

## Backgrounder

This document forms the prework for the participants to ensure that the workshop is constructive and produces clear next steps.

The intention is for all workshops to be face to face and we are encouraging the Peak Industry Body (PIB) representatives to attend the workshop being held in your closest capital city. A separate letter accompanying this briefing document explains the registration process.

First workshop – Brisbane	Monday 16 <sup>th</sup> August
Second workshop – Melbourne	Monday 30 <sup>th</sup> August
Third workshop – Sydney	Wednesday 15 <sup>th</sup> September

## Context

The history of the Horticultural Industry RDC has been consistently plagued by distrust from industry. Successful initiatives that have delivered benefit to industry are rarely celebrated and are generally overshadowed by politics. If we believe the fundamental concept of levy investment is beneficial to industry, then we have a duty to work together to develop a better methodology for implementing this.

At the June 10<sup>th</sup> 2021 NFF Hort Council meeting, Hort Innovation Chair Julie Bird and CEO Matt Brand discussed with the NFF Hort Council how do we get meaningful change as we need to prioritise what we can fix whilst continuing to invest the levies.

It was agreed at this meeting that there needs to be a working session to determine what does good look like, and then prioritise what can be done in the short, medium and long term. The approach will be 3 workshops held in Sydney, Brisbane, Melbourne with each PIB Chair and CEO invited to attend one of the workshops. The workshops will be externally facilitated by Seftons - a national advisory, communications and stakeholder engagement firm (Facilitator details accompany this backgrounder).

PIBs that are members of the NFF Hort Council as well as PIBs that are not members of the Hort Council have been invited. The following members of the NFF Hort Council have not been invited as they are not prescribed industry bodied: Victorian Farmers Federation (VFF), NSW Farmers Association (NSWFA), VegetablesWA, Tasmanian Farmers & Graziers Association (TFGA), NT Farmers and Australian Nut Industry Council (ANIC).

The time has come to talk openly about how we want to work together and the structure we need in place to achieve this, by exploring “What does good look like?” through a coordinated approach that looks beyond the immediate issues, and addresses the fundamental flaws and conflicts that exist within the current structure.

## **The Horticulture levy/investment system**

- 37 levied industries each with at least one advisory mechanism and at least one industry representative body
- 60+ individual levies that are all administered separately
- No overarching strategy for industry
- No ready mechanism for funding broader across industry initiatives or opportunities to collaborate with the wider agricultural sector

## **Grower Owned**

- We have a potential membership base we can't identify
- Levy payers are not automatically voting members of Hort innovation
- Consolidation of industry has led to larger growers with differing needs & in some cases challenging market failure assumptions

## **Government (largest funding stakeholder)**

- Increasing expectation of their investment priorities being met, but we have no ready mechanism for achieving this unless allocating an estimate each year from the Centralised Strategic R&D or Marketing Levy Reserves or the Hort Frontiers Enablement Fund (HA Fund).

Internal discussions at Hort Innovation have outlined a number of key areas and principles to focus on in the pursuit of executional excellence of Hort Innovation's role. It is clear that status quo is not a viable option, and we need to change.

These key areas and principles identified internally were;

### **A. Roles and Responsibilities**

Agreed Principle: It was agreed a clearer definition of roles and responsibilities is required for both Peak Industry Bodies (PIB's) and Hort Innovation.

### **B. Strategic Investment Advisory Panels (SIAPs)/Advice Mechanism**

Agreed Principle: It was agreed to revisit the current SIAP process and more formally recognize the role of PIBs in the process of gaining advice and undertaking consultation with levy payers.

