



We're here to help you grow

Annual Report 2019/20



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 strategic pillars:

1. Drive knowledge and innovation into horticulture industries

Hort Innovation strives to deliver and to facilitate communication and extension that has a positive impact on business decisions, and that 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 2019/20 from p70

Lettuce being grown on a farm in Victoria. Did you know that in 2019/20, some \$17 million was invested in R&D through the Hort Innovation Vegetable Fund?

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

In early 2020, Hort Innovation partnered with Channel 10's *My Market Kitchen* TV program to take the stories of Australian horticulture growers and their fresh produce to the public. Some of the growers featured were (clockwise, from top left) Katrina and Tim Myers from Barham Avocados; staff from Boomaroo Nurseries; Gavin Scurr from Pinata Farms; Kerri-Ann Lamb from Wickham Farms; and Fabian Carniel and Sally Wright from Mulgowie Farming Company, pictured together with University of Queensland researcher Dr Tim O'Hare. See www.horticulture.com.au/my-market-kitchen for more on the partnership, and to watch the videos.

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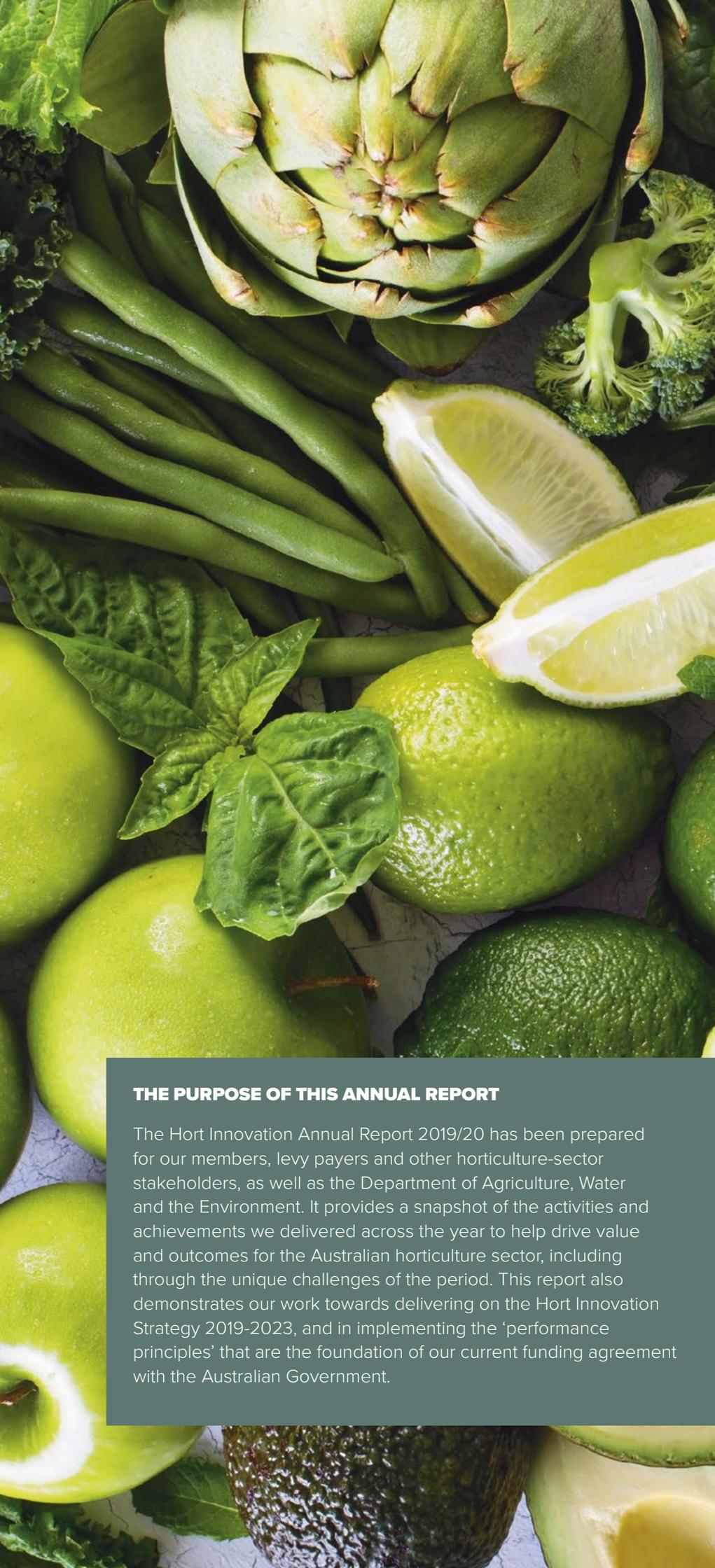
partnership areas

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

Hort Frontiers activity is focused on achieving transformative outcomes and addresses longer-term, often complex issues and opportunities critical to the future of Australian horticulture. In 2019/20, there were seven partnership funds:

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





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OVERVIEW

In a year of challenges and change, this section provides a quick overview of Hort Innovation’s achievements and proudest moments of 2019/20, 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.

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THE PURPOSE OF THIS ANNUAL REPORT

The Hort Innovation Annual Report 2019/20 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, including through the unique challenges of the period. 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 2019/20. You’ll find plenty of facts, figures and case study highlights, as well as information on how we responded to the unforeseen events 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 2019/20 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.

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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 2019/20, 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 Directors’ report for 2019/20 and the company’s full financial report.



**An orchard in Queensland's
Glasshouse Mountains region.
In 2020, we released guides to help
growers improve pollination and
develop orchard pollination plans for
a range of crops. Download them from
www.horticulture.com.au/ph15000.**

SECTION

1

Overview

In a year of challenges and change, this section provides a quick overview of Hort Innovation's achievements and proudest moments of 2019/20, 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

In an unprecedented year, with effects for Australian horticulture that will be felt into 2020/21 and perhaps beyond, Hort Innovation continued to support and deliver solidly for growers

It goes without saying that 2019/20 was a year no-one could have predicted, in terms of the sheer number and scale of devastating events and disruptions. Beginning with ongoing drought, leading into a destructive bushfire season, followed by floods, and topped off with a world-stopping pandemic – with the biosecurity threat of fall armyworm thrown in for good measure – the year was, in a word, challenging.

We know that many of our growers have felt the effects of these events in their businesses, and on a very personal level. And we have been reminded so strongly of just how resilient horticulture’s people and industries are.

To support the sector in navigating and emerging through the year’s challenges, Hort Innovation established timely investments in R&D and marketing. These ranged from research into fire recovery (p24) and the delivery

of relevant market data in the face of COVID-19 (p38), to the across-horticulture The Good Mood Food marketing campaign (p29). We continued collaborative funding with our fellow rural research and development corporations too, including on responsive biosecurity efforts (p53).

We also responded by increasing our engagement with the sector, and with the Australian Government. We delivered new information hubs to help growers access information and practical support during the bushfires and through the pandemic. And we provided data and counsel to the government on everything from fire recovery efforts, to the International Freight Assistance Mechanism to help keep Australian horticulture industries exporting under COVID-19.

We’re proud to say that, despite everything, 2019/20 was a record-breaking year for

Hort Innovation’s investment on behalf of the sector. All up, we invested close to \$128 million in levies, Australian Government contributions, grants and co-investment dollars – our highest annual amount to date.

Investment of industry levies remained strong, and we had particular growth in projects funded outside of the levy program, with some \$53.6 million worth of investments in our Hort Frontiers strategic partnership initiative and other non-levy projects – nearly \$10 million more than in 2018/19.

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.

With 2019/20 behind us, our attention now turns to the year ahead, where we will continue to provide support and drive outcomes for growers.



I'll be retiring in November 2020, and must say what a privilege it's been to lead the Board and help set the company's course during my time, including during this difficult year. When I joined the business – then Horticulture Australia Limited – in 2009, I remember saying the main driver for success and productivity for Australian horticulture would be unity. And now more than ever, as we face the impacts of this year, my hope is that the sector and all of its support systems continue to come together cooperatively and successfully around common goals."

Selwyn Snell
Hort Innovation Chair

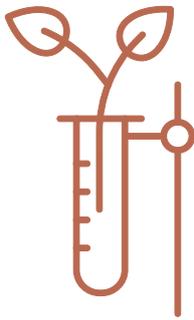


This year was the first under our new company strategy. Despite what 2019/20 threw at Australia and the world, I'm pleased Hort Innovation was able to start making changes and shifting focuses to allow us to continue delivering on this strategy over the coming years. We're positioned better than ever to help growers seize opportunities and grow strengths, while tackling potential hurdles in the way."

Matt Brand
Hort Innovation Chief Executive Officer



2019/20 by the numbers



\$54.8M

invested in strategic
levy R&D



\$53.6M

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



\$19.3M

invested in strategic levy
marketing programs



\$11.6M

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



540

R&D project
investments[^]



24

industry-specific,
levy-funded marketing
programs



3.4 to 1

average benefit to
cost ratio of R&D
projects, as revealed
in our 2019/20
impact assessment
work



98%

of Australians
expected to be
reached by Hort
Innovation's The Good
Mood Food marketing
campaign for Aussie
fruit, veg and nuts



22

of our industries
had investments
related to
international trade
in 2019/20



72%

of key performance
indicators in our
company strategy
completed or on
track in 2019/20[†]

(despite changes and delays due
to the challenges of the year)

* Via their industry advisory panels, some 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 2019/20 that have not been counted here as 'projects'

[†] Averaged across our three strategic pillars

Our people

Get to know Hort Innovation’s executive team and the things they were most proud of during 2019/20



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 base layers for the snow and outdoor industries.

Matt has a Bachelor of Applied Science (Systems) Agriculture and a Masters in Business (Marketing).



This year certainly dealt out challenges for the world, for Aussie horticulture, and for Hort Innovation. But the resilience of the people we work with has really shone through. We’ve seen the strength of our growers as they’ve worked through bushfire recovery, floods and drought, and faced into the new challenges of COVID-19. We’ve also seen our own people continually rising to the challenge, including moving seamlessly to working remotely. I’m proud that Hort Innovation has kept growers at the heart of what we do, and has kept driving strong outcomes, while being flexible and responsive – as well as forward-thinking – in this new world order.”

Contact Matt at
ceo@horticulture.com.au

Meet the Hort Innovation
Board from p86



COVID-19 set in motion a swift risk management response across our R&D portfolio this year. We worked closely with all project delivery partners to identify potential impacts and to ensure continued delivery of outcomes to industry. And in the midst of everything, we also contracted one of our largest-ever investments, looking at tree intensification in a range of crops. See more on p26.”

Contact Alison at alison.anderson@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 across three key portfolios.

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 20 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.



This year we implemented crisis-response initiatives to support growers, including The Good Mood Food marketing campaign – a first for horticulture. Prompting consumers to think differently about fresh produce, it champions Aussie fruit, vegetables and nuts as being good for mental as well as physical health. In the international trade space, we implemented a range of measures under COVID-19, including fortnightly roundtables with export industries and support for Austrade’s International Freight Assistance Mechanism.”

Contact Justine at justine.coates@horticulture.com.au

JUSTINE COATES GENERAL MANAGER OF MARKETING & INTERNATIONAL TRADE

A bit about Justine

Having started at Hort Innovation in 2019, Justine specialises in integrated marketing, customer insights and trade marketing. She looks after the Marketing team, which drives demand and prosperity for Australian horticulture through the building of strong brands and the delivery of marketing programs grounded in consumer insights. She also oversees the International Trade function, which supports our horticulture industries through activities in market access, prioritisation and diversification, in export capability and strategies, and in in-market development.

Justine has a passion for produce, people and communities, and for connecting horticulture and its industries to consumers and cultures. Before joining Hort Innovation, she worked across a range of fast-moving consumer goods for companies including Campbell Arnott’s, Weight Watchers, Lion and more.

Justine holds a Bachelor of Commerce, with a double degree in Marketing, Tourism and Management including studies at the Australian Graduate School of Management at the University of New South Wales.



Staying connected with growers and the horticulture sector at large is essential. This year we realigned our teams to best engage with industries, and began evolving our ways of connecting – and not just in the face of COVID-19. We’re committed to helping growers access more information in fresh and timely ways, and in improving all other points of engagement, including how we seek input into and act on industry priorities.”

Contact Sally at sally.holmes@horticulture.com.au

SALLY HOLMES

GENERAL MANAGER OF STAKEHOLDER ENGAGEMENT

A bit about Sally

Sally started working for the company in March 2015. She was previously Hort Innovation’s General Counsel and Company Secretary/Executive Manager of Governance & Risk, before taking on the General Manager of Stakeholder Engagement role in 2019.

Sally looks after the Industry Strategic Partnerships team, which is responsible for capturing insights and, in collaboration with key stakeholders, defining and driving the strategic outcomes required by industry. She also oversees the Communications function, which amplifies the outcomes of investments by delivering high-quality content and events tailored to the needs of growers.

Sally is dedicated to playing a part in the prosperity of Australian agriculture and is committed to listening to and ensuring the delivery of value to growers. Prior to joining Hort Innovation, she held executive positions at Australian Wool Innovation and The Woolmark Company. She also has almost 20 years’ experience in corporate and commercial law, both in-house and in private practice.

Sally holds a Bachelor of Science, Bachelor of Laws (LLB – Honours), is a member and graduate of the Australian Institute of Company Directors, and studied an Executive MBA at the Australian Graduate School of Management at the University of New South Wales.



Despite the twists and turns of the year, we laid solid foundations. Our new extension strategy was delivered and the extension team set up to better help knowledge and research findings get into the hands of growers, and have a true impact on farm. Kicking off the Sustainability Framework for horticulture was also a major highlight, which you can read more about on p75.”

Contact Anthony at anthony.kachenko@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 Director of the Australasia-Pacific Extension Network and Fresh Produce Safety Centre Australia & New Zealand.



Each year we receive government contributions for every levy dollar we invest, up to a value of 0.5 per cent of horticulture's gross value of production (GVP). This year saw our highest level of government funding to date, at \$56 million. By effectively managing our R&D program and closely monitoring eligible R&D expenditure, we were able to fully utilise that GVP cap."

GRAHAM ROYDEN

CHIEF FINANCIAL OFFICER AND GENERAL MANAGER OF FINANCE & INVESTMENTS

A bit about Graham

After nearly 20 years at Hort Innovation (and its previous iterations), 2019/20 was Graham's last full financial period with the company. During the year, he continued to manage a range of teams including Finance, Procurement & Contracts, Information Technology, Governance & Risk, and Office Services. These business units provide shared services and support across the company, assisting the informed decisions and services that deliver benefits to Australia's horticulture growers, while managing risk and meeting all compliance obligations.

Prior to working at Hort Innovation, Graham spent nine years in executive management positions in the consumer food industry and then the pharmaceutical industry. He holds a Bachelor of Commerce and a Bachelor of Accounting, and is a qualified Chartered Accountant.

Graham left Hort Innovation towards the end of 2020, and during his time with the company, he was proud to have overseen the management of funds and delivery of services for maximum benefit and impact for the Australian horticulture sector.



The team culture at Hort Innovation shapes who we are and how we work for the horticulture community. This year we began bolstering that culture so that we can be the agile, innovative organisation we want and need to be to continue developing the future of Australian horticulture. With COVID-19, leading through crisis was a big part of our leadership development program, too."

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

LISA STREET

GENERAL MANAGER OF PEOPLE & CULTURE

A bit about Lisa

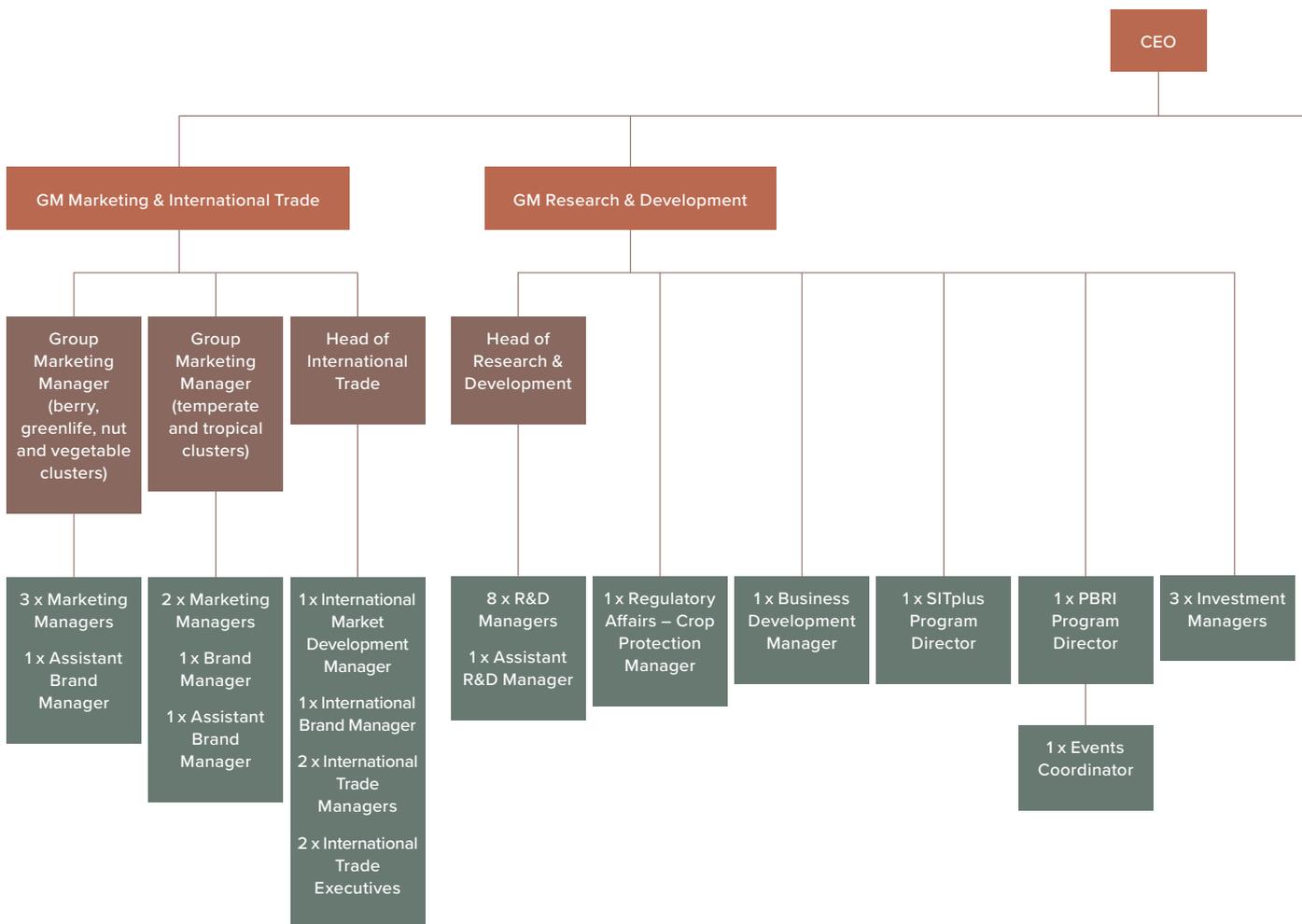
Lisa joined the company in 2019, and her People & Culture business unit is responsible for building and bolstering the teams, leaders and culture that are critical to Hort Innovation's delivery of activities and outcomes for the Australian horticulture sector.

