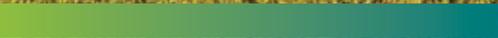
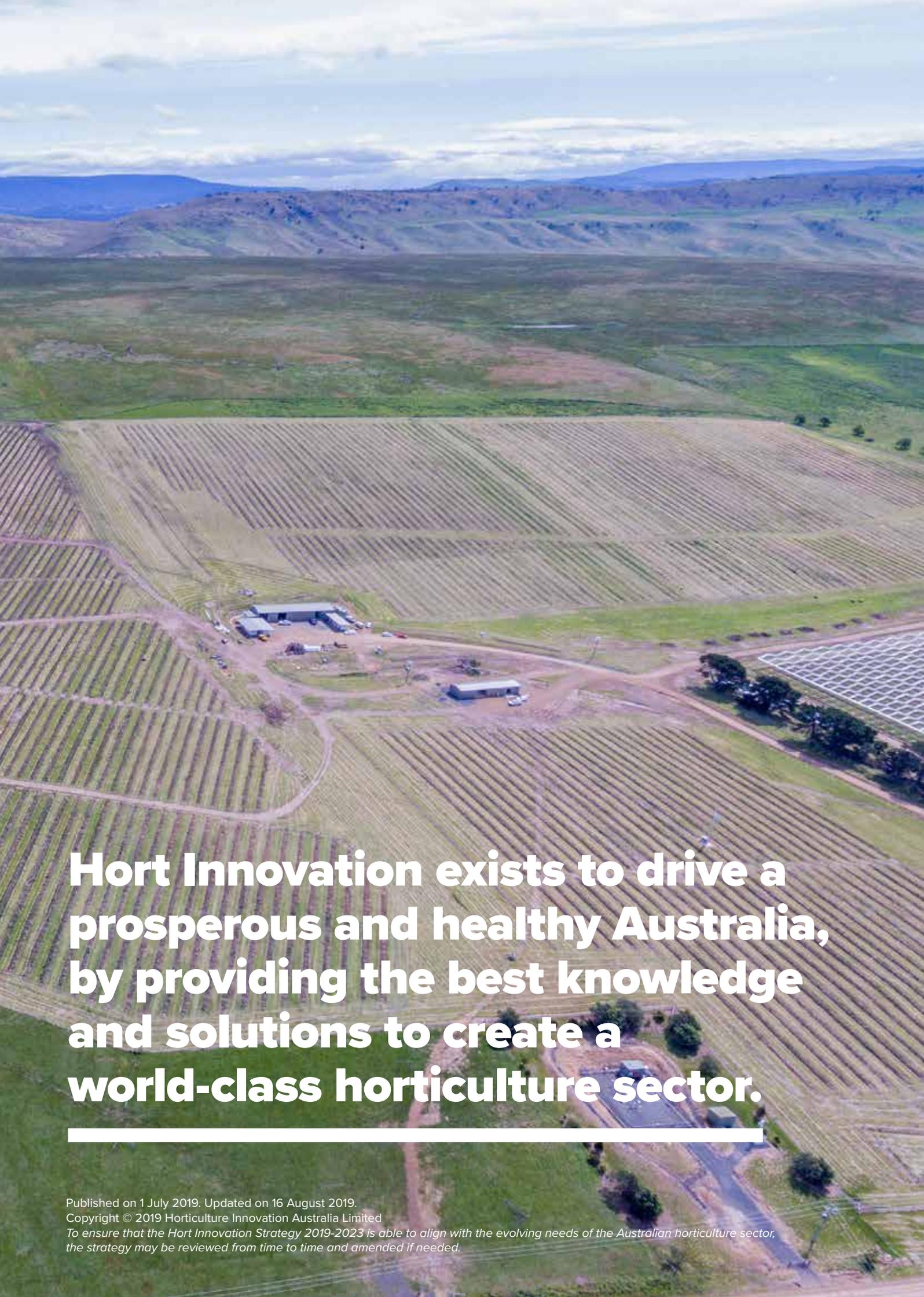


Growing into the future

Strategy 2019-2023





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

Published on 1 July 2019. Updated on 16 August 2019.

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To ensure that the Hort Innovation Strategy 2019-2023 is able to align with the evolving needs of the Australian horticulture sector, the strategy may be reviewed from time to time and amended if needed.

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A large number of bees are shown in flight over a field of bright yellow flowers. The background is a soft-focus green field, and the sky is a pale, hazy blue. The bees are scattered throughout the frame, some in sharp focus and others blurred, creating a sense of movement and activity.

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 will do this by...

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

Executive summary

Delivery of the Hort Innovation Strategy 2019-2023 represents an exciting new chapter for the company, and for Australia's horticulture sector as a whole.

This strategy represents a strong new way forward. It lays out Hort Innovation's focus, goals and key activities for the next four years, as we work to connect growers and consumers to drive demand for horticulture products, invest in solutions to improve productivity, and support the uptake of knowledge and technologies through an ever-expanding focus on communication and extension.

The strategy has been produced with wide industry input, which you can read more about from page 10. As well as being essential to ensure the company's goals and activities are closely aligned to industry's needs now and into the future, the development of the strategy answers a requirement under our Funding Agreement with the Australian Government to undertake a strategic planning process once every four years.

Under the previous strategy, released in 2016, Hort Innovation underwent a significant evolution. This reinvigoration built a new organisation to support growers in capturing opportunities and responding to challenges quickly and easily. Now with the foundations laid, and with the appointment of new CEO Matt Brand in late 2018, we're entering an exciting new era that the Hort Innovation Strategy 2019-2023 will guide.

