

Annual Report 2022/23



The Hort Innovation 2022/23 Annual Report is for our members, levy payers and other horticulture sector stakeholders, as well as the Department of Agriculture, Fisheries and Forestry (DAFF).

This report provides a snapshot of the activities and achievements that drove value and outcomes for the nation's horticulture sector during 2022/23.

We thank the valued growers, industry representatives and delivery partners who work with us every day to achieve real results. We also thank the Hort Innovation team for its dedication, and the Australian Government, which broadly oversees our activities as a Rural Research and Development Corporation.

Hort Innovation acknowledges the traditional custodians throughout Australia and their connections to land, water and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.



On the cover

Renee Pye (pictured) is a grower from Parilla Premium Potatoes and Zerella Fresh in South Australia, one of Australia's largest potato, carrot and onion producers. Last year, the Pye family opened a \$45 million, 15,000 square metre, state-of-the-art packing facility at Parilla in SA's southern Mallee. It is one of the largest facilities of its kind in the Southern Hemisphere, washing, grading and packing about 300 tonnes of potatoes a day – most days of the week, 12 months of the year.

Section

1

We are Hort Innovation

Hort Innovation advances Australia's \$16 billion horticulture industry by investing in research and development (R&D), marketing and trade to build a prosperous and sustainable future for growers.

We partner with Australian and international co-investors including Government, leading science, technology, and consumer strategy experts to anticipate future challenges and opportunities.

Our role is to capture value from the investments we make to benefit all levy payers.

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Our 2022/23 Annual Report is structured around the performance principles that underpin our funding agreement with the Australian Government, which you can read more about on [p100](#).

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The 2022/23 Fund Annual Report complements the 2022/23 Annual Report to provide a snapshot of what was achieved in each industry fund during the year. Download the 2022/23 Fund Annual Report at www.horticulture.com.au/annual-report-portal.

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We deliver investments

Delve deeper into our investment areas in this section to better understand what Hort Innovation does in Production, Sustainability, Biosecurity and Trade R&D, as well as Marketing and Demand Creation. You will find plenty of facts, figures and case study highlights demonstrating how these activities benefited horticulture industries in 2022/23.

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We engage with stakeholders

This section shines a light on how Hort Innovation engages with industry stakeholders across the horticulture supply chain. There is a focus on what mechanisms guide Hort Innovation’s investment of levy dollars, and importantly, you will find information on our efforts to continually improve our relationships across the sector.

This section also details some of Hort Innovation’s stakeholder-focused investments across Data & Insights, Industry Development & Innovation, and Communications.

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Plus, see the FINANCIAL REPORT from p109

This section delivers Hort Innovation's formal reporting, including the Directors' Report for 2022/23 and the company's full Financial Report.

Executive summary

In 2022/23, Hort Innovation listened closely to our stakeholders to ensure the company's priorities align with the horticulture sector's opportunities and challenges.

We are proud to say that 2022/23 was a record-breaking year for Hort Innovation. We invested more than \$139 million in levies, Australian Government contributions, grants and co-investment on behalf of the horticulture sector. This included some \$52.9 million worth of investments in our Hort Frontiers strategic partnership initiative and other non-levy projects.

We managed a diverse range of investments across our business areas of Production, Sustainability, Trade, Biosecurity and Demand Creation. With 456 active R&D levy-funded projects and 24 marketing programs, our team delivered value for the horticulture sector. You can read about this year's achievements and progress from [p19](#).

We are committed to delivering bigger, bolder, more transformative investments for the horticulture sector, such as the recent announcement of the new Fresh and Secure Trade Alliance program worth \$130 million over the next eight years. Learn more about this program on [p34](#).

A new company strategy was developed in close consultation with industry to set Hort Innovation's direction for the next three years. Find out more about our new vision on [p12](#).

To deliver on the new Strategy, the company was redesigned to provide a greater focus on customer service through the new Industry Service & Delivery Team, as well as bringing functions such as Trade and Biosecurity and Production and Sustainability together to focus our R&D efforts. You can read more about this change on [p94](#).

To support our renewed commitment to customer service, internal efforts were made to improve the way we obtain advice from industry. More information on these initiatives can be found on [p46](#).

We continue to work closely with the sector and the Australian Government to respond to any arising challenges and opportunities and ensuring our activities respond to levy payer needs.

Under our Statutory Funding Agreement with the Australian Government, an independent review of Hort Innovation's performance was conducted during the year with results expected in November.

You can read more about Hort Innovation's work during 2022/23 throughout this Annual Report and accompanying 2022/23 Fund Annual Report which takes a deep dive into each industry's investments at www.horticulture.com.au/annual-report-portal.



Julie Bird
Hort Innovation Chair



Brett Fifield
Hort Innovation Chief Executive Officer



2022/23 by the numbers



\$60.2M

invested in strategic levy R&D



\$4.8M

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



456

R&D project investments



\$52.9M

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



\$21.1M

invested in strategic levy marketing programs

22



22 of our industries had investments related to international trade



100%

of key performance indicators in the 2019-2023 Company Strategy underway or completed

24



industry-specific, levy-funded marketing programs

Our sector

Horticulture is the third-largest agricultural sector, accounting for 17 per cent of total agricultural production in 2021/22.



Horticulture is a growing industry, with a production value increase of 23 per cent over the past five years. Horticulture value has grown every year since 2012/13 – an anomaly for agriculture, which is often characterised by significant fluctuation.

The National Farmers' Federation (NFF) has set a bold target for the agriculture sector – to exceed \$100 billion in farmgate output by 2030. This year data shows that output is forecast to reach \$84 billion.

Despite a range of challenges facing the sector, horticulture has the potential to be a key driving force behind reaching the NFF 2030 target. In industry growth projections to 2030, horticulture was assigned the highest total growth rate at 33.1 per cent.

As Australia's Rural Research and Development Corporation for the horticulture sector, Hort Innovation is committed to helping our industry grow by improving productivity, preparedness and competitiveness. We invest levies on behalf of 37 horticulture industries across fruit, nuts and vegetables, as well as amenities such as nursery, turf and pyrethrum.



\$16B

The total production value of the Australian horticulture sector in 2021/22



\$6.15B

Horticulture's production value has grown by \$6.15 billion since 2012/13



17%

Horticulture represented 17 per cent of the total agricultural production value in Australia in 2021/22, making it the country's third largest agriculture sector



\$2.47B

The total value of Australia's fresh horticulture exports in 2021/22



83

In 2021/22, we exported to some 83 countries, with the top five being China, Japan, Vietnam, Hong Kong and Singapore



\$12.96B

For every dollar of value the horticulture sector generates, an additional 27.6 cents is created in the rest of the economy, amounting to \$12.96 billion



116,900

The number of people employed in Australian horticulture in 2021/22

12,105

The number of horticulture businesses across Australia in 2020/21.

21.3

For every 100 jobs that exist in horticulture, an additional 21.3 jobs are created in other sectors



July 2022

Discussions with each industry on refreshing their advice mechanism kicked off. Read more about our progress on this initiative on [p46](#).

October 2022

The Hort Innovation team was redesigned to align with the horticulture sector's priorities. Read more about the changes that were made on [p94](#).

November 2022

Hort Innovation welcomed two new Directors to its Board – Elke Cleverdon and Stephen McCutcheon. Learn more about our Board of Directors on [p112](#).

February 2023

The latest Hort Stats Handbook was released, offering the most comprehensive and contemporary data on the Australian horticulture sector. See [p51](#) for more.

April 2023

Hort Innovation's Independent Review of Performance commenced. Find out more about the process on [p101](#).

The year in review

What a year! Here is a quick look at some of the highlights from a jam-packed 2022/23.



Hort Innovation Marketing Manager Belinda van Schaik wins Marketeer of the Year Award at Hort Connections.

May 2023

Market access for Australian Hass avocados into Thailand was granted, following a similar announcement for India in March 2023. Read more about the R&D efforts that underpinned these announcements on [p35](#).

June 2023

Hort Innovation Marketing Manager Belinda van Schaik wins Marketeer of the Year Award at Hort Connections. Read more about the winning mango campaign on [p38](#).

To learn more about the full scope of our work, visit www.horticulture.com.au. To learn more about the industry-specific activities that took place during the year, download the 2022/23 Fund Annual Report at www.horticulture.com.au/annual-report-portal.

Looking back at our investment

2022/23 was an historic year of investment for Hort Innovation.



You can learn more about the wide range of programs Hort Innovation invested in at www.horticulture.com.au.

A new strategy for the future

During the year, Hort Innovation developed a new Strategy to provide a roadmap for the company's efforts and activities over the next three years to capture value for the horticulture sector.

The Strategy was informed by feedback from growers across the nation through farm visits, surveys and advice garnered through industry advisory panels and meetings.



Julie Bird,
Hort Innovation Chair

"With the value of Australian horticulture projected to increase, equipping growers with the necessary knowledge and tools is of critical importance. We are attuned to the needs expressed by growers, and Hort Innovation is actively adapting to address them."