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.

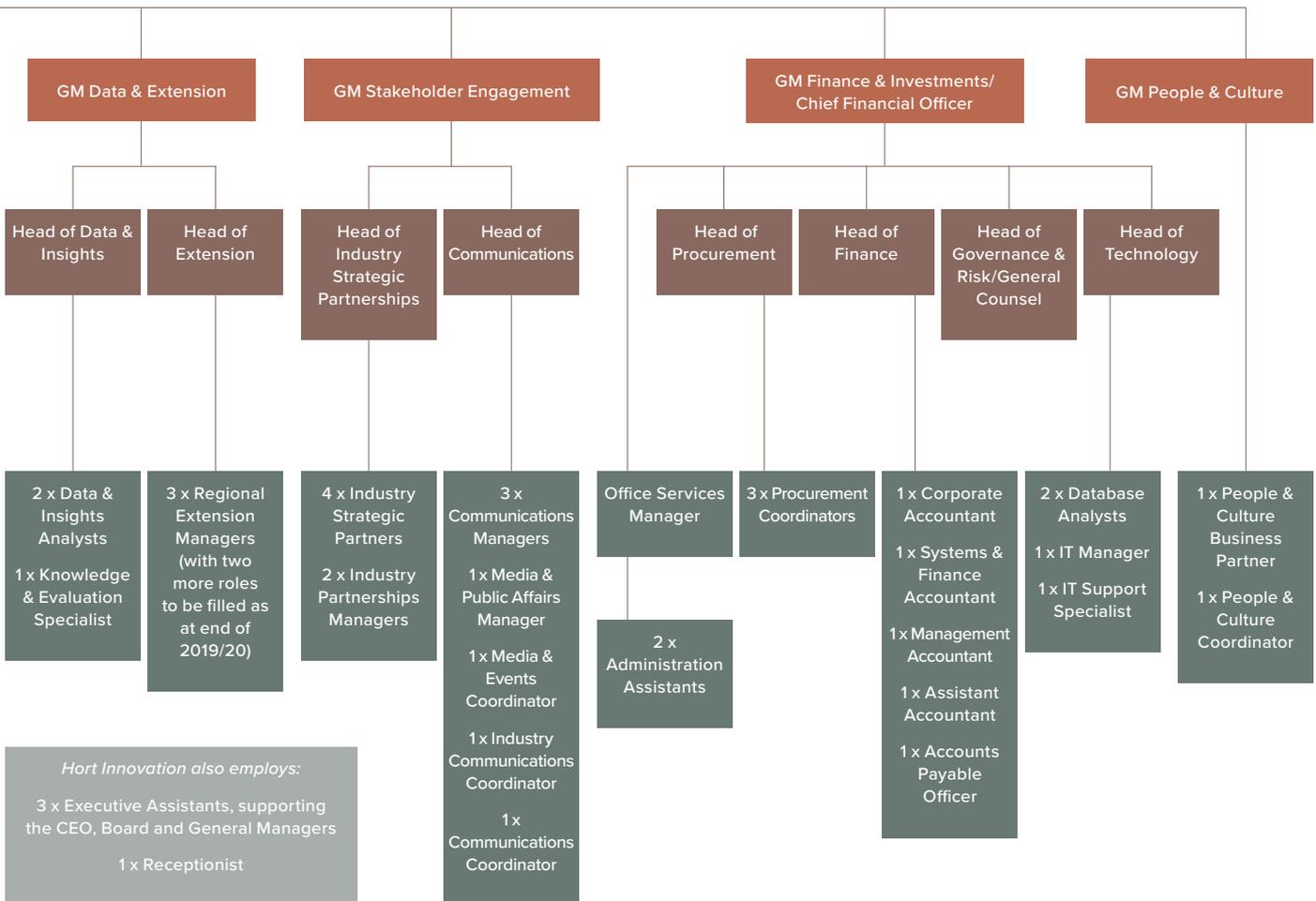
Her career spans the arts and entertainment industry and multi-national fast-moving consumer goods organisations. She is also the founder of a people-and-culture-based consulting business.

Our organisational structure

Wondering how our company is set up to deliver? Here’s how Hort Innovation’s employees – the people who roll up their sleeves to make it all happen – were organised in 2019/20.



This chart represents Hort Innovation as at 30 June 2020. It does not include any roles that were vacant across the teams at this time, and does not reflect changes that will be made at the end of the 2020 calendar year, particularly in relation to the role and responsibilities of the General Manager of Finance & Investments.



A snapshot of our team members

As at 30 June 2020

HEADCOUNT

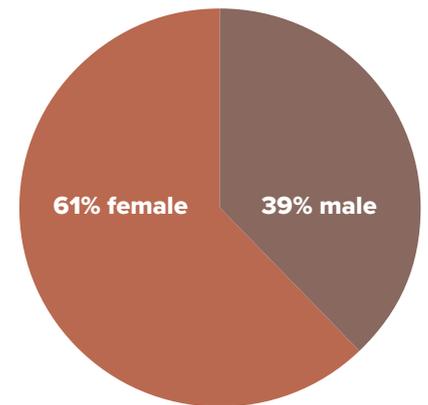


Number of full-time staff members



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

GENDER SPLIT



FTE

84.8

Our headcount translates to a full-time equivalent of 84.8 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

29%

As of June 2020, our staff turnover rate was 29.12 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 2019/20

Hort Innovation's teams continued to evolve in 2019/20, to best meet the needs of the horticulture sector

A NEW EXTENSION FUNCTION

With a focus on connection and activity out in the regions, this new function was introduced at the beginning of 2019/20 to enhance the amplification, coordination, extension and application of R&D outcomes, resources and knowledge across the country.

- The Head of Extension was appointed in October 2019, followed by three Regional Extension Managers
- While COVID-19 paused further team development during the year – and limited the launch of the team's face-to-face work – a further two regionally-based managers were appointed early in 2020/21
- The team now manages all R&D investments related to extension and industry development.

Learn about the team's set up and purpose at www.horticulture.com.au/extension, and see p42 for more on Hort Innovation's extension work during the year.

REALIGNMENTS IN MARKETING AND TRADE

A reinvigoration of the Marketing and International Trade teams took place in 2019/20, allowing Hort Innovation to better and more efficiently respond to industry needs.

- Just prior to the financial year, the Marketing and International Trade functions were split out under a new executive position of their own, having previously been combined with Research & Development under one general manager

- Fresh team structures were put in place during the year, introducing new levels of expertise and support, and bringing new talent into the business
- The International Trade team took on the management of the market access, export capability and market development R&D portfolios.

Discover more about the Marketing team's work on p28 and learn about the International Trade team on p32.

AN EFFICIENT 'CLUSTER' APPROACH TO INDUSTRIES

Our Industry Strategic Partnerships team (formerly the Relationship Management team) led the introduction of a 'cluster-based' approach to organising staff and delivering for the horticulture sector.

- In October 2019, the industry strategic partners were realigned by new groupings of industries: the tropical cluster; the temperate cluster; the vegetable cluster; and the green/nut/berry cluster
- A similar approach was subsequently adopted by the Marketing team
- The clusters allow industries to be better serviced by region and by investments across R&D, marketing and international trade, plus allow the identification of opportunities for collaboration across industries more easily.

A CHANGE IN OFFICES

At the beginning of 2019/20, Hort Innovation moved its head office to North Sydney, with positive cost implications for the running of the business.

We now have offices in:

- North Sydney, New South Wales (head office)
- Melbourne, Victoria
- Brisbane, Queensland.

With our Extension team complete, we also have extension officers based across the country, covering six key production regions (see p20).

Our funding models

In 2019/20, 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

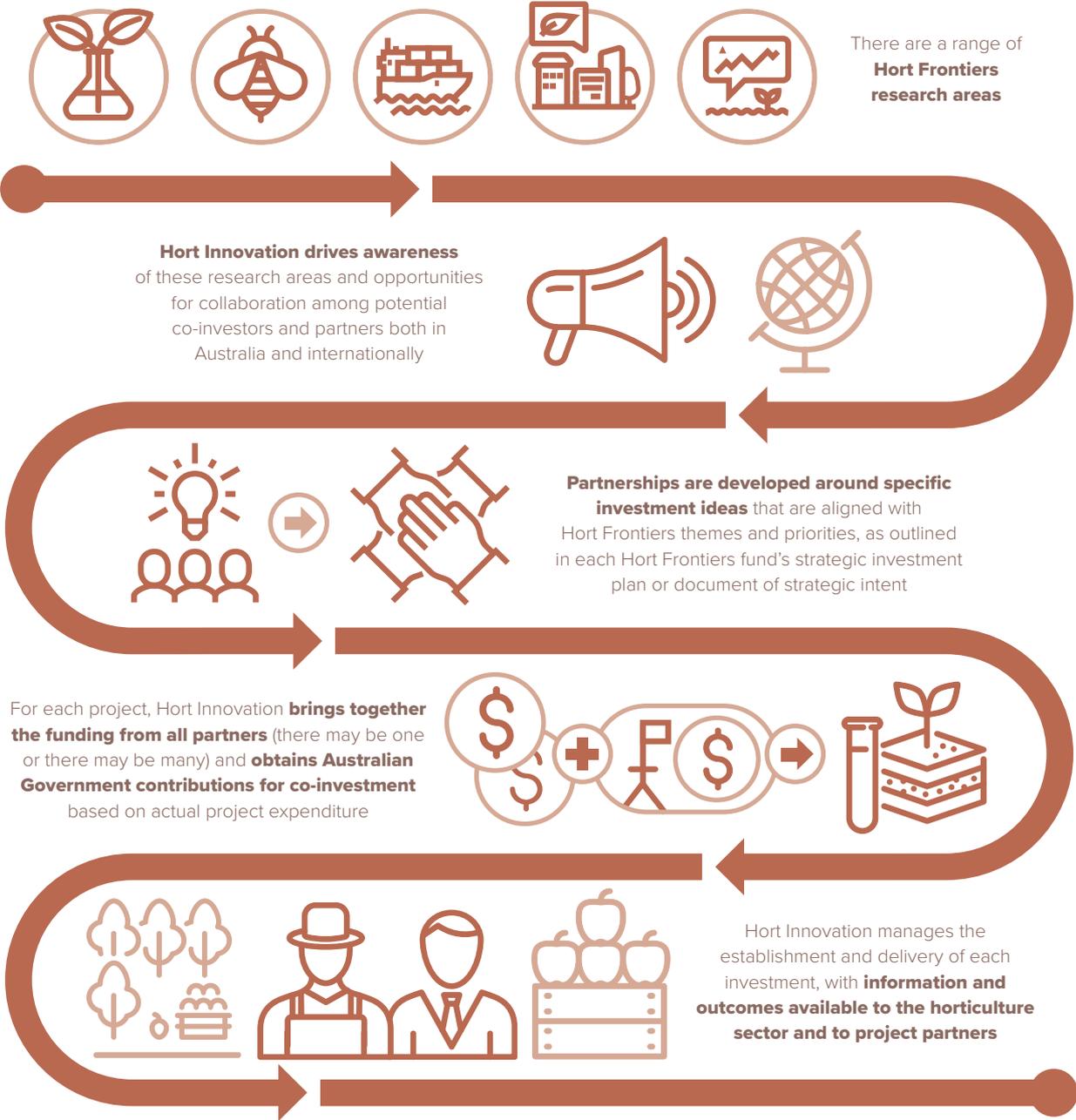
This is the core funding model for Hort Innovation’s work, involving the investment of statutory or voluntary industry levies, together with government contributions where applicable, into R&D, extension, marketing and international trade efforts. Levy investments are specific to each industry’s needs,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



Almond trees involved in pruning trials funded through Hort Innovation. The almond industry has both a statutory and a voluntary R&D levy, invested through the Hort Innovation Almond Fund. Image courtesy of Plant & Food Research Australia.

External grant funding can also be used to wholly or partially fund Hort Innovation projects. See p25, p50 and p53 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

INVESTMENT PLANS

Each levy industry has its own strategic investment plan, 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. Our current industry plans are due for renewal in 2021, with work underway in the second half of 2019/20 (see p76).

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

INVESTMENT PANELS

During 2019/20 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*

>320 panellists

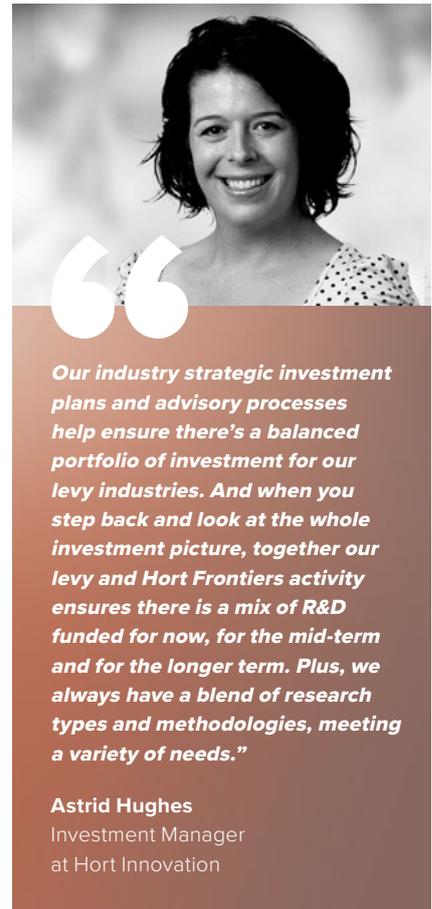
74 in person, phone or digital meetings during the year

EXPERT ADVISORY PANELS FOR HORT FRONTIERS INVESTMENT

6 panels^

>30 panellists

In 2021, Hort Innovation will be implementing positive changes to our consultation and advice mechanisms, including broadening grower and stakeholder engagement.



“Our industry strategic investment plans and advisory processes help ensure there's a balanced portfolio of investment for our levy industries. And when you step back and look at the whole investment picture, together our levy and Hort Frontiers activity ensures there is a mix of R&D funded for now, for the mid-term and for the longer term. Plus, we always have a blend of research types and methodologies, meeting a variety of needs.”

Astrid Hughes
Investment Manager
at Hort Innovation

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

* 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 2019/20, 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, with input from the National Fruit Fly Council

Our corporate governance

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

During 2019/20, as always, 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:

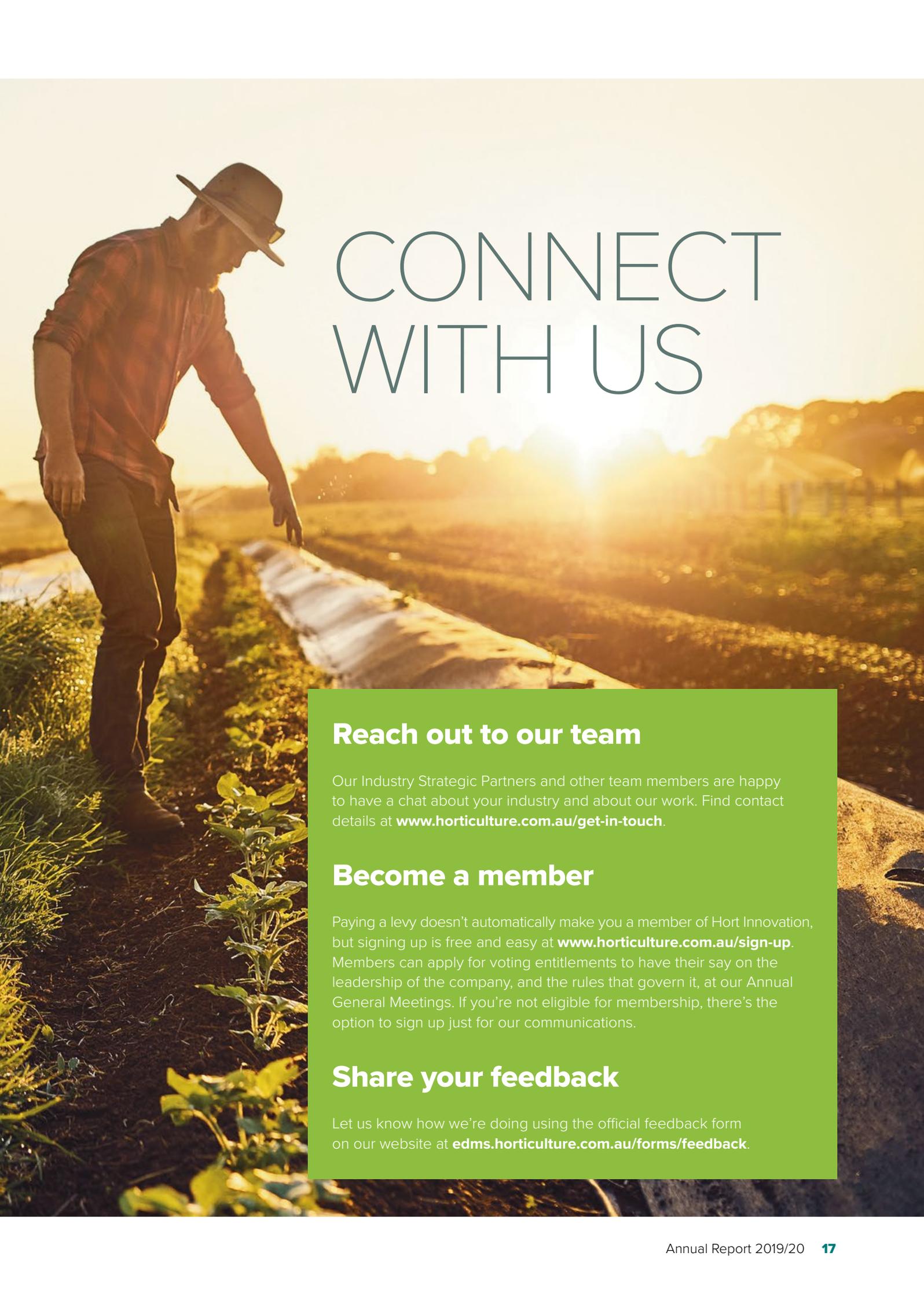
- **The Hort Innovation Constitution**, which outlines our broad priorities as Australian horticulture’s research and development corporation.
- **Our Deed of Agreement with The Department of Agriculture, Water and the Environment**. This is the funding agreement that allows for levies and government contributions to be transferred from the government to Hort Innovation, and that governs how we subsequently invest those funds. At the end of the 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.



Importantly, we’re not an industry representative body. Hort Innovation’s Constitution and Deed of Agreement are clear that we don’t and can’t set or execute policy on behalf of horticulture industries, and we can’t participate in any agri-political activities. Instead, this is in the realm of horticulture’s peak bodies and other representative and advocacy groups.”

Matthew Waring
Hort Innovation’s Company Secretary

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



CONNECT WITH US

Reach out to our team

Our Industry Strategic Partners 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.