The new strategy has three strategic pillars at its core, with Hort Innovation committing to...

- **Drive knowledge and innovation into horticulture industries** – which will put a focus on the company delivering communication and extension that truly impacts on business decisions and enhances practices on farm

- **Deliver the highest value R&D, marketing and trade investments across industries, now and into the future** – which will involve more multi-industry investments to address cross-industry challenges
- **Enable activities that drive all strategic imperatives** – which will see Hort Innovation deliver the talent, culture, processes and systems needed to increase value for levy-paying growers.

Full details of these pillars, including specific activities that fall under each, can be found from page 20.

Australian horticulture is full of opportunities. It's a strong and growing contributor to the national economy, a significant employer, a supplier of safe and nutritious products for building a healthy country, and it's also a hotbed of innovation when it comes to new products, technology and production techniques.

Horticulture also has its challenges, including those relating to labour, climate variability, natural resources, market fluctuations, trade barriers, pests and others.

With the Hort Innovation Strategy 2019-2023, the company is poised to help industry harness and grow these strengths and opportunities, and plan for and tackle potential hurdles in the way.

Now, let's get to it.



Selwyn Snell, Hort Innovation Chair



Matt Brand, Hort Innovation CEO



Selwyn Snell, Hort Innovation Chair



Matt Brand, Hort Innovation CEO



Australian horticulture at a glance

Australian horticulture at a glance

Horticulture is currently Australia's second-largest agricultural sector by value¹ and, having grown in value by 40 per cent over the five years to 2017/18, is the fastest-growing sector in agriculture.

What it's worth

\$13.2 billion

Total production value of the Australian horticulture sector in 2017/18¹

\$5 billion

Value of fruit production

38 per cent of total horticulture value¹

\$4.3 billion

Value of vegetable production

33 per cent of total horticulture value¹

\$2.9 billion

Value of 'amenity' production, including turf, nursery and cut flowers

22 per cent of total horticulture value¹

\$1 billion

Value of nut production

8 per cent of total horticulture value¹

8%

Average annual growth in production value in the five years to 2017/18¹

20%

Horticulture's share of total agriculture production value in Australia²

¹ Australian Horticulture Statistics Handbook 2017/18.

² Australian Horticulture Statistics Handbook 2017/18; ABARES. Assumes total agriculture value of \$65.7 billion in 2017/18.

Who works in horticulture?

72,800

Number of people employed across Australia's horticulture sector in 2017/18³

11,490

Approximate number of horticulture businesses in 2017/18⁴

Fast fact: While most horticulture growers operate on a small scale, the majority of production volume is driven by a smaller number of large operators. The industry is observing a strong trend towards consolidation, with larger scale operations taking advantage of cost-efficiencies and streamlined supply chains.

What we export

\$2.2 billion

Total fresh export value in 2017/18⁵

22%

Average annual growth in export values in the five years to 2017/18⁵

50%

Oranges, table grapes and almonds are our major export products, representing more than half of export value in 2017/18⁵

36%

China, Japan and Hong Kong are our major export partners, representing 36.4 per cent of export value in 2017/18⁵

Fast fact: Despite strong export growth to date, the share of Australia's total horticulture production volume that's exported remains relatively low, at approximately 11 per cent compared to some 46 per cent⁶ across other agriculture sectors. This represents an ongoing opportunity to develop existing markets and identify new trade opportunities.

³ ABARES (2018), Agricultural commodity statistics 2018.

⁴ ABS (2019), Agricultural Commodities 2017-18 Cat no 7121.0.

⁵ IHS Global Trade Atlas 2018.

⁶ Australian Horticulture Statistics Handbook 2017/18. Hort Innovation calculations using ABS (cat no 7121.0) and ABARES (Agricultural Commodities) data.

Where we grow

Australia is rich in horticulture growing regions – in fact, most rural and regional areas in the country produce horticultural products of some kind.

Many of the key production regions are dotted across the mainland's eastern states, including in Queensland, New South Wales and Victoria, but thriving and productive growing regions also span Tasmania, South Australia, Western Australia and the Northern Territory.



Australia-wide horticulture production statistics

Each year Hort Innovation publishes the Australian Horticulture Statistics Handbook, which is available from www.horticulture.com.au. The handbook includes key information on horticulture production, including the major production regions for specific crops across the 37 levy industries we look after.

Demand and use fast facts

There's a strong and growing demand for Australian horticulture products from a range of market channels.

Retail expenditure on fruit and vegetables has outpaced broader food expenditure, driven in particular by increasing availability of value added products.⁷

Foodservice remains an important and growing channel for horticulture products, influenced by the growth of the snacking category, convenience and consumer health motivations.

The combined retail and foodservice wholesale value of horticulture is valued at \$13.4 billion.

Fresh horticulture is also processed into shelf-stable juice, canned and dried products – accounting for some 30 per cent of total production volume.

In addition to the domestic market, exports represent the fastest growing market for Australian horticulture products and are set to continue to grow in importance for the industry.

⁷ Hogan L (2018) *Food demand in Australia: trends and issues 2018*, ABARES Research Report 18, Canberra.

Who is Hort Innovation?

Hort Innovation is the grower-owned, not-for-profit research and development corporation for Australia's horticulture sector. We exist to provide the knowledge and solutions needed to create a world-class horticulture industry, and to drive a prosperous and healthy Australia.

