

ANNUAL REPORT 2020/21

Supporting the horticulture sector now and into the future



Hi, we're Hort Innovation

As the grower-owned, not-for-profit research and development corporation for Australian horticulture, each year we invest millions of dollars into critical R&D, extension, marketing and international trade initiatives. We're extremely proud of the work we do to drive productivity, profitability and demand for Aussie growers, and for the sector at large.

Our guiding strategy

The Hort Innovation strategy 2019-2023 defines our purpose, activities and goals.

OUR PURPOSE

Hort Innovation exists to drive a **prosperous and healthy Australia** by providing the **best knowledge and solutions** to create a **world-class horticulture sector**.

WHAT WE DO

Hort Innovation connects growers and consumers to **drive demand**, and we invest in solutions to **improve productivity, preparedness and competitiveness**. These combine to increase the sustainability and prosperity of Australia's horticulture industries.

OUR GOALS

Hort Innovation is committed to **sustainable growth** in horticulture, with the overarching aim of increasing the sector's value to \$20 billion by 2030. We are doing this by:

- Supporting growth in **demand**, both domestically and globally
- Supporting **profitable and collaborative** industries
- Delivering **world-class innovation, knowledge and networks**.



View Hort Innovation's strategy in full at www.horticulture.com.au/strategy-2019-2023



Our areas of focus

The company's strategy centres around three key pillars.

1. Drive knowledge and innovation into horticulture industries

Hort Innovation strives to deliver and facilitate communication and extension that has a positive impact on business decisions and enhances practices on farm.

2. Deliver the highest value R&D, marketing and trade investments across industries, for now and into the future

In particular, we're committed to delivering more investments that address all-of-horticulture opportunities and challenges.

3. Enable activities that drive all strategic imperatives

We're dedicated to delivering the talent, culture, processes and systems that are needed to increase value for levy-paying growers.

See how we delivered against these strategic areas during 2020/21 from p68

An aerial view of a macadamia orchard in Bundaberg, Queensland. The Hort Innovation Macadamia Fund supports a range of investments to support macadamia growers, including the project *Macadamia industry innovation and adoption (MC20000)* which supports the role and activities of a dedicated macadamia Industry Development Manager. Learn more at hortinn.com/mc20000.

Photo credit: Australian Macadamia Society.

Our funding

Hort Innovation's work is funded by statutory and voluntary industry levies, co-investment dollars that we broker from a range of partners, grant support that we apply for throughout the year, and Australian Government contributions. Other sources of funding can also come into play, including royalties and the company's centralised strategic levy reserves.

Our foundations

Hort Innovation was established by the Australian Government in 2014. We're an unlisted public company limited by guarantee and the declared industry services body for horticulture under the Horticulture Marketing and Research and Development Services Act 2000. Our history runs much deeper, though. We transitioned to become a grower-owned company from the former industry services body, Horticulture Australia Limited (HAL), which operated between 2001 and 2014.

Our membership

All horticulture levy payers are invited to become members of the company that they own.

Hort Innovation membership is free but not automatic – businesses must apply at www.horticulture.com.au/sign-up.

You can learn more about our funding models on p12 (levy) and p13 (Hort Frontiers)

37

horticulture industries

Hort Innovation invests statutory and voluntary levies on behalf of 37 horticulture industries, including through these industry specific funds:

- Almond Fund
- Apple and Pear Fund
- Avocado Fund
- Banana Fund
- Blueberry Fund
- Cherry Fund
- Chestnut Fund
- Citrus Fund
- Custard Apple Fund
- Dried Grape Fund
- Dried Tree Fruit Fund
- Lychee Fund
- Macadamia Fund
- Mango Fund
- Melon Fund
- Mushroom Fund
- Nashi Fund
- Nursery Fund
- Olive Fund
- Onion Fund
- Papaya Fund
- Passionfruit Fund
- Persimmon Fund
- Pineapple Fund
- Pistachio Fund
- Potato – Fresh Fund
- Potato – Processing Fund
- Processing Tomato Fund
- Prune Fund
- Pyrethrum Fund
- Raspberry and Blackberry Fund
- Strawberry Fund
- Summerfruit Fund
- Sweetpotato Fund
- Table Grape Fund
- Turf Fund
- Vegetable Fund

ON THE COVER

The Almond Centre of Excellence is a collaboration between Hort Innovation, the Almond Board of Australia (ABA) and the South Australian Government that provides the opportunity to demonstrate best management practices and new technologies to the almond industry. Read more about this investment on page 26.

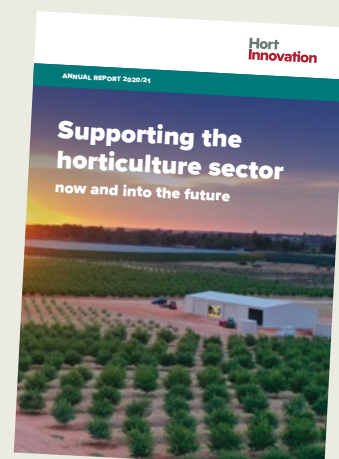
7

partnership areas

Hort Innovation also invests in collaborative, whole-of-horticulture initiatives, including through our Hort Frontiers strategic partnership work.

Hort Frontiers activities are focused on achieving transformative outcomes and address longer-term, often complex issues and opportunities critical to the future of Australian horticulture. In 2020/21, there were seven partnership funds:

- Advanced Production Systems Fund
- International Markets Fund
- Fruit Fly Fund
- Green Cities Fund
- Health, Nutrition and Food Safety Fund
- Leadership Fund
- Pollination Fund





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OVERVIEW

This section provides a quick overview of Hort Innovation’s achievements and proudest moments of 2020/21, as told through the eyes of our people. You’ll also find information on the company’s structure and teams, details on our funding and how we make investment decisions, plus a look at our corporate governance.

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THE PURPOSE OF THIS ANNUAL REPORT

The Hort Innovation Annual Report 2020/21 has been prepared for our members, levy payers and other horticulture-sector stakeholders, as well as the Department of Agriculture, Water and the Environment. It provides a snapshot of the activities and achievements we delivered across the year to help drive value and outcomes for the Australian horticulture sector. This report also demonstrates our work towards delivering on the Hort Innovation Strategy 2019-2023, and in implementing the ‘performance principles’ that are the foundation of our current funding agreement with the Australian Government.

2

OUR WORK

Delve deeper into the company’s activities and investment areas in this section, to better understand exactly what Hort Innovation does and how this benefited horticulture industries in 2020/21. You’ll find plenty of facts, figures and case study highlights, as well as information on how we responded to challenges of the year.

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OUR PARTNERS

This section puts a spotlight on the rich network of partners Hort Innovation works with to deliver investments and outcomes for Australian horticulture. In particular, you can explore our relationship with the government, how we collaborate with Australia’s other rural research and development corporations, our engagement with project delivery partners, and more.

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OUR PERFORMANCE

Better understand Hort Innovation’s successes and overall performance in 2020/21 in this section. Most importantly, this section includes a review of the company’s performance against the Hort Innovation Strategy 2019-2023 as well as information on how we’ve addressed the performance principles that are the foundation of our funding agreement with the Government.

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This company Annual Report is complemented by 37 separate, industry-specific reports. For complete information on investments and outcomes for your industry in 2020/21, download your fund annual report from www.horticulture.com.au/annual-report-portal.

PLUS SEE THE FINANCIAL REPORT

from p83

This section delivers our formal reporting, including the Director’s Report for 2020/21 and the company’s full financial report.

A photograph of a large field of lettuce plants, likely in a greenhouse or open field, during sunset. The sun is low on the horizon, creating a warm, golden glow that illuminates the scene. The lettuce leaves are green and have a slightly wavy, ruffled texture. The background is blurred, showing more rows of plants stretching towards the horizon.

In 2020/21, Hort Innovation partnered with My Market Kitchen to tell stories of Aussie growers, the food they produce and how this drives a healthy Australia. One of the episodes featured Catherine Velisha of Velisha Farms in Werribee South, Victoria, where this picture of a lettuce crop was taken. Catch up on all 12 episodes at www.horticulture.com.au/my-market-kitchen.

SECTION

1

Overview

This section provides a quick overview of Hort Innovation's achievements and proudest moments of 2020/21, as told through the eyes of our people. You'll also find information on the company's structure and teams, details of our funding and how we make investment decisions, plus a look at our corporate governance.

Executive summary

Hort Innovation continued to provide support and deliver value for our growers through another challenging year for the sector

The horticulture sector is no stranger to adverse circumstances. From ongoing drought, bushfires, floods, biosecurity threats and a global pandemic in recent times, this year was no different. The resilience of our growers continues to humble us at Hort Innovation, and we're proud to do what we can to support the sector during these tough times.

Despite the challenges, it was a strong year of investment – all up, we invested over \$114m in levies, Australian Government contributions, grants and co-investment. This included some \$39.6m worth of investments in our Hort Frontiers strategic partnership initiative and other non-levy projects.

We invested in R&D, marketing and international trade initiatives to support industry and bolster efforts against emerging issues, such as fall armyworm and serpentine

leafminer (p24). The continuation of the whole-of-horticulture marketing campaign The Good Mood Food ensured that the message that “when you eat better, you feel better”, reached Aussie consumers everywhere (p29).

We engaged with the sector and the Australian Government to ensure our activities were responding to levy payer needs. For example, our international trade team worked closely with industry and the Government to help keep Australian horticulture industries exporting during COVID-19, largely through the International Freight Assistance Mechanism (IFAM) (p35).

A key focus of our year was consulting with industry to renew each industry’s Strategic Investment Plan (or SIP) which guides how we invest levy contributions. As you’ll see throughout this report, renewing the SIPs was an all-of-business activity, with most

functions contributing to the effort in some way.

Underpinning all of this great work for growers were internal efforts to improve the delivery of our investments and to make our processes more efficient. Just one example was the launch of our new investment management system, HIVE in 2020/21. The new system has already begun improving transparency across the business and will allow us to manage investments with more agility. More benefits will be realised as the full potential of the new system is harnessed.

You can read more about this work throughout this Annual Report, and any time throughout the year on our website at www.horticulture.com.au.

Our attention now turns to the year ahead, where we will continue to provide support and drive outcomes for our levy payers.



In my first year as Chair of Hort Innovation, I've been privileged to witness the resilience of the horticulture sector, as we tackle the ongoing challenges that come our way. The past year has been a significant one for Hort Innovation with the renewal of the Strategic Investment Plans that will guide how we invest grower levies and Australian Government contributions over the next five years. We are continuing to explore ways Hort Innovation can collaborate with others and support the horticulture sector through investments that deliver on-ground impact for growers and contribute to the productivity and sustainability of our industry."

Julie Bird
Hort Innovation Chair



In 2020/21 Hort Innovation continued to face challenges brought about by the ongoing COVID-19 pandemic which meant we had a focus on working alongside delivery partners and industry to realign projects and address issues above and beyond our business as usual. I'm proud of the way we have supported the horticulture sector through these difficult times, and despite the additional challenges I am pleased with the progress we are making against our company strategy."

Matt Brand
Hort Innovation Chief Executive Officer

2020/21 by numbers



\$47.9M

invested in strategic
levy R&D



\$39.6M

invested in Hort Frontiers
and non-levy R&D initiatives*



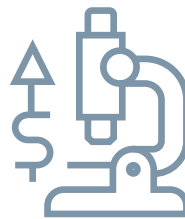
\$26.9M

invested in strategic levy
marketing programs



\$7.4M

in investments involving
grant funding, as part of
non-levy expenditure



451

R&D project
investments[^]



24

industry-specific,
levy-funded marketing
programs



4.1 to 1

average benefit to cost
ratio of R&D projects, as
revealed in our 2020/21
impact assessment work



15

of our industries
had investments
related to international
trade in 2020/21



90%

of key performance
indicators in our company
strategy completed or on
track in 2020/21[†]

* via their industry advisory panels, some R&D levy industries have chosen to become co-investors in Hort Frontiers projects, as reflected in this figure

[^] These are project investments that were active during the year (new, ongoing or completed), noting that other investments also existed during 2020/21 that have not been counted here as 'projects'

[†] Averaged across our three strategic pillars

Our people

Meet Hort Innovation's Executive Team and their proudest company achievements of 2020/21



MATT BRAND
CHIEF EXECUTIVE OFFICER

A bit about Matt

Matt joined Hort Innovation as CEO in 2018. He's driven by his passion to achieve the very best for Australia's horticulture growers and the sector as a whole.

Prior to joining Hort Innovation, Matt was CEO of NSW Farmers – Australia's largest state farmer organisation. He held this position for nearly eight years, before which he was General Manager of Strategy and Marketing and Head of Corporate Partnerships, Marketing and Licensing at Australian Rugby Union.

Matt has also held numerous senior marketing and commercial roles in the alcohol and soft beverage industries. He's been involved in the dairy industry too, as Project Officer (Dairy) with Agriculture NSW, as well as being the owner of a cattle stud and boutique cheese business. He is also a part owner of an Australian company that specialises in first on skin layers (socks, base layers and accessories) for the snow and outdoor industries.

Matt has a Bachelor of Applied Science (Systems) Agriculture, a Masters in Business (Marketing) and is a Graduate of the Australian Institute of Company Directors.



During 2020/21 the whole business came together to renew the Strategic Investment Plans for all of our levied industries. These plans will lay the foundation for decision-making in levy investments over the next five years, helping us to prioritise and implement the right R&D, marketing and international trade investments for industry. From here, Annual Investment Plans will articulate how each levy is invested during the year and progress will be reported on quarterly. If and when needed, these plans will be adapted to reflect any emerging issues and opportunities that are identified during the year."

Contact Matt at
ceo@horticulture.com.au

Meet the Hort Innovation Board from p86



SETH WREYFORD

CHIEF OPERATING OFFICER

A bit about Seth

Seth Wreyford is Hort Innovation's Chief Operating Officer and joined the company at the start of 2021. Seth's professional background spans across the FMCG sector in finance, commercial and operational roles working in companies including Nestlé, Kellogg's and BRITA Water Filters.

Prior to this, Seth was involved in his family-owned banana farm in South Africa where he gained business management experience and a strong passion for agriculture and the land.

As Hort Innovation's Chief Operating Officer, Seth oversees the current and future operating needs of the company using his strong commercial, financial and strategic skills, along with his passion for delivering process improvements and cost-saving initiatives. He helps drive the company's focus, goals and key activities towards the outcomes set in our 2019-2023 Strategy.

Seth is a Graduate of the Australian Institute of Company Directors, a CPA member and holds a Bachelor of Accounting Science.

"Each year we receive government contributions for every R&D levy dollar we invest. This year we met our budget and secured \$49.9m of government funding. By effectively managing our R&D program and closely monitoring eligible R&D expenditure, we were able to effectively leverage government contributions for the benefit of the horticulture sector."

Contact Seth at
seth.wreyford@horticulture.com.au



DR ALISON ANDERSON

GENERAL MANAGER OF RESEARCH & DEVELOPMENT

A bit about Alison

As General Manager of Research & Development, Alison looks after Hort Innovation's Research & Development and Investment Management teams. She joined the company (then Horticulture Australia Limited) in 2012 as the R&D Manager for Industry Development, going on to become Data & Insights Lead and later Fund Manager.

Alison's team is responsible for enabling world-class R&D projects and programs. She is passionate about delivering investments to help grow and future-proof the Australian horticulture sector.

Alison is backed by more than 25 years of experience working across agriculture and horticulture. Before joining Hort Innovation, she worked as an industry consultant in the fields of soil management, research, policy and the environment. She also held roles at NSW Farmers as Vegetable Industry Development Officer and Policy Manager for Horticulture, Agricultural Chemicals and Bees, and was a member of the NSW Primary Industries Ministerial Advisory Council.

Alison holds a Bachelor of Science in Agriculture and a PhD in Soil Science.

The R&D team continued to manage risk associated with COVID-19, ensuring that investments were delivered smoothly by working closely with our delivery partners. We responded swiftly to pest incursions such as fall armyworm and serpentine leafminer through the contracting of some key investments, which you can read more about on p24."

Contact Alison at
alison.anderson@horticulture.com.au



DR ANTHONY KACHENKO

GENERAL MANAGER OF DATA & EXTENSION

A bit about Anthony

Anthony started with the company in 2014 as the Head of Research & Development, before becoming General Manager of Data & Extension in 2019. Prior to this, he spent seven years at Greenlife Industry Australia (then Nursery & Garden Industry Australia) in a variety of policy and management roles.

Anthony's Hort Innovation team includes the Extension function, which is charged with amplifying the outcomes of levy investments, and the Data & Insights unit, which is responsible for providing data, knowledge and insights to underpin all business activities.

Anthony has lived and breathed Australian horticulture for more than 20 years, having extensive experience along the agribusiness value chain.

He holds a PhD in Agricultural Science, a Masters in Agribusiness, an Honours Degree in Horticultural Science, and a Diploma of Quality Auditing.

He is a member and graduate of the Australian Institute of Company Directors and is a Chairman and Professional Member of the Australasia-Pacific Extension Network.

Supporting the renewal of the Strategic Investment Plans was a key focus, engaging with growers and providing the data needed to underpin the new plans. We reviewed extension-related investments to identify opportunities for improvement (see p42) and refreshed our Evaluation Framework so that we can continue to demonstrate impact (see p65)."

Contact Anthony at anthony.kachenko@horticulture.com.au



KYLIE HUDSON AND JANE SMITH

JOINT GENERAL MANAGERS OF MARKETING

A bit about Kylie and Jane

Kylie and Jane joined Hort Innovation in a job-share role as General Manager of Marketing in 2021. Collectively, they have over 50 years' experience developing and leading world-class brand portfolios with major multi-nationals such as Diageo, Lion Beer, The a2 Milk Company, Sara Lee and Procter & Gamble. They have worked in Australia, Asia and the USA in both local and global roles.

Jane and Kylie have job-shared the role of Global Brand Growth Director at The a2 Milk Company. Prior to that they were at Lion Beer Australia where they held the position of Strategy & Planning Director, with oversight for the marketing strategy, innovation, insights and marketing capability functions. Before embarking on the job-share model in permanent roles, Jane and Kylie ran their own strategic marketing consultancy.

We are excited to be joining the business to play a significant role in demand creation for the Australian horticulture industry. The marketing team are responsible for almost \$26.9 million in marketing-specific investments, spread across 23 different industries, which equates to around 625 different creative assets produced to connect with consumers throughout the year.

Contact Kylie at kylie.hudson@horticulture.com.au
or Jane at jane.smith@horticulture.com.au



LISA STREET

GENERAL MANAGER OF PEOPLE & CULTURE

A bit about Lisa

Lisa joined the company in 2019, and her People & Culture business unit is responsible for building and bolstering the teams, leaders and culture that are critical to Hort Innovation's delivery of activities and outcomes for the Australian horticulture sector.

Lisa is a strategic and commercial HR leader with more than 20 years' experience in Australia, the broader Asia Pacific region, and the UK. She is passionate about helping people create meaningful lives through their experience of an organisation, their leaders and their own performance.

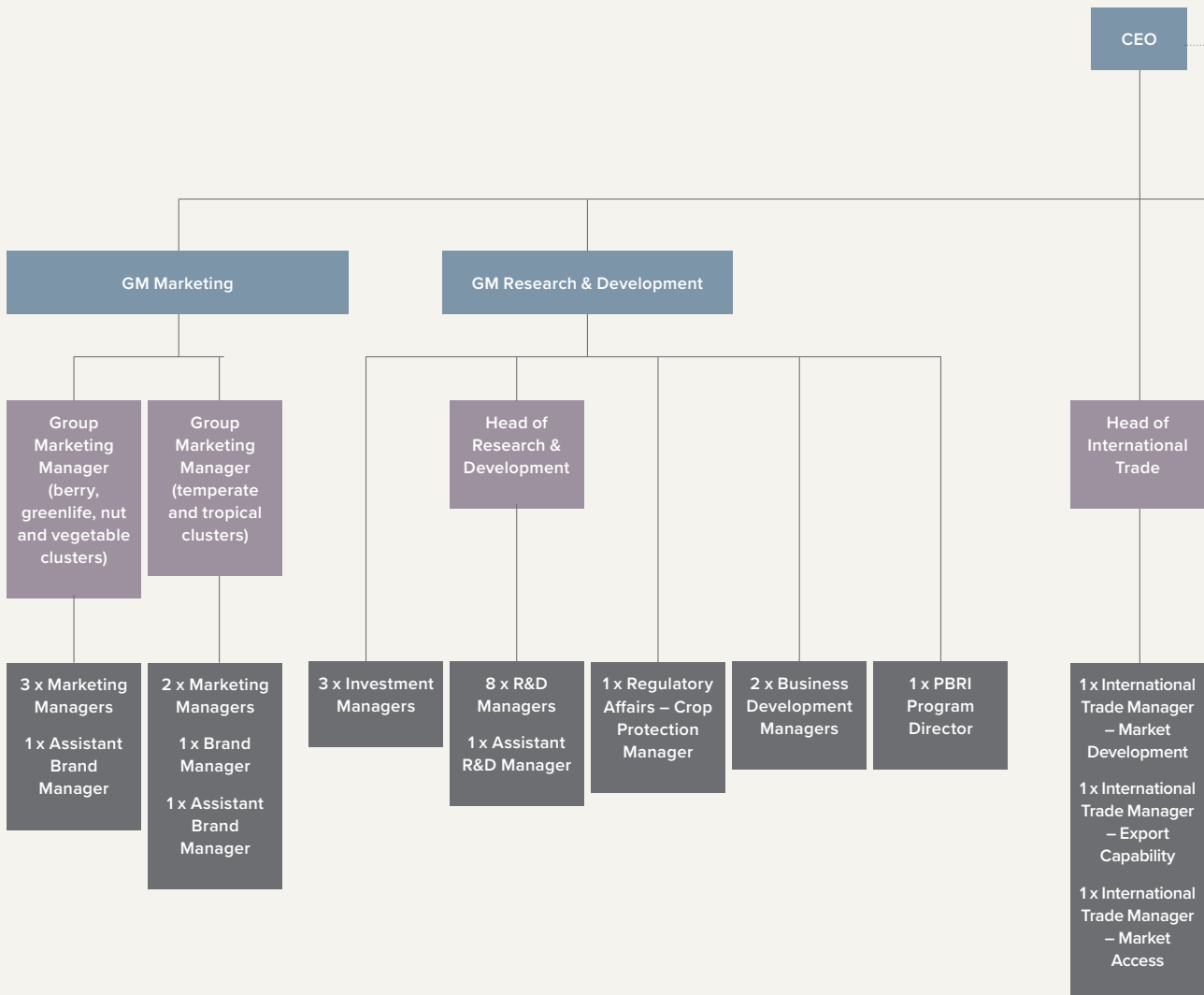
Her career spans the arts and entertainment industry and multi-national fast-moving consumer goods organisations. She is also the founder of a people-and-culture-based consulting business.

This year we began to see positive changes to our culture, so that we can be an organisation that delivers strongly for the horticulture sector. A highlight for the People & Culture function was the redesigning of our company values, which underpin who we are as an organisation. Growth, Collaboration, Innovation and Courage are the values that our team will be striving for."

