

What happened in the Nursery Fund last year?

Annual Report 2020/21



About Hort Innovation and the Nursery Fund

Hort Innovation is the grower-owned, not-for-profit research and development corporation for Australia's horticulture sector. We work closely with industry to invest the nursery R&D and marketing levies, together with Australian Government contributions, into key initiatives for growers, through the Nursery Fund. We're extremely proud of the work we do to help drive productivity, profitability and demand for nursery growers, and for the horticulture sector at large.

Throughout another challenging year for the horticulture sector, activity in the Nursery Fund remained strong. Read on for an overview of what was delivered.

We also encourage you to download a copy of the overarching Hort Innovation Annual Report 2020/21 at www.horticulture.com.au/annual-report-portal to better understand how Hort Innovation worked for the benefit of the horticulture sector during the year.

In this report...

Nursery Fund snapshot 2020/21 1

Just some of the things delivered for you during the year 2

Here's what your fund invested in over the year 3

Making investments in 2020/21 4

Financial operating statement 7

What will be the fund's focus over the next five years? 8

R&D case study 9

Marketing case study 11

Appendix: How strategic levy investments are made 13



\$2.8M

invested in R&D



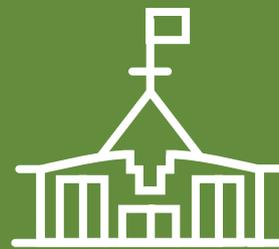
\$727,404

invested in marketing



26

active R&D investments



\$3.19M

in levies collected

by the Government and passed on to Hort Innovation for investment



\$2.56B

The nursery industry is Australia's largest horticulture industry by value, with a production value of \$2.56 billion in 2019/20



2.1B

Production units (for example, live plants and starter plants) have been increasing significantly, growing from 1.9 billion in 2017/18 to 2.1 billion in 2018/19



3

The majority of nursery production takes place in three states: Queensland (30 per cent), New South Wales (30 per cent) and Victoria (28 per cent)

These facts and more can be found in the Australian Horticulture Statistics Handbook, which is delivered by Hort Innovation each year. The handbook is packed with horticulture statistical information and analysis for some 75 categories, for use by individual industries and the wider sector. The 2019/20 edition was released in early 2021 and features an interactive dashboard format for desktop users. See www.horticulture.com.au/horticulture-statistics-handbook.

Just some of the things delivered for you during the year



The industry communications program, delivering the *Your Levy @ Work* newsletter and website (www.yourlevyatwork.com.au), monthly *Nursery Papers* and plenty more



The nursery industry data tool, which allows growers to benchmark core aspects of their business and can be requested by emailing communications@horticulture.com.au



A host of biosecurity-related programs to help prepare and protect the nursery industry from possible pest and disease threats (see www.horticulture.com.au/nursery)



A highly visible domestic marketing campaign, centred around the Plant Life Balance initiative (www.plantlifebalance.com.au), plus ongoing work through Greener Spaces Better Places (www.greenerespacesbetterplaces.com.au)



Preparation support for pest incursions such as fall armyworm and serpentine leafminer, including emergency minor use permits and longer-term investments to bolster the horticulture sector's response



Investments in the Hort Frontiers strategic partnership initiative to address longer-term and often complex issues and opportunities critical to the future of Australian horticulture – see www.horticulture.com.au/hort-frontiers*

