

Australian Onion Industry Strategic Investment Plan 2012 – 2017

March 2012



An Overview of the Strategic Investment Plan

Strategic Intent: Realise opportunities for the Australian onion industry to maximise the outcomes for growers, consumers and the community

Key Aspirations

The Australian onion industry aspires to be a competitive and profitable industry through producing and marketing a product range that meet consumers needs and expectations, in regard to: quality; value; convenience; health and nutrition; food safety; and environmental credentials.

It aims to achieve this through continued investment in research & development, managing biosecurity, developing efficient and effective supply chains, and identifying and capturing new market opportunities.

Objective 1

To ensure that consumers can confidently purchase Australian grown onion products that meet their needs and expectations

Strategies

1.1 Continuously improve the efficiency of onion production systems

1.2 Improve packhouse and supply chain practices

1.3 Implement appropriate information systems and risk management strategies to underpin supply

Objective 2

To improve grower profitability by increasing demand for Australian grown onion products in line with sustainable supply

Strategies

2.1 Conduct research to inform marketing strategies and identify opportunities for product development

2.2 Drive growth in targeted domestic and export market segments through effective market development and promotion

Objective 3

To ensure the Australian onion industry has the capacity to effectively manage industry development

Strategies

3.1 Develop appropriate leadership, structures and resources to provide sound industry stewardship

3.2 Improve industry communication and extension to facilitate improved outcomes for industry and industry investors

3.3 Ensure the industry has appropriate resources / risk management strategies to function effectively

Details of the Onion Industry Strategic Investment Plan objectives and strategies are provided in the following pages.

Why an Industry Strategic Investment Plan

The Australian Onion Industry Strategic Investment Plan for 2012 – 2017 has been developed to provide a clear direction for the advancement of the Australian onion industry and define the key outcomes required from the investment of industry and government monies over the next five years.

It is expected that approximately A\$5 million will be invested into industry research and development (R&D) and promotion during this period. Hence one of the key roles of this document is to demonstrate to levy payers that their money is being and will be invested in the most effective way to achieve growth, development and increased profitability for the industry. Likewise the Australian Government can be assured that the public monies of industry levies and Commonwealth matching funds are being allocated appropriately and are addressing Government research and development priorities.

The plan focuses on the industry's position and strategic needs within three key priority areas:

1. Supply – production and productivity
2. Demand – product marketing and market forces
3. Industry development – industry organisation, resourcing and management.

It also addresses the Australian Government's Rural Research and Development priorities of:

- Boosting productivity and adding value to rural production
- Effective operation of supply chains and markets for existing and new products
- Supporting effective natural resource management
- Building resilience to climate variability and climate change, and
- Protecting Australia from biosecurity threats.

The plan also includes investment in skills to undertake research and apply its findings; and promotion of new and existing technologies to address the Government's R&D priorities.

Additionally, the plan will provide a management framework for Onions Australia, and will guide industry leadership and decision making. It will be reviewed annually by Horticulture Australia Limited (HAL), the Onion Industry Advisory Committee (IAC) and Onions Australia to ensure that investment continues to remain targeted and delivers priority outcomes for the industry.

Structure of the Onion Industry Strategic Investment Plan

The Onion Industry Strategic Investment Plan has been written as the overarching document to guide industry direction and investment. There are a number of complementary plans that are intended to sit below this document and support the implementation and evaluation process. These plans include:

- Industry Research and Development Investment Plan
- Industry Communications Plan (existing document)
- Strategic Marketing Plan / Investment Plan [to be completed when marketing levy is implemented]
- Industry Data Plan.

These subordinate plans will be managed by HAL with the support of the Onion IAC and Onions Australia. They will assist the industry in directing its efforts and achieving the overall outcomes of the Industry's Strategic Investment Plan.

Developing the Australian Onion Industry Strategic Investment Plan

The following process was adopted to develop the 2012 – 2017 Industry Strategic Investment Plan:

Step 1 – Plan development

- The Onion Industry Advisory Committee (IAC) and key stakeholders met in August 2011 to discuss the Industry Strategic Investment Plan.
 - At this time a review of 2006 - 2011 Industry Strategic Plan was undertaken to determine if the objectives of the plan were met and to identify where continuing or additional investment was required.

Overall the industry performed well, particularly in relation to pest & disease and industry management. There was room for improvement in export development, through chain productivity, industry data collection, and industry consultation and engagement. All of these areas, plus marketing were highlighted as future priorities for the industry.
 - The industry situational analysis was updated and the key issues impacting industry were discussed and analysed.
 - As a result a draft plan, outlining the key objectives, strategies and actions the industry needed to address over the next five years, was developed.
- The IAC and key stakeholders met again in early November 2011 to review the draft plan and to determine the priority investment areas for the industry.
- Following the November review a new version of the Plan, incorporating the proposed investment analysis, was developed for consideration by the industry stakeholder group which included Onion IAC, Onions Australia (OA) Executive and staff, HAL staff and other key stakeholders.

Step 2 – Industry review and industry endorsement of Plan

- After consideration a final draft Plan was released to the industry for review and comment for a six week period over January – February 2012, before the final Industry Strategic Investment Plan was endorsed by the Onion IAC and the OA Board.

Step 3 – Development of Complementary Plans

- Following development of the final draft Plan, the industry stakeholder group again met in February 2012 to develop a number of subordinate plans to support the implementation and evaluation of the Industry Strategic Investment Plan. See section “Structure of Onion Industry Strategic Investment Plan” above.

Key abbreviations used in this document

OA: Onions Australia Inc

HAL: Horticulture Australia Limited

RD&E: Research, Development and Extension

IAC: Industry Advisory Committee

R&D: Research and Development

Profile of the Australian Onion Industry – 2012

About production

Onions (*Allium cepa*) are grown in all States of Australia however South Australia and Tasmania together produce nearly 70% of the Australian crop (see table 1 below). The main producing regions are outlined in table 2. Nationally there are approximately 280 onion growers.