Hort Innovation works with industry to invest levy, co-investment and Australian Government dollars into initiatives spanning research and development, extension and communication, trade, marketing and more.

Hort Innovation and the RDC model

Australia has 15 Rural Research and Development Corporations (RDCs), of which Hort Innovation is one. Each RDC is tasked with delivering tangible improvements to their relevant sector through research, development and extension investments. Together, the 15 RDCs form a network to support primary producers and to deliver not only sector-specific benefits, but benefits that extend across Australia's economy and society more broadly.

World class innovation delivered by RDCs will be essential to meet the ambitious target of a \$100 billion agriculture sector for Australia by 2030, which was set by the National Farmers Federation in its *2030 Industry Roadmap*, released in 2018.⁸

To contribute to this target, the horticulture sector will need to not only build upon successful programs but also do things differently – the definition of innovation – and indeed the Council of Rural RDCs recognised in its Vision 2050 paper⁹ that there is an opportunity to broaden the focus of the rural innovation system beyond farm productivity, to look more holistically at how the agrisystem can sustainably meet the demands of consumers and the community.

\$110 million

**The amount Hort Innovation
invested across horticulture RD&E
and marketing in 2017/18**

⁸ National Farmers' Federation (2018) *2030 Industry Roadmap*, NFF: Barton, ACT.

⁹ Council of Rural Research and Development Corporations (2018) *Vision 2050: New thinking about rural innovation in Australia*, CRRDC: Barton, ACT.

To learn more about Hort Innovation, visit www.horticulture.com.au

Hort Innovation and the Australian Government

Hort Innovation is governed by a Funding Agreement between the company and the Australian Government, which allows for the transfer and investment of levies and Australian Government contributions. As an RDC, Hort Innovation is able to leverage industry levy investments in RD&E with government funds up to a value of 0.5 per cent of the industry's gross value of production (GVP).

As an RDC, Hort Innovation's investment activities are also aligned to the Australian Government's broader Rural RD&E Priorities, which in turn are aligned to the government's National Science and Research Priorities. Hort Innovation reports on how the company's investments track against these priorities at each annual reporting opportunity. Our work can also be aligned to other national priorities or directions that may be communicated to us by the Australian Government from time to time.

Hort Innovation and the wider research community

Hort Innovation enables collaboration across the agriculture research community, which includes organisations such as the CSIRO, the university sector, private enterprise and state government agencies.

Hort Innovation is also a member of the National Horticulture Research Network (NHRN) together with other senior horticultural R&D representatives from the state and commonwealth government agricultural agencies and other institutes. The NHRN is responsible for the development and implementation of the Horticulture RD&E Strategy under the National Primary Industries RD&E Framework.

37

The number of horticulture industries that have statutory or voluntary levies that Hort Innovation currently invests on behalf of

7

The number of Hort Frontiers strategic partnership funds that Hort Innovation has established, to deliver co-investment initiatives for the benefit of horticulture as a whole

Planning for a new way forward

Hort
Innovation

STRENGTHS

- MULTI-INDUSTRY VIEW
- TASTE AUSTRALIA
- COMMUNICATION
- WILLING TO CHANGE/ADAPT
- HORT FRONTIERS
- STAFF

The strategic planning and consultation process

In the period from January to May 2019, Hort Innovation completed a consultation process to inform the next iteration of the company strategy, the result being this document and, specifically, the goals, strategic imperatives and key activities outlined from page 17.

The consultation included a series of events around Australia designed to engage with horticulture growers and other industry participants, particularly those who pay a horticulture levy. Hort Innovation executives, Board members and staff travelled to some 20 regional locations in every state and territory in Australia. During their travels they spoke to more than 350 industry participants, who provided input into the strategic planning process.

An online version of the consultation process was also available on the Hort Innovation website from January to the end of April 2019, for those who were unable to attend the consultation events in person.

Meanwhile, strategic planning conversations were also held with the staff, executive team and Board of Hort Innovation, along with dedicated consultation sessions for horticulture’s industry representative bodies.

What followed was the development of draft strategic themes, made public for further feedback via the Hort Innovation website during late May and early June 2019. The feedback received at this point was considered against the broader consultation input, relevant adjustments were made and, finally, the Hort Innovation Strategy 2019-2023 was produced.



Where we came to see you...

New South Wales

- Coffs Harbour
- Griffith
- Lismore
- Orange
- Western Sydney

Northern Territory

- Darwin

South Australia

- Adelaide Hills
- Loxton

Tasmania

- Devonport
- Grove

Queensland

- Bowen
- Bundaberg
- Gatton
- Mareeba
- Sunshine Coast

Western Australia

- Bunbury
- Gingin

Victoria

- Mildura
- Shepparton
- Werribee

...plus feedback from right across the country was gathered online

Throughout our Australia-wide consultation, some key pieces of feedback emerged. Here's a quick overview of what growers and other industry participants told us they want from Hort Innovation as horticulture's research and development corporation. These considerations are woven throughout the goals, strategic imperatives and key activities set out in the Hort Innovation Strategy 2019-2023.

What you told us



“More direct engagement with growers”

Growers were supportive of more direct communication at conferences and other existing meetings to share relevant knowledge about current and future projects, and to allow more direct consultation.

“Hold and share knowledge better”

There were many comments in different forms around the need to have a single source of knowledge, that allowed easy access and searching and would last over time.

