

## **Hort Innovation Levy Payer Workshop Outcome**

The Grand Chancellor Hotel, Launceston, TAS

Friday 29 January 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 Launceston workshop.

### **Main discussion points**

#### ***Hort Innovation in general***

It was raised that some attendees were not clear on all of the functions of Hort Innovation, nor did they feel it was clear enough on the website. A question was raised as to if it is worthwhile having a Research and Development Corporation (RDC) for horticulture and that real changes are required, not just "superficial" ones. A point was made that Hort Innovation shouldn't "reinvent the wheel", including the R&D undertaken. This was acknowledged by the presenter and attendees were referred to the organisational diagram on the Hort Innovation website.

There was concern raised around the level of outputs from Hort Innovation over the last 18 months. Some attendees questioned what the three biggest outcomes were of the \$100 million investment the 2014/15 financial year. Hort Innovation outlined that there are more than 40 different industries within Hort Innovation. Contracting continued throughout the 18 months following previous advice from industry through the Industry Advisory Committees.

There was concern that during the transition, the Industry Representative Bodies (IRBs) didn't have as much input as they perhaps could have. It was also raised that regional, grower-owned bodies should be utilised as conduits to the levy payers as there are

approximately 30,000 levy payers, and it is difficult for Hort Innovation to communicate with them all and gain relevant feedback. Hort Innovation acknowledged this and agreed that such bodies were of great value. More will be done in the future to work with these groups including coming to more locally run activities.

It was proposed that the current Hort Innovation model is a flawed one. It went from an industry-based model, to a grower-based model, and it shouldn't be a hybrid model to suit a lot of industries as there should be different classifications of industries. There was mention that the model should be re-adjusted so there is a greater opportunity for communications and that Hort Innovation should look at different advice systems with the feedback provided that projects shouldn't be decided by six growers on a panel. Further, the projects the grower panels are advising and the panel members should be communicated to all growers. The presenter acknowledged this and outlined that Hort Innovation had moved to a grower based organisation. The new advisory processes are being put in place with opportunities open for growers to be a panel member. The presenter noted that this is an ongoing process to work through the industries with the first wave of Strategic Investment Advisory Panels having been selected recently. Further, panel selection for other industries will undergo the open process and expressions of interest are encouraged from growers and other stakeholders. Hort Innovation has a requirement for the panel to consist of mostly levy paying growers and selection is based upon a range of attributes including expertise, geography and experience.

There was a comment that the company model was a good one, and larger levy payers are more interested in what Hort Innovation will do to help them spend their money in the right area. It was pointed out that until the levy investment pool (Pool 1) is running smoothly, people will see the Strategic Co-investment (Pool 2) as separate and not as important. Hort Innovation agreed the process needs to run smoother and will continue to make improvements to address this.

Attendees advised that they would prefer the process be more flexible than it was in HAL. It was also raised that Hort Innovation needs to show that the new process is quicker. This was noted by the presenter.

The question was raised whether or not an individual's levy money is invested in their own industry. Hort Innovation advised that an individual's levy money is invested in their own industry. The priorities for the various Pool 2 funds have been developed through an open consultative process which encouraged growers and other stakeholders to provide input.

A comment was made that Hort Innovation should be learning from other RDCs such as MLA which could assist in addressing some of the issues Hort Innovation currently has. The presenter acknowledged this comment and it was noted as part of the collation of feedback.

The question was asked regarding in-kind and unmatchable additional funds – is it still possible to include them in Pool 1 projects under Hort Innovation? The view was shared that the challenge is maintaining the critical mass, the funding pie is shrinking and so is the expertise available to industry. The presenter explained that the Voluntary Contribution (VC) process within HAL has ceased and been replaced with the more strategic approach through the Pool 2 funds. Unmatched additional funds on top of the matched R&D levy as well as in-kind are still included within Pool 1 projects. Regarding the critical mass of expertise, this is acknowledged and can be addressed only partially through the R&D conducted for the various industries. One project helping is the Regional Capacity Building project being developed within the vegetable industry.

Hort Innovation was advised to talk to industry representatives to get their feedback, and overcome the terminology issues within industry regarding the scientific outcomes. Hort Innovation acknowledged this feedback.

There was concern that Hort Innovation is driven by government. The suggestion was made that Hort Innovation should try and attain freedom from government. The presenter explained Hort Innovation's funding relationship with government and that the company is a grower owned organisation. Industry strategies have wide grower input via a consultative process with many industry strategies to be updated within the next few years.

Finally, there was concern that there was discrimination against the IRBs around the tender process, and the different daily rates for different IRBs. This comment was noted by the presenter and an undertaking was made to look into this matter.