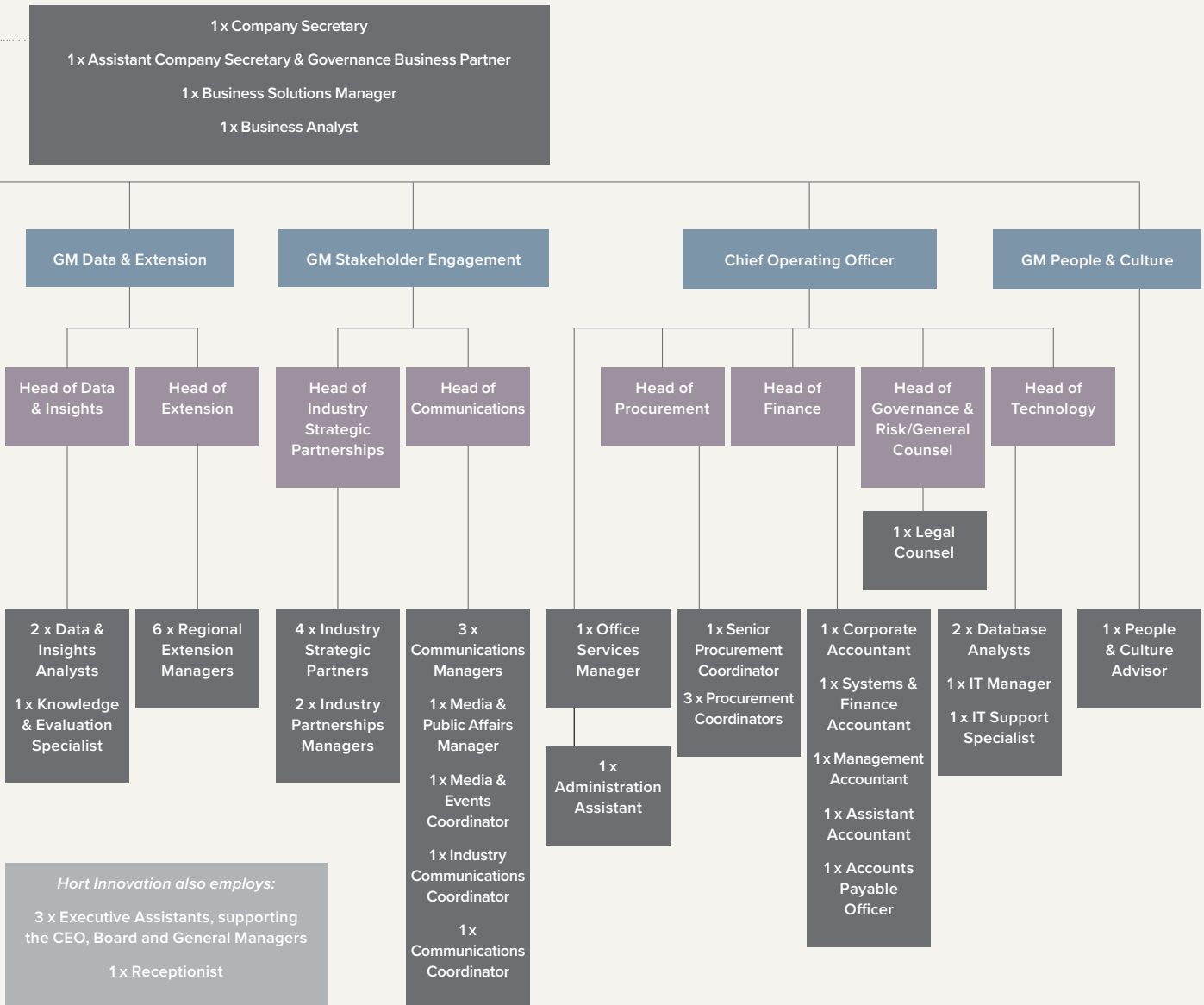
Contact Lisa at
lisa.street@horticulture.com.au

Our organisational structure

Our company structure is set up to deliver on our strategy. Here’s how Hort Innovation’s employees were organised in 2020/21.



This chart represents Hort Innovation as at 30 June 2021. It does not include any roles that were vacant across teams at this time, and does not reflect any changes made at the end of the 2021 calendar year.



A snapshot of our team

As at 30 June 2021

HEADCOUNT

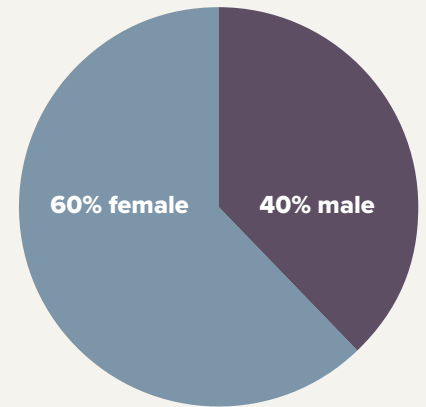


Number of full-time staff members



Number of part-time (permanent and temporary) staff members

GENDER SPLIT



FTE

86

Our headcount translates to a full-time equivalent of 86 employees

GENERATIONS

Boomers (born 1945 to 1964)



Gen X (born 1965 to 1980)



Gen Y (born 1981 to 1994)



Gen Z (born 1995 to 2012)



TURNOVER

24%

As of June 2021, our staff turnover rate was 24 per cent – this is a rolling annual figure, calculated as the number of employees whose employment ended over the previous 12 months divided by the average headcount over that same 12-month period

Key team developments during 2020/21

Hort Innovation's teams continued to evolve to best meet the needs of the horticulture sector, along with initiatives to support our people

CHANGES TO THE EXECUTIVE

In January 2021, we welcomed Seth Wreyford into the newly created role of Chief Operating Officer (COO). Seth oversees the current and future operating needs of the company using his strong operational, financial and strategic skills, along with his passion for delivering process improvements and cost-saving initiatives.

In June 2021, Jane Smith and Kylie Hudson also joined the Hort Innovation ranks in a job-share role as General Manager Marketing. They bring significant experience in marketing strategy and execution to the position and together they are responsible for leading the marketing function.

OUR NEW VALUES

As part of our commitment to transform the culture at Hort Innovation, our company values were redesigned to focus on how our behaviours help us to deliver value to our stakeholders. These new values have been embedded into our performance reviews, recruitment processes, recognition programs and leadership development.

The new values are:

- **Growth** – 'We're for growers'
- **Collaboration** – 'We're for achieving together'
- **Innovation** – 'We're for innovators'
- **Courage** – 'We're for the brave'.

OUR TRANSFORMED CULTURE

As part of our efforts to enhance the culture at Hort Innovation, in April 2021, a second employee survey was undertaken. The results showed positive gains in several indicators that demonstrate a healthy and functional workplace culture. With COVID-19 contributing to significant workplace changes over the past year, these results indicate that we're continuing on the right track.

LEADERSHIP DEVELOPMENT

During the year, a leadership development program was rolled out for the Hort Innovation Executive and Heads of Department. The training focused on three key areas of leadership:

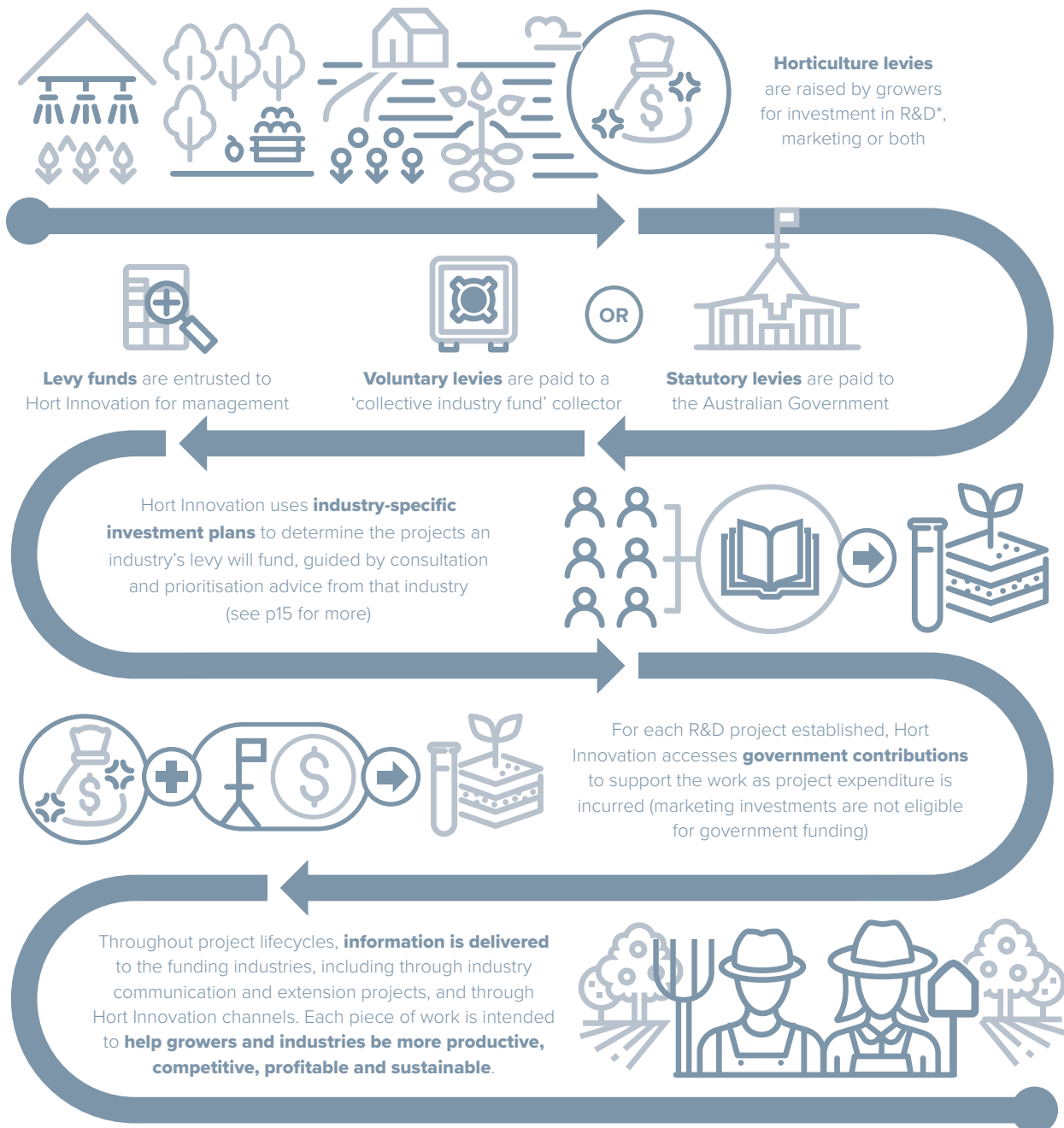
- **Personal** – Connecting our own values and purpose to our work so we can lead with authenticity and engage our teams in the meaningful work Hort Innovation does for industry
- **Business** – Working effectively across departments for the benefit of the horticulture sector
- **People** – Motivating and inspiring our teams to deliver the Hort Innovation strategy.

Our funding models

In 2020/21, two main funding and investment models were used by Hort Innovation: one for strategic levy investments, and one for investments within our Hort Frontiers initiative

LEVY FUNDING

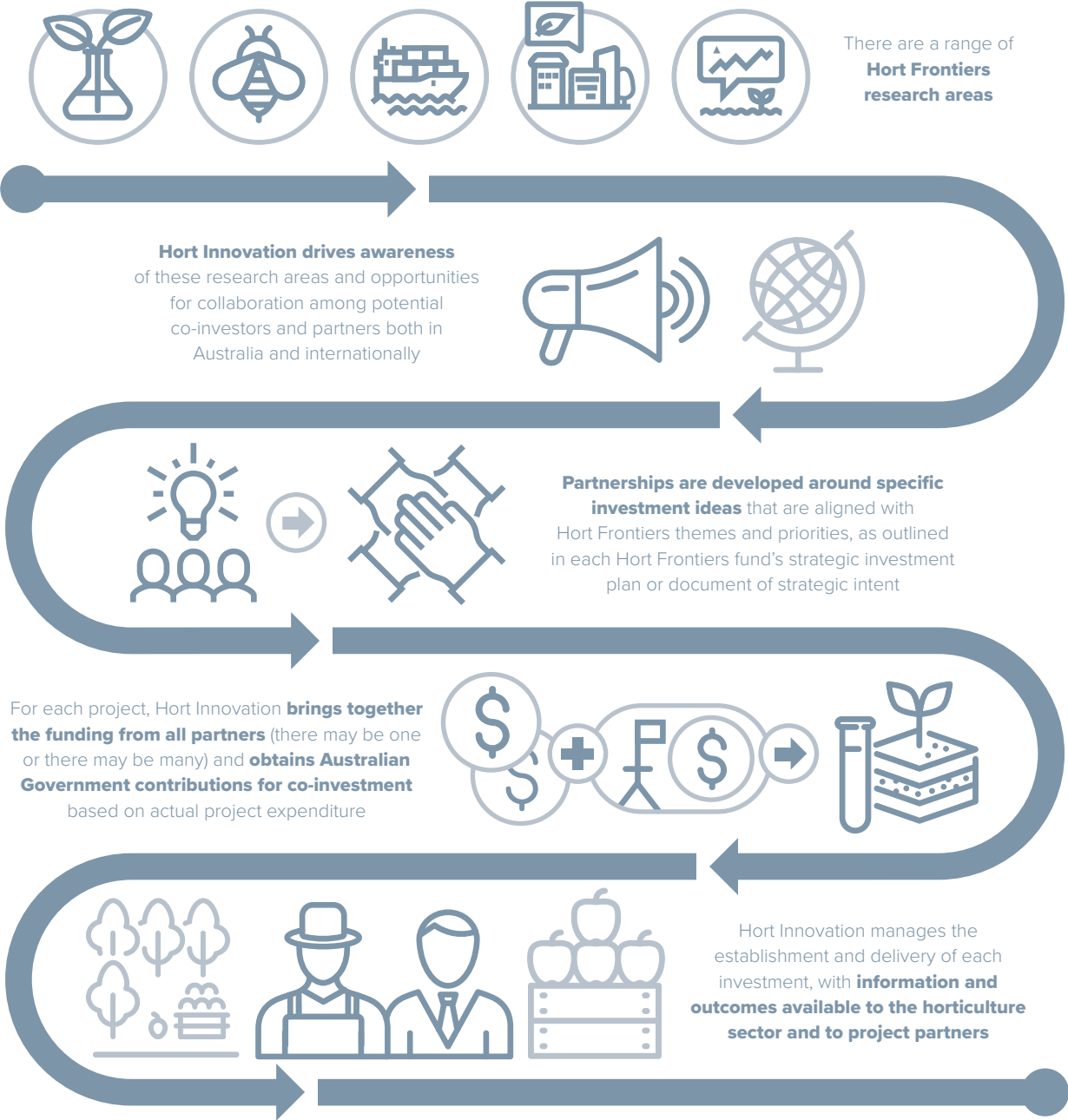
This is the core funding model for Hort Innovation’s work, involving the investment of statutory or voluntary industry levies, together with government contributions where applicable, into R&D, extension, marketing and international trade efforts. Levy investments are specific to each industry’s needs, but the projects can be collaborative across multiple industries for maximum efficiency and impact.



* Encapsulating extension and international trade

HORT FRONTIERS FUNDING

This is our co-investment model, where R&D projects are funded through strategic partnership money that is sought, brokered and combined, together with government contributions, by Hort Innovation. Projects funded in this way are generally longer-term, cross-industry investments focused on complex areas critical for the future of the horticulture sector.



More about our funding

SETTING LEVIES

Hort Innovation doesn't set or directly collect levies. Individual horticulture industries choose whether or not to have a levy, and determine how (or if) their levy is split for investment between R&D and marketing. Industries can establish levies as statutory levies through the Department of Agriculture, Water and the Environment, or as voluntary levies through an approved 'collective industry fund' (CIF) arrangement with Hort Innovation. Industries with a current voluntary levy include almond, blueberry, pistachio, processing tomato and pyrethrum.

Statutory levies can be split between activities other than R&D and marketing too – however these other activities are not managed by Hort Innovation. Where a levy is further divided, the government passes the R&D and marketing portion on to us, and the portions for other activities on to other relevant, appointed organisations for investment. For example, industry biosecurity levies are entrusted by the government to Plant Health Australia.

WHO INVESTS IN HORT FRONTIERS?

Hort Frontiers co-investment partners can be anyone who wants to invest in the future of horticulture, ranging from commercial businesses to research agencies, education institutions and government departments. Statutory and voluntary levy funds can also be invested in Hort Frontiers projects, upon the advice of industry.

While project partners may differ in their reasons for investing, they will all share a common goal, and all projects are for the benefit of Australian horticulture. Learn more at www.horticulture.com.au/hort-frontiers.



Avocado growers and other supply chain participants attend a field day organised through the project Avocado industry development and extension (AV17005). Learn more about the program's activities at hortinn.com/av17005.

External grant funding can also be used to wholly or partially fund Hort Innovation projects. See pages 25 and 51 for some examples.

How investment decisions are made

Industry-agreed plans are used to guide Hort Innovation's investment of available funds, with various panels also supporting our experts in the shaping and making of investments

REFRESHED STRATEGIC INVESTMENT PLANS (SIPS)

Each levy industry has its own strategic investment plan (SIP), developed by Hort Innovation in close consultation with growers and multiple stakeholders across the industry. These plans cover multi-year periods and outline the main priorities and desired outcomes for investment.

During 2021, Hort Innovation has engaged with growers and industry stakeholders to develop a refreshed SIP for each levy-paying industry within the horticulture sector. The updated SIPs will guide levy investment over the next five years.

The Hort Frontiers funds also have strategic investment plans – or documents of strategic intent – outlining their purpose, top-level investment themes and objectives.

ANNUAL INVESTMENT PLANS (AIPS)

Whilst each industry's refreshed SIP will provide the strategic oversight of investment over the next five years, its Annual Investment Plan (AIP) details how levy funds will be invested over a 12-month period. Investment recommendations are informed by the SIP and industry consultation, and then prioritised with each relevant industry's Strategic Investment Advisory Panel.

* There were more panels than levy industries, as some industries with a marketing levy had both an R&D and a marketing panel (while others had one panel to discuss both), while others used alternative approaches, such as the apple and pear industry's strategic marketing panel or the pistachio industry's R&D committee

^ While there were seven active Hort Frontiers funds in 2020/21, the Fruit Fly Fund does not have an expert advisory panel – it seeks advice through an alternative committee-based approach including the SITplus Technical Advisory Committee and Stakeholder Advisory Committee, and input from the National Fruit Fly Council

INVESTMENT PANELS

During 2020/21 we had a number of formal panels made up of levy-paying growers, industry representatives (including peak bodies) and relevant experts, to help support investment decision making by Hort Innovation, guided by the relevant investment plans. These included:

INDUSTRY-SPECIFIC PANELS FOR LEVY INVESTMENT

46 panels*

>298 panellists

104 in person, phone or digital meetings during the year

EXPERT ADVISORY PANELS FOR HORT FRONTIERS INVESTMENT

6 panels^

>30 panellists



Our advisory processes ensure that the investments made by Hort Innovation on behalf of the horticulture industry are addressing industry needs. In 2021, we consulted extensively with growers and other supply chain stakeholders to renew each Strategic Investment Plan so that they reflect current industry priorities. Through both our levy and Hort Frontiers activity, we ensure there is a mix of R&D funded for now, for the mid-term and for the longer term."

Corrine Jasper

Hort Innovation Head of Industry Strategic Partnerships

Investment documents and details of panellists can be found on our levy fund pages at

www.horticulture.com.au/growers

and Hort Frontiers pages at

www.horticulture.com.au/hort-frontiers

Our corporate governance

Hort Innovation's corporate governance practices and structures help guide our people and performance throughout the year

During 2020/21, Hort Innovation was committed to the implementation of corporate governance measures to enhance our performance and bolster the quality and consistency of the outcomes we deliver for Australian horticulture – while ensuring compliance with all relevant legislation, regulations and guidelines.

We continued to operate within the requirements of:

- **The Hort Innovation Constitution**, which outlines our broad priorities as Australian horticulture's research and development corporation.
- **Our Deed of Agreement with The Department of Agriculture, Water and the Environment**. This is the funding agreement that allows for levies and government contributions to be transferred from the government to Hort Innovation, and that governs how we subsequently invest those funds. At the end of the last financial period, on 24 June 2020, we signed a new agreement covering 2020 to 2030.

- **Other guidelines relevant to Hort Innovation as both a research and development corporation and a corporate entity, such as...**

- The Horticulture Marketing and Research and Development Services Act 2000
- The Horticulture Marketing and Research and Development Services Regulations 2001
- The Corporations Act 2001
- The Charities and Not-for-profits Commission Act 2012
- ASX Corporate Governance Principles and Recommendations 4th Edition
- Our Code of Conduct and Business Ethics.



Find more information, including copies of all our governing documents, at www.horticulture.com.au/governing-documents

CHANGES TO HORT INNOVATION'S CONSTITUTION

On Friday 9 October 2020, an Extraordinary General Meeting (EGM) was held where Hort Innovation members voted in favour of two amendments to the company's Constitution.

The effect of the first amendment was that:

- i. current Directors, who have previously been elected or appointed,

remain eligible to serve their full period of three (3) consecutive terms (nine (9) years in total) as contemplated by the Current Constitution, and provides those Directors with an opportunity to be re-elected at the conclusion of each term; and

- ii. new Directors may only be nominated and re-elected for two consecutive terms of three (3) years (six (6) years in total), as opposed to three terms of three years terms (nine (9) years in total).

The effect of the second amendment was that:

- i. it amended the process of electing and appointing Directors to reflect that Appointed Directors will only be appointed by the Board where there is a casual vacancy of any position on the Board. Any person being considered to fill a casual vacancy must be nominated by the Director Nomination Committee (DNC), as provided for under the Current Constitution. All other directors were to be elected by members to office.



CONNECT WITH US

Reach out to our team


Our Industry Strategic Partners (ISPs) and other team members are happy to have a chat about your industry and about our work. Find contact details at www.horticulture.com.au/get-in-touch.

Become a member

Paying a levy doesn't automatically make you a member of Hort Innovation, but signing up is free and easy at www.horticulture.com.au/sign-up. Members can apply for voting entitlements to have their say on the leadership of the company, and the rules that govern it, at our Annual General Meetings. If you're not eligible for membership, there's the option to sign up just for our communications.

Share your feedback

Let us know how we're doing using the official feedback form on our website at edms.horticulture.com.au/forms/feedback.



The custard apple industry has invested in the development of new, high-yielding green and red skin custard apple varieties through the investment *New custard apple varieties and enhanced industry productivity (CU16002)*. Pictured is one of the new red skin varieties that will soon be available to the public. Read more at hortinn.com/cu16002.

SECTION

2

Our work

Delve deeper into the company's activities and investment areas in this section, to better understand exactly what Hort Innovation does and how this benefited horticulture industries in 2020/21. You'll find plenty of facts, figures and case study highlights, as well as information on how we responded to challenges that arose during the year.

Australian horticulture at a glance

The R&D, extension, marketing and trade activities you’ll read about on the coming pages exist for one very important reason: to drive a prosperous and healthy Australia by creating a world-class horticulture sector. Here’s the sector at a glance.



