Sydney under the Knowledge Exchange Sponsorship program of \$40,000 per year for three years (starting in financial year 2018/19) and \$12,000 value-in-kind per year for three years (starting in financial year 2018/19), in the form of waived venue hire fees for the part-time use of a community centre with a commercial kitchen for the project as the City's contribution to resourcing a collaborative Australian Research Council (ARC) Linkage Sydney Food Business Incubator project;
- (B) Council note this sponsorship commitment is conditional on the University of Sydney's ARC Linkage grant application to undertake the three-year pilot project being successful (including matched support of the City's cash and value-in-kind contributions) and corresponding submission to the City of an updated budget, business plan and research plan;
- (C) Council note that all grant amounts are exclusive of GST and all value-in-kind offered is subject to availability; and
- (D) authority be delegated to the Chief Executive Officer to negotiate, execute and administer agreements with any organisation approved for a grant or sponsorship under terms consistent with this resolution and the Grants and Sponsorship Policy.

ATTACHMENTS

Attachment A: Letters of support from UrbanGrowth NSW, TAFE NSW and Settlement Services International

Attachment B: International Food Business Incubator Case Studies

BACKGROUND

1. Food insecurity affects 8.5 per cent (or approximately 17,000) of the City's residents, and this figure is rising. The results of the 2016 Community Wellbeing Survey revealed many people ran out of food in the preceding year and could not afford to buy more.
2. There are multiple causative factors for food insecurity, including affordability, accessibility of fresh and nutritious food, and underlying factors of social and economic disadvantage. Rising inequality and economic exclusion are key drivers for increasing food insecurity in our prosperous city.
3. Current responses to this critical issue in our local area include not-for-profit organisations providing free or cheap food to those in need, and nutrition education classes delivered by the City's community partners.
4. Sydney University has applied for sponsorship to contribute to this suite of responses through the establishment of a Sydney Food Business Incubator collaborative pilot project involving all levels of government and the non-profit sector.
5. A food business incubator is an innovative, leading-edge model. In addressing the underlying drivers for food insecurity, it complements the 'food bank' handouts model. It is increasingly recognised for enabling economic participation among members of society who are disadvantaged and delivering broader social and economic benefits.
6. The model fosters the development of food-based startup businesses. It provides education and training for people who are disadvantaged to develop sustainable social enterprises, enabling their increased economic participation. It focuses on the development of businesses that increase access to healthy and affordable food for the wider community. It strengthens social connections and community resilience through fostering the sustainable food production ecosystem.
7. Residents will be engaged to participate in the Sydney Food Business Incubator pilot through the City's networks of communities facing disadvantage, including social housing, Aboriginal and Torres Strait Islander, and refugee and asylum seeker communities. At least 90 residents are expected to participate in the program over three years.
8. The pilot project will develop community members' skills through two program streams. In the food business incubator, entrepreneurs from marginalised communities will be supported through an economic development model similar to that pioneered by the Sirolli Institute – a non-profit corporation founded by Dr Ernesto Sirolli that operates in communities throughout the world encouraging local economic development. This model is based on providing access to resources needed to realise community members' entrepreneurial aptitude. This includes educational resources and industry contacts that will help them establish networks in the business world.
9. The social enterprise elements of the project will deliver skills in a recognisable vocational education and training program. Notably, these skills will be developed through a real world social enterprise, increasing participants' sense of self-efficacy by engaging them in meaningful employment.