Average State Yield 2008/09				
State	Hectares	Production (tonnes/yr)	% production	Av. tonnes/ha
South Australia	1708	96124	34	56
Tasmania	1591	98725	35	62
Queensland	915	28908	10	32
NSW	526	19438	7	37
Victoria	362	18736	7	52
WA	362	21831	8	60
Australia	5463	283819		52

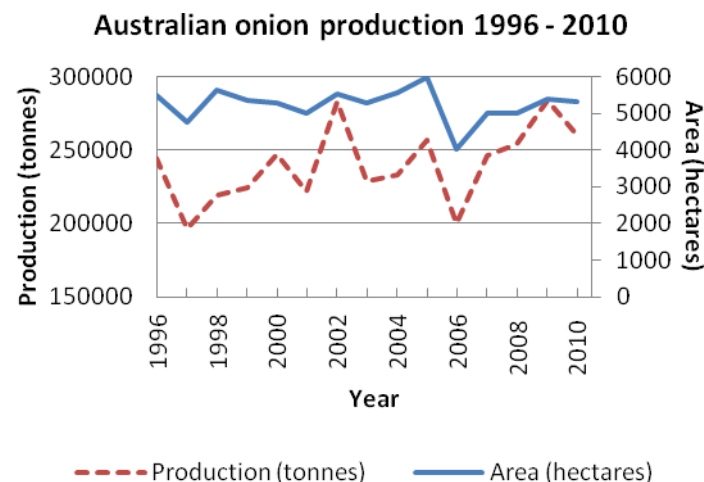
Table 1: State production figures 2008/09 (source: Australian Bureau Statistics June 2009 Ref 7121.0 - Agricultural Commodities, Australia, 2008-09)

State	Main production regions
South Australia	Adelaide Plains; Upper South East or South Australia; Lower South East of South Australia; Murray River
Tasmania	North West Tasmania.
Queensland	Lockyer Valley; St George; Darling Downs; Fassifern Valley.
NSW	Riverina
Victoria	Western Districts; South Western Victoria; Central Victoria South; Gippsland
Western Australia	Perth (Manjimup) and Myalup

Table 2: Main production regions by State

Several types of onions are grown in Australia including brown, white, red and mild onions. Onions are available all year round, but the main harvest period commences in August in Queensland and extends through to April in the southern states.

The onion industry in Australia is considered 'mature', and neither the value nor volume of production has changed greatly during the last 10 years. Production averages around 240,000 tonnes per annum. Production levels are not expected to increase significantly over the next 5 years.



Graph 1: Australian onion production and area planted 1996 – 2010 (source: Australian Bureau Statistics)

Onions are Australia's fourth largest vegetable crop accounting for 9 per cent of total vegetable production. The gross value of production (GVP) averaged A\$181million per annum between 2006 and 2008. This is not significantly different to the GVP achieved in 2001- 02 and it is not expected that GVP will change significantly in the near future.

The average annual cost of production is estimated at A\$318 / tonne (ABARE, 2009/10). There is no formal benchmarking of Australian production against international producers. The industry does however collect regional production data to assist growers with planning and marketing decisions.

About the product

Product overview

Onions are a food staple and are used in virtually all cuisines. They are consumed both raw and cooked. In salad and sandwiches, milder red varieties are preferred. Average consumption in Australia is unknown however it is believed it has not substantially changed over the last decade.

Onions do not face seasonality challenges because they are available year round and can be stored for extended periods.

Nutritional and health attributes

Onions contain a range of compounds, such as quercetin and sulphur, which have been linked to health benefits such as reduced heart disease, stomach cancer, strokes, lung cancer, breast cancer and cholesterol.

The health benefits of onions are not thought to be widely known amongst consumers and there are strict standards that must be met when making such claims. Food Standards Australia New Zealand (FSANZ), the Australian food regulatory authority, regulates nutrition content claims, health claims, endorsements, cause-related marketing and dietary information that appear on either food labels or in advertising of food for retail sale. The industry needs to determine if and to what extent it should invest in research to substantiate any such claims.

Consumers and consumer research

There is limited current research about onion consumers and their purchase and usage patterns. The industry intends to undertake an extensive consumer research project when the new marketing levy is in place.

About the market and its structures

In global terms Australia is a very small player in the world onion market, with less than 0.5% of world production and less than 1.5% of world exports in 2011 (based on USDA 2008/2009 figures).

Markets – Domestic

In Australia the crop is predominantly marketed through the wholesale sector and sold through supermarkets; independent retailers; food service and to food processors.

Apart from the different types (brown, white, red and mild) the product is generally marketed as a commodity. There are new mild varieties being developed and there is scope to clearly differentiate these in the market and command a premium for the product.

Growers often view the increasing market power of the retail sector negatively. However, opportunities exist for the Australian onion industry to develop advantageous relationships with the retail sector and drive domestic demand for onions through promotion.

Currently the USA, New Zealand and China import fresh product into Australia, however there are biosecurity protocols that must be observed.

Processed onion products can be imported into Australia without restriction. The future impact of processing product on demand for fresh product is unknown but is something the industry should further investigate.

Markets – International

Approximately 30% (80,000 tonnes) of the Australian crop is exported on an annual basis. The majority (95% or 75,000 tonnes) of the export crop is produced in Tasmania. The value of exports in 2008/09 was approximately A\$27 million, the same value of exports in 2001/02.

Currently a strong Australian dollar, and issues around export logistic (access to direct freight routes) and costs, are placing significant pressures on export market performance. In addition, over production in traditionally export focussed regions leads to oversupply in the domestic market and associated price reductions.

Australia's key export markets are Germany, Netherlands, Belgium, France and the United Kingdom. Product is also sent to Hong Kong, Japan, Indonesia, Taiwan and Malaysia.

There is still potential to develop other country markets such as India. The main impediment to export market development is market access. It is critical for the industry to maintain and secure improved access to current and new export markets with workable protocols. The industry continues to work with all the key organisations to achieve market access improvements.

In export markets New Zealand, Chile, South Africa and China are emerging suppliers to world markets.

Promotions and market development

The industry does not currently have a promotions levy and therefore its activity has been very limited. Australian supermarkets and independent retailers undertake consumer focused promotions, often price driven, to support product sales.

