

Hort Innovation Levy Payer Workshop Outcome

Richmond Golf Club, Richmond, NSW
Thursday 21 January 2016

Attendees

Approximately 20

Industry sectors represented

Apple and Pear, Citrus, Mushroom, Nursery, Persimmon, Summerfruit, Turf

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 Richmond workshop.

Main discussion points

Hort Innovation in general

Discussion was had around the transition from Horticulture Australia Limited (HAL) to Hort Innovation. Some expressed the view that not all features of the HAL model were "broken" and should not be thrown out unnecessarily. The comment was made that a restructure to deal with a few conflicted industries could have been avoided if HAL had been "managed properly".

In terms of the vision, the comment was made that "dried fruit" was not captured in the statement. This was acknowledged by the presenter.

Further, comment was made that it appears to have taken Hort Innovation a long time to transition to the new model – some attendees believed that they were not well enough informed about what was happening during this period. Hort Innovation explained the

transition process was always going to be a 12 month process at least but acknowledged that communications to industry could have been more efficient during this time.

The question was raised as to how Hort Innovation should measure and report its performance. It was also proposed that better outcomes would be likely if growers got more involved and provided input. The presenter outlined that Hort Innovation is required under the new Deed of Agreement with the government to develop and implement a company monitoring and evaluation framework. It was noted that framework has been developed and is being implemented. The framework will apply to different aspects of the organisation and its investments, including industry levy fund programs.

Finally, there was an objection that Directors of an Industry Representative Body (IRB) could not be nominated as Directors of Hort Innovation and that the decision to change this was made too late in the lead up to the Annual General Meeting (AGM).

It was raised that the IRBs have suffered with their flow of funding drying up from the removal of consultation funding, potentially threatening years of continuous building and knowledge. Changes were seen by some to be “anti-IRB”, but it was generally accepted that industries are diverse which can raise difficulties. The question was asked as to why the state organisations do not have access to some funds. It was noted that state level activities are still able to be funded through levy programs if the industry supports investing funds into these activities, however it was also confirmed that these activities were no longer able to be funded with voluntary contributions.

In particular, it was noted that the mushroom marketing program was severely disrupted with “nothing executed in the year”. This comment was noted by the presenter and an undertaking was made to look into this matter.

It was agreed that there are differences between industries. Hort Innovation representatives noted that IRBs still have the opportunity to provide paid services to Hort Innovation, and many still are, but a competitive process was required to ensure the IRB is the best provider – and this is not always the case.

Advisory mechanism

Feedback was provided that some industries are unhappy with the selection process, as it appears biased or not consultative enough – some preferred grass-roots nominations filtered up through the IRB so that advisory representatives were widely supported. There was significant agreement that the board-imposed policy of no more than two IRB representatives on any Strategic Investment Advisory Panel (SIAP) is inappropriate and should be judged on an industry-by-industry basis. This was acknowledged by the presenter. It was noted that the expression of interest process was open and transparent and allowed any grower to apply to participate on the panels. Although the panels are skills based, the selection process also aims to ensure that there is good representation of different sectors and geographic areas.

The concern was raised that limitations of IRB representatives on panel has led to “bleeding” of IRBs’ knowledge with support given to the selection panel approach. There is a

hope that Hort Innovation acts in the best interest of growers, and a belief that SIAPs should have more decision-making power in relation to projects. The presenter acknowledged the value that IRBs can provide. It was also noted that, whilst Hort Innovation has direct legal responsibility for the investments it makes, it is dependent on the advice of growers and takes the advice of growers very seriously.

The question was raised as to how growers can influence without being a part of SIAPs as some growers do not have the time to attend but want their say to be heard. Further, it was requested that minutes of panel meetings be published. Finally, there was some discussion that panels should have the power to make decisions, not just advise Hort Innovation – but it was acknowledged that Hort Innovation has corporate governance responsibilities and a Board that takes ultimate responsibility for decisions. It was discussed that the strategic planning process is a key opportunity for all growers to have a say in the direction of the research and development and marketing programs of industries. In addition any grower can submit an idea or outline a problem they are facing through the concept form on the Hort Innovation website.