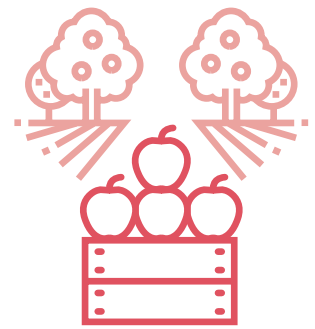
\$15.1B

The total production value of the Australian horticulture sector in 2019/20*



27%

Remaining the fastest-growing agricultural sector in Australia, horticulture’s production value increased 27 per cent over the five years to 2019/20*



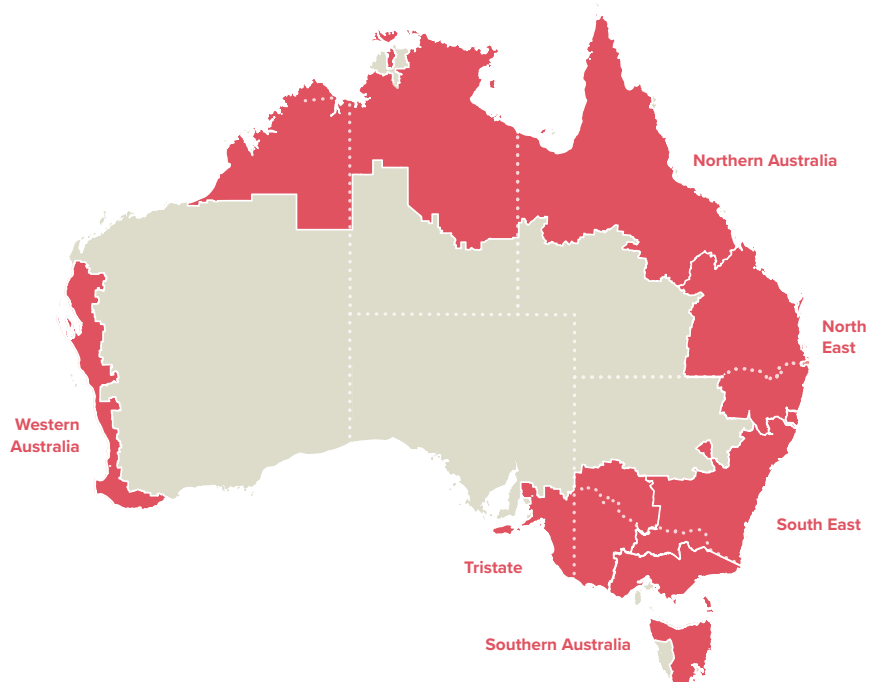
3rd

Horticulture represented 20 per cent of the total agriculture production value in Australia in 2019/20 – making it the country’s third-largest agriculture sector^



Key production regions

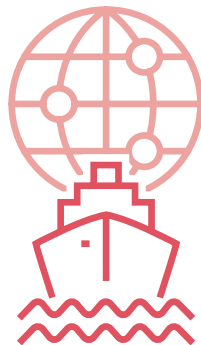
Rich in growing regions, most of Australia’s rural and regional areas produce horticulture products of some kind. The six regions on the right capture 94 per cent of all horticulture’s activity, by employment and production value. They’re where Hort Innovation’s Regional Extension Managers are operating, and you can learn more about what they do on p42.





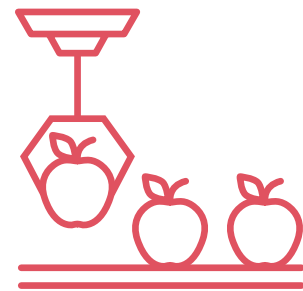
\$2.49B

The total value of Australia's fresh horticulture exports in 2020/21[†]



87

In 2020/21, we exported to some 87 countries, with the top five based in China, Japan, Hong Kong, Vietnam and Singapore[†]



28%

The percentage of Australian horticulture's production volume processed into dried, canned and shelf-stable juice products in 2019/20^{*}



67,100

The number of people employed in Australian horticulture in 2019/20[†]



11,826

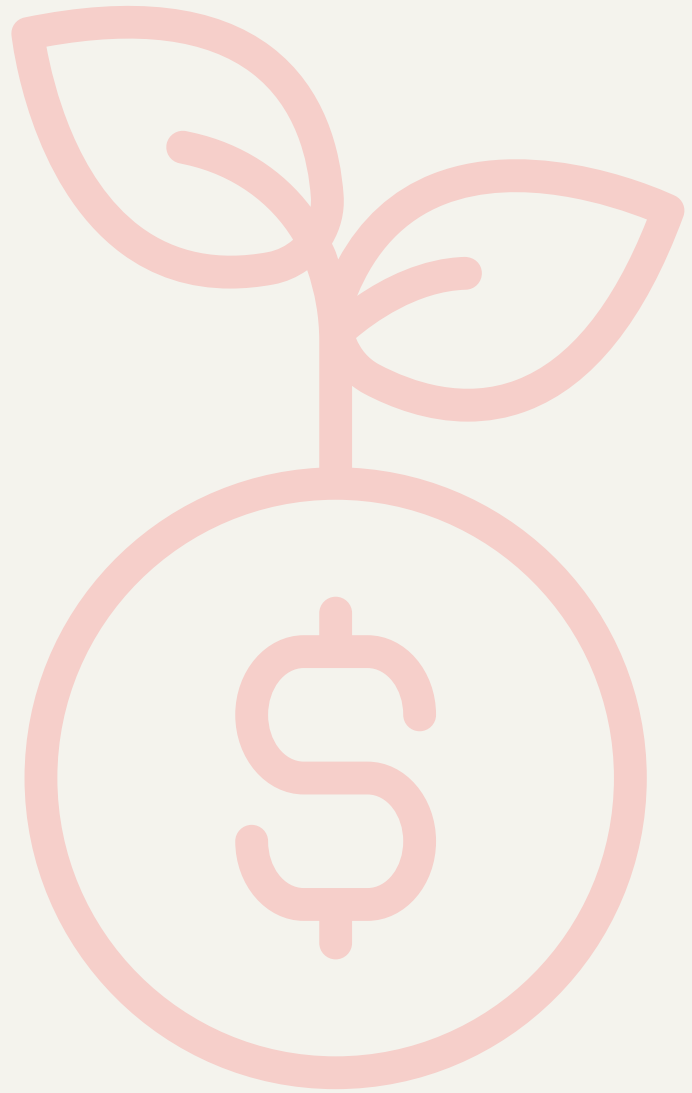
The number of horticulture businesses across Australia in 2019/20[†]

Want more facts and stats?
See just some of what our Data & Insights team delivered during the year from p36.

* Australian Horticulture Statistics Handbook 2019/20

^ ABARES Agricultural Commodity Statistics 2020

† IHS (2021) Global Trade Atlas



WHAT WE DO:

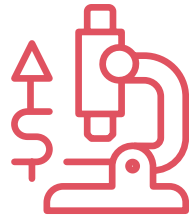
We invest in R&D for now and for the future

Delivery of high-quality R&D is the foundation of Hort Innovation's work for Australian horticulture. We invest in single-industry projects, multi-industry and cross-sector programs, addressing short and long term strategic research needs and everything in between

Our research areas

The majority of our R&D work is aligned to these categories:

- Land and crop management
- Pests and diseases
- Biosecurity
- Varieties and rootstocks
- Postharvest and supply chain
- International trade and market development
- Consumer and market research
- Industry data and insights
- Industry development and communication
- Leadership
- Health and nutrition
- Pollination
- Green space and the environment
- Technology



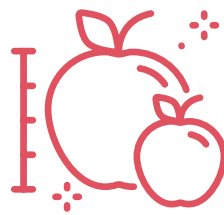
\$94.9M

The amount invested in R&D in 2020/21



35+

Hort Innovation has more than 35 research portfolios



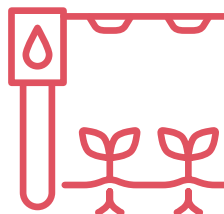
130+

We contracted more than 130 new projects in 2020/21



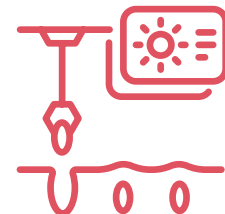
451

The number of active R&D projects in 2020/21



1500+

The number of projects described at www.horticulture.com.au



150+

The number of current trial sites on grower farms and research stations

Responding to the challenges of 2020/21

Take a quick look at how Hort Innovation and our R&D work met just some of the year's hurdles head on

COVID-19 RISK MANAGEMENT

With COVID-19 continuing into 2020/21, Hort Innovation stayed in close contact with delivery partners to monitor investments disrupted by the effects of the pandemic. The risk register established last year was updated regularly and used to put management strategies in place to minimise the impact on project activities and outcomes for growers. When necessary, we formally varied project work or timelines.

With restrictions lifting in some areas during 2020/21, a number of projects with extension and communication components such as workshops, field days and conferences were able to resume their activities. However, in areas still affected, digital alternatives were used where possible.

With the pandemic ongoing, we are continuing to assess risks and support delivery partners in adjusting activities and deliverables.

RESPONDING TO PEST INCURSIONS

In 2020/21, the R&D levy was leveraged to quickly respond to the incursion of exotic pests such as fall armyworm and serpentine leafminer. In both cases, initial action involved securing emergency use permits for crop protection chemicals, but now longer-term investments have been put in place to strengthen our response.

For fall armyworm, this includes:

- An educational podcast series for growers to support fall armyworm preparedness. The series was a multi-industry and cross-sector initiative involving multiple research and development corporations (RDCs). Find out more and listen to the podcasts at hortinn.com/mt19013.
- The second phase of research into a rapid molecular test originally developed by Agriculture Victoria and funded by the Department of Agriculture, Water and Environment for early detection and identification of fall armyworm in the field. Read more at hortinn.com/mt19014.
- Research into potential parasitoids and predators of fall armyworm, together with the development of extension materials for growers on how to effectively manage the pest. Find out more at hortinn.com/mt19015.

For serpentine leafminer, this includes:

- A recently completed investment, which produced a range of resources to prepare industry for a potential outbreak of vegetable leafminer. They are largely applicable to the serpentine leafminer. Read more at hortinn.com/mt16004.
- A multi-industry management strategy investment for serpentine leafminer has been put in place to build on the work completed previously for vegetable leafminer. This investment demonstrated Hort Innovation's ability to move quickly in response to pest incursions, with only four months from the release of the tender to contracting. Read more at hortinn.com/mt20005.

PORTFOLIO INSIGHTS FOR SIP RENEWAL

To support the renewal of Strategic Investment Plans, the R&D function provided subject matter expertise on their portfolios to inform industry consultations and discussions led by the Industry Strategic Partnership and Extension teams.

For each R&D Manager, this involved ongoing input and feedback during the SIP renewal process as well as providing initial insights through the development of a Portfolio Plan. These plans outlined opportunities and challenges for their area of expertise, as well as identifying opportunities for collaboration between industries.

R&D SPOTLIGHT:

Protecting against pests, weeds and diseases

Through levy projects, grant funding and additional activities, Hort Innovation supports growers' essential access to safe and effective crop protection products

MINOR USE PERMITS

Minor use permits are issued by the Australian Pesticides and Veterinary Medicines Authority (APVMA) as a way for growers to legally access and safely use crop protection products for 'minor uses' – that is, uses that are not specifically covered in a product's registered label.

Hort Innovation facilitates the submission of renewals and applications for minor use permits on behalf of horticulture industries. We maintain information on current permits on the industry pages at www.horticulture.com.au/growers and circulate updates in our *Growing Innovation* e-newsletter (sign up at www.horticulture.com.au/sign-up).

PERMITS BY THE NUMBERS

400+ permits currently issued across horticulture, coordinated by Hort Innovation

93 permit applications submitted during 2020/21. Including:

- 14 Emergency Use Permits
- 23 applications for new uses with residue/efficacy data
- 56 renewal applications

113 permits issued in 2020/21; 33 for new uses, 14 of which were for emergency uses

100% approval rate for permit applications submitted to and assessed by the APVMA in 2020/21

48 minor use permits surrendered as uses now covered by registered labels (APVMA Permit to Label project)

DATA GENERATION

The generation of pesticide residue, efficacy and crop safety data is needed to support minor use permit and label registration applications made to the APVMA. Hort Innovation's data generation work is supported by assistance grants, which we seek on behalf of industry each year through the Australian Government's Access to Industry Priority Uses of AgVet Chemicals program.

AGVET GRANTS BY THE NUMBERS

\$1.2 million in grants awarded to Hort Innovation in 2020/21*

\$6.8 million – or 115 individual grants – secured by Hort Innovation to date

670+ efficacy and residue trials supported so far

Hundreds of horticulture crops to benefit from new uses for sustainable crop protection

To-date the grants have provided funding to support 36 permits and 79 new label registrations. All permits have been issued by the APVMA and are available to industries

In 2020/21 Hort Innovation completed studies were submitted to the APVMA in support of 11 product label extensions for various industries and uses

OTHER CRITICAL WORK

- To help horticulture industries identify gaps in existing control options for pests, weeds and diseases, Hort Innovation funds 'Strategic Agrichemical Review Process' (SARP) research and related reports. These are used to identify industry priorities in the pursuit of chemical registrations or minor use permits.
- Hort Innovation provides the horticulture sector with quarterly Ag Chemical Updates, featuring information and updates on domestic and international pesticide regulation, and develops regulatory risk assessments. Learn more at hortinn.com/mt20007.



Our 'permit to label' work has continued and 48 minor use permits were surrendered during 2020/21, where acceptable use patterns were moved from minor use permits, to full, registered usage via product labels. As label registrations are expanded and minor use permits are surrendered, Growers should always confirm product and usage details with the APVMA (portal.apvma.gov.au).

Jodie Pedrana

Regulatory Affairs – Crop Protection Manager at Hort Innovation

* With \$2 million available to all research and development corporations during the year, Hort Innovation secured 60 per cent of the funding.

R&D SPOTLIGHT:

A centre of excellence

Showcasing research to the almond industry through a sixty-hectare experimental and demonstration orchard

The Almond Centre of Excellence is a collaboration between Hort Innovation, Almond Board of Australia (ABA) and the South Australian Government that provides the opportunity to demonstrate best management practices and new technologies to the almond industry.

Through the project *Almond Centre of Excellence experimental and demonstration orchard* (AL19000), the orchard has plantings covering traditional varieties and tree densities that are used to investigate how to improve current commercial practices, as well as high-density new genotypes and tree architectures that offer the potential for new methods to be explored.

The orchard provides a home to other levy-funded almond projects, such as:

- National almond breeding and evaluation program (AL17005) – see hortinn.com/al17005
- Evaluation of potential prunus rootstocks for almond production – stage 2 (AL16006) – see hortinn.com/al16006
- Almond productivity: Tree architecture and development of new growing systems (AL14007) – see hortinn.com/al14007

The facility ensures that farm trials are well managed to the researcher's requirements in terms of irrigation, nutrition, pruning, harvest timing and pest and disease control.



Research is underway at the Almond Centre of Excellence. Photo credit: Almond Board of Australia.



The Almond Centre of Excellence is an outstanding example of how growers, researchers and commercial suppliers can all work together for the benefit of industry. This demonstration orchard provides the opportunity for world-class research and development and ensures that results can be effectively communicated and extended to almond growers.

Byron de Kock
Hort Innovation Head of Research & Development

Watch the orchard in action at hortinn.com/almond-centre-of-excellence.

Other R&D highlights in 2020/21

With 450+ active projects in this year alone, here are just some of our R&D Manager's highlights from 2020/21. Visit www.horticulture.com.au for a more complete picture of our work, and make sure to download your industry-specific fund annual report at www.horticulture.com.au/annual-report-portal for details of all R&D investments specific to your levy this year

“

A suite of projects are developing the tools needed by growers to reduce their reliance on fertilisers. This includes one levy-funded investment for the apple industry, and two Rural R&D for Profit investments for cherries and mangoes. The research conducted will help growers to understand what their crop needs and how to design nutrition programs to match this.”

DR ADRIAN HUNT

See hortinn.com/ap14023 for apples, hortinn.com/st16004 for mangoes and hortinn.com/st16005 for cherries

“

A recently completed project for the vegetable industry has delivered a host of resources targeted at helping growers manage weeds in their vegetable crops, including an Integrated Weed Management Manual, multiple case studies, and several detailed weed management guides for high priority weeds. They've also translated the manual into Khmer, simplified Chinese and Vietnamese to ensure growers from diverse backgrounds are able to access the resource.”

KATHRYN YOUNG

See hortinn.com/vg15070

“

Biosecurity preparedness has been a focus for some industries, reflecting the essential part it plays in ensuring the sustainability of our domestic horticulture sector. For the citrus industry, they've invested in a new five-year preparedness program, which will create a robust citrus surveillance system across Australia that supports the early detection of exotic citrus pests. There will also be a separate project to specifically tackle the threat of Huanglongbing (HLB) (see p53).”

DR GREG CHANDLER

See hortinn.com/ct20006

“

Through Hort Frontiers, we're looking at the genetics of fruit sensory preferences so that future breeding programs can be underpinned by a robust understanding of what consumers desire in their horticulture products and the sensory attributes that will drive repeat purchase. The investment will investigate pineapples, papaya, passionfruit, mango and strawberry.

DR VINO RAJANDRAN

See hortinn.com/as19003

“

One of the foundational Hort Frontiers Pollination Fund projects wrapped up this year, demonstrating that non-crop floral diversity around farms can increase pollinator diversity and crop flower visitation by pollinators. The investment also generated new knowledge on the diversity of insect pollinators that visited the selected orchard crops across different regions, and the role of these various insects in crop pollination.”

ASHLEY ZAMEK

See hortinn.com/ph15001



WHAT WE DO:

We deliver innovative and impactful marketing

Hort Innovation traditionally delivers marketing campaigns on behalf of individual horticulture industries. This year saw the continuation of The Good Mood Food, a unique cross-industry initiative with a high-profile, lasting message

MARKETING SPOTLIGHT:

Motivating Australians to eat more fruit, vegetables and nuts

The Good Mood Food campaign continued in 2020/21 to promote horticultural produce to Aussies

In 2020, a major behaviour-change communications campaign, The Good Mood Food, was developed by Hort Innovation to support the horticulture sector through the impacts of COVID-19. The message was simple, but impactful: when you eat better, you feel better, and Aussie horticulture produce is the way to go.

The campaign used a combination of media channels to inspire over 20 million Aussies to embrace the “good mood food” message, highlighting the positive impact that increasing your consumption of fruit, vegetables and nuts can have on your mood and health. This message was brought to life on television, digital and radio, including partnerships with Channel Ten and their hero program *MasterChef*, and NewsCorp and their Taste.com.au platform and national newspaper mastheads.

The key to the success of The Good Mood Food campaign was the perfectly timed message, content and recipe ideas that were delivered during a period when our audience was actively searching for healthy, mood-boosting solutions and at-home inspiration for their snacks and meals.

Key results from the campaign were:

- Digital screens with The Good Mood Food message across 5,122 sites nationally reached 11.5 million Aussies while at their local grocery store.
- Ads on YouTube and catch-up TV platforms were seen by 3.2 million Aussies while they were watching TV and/or online videos.
- Exclusive deals with Channel 7 and 10 enabled mass reach and strong frequency of messaging, reaching up to 2.9 million grocery buyers at least 13 times. The campaign secured peak placements across primetime programs such as *MasterChef*, *The Project*, and *Farmer Wants a Wife*.



To support the messaging of The Good Mood Food campaign, additional resources under the *Phenomenom*® banner were produced to engage kids and teach them the importance of fruit, veg and nuts in their diet, as well as green space through evidence-based learning. Learn more at hortinn.com/tgmf-special.

THE
GOOD
MOOD
FOOD

2 in 3

people surveyed said they would be more likely to purchase more fresh produce after seeing the campaign content*



96%

The percentage of Australians who were reached by the campaign during its run



3 year high
in total grocery sales with fresh categories taking out the top five growth contributors^

* Source: FiftyFive-Five

^ Source: Nielsen Homescan

Learn more about The Good Mood Food

- Visit www.horticulture.com.au/the-good-mood-food for the campaign's background
- Check out The Good Mood Food on Facebook (www.facebook.com/thegoodmoodfoodaus) and Instagram (@[thegoodmoodfoodaus](https://www.instagram.com/thegoodmoodfoodaus))
- See the online hub, which features health and nutrition information backed by Hort Innovation R&D to help healthcare professionals and consumers learn how and why Aussie fruit, vegetables and nuts are good mood foods, at www.thegoodmoodfood.com.au.

MARKETING SPOTLIGHT:

Other marketing highlights of 2020/21

Hort Innovation delivers levy funded marketing programs for 24 industries. There were many successful campaigns, including these two examples which hit the mark with consumers.

ADD THE MIGHTY MUSHIE

After three years of the 'Chop Chop' campaign, a new creative for Australian mushrooms was launched in 2020/21. The goal was to reposition Australian mushrooms from an easy, tasty, healthy ingredient to a truly unique superfood with a rich flavour. And so the 'Add the Mighty Mushie' campaign was born, with messaging ideal for today's health-conscious consumers.

A distinctive creative was needed to demonstrate the 'might' of Australian mushrooms, so the 'golden burst' imagery was developed to showcase the power of mushrooms to transform meals. The campaign imagery captured moments in motion, heightening the sense of transformation and energy, an excellent reflection of the qualities and taste of mushrooms.

An integrated marketing campaign was executed to drive awareness and purchase intent. The campaign championed interesting mushroom recipes to inspire consumers across different seasons of the year, from summer BBQs to warming dishes for

the cooler months. Despite product availability all year, there is usually stronger demand for mushrooms in the winter season. To address this challenge, these recipes reinforced that mighty mushies are available all year round.

The campaign development involved collaboration with the mushroom industry and retailers through a Creative Working Group. This forum fostered discussion on consumer opportunities and enabled alignment on the key messages core to the campaign.

Through engaging growers and retailers in the lead up to the launch of the new campaign, this additional support translated to point-of-sale communications instore (for example, aisle fins and on-pack stickers) as well as presence in retailer channels (such as magazines, e-newsletters, digital banners and even an online 'mushroom shop' page on a retailer website).



84%

of the target audience was reached during the campaign



75%

of people who had seen and understood the campaign said they wanted to use Australian mushrooms more*



7.9%

growth in category volume sales year-on-year during the launch burst of the campaign^

* Source: FiftyFive-Five

^ Source: Nielsen Homescan



YOUR SUMMER FLING WITH AUSTRALIAN CHERRIES

A new creative campaign and message was launched for Australian cherries during the summer of 2020/21 to encourage consumption across the whole cherry season, not just for Christmas Day. Due to a busy media environment during the holiday period, the messaging needed to cut-through the noise and reach consumers in an impactful way.

'Your summer fling' was disruptive, engaging and unforgettable campaign creative. It provided a provocative and unexpected tone that succinctly delivered the message that Australian cherries are the ultimate limited edition treat for summer.

The target audience for the campaign was strategic due to limited funding. The chosen group was 35–50-year-old, affluent couples who already identify as fruit lovers and who often treat themselves.

By repositioning Australian cherries beyond just being a Christmas fruit into a healthy but indulgent treat to have

more often while they are available, the campaign allowed cherries to go up against other indulgences, such as chocolate and ice cream.

The media strategy focused on maximising the reach and frequency of 'Your summer fling' messaging across December and January. Media channels included radio, out of home messaging in retail environments, online content partnerships, such as Taste.com.au, digital display advertising, social media, influencers, and retailer media channels, such as magazines and digital displays in front of stores.

In addition, an instore quality monitoring and retailer engagement program ensured shoppers had access to quality cherries, upholding the brand promise and driving repeat purchases.

Despite a relatively small budget, the campaign managed to deliver distinctive creative, a strong media plan and high quality cherries, which all contributed to a campaign that delivered great results during a challenging year for the cherry industry.



“

The marketing team leverages consumer insights so that we can deliver impactful, industry-specific domestic marketing activities that encourage Aussies to consume more Australian-grown horticulture produce. Campaigns such as 'Add the Mighty Mushie' and 'Your Summer Fling' demonstrate how an engaging creative can inspire consumers and drive purchasing behaviour”.