Hort Innovation Strategy 2024-2026



OUR VISION

A prosperous and sustainable Australian horticulture industry built on innovation

Our strategic imperatives

Enhance and safeguard supply

- ▶ **PRIORITY 1.1**
 Lead world-class innovation to ensure Australian horticulture is globally competitive
- ▶ **PRIORITY 1.2**
 Partner with industry on their sustainability priorities and research needs to support social and environmental stewardship
- ▶ **PRIORITY 1.3**
 Excel in breakthrough research to strengthen industry's readiness for existing and emerging opportunities and threats
- ▶ **PRIORITY 1.4**
 Collaborate with industry to bolster resilience and future-proof supply chain disruptions

Accelerate local and global demand

- ▶ **PRIORITY 2.1**
 Access and expand high-value markets to deliver profitability and sustainability for industry
- ▶ **PRIORITY 2.2**
 Drive consumption through high-impact, evidence-based domestic and export marketing campaigns
- ▶ **PRIORITY 2.3**
 Deliver valuable data and insights that transform decision making
- ▶ **PRIORITY 2.4**
 Advance solutions to reduce and utilise waste to deliver new revenue streams for growers

Maximise and diversify investments

- ▶ **PRIORITY 3.1**
 Partner with industry to deliver Annual Investment Plans ensuring industry levy-funded projects deliver impact at scale
- ▶ **PRIORITY 3.2**
 Build strategic partnerships to deliver bigger, bolder investments in innovation for Australian horticulture
- ▶ **PRIORITY 3.3**
 Create a flexible investment framework attracting new partners and alternative funding resources

Make the culture thrive

- ▶ **PRIORITY 4.1**
 Collaborative and customer focused
- ▶ **PRIORITY 4.2**
 High performance, inclusive culture
- ▶ **PRIORITY 4.3**
 Empower our people
- ▶ **PRIORITY 4.4**
 Invest in industry capability

Work simply and effectively

- ▶ **PRIORITY 5.1**
 Quality compliance and governance
- ▶ **PRIORITY 5.2**
 Transparent relationships
- ▶ **PRIORITY 5.3**
 Minimise complexity

Our role

We advance Australia's \$16 billion horticulture industry by investing in research and development, marketing and trade to build a prosperous and sustainable future for growers.

We partner with Australian and international co-investors including government, leading science, technology, and consumer strategy experts to anticipate future challenges and opportunities.

Our role is to capture value from the investments we make to benefit all levy payers.

Our goals

- ▶ **Foster collaborative relationships** – stakeholder engagement > 60 per cent
- ▶ **Strong teamwork and shared purpose** – employee engagement > 70 per cent
- ▶ **Deliver real impact for growers** – Benefit Cost Ratio > 5:1
- ▶ **Live our values** – focus on our customers and innovation
- ▶ **Satisfaction with service** – partner and member rating > 60 per cent
- ▶ **Execute for industry** – Strategic Investment Plans delivered on time and on budget
- ▶ **Help grow value** – preference for Australian horticulture in key markets
- ▶ **Be ambitious** – 100 per cent annual investment target and attract new partners

Our values

- ▶ **We focus on the future**
- ▶ **We act with respect and integrity**
- ▶ **We work as one team**
- ▶ **We make a positive difference**

Our funding

Hort Innovation's work is funded by statutory and voluntary industry levies, co-investment dollars brokered from a range of partners, grant support and Australian Government contributions. Other funding sources can also come into play, including royalties and the company's centralised strategic levy reserves.

In 2022/23, Hort Innovation used two primary funding models: one for strategic levy investments and one for investments within our Hort Frontiers strategic partnership initiative.

Levy funding

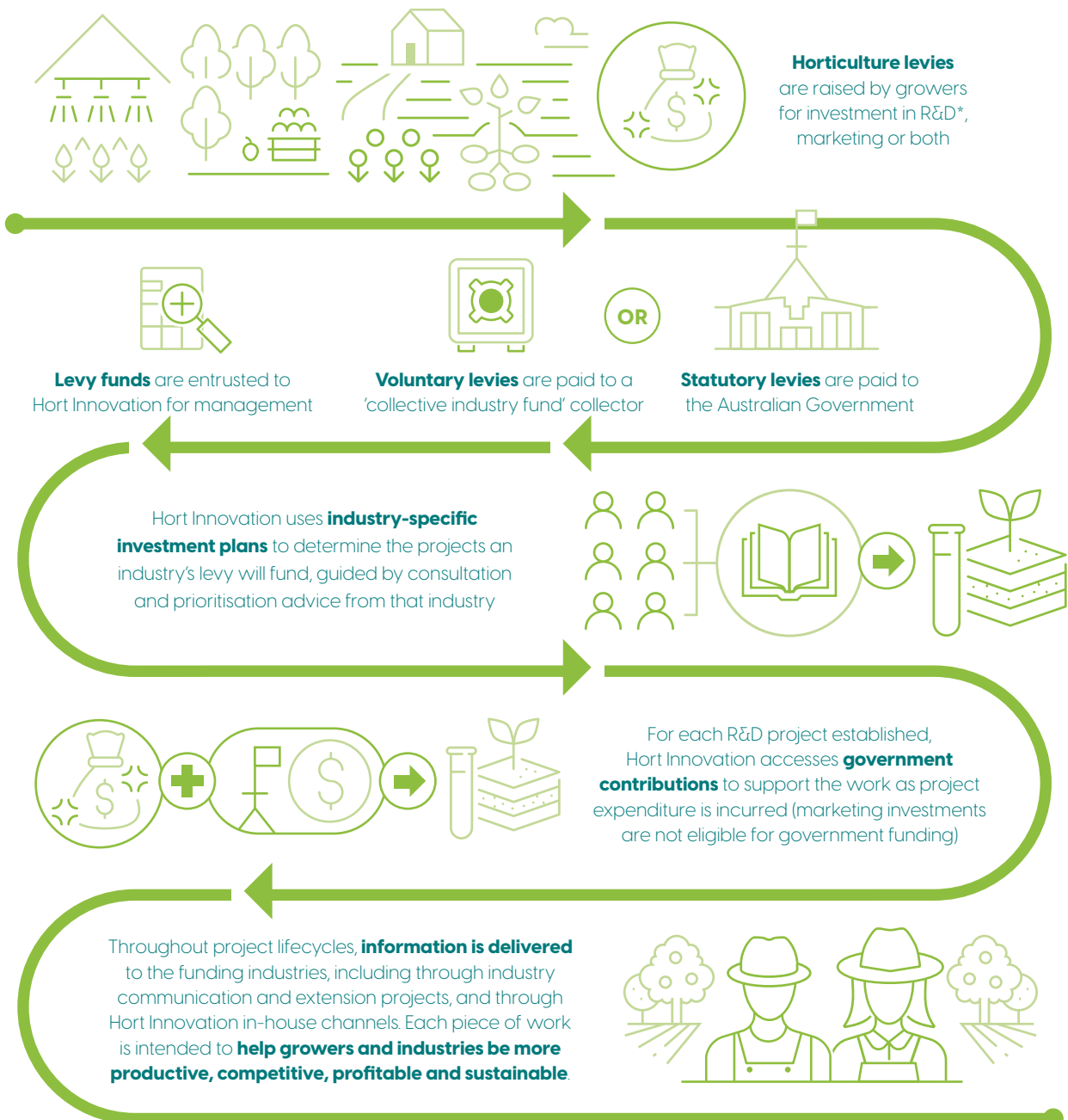
Levy funding is the core model for Hort Innovation's work, involving the investment of statutory or voluntary industry levies, along with Australian Government contributions (where applicable). Levy investments are specific to each industry's needs, but multi-industry projects can collaborate across multiple commodities for maximum efficiency and impact.

Hort Innovation does not set or directly collect levies. Individual horticulture industries choose whether to have a levy and determine how (or if) their levy is split for investment between R&D and marketing.

Levies can be statutory (or compulsory) levies through the Department of Agriculture, Fisheries and Forestry (DAFF) or voluntary

through an approved Collective Industry Fund (CIF) arrangement with Hort Innovation. Industries with a voluntary levy include almond, blueberry, pistachio, processing tomato and pyrethrum.

Industry may have other levies that are not managed by Hort Innovation, such as biosecurity levies that are passed onto Plant Health Australia.