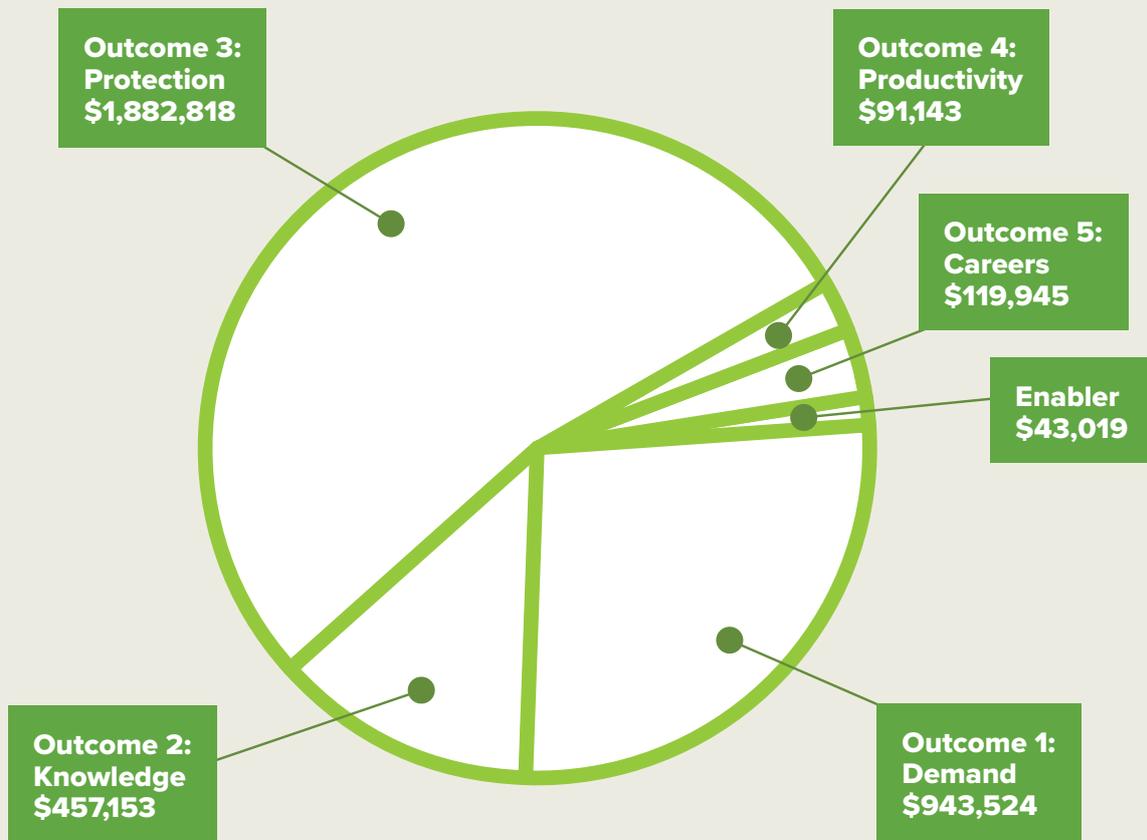


Projects supported by grants secured by Hort Innovation, ranging from cross-sector Rural R&D for Profit initiatives to horticulture-specific work to aid in access to crop protection products – see the Hort Innovation Annual Report 2020/21 for more*

You can visit www.horticulture.com.au/nursery at any time to access information on new, ongoing and completed projects, and to download resources produced by levy investments such as fact sheets and guides.

*These initiatives were delivered outside of the Hort Innovation Nursery Fund and, in most instances, did not involve the industry levy

Here's what your fund invested in over the year



Investments that are specific to the Hort Innovation Nursery Fund are guided by the nursery Strategic Investment Plan (SIP). The SIP features priority outcome areas that have been identified and agreed upon by the industry, and Hort Innovation works to invest in R&D and marketing initiatives that are aligned to these.

In the above chart, you can see how project expenditure in the Nursery Fund during 2020/21 was aligned to the SIP. Each project has been allocated to a SIP outcome based on its primary objective.

Expenditure on projects classified as 'enabler' support the broader delivery of the industry's strategic investment plan, such as impact assessments.

Which projects were in each of the SIP outcome areas?

Outcome 1: Demand

Increased demand and sales of green-life products by four per cent per annum plus CPI

Marketing activities during 2020/21 contributed to demand-related outcomes in the SIP. You can read more about the nursery marketing campaign on p11.

Project title and code	2020/21 investment	Status	More information
Where will all the trees be? (NY19001)	\$133,520	Completed	hortinn.com/ny19001
Consumer usage and attitudes research (NY20002)	\$82,600	Completed	hortinn.com/ny20002

Outcome 2: Knowledge

Increased marketing effectiveness and efficiency and better decision-making based on increased industry knowledge

Project title and code	2020/21 investment	Status	More information
Nursery industry statistics 2016/17 to 2019/20 (NY17008)	\$184,620	Ongoing	hortinn.com/ny17008
Australian nursery industry communications program (NY18001)	\$272,533	Ongoing	hortinn.com/ny18001



Investments

Outcome 3: Protection

Improved industry protection from exotic, emerging and endemic pests and diseases