Exporters are also proactive in marketing their product to customers (importers and wholesalers) in export markets to grow demand for Australian product.

With the likelihood of a promotions levy being collected from July 2012 the industry needs to consider its future investment in both domestic and export marketing.

Trends impacting marketing systems

There are a number of influences that are driving how markets work:

- Increasingly food manufacturing, distribution and retailing are becoming dominated by a relatively small number of firms, globally and locally. As a consequence, marketing channel options for onions are declining, particularly for small to medium-sized growers who lack the scale to interest larger buyers.
- Increasingly innovation and productivity improvements are being driven by commercial value chains as they seek to develop improved products that are better meeting consumer needs - for onions, this includes innovatively packaged and processed products. As a result there is a need for growers to develop relationships with and participate in these supply chains to gain access to markets and technology.
- Governments are becoming less involved in industry development and more involved in issues relating to consumer protection.
- At the same time there are a number of macro-trends impacting consumer behaviour. These include: population growth; a focus on convenience; changes in family structure; an emphasis on health properties of food driven by an ageing population and increasing obesity levels; and more discerning consumers who are showing interest in emotional, ethical, aesthetic or environmental factors when purchasing food.

About the industry organisation

Onions Australia (OA) is a national not-for-profit organisation that acts as the peak industry body for the Australian onion industry. It is based in Mt Gambier, South Australia and is managed by a volunteer executive and paid staff including an executive officer and communications officer.

OA represents the interests of its members and onion growers from around Australia. Its aim is to serve as an umbrella organisation covering all those engaged in the onion industry including growers, packers, wholesalers, exporters, retailers, and other service providers.

OA was originally founded in 1966 as the Australian Onion Coordinating Committee (AOCC). Over the years the organisation has continued to provide leadership for the industry. It has successfully delivered the 2006 – 2011

industry strategic plan and within its resourcing budget continues to assist the industry develop its skills and capabilities. As a result it is well supported by membership and recognised by industry as the peak representative body.

Alliances

The industry through OA retains alliances and linkages with Horticulture Australia Limited (HAL), Plant Health Australia (PHA), Biosecurity Australia (BA), Freshcare, the Australian Government, State Governments, universities, other horticulture industry organisations, and a number of industry service providers including research delivery organisations. OA is also developing alliances with international research agencies in the USA and New Zealand.

People

The industry is supported by a range of R&D service providers, through all State Government departments and their respective research organisations, and the private sector.

In September 2010 the Australian Government through the Primary Industries Ministerial Council and its Primary Industries Standing Committee (PISC) ratified the National Horticulture Research Framework. The Framework sets out future RD&E commitment and investment, by Australia's State and Commonwealth agricultural agencies (largely the State primary industries agencies and CSIRO) to/in the Australian horticultural industries. Its aim is to facilitate greater co-ordination and capability amongst Agencies and Industry; better harmonise RD&E and ensure effective collaboration without duplication; and maximise the net benefit to Australia. Agencies nominate to fill national "Major Priority", "Support" or "Link" roles, for RD&E, for the main horticultural crops.

For the onion industry, the "Major Priority" agency is Primary Industries and Regions (South Australian Government). Their role is to assume a national leadership position and to give a high priority to funding research, infrastructure and national coordination for the Australian onion industry.

The "Support" agencies include Tasmanian; Victorian and New South Wales government agencies. These organisations have agreed to support the industry by undertaking crop research. The Queensland Government is a "Link" agency and therefore undertakes little or no research but accesses information and resources from other governments or parties to meet industry needs through D&E.

Larger growers often employ specialist research companies and agronomists to assist with crop management.

Funding

The industry finances its activities through industry levies, membership and other initiatives.

Industry R&D is funded through a compulsory industry levy. Industry levies are imposed, collected and dispersed through Commonwealth legislation. They are collected by the Australian Government on behalf of all levy paying horticultural industries, including the onion industry. Through accompanying regulation, HAL, which is a not-for-profit industry owned company, is charged with managing the expenditure of levy funds. It is responsible for all decisions relating to their expenditure and has obligatory reporting arrangements and accountability to the Department of Agriculture, Fisheries and Forestry (DAFF) with respect to its investment decisions.

When expended on R&D, levy funds are matched dollar for dollar by the Australian Government. When funds are expended on marketing / promotion activities they are not matched. The Australian Government is increasingly seeking outcomes from its co-investment that demonstrably meet its National Research Priorities and Rural Research and Development Priorities.

Growers currently pay \$2.00 / tonne at the farm gate, which is collected by the Levies Revenue Service, an agency of DAFF. From this levy \$1.60 / tonne is spent on R&D and the remaining \$0.40 / tonne contributes to the national residue survey which verifies the quality and safety of Australian onions.

OA has recently completed a round of consultation with onion growers to ascertain support for an increase in the onion levy and the introduction of a marketing levy to support promotion activities. This increase is necessary to meet the growing demand related to industry development and the increasing costs of related services. The submission for a levy increase of \$2.00 / tonne to a total of \$4.00 / tonne (R&D: \$2.90; PHA membership \$0.10; Marketing \$1.00 / tonne) is currently with the Australian Government.

In 2010/11, the total investment of funds administered by HAL for the onion industry was A\$738,536. In 2009/10, it was in excess of A\$752,000.

Technical information and communication

OA has an industry communications plan and undertakes a broad range of communication activities to cater for the range of stakeholders and communication channels in the industry. These activities include:

- Publishing an annual magazine, *Onions Australia*, for all onion growers
- Publishing a newsletter, *Layers* (published 3 times per year)
- Maintaining an industry website
- Regular emails and correspondence
- Hosting an annual industry conference

- Conducting / supporting grower and stakeholder meetings when necessary to ensure the industry is informed on key issues.

OA sources and distributes information related to R&D, marketing, industry trends, government policy, international competitor activity and general industry development information.

Biosecurity

Ensuring the onion industry has the capacity to minimise the risk of pests, and to respond effectively to any pest threats, is critical for the future sustainability and viability of the industry.