* Encapsulating extension and international trade

Hort Frontiers funding

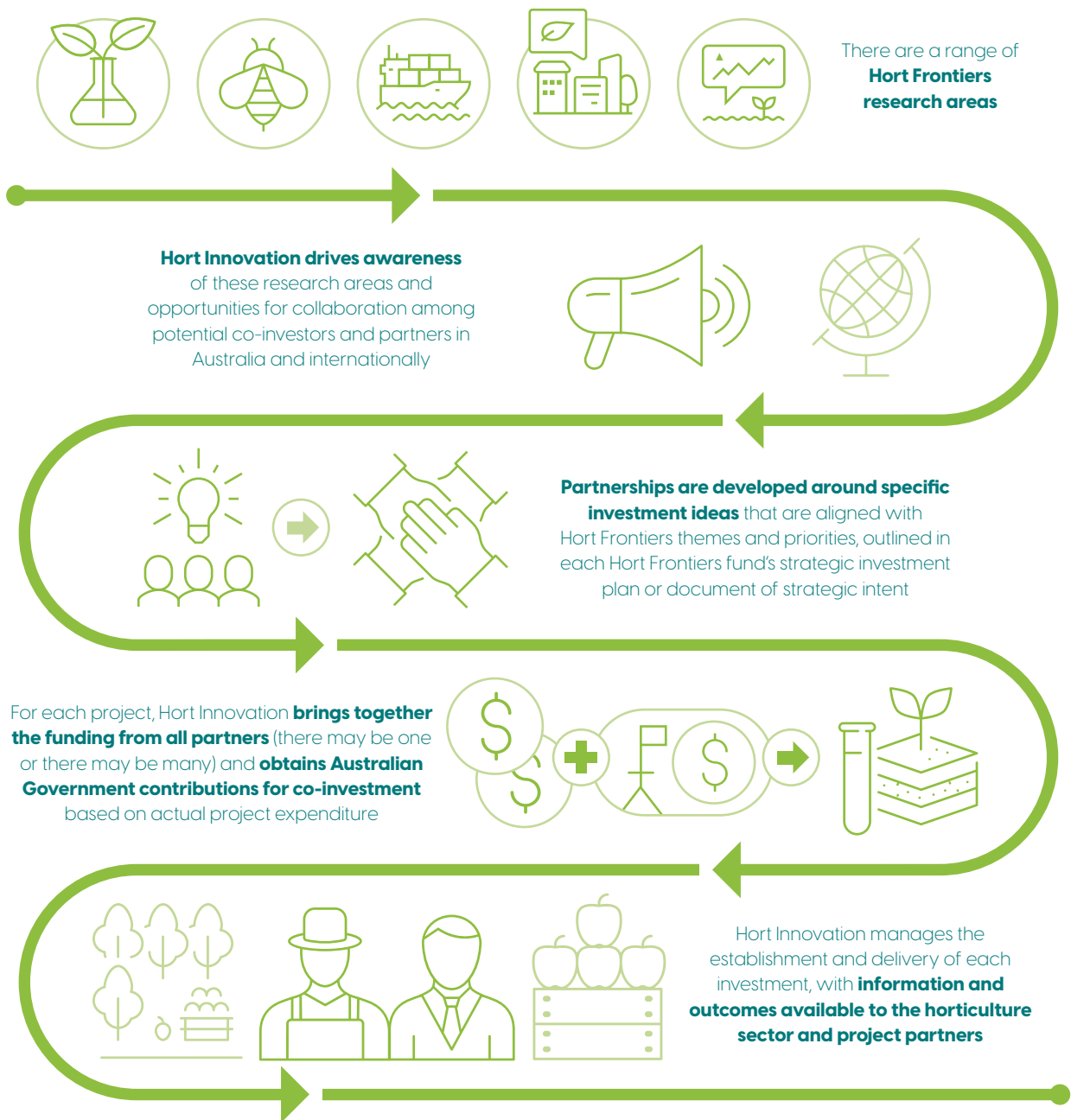
Hort Frontiers is Hort Innovation's co-investment model, through which investments are funded through strategic partnership money sought, brokered and combined with Australian Government contributions. Projects funded in this way are

generally longer-term, cross-industry investments focused on complex areas critical for the future of the horticulture sector.

Hort Frontiers co-investment partners range from commercial businesses to research agencies, education

institutions and Government departments. Based on industry advice, statutory and voluntary levy funds can also be invested in Hort Frontiers projects.

Learn more at www.horticulture.com.au/hort-frontiers.





Through the mango industry's levy-funded project *Building best management practice capacity for the Australian mango industry (MG17000)*, Industry Development Officer Celine Jordens (right) shares a guide to the major mango pests and diseases.

Our history

The Australian Government established Hort Innovation in 2014. We are an unlisted public company limited by guarantee and the declared industry services body for horticulture under the Horticulture Marketing and Research and Development Services Act 2000. Hort Innovation transitioned to a grower-owned company from the former Horticulture Australia Limited (HAL), which operated between 2001 and 2014.

In June 2020, Hort Innovation signed a Deed of Agreement with the Department of Agriculture, Fisheries and Forestry (DAFF). The agreement takes a 'principles-based' approach to Hort Innovation's operations, which you can read more about on [p100](#).

Since 2014, Hort Innovation's company structure has evolved to meet the needs of the horticulture sector based on consultation with industry. You can read about recent changes and see our current organisational structure on [p94](#).

Our membership

All horticulture levy payers are invited to become members of the company they own. Hort Innovation membership is free but not automatic – businesses can apply at www.horticulture.com.au/sign-up.

Members can apply for voting entitlements ahead of each year's Annual General Meeting – giving them a direct say on the leadership at Hort Innovation and the rules governing the company.

At the end of the 2022/23 period, Hort Innovation had 2,171 members.



In 2022/23, the Hort Innovation Mushroom Fund invested in a range of initiatives to benefit the sector. You can read more about them in this year's 2022/23 Fund Annual Report at www.horticulture.com.au/annual-report-portal.

Section

2

We deliver investments

Delve deeper into our investment areas in this section to better understand what Hort Innovation does in Production, Sustainability, Biosecurity and Trade R&D, as well as Marketing and Demand Creation. You will find plenty of facts, figures and case study highlights demonstrating how these activities benefited horticulture industries in 2022/23.

We deliver investments **Production**



The Hort Innovation Production R&D Team support the global competitiveness of Australian horticultural production systems through investments that boost growers' yield, quality and efficiency through new knowledge, practices and technology.



The Production R&D Team covers the following portfolios:

- Breeding
- Crop production
- Biotechnology
- Emerging technology



DAFQ's Dr Jodi Neale with strawberries developed in the breeding program.

Spotlight: **Tree immunisations could become a reality**

Research is underway to trial tree immunisations that protect Australia's horticulture industries against the deadly Xylella and Huanglongbing (HLB) diseases.

The investment aims to safeguard key Australian horticulture industries by immunising trees with RNA-based technology, similar to coronavirus vaccines for humans. The RNA immunisations give tree cells the ability to produce chemicals that target specific pathogens.

The initial research and trials will begin in the United States where both Xylella and HLB are present. Both diseases are not currently present in Australia. The project is initially focused on citrus and table grapes, and then opportunities will be explored for almonds, avocados, olives and summerfruit.

Spotlight: **Delivering bot-ready strawberries**

Strawberries specially bred for automated picking will soon become a reality in Australia after the launch of an initiative to develop varieties that can be easily harvested by robot.

Scientists will naturally meld together the flavour, colour and aroma traits

Aussies love the most with premium strawberry varieties from around the world that feature single stemmed fruit ideal for robotic picking. The \$11.5 million, four-year effort is being led by the Department of Agriculture and Fisheries Queensland (DAFQ).



Meet Andrew Harty,
Regional Operations
Manager Riverland at
Costa Group, Australia's
largest citrus grower



Meet Rachel Mackenzie,
Executive Director at Berries Australia

"The nation's growers are ready to reap the benefits of the program's efforts to reduce the cost of harvesting. Breeding bespoke varieties to suit strawberry growers across the country is a priority for our industry. We are looking forward to this program equipping us to profitably deliver consistent, high-quality fruit for Australians and the world."

"Research to prevent disease is crucial in preparing the horticulture industry for potential outbreaks. Thankfully in Australia, we do not have either Xylella or HLB, but as an industry we have to always think ahead. This kind of research, if deployed at scale, could have a huge impact in protecting Australia's citrus industry."

Spotlight:

Eyeing a future where fruit pickers are trained by virtual reality

Training fruit pickers using virtual reality equipment, employing robots to move fruit containers and wearing exoskeletons to support physical labour are all possibilities being considered by Australian berry growers to boost labour efficiency.

The research was conducted in close consultation with berry growers and aimed to identify practical technology-based solutions to address one of the industry's biggest challenges.

The technology opportunities identified were validated through interactions with growers, including interviews and a dedicated grower workshop.

“ Meet Andrea O’Halloran,
Hillwood Berries farm manager

“This research has expanded the berry industry’s understanding of what is possible. Who knew that autonomous robots and virtual reality headsets could be just around the corner for berry growers? This research provides our industry with a roadmap for further development of these solutions, with the ultimate goal of berry growers being able to put this technology into action.”



An example of the type of virtual reality equipment that could be used in the rubus industry.

Spotlight:

Reimagining orchards of the future

A team of scientists, engineers and economists have been assembled to reimagine what orchards in the future could look like through a \$13.6 million program aimed at improving efficiency in resources and labour.

Delivered through Hort Innovation and led by Agriculture Victoria, the five-year program will establish research sites across the country to find out whether transitioning to narrower orchard systems could bring benefits for pome and stone fruits.

Narrow orchard systems feature two metre spaces between rows of trees and keeping the canopy narrow to expose fruit and leaves to enough sunlight to maximise yield and fruit quality. This approach is attractive to field workers and amenable to robotics, automation and sensing technologies, and has the potential to use less labour, energy and increase the efficiency of inputs.



