

Horticulture Innovation Australia

Final Report

Vegetable Industry Market Access and Development Program

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AUSVEG Ltd

Project Number: VG13097

VG13097

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Summary

The Vegetable Industry Market Access and Development Program (VG13097) was set up to facilitate, co-ordinate and communicate market access and market development information and opportunities to vegetable growers, as well as enhance the export capability of the industry. The project also aimed to create export market opportunities for Asian and Middle Eastern vegetable buyers through research and development activities undertaken by the industry.

The project achieved its goals through five key work streams;

1. Reverse Trade Missions
2. Developing international vegetable export opportunities
3. Market access policy and procedure
4. Broader trade and export industry participation
5. Communication and development of information database

Overall, the program facilitated 74 growers to participate in 10 international trade events, brought 106 foreign buyers to Australia to showcase the industry as part of the Reverse Trade Mission in 2015, 2016, and 2017, as well as provided ongoing resources, informative materials, training opportunities and advice and assistance directly to growers over the life of the program.

A program review was undertaken in November 2016 by Ernst and Young. This review assessed the outputs and outcomes to date and found overall that "AUSVEG delivery of the program has been successful in increasing export awareness and delivering financial benefits to the participants". The report calculated **net benefits of AUD\$16.4m and 489% return on investment (ROI) from the initial investment of AUD\$3.4m**. The net benefits and ROI as at the end of 2016 were well above the benefits estimated in the conservative scenario of the cost-benefit analysis that underpinned the original investment decision. The program review recommended that the further investment in vegetable industry export development would be warranted.

The project commenced on 1 June 2014 and was scheduled to be finalised on the 31 December 2016. The completion of VG13097 at the end of 2016 and the commencement of its replacement/successive project VG16061 in June 2017, left a period of procurement, in order to continue the momentum of VG13097 and assist the vegetable industry in increasing its export focus, and ability to engage on market development and market access issues, a project variation was made to VG13097 to extend the project conclusion by five months from 31 December 2016 to 31 May 2017. This variation covered the procurement period and provided export development activities in line with the industry's strategic goals into the commencement of VG16061. The activities contained in this report will extend beyond the listed project requirements, as such this document will report on the successful delivery of all requirements and outputs in VG13097's original timeframe, as well as the additional activities undertaken under the project work streams for the extension period 31 December 2016 – 31 May 2017.

Keywords

The following key words are provided to help capture the research within search engines:

Export; trade; Vegetable Industry Export Strategy 2020; AUSVEG; export readiness; market development; market access; inbound trade mission; tradeshow.

Introduction

Developing export markets and increasing the export readiness of the Australian vegetable industry is a key component of the Vegetable Industry's Strategic Investment Plan 2012-2017.

From this investment priority, the Vegetable Industry Market Access and Development Program (VG13097) was developed to meet the objectives of facilitating, co-ordinating and communicating market access and market development information and opportunities to vegetable growers; as well as building the overall export capability of the industry to establish a sustainable export sector within the vegetable industry.

VG13097 provided a consolidated framework to deliver a broad suite of the industry's export development activities by a single service provider, and built on the existing range of export projects delivered by AUSVEG and other service providers in the preceding years.

During the course of project delivery, the Vegetable Industry Export Strategy 2020 was developed and released to guide industry effort and investment in the future. This strategy identifies a range of market development and market access priorities, as well as capability development areas needing industry focus.

Following release of the Vegetable Industry Export Strategy 2020, the remaining project outputs for VG13097 were delivered in line with the priorities identified in the strategy.

The combination of successful implementation of VG13097 and release of the Vegetable Industry Export Strategy 2020, provides a solid foundation for delivery of increasingly sophisticated export development activities in the vegetable industry over the coming years. This is in addition to the positive Return on Investment delivered by VG13097, which validate the original investment decision.

Methodology

To successfully deliver the project outputs, AUSVEG followed the below methodology:

Output	Summary Methodology	Comments / Suggested Improvements
Reverse Trade Mission	<ul style="list-style-type: none"> Deliver an inbound trade mission including 106 foreign delegates from multiple markets in 2015, 2016 and 2017 to showcase the Australian vegetable industry that give growers from across the country the opportunity to connect with buyers directly 	<ul style="list-style-type: none"> Due to changing priority markets in line with the <i>Vegetable Industry Export Strategy 2020</i>, do not link future inbound trade missions to specific markets to allow flexibility
Developing international vegetable export opportunities	<ul style="list-style-type: none"> Deliver three key international trade exhibitions per year in 2015 and 2016. AUSVEG to handle all project managing activities including trade show stand design and theme, development of industry collateral, and coordinating freight and logistics for grower participation 	<ul style="list-style-type: none"> Greater participation from the vegetable industry under the Australia Fresh banner in major fresh produce tradeshow would provide additional benefits to levy paying growers
Market access policy and procedure	<ul style="list-style-type: none"> Make representations to government on behalf of the vegetable industry with respect to market access priorities, trade policy, procedures and planning Act as the industry representative to the Office of Horticulture Market Access, HEICC, iTAP, TAP and other market access forums Provide advice to the Vegetable Industry Advisory Committee / Strategic Industry Advisory Panel 	<ul style="list-style-type: none"> Additional market access activities, such as increasing the number of new market access applications in line with the <i>Vegetable Industry Export strategy 2020</i>, are necessary to increase the export opportunities available to levy paying growers

Output	Summary Methodology	Comments / Suggested Improvements
Broader trade and export industry participation	<ul style="list-style-type: none"> • Establish and maintain export and trade industry relationships with foreign buyers, exporting growers, Federal and State government officials and other international trade organisations • Attend export and trade industry events 	<ul style="list-style-type: none"> • Vegetable industry should participate and collaborate with other horticultural industries to create a wider horticultural offering to foreign buyers • Vegetable industry representatives to continue to support and attend official industry events to extend vegetable industry presence and build domestic and international networks
Communication and development of information database	<ul style="list-style-type: none"> • Maintain ongoing communications with the wider industry through online platforms regarding export opportunities, export readiness training courses, industry trade information and other relevant information and content • Prepare, design and develop export related factsheets, market snapshots and other resources and communicate / distribute to the wider industry 	<ul style="list-style-type: none"> • Continuing to keep all stakeholders within the vegetable industry up to date with latest export information is imperative to ensure all export opportunities are maximised

Outputs

VG13097 included the following five output work streams:

1. Reverse Trade Missions (RTM)
2. Developing international vegetable export opportunities
3. Market access policy and procedure
4. Broader trade and export industry participation
5. Communication and development of information database

Each output had project requirements and associated activities which were delivered throughout the life of the project. The following table summarises the activities carried out for each output requirement. Following the table the details of the activities carried out in the final milestone period, the variation period, are outlined.

Work Stream	Project requirements	Activities	Status
Reverse Trade Missions (RTM)	Deliver annual RTM with 40 delegates from at least four emerging export markets.	AUSVEG delivered RTMs in 2015, 2016 & 2017 <ul style="list-style-type: none"> • 2015 included 39 delegates from 7 markets • 2016 included 39 delegates from 6 markets • 2017 included 28 delegates from 9 markets 	COMPLETED
	Distribution and collection of post RTM surveys, to be completed by international delegates and grower participants.	100% participation in post RTM surveys in all years	COMPLETED

Work Stream	Project requirements	Activities	Status
Developing international vegetable export opportunities	Deliver commercial quality exhibitions at three international trade exhibitions annually.	AUSVEG delivered exhibitions at the following trade exhibitions: <ul style="list-style-type: none"> • Food and Hotel Indonesia, <i>April 2015</i> • Asia Fruit Logistica, <i>September 2015</i> • World of Perishables, <i>October 2015</i> • Foodex Japan, <i>March 2016</i> • Food and Hotel Asia, <i>April 2016</i> • Asia Fruit Logistica, <i>September 2016</i> • China FVF, <i>October 2016</i> • World of Perishables, <i>November 2016</i> • Gulfood, <i>February 2017</i> • Foodex, <i>March 2017</i> 	COMPLETED
	Trade exhibition participants. To complete post trade exhibition surveys.	Survey form was completed by participants.	COMPLETED
Market access policy and procedure	Representation of the industry on the Office of Horticultural Market Access advisory body and other relevant bodies	AUSVEG National Manager-Export Development represented the vegetable industry: <ul style="list-style-type: none"> • to the Office of Horticultural Market Access • as the registered industry representative on the Department of Agriculture Horticulture Exports Industry Consultative Committee (HEICC) • by participating in the industry Trade Advisory Panel (iTAP) • as a member of the steering committee for VG13048 • as a member of the steering committee for VG15074 	COMPLETED
	Prepare a summary report following AUSVEG attending a major meeting, trade mission/event.	Summary event outcomes and suggested future improvements were recorded following each trade event or meeting	COMPLETED
	Incorporate a section on meeting phytosanitary protocols and on the status of international trade agreements into six regular newsletters.	<ul style="list-style-type: none"> • A Market Access Matrix was created, and periodically updated, covering the top nine export markets plus China, and the top ten vegetable export commodities • The matrix was published on the AUSVEG website and provided to growers at various forums • An updated and expanded market access matrix was created as part of the Vegetable Industry Export Strategy 2020 • A Free Trade Agreement fact sheet was prepared outlining current FTA's and vegetable industry specific information on each FTA • All market access and free trade agreement information was provided to industry members through various channels 	COMPLETED

Work Stream	Output	Activities	Status
Broader trade and export industry participation	AUSVEG and vegetable growers to attend a minimum of six trade and export industry activities each year.	<p>AUSVEG attended the following events:</p> <ul style="list-style-type: none"> • AUSVEG SA International Trade Evening, 2015 • Tasmanian Fruit Growers Association Policy Forum, 2015 • Austrade Webinar on Hong Kong market prior to Asia Fruit Logistica, 2015 • Austrade Free Trade Agreement forum, 2015 • MENA (Middle East and North Asia) Connection Seminar hosted by Victorian Government, 2015 • Discussion of potential ASEAN markets hosted by Price Waterhouse Coopers, 2015 • Australia China Businessweek 2015 • AUSVEG SA / PIRSA International Trade Networking Event in South Australia, 2016 • Austrade Webinar prior to Food and Hotel Asia regarding Singaporean Market, 2016 • Austrade Webinar prior on Hong Kong market to Asia Fruit Logistica regarding Hong Kong Market, 2016 • Discussion with Austrade posts in Asia regarding in market trends and buyer movements, 2016 • Industry briefing on irradiation / x-ray treatment advancements with the USDA's Dr Peter Follett, 2016 • Australia China Businessweek 2016 • Gulfood 2017 • Foodex, Japan 2017 • HEICC meetings (2015/16/17) • iTAP meetings (2016/17) 	COMPLETED
	Create and maintain contacts to facilitate interaction between growers and international vegetable buyers.	<ul style="list-style-type: none"> • Industry contacts were created and maintained through a range of channels including introduction by Austrade posts in different markets for RTM candidate selection • Some international buyer contacts were created through introductions by existing grower-exporters • New industry contacts were identified and maintained through different inbound missions organised by other industries, e.g. Austrade, Trade Investment Queensland and the Victorian Government 	COMPLETED

Work Stream	Output	Activities	Status
Broader trade and export industry participation (cont)	Maintain and increase the number of industry contacts each year.	<ul style="list-style-type: none"> Export contacts database was developed and maintained throughout the life of the project, with an annual increase in total entries of approximately 50% 	COMPLETED
	Where consistent with the interests of the vegetable industry, contribute to publications of other organisations.	<ul style="list-style-type: none"> AUSVEG included series of Austrade Free Trade Agreement utilisation articles in Vegetables Australia from H2 2015 – H1 2016 AUSVEG generated content for media feature articles in publications such as Lloyds List, Asia Fruit Magazine and Produce Plus magazine AUSVEG incorporated multiple trade and export related articles in the bi-monthly Vegetables Australia magazine AUSVEG contributed to frequent print and radio media stories relating to the export of fresh produce 	COMPLETED
Communication and development of information database	Identify and communicate market access and development resources and opportunities to growers, exporters and other key stakeholders through six newsletters per annum.	<ul style="list-style-type: none"> Export updates in the all editions of Vegetables Australia in 2015/16/17 Frequent articles in the AUSVEG Weekly Update on export-related topics Communicated to growers opportunity to participate in a business matching event held by The Bank of China through the AUSVEG Weekly Update Communicated to exporting growers the opportunity to nominate for the Export Council of Australia's State and National export awards – through the AUSVEG Weekly Update and AUSVEG export E-newsletter Trade Talk released periodically over 2015/16/17 All market access and free trade agreement information was provided to industry members through various channels 	COMPLETED
	Develop a 4-page fact sheet on market access and development issues in 2015 and 2016.	<p>AUSVEG created:</p> <ul style="list-style-type: none"> Free Trade Agreements Factsheets Market Visit Checklist Market access matrix Market snapshots (10) Export readiness checklist Export costing worksheet 	COMPLETED
	Develop market profiles of 4 international markets per annum.	<p>AUSVEG created:</p> <ul style="list-style-type: none"> 10 market snapshots of key markets developed and published 10 market snapshots updated with current year data and information 	COMPLETED
	Maintain key contacts in emerging Asian markets to facilitate contact.	<ul style="list-style-type: none"> Contacts in key markets maintained through ongoing dialogue, trade missions and international trade events 	COMPLETED

Work Stream	Output	Activities	Status
Communication and development of information database (cont)	Communicate project key outcomes through AUSVEG industry communication channels	Periodic updates of key project outcomes published in AUSVEG Weekly Update and Vegetables Australia	COMPLETED
	Continued publication of the Export Readiness Checklist.	AUSVEG continues to maintain a range of export readiness, market access and market development information, tools and resources on the AUSVEG website: https://ausveg.com.au/export/export-resources/	COMPLETED
	Organise four market development seminars per year for growers, exporters and other key stakeholders.	AUSVEG delivered multiple export development seminars and workshops via a combination of methods including; at regional industry events, as part of export readiness training sessions, and in country workshops aligned with international trade events.	COMPLETED
	Creation of market access and development web content on the AUSVEG website.	AUSVEG published and periodically updated the following content on the AUSVEG website: <u>Market Development</u> <ul style="list-style-type: none"> • Free Trade Agreement • Market Snapshots for 10 markets <u>Market Access</u> <ul style="list-style-type: none"> • Market Access Matrix • Manual of Importing Country Requirement (MICO_R) 	COMPLETED
	A broad-based survey to be completed at the start of the project, the mid-project Review and the Final Report.	<ul style="list-style-type: none"> • AUSVEG survey on grower benefits from the Program in November 2015 • McKinna et al independent review on VG13097 commissioned by Hort Innovation in February 2016 • Ernst and Young independent program review on VG13097 in November and December 2016 	

Variation Period

Work Stream 1: Reverse Trade Mission (RTM)

Overview

The RTM in 2017 saw 28 delegates from nine markets visit growing operations in Western Australia and South Australia, with delegates ending their visit at the National Hort Connections conference. The proportion of delegates from the various markets can be seen in figure 1, with the majority of delegates coming from Thailand (22%).

The purpose of the RTM was to establish direct contact between the Australian vegetable industry and buyers in key export markets. The Mission provided the opportunity for a two-way information exchange between the buyer delegates and members of the Australian vegetable industry. Vegetable growers were given the opportunity to meet with and display their produce to these buyers on Tuesday 16th May 2017 National Horticulture Convention, Trade Show and Awards for Excellence. This Produce Display and the associated Buyers Meetings provided growers with the opportunity to facilitate their own connections and networks, as well as the chance to ask questions and learn more information about the buyers' home markets.

The RTM also provided a chance for the industry to display the high quality of Australian product achieved through continuous research and development in the industry. Providing these buyers with a better understanding of the Australian vegetable industry will ideally influence future purchasing decisions. The RTM focused on relationship building between the Australian vegetable industry and key international markets; developing and maintaining these relationships will be integral in further developing potential and current export markets.



Figure 1. Market proportions of delegates at the Reverse Trade Mission 2017

Survey details

The post RTM survey was distributed to all international delegates and grower participants after each RTM, the survey included the following questions;

- How worthwhile is the RTM?
- How engaging and informative were the RTM activities?
- Current import value
- The likelihood to increase import of Australian produce?
- How much trade do they anticipate as a result of RTM?

Growers also provided the following comments:

- *"It was really useful, as we were able to meet top suppliers for many Australian vegetables in the same place. It is very efficient to talk and research the suppliers in Australia"*
- *"Meeting with the growers directly helps us a lot in finalising the deals."*
- *"The farm visits are always the best for us in order to understand grower capabilities and readiness to trade"*

Work Stream 2: Developing international vegetable export opportunities

In order to achieve the outputs of developing international vegetable export opportunities in the variation period, trade exhibition presence for Australian growers were provided at two quality international trade exhibitions; Gulfood 2017, and Foodex Japan 2017.