Samantha Parker
Group Marketing Manager
at Hort Innovation



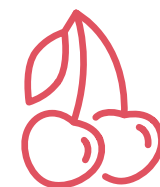
33%

increase in total volume of sales compared to last year[^]



17%

increase in total dollar sales compared to last financial year[^]



4.4%

increase in the number of cherry buying households[^]

* Source: FiftyFive-Five

[^] Source: Nielsen Homescan

Refer to Hort Innovation's industry-specific fund annual reports for complete details of marketing activities for each industry during the year: www.horticulture.com.au/annual-report-portal

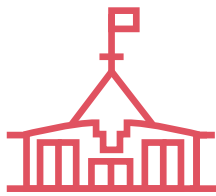


WHAT WE DO:

We support access and growth in international markets

Hort Innovation works with industry and government to help develop and realise export opportunities and ambitions. We manage market access and market improvement proposals on behalf of the horticulture sector, plus oversee investments to assist export capacity and activities that take place in international markets.

Our international trade work



We liaise with government and industry to prioritise and support market access and market improvement ambitions



We invest in R&D and marketing to support market access, export capability and market development



We collaborate with industry, government partners and fellow research and development corporations on relevant initiatives



We support international engagement through trade shows, network facilitation and other outreach, underpinned by the Taste Australia program

International trade activities in 2020/21

Through our three core pillars of export capability, market access, and market development, we delivered essential trade investments for the horticulture sector

The International Trade portfolio has more than 60 investments that support 20 of our horticulture industries to grow and develop their export markets.

IMPROVING EXPORT CAPABILITY

During the year, we supported industries to invest in export capability to ensure that growers were supported with the right tools and expertise to export their product. While each industry-specific project recognises industry nuances, they also work towards a broader cross-horticulture agenda of advancing trade across the sector. As an example, the berry industries have joined forces on export for the first time with a project kicking off to support their trade ambitions. Read more about this project at hortinn.com/mt20004.

SECURING MARKET ACCESS

Market access is critical for the Australian horticulture industry. Australian growers export approximately \$2.92 billion in horticultural commodities annually, accounting for around 25 per cent of Australia's total production. This is why Hort Innovation invests in activities that support securing market access. In 2020/21, an investment *Building capacity in irradiation – pathways for export* (AM19002) commenced to increase knowledge of disinfestation using irradiation. Irradiation is the preferred phytosanitary treatment for many of our exporters, as irradiation typically produces a higher quality product and is effective against all insect pests.

DEVELOPING MARKETS

Taste Australia is the whole-of-horticulture brand used by industry and Hort Innovation to increase the profile, sales and consumption of Australian horticulture products overseas. During the year, we continued to promote Australian produce under this banner, with a movement towards digital activities due to COVID-19 restrictions.

For example, Hort Innovation's flagship trade show, Asia Fruit Logistica (AFL), took place in November 2020 through an online platform that allowed exporters, growers and importers to interact and attend insight sessions. The event attracted 2,444 attendees, 50 per cent from South-East to Central Asia and 20 per cent from Europe. There was a great turn out from Australian growers and exporters – with Australia the fourth highest country of origin at the event.

The Taste Australia campaign video that was played through the online platform had a total of 2,800 views and was favoured 285 times. The Austrade ASEAN markets insights session was the most popular followed by Taste Australia Marketing and Meet the Australian Exporters.

New International Market Access Assessment Panel (IMAAP)

The newly established International Market Access Assessment Panel (IMAAP) was one of two specialist trade panels active during the year, made up of relevant experts and industry representatives. There is also the International Trade Advisory Panel which has been reset to provide advice on Hort Frontiers Investments relating to international markets and trade. In 2020/21, Hort Innovation reinvigorated the process of evaluating industry proposals for market access and improvement, to in turn provide advice to the Department of Agriculture, Water and the Environment. The Department considers advice provided by Hort Innovation when determining the market access priorities it negotiates with international governments on behalf of the Australian horticulture sector.

To access further information about IMAAP, visit hortinn.com/IMAAP.

TRADE SPOTLIGHT:

Supporting the horticulture sector throughout COVID-19's trade disruptions

Hort Innovation delivered a suite of investments and activities to help domestic growers adapt to changes in the export landscape due to COVID-19

ADDRESSING NON-TARIFF MEASURES

Through a Department of Agriculture, Water and the Environment grant, an investment *Non-tariff measures of commercial significance* (ST19021) was set up to better understand the impact of non-tariff measures on specific commodities, and more broadly, across the horticulture industry. Non-tariff measures can lead to benefits from both an import and export perspective. Read more about this project at hortinn.com/st19021.

DEVELOPING MARKET-BASED EXPORT EXPANSION STRATEGIES

To strengthen the Australian horticulture sector's response to global trade disruptions and international market conditions, the investment *Market-based export strategies* (ST19033) was established to increase understanding of recent performance in export markets and what the competitor landscape looks like. By improving knowledge on the potential of strategic export markets, this information can be used to continue to support expansion of trade across many international markets.

SUPPORTING ACCESS TO AIRFREIGHT

Hort Innovation continued to deliver the data needed on current and future demand for airfreight capacity from horticultural produce throughout 2020/21 under the investment *Understanding export supply chain logistics, matching production and export aspirations with airfreight capacity* (ST19034). This information supported decision makers in industry and government, including the International Freight Assistance Mechanism (IFAM), to pursue cost-effective export mechanisms for the sector.

HORTICULTURAL EXPORTING ROUNDTABLE

In March 2021, Hort Innovation brought together 96 key industry members, government representatives and service providers to discuss the challenges and opportunities affecting international horticulture trade.

Key outcomes from the discussion were:

- Industry wants to work collaboratively to advance export growth
- Cooperation between industry, Hort Innovation and the government is critical to success
- COVID-19 has changed the trade environment, so industry needs to adapt.



“It's been a busy year for International Trade. From re-invigorating the industry mechanisms for advice on international trade investments to building relationships with governments, the team has worked hard to ensure that growers are set up to succeed in international markets. Obviously, a key focus has been providing support to the industry throughout continued disruption caused by COVID-19.”

Brei Montgomery
Hort Innovation Head of
International Trade



WHAT WE DO:

We develop essential data and insights

Hort Innovation supports Australian horticulture with access to all kinds of data. From whole-of-horticulture facts and figures to industry-specific consumer information and trends, this work assists decision making across the sector, within industries, by researchers and Government and in individual businesses.

STATISTICS SPOTLIGHT:

Sustainability Framework

Over the last year, Hort Innovation has worked with industry to develop a sustainability framework for the sector

The Australian-Grown Horticulture Sustainability Framework provides a guide for the sector to share its stories about sustainable, ethical, and safe farming practices with stakeholders.

More than 600 industry participants told Hort Innovation what areas they see as priorities in the sustainability space. The framework was developed with input from producers, employees, industry peak bodies, service and input suppliers, and researchers. Financers and investors, marketers and exporters, retailers, governments, and consumers also had input.

The framework details 17 focus areas that align with existing business measures, as well as the United Nations' Sustainable Development Goals. Each area contains its own sustainability goals and indicators to measure progress. The framework also provides data sources to help growers gather the facts.

As consumers and investors increasingly ask for evidence of ethical and sustainable practises from their food producers, the initiative aims to arm industry with tools to help share their sustainability credentials and stories.

Read more about the project and access the guide at hortinn.com/sustainability-framework.



The Sustainability Framework provides an avenue for industry to share their sustainability credentials with consumers. This Framework will help guide the horticulture sector to tell their sustainability story and next we will look to bolster their claims with evidence on how we are performing against each indicator identified in the framework."

Adam Briggs
Hort Innovation Head of Data & Insights



The National passionfruit breeding and evaluation program (PF19000) is developing and evaluating new scion varieties of passionfruit to ensure the sustainability of the industry. Learn more at hortinn.com/pf19000. Photo credit: Passionfruit Australia.

STATISTICS SPOTLIGHT:

Data investments to meet current challenges

In 2020/21 we provided the data and resources needed by the horticulture sector

HORTICULTURE STATISTICS HANDBOOK

The latest 2019/2020 Australian Horticulture Statistics Handbook shows that overall the sector exceeded \$15 billion in production value. Although production volume had decreased by 1.5 per cent due to seasonal conditions such as drought and bushfires, value increased by 4.5 per cent, from \$14.4 billion to \$15.1 billion.

Updated annually, the handbook provides the latest data available on all sectors of the Australian horticulture industry in one convenient guide. A comprehensive resource, it is also mobile compatible meaning users can access the data anywhere, anytime.

The Handbook is available on the Hort Innovation website at hortinn.com/hort-stats.

CATEGORY AND CONSUMER IMPACT MONITOR

After nine months of weekly reporting from Fiftyfive5's Category and Consumer Impact Monitor, in 2021 we released an easy-to-read summary of changes to consumer mindset, attitudes and behaviours during the onset of COVID-19.

Available at hortinn.com/st19031, the summary addresses fruit and vegetable consumption, snacking, meal preparation and more. The report shows key insights such as consumers were eating more snacks, buying more fresh produce, placing more importance on packaging and Australian-grown goods.

SEASONAL HORTICULTURE LABOUR DEMAND AND WORKFORCE STUDY

In 2021, Hort Innovation completed two studies into the impact of COVID-19 on the horticulture sector in accessing and securing their casual workforce.

The latest piece of research refined our assumptions about labour demands within the horticulture sector, provided insight into the differences between growers of varying sizes, and increased worker mobility from the Pacific Islands.

BENCHMARKING PERFORMANCE IN THE NURSERY INDUSTRY

Hort Innovation also invests in industry-specific data and insights work to support growers in making timely and effective decisions in their businesses. The nursery industry has developed a data tool that allows growers to benchmark the core aspects of their business, as well as track market trends and industry performance over time.

You can access the data tool and learn more about the project at hortinn.com/ny17008.



Our Data & Insights team also oversees a range of monitoring and evaluation processes to help assess and guide the company's activities. See more from p65.



Join us
on social
media

Find Hort Innovation on...

-  **Facebook:** www.facebook.com/hortinnovation
-  **Twitter:** [@Hort_Au](https://twitter.com/Hort_Au)
-  **LinkedIn:** www.linkedin.com/company/hort-innovation
-  **Instagram:** [@hortinnovation_au](https://www.instagram.com/hortinnovation_au)
-  **YouTube:** www.bit.ly/hort-youtube



WHAT WE DO:

We communicate and extend to industry

Getting information into the hands of growers is central to the success of Hort Innovation's research. Our work in extension and communications provides access to project recommendations and resources, and keeps growers connected to the company they own.

Communications in 2020/21

We amplified the outcomes of investments through various channels tailored to the needs of growers

GROWING INNOVATION
News for horticulture growers

11 editions

of *Growing Innovation*, our regular e-newsletter (get on the mailing list for this and other email communications at www.horticulture.com.au/sign-up)



2,800+ articles,

resources and project pages on the Hort Innovation website to date, www.horticulture.com.au



To keep our stakeholders informed about Hort Innovation's activities and the outcome of our investments, the Communications team maintained our regular flow of information through the media, social media, e-newsletters and levy-funded industry communication programs. There was an exciting return to some face-to-face events, however many were disrupted due to COVID-19. Instead we turned our attention to digital options such as video content to introduce new initiatives and website articles to provide advice for growers on pest incursions."

Gareth Finch
Hort Innovation Head
of Communications



30 industries

with levy-funded communication programs, including 26 delivered by or with horticulture's peak industry bodies*



7 webinars

including four as part of our Insights webinar series, launch of the Hort Stats Handbook and export roundtables



29,800 people

following Hort Innovation's social channels



10 updates

in our 'Better Together' program, keeping industry bodies and communication partners up to date with levy investments and Hort Innovation activity, to pass on to growers in their networks



5 face-to-face

events including Hort Connections

4 virtual

events including our Annual General Meeting



104 videos

on our YouTube channel to date, www.bit.ly/hort-youtube



New Events Sponsorship Program launched



27 media releases

highlighting our work

* 30 industries had a communication program active during the year. Because some industries had both an old program ending and a new program beginning in 2020/21, the number of discrete programs was actually 34, with 29 of these delivered by or with industry bodies

Extension in 2020/21

Our regional extension team keeps us connected to industry and delivered valuable industry development programs and networking opportunities

INDUSTRY EXTENSION PROGRAMS

There were 26 industries with extension programs during the year, representing more than 50 extension-related projects combined. This work ranged from larger and longer-running investments, to one-off training and demonstration investments, such as field days.

While some face-to-face delivery of extension activities were impacted by COVID-19, digital alternatives were adopted by many of the programs.

To see what extension investments your levy has been invested in, check your relevant grower page at www.horticulture.com.au/growers at any time.

A REVIEW OF EXTENSION INVESTMENTS

The Industry Development Portfolio was reviewed to ensure maximum efficiency and impact for growers and to identify where opportunities for collaboration exist. It involved a desktop analysis of 44 projects within the portfolio and 24 interviews with delivery partners.

While the review identified that a high percentage (74 per cent) of extension-related investments have been “well” or “very well” received by growers and industry stakeholders, areas of improvement were identified:

- Improving contractual terms to support the achievement of longer-term project outcomes
- Delivering training to support project personnel and creating opportunities for cross-industry collaboration to encourage peer-to-peer learning
- Bolstering monitoring and evaluation practices to demonstrate investment value.

The Extension team will work collaboratively with delivery partners to address these recommendations over the next year.



With a fully-formed team of Regional Extension Managers established during the year, we've been busy making connections and building a picture of how we can effectively support extension activities within our regions. Importantly, we're not here to replace the role of industry-specific development officers, rather we're here to play a strategic linking role within industry, bringing broad coalitions together to share skills and capacity, and to solve regional problems."

Jane Wightman
Hort Innovation Head of Extension

Our Regional Extension Team was featured in a series of profiles that introduced them to the horticulture industry and highlighted what benefits they will bring to our sector. You can view the written and video profiles at www.horticulture.com.au/extension.



Hort Innovation Regional Extension Manager for the Tri-state region, Jay Cummins, attended the Dried Fruits Australia Botrytis field day as part of the Dried grape production innovation and adoption program 2018-2021 (DG17001).

SUPPORT OF DELIVERY PARTNERS

Another focus of the past year has been to provide training and development opportunities to extension delivery partners. This has included:

- **Quarterly webinars on topics of interest** to encourage networking and promote peer-to-peer learning opportunities. On average, 35 participants attended each webinar.
- **An Extension Forum at Hort Connections** where a Q&A session was held with three young growers (who were past participants of the Hort Frontiers Global Masterclass program) followed by training in facilitating peer-to-peer grower groups. The forum was attended by 37 delivery partners.

IDENTIFYING AND ADDRESSING REGIONAL PRIORITIES

A key role of our Regional Extension Managers is to identify investment opportunities in initiatives that will address significant issues that cut across industries. Through developing networks and relationships with growers and other industry stakeholders, our Regional Extension Manager for Northern Australia identified the need to co-develop and extend integrated fall armyworm management systems for the Australian vegetable industry.

Staff in our Extension and R&D teams collaborated with growers in Bowen and the Queensland Department of Agriculture and Fisheries, to swiftly get a project underway to meet these needs. Read more at hortinn.com/vg20003.



Boomaroo Nurseries supply vegetable growers with high quality and yielding seedlings in South East Queensland, one of which is Pilton Valley Produce, owned by the Dewar family (pictured).

The Hort Innovation Nursery Fund invests in an number of projects to enhance the biosecurity of the nursery industry. You can learn more about them at www.horticulture.com.au/nursery.

SECTION

3

Our partners

This section shines a spotlight on the rich network of partners Hort Innovation collaborated with to deliver investments and outcomes for Australian horticulture. You can explore our relationship with the government, how we collaborate with Australia's other rural research and development corporations, our engagement with project delivery partners, and more.

Strength through collaboration

Hort Innovation works with a wide range of partners to deliver results for the horticulture sector

<p>Our project delivery partners</p>	<p>Growers, including regional and state-based grower groups across the country</p>	<p>The Australian Government, through the Department of Agriculture, Water and the Environment</p>	<p>Horticulture representative bodies, including peak industry bodies and other groups</p>
<p>The wider research community in Australia and overseas</p>			<p>Supply chain participants and partners, such as retail supermarkets and the Central Markets of Australia Association</p>
<p>Australia's other rural research and development corporations</p>			<p>Trade partners, such as Austrade and the Australian Horticultural Exporters' and Importers' Association</p>
<p>Partners in collaborative initiatives, such as through the Plant Biosecurity Research Initiative and National Horticulture Research Network</p>	<p>Associations relevant to horticulture, such as PMA A-NZ, Nuffield Australia and the Australasia-Pacific Extension Network</p>	<p>Industry agencies, such as Plant Health Australia and the government's Cooperative Research Centre network</p>	<p>Co-investors in our research, particularly through Hort Frontiers</p>

We work with the Government

Hort Innovation's work is aligned to priorities and requirements set by the Australian Government

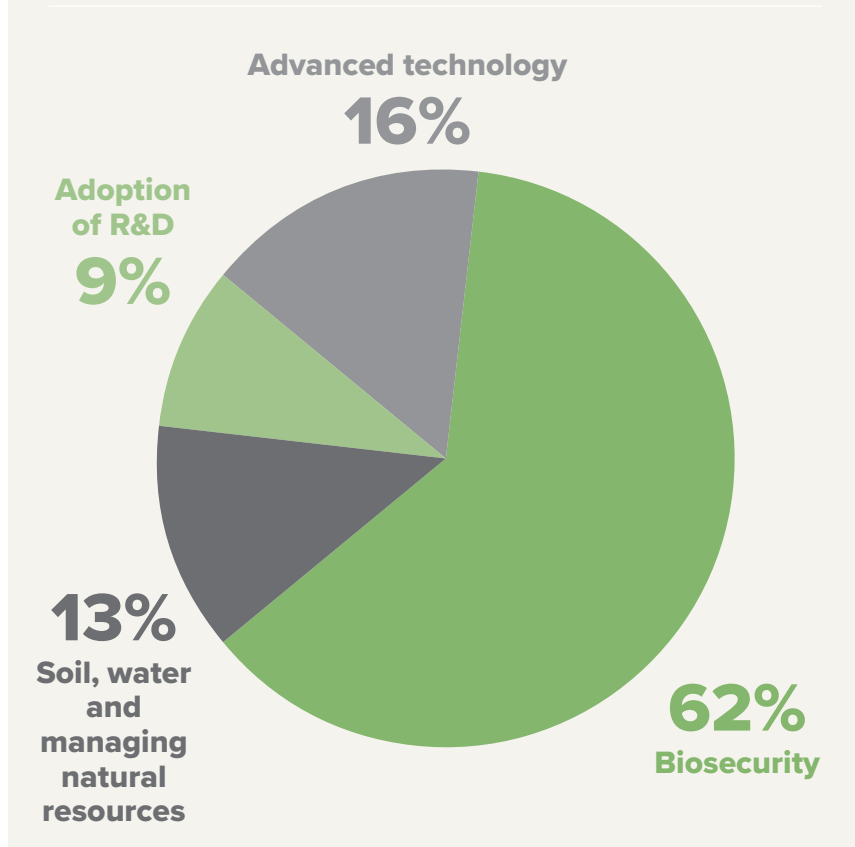
Australia's rural research and development corporations, including Hort Innovation, were established by the government to support research, development and extension efforts across primary industries. That means our work must ultimately align to a set of overarching national priorities and themes.

THE RURAL RD&E PRIORITIES

Our investments contribute to four areas within the Australian Government's Rural RD&E Priorities. They are:

- **Advanced technology**, which enhances the innovation of products, processes and practices across supply chains through technologies such as robotics, digitisation, big data, genetics and precision agriculture
- **Biosecurity**, which improves the understanding and evidence of pest and disease pathways to help direct biosecurity resources to their best uses, minimising biosecurity threats and improving market access for primary producers
- **Soil, water and managing natural resources**, which manages soil health, improving water use efficiency and certainty of supply, sustainably developing new production areas and improving resilience to climate events and impacts
- **Adoption of R&D**, which focuses on flexible delivery of extension services that meet primary producers' needs and recognises the growing role of private service delivery

HOW HORT INNOVATION'S INVESTMENTS ALIGNED WITH THE RURAL RD&E PRIORITIES IN 2020/21



As Hort Innovation's investments are intended to achieve more objectives and priorities than the four areas of the Rural RD&E Priorities (above), and the three relevant areas of the National Science & Research Priorities (over the page), projects that did not align directly were allocated to the next most relevant category.

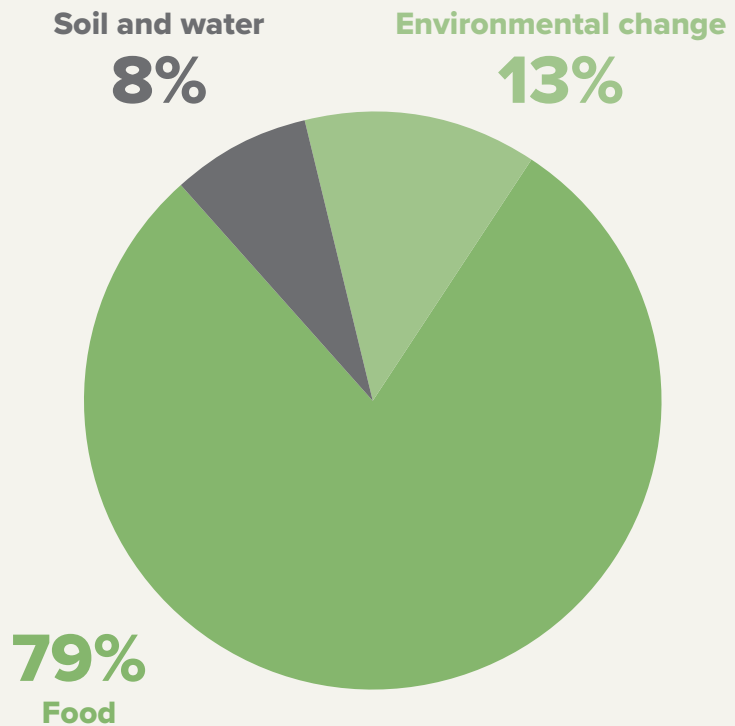
NATIONAL SCIENCE & RESEARCH PRIORITIES

There are a number of National Science & Research Priorities set by the government to help guide strategic investment, with three of relevance to the work of Hort Innovation...

- **Food**, which includes developing knowledge of global and domestic demand and supply chains and enhancing food production through a range of means
- **Soil and water**, which includes better understanding sustainable limits for the productive use of resources and minimising damage to – and developing solutions for the restoration and remediation of – soil and water
- **Environmental change**, which includes developing options for responding and adapting to the impacts of environmental change on biological systems, industry and rural and urban communities.

Full details on these priorities can be found at www.bit.ly/research-priorities.

HOW HORT INNOVATION'S INVESTMENTS ALIGNED WITH NATIONAL SCIENCE & RESEARCH PRIORITIES IN 2020/21



Other ways we connect with the government

Hort Innovation's work is also aligned to other national priorities, directions and feedback that may be communicated to us by the Australian Government from time to time

While there were no additional formal directives given to us in 2020/21, we were proud to support the government as required on critical initiatives during the year, particularly related to international trade.