Freshly planted crops at Velisha Farms in Victoria. In 2019, Managing Director Catherine Velisha was awarded a Nuffield Scholarship funded by Hort Innovation, to support research into the performance of family horticulture businesses. Read more at www.bit.ly/velisha.

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 2019/20. You'll find plenty of facts, figures and case study highlights, as well as information on how we responded to the unforeseen events of 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 contribute to the growth and success of Australia's vibrant horticulture sector. Here's what the sector looks like:



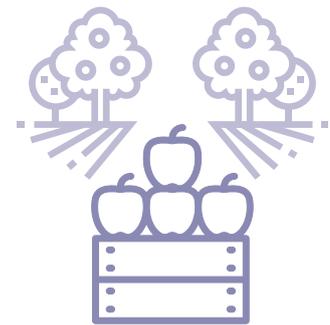
\$14.4B

The total production value of the Australian horticulture sector in 2018/19¹



31%

Remaining the fastest-growing agricultural sector in Australia, horticulture's production value increased 31 per cent over the five years to 2018/19¹



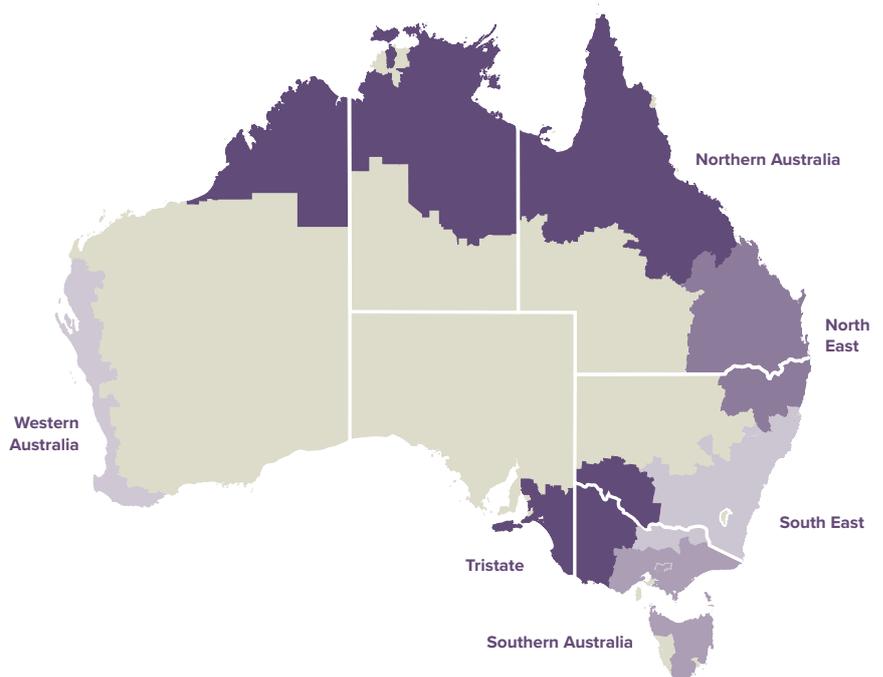
3rd

Horticulture represented 19.3 per cent of the total agriculture production value in Australia in 2018/19 – making it the country's third-largest agricultural sector^{2*}



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 – or will soon be – operating.





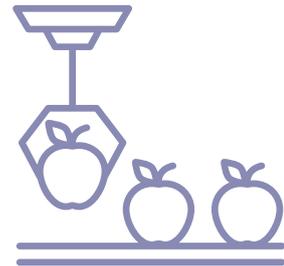
\$2.76B

The total value of Australia's fresh horticulture exports in 2019/20³



88

In 2019/20, we exported to some 88 countries, with the top five based in Asia, and with New Zealand coming in at number six, the United Arab Emirates at number eight, and the United States at 12³



30%

The percentage of Australian horticulture's production volume processed into dried, canned and shelf-stable juice products in 2018/19¹



61,800

The number of people employed in Australian horticulture in 2018/19³



10,500

The approximate number of horticulture businesses across Australia in 2018/19³

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

1. Australian Horticulture Statistics Handbook 2018/19

2. ABARES Agricultural Commodity Statistics 2019

3. IHS Global Trade Atlas

* Assumes total agriculture value of \$61 billion in 2018/19



WHAT WE DO:

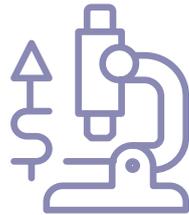
We invest in R&D for now and for the future

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, short-term and needs-based work, long-term strategic research and everything in between.

Our research areas

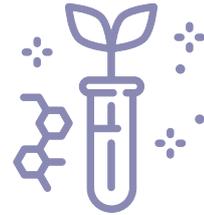
The majority of our R&D work is aligned to these categories:

- Land and crop management
- Pests, diseases and 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



\$108.4M

The amount invested in R&D in 2019/20



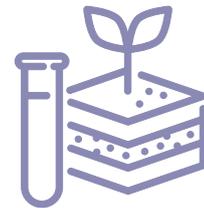
35+

Hort Innovation has more than 35 research portfolios



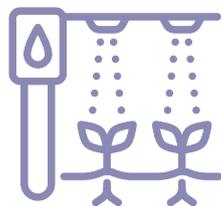
150+

We contracted more than 150 new projects in 2019/20



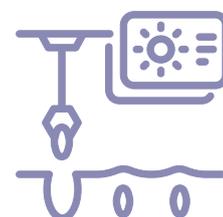
540

The number of active R&D projects in 2019/20



1450+

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 2019/20

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

Hort Innovation monitored COVID-19 developments closely during the year. We worked with R&D project delivery partners to identify investments that were or could be disrupted by the effects of the pandemic, kept a risk register, and helped put management strategies in place to minimise the impact on project activities and outcomes for growers. We also formally varied project work or timelines where required.

Projects with extension and communication components such as workshops, field days and conferences were among those most affected and, where possible, digital alternatives to their events were delivered or planned for instead.

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

BUSHFIRE SUPPORT THROUGH R&D

RAPID RESPONSE MAP IN ACTION

During Australia's devastating bushfires of late 2019 and early 2020, Hort Innovation R&D was put into action. The Australian Bushfires Rapid Response Map was developed by our research partners to assist governments and industries in understanding the impact of the fires on horticulture, and to plan recovery efforts. The map was an offshoot of the Australian Tree Crop Rapid Response Map, created using satellite technology, land use information and 'citizen science' as part of a \$6.8 million initiative into crop mapping and monitoring tools. Read more about the bushfire map at www.bit.ly/bushfire-map and the overarching project at www.bit.ly/st15012.

NEW BUSHFIRE RECOVERY INVESTMENT

In 2019/20 we developed a new R&D initiative to support growers in bushfire recovery in future years. The project is looking at the responses of fruit trees to fire and will produce recovery management options and guidelines applicable to a range of horticulture crops. Helping growers address direct fire damage and return to production as soon as possible, it will assist businesses in bouncing back from future fire events.

TURF'S BUSHFIRE PROTECTION

Completed in 2019/20, research in the Hort Innovation Turf Fund provided proof that living turf can be used as a form of bushfire protection. The work found that watered and mowed lawns are highly resistant to fire ignition, helping create defensible spaces around buildings in fire-prone areas – important information that will help the turf industry promote the use of turf for the benefit of communities ahead of future bushfire seasons. Read more at www.bit.ly/bushfire-protection.

GETTING AHEAD OF FALL ARMYWORM

An incredibly destructive exotic pest, fall armyworm was detected on Australian shores for the first time in 2020. To support readiness and protect the horticulture sector – and agriculture more broadly – Hort Innovation worked with our fellow research and development corporations, Plant Health Australia and the Australian Pesticides and Veterinary Medicines Authority on activities and crop protection initiatives. This included securing emergency permits for crop protection chemicals, with all horticulture industries having at least one effective option available to them by the end of 2019/20. Read more at www.horticulture.com.au/fallarmyworm.

Watch Hort Innovation's Dr Alison Anderson explain our new bushfire recovery project, described above: www.bit.ly/meet-alison

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

100% approval rate for permit applications submitted to and assessed by the APVMA in 2019/20

116 permits issued in 2019/20, including 94 new, renewed or changed permits and 22 emergency use permits

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

\$1.3 million in grants awarded to Hort Innovation in 2019/20*

\$5.6 million – or 102 individual grants – secured by Hort Innovation to date

585+ efficacy and residue trials supported so far

35+ new label registrations secured for new fungicides, insecticides and herbicides, and counting

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

OTHER CRITICAL WORK

- To help horticulture industries identify gaps in existing control options for pests, weeds and diseases, Hort Innovation funds 'Strategical Agrichemical Review Process' (SARP) research and related reports. These are used to guide industry priorities in the pursuit

of chemical registrations or minor use permits. Some 40 SARP report updates were contracted in 2019/20, with the work ongoing.

- 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 www.bit.ly/mt17019.



“

We continue to support 'permit to label' work, where acceptable product use patterns are moved from minor use permits to full, registered usage via product labels. As label registrations are expanded and minor use permits are surrendered, this reduces the regulatory burden on Hort Innovation and on industries. Growers should look out for changes shared in Hort Innovation's monthly newsletter (www.horticulture.com.au/sign-up) and always confirm product and usage details with the APVMA (portal.apvma.gov.au/permits)."

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 65 per cent of the funding

R&D SPOTLIGHT:

Farms of the future

One of Hort Innovation's single-biggest investments to date was established in 2019/20, to help develop intensive cropping systems

To be worth some \$28 million over five years, the National Tree Crop Intensification in Horticulture Program will develop and demonstrate to growers intensive crop production systems for the future. The big-picture, innovative work has the potential to revolutionise crop production, transitioning orchards to intensive systems with high yields and profitability per hectare, and that best support the use of on-farm automation and superior, tailored varieties.

An initiative of the Hort Frontiers Advanced Production Systems Fund and brought together by Hort Innovation's Dr Alok Kumar, the program involves collaborators

and research organisations in Australia as well as New Zealand, Spain and the United States. It continues earlier research funded by Hort Innovation, and will be complemented by ongoing project investments in the levy space, too.

The program has a focus on tree crops including almonds, avocados, citrus, macadamias and mangoes. Research areas include dwarfing varieties and rootstocks for intensive systems; all aspects of tree architecture; managing flowering and crop load; vigour management; and optimising intensive orchards for light interception and canopy microclimates.



Mango trees involved in trials to optimise tree architecture for new, intensive growing systems. Image courtesy of The Queensland Department of Agriculture and Fisheries.



“

This high value, high impact intensive cropping work is incredibly exciting. It could really transform the productivity of our tree crop industries in the future, and its use of demonstration sites means the recommendations and approaches will be taken directly to growers.”

Byron de Kock

Hort Innovation's Head of Research & Development

Other R&D highlights in 2019/20

With 500+ active projects in this year alone, here are just some of our R&D Managers' highlights from 2019/20. 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.

“

Managing flies for crop pollination is one of the intriguing projects in the Hort Frontiers Pollination Fund. Here we're looking at insects that are usually considered the 'bad guys' (or at least the pesky guys) and seeing how we can manipulate them to be great pollinators. The fact that they're present all year round and that pollen clings easily to their hairy bodies gives us a good start."

ASHLEY ZAMEK

See www.bit.ly/fly-pollination

“

We have a project to improve access to new horticultural germplasm, using new diagnostics. If successful and adopted, it has the potential to reduce post-entry quarantine by up to two years, with one or two tests used to help identify any plants infected with high-risk diseases. This would improve our competitiveness immensely, bringing new varieties to market several years earlier than is currently possible."

DR GREG CHANDLER

“

Our variety breeding and improvement work is fascinating, and essential for many industries. The National Macadamia Breeding Program is a new, large investment for 2019/20 that incorporates cutting-edge genetics and choice-preference methodologies. We're currently genetically sequencing more than 300 macadamia trees through a tree genomics program in Frontiers, too, so it's great that this will be able to feed into the breeding program."

DR VINO RAJANDRAN

“

We manage investments that investigate and bring together research on the health and nutrition benefits of horticulture products. As well as making the information available to industries, we use it in educational projects targeted at health professionals. One of the fun educational messages we delivered this year was to 'tan your mushrooms', helping drive awareness that exposing mushrooms to UV light from the sun increases their vitamin D content."

JEMMA O'HANLON

See www.bit.ly/tan-mushrooms

“

We have many investments supporting training and leadership in Australian horticulture. For example, we continue to offer scholarships for leadership development courses through Women and Leadership Australia. In 2019/20 we also established a project supporting the only protected cropping course delivered at a postgraduate level in Australia."

BIANCA CAIRNS

See www.wla.edu.au/horticulture



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 addition of a whole new approach with The Good Mood Food, a unique cross-industry initiative with a high-profile, lasting message.

MARKETING SPOTLIGHT:

A new approach to promoting horticulture

To motivate more Australians to eat more fruit, vegetables and nuts, The Good Mood Food campaign was launched in 2019/20

A major behaviour-change campaign, The Good Mood Food was developed to support the horticulture sector through the impacts of recent challenges including bushfires, drought, floods and of course COVID-19 – the effects of which are being felt in consumer spending and purchasing behaviour. Its message is simple, but impactful: when you eat better, you feel better, and Aussie horticulture produce is the way to go. This has been particularly relevant during COVID-19's lockdown lows.

Initially running from May to November 2020, the campaign has been playing out across the country on TV as well as online, including on YouTube and TV catch-up services; on social media; in newspapers; through radio and music streaming services; on digital screens in close proximity to supermarkets; and via retail partnerships.

Hort Innovation is currently looking at ways to turn The Good Mood Food into an enduring campaign for Australian horticulture.

Learn more about The Good Mood Food:

- Visit www.horticulture.com.au/the-good-mood-food for the campaign's background
- Watch all the TV spots at www.bit.ly/tgmf-spots
- Check out The Good Mood Food on Facebook: www.facebook.com/thegoodmoodfoodaus
- See the consumer website, which features health and nutrition content backed by Hort Innovation R&D, at www.thegoodmoodfood.com.au. Nearly 50,000 people had visited the site as of September 2020.

THE
GOOD
MOOD
FOOD

98%

The percentage of Australians expected to be reached by the campaign during its run

18.7 million

The number of Australians who had seen the campaign as of early September 2020



56%

The percentage of consumers surveyed in July 2020 that said The Good Mood Food had positively influenced their shopping habits



See Hort Innovation CEO Matt Brand's introduction to The Good Mood Food: www.bit.ly/tgmf-intro

Other marketing highlights of 2019/20

Hort Innovation delivers levy-funded marketing programs for 24 industries – and while this year looked a little different, there were a number of highlights

SETTING UP OUR TEAM AND INDUSTRY BRANDS FOR THE FUTURE

In 2019/20 we modernised our approach to marketing at Hort Innovation. This included building new capabilities within our marketing team, putting a renewed focus on strategy, analysis and planning, and implementing a new, efficient approach for engaging with marketing delivery partners.

The year saw us lay the foundations for new, performance-based and data-led marketing plans for our industries, anchored in consumer insights. In early 2020/21, using our new marketing framework and tools, we developed these new industry marketing plans and brand positions to make a fresh, strong impact in the new financial year and beyond.

A NEW CATEGORY APPROACH

A first-of-its-kind activity for Hort Innovation, in 2019/20 we developed 'category management' plans for the apple and pear industries – an important shift in the work of the marketing team and a new approach to marketing levy investment.

In a nutshell, these plans are about driving consumer awareness and purchase in a truly unified way, across all points of shopper engagement. Their development involved the Hort Innovation marketing team working closely with industry, major retailers and the apple and pear strategic marketing panel to explore the performance of the apple and pear categories and brand 'health



Avocado-themed colouring-in was one of the relaxing, mindful activities on offer at 2019's Avotherapy weekend, a marketing initiative of the Hort Innovation Avocado Fund

indicators'. A growth strategy and plan was then developed, and together we selected priority initiatives for implementation.

As an example, delivering an amazing eating experience was identified as a key growth driver for apples. So we looked at areas we could partner in to unlock this opportunity, including delivering high-quality, premium-positioned produce; looking at packaging; delivering cohesive and timely varietal information in store and in communications to help guide consumers to the best apple for them; and more.

INNOVATIVE EVENTS

Prior to COVID-19, Hort Innovation marketing programs seized existing event opportunities, but also created some innovative events of their own – including the quirky and creative 'Avotherapy' weekend.

The event was held in October 2019 to promote the health and wellbeing benefits of Australian avocados.

It involved a pop-up location in Sydney where visitors could indulge in avocado facials while learning how avocados nourish the body from the

inside out, or take part in ‘avocardio’ fitness sessions before refuelling with post-workout avocado smoothies and snacks. There were also wellbeing workshops with practical ways to include more avocados in more meals, and plenty of other information circulating – including how to use avocado seeds to naturally dye fabric.

INTERNATIONAL PROMOTION

For some industries with strong and developing export markets, marketing levies are invested in international promotions. For the most part, this sees in-store and other consumer marketing opportunities happening under Hort Innovation’s Taste Australia banner (see p35), and the work is managed by the experts in our international trade team.

Before the global pandemic, an example was our campaign in China for citrus, which began just ahead of 2019/20 with a major commercial screened during an AFL match held in Shanghai between St Kilda and Port Adelaide. What followed was a program of awareness and education involving social media ‘influencers’ and key opinion leaders, a partnership with an e-commerce platform, and hundreds of in-store sampling sessions. You can read more in the Hort Innovation Citrus Fund Annual Report, available from www.horticulture.com.au/annual-report-portal.



Our 2019 Australian citrus marketing campaign in China was launched at an AFL match in Shanghai

When COVID-19 struck, international marketing was impacted in most countries, with the trade team adjusting activities based on the situation and product supply in individual countries. We are continuing to document the new approaches to Taste Australia international marketing activities at www.horticulture.com.au/trade-hub.



The marketing team stays across shifting consumer attitudes and behaviours to best deliver the industry-specific domestic marketing programs we manage. With COVID-19, we largely shifted away from face-to-face and in-store activities towards digital and other engagement opportunities. We acted quickly to adapt industry marketing activities and campaigns that were already running, and reassessed and adapted future plans.”

Matthew Dwyer
Group Marketing Manager
at Hort Innovation

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

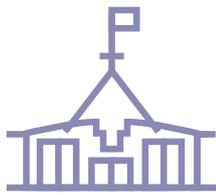


WHAT WE DO:

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 to support market access and development



We collaborate with partners such as Austrade 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

Prior to COVID-19, we recorded a podcast about our trade activities and support for growers through Taste Australia. Have a listen at www.bit.ly/trade-podcast.

International trade activities in 2019/20

In the second half of 2019/20, our focus was on providing information and practical support to the horticulture sector in the face of COVID-19's trade disruptions

SUPPORTING ACCESS TO AIRFREIGHT

The practical means to get horticulture products into export destinations has and will continue to be reduced under COVID-19. During the year, Hort Innovation contracted a project looking at airfreight capacity and its alignment to the logistics and production of Australian horticulture. While this started before the pandemic, it evolved to identify the potential and ongoing impacts of COVID-19.