With the purpose to add value for the Australian delegates, AUSVEG organised an additional day of site visits for Australian growers prior to all five tradeshow. The site visits provided delegates with an opportunity to visit multiple supermarkets and retailers, wholesaler markets and wholesalers that operate in the local markets. Providing an opportunity for growers to see retailers in international markets provides valuable market insights such as pricing and packaging. In addition to visiting local supermarkets, growers were able to speak with local consumers to discuss their fresh vegetable purchasing habits. Full event itineraries can be found in Appendix 1.

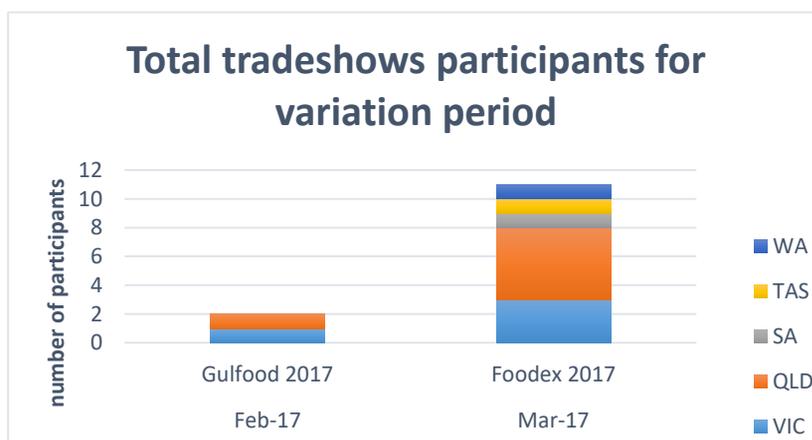


Figure 2. the numbers of grower participants per state in the exhibitions run by AUSVEG at Gulfood 2017, and Foodex 2017

Trade event survey results and analysis

At the conclusion of the two international trade events, delegates were asked to complete a short survey about their participation in the trade events and rate the achievable outcome from attending the trade events. All surveys were completed and returned, either via hard copy or electronically. Grower participation in the survey was 100% (table 1) with overall positive responses across all questions on both grower experience and expected outcomes, see figures 5 and 6 for values. The post tradeshow surveys included questions covering:

- Rating the overall Vegetable industry presence at the relevant tradeshows
- The usefulness in attending the tradeshow from the grower's aspects
- Anticipated trade as a result of participation

Table 1. the number of growers who attended the Q1 2017 international tradeshows and the number of growers who participated in the feedback survey.

TRADE EVENTS	NUMBER OF GROWER DELEGATES	NUMBER OF PARTICIPATING DELEGATES IN SURVEY
GULFOOD 2017	2	2
FOODEX JAPAN 2017	11	11
TOTAL	13	13

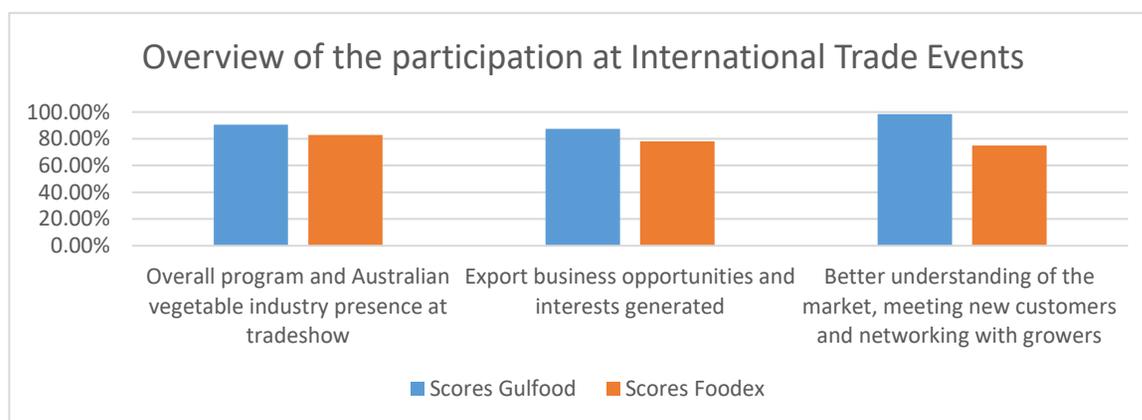


Figure 3. Participant response to questions to rate the Australian participation at the two international trade events in 2017

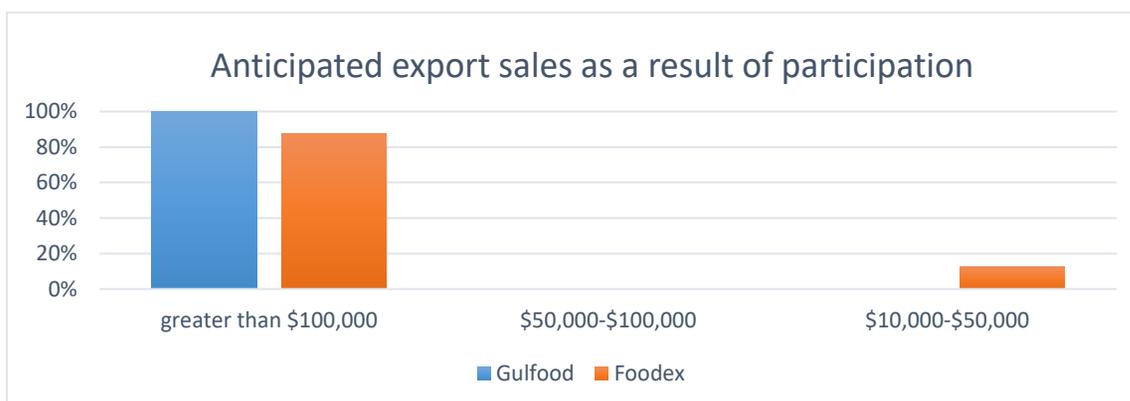


Figure 4. Participant response to achievable outcomes as a result of the Australian Vegetable Industry Participation at the two international trade events in 2017

In addition to the set questions, the growers were asked to provide further feedback in regards to the Australia vegetables participation at the international tradeshows, examples of that feedback are below:

- *"Good learning opportunities regarding the international market and how to exploit these opportunities by differentiating your products"*
- *"More coordination between industries would add a lot of value to Australian presence as a whole"*
- *"It has been an excellent experience to learn about the market and customer preferences"*

Work Stream 3: Market access policy and procedure

- Participated in all industry Trade Advisory Panel and Horticulture Export Industry Consultative Committee (HEICC) meetings to represent the industry's interests.
- As part of development of the Vegetable Industry Export Strategy 2020, a number of market access and market improvement priorities, and the associated business cases, have been developed for submission to the Trade Assessment Panel.

Work Stream 4: Broader trade and export industry participation

Participated in Gulfood 2017 and Foodex Japan 2017 – see output 2 for full description of tradeshows

Work Stream 5: Communication and development of information database

Throughout the variation period AUSVEG have delivered the outcomes under this work stream by consistently communicating with growers through a variety of channels, and engaging with media outlets and industry publications to assist with information dissemination. For further details refer to the activities outlined under work stream five in the outputs matrix above.

Outcomes

VG13097 included the following five work streams:

1. Reverse Trade Missions (RTM)
2. Developing international vegetable export opportunities
3. Market access policy and procedure
4. Broader trade and export industry participation
5. Communication and development of information database

Each work stream had associated outcomes which were delivered throughout the life of the project. The following table summarises the status of delivery for each work stream outcome. Further details on how the outcomes were achieved is outlined below the table.

Work Stream	Outcome	Status
Reverse Trade Missions (RTM)	Facilitate export networks between Australian growers and industry leaders in the Asia Pacific.	COMPLETED
	Export market development of Asia-Pacific markets for fresh vegetables.	COMPLETED
	A professionally run experience for delegation members, in-line with best practice for comparable familiarisation tours and international trade delegations.	COMPLETED
	Showcase the high quality of Australian vegetables to Asian buyers with particular reference to the world-class research and development completed by the industry.	COMPLETED
Developing international vegetable export opportunities	Communicate the qualities of Australian produce to representatives from key emerging fresh produce markets.	COMPLETED
	Facilitate networking between leading growers and industry representatives with international industry representatives.	COMPLETED
	Assist in increasing Australian vegetable exports (vegetable levy payers) in the long run as outlined as a goal in the strategic investment plan for the vegetable industry.	COMPLETED
	Showcase the high quality of Australian vegetables to Asian and Middle Eastern buyers, with particular reference to the world-class research and development completed by the industry.	COMPLETED

Market access policy and procedure	Reduce and remove market barriers for trade in Australian vegetables.	COMPLETED
	Provide market access assistance to potential and actual vegetable exporters in various forms.	COMPLETED
	Represent the market access related interests on behalf of growers to government.	COMPLETED
	Act as the interface between the international agencies and vegetable growers	COMPLETED
	Review and track the export performance of vegetable commodities and identify market constraints	COMPLETED
	Suggest, guide and facilitate strategies and roadmaps that provide direction for the vegetable industry on matters of market access policy and procedure	COMPLETED
Broader trade and export industry participation	Maintain continuous dialogue and build relationships with trade and export industry.	COMPLETED
	Ensure growers are linked to relevant organisations to access market development opportunities.	COMPLETED
Communication and development of information database	Create awareness about market access and development and educate growers that it is a crucial instrument for industry growth and market expansion.	COMPLETED
	Provide access to grower and knowledge regarding exporting vegetables to increase Australian growers' confidence to export to key Asian markets.	COMPLETED
	Enhance the understanding of export requirements and existing support available for export development.	COMPLETED
	Create and stimulate grower's interests and confidence in exporting to develop international business opportunities.	COMPLETED
	Provide sufficient support to the industry to reduce and minimise unknowns and hesitation exists in the industry.	COMPLETED
	Provide growers the opportunity to access technical expertise through seminars and communications activities.	COMPLETED

Outcome Details

Reverse Trade Mission (RTM)

- The initial phase of the project, commencing in January 2015, saw AUSVEG conduct research into the previous RTMs (conducted by AUSVEG in 2013 and 2014).
- Building on the recommendations from the previous missions, more significant research into markets (and potential participants from those markets) was undertaken. Based on trade data, appropriate markets were selected, all of which had been identified as potential target markets in the original brief: Hong Kong, Singapore, Malaysia, Japan and the United Arab Emirates.
- AUSVEG worked closely with the Australian Trade Commission (Austrade) to identify the best candidates from these markets for the mission. These candidates were identified by Austrade as dealing in fresh produce with a specific interest in vegetables, as well as having previously traded with Australia (and therefore having relevant practices and supply chains in place to import from Australia).
- The Reverse Trade Mission delegations attended the Produce Display event along with the National Horticulture Convention in 2015, 2016 and 2017.
- Delegates were delivered a program that showcased the industry, research and development aspects of the industry and made direct connections with a variety of growers from across the country.
- Feedback from participating growers and buyers was highly positive and directly contributed to the overarching ROI delivered by the program.

2. Developing international vegetable export opportunities

- Australian themed booths and stand design highlighted the significant amount of research and development funding invested annually in the Australian vegetable industry and enhanced key messaging such as traceability, quality and food safety.
- Show bags that highlighted Australian research and development were distributed.
- Collateral within the show bags included:
 - The 2016 Grower Directory
 - Australian vegetables seasonality chart
 - Australian vegetables growing regions
 - Biosecurity flyer
- Display refrigerators were organised at all tradeshows. This is a visually appealing structural component and presents a professional image for the stand, allowing buyers to visualise what Australian vegetables look like on a supermarket shelf.
- In addition to cold storage, there was also unrefrigerated display space available on the stand, located strategically around the stand that featured collateral and audio-visual elements to maximise visual impact on passers-by.
- The concept and development of the stand also included layout consideration to ensure that stand was engaging and had the appropriate amount of space to welcome visitors and conduct sit down meetings.
- Cooking demonstrations were used to highlight how Australian vegetables can be integrated into local cuisine.

3. Market Access policy and procedure

- Attendance at OHMA, HEICC and iTAP meetings enabled AUSVEG to discuss broader market access issues within the industry, as well as future strategies regarding exports across horticulture, with various industry stakeholders.
- Development of VG15052 Vegetable Industry Export Strategy 2020 identified market access priorities for the industry, and also the business cases for submission to the Trade Assessment Panel in 2017, which should start to see increased market access progress for the vegetable industry.
- Resolution of the Taiwan protocol for carrot exports from areas with the nematode 'Radopholus', which should assist Western Australian, South Australian and Queensland carrot exporters to access this market.

4. Broader trade and export industry participation

- Expanded network of contacts has been developed across a wide variety of industry stakeholders including:
 - Australian vegetable growers
 - State and federal government representatives
 - Supply chain organisations and allied industries
 - Aligned horticultural importers/exporters
 - In-market stakeholders
 - International buyers

5. Communication and development of information database

- A range of different articles were produced during the project and published in Vegetables Australia and Weekly Updates for growers to access and understand the opportunity available on international markets.
- Additionally, the recently established FTAs (ChAFTA, KAFTA and JAEPA) were summarised as well as information regarding the utilisation of JAEPA was published encouraging growers to make sure they utilised FTA to receive the full tariff reduction on their exports to these markets.
- All necessary industry advice notice was communicated to the relevant growers and industry upon release. Industry updates in Trade Talk newsletters were produced covering the topic of EMDG applications, Free Trade Agreement updates, feedback sought on biosecurity and export certification cost recovery arrangements, growth in Australian vegetable exports in 2015 and 2016, progression of TPP negotiations and information on the new cost schedule for plant exports.
- The communication maintained through AUSVEG Weekly Update, Trade Talk and the export column in Vegetables Australia often covers topics that encourage growers to participate in exports and provide necessary information for the growers to access.
- Various seminars and symposiums were conducted during the life of the project to provide growers with face to face learning and communication opportunities.

Variation Period Outcomes

AUSVEG led a delegation of vegetable growers to attend the following tradeshows in the first half of 2017 to enhance the opportunities that Australian vegetable growers have in key export markets. The international tradeshows that were undertaken by AUSVEG during this milestone period were Gulfood 2017, and Foodex Japan 2017. Additional inbound activities in the Reverse Trade Mission 2017 was run in May 2017 to facilitate export networks between Australian growers and industry leaders in foreign markets, and showcase the high quality of Australian vegetables to international buyers.

Activity	Preliminary outcome
Gulfood, Dubai: 26 February - 2 March 2017	<ul style="list-style-type: none"> • Victorian co-operative grower engaged in extended discussions with Emirates Flight Catering in Dubai to offer a comprehensive product line including snack-pack. • Victorian co-operative grower progressed discussions with Oasis Food International to supply niche product. • Queensland salad grower organising first shipment to Emirates Flight Catering for bulk lettuce and herb lines.
Foodex, Japan, 7 – 10 March, 2017	<ul style="list-style-type: none"> • Victorian cabbage grower engaged in extensive discussion with Japanese food service provider to supply during May to July. • Queensland beetroot grower/packer extended their business relationship with Costco Wholesaler. • Queensland broccoli grower further their relationship with Union for continuous supply. • Tasmanian chantenay carrots received huge interest from CGC Japan.
Reverse Trade Mission 2017	<ul style="list-style-type: none"> • SA potato grower achieved immediate trade with Singaporean importer. • WA celery grower quoting Tesco, Leong Hock Seng Fresh in Malaysia on continuous supply of four reefers per month. • Victorian brassicas and broccoli grower to launch new purple cauliflower line with Singaporean importer. • WA corn grower quoted loose and packaged corn supply to Saudi Arabian importer. • Japanese importers requested trial shipments of WA corn. • Victorian grower cooperative quoted Kuwait importer on rainbow chard, celery and hydroponic product supply. • SA Kalettes grower engaged with Emirates Flight Catering to discuss incorporating the new produce into their menu.

Evaluation and Discussion

Program Overview - Summary table.

Program Duration	1 June 2014 – 31 May 2017
Program Budget	\$3.4 m
Independent Review	McKinna et al review commissioned by Hort Innovation, Feb 2016
Program Review	Conducted by Ernst & Young, Nov-Dec 2016
Return on Investment (ROI)	\$16.4M net benefit, 489 % ROI (Ernst & Young, 2016)
Total grower business that engaged with the program	<ul style="list-style-type: none"> • 74 participants in tradeshows • 99 participants in produce display event • 18 growers hosted inbound delegations at their farm

1. Internal Evaluation

Throughout delivery of the program, AUSVEG continually reviewed and evaluated delivery of program outputs and the strategic direction of the program.

AUSVEG implemented the recommendations of the independent review undertaken by McKinna et al and released by Hort Innovation in February 2016, and validated the delivery methodology as part of the Ernst & Young Program Review in late 2016.

Revisions to the approach to delivering the suite of different program outputs were made as required to continue to deliver a high-quality, professional export development program on behalf of the vegetable industry.

