

## Hort Innovation Levy Payer Workshop Outcome

Centre for Dry Tropics Agriculture, Bowen, Qld  
Tuesday 8 March 2016

### Background

Horticulture Innovation Australia (Hort Innovation) has held Levy Payer Workshops nationally to assist with the development of the company's inaugural Strategic Plan, setting the strategy to 2018. The purpose of the workshops were to consult with horticulture levy payers to gain their input in shaping the company's strategy and its implementation. The strategy is also underpinned strongly by Hort Innovation's constitution and the Deed of Agreement with the Commonwealth.

Presentations were delivered at each workshop regarding company operations, particularly in relation to levy investments (Pool 1) and the Strategic Co-investment Funding Pool (Pool 2). Feedback was received at each workshop and collated into a summary. All workshop summaries will contribute towards the compilation of the company's inaugural Strategic Plan.

The summary below outlines the feedback received from attendees at the Bowen workshop.

### Main discussion points

#### *Hort Innovation in general*

The topic of transparency was put forward as an important issue regarding the investment of levy funds. Levy payers want to know where their funds are invested. This led to discussion about the new legislation to allow research and development corporations, such as Hort Innovation, to identify who their levy payers are and how much levy they have paid. It was noted that this would assist with communicating to levy payers and also improve the efficiency of the voting process for both growers and Hort Innovation. Support was expressed for the new legislation.

Growers noted their concern that the amount of levy that was taken out at the point of sale may not reach Hort Innovation. It was noted by Hort Innovation that levy collection falls under the remit of the Levies Revenue Service. Under the new legislation the traceability of levy payments may improve.

It was also noted that there needs to be transparency about the amount of money spent in administration of the company, although it was acknowledged that these costs are a necessary part of the business.

It was suggested that levies on imported produce, where they apply, should also be monitored to ensure payment.

The management of IP was queried, particularly the initial concept form for the Innovation Concept Pipeline for Pool 1 and Pool 2 investments on the website being public. It was noted that the form is deliberately short so that only limited IP need be revealed. Hort Innovation explained that it is only after Hort Innovation has gone to market for the required services, based on the advice of growers, and when detailed submissions are lodged by prospective service providers, that any real IP can be revealed. This IP is protected during the advisory process and commissioning process through confidentiality agreements and other governance processes.

Further, the timing of submissions and ideas was discussed. Hort Innovation outlined there is no set time in the year for these, as the annual call has been discontinued. A member of the Nursery industry commented on the slow turnaround of a biosecurity project it had put forward. Hort Innovation commented that the particular project had to pass through a number of stages in the approval process, but also acknowledged that the process was still being bedded down and should work more quickly in future than that. The presenter explained that ideas could be turned around very quickly if required (for example, if the industry determines that there is an imminent threat or opportunity) and that project management will continue as normal, using project milestones as the primary monitoring mechanism.

It was queried how levy payers contact Hort Innovation in general, or to make complaints. The presenter suggested the first contact should be the industry Relationship Manager, so he/she can look into the issue – there is a page on the Hort Innovation website for each industry listing the relevant contacts (relationship manager and marketing manager). If an issue isn't resolved then there is a formal complaints process in place to follow which allows matters to be escalated if they are unable to be resolved by mutual agreement.

### ***Advisory mechanism***

The question was raised about the new Strategic Investment Advisory Panels and the old Industry Advisory Committees (IAC), and whether they are different or the same. Hort Innovation explained they are considerably different because there is a new procurement system driven much more by the Strategic Investment Plan and growers rather than an annual call for proposals, all of which had to be evaluated by the IAC. It was noted that a similar process has been in place in another industry for a couple of years and that is working well. This was supported by a service provider in attendance.

It was noted by the presenter that, whilst the panels are important, of equal importance is the strategic investment plan. All growers should take the opportunity to have their say during the strategic planning process. Outside of this there will also be an opportunity to submit ideas (or just problems) to Hort Innovation through the concept portal on the Hort Innovation website.

Further questions were asked around whether Strategic Investment Advisory Panel members are going to be paid. The presenter advised attendees that members are able to claim sitting fees for their time as well as any other reasonable expenses incurred in attending meetings.

One attendee asked what/who determines the membership of the Strategic Investment Advisory Panels. Hort Innovation discussed that panel members will bring skills and expertise to suit the industry, including a spread of geography, different parts of the supply chain (grower, processors, packers, wholesalers), export and anything else that is relevant to the industry. Positions are being advertised nationally and members will be selected by an interview panel comprising one Hort Innovation director, one director of the Industry Representative Body (IRB) and one independent consultant. Panels will meet twice per year but there may be additional requirements, e.g. teleconferences.

The question was asked – who makes the final decision of tenders? The presenter advised the final decision has always been that of the Hort Innovation Board, because it has legal responsibility for the investment decision, and this will continue to be the case. It was noted, however, that Hort Innovation takes the advice of its advisory panels very seriously. Smaller projects can be approved by management depending on delegated financial authorities.

Attendees noted that a lot of people are unclear of how their industry group will be involved in the Strategic Investment Advisory Panels, with a suggestion that Hort Innovation needs to explain widely how the system works.