### **A) Roles and Responsibilities**

Clearly defining the roles and responsibilities for both PIBs and Hort Innovation continues to be an issue. Although the Statement of Commitment (a recommendation from the ACIL Allen review 2017) has been pursued across the 37 industries and the recently formed NFF Hort Council, the uptake of the PIBs/NFF Hort Council to sign this document which outlines roles and responsibilities has been limited. In this Statement of Commitment document, it clearly outlines the roles and responsibilities of both Hort Innovation and the PIBs (see extract below). ***There is an opportunity to determine if these roles and responsibilities can be incorporated in the Hort Innovation Constitution (medium-term action).***

## **Roles and Responsibilities of Hort Innovation**

1. Subject to being recognised as the industry services body under Commonwealth legislation, to receive from the Australian Government and manage investment of statutory levies (Levies) as well as Australian Government co-investment monies (**Taxpayer Funds**) under the terms of its Constitution and Funding Agreement with the Australian Government.
2. To invest Levies in accordance with advice received from Industry as reflected in the Industry Strategic Investment Plan (**SIP**).
3. To implement the strategic allocation and investment of Levies, Taxpayer Funds, other monies received from the Australian horticulture industry and contributions by investors in research, development, extension and marketing programs (**Investments**) for the benefit of the Australian horticulture sector.
4. To monitor and drive the delivery of Investments, and communicate the outcomes and value of Investments to the Industry and other stakeholders.

## **Roles and Responsibilities of the PIB (assuming they are also the prescribed body)**

1. Subject to being recognised as the prescribed industry body under Commonwealth legislation, to determine the existence and rates of Levies for the Industry and monitor adherence to the payment of Levies by Industry, in accordance with its Constitution.
2. To develop an overall vision and strategic imperatives for the Industry.
3. To encourage high standard of practice in Industry production.
4. To represent and further the interests of its members and the Industry in respect of matters that may affect the reputation, viability and growth of the Industry.
5. To advocate the Industry's position to all levels of Australian Government.

Subject to successful proposal through the Hort Innovation procurement process, the PIB may also be contracted to Hort Innovation as a service provider.

The legislation relating to Hort Innovation as an RDC, clearly outlines the role as, the industry services body for the Australian Horticultural Industry (Horticulture Marketing and Research and Development Services Act 2000).

The other sources of information regarding the role of Hort Innovation are outlined in the Deed of Agreement 2020-2030 and the Hort Innovation Constitution. To assist the clarity of role and responsibilities, if the PIBs were provided with more responsibility/accountability working with Hort Innovation, it is envisaged this issue would dissipate.

The PIBs, many of which are also the Prescribed Industry Body outlined in legislation, are the most active stakeholders for Hort Innovation. However, these organisations are not formally recognised in our funding agreement, having no formal role and responsibilities under either Hort Innovation's Deed of Agreement 2020-2030/ Hort Innovation Constitution and are precluded from membership. The PIBs are deemed the most efficient avenue for undertaking consultation and providing advice due to their critical mass, however, the Federal Government has requested that all levy payers be consulted with, as not all levy payers are members of their respective PIB. The PIBs are also challenged with their neutrality as they are often conflicted by the role they play as a service provider and with industry rationalisation the industry dynamics are changing resulting in fragmentation.

***The concept of amalgamation of PIBs is a challenge, as the PIBs are often aligned to one levy/industry and exist to represent and support for that individual industry (long-term option).***

The PIBs also suffer from the issues facing many non for profit/industry associations whereby the value proposition can be difficult to quantify especially as advocacy is a function that benefits all regardless of who paid the membership fees. Advocacy cannot be funded through the levy mechanism, meaning many PIBs have capacity issues and so attempt to be a provider of information for Hort Innovation levy investments as well as a service provider to assist their financial viability.

## **B) SIAPs/Advice Mechanism**

The options presented below are "thought starters", and could stand alone or be incorporated into the current preferred option, option 1. The key is that it's not a one size fits all, as we know the current advisory mechanism works well for some industries such as Almonds, so this would need to be taken into consideration. For completeness, these options

have been developed to be fed into 'what good looks like' during the proposed workshop, and to show there is some flexibility and genuine regard for getting input from industry.

## **Option 1 – PIBs as Consultants/Facilitators**

This option is the preferred option of Hort Innovation Management. It will require some exploration with the DAWE to investigate PIBs to act as consultants/facilitators and a fee to be paid to the PIBs. The consulting/facilitators fee would be a financial payment for the PIB to obtain feedback/input from levy payers on proposed investments from Hort Innovation. The PIB would have to demonstrate that the input was sought from not only their membership base but also the non-member levy payers from their respective industry. The fee would be paid out of the matched strategic levy for that industry.