Project title and code	2020/21 investment	Status	More information
RD&E program for control, eradication and preparedness for vegetable leafminer (MT16004)	\$18,078	Completed	hortinn.com/mt16004
Improving preparedness of the Australian horticultural sector to the threat potentially posted by Xylella fastidiosa (a severe biosecurity risk) (MT17006)	\$33,306	Ongoing	hortinn.com/mt17006
Improving plant industry access to new genetics through faster and more accurate diagnostics using next generation sequencing (MT18005)	\$30,000	Ongoing	hortinn.com/mt18005
National tomato potato psyllid and zebra chip surveillance (MT18008)	\$107,419	Ongoing	hortinn.com/mt18008
Field-based testing for fall armyworm (MT19014)	\$8,000	Ongoing	hortinn.com/mt19014
Building the resilience and on-farm biosecurity capacity of the Australian production nursery industry (NY15002)	\$259,660	Completed	hortinn.com/ny15002
National Nursery Industry Biosecurity Program (NY15004)	\$37,390	Completed	hortinn.com/ny15004
Improving pest management for the nursery industry (NY17009)	\$31,108	Ongoing	hortinn.com/ny17009
Ensuring business continuity during biosecurity incursions – social and economic research learnings for the production nursery industry (NY18010)	\$26,770	Ongoing	hortinn.com/ny18010
Review of the biosecurity plan for the nursery industry (NY19003)	\$17,033	Ongoing	hortinn.com/ny19003
Improving on-farm surveillance strategies for tospoviruses and thrips to enhance the biosecurity of the nursery industry (NY19007)	\$46,469	Ongoing	hortinn.com/ny19007
Resourcing, supporting and assessing biosecurity in nursery production (NY20000)	\$314,158	Ongoing	hortinn.com/ny20000
National biosecurity and sustainable plant production program (NY20001)	\$933,428	Ongoing	hortinn.com/ny20001
Xylella insect vectors (ST19018)	\$20,000	Ongoing	hortinn.com/st19018

Outcome 4: Productivity

Improved productivity, profitability and professionalism through the creation of opportunities through innovation and adoption of industry best management practices

Project title and code	2020/21 investment	Status	More information
Nursery industry natural disaster risk mitigation and recovery plan (NY18008)	\$ 53,167	Ongoing	hortinn.com/ny18008
Digital remote monitoring to improve horticulture's environmental performance (ST19024)	\$ 37,976	Ongoing	hortinn.com/st19024

Outcome 5: Careers

Better career development

Project title and code	2020/21 investment	Status	More information
Masterclass in Horticultural Business (LP15001)	\$ 50,000	Ongoing	hortinn.com/lp15001
Developing nursery career pathways (NY19006)	\$ 69,945	Completed	hortinn.com/ny19006



Financial operating statement

Nursery Fund Financial operating statement 2020/21

	R&D (\$)	Marketing (\$)	Total (\$)
	2020/21 July – June	2020/21 July – June	2020/21 July – June
OPENING BALANCE	280,707	(45,291)	235,416
Levies from growers (net of collection costs)	1,866,371	1,323,541	3,189,912
Australian Government money	1,628,899	–	1,628,899
Other income*	2,022	593	2,615
TOTAL INCOME	3,497,292	1,324,134	4,821,426
Project funding	2,799,560	727,404	3,526,964
Consultation with and advice from growers	6,914	3,723	10,637
Service delivery	451,324	150,509	601,833
TOTAL EXPENDITURE	3,257,798	881,636	4,139,434
Levy collection – nursery agent rebate	224,016	–	224,016
CLOSING BALANCE	296,185	397,207	693,392
Levy collection costs	19,881	13,961	33,842

*Interest, royalties

Levy collection costs – These are the costs associated with the collection of levies from industry charged by Levy Revenue Services (LRS)

Service delivery – Also known as Corporate Cost Recovery (CCR), this is the total cost of managing the investment portfolio charged by Hort Innovation

Making sure that levy investment decisions align with industry priorities

What will be the Nursery Fund's focus over the next five years?



The nursery Strategic Investment Plan (SIP) was created in 2021 to reflect current priorities for the nursery industry. This involved extensive consultation with nursery growers and industry stakeholders, including Greenlife Industry Australia. The SIP is the roadmap that helps guide Hort Innovation's oversight and management of individual levy industry investment programs.

The nursery SIP lays the foundation for decision making in levy investments and represents the balanced interest of the particular industry from which the levy is collected. The most important function of the SIP is to make sure that levy investment decisions align with industry priorities.

The nursery SIP identifies four outcome areas that will contribute to the productivity and profitability of the nursery sector. They are:

- Industry supply, productivity and sustainability
- Demand creation
- Extension and capability
- Business insights.

What projects will the fund be investing in next year?

The nursery Annual Investment Plan (AIP) 2021/22 will detail how levy funds will be spent over the 12-month period. Investment decisions will be guided by the industry SIP and prioritised based on potential industry impact, as well as availability of levy funds.