2. Independent review of VG13097 by McKinna et al

In February 2016, McKinna et al conducted an independent review on the Vegetable Industry Market Access and Development program to measure the effectiveness of the project and make recommendations regarding future investment in export development in the vegetable industry.

McKinna's evaluation scored the program 86/100 - to put this score into perspective, of all the horticultural industry's export programs, only the Citrus Australia export program scored higher than the AUSVEG export program.

Some of the salient excerpts from the final report are as follows:

- The project is heavily oriented towards building industry export readiness and capability, focusing on new and potential exporters (although long standing established exporters have also been involved). In this respect, the spread of project activities is well balanced and appropriate for the industry at this stage of export development.
- Relative to other projects reviewed in this series, the vegetable industry projects rate extremely well. They have been judged by the reviewers as being strategically sound

with an appropriate and balanced mix of activities. They are professionally managed and the project managers have been effective at engaging industry. The project managers can credibly demonstrate that they have delivered effective outcomes and value for money.

- While the projects do appear to be highly effective already, areas where they could be even further improved include:
 - Linkage to an industry export development strategy (in progress)
 - More strategic insights about global market dynamics
 - Detailed market intelligence in target markets, particularly in relation to high value, premium products where Australia has a competitive advantage
 - Pricing information and trends
 - A formal Biosecurity Management Plan
 - Strategies to improve Australia's global competitiveness.
- The project reporting goes to some length to demonstrate the tangible outcomes of these projects and the fact that they have delivered excellent value for money. It cites case studies and presents calculations of the incremental export growth directly attributable to these projects. This analysis includes an estimate of the return on investment (ROI). Although the calculations are necessarily crude, they do have some basis. Based on the evaluative framework, the project rated 86/100, which would classify it as 'excellent'. Other industries could learn much from the manner in which these projects have been managed.
- The report recommends that Hort Innovation invest in a new three-year project covering all market access and development work after the conclusion of these projects. The report spells out in some detail the suggested direction of any new project.

The full report can be found at Appendix 2.

3. Program review of VG13097 by Ernst & Young

Ernst & Young were engaged to undertake an independent and objective validation of the commercial outcomes and return on investment achieved by the vegetable industry during the delivery of VG13097.

Overall, the growers that participated and engaged with the program achieved a total of \$34.9m in export revenue in the last 12 months, \$19.8m of which is attributable to the program. The report shows an acceleration in financial benefits combining the findings of the current and 2015 review representing 77% of the anticipated revenues in optimistic scenario and yields \$16.4m net benefits and 489% ROI.

Some of the prominent extracts from the review and survey report are as follows:

- The program has delivered a wide range of benefits to growers including better understanding of export markets, connecting buyers and growers as well as building capabilities and skills to manage exports.

- The program represented an initial investment in capacity building and introduction of buyers to growers.
- The range of activities underpinned VG13097 are recognized as being beneficial in assessing new markets and be introduced to reliable customers.
- Seminars and workshops have reinforced networking with like-minded growers and provided platforms for growers to learn from others' experiences.
- Respondents in the survey have indicated that introduction to new customers is the most valuable aspect of the export program delivered by AUSVEG.
- The total export revenue from respondents was valued at \$34.9m in the last 12 months during the survey, of which on average 56.7% of revenue is attributable to the program.
- With the combination of findings of current and 2015 review, it shows an acceleration in financial benefits under the AUSVEG delivery of the export program.
- The export program has been most beneficial to new growers-exporters which the participation in the program has helped these growers to receive support from AUSVEG in developing their export business.

The full report can be found at Appendix 3.

Recommendations

Following the successful delivery of the VG13097 - Vegetable Industry Market Access and Development Program, AUSVEG makes the following recommendations for any future vegetable industry export development program:

- Deliver all future vegetable industry actions in line with Vegetable Industry Export Strategy 2020 (VG15052) or future versions of the industry's export strategy.
- Greater collaboration with State and Federal governments and other industry stakeholders to develop and progress priority market opportunities in alignment with the Vegetable Industry Export Strategy 2020 to deliver positive outcomes for the national industry.
- The target markets for future inbound trade mission delegates should not be tied to specific markets to allow flexibility to include delegates from various markets as opportunities present, and should be done in alignment with the priority markets identified in the Vegetable Industry Export Strategy 2020.
- Consider enhancing the existing industry model for inbound trade missions, to broaden the reach to more remote regions across the country, by exploring an alternate delivery method.
- There is a clear need to build the industry's capability and understanding around technical market access topics and requirements, such as Protocols and MRLs to grow fresh vegetable exports into additional markets in the future.
- Continue to deliver a variety of export readiness, education and awareness activities to build industry knowledge and capability regarding exporting, which contributes to creating an export culture within the national vegetable industry.

Scientific Refereed Publications

None to report

Intellectual Property/Commercialisation

No commercial IP generated

Acknowledgements

AUSVEG wishes to acknowledge the following stakeholders that contributed to the successful delivery of VG13097.

- Horticulture Innovation Australia Ltd
- Austrade
- Export Council Australia
- Queensland Department of Agriculture & Fisheries
- Trade & Investment Queensland
- Victorian Government DEDJTR Trade Team
- Department of Agriculture and Water Resources

Appendices

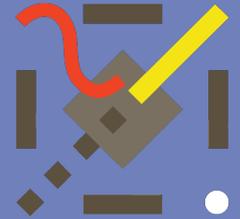
APPENDIX 1: Itineraries for tradeshows participated in during 2017

Gulfood 2017 itinerary

Date	Activity
Thursday 23/2	Delegates and staff depart for Dubai from Australia
Friday 24/2	Group Welcome Dinner: 8.00pm
Saturday 25/2	Day of Site Visits: <ul style="list-style-type: none"> • Tour Spinneys • Tour Carrefour • Tour LuLu Supermarket AUSVEG Staff: Gulfood Booth bump in from 2pm
Sunday 26/2	Gulfood - Day 1 11am – 7pm Victorian Government Welcome Reception at 8pm
Monday 27/2	Gulfood - Day 2 11am – 7pm Australian Gulfood Networking Reception organized by Hort Innovation, Austrade and Meat & Livestock Australia.
Tuesday 28/2	Gulfood - Day 3 - 5 11am – 7pm
Wednesday 1/3	
Thursday 2/3	
Friday 3/3	

Foodex Japan 2017 itinerary

Date	Activity
Sunday 5/3	Delegates and staff depart for Tokyo, Japan from Australia Group Welcome Dinner: 8:00pm
Monday 6/3	Day of Site Visits: <ul style="list-style-type: none"> • Tour Ota Wholesale Market • Australian Embassy Briefing • Tour Union supermarket • Tour Meidi-Ya • Tour AEON Flagship Store • Tour Costco Wholesale AUSVEG Staff: Foodex Booth bump in from 2pm
Tuesday 7/3	Foodex – Day 1 10am – 5pm
Wednesday 8/3	Foodex – Day 2 10am – 5pm Austrade Networking Reception at 8pm
Thursday 9/3	Foodex – Day 3 - 4 10am – 5pm
Friday 10/3	
Saturday 11/3	Depart from Japan to Australia



McKINNA *et al*
Strategic Insight
Global Outlook

Horticulture Innovation Australia

Independent review of market development projects:
VG 13097 Vegetable industry market access & development
program
VG 13069 Developing vegetable export opportunities in Asia
and the Middle East 2014

February 2016

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To see a better way ... try a fresh set of eyes

Dr David McKinna

DDA Agricultural Science, Dookie College
Bachelor of Economics (First Class Honours)
Masters of Economics, Monash University
PhD Business Strategy, Cornell University (USA)

David has been a pioneer of export market development strategy for Australian agrifood. He has devised trade strategies across numerous commodities in all of Australia's key export markets, but with a particular focus on red meat, seafood and horticulture. David is a former director of Apple & Pear Corporation. He is a sought after spokesperson and opinion leader on global agrifood issues and is frequently quoted in leading business publications for his insight.

Catherine Wall

Bachelor of Arts, University of Melbourne (VCA)
Grad Dip Business, Monash University
MBA, Monash Mt Eliza
GAICD

As managing partner of McKINNA *et al* for over 12 years, Catherine has participated in numerous in-market export development studies for Australian agrifood, FMCG and education products on behalf of government, universities and the private sector. Catherine has conducted in-market qualitative market research, with both trade and consumers, in all of Australia's key export markets. She has career experience in managing an industry leading horticultural business.



Acknowledgements

The authors of the report acknowledge assistance from the following organisations:

AUSVEG Australia Ltd
Horticulture Innovation Ltd

Glossary

BMP	Biosecurity Management Plan
DAWR	Department of Agriculture and Water Resources
Hort Innovation	Horticulture Innovation Australia
HAL	Horticulture Australia Limited (predecessor to Horticulture Innovation)
KPI	Key Performance Indicator
Milestone	A significant point or event in a project
Output	A product or service generated by activities within a project
Outcome	A consequence or impact of the use of an output(s) of a project
ROI	Return on investment
SFA	Statutory Funding Agreement
SWOT analysis	An analysis of strengths, weaknesses, opportunities and threats



Executive summary

This report outlines the findings from a review of the projects **VG 13097 Vegetable industry market access & development program** and **VG 13069 Developing vegetable export opportunities in Asia and the Middle East 2014**.

The two projects have been reviewed contemporaneously as the industry effectively manages both projects as part of a broader body of export market development activity. The projects are managed by the AUSVEG with Michael Coote, National Manager - Export Development leading the projects.

The purpose of the review is to assess the effectiveness of both projects and make recommendations regarding future investment in export development in the vegetable industry.

The project methodology involved the discovery and review of relevant documentation; engagement with a cross section of stakeholders within industry and government; analysis including a SWOT analysis; and reporting.

The projects were evaluated against three high-level themes:

1. Was it the right project?
2. Was it well executed?
3. Did it deliver satisfactory results?

Cascading below these high-level questions was a series of evaluative criteria with weighted scores.

The two projects have involved trade development activities under five key streams:

1. Reverse trade missions
2. Developing international vegetable export opportunities
3. Market access
4. Broader trade and industry participation
5. Communication and development of information database.

The above streams include participation in trade shows, industry communications on export issues, regional export introduction workshops, liaison with trade officials and industry bodies engaged in export, and providing informal assistance to individual exporters.

The projects are heavily oriented towards building industry export readiness and capability, focusing on new and potential exporters (although long standing established exporters have also been involved). In this respect, the spread of project activities is well balanced and appropriate for the industry at this stage of export development.



Relative to other projects reviewed in this series, the vegetable industry projects rate extremely well. They have been judged by the reviewers as being strategically sound with an appropriate and balanced mix of activities. They are professionally managed and the project managers have been effective at engaging industry. The project managers can credibly demonstrate that they have delivered effective outcomes and value for money.

While the projects do appear to be highly effective already, areas where they could be even further improved include:

- Linkage to an industry export development strategy (in progress)
- More strategic insights about global market dynamics
- Detailed market intelligence in target markets, particularly in relation to high value, premium products where Australia has a competitive advantage
- Pricing information and trends
- A formal Biosecurity Management Plan
- Strategies to improve Australia's global competitiveness.

The project reporting goes to some length to demonstrate the tangible outcomes of these projects and the fact that they have delivered excellent value for money. It cites case studies and presents calculations of the incremental export growth directly attributable to these projects. This analysis includes an estimate of the return on investment (ROI). Although the calculations are necessarily crude, they do have some basis.

Based on the evaluative framework, the project rated **86/100**, which would classify it as 'excellent'. Other industries could learn much from the manner in which these projects have been managed.

The report recommends that Hort. Innovation invest in a new three year project covering all market access and development work after the conclusion of these projects. The report spells out in some detail the suggested direction of any new project.



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Foreword

The consulting team has made every endeavor to conduct a frank, fair and independent assessment of this project without fear or favour and with emphasis on making constructive suggestions for improving outcomes from future investments in export market development.

The review is based on the information made available to the reviewers by Hort Innovation and AUSVEG. The review team has given the stakeholder parties encouragement and every opportunity to provide whatever material they think is relevant to the review. It should be noted that AUSVEG provided more detailed reporting information than that required in the HAL milestone report templates and prepared a summary presentation detailing outcomes from both projects.

The report refers to Hort Innovation and its predecessor Horticulture Australia as separate organisations. Where a discussion point is raised pertaining to an historical issue or prior practice, the acronym HAL is used. The review has been conducted in consideration of the context of the previous HAL framework, systems and procedures from within which the original project agreements were conceived. That context varies considerably from the new Hort Innovation model.



Section 1 | Objectives

The central objective of this review is to evaluate the two vegetable export market development projects, **VG 13097** and **VG 13069** as follows:

- Determine whether the projects have been managed responsibly and that all contractual requirements with Horticulture Innovation are being adequately met.
- Review activities undertaken by the projects and their appropriateness for the industry to enhance market access / market development / industry development.
- Assess the quality and significance of outputs delivered by the projects.
- Assess the level of engagement of the projects with levy-paying growers and other relevant stakeholders.
- Assess the benefits to industry, progress towards achieving intended outcomes (effectiveness) and on-going relevance of the investments to the industry.
- Assess the appropriateness of any monitoring and evaluation that has been implemented for the project and ability to measure impact.
- Undertake a SWOT analysis of the industry market access / market development program.
- Make recommendations for future Horticulture Innovation investment in market access / market development programs for the industry.



Section 2 | Methodology

2.1 Approach

The review methodology involved the following components:

1. Desktop analysis
2. Development of an evaluation framework
3. Industry consultation (see list below)
4. Analysis based on expert opinion
5. Reporting

2.2 Consultation reach

The following individuals and organisations were consulted in this review:

QUEENSLAND	
Kees Versteeg	Qualipac
Matt Hood	Rugby Farm
Paul Cranch	Trade & Investment, Lockyer Valley Regional Council
Robert Hinrichsen	Kalfresh
SOUTH AUSTRALIA	
Kingsley Songer	4 Ways Fresh
Joe Mondello	Marrone Fresh
Danny De Leso	Thorndon Park Produce
Michael Vorrasi	DSA Fresh
Jordan Brooke-Barnett	AUSVEG
WESTERN AUSTRALIA	
Pennie Patane	Patane Produce
Dane Capogreco	Capogreco Farms
John Shannon	Horticulture WA
Dominic Jenkin	Horticulture WA
Vincent Tana	Sumich
Peter Wauchope	Center West Export
Maureen Dobra	The Loose Leaf Lettuce Company
VICTORIA	
Mat Roberts	Freshpoint Produce
Chris Schreurs	Schreurs & Sons
James Terry	Momack Produce
Michael Coote	AUSVEG
Andrew White	AUSVEG



2.3 Evaluation framework explanation

A simple evaluation framework has been developed to assess seven particular horticulture export programs (including these two), against Hort Innovation's Statutory Funding Agreement (SFA) and the terms of reference of each of the seven reviews. The intent of the framework is to create a standardised base for assessing all Hort Innovation's future trade projects; hence the criteria are intentionally generic and high level.

The framework is based on a number of simple questions, against which the authors have framed their expert and independent opinion. Ideally the framework would be based on more objective measurements, but the reality is that most project outputs and outcomes will be multi-faceted and therefore subjective evaluation is necessary. Consequently, any review using this evaluation framework needs to be based on expert judgements from experienced and independent evaluators.

The consulting team has attributed a score weighting to the framework based on expert judgement of the relative importance of the criteria. The intention of the scoring scale is to allow Hort Innovation to rank and benchmark future projects across multiple industries.

The evaluation framework is structured around three fundamental questions that frame a set of more detailed criteria:

- A: Was it the right project?
- B: Was the project well executed?
- C: Did the project deliver results?

The table following outlines the framework and detail within each of the criteria sets. It also notes the allocated weighting to each evaluative criterion.

Notes on methodology

The approach to evaluating this project is a little different to that used for a classic industry R&D project. Although these projects are supported by an industry R&D funding stream, they fund market development activity, which involves a totally different paradigm.

With scientific industry R&D projects there is always a research goal that has clearly specified outputs and outcomes. The project is then evaluated against whether it achieved the goal that it set out to achieve and the extent to which the findings from this discovery resulted in behavioral change within the target industry cohort. In contrast, with market development projects the project managers have little control over most of the factors that could lead to success. Although the central outcome may be to achieve or improve market access, in reality this outcome is largely in the hands of foreign governments and the vagaries of geopolitical influences. In this case, the desired behaviour change is not within industry, but with foreign officials, over whom the project team has no direct control.



These projects therefore need to be assessed against whether the project managers have invested the allocated resources in activities that, to the best of their abilities, will give the industry its greatest chance of success and whether these projects have been well managed. The underlying strategy will also be assessed because the starting point in successful project management is to have a sound strategy from which the activities are directed.