Meet
Dr Ian Goodwin,
Agriculture Victoria
research leader in
crop physiology

“Through establishing experimental sites across the country, our research team is anticipating gains in marketable yield as well as the accuracy and efficiency of sensing and robot orchard operations (such as crop load estimation, pruning, thinning, pest and disease monitoring, and fruit picking) in the narrow row orchards compared to existing tree training systems.”

We deliver investments **Sustainability**



The Hort Innovation Sustainability R&D Team has a focus on environmental, economic and social sustainability.



The Sustainability R&D Team covers the following portfolios:

- Human nutrition
- Natural resource management
- Pollination
- Postharvest
- Supply chain and product integrity
- Training and leadership
- Urban greening

Spotlight: Safeguarding pollination in Australia

Hort Innovation is investing more than \$61 million into research projects to safeguard pollination in Australia – from ongoing work to protect honey bees to looking into alternatives such as flies and native bees that are not affected by Varroa Mite as well as mechanical methods of pollination such as using microdrones.

One such project is looking at using flies for berry pollination. In an Australian first, researchers are releasing pollinator flies in the Coffs Harbour biosecurity Red Zone in an effort to fortify close to 1,500 hectares of berry crops.

Growers in the region have experienced a dip in pollination services after the destruction of hives following Varroa Mite incursions, and this program will investigate whether flies, that are not attracted to food or humans, can be as effective.

Data will be collected from berry farms in the Varroa Mite Red Zone to understand how different flies pollinate berry crops and how growers could harness their behaviour.



Meet Andrew Bell, Australian Blueberry Growers Association president

“The recent Varroa Mite incursion has highlighted the need for growers to have multiple pollination strategies up their sleeves for times like this. I am looking forward to the outcomes of this research and learning about how we can encourage greater pollination by flies on berry farms.”



Pollinator fly (*Eristalis tenax*) on a blueberry flower.

Spotlight: Almonds forging a pathway to carbon neutral

Research is underway to help the almond industry develop sustainable practice and reduce the production of carbon emissions. This includes a life cycle analysis to understand the range of environmental impacts and benefits that growing almonds has. The delivery of this research is:

- Developing future greenhouse gas emission reduction initiatives
- Raising awareness across the industry of its footprint
- Developing the capability of the industry to undertake future assessments
- Helping position the industry for domestic and international opportunities that may arise from becoming carbon neutral and in the generation of carbon offsets
- Hosting mitigation workshops to support behaviour change.

A complementary project is also underway to quantify the impact of whole orchard recycling on the carbon footprint of an almond orchard, including the impact on carbon storage and turnover in the soil, soil greenhouse gas emissions and the productivity of newly planted trees.

The information gathered through this project will help almond growers integrate whole orchard recycling into their orchard redevelopment programs with clear expectations around carbon farming, changes in soil health, irrigation use efficiency and productivity improvements. The research will also support the almond industry to improve its sustainability credentials, with the potential for whole orchard recycling to underpin practices that will allow the production of carbon neutral almonds.

Spotlight:

Investing in the future of Australian horticulture skills and leadership

Growers around the nation are eligible to apply for a range of levy-funded capability-building opportunities being delivered through Hort Innovation each year. Workforce and skills development are both key to Australian horticulture's prosperity, with projections showing the sector could reach \$20 billion by 2030.



Meet Michael Densham, Vegetable and cut flower grower

Michael Densham, who runs a mixed-production organic farm in Victoria that produces a diverse range of organic vegetables and cut flowers, received a 2021 Nuffield Scholarship supported by Hort Innovation. Mr Densham said a week doesn't go by in which he doesn't call upon a lesson, skill or insight he gained through the program.

"Since beginning my Nuffield Scholarship, I have travelled to seven countries, visited more than 80 farms throughout the world, and made friends for life. I have developed a deep appreciation for the breadth and diversity of global agriculture and gained a powerful and practical skill set to use in my business. Don't think twice, apply now!"



Hort Innovation 2021 Nuffield Scholar, Michael Densham.

Spotlight:

Green homes that protect human health and the environment are coming

Homes with walls covered with sustainable plants, courtyard misting and rainwater capture systems that provide energy saving, runoff reduction and cooling will soon become a reality following a \$1.4 million partnership between researchers, an urban developer and plant industry growers.

The new project will feature the construction of a 'Future Home' in Donnybrook, Victoria. The home will champion the environmental, social and economic benefits of "blue and green" infrastructure by providing a prototype for future residential developments.



Meet Professor Stephen Livesly, University of Melbourne

"The Future Home will feature state-of-the-art technology to enable the research team to quantify the impact of the blue and green installations. With more than 24 climate, soil and water sensors across the property, we will be able to accurately monitor the performance of the blue and green additions."

We deliver investments **Biosecurity**



The Hort Innovation Biosecurity R&D Team are responsible for preparing the Australian horticulture sector for biosecurity risks and equipping industry to manage existing pests and diseases.



The Biosecurity R&D Team covers the following portfolios:

- Biosecurity
- Integrated pest and disease management
- Regulatory affairs and crop protection

Spotlight: Speeding up entry of new plant genetics into Australia

Rapid and safe access to new plant genetic stocks is crucial for plant primary industries to remain profitable, sustainable, and internationally competitive. Currently, new plant material entering Australia can spend up to three years in post-entry quarantine facilities undergoing pathogen testing.

A diagnostic platform that is scalable, robust, accurate and rapid is needed for post-entry quarantine to expedite phytosanitary screening and allow imported plants to move through the quarantine process more quickly potentially. A technology known as 'next generation' offers a fast, reliable and cost-effective method to identify all known plant pathogens in a single test.

From 2018 to 2023, Hort Innovation worked in partnership with quarantine agencies in Australia and New Zealand to develop an end-to-end quality assurance program and standard operating procedures, which are harmonised with international best practices. This initiative enables the adoption of next generation sequencing technology for phytosanitary screening of exotic pests in post-entry quarantine facilities.

This new capability will enhance Australia's biosecurity system by safeguarding domestic plant industries from exotic pests and enabling plant industries to gain accelerated access to new plant genetics to facilitate their access to high-value market opportunities.



Banana grower and ABGC Board Member Andrew Serra with ABGC Bunchy Top Inspector Amardeep Singh.

Spotlight: Banana army poised to defend Aussie plantations

Banana growers managing over 600 commercial banana properties along Australia's east coast are being armed with an arsenal of tools to guard against significant pests and diseases. The surveillance and grower education program kicked off in 2022/23 to educate growers about how to recognise early disease symptoms and manage diseases more effectively. The program has been shared through farm visits, workshops, grower groups and through other resources such as videos that provide tips for detecting new infections.

Addressing the threat of significant banana disease, as well as improving growers' capacity to manage and detect them, is a critical priority for the banana industry. Research shows that if Panama TR4 alone was to spread widely, it would cost the Australian banana industry \$5 billion over 10 years. The challenge of having to deal with TR4 in combination with other significant banana diseases on a property would have an even more serious impact.

The goal of this project is to boost the banana industry's ability to prevent, manage, and reduce the impact of biosecurity threats.



Meet
Andrew Serra,
third-generation
banana grower

"This project provides growers with the tools they need to be on the front foot when it comes to protecting their property and the industry more broadly."

Spotlight:

Providing access to safe and effective crop protection

Hort Innovation supports growers' essential access to safe and effective crop protection products through levy projects, grant funding and additional activities.

Minor use permits

The Australian Pesticides and Veterinary Medicines Authority (APVMA) issues minor use permits so growers can legally access, and safely use, crop protection products for 'minor uses' that are not covered in a product's registered label.

Hort Innovation facilitates the submission of renewals and applications for minor use permits on behalf of the horticulture sector. We maintain information on current permits on each Fund's page at www.horticulture.com.au/growers and circulate updates in the monthly *Growing Innovation* newsletter (sign up at www.horticulture.com.au/sign-up).

Permits by the numbers

402 permits currently issued across horticulture, coordinated by Hort Innovation

101 permit applications submitted during 2022/23, including three Emergency Use Permits, five applications for new uses with residue/efficacy data and 93 renewal applications.

76 permits issued in 2022/23, including 72 renewals, one for new use and three for emergency uses.

Two minor use permits surrendered as their uses are now covered by registered labels through APVMA's Permit to Label project

Data generation

The creation of pesticide residue, efficacy and crop safety data is needed to support minor use permit and label registration applications made to the APVMA. Hort Innovation's data generation work is supported by assistance grants, which we seek on behalf of industry each year through the Australian Government's Access to Industry Priority Uses of AgVet Chemicals program.

AgVet grants by the numbers

\$671,053 in grants awarded to Hort Innovation in 2022/23

\$8,282,589 or 126 individual grants, secured by Hort Innovation to date

784 efficacy/crop safety and residue trials supported so far

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

These grants have provided funding to support 40 permits and 87 new label registrations

76 of the 126 grant projects have been fully completed and 40 permits and 17 label registrations have been approved by the APVMA

In 2022/23, Hort Innovation studies were submitted to the APVMA by the registrants in support of further product label extensions for various industries and uses

Other critical work

To help horticulture industries identify gaps in existing control options for pests, weeds and diseases, Hort Innovation funds Strategic Agrichemical Review Process (SARP) research. This research is used to identify industry priorities in the pursuit of chemical registrations or minor use permits.