“Come into the regions more”

Many growers commented on the importance of Hort Innovation's staff spending time in the regions, knowing the local groups and growers, and understanding unique issues better.

“Help us become more organic, use less inputs”

Across geographies and industries, within the limitations of pests, varieties and climate, there was significant and widespread interest (and investment) in reducing chemicals as much as possible.

“Sustainability: labour, water, energy, packaging”

A large number of comments were focused on issues of sustainability, including water, energy and labour, and the need to have more concrete data on these issues and a better approach to solving them.

“Grow export markets”

In all regions and across almost all industries, there was strong discussion about expanding market access, growing volume in existing markets and improving supply for export.

“Help us understand and influence consumers”

In discussions across all industries, understanding the consumer was seen as critical to future success. This applies to all domestic and export market consumers.

“Help us become more competitive”

There was a great deal of commentary on the need to improve productivity, quality and marketing to be competitive with overseas markets in exports and domestic snack foods.

“Raise the profile of horticulture products and the industry”

Several issues discussed related to building the profile of horticulture, including attracting labour, increasing consumption of fresh produce by children, valuing horticulture overall and building capacity in the industry.

“More cross-sector, less silos”

A great deal of discussion from multiple industries focused on their common issues and the benefits of working together and learning from each other to efficiently solve bigger problems.

“Invest in technology across industries”

Growers across industries discussed sharing technologies that could help more horticulture businesses in areas including robots, sprayers, probes and renewable power.

“Invest in the future of horticulture”

There was widespread discussion about a coordinated approach to the future of horticulture and how we might tackle the future issues facing the industry.

These considerations are woven throughout the goals, strategic imperatives and key activities set out in the Hort Innovation Strategy 2019-2023





What else informed the development of the strategy?

In addition to the insights delivered through broad industry consultation, consideration of the current and future opportunities and challenges in our operating environment was also essential in developing the Hort Innovation Strategy 2019-2023. These are outlined below.

The future of horticulture – opportunities waiting to be harnessed

Australian horticulture, as with all of agriculture, will be impacted on by significant change at global, national and local levels over the coming decades. This will create opportunities as well as challenges for small and large producers.

In order to understand future change, in 2015 AgriFutures Australia (then RIRDC, the Rural Industries Research and Development Corporation) and CSIRO completed a foresight study of Australian agriculture and identified five 'megatrends'.

1. A hungrier world

A rising world population and increasing food consumption is set against a backdrop of shrinking agricultural land area, water scarcity and increasing energy demand. According to the Food and Agriculture Organization of the United Nations, the world must increase agricultural output by 70 per cent to feed its growing population by the year 2050. This opens the opportunity for Australian horticulture to increase exports to meet growing global demand.

2. A wealthier world

Rising wealth is having an impact on commodity markets. People are increasing their average daily kilojoule intake, increasing per person food demand. People are less reliant on subsistence production, increasing their reliance on modern food supply chains. Evidence suggests that wealthy Asian customers in particular will have a more diverse diet, representing an opportunity for horticulture products such as tropical fruits and nuts to connect to new markets.

3. Choosy customers

Consumers of the future will be increasingly motivated to choose products with specialised characteristics, such as organic certification and health benefits. Horticulture could seize on the opportunity by communicating the provenance, ethics, environmental performance and health attributes of its products.

4. Transformative technologies

Advances in technology within the fields of digital, genetic and material sciences will change the way food products are created and transported. Growers will have sophisticated tools to assist with decision-making, such as remote-sensing technologies, plus there'll be advances in food manufacturing and genetic technology, providing resistance to weeds, pests and climate risks.

5. A bumpier ride

Changes in the global climate, environmental systems and the world economy will create new and stronger risks for growers. Climate variation is elevating the frequency and severity of extreme weather. Globalisation is increasing the risk of supply-chain breakdowns and the impact of exogenous economic volatility. Resilience will need to be a renewed focus for Australian horticulture to withstand these shocks.

The environment – another key opportunity to shine

Agriculture is at the frontline in managing the environment, with agricultural businesses occupying 51 per cent of Australia's landmass. The sophistication of Australia's agricultural land management continues to increase, with reductions in the intensity of chemical use, more careful use of fertilisers, and considered approaches to reduce erosion. This has been shown through the sector leading the nation in reducing greenhouse gas emissions intensity by 63 per cent between 1996 and 2016.



The new way forward

As part of the Hort Innovation Strategy 2019-2023, we've refined the company's key guiding statements to best align with the needs of industry and take us into the future...

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**. 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 will do this by...

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



The strategy at a glance

The Hort Innovation Strategy 2019-2023 is defined by three strategic imperatives, including two core strategic pillars and a third that underpins them both.



Strategic pillar one

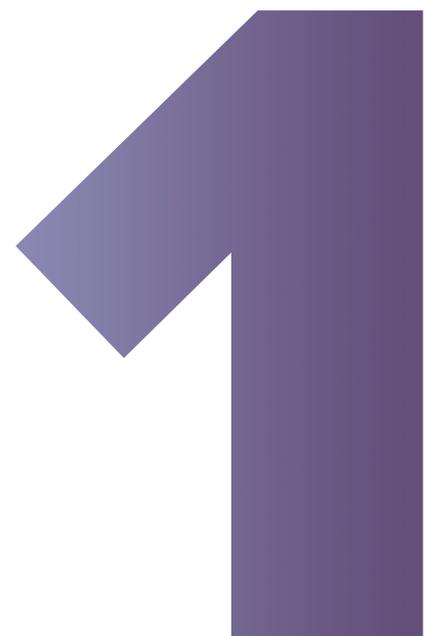
**Drive knowledge
and innovation
into horticulture
industries**

This strategic imperative directly addresses the overwhelming feedback from growers and other industry participants that Hort Innovation needs to place more focus on driving innovation outputs (including knowledge, insights and technology) and good practice out to farms and into growers' businesses.