The results of this work – and ongoing discussion more broadly – have been used by Hort Innovation to help industry and government target gaps and drive ongoing changes to the International Freight Assistance Mechanism, which was established to keep exports and imports flowing as much as possible. See www.bit.ly/ifam-info.

Hort Innovation is now investing in research into enhancing freight opportunities, including where and how sea freight might support. Meanwhile, our marketing teams are also working closely on supporting the domestic market.

STAYING ON TOP OF ISSUES

In 2019/20 we began convening fortnightly meetings of our Industry Trade Advisory Panel, bringing together representatives from exporting industries to allow open discussion and learnings on export issues being encountered, and to gain industry input into Hort Innovation investment activities to support Australian horticulture through and after COVID-19.

These roundtables are ongoing through the global trade disruption and for direct information and updates include guests from Austrade, the Department of Agriculture, Water and the Environment, and the International Freight Assistance Mechanism.

KEEPING INDUSTRY INFORMED

Hort Innovation's international trade hub was established to share essential information on export markets with growers in one simple location. At www.horticulture.com.au/trade-hub, the site features:

- Top-level insights into the economic, political and consumer impacts of COVID-19 internationally
- Business tools and support for exporters
- Country-specific updates, including changes to Hort Innovation's Taste Australia in-market activity.

DID YOU KNOW?

During 2019/20, Hort Innovation's Trade Assessments Panel (TAP) was responsible for 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.

The TAP was one of three specialist trade panels active during the year, made up of relevant experts and industry representatives and also including the Industry Trade Advisory Panel and Nut Industry Trade Advisory Panel. In 2020/21, Hort Innovation will be reinvigorating the TAP process with a new panel and an updated approach for receiving and assessing applications, following consultation with the Department and with industry.

TRADE SPOTLIGHT:

Taking Australian horticulture to the world

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

With a focus on key exports markets, particularly in Asia and the Middle East, Taste Australia activity remained strong in 2019/20 prior to COVID-19. As well as consumer marketing (described on p31), the program included trade shows and international retail programs.

TRADE SHOWS

Taste Australia normally exhibits at a number of international trade shows each year. These events allow international buyers to connect with leading Australian growers, industry bodies and reliable exporters, and they keep key players overseas up to date with what's in season, how seasons are shaping up, and industry news. Trade missions and market tours, further networking events, and government engagements are often set up to coincide with the timing of trade shows.

TASTE
AUSTRALIA



Hort Innovation representatives, including CEO Matt Brand, at the Taste Australia pavilion for 2019's Asia Fruit Logistica

A LOOK AT ASIA FRUIT LOGISTICA

Asia Fruit Logistica is Asia's largest fruit and vegetable trade show, attracting some 13,000 buyers and decision makers from across Asia and the Middle East, and from further afield including North America and Europe.

In September 2019, Taste Australia showcased at the Hong-Kong-based event, supporting 200 delegates across 70 businesses and a range of industries in connecting with new and existing buyers, and promoting Australian horticulture to the world.

Following the event, 36 per cent of surveyed delegates reported achieving immediate sales as a result of attending Asia Fruit Logistica, and 82 per cent expected to increase sales in the months following. At the time, it was anticipated this would increase Australia's export value by more than \$10 million.

RETAIL PROGRAMS

Taste Australia further engages retailers, importers and key trade stakeholders overseas with seminar events and training sessions as part of the initiative's retail program. These activities are focused on training partners in the presentation, storage and handling of Australian produce, to support Australia's reputation for quality and safety throughout the supply chain.



The 2019/20 Taste Australia campaign launched at the peak of the initial COVID-19 outbreak. As markets went into lockdown and the international landscape changed dramatically, the program pivoted to become more digitally focused – particularly the retail activities. Now in 2020/21, even the trade shows are looking at virtual options, so we'll be keeping on top of all opportunities for Australian exporters to develop and maintain relationships."

Laura Davies
International Brand Manager
at Hort Innovation

Watch our CEO, Matt Brand, talk at 2019's Asia Fruit Logistica about the Taste Australia program: www.bit.ly/afi-2019



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 decision makers, and in individual businesses.

STATISTICS SPOTLIGHT:

A handbook of contemporary data

Hort Innovation released the latest edition of the Australian Horticulture Statistics Handbook in early 2020

The handbook is one of the showcase pieces of our data and insights work, providing the most comprehensive and contemporary data available on Australian horticulture in one easy-to-read spot.

The handbook has information relating to production, international trade,

processing volumes, fresh market distribution and foodservice for 75 different horticulture products.

In 2020 it was released for the first time in a digital dashboard format for desktop users that's easy to search and use. Digital PDFs are available for viewing on mobile devices.



The Australian Horticulture Statistics Handbook, providing a complete overview of 2018/19 data, was released in March 2020



If you want to better understand all the data, analytics and insights we make available to growers – and how they can be used to improve your bottom line – listen to the data episode of our limited-run podcast series at www.bit.ly/data-insights-podcast.

Adam Briggs
Hort Innovation's Head of Data & Insights

Access the Australian Horticulture Statistics Handbook at www.horticulture.com.au/hortstats

Data investments to meet current challenges

In 2019/20 we put new data projects and resources in place to help the horticulture sector understand and respond to the effects of COVID-19

HARVEST TO HOME

Delivered in partnership with Nielsen, our Harvest to Home platform (www.harvesttohome.net.au) provides regular household purchase data and insight reporting to industries that participate through levy funding.

When the global pandemic began, special COVID-19 updates were added to this research project and are ongoing. These include analysis reports of grocery sales linked to the COVID environment, and also articles from Nielsen on emerging trends, including opportunities for growers to respond to changes and new opportunities brought about by the pandemic.

CONSUMER IMPACT MONITORING

In 2020, we worked to provide industry access to research company Fiftyfive5's Category and Consumer Impact Monitor.

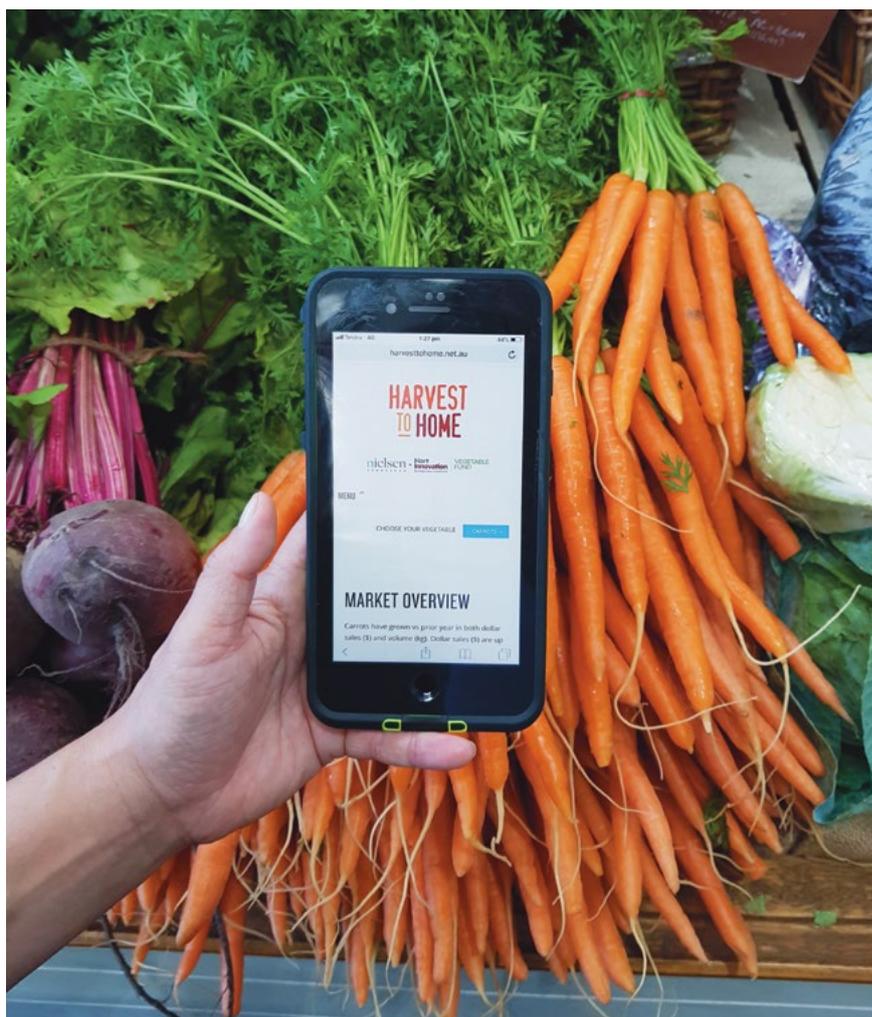
Beginning in June 2020 and running until January 2021, updates are being delivered on changes to consumer mindset, attitudes and behaviours under COVID-19, including in relation to fruit and vegetable consumption, snacking, meal preparation and more.

Together with information on current and emerging commercial implications of these changes, the information is available at www.horticulture.com.au/impact-monitor.

UNDERSTANDING THE SEASONAL WORKFORCE

In 2019/20, Hort Innovation worked to establish research to understand the seasonal workforce requirements of the horticulture sector, including the current alignment of labour supply

and demand. This is particularly important given the recent impacts of COVID-19 on workforce ability and mobility. The findings will assist the sector in discussing and developing solutions to improve access and management to appropriately skilled seasonal workers.



The Harvest to Home platform provides access to household purchase data and insights

Insights webinar series

We launched the new *Hort Innovation Insights* webinar series in 2020, with initial episodes focused on data and insights

The data and insight centric webinars held during 2019/20 included:

- **The consumer market environment for horticulture growers during COVID-19**, which explored the implications and opportunities of changing consumer behaviours and attitudes. Watch at www.bit.ly/consumers-webinar.
- **Understanding the market environment for the foodservice sector and impacts for fresh produce growers**, an episode that looked at the extent of COVID-19 impacts and the 'new normal' for foodservice. Watch at www.bit.ly/foodservice-webinar.

- **Insights into the drivers of community trust and acceptance for the horticulture industry**, which shared key community insights from a cross-sector initiative Hort Innovation is involved in to better understand the public's trust in and acceptance of rural industries. Held just outside 2019/20, in July 2020, watch at www.bit.ly/public-trust-webinar. You can also read a summary of Australians' thoughts about horticulture as part of this work – specific to COVID-19 – at www.bit.ly/community-views.



Webinars in 2020 included understanding consumer shopping behaviours and trust in horticulture production under COVID-19

Our Data & Insights team also oversees a range of monitoring and evaluation activities to help assess and guide the company's activities. See more from p66.



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 that they own.

Communications in 2019/20

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)



31 industries

with levy-funded communication programs, including 27 delivered by or with horticulture's peak industry bodies*



28,900 people

following Hort Innovation's social channels



49 videos

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



2400+ articles,

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



1 new webinar series

launched – view all episodes of *Hort Innovation Insights* and sign up for upcoming sessions at www.horticulture.com.au/webinars



12 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



Through media releases, media events, an inbound press office and a TV partnership, during the year we continued to engage with rural and mainstream media on Hort Innovation's investments and outcomes for Australian horticulture. This not only helped communicate our work to growers, but to promote horticulture to the wider Australian public."

Gareth Finch
Hort Innovation's
Head of Communications



10 podcasts

in our limited-run *Growing Matters* series, www.horticulture.com.au/podcasts



Plus

prior to COVID-19 we sponsored and attended numerous industry events to engage with growers directly

* 31 industries had a communication program active during the year. Because some industries had both an old program ending and a new program beginning in 2019/20, the number of discrete programs was actually 36, with 32 of these delivered by or with industry bodies.

Extension in 2019/20

Our extension investments and networks remained flexible and responsive during the challenges of the year

INDUSTRY EXTENSION PROGRAMS

There were 25 industries with extension programs during the year, representing more than 50 extension-related projects combined. This work ranged from larger and longer-running investments such as the apple and pear industry's Future Orchards program and the vegetable industry's VegNET program, to one-off training and demonstration investments, such as field days.

While the face-to-face delivery of extension activities was impacted in the initial stages of COVID-19, digital alternatives were planned by many of the programs.

To see what extension investments your levy has been invested in, download your fund annual report at www.horticulture.com.au/annual-report-portal or check your relevant grower page at www.horticulture.com.au/growers at any time.

SUPPORT FOR OUR EXTENSION PARTNERS

To help our projects and other regional extension services continue to deliver under COVID-19 restrictions, Hort Innovation released a *Remote extension tips and tools* guide in April 2020 (pictured, right).

The professional development needs of our industry development and extension delivery partners were also surveyed during the year. This led to support being initiated through a webinar series dedicated to extension, and a cohort identified to participate in the Australasian-Pacific Extension Network mentoring program as both mentees and mentors.





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



Corn growing on a New South Wales farm. Did you know that Hort Innovation is working with researchers to develop new, nutrient-dense purple sweetcorn? Watch this video to learn more: www.bit.ly/naturally-nutritious.

SECTION

3

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.

Strength through collaboration

To make it all happen, Hort Innovation works with a wide range of partners, including...

<p>Our project delivery partners (p54)</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 (p47)</p>	<p>Horticulture representative bodies, including peak industry bodies and other groups</p>
<p>The wider research community in Australia and overseas</p>			<p>Trade partners, such as Austrade and the Australian Horticultural Exporters' and Importers' Association</p>
<p>Supply chain participants and partners, such as retail supermarkets and the Central Markets of Australia Association</p>			<p>Partners in collaborative initiatives, such as through the Plant Biosecurity Research Initiative (p53) and National Horticulture Research Network (p49)</p>
<p>Australia's other rural research and development corporations (p50)</p>	<p>Co-investors in our research, particularly through Hort Frontiers</p>	<p>Industry agencies, such as Plant Health Australia and the government's Cooperative Research Centre network</p>	<p>Associations relevant to horticulture, such as PMA A-NZ, Nuffield Australia and the Australasia-Pacific Extension Network</p>

We work with the government

Hort Innovation's work is aligned to priorities and requirements set by the Australian Government, with whom we work closely

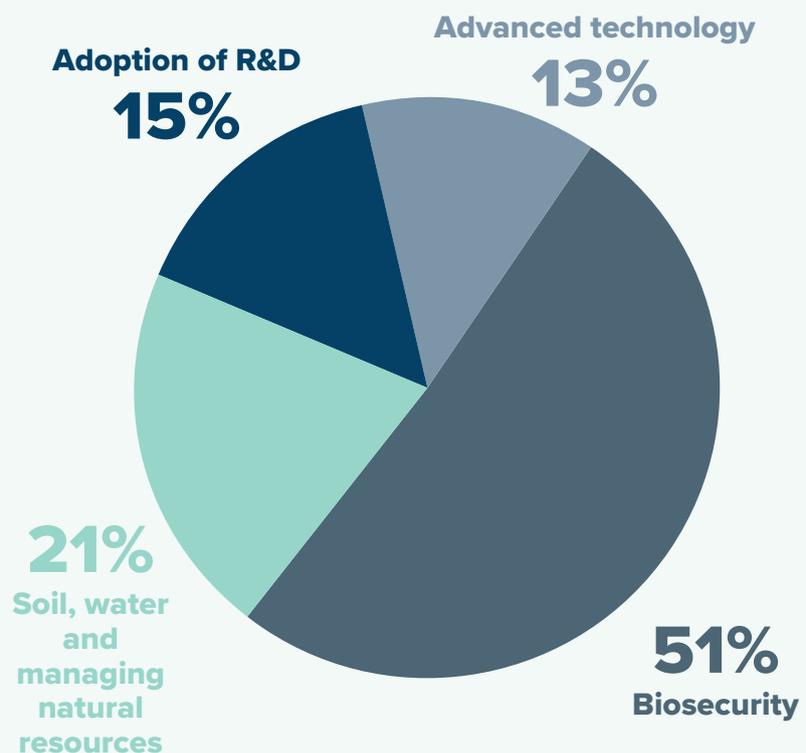
Australia's rural research and development corporations, including Hort Innovation, were established by the government to support research, development and extension efforts across primary industries. That means our work must ultimately align to a set of overarching national priorities and themes.

THE RURAL RD&E PRIORITIES

There are four areas within the Australian Government's Rural RD&E Priorities our investments contribute to...

- **Advanced technology**, which is about enhancing the innovation of products, processes and practices across supply chains through technologies such as robotics, digitisation, big data, genetics and precision agriculture
- **Biosecurity**, which includes improving 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 is about managing 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 recognising the growing role of private service delivery.

HOW HORT INNOVATION'S INVESTMENTS ALIGNED WITH THE RURAL RD&E PRIORITIES IN 2019/20



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

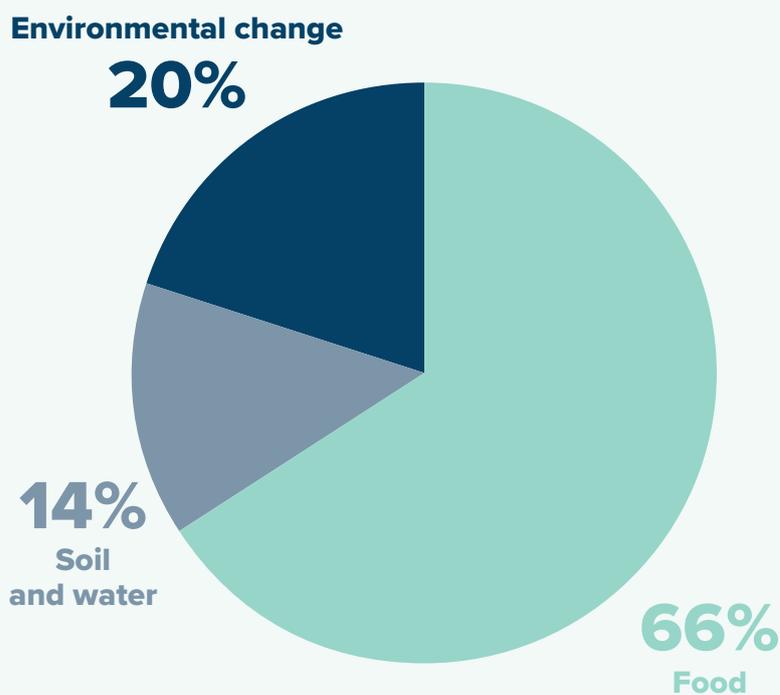
THE NATIONAL SCIENCE & RESEARCH PRIORITIES

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 2019/20



OTHER WAYS WE CONNECT WITH THE GOVERNMENT

Hort Innovation's work can also be 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 2019/20, we were proud to support the government as required on critical initiatives during the year, such as national bushfire and COVID-19 responses.

In 2019/20, we also:

- Had regular engagements with the Department of Agriculture, Water and the Environment, including fortnightly teleconferences
- Developed and signed a new Deed of Agreement, solidifying our relationship and our funding agreement for the next 10 years
- Maintained close collaboration on trade initiatives
- Engaged around the government's Modernising the Research and Development Corporation System Review (www.bit.ly/modernising-review) and on the ongoing work to streamline and modernise legislation around agricultural levies (www.bit.ly/levy-review).