2.4 Evaluation framework with score weighting

The maximum score for each criterion is noted in the table below:

CRITERIA SET A: Was it the right project?			20%
1	Relevance	<ul style="list-style-type: none"> Was this project a high priority for the industry relative to its challenges / opportunities? Did this project align with the industry strategy? 	10
2	Objectives	<ul style="list-style-type: none"> Did the objectives accurately capture the intent of the project? Did it clearly articulate the desired outcomes? Were the goals/targets measurable and realistic? 	10
CRITERIA SET B: Was the project well executed?			35%
3	Appropriateness of approach	<ul style="list-style-type: none"> Was the methodology appropriate for delivering the objectives? 	5
4	Capability & resources	<ul style="list-style-type: none"> Did the project leader/team have the skills and knowledge to adequately conduct this project? Was the project adequately resourced relative to its objectives and methodology? Were the resources applied used appropriately? 	5
5	Quality of work	<ul style="list-style-type: none"> Were the quality of the outputs up to best practice business standards? Did the project team adequately capture subject matter expertise? 	5
6	Project management	<ul style="list-style-type: none"> How well was the project managed (in terms of reporting and administration) as well as meeting budgets and schedules? 	5
7	Industry engagement	<ul style="list-style-type: none"> Did the project team consult with industry and engage them in the process? Were findings/learnings adequately communicated? 	5
8	Collaboration	<ul style="list-style-type: none"> Did the project managers collaborate with other stakeholder organisations appropriately? Were attempts made to capture the knowledge from other industries/institutions/individuals? 	5
9	Performance monitoring	<ul style="list-style-type: none"> How effective was performance monitoring and reporting in terms of measuring the outputs and outcomes? 	5
CRITERIA SET C: Did the project deliver results?			45%
10	Outputs	<ul style="list-style-type: none"> Did the project deliver what it said it would? What were the tangible outputs? 	10
11	Industry adoption / buy-in	<ul style="list-style-type: none"> To what extent has industry adopted / supported the key learning's from the project? Has it resulted in industry cultural / behavioural change? 	10
12	Outcomes	<ul style="list-style-type: none"> Did the project achieve the outcomes forecast? If not, was there demonstrable progress towards outcomes? Has it achieved industry-wide practice change? Did it lead to any continuous improvement outcomes? Were there valuable unintended outcomes? 	10
13	Value for money	<ul style="list-style-type: none"> Did the outcome represent good value for money for the industry? Did the investment represent good value in terms of public good? Were the financial estimates of the value created adequately reported? Were the non-financial benefits measured and articulated? 	15



Section 3 | Project contractual arrangements

3.1 Project overview

This review simultaneously assesses two projects VG13069 and VG13097, which have some overlap across the funding periods.

VG13069 Developing vegetable export opportunities in Asia and the Middle East 2014. Executed 21/1/2014

This project supplemented VG13097 and other market development activities by taking delegations of vegetable growers and industry members to exhibit at trade exhibitions in Asia and the Middle East. The objectives were to generate interest in Australian vegetables amongst potential buyers; demonstrate to these buyers the high quality of Australian vegetables; establish direct contacts between Australian industry and buyers; and increase knowledge and confidence in exporting amongst Australian growers.

The project was initially granted 'total life of project' funding of \$684,985.77, made up of \$505,930.33 in 2013/14 and \$179,064.44 in 2014/15 to fund participation in the three events for 12 delegates. The project contributed \$148,331 towards AUSVEG staff costs and overheads to coordinate the three events, including final reporting.

The project had only two milestones in its 12-month duration, the first on signing the agreement with payment of \$505,930 (73% of total budget) and the second, final payment on delivery of the final report 12 months later. VG13096 will be incorporated into VG13067 for 2015 and 2016.

VG13097 Vegetable Industry Market Access and Development Program. Executed 23/6/2014

The intent of this project is to shift the focus of the Australian vegetable industry from the domestic market towards Asia and other export markets. Its approach is to *"facilitate, coordinate and communicate market access and development information and opportunities to grower. It aims to address the impediments to export markets identified by a previous project VG12042. It is intended to address the impediments through five work streams on: Reverse trade missions; Developing international vegetable export opportunities; Market access policy and procedure; Broader trade and export industry participation; Communication and development of information database"*.

The intention is to create export market opportunities by showcasing high quality Australian vegetables to Asian and Middle Eastern vegetable buyers, highlighting in particular, the world-class research and development conducted by the industry to underpin that quality and the product safety.

Under the agreement, the project was granted 'total life of project' funding of \$3,275,120. This covered: costs of two reverse trade missions for 40 delegates at a total cost of \$864,000; participation in three trade shows per year at a total cost of \$1,206,000; and costs associated with AUSVEG staff and office/administration at



\$906,000. The project concludes 31/12/2016. The contract has 6 milestones, with a *Milestone 104 Stop/Go mid-term review report on activities and achievements from past six months due on 31/12/15.*

3.2 Project context

The following is intended to provide some context to the project review and the underlying rationale behind the findings. Collectively the Australian vegetable export sector generated \$270 million in 2014-15. The top five markets include Japan, New Zealand Singapore, UAE and Malaysia.

Australian vegetable exports are recovering from a slump in trade. There was a decline in exports between 2011 and 2014, which was largely a result of the high Australian dollar at that time. The sector is showing strong recovery due to the significant depreciation in the Australian dollar, the deflationary state of the domestic fresh market and the interest in exporting from a new generation of growers who are ambitious to try new things and explore global opportunities.

In the global context, Australia cannot compete directly on price in most categories of vegetables, largely because of relatively high labour costs. Depending on the category, the competitor set for Australian vegetable exports includes China, Malaysia, Vietnam, United States, Canada, New Zealand, South America and South Africa.

In most categories Australia can only compete where seasonal windows exist or in niche market segments where customers are prepared to pay a premium for perceived quality and product integrity. The main issue impacting global competitiveness is Australia's high labour cost, as most vegetable products are labour intensive. There are strong indications that the global premium vegetable market segment is growing and that there are potential opportunities for value-added and pre-packed products, although much more market research is needed.

A significant part of current vegetable exports comprises opportunistic trading by exporters with product sourced from the market floors of capital city wholesale markets. Quality and product consistency cannot be guaranteed with such a system and products are not designed to match specific market preferences. This form of trading is quite disruptive and is not conducive to long-term market development. It also tends to have a dilutive effect on pricing.

Market access to China is problematic for all fresh food and given the intense competitiveness of the vegetable market, the investment necessary to gain market access probably cannot be justified. There are also market access issues in Japan on a commodity-by-commodity basis. Indonesia is also problematic although potentially it could be a very large market for Australian vegetables. Restrictions on importing and internal distribution challenges make this difficult.

The vegetable exporter sector comprises two distinct segments - long-established mature exporters and new or potential exporters. The first group comprises a handful of companies that collectively account for the vast majority of total exports. These companies have been exporting for many years, have well-



established markets and contacts and tend to deal directly with end users rather than working through an exporter. Typically they are involved with single, high-volume categories that commonly have long production seasons. In many cases, exports comprise the vast majority of their production. Despite the intense competition, these large, established exporters *can* be competitive because of scale and well-established and efficient supply chains. These exporters are highly knowledgeable about their markets and have strong long-standing trading relationships and in-market networks.

The second cohort of exporters comprises companies that are just starting to export or are considering export for the first time. By their own admission, some of these exporters are naive with much to learn. Typically, those seeking export advice for the first time simply do not know where to start. Most tend to work through export agents because they do not have the volumes, the trusted relationships, nor the confidence to deal directly with foreign buyers. A key concern with first time exporters is the concern about getting paid. The main reason new exporters are looking for export opportunities is the depressed prices on the domestic market due to domestic supermarket power and oversupply.

It is questionable whether some of these smaller businesses can be sustainable exporters given their limited scale, the short season of some crops and the business cost structure, especially because they need to work through agents, which adds to the cost of every trade. There is an opportunity for groups to work within export clusters (as is being proposed already in a number of instances). Another option is for smaller exporters to supply more established ones as contactors, packing under the larger exporter's established brand.



Section 4 | Review findings

4.1 General findings

Through these two projects AUSVEG offers a comprehensive export development support program, which comprises five key streams:

1. **Reverse trade missions:** Missions were conducted in 2014 and 15 each comprising approximately 40 buyers from the prime market countries prospect.
2. **Developing international vegetable export opportunities:** This activity involved the participation in international trade shows including Asia Fruit Logistica (Hong Kong), Agritech (Japan) World of Perishables (Dubai), Food and Hotel Asia (Indonesia).
3. **Market access:** AUSVEG has a representative on the recently formed Trade Advisory Panel and is reviewing arrangements with respect to market access priorities in maintaining working relationships with state and federal government officials.
4. **Broader trade and industry participation:** this involves the participation in category specific industry events, generally building awareness of export opportunities as well as maintaining ongoing relationships with trade related stakeholders such as foreign buyers and state and federal government trade officials.
5. **Communication and development of information database:** this includes a range of communication activities including export readiness forums and seminars, export development resources, newsletters, media activities and workshops.

In addition to the above, AUSVEG staff also provide informal advice and mentoring to individual exporters within their membership who speak highly of this added service. The consultation suggests that Michael Coote the National Manager – Export Development and other AUSVEG staff members also play an important role in liaising with trade officials from local, state and federal government as well as associated industry bodies (e.g. Horticulture WA).

The activities are heavily focused on building export capability and readiness among new exporters, although there is some emphasis on supporting long-established exporters. In this respect, the overall export development program is well balanced with activities appropriate to the situation and stage of market development.

Compared to the other projects that have been reviewed in this trade review series, these two projects are impressive. They have been judged as being strategically sound with the appropriate mix of activities, professionally managed and can credibly claim that they have delivered improved outcomes and value for money.



4.2 Criteria Set A: Evaluation rating

CRITERIA SET A: Was it the right project?			MAX SCORE 20	ACTUAL SCORE	COMMENTS
1	Relevance	<ul style="list-style-type: none"> Was this project a high priority for the industry relative to its challenges / opportunities? Did this project align with the industry strategy? 	10	9	<ul style="list-style-type: none"> AUSVEG, in collaboration with Hort Innovation, is in the process of developing a formal export development strategic plan. In the current absence of a formal strategy the direction of the programs appears to be sound relative to where the vegetable industry is in the export cycle.
2	Objectives	<ul style="list-style-type: none"> Did the objectives accurately capture the intent of the project? Did it clearly articulate the desired outcomes? Were the goals/targets measurable and realistic? 	10	8	<ul style="list-style-type: none"> Although it is not specifically required in the reporting template the paper trail demonstrates that the projects are based on a set of clearly articulated objectives There is nothing in the objectives about addressing the fundamental issue of Australia's high cost structure but this probably justified by coverage in the broader R&D agenda. The lack of specific KPIs is a shortcoming.

Was it the right project? Score: 17/20 Further explanation of this rating is provided on the following pages.



1. Relevance

- AUSVEG is in the process of developing an export market development strategy. Although at this stage there is no formal strategy, the five streams of activity under these two projects and the associated informal advisory work appears to be strategically sound. The implied strategic direction is highly relevant to the industry in its current phase of export market development. The project has a strong focus on helping new exporters find and assess market opportunities and build capability and export readiness. AUSVEG is also engaging with some members on developing export clusters to ensure the sustainability of these new exporters.
- The focus on the established markets of Singapore, Malaysia, Indonesia, Japan and the Middle East is sensible as exploring emerging and frontier markets in this stage of export evolution would be risky, especially for new exporters. These established markets are judged to be 'the low hanging fruit' and a good starting point for new exporters. In the longer term however, levy monies should be allocated to exploring opportunities in frontier and emerging markets, where the degree of trade difficulty is far higher.

2. Objectives

- The project reporting and associated documentation demonstrates that the programs are based on clearly articulated and logical objectives, for example:
 - *The overall objectives of VG13069 were to generate interest in Australian vegetables amongst potential buyers; demonstrate to these buyers the high standard of Australian vegetables; establish direct contacts between Australian industry and buyers; and increase knowledge and confidence in exporting amongst Australian growers.*
 - *The stated intent of VG 13097 is to shift the focus of the Australian vegetable industry from domestic market, to include Asia and other export markets. Its approach is to facilitate, coordinate and communicate market access and development information and opportunities to grower. It aims to address the impediments to export markets identified by a previous project VG12042*
- The reporting also provides clearly stated objectives at the program level, which appear to be appropriate to the industry situation, for example:
 - *Program 3 Market access and policy direction; to plan, guide and facilitate strategies and roadmaps on matters of market access policy and procedure, etc.*
 - *Program 4 Broader trade and export industry participation; ... to maintain continuous dialogue and build relationships with the trade and export industry*
 - *Program 5 Communication and development of information base; ... to create awareness about market access and development a help growers understand ...*



- However, the reviewers would have liked to have seen more specific KPIs or quantifiable objectives in the documentation.
- By way of improvement suggestions, it is noted that there is no activity in the projects aimed at addressing the fundamental blocker to Australia's vegetable export growth, i.e. a lack of cost competitiveness. Presumably AUSVEG justifies this on the basis that the organisation's large investment in on-farm R&D is heavily focused on improving production efficiency and reducing costs (the reviewers did not confirm this investment as it was outside scope). If this is correct, it is a satisfactory explanation for the omission of cost reduction activities in the export projects, if not, then investment in mechanisation, cost reduction and new business models to reduce overheads, should be prioritised.



4.3 Criteria set B: Evaluation rating

CRITERIA SET B: Was the project well executed?			MAX SCORE 35	ACTUAL SCORE	COMMENT
3	Appropriateness of approach	<ul style="list-style-type: none"> Was the methodology appropriate for delivering the objectives? 	5	3	<ul style="list-style-type: none"> Overall, the five activity streams provide a good and appropriate balance of actions relative to the objectives. The projects were marked down on this criterion for lack of activity on market access, market research and intelligence. No work has been done on product differentiation to target premium markets.
4	Capability and resources	<ul style="list-style-type: none"> Did the project leader/team have the skills and knowledge to adequately conduct this project? Was the project adequately resourced relative to its objectives and methodology? Were the resources applied used appropriately? 	5	5	<ul style="list-style-type: none"> The AUSVEG team rate highly in terms of capability and resource allocation. The services offered by Michael Coote, the National Manager – Export Development, are well regarded by those consulted.
5	Quality of work	<ul style="list-style-type: none"> Was the quality of the outputs up to best practice business standards? Did the project team adequately capture subject matter expertise? 	5	5	<ul style="list-style-type: none"> The quality of the work is of a consistently high standard.
6	Project management	<ul style="list-style-type: none"> How well was the project managed (in terms of reporting and administration) as well as meeting budgets and schedules? 	5	5	<ul style="list-style-type: none"> This complex program of work is delivered with a high standard of project management and attention to detail.
7	Industry engagement	<ul style="list-style-type: none"> Did the project team consult with industry and engage them in the process? Were findings/learnings adequately communicated? 	5	5	<ul style="list-style-type: none"> Industry engagement and communication, both with the export sector as well as the industry as a whole, is of a very high standard. The monitoring of engagement is to be complimented.



8	Collaboration	<ul style="list-style-type: none"> • Did the project managers collaborate with other stakeholder organisations appropriately? • Were attempts made to capture the knowledge from other industries/institutions/individuals? 	5	3	<ul style="list-style-type: none"> • The level of collaboration with other stakeholders in all states has been good, enhancing the cost effectiveness of the work. • AUSVEG does not appear to leverage the Brand Australia opportunity through closer ties to Australia Fresh. • There is potential for improvement by developing networks with other exporting industries that are more advanced e.g. red meat or dairy.
9	Performance monitoring	<ul style="list-style-type: none"> • How effective was performance monitoring and reporting in terms of measuring the outputs and outcomes? 	5	4	<ul style="list-style-type: none"> • The key aspects of the program have been closely monitored and reporting is of a high standard with attempts made to quantify successes. • Attendees consulted suggest that daily 'debriefing' at shows would ensure that those growers not present could also benefit from networks made.

Was the project well executed? Score: 30/35 Further explanation of this rating is provided on the following pages.