Biosecurity planning provides a mechanism for the industry, Government and other relevant stakeholders to actively determine pests, analyse the risks, put in place procedures to reduce the chance of pests reaching our borders, and procedures to minimise the threat if a pest incursion occurs. Through this approach, the industry is better placed to maintain domestic and international trade, negotiate access to new overseas markets, and reduce the social and economic costs of pest incursions to both growers and the wider community.

The National Onion Industry Biosecurity Plan was developed with Plant Health Australia (PHA) in 2007. The Plan is concerned with the commodity *Allium cepa* (onions) and does not cover other bulb species such as garlic or leeks. It identifies a number of pests and diseases that have the potential to significantly impact on the Australian onion industry.

PHA is a public company, with members including the Australian Government, all State and Territory Governments, and a range of plant industry organisations, including OA. The company was formed to address high priority plant health issues, and to work with all its members to develop a plant health management system that enhances Australia's plant health status and the sustainability and profitability of plant industries.

The industry is currently seeking the government approval for new PHA membership and Emergency Plant Pest Response (EPPR) levy. The EPPR levy is set at zero and can be triggered when industry is required to contribute towards the costs related to Emergency Plant Pest responses. This process is outlined in the EPPR Deed which is a formal legally binding agreement between PHA, the Australian Government, all state and territory governments and national plant industry bodies, including OA. The Deed covers the management and funding of responses to Emergency Plant Pest incidents (including the potential for owner reimbursement costs for growers) and the role of plant industries' participation in decision making.

Additionally the onion industry also intends to continue with collation of national residue data to give confidence to customers and consumers in regard to product integrity. Historical testing results show that no pesticide residues in excess of the Australian Food Standards (or maximum residue limits) have been detected in onions since 1994. As a result the industry has earned and sustained its reputation for 'clean' produce and industry-wide management of chemical risks.

Community

Overall the industry has a favourable community image. The onion industry does not specifically have a reputation of environmental damage or unsafe production systems.

An economic assessment of investments made by the onion industry (Clarke, 2010) identified two social benefits, namely: public health benefits associated with increased fruit and vegetable consumption; and potential avoided negative impact on human health from inappropriate chemical use as a result of industry development programs (extension and communication).

Major impacts on industry growth

Strengths		Weaknesses
Opportunities	<ul style="list-style-type: none"> • Year round supply • Focused R&D for pest and diseases • Rationalisation of grower base • Ability to produce a consistent high quality product • Product is versatile and safe in eyes of consumer • Introduction of new 'mild' category • Export market access and potential • Stable industry organisation which is becoming more professional and increasingly recognised by growers • Good leadership / vision in industry • Strong communications program • International collaboration • Health attributes 	Threats
	<ul style="list-style-type: none"> • Understanding consumer requirements and the triggers for increased consumption • Health attributes of onions and increasing demand for 'healthy' foods • Increasing demand for sustainably produced foods • Opportunities to increase demand through consumer education and promotion • Export market opportunities - growing demand for food globally; growing economies particularly in Asia; • Other value chains to be exploited (food service) • Potential to value add through processing / semi-processing – domestic and export markets • Improved varietal selections / national breeding program • Capacity of the grower to be better managers / risk managers • Waste management opportunities • Generation XY and new technologies 	
	<ul style="list-style-type: none"> • Access to seed and reliable seed production • Stagnant demand for onion products domestically • Lack of strong marketing campaign to drive demand and mitigate oversupply situations • Lack of coordinated industry supply – domestic and export markets • Lack of robust industry data (production / marketing) on which to make informed investment decisions • Impact on industry if export markets fail / dependence on European markets • Lack of international competitiveness with other exporting countries - no good international benchmarking data • Reduction in research resources (people) – no next generation of researchers • Cost of production • Succession planning at OA level 	

Within the Objectives and Strategies

The industry recognises a number of overarching impacts that will fundamentally influence the way Australian onions are produced and marketed in the future.

Climate Change

Climate change and increased climate variability will present a number of challenges for the onion industry over the next 20 years and beyond.

Potentially climate change and variability may impact on the growing conditions in established production regions leading to changes in productivity and business viability. Changes in available water for crop production; climate patterns and micro-climates that affect bulb quality; pest and disease pressures; and a range of other factors have the potential to have a positive or negative impact on production.

Adapting to climate change and variability and increasing resilience is seen as critical for the advancement and continued growth of the Australian onion industry.

It is also recognised that businesses within the industry must take responsibility for their environmental impact (greenhouse gas emissions) and seek approaches for mitigating greenhouse gases under new the Clean Futures Australia and carbon tax arrangements.

Aside from the physical impacts of climate change on onion production and businesses, the industry will also be impacted by the global demand for food, increasing demand for productivity growth in response to this global demand, and the impacts of climate change policy.

The recognition of the required adaption to climate change and variability is inherent in the industry R&D activities and best practice production and handling information.

Natural Resource Management

Proper use of natural resources, such as soil and water, are essential to the long term sustainability of any production enterprise. Communities and governments are increasingly demanding that production does not negatively impact the environment. Customers want assurances that products are grown with a commitment to sound environmental principles. The industry recognises the ongoing need to address natural resource management as an inherent component of its R&D activities and approach to best practice management.

Transformational Research

One of the challenges for the Australian onion industry is maintaining its global competitiveness in an increasingly competitive market. The industry recognises that to maintain this advantage there is a requirement for ongoing investment in R&D, in particular R&D which is transformational for the sector. Through collaboration with research agencies, other horticulture and agriculture industries, both domestically and internationally, the onion industry is seeking to identify and invest in such R&D and resultant technologies. The HAL Across Industry Program, in which onion levies are invested, may provide opportunities for the industry to realise the outcomes it is seeking.

