



# How to Grow a Successful Precinct

Insights Series on the Role That Precincts Play in Evolving the Urban Landscape and Growing Industries and Economies

An economic precinct (sometimes called a cluster) is a geographical area with a greater-than-average cluster of industry-specific resources, labour, and knowledge centred around related industries. Precincts are an important driver of economic growth, by increasing the depth and specialisation of the workforce, lowering costs and increasing productivity. This article provides precinct stakeholders with practical guidance based on the activation strategies of successful precincts.

## What Makes a Good Precinct: Recap<sup>1</sup>

In the dynamic global economy, there is a need to constantly build and reshape comparative advantage. This advantage can be achieved through precincts that foster innovation, productivity, and competitiveness.

While there is no one-size-fits-all approach to precinct development, success is influenced by a well-known set of factors, including a deep labour force, the presence of anchor tenants, infrastructure, and supportive policies and strategies.

## Relevance of Precincts to Economic Development

Precincts offer governments a strategic investment opportunity during periods of structural change, particularly in regions affected by declining industries. Industry adjustment programs focused on well-targeted precincts have demonstrated positive and sustainable outcomes.

When identifying successful precincts, key indicators of their success include:



- **Partnership investment** - Strong investment from both public and private sources is a sign of precinct success and future prosperity.
- **Increasing innovation expenditure** - Precincts increase the ease and effectiveness of R&D, resulting in higher R&D expenditures.<sup>2</sup>
- **Increasing regional average wages** - The share of employment that is comprised of jobs within a region's areas of specialisation (across 'cluster categories') is positively related to a region's expected average wages.
- **Increasing specialisation** - Precincts result in increasingly specialised material and intermediary inputs, machinery and services, and can result in the emergence of specialised infrastructure from public and private investment.
- **The emergence of specialised institutions** - Institutions arise providing specialised training, education, information, research, and technical support.

### How Can Success Be Achieved?

Precincts can attract successful partners, provided they understand their existing or potential strengths, with the right strategy in place.

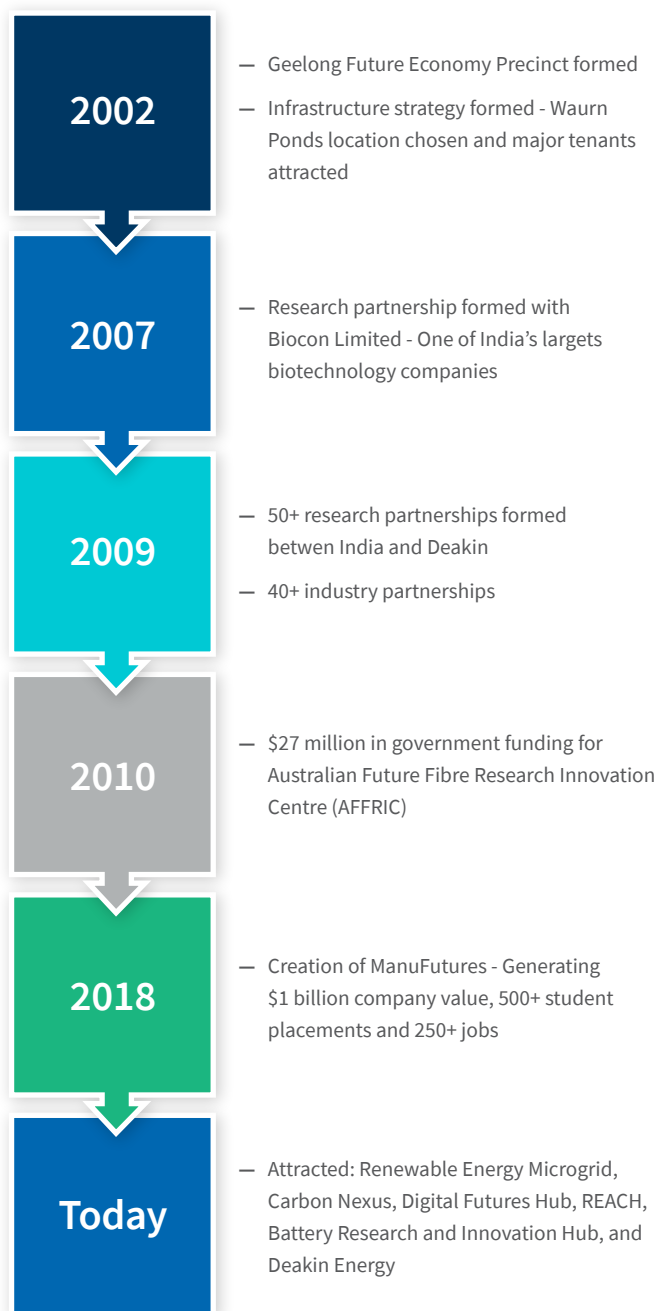
FTI Consulting spoke to the former Pro Vice-Chancellor of Strategic Partnerships at Deakin University (Deakin), who highlighted the critical role of strategic planning and ongoing engagement across industry, universities, and government to foster collaboration and continually shape the strategy. Implementing a cluster-based development strategy may pose challenges in speed and complexity; however, there is strong evidence that a precinct-based approach outperforms fragmented efforts in job creation.