3. Appropriateness of approach

- Overall the approach on both projects seems to be sound. The five activity streams provide a balanced approach to market development, again relative to the stage that the industry is at in its export development cycle.
- A strong focus on helping growers assess their export readiness, build capability, grow confidence and establish business leads is logical.
- The participation in trade shows and in-bound trade missions also seems to be appropriate given the priority of helping new exporters find and assess trade opportunities and contacts, as well as gain valuable cultural insights and market knowledge. However, the value of these activities to established exporters is less evident. Many of the established exporters consulted felt that attendance at such events was of some value in maintaining existing networks. However, others of the same cohort were critical of this expenditure and felt that the in-bound missions in particular, introduced their existing customers to new exporters, resulting in more price competition. To the extent that this is true, the events need to be better managed in the future by careful selection of the participants and consideration of commercial confidentiality. Importantly, many of the new exporters indicated that they had learnt a lot on the trade missions from the informal mentoring that occurred by spending time on the stand with more experienced exporters. The value of this mentoring role should not be underestimated.
- The participants in the trade shows felt that the pre-show agenda, which included market briefings from Austrade, visits to central markets and supermarkets, was highly valuable and great preparation for the show itself as well as great way to build an understanding of how the supply chain works in key markets. Another positive comment about the trade shows was that they were manned by growers who could answer any enquiries with first hand knowledge and who could negotiate deals directly.
- One criticism of the shows was that AUSVEG was not a part of the Australian Fresh stand, which reduced the Brand Australia opportunity. AUSVEG Australia Fresh, but has not given it any recognition in the past – in fact completely ignored it; you could say this was good governance/project management)
- The reverse trade missions were also seen to be highly valuable, particularly taking buyers onto farms where they could observe first hand Australia's clean and safe production credentials and the level of sophistication in the industry.
- The combination of trade shows and reverse trade missions was seen to be very powerful in building relationships because they are self-reinforcing.
- An important comment from the participants in both the trade shows and reverse trade missions regarded the lack of debriefing post the events. It was felt that the wider industry would benefit from sharing the experiences



and networks of those who had participated directly so that they could also benefit from the levies spent. It was also noted that a daily debriefing while at the trade shows would enable AUSVEG staff to capture immediate learnings for future improvements as well as keeping records of contacts established and local market information.

- Some of the participants in both the trade shows and the reverse trade missions made the telling point that, although they were effective at generating contacts and sales leads, they failed to achieve actual sales. These newer exporters felt that they were not able to leverage deals from the opportunity and would like further support in terms of assessing the calibre of the leads and whether they would be reliable as customers; setting prices and structuring deals; plus general support with the complex logistics of doing business overseas. Growers found the AUSVEG one-on-one support very helpful, as first time exporting often requires advice on specific matters.
- There is a vexed question around the fact that these projects funded the full trade show travel expenses of already established exporters on the basis of 'personal benefit' versus 'industry benefit'. On the one hand it could be argued that there is no market failure for established exporters and therefore they should pay their own way, the other view is that the larger exporters play a valuable mentoring role while at the shows, a point that was strongly emphasized by a number of new exporters who benefited from their insights. Furthermore, the large exporters are also large levy payers.
- Market intelligence is critical to successful trading. Australia's trading partners are very sophisticated negotiators and make it their point to get hourly data updates on supply dynamics, market prices, weather conditions in growing areas, etc. Australian exporters by comparison have nothing like the level of market knowledge that their trading partners do which puts them at a huge negotiating disadvantage. Although the AUSVEG programs provide very good general intelligence, this falls short in terms of daily, category specific intelligence. Given the number of commodities and markets covered, it is unrealistic to expect these projects to be able to deliver this level of market intelligence. The only effective way to provide timely and accurate market intelligence is to have a full time presence in the key markets. Collectively, Australia has a significant in market presence through Austrade and the various state government trade offices, but again, they only provide very generic information rather than commodity specific, daily market updates which would be of great benefit. Such a market intelligence service is obviously beyond the scope and resources of these projects, but may well be feasible for a whole-of-horticulture approach.
- The market access activities undertaken within these projects are relatively passive, being more about monitoring the situation rather than any proactive pursuit of protocols for specific markets. This is understandable given the large product portfolio within vegetables, the mix of markets, and the fact that most vegetables are well down the queue for negotiation. On this basis it would not make sense to invest too many resources in market access activities at this point in time.



- There does not yet appear to be any market development activity around exploring or researching higher value, niche markets and the potential for premium vegetable products differentiated by packaging, quality specifications or processing to value-add. Again, this is probably understandable given the comprehensive program of works, the industry's export maturity and the breadth of vegetable categories. In future, there needs to be more done on investigating such opportunities, particularly in the very large China market. This work will become more critical as the industry's export capability matures.
- In future projects there should also be a series of market research studies around buyer and consumer usage & attitudes for key commodities as well as product preference studies as the markets for the various commodities develop.

4. Capability and resources

- The AUSVEG team managing the projects appears to be highly capable and well resourced. The advantage that AUSVEG has over smaller industry bodies is that it has multiple professional staff with a broad skill base and office support. Many in the AUSVEG office have marketing and communications skills and experience, which are highly applicable to export market development activities.

5. Quality of work

- The project proposals and reporting materials consistently reflect a high level of professionalism.
- The Market Development Matrix, Export Readiness Checklist, Introduction to Export Procedures and International Markets and Trade Talk newsletter are all of an exemplary quality.
- The web site is highly informative, easy to navigate and contains up-to-date information on exporting for new exporters.
- The industry's export development materials are well written and professionally published and presented.
- According to the participants, the trade missions, and trade shows were extremely well organized with great attention to detail.

6. Project management

- The project management appears to be good. It has involved running five rather intense areas of activity, each of which requires much detail and organisational skills. The complexity of running these activities covering multiple countries should not be underestimated.



- The participants in the events were highly complementary about the level of detail around the event organisation and the professionalism of AUSVEG managers generally.
- The relentless program of trade shows provides natural milestones that require tight project management discipline.

7. Industry engagement

- The projects have been well communicated to industry via a range of effective channels and events, targeting both exporters and the broader industry. These have included the Market Access Matrix, 10 Market Access reports, a Free Trade Agreement overview, six editions of the electronic export newsletter '*Trade Talk*' per year.
- The communication to the broader industry has included participation in a number of regional industry forums, seminars and webinars and a comprehensive program of media releases and interviews. It is obvious that, relative to other horticultural industries, AUSVEG is highly skilled at media liaison.
- The website is well presented, easy to navigate and up-to-date.
- The hit rates on the electronic tools on the website are monitored and the reporting demonstrates good participation.
- A recommendation from one of the trade show participants was that more information in terms of potential buyers and contacts could be provided to industry members who were not able to attend the trade shows to equalize the opportunity and encourage them to participate in future.
- There is a high level of respect for AUSVEG employees by industry.

8. Collaboration

- AUSVEG has proactively collaborated with other trade authorities in the delivery of some projects. This has improved the cost effectiveness of the project investments. For example, AUSVEG partnered with Export Council of Australia to deliver the Introduction to Export Procedures and International Markets workshop.
- AUSVEG has engaged with Austrade who has assisted the industry by delivering in-market briefings during trade missions, identifying potential buyers for the reverse trade missions and providing advice on target customers.
- AUSVEG also works closely on state-based activity with all state governments, but more formally with the South Australian government via AUSVEG SA (a separate entity to the national AUSVEG body); and the Western Australian Government via Horticulture WA.



- AUSVEG has also engaged at local government level such as assisting the Lockyer Valley Regional Council in its trade activities including hosting an in-bound trade mission event and assisting on a council mission to Singapore.

9. Performance monitoring

- The project managers have gone to considerable length to monitor the performance of the activity which has included:
 - *Post-event surveys of all the participants in the trade shows and reverse trade missions with pointed questions on the satisfaction levels and measuring business directly attributed to the events*
 - *Readership levels of electronic communications*
 - *Web site hit rates*
 - *Number of entries on data bases*
 - *Documenting success story case studies.*
- There has been a good attempt, albeit at a high level, to measure the level of business directly generated by the trade shows and in-bound missions.



4.4 Criteria Set C: Evaluation rating

CRITERIA SET C: Did the project deliver results?			MAX SCORE 45	ACTUAL SCORE	COMMENT
10	Outputs	<ul style="list-style-type: none"> Did the project deliver what it said it would? What were the tangible outputs? 	10	10	<ul style="list-style-type: none"> The outputs have been clearly reported. The industry has documented growth in exports over the time of the projects.
11	Industry adoption / buy-in	<ul style="list-style-type: none"> To what extent has industry adopted / supported the key learning's from the project? Has it resulted in industry cultural / behavioural change? 	10	8	<ul style="list-style-type: none"> The projects have effectively engaged the established exporters as well as the new and potential exporters. The project managers have found it difficult to fill some of the trade mission places. Many growers still lack the confidence to export. There has been a significant effort to inform and engage the industry at large. A suggestion for improvement has been more detailed debriefing and sharing of leads following trade shows.
12	Outcomes	<ul style="list-style-type: none"> Did the project achieve the outcomes forecast? If not, was there demonstrable progress towards outcomes? Has it achieved industry-wide practice change? Did it lead to any continuous improvement outcomes? Were there valuable unintended outcomes? 	10	9	<ul style="list-style-type: none"> There has been a strong attempt to demonstrate that the programs have delivered to their objectives with post event surveys, tracking of web hits, documentation of participation rates, etc. The reporting uses case studies to demonstrate the achievements, which provides a convincing story regarding the tangible outcomes of the project.



13	Value for money	<ul style="list-style-type: none"> • Did the outcome represent good value for money for the industry? • Did the investment represent good value in terms of public good? • Were the financial estimates of the value created adequately reported? • Were the non-financial benefits measured and articulated? 	15	12	<ul style="list-style-type: none"> • The project manager has gone to some effort to calculate the value of incremental sales attributed directly to the programs. Although the calculations are crudely based, they are nevertheless credible. • The cost/benefit calculation does not include the intangible but very real flow-on of future benefits from industry capability building (i.e. the calculation only captures the immediate first deal). • The funding agreement covers a portion of salaries and office overheads, which appear to be well spent on highly professional staff, but rigorous analysis of the performance of individuals is beyond the terms of this review.
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Did the project deliver results? Score: 39/45 Further explanation of this rating is provided on the following pages.



10. Outputs

- The outputs have been clearly reported with an adequate level of detail.
- Full details of all activities have been provided including trade shows, inbound missions, seminars, publications, media releases, etc., and post-activity surveys and assessments provided.

11. Industry adoption/buy-in

- Extensive effort has gone into communicating the export opportunities and programs to the industry at large.
- Participation in the events has been narrow relative to the size and diversity of the industry and the opportunity for exporting. However, this reflects the small percentage of businesses that are export ready or capable. Conversely, many of the businesses who could be export ready, do not consider themselves to be capable and lack confidence to export.
- Despite the trade show positions being fully funded, industry enthusiasm to take advantage of this is surprisingly limited so many of the larger companies with a management layer in place have been able to benefit more often than others. In the few cases where the funded trade show places were oversubscribed, there has been a fair and equitable selection process based on export-readiness and prior attendance.

12. Outcomes

- Although there has been some confusion between 'outputs' and 'outcomes' in some of the reporting, in the main, there has been a good attempt to demonstrate the achievements of the programs.
- For the two 'big ticket' items, i.e. the trade shows and reverse trade missions, there have been post-event surveys which, among other questions, asks respondents directly what level of trade they can attribute to the event. According to the reporting from the post-event surveys, \$3.7 million of incremental exports can be directly attributable to these export development projects.
- The reporting includes case studies of individual exporters who have gone 'on the record' to directly attribute orders and new customers to the program:
 - *4 Ways Fresh, who was previously not exporting, has signed a contract with a Malaysian supermarket for \$500,000.*
 - *Scheurs and Sons increased exports from \$35,000 to \$650,000, 40% of which they attribute to these export projects.*



- *The Organic Farm Gate reports small but increasing orders from a Singapore customer gained through the trade shows and reverse trade missions.*
- *Harvest Fresh Cuts signed contracts with new customers in Singapore and Hong Kong worth \$150,000 and are in negotiations with a customer in Malaysia for another contract worth \$100,000.*

13. Value for money

- Taking the AUSVEG calculations at face value, the export projects have appeared to deliver excellent value for money. The reporting claims that the programs have resulted in incremental export sales of \$3.7 million, which is 38% of the total exports for the 2104-15 financial year. This result is estimated to translate into a return on investment of 232% for the life of projects investments of \$1.6 million.
- The reporting also claims a 100% increase in the number of businesses that became 'first time' exporters during the year in 2015, since 2014.
- Although the basis of the AUSVEG calculations is a rather crude methodology based on participant surveys, it is still a credible measure and probably as good as is possible. Realistically, given the intangible nature of trade, it is close to impossible to unequivocally attribute a sale to a specific event, but the material does present a convincing case for the continuation of the projects.
- The calculations do not include the future export stream that is likely to flow on as a result of the capability building and networking that the programs have developed.
- The industry participants in the projects have no doubt as to the value for money equation and believe strongly that the projects have delivered a good return on investment for their levy contribution.
- The project funding has covered salaries and contributions to office overheads. It is beyond the scope of this project to comment on whether this funding of overheads has delivered value for money. Without access to the detailed project budgets, it is hard to judge the particulars of where the money was best spent, but based on the above analysis there is a reasonable level of confidence that the projects have delivered overall value.



4.5 Overall rating

Was it the right project?	17
Was the project well executed?	30
Did the project deliver results?	39
Overall rating	86/100

The overall score of **86** out of **100** rates the projects as being 'excellent'.

It has been hard to fault these projects, they have been by a long way the best managed of those been reviewed as part of the seven reviews conducted in MT 15025.

The strategic direction is appropriate for the industry in its current stage of development and maturity in exporting. The projects have provided the right mix of activity to deliver on the desired strategic direction.

The low level of activity around market access and biosecurity planning is defensible given the large and complex product market matrix and the fact that vegetables are well down the queue for market access negotiations. Similarly, the lack of emphasis on market research to understand the higher value, niche market opportunities and end-user needs is understandable at this stage in the cycle. The priority at this stage is to build awareness of the export opportunity amongst non-exporting industry members and build export readiness and capability, which the projects do well.

The projects are well managed and the industry engagement and communications are excellent. There is a high level of satisfaction from participating industry members and respect for the skills of the project managers.

A credible case has been made that the projects have delivered value for money.



I N T E R N A L

Strengths:

- The strategic intent of the projects and the activity mix is appropriate given the stage in industry's export development cycle.
- The resource materials are highly relevant, useful and of a high quality.
- The project management has been tight, given the degree of complexity involved with the activities.
- The industry engagement, both for the export sector and the broader industry has been highly effective.
- The reporting provides credible evidence that the projects have delivered tangible outcomes in terms of building incremental exports and a very positive ROI.

Weaknesses:

- Lack of an industry export development strategy to guide project activity.
- The project activities surrounding market access are relatively passive with no clear plan regarding market access priorities, pathways or supportive Biosecurity Management Plans.
- The project focus is on new exporters and is light on in terms of support for established exporters, a handful of which account for the bulk of Australia's vegetable exports.
- The projects lack any activities around market research to identify and gain a better understanding of high value, niche market opportunities.
- Australia's high cost structure relative to competitors is a major constraint to export market development and the projects do not reference this.
- The lack of commercial market intelligence puts Australian exporters at a disadvantage, relative to their trading partners.
- Many potential exporters are unlikely to be sustainable long term exporters because of scale, resources, capabilities and seasonal supply ability.
- The fragmented effort in terms of building Brand Australia dilutes Australia's market presence in key markets.

E X T E R N A L

Opportunities:

- The forecast exponential demand for premium, safe food from the Asian region, for which Australia has a competitive advantage.
- The prospects of the \$A being in a relatively low range for the next five years improves Australia's price competitiveness.
- Transformative technology provides opportunities to add value and improve price competitiveness.
- To learn from other industry sectors who have honed their export development strategies over many years (e.g. dairy, meat).

Threats:

- Food safety and biosecurity breaches in Australia
- The resurgence of the \$A.
- Geopolitical disruption to trade.



Section 6 | Conclusions and recommendations

6.1 Conclusions

1. Although the vegetable industry's formal export market development strategy is yet to be developed, the strategic direction implied by these projects is sound. The priority for the industry at this stage is: to build awareness and interest in the export opportunity; to grow export readiness and capability; to establish a market presence and facilitate in-country networks. The projects have done this well, with an appropriate mix and balance of activities.
2. The combination of trade shows and reverse trade missions, supported with capability building tools, is appropriate for the vegetable industry in its current stage of export development. The industry communications and engagement activities are excellent. However, the effectiveness of these types of activities will soon start to reach the stage of diminishing returns and a new, more sophisticated strategy is needed to guide future project investment.
3. The majority of programs are directed at assisting new and potential exporters, although the mature exporters have participated and also find them to be of general value.
4. Realistically, it is questionable as to whether many of the new and interested potential exporters can be viable and sustainable commodity exporters because of the limited product range, lack of scale and short season supply capability. This suggests that the project should be exploring new business models such as export clusters, (some of which are already emerging within industry) as well as building capability in production of premium and value-added vegetables in which Australian producers can be competitive.
5. The projects could also be improved by strategic activity in areas that arguably could deliver great benefit to established exporters, including:
 - *Market access into China, Japan and Indonesia for specific products.*
 - *Market research to identify high value and value-added product opportunities.*
 - *Research into new and emerging markets.*
6. The relatively low activity by industry on market access issues is probably justifiable given the complexity of the industry product and market mix and that vegetables are low on the market access negotiation priority list. Considering the heavy resource requirements to pursue market access protocols, it would be wise to conduct cost/benefit analysis to identify priorities.
7. The lack of investment in market scoping and market research probably reflects the lack of resources, but should be a high priority for future projects.
8. The programs do not include activities to directly address the fundamental blocker to Australian vegetable exports, i.e. the high cost of production, which is largely due to labour costs. This omission would be justified if other AUSVEG R&D projects are focused on productivity improvement and cost reduction. If this is the case, it reinforces the point



made earlier that there needs to be more emphasis on identifying and researching opportunities for higher value channels and niche markets, as well as opportunities for value-added products.