In 2020/21, we:

- Had regular engagements with the Department of Agriculture, Water and the Environment and the Australian Trade and Investment Commission, including fortnightly teleconferences.
- Partnered with the Department of Agriculture, Water and the Environment on the Agricultural Trade and Market Access Cooperation (ATMAC) program to support horticultural peak industry bodies with their trade applications.
- Signed a partnership agreement with Austrade under the Agribusiness Expansion Initiative to support horticultural exporters. The program aims to expand market awareness and support high-performing export industries. Work in this area has resulted in the Shine with Australia campaign for citrus in Korea and Japan, as well as other initiatives for the horticulture sector.
- Collaborated with Dairy Australia, MLA and Wine Australia to promote Australian food and wine in strategic international markets to improve the promotion and positioning of Australian food and wine products in key international markets.
- Worked with the International Freight Assistance Mechanism (IFAM) to host a whole-of-horticulture briefing every five weeks to update industry on airfreight and seafreight forecasts and the support available through the program.
- Collaborated with the Victorian Government on their Export Recovery Package which strengthened industry initiatives that promoted horticultural produce on e-commerce platforms in strategic export markets.

We're part of the National Horticulture Research Network

This ensures our work is aligned to national strategies and priorities for research investment

During 2020/21, Hort Innovation remained a member of the National Horticulture Research Network (NHRN), which brings together senior horticultural research representatives from Commonwealth and State agencies. See nhrn.com.au for more.

WHAT THE NHRN DOES

The NHRN is responsible for the development and implementation of the Horticulture Research, Development and Extension Strategy under the National Primary Industries Research, Development and Extension Framework.

The Framework is in place to support collaboration and continuous improvement in research, development and extension resources across primary industries nationally. See www.npirdef.org for more.

THE NHRN STRATEGY

The NHRN strategy contains priorities for investment, collaboration and coordination under the Horticulture Research, Development and Extension Strategy 2019-2024, available at www.npirdef.org/strategy include:

- Advanced production systems
- Climate adaptation
- Genetic improvement
- Information and extension delivery systems
- Market access and early market development
- Product traceability and integrity
- Pollination capacity
- Protected cropping.

The overarching themes are:

- Redesigning the production system to deliver productivity and profitability
- Differentiating the Australian horticulture market
- Building capability to better respond to environmental events and facilitate natural resource management.

HOW HORT INNOVATION CONTRIBUTES

We have strong investment in most of the key priority areas, through levy-funded projects and particularly in our Hort Frontiers strategic partnership initiative.

Additional activity during the year was aligned to the strategy's priorities too, such as our work towards a Sustainability Framework for horticulture (p37), and our ongoing support of horticulture industries in their market access ambitions (from p34).

Hort Innovation funding also supported the role of the NHRN Executive Officer during the period.

We work with other research and development corporations

Hort Innovation is one of Australia's 15 rural research and development corporations, and collaboration within this network is critical

While we each look after different sectors, the rural research and development corporations (RDCs) continue to work closely on cross-sectoral strategies, projects and initiatives to address common opportunities and issues in efficient and effective ways. Here are some examples.

THE RURAL R&D FOR PROFIT PROGRAM

This is a competitive grants program, run by the Australian Government to provide special funding for the 15 RDCs to work with each other and with other collaborators on multi-million-dollar projects for the benefit of growers

across primary industries. Through the program's four rounds of funding, Hort Innovation has led or supported on a large range of initiatives.

In 2020/21, this included the below projects, which were either ongoing or completed during the year. They are:

LEAD RDC	PROJECT NAME
AgriFutures Australia	Securing pollination for more productive agriculture: guidelines for effective pollinator management and stakeholder adoption
Cotton Research and Development Corporation	More profit from nitrogen: enhancing the nutrient use efficiency of intensive cropping and pasture systems
Grains Research and Development Corporation	Boosting diagnostic capacity for plant production industries
Hort Innovation	Advanced production systems for the temperate nut crop industries
Hort Innovation	Improving plant pest management through cross-industry deployment of smart sensors, diagnostics and forecasting
Hort Innovation	Multi-scale monitoring tools for managing Australian tree crops – phase 2
Hort Innovation	National centre for post-harvest disinfestation research on Mediterranean fruit fly (Australian Medfly R&D Centre)
Hort Innovation	Novel technologies and practices for the optimisation of pollination within protected cropping environments
Wine Australia	Digital technologies for dynamic management of disease, stress, and yield

OTHER COLLABORATIVE WORK IN 2020/21

- **We were involved in cross-sector research** that continued outside of the Rural R&D for Profit program in 2020/21, from single projects like the one below, to ongoing collaborations such as the Plant Biosecurity Research Initiative (p54) and the Emerging National Rural Issues (ENRI) Forum facilitated by AgriFutures Australia to identify potential cross-sectoral projects.
- **We participated in the Council of Rural Research and Development Corporations**, an arrangement that allows the RDCs to come together to discuss and act on opportunities and issues across our sectors. During 2020/21, Hort Innovation continued to take part in Council meetings and forums, and contributed to other Council initiatives. See www.ruralrdc.com.au for more on the Council.

- **We became a founding member of Ag Innovation Australia (AIA)**, a new company targeting transformational innovation across agriculture, formed in October 2020. All 15 Rural Research and Development Corporations (RDCs) were its founding members.

AIA was established to catalyse public and private sector investment, and enhanced collaboration in solving the biggest cross-sectoral challenges in Australian agriculture.

As a single point of contact for cross-industry strategies, AIA will make it easier for investors from around the world to navigate and partner with the Australian agricultural system.

RDCs contribute subscription fees and will benefit from enhanced collaboration and more effective leveraging of funding, knowledge and resources.

The scope of AIA's strategies will cover the agriculture, fisheries and forestry value chains. More information can be found at aginnovationaustralia.com.au.

- **We contributed to the new grow^{AG} platform (www.growag.com)**, a collaboration between the Department of Agriculture, Water and Environment and all 15 RDCs. It is an online repository of world-leading agricultural research, unique technologies and commercialisation opportunities in one, easy to use location.

COLLABORATION IN ACTION: COMMUNITY TRUST IN RURAL INDUSTRIES

The Community Trust in Rural Industries Program is a collaborative partnership between 11 Rural Research and Development Corporations (RDCs), the National Farmer's Federation (NFF) and New South Wales Department of Primary Industries (NSW DPI) to build the capacity of food and fibre industries to productively engage with the community.

Hort Innovation is supporting the final two years of the three-year program, which is working to improve understanding of the underlying values that drive community attitudes and trust towards food and fibre production.

Through identifying best practice approaches and strategies for building, rebuilding, and maintaining community trust, this partnership will equip food and fibre industries to respond to shifts in the level of trust.

Results from the second year of research have recently been made available on the AgriFutures website at www.agrifutures.com.au/national-rural-issues/community-trust.



Two thirds of Australians say **having plants in their house or apartment helps them feel better about restrictions** on activities outside of the home



62% of Australians say they find themselves **appreciating turfed recreation areas like parks and backyards** more during the pandemic



Half of those surveyed say they have **been gardening more than usual** during the current restrictions on activity outside the home



Two thirds of Australians say **gardening helps them to manage their wellbeing**

We forge and support other partnerships

Here are some of the collaborations we've facilitated during the year...

CITRUS DEVELOPMENT WITH THE AUSTRALIAN CENTRE OF INTERNATIONAL AGRICULTURAL RESEARCH

In 2020/21, Hort Innovation entered into our first co-investment arrangement with the Australian Centre for International Agricultural Research (ACIAR). ACIAR facilitates strategic partnerships with public and private research institutions to improve the productivity and sustainability of agricultural systems and the resilience of food systems in partner countries.

Hort Innovation and ACIAR have partnered on an investment to leverage global knowledge on huánglóngbīng (HLB) and investigate effective and efficient options for the citrus industry in tackling this pest. It will increase the capacity of smallholder citrus growers in Indonesia and China to manage the citrus disease and enhance the preparedness of the Australian citrus industry for future incursions.

The research is being led by the NSW Department of Primary Industries with coordinators based in Indonesia and China. By the conclusion of the project, researchers will know which HLB-tolerant rootstocks are suitable to the growing conditions of Indonesia and Australia in terms of growth and HLB-tolerance. Read more at hortinn.com/ct20003.

SENTINELS LAUNCHED THROUGH iMapPESTS PROGRAM

The iMapPESTS program is researching and developing novel surveillance and cutting-edge diagnostic technologies.

These include custom-designed mobile surveillance units (termed 'sentinels') that incorporate specialised airborne trapping equipment and technology. Sentinels are deployed to various locations around the country to capture airborne samples that are examined in a laboratory to test the presence or absence of priority pests and pathogens.

The iMapPESTS program is supported through the Australian Government's Rural R&D for Profit Program and involves 16 partner organisations.

By the end of 2020, iMapPESTS delivered six sentinels to different environments and crops around the country for extensive testing and optimisation in 2021. Each sentinel is equipped with monitoring equipment to collect important data that could identify and predict the presence of pests and pathogens that impact the agriculture sector.



One of the sentinel surveillance units out in the field to monitor pests and pathogens.

The program is laying the foundations for a national surveillance system capable of rapidly monitoring and reporting the presence of airborne pests and diseases for multiple

agricultural sectors, including viticulture, grains, cotton, sugar, horticulture and forestry. Watch one of the sentinels in action at hortinn.com/sentinel-video.

PLANT BIOSECURITY RESEARCH INITIATIVE

The PBRI is a partnership between Australia's seven plant-focused research and development corporations working collaboratively with Plant Health Australia, the Department of Agriculture, Water and the Environment, plus a range of industry, state and national biosecurity stakeholders. Visit www.pbri.com.au for more.

During the financial year...

- **19 cross-industry biosecurity projects** have been contracted, with a total value of \$52 million. The investments cover a wide range of areas, such as identifying native Xylella vectors, eDNA testing for brown marmorated stink bug, boosting diagnostic capacity for plant production industries and much more.
- **A new partnership signed with the Australian Centre for International Agricultural Research (ACIAR)** marking the beginning of a collaborative relationship, aimed at delivering plant biosecurity research of interest to both Australia and ACIAR's partner countries.



Youth Community Greening and students from Cobargo Public School worked together on creating a community bush tucker garden.

- **A biosecurity extension community established** to connect extension experts, achieve better coordination and collaboration of biosecurity extension efforts, and act as a forum for receiving cross-sectoral research updates and to contribute new ideas.
- **A fall armyworm workshop** was held for around 50 people from industry, government and research organisations across Australia and New Zealand to discuss approaches to management of fall armyworm.
- **A bush tucker garden** was established in Cobargo, a bushfire-affected community in NSW. For the International Year of Plant Health, the Youth Community Greening team from the Royal Botanic Garden & Domain Trust in Sydney collaborated with the PBRI to work closely with the students at Cobargo Public School to design, plant and care for a bush tucker garden which celebrates plant health.

FIGHTING FRUIT FLY THROUGH SITPLUS

Queensland fruit fly is a small insect with a big impact, responsible for an estimated \$300 million in lost produce and markets for Australian growers each year.

The multi-faceted SITplus initiative brings together researchers and funding partners to tackle the pest using 'sterile insect technique' (SIT). The approach involves developing and mass-rearing sterile fruit flies, which are then released into the wild in large numbers. Developed to be

attractive to wild flies, the sterile flies compete with – and ideally outshine – their wild, fertile counterparts when it comes to breeding, ultimately stopping the pest population from effectively reproducing.

Hort Innovation is one of the founding partners of SITplus, with current collaborators also including CSIRO, Macquarie University, Western Sydney University, Primary Industries and Regions South Australia (PIRSA), the South Australian Research and

Development Institute (SARDI), the NSW Department of Primary Industries, Agriculture Victoria, Plant & Food Research Australia, and Biosecurity Tasmania.

All SITplus projects are funded and managed through Hort Innovation's Fruit Fly Fund, part of our Hort Frontiers initiative. You can read more about the suite of projects at hortinn.com/fruit-fly-fund.

We engage world-class delivery partners

The work that Hort Innovation funds is delivered by a range of specialist delivery partners

During the financial year, we worked with some 170 delivery partners for the continued delivery of projects across R&D, marketing, international trade and more. Our partners ranged from universities, state research agencies and other government entities, to subject matter experts and delivery experts working in private enterprise.

Hort Innovation has a fair and equitable procurement process in place to ensure the best delivery partner is selected for any given piece of work. To be selected for a project, a potential delivery partner must submit a detailed response to the project proposal distributed by Hort Innovation.

Current opportunities can be seen at www.horticulture.com.au/partnershipopportunities and are also advertised at www.tenders.net.

All proposal responses are evaluated against set criteria, and against each other, by an evaluation panel. Each panel is specific to the project being procured and may be comprised of Hort Innovation experts, industry representatives and, where relevant, independent subject experts. From here, the best response is selected, a contract is issued to the selected delivery partner, and the work begins.

R&D AGREEMENTS IN 2020/21

Hort Innovation entered into more than 130 new R&D project agreements with 80+ different delivery partners during the year, as detailed in the following table along with 2020/21 expenditure.

NEW R&D INVESTMENTS IN 2020/21			
PROJECT CODE	PROJECT NAME	KEY DELIVERY PARTNER	2020/21 SPEND (\$)
AM19002	Building capacity in irradiation – pathways for export	Victorian Department of Jobs, Precincts and Regions (DJPR)	307,878
AP19004	Technology review for fruit traceability at every stage of the apple and pear fruit production and supply chain	Victorian Department of Jobs, Precincts and Regions (DJPR)	101,000
AS19003	Genetics of fruit sensory preferences	The University of Queensland	773,226
AS20000	A genome editing platform for vegetatively propagated horticultural crops	Queensland University of Technology	580,029
AS20003	National map of protected cropping systems	University of New England	44,119
AS20006	Phase 1: Scoping workshop-Real time decision support system for remote monitoring of crops	University of Western Sydney	22,780
AS20007	Driving ag-tech adoption across Australia	Australian Lychee Growers Association	1,204,167
AV20000	Avocado industry and market data capture and analysis	Avocados Australia	321,845
AV20001	Australian avocado unique selling proposition	FiftyFive5	187,500
AV20002	Independent mid-term review of project AV17005, 'Avocado industry development and extension project'	Coutts J & R	49,600

Continued >>

NEW R&D INVESTMENTS IN 2020/21 (continued)			
PROJECT CODE	PROJECT NAME	KEY DELIVERY PARTNER	2020/21 SPEND (\$)
AV20003	Educating health professionals on the nutrition and health benefits of avocados	Bite Communications	147,440
AV20004	Avocado market access and trade development	Avocados Australia	159,103
AV20005	Independent mid-term evaluation of AV18002	RM Consulting Group	24,810
BA19005	Biosecurity and sustainability in the banana industry	Australian Banana Growers Council	170,406
BA20000	Australian bananas consumer research and tracking FY21	Edentify	15,624
BA20002	Banana industry R&D coordination	Australian Banana Growers Council	187,432
BB19000	Blueberry export strategy	McKinna	45,000
BB19001	Additional cold treatment schedule for Queensland fruit fly in blueberries for market access to China	Queensland Department of Agriculture Fisheries	176,350
BS19001	Developing knowledge and management of strawberry red leaf disorder	Queensland Department of Agriculture Fisheries	82,827
BS20777	ARC research hub for sustainable crop protection (BioClay)	The University of Queensland	50,000
CT19009	Integrated pest management of citrus gall wasp and Fuller's rose weevil	Department of Regional NSW	233,809
CT20000	Citrus Technical Forums 2020 – 2024	Citrus Australia	35,670
CT20001	Strategic review of investments in citrus breeding programs	GHD	43,704
CT20003	Preparedness and management of huánglóngbīng (Citrus greening disease) to safeguard the future of citrus industry in Australia, China and Indonesia	Australian Centre For International Agricultural Research	120,000
CT20004	Citrus health and nutrition literature review	Food Bytes	21,040
CT20006	Citrus industry biosecurity preparedness strategy	Plant Health Australia	527,700
HA19005	Feasibility study into opportunities for high-technology horticulture production in urban environments	RM Consulting Group	65,360
HA19007	Plant Biosecurity Research Institute – Phase 2	Kylee Mae Carpenter	219,987
HA19008	Leadership Fund investment evaluation	RM Consulting Group	49,500
HA19010	Cost benefit analysis and business case: SIT management of Queensland fruit fly	RM Consulting Group	51,744
HA19014	Levy payer register implementation: Stage 1	Ardrossi Pty Ltd	52,200
HA20001	Science and Innovation Awards 2021 and 2022	Department of Agriculture, Water and the Environment	22,727

Continued >>

NEW R&D INVESTMENTS IN 2020/21 (continued)			
PROJECT CODE	PROJECT NAME	KEY DELIVERY PARTNER	2020/21 SPEND (\$)
HA20002	Climate Research Strategy for Primary Industries (CRSPI)	CRRDCC Secretariat	10,000
HA20003	Primary Industries Education Foundation Australia (PIEFA)	Primary Industries Education Foundation Limited	82,500
HA20007	A common approach to sector-level GHG accounting for Australian agriculture – horticulture	Agricultural Innovation Australia	25,000
LP19001	Enhanced 2020 Agrifood and Internet of Farms Traction Program	KPMG	27,000
LY20000	Lychee industry communications program	Australian Lychee Growers Association	67,164
LY20001	Scale and mealybug management options for lychee growers – an extension toolkit	Queensland Department of Agriculture Fisheries	18,721
MC20000	Macadamia industry innovation and adoption	Australian Macadamia Society	195,000
MT19006	Across horticulture support for export MRL compliance	Bryant Christie	131,455
MT19014	Field-based testing for fall armyworm, <i>Spodoptera frugiperda</i>	The Victorian Department of Jobs, Precincts and Regions (DJPR)	75,600
MT19015	Identifying potential parasitoids of fall armyworm	Queensland Department of Agriculture Fisheries	30,000
MT20003	SIP development support	Inovact Consulting	181,294
MT20004	Joint berry export trade development	Berries Australia	161,850
MT20005	Management strategy for serpentine leafminer, <i>Liriomyza huidobrensis</i>	Queensland Department of Agriculture Fisheries	210,000
MT20008	Industry-specific impact assessment program: RB, BS, MG, NY and TU	AgEconPlus	63,840
MU20000	Extension and adoption for food safety, quality and risk management	AMGA	64,400
MU20004	A scoping study to review fungi based global innovations to inform product development opportunities	AMGA	17,280
MU20006	Mushroom industry crisis and reputation risk management	AMGA	79,465
NA20000	Cost effective thinning for nashi (desktop evaluation and grower workshops)	University of Tasmania	12,084
NY20000	Resourcing, supporting and assessing biosecurity in nursery production	Queensland Department of Agriculture Fisheries	314,158
NY20001	National biosecurity and sustainable plant production program	Greenlife Industry Australia	933,428

Continued >>

NEW R&D INVESTMENTS IN 2020/21 (continued)			
PROJECT CODE	PROJECT NAME	KEY DELIVERY PARTNER	2020/21 SPEND (\$)
NY20002	Nursery Fund – Consumer usage and attitudes research	The Navigators Community	82,600
PF19000	National passionfruit breeding and evaluation program	Southern Cross University	80,000
PH19007	eDNA analysis of plant-pollinator relationships to improve hass avocado production in south-west Western Australia	Curtin University of Technology	33,750
PP20000	Papaya industry extension and communications program	Queensland Department of Agriculture Fisheries	20,000
PP20002	Nutrient requirements for papaya production	Dianne Fullelove and Associates	16,500
PR20000	Persimmon industry communications and extension program	Persimmons Australia	21,471
PS20000	Supporting the adoption of best management practices for pistachio growers through on-farm demonstrations and regional discussion groups	Pistachio Growers Association	10,500
PT19003	The Australian potato grower's manual	Agcommunicators	30,477
PT20000	Australian potato industry communication and extension project	Applied Horticultural Research	452,250
PW19000	Australian sweetpotato market insights reports	KPMG	67,275
PW20000	Quality improvement across the sweetpotato industry	Kitchener Partners	141,277
PW20001	A review of the scientific literature on the health and nutrition of sweetpotato	Professional Nutrition Services	13,190
PW20002	Crisis management for the sweetpotato industry	Control Risks Group	52,776
PW20003	Price elasticity of demand for sweetpotato	NCEconomics	45,425
PW20004	Sweetpotato export strategy	Turracraft	24,600
SF19000	Summerfruit market access and trade development project	Summerfruit Australia	160,000
ST19021	Non-tariff measures of commercial significance to horticulture	RM Consulting Group	97,950
ST19022	Scanning technologies for horticulture packhouses	The New Zealand Institute for Plant and Food Research	125,920
ST19023	Digital remote monitoring to improve horticultures environmental performance – AHR	Applied Horticultural Research	382,500
ST19025	Digital remote monitoring to improve horticultures environmental performance – Hitachi	Hitachi Australia	327,500
ST19026	Digital remote monitoring to improve horticultures environmental performance – Freshcare	Freshcare	90,000

Continued >>

NEW R&D INVESTMENTS IN 2020/21 (continued)			
PROJECT CODE	PROJECT NAME	KEY DELIVERY PARTNER	2020/21 SPEND (\$)
ST19027	Digital remote monitoring to improve horticultures environmental performance – ABGC	Australian Banana Growers Council	12,500
ST19028	Digital remote monitoring to improve horticultures environmental performance – AUSVEG	AUSVEG	69,250
ST19029	Digital remote monitoring to improve horticultures environmental performance – Landcare	Landcare Australia	15,000
ST19030	Digital remote monitoring to improve horticultures environmental performance – Growcom	Growcom	25,500
ST19032	The Good Mood Food consumer and brand tracking campaign effectiveness research	FiftyFive5	55,000
ST19033	Market-based export strategies	Deloitte Touche Tohmatsu	276,290
ST19036	Nutrition analysis of across horticulture commodities	Curtin University of Technology	200,000
ST19038	Data Insights Hub	Fusion Digital	9,600
ST19039	Evaluation of Hort Innovation COVID-19 investment (R&D and marketing)	ACIL Allen Consulting	149,804
ST19040	Seasonal horticulture labour demand and workforce study	Ernst & Young	383,032
ST20000	TGMF website – nutritional data	Gasoline Communications	9,944
ST20001	Digital hub for fruit, vegetables and nuts	AnalogFolk Australia	396,625
ST20003	Generation of data for pesticide applications in horticulture crops 2021	Eurofins Agrosience Services	72,228
ST20004	Market access competitor analysis	TradeWorthy	38,478
ST20005	Generation of data for pesticide applications in horticulture crops 2021	Arvensis	20,596
ST20006	Generation of data for pesticide applications in horticulture crops 2021	Agreco Australia	100,000
ST20008	Seasonal horticulture labour demand and workforce study – phase 2	Ernst & Young	119,846
ST20009	Understanding export supply chain logistics under COVID-19 recovery – air freight capacity phase 2	Centre for International Economics	19,193
TG19002	Strategic export plan renewal for Australian table grapes	KPMG	141,795
TG19003	Table grape consumer acceptance and attitudes	Nielsen	73,371
TG19004	Minimum maturity standards adoption across the table grape supply chain	Australian Table Grape Association	225,928

Continued >>


NEW R&D INVESTMENTS IN 2020/21 (continued)			
PROJECT CODE	PROJECT NAME	KEY DELIVERY PARTNER	2020/21 SPEND (\$)
TG19005	Independent M&E planning and evaluation of TG19000	RM Consulting Group	20,920
TG20000	Table grape market access and trade development	Australian Table Grape Association	274,618
VG20000	Annual Vegetable Industry Seminar	AUSVEG	96,870
VG20002	Support services for VG18004 SARP reports	AGK Services	29,000
VG20003	Co-developing and extending integrated <i>Spodoptera frugiperda</i> (fall armyworm) management systems for the Australian vegetable industry	Queensland Department of Agriculture Fisheries	127,759
VM18005	Market intelligence reports: Melon non-protocol markets	Turracraft	55,700
VM20001	Melon industry communications evaluation, needs analysis and strategy development	Cesar Australia	27,500
VM20003	Educating health professionals on Australian melons	Nutriesca	138,002
VM20004	Business case to implement a marketing levy for the Australian melon industry	Greenwood Strategy Solutions	15,120
VM20006	Melon industry communications program	Australian Melon Association	110,908
VN20000	Development of the national onion industry extension strategy	Rural Consulting Group	53,500
VN20001	Risk and crisis management planning for the onion industry	Porter Novelli	50,700
VN20002	Onion nutrition education program for health professionals and the food service industry	Bite Communications	200,666
VN20003	Australian onion industry export strategy	McKinna	49,500
VN20005	Onions consumer usage and attitudinal study	Click Research	50,000
VN20006	Epidemiology and management of fusarium basal rot in onions	The University of Adelaide	197,255
VN20007	Optimising chemical and cultural management of onion white rot	Arvensis	131,660
VN20008	Onion-specific Phenomenom resource creation	Edible Adventures Productions	52,500
TOTAL			16,320,032

More details on projects funded through Hort Innovation can be found at www.horticulture.com.au.