Hort Innovation provides the horticulture sector with quarterly Ag Chemical Updates, featuring information on domestic and international pesticide regulation.



We deliver investments **Trade**



The Hort Innovation Trade R&D Team work collaboratively with industry to increase opportunities and demand for Australian produce overseas.



The Trade R&D Team covers the following portfolios:

- Market development
- Export capability
- Market access
- Collaborative partnerships



Federal Minister for Agriculture, Fisheries and Forestry Murray Watt, Queensland Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities Mark Furner, Hort Innovation CEO Brett Fifield, Hort Innovation Chair Julie Bird and Piñata Farms Managing Director Gavin Scurr at the FASTA launch.

Spotlight:

Historic \$130 million trade alliance to supercharge Aussie horticulture exports

The largest and most ambitious trade initiative in Australian horticulture industry was given the green light in 2022/23 with a host of partners signing on to an historic \$130 million initiative, the Fresh and Secure Trade Alliance.

Delivered through Hort Innovation and led by the Department of Agriculture and Fisheries Queensland, the eight-year program will see key Aussie export stakeholders and authorities joining forces to deliver phytosanitary, or pest and disease management, data packages.

The program will equip the Australian Government with the strongest possible, and most efficiently delivered, data to inform market access decisions. As part of the program, FASTA will also deliver a host of biosecurity initiatives that will solidify Australia's strong pest-management reputation for years to come.

FASTA's research program is focused on two areas:

Delivering robust and timely datasets to underpin market access negotiations:

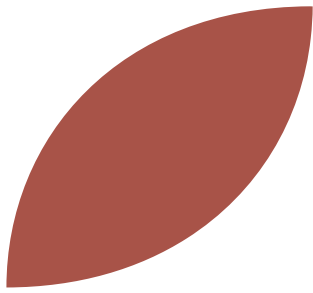
State and Territory governments will work together to standardise their approach to phytosanitary data, to demonstrate Australia's produce is pest free while also ensuring that the impact of phytosanitary treatments on fruit quality will be minimised. These datasets will be used to open new protocol markets for Australian produce, and improve conditions to existing ones.

Increasing understanding about fruit fly and other key pests:

A multi-discipline, multi-organisational research team of over 70 scientists from across Australia will be assembled to test new technologies

for tracking pests, trapping pests and reducing pest pressure. Through the eight-year program this will increase Australia's research capabilities in pest management research and facilitate world-class research.

The Fresh and Secure Trade Alliance also includes the Department of Primary Industries and Regional Development (WA); the Queensland University of Technology, the Department of Energy, Environment and Climate Action (VIC), the Western Sydney University, the Department of Tourism, Industry and Trade (NT), the Australian Blueberry Growers' Association, James Cook University, the Department of Primary Industries and Regions (SA), GreenSkin Avocados, as well as levy funding from the avocado and strawberry industries and support from the Australian Government.



Spotlight:

Revealing consumer insights to shape export strategies

A comprehensive study into international consumer demand for Australian horticulture in 13 key markets has delivered revealing insights that will help inform export strategies and activities for some of the nation's leading horticulture export industries.

Three category reports have been produced for fruit, vegetables, and dried fruits/nuts, as well as 13 market reports for Hong Kong, India, Indonesia, Japan, Malaysia, Qatar, Singapore, South Korea, Taiwan, United Arab Emirates, United Kingdom, United States and Vietnam.

The insights contained within these reports will be used to inform future trade initiatives led by Hort Innovation and are available for industry to leverage in their own businesses.

The research team:

- Identified the most profitable consumer trends and growth opportunities in priority international markets where Australian produce has the right to play and prioritised them across markets
- Identified target consumers and understanding their needs in occasion and usage and purchase behaviour patterns to better address each market with Australian produce
- Optimised product positioning to drive profitable growth against prioritised industries, allowing the deployment of trade marketing resources in the most effective and coordinated way.

Spotlight:

Avocados avo-go at new markets

New market access for Hass avocados was announced for India and Thailand this year in March and May respectively. These announcements were underpinned by long-term investments by Hort Innovation to develop phytosanitary data that demonstrates the health and safety of Australian hass avocados to our new trading partners.

This access was further supported by investments in developing an avocados export strategy and a trade development project, including an outbound mission and helping growers prepare market access applications.

We deliver investments **Marketing & Demand Creation**

Hort Innovation's Marketing & Demand Creation function delivers innovative and impactful marketing campaigns on behalf of 24 horticulture industries to drive demand for Australian fresh produce, domestically and internationally.

Hort Innovation delivers industry-specific, levy-funded marketing programs for 24 industries across the horticulture sector. To read about marketing activities in 2022/23, head to www.horticulture.com.au/annual-report-portal to access the 2022/23 Fund Annual Report.



Introducing a collaborative planning process

Following a successful pilot program in 2021/22, this year the Hort Innovation Marketing Team rolled out a collaborative planning process for all industries with a levy-funded marketing program.

This approach was introduced in direct response to feedback from industry which sought more input and involvement in developing marketing plans and strategies.

The collaborative planning process has a strong focus on using data to inform decision-making.

LIFTING THE LID ON THE PLANNING PROCESS



Here are just some activities that took place during the year to drive demand for Australian produce...

Spotlight:

'Taste the Sunshine' with Australian Mangoes

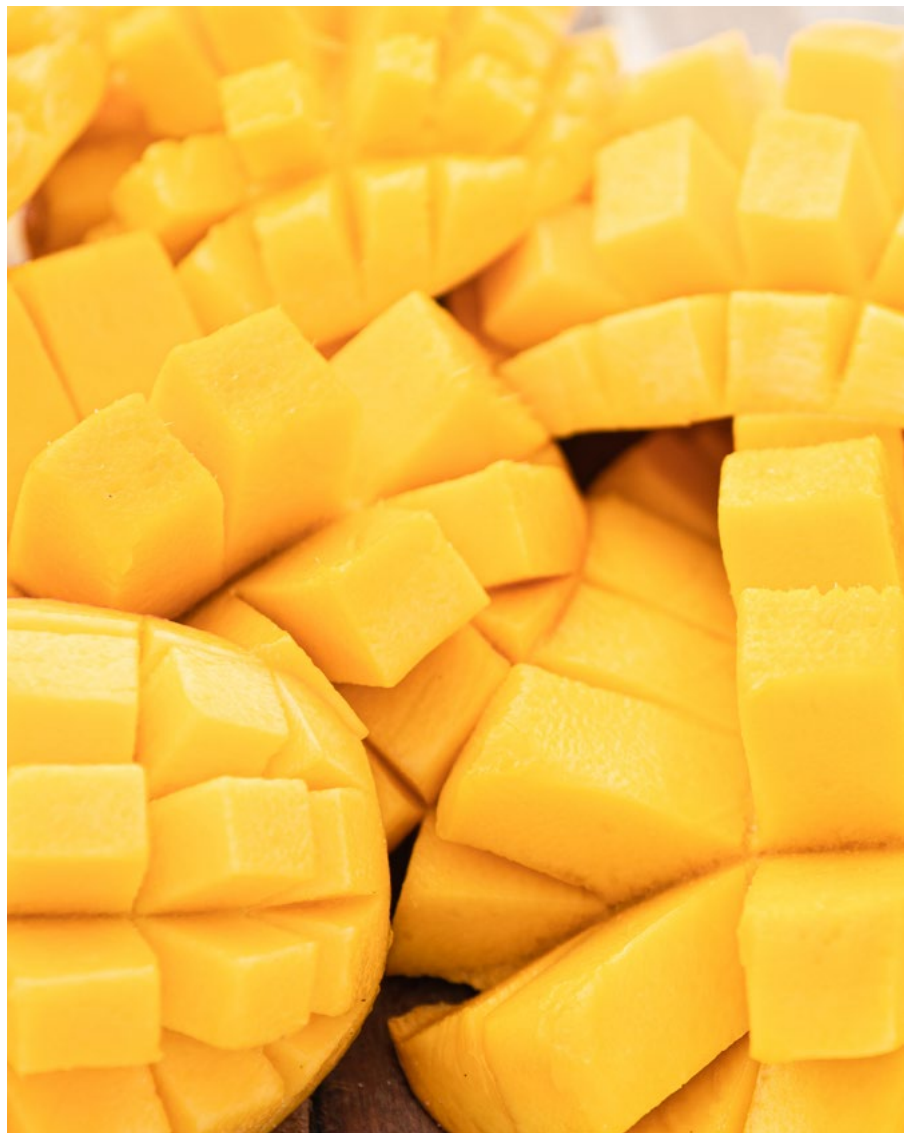
Aussies across the country were inspired to 'Taste the Sunshine' through last season's Australian Mango marketing campaign. The campaign encouraged behaviour change, as measured through an increase in the number of Australian households purchasing mangoes this season versus prior year.

The success of this campaign was recognised by Hort Innovation Marketing Manager Belinda van Schaik winning the Marketer of the Year Award at Hort Connections.