10. The incubator program and the shared community commercial kitchen space/s in which it will be delivered will also contribute to a conducive environment for fostering business innovation networks.
11. Urban Growth NSW, TAFE NSW and Settlement Services International (SSI) – a non-profit organisation that supports refugees and asylum seekers to achieve sustainable employment – plan to participate in this collaborative project and have provided statements of support (see Attachment A).
12. TAFE NSW can provide certified vocational education and training in value-added food production. SSI can provide business startup training through its Ignite enterprise development scheme. UrbanGrowth NSW can provide support in relation to a property with a commercial kitchen that it currently leases, adjacent to Carriageworks and Eveleigh Markets. The premises is currently being utilised by TAFE NSW as a Community Education and Arts Development (CEAD) Centre, for food-based training and for startup enterprises, including Two Good. Two Good is a local social enterprise which started in Kings Cross using the “buy one, give one” model. Customers order their nutritious lunch designed by local celebrity chefs from Two Good and a second lunch is given to the homeless and disadvantaged. Co-locating the food incubator pilot with Two Good will be beneficial to foster the growth of Sydney’s sustainable food business ecosystem.
13. The University of Sydney’s support for the project is committed in the form of \$250,000 (incl. GST) over three years in value-in-kind in academic human resources.
14. If the City’s support through the Knowledge Exchange Sponsorship program is confirmed through endorsement of this Council report, then the University of Sydney will submit an application for federal matched grant funding through an Australian Research Council Linkage application later this year. The details of the cash and value-in-kind contributions of other project partners will be confirmed for this application in late 2017.
15. The City’s current in-principle commitment of cash and value-in-kind will take effect from 2018/19, subject to the success of the ARC Linkage grant application. The pilot will then be developed and delivered as a collaborative pilot over a three-year period, as is a requirement of the ARC Linkage program. The project will involve the development of a detailed business model and operational plan, to which the City’s cash sponsorship will contribute human resources.
16. The pilot project has the potential to lead to the scaling-up of this model in Sydney, bringing broader benefits. It will also involve research on developing best practice models for engaging local residents in food systems education.
17. Sydney University’s application for support has been assessed under the City’s Knowledge Exchange Sponsorship program, under the Grants and Sponsorship Policy adopted by Council most recently in June 2017.
18. The Knowledge Exchange Sponsorship program supports the exchange of ideas and knowledge and showcasing of local expertise, as well as encouraging dialogue on local and global issues. Under the program, eligible projects can be supported to a maximum of \$40,000 cash, and applications can be received throughout the year.
19. This application has been assessed as contributing to the following program outcomes:

- (a) share best practice approaches by organisations and individuals;
 - (b) create strong networks where participants share resources and acquire new knowledge and skills;
 - (c) improve capacity in organisations and individuals to develop and maintain sustainable business ventures;
 - (d) increase the reputation of Sydney as an innovative and creative City, and
 - (e) highlight the breadth and depth of Sydney's social enterprise community.
20. The proposed three-year Sydney Food Business Incubator pilot project offers the opportunity to establish a globally-recognised, innovative model response to food insecurity in our city. It will enable the City of Sydney to actively participate in national and global food justice networks, to share learnings from the rigorous research and evaluation that will be a core component of this federal research pilot, and to deliver direct positive social and economic impacts in the local area.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030 Vision

21. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This Knowledge Exchange Sponsorship proposal is aligned with the following Sustainable Sydney 2030 strategic directions and objectives:
- (a) Direction 1 – A Globally Competitive and Innovative City – The establishment of a Sydney Food Business Incubator pilot will strengthen global connections, linking the City with cities around the world that are also developing this innovative model response to food insecurity and deeper structural issues of social and economic disadvantage. Addressing food insecurity as a critical manifestation of poverty and rising inequality in our city will bring longer-term benefits. There is strong evidence that cities taking action on relative inequality are more globally competitive and benefit from stronger economic growth in the long-term.
 - (b) Direction 6 – Vibrant Local Communities and Economies – This project addresses food insecurity by increasing economic participation among residents who are disadvantaged. Socially, the model is designed to address social justice issues in the community, strengthen social connections, improve social inclusion and build community resilience.
 - (c) Direction 10 – Implementation through Effective Governance and Partnerships – This project is designed as a collaborative research pilot project that will generate learnings and benefits for all project partners, as well as the broader city community, along with broader global food justice networks. Shared responsibility for social justice and resilience issues is a key theme of the City's *City for All* Social Sustainability Policy. The City's memorandum of understanding with the University of Sydney is a strong platform for the initiation of the project, which will also involve federal and state government and the not-for-profit sector - delivering a truly cross-agency collaboration, with the attendant governance and partnership benefits.