OUR MARKETING PARTNERS IN 2020/21

During the year, Hort Innovation engaged a number of suppliers to support domestic and international marketing activity. The top 25, based on total expenditure by company, are below.

SUPPLIER	2020/21 EXPENDITURE (\$)
Atomic Search	10,252,777
TBWA Sydney	4,410,149
Bastion Effect	1,632,673
Bite Communications	830,107
Republic of Everyone	705,000
The Zoo Republic Partnership	669,650
Australian Macadamia Society	498,208
Sopexa Japon K.K.	463,921
Ikon Communication	426,738
Sheng Zhong Marketing Consultancy (Shanghai) Company	290,999
Coles Supermarkets	245,000
Special Group Australia	231,335
Produce Marketing Australia	230,550
Kantar Singapore	225,000
Go Future Media	212,853
FiftyFive5	205,000
Click Research	188,350
Ink Spiller Communications	187,421
Cartology	165,000
Havas Media Taiwan	147,496
Notimetolose Print Management	120,515
CMGRP	101,720
Nielsen Connect Australia	101,438
Terrapin Estates	92,076
Lansky Enterprises	91,835

A close-up photograph of a person's hands holding three ripe apples. The apples are a mix of red and yellow, with some green at the top. The person is wearing a light blue long-sleeved shirt. The background is blurred, showing more of the person's shirt and a wooden post.

An apple orchard in Harcourt, Victoria where Michael Henry grows 45 varieties of cider making apples, as well as five fresh eating varieties.

In 2020/21, the third iteration of the Productivity, Irrigation, Pests and Soils program (PIPS3) (AP19007) supported growers like Michael. Find out more at www.horticulture.com.au/apple-and-pear.

SECTION

4

Our performance

Better understand Hort Innovation's successes and overall performance in 2020/21 in this section. You'll find the results of our yearly impact assessment work, information on our management of intellectual property, and other key details from the year. Most importantly, this section includes a review of the company's performance against the Hort Innovation Strategy 2019-2023, as well as information on how we are implementing the 'performance principles' that are the foundation of our current funding agreement with the Australian Government.

Making an impact

Each year, Hort Innovation evaluates the impact of our levy-funded R&D investments

In 2020/21, we engaged independent consultants to examine the type and magnitude of impacts across our levy-funded projects. A random sample of 15 investments, all completed in the previous financial period, were selected to be representative of the overall R&D portfolio.

15

The number of levy-funded R&D projects randomly sampled

4.1 to 1

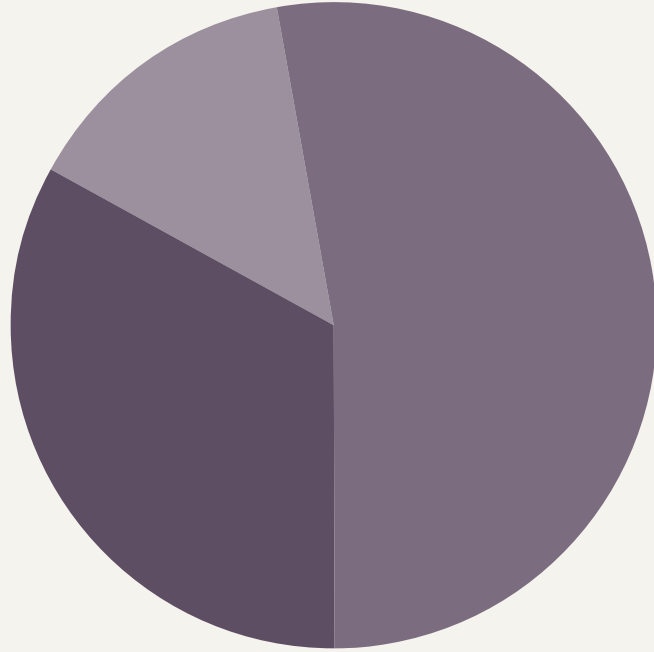
The average benefit-cost ratio of the investments

76

The number of individual positive impacts directly generated by the sampled projects

\$162.9 million

The estimated value of benefits the sampled projects are expected to generate over 30 years (in present value terms)



53%

More than half of the identified benefits of the projects were social impacts, such as increased skills among growers and researchers, cohesiveness within industries and value chains, and improved wellbeing in regional communities

33%

One third of benefits were economic, such as reduced crop loss, increased market access and improved on-farm decision making

14%

The percentage of impacts with environmental benefits, such as increased adoption of best management practices and reduced waste disposal

Find the full details at www.horticulture.com.au/mt18011

Not all project impacts were quantifiable and not all could be evaluated in monetary terms as part of this assessment. This has resulted in the majority of quantified benefits being those that are economic. The work was conducted in line with guidelines defined by the Council of Rural Research and Development Corporations.

Getting the best out of our investments

Hort Innovation's processes ensure the right investments are made and that all of our projects are delivering

The impact assessment work described previously was just one way we assessed our investments in 2020/21. Here's a snapshot of other monitoring and evaluation activities this year:

- **A performance analysis** was completed for each levy industry's 2017-2021 strategic investment plan (SIP), to determine how industries are progressing towards their key goals and outcomes through levy investment. This involved reviewing investment delivery against SIP outcomes and KPIs. This work was critical in informing the renewal of strategic investment plans in 2021.
- **Investment analysis work** was ongoing, tracking the alignment of investment expenditure against each industry's 2017-2021 SIP outcomes and strategies. This analysis is available on the levy fund pages at www.horticulture.com.au/growers.

As well as current investment weightings, the work gives an indication of potential investment gaps to be considered in future investment planning with industries.

- **Industry-specific impact assessments** were undertaken in addition to the across-R&D review on p64. For 2020/21, the industries involved were mango, nursery, raspberry and blackberry, strawberry, and turf. Results will be made available on the Hort Innovation website in due course. Results from last year's industry-specific assessments remain available at www.horticulture.com.au/mt18009.
- **Monitoring and evaluation plans** were produced for the majority of investments, and maintained for all ongoing investments, as appropriate. Prior to investment, all new projects were checked and aligned against industry SIP outcomes and strategies.
- **Independent project evaluations** were undertaken for a number of investments to assess efficiency, effectiveness, relevance and process appropriateness. Some investments also underwent a technical review. This supports Hort Innovation to work with the delivery partner to continuously improve the delivery of the investment and make changes where required.

A refreshed Evaluation Framework

Hort Innovation has an Organisational Evaluation Framework in place to guide our monitoring and evaluation efforts. This allows us to responsibly oversee all activities and investments we fund, ensuring that projects are tracking well and that they're delivering effectively and efficiently for the horticulture sector.

In 2020/21, the Data & Insights team reviewed and refreshed the Framework to ensure alignment with the 2019-2023 Company Strategy and renewed Strategic Investment Plans. Supporting M&E guides and templates were refreshed and simplified, and now provide a clearer pathway to monitor impact within investments. These amendments will strengthen the evidence supporting future performance analysis initiatives and drive closer alignment between project delivery and how investments contribute to industry KPIs.

As part of the refresh, capability building sessions were conducted internally to ensure staff were equipped to use the new evaluation document and tools. This training will also be rolled out to delivery partners towards the end of 2021.

Our updated Organisational Evaluation Framework is available at www.horticulture.com.au/governing-documents

Intellectual property and royalties

We protect the commercial value of intellectual property that arises from Hort Innovation investments, for the benefit of the horticulture sector

Hort Innovation's Intellectual Property Policy and Management Framework continued to be implemented in 2020/21 for the identification, use and management of intellectual property (IP) acquired, created, licensed, disseminated and commercialised by the company.

Under the policy, wherever IP is identified in investments, Hort Innovation ensures appropriate protection is in place for valuable intellectual property developed in investments.

As the table on the right shows, income generated by IP is allocated back to the levy fund where the work originated, so that it can be reinvested.

ROYALTIES BY INDUSTRY IN 2020/21

INDUSTRY	AMOUNT (\$)
Almond	10,021
Apple and pear	6,018
Citrus	1,149
Dried grape	790
Macadamia	10,216
Pineapple	20,783
Potato – Fresh	9,847
Summerfruit	4,826
Vegetable	6,416
TOTAL	70,066



Hort Innovation maintains an active register of all IP from our investments so that we can ensure the commercial value of intellectual property is protected. In cases where IP attracts royalties, this income is returned back to the relevant Fund for further investment."

Dr Vino Rajandran
Hort Innovation R&D Manager

IP IN ACTION: AUSTRALIAN ALMONDS

Six new varieties were commercially released in Australia during 2016 and 2017, with four of them self-fertile. Since then over 240,000 trees have been sold by nurseries to Australian almond growers.

The continued adoption of these varieties by growers has seen returns to the Hort Innovation Almond Fund. As seen in the table on the left, more than \$10,000 was generated in royalties for the almond industry in 2020/21.

The reason is the industry's national breeding program, funded through the Hort Innovation Almond Fund, which runs a targeted breeding program to develop new almond varieties with improved production characteristics. It also progresses the evaluation of varieties from earlier iterations of the program.

The aim is to provide industry access to new varieties that are high-yielding, with self-fertility, improved disease tolerance, closed shells and desirable visual and eating qualities.



There is also international interest in the varieties produced under this program, with commercial trials planned for planting in California at the beginning of 2023.

Read more about the breeding work and its success to date at hortinn.com/al17005.

Read more about the commercialisation of 12 varieties of strawberries under the Australian Strawberry Breeding Program, funded by Hort Innovation, at hortinn.com/strawberry-breeding-program.

Performance against our company strategy

While this entire annual report highlights our performance under the Hort Innovation Strategy 2019-2023, this section takes a closer look at achievements, progress and pivots specific to the strategy’s activities and key performance indicators

To ensure its complete vision can be realised, Hort Innovation’s company strategy outlines broad initiatives and top-level activities that we need to undertake to help Australian horticulture harness opportunities, grow strengths and navigate issues.

For each year under this overarching, four-year strategic plan, Hort Innovation also produces an internal annual operating plan. These annual plans help us outline and track the individual, detailed steps along the way.

The following table provides a quick overview of our progress against the key performance indicators or activities in these guiding documents, with more detail in the pages that follow.



This was our second year under the current company strategy, and while we still experienced some challenges and delays due to COVID-19, it has been encouraging to see significant progress across a number of key activities outlined in our strategy. Additionally, I’m pleased to note that the activities reported as delayed in last year’s report, have all have been completed during this financial year.”

Matt Brand
Hort Innovation CEO

SURVEYING OUR GROWERS

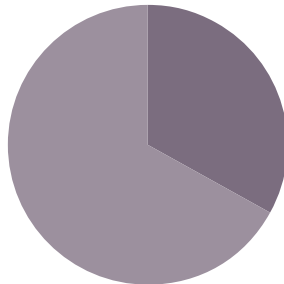
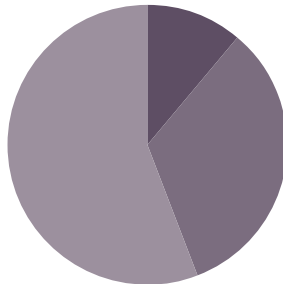
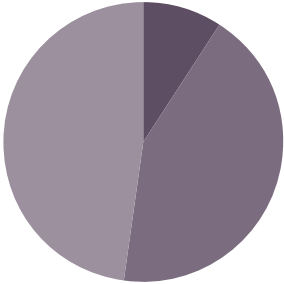
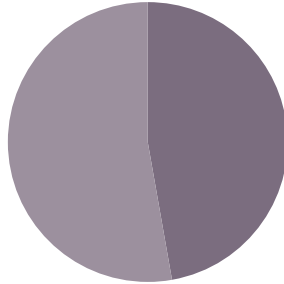
Hort Innovation is committed to a culture of continuous improvement within our organisation, particularly when it comes to delivering value for growers. To do this effectively, we have implemented a longitudinal study to measure sentiment around our company performance and levels of satisfaction among growers.

The first of these surveys was finalised in 2018, creating a baseline of data representing grower stakeholder perception of Hort Innovation’s performance as investors in research, development and marketing (RD&M), communication and interaction with growers, and our information products and services. The survey revealed a high level of confidence in the future of the sector and also gave Hort Innovation some lead indications of where energy is needed to help increase grower satisfaction.

In early 2021, we conducted the second survey to check in on how we are progressing in a number of key areas such as research, development and marketing (RD&M), communication and interaction with growers, and our information products and services. You can read the results and learn more about the survey at hortinn.com/grower-survey.

The results provide Hort Innovation with valuable feedback that leads to new approaches and improvements.

OUR PERFORMANCE AT A GLANCE

STRATEGIC PILLAR	1. Drive knowledge and innovation into horticulture industries	2. Deliver the highest value R&D, marketing and trade investments across industries, for now and into the future	3. Enable activities that drive all strategic imperatives
MAIN OUTCOME	Communication and extension delivered that impacts on business decisions and practices on farm	Investments delivered that address all-of-horticulture opportunities and challenges	Talent, culture, processes and systems delivered that increase value for growers
KPIs IN THE HORT INNOVATION STRATEGY 2019-2023	<p>OF THE KPIS SPECIFIC TO PILLAR 1</p>  <p>50% completed 33% on track 17% delayed</p>	<p>OF THE KPIS SPECIFIC TO PILLAR 2</p>  <p>67% completed 33% on track</p>	<p>OF THE KPIS SPECIFIC TO PILLAR 3</p>  <p>56% completed 33% on track 11% delayed</p>
KEY ACTIVITIES IN OUR 2020/21 ANNUAL OPERATING PLAN	<p>OF 21 KEY ACTIVITIES</p>  <p>48% completed 43% still in progress[^] 9% delayed</p>	<p>OF 19 KEY ACTIVITIES</p>  <p>53% completed⁺ 47% still in progress[^]</p>	<p>OF 12 KEY ACTIVITIES</p>  <p>67% completed⁺ 33% still in progress[^]</p>

[^] While many of these activities remained in progress at the end of the reporting period due to delays, some were planned to carry into 2021/22

STRATEGIC PILLAR 1:

DRIVE KNOWLEDGE AND INNOVATION INTO HORTICULTURE INDUSTRIES

BROAD INITIATIVES IN THE HORT INNOVATION STRATEGY 2019-2023

(ACROSS ALL YEARS)

Create a larger capability in the business to drive extension, knowledge transfer, amplification of outcomes and face-to-face interactions with growers

Optimise investment in all communications and extension to ensure effectiveness and to support the delivery of outputs to growers

Build digital platforms to streamline content and increase availability of knowledge to growers

Increase engagement with all growers and horticulture networks

EXAMPLES OF ACTIVITIES AND ACHIEVEMENTS IN 2020/21

- Continued to manage levy-funded programs in communication and extension – 30 industries had communication programs and 26 had at least one extension/industry development program in the year.
- Regional Extension Managers engaged with growers and other industry stakeholders within their area and had a focus on supporting industry development delivery partners. They also developed regional extension plans to identify high-priority issues in each region for the Extension Team to focus their efforts on.
- A new communications strategy was launched (to be implemented in 2021/22) which will optimise Hort Innovation’s own communication channels and content delivery.
- Increased the amount of knowledge available on the Hort Innovation website. Work also progressed to improve the website search experience to help growers easily find the information they need.
- Continued engaging with growers digitally through webinars and online meetings. This included our Horticultural Exporting Roundtable, webinar series for extension and development officers, as well engagement with our industry advisory panels.
- Maintained close relationships with horticulture’s peak bodies to help get information to their grower networks, and to engage with them as essential stakeholders in their own right. The latter included consultation and collaboration, regular email updates on company activities, regular phone meetings and more.
- Continued to prioritise investments that drive practice change and tangible benefits to the horticulture sector.



WHAT'S NEXT?

In 2020/21, levy-funded investments in both the industry communication and extension portfolios were reviewed to identify opportunities to improve their delivery. In the year ahead, the recommendations from these reviews will begin to be implemented so that the knowledge produced from our current and past investments benefits our growers.



Dr Catherine Todd from SARDI plant pathology interacts with vegetable growers as part of the investment RD&E program for control, eradication and preparedness for vegetable leafminer (MT16004).

STRATEGIC PILLAR 2:

DELIVER THE HIGHEST VALUE R&D, MARKETING AND TRADE INVESTMENTS ACROSS INDUSTRIES, FOR NOW AND INTO THE FUTURE

BROAD INITIATIVES IN THE HORT INNOVATION STRATEGY 2019-2023 (ACROSS ALL YEARS)

Drive innovation across industries to support change and adaptation of practices, to improve productivity and competitiveness

Focus on the future of horticulture to understand and prepare for challenges and opportunities that are ahead

Sharpen the focus on consumer insights and the understanding of markets, both domestically and internationally

Drive investment in Hort Frontiers funds and deliver more multi-industry collaboration across traditional and non-traditional partnerships, to drive effective and efficient outcomes for growers and industry

EXAMPLES OF ACTIVITIES AND ACHIEVEMENTS IN 2020/21

- Identified as many multi-industry investment opportunities as possible. These collaborative approaches drive investment efficiencies and broaden potential impacts. For example, our investments to tackle fall armyworm (p24).
- Developed a Sustainability Framework for the horticulture industry that identifies and tracks issues that impact the future of the industry (p37).
- Continued to manage industry data and information investments, and increased data accessibility to stakeholders (see from p36). A new consumer insights strategy was also delivered to shift focus to consumer-led data and insights with plans to establish Hort Innovation as the go-to source of consumer information.
- Kept up collaboration with other rural research and development corporations on priority issues and opportunities (p51). This included becoming a member of the Climate Research Strategy for Primary Industries – a partnership between organisations that invest in climate research, development and extension for Australia’s primary industries.
- Fostered more connections with international knowledge and opportunities, for benefits here in Australia. For example, Hort Innovation and the Plant Biosecurity Research Initiative have both partnered with the Australian Centre of International Agriculture Research (see pages 53 and 54).
- Worked to increase the profile of horticulture as an attractive industry with long-term benefits, particularly to draw and retain talent. Investments here ranged from skills and leadership programs with scholarships for existing horticulture participants, to a Hort Frontiers initiative to connect horticulture businesses from all kinds of study areas.
- Undertook assessments to understand the impacts and efficiencies of our projects (p64). All investments continued to be aligned to strategic investment plan outcomes and strategies, to support monitoring and evaluation. This work can be used to measure impact and shape future investments.
- Continued to drive partnerships and new investment opportunities through Hort Frontiers, with \$39.6m invested in 2020/21. Attracting investment into horticulture, and across all agriculture sectors, is key to ensuring innovation in industries and competitiveness in the global market.

- The marketing function began establishing partnerships with major retailers to identify opportunities to progress cross-category initiatives for fresh produce.
- Maintained engagement with industry, government and foreign entities in an open and constructive manner to support industry market access ambitions (p34).
- Continued to drive a unified positioning for horticulture to maximise the impact of investments in international markets – including through Taste Australia (p34).



Hort Innovation collaborates across the agriculture sector to drive high-value investments across our R&D, marketing and international trade investments. From short-term projects that meet current needs to long-term projects that address more complex issues, we ensure that we have a balanced portfolio of investment that will bring benefits to the horticulture sector.”

Dr Alison Anderson
Hort Innovation General Manager
Research and Development

WHAT'S NEXT?

In 2021/22, the Hort Frontiers Strategic Partnership Initiative will undergo a refresh to refocus its efforts across investments that improve productivity, preparedness, sustainability and global competitiveness, as well as continued support of building capacity and leadership across the sector.

The initiative will continue to facilitate collaborative cross-industry investments that are focused on longer-term, complex and traditionally underinvested themes identified as critical for the industry's future. For more information on Hort Frontiers, go to www.horticulture.com.au/hort-frontiers.

STRATEGIC PILLAR 3:

ENABLE ACTIVITIES THAT DRIVE ALL STRATEGIC IMPERATIVES

BROAD INITIATIVES IN THE HORT INNOVATION STRATEGY 2019-2023

(ACROSS ALL YEARS)

Streamline processes and systems to be more flexible and more efficient

Create easy access to Hort Innovation's staff and our knowledge

Increase collaboration and leadership, and enhance the relationships with influencer groups in horticulture

Develop and optimise an annual investment planning process for industries, and drive efficient updating and renewal of industry strategic investment plans across R&D, marketing and international trade

Strong financial management and transparency to ensure maximised investment of funds

Review investment planning approaches to incorporate clear commercialisation (where appropriate) and adoption strategies

EXAMPLES OF ACTIVITIES AND ACHIEVEMENTS IN 2020/21

- Renewed our five-year strategic investment plans through consultation with industry (p15).
- Embedded the annual investment planning process through developing industry-specific plans that prioritise projects to be invested in during the year (or relevant period), aligned to the broader goals and outcomes of the five-year strategic plans. Separate marketing plans for 2021/22 were also developed.
- Launched a new investment management tool, which simplifies the way we establish and manage investments. The HIVE system improves project management and knowledge capture during the life of investments, and reduces delays in the contracting process. Read more about HIVE in this case study developed by Microsoft at hortinn.com/HIVE-microsoft-casestudy.
- Conducted a grower survey to pulse-check sentiment with our stakeholders (p68).
- \$49.9m of Australian Government contributions were leveraged in 2020/21 for the benefit of the horticulture sector.
- Monitored all our investments to identify potential impacts due to COVID-19 and ensure continued delivery of outcomes to industry.
- Revised our Delegations of Authority (which outline the levels of approval needed to procure different investments) to improve efficiencies in how projects are approved and varied.
- Continued managing corporate costs within budget and continued managing levy investments within financial and strategic investment plan constraints.
- Continued to support staff working from home throughout different stages of COVID-19 lockdowns. A flexible working policy was also delivered to provide clarity on returning to the office.
- Retest of our culture showed improvement in constructive cultural styles that demonstrate a healthy and functional workplace (p11).



As part of the Hort Innovation Vegetable Fund's investment Tools and interventions for increasing children's vegetable knowledge (VG16064) children are being taught about the health benefits of vegetables. Learn more at hortinn.com/vg16064. Photo credit: CSIRO.

WHAT'S NEXT?

In 2021/22, the next stage of improving our investment management processes will be realised through the launch of a Delivery Partner Portal. The portal will be a one-stop-shop for all the activities relating to project management, such as accessing report templates, submitting milestones and final reports, uploading project outputs, like fact sheets, requesting variations and more. Establishing this portal will improve the efficiency of project management across the business.