### ***Communications***

Those present identified that a range of information was wanted by levy-payers, specifically finished reports, ongoing reports, and general issues. This came with the recommendation to be specific about what has been done and what value it has to industry – a clear scope and conclusions (“what’s in it for me?”), or when presented, a range of topics with the ability for people to drill down and quickly access the information that they want.

It was also recommended that Pool 2 projects need to be communicated.

The suggestion was made for an interactive forum or chat room where people can pose a question and have it answered by another stakeholder, whether it be a researcher or another grower.

A members-only section of the website was also suggested by an attendee, however other attendees expressed an alternate view that this would inhibit the exchange of information e.g. among researchers and other service providers who may not have access. Further, it was stated that levy payers don’t hold all the equity in projects (and are often a minority equity-holder), so locking the information away for just levy payers isn’t appropriate.

It was highlighted that communication should be both direct and through IRBs, especially regional Industry Development Officers (IDOs). Print-ready material is also important – some people wish to print things out to read – but hard copy by post is not necessary, as this is too expensive. Additional communications could be by the way of Twitter alerts when new publications such as project reports are available online.

Face-to-face interactions with Hort Innovation staff were also recommended, once or twice per year in each region, i.e. dinners, farm visits, including senior managers, Board members and also panellists who are non-farm-based. Attendees said it is important for these people to be reminded of what is really going on in the field. June to August was mentioned as a

good time to visit the Bowen region, with 14–15 July this year as an ideal date for another meeting.

### **Pool 2 investment**

Following a brief presentation on 'Pool 2' (the Strategic Co-investment Fund Pool), the following points/questions were raised:

- Genetics is very important, and there has been declining investment in this area. It has been very difficult to replant following disasters because suitable stock has not been available. Stock from international companies does not suit local conditions. There is an opportunity for co-investment to generate a royalty flow to Hort Innovation for reinvestment. It was questioned why Hort Innovation does not pursue royalty generation more.
- Development and promotion of Best Management Practices does not appear in Pool 2, but was previously done by the nursery industry using the Voluntary Contribution (VC) mechanism. It was noted by Hort Innovation that this was more likely to be a Pool 1 investment under the new model.
- An attendee asked whether pest and disease management includes vertebrate pests. The presenter answered yes, it would. It was noted that Hort Innovation has invested in bird management projects in the past and is also currently looking at management of magpie geese.

A process was undertaken in which each participant 'invested' a nominal \$100 across the five established and further 14 proposed funds under 'Pool 2' (the Strategic Co-investment Fund Pool). The results were as follows:

<b>Theme/Fund</b>	<b>'Investment'</b>
<b>Building capacity</b>	
Leadership and people development (established)	\$148
Industry data	\$0
Discovery research	\$0
Contingency research	\$0
<b>Driving growth</b>	
Asian markets (established)	\$155
Health, nutrition and food safety (established)	\$15
Consumer and market insights	\$25
New product development	\$0
<b>Stimulating productivity</b>	
Intensive and protected cropping	\$10
Emerging and advanced technologies	\$150
Genetic improvement and breeding	\$245
Food waste	\$60
<b>Managing risk</b>	
Fruit fly (established)	\$117
Pest and disease management	\$155
Chemical access and registration	\$130
<b>Enabling sustainability</b>	
Green cities (established)	\$120
Pollination capacity	\$50

Theme/Fund	'Investment'
Land, soil, water and climate	\$100
Northern Australia	\$0

The group discussed the results, and in particular recapped on the high priority placed on genetic improvement and breeding. The area has major problems with pests, to the point where people have stopped growing tomatoes, zucchinis, capsicums and other produce because of a lack of varieties able to cope with the pest pressure. New variety development used to be strong locally but this is no longer the case.

The results of this prioritisation will be collated with those of the other workshops and taken into account by the Hort Innovation as decisions are made regarding the establishment of further funds.

### **Key takeouts for the Strategic Plan**

#### ***Company operations***

- Hort Innovation should endeavour to be as transparent as possible around levy investments in research and marketing, as well administrative and corporate costs.
- There is support for the proposed legislation to pass grower contact details and levy payment information to RDC's.
- A range of recommendations were given around communications including on the matters of:
  - Password protection for levy investment outcomes
  - Levels of detail in reporting
  - How to present information to growers in a way that can be easily read and understood, including what it means for a grower
  - Suggestion for an online forum
  - Ability to drill down for greater detail
  - Communicating via existing investments in industry development personnel and IRB's
  - Communicating directly and visiting growers on a regular basis
  - Communicating to growers on Pool 2 investments

#### ***Levy investment (Pool 1)***

- Hort Innovation should ensure transparency around the Strategic Investment Advisory Panel process, the panels' decision making and outcomes, panel recruitment and how all of industry will/can be involved.

#### ***Strategic Co-investment (Pool 2)***

- The high priority investment themes recommended from the meeting placed genetic improvement and breeding as the main area of interest, particularly the major problems with pests and a lack of varieties able to cope with the pest pressure. New variety development was also suggested.

**Attendees**

Approximately 17

**Industry sectors represented**

Mango, Nursery, Vegetable