Finally, the Hort Innovation Board imposed a policy of no more than two IRB representatives on any Industry Advisory Committee – this was seen as inappropriate and it is proposed that this be judged on a per industry basis. This was acknowledged by the presenter.

Communications

The broad industry newsletter from Hort Innovation was seen as positive, but anything happening within industry need also to be communicated. Hort Innovation acknowledged that communications to industry can be more tailored in future.

The request was made for more detailed financial statements with accompanying information on the projects themselves. Further, it was suggested that all projects should have a communication portion in the project (understanding that it is often more efficient to pool this money into whole-industry communications or extension projects). Hort Innovation noted that financial summaries and project lists are available on the website and agreed that a higher level of information is desirable and is possible in the future.

It was stated that Hort Innovation has a role to reduce duplication of information across industries and look for connections, opportunities and patterns in the information. An idea was proposed that growers should be able to select areas they are interested in – industries and themes (e.g. biosecurity), both for the purposes of searching a database and receiving updates. Also a research database was proposed for cross industry learning and to show effective use of government funds. Hort Innovation acknowledged these suggestions and they will be taken into consideration for future Hort Innovation communications.

The view was provided that the IRBs play an important role in continuity and protecting intellectual property regardless of the future of Hort Innovation. Hort Innovation acknowledged and agreed with this point.

Specifically, it was recommended that 'Between the Rows', with the Chair and CEO, has been done and does not need to be continued. This was acknowledged by the presenter and will be considered when planning for future Hort Innovation events.

From a research and development perspective, the recommendation was made for global input and enhanced sharing of information. Finally, it was mooted that there should remain a tiered approach to communications where senior Hort Innovation representatives communicate with senior industry and Hort Innovation communicates with industry and they to the levy payer. Hort Innovation acknowledged these suggestions and they will be taken into consideration for future Hort Innovation communications.

It was acknowledged that there are groups of growers who don't want to participate. This was acknowledged by the presenter.

Strategic Co-investment (Pool 2)

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).

It was noted that this process was not the only process being used to prioritise investment and that other factors would be considered when determining the final investment funds.

The results were as follows:

Theme/Fund	'Investment'
Building capacity	
Leadership and people development (established)	\$50
Industry data	\$60
Discovery research	\$50
Contingency research	\$0
Driving growth	
Asian markets (established)	\$15
Health, nutrition and food safety (established)	\$220
Consumer and market insights	\$100
New product development	\$70
Stimulating productivity	
Intensive and protected cropping	\$80
Emerging and advanced technologies	\$140
Genetic improvement and breeding	\$60
Food waste	\$65
Managing risk	
Fruit fly (established)	\$105
Pest and disease management	\$80
Chemical access and registration	\$80
Enabling sustainability	
Green cities (established)	\$280
Pollination capacity	\$40
Land, soil, water and climate	\$100

The group discussed the results. Some points/questions included:

- Some of the funds lack detail at this stage and are therefore hard to judge.
- Not every fund applies to all industries – for example, Green Cities or Asian Markets.
- How is Pool 2 funded?

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

- The good processes from HAL should be considered for Hort Innovation and not thrown out unnecessarily.
- Hort Innovation to ensure representation from all industries in the company's vision.
- It is important for Hort Innovation and the IRBs to collaborate to ensure years of work and knowledge are not lost.
- Directors of IRBs should be considered to nominate as Directors of Hort Innovation.
- The transition from HAL to Hort Innovation was not well communicated and in general, communication from Hort Innovation needs to enhance transparency.
- Hort Innovation must measure its performance.
- Hort Innovation to consider its communication to be more industry-specific and useful – as in resources and useful tools that share relevant information.

Levy investment (Pool 1)

- The limitations placed on IRBs in terms of advisory panels, which may lead to loss of knowledge, need to be considered.
- Hort Innovation to better communicate how growers can influence decisions without being on advisory panels.
- The activities and outcomes of Hort Innovation's advisory panels are to be more transparent.

Strategic Co-investment (Pool 2)

- The Green Cities fund attracted a high level of interest which was likely influenced by the high level of representation from the nursery and turf industries.
- The Health and Nutrition fund also scored well reflecting many comments at the workshop around the value of driving growth through messaging such as this.