Objective 1: To ensure that consumers can confidently purchase Australian grown onion products that meet their needs and expectations

Investment Rationale

Need for on-going productivity gains and innovation recognising the need for good natural resource management and the potential impacts of climate change

It is essential that Australian onion growers continuously seek to improve production and marketing systems to remain profitable, meet market demand and maintain a competitive position for Australian onions. Optimal production capacity, improved quality and related productivity gains can be achieved through a range of measures such as improved varieties and agronomic practices. Productivity gains must however be sustainable and best practice guidelines need to recognise the need for improved economic, social and environmental outcomes at a business enterprise, industry and community level. The industry needs to be in the best position to continue to provide a sustainable and competitive supply of quality onions to meet consumer needs.

Productivity gains need to be measured to inform stakeholders and drive change in the industry

It is essential that the changes in practice, which underpin increases in productivity, and the resulting outcomes are measurable and comparable, so that individual business enterprises and the collective industry can determine where the most significant improvements and return on investment can be made. By doing so, the industry can also demonstrate to its stakeholders, including Government and the community, that their contribution to the industry is yielding wider benefits.

Need for improved industry information systems

There are currently gaps in industry data. It is important that industry also invests in the collection and dissemination of industry data to assist businesses in making better informed decisions in regard to enterprise management and product supply.

Robust biosecurity settings are required to underpin supply and confidence in the industry

The integrity of the production system which serves to provide the sustainable and competitive supply of onions needs to be underpinned by robust biosecurity mechanisms. Onions Australia, on behalf of the Australian onion industry, has a biosecurity plan in place, however a proactive approach to biosecurity and vigilant monitoring is essential. Any breach of biosecurity has the potential to impact not only on the supply of Australian onions, but also the livelihoods of producers, their workers and supply chain partners, and local communities and economies.

Objective 1

Objective	To ensure that consumers can confidently purchase Australian grown onion products that meet their needs and expectations		
Strategies	1.1 Continuously improve the efficiency of onion production systems	1.2 Improve packhouse and supply chain practices	1.3 Implement appropriate information systems and risk management strategies to underpin supply
Sub- strategies	<p>1.1.1 <i>Develop and promote adoption of best practice production to assist growers in improving farm productivity, product quality and environmental outcomes</i></p> <p>1.1.2 <i>Ensure plant health and market access is maintained through R&D; appropriate pest, weed and disease management protocols; access to current and new chemicals; and other technologies, systems and / or practices</i></p> <p>1.1.3 <i>Facilitate a reliable supply of seed to support required production</i></p>	<p>1.2.1 <i>Develop and promote adoption of best practice handling to improve handling practices through the supply chain to optimise returns to growers</i></p> <p>1.2.2 <i>Continue to improve and improve harvest and post harvest systems through R&D</i></p>	<p>1.3.1 <i>Collate relevant industry data in a timely manner to inform business (and industry) decision making in relation to supply (and demand) issues.</i></p> <p>1.3.2 <i>Ensure an effective biosecurity plan is in place and a proactive approach to biosecurity issues is adopted to secure consistent supply of Australian onions to meet consumer demand</i></p>
Outcomes	<ul style="list-style-type: none"> • Maintain / improve production volumes and return (\$) per hectare in line 2012/13 levels (use ABARES figures for benchmarking)* • To have appropriate management protocols and registrations in place to cost effectively manage major pest, weed and disease threats (thrips ,iris yellows, onion stunt, onion white rot, <i>Botrytis allii</i>, smut) so as to maintain marketable yield per hectare to levels equivalent to or above 2012 levels (evaluate by survey 2012 / 2014 / 2017) • Industry levy payers value available industry data (evaluate by survey - 75% by 2017) • Maintain PHA membership and ensure biosecurity plan is current • Proactive and effective response to biosecurity issues leading to improved security of and opportunity for the Australian onion industry (measure by incident and response) 		

*- Note: ABARES undertakes a regular economic survey of vegetable growing which includes data about onion production. The latest available publication is: Thompson, T, 2011, *Australian vegetable growing farms: an economic survey, 2009–10*, ABARES

Objective 2: To improve grower profitability by increasing demand for Australian grown onion products in line with sustainable supply

Investment Rationale

Need for on-going market / consumer research to identify opportunities for and threats to Australian onions

The industry needs to continually monitor market conditions, so that it has appropriate information to inform market development / promotion programs for the key onion market segments, including retail, food service and export. Additionally the profile of the onion consumer including their attitudes to and usage of onions, purchase frequency, average spend etc. needs to be well understood.

This can be achieved through consumer research, tracking performance of overseas producing countries, and monitoring food consumption and onion usage in domestic and key international markets. By having access to appropriate information the industry will be able to identify opportunities and threats early and place the industry in the best position to respond to achieve positive outcomes.

There is an increasing trend for consumers to seek food products that address health and nutritional requirements

There is growing demand for food products that deliver health outcomes for consumers. The industry needs to gain a better understanding of the nutritional attributes and potential health benefits that onions can deliver for consumers. These attributes may provide opportunities to position onions more favourably with consumers and drive demand for the product.

New product development can drive product demand

New trends and technologies may provide the opportunity for the Australian onion industry to develop new fresh or value added products that better meet consumer needs, access new markets or extend existing markets, therefore driving demand. Conversely new trends or technologies may also provide opportunities for competitors to capture market share and erode existing market potential. It is therefore imperative that these potential impacts are understood and responded to appropriately.

Strong product positioning is essential to drive demand and positively influence the supply - demand relationship

By increasing product demand, albeit in the context of sustainable supply levels, the industry has the ability to positively influence prices and therefore profitability of production enterprises.

Requirement for improved market access

It is important that the Australian onions industry has improved market access and are appropriately positioned in the existing and emerging market channels, be they domestic or export, to maximise the opportunities for the industry.

The consumer needs to have confidence in the product they are purchasing

Increasingly consumers are also concerned with the environmental aspects of the foods they eat. The industry has a positive story to convey to consumers and should continue to document and communicate its credentials.

