

Hort Innovation Levy Payer Workshop Outcome

Market Fresh Centre, Brisbane, Qld

Thursday 4 February 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 was 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 Brisbane workshop.

Main discussion points

Hort Innovation in general

There was comment that there was no official note taker for the meeting. The presenter acknowledged this and advised that there was a staff member who was taking notes which would be made available on the website at the conclusion of all of the meetings. Further, it was raised that a Hort Innovation senior manager or board member and a Hort Innovation export manager should have been present at the meeting. Hort Innovation acknowledged these comments and said this feedback would be passed on.

A specific action requested by the group was for the staff present to find out about progress on the export committee within Hort Innovation. Hort Innovation made an undertaking to look into this matter and provide an update to participants at a later date.

Comment was made that the operational personnel at Hort Innovation are spread too thin and have too much to do. There was also feedback that there are too many levels of bureaucracy when dealing with Hort Innovation, and it takes too long for decisions to be made. Further, a point was raised that two months is not sufficient time to put together a proper corporate strategic plan. There was also concern that growers were never consulted regarding the transformation from HAL to the new model.

A comment was made that HAL was not a grants body, despite that comment in the opening presentation.

It was raised that a fundamental shortcoming of the new model is the fact that “one size doesn’t fit all” in respect to different industries. The process has been allowed to override the outcomes – for example, the conflict of interest problem with Industry Representative Bodies (IRBs) has been overstated. Smaller industries, and some larger industries, have been affected more by the changes.

Clarification was required as to whether Hort Innovation’s vision was for all of horticulture, as the language implies the company serves only levied industries. Further, the question was asked as to the percentage of levy payers who have become members of Hort Innovation.

There was comment that Hort Innovation is over-promising and under-delivering, is too expensive and too inwardly focussed on its own issues. Particular industries feel they have no control over their marketing levy. They questioned whether marketing levies should be taken from Hort Innovation and delegated to IRBs.

Advisory mechanism

There was comment that the advisory process and structure has become more complex. Some attendees expressed a lack of confidence in the funnel system, specifically regarding IP protection. Hort Innovation highlighted the fact that IP considerations are taken into account from the first review of concepts once they are entered into the innovation funnel.

It was raised that the relationship between Hort Innovation and IRBs (especially at state level) has become more confrontational than collaborative. There is a view that the IRBs are doing more work than ever before. Some industries expressed concern that they are losing corporate memory because of the changes at Hort Innovation.

A point was raised regarding a lack of accountability, transparency and representation in the advisory panel members. This has led to loss of trust in Hort Innovation by some individuals. Furthermore comment was made that there is a need for governance guidelines when it comes to the make-up of the panels.

It was raised that paperwork from Hort Innovation is too wordy, and needs to be simplified as growers do not have time to go through it.

The question was asked regarding the tender process, specifically as to whether or not a proper legal procurement procedure will be put in place. Hort Innovation highlighted the fact that their new procurement system is based on the Government procurement system to providing an improved level of governance and rigour.

Communications

Recommendations as to how Hort Innovation could improve their communications were made. Specifically that, although there is plenty of communication now, it reflects a misunderstanding of the audience. Attendees would like to see communication coming from

IRBs, and targeted communications by industry. The presenter acknowledged the value that IRBs can provide in relation to communication and more collaboration is required in future.

There was comment that IRBs should be reinstated on panels, as industries need a voice, and also that IDOs should be restored. There was also a view that in some cases, the IRBs should manage the advisory process.

Levy payers want to see outcomes, not just information about Hort Innovation. They want to see the "job get done". There was also call for the Hort Innovation Board to show what they are doing to address major issues, and timeframes for doing so.

Hort Innovation acknowledged these suggestions and they will be taken into consideration for future Hort Innovation communications.

Pool 2 investment

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

- Some industries – including macadamia and avocado – have an underlying concern about Pool 2 because they pay levies in excess of the 0.5% GVP matching cap.
 - These levies were struck with the understanding that there would 1:1 matching for all of the levy funding.
 - The removal of the matching government money above 0.5% 'goes against the spirit' of RDCs.
- Care needs to be taken to avoid silos in Pool 2.
- The long-term nature of Pool 2 means that smaller cross-industry projects may be overlooked.
- Clarification was sought on whether unmatched marketing funds can form part of Pool 2 funds.
- Involvement of service providers in Pool 2 is problematic.
 - It is a huge burden to identify co-investors.
 - There are concerns over IP protection.
- Has the data from the Pool 2 process from last year been analysed?
 - That analysis would underpin people's 'investment' (see exercise below).
- How can Pool 2 ideas, aligned to the Hort Plan, be submitted when the plan hasn't even been finished yet?

A process was proposed in which each participant would 'invest' a nominal \$100 across the five established and further 14 proposed funds under 'Pool 2' (the Strategic Co-investment Fund Pool).

It was noted that this process would not be the only process being used to prioritise investment and that other factors would be considered when determining the final investment funds. Despite this assurance, there were objections to the 'investment' exercise by this workshop group on the grounds that the results would not be statistically robust and that they would be used inappropriately by Hort Innovation. It was agreed that those who wished to participate could do so, and that they should indicate in their allocation what

industry they are involved in, and the role they play in that industry (e.g. levy payer, IRB), to allow some interpretation of the results.

Fourteen people elected to participate (a total of \$1400). The results were as follows:

| Theme/Fund | 'Investment' |
|---|---------------------|
| Building capacity | |
| Leadership and people development (established) | \$150 |
| Industry data | \$75 |
| Discovery research | \$70 |
| Contingency research | \$50 |
| Driving growth | |
| Asian markets (established) | \$135 |
| Health, nutrition and food safety (established) | \$60 |
| Consumer and market insights | \$150 |
| New product development | \$30 |
| Stimulating productivity | |
| Intensive and protected cropping | \$20 |
| Emerging and advanced technologies | \$100 |
| Genetic improvement and breeding | \$180 |
| Food waste | \$0 |
| Managing risk | |
| Fruit fly (established) | \$0 |
| Pest and disease management | \$65 |
| Chemical access and registration | \$175 |
| Enabling sustainability | |
| Green cities (established) | \$50 |
| Pollination capacity | \$20 |
| Land, soil, water and climate | \$70 |
| Northern Australia | \$0 |

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

Key takeouts for the Strategic Plan

Company operations

- Hort Innovation to ensure representation from all industries in the company's vision.
- It is important for Hort Innovation and the IRBs to collaborate in relation to communications to growers, and to also ensure years of work and knowledge are not lost.
- The transition from HAL to Hort Innovation was not well communicated and in general, and communication from Hort Innovation needs to enhance transparency.

- Hort Innovation to consider its communication to be more industry-specific and useful – as in resources and useful tools that share relevant information.
- Communication needs to have a focus on demonstrating how levies are invested for the benefit for growers.

Levy investment (Pool 1)

- The activities and outcomes of Hort Innovation's advisory panels are to be more transparent.
- Hort Innovation to ensure fair grower and industry representation on advisory panels, including IRBs.

Strategic Co-investment (Pool 2)

- Genetic improvement and breeding was the most supported fund and received more votes (relatively) at Brisbane than at any other workshop, although this was heavily influenced by a large service provider vote.
- The next most supported funds were Chemical Access and Registration, Leadership and People Development, Consumer and Market Insights and Asian Markets. All of these received support across several industries.

Attendees

Approximately 27

Industry sectors represented

Avocado, Banana, Cut Flower, Hazelnut, Macadamia, Mango, Nursery, Onion, Passionfruit, Pineapple, Pistachio, Tomato – Fresh & Processing, Walnut