Organisational Impact

22. Staff will contribute to the preparation of the ARC Linkage grant application by the University of Sydney, and will benefit from some involvement in the project as it is developed, implemented and evaluated. The relatively minimal staffing resources associated with the involvement could be considered business as usual work.

Risks

23. The detailed business plan and operational model for the Sydney Food Incubator will be developed as a collaborative exercise among project partners, once the ARC Linkage grant is confirmed. A project steering committee of partners will oversee this process and address any risks as the project is developed.

Social / Cultural / Community

24. The project has the potential to bring strong social justice and community resilience benefits through addressing the critical issue of food security. It will bring benefits directly to participants in the education and training program and associated wider benefits to their families and broader community. These participants will be recruited from the city's social housing, Aboriginal and Torres Strait Islander and refugee and asylum seeker communities.
25. The project will support the growth of the city's food-based social enterprise sector and strengthen social networks among participant communities. It represents a sophisticated response to food insecurity that will generate shared learnings for project partners and contribute to longer-term positive social impacts nationally and globally, through being delivered as an ARC Linkage research pilot project.

Environmental

26. The project has the potential to deliver environmental outcomes, including the reduction of food waste in the city through the sustainable sourcing of produce to be utilised in the development of value-added food products. There is also potential for the project to develop connections with food growers on Sydney's outskirts, who may provide produce directly to the enterprise. These benefits will be further explored through the development of the operational model.

Economic

27. The Sydney Food Incubator will support the establishment of sustainable food-based enterprises by residents who are currently not fully participating in the city's economy. It will deliver economic inclusion outcomes and support the diversity and vibrancy of the city's economy. Specifically, it has the potential to boost Sydney's sustainable food-based economy, support the growth of the social enterprise sector and deliver broader associated social and economic outcomes in the long-term.

BUDGET IMPLICATIONS

28. The City's contribution to the collaborative pilot project would be in the form of:
- (a) \$40,000 cash sponsorship per year for three years (starting from 2018/19), provided to the University of Sydney through the Knowledge Exchange program. This would form part of the funding for the project, with contributions also to come from other project partners (details to be confirmed in late 2017). It would be utilised primarily for human resourcing for the operational aspects of the project; and
 - (b) \$12,000 value-in-kind sponsorship per year for three years (starting from 2018/19), in the form of waived venue hire fees for the part-time use of a community centre with a commercial kitchen for the project.

RELEVANT LEGISLATION

29. Section 356 of the Local Government Act 1993 provides that a council may, in accordance with a resolution of the council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions.
30. In accordance with Section 356 (3), no public notification of the proposed financial assistance is required, as the University of Sydney is a not-for-profit registered charity and the financial assistance is being provided through the City's established Grants and Sponsorship Program.
31. Relevant food handling legislation and regulations associated with the project would be addressed among project partners at the project development and implementation phase.

CRITICAL DATES / TIME FRAMES

32. Subject to Council resolution to support the Knowledge Exchange Sponsorship, the ARC Linkage grant application will be submitted by the University of Sydney on behalf of project partners in late 2017. The application is expected to be determined by the ARC by July 2018, at which time, if successful, the City's three-year contribution will take effect (this will be budgeted for 2018/19, 2019/20 and 2020/21).

OPTIONS

33. Not proceeding with the proposal will result in food insecurity in the city continuing to be primarily addressed through food handouts models. These models do not address the deeper structural causative factors for food insecurity, thereby leaving a gap in the current suite of responses.

PUBLIC CONSULTATION

34. This project has not been subject to wider community engagement. If the ARC Linkage grant application is successful and the project is initiated, community engagement will be undertaken with a focus on recruiting program participants from the city's communities of residents facing disadvantage, specifically networks of residents from local social housing, Aboriginal and Torres Strait Islander, and refugee and asylum seeker communities.

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