9. The projects have been professionally managed and well organised. The program mix involves a large and complex workload, which appears to be conducted to a very high standard. Industry has endorsed their satisfaction with the professionalism of services offered.
10. The resource material, which includes, the Market Access Matrix, the Guide to Export Readiness Checklist, 'Are you Export Ready?' and Exporting Australian Fresh Vegetables manuals, are extremely useful, particularly to first time exporters and are of a consistently high quality.
11. The industry engagement, both with the export sector and the industry at large, has been excellent. The mix of seminars, attendance at regional forums, electronic newsletters and skillful use of media has been highly effective. Furthermore, as is best practice, the participation and readership rates have been monitored and indicate a high level of engagement in domestic activity. Take up of positions in the funded trade show missions reportedly requires prompting and tends to be dominated by the larger growers who can afford to release a staff member to attend.
12. The reporting provides a credible case to support the conclusion that the projects have provided value for money and a sound return on investment.
6. In the other reviews undertaken under the broader MT 15025 project, the reviewers have highlighted the shortcomings in the HAL reporting template, on the basis that it does not require the project leader to provide details on the overall strategy and to set clear objectives and KPIs. In AUSVEG's reporting of these projects, the managers have taken the initiative to build many of these essential elements into its milestone reports, even though they were not specified in the template. The AUSVEG staff also made additional analysis available to the reviewers. The reporting gave confidence that the project team understand the export market development process and the need for accountability in management of industry and government funds.
7. Across all-of-horticulture there is a fragmented effort around export branding because of the lack of coordination across agencies. AUSVEG exhibit in trade shows under their own branding, whereas a more coordinated effort and greater collaboration with the Australia Fresh campaign may be beneficial to all in terms of exposure and cost savings.
13. Like the other major horticulture export categories, the vegetable industry would benefit greatly from more comprehensive and up-to-date market intelligence, which can only effectively be delivered by having a permanent presence in the key markets. Given the future growth prospects for Australian horticultural products, it is getting close to the point where a collective presence could be justified in markets such as Singapore/Malaysia, Japan, Middle East, Indonesia. Taiwan and Thailand.



6.2 Recommendations

1. It is recommended that Hort Innovation continue to support the export market development program for fresh vegetables, given the huge potential for market growth based on the growing global demand for quality, safe vegetables, for which Australia has a competitive advantage. Australia's proximity to Asian markets and the prospects of a lower \$A for the next few years enhance our competitive advantage, despite a higher cost structure than competitor countries. Obviously, any new project would be subject to the conditions of the new Hort Innovation funding model.
2. The starting point for any new project for vegetables should be the development of a five-year export strategy, which sets clear strategic direction and high-level industry priorities. Unlike most of the so-called industry export strategies that the reviewers have seen in horticulture, the new strategy needs to be *truly strategic*, i.e. based on leveraging Australia's areas of competitive advantage and tightly targeting opportunities for higher value products in premium markets and channels.
3. Without attempting to pre-empt the strategy, the suggested directions for future export development investments should include:
 - a. Targeted market research to identify high value channels and customers and to gain a better understanding of their specific value propositions, needs and the product opportunities.
 - b. Specific market research into opportunities for Australian vegetables in premium and off-season markets in China.
 - c. R&D directed at opportunities to value-add through 'pan ready' products, utilizing the capabilities offered by smart packaging and other such technologies.
 - d. More collaboration around building 'Brand Australia' across horticultural categories for key export markets.
 - e. Cost/benefit analysis to set the priorities and direction of market access activities (given the complexity and resources required to establish market access protocols, there needs to be a demonstrable long term pay-off).
 - f. Based on the findings from the above, the development of a market access plan supported with an appropriate biosecurity management plan.
 - g. R&D work around the development of new business models to assist new exporters to be sustainable, e.g. collective exporter initiatives.
 - h. Linkages to other R&D projects that will improve Australia's global competitiveness e.g. new packaging or processing technologies, production cost reduction initiatives, or value-adding via branding.
 - i. Collaboration with industries outside horticulture that are more experienced in export market development to learn from their successes.



4. It is further recommended that Hort Innovation investigate the feasibility of a having a collective, whole-of-horticulture, in-market presence in key markets in order to provide a more commercial level of market intelligence. One option is to explore the possibility of contracting Austrade and/or state government officers with a presence in the key markets to provide this service under contract.



Vegetable Industry Export
Development Program
Evaluation of Outcomes and
Return on Investment
Project code VG13097

November 2016

AUSVEG's delivery of Vegetable Export Development Program has been successful in increasing export awareness and delivering financial benefits to the participants

This document presents a summary of findings of an independent review of the Vegetable Industry Export Development Program run by AUSVEG to further develop the vegetable export market from Australia.

The Vegetable Export Program commenced in 2014 and was originally intended to build capacity and capability in export and connect producers with buyers. The program anticipated net financial benefits to the overall industry to be between \$2.2m-\$22.7m with corresponding ROI in range of 75%-782%. A review conducted in 2015 estimated the net benefits as \$2.1m

This review conducted a survey of selected growers to understand if the program has delivered benefits, what they are and also how the program could be improved. The results from the survey indicate

1. That the program has delivered a wide range of benefits to growers including better understanding of export markets, connecting buyers and growers as well as building capabilities and skills to manage exports
2. Respondents achieved a total of \$34.9m in export revenue in the last 12 months, \$19.8m of which is attributable to the program. This is 77% of the anticipated revenues in optimistic scenario and yields \$16.4m net benefits and 489% ROI. Combining the findings of current and 2015 review clearly shows an acceleration in financial benefits. This is well above the initial business case for the program
3. The program has been most beneficial to growers who are new exporters. Participation in the program has helped these growers to understand the kind of support they need. Growers expect:
 - u The continuation of the program with improvements in execution
 - u Provision of more detailed intelligence regarding export markets, specific opportunities to target and how to best differentiate
 - u Support on how to collaborate and for technology investments
4. 72% of the growers who have participated in the survey indicate that they are still interested in the program if a co-contribution is required. This result is further evidence of the tangible benefits delivered by the program. However it should be noted that new export growers did not make up a substantial portion of the survey and co-contribution may act as a barrier to their involvement

Our conclusion from this survey is that overall, the program has been successful in delivering the objectives set forth and that further investment could be warranted. In order to monitor the benefits from the program in future years, a Benefits Management Framework supported by a structured measurement and reporting approach should be implemented.

This document presents a summary of findings from an independent review of the Vegetable Export Development Program

Background to the Program

- ▶ The Vegetable Industry Market Access and Development Program (VG13097) commenced on 1 June 2014 to consolidate a range of the vegetable industry's export development functions into a single program
- ▶ The Program is funded by Horticulture Innovation Australia (HIA) that invests funds from the National Vegetable Levy and matched funds from the Australian Government. The program was allocated \$3.3m budget until the end of 2016
- ▶ Building on the success of previous projects, the program was designed to include five work streams to achieve export market growth:

Work stream	Goal
Reverse Trade Missions	<ul style="list-style-type: none"> ▶ Facilitation of building export networks ▶ Export market development for fresh vegetables
Developing international vegetable export opportunities	<ul style="list-style-type: none"> ▶ Facilitation of networking ▶ Showcasing the high quality of Australian vegetables to Asian and Middle Eastern buyers
Market access policy and procedure	<ul style="list-style-type: none"> ▶ Reducing and removing market barriers for trade ▶ Providing market access assistance ▶ Representing the market access related interests of growers ▶ Suggesting, guiding and facilitating strategies and roadmaps
Broader trade and export industry participation	<ul style="list-style-type: none"> ▶ Building and maintaining relationships with broader trade and export industry
Communication and development of an industry information database	<ul style="list-style-type: none"> ▶ Creating awareness about market access and development ▶ Enhancing understanding of export requirements and existing support available

Purpose of the review

- ▶ Provide an objective and independent assessment of the financial and non-financial benefits achieved by the vegetable industry from the Vegetable Industry Market Access and Development Program
- ▶ The findings are intended to be utilised by AUSVEG, HIA and Strategic Industry Advisory Panel in extension discussions for the program
- ▶ The evaluation of the impact of such support programs on overall exports and economy is a difficult task since there are several ongoing programs run by different organisations and the independent efforts of the businesses
- ▶ The major indication of the financial benefits is the sales and profitability figures that are attributable to the program. Attribution is justified either by the access and sales to new customers through the program or increased export awareness and readiness to explore opportunities by the growers. Sales and profitability data, where available, are the basis of return on investment (ROI) calculations
- ▶ One of main objective of the program is to promote exports among growers that are largely domestically focused. The program tries to achieve this by gathering as much information as possible to enable exports and providing platforms for exchange of information. Increased understanding of the export process and regulations is expected to encourage a "can-do" attitude among growers. A new skill set is also required to do business with different cultures. This review aims to identify the development in knowledge base, improved capabilities and skills received by growers who have been involved in the program
- ▶ As a final focus, the review also aims to find out how the program can be improved to create further benefits to growers.

Source: Initial Funding Agreement between AUSVEG and HIA

This review involved a desktop assessment of key program materials and a targeted survey of vegetable growers who have used the program

Desktop review

- ▶ Our aim was to understand how the founding principles of an export support program were reflected into the overall objectives of the program, selection of the initiatives and assessment of the return on investment
- ▶ Key materials reviewed were:
 - ▶ Initial Funding Agreement between AUSVEG and HIA: Initial Agreement sets out the purpose, objectives, initiatives planned to deliver these objectives, funding for each of the initiatives and the performance monitoring requirements. The agreement also explains the background and previous projects
 - ▶ Cost-Benefit Analysis supporting the funding decision: This presents the expected financial benefits from the program, with supporting background information on the need for export development support programs, insights on how to measure the financial effectiveness and the limitations of analysis. The cost-benefit analysis attempts to capture the benefits for the whole industry through increased export revenues. While recognising the broader economic benefits, an actual dollar value is not provided so as to not overestimate the associated benefits
 - ▶ Benefit Management Outcomes study in November 2015: The 2015 review attempts to show the financial and non-financial benefits achieved by the program through the analysis of feedback received from a small number of growers surveyed.

Survey

- ▶ Purpose of the survey is to understand the growers' experience with the program, identify if there has been any uplift in exports as a result of the program and get their recommendations on how to improve the program
- ▶ The Australian vegetable industry is a very fragmented industry with approximately 6,000 agricultural businesses. Although the number of businesses engaging in export is not known exactly, the value of exports is around 8% of the production value¹. It is believed that the share of exporters amongst all growers is less than this figure and only a handful of them are large exporters
- ▶ A list of 34 growers were provided with different export experience and from different regions to be representative of the growers who have participated in the program
- ▶ General information was collected on the growers' business, the level of importance of exports to their business and the nature of exports (e.g. the products, countries, sales and profitability, where available) via direct questions. We also collected qualitative information on the program via open ended questions on general benefits received and recommendations for improvement.

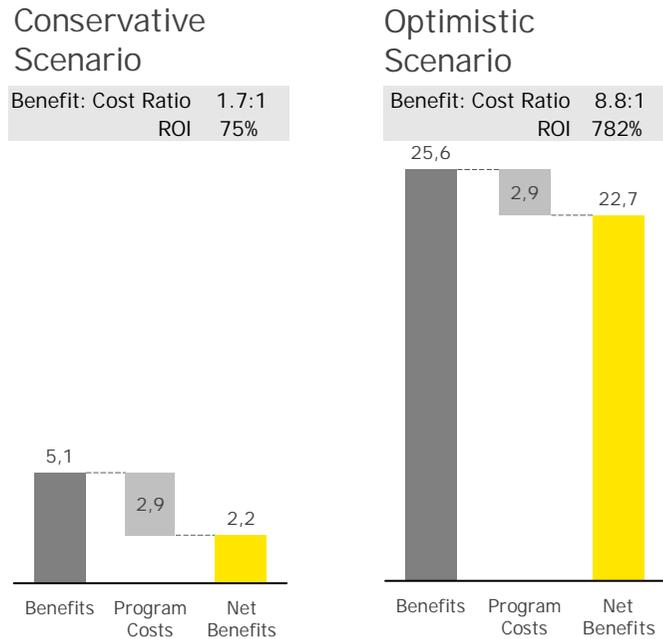
Scope limitations

- ▶ This study aims to capture the benefits at a high level in a relatively short period of time by reaching the most relevant exporters who have used the program. We are limited with the number of respondents and the breadth of the insights we are provided by those participants. We did not include broader range of growers who may have had further insights into the program
- ▶ Our results are not an accurate financial assessment of precise returns and are based on the responses of survey participants. We did not assess the reliability of the sample to represent the overall exporters who have participated in the program
- ▶ The review is not an audit of the Export Development Program and does not attempt to measure the performance of the specific initiatives or compliance with the initial program document, instead the focus was assessing the quantitative and qualitative benefits achieved via surveying a number of growers.

Note: (1) AUSVEG

The AUSVEG's delivery of Export Development Program was originally intended to bring benefits in the range of \$2.2m to \$22.7m

Projected returns of the Program, as of June 2014



in AUD	2014	2015	2016
Costs	85,797	1,598,386	1,675,027
Benefits			
Conservative scenario	920,000	1,880,000	2,880,000
Optimistic scenario	9,200,000	9,400,000	9,600,000

Observations and findings on the Funding Agreement and supporting Cost-Benefit Analysis

- ▶ The agreement presents a clear structure of the program comprising five initiatives with detailed outputs and outcomes
- ▶ The initiatives chosen, particularly the Reverse Trade Missions and Trade Shows are sensible initiatives whose effectiveness were proven prior to the program through numerous export-oriented projects
- ▶ The agreement also provides good guidance on the implementation, especially the Reverse Trade Missions and Trade Shows by specifying the target markets, participants and capacities
- ▶ However, the program lacks an underlying strategic basis for the industry regarding exports. The Vegetable Industry Strategic Investment Plan 2012-2017 identifies export market development as a key priority area for investment, however there is no specific document outlining the targets and how to achieve this¹
- ▶ The outcomes defined for the initiatives are qualitative and generic. For example, the program has an objective of 'increasing export awareness'. This objective could have been quantified by defining a metric on the number of growers engaging in exports and the performance of the metric could have been analysed throughout the program.
- ▶ There is a need for defining leading and lagging measures of success
- ▶ Due to the lack of quantifiable outcomes, it is difficult to attribute the impact of each initiative to the objectives. With a similar example, there are several initiatives that would achieve 'increasing awareness', however it is difficult to assess how effective each initiative has been to achieve this. This becomes an issue while trying to develop the initiatives to focus on in the next program
- ▶ Although this program requires execution to report the performance and the achievements periodically, the content and depth of such reporting is not provided in the program documents
- ▶ There is no mechanism specified or capacity dedicated for ongoing continuous improvement.

Source: Cost-Benefit Analysis

Note: (1) The export strategy was in the completion stage by the time that this report was prepared.

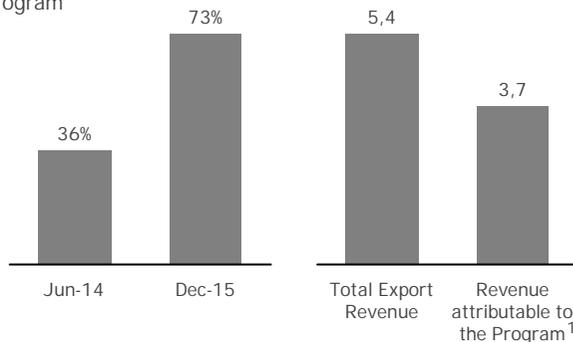
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A review in 2015 showed that the program was on track to achieve the expected financial benefits with a small sample of growers surveyed

Key findings of the 2015 Review

- ▶ A total of 12 program participants were surveyed in late October and November 2015 to evaluate the overall effectiveness of the program and measure the ROI
- ▶ Following a similar approach to the initial Cost-Benefit Analysis, the survey aimed at identifying the export revenues attributable to the program

The number of exporters among the participants almost doubled within a year with the support of the program



- ▶ Participants showed positive support for the program by indicating other benefits such as:
 - ▶ Meeting and engaging with other exporting vegetable growers
 - ▶ Understanding the markets
- ▶ A number of recommendations for improvement were also identified:
 - ▶ Conducting courses around how to export
 - ▶ Providing more logistic information
 - ▶ Providing information on price points in different countries
 - ▶ Providing a database of reliable customers.