Universities play a pivotal role in precinct development, facilitating deeper collaboration among industry, government, and universities. The below case study of the Geelong Future Economy Precinct provides valuable insights into successful strategies to drive precinct growth.

### The Geelong Future Economy Precinct

The Geelong Future Economy Precinct (the Precinct) of today emerged from the closure of the car manufacturing industry, prompting a shift in the Australian manufacturing landscape.

### A Quick Timeline of the Precinct<sup>3,4</sup>



Situated at Deakin Waurin Ponds campus since 2002, the Precinct has created more than 1,000 jobs, generated \$520 million in commercialisation value from 2020 to 2022, and has formed 18 joint ventures and other vehicles with a market value of \$1 billion.<sup>5</sup>

Amongst Australian Universities, Deakin ranks first for equity held in start-up and spin-out companies, and of all R&D organisations in Australia and New Zealand, it ranks second after the CSIRO.<sup>6</sup> This high level of success has been driven in part by Deakin's ability to engage with stakeholders to create value and continuously foster precinct development.

Unlike its original narrow aim centred around R&D,

today the precinct focuses on the integration of high-level research capabilities with industrial-scale infrastructure and specialised research equipment.<sup>7</sup> Within this framework, it supports and provides opportunities for all partnerships ranging from startups to advanced manufacturing enterprises.

The expert advice received by FTI Consulting on achieving strategic partnerships in the Precinct covers four main areas:

- Adopting a partnership model based on capital and knowledge sharing.
- Incentivising access to joint or shared facilities.
- Sustaining engagement with stakeholders and leveraging regional priorities.
- Developing capabilities in current and potential areas of advantage.

### 1. Adopting a Partnership Model with Capital and Knowledge Sharing

To facilitate industry collaborations, the Future Economy Precinct has employed a partnership model, resulting in over 40 collaborations with industry leaders including Ford, Carbon Revolution, Quickstep, and Conflux Technologies, focused on capital and knowledge sharing.<sup>8,9</sup>

The university provides infrastructure for companies to co-locate, fosters collaborative spaces, shares industry specific knowledge, and offers training courses, attracting major anchor tenants such as the CSIRO. In addition, the Precinct has attracted small-to-medium enterprises by offering incubator programs and shared facilities, aiding their rapid scale-up to advanced manufacturing enterprises.

In return, the businesses will take on graduates, providing a place for them to gain job-ready skills and conduct industry research.<sup>10</sup>

### 2. Incentivising Access to Joint or Shared Facilities

Deakin has been and continues to promote future industry growth in the designated area by focusing on infrastructure. This includes upgrading roads, improving intersections and ensuring access to buildings and services, aligning with its objective to provide 14 hectares of ‘project-ready’ land for industry.<sup>11,12</sup>

The Precinct attracts industry through its offering of access to advanced equipment, available on a fee basis to support the development of advanced capabilities at a low cost and risk for industry. Additionally, employees can receive adjunct professor status to gain access to joint university facilities such as libraries.