Execution of this pillar will enable us to work with numerous established networks, such as the industry development officer network, to help drive co-learning and amplify the outcomes of levy investments in R&D and marketing.

The focus is on collaborating and investing more in this area of communication and extension through existing channels where they are working, and new channels where more effort is required.

**Outcome:
Communication and
extension delivered that
impacts on business decisions
and practices on farm**





**Drive knowledge
and innovation
into horticulture
industries**

Broad initiatives relating to pillar one

- **Create a larger capability in the business to drive extension, knowledge transfer 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**

Details and activities

Increase the company's capability and capacity to focus on driving knowledge and practical outputs from investments into the hands of growers. This will be done by coordinating and leveraging all existing channels, industry development officers, grower groups and commercial networks

Focus on targeted investments to grow and support successful mechanisms for bringing growers together and disseminating information

Increase the company's ability to manage and organise its knowledge and increase investment in digital tools to allow growers to more easily find the information they are looking for (including linking to other networks, sites and the organisation's knowledge)

Prioritise investments that drive practice change and tangible benefits to the horticulture sector

Pursue a register of levy-paying growers and/or distribution network to ensure output reach is maximised

Review all investments and activities in the communication and extension portfolios to ensure maximum efficiency and impact for growers, including identifying opportunities to fund initiatives for significant issues that cut across industries

Review all investments to ensure practical and tangible outputs are achievable throughout each investment and that there is capacity to extend them through improved channels

Increase transparency of Intellectual Property information to facilitate investment into commercialising research outputs

Key performance indicators

In order to measure and understand how Hort Innovation is reaching industry with knowledge and impacting upon grower practice, KPIs have been set.

- Hort Innovation extension framework and team fully established by December 2019
- Review for the optimisation of investments in communication and extension completed by December 2020
- Digital knowledge platforms reviewed, and recommendations implemented by June 2020
- Levy payer engagement efforts enhanced, with overall level of communication and engagement satisfaction by levy payers increased from 65 per cent to 85 per cent by December 2022
- Overall satisfaction with Hort Innovation information products and services by levy payers increased from 69 per cent to 90 per cent by December 2022
- Intellectual Property management solutions implemented by June 2020

Strategic pillar two

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

This strategic imperative addresses the significant feedback around solving larger, multi-industry opportunities and challenges. While this acknowledges that there is more value in solving issues across industries it does not, however, reduce the importance of issues for single industries.

An additional aspect within this pillar is understanding and addressing the challenges that are coming in the future. Although they're not fully impacting on industry now, we need to be prepared for them before they do.

Execution of this pillar will be about streamlining Hort Innovation's investment processes and investing more effort into combining issues into multi-industry solutions where possible, as well as investing more into understanding the future issues for horticulture.

Outcome:
Investments delivered that address all-of-horticulture opportunities and challenges





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

Broad initiatives relating to pillar two

- **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**

Details and activities

Drive identification of multi-industry investment opportunities through industry Strategic Investment Plans (SIPs) and through industry advice and consultation mechanisms

Drive innovation at the source through the SIPs and through ongoing regional consultation, and build more capacity for researching and understanding the consumer

Invest in commercialisation capability, drive innovation with key levy-paying grower entrepreneurs, leverage and collaborate with other Rural Research and Development Corporations, and foster more connections to knowledge overseas

Increase the company's capability and capacity to invest in the largest multi-industry issues by consolidating our view of multi-industry projects and looking for greater investment efficiency

Build a sustainability framework to proactively manage emerging issues now and in the future, and set a benchmark to show progress over time

Increase the profile of horticulture as an 'attractive' industry with long-term benefits and positive impacts for the economy, environment and labour

Key performance indicators

In order to measure and understand how Hort Innovation is increasing the value of investments, KPIs have been set.

- Independent ex-post impact assessment of a random sample of strategic levy investments undertaken annually
- All investments aligned to a Strategic Investment Plan (SIP) outcome/outcomes and strategy/strategies to support fund investment analysis and monitoring and evaluation (M&E) capacity by Hort Innovation
- Sustainability framework with benchmarks completed by June 2022
- Review completed and strategic approach to consumer insights and market research commenced by December 2020
- Cross-industry opportunities (multi-industry strategic R&D levy, marketing levy and Hort Frontiers) identified and implementation of efficiencies commenced by December 2020
- Overall levy payer perceived direct benefit from R&D and marketing investments increased from 60 per cent to 80 per cent by December 2022

Strategic pillar three

**Enable activities
that drive
all strategic
imperatives**

Making it happen

Underpinning Hort Innovation's two key strategic imperatives is a third strategic pillar that focuses on enabling strategies and activities.

This area of strategic activity addresses the many points of consultation feedback relating to the company's capabilities, processes and ways of working.

Execution of this pillar will allow delivery and success of the first two strategic pillars. It acknowledges that the continuous improvement of Hort Innovation as an organisation, and our interactions with our partners, is key to our success and will require significant and ongoing effort.