The consumer insight underpinning the campaign is that Australians want small indulgences and personal pleasures, however, fruit rarely comes to mind. That is until summer rolls around, with all its unique, iconic and sensory experiences. The campaign positioned mangoes as one of the delights of summer that can be enjoyed as a regular everyday treat.

The campaign used different ways to communicate the message, such as outdoor panels near supermarkets, online videos, social media and advertisements on Coles and Woolworths online shopping websites.

Consumer research found that 'messiness' and 'ease of preparation' were the top barriers to purchase. This presented an opportunity to



The campaign taught Aussies the 'hedgehog' preparation technique for mangoes.

educate and inspire Aussies through the 'hedgehog' preparation approach, which is simple, easy and creates minimal mess.

A positive shift was seen when comparing the percentage of Australian households purchasing mangoes from this season to last season.

- Over the past 52 weeks: 56.7 per cent to 59.4 per cent (an increase of 2.7 per cent)
- Over the past four weeks: 14.6 per cent to 19 per cent (an increase of 4.4 per cent)

*Source: NielsenIQ data to 26.02.23.

Spotlight:

Working with retailers to deliver a better shopping experience

The apple and pear industry has collaborated with retailers to deliver a better shopping experience for customers. Retail staff were educated on best practice display principles to improve the appearance and quality of produce in-store.

There were two components to the program:

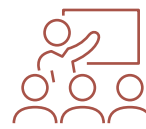
1. In-store quality assessments of the apple and pear displays, including an evaluation against best practice to help improve the quality of displays and produce
2. Store staff education on the importance of well-merchandised product in line with best-practice guidelines to assist and grow sales outcomes.

The results



1,200

stores visited



13,957

staff members attended training



Apples

82.6%

availability (>3/4 full)

90.6%

presentation (stacked neatly)

85.7%

appearance (limited to no issues)

87.4%

defects (good – none on show with defects)



Pears

74.4%

availability (>3/4 full)

88.6%

presentation (stacked neatly)

80.5%

appearance (limited to no issues)

83.5%

defects (good – none on show with defects)

Australian horticultural produce back on the world stage



25%

There was a 25 per cent increase in investment in international marketing activities in 2022/23 compared with 2021/22.



117

3,502 stores hosted marketing activities, across 117 retailers.



7

Seven industries had international marketing activity – apple, avocado, cherry, citrus, pear, summerfruit and table grape.



3

E-learning platforms were established to communicate key messages about avocados, citrus and table grapes.



16

16 countries were the focus of international marketing campaigns.



2

Two trade missions were supported, including avocados in the Middle East and table grapes in India.



4

Hort Innovation participated in four trade shows – Asia Fruit Logistica, Gulfood, Japan Supermarket Tradeshow and SIAL China.



CONNECT WITH US

Reach out to us

Our Industry Service & Delivery Managers and other team members are happy to have a chat about your industry and the work we are delivering on behalf of the horticulture sector. Find contact details at www.horticulture.com.au.

Become a member

Paying a levy does not automatically make you a member of Hort Innovation, but signing up is free and easy at www.horticulture.com.au/sign-up.

Members can apply for voting entitlements to have their say on the leadership of the company, and the rules that govern it, at our Annual General Meetings.

If you are not eligible for membership, there is the option to sign up just for our communications.

Bec and Luke McMullin are mango growers based in Kununurra. They were involved in this year's levy-funded mango marketing campaign, which you can read more about on p38.



Section

3

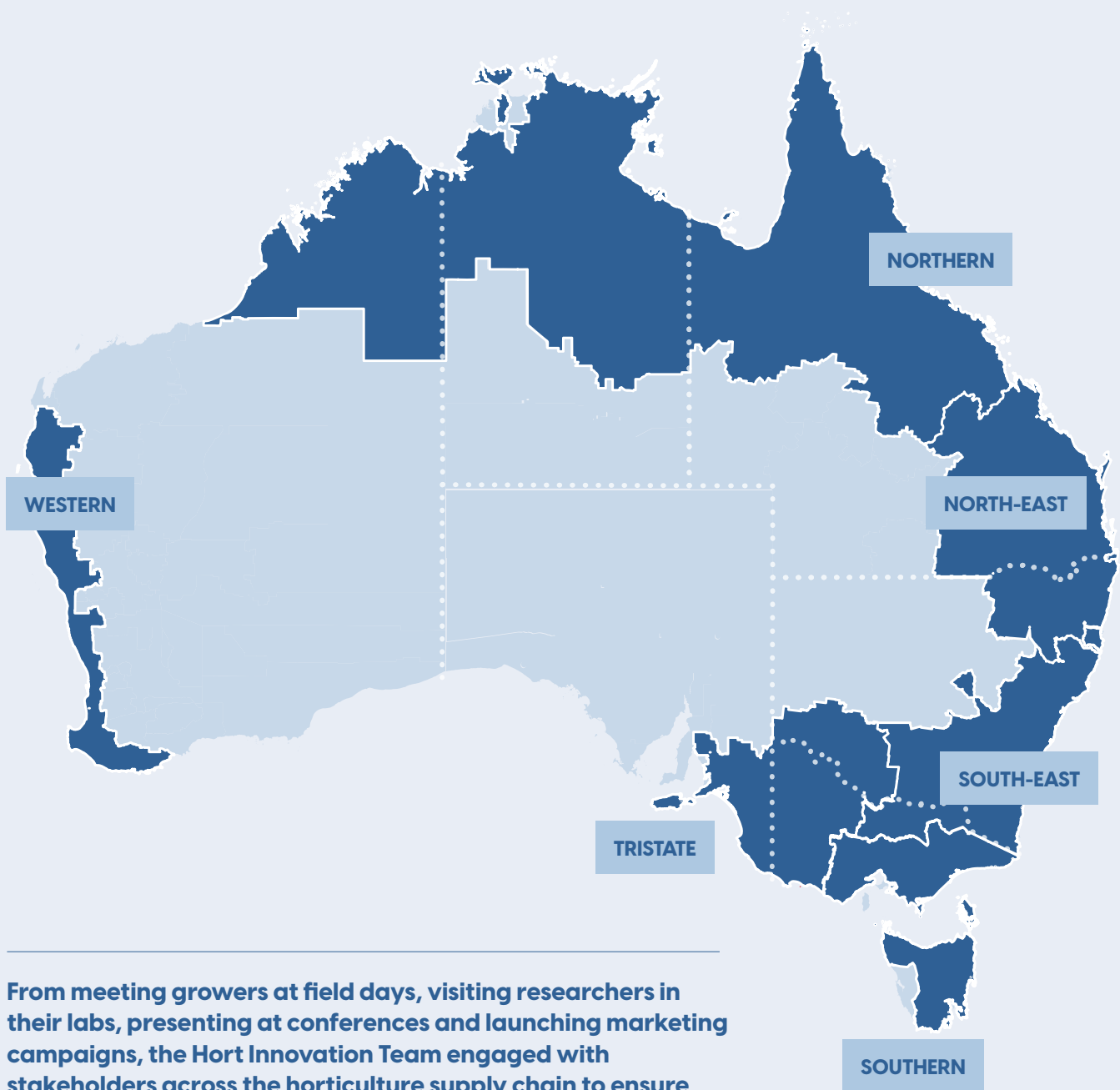
We engage with stakeholders

This section shines a light on how Hort Innovation engages with industry stakeholders across the horticulture supply chain. There is a focus on what mechanisms guide Hort Innovation's investment of levy dollars, and importantly, you will find information on our efforts to continually improve our relationships across the sector.

This section also details some of Hort Innovation's stakeholder-focused investments across Data & Insights, Industry Development & Innovation, and Communications.

Hort Innovation out and about

In 2022/23, Hort Innovation prioritised getting out and listening to our diverse range of stakeholders...



From meeting growers at field days, visiting researchers in their labs, presenting at conferences and launching marketing campaigns, the Hort Innovation Team engaged with stakeholders across the horticulture supply chain to ensure that we understand the priorities of the sector.



1

1. Hort Innovation's Executive Team toured horticultural businesses in the Sunraysia region, including this dried grape grower in Mildura.



2

2. Hort Innovation representatives from the Trade and Biosecurity R&D Teams visited researchers from the Queensland Alliance for Agriculture and Food Innovation (QAAFI) in Brisbane.



3

3. The Hort Frontiers investment National Tree Crop Intensification held a field day in Bundaberg.

4. Hort Innovation's Industry Communications Manager, Sharon Watt, visited the table grape-growing Grewal family at Cullulleraine, Victoria.

5. The Australian Bananas team came together in Innisfail, Queensland, to launch the latest banana marketing campaign.



4



5

A reset and refresh of advice mechanisms

Hort Innovation is committed to ensuring the needs and priorities of the horticulture industry shape the way we make investments.

In 2021/22, Hort Innovation embarked on a significant initiative to improve the way we gather advice from industry as well as define the roles and responsibilities of Hort Innovation and commodity Peak Industry Bodies.

This partnership approach has continued in 2022/23 with collaboration between Hort Innovation and commodity Peak Industry Bodies on advice mechanisms and Memorandums of Understanding (MoUs).