Effective innovation and precinct design, including

investment in research facilities, contribute to increased productivity. For example, Carbon Nexus, a significant research facility within the Precinct, has made substantial advancements in carbon fibre and composites research. This has resulted in numerous commercial successes, including Carbon Revolution’s ASX listing as a supplier of lightweight carbon fibre wheels to the global automotive industry. This success has attracted funding from various green investment funds and fostered commercial partnerships with global manufacturers.<sup>13</sup>

### 3. Sustaining Engagement with Stakeholders and Leveraging Regional Priorities

Government played a critical role in relocating and redeveloping expertise at the Precinct. A prime example is the 2014 Geelong Region Innovation and Investment Fund (GRIIF), which amounted to a \$29.5 million package and was jointly funded by the Australian and Victorian Governments along with Ford Australia.<sup>14</sup>

This fund, established to support the Geelong region after Ford’s 2016 production closure announcement, expanded with a \$5 million contribution from Alcoa Australia to assist communities affected by the Port Henry smelter closure.<sup>15</sup> Carbon Revolution, within Carbon Nexus, received a \$5 million GRIIF grant to develop a \$23.8 million carbon wheel manufacturing facility, creating up to 150 jobs.<sup>16</sup>

Additionally, the ManuFutures program, established in 2018 with \$3.5 million in support from the Victorian Government’s Regional Jobs and Infrastructure Fund, transformed at-risk expertise into a national centre for manufacturing innovation within the Precinct.

The success of this initiative was bolstered by a \$20 million joint partnership with the Victorian Government to double the ManuFutures Hub, resulting in the creation of ManuFutures 2 in 2021.<sup>17</sup> This initiative has been praised as a prime example of how university supported manufacturing businesses in one location can benefit industry, universities and the community.<sup>18</sup>

### 4. Building Capability in Current or Potential Areas of Advantage

To enhance expertise, strategic ‘cluster hire’ may be necessary. This approach involves recruiting the top three or so leading experts in a particular field, rapidly introducing new capabilities. It is most effective when experts are brought on board intentionally to strengthen expertise in specific areas of advantage. This strategy can be complemented by introducing new courses or qualifications aligned to targeted areas of specialisation offered by the precinct.

## How We Can Help You Operationalise Your Precinct Success

Understanding the factors that support or inhibit precinct success can help identify pathways to improvement. At FTI Consulting, we support strategic initiatives in universities and government by leveraging a comprehensive approach and a diverse range of capabilities to move concepts from mind to market. To support activation of a strategic priority, we draw on our deep expertise in economic development, business modelling, industry sector insights, and government policy across three key areas:

- 1. Planning** – Business models for centres, institutes and programs; co-investment business cases for funding; and competitive landscape and precinct analysis.
- 2. Implementation** – Precinct integration (ecosystem development); industry partnerships and co-location in precincts; and governance/advisory structures.
- 3. Delivery** – Socio-economic-environmental impact assessments; and self-sustainability and performance analysis.

<sup>1</sup> FTI Consulting, 'What makes a good precinct?', 21 November 2023, <https://www.fticonsulting.com/insights/articles/what-makes-good-precinct#:~:text=Infrastructure%20%E2%80%93%20access%20to%20low%2Dcost,sufficient%20to%20shipping%20systems>

<sup>2</sup> Office of the Chief Economist, 'The role of spillovers in research and development expenditure in Australian industries', April 2017, [https://www.industry.gov.au/sites/default/files/May%202018/document/pdf/the\\_role\\_of\\_spillovers\\_in\\_research\\_and\\_development\\_expenditure\\_in\\_australian\\_industries.pdf](https://www.industry.gov.au/sites/default/files/May%202018/document/pdf/the_role_of_spillovers_in_research_and_development_expenditure_in_australian_industries.pdf)

<sup>3</sup> Deakin University, 'Timeline', 2023, <https://history.deakin.edu.au/s/hd/page/timeline#event-indian-research-facility-opens>

<sup>4</sup> Advanced Fibre Cluster Geelong, 'Deakin University will double the size of ManuFutures Hub and open-up the Geelong-based success to key regional centres, thanks to a \$20M partnership with the Victorian Government', March 2021, <https://www.advancedfibrecluster.org.au/news/deakin-university-doubles-size-of-manufutures-and-open-up-the-geelong-based-success-to-regional-centres-thanks-to-victorian-government/>