**Outcome:
Talent, culture, processes
and systems delivered that
increase value for growers**



A man with wavy hair, wearing sunglasses and a blue and white plaid shirt, is speaking to a group of people outdoors. He is gesturing with his hands as he speaks. The group consists of several people, including a woman in a grey t-shirt and a dark cap, a man in a green shirt and cap, and a woman in a white cap and sunglasses. The background is slightly blurred, suggesting an outdoor setting like a field or a farm.

Enable activities that drive all strategic imperatives

Broad initiatives relating to pillar three

- **Streamline processes and systems to be more flexible and more efficient**
- **Invest in talent and creating new capabilities and building an inclusive, collaborative, grower-first culture**
- **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 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**

Details and activities

Invest in the simplification of Hort Innovation’s internal processes and the improvement of systems to support communication, knowledge management and efficient investment in and management of projects

Develop an annual planning process that will streamline investment and advisory processes, to enable more capacity to drive knowledge and extension strategy

Attract, develop and retain talented staff to deliver great results and maintain knowledge

Create a ‘who’s who’ capability so that levy payers can contact the relevant staff at Hort Innovation that they need

Continue to develop strong relationships with key stakeholders and partners through open and regular engagement

Develop funding mechanisms that enable efficient investment in multi-industry and trade initiatives

Key performance indicators

In order to measure and understand how Hort Innovation’s processes and functions are supporting the achievement of the company strategy for the benefit of growers, KPIs have been set.

- R&D and marketing (where applicable) annual investment plans for all industries implemented by December 2020
- New Strategic Investment Plans (SIPs) for all industries developed prior to completion of current SIPs
- New Hort Frontiers SIPs (2019-2024) developed by December 2019
- Trade SIP developed by March 2020
- New business systems integrated by December 2020
- Overall levy payer satisfaction in Hort Innovation’s performance increased from 53 per cent to 75 per cent by December 2022
- Levy payer knowledge of Hort Innovation increased from 74 per cent to 95 per cent by December 2022
- Hort Innovation’s employee satisfaction score maintained at 2017 levels
- Hort Innovation Annual Report published annually to ensure transparency in RD&E and marketing investments and industry financial positions

Our structure

Primed to deliver: Hort Innovation's structure

Delivery on the Hort Innovation Strategy 2019-2023 relies on a company structure that's aligned to our key pillars, goals and deliverables.

Indeed, the structure of Hort Innovation is already evolving in line with the new strategy, with the current top-level organisational structure detailed below.

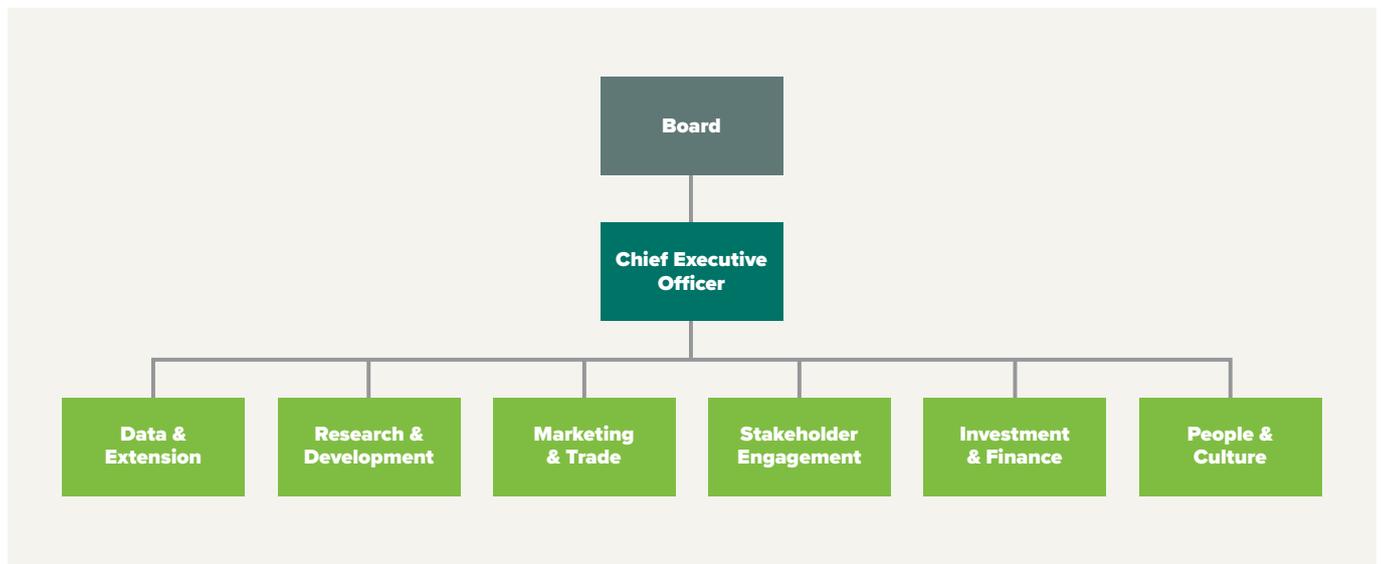
This includes the newly created extension function, introduced in July 2019 as a significant change representing our increased focus in this important area.

It also illustrates the leadership of both the Research & Development and Marketing & Trade functions, with individual executive positions emphasising the importance of delivering in these areas with excellence.

The Stakeholder Engagement function continues as a key area facilitating effective dialogue with industry and communication tailored to stakeholder needs.

The Investment & Finance function and the People & Culture function will continue to support the organisation to deliver the strategy efficiently.