### ***Advisory mechanism***

A suggestion was made that Hort Innovation should look at the different values of projects, and devise a cost based advisory mechanism. It was advised that bigger growers want private projects as they need the research to suit their own businesses, and Hort Innovation need to be flexible enough to get the work done quickly if it's seasonal. This suggestion was acknowledged by the presenter and and it was collected as part of the workshop feedback.

There were concerns that the new advisory system is less flexible and that levy payers could become alienated if the process becomes tedious. It was advised that growers do not want to pay levies if they don't see the value. This was noted by the presenter who acknowledged that Hort Innovation could better communicate the advisory system process and its benefits to growers and industry.

It was raised that "one person on the panel could have undue bias", and also that local advisory committees would be better for bigger industries. It was questioned how Hort Innovation proposes to buffer the advisory to make sure an even indication of what the whole industry wants is given, leading to a suggestion that local panels should feed into the 'central' industry advisory panel. There should be greater communication of rules around advisory panels. The presenter acknowledged this comment and advised that there was to

be an independent chair for each of the Strategic Investment Advisory Panels which should overcome dominance by one person. Conflicts of interest would also be managed closely.

The point was made that each industry has innovative ideas and that 85 per cent of the work the IRBs do is the “hard core”, market/consumer research, Industry Development Officer (IDO)/extension, communications and market access which is required by industry. This was noted by Hort Innovation.

There was concern about how long the innovation/concept funnel takes – the diagram presented makes it look like a long process when in reality the turnaround can be quick. It was raised that the process should not be too administrative either. The presenter demonstrated how the funnel process can be moved through quicker and the effectiveness and efficiencies of the new innovation pipeline process.

### ***Communications***

Growers would like for Hort Innovation to communicate in more “farm speak” – especially when it comes to outcomes of projects. This is essential in building a stronger connection between Hort Innovation and growers. This was acknowledged by the presenter.

A point was raised that there needs to be a hard copy communication as well as digital. It was suggested that Hort Innovation should be more flexible and provide more formats, and should communicate better with growers as they are time poor. On the same note, there was a comment that the agriculture community has changed over the years, people are more remote and rely on electronic information formats. This was noted by the presenter.

Hort Innovation’s investment in the CRM is crucial to streamlining communication and ensuring information that is relevant to industry. Feedback was provided that some growers feel they are missing outcomes as an industry and don’t know what they are paying the levy for. Simply, they want to know what Hort Innovation is doing for them and their money.

It was raised that there is opportunity on the website to have regional ‘pop-ups’ so that growers and stakeholders understand what is happening in their region across all horticulture, not just their industry. For example, Grain Research Development Corporation shows this on a map in their email newsletters. A comment was made that Hort Innovation needs to interact socially with the growers, face-to-face on their turf, for example – linking into key regional events, and pairing up with organisations like Fruit Growers Tasmania to connect with growers. Hort Innovation acknowledged this feedback and will consider these suggestions when planning future communications with growers and industry, including the website and other interactions.

There was a suggestion that Hort Innovation develop a one page summary, keeping communications simple and to the point, with an emphasis on outcomes. Further, that feedback be sought regularly by Hort Innovation. This was noted by Hort Innovation and this will be considered when planning future communications.

### **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:

<b>Theme/Fund</b>	<b>'Investment'</b>
<b>Building capacity</b>	
Leadership and people development (established)	\$200
Industry data	\$30
Discovery research	\$130
Contingency research	\$0
<b>Driving growth</b>	
Asian markets (established)	\$170
Health, nutrition and food safety (established)	\$60
Consumer and market insights	\$65
New product development	\$110
<b>Stimulating productivity</b>	
Intensive and protected cropping	\$50
Emerging and advanced technologies	\$90
Genetic improvement and breeding	\$10
Food waste	\$40
<b>Managing risk</b>	
Fruit fly (established)	\$120
Pest and disease management	\$70
Chemical access and registration	\$0
<b>Enabling sustainability</b>	
Green cities (established)	\$0
Pollination capacity	\$120
Land, soil, water and climate	\$10
Northern Australia	\$0

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

#### **Company operations**

- Hort Innovation to ensure members, growers and industry are clear about the company's functions, role and new operating model.
- It is important for Hort Innovation and the IRBs to collaborate in all aspects of R&D and communication, with a focus on outcomes, for the benefit of growers.
- Hort Innovation to consider more face to face interaction with growers and industry particularly in combination with existing regional and industry activities if possible

- Communications should be presented in different formats to cater to the differing needs of industry members.

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

- The activities and outcomes of Hort Innovation's advisory panels are to be more transparent and communicated regularly with growers and industry.

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

- The group discussed at length the importance of Leadership and Capacity Building. This was reflected in the dollar allocation to this fund. The group also spoke at length about considering "capacity" as including research capacity in terms of people and also the capacity and quality of facilities required.

**Attendees**

Approximately 20

**Industry sectors represented**

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