We're part of the National Horticulture Research Network

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

During 2019/20, Hort Innovation remained a member of the National Horticulture Research Network (NHRN), which brings together horticulture research and development representatives from commonwealth and state agencies.

WHAT DOES THE NHRN DO?

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.

WHAT'S IN THE HORTICULTURE STRATEGY?

Priorities for investment, collaboration and coordination under the Horticulture Research, Development and Extension Strategy 2019-2024, available at www.npirdef.org/strategies, 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 DOES HORT INNOVATION CONTRIBUTE?

We have strong investment in most of the key priority areas, through levy-funded projects and particularly in our Hort Frontiers strategic partnership initiative – which in 2019/20 had the dedicated Advanced Production Systems, Pollination and Asian Markets funds.

Additional activity during the year was aligned to the strategy's priorities too, such as our work towards a Sustainability Framework for horticulture (p75), and our ongoing work to support horticulture industries in their market access ambitions (from p32).

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

At the beginning of 2019/20, the NHRN published its latest analysis of Australia's horticulture research, development and extension capability and associated investment. Download it at www.bit.ly/NHRN-analysis.

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 other 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 to date, Hort Innovation has led or supported on a large range of initiatives. In 2019/20, this included the below projects, which were either ongoing or completed during the year:

LEAD RDC	PROJECT NAME
Hort Innovation	Novel technologies and practises for the optimisation of pollination within protected cropping environments <i>Learn more in the project announcement at www.bit.ly/RRD4P-pollination</i>
Hort Innovation	Multi-scale monitoring tools for managing Australian tree crops – phase 2 <i>See the project announcement at www.bit.ly/RRD4P-treecrop</i>
Hort Innovation	Multi-scale monitoring tools for managing Australian tree crops: industry meets innovation <i>Find this project's final overview and research report at www.bit.ly/ST15012</i>
Hort Innovation	Improving plant pest management through cross industry deployment of smart sensors, diagnostics and forecasting
Hort Innovation	National centre for post-harvest disinfestation research on Mediterranean fruit fly (Australian Medfly R&D Centre)
Hort Innovation	Advanced production systems for the temperate nut crop industries
AgriFutures Australia	Securing pollination for more productive agriculture: guidelines for effective pollinator management and stakeholder adoption
Cotton Research and Development Corporation	Accelerating precision agriculture to decision agriculture
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
Wine Australia	Digital technologies for dynamic management of disease, stress and yield

OTHER WORK TOGETHER IN 2019/20

- **Collaboration on the world stage** – prior to the restrictions of COVID-19 – saw Hort Innovation join forces with other RDCs to promote Australian produce and create and bolster relationships in key export markets. For example, at the China International Import Expo in November 2019, we developed the ‘Australian Pavilion’ together with Dairy Australia, Meat and Livestock Australia and Wine Australia. Showcasing the best of Australia’s

agriculture, the pavilion attracted some 202,000 visitors throughout the event.

- **Cross-sector research** continued outside of the Rural R&D for Profit program in 2019/20, from single projects like the one below, to ongoing collaborations such as the Plant Biosecurity Research Initiative (p53).
- **The Council of Rural Research and Development Corporations** is an arrangement that allows the

RDCs to come together to discuss and act on opportunities and issues across our sectors. During 2019/20, Hort Innovation continued to take part in Council meetings and forums, supported collaborative events such as evokeAG 2020, and contributed to other Council initiatives. See www.ruralrdc.com.au for more on the Council.

COLLABORATIVE RESEARCH IN ACTION: HORTICULTURE AND COTTON

It’s cutting-edge work that could revolutionise the sustainable management of pests. In 2018, Hort Innovation began working with the Cotton Research and Development Corporation (CRDC) and other project partners to further develop BioClay – a clay-based spray that acts in a unique way to protect crops.

The non-toxic, high-tech spray contains molecules that prime a plant’s natural defences, carried by particles of clay. Similar to how a vaccine works, its application means a crop can then naturally ‘attack’ specific pests and pathogens it encounters, both avoiding damage and killing the offending pest in the process.

Our work with CRDC, which is led by The University of Queensland and also involves Nufarm, is looking at using BioClay to protect vegetable and cotton crops against whitefly. It’s due to conclude in 2021.

Meanwhile, in 2019 a research hub was announced that will take BioClay research to the next level. The new



Researchers applying BioClay to cabbages, as part of field trials supported by Hort Innovation, CRDC and Nufarm. Image courtesy of The University of Queensland.

Australian Research Council (ARC) Industrial Transformational Research Hub for Sustainable Crop Protection will continue to develop and bring to market novel crop protectants using research in the biotechnology and nanotechnology space.

Hort Innovation is contributing to the \$14 million consortium with 15 other partners, including three other RDCs, plus research institutions, government agencies, crop protection manufacturers and more.

See how BioClay works in this fascinating video from The University of Queensland:
www.bit.ly/biocl原因-background

We forge and support other partnerships

Here are just three examples from the year...

FIGHTING FRUIT FLY THROUGH SITPLUS

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

The multi-pronged SITplus initiative brings together researchers and funding partners to tackle the pest using the '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.



The main SITplus facility is based in Port Augusta, South Australia and can produce up to 20 million sterile flies per week



Sterile Queensland fruit flies reared at the South Australian SITplus factory

All SITplus projects are funded and managed through Hort Innovation's Fruit Fly Fund, part of our Hort Frontiers initiative.

In 2019/20, research to develop the ideal sterile flies led to the headline-grabbing finding that caffeine can help fruit flies reach sexual maturity faster – partially due to a rapid increase in the size of their testes. The work also found a diet supplemented with caffeine makes male flies keen to mate for a longer period. Read more about the surprising findings at www.bit.ly/flies-and-caffeine.

Most importantly, during the year the SITplus program also moved into its pilot operation phase. The production of sterile flies was ramped up and, beginning in September 2019, flies were regularly released as part of full-scale trials at sites in New South Wales and Victoria, using a customised aircraft.

The releases were found to significantly reduce wild fruit fly numbers as part of an area-wide pest management approach. In Victoria's Cobram, for example, an 83 per cent reduction in Queensland fruit fly activity was recorded. Learn more about the results at www.bit.ly/fly-releases.

A SMART PARTNERSHIP FOR THE ENVIRONMENT

In October 2019, Hort Innovation secured a \$2.9 million grant through Landcare's Smart Farming Partnerships program, supported by the Australian Government. The funding is allowing us to work with partners to raise the horticulture sector's environmental performance.

The project involves collaborators including Hort Innovation, Applied Horticultural Research, Freshcare, Hitachi Consulting, Landcare and industry bodies AUSVEG, the Australian Banana Growers' Council, the Australian Macadamia Society, Greenlife Industry Australia and Growcom.

With a focus on protecting ecosystems in horticulture growing regions, it's establishing four demonstration 'smart farms' in the Great Barrier Reef catchment area. Here, remote technology will be used in the continuous monitoring of environmental indicators such as nutrient leaching, sediment run-off, water and energy use efficiency and more.

The demonstration sites will be used to help growers understand digital environmental monitoring and its use in business decision making and good environmental stewardship.



The Smart Farming Partnerships project will help protect the ecosystems around horticulture's growing regions, including the Great Barrier Reef, the Murray-Darling and coastal lake systems

THE \$50M PLANT BIOSECURITY RESEARCH INITIATIVE

In 2020, the Plant Biosecurity Research Initiative (PBRI) was renewed for another three years to coordinate funding and efforts related to plant biosecurity research, development and extension. The PBRI is a partnership between Australia's seven plant-focused research and development corporations together 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...

- **The PBRI reached a milestone**, with \$50 million in plant biosecurity efforts coordinated since its inception in 2017.
- **Collaboration efforts went international**, with a Memorandum of Understanding signed with global phytosanitary network Euphresco. This will see Australian work into vectors of the serious, exotic Xylella bacteria be linked with a Scottish Euphresco project in the same space. Hort Innovation's PBRI Program Director, Dr Jo Luck, also co-authored a paper with Euphresco



Dr Jo Luck speaks at the 2019 Plant Biosecurity Research Symposium, an important forum for discussion

representatives on international science diplomacy for plant health, in which the PBRI is cited as a global model for plant biosecurity research collaboration.

- **2020 was declared the International Year of Plant Health** by the United Nations General Assembly, with the PBRI helping introduce the community to 'plant health heroes' to create a greater appreciation of what plant health means to our everyday lives. See more at www.planthealthyear.org.au/plant-health-heroes.

- **The first-ever Plant Biosecurity Research Symposium was held** to share efforts across plant industries in Australia and New Zealand, to help avoid duplication of research on common biosecurity themes.

Get to know PBRI Director Dr Jo Luck and what PBRI project excites her the most at www.bit.ly/meet-jo-luck

We engage world-class delivery partners

The work that Hort Innovation funds is delivered by a range of specialist service providers

During the financial year, we partnered with some 270 service providers for the continued delivery of projects across R&D, marketing, international trade and more. Our providers ranged from universities, state research agencies and other government entities, to any number of 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 as a delivery partner for a project, a potential service provider must submit a detailed response to the project proposal distributed by Hort Innovation. Current opportunities can be seen at www.horticulture.com.au/partnership-opportunities 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 2019/20

Hort Innovation entered into more than 150 new R&D project agreements with 75+ different delivery partners during the year, as detailed in the following table along with 2019/20 expenditure.

NEW R&D INVESTMENTS IN 2019/20			
PROJECT CODE	PROJECT NAME	KEY SERVICE PROVIDER	2019/20 SPEND (\$)
AL17008	Market access, maintenance and development program	Almond Board of Australia	372,002
AL18001	Almond industry communications program	Almond Board of Australia	105,549
AL19000	Almond Centre of Excellence experimental and demonstration orchard	Almond Board of Australia	1,765,977
AL19001	Almond industry innovation and adoption program	Almond Board of Australia	211,646
AL19002	Market access, maintenance and development program	Almond Board of Australia	784,657
AL19004	Economic analysis of the almond industry	RMCG	49,097
AL19005	Australian almond industry statistics and data collection 2020-2022	Almond Board of Australia	29,953
AP18001	Pilot sterile codling moth releases for the apple industry	Tasmanian Institute of Agriculture	248,514
AP19000	Australian apple consumer and shopper research	Fiftyfive5	22,000

[Continued >>](#)

NEW R&D INVESTMENTS IN 2019/20 (continued)			
PROJECT CODE	PROJECT NAME	KEY SERVICE PROVIDER	2019/20 SPEND (\$)
AP19002	Strengthening cultural and biological management of pests and diseases in apple and pear orchards	The Victorian Department of Jobs, Precincts and Regions (DJPR)	150,000
AP19003	Advancing sustainable and technology driven apple orchard production systems	DJPR	65,834
AP19005	Developing smarter and sustainable pear orchards to maximise fruit quality, yield and labour efficiency	DJPR	119,578
AP19006	Improved Australian apple and pear orchard soil health and plant nutrition	University of Tasmania	166,667
AP19007	Independent program coordination for the apple and pear Productivity, Irrigation, Pests and Soils program (PIPS3)	ICD Project Services	28,560
AS17002	Demonstration of functional driverless tractor for Australian horticulture	Almond Board of Australia	50,000
AS18000	National tree crop intensification in horticulture <i>Please note: this is a multi-project program</i>	Various	3,621,345
AS19000	Novel technologies to assist rapid and sensitive detection of brown marmorated stink bug	Cesar	228,890
AS19002	Developing management strategies to enhance the recovery of horticulture from bushfires	NSW Department of Primary Industries (NSW DPI)	323,000
AS19005	Australian Protected Cropping RD&E Strategy 2030	The Queensland Department of Agriculture and Fisheries (QDAF)	92,083
AV19000	Investigation into citrus blossom bugs in avocados	QDAF	68,869
AV19001	Review and extension of avocado pests and their management	IPM Technologies	110,000
AV19002	Management of six-spotted mite in WA avocado orchards – phase 2	Department of Primary Industries and Regional Development, Western Australia (DPIRD)	119,174
AV19003	Monitoring avocado quality at retail	Applied Horticultural Research	160,352
AV19004	Improved fruit robustness and quality in avocado supply chains (mineral nutrition)	QDAF	9,396
AV19005	Understanding the mode of action of phosphite in avocado for enhanced management of Phytophthora root rot	The University of Queensland	84,981

Continued >>

NEW R&D INVESTMENTS IN 2019/20 (continued)			
PROJECT CODE	PROJECT NAME	KEY SERVICE PROVIDER	2019/20 SPEND (\$)
AV19006	Carbohydrate monitoring to predict yield and understanding fruit set	CSIRO	20,089
BA18000	Banana bunchy top virus project, phase 4 – national surveillance and education	Australian Banana Growers' Council	248,659
BA18001	Banana industry communications program	Australian Banana Growers' Council	342,627
BA19000	Banana outbound trade activities	Australian Banana Growers' Council	9,983
BA19001	Banana consumer insights research	Edentify	15,624
BA19002	Understanding the role of latency in banana bunchy top virus symptom expression	QDAF	58,028
BA19003	Banana Industry Congress 2021	Australian Banana Growers' Council	21,500
BA19004	National banana development and extension program	QDAF; NSW DPI	152,315
BS19000	High health pre-commercial propagation material for Australian strawberry growers	DJPR	111,600
CH18000	Chestnut industry communications program	Chestnuts Australia Inc	33,203
CT18004	Breeding new rootstocks for the Australian citrus industry	QDAF	74,020
CT19001	Citrus harvest handbook	NSW DPI	19,075
CT19002	Afourer mandarin best practice canopy management	NSW DPI	95,760
CT19003	Citrus postharvest program	NSW DPI	82,273
CT19005	Reducing granulation in production of Imperial mandarins	QDAF	19,259
CT19006	Citrus export strategy renewal	Citrus Australia	8,199
CY18002	Cherry market access and trade development	Cherry Growers Australia	256,108
CY19000	Cherry industry MRL compliance training	Cherry Growers Australia	49,459
CY19003	Cherry export strategy	McKinna et al	19,000
DG18001	Dried grape industry communications program	Dried Fruits Australia	77,640
DG19000	Dried grape scion and rootstock evaluation program	CSIRO	10,000
DP19000	Prune industry communications and extension program	Ausprunes	20,030

Continued >>

NEW R&D INVESTMENTS IN 2019/20 (continued)			
PROJECT CODE	PROJECT NAME	KEY SERVICE PROVIDER	2019/20 SPEND (\$)
FF18002	Breeding a male-only strain of Queensland fruit fly	The University of Adelaide	490,000
FF18003	SITplus: Port Augusta Qfly SIT factory pilot operation*	University of Western Sydney, with Primary Industries and Regions South Australia (PIRSA)	2,410,811
FF19000	Sex determination of fruit fly pupa using near-infrared spectroscopy	QDAF	100,489
HA19000	National Horticulture Research Network	Agri Cultura Consulting and Project Management	30,000
HA19001	A sustainability framework for horticulture	Roth Rural	128,949
HA19004	Primary Industries Education Foundation Australia (PIEFA)	Primary Industries Education Foundation Australia	82,500
HA19011	Marketing benchmarking program	Enth Degree	134,625
HN19000	Nuts for Life – educating health professionals	Australian Nut Industry Council	272,781
LP19000	AgriFutures Horizon Scholarship	AgriFutures	2,688
LY19001	Lychee pest and disease field guide	QDAF	23,000
MC18004	Genetic diversity and population structure of wild and domesticated macadamia	Southern Cross University	46,568
MC18005	Independent mid-term review of the macadamia IPM program^	DJPR	17,134
MC19000	National macadamia breeding and evaluation program	The University of Queensland	91,197
MG19000	Consumer market research for Australian mangoes 2019-20	Sprout Research	19,500
MT18006	Biosecurity plan for the lychee, papaya and passionfruit industries	Plant Health Australia	48,573
MT18008	National tomato potato psyllid and zebra chip surveillance	DPIRD, in collaboration with others	570,392
MT18016	Leadership development program	The Right Mind	40,008
MT18020	Facilitating the development of the Australian berry industries	Berries Australia	525,455
MT19000	Phenomenom phase two launch and professional development series	Edible Adventures Productions	58,500

Continued >>

NEW R&D INVESTMENTS IN 2019/20 (continued)			
PROJECT CODE	PROJECT NAME	KEY SERVICE PROVIDER	2019/20 SPEND (\$)
MT19001	Chef's Table culinary literacy for Australian mushrooms and onions	Registered Clubs Association of NSW	20,000
MT19003	Parasitoids for the management of fruit flies in Australia	DJPR	79,977
MT19005	Horticulture trade data	IHS Global	88,796
MT19008	Strategic Agrichemical Review Process (SARP) updates	AGK Services	77,200
MT19009	BerryQuest International 2021	Berries Australia	23,000
MT19012	Industry-specific impact assessment program^	AgEconPlus	63,840
MT19013	Podcasts for fall armyworm management in northern farming systems	Cotton Research Development Corporation	4,242
MU17006	Developing a database of bio-markers for compost quality control to maximise mushroom production yield*	The University of Sydney	232,440
MU18006	Development of a biosecurity plan for Australian mushrooms	Plant Health Australia	35,569
MU19000	Mushrooms attitudinal research	Fiftyfive5	17,200
MU19005	New innovations to improve mushroom whiteness shelf life	Applied Horticultural Research	19,040
NA19001	Nashi consumer research 2020	Colmar Brunton	79,280
NY18010	Ensuring business continuity during biosecurity incursions – social and economic research learnings for the production nursery industry	Nursery & Garden Industry Queensland	29,915
NY19001	Where will all the trees be?	RMIT University	33,380
NY19003	Review of the biosecurity plan for the nursery industry	Plant Health Australia	27,918
NY19005	Greenlife Industry Australia national conference and field day	Greenlife Industry Australia	60,000
NY19006	Developing nursery industry career pathways	RMCG; Greenlife Industry Australia	24,000
NY19007	Improving on-farm surveillance strategies for tospoviruses and thrips to enhance the biosecurity of the nursery industry	DJPR; The University of Queensland	40,469
OL19001	Educating health professionals about Australian olive products	Boundary Bend Olives	45,037