The AIP is developed by Hort Innovation, and is informed by the SIP and industry consultation, including collaboration with Greenlife Industry Australia. The AIP is then discussed with the industry SIAP for feedback and prioritisation. All investments will need to link to the industry's SIP by addressing a minimum of one KPI against a strategy under one of the four outcomes.

Annual Investment Plans will be published each year over the lifespan of the SIP and industry stakeholders will be advised via established communication channels.

Hort Innovation will continue to report on fund performance regularly, with more focus on reporting on outcomes and the impact of investments.



When available, you can visit www.horticulture.com.au/nursery-fund-management to view both documents and get a full picture of how your levy will be invested over the next five years.

Softening the blow of severe weather to help nurseries bounce back from disaster

This two-year project has created a Natural Disaster Recovery Action Plan tailored to the varied and unique needs of Australia's production nursery industry. In that short time, it's greatly improved the industry's resilience and capacity to rapidly recover from natural hazards.

The challenge

Australia's unforgiving climate and seasonal weather conditions can wreak havoc on nurseries. It's crucial that the industry is resilient and able to recover quickly in times of natural disaster and severe weather.

Meet Bruce and Joy

Mt Nathan Nursery, located on the Coomera River in the Gold Coast Hinterland, Queensland, is highly susceptible to flooding, having been hit by four major floods in the last 10 years.

It's for this reason that owners Bruce and Joy Williams and their daughter Cath decided to participate in the pilot program for the fund's *Nursery industry natural disaster risk mitigation and recovery plan*.



Bruce and Joy Williams, nursery growers, Queensland

"After Cyclone Debbie, we knew we had to make changes within the business to better prepare for these events to minimise risk and ensure continued business viability," says Bruce. "The costs in damages and lost stock were significant, with two of the four major flood events incurring an excess of \$350,000 in losses."

Pilot mapping was delivered by spatial data consultants Cohga Pty Ltd and LandSolution, which identified areas for infrastructure redesign and engineering solutions that will help reduce climate and seasonal impacts.

"This plan mapped out our main nursery site, providing insights on size, shape and value of production areas, that enabled us to make immediate and strategic changes to our business. We built a wall, backfilled, and put in drainage gravel and irrigation. This was a big decision for us, as it was not only a financial expense, but it also resulted in months of lost production in that area, which had a lot of stock going back on it."

But thanks to the wealth of information at their disposal, they were able to strategically assess the loss value against future production and business growth.

This level of preparedness, along with practical options, meant the business incurred very minimal damage during the 2021 March/April floods, with minimal losses and little impact to supply. They were back in business after just a three-day shutdown.

Continued



The approach

The early stages of this program examined the various vulnerabilities faced by Australian production nurseries. For instance, the fact that many nurseries are located on flat land, close to a water source, for ease of access, increases their risk of flood.

As part of this work, a spatial mapping portal was developed with the assistance of independent agency, Cohga Pty Ltd. This map highlights “at risk” zones for natural disasters, identifies risk ratings for individual nursery sites, includes real-time weather data from the Bureau of Meteorology, and was used to inform further stages of the project.

The team then worked with 16 production nurseries around Australia to develop a new suite of business continuity templates to assist nurseries in the preparedness, recovery and resilience of natural disasters and extreme weather events.

These nurseries came from a diverse range of geographies, production types and sizes, with the majority based in high-risk areas. Priority was given to nurseries that were both familiar with best management practices and EcoHort business accredited.

The impact

The mapping and risk data, preparation checklists, and continuity templates resulting from this program are a useful, practical tool for nurseries pre, during and post severe weather events. The resources have also been provided to industry peak bodies so they can more effectively help their members prepare and respond to extreme weather events and get them back to business as soon as possible.

Project resources have also been integrated into the industry’s Ecohort Best Management Practice (BMP) program.

For more information, visit hortinn.com/ny18008

Project details

Nursery industry natural disaster risk mitigation and recovery plan (NY18008)

Key research provider: Nursery & Garden Industry Queensland (NGIQ)

Start date: July 2019

Expected end date: November 2021

Estimated value for life of project: \$290,000

Leveraging lockdowns to get more plants in living spaces

Hort Innovation is responsible for investing the nursery marketing levy into a range of activities to drive awareness and support the use of Australian nursery products, under the Hort Innovation Nursery Fund.

The opportunity

With more Australians working from home and spending more time inside, the health and quality of their indoor spaces became increasingly important, presenting a valuable opportunity for the industry. In addition, government engagement under the Greener Spaces, Better places program created opportunities to expand the market into large-scale developments.