Advice mechanisms

A co-design process has taken place between Hort Innovation and each commodity Peak Industry Body to develop an advice mechanism that is fit-for-purpose for industry while also meeting Hort Innovation's governance requirements.

Overall, 24 industries decided to refresh their current Strategic Investment Advisory Panel mechanism, and 13 industries decided to create a new advice mechanism that suits their industry better.

Memorandums of Understanding

Memorandums of Understanding for each industry are being developed to provide clarity regarding the commitments of Hort Innovation and the relevant commodity Peak Industry Body in obtaining industry advice. This initiative, together with implementing the new advice mechanisms, will continue into 2023/24.

CASE STUDY

Working with the avocado industry

The avocado industry worked with Hort Innovation to refresh the way it obtained investment advice from levied stakeholders.

The diagram below shows how two panels have been set up to manage industry advice: Production R&D and Market Development. Each panel has selected its members based on a skills matrix to ensure the relevant abilities are represented.

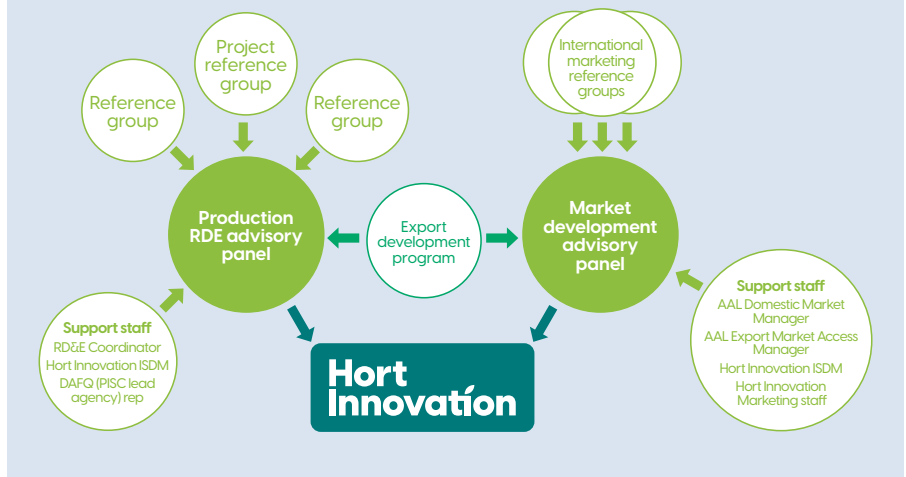
Each panel will be supported by relevant in-house resources or representatives from Avocados Australia such as the Marketing Development Manager, R&D Coordinator and Export Development Manager.

The R&D Coordinator will be responsible for assisting in the development of investment recommendations and will sit on Project Reference Groups and participate in relevant evaluations.

Each panel will meet face-to-face twice per year and up to twice a year online, and there are plans to hold an R&D forum every year to provide all industry members with the opportunity to come together and discuss future investment priorities.

This model proactively engages the avocado industry and ensures relevant expertise is present at all stages of the investment process.

Avocado Fund Advisory Model



How investment decisions are made

Industry-agreed Strategic Investment Plans and Hort Frontiers strategic intent documents are used to guide Hort Innovation's investment of available funds, with various panels also supporting our team in investment shaping.

Hort Innovation's advisory processes ensure the investments made on behalf of the horticulture sector are addressing industry needs. Through levy and Hort Frontiers activity, Hort Innovation ensures there is a mix of investments to address short, medium and long-term challenges and opportunities.

Strategic Investment Plans

Most of Hort Innovation's levied industries have their own Strategic Investment Plan (SIP), developed by Hort Innovation in partnership with growers and other stakeholders across each industry. These plans cover five years from 2022 to 2026 and outline the main priorities and desired outcomes for investment.

Annual Investment Plans

While each industry's SIP provides strategic oversight of investment over a five-year period, Annual Investment Plans (AIPs) detail how levy funds will be invested over a 12 month period. Investment recommendations are informed by the SIP and industry consultation, and then prioritised through each industry's advisory mechanism.

Over the past two years, Hort Innovation has trialled AIP reporting templates and sought feedback from industry participants. In 2022/23, a user-friendly AIP template has been agreed upon, which launched in July 2023.

In developing the 2023/24 AIPs, a total of 28 industry-representative advisory panels have been consulted across more than 38 meetings that prioritised 150 research, development and extension and marketing investment recommendations (as at June 30, 2023).

The AIPs are published on Hort Innovation's website each year and industry stakeholders are notified via Hort Innovation's communication channels.

Investment panels

During 2022/23, Hort Innovation had a number of formal panels made up of levy-paying growers, industry representatives (including commodity Peak Industry Bodies) and relevant experts, to help support investment decision-making, guided by the relevant investment plans.

Strategic Investment Advisory Panels

Strategic Investment Advisory Panels (SIAPs) are made up of growers and other industry representatives on behalf of industry. They are selected through an expressions of interest process and must meet appropriate skills criteria. The SIAPs discuss the draft AIPs at consultation meetings, using their industry's SIP to guide them in providing advice to Hort Innovation on potential levy investments.

Expert Advisory Panels (EAPs) for Hort Frontiers

The Hort Frontiers Funds have EAPs featuring a broad cross-section of panellists including growers, subject matter professionals and other specialist representatives, such as experts from Government.

Trade consultation panels

The International Trade Advisory Panel (ITAP) function provides expert, impartial advice and oversight of the fund, including input into proposed projects and recommendations on potential methods to address future gaps or deficiencies in the existing body of research.

In 2022/23, ITAP sessions were held with a newly established industry representative panel to discuss trade-related matters.

Summaries from all panel meetings are available on each industry's fund management page at www.horticulture.com.au/growers.

Best Practice Guide to Stakeholder Consultation

The Best Practice Guide to Stakeholder Consultation, produced by the Department of Agriculture, Fisheries and Forestry (DAFF), provides a set of guiding principles which apply to all Rural Research and Development Corporations (RDCs) – recognising that each RDC is unique and consults differently with levy payers and other stakeholders.

In 2022, Hort Innovation launched its own Stakeholder Engagement and Consultation Framework for the horticulture industry based on this overarching guideline.

This Framework underpinned the execution of Hort Innovation’s strategic priorities during 2022/23, but also our day-to-day approach with our wide stakeholder base. Notably, in 2022/23 an Engagement Leadership Group was established to govern and steer Hort Innovation’s stakeholder program.

What our stakeholders can expect from Hort Innovation

- 1. Transparent**
- 2. Accessible**
- 3. Straight forward**
- 4. Well planned**
- 5. Fit for purpose**
- 6. Responsive**

1. Transparent

Our approach

We will communicate expectations and methodology in advance of consultation.

We will conduct consultation via a range of channels and forums to accommodate the industry’s varying needs.

We will be clear about how your feedback has been considered and incorporated.

Mechanisms and consultation activities

- The 2022-2026 Strategic Investment Plans (SIPs), developed in consultation with industry, by the Foundation for decision-making in levy investments and represent the balanced interests of the industry from which the levy is collected
- Annual Investment Plans (AIPs) contain how levy funds are invested over a twelve-month period and include:
 - Funding availability for each industry
 - How each industry is investing against their SIP outcomes
 - Details on current investments, active R&D and marketing
- Hort Innovation has been actively engaged in publishing research projects and commercial opportunities on the AgFuture Australia [gov.au](#) and [industry](#) web pages. As of February 2022, there are 289 Hort Innovation R&E investments showcased, and this will continue to grow over time.
- The Hort Innovation team is accessible directly or through our website.
 - Communication channels owned by Hort Innovation include:
 - Company website and social media channels (Facebook, LinkedIn, Twitter, YouTube and Instagram)
 - Monthly electronic direct mail (EDM) Growing Innovation
 - Quarterly EDM Impact Update
 - Regular press releases generating media coverage (TV, print, radio, online)
 - Key organisational documents include:
 - Company Annual Report
 - Company Strategy
 - Corporate policies and governance documents.
 - Key project information includes:
 - Field Access Reports
 - Project summaries
 - Online activities such as webinars.
- Hort Innovation recognises the need to equip delivery partners with tools and resources to optimise project delivery and has developed a suite of resources dedicated for delivery partners.



Hort Innovation’s Stakeholder Engagement and Consultation Framework can be viewed on the Hort Innovation website at hortinn.com/stakeholder-engagement-framework.

We engage with our stakeholders in multiple ways

Here are just a few examples of how Hort Innovation engaged with stakeholders during the year.

Supporting delivery partners

Hort Innovation works closely with Delivery Partners to ensure investments are delivering value for growers. This includes formal engagement through the submission of milestone reports and participation in Project Reference Groups, as well as informal engagement through regular phone calls and workshops.

In 2022/23, efforts continued to enhance the Delivery Partner experience through improvements to the Delivery Partner Portal.

Sharing our expertise

Across Hort Innovation's teams, R&D team members were involved in more than 160 Project Reference Groups that actively influenced the direction and progress of levy investment.