Continued >>

NEW R&D INVESTMENTS IN 2019/20 (continued)			
PROJECT CODE	PROJECT NAME	KEY SERVICE PROVIDER	2019/20 SPEND (\$)
PH16002	Managing flies for crop pollination*	Western Australian Agriculture Authority	2,466,481
PH17001	Development of non-invasive methods and systems for the assessment of hive health	Queensland University of Technology	434,673
PT18002	World Potato Congress and European potato conference study tours	AUSVEG	13,853
PT19000	Investigating soil pH and nutrition as possible factors influencing pink rot in potatoes – a pilot study	University of Tasmania	39,062
PT19001	Sampling for <i>Candidatus Liberibacter solanacearum</i> (CLso)	The South Australian Research and Development Institute (SARDI)	40,000
PT19005	Potato industry interim communication project	AUSVEG	19,800
PU19001	Potato workshop and market access strategy	McKinna et al	11,705
PU19002	Educating health professionals about Australian potatoes	Seedbed Media	141,232
PW18003	Australian sweetpotato consumer insights research*	Eidentify	15,635
ST18004	Independent program review of ST18004: Plant Biosecurity Research Initiative^	RMCG	251,271
ST19001 and ST19008 to ST19016	Multi-scale monitoring tools for managing Australian tree crops – phase 2 <i>Please note: this is a multi-project program</i>	Various	924,870
ST19002	Monitoring and evaluation coordinator for RRD4P projects ST19000 and ST19001^	Innovative Influences	58,340
ST19003 to ST19007	Novel technologies and practices for the optimisation of pollination within protected cropping environments <i>Please note: this is a multi-project program</i>	Various	1,332,395
ST19017	Biosecurity preparedness through developing capacity for in-field detection of spotted wing drosophila <i>Please note: this is Hort Innovation's contribution to the overarching 'Boosting diagnostic capacity for plant production industries' program</i>	Grains Research and Development Corporation	100,000
ST19018	Xylella insect vectors	Wine Australia	110,000
ST19019	Digital remote monitoring to improve horticulture's environmental performance	Various	4,461
ST19020	Generation of data for pesticide applications in horticulture crops 2020	Staphyt	245,000

Continued >>

NEW R&D INVESTMENTS IN 2019/20 (continued)			
PROJECT CODE	PROJECT NAME	KEY SERVICE PROVIDER	2019/20 SPEND (\$)
ST19024	Digital remote monitoring to improve horticulture's environmental performance – GIA	Greenlife Industry Australia	112,051
ST19031	Category and Consumer Impact Monitor	Fiftyfive5	33,760
ST19034	Understanding export supply chain logistics – matching production and export aspirations with airfreight capacity	Centre for International Economics	10,875
ST19041	Phenomenom – The Good Mood Food module	Edible Adventures Productions	83,580
ST19042	Joint-RDC community trust program	AgriFutures	70,000
TG18003	Cold disinfestation verification trials for table grapes	DPIRD	180,925
TG18004	Australian table grape industry communications program	Australian Table Grape Association	232,126
TG19000	Extension of technologies and best management practices to the Australian table grape industry	Australian Table Grape Association	100,000
TG19001	Trapping efficacy in table grape vineyards for area wide management of Queensland fruit fly	DJPR	30,000
TU19000	Identification and management of mosaic viruses and secondary pathogens in buffalo turf	The University of Queensland	67,245
TU19001	2019 National Turf Conference and Women in Turf support	Turf Australia	58,000
TU19002	Turf NextGen program	Turf Australia	10,800
VG17012	Internal fruit rot of capsicum	Applied Horticultural Research	57,640
VG17015	Alternative disinfestation for market access for crops affected by tomato potato psyllid	DPIRD	118,329
VG18000	National vegetable industry communications program	AUSVEG	592,134
VG18003	Extension strategy for the Australian vegetable industry and VegNET 2019-2020 (for which there were a number of state-based projects)	Various	1,334,846
VG18004	Vegetable Strategic Agrichemical Review Process (SARP) report updates	Hortigrow Consulting	72,920
VG19000	Independent project evaluation of VG16064 [^]	Clear Horizon Consulting	40,088
VG19001	Digitisation of East Gippsland Vegetable Innovation Days	East Gippsland Vegetable Innovation Days	10,000

Continued >>

NEW R&D INVESTMENTS IN 2019/20 (continued)			
PROJECT CODE	PROJECT NAME	KEY SERVICE PROVIDER	2019/20 SPEND (\$)
VG19007	Support services for VG16086	Agri Cultura Consulting and Project Management	875
VG19008	VegNET 2020-21 – Bowen Gumlu and Far North Queensland	Bowen Gumlu Growers Association	57,931
VG19009	VegNET 2020-21 – Wide Bay Burnett	Bundaberg Fruit and Vegetable Growers	57,931
VG19010	VegNET 2020-21 – Southern Queensland	Lockyer Valley Growers	57,931
VG19011	VegNET 2020-21 – New South Wales	Greater Sydney Local Land Services	1,000
VG19012	VegNET 2020-21 – Victoria (South-East, West and Northern Regions)	RMCG	57,931
VG19013	VegNET 2020-21 – Gippsland	Food and Fibre Gippsland	57,931
VG19014	VegNET 2020-21 – Tasmania	RMCG	57,931
VG19015	VegNET 2020-21 – South Australia	AUSVEG SA	57,931
VG19016	VegNET 2020-21 – Western Australia	VegetablesWA	57,931
VG19017	VegNET 2020-21 – Northern Territory	NT Farmers	57,931
VG19018	Training in the development and delivery of innovative vegetable E&A regional plans	Rural Consulting Group	12,900
VM18007	Melons – inbound and outbound trade activities	Australian Melon Association	9,361
VM18008	Understanding and managing the role of honey bees in CGMMV epidemiology	The Northern Territory Department of Primary Industries and Resources	192,003
VM19000	The effective control of listeria on rockmelons through alternative post-harvest treatment methods	University of Tasmania	62,345
VM19002	2020 Australian melon industry conference and field day	Australian Melon Association	40,500

* While contracted by Hort Innovation during the 2018/19 financial year, these flagged investments are included on this list of new investments as they had their first spend during 2019/20

^ These flagged investments relate to monitoring and evaluation – they have supported, or continue to support, the review and evaluation of other investments and their activities

To note: some of these may projects may have both begun and ended within the 2019/20 financial period

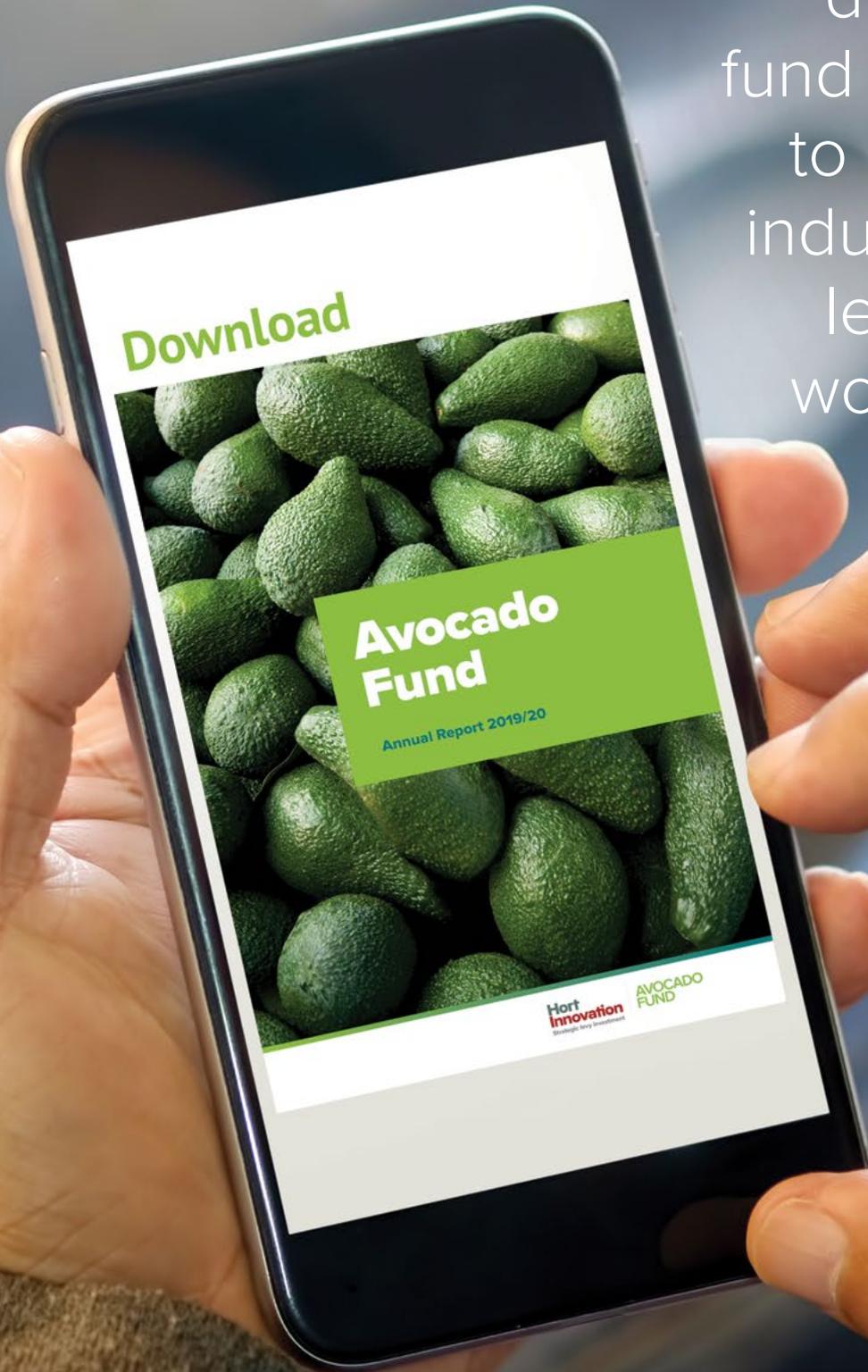
More details on projects funded through Hort Innovation can be found at www.horticulture.com.au

OUR MARKETING PARTNERS IN 2019/20

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	2019/20 EXPENDITURE (\$)
Ikon Communication	7,827,786
Bite Communications	1,678,395
Bastion Effect	1,243,445
Havas Worldwide Japan KK	900,000
Republic of Everyone	760,120
Direct to Consumer	711,664
The Australian Macadamia Society	478,555
Altios Australia	315,000
Magnum & Co	272,846
Go Future Media	213,570
Nielsen	201,216
Real World Marketing	196,979
Elevencom	196,887
Ma Cher	184,758
Montague Fresh	171,137
One Green Bean	171,000
Ink Spiller	146,829
No Time To Lose Print Management	142,344
Terrapin Estates	133,646
Australian Trade and Investment Commission	115,683
Cyclone Management	100,000
Galileo Kaleidoscope (GalKal)	88,800
The Red Agency	88,250
Produce Marketing Australia	85,649
Eidentify	83,778

Don't forget to download your fund annual report to see how your industry's specific levy was put to work in 2019/20



www.horticulture.com.au/annual-report-portal



A citrus orchard in South Australia's Riverland region. Did you know that the citrus R&D levy has supported the release of six high-performance rootstocks in recent years, with more on the way?

SECTION

4

Our performance

Better understand Hort Innovation's successes and overall performance in 2019/20 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.

Making an impact

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

In 2019/20, we engaged independent consultants to look at 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

3.4 to 1

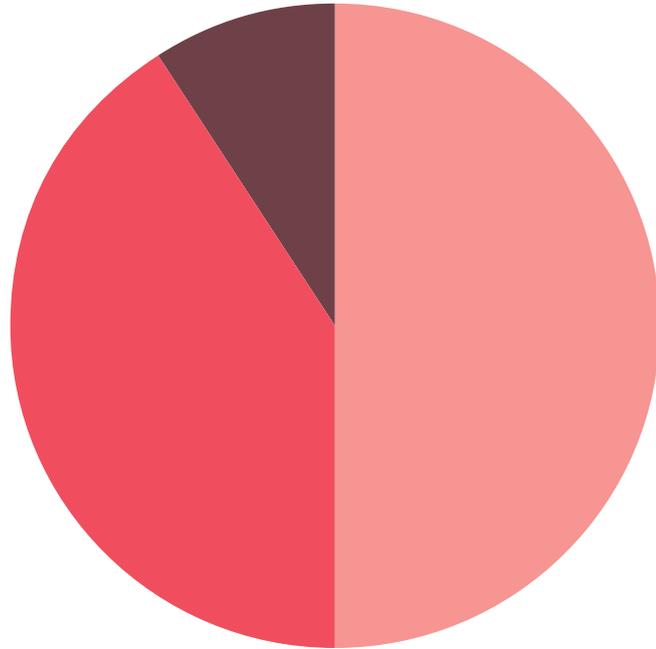
The average benefit-cost ratio of the investments

64

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

\$40.5 million

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



50%

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

41%

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

9%

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

During the year – as always – Hort Innovation had processes in place to ensure the right investments were being made, and that all of our projects were delivering

The impact assessment work described on the left was just one way we checked in on our investments in 2019/20. Hort Innovation has an 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.

A snapshot of monitoring and evaluation this year:

- **A performance analysis** was begun for each levy industry's strategic investment plan (SIP), to determine how industries are progressing towards their key goals and outcomes for levy investment. With all industry investments plans to be renewed in 2021, this work will help guide ongoing investment priorities for industries.
- **Investment analysis work** was ongoing, tracking the alignment of investment expenditure against each industry's 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 p66. For 2019/20, the industries involved were almond, banana, citrus and onion. 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 all new 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.
- **Monitoring and evaluation information and tools** continued to be developed and made available to delivery partners.

Our 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 2019/20 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 puts formal registrations and contractual arrangements in place to ensure we have the right to operate that IP on behalf of Australia's horticulture industries.

During the year, wherever IP attracted royalties (see the table on the right), that income was given back to the levy fund that the work originated in, for further investment.

ROYALTIES BY INDUSTRY IN 2019/20

INDUSTRY	AMOUNT (\$)
Almond	68,066
Avocado	1,125
Dried grape	708
Macadamia	7,018
Potato – processing	14,221
Strawberry	481,680
Summerfruit	8
Table grape	1,243
Vegetable	12,272
TOTAL	586,341



Hort Innovation maintains an active register of all IP from our investments. This year we implemented a new system (Minuet) for managing IP more efficiently, and to have a live, digital IP register. We also reviewed our R&D and marketing portfolios to ensure all possible IP has been captured, to open more opportunities to commercialise project outputs."

Cinzia Ascani
Hort Innovation's Head
of Governance & Risk

AUSSIE STRAWBERRIES: IP IN ACTION

As seen in the table on the left, more than \$480,000 was generated in royalties for the strawberry industry in 2019/20. The industry was also the largest royalty generator in the previous year, with close to \$315,000 paid in royalties.

The reason is the industry's national breeding program, which is funded through the Hort Innovation Strawberry Fund. This work continues to develop improved varieties for Australia's temperate, subtropical and Mediterranean climates – and to suit the taste buds of Australian consumers.

There have been 12 new varieties commercialised in recent years, proving popular with both growers and shoppers. In 2019/20, more than 80 per cent of strawberry plants grown commercially in Queensland were varieties developed by the program.

In 2020/21, two new temperate varieties are expected to be released.

Read more about the breeding work and its success to date at www.bit.ly/strawberry-breeding.



Field trials in the strawberry breeding program, which has seen new varieties strongly adopted by growers. Image courtesy of The Queensland Department of Agriculture and Fisheries.

2019/20 saw the commercialisation of a new rootstock for the avocado industry that provides resistance to Phytophthora root rot, with propagation licences signed with two nurseries. Read more at www.bit.ly/avocado-rootstocks.

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.

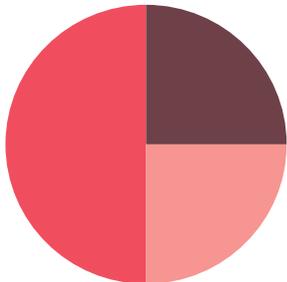
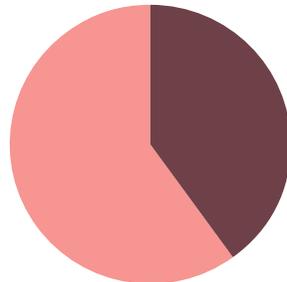
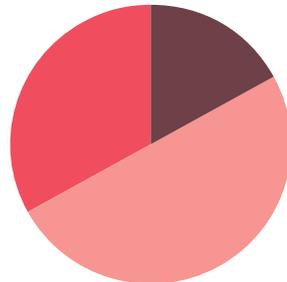
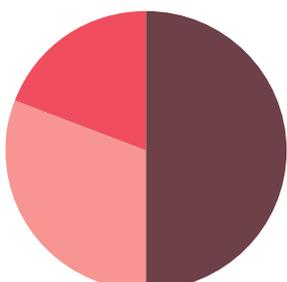
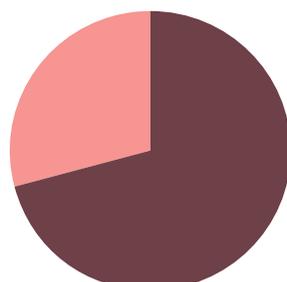
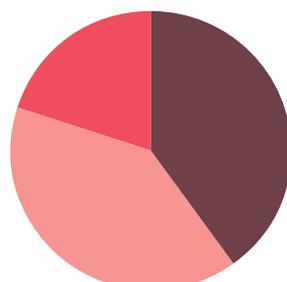
The table on the right provides a quick overview of our progress against the key performance indicators or activities in these guiding documents, with more detail in the pages that follow.



This was our first year under the current company strategy, and unprecedented national and global events presented challenges. Many of our planned activities were delayed and lots of key performance indicators – our measures of success – remained 'in progress' instead of 'achieved' at the end of the year. However only a small percentage of activities weren't started at all, while a large number of unplanned activities were undertaken in response to unfolding hurdles, to meet new and urgent needs of the sector."

Matt Brand
Hort Innovation's CEO

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
2019/20 KPIs IN THE HORT INNOVATION STRATEGY 2019-2023	<p>OF THE KPIs SPECIFIC TO 2019/20:</p>  <p>25% completed 25% on track* 50% delayed</p>	<p>OF THE KPIs SPECIFIC TO 2019/20:</p>  <p>40% completed 60% on track*</p>	<p>OF THE KPIs SPECIFIC TO 2019/20:</p>  <p>17% completed 50% on track* 33% delayed</p>
KEY ACTIVITIES IN OUR 2019/20 ANNUAL OPERATING PLAN	<p>OF 16 KEY ACTIVITIES:</p>  <p>50% completed 31% delayed/still in progress at 30 June 2020^ 19% not commenced</p>	<p>OF 21 KEY ACTIVITIES:</p>  <p>71% completed* 29% delayed/still in progress at 30 June 2020^</p>	<p>OF 20 KEY ACTIVITIES:</p>  <p>40% completed* 40% delayed/still in progress at 30 June^ 20% not commenced</p>

* Investments classified as 'on track' were slated to begin in 2019/20, with activity carrying over into subsequent years

^ While many of these activities remained in progress at the end of the reporting period due to delays, some were planned to carry into 2020/21

† Some of these activities were of an ongoing nature but, having been successfully undertaken during 2019/20, are categorised as completed here

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 2019/20

- Continued to manage levy-funded programs in communication and extension – 31 industries had communication programs and 25 had at least one extension/industry development program in the year.
- Established extension strategy and team (p11) to build relationships with and support existing networks, delivery partners, associations and private sector participants to deliver knowledge, and to also bring insights into the business to inform our work.
- Supported new approaches to extension in projects, including piloting and training in a new agricultural extension methodology in the Hort Innovation Vegetable Fund’s VegNET program.
- Maintained Hort Innovation’s own communication channels and explored new options for content delivery (p41).
- Introduced a new CRM tool – this is a database of contact and engagement information which in 2020/21 will allow us to better understand and engage with our audiences, including through the self-selection of improved communication options.
- Increased the amount of knowledge available on the Hort Innovation website, including providing access to a wealth of historical research reports delivered by the old Horticulture Australia Limited. Work was also begun to improve the website search experience to help growers more easily find the information they need, to be realised in 2020/21.
- Progressed the embedding of communication and extension plans in all Hort Innovation investments, where applicable – towards the end of the financial period, we began reviewing documents used to procure and contract projects so that opportunities and requirements for disseminating knowledge in each project are clear for delivery partners.
- Mapped horticulture industry events (prior to COVID-19), ensuring all industry engagement and advisory opportunities are known and can be maximised.
- Moved to online engagements with growers including through webinars, and supported our network of extension and development officers to do the same in the face of COVID-19 (p42). This also applied to engagement with our industry advisory panels.