<sup>5</sup> Advanced Fibre Cluster Geelong, 'Deakin University will double the size of ManuFutures Hub and open-up the Geelong-based success to key regional centres, thanks to a \$20M partnership with the Victorian Government', March 2021, <https://www.advancedfibrecluster.org.au/news/deakin-university-doubles-size-of-manufutures-and-open-up-the-geelong-based-success-to-regional-centres-thanks-to-victorian-government>

<sup>6</sup> Deakin University, 'Geelong Future Economy Precinct', July 2024, <https://www.deakin.edu.au/research/research-partnerships/geelong-future-economy-precinct>

<sup>7</sup> Deakin University, 'Geelong Future Economy Precinct', July 2024, <https://www.deakin.edu.au/research/research-partnerships/geelong-future-economy-precinct>

<sup>8</sup> Deakin University, 'Industry and community partnerships', 2024, <https://www.deakin.edu.au/faculty-of-business-and-law/industry-and-community-partnerships>

<sup>9</sup> Deakin University, 'Geelong Future Economy Precinct: Infrastructure to drive Geelong's future economy', [https://www.deakin.edu.au/\\_data/assets/pdf\\_file/0003/2702064/230320\\_GFEP\\_A4Brochure\\_v6.pdf](https://www.deakin.edu.au/_data/assets/pdf_file/0003/2702064/230320_GFEP_A4Brochure_v6.pdf)

<sup>10</sup> Deakin University, 'Geelong Future Economy Precinct: Infrastructure to drive Geelong's future economy', [https://www.deakin.edu.au/\\_data/assets/pdf\\_file/0003/2702064/230320\\_GFEP\\_A4Brochure\\_v6.pdf](https://www.deakin.edu.au/_data/assets/pdf_file/0003/2702064/230320_GFEP_A4Brochure_v6.pdf)

<sup>11</sup> Press release, 'Geelong Future Economy Precinct nears finish line', 17 February 2021, <https://www.paulfletcher.com.au/media-releases/geelong-future-economy-precinct-nears-finish-line>

<sup>12</sup> Regional Development Victoria, 'Annual Report 2022-23', September 2023, [https://www.rdv.vic.gov.au/\\_data/assets/pdf\\_file/0004/2227072/RDV-Annual-Report-2022-2023.pdf](https://www.rdv.vic.gov.au/_data/assets/pdf_file/0004/2227072/RDV-Annual-Report-2022-2023.pdf)

<sup>13</sup> Deakin University, 'Timeline', 2023, <https://history.deakin.edu.au/s/hd/page/timeline#event-australian-future-fibre-research-innovation-centre>

<sup>14</sup> Press release, 'Grants to boost innovation and industry in Geelong region', 19 November 2015, <https://www.premier.vic.gov.au/grants-boost-innovation-and-industry-geelong-region>

<sup>15</sup> Press release, 'Grants to boost innovation and industry in Geelong region', 19 November 2015, <https://www.premier.vic.gov.au/grants-boost-innovation-and-industry-geelong-region>

<sup>16</sup> Financial Review, 'Geelong's Carbon Revolution gets \$5m grant', 4 March 2014, <https://www.afr.com/companies/manufacturing/geelong-s-carbon-revolution-gets-5m-grant-20140304-ixnr0>

<sup>17</sup> Advanced Fibre Cluster Geelong, 'Deakin University will double the size of ManuFutures Hub and open-up the Geelong-based success to key regional centres, thanks to a \$20M partnership with the Victorian Government', March 2021, <https://www.advancedfibrecluster.org.au/news/deakin-university-doubles-size-of-manufutures-and-open-up-the-geelong-based-success-to-regional-centres-thanks-to-victorian-government/>

<sup>18</sup> Deakin University, 2017 Annual Report, 15 March 2018, [https://www.deakin.edu.au/\\_data/assets/pdf\\_file/0010/1343908/Deakin-University-Annual-Report-2017.pdf](https://www.deakin.edu.au/_data/assets/pdf_file/0010/1343908/Deakin-University-Annual-Report-2017.pdf)

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