The approach

Now in its fourth year, the Plant Life Balance campaign was the lead consumer program for the industry and was designed to get more plants into Aussie homes.

Plant Life Balance successfully used digital tools and social media to connect with socially-savvy and fashion conscious 25 to 40-year-olds.

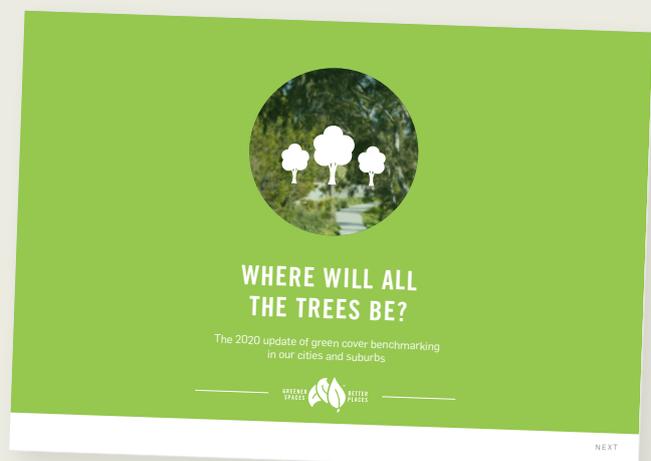
Through a popular app, blog, and e-newsletter, the program has positioned itself as the “go-to” source for media seeking content and comment about greenery. As a result, there was consistent in-media interest throughout 2020/21, generating almost 200 pieces of coverage and reaching a potential audience of 29.5 million.

In June 2020, a rapidly prototyped campaign was rolled out across traditional and social media to encourage consumers to embrace the benefits of plants in their lives during lockdown. This campaign delivered more than 20 pieces of media coverage, reaching 2.6 million plant-buying Australians.

The team also produced the *2021 Plant Trend Report* – a levy-funded tool to provide insights into how the pandemic influenced plant purchasing behaviour, current trends, and the impact of these on future purchasing preferences.

The many benefits and value of greenery in an urban environment was also strongly promoted under the Greener Spaces Better Places initiative. This involved a panel of Levy-funded experts, called the Living Network, working with communities and governments across Australia to drive activities that increased demand for green life products and services, while benefiting the community.

In October 2020, Greener Spaces Better Places launched the third iteration of Australia’s first national benchmarking report: *Where Will All The Trees Be?* This report highlighted communities where greenery is decreasing, gaining widespread media attention, and forcing governments to make urban green spaces a priority.



Continued

The outcome

Research commissioned by marketing included a *Consumer Usage and Attitudes Report*, with insights used to inform future marketing activity for the sector. The study found that 65 per cent of Australian adults purchased a plant in the last 12 months. Despite this, most respondents planned to spend more on plants in the future.

A total of eight segments were identified from the report, six of which offer opportunities for growth. They are:

- 79 per cent of sampled shoppers would likely buy the product
- Enthusiasts (6 per cent of the market = \$270M retail value)
- Garden Proud (17 per cent of the market = \$451M retail value)
- Early Bloomers (8 per cent of the market = \$205M retail value)
- Small Space Curators (16 per cent of the market = \$261M retail value)
- Dabblers (17 per cent of the market = \$168M retail value)
- Plant Curious (7 per cent of the market = \$12M retail value)

Other key insights include:

- 1.5 million reached via the The Plant Life Balance Facebook and Instagram pages
- The Trend Report featured in Domain, Sydney Morning Herald, News Corp's Body & Soul, WA Today, 6PR Radio, Better Homes and Gardens, ABC Hobart, NT News and key trade and industry titles Your Levy At Work and Floral Daily
- 5.7 million reached via *Where Will All The Trees Be?* Benchmarking Report



“

“The industry should always be advertising and ensuring we’re front of mind. The Greener Spaces Better Places initiative perfectly positions the industry for the environment that we’re in. It’s spot on with that branding and creates a huge opportunity for the industry. That doesn’t mean we can just sit back and expect everything to land in our lap though. We still need to do the hard yards and grab those opportunities.”