- Maintained close relationships with horticulture's peak industry bodies to help get information to their grower networks, and to engage with them as essential stakeholders in their own right. The latter included dedicated forums for connection, consultation and collaboration, regular email updates on company activities, monthly phone meetings through COVID-19 and more.
- Continued to prioritise investments that drive practice change and tangible benefits to the horticulture sector.



“
One activity with a slightly delayed start this year was the review of our extension and communication project portfolios. This work is now underway to ensure maximum efficiency and impact for growers in these investments, and also to identify where industries can come together to share costs and outcomes.”

Jane Wightman
 Hort Innovation's Head of Extension

WHAT'S NEXT?

One of Hort Innovation's current limitations is that we can only reach growers who know and are known by us – that is, the people who sign up for our communications and membership; who have interactions with our industry strategic partners or extension staff; or who actively engage with the extension and communication programs that we fund. But in early 2020/21 we began consulting around the establishment of a levy payer register, in accordance with the Primary Industries Levy and Charges Collection Act 1991, s27.

If implemented, the levy payer register will be a database of all individuals and organisations that pay levies to the Department of Agriculture, Water and the Environment, which are then passed on to Hort Innovation. It will allow us and individual industries to identify and communicate directly with all horticulture levy payers.

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 2019/20

- Identified as many multi-industry investment opportunities as possible. These collaborative approaches drive investment efficiencies and broaden potential impacts. During the year just some examples included joint biosecurity, data and crop protection projects.
- Continued to manage industry data and information investments, and increased data accessibility to stakeholders (see from p36).
- Reviewed current insights work with a view to improving the researching and understanding of consumers and markets both domestically and internationally. A new strategy was initiated to outline how Hort Innovation can utilise consumer insights to support investment strategies across all business units.
- Kept up collaboration with other rural research and development corporations on priority issues and opportunities (p50).
- Fostered more connections with international knowledge and opportunities, for benefits here in Australia. For example, through the Plant Biosecurity Research Initiative we extended a Memorandum of Understanding with New Zealand's Better Border Biosecurity (B3) for trans-Tasman collaboration on biosecurity R&D and extension. There were plenty of examples in the levy investment space, too – big and small. For example, in the Hort Innovation Nursery Fund we had international experts contribute to a global review of incentive schemes for the establishment and retention of trees on private urban land.
- 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 with graduates from all kinds of study areas (www.bit.ly/lp15006).
- Undertook assessments to understand the impacts and efficiencies of our projects (p66). All investments also continued to be aligned to strategic investment plan outcomes and strategies, to support monitoring and evaluation. This work can not only be used to measure impact, but to shape future investments.
- Continued to drive partnerships and new investment opportunities through Hort Frontiers, with close to \$10 million more invested in 2019/20 than the previous year. Attracting new investment into horticulture, and across all agriculture sectors, is key to ensuring innovation in industries and competitiveness in the global market.
- Reinvigorated our approach to contracting and managing marketing investments (see p30 for an example).

- 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 (p35), but also through work with Austrade on the development of ‘Australia’s Nation Brand’ (www.austrade.gov.au/nation-brand).
- Maintained and optimised existing partnerships, such as those described on p52-53, and developed new opportunities. For example, in 2019/20 Hort Innovation became program partners of the Primary Industries Education Foundation Australia, to improve school students’ awareness of food and fibre production, and drive interest in careers in horticulture.



Horticulture industries will be better equipped to tell their sustainability stories under a new framework we’re developing in partnership with the sector

A SUSTAINABILITY FRAMEWORK FOR HORTICULTURE

Hort Innovation is working with the sector to develop a sustainability framework for Australian horticulture. This is an exciting piece of work to help industries identify, manage and prepare for issues and opportunities relating to sustainability now and in the future, and to set benchmarks to show progress over time. It’s one way we’re putting the focus on the future of horticulture, and supporting changes that will improve competitiveness.

When completed, the framework will be a tool the sector can use to better communicate its sustainable, ethical and safe farming practice stories with stakeholders ranging from shoppers to investors.

Foundations for the framework were laid in 2019/20, including the identification of key sustainability issues for the sector. Read more at www.bit.ly/framework-update.

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 2019/20

- Began renewing our five-year industry strategic investment plans for 2021 and beyond, including reviewing current industry portfolios and plans to produce recommendations and drafts for industry consultation, which began with several industries in late 2019/20.
- Started a new annual (or as needed) investment planning process for industries. This will see plans developed with each industry that detail the specific, prioritised 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 2020/21 were also developed.
- Undertook initial trials of new approaches for consulting with growers, including through our industry advisory panels. With work ongoing, this involves providing panels with more informed project briefs for consideration, and putting the focus on prioritising investments from a suitable pool.
- Continued the evolution of our business systems and processes, including a large piece of work to simplify the way we establish and manage investments. When completed in 2020/21, this will mean improved project management and knowledge capture during the life of investments, and also minimal delays in the contracting of projects.
- Undertook risk-planning activities, including looking at Hort Innovation's ability to operate optimally into the future under ongoing impacts of COVID-19 and other factors. We also updated our Business Continuity Plan and undertook timely training for relevant staff, just prior to the need to implement it under COVID-19.
- Strengthened our approach to intellectual property management and commercialisation (p68). During the year we also remained a partner of GATE – the Global Ag-Tech Ecosystem, which helps develop ag-tech ideas. Three Hort Innovation initiatives were 'sent through the GATE' in 2019/20, including a fruit harvester (Fruitronics), remote sensing technology (Crop Count), and a sensor for testing avocado ripeness (ReadyCado).
- Australian Government co-investment received for the year was maximised for the benefit of industry.
- Continued managing corporate costs within budget, and continued managing levy investments within financial and strategic investment plan constraints.
- Supported staff in a seamless transition to working from home in March 2020, aided by recently adopted technologies including Zoom (implemented by the company at the end of the previous financial year) and a new virtual private network solution to allow remote access to work files and systems.



“
In the coming year I'm excited about our new ways of obtaining advice and setting priorities for industry investments. Our renewed strategic investment plans for industries, our yearly program plans and our new ways of consulting will mean more efficient investment and better outcomes for industry – particularly where we can help industries join forces in multi-industry opportunities.”

Corrine Jasper

Hort Innovation's Head of Industry Strategic Partnerships



Whether in public-facing or internal roles, Hort Innovation's team members put growers at the heart of what they do

SUPPORTING OUR STAFF, TO IN TURN SUPPORT GROWERS

It's important for Hort Innovation to attract, develop and retain talented staff to deliver results for the horticulture sector. During the year we continued to support our team members, create new capabilities and build a collaborative, grower-first culture.

- **Our ongoing leadership development program shifted to include crisis coaching and planning** as the global pandemic took hold. This included the development of COVID-19 action plans to identify priority focus areas for each of the business's teams and to provide clarity and unity across the business.
- **All staff had access to LinkedIn Learning** during the year to watch practical professional development videos and take part in self-paced online courses.
- **Hort Innovation remained a member of the Diversity Council of Australia** and continued to implement our Diversity and Inclusion Framework – which is one of the ways we encourage diverse and free thinking to drive innovation. Focusing on gender, there is strong representation of women on Hort Innovation's Board, executive team and in senior leadership roles. With women holding 52 per cent of senior leadership roles with the company, we're exceeding national averages.
- **We continued our internal recognition program**, Thrive, where team members can acknowledge co-workers and their work. In the first four months of 2020 alone, 69 per cent of staff received recognition.

A CLOSER LOOK AT MONEY IN AND MONEY OUT:

2019/20 levy receipts

LEVY RECEIPTS BY INDUSTRY 2019/20			
INDUSTRY	R&D (\$)	MARKETING (\$)	TOTAL (\$)
STATUTORY LEVY FUNDS			
Almond	1,973,786	–	1,973,786
Apple and pear	2,092,315	3,219,372	5,311,687
Avocado	2,941,785	4,536,759	7,478,544
Banana	2,059,652	4,384,878	6,444,529
Cherry	508,489	384,252	892,741
Chestnut	35,199	37,224	72,423
Citrus	2,674,917	417,677	3,092,594
Custard apple	53,981	25,943	79,924
Dried grape	145,216	98,167	243,383
Dried tree fruit	6,693	–	6,693
Lychee	102,217	46,463	148,680
Macadamia	1,465,749	2,738,230	4,203,979
Mango	578,445	771,253	1,349,698
Melon	794,206	–	794,206
Mushroom	1,339,003	3,620,266	4,959,269
Nursery	1,269,216	922,484	2,191,700
Olive	346,550	–	346,550
Onion	769,509	265,338	1,034,847
Papaya	196,807	194,508	391,316
Passionfruit	110,080	110,076	220,156
Persimmon	92,528	61,686	154,214
Pineapple	166,484	78,876	245,360
Potato – fresh	668,759	–	668,759
Potato – processing	430,139	–	430,139
Prune	34,221	–	34,221

Continued >>

LEVY RECEIPTS BY INDUSTRY 2019/20 (continued)			
INDUSTRY	R&D (\$)	MARKETING (\$)	TOTAL (\$)
STATUTORY LEVY FUNDS (continued)			
Raspberry and blackberry	869,769	173,954	1,043,723
Strawberry	842,348	–	842,348
Summerfruit	517,871	423,686	941,557
Sweetpotato	515,528	1,059,056	1,574,584
Table grape	933,993	933,991	1,867,984
Turf	443,349	110,838	554,187
Vegetable	10,242,899	–	10,242,899
TOTAL STATUTORY LEVIES	35,221,700	24,614,976	59,836,677
COLLECTIVE INDUSTRY FUNDS (VOLUNTARY LEVIES)			
Almond	1,387,910	–	1,387,910
Blueberry	137,500	–	137,500
Pistachio	143,448	–	143,448
Processing tomato	115,196	–	115,196
Pyrethrum	161,288	–	161,288
TOTAL VOLUNTARY LEVIES	1,945,342	–	1,784,054
TOTAL RECEIPTS	37,167,042	24,614,976	61,620,731

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:

2019/20 R&D and marketing expenditure

EXPENDITURE BY FUND 2019/20			
INDUSTRY/FUND	R&D (\$)	MARKETING (\$)	TOTAL (\$)
Almond	6,252,798	–	6,252,798
Apple and pear	4,566,589	2,293,395	6,859,984
Avocado	3,303,503	3,219,143	6,522,646
Banana	3,688,123	3,179,910	6,868,033
Blueberry	114,104	–	114,104
Cherry	698,210	132,320	830,530
Chestnut	52,418	30,791	83,209
Citrus	3,173,440	419,983	3,593,423
Custard apple	114,267	13,000	127,267
Dried grape	270,320	25,450	295,770
Dried tree fruit	6,231	–	6,231
Lychee	104,173	24,148	128,321
Macadamia	2,163,276	2,825,195	4,988,471
Mango	862,426	576,762	1,439,188
Melon	864,356	–	864,356
Mushroom	2,216,485	2,099,240	4,315,725
Nashi	95,862	–	95,862
Nursery	2,351,568	816,383	3,167,951
Olive	655,986	–	655,986
Onion	354,625	212,069	566,694
Papaya	225,214	107,746	332,960
Passionfruit	234,375	83,338	317,713
Persimmon	190,419	13,240	203,659
Pineapple	344,710	45,154	389,864
Pistachio	309,587	–	309,587
Potato – fresh	1,234,319	–	1,234,319

Continued >>

EXPENDITURE BY FUND 2019/2020 (continued)			
INDUSTRY/FUND	R&D (\$)	MARKETING (\$)	TOTAL (\$)
Potato – processing	517,989	–	517,989
Processing tomato	343,797	–	343,797
Prune	23,624	–	23,624
Pyrethrum	188,195	–	188,195
Raspberry and blackberry	473,313	998	474,311
Strawberry	1,791,209	–	1,791,209
Summerfruit	1,064,011	672,240	1,736,251
Sweetpotato	523,620	530,524	1,054,144
Table grape	1,633,150	932,757	2,565,907
Turf	749,060	101,804	850,864
Vegetable	17,294,233	–	17,294,233
Legacy VC	5,118,263	–	5,118,263
Grant funding	9,993,956	–	9,993,956
Centralised strategic levy reserves	231,065	546,002	777,067
Levy collection cost	967,927	378,817	1,346,744

HORT FRONTIERS FUNDS

Asian Markets	3,645,381	–	3,645,381
Advanced Production Systems	7,089,599	–	7,089,599
Fruit Fly	6,826,715	–	6,826,715
Green Cities	3,807,890	–	3,807,890
Health, Nutrition and Food Safety	2,604,079	–	2,604,079
Leadership	1,604,432	–	1,604,432
Pollination	7,475,259	–	7,475,259
TOTAL	108,414,151	19,280,409	127,694,560



Fruit and nut trees being grown in New South Wales' Northern Tablelands

Financial report

for the year ended 30 June 2020

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 2020

The Directors of the Company who held office during the year 1 July 2019 to 30 June 2020 are set out below. Directors were in office for the entire period unless otherwise stated.

DIRECTORS	BOARD	SUB-COMMITTEES
Selwyn Snell (Chair)	Re-appointed 25 November 2016	RAC (Chair): Full year ARC: 1/7/19 – 22/11/19
Dr Mary Corbett (Deputy Chair)	Appointed 24 November 2017	RAC: Full year ARC (Chair): Full year
Julie Bird	Elected 23 November 2018	IC: Full year
Prof Robert Clark AM	Re-appointed 22 November 2019	IC (Chair): Full year RAC: Full year
Susan Finger	Re-elected 23 November 2018	ARC: 1/7/19 – 22/11/19 IC: Commenced 22/11/19
Paul Harker	Re-elected 22 November 2019	ARC: Full year RAC: 1/7/19 – 22/11/19
Stephen Lynch	Re-elected 23 November 2018	IC: Full year ARC: Commenced 22/11/19
Jenny Margetts	Elected 25 November 2016	IC: 1/7/19 – 22/11/19 ARC: Commenced 22/11/19
Jan Vydra	Appointed 22 November 2019	IC: Commenced 22/11/19

RAC = Remuneration and Appointments Committee

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 2019 – 30 JUNE 2020

Directors	The Board of Directors		Audit and Risk Committee		Remuneration and Appointments Committee		Investment Committee	
	A	B	A	B	A	B	A	B
Selwyn Snell (Chair)	14	14	3	3	3	3		
Dr Mary Corbett (Deputy Chair)	14	14	5	6	3	3		
Julie Bird	14	14					9	11
Prof Robert Clark AM	13	13			3	3	11	11
Susan Finger	14	14	3	3			7	7
Paul Harker	12	14	5	6	0	1		
Stephen Lynch	14	14	3	3			11	11
Jenny Margetts	14	14	3	3			4	4
Jan Vydra	8	8					7	7

A = number of meetings attended

B = number of meetings eligible to attend

DIRECTOR BIOS



SELWYN SNELL

CHAIR

Selwyn Snell was appointed as a Director of Hort Innovation at its registration, and was re-appointed in November 2016.

Selwyn is currently the Chair of Hort Innovation, and has an extensive history as a chairman, director and senior executive with leading agribusiness and biotechnology enterprises in Australia and internationally. He is also currently Executive Chairman of Barawyn and Chairman of the Global Centre External Advisory Board for Western Sydney University, and is a former CEO of Single Vision Australia, Managing Director of IAMA, BioProspect, Zeneca/ Syngenta KK Ltd Japan and Crop Care Australasia.

Selwyn is the former Chair of the Council of Rural Research and Development Corporations, Horticulture Australia Limited, the Queensland Government's Horticultural Development Committee, Indigo and a former Non-Executive Director of Plant Health Australia and the Australian Pesticides and Veterinary Medicines Authority Advisory Board.

Selwyn has held many directorships with ASX and not-for-profit companies. He has a Diploma in Agrochemicals, is a fellow of the Australian Institute of Management, and is a member of the Australian Institute of Company Directors.

In June 2020, Selwyn announced his intention to retire from the Hort Innovation Board, which will take effect following the Company's Annual General Meeting in November 2020.



DR MARY CORBETT

DEPUTY CHAIR

Dr Mary Corbett was appointed as a Director of Hort Innovation in 2017, and appointed Deputy Chair in 2018.

Dr Corbett has more than two decades of experience as a director, spanning a diverse range of industries from cotton growing to public health, and has a strong focus on research and development and corporate governance.

Dr Corbett has recently completed tenures as a Director of DairyBio and DairyFeedbase, joint ventures of Dairy Australia, the Victorian Government and the Gardiner Foundation. She has also been Chair of the Cotton Research and Development Corporation and Chair of the West Moreton Hospital and Health Services, and has previously held positions as a Board member of Wound Management Innovation CRC, Deputy Chair of Southbank Institute of Technology, and Deputy Chair of the Australian Agriculture College Corporation.

Dr Corbett has significant experience when it comes to Board committees including remuneration, intellectual property, finance and audit. She has chaired and been a member of various Board selection panels. She is the Managing Director of Australian Business Class, which specialises in providing Board and senior executive training and facilitation. Dr Corbett's expertise lies in the areas of leadership, developing emotional intelligence, and building personal and organisational resilience.

Dr Corbett has a Bachelor of Science in Applied Biology with Honours in Biochemistry, and a PhD in Clinical Physiology. She is also Adjunct Professor with the University of Queensland Faculty of Medicine.



JULIE BIRD

Julie Bird was elected as a Director of Hort Innovation in November 2018. She 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.

Julie 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 managing more than 1000 hectares of almond orchards in Victoria.

Previously, she 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.



PROFESSOR ROBERT CLARK AM

Professor Robert Clark was appointed as a Director of Hort Innovation at its registration. He was re-appointed in 2016 and also 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 Tasmanian Institute of Agriculture 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 Finger was appointed as a Director of Hort Innovation at its registration 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.



PAUL HARKER

Paul Harker was elected as a Director of Hort Innovation in 2016 and was re-elected in 2019. He has more than 20 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 Director of Buying and Group Replenishment at Woolworths and Director 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.



STEPHEN LYNCH

Stephen Lynch 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's horticulture experience covers strategy, investment, project management and business development assessment advice for industries across horticulture.