Hort Innovation's structure



Our funding model



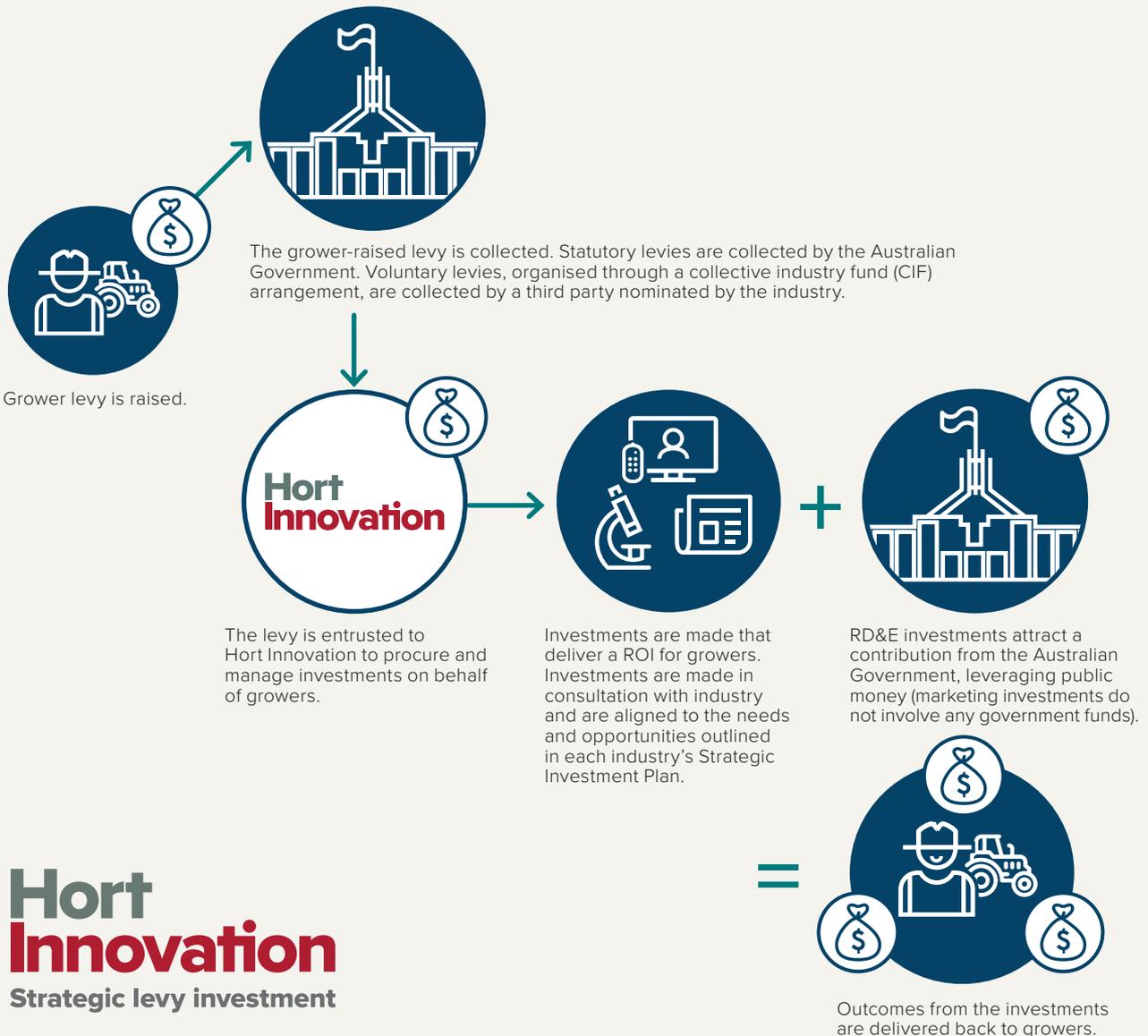
How it's all funded

The work we do at Hort Innovation is primarily funded by grower levies, Australian Government contributions and co-investment dollars brokered from a range of sources. Additional funding streams can also come into play – for example, in recent years Hort Innovation has received investment money through the government’s Rural R&D for Profit program and the Improved Access to AgVet Chemicals initiative.