Reporting against our Performance Principles

ADDRESSING OUR PERFORMANCE PRINCIPLES

In our agreement with the Australian Government, Hort Innovation reports against five key areas of performance under a 'principles-based approach'.

On 24 June 2020, Hort Innovation signed a new Deed of Agreement with the Department of Agriculture, Water and the Environment. This document is the funding agreement that allows for levies and government contributions to be transferred from the government to Hort Innovation, and governs how Hort Innovation subsequently invests those funds.

The agreement is for 10 years, covering 2020 to 2030. It differs from the initial agreement between Hort Innovation and the government, in that it takes a 'principles-based approach' to operations, as opposed to a 'compliance approach'. This means Hort Innovation has more time to focus on working with and for the horticulture sector.

While this entire Annual Report speaks to our performance under these five principles, this section highlights how we worked during the year to address them and where you can find related information in other sections of this document.

STAKEHOLDER ENGAGEMENT

We facilitate opportunities for our stakeholders to contribute towards setting investment priorities and activities across our R&D, marketing and international trade portfolios

Hort Innovation engages with a range of stakeholders to ensure our investments are meeting the needs of industry. See page 46 for a full picture of who we work with to make it all happen.

This involves establishing clear and transparent consultation processes to guide our investment of levies, as well as regular communications and providing opportunities for feedback.

Some key highlights in 2020/21

- Refreshing the industry-specific Strategic Investment Plans (p15)
- Developing Annual Investment Plans (p15)
- Regularly communicating with our peak industry bodies
- Delivering communications to our stakeholders through various channels (p41)

RESEARCH, DEVELOPMENT, MARKETING & EXTENSION ACTIVITIES

We ensure our investments are strategic, collaborative and targeted to improve the profitability, productivity, competitiveness and preparedness for the horticulture sector.

The **Our work** section of this report (beginning on page 19) gives a full picture of how we've invested across R&D, marketing and international trade initiatives over the past year.

Some key highlights in 2020/21

- Aligning projects to outcomes and KPIs detailed in strategic investment plans
- Ensuring balanced portfolios are established
- Improving efficiency of R&D efforts through the use of the new investment management system, as well as developing portfolio plans to inform the SIP development
- Developing specific strategies for areas of priority investment such as export, protected cropping RD&E and strategic agrichemical review process reports
- Establishing partnerships with major retailers to identify opportunities to progress cross-category initiatives for fresh produce.

COLLABORATION

We collaborate across the agriculture sector to address common challenges and opportunities.

The **Our partners** section of this report (beginning on page 45) demonstrates the wide range of stakeholders we engage with across the agriculture sector. From government departments and research institutions to other rural research and development corporations, we're committed to tackling issues and opportunities together.

Some key highlights in 2020/21

- Partnering with the Government and other rural and research development corporations through initiatives such as Agriculture Innovation Australia and grow^{AG} (p52)
- Working hand-in-hand with Government through the Rural R&D for Profit Program (p51)
- Identifying multi-industry opportunities through development of the SIPs
- Addressing across-horticulture challenges through the Hort Frontiers Strategic Partnership Initiative
- Participating in partnerships, such as the National Horticulture Research Network, Plant Biosecurity Research Initiative, and National Fruit Fly Council (pages 53 and 54)

GOVERNANCE

We put in place appropriate governance measures to fulfil legislative requirements and ensure that our stakeholders have visibility over our activities.

See page 16 for an overview of the corporate governance practices and structures that help guide our people and performance during the year. Key documents relating to our governance can also be found on the Hort Innovation website at hortinn.com/governance.

Our Director's Report (begins p83) details the experience each of our directors brings to our skills-based Board, as well as the committees they are a part of to manage, review and mitigate risks. This includes the Audit and Risk Committee, Investment Committee, and People, Performance and Culture Committee.

MONITORING AND EVALUATION

We demonstrate the impact of our investments so that we can communicate benefits to our growers and other stakeholders.

For a snapshot of the monitoring and evaluation methods we employed during the year to measure the impact of our activities and investments, see page 65.

Some key highlights in 2020/21

- Refreshing our Evaluation Framework (p65)
- Surveying growers to measure current sentiment and satisfaction levels (p68)
- Conducting annual impact assessments to identify economic, environmental and social benefits (p64)
- Evaluating how each industry has made progress towards their key goals and outcomes as outlined in their 2017-2021 strategic investment plan (p65).

A CLOSER LOOK AT MONEY IN AND MONEY OUT:

2020/21 levy receipts

LEVY RECEIPTS BY INDUSTRY 2020/21			
INDUSTRY	R&D (\$)	MARKETING (\$)	TOTAL (\$)
STATUTORY LEVY FUNDS			
Almond	2,014,655		2,014,655
Apple and pear	1,984,790	3,096,004	5,080,794
Avocado	2,113,038	3,260,417	5,373,455
Banana	2,176,247	4,634,142	6,810,389
Cherry	732,339	549,525	1,281,864
Chestnut	64,634	66,659	131,293
Citrus	2,231,431	349,744	2,581,175
Custard apple	69,279	33,303	102,582
Dried grape	138,860	100,604	239,464
Dried tree fruit	5,359		5,359
Lychee	97,951	44,523	142,474
Macadamia	1,457,445	2,722,718	4,180,163
Mango	483,776	645,033	1,128,809
Melon	787,177		787,177
Mushroom	1,350,001	3,650,003	5,000,004
Nursery	1,886,252	1,337,502	3,223,754
Olive	152,353		152,353
Onion	791,004	272,761	1,063,765
Papaya	182,814	182,673	365,487
Passionfruit	123,361	123,312	246,673
Persimmon	89,578	59,719	149,297
Pineapple	162,394	81,670	244,064
Potato – fresh	674,202		674,202
Potato -processing	436,801		436,801
Prune	27,523		27,523

Continued >>

LEVY RECEIPTS BY INDUSTRY 2020/21 <i>(continued)</i>			
INDUSTRY	R&D (\$)	MARKETING (\$)	TOTAL (\$)
STATUTORY LEVY FUNDS <i>(continued)</i>			
Raspberry and blackberry	1,036,124	207,225	1,243,349
Strawberry	753,341		753,341
Summerfruit	484,216	396,177	880,393
Sweetpotato	507,061	1,045,487	1,552,548
Table grape	991,947	991,946	1,983,893
Turf	489,214	122,304	611,518
Vegetable	10,244,617		10,244,617
TOTAL STATUTORY LEVIES	34,739,784	23,973,451	58,713,235
COLLECTIVE INDUSTRY FUNDS (VOLUNTARY LEVIES)			
Almond	1,172,567		1,172,567
Blueberry	137,500		137,500
Pistachio	117,651		117,651
Processing tomato	106,245		106,245
Pyrethrum	77,161		77,161
TOTAL VOLUNTARY LEVIES	1,611,124		1,611,124
TOTAL RECEIPTS	36,350,908	23,973,451	60,324,359

For more financial reporting, see the Financial Report on p83 and your industry's own fund annual report available from www.horticulture.com.au/annual-report-portal

A CLOSER LOOK AT MONEY IN AND MONEY OUT:

2020/21 R&D and marketing expenditure

EXPENDITURE BY FUND 2020/21			
INDUSTRY/FUND	R&D (\$)	MARKETING (\$)	TOTAL (\$)
Almond	4,592,352	–	4,592,352
Apple and pear	2,842,760	4,802,320	7,645,080
Avocado	3,809,745	4,030,472	7,840,217
Banana	3,037,183	3,507,943	6,545,126
Blueberry	388,801	–	388,801
Chestnut	20,526	22,900	43,426
Citrus	4,225,231	477,122	4,702,353
Custard apple	20,484	21,000	41,484
Cherry	520,389	790,503	1,310,892
Dried grape	188,176	52,973	241,149
Dried tree fruit	935	–	935
Lychee	144,286	43,189	187,475
Macadamia	2,277,969	2,375,873	4,653,842
Mango	645,809	767,801	1,413,610
Melon	755,628	–	755,628
Mushroom	1,374,053	3,346,532	4,720,585
Nashi	32,651	–	32,651
Nursery	2,806,474	731,127	3,537,601
Olive	393,309	–	393,309
Onion	1,099,221	195,397	1,294,618
Papaya	153,879	104,001	257,880
Passionfruit	126,267	79,683	205,950
Persimmon	107,382	36,695	144,077
Pineapple	262,884	45,130	308,014
Pistachio	204,681	–	204,681
Potato - fresh	1,052,147	–	1,052,147

Continued >>

EXPENDITURE BY FUND 2020/21 <i>(continued)</i>			
INDUSTRY/FUND	R&D (\$)	MARKETING (\$)	TOTAL (\$)
Potato - processing	682,765	–	682,765
Processing Tomato	160,102	–	160,102
Prune	22,579	–	22,579
Pyrethrum	150,295	–	150,295
Raspberry and blackberry	523,941	360,021	883,962
Strawberry	1,907,301	–	1,907,301
Summerfruit	669,450	658,252	1,327,702
Sweetpotato	848,064	873,375	1,721,439
Table grape	1,548,737	909,346	2,458,083
Turf	482,180	100,993	583,173
Vegetable	14,327,339	–	14,327,339
Legacy VC	3,616,795	–	3,616,795
Grant funding	7,473,174	–	7,473,174
Centralised strategic reserve	1,758,910	2,202,735	3,961,645
Levy collection cost	933,808	324,721	1,258,529

HORT FRONTIERS FUNDS

International Markets	3,372,935	–	3,372,935
Advanced Production Systems	5,917,663	–	5,917,663
Fruit Fly	4,644,003	–	4,644,003
Green Cities	2,415,016	–	2,415,016
Health, Nutrition and Food Safety	3,797,552	–	3,797,552
Leadership	2,454,836	–	2,454,836
Pollination	6,082,208	–	6,082,208
TOTAL	94,872,875	26,860,104	121,732,979



Beans, broccoli and corn produced by the Mulgowie Farming Company in Queensland. We invested around \$10.2m during 2020/21 under the Hort Innovation Vegetable Fund to support initiatives to improve and grow the vegetable industry.

Financial report

For the year ended 30 June 2021

Horticulture Innovation Australia Limited
(A company limited by guarantee)
ACN 602 100 149

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Directors' report

The Directors of Horticulture Innovation Australia Limited (the Company) present their report for the year ended 30 June 2021

The Directors of the Company who held office during the year 1 July 2020 to 30 June 2021 are set out below. Directors were in office for the entire period unless otherwise stated.

DIRECTORS	BOARD	SUB-COMMITTEES	
Julie Bird (Appointed Chair 27/11/20)	Elected 23 November 2018	RAC/PPC (Chair): RAC/PPC: IC:	Commenced 27/11/2020 Nov 2020-June 2021 July 2020-Nov 2020
Paul Harker (Appointed Deputy Chair 27/11/20)	Re-elected 22 November 2019	ARC (Chair): RAC/PPC: ARC:	Commenced 27/11/2020 Nov 2020-June 2021 Full Year
Prof Robert Clark AM	Re-Appointed 22 November 2019	RAC: IC:	July 2020-Nov 2020 July 2020-Nov 2020
Susan Finger	Re-elected 23 November 2018	IC:	Full year
Anthony Kelly	Elected 27 November 2020	ARC:	Commenced 27/11/2020
Stephen Lynch	Re-elected 23 November 2018	IC (Chair): RAC/PPC: IC: ARC:	Commenced 27/11/2020 Nov 2020-June 2021 Full Year Full Year
Michael Nixon	Elected 27 November 2020	IC:	Commenced 27/11/2020
Victoria Taylor	Elected 27 November 2020	ARC:	Commenced 27/11/2020
Jan Vydra	Appointed 22 November 2019	IC:	Full Year
Selwyn Snell (Chair – 1/7/20 – 27/11/20)	Retired 27 November 2020	RAC:	July 2020-Nov 2020
Dr Mary Corbett (Deputy Chair – 1/7/20 – 27/11/20)	Retired 27 November 2020	ARC (Chair): RAC:	July 2020-Nov 2020 July 2020-Nov 2020
Jenny Margetts	Retired 27 November 2020	ARC:	July 2020-Nov 2020

RAC/PAC = Remuneration and Appointments Committee (RAC); renamed in 2021 – People and Performance Committee (PPC)

ARC = Audit and Risk Committee

IC = Investment Committee

MATTHEW WARING

COMPANY SECRETARY

Matthew Waring joined Hort Innovation as Company Secretary in July 2019. Engaged on a part-time basis for the Company, he is also a practicing solicitor who manages his own legal firm, Waring Legal. Matthew is an Accredited Specialist in the areas of employment law and industrial relations with the Law Society of New South Wales. Prior to joining Hort Innovation he worked at NSW Farmers in the roles of Special Counsel and Acting Chief Executive Officer. He has also served as a Director on numerous boards, and is currently an inaugural member of a New South Wales-based, ministerial-elected board in the sporting space.

DIRECTORS' MEETING ATTENDANCE: 1 JULY 2020 – 30 JUNE 2021

Directors	The Board of Directors		Audit and Risk Committee		RAC/PPC*		Investment Committee	
	A	B	A	B	A	B	A	B
Julie Bird (Chair – 27/11/20 – present)	14	14			2	2	5	5
Paul Harker (Deputy Chair – 27/11/20 – present)	12	14	5	5	2	2		
Prof Robert Clark AM	14	14			2	2	12	12
Susan Finger	14	14					12	12
Anthony Kelly	5	8	3	3				
Stephen Lynch	14	14	5	5	2	2	12	12
Michael Nixon	7	8					6	7
Victoria Taylor	8	8	3	3				
Jan Vydra	14	14					8	12
Selwyn Snell (Retired) (Period – 1/7/20 – 27/11/20)	6	6			2	2		
Dr Mary Corbett (Retired) (Period – 1/7/20 – 27/11/20)	6	6	2	2	2	2		
Jenny Margetts (Retired) (Period – 1/7/20 – 27/11/20)	6	6	2	2				

A = number of meetings attended

B = number of meetings eligible to attend

* **RAC/PPC** = Remuneration and Appointments Committee (RAC); renamed in 2021 – People and Performance Committee (PPC)

DIRECTOR BIOS



JULIE BIRD CHAIR

Julie was elected as a Director of Hort Innovation in 2018 and is the current Chair, being appointed to this position in November 2020.

Julie is an experienced non-executive director in the agribusiness sector and has a broad background in the Australian horticulture industry, with her experience spanning a variety of roles across a range of horticulture commodities. She is currently the owner and manager of retail floristry business Say It With Flowers and a Non-Executive Director of United Almonds Limited, an unlisted public company which managed more than 1000 hectares of almond orchards in Victoria.

Previously, Julie was a Non-Executive Director and Deputy Chair of Plant Health Australia, CEO of the Almond Board of Australia, and a Non-Executive Director of the Australian Nut Industry Council.

Julie has also served as Independent Chair of the Apple and Pear Industry Advisory Committee and the South Australian Apiary Industry Advisory Group. She has previously worked in a management role with Quality Fruit Marketing, domestic and international marketers of stone fruit, and ran a management consultancy providing strategic planning and risk management services to agribusinesses.

Julie has significant experience on Board committees including remuneration, finance, audit and risk. She has also been a member of various Board selection panels.

Julie has a Bachelor of Teaching degree, is a graduate of the Australian Institute of Company Directors, and has an MBA (Executive) qualification focused in marketing, finance, business strategy and leadership.



PAUL HARKER DEPUTY CHAIR

Paul was elected as a Director of Hort Innovation in 2016. He was re-elected in 2019 and is the current Deputy Chair, being appointed to this position in November 2020.

Paul has over 25 years of retail experience spanning store operations, supply chain, and buying and marketing – including four years heading up the fresh produce buying team of one of Australia's largest retailers.

Through his professional background, Paul has an extensive understanding of retail, including strategy, operations, logistics, technology and consumer marketing, coupled with an extensive knowledge of the produce supply and value chain.

Paul is currently the Chief Commercial Officer for Woolworths Supermarkets and Metro and owner of Highland Farms, a small horticultural operation in the central tablelands of New South Wales. He is also a former Non-Executive Director of PMA A-NZ.



PROFESSOR ROBERT CLARK AM

Professor Clark was appointed as a Director of Hort Innovation at its registration. He was re-appointed in 2016 and in 2019.

Professor Clark is an Emeritus Professor at the University of Tasmania and is also the proprietor and Managing Partner of Lanoma Estate, 500 hectares of intensive agricultural properties in the Derwent Valley, Tasmania.

Professor Clark's previous appointments include Non-Executive Director of the Geoffrey Gardiner Dairy Foundation; Deputy Chair of Rural Industries Research and Development Corporation; member of the National Research and Development Council; member of the Queensland Alliance for Agriculture and Food Innovation Advisory Board; Chair and Head of School, Agricultural Science and Director of the Tasmanian Institute of Agriculture Research at the University of Tasmania; and Non-Executive Director of Webster Ltd.

Professor Clark holds a Bachelor of Agricultural Science with First Class Honours and a Doctor of Philosophy (Horticultural Science).



SUSAN FINGER

Susan was appointed as a Director of Hort Innovation at its registration by the Minister for Agriculture and was re-elected in 2018. She owns and manages two orchards in the Yarra Valley, Victoria, growing and storing apples for the domestic and export market.

Susan has a successful history in farmer and industry representative organisations. She has previously served as a Director of the Victorian Farmers Federation (VFF) and as the president of VFF Horticulture Group. She was a committee member of the VFF Farm Business and the VFF Workplace Relation Committees, in addition to having served as an executive member of the VFF Industrial Association.

Previously, Susan worked in the accountancy industry, specialising in taxation and audit, and held positions in the wine industry and local government.

Susan holds a Bachelor of Business and is a member of the Australian Institute of Company Directors.



ANTHONY KELLY

Anthony was elected as a Director of Hort Innovation in November 2020. He has more than 30 years' experience with the horticulture sector, working across exporting, importing, wholesaling, transportation, distribution and logistics.

Anthony has previously held the positions of Board member and President of Brismark (The Queensland Chamber of Fruit and Vegetable Industries Cooperative), and he is currently the Deputy Chair of Brisbane Markets Limited. His experience on company boards and committees is extensive, and also includes the sporting arena. He was previously on the Board and later Chair of the Brisbane Lions Football Club.

Anthony is currently a Director of Lindsay Australia (ASX listed), a transport, logistics and rural supply company. He is also the co-owner of IT business Veracity Technology, which specialises in cloud-based platforms and services.

Anthony has a Bachelor of Laws Degree and is a member of the Australian Institute of Company Directors.



STEPHEN LYNCH

Stephen was elected as a Director of Hort Innovation in 2015 and re-elected in 2018. He has more than 35 years' experience in Australian and international agribusiness, with much of the last 20 years spent working in Australian horticulture.

Stephen was previously a Director of the Almond Board of Australia (2003-2009), being chairman for three of those years, and was a Board member of the Australian Nut Industry Council. He was also involved in the establishment of Pollination Australia.

Stephen owns and operates an agribusiness consulting company with a range of horticulture clients. He previously held a number of company directorships and senior management roles, managing horticulture operations and investments from 1999 to 2012. Stephen is currently a Non-Executive Director in a horticulture contracting company.

Stephen's horticulture experience covers strategy, investment, project management and business development assessment advice for industries including almonds, citrus, stone fruit, table grapes, avocados, mangoes, olives and some vegetables.



MICHAEL NIXON

Michael was elected as a Director of Hort Innovation in November 2020. He is passionate about Australian horticulture and grew up in agriculture, with his family farming sheep, cattle and wheat.

Michael grows a broad range of horticultural crops suited to the climate as part of his Carnarvon-based business, River Lodge. He's been involved in several industry organisations and committees at a national level and is a former board member of both AUSVEG and the Australian Banana Growers' Association.

Michael is the previous Chair of the Gascoyne Food Council and part of the team that created its 'Better Practice' arm. He was heavily involved in community organisations in marketing and promoting the wellbeing of the horticultural industry in his region. Realising the importance of the role he has since retired his work in community organisations to focus on his directorship at Hort Innovation.



VICTORIA TAYLOR

Victoria was elected as a Director of Hort Innovation in November 2020. She has more than 20 years' experience in agricultural policy, governance and communications.

Victoria is an experienced Board member, being the current Chair of the Centre for Entrepreneurial Agri-Technology at the Australian National University (a partnership with CSIRO); Deputy Chair of the Rice Marketing Board for the State of NSW; and an Independent Director of Australian Dairy Farmers. Previously she was Executive Officer of the National Horticulture Research Network.

Victoria runs her own business, Flourish Communications, providing strategic policy and communications advice to plant industry and government clients. She is also a start-up mentor with the Canberra Innovation Network.

Victoria holds a Graduate Certificate in Water Policy and Governance from Charles Sturt University and is a graduate of the Australian Institute of Company Directors.



JAN VYDRA

Jan was appointed to the Board in 2019. He is a passionate agribusiness leader and as a first-generation farmer, co-founded Australian Fresh Leaf Herbs in 2008. He holds the position of Chief Executive Officer at Fresh Leaf Farms, which is a cultivator, marketer and innovator of fresh leaf greens for consumers and chefs along the east coast of Australia.

Jan is a member of the Australian Institute of Company Directors, currently completing his GAICD. He studied entrepreneurship at RMIT and undertook his Executive MBA through the Australian Graduate School of Management. He is a previous Nuffield Scholar and a member of the Coles Supermarkets Agronomy Group.

Jan received the Australian Young Farmer of the Year Award in 2011 and the 2016 Rabobank Emerging Leader of the Year Award.

MEMBERS

As at 30 June 2021, Hort Innovation was owned by 2370 members, 92.3 per cent being Australian horticultural growers, with the remaining 7.7 per cent carrying on another form of enterprise in the Australian horticulture industry supply chain.

WINDING UP

In the event that the Company is wound up, each member has undertaken to contribute an amount not exceeding \$2.00.

CORPORATE GOVERNANCE

Hort Innovation adopts best corporate governance practice drawing upon the ASX Corporate Governance Principles and Recommendations, as appropriate for its governance structure as a non-listed, not-for-profit corporation.

The Company has in place the following governance documents and practices in respect of the Directors, the Board and its operations:

- Constitution
- Board Charter
- Charter of the Committees of the Board
- Director Nomination Committee Charter
- Committee Compensation Guidelines
- Code of Conduct and Business Ethics
- Delegations of Authority (Financial and Non-Financial)
- Board Effectiveness Review Framework
- Conflicts of Interest Declaration Procedure and Form
- Risk Management Policy and Framework
- Risk Appetite Statement
- Fraud Control Plan
- Intellectual Property Policy and Intellectual Property Management Plan
- Corporate Policies such as Whistleblower Policy, Conflict of Interest Policy, IT Policies
- HR Policies such as Bullying, Harassment and Discrimination Policy, Health and Safety Policy
- Procurement Manual
- Privacy Policy and Privacy Manual.

A LENS ON GOVERNANCE IN DAY-TO-DAY OPERATIONS

Risk management

A Risk Management process exists within Hort Innovation addressing Strategic, Emerging, Operational, Risks with update reports provided to the Audit and Risk Committee at each of the Committee meetings.

Business continuity

Hort Innovation's Business Continuity Framework has been developed and is managed through the Recovery Management Team to respond to matters such as major technology disruption, major office service issues, international travel issues, and pandemics. Training and third-party testing was carried out on Hort Innovation's business continuity planning in May 2021.