4% of available R&D investment
75% of available Marketing investment

Objective 2

Objective	To improve grower profitability by increasing demand for Australian grown onion products in line with sustainable supply	
Strategies	2.1 Conduct research to inform marketing strategies and identify opportunities for product development	2.2 Drive growth in targeted domestic and export market segments through effective market development and promotion
Sub- strategies	<p>2.1.1 Undertake market and consumer research to provide regular information on market conditions / trends (domestically and internationally) and consumer attitudes and behaviour.</p> <p>2.1.2 Investigate the health and nutrition properties of onions and onion products and the ability for industry to link health benefit claims to the product</p> <p>2.1.3 Track research and new technologies to support the development of new products that meet market / consumer needs. Analyse the potential of new products to impact the Australian onion industry.</p>	<p>2.2.1 Develop and execute an effective marketing campaign, driven by consumer research, which optimises the positioning of Australian onions in existing and emerging domestic and export channels</p> <p>2.2.2 Develop and implement an Export Development Roadmap, incorporating industry development and market access requirements, to maximise market opportunities and returns to growers; and mitigate market / business risks</p> <p>2.2.3 Quantify and communicate the industry's environmental credentials to enhance its reputation</p>
Outcomes	<ul style="list-style-type: none"> • Report ongoing market and consumer research findings to the industry on a regular basis (annually through industry events and publications) • Health and nutrition properties are clearly identified and the ability to link health benefit claims are understood (by 2017) • Increase demand for Australian onion as outlined in the industry marketing plan objectives so that return (\$) per tonne is equivalent or better than 2012/13 returns (use ABARES figures for benchmarking) • Effective response to market access issues leading to improved security of and opportunity for the Australian onion industry • Maintain export market volumes (Use GTIC data via HAL) 	

Objective 3: To ensure the Australian onion industry has the capacity to effectively manage industry development

Investment Rationale

It is necessary to build industry capacity and resilience to underpin industry development

To provide the necessary industry stewardship and achieve optimal outcomes for its stakeholders, the industry needs to continue to build capacity and resilience of the industry and its leaders

To achieve its objectives the industry must build effective relationships and alliances with strategic partners

It is essential for the industry to build relationships and alliances with strategic partners to meet industry objectives and in particular to find solutions to the diminishing R&D resources available to industry. One of the greatest challenges for industry over the next five years will be accessing suitable R&D resources. The ongoing withdrawal of government services in this area has resulted in a lack of appropriately skilled researchers and extension staff through the traditional channels. This has resulted in a paradigm shift in how R&D will be accessed by the horticulture / agriculture industries. At this time future delivery mechanisms are not clear. It is however imperative that the onion industry, through OA, is part of the debate to ensure that outcomes appropriately reflect the needs of industry.

Effective communication with levy payers and other stakeholders is essential to drive industry change

It is essential that the industry, through OA and HAL, communicate information about R&D and promotions investments and project outcomes to key stakeholders / investors, including growers, supply chain partners, service providers, consumers, government and the community. By providing information to the production sector, OA and HAL can create awareness, foster adoption of improved production practices and create marketing opportunities for businesses. Communication of appropriate information can also drive change in other sectors of the supply chain.

There is a need to ensure industry stakeholders realise and value benefits from investment of the industry levy

Increasingly there is a requirement for industry and HAL to demonstrate a strong return on investment of levy funds through appropriate governance, program / project structures and outcomes for levy payers, the community and government.

It is essential that the industry has access to appropriate resources to achieve the outcomes stakeholders reasonably require

OA with the support of HAL need to monitor the future needs of industry and ensure that investment levels in R&D and promotion are appropriate to meet the expectations of levy payers and other stakeholders.

There is a need for effective risk management strategies to mitigate adverse industry events and / or market conditions.

The industry potentially faces a number of challenges in the years ahead which have the potential to impact the viability of the industry and for which appropriate risk management strategies should be developed. Of critical concern are biosecurity risks, food safety issues, pressures on existing export channels and access to key export markets.

Objective 3

39% of available R&D investment
25% of available Marketing investment

Objective To ensure the Australian onion industry has the capacity to effectively manage industry development

Strategies	3.1 Develop appropriate leadership, structures and resources to provide sound industry stewardship	3.2 Improve industry communication and extension to facilitate improved outcomes for industry and industry investors	3.3 Ensure the industry has appropriate resources / risk management strategies to function effectively
Sub-strategies	<p>3.1.1 Assess and build the capacity and resilience of industry and its management, through appropriate people development activities</p> <p>3.1.2 Collaborate across the horticulture / agriculture sector and with key stakeholders / international partners to ensure the mechanisms for delivery of R&D are appropriate and there are sufficient resources and skills available to meet the current / future R&D and biosecurity needs of industry</p> <p>3.1.3 Continue to proactively develop international networks, and foster co-operation and partnerships to improve global market intelligence and opportunities for the Australian onion industry</p>	<p>3.2.1 Continue to review and implement the industry communications plan which utilises a range of media and forums to ensure the effective communication of key messages to a range of industry stakeholders including levy payers; service providers; supply chain businesses; government and the community</p> <p>3.2.2 Ensure and demonstrate strong return on investment of funds from all sources through appropriate governance, program / project structures and outcomes</p>	<p>3.3.1 Ensure levy structures and rates are appropriate to meet the obligations of industry and expectations of levy payers and other key stakeholders</p> <p>3.3.2 Investigate and seek additional income / funding to support industry development</p> <p>3.3.3 Develop a comprehensive risk management strategy for industry which considers key issues that may impact the viability of the Australian onion industry</p>
Outcomes	<ul style="list-style-type: none"> • Industry stakeholders recognise improvement in the leadership, governance structures and delivering a range of valued resources and services (evaluate by survey 2012 / 2014 / 2017) • Industry stakeholders recognise improvement in industry communication processes (evaluate by survey 2012 / 2014 / 2017) • Industry consistently and effectively demonstrates strong return on investment of levy funds (economic assessment of project investments – 2015 and 2017) • The industry has a risk plan in place by 2015. 		

Assessment of proposed investment

Investment Priorities

The following table outlines the impact that the proposed strategies / investment will have on the Australian onion industry across a range of indicators, including; the impact of the proposed investment on the industry production base; the change in producer profit expected; the probability of investment success; the investment required – by HAL and others; the lag before producers receive the benefit; and the length of time before benefit decays.