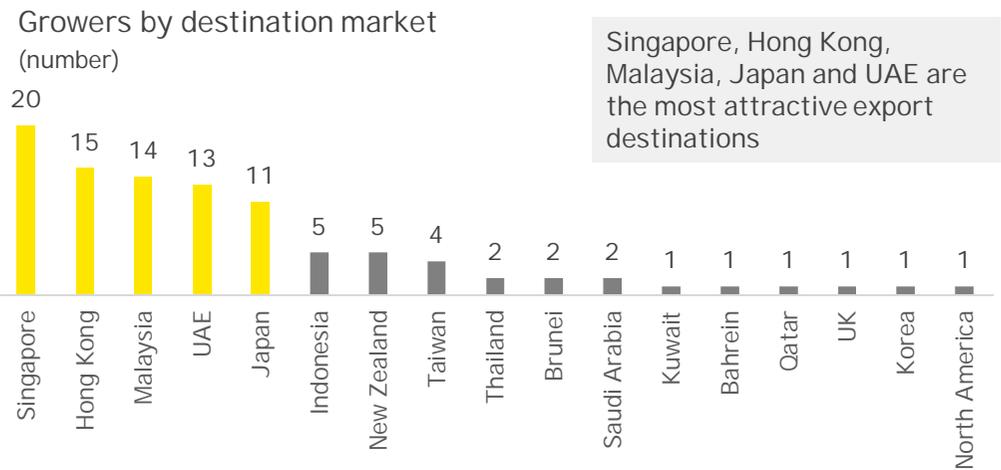
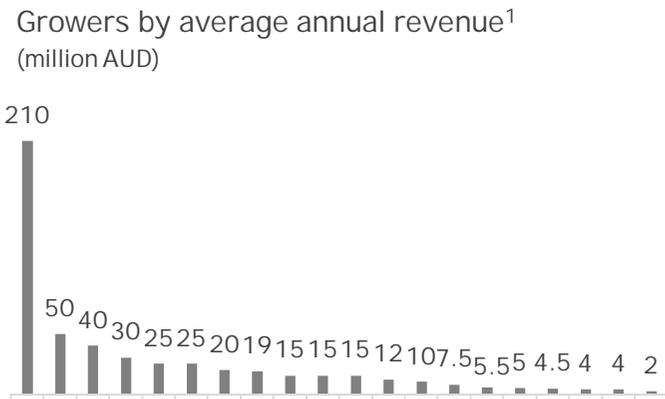
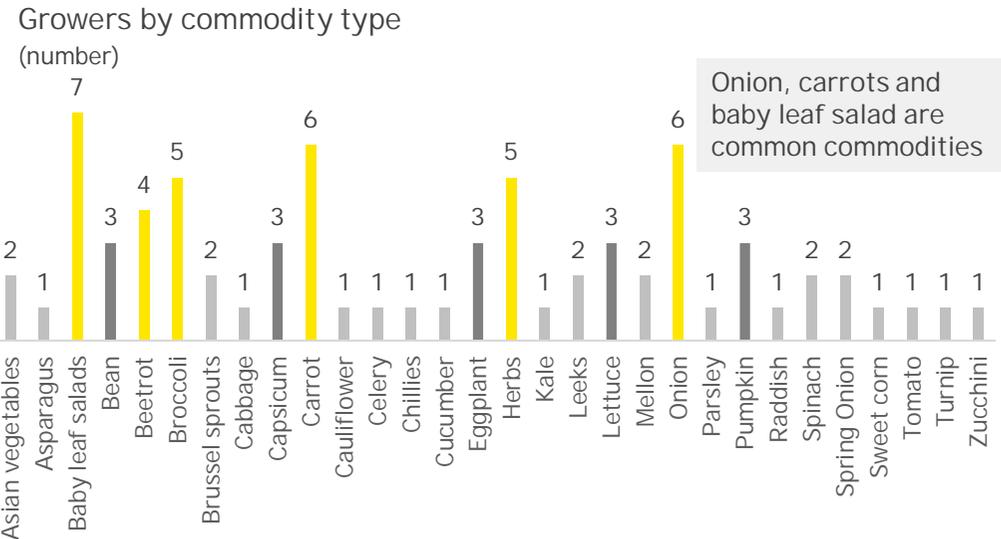
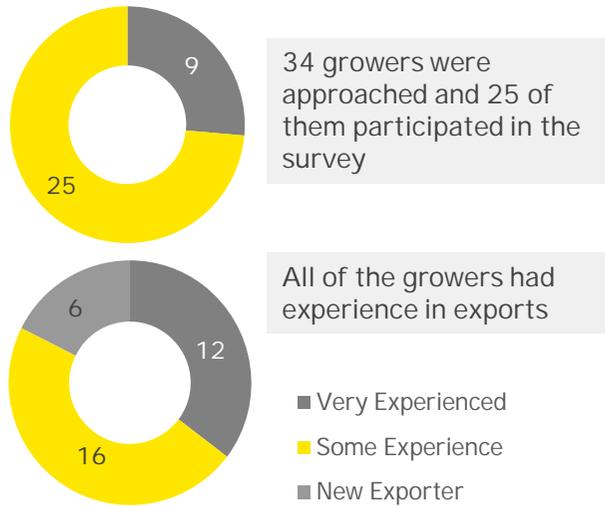
Source: Benefit Management Outcomes study, November 2015

Note: (1) Results for a single year

Observations and comments on the 2015 Review

- ▶ Results and feedback were sought early in the program
- ▶ The review intended to capture both financial and non-financial outcomes with a small number of participating growers
- ▶ Although there was no metric defined in the initial program, the review attempted to understand and measure the export readiness via the number of growers engaging in export activities, which is an indication of an improved approach
- ▶ Having been done in the early stages, the review acknowledges that the real benefits of the program would be seen in overtime as more businesses enter into exports and develop long-term trading relationships
- ▶ The review did not provide analysis on the potential industry-wide benefits
- ▶ Although feedback was collected from growers on improvement areas, the review did not make any recommendation on how to respond to improvement opportunities
- ▶ The review also mentions that after establishing a baseline, data will be captured twice annually to analyse effectiveness and return on investments. However, there is no evidence of the collection of data and further analysis has occurred.

The 2016 survey has expanded the size and scope of participants compared to the survey conducted in 2015



Source: Growers Survey, 2016

Note: (1) Only 20 respondents disclosed average annual revenue

Respondents had experience with all major parts of the Vegetable Export Development Program

Participation in the Program
(number)



Comments

- ▶ Reverse Trade Missions and Trade Shows are recognised as being beneficial in accessing new markets and be introduced to a reliable customer database
- ▶ Seminars and workshops reinforced networking with like-minded growers, gave an opportunity to learn from others' experiences and form partnerships to go-to market, as well increasing the capability
- ▶ Assistance from the AUSVEG export team was critical for new exporters

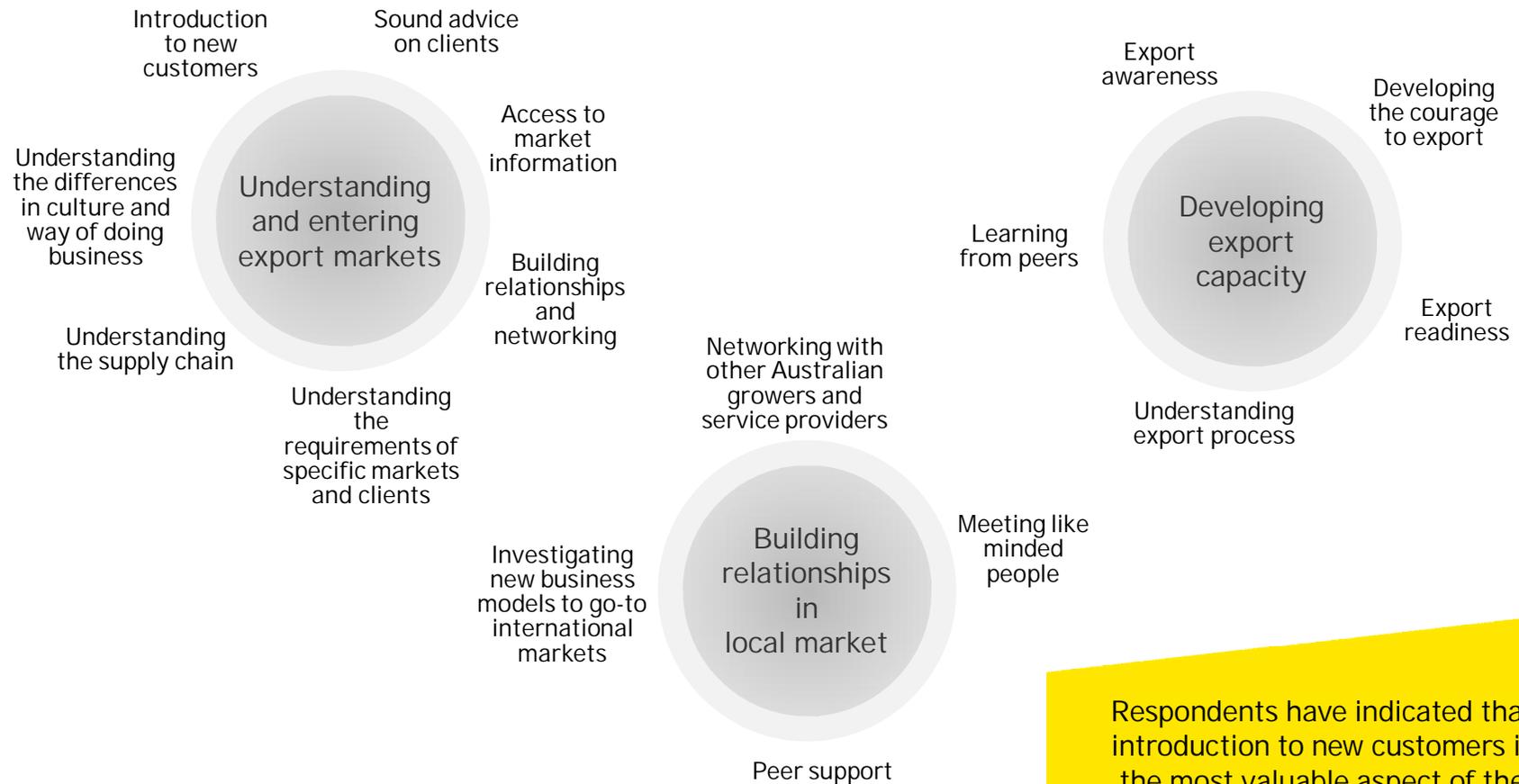
“Very good program, we could not have achieved [exports] without them”

“Team is amazing, I don't know how they manage to do all of these things. It is pretty impressive.”

“We found all of our [exports] customers through the program.”

Source: Growers Survey, 2016

The survey indicates that the export program has delivered a wide range of benefits and outcomes to growers

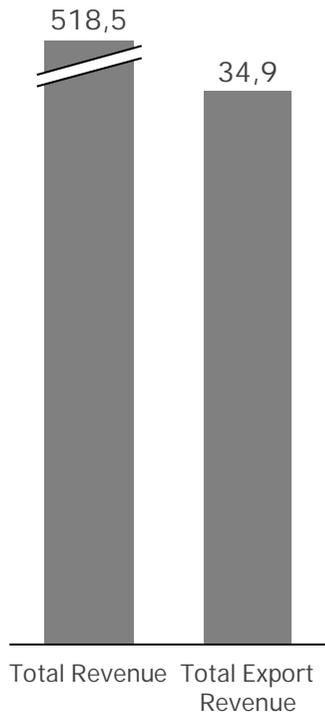


Respondents have indicated that introduction to new customers is the most valuable aspect of the export program

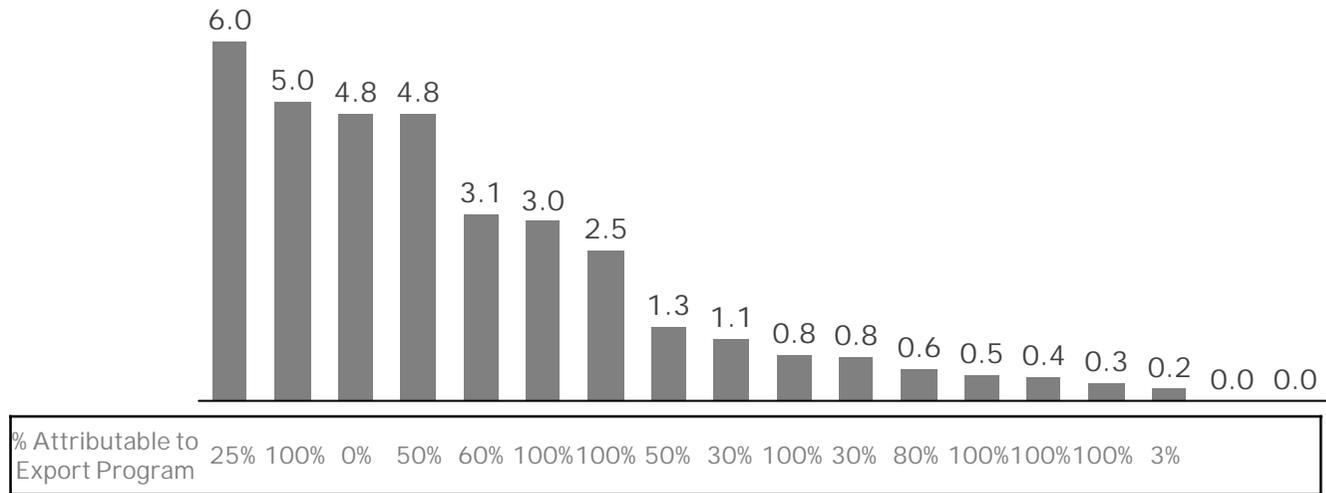
Source: Growers Survey, 2016

Respondents achieved a total of \$34.9m in export revenue, more than 50% of which is attributable to the program

Total annual revenue¹ of respondents (million AUD)



Growers by average annual Export Revenue¹ (million AUD)



Total Revenue Attributable to the Program in the last 12 months is estimated to be **\$19.8 million**

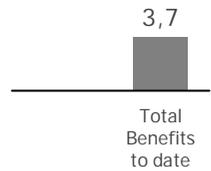
- ▶ On average 6.7% of the total revenue of respondents are from exports, this is in line with industry average
- ▶ On average 56.7% of the export revenues can be attributable to the Program.