Modern Slavery

Hort Innovation is an organisation subject to the reporting requirements under the Modern Slavery Act 2018 (Cth). Under the legislation Hort Innovation is required to disclose in a modern slavery statement the steps it has taken to ensure its operations and supply chains are free from modern slavery. Hort innovation has submitted its first modern slavery statement in March 2021.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the Company during the period were investment in R&D and marketing programs for the Australian horticulture industry. These activities are expected to continue into the future.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the year.

OBJECTIVES AND PERFORMANCE GOALS

The Company's primary objective is to drive a prosperous and healthy Australia, by providing the best knowledge and solutions to create a world-class horticulture sector.

The Hort Innovation Strategy 2019-2023 sets out the strategic purpose and operations of the Company. Under the strategy, the Company is committed to three pillars of strategic intent:

- Drive knowledge and innovation into horticulture industries
- Deliver the highest value R&D, marketing and trade investments across industries, for now and into the future
- Enable activities that drive all strategic imperatives.

ENVIRONMENTAL REGULATION

The Company is not subject to any particular or significant environmental regulations under the law of the Commonwealth or of a state or territory.

INSURANCE OF OFFICERS

During the period, the Company incurred an insurance premium in respect of a contract insuring Horticulture Innovation Australia Limited Directors and Officers against liabilities arising as a result of work performed in their capacity as Directors and Officers of the Company. Details of the nature of liabilities covered, or the amount of premium paid in respect of the insurance contract, are not detailed here, as the disclosure of the details is prohibited under the terms of the contract.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, Hort Innovation has agreed to indemnify its auditors, Ernst & Young Australia (EY), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify EY during or since the financial year 2019/20.

REVIEW OF OPERATING RESULTS

The operating deficit for the year ended 30 June 2021 was \$1,827,979 (period ended 30 June 2020: \$4,599,305 surplus).

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There have been no material events that occurred subsequent to the balance sheet date.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received an Independence Declaration from the auditors, EY. This declaration is included on p110 of the financial report.

No non-audit services were provided by EY during the year.

Signed in accordance with a resolution of the Directors,



Julie Bird
Chair

Dated this ninth day of September 2021 in Sydney



Paul Harker
Deputy Chair

Dated this ninth day of September 2021 in Sydney

Horticulture Innovation Australia Limited
ABN 71 602 100 149

Statement of Comprehensive Income

for the year ended 30 June 2021

	Note	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
CONTINUING OPERATIONS			
Other income	3	139,653,873	150,897,415
REVENUE		139,653,873	150,897,415
Occupancy expenses		(413,592)	(402,301)
Administrative expenses		(18,119,200)	(17,071,656)
Research and development programs		(94,872,875)	(108,414,151)
Marketing programs		(26,860,104)	(19,280,409)
Other expenses		(1,216,081)	(1,129,593)
EXPENSES		(141,481,852)	(146,298,110)
NET SURPLUS FOR THE YEAR	12	(1,827,979)	4,599,305
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,827,979)	4,599,305

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Horticulture Innovation Australia Limited
ABN 71 602 100 149

Statement of Financial Position

as at 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5a	52,687,668	46,576,156
Trade and other receivables	6	25,975,360	26,937,131
Prepayments	7	365,479	322,488
TOTAL CURRENT ASSETS		79,028,507	73,835,775
NON-CURRENT ASSETS			
Plant and equipment	8	4,002,910	4,894,019
Intangibles	9	1,532,269	983,343
TOTAL NON-CURRENT ASSETS		5,535,179	5,877,362
TOTAL ASSETS		84,563,686	79,713,137
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	15,378,944	8,325,723
Provisions	11	1,179,343	1,123,416
Lease liability	13	555,175	511,740
TOTAL CURRENT LIABILITIES		17,113,462	9,960,879
NON-CURRENT LIABILITIES			
Provisions	11	599,439	524,432
Lease liability	13	2,285,176	2,834,238
TOTAL NON-CURRENT LIABILITIES		2,884,615	3,358,670
TOTAL LIABILITIES		19,998,077	13,319,549
NET ASSETS		64,565,609	66,393,588
FUNDS			
Funds – corporate		4,997,201	5,074,916
Systems upgrade		–	500,000
TOTAL CORPORATE FUNDS		4,997,201	5,574,916
<i>Funds – R&D</i>			
Unspent R&D levies		28,508,239	25,766,829
Levy industry strategic reserve		5,234,256	6,268,935
Non levy reserves		10,487,011	6,980,363
TOTAL DESIGNATED FUNDS – R&D		44,229,506	39,016,127
<i>Funds – marketing</i>			
Unspent marketing levies		13,749,639	18,034,547
Levy industry strategic reserve		1,589,263	3,767,998
TOTAL DESIGNATED FUNDS – MARKETING		15,338,902	21,802,545
TOTAL FUNDS	12	64,565,609	66,393,588

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Horticulture Innovation Australia Limited
ABN 71 602 100 149

Statement of Cash Flows

for the year ended 30 June 2021

	Note	2021 \$	2020 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		–	–
Other income		675,062	798,903
Levies received		66,413,600	70,883,800
Receipts from Commonwealth co-contribution funds		54,606,481	59,934,839
Receipts from co-investment		31,213,379	38,356,726
Payments to suppliers and employees		(18,491,459)	(29,057,480)
Payments to research and development providers		(100,089,536)	(120,925,989)
Marketing program payments		(26,591,516)	(20,856,660)
Interest received		240,381	960,412
Net cash flows generated by (used in) operating activities		7,976,392	94,551
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(115,568)	(925,400)
Purchase of intangibles		(1,120,149)	(698,508)
Receipts from disposal of assets		3,116	–
Net cash flows (used in) investing activities		(1,232,601)	(1,623,908)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayments of lease liability		(505,627)	(502,994)
Interest on lease liability		(126,652)	(98,052)
Net cash flows (used in) financing activities		(632,279)	(601,046)
Net decrease in cash and cash equivalents		6,111,512	(2,130,403)
Cash and cash equivalents at the beginning of the year/at acquisition		46,576,156	48,706,559
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5(a)	52,687,668	46,576,156

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Horticulture Innovation Australia Limited

ABN 71 602 100 149

Statement of Changes in Funds

for the year ended 30 June 2021

	Note	Retained Surplus				Total funds
		Research and development	Marketing	Corporate	Systems upgrade	
		\$	\$	\$	\$	\$
Balance as at 1 July 2019		46,606,292	19,445,241	4,322,386	293,752	70,667,671
AASB 15 amendment		(8,873,388)	–	–	–	(8,873,388)
Surplus/(Deficit) for the year		(216,777)	2,043,304	2,772,778	–	4,599,305
Other comprehensive income		–	–	–	–	–
Total comprehensive income for the year		(232,307)	2,043,304	2,788,308	–	4,599,305
Transfer from corporate reserve to systems upgrade and transitional reserve		–	–	(206,248)	206,248	–
Transfer from corporate to centralised strategic levy reserve		1,500,000	314,000	(1,814,000)	–	–
Balance as at 30 June 2020	12	39,016,127	21,802,545	5,074,916	500,000	66,393,588
Balance as at 1 July 2020		39,016,127	21,802,545	5,074,916	500,000	66,393,588
Surplus/(Deficit) for the year		5,213,379	(6,463,643)	(577,715)	–	(1,827,979)
Other comprehensive Income		–	–	–	–	–
Total comprehensive income for the year		5,213,379	(6,463,643)	(577,715)	–	(1,827,979)
Systems upgrade reserve		–	–	500,000	(500,000)	–
Balance as at 30 June 2021	12	44,229,506	15,338,902	4,997,201	–	64,565,609

Notes to the financial statements

for the year ended 30 June 2021

NOTE 1: CORPORATE INFORMATION

The financial report of Horticulture Innovation Australia Limited (the "Company") for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on the 9th September 2021.

The financial report is for the entity Horticulture Innovation Australia Limited as an individual entity. Horticulture Innovation Australia Limited is a not for profit company limited by guarantee and domiciled in Australia. The nature of the operations and principal activities of the Company are described in the Directors' Report.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-Profits Commission. The financial report has also been prepared on a historical cost basis, except for financial assets and liabilities, which have been measured at fair value.

Where an amendment to policy has resulted in a reclassification of expenses, comparatives have been restated to present a true comparison.

(b) Statement of Compliance

The general purpose financial report complies with Australian Accounting Standards – Reduced Disclosure Requirements. The Company is a not-for-profit entity which is not publicly accountable. Therefore the financial statements are tier 2 general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

New accounting standards and interpretations

Certain Australian Accounting Standards and Interpretations have been recently issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2021. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet full assessed the impact of these new or amended standards and interpretations.

(c) Plant and Equipment

Plant and equipment is stated at historical cost, or fair value if the asset is donated to the entity, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing parts is incurred. Similarly, when each major inspection is performed, the cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the profit and loss as incurred.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(Note 2(c) continues over the page)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rates	Depreciation basis
Office Equipment	50.00%	Straight line
Leasehold Improvements	Based on life of lease	Straight line
Furniture, Fixtures and Fittings	12.50%	Straight line
Hardware	33.30%	Straight line
Right of use – leases	Based on life of lease	Straight line

Disposal:

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the year the asset is derecognised.

(d) Intangibles

Intangible assets include software which is being amortised over 3 years and the Company's program management system which is being amortised over 5 years from the go live date.

Intangible assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

A summary of the policies applied to the Company's intangible assets is as follows:

Software and program management system

Useful life: Finite

Amortisation method use: Amortised over the period of expected future benefit from the related project on a straight-line basis.

Internally generated or acquired: Acquired

Impairment testing: When an indication of impairment exists. The amortisation method is reviewed at each financial year end.

(e) Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets and the asset's value in use cannot be established to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***(f) Leases**

AASB16 Leases has been applied for the reporting year and the Company has applied a single recognition and measurement approach for all leases for which it is the lessee, except for short term leases and leases of low value. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses. They are depreciated on a straight line basis over the term of the lease. At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

(g) Other Financial Assets

The classification and measurement requirements of IFRS9 did not have a significant impact on the Company. The company continued measuring at fair value all financial assets previously held at fair value under IAS 39.

(h) Employee Benefits***(i) Wages and salaries and annual leave***

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using marketing yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(i) Income Tax

The Company is registered with the ACNC and is exempt from income taxation under section 50-40 of the Income Tax Assessment Act 1997.

(j) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***(k) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

Short term deposits relate to temporary surplus funds, mainly from levies, voluntary and co-investment contributions and Commonwealth co-contributions which are placed in either a term deposit or cash deposit account. For funds deposited in at call accounts, interest is earned on the daily balance at the prevailing daily rate and is paid at the end of the month. Term deposits are held with the Company's bank with interest payable upon maturity of the deposits.

(l) Revenue and Contributions

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers have been applied for the reporting year.

An assessment of all government grants received is undertaken and revenue from these contracts is deferred until performance obligations are met. For revenue streams to which AASB 15 does not apply, revenue is recognised to the extent that the economic benefits will flow to the Company and the revenue can be reliably measured.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations. The core principle of the income recognition requirements in AASB 1058 is that when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

The following specific recognition criteria must be met before revenue is recognised:

Sale of goods

Revenue is recognised when the performance obligations of the transaction have been fulfilled. The nature of the transactions included in sale of goods are sales of final reports and publication sales.

Revenue from the rendering of a service

Revenue from the rendering of a service is recognised upon the delivery of the service to customers.

Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Other revenue is recognised when the right to receive the revenue has been established.

R&D co-investment and legacy voluntary contributions

Contributions are recognised as revenue upon receipt.

Levy receipts

The Department of Agriculture and Water Resources (DAWR) collects statutory levies on behalf of the Company. Revenue from levies are recognised as revenue when the levy amount is granted to the entity by the DAWR.

(Note 2(l) continues over the page)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)****Commonwealth co-investment funds***

The Commonwealth Government provides co-investment funding on a dollar for dollar basis on approved R&D projects, up to a level of 0.5% of the gross value of horticultural production. Commonwealth co-contribution funds are recognised as revenue upon incurring the eligible R&D program expenditure.

Service delivery

A service delivery cost is applied to all R&D and Marketing projects. Service delivery fees for Hort Frontiers amount to 15% while strategic levy investments attract a two tier service fee to cover shared support costs and specific service activities. Service delivery is recognised upon incurring program expenditure.

Industry reserve interest

Interest earned on contributions received in advance from levies to meet future marketing and R&D expenditure is allocated to the respective levy account.

Royalties

Royalty income is recognised upon receipt. All revenue is stated net of the amount of goods and services tax (GST).

(m) Economic Dependency

The Company is economically dependent on levies, voluntary contributions, R&D co-investment and Commonwealth Government contributions.

(n) Trade and Other Receivables

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(o) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of these goods or services. The amounts are unsecured, interest free and are usually paid within 30 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***(p) Significant Accounting Judgements, Estimates and Assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the result of which form the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Make good provisions

A provision has been made for the present value of anticipated costs of future restoration of leased premises. The provision includes future cost estimates of restoring the premise to its original state, including removal of workstations and glass panelling. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the balance sheet by adjusting both the expense or asset, if applicable, and the provision.

(ii) Estimation of useful lives of assets

The Company's management determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and definite life of intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. Management will increase the depreciation and amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 3: REVENUE

	2021 \$	2020 \$
REVENUE FROM CONTINUING OPERATIONS		
Other income		
<i>R&D income</i>		
– Proceeds from levies	34,739,784	35,221,700
– Revenues from Commonwealth co-investment funds	49,892,196	55,772,193
– Co-investment – recognised at a point in time	21,948,261	23,873,610
– Co-investment – recognised through time	6,565,599	7,868,427
– Collective industry funds	1,611,124	1,945,342
– Royalty income	80,066	591,341
– Interest received	136,769	569,919
– Other income	95,000	142,500
	115,068,799	125,985,032
<i>Marketing income</i>		
– Proceeds from levies	23,973,451	24,614,976
– Marketing program income	517,772	5,655
– Interest received	61,467	193,489
	24,552,690	24,814,120
<i>Other</i>		
– Corporate interest received	16,530	81,393
– Rental income	15,854	16,870
	32,384	98,263
Total revenue	139,653,873	150,897,415
Total interest received	214,766	844,801

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 4: EXPENSES

	2021 \$	2020 \$
Included within expenses are the following significant amounts:		
Wages & salaries	11,247,233	10,429,962
Superannuation	976,343	936,668
Levy collection costs	1,258,529	1,346,744
Depreciation	999,576	926,455
Amortisation	463,323	567,966

NOTE 5: CASH AND CASH EQUIVALENTS

(a) Reconciliation of Statement of Cash Flows

Cash and cash equivalents at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2021 \$	2020 \$
Cash on hand	300	300
Cash at bank	9,658,494	9,551,396
Short term deposits	43,028,874	37,024,460
	52,687,668	46,576,156

NOTE 6: TRADE AND OTHER RECEIVABLES

	2021 \$	2020 \$
CURRENT		
Trade receivables	6,419,238	3,992,119
Other receivables	3,058,140	4,758,339
Accrued income	16,497,982	18,186,673
	25,975,360	26,937,131

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 7: OTHER ASSETS

	2021 \$	2020 \$
CURRENT		
Prepayments	365,479	322,488
	365,479	322,488

NOTE 8: PLANT AND EQUIPMENT**2021**

	Office equipment \$	Leasehold improvements \$	Furniture, fixtures and fittings \$	Hardware \$	Right of use – leases \$	Total \$
At cost	99,723	1,324,936	92,759	756,573	3,963,667	6,237,658
Less accumulated depreciation	(85,632)	(402,534)	(76,335)	(570,371)	(1,099,876)	(2,234,748)
Carrying amount at end of the year	14,091	922,402	16,424	186,202	2,863,791	4,002,910
Balance at the beginning of the year	24,180	1,107,325	20,057	236,290	3,506,167	4,894,019
Additions	11,912	1,499	1,752	89,901	6,067	111,131
Disposals	(2,000)	–	–	(664)	–	(2,664)
Depreciation expense	(20,001)	(186,422)	(5,385)	(139,325)	(648,443)	(999,576)
Carrying amount at end of the year	14,091	922,402	16,424	186,202	2,863,791	4,002,910

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 9: INTANGIBLES

The intangible assets disclosed below include software which is being amortised over 3 years and the Company's program management system which will be amortised over 5 years.

2021

	Project management system \$	Software \$	Total \$
Software			
At cost	3,373,491	789,227	4,162,718
Less accumulated amortisation	(1,946,160)	(684,289)	(2,630,449)
Carrying amount at end of the year	1,427,331	104,938	1,532,269
Balance at the beginning of the year	816,441	166,902	983,343
Additions	958,917	53,332	1,012,249
Disposals	–	–	–
Amortisation expense	(348,027)	(115,296)	(463,323)
Carrying amount at end of the year	1,427,331	104,938	1,532,269

NOTE 10: TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
CURRENT		
Other payables	9,725,132	2,865,864
Deferred income – government grants	5,653,812	5,459,859
	15,378,944	8,325,723

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 11: PROVISIONS**2021**

	Long service leave – current \$	Annual leave \$	Employee oncosts \$	Total current \$
Balance as at 1 July 2020	249,719	709,357	164,340	1,123,416
Accrued provision	(46,268)	705,803	102,836	762,371
Amount utilised	(4,263)	(615,425)	(86,756)	(706,444)
Carrying amount at 30 June 2021	199,188	799,735	180,420	1,179,343

	Long service leave – non-current \$	Make good provision \$	Total non-current \$	Total provisions \$
Balance as at 1 July 2020	214,779	309,653	524,432	1,647,848
Accrued provision	75,007	–	75,007	837,378
Amount utilised	–	–	–	(706,444)
Carrying amount at 30 June 2021	289,786	309,653	599,439	1,778,782

	2021 No.	2020 No.
(a) Number of employees at year end (Full time equivalent)	86	84.8

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 12: RETAINED SURPLUS

	2021 \$	2020 \$
Balance at the beginning of the year	66,393,588	61,794,283
Net (deficit)/surplus for the year	(1,827,979)	4,599,305
Retained surplus at the end of the year	64,565,609	66,393,588

	2021 \$	2020 \$
Reconciliation of net surplus for the year:		
Corporate net deficit	(577,718)	2,788,308
R&D net surplus	5,213,382	(232,307)
Marketing net deficit	(6,463,643)	2,043,304
Net (deficit)/surplus	(1,827,979)	4,599,305

The retained surplus at 30 June 2021 includes \$6,823,519 of Levy Industry Strategic Reserves, made up of \$5,234,256 from R&D and \$1,589,263 from Marketing.

Non Levy Reserves relate to unspent Co-Investment income and Rural R&D for Profit funding.

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns for all stakeholders.

The Company is not subject to any externally imposed capital requirements.

For the year ended 30 June 2021 the entity has recognised corporate revenue, including corporate recoveries, income and interest of \$19,171,154. Corporate expenditure during this period amounted to \$19,748,872 resulting in a corporate deficit for the year of \$577,718. Corporate funds are used to manage the operations of the Company, while R&D and Marketing retained funds represent surplus industry funds received but not yet expended on the R&D and Marketing programs.

NOTE 13: LEASE LIABILITY

	\$
Lease liability as at 1 July 2019	3,803,245
Principal repayment	(457,267)
Lease liability as at 30 June 2020	3,345,978
Lease liability as at 1 July 2020	3,345,978
Principal repayment	(505,627)
Lease liability as at 30 June 2021	2,840,351

The lease liability includes one lease for office premises and well as two leases for office equipment. At balance date the terms of these leases range from 11 to 61 months.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 14: CONTINGENT LIABILITIES

Estimates of the maximum amounts of contingent liabilities that may become payable:

	2021 \$	2020 \$
R&D and marketing expenditure liabilities		
Within one year	87,559,087	97,495,065
After one year but not more than five years	100,133,015	96,455,783
After more than five years	7,854,992	298,732
	195,547,094	194,249,580
Bank guarantee facility	1,900,000	1,900,000

NOTE 15: DIRECTOR AND KEY MANAGEMENT PERSONNEL REMUNERATION

30 June 2021	Short term		Post employment	Termination benefits	Total
	\$		\$	\$	\$
	Salaries and fees	Cash bonus/ Other benefits	Superannuation/ Insurance	ETPs/Leave entitlements	
Directors	524,034	–	40,538	–	564,572
Key management personnel	1,813,655	152,981	182,373	345,634	2,494,643
TOTAL	2,337,689	152,981	222,911	345,634	3,059,215

30 June 2020	Short term		Post employment	Termination benefits	Total
	\$		\$	\$	\$
	Salaries and fees	Cash bonus/ Other benefits	Superannuation/ Insurance	ETPs/Leave entitlements	
Directors	519,527	–	35,655	–	555,182
Key management personnel	1,690,741	7,469	144,073	117,730	1,960,013
TOTAL	2,210,268	7,469	179,728	117,730	2,515,195

At Horticulture Innovation Australia Limited, the key management personnel are the executive team. The executive pay is structured as a total remuneration package with superannuation payments made in accordance with the Superannuation Guarantee Legislation to the executive's choice of superannuation fund for the 2020-21 financial year. The balance of the executive's remuneration can be structured at the executive's discretion within the Company salary packaging policy. The Executive is eligible for a performance bonus based on criteria determined in consultation with the Board.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2021

NOTE 16: RELATED PARTY TRANSACTIONS

The Directors of the Company during the period were:

- Selwyn Snell (retired 27 November 2020)
- Robert Clark
- Susan Finger
- Stephen Lynch
- Paul Harker
- Jenny Margetts (resigned 27 November 2020)
- Mary Corbett (retired 27 November 2020)
- Julie Bird
- Jan Vydra
- Victoria Taylor (elected 27 November 2020)
- Anthony Kelly (elected 27 November 2020)
- Michael Nixon (elected 27 November 2020)

Because of the nature of the skills and other interests of Directors related to horticulture, there is potential for conflict of interest given the broad range of R&D and marketing projects undertaken by the Company. The Company keeps a register of Directors' declared conflicts of interest, and each Board meeting commences with a declaration of conflicts in relation to the agenda items. All transactions are conducted using commercial arms-length principles and made under normal terms and conditions.

NOTE 17: SUBSEQUENT EVENTS

There have been no material events occurring after balance sheet date.

NOTE 18: COMPANY DETAILS AND THE PRINCIPAL PLACE OF BUSINESS

The registered office of the Company is:

Horticulture Innovation Australia Limited
Level 7, 141 Walker St
North Sydney, NSW 2060

Directors' declaration

In accordance with a resolution of the Directors of Horticulture Innovation Australia Limited, we state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date, and
 - (ii) Complying with Accounting Standards and Corporations Regulations 2001, and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made on behalf of the Board of Directors.



Julie Bird
Chair

Dated 9 September 2021



Paul Harker
Deputy Chair

Dated 9 September 2021



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Independent Auditor's Report to the Members of Horticulture Innovation Australia Limited

Opinion

We have audited the financial report of Horticulture Innovation Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

The Ernst & Young logo, featuring the company name in a stylized, cursive script.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Daniel Cunningham'.

Daniel Cunningham
Partner
Sydney
9 September 2021

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Auditor's Independence Declaration to the Directors of Horticulture Innovation Australia Limited

As lead auditor for the audit of Horticulture Innovation Australia Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of Subdivision 60-C of the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Daniel Cunningham'.

Daniel Cunningham
Partner
9 September 2021

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In the Lockyer Valley and Darling Downs of Queensland, fresh lettuce is produced and supplied to Australians all year-round.



Hort Innovation Annual Report 2020/21

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Visit www.horticulture.com.au for more about Hort Innovation and our work on your behalf, including details of all our investments, past and present

**Hort
Innovation**

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