JENNY MARGETTS

Jenny Margetts was elected as a Director of Hort Innovation in 2016. She has more than 30 years' experience in agriculture, having worked in the cotton, sugar, wine and horticulture sectors.

Jenny has a background in agronomy and has previously held R&D and business management roles in both corporate and family businesses. She has an extensive knowledge of the Australian fresh produce industry and a keen interest in international trade, supply chain management and the use of data to improve business performance.

Since 2003, Jenny has operated her own agribusiness consulting company, providing a range of services and advice to clients both in Australia and South East Asia. She also works with an Australian ag-tech start-up, which is delivering data-driven solutions for fresh food businesses seeking to improve product quality outcomes and reduce waste.

Jenny holds a Bachelor of Applied Science (Horticulture Technology), a Bachelor of Business, and a Diploma of Export Management.



JAN VYDRA

Jan Vydra 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 2020, Hort Innovation was owned by 2362 members, 94.32 per cent being Australian horticultural growers, with the remaining 5.68 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 Business Continuity Policy, Whistleblower Policy, IT Policies
- HR Policies such as Bullying, Harassment and Discrimination Policy, Health and Safety Policy
- Procurement Manual
- Privacy Policy.

A LENS ON GOVERNANCE IN DAY-TO-DAY OPERATIONS

Risk management

A Risk Management process exists within Hort Innovation addressing Strategic, Emerging, Operational, Project and External risks. Strategic and Emerging Risk update reports are provided to the Audit and Risk Committee at each of the Committee meetings. Safety/people assessed risks are also reported to the Remuneration and Appointments Committee.

Major risk focus areas for 2019/20 included:

- Updating the Strategic Risks
- Updating the Risk Appetite Statement
- Updating parts of the Risk Management Framework
- Maintaining Internal Audit capabilities and executing on the internal audit plan
- Implementing an updated Whistleblower regime, including an updated policy and the appointment of an external Whistleblower hotline, with policy training undertaken across the organisation.

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, major media/public relations issues and, as seen in 2019/20, pandemics.

In 2019/20 the Business Continuity Framework was implemented to address any potential business continuity issues arising from COVID-19, which required the Company to move to operating in a completely different – but still effective and efficient – manner in regards to interacting with stakeholders and the way in which staff perform their work. To assess the organisation's ability to operate into the future, under potential ongoing and future impacts of COVID-19 as well as other factors, R&D investment scenario modelling and levy income stress testing was also conducted.

Third-party testing was also carried out on Hort Innovation's business continuity planning, and training was conducted in November 2019.

Privacy

Hort Innovation continues to implement actions in working towards a privacy by design framework. This framework will not only ensure compliance with the Privacy Act 1988 (Cth) but also ensure that privacy is built into the Company's business processes and culture. This approach, coupled with staff education, will ensure a robust privacy framework. All privacy related documentation is either being reviewed, updated or drafted, with highlights including an updated Privacy Manual to ensure currency, and ad hoc privacy training provided to Hort Innovation teams.

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 surplus for the year ended 30 June 2020 was \$4,599,305 (period ended 30 June 2019: \$1,107,390).

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 p113 of the financial report.

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

Signed in accordance with a resolution of the Directors,



Selwyn Snell
Chair

Dated this tenth day of September 2020 in Sydney



Dr Mary Corbett
Deputy Chair

Dated this tenth day of September 2020 in Sydney

Horticulture Innovation Australia Limited
ABN 71 602 100 149

Statement of Comprehensive Income

for the year ended 30 June 2020

	Note	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
CONTINUING OPERATIONS			
Sale of goods	3a	–	180
Other income	3b	150,897,415	143,149,471
REVENUE		150,897,415	143,149,651
Occupancy expenses		(402,301)	(806,786)
Administrative expenses		(17,071,656)	(17,805,071)
Research and development programs		(108,414,151)	(101,846,064)
Marketing programs		(19,280,409)	(20,292,693)
Other expenses		(1,129,593)	(1,291,647)
EXPENSES		(146,298,110)	(142,042,261)
NET SURPLUS FOR THE YEAR	12	4,599,305	1,107,390
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,599,305	1,107,390

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 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5a	46,576,156	48,706,559
Trade and other receivables	6	26,937,131	26,501,189
Prepayments	7	322,488	306,551
TOTAL CURRENT ASSETS		73,835,775	75,514,299
NON-CURRENT ASSETS			
Plant and equipment	8	4,894,019	859,773
Intangibles	9	983,343	916,302
TOTAL NON-CURRENT ASSETS		5,877,362	1,776,075
TOTAL ASSETS		79,713,137	77,290,374
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	8,325,723	5,153,051
Provisions	11	1,123,416	1,037,786
Lease liability	13	511,740	220,000
TOTAL CURRENT LIABILITIES		9,960,879	6,190,837
NON-CURRENT LIABILITIES			
Provisions	11	524,432	211,866
Lease liability	13	2,834,238	-
TOTAL NON-CURRENT LIABILITIES		3,358,670	211,866
TOTAL LIABILITIES		13,319,549	6,402,703
NET ASSETS		66,393,588	70,887,671
FUNDS			
Funds – corporate		5,090,446	4,322,386
Systems upgrade		500,000	293,752
TOTAL CORPORATE FUNDS		5,590,446	4,616,138
Funds – R&D			
Unspent R&D levies		25,751,299	26,846,559
Levy industry strategic reserve		6,268,935	5,000,000
Non levy reserves		6,980,363	14,759,733
TOTAL DESIGNATED FUNDS – R&D		39,000,597	46,606,292
Funds – marketing			
Unspent marketing levies		18,034,547	15,445,241
Levy industry strategic reserve		3,767,998	4,000,000
TOTAL DESIGNATED FUNDS – MARKETING		21,802,545	19,445,241
TOTAL FUNDS	12	66,393,588	70,667,671

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 2020

	Note	2020 \$	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		–	–
Other income		798,903	(64,116)
Levies received		70,883,800	56,944,535
Receipts from Commonwealth co-contribution funds		59,934,839	49,258,851
Receipts from co-investment		38,356,726	28,098,594
Payments to suppliers and employees		(29,057,480)	(7,699,105)
Payments to research and development providers		(120,925,989)	(110,569,080)
Marketing program payments		(20,856,660)	(22,298,690)
Interest received		960,412	1,306,029
Net cash flows generated by (used in) operating activities		94,551	(5,022,982)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(925,400)	(958,103)
Purchase of intangibles		(698,508)	(279,654)
Net cash flows (used in) investing activities		(1,623,908)	(1,237,757)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayments of lease liability		(502,994)	–
Interest on lease liability		(98,052)	–
Net cash flows (used in) financing activities		(601,046)	–
Net decrease in cash and cash equivalents		(2,130,403)	(6,260,739)
Cash and cash equivalents at the beginning of the year/at acquisition		48,706,559	54,967,298
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5(a)	46,576,156	48,706,559

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 2020

Retained Surplus							
	Note	Research and development \$	Marketing \$	Corporate \$	Systems upgrade \$	Transitional reserve \$	Total funds \$
Balance as at 1 July 2018		44,967,004	19,920,954	3,941,848	730,475	–	69,560,281
Surplus/(Deficit) for the year		1,639,288	(475,713)	(56,185)	–	–	1,107,390
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the year		1,639,288	(475,713)	(56,185)	–	–	1,107,390
Transfer from corporate reserve to systems upgrade and transitional reserve		–	–	436,723	(436,723)	–	–
Balance as at 30 June 2019	12	46,606,292	19,445,241	4,322,386	293,752	–	70,667,671
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		(232,307)	2,043,304	2,788,308	–	–	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 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	39,000,597	21,802,545	5,090,446	500,000	–	66,393,588

Notes to the financial statements

for the year ended 30 June 2020

NOTE 1: CORPORATE INFORMATION

The financial report of Horticulture Innovation Australia Limited (the “Company”) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on the 10th September 2020.

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

The Company has applied AASB 16 Leases for the first time this reporting year using a modified retrospective approach. Leases for the Company’s premises and office equipment which are subject to this standard are capitalised as right of use assets and depreciated over the life of the lease.

AASB 15 Revenue from Contracts with Customers was also applied for the first time this reporting year using a modified retrospective approach. All revenue streams were analysed to determine those which were subject to performance obligations that must be accounted for under this new standard.

(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 2020

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 7 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 2020

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

A new accounting standard AASB 16 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.

The lease liability as at 1 July 2019 can be reconciled to the operating commitment as at 30 June 2020, as follows:

Operating lease commitments as at 30 June 2020	\$4,260,753
Weighted average incremental borrowing rate as at 1 July 2019	3%
Discounted operating lease commitments as at 1 July 2019	\$3,844,835
Less:	
Commitments relating to short-term leases	\$(41,590)
Lease liability as at 1 July 2019	\$3,803,245

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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

(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 Statement of Cash Flows, 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

In the current year, the Company has applied AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers which is effective for an annual period that begins on or after 1 January 2019.

An assessment of all government grants received has been 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.

The date of initial application of AASB 1058 and AASB 15 for the Company is 1 July 2019.

The Company has applied AASB 1058 and AASB 15 in accordance with the modified retrospective method. Certain comparatives have been restated. The Company has also elected to apply AASB 1058 and AASB 15 retrospectively only to contracts and transactions that are not 'completed contracts' as at 1 July 2019.

AASB 15 replaces AASB 118 Revenue and some revenue-related Interpretations. It establishes a new revenue recognition model, changes the basis for deciding whether revenue is to be recognised over time or at a point in time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The new 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 new 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.

(Note 2(l) continues over the page)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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

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, Water and the Environment (DAWE) 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 DAWE.

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 instruments attract a three tier service fee to cover base costs, shared costs and fund specific costs. 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).

The impact of adopting AASB 15 as at 30 June 2020, as follows:

	As reported \$	Balances without adoption of AASB 15 \$	Effect of change Higher / (Lower) \$
Current liabilities			
Trade and other payables	8,325,723	2,865,864	5,459,859
Funds			
Non levy reserves	6,980,363	15,853,751	(8,873,388)
Revenue			
Other income	150,897,415	147,483,886	3,413,529

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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

(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 2020

NOTE 3: REVENUE

	2020 \$	2019 \$
REVENUE FROM CONTINUING OPERATIONS		
(a) Sales of goods		
– Other	–	180
	–	180
(b) Other income		
<i>R&D income</i>		
– Proceeds from levies	35,221,700	33,389,183
– Revenues from Commonwealth co-investment funds	55,772,193	54,504,931
– Co-investment – recognised at a point in time	23,873,610	29,336,915
– Co-investment – recognised through time	7,868,427	–
– Collective industry funds	1,945,342	624,224
– Royalty income	591,341	330,285
– Interest received	569,919	805,657
– Other income	142,500	132,266
	125,985,032	119,123,461
<i>Marketing income</i>		
– Proceeds from levies	24,614,976	23,457,098
– Marketing program income	5,655	34,034
– Interest received	193,489	410,912
	24,814,120	23,902,044
<i>Other</i>		
– Corporate interest received	81,393	107,808
– Rental income	16,870	16,158
	98,263	123,966
Sub-total other income	150,897,415	143,149,471
Total revenue	150,897,415	143,149,651
Total interest received	844,801	1,324,377

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 4: EXPENSES

	2020 \$	2019 \$
Included within expenses are the following significant amounts:		
Wages and salaries	10,429,962	10,613,544
Superannuation	936,668	922,359
Levy collection costs	1,346,744	1,224,561
Depreciation	926,455	529,218
Amortisation	567,966	623,872

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:

	2020 \$	2019 \$
Cash on hand	300	300
Cash at bank	9,551,396	7,681,799
Short term deposits	37,024,460	41,024,460
	46,576,156	48,706,559

NOTE 6: TRADE AND OTHER RECEIVABLES

	2020 \$	2019 \$
CURRENT		
Trade receivables	3,992,119	7,432,604
Other receivables	4,758,339	3,998,808
Accrued income	18,186,673	15,069,777
	26,937,131	26,501,189

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 7: OTHER ASSETS

	2020 \$	2019 \$
CURRENT		
Prepayments	322,488	306,551
	322,488	306,551

NOTE 8: PLANT AND EQUIPMENT**2020**

	Office equipment \$	Leasehold improvements \$	Furniture, fixtures and fittings \$	Hardware \$	Right of use – leases \$	Total \$
At cost	95,256	1,323,437	91,008	670,947	4,112,898	6,293,546
Less accumulated depreciation	(71,076)	(216,112)	(70,951)	(434,657)	(606,731)	(1,399,527)
Carrying amount at end of the year	24,180	1,107,325	20,057	236,290	3,506,167	4,894,019
Balance at the beginning of the year	9,745	639,602	26,006	184,420	–	859,773
Additions	30,428	638,790	–	179,327	4,112,898	4,961,443
Disposals	–	–	–	(742)	–	(742)
Depreciation expense	(15,993)	(171,067)	(5,949)	(126,715)	(606,731)	(926,455)
Carrying amount at end of the year	24,180	1,107,325	20,057	236,290	3,506,167	4,894,019

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

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 up to 7 years.

2020

	Project management system \$	Software \$	Total \$
Software			
At cost	2,414,574	735,895	3,150,469
Less accumulated amortisation	(1,598,133)	(568,993)	(2,167,126)
Carrying amount at end of the year	816,441	166,902	983,343
Balance at the beginning of the year	604,745	311,557	916,302
Additions	583,240	51,767	635,007
Disposals	–	–	–
Amortisation expense	(371,544)	(196,422)	(567,966)
Carrying amount at end of the year	816,441	166,902	983,343

NOTE 10: TRADE AND OTHER PAYABLES

	2020 \$	2019 \$
CURRENT		
Other payables	2,865,864	5,153,051
Deferred income – government grants	5,459,859	–
	8,325,723	5,153,051

(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 2020

NOTE 11: PROVISIONS**2020**

	Long service leave – current \$	Annual leave \$	Employee oncosts \$	Total current \$
Balance as at 1 July 2019	209,784	674,536	153,466	1,037,786
Accrued provision	48,049	600,422	91,194	739,665
Amount utilised	(8,114)	(565,601)	(80,320)	(654,035)
Carrying amount at 30 June 2020	249,719	709,357	164,340	1,123,416

	Long service leave – non-current \$	Make good provision \$	Total non-current \$	Total provisions \$
Balance as at 1 July 2019	211,866	220,000	431,866	1,469,652
Accrued provision	2,913	309,653	312,566	1,052,231
Amount utilised	–	(220,000)	(220,000)	(874,035)
Carrying amount at 30 June 2020	214,779	309,653	524,432	1,647,848

	2020	2019
	No.	No.

(a) Number of employees at year end (full time equivalent)

84.8**75.7**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 12: RETAINED SURPLUS

	2020 \$	2019 \$
Balance at the beginning of the year	61,794,283	69,560,281
Net surplus for the year	4,599,305	1,107,390
AASB 15 adjustment	–	(8,873,388)
Retained surplus at the end of the year	66,393,588	61,794,283

	2020 \$	2019 \$
Reconciliation of net surplus for the year:		
Corporate net surplus	2,788,308	(56,185)
Research and development net deficit	(232,307)	1,639,288
Marketing net surplus	2,043,304	(475,713)
Net surplus	4,599,305	1,107,390

The retained surplus at 30 June 2020 includes \$10,036,933 of Levy Industry Strategic Reserves, made up of \$6,268,935 from R&D and \$3,767,998 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 2020 the entity has recognised corporate revenue, including corporate recoveries, income and interest of \$21,391,857. Corporate expenditure during this period amounted to \$18,603,549 resulting in a corporate surplus for the year of \$2,788,308.

The corporate retained surplus amounts to \$2,788,308 and is utilised to manage the operations of the Company, while the R&D and Marketing retained surplus represents industry funds received but not yet expended on the R&D and Marketing programs. In 2014/15 a reserve of \$2,392,000 for new business systems was set aside. As at 30 June 2020 the systems upgrade reserve was fully utilised, and an additional \$500,000 was set aside.

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

The lease liability includes two leases for office premises as well as two leases for office equipment. At balance date the terms of these leases ranged from 11 to 73 months.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

NOTE 14: CONTINGENT LIABILITIES

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

	2020 \$	2019 \$
R&D and marketing expenditure liabilities		
Within one year	97,495,065	117,502,684
After one year but not more than five years	96,455,783	116,509,586
After more than five years	298,732	6,775,808
	194,249,580	240,788,078
Bank guarantee facility	1,900,000	1,900,000

NOTE 15: DIRECTOR AND KEY MANAGEMENT PERSONNEL REMUNERATION

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

30 June 2019	Short term \$		Post employment \$	Termination benefits \$	Total \$
	Salaries and fees	Cash bonus/ Other benefits	Superannuation/ Insurance	ETPs/ Leave entitlements	
Directors	521,824	–	25,793	–	547,617
Key management personnel	1,751,436	155,060	163,748	470,071	2,540,315
TOTAL	2,273,260	155,060	189,541	470,071	3,087,932

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 2019/20 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 2020

NOTE 16: RELATED PARTY TRANSACTIONS

The Directors of the Company during the period were:

Selwyn Snell

Mary Corbett

Julie Bird

Robert Clark

Susan Finger

Paul Harker

Stephen Lynch

Jenny Margetts

Jan Vydra (elected 22 November 2019)

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.

Paul Harker is an Executive at Woolworths Ltd. During the reporting year Horticulture Innovation Australia Ltd funded marketing activities worth \$13,685 with Woolworths Ltd.

A family member of Susan Finger trading as Fruit Help Pty Ltd is a consultant who works with AgFirst NZ on a project for which Horticulture Innovation Australia Ltd provided funding of \$65,309 during the reporting year.

Jenny Margetts is an employee and shareholder of Escavox Pty Ltd. During the reporting year Horticulture Innovation Australia Ltd provided \$370,000 in funding for a project on which Escavox Pty Ltd was a subcontractor.

Anthony Kachenko is the General Manager – Data & Extension at Horticulture Innovation Australia Ltd and a Director of the Fresh Produce Safety Centre. During the reporting year Horticulture Innovation Australia Ltd funded projects to the value of \$124,684 with the Fresh Produce Safety Centre.

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 2020 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.



Selwyn Snell
Chair

Dated this tenth day of September 2020 in Sydney



Dr Mary Corbett
Deputy Chair

Dated this tenth day of September 2020 in Sydney



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Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2020, 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 2020 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.

Ernst & Young

Daniel Cunningham
 Partner
 Sydney
 10 September 2020

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Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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 2020, 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
10 September 2020

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Support for urban greening is delivered through a range of projects in the Hort Frontiers Green Cities Fund, and through the Hort Innovation Turf and Nursery Funds. In 2019/20, we delivered a free community guide to greening with Hort Frontiers partners, with a focus on green walls. It's available at www.itstimetogrowup.com.au.



Hort Innovation Annual Report 2019/20

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**Hort
Innovation**

Horticulture Innovation Australia Limited
ACN 602 100 149

Level 7, 141 Walker Street
North Sydney NSW 2060 Australia

02 8295 2300 | communications@horticulture.com.au

www.horticulture.com.au