Source: Growers Survey, 2016

Note: (1) Only 20 respondents disclosed average annual revenue

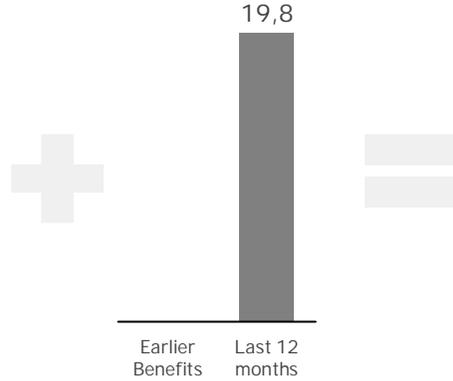
Considering this effect over multiple years, indicates potential significant revenue uplift in exports due to the program

Estimated benefits from 2015 Review survey sample (July 2014 – 2016) (million AUD)



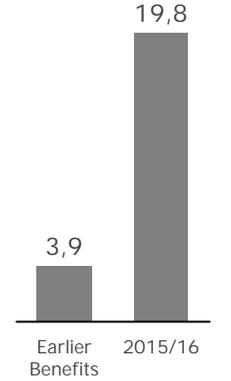
End of 2015	
Costs	\$1,6m
Benefits	\$3,7m
Net Benefits	\$2.1m
ROI	132%

Estimated benefits from 2016 Review survey sample¹ (July 2014 – 2016) (million AUD)



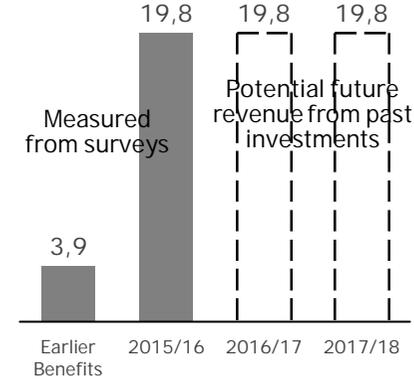
End of 2016	
Costs	\$3,4m
Benefits	\$19,8m
Net Benefits	\$16,4m
ROI	489%

Combined benefits from Reviews¹ (July 2014 – 2016) (million AUD)



End of 2016	
Costs	\$3,4m
Benefits	\$23,7m
Net Benefits	\$20,3m
ROI	605%

Combined benefits from Reviews and estimated follow on impact¹ (July 2014 – 2018) (million AUD)



End of 2018	
Costs	\$3,4m
Benefits	\$63,3m
Net Benefits	\$59,9m
ROI	1784%

Rationale

Program represented an initial investment in:

- ▶ Capacity building
- ▶ Introducing buyers to growers

Therefore, trade is expected to continue independent of AUSVEG

In order to reflect this follow-on effect, we have included two years of additional financial benefits capped at measured revenue

Increasing export of Australian vegetables will also deliver a broader economic benefits to the vegetable industry (e.g. improved diversification) and the wider economy (e.g. through increased activity in the supply chain within Australia). These benefits have not been included in the above calculation

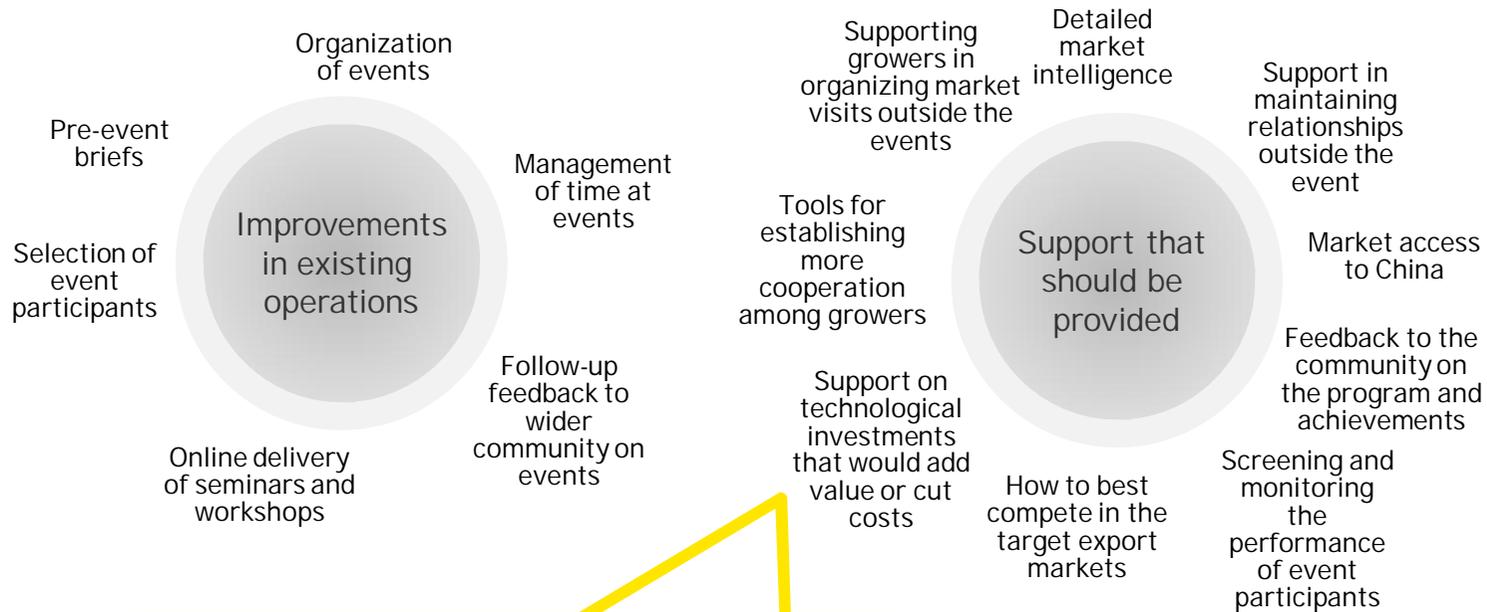
Survey respondents also indicated profitability in the range or 0%-20%. Assuming an average profitability of 10%, the program is estimated to yield \$6.3m in profits. This is a further evidence on the feasibility of the program

Estimated net benefits and ROI as of end of 2016 are well above the benefits estimated in conservative scenario of the Program's Cost-Benefits analysis

Source: Benefit Management Outcomes study, November 2015, Growers Survey, 2016

Note: (1) 5% interest rate is assumed to reflect time value of money

Having gone through this experience, growers now have better understanding of the kind of support they need



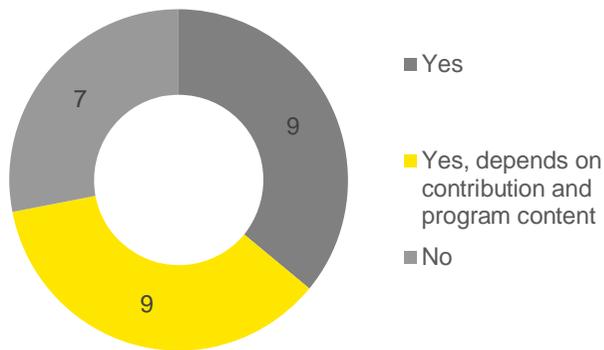
Singapore government currently co-funds the purchase of equipment that would help increase the farm's productivity through the US\$63m Agriculture Productivity Fund. Farmers are subsidised up to 50% of the qualifying cost of the equipment

These results present an opportunity to further investigate needs of other growers who have not used the program

Source: Growers Survey, 2016

Having seen the benefits of program, many of the growers indicated that they are still interested in the program if a co-contribution is required.

The willingness to co-contribute
(number)



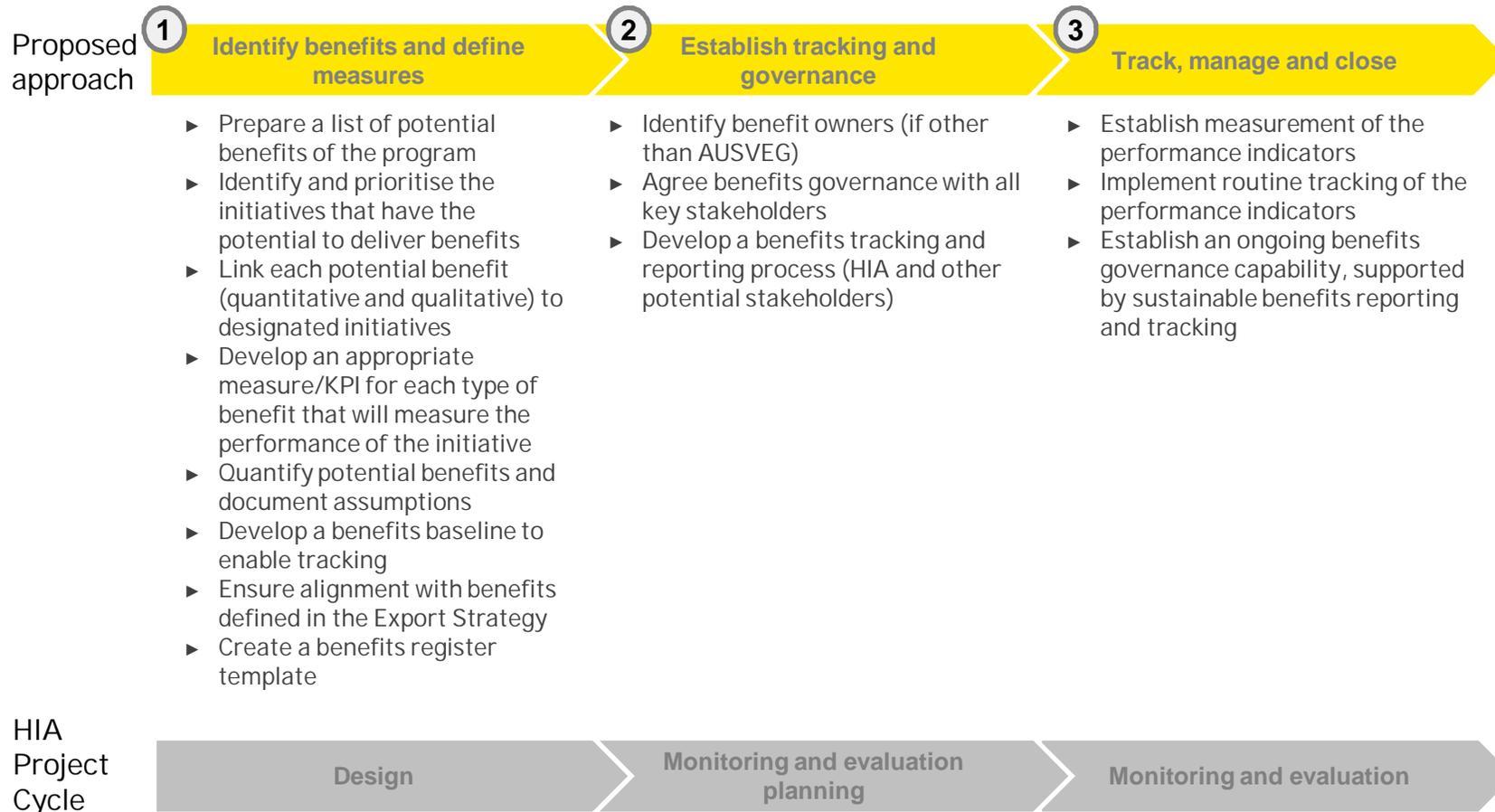
Observations on the co-contribution

- ▶ A majority of the respondents, 72%, indicated that they would still participate in the program if there was a need for co-contribution
- ▶ Given the survey targeted to existing members who had realised benefits, we see this result as further evidence of the value of the program
- ▶ 36% of the respondents said that they were already contributing through the levies and they would no longer participate in the program if further funding should be required
- ▶ Co-contribution may act as a barrier for new exporters in survey from participating in the program, as they may not see the tangible value offered and the net benefit available to them
- ▶ In order to better assess the need for contribution, an analysis should be conducted to understand the level of funding that could be secured through co-contribution and a decision to be made based in the materiality of the amount raised

Source: Growers Survey, 2016

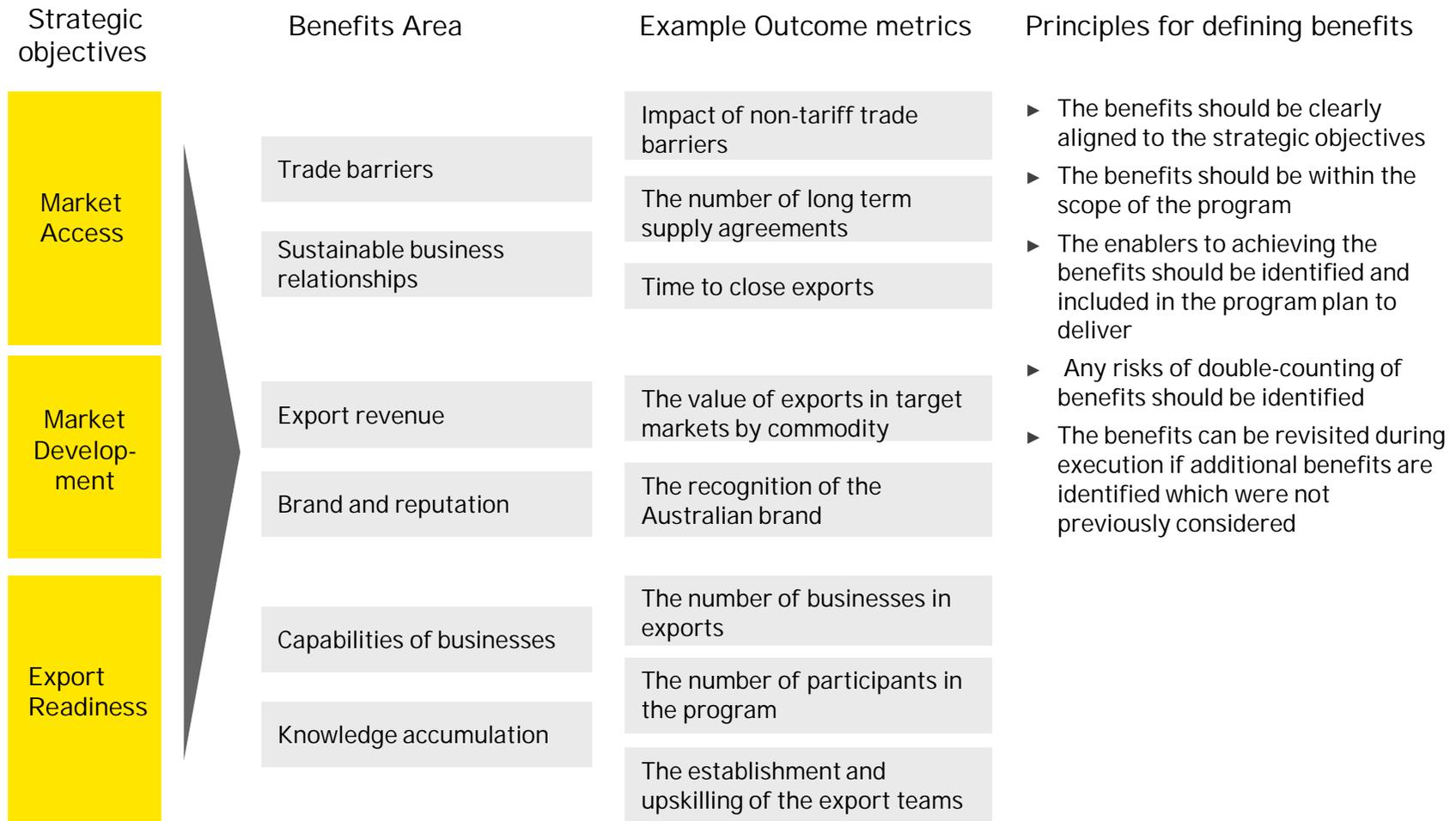
While the program successfully delivered its objectives, a benefits management framework will enable better execution and evaluation in the future

We suggest a three phased approach to identify the benefits and embed the management process into the program in line with the Horticulture Evaluation toolkit provided by HIA



Clear definition of the benefits and identification of the metrics that support the program strategy is the first step to successful benefits delivery

ILLUSTRATIVE



Critical to achieving benefits is the support of a healthy measurement, data collection and reporting governance infrastructure

Principles of Measurement:

- ▶ Automate data collection, where possible
- ▶ Maintain confidentiality and integrity of data
- ▶ Build capability to analyse data for use in the program
- ▶ Constantly assess the effectiveness of the initiatives to identify improvement areas
- ▶ Incorporate improvement recommendations by adapting the program in real-time

Principles of Data Collection

- ▶ Establish and agree data definitions and specification
- ▶ Identify and agree data access and reporting rules (e.g. the frequency of data collection, confidentiality rules)



Principles of Reporting

- ▶ Achieve greater transparency in the program
- ▶ Provide timely access to reporting so that the benefits are visible
- ▶ Use the reports to enhance the program and improve the accuracy of attribution

There may be merits in integrating the measurement of benefits and outcome to broader data strategy of the industry

The 2016 survey involved 12 questions

Questions

1. Would you please provide general information about your business?
 - a. What is your role in the business?
 - b. What commodities do you produce?
 - c. Do you conduct any processing or packaging?
 - d. What is your annual revenue (in AUD)?
 - e. What is your employee number?
2. How would you rate current level of importance of exports to your business now?
 - a. Not important
 - b. Moderately Important (e.g. exports seen as an option and evaluated on an opportunity basis)
 - c. Critically Important (e.g. Essential and Strategic to my business and make up high portion of my revenues)
3. How much of your revenue comes from exports (in AUD or %)? How long have you been involved in exports?
4. Which of your products do you export?
5. Would you please list the countries you are currently exporting? Which ones are the top priority?
6. How have you been involved in the AUSVEG Export Development program? (e.g. Participation to Reverse Trade missions, Trade Shows, Seminars and Workshops; Assistance/advice from AUSVEG Export Development Team; Information and Communication support)
7. What are the key benefits you have achieved from the Program? (i.e. Increased export awareness, increased capability and readiness, provide access to markets, meet new buyers resulted in exports, me, informal advise and mentoring)
8. Out of these benefits which is the most important thing to you?
9. How much of your revenue from exports would you say are as a result of AUSVEG's Export Development program? (in AUD)? What level of profit would you estimate that you generated as a result of this export activity?
10. What improvements would you recommend for the program? (i.e. Connecting growers to work together in export, Courses around how to export, More market visits, tradeshow etc., execution of the trade shows-pre and post, information + communications)
11. Would you still participate in the program if there were a need for co-contribution?
12. Do you have any other comments for the program?

The 2016 survey reached 25 growers

Business Name
Schreurs and Sons
Arahura Farms
Hussey and Co
Freshpoint
Bulmer Farms
Rocky Lamattina and Sons
Butler Market Gardens
Premium Fresh Tasmania
Kalfresh
One Harvest
Moffat Fresh Produce Scott Moffatt and Co
Qualipac
Aust Chilli

Business Name
Story Fresh
Australian Fresh Salads
Coastal Hydroponics
River Lodge Produce
Trandos Farms
Supafresh baby leaves Trodan Produce
S & T Kuzmicich and Sons
Capogreco Farms
4 Ways Fresh
DSA Fresh
Eastbrook Vegetable Farms Samwell and Sons
Thorndon Park Produce

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