	1. Industry production base affected by the proposed investment	2. Change in producer profit expected	3. Probability of investment success	4. Investment required – by HAL and others	5. Lag before producers receive the benefit	6. Length of time before benefit decays
Rating	Low (L) / Medium (M) / High (H) / Very High (VH)				Actual time	
Objective 1 - To ensure that consumers can confidently purchase Australian onion products that meet their needs and expectations						
Strategy 1.1 - Continuously improve the efficiency of onion production systems	VH	H	M	H	Ongoing	Long term
Strategy 1.2 - Improve packhouse and supply chain practices	M	L	L - M	M	n/a	Long term
Strategy 1.3 - Implement appropriate information systems and risk management strategies to underpin supply	H	Maintains position	H	H	Immediate	Long term
Objective 2 - To improve grower profitability by increasing demand for Australian onion products in line with sustainable supply						
Strategy 2.1 - Conduct research to inform marketing strategies and identify opportunities for product development	H	M	H	M	2 - 5 yrs	Long term
Strategy 2.2 - Drive growth in targeted domestic and export market segments through effective market development and promotion	H	M - H	M - H	M - H (significant contribution by supply chain partners)	2 - 5 yrs	Long term
Objective 3 - To ensure the Australian onion industry has appropriate capacity to effectively manage industry development						
Strategy 3.1 - Develop appropriate leadership, structures and resources to provide sound industry stewardship	H	M	M - H	M	Ongoing	Long term
Strategy 3.2 - Improve industry communication and extension to facilitate improved outcomes for industry and industry investors	H	M	M - H	M - H	Ongoing	Long term
Strategy 3.3 - Ensure the industry has appropriate resources / risk management strategies to function effectively	VH	Maintains position	M - H	L	immediate	Long term

Proposed funding allocation across strategies

Below is the proposed allocation of levy funds over the period 2012 – 2017. This is informed by the priorities of the proposed strategy / investment areas for the Australian onion industry outlined in the table above.

Available funds

Objective	Notes	Plan Yr 1	Plan Yr 2	Plan Yr 3	Plan Yr 4	Plan Yr 5	Total
		2012/13	13/14	14/15	15/16	16/17	
Income		\$	\$	\$	\$	\$	\$
R&D Levy income		332,657	634,375	634,375	634,375	634,375	2,870,157
Less reserves	Reserves for increased levy		37,175	37,175	37,175	37,175	148,700
Total R&D Levy income	Matched funding (calculation: R&D levy income (above) less reserve allocation (above) then doubled.	665,314	1,194,400	1,194,400	1,194,400	1,194,400	5,442,914
Marketing Levy income		0	218,750	218,750	218,750	218,750	875,000
Less reserves	Reserves for new levy		13,672	13,672	13,672	13,672	54,688
Total Marketing Levy income			205,078	205,078	205,078	205,078	820,312
Total Levy income	Including matched R&D	665,314	1,399,478	1,399,478	1,399,478	1,399,478	6,263,226
Costs							
R&D Costs	LRS	33,600	33,600	33,600	33,600	33,600	168,000
	CCR (10.9% of matched R&D Levy)	72,520	130,190	130,190	130,190	130,190	593,280
	<i>Total R&D administration</i>	106,120	163,790	163,790	163,790	163,790	761,280
	Across Industry Contribution (2012/13 - 4%) (2013/14+- 5%)	26,613	59,720	59,720	59,720	59,720	265,493
	Total R&D costs / allocations	132,733	223,510	223,510	223,510	223,510	1,026,773
Marketing Costs	LRS		8,400	8,400	8,400	8,400	33,600
	CCR (based on 10.9% marketing levy)		22,354	22,354	22,354	22,354	89,416
	Total Marketing administration / allocations		30,754	30,754	30,754	30,754	123,016
Available project funding							
R&D	matched	532,581	970,890	970,890	970,890	970,890	4,416,141
Marketing			109,037*	174,324	174,324	174,324	632,009
Total							5,048,150

* Note: Reduced amount to allow for phase in of levy = 50% of allocation plus consultation agreement contribution (\$43,750)

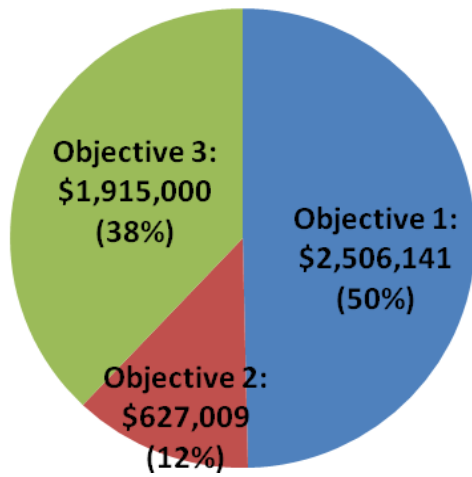
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Allocation of funds