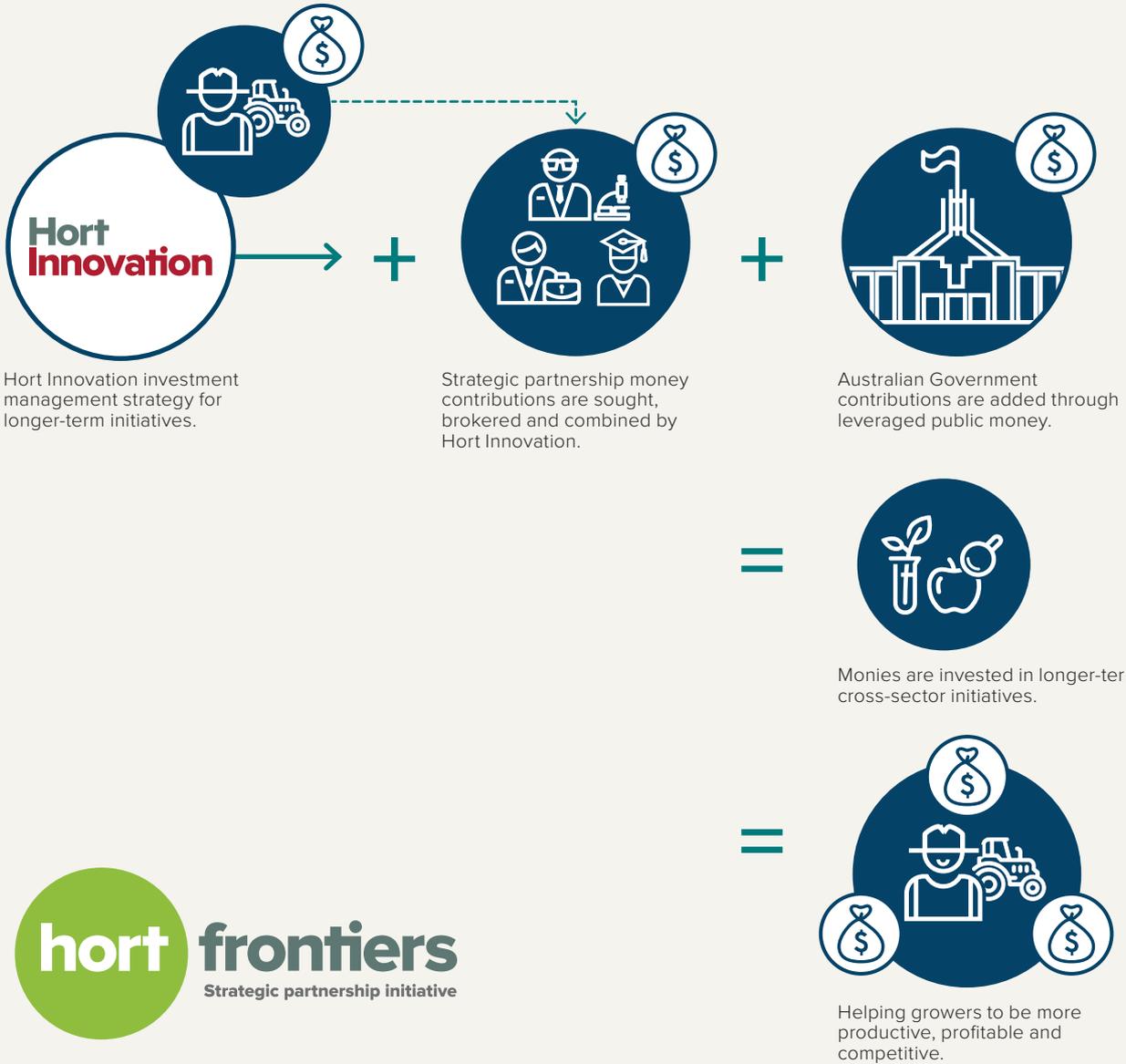
Our current two core funding models are strategic levy investment and the Hort Frontiers strategic partnership initiative. In the period covered by the Hort Innovation Strategy 2019-2023, the company anticipates the need to develop additional funding processes to support the execution of our strategic imperatives.

A more efficient funding process to support export and trade initiatives may be an example, as well as a more efficient model to support multi-industry investments and extension.

The strategic levy investment funding model



The Hort Frontiers funding model



Income, expenditure and ensuring a balanced portfolio

It's anticipated that over the period of this strategy, Hort Innovation will invest more than \$100 million in RD&E, marketing and trade each year.

Specific estimates of income and expenditure are published in several ways. To begin, each levy industry has a Strategic Investment Plan (SIP) that includes projected spending over five years. Industry SIPs – and the investment and advisory processes overall – help Hort Innovation ensure the industry funds have a balanced portfolio of investment.

The seven Hort Frontiers funds further ensure a balance in strategic and longer-term investments.

When it comes to reporting, in addition to the company annual report, industry-specific annual reports are produced for each levy fund. These contain details of expenditure and specific investments for the year.

Meanwhile, current financials for individual funds are produced throughout the year and published on Hort Innovation's website.



Corporate governance statement

Horticulture Innovation Australia Limited (Hort Innovation) is an unlisted public company governed by the *Corporations Act 2001 (Cth)* and is the research and development corporation for the Australian horticulture industries, as declared by the Minister for Agriculture and Water Resources under the *Horticulture Marketing and Research and Development Services Act (Cth)*.

Hort Innovation invests in RD&E, marketing and trade to support the Australian horticulture sector. The Hort Innovation Board sets the strategic direction of the company, within the requirements of Hort Innovation's Constitution and the Deed of Agreement with the Australian Government (Funding Agreement).

Hort Innovation is not an industry representative body and does not set or execute policy on behalf of horticulture industries, nor participate in any agri-political activities.

The Hort Innovation Board and Executive Leadership Team are committed to the implementation of corporate governance measures that enhance performance, while ensuring compliance by Hort Innovation with expectations of accountability required by all applicable legislation, regulations and guidelines, such as the *ASX Corporate Governance Council's Corporate Governance Principles and Recommendations*.

More than just a commitment to doing the right thing, good governance is upheld by Hort Innovation to bolster the quality and consistency of delivery of outcomes for our stakeholders.

As part of the company's corporate governance framework, three Board subcommittees act to guide the Board in fulfilling its duties. These include the Audit & Risk Committee, Investment Committee (with a charter to oversee investment of horticulture levy funds) and the Remuneration & Appointments Committee. These committees assist the Board to implement, monitor and enforce appropriate corporate governance throughout the company.

The Hort Innovation Board delegates responsibility for the management of the company to the Chief Executive Officer.



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