Importantly the input being sought would need to be at a Strategic Investment Plan (SIP) 'strategy level', that is prioritising investment recommendations that will contribute to achieving the outcomes and strategies identified in the SIPs and Annual Investment Plans (AIPs). Advice will not be at the detail of defining specific activities or outputs for a project (solving the problem/opportunity versus defining it), rather feedback/input for the Annual Investment Plan (AIP) using the SIP. The PIB would facilitate and consultation from growers (including non PIB member growers) on tactical, applied, short term, easy to identify and solve research challenges for that specific industry. In addition, the PIB would also identify priority high level themes such as soil health, climate change etc, that could form multi-industry projects.

## **What else could this partnership consider?**

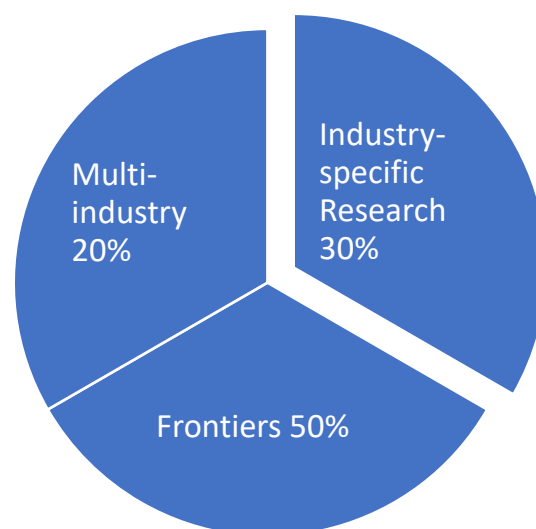
- Leverage existing industry reference groups/project reference groups to support Hort Innovation with the development of AIPs, assist with recommending industry members to assist with RFP development and investment evaluations (where appropriate) including coordinating and setting up the meetings for advice.
- Provide PIB with opportunity to partner with Hort Innovation in providing Secretariat support and input on investment advice meeting activities.
- Provide opportunity for PIBs to facilitate ideation sessions with industry to feed in recommendations to AIP process. Hort Innovation staff to attend as participants and receive outcomes/notes of these meetings. Hort Innovation then truth tests recommendations in lead up to AIP draft development.
- Provide the PIB with an opportunity to host a national conference to incorporate a dedicated levy payer session in collaboration with Hort Innovation. Where a conference is not provided, PIB to arrange for a dedicated levy paper session in collaboration with Hort Innovation at a mutually agreeable event.

- Provide the PIB with an opportunity to contribute to future SIP consultation leveraging existing networks as well as Hort Innovation networks and other channels as appropriate
- Formalise engagement arrangement between HIA and PIBs through 2 meetings with Hort Innovation (PIB Forum/Hort Connections, PIB Forum/Hort Innovation AGM or equivalent) as well as a monthly 1-hour WIP with ISP

With this option, the current SIAP mechanism would no longer exist across all levied industries. The PIB would be responsible for developing a network for input into the proposed investments. An illustrative example could be:

- 1) **Industry-specific Research** e.g. Powdery scab in potatoes or communications project
- 2) **Multi-industry** e.g. soil health or climate change

**% Breakdown of the matched levy  
Illustrative Example only**



The PIB would act as the facilitator, the PIB is responsible for the resourcing, coordination, chairing the meetings, executing field days or workshops. The PIB is the interface with the growers and Hort Innovation would utilise this information to develop the AIP for that industry.

The key would be that Hort Innovation will develop the scope and shape of the project including determining if a priority research area and subsequent project is across multiple industries. For example, under the soil health theme, this could be identified across numerous industries SIPs/AIPs and so a percentage of the levy from the industries that identified soil

health is allocated and centralised into a soil health project for these industries. The PIB would not be involved in the construction of the research to be done, as its role is to provide the high-level theme for the research and development challenges and opportunities during the consultation with the growers.