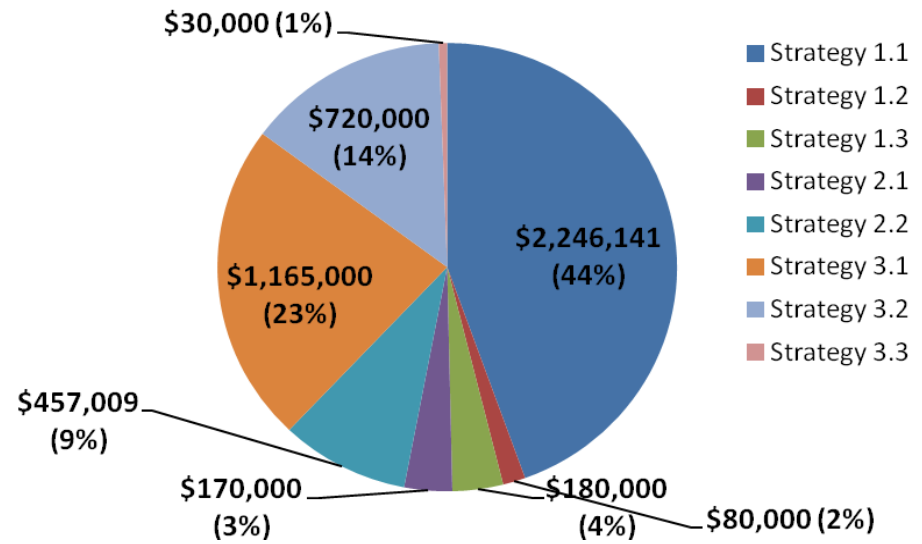
Objective	Strategy	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total
		2012/13	2013/14	2014/15	2015/16	2016/17	
		\$	\$	\$	\$	\$	\$
Objective 1 - To ensure that consumers can confidentially purchase Australia onion products that meet their needs and expectations	Strategy 1.1 - Continuously improve the efficiency of onion production systems	214,050 ^a 37,100 ^b	185,000 ^a 30,000 ^b 176,071 ^c	70,000 ^a 30,000 ^b 434,640 ^c	30,000 ^b 514,640 ^c	30,000 ^b 494,640 ^c	2,246,141
	Strategy 1.2 - Improve packhouse and supply chain practices		20,000	20,000	20,000	20,000	80,000
	Strategy 1.3 - Implement appropriate information systems and risk management strategies to underpin supply		30,000	50,000	50,000	50,000	180,000
Objective 2 - To improve grower profitability by increasing demand for Australian onion products in line with sustainable supply	Strategy 2.1 - Conduct research to inform marketing strategies and identify opportunities for product development		100,000	30,000	20,000	20,000	170,000
	Strategy 2.2 - Drive growth in targeted domestic and export market segments through effective market development and promotion (b)		65,287 ^d (Note: 50% Of allocation to allow for phase in of levy)	130,574 ^d	130,574 ^d	130,574 ^d	457,009 ^d
Objective 3 - To ensure the Australian onion industry has appropriate and sufficient capacity to manage industry affairs and respond appropriately to change	Strategy 3.1 - Develop appropriate leadership, structures and resources to provide sound industry stewardship	175,000 ^e 15,000 ^f 15,000	175,000 ^e 15,000 ^f 50,000	175,000 ^e 15,000 ^f 50,000	175,000 ^e 15,000 ^f 50,000	175,000 ^e 15,000 ^f 50,000	1,165,000
	Strategy 3.2 - Improve industry communication and extension to facilitate improved outcomes for industry and industry investors	140,000 ^g	140,000 ^g	140,000 ^g	140,000 ^g	140,000 ^g 20,000 ^h	720,000
	Strategy 3.3 - Ensure the industry has appropriate resources / risk management strategies to function effectively ^j		30,000 ⁱ	0	0	0	30,000 ^j
Totals (R&D only)		596,150	907,321	970,890	970,890	970,890	4,416,141
Totals ((Marketing only)			109,037	174,324	174,324	174,324	632,009
Total (R&D and Marketing)							5,048,150

^a - covers approved projects (thrips; onion stunt; OWR) / ^b - this is an allocation for minor use permit work / ^c - unallocated R&D funds for this objective / ^d - investment will be made from marketing levy / ^e - includes all Consultation Funding Agreement activities – funding from R&D (75%) and Marketing levy (25%) / ^f - to support development of R&D skills for industry / ^g - covers current communication investment / ^h - economic assessment of levy investment returns / ⁱ - allocation to develop industry risk plan / ^j - a proportion of the Consultation Funding Agreement and Communications projects would attribute to this strategy

**Proposed Expenditure by Objective
2012/13 - 2016/17**



**Proposed Expenditure by Strategy
2012/13 - 2016/17**

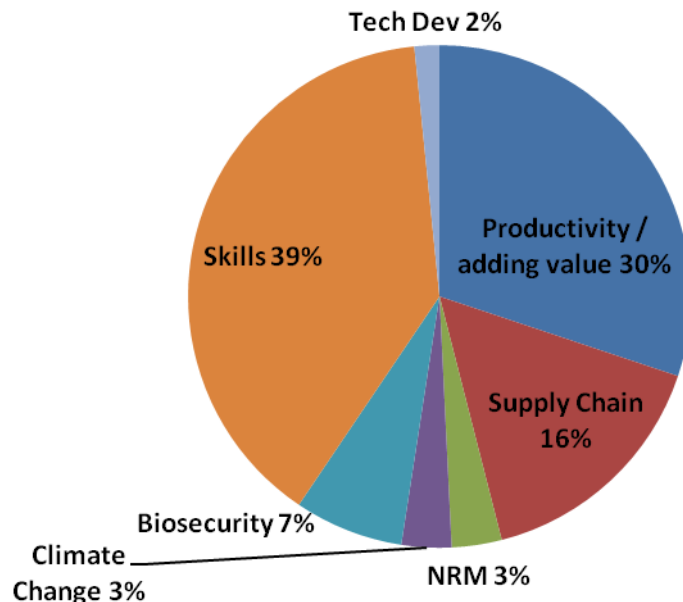


Funding allocation against Government. R&D priorities

Below is the proposed allocation of funds against Australian Government Rural R&D priorities, based on the Objectives outlined in the Strategic Investment Plan.

Objective	Total \$	Productivity and Adding Value	Supply Chain and Markets	Natural Resource Management	Climate Variability and Climate Change	Biosecurity	Supporting R&D Priorities (Skills)	Supporting R&D Priorities (Technology Development)
1	\$ 2,506,141	\$1,436,146	\$260,000	\$161,999	\$161,999	\$323,998	\$81,000	\$81,000
2	\$627,009	\$85,000	\$542,009					
3	\$1,915,000					\$30,000	\$1,885,000	
Total \$	\$5,048,150	\$1,521,146	\$802,009	\$161,999	\$161,999	\$353,998	\$1,966,000	\$81,000
Total %	100%	30%	16%	3%	3%	7%	39%	2%

Proposed Investment against Government R&D priorities 2012/13 - 2016/17



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Appendix 1: Contributors

The following people are acknowledged for their contribution to the Australian Onion Industry Strategic Plan / Investment Plan process.

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