Anthony Tesselaar, Nursery grower, Victoria

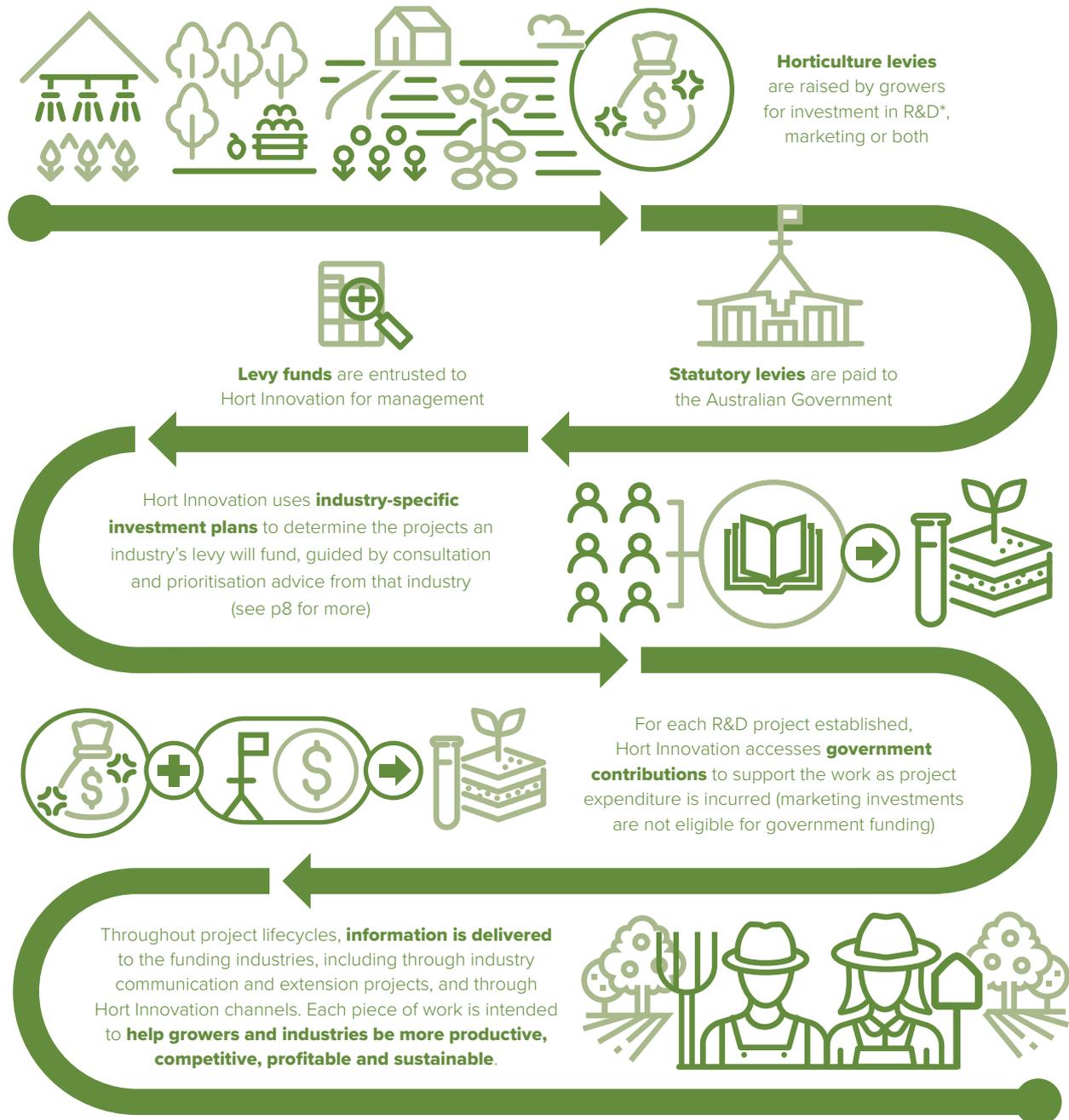
Read more about the campaign at hortinn.com/nursery-marketing-snapshot

Project details

These marketing activities are strategic levy investments in the Hort Innovation Nursery Fund

How strategic levy investments are made in the Nursery Fund

The below diagram shows how Hort Innovation makes strategic levy investments on behalf of horticulture industries. The nursery R&D and marketing levies were invested this way during the year, guided by the nursery Strategic Investment Plan 2017-2021 and advice from the industry's investment advisory panel.



* Encapsulating extension and international trade

To learn more about funding specific to the Hort Innovation Nursery Fund, visit www.horticulture.com.au/nursery. During the year, other sources of funding were also used to support activities for the benefit of Australian horticulture, including grant funding secured by Hort Innovation, co-investment dollars brokered through our Hort Frontiers initiative and centralised strategic levy reserve.

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

© Copyright 2021 Hort Innovation. All rights reserved.