## **Option 2 – Replicate the Banana Industry R&D Coordination role**

For several years, the banana industry has invested in a strategic levy funded project that employs a banana industry R&D Manager at ABGC. This approach could be replicated across the larger Levied Industries. The role (based on that in bananas but also with similar roles in industries with an Industry Development Manager) would be to collaborate with Hort innovation and others to strategically;

- lead and coordinate R&D delivery,
- integrate R&D, extension and communication investments
- continue to raise the relevance and quality R&D to the industry
- increase the pace and impact of R&D
- maximise the collective value of industry R&D Investments

This option would utilise a % of strategic levy for the industry to cover the costs of an R&D Coordinator. This role would actively engage with the Hort Innovation Regional Extension Manager, and R&D/Trade roles to assist in ‘ground truthing’ investment opportunities. This option would provide another level of input but does not necessarily change the current ways of working with the PIBs.

## **Option 3 – Cotton RDC approach**

Utilising the 6 regions that Hort Innovation has identified, establish 6 regional committees to provide advice on the multi-industry investments. These would include for example: Biosecurity – Fruit Fly, Market Access and Sustainability - Incl. Workforce. This approach would align to an ‘Innovation Systems’ approach and link with the Hort Innovation extension team to help address the ‘multi-industry/wicked issues’, as well as a focus on the whole of horticulture.

This approach could also involve an annual grower survey to obtain information about the industry (as an overlay of the Hort Stats handbook), on farm practices and identify priority areas for future research. These priority areas would then be “sensed checked” with the relevant PIBs, if there were areas that were consistent across multiple industries then this would result in the opportunity to create multi-industry investments. Currently the cotton industry has 5 program areas, Hort Innovation has 4 outcome areas within the industry SIPs that each year the RDC invests against. There is an opportunity for Hort Innovation to drive

more awareness of these outcome or program areas using the survey to help identify projects that fit underneath the program/outcome areas. This approach would enable the RDC to then develop up the design of the project. The benefit of Option 3 is that it could also be used to get input from the other stakeholders, researchers, agronomists, venture capitalists etc and key growers, with the benefit of being additional consultation over and above mechanisms such as the National Horticulture Research Network (NHRN) and CSIRO briefings. The challenge with this option is that we have 37 industries, multiple crops and growing regions across all states and territories.

## Final Comments

This paper focuses on the “Advice mechanism” and the roles and responsibilities of stakeholders as key deliverables that underpin the ability of Hort Innovation to meet a key deliverable under the performance principles in the Deed of Agreement (DoA). This deliverable is, *to engage stakeholders to identify RD&E priorities and activities that provide benefits to the industry. (Clause 10.2 (a), Deed of Agreement 2020-2030)*. Providing clarity on roles and responsibilities at the same time as revisiting the advice mechanism will be important as these two areas are interlinked.

There may be other proposed longer-term solutions for the structure of the industry, that would assist in delivering the outcomes for industry more efficiently and effectively, but these will require legislative change, e.g. amalgamating industry levies, PIB rationalisation, Whole-of-Horticulture Strategic Plan and removing levies for some of the smaller industries. These will be documented and form part of the final report from the workshops, but won't form part of the next steps at this stage.

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## Workshop Facilitators

### Robbie Sefton – Founder and Managing Director

Robbie leads the team and specialises in facilitating groups through contentious and challenging issues. A producer of wool, meat and grains, Robbie is Deputy Chair of the National Australia Day Council, a graduate of the Australian Rural Leadership Program, the 2002 RIRDC NSW Rural Woman of the Year, a 2015 Westpac Woman of Influence and a member of numerous boards and advisory groups. Robbie will lead the team and will be involved in all aspects of the project including design, development and community consultation.

### Sally Schilg - Account Director



Sally has worked in and with the agriculture sector for almost 20 years as a corporate lawyer, project manager, media and communications manager, and reporter for ABC Radio. Sally understands that effective stakeholder engagement and communication is critical to the success of these programs and draws on her background in media and corporate relations to establish successful communication frameworks. Based in Newcastle NSW, Sally has worked with some of the nation's largest agricultural companies, food processors, FMCG companies, consultancies and research bodies.