Hort Innovation team members contribute to about 20 external committees to provide expertise on specific subject matter areas. This benefits horticulture by nurturing collaboration and sharing horticulture R&D subject matter expertise. These external committees provide value to the delivery of our R&D program.

Some examples of these committees include IP Australia Plant Breeders' Rights Consultation Group, AgriFutures Australia Honey Bee and Pollination Panel, Plant Biosecurity Preparedness Strategy Working Group and AgriFutures Australia Pre-Farm Gate Waste Program Reference Group.

Creating a SIAP portal

Based on feedback from industry, and as part of Hort Innovation's efforts to improve communication, transparency and tracking of industry advice, in 2022/23 Hort Innovation launched the 'SIAP Portal'. The SIAP Portal has a landing page that members can access at any time that will house all the relevant documentation needed to be an active participant in the advisory process.

Trade forums

In 2022/23, Hort Innovation's International Trade Team initiated and hosted a variety of forums to engage with stakeholders about the progress of our export initiatives, including:

- Government forums – in 2022/23, a session was held to provide high-level project information to our Federal, State and Local Government partners. The information shared helped to identify opportunities to work together to help our export industry stay strong, sustainable and prosperous.
- Industry forums – in 2022/23, two sessions were held to provide an update on the progress of international trade projects underway and encourage an open forum for questions and feedback.
- Commodity Peak Industry Body forums – in 2022/23, four sessions were held for key contacts from commodity Peak Industry Bodies to:
 - Provide an opportunity to share what support for industry is underway
 - Connect and learn from each other
 - Discuss challenges being faced in the horticultural export industry
 - Provide an update on current international trade projects and initiatives

SuppHORT

Previously known as Better Together, Hort Innovation's SuppHORT initiative sees the Communications Team providing industry communication delivery partners with notifications about newly contracted and completed investments in their strategic levy funds.

This information supports industry communication delivery partners to communicate levy-funded projects and programs, to their members in instances where PIBs manage these projects, and networks. This initiative also involves the communication of Hort Frontiers and general Hort Innovation information that is relevant to growers and other industry stakeholders.

In 2023, Hort Innovation conducted a survey to identify ways to improve this exchange of information. Hort Innovation's response to the feedback provided has been divided into two groups: 'Quick adjustments' that were actioned in the first six months of the year; and 'Long-term initiatives' that will be progressed over the next year.

The SuppHORT initiative recognises the importance of the close relationship industry communication delivery partners have with the stakeholders they serve. This program is one way Hort Innovation works closely with industry to put useful information in the hands of growers.



Data and insights

Hort Innovation's Data & Insights function supports the Australian horticulture sector with access to all kinds of tools and materials. From whole-of-horticulture facts and figures to industry-specific benchmarking and consumer insights, this work assists the sector with informed decision-making.

Spotlight:

Hort Stats Handbook

The *Australian Horticulture Statistics Handbook* has emerged as the preferred source for horticulture statistics and information. The 8th edition of the Handbook was launched in early 2023 and continues to provide critical data across various stakeholder groups. The Handbook's launch was supported through strong media engagement at national and regional levels, with a reach exceeding 80,000 people.

The 2021/22 Handbook revealed the production of value of Australia's horticulture industry has grown by \$6.15 billion since 2012/13. Australia is producing 850,000 additional tonnes of produce than we were in 2012/13, and the annual value of horticulture production is up \$6.15 billion compared to the same period. This means the industry has added, on average, around \$680 million in value every year for the past decade.



Spotlight:

Benchmarking a 'no-brainer'

A major boost to productivity and profitability could be on the horizon for Aussie vegetable growers following the launch of a new \$6.1 million data initiative. The five-year benchmarking program provides vegetable and onion growers with the ability to measure their business against national and regional benchmarking data. This will enable growers to track their own performance against industry averages and 'best-in-class' performance, supporting positive practice change and farm business growth.

South Australian vegetable grower Kingsley Songer said getting involved in the benchmarking program should be a 'no brainer' for growers across the country.

Spotlight:

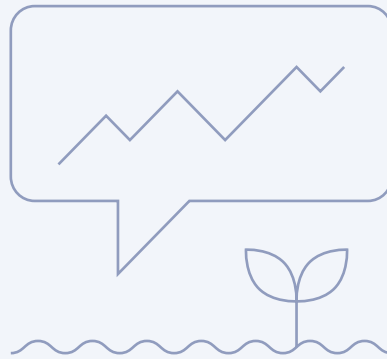
A deep dive into the nursery industry

In 2022/23, the nursery industry invested in two programs that together provide the sector with a deep understanding of how they are tracking in terms of production and consumption of nursery products:

- An industry statistics program that collects data on the volume and value of nursery production to allow nursery growers to make timely and effective decisions, as well as track market trends and industry performance over time.
- A consumer benchmarking program to understand consumer attitudes on nursery products.

Key insights from the programs revealed that:

- Since 2015/16, production nurseries have seen considerable sales growth and the value of the industry increased 24 per cent during this period.
- Ninety two per cent of the industry feels very positive or fairly positive about the industry's outlook.
- Just under half of the Australian population buys across the three main types of plants – indoor, outdoor pot and outdoor ground plants.
- There is a clear relationship between confidence in maintaining plants and purchase behaviour – meaning there is a need for investment in educational activities.



Industry development and innovation

Hort Innovation's Industry Development & Innovation Team manages a portfolio of industry development, extension and agricultural innovation projects that work to improve the horticulture sector's adoption of research and development outcomes.

Spotlight:

Soil wealth investment reaps benefits

Helping growers adjust their on-farm practices to improve their productivity, profitability and competitiveness was at the heart of the Soil Wealth and Integrated Crop Protection program.

Delivered from 2017 to February 2023, the program was targeted at vegetable and potato growers and led to lasting soil and crop health improvements gains, achieved by growers applying the latest information and innovations and remaining adaptive to current issues.

Feedback revealed 75 per cent of participating growers had or were intending to change their practices to improve soil health and/or crop protection on their farm.

After the success of the first two phases of the program, Hort Innovation recently contracted a third phase with Applied Horticultural Research (AHR) and RM Consulting Group (RMCG). The Australian melon industry will also join the new phase of the program so melon growers can learn how to improve soil health, crop health, and reduce costs.



Field sites underway as part of the Soil Wealth program.

The consultation process and grower focused co-design workshop identified the following themes for the new program:

- Soil health, which underpins sustainable farming systems and the production of healthy crops. Improving soil management practices helps vegetable growers gain a more productive and resilient natural resource base with a focus on soil care, increasing organic material and improving grower margins.
- Crop health, driven by improved soil health and crop protection measures. Better crop protection management practices help vegetable growers produce healthier and more profitable crops through insect, disease and weed management to maintain healthy plants.
- Optimising inputs for healthy soils and crops, and profitable vegetable businesses. Increasing skills in the effective use of nutrients, water, chemicals and other resources help vegetable growers maintain the market advantage and demonstrate sustainability.
- Carbon and climate, mindful that climate influences what, when and how soil and crop health can be managed, including associated input use. Increasing awareness of changes in climate, both in extremes and longer-term averages, is important for adapting production systems. Understanding the role of carbon helps vegetable growers to remain profitable and sustainable into the future.



Researchers examining fall armyworm.

Spotlight:

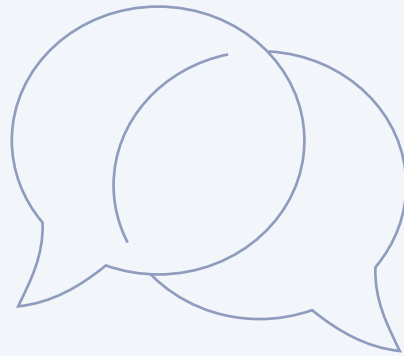
Arming vegetable growers to combat fall armyworm

The vegetable industry and Hort Innovation are ramping up efforts in the fight against fall armyworm through a nationally coordinated program to reduce the pest's population and its impact.

Delivered through Hort Innovation and led by the Department of Agriculture and Fisheries Queensland, the \$2.1 million initiative will arm vegetable growers with the tools and knowledge they need to wage war on the ravenous pest.

To improve the industry's ability to manage the pest, the program will deliver an array of educational opportunities for vegetable growers to learn more about the pest and its management, including on-farm demonstrations, field days and workshops.

Fall armyworm was first detected in Australia in the Torres Strait in January 2020 and has since spread to every State and Territory except South Australia. The pest is known to feed on more than 350 different plant species, including fruits and vegetables, and can travel up to 400 kilometres a night – making it challenging to curb its geographical spread.



Communications

Hort Innovation's Communications Team amplifies the outcomes of investments through various channels tailored to the needs of growers and other stakeholders.

Growing **Innovation**

11

editions of *Growing Innovation*, our regular e-newsletter

(which you can sign up to at www.horticulture.com.au/sign-up)



5 webinars



35,000+

people following Hort Innovation's social media channels

100+



videos on our YouTube channel

4,300+

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

Impact **Update**

4

editions of *Impact Update*, our quarterly publication that takes a deep dive into the results from Hort Innovation investments



30

media releases highlighting exciting work underway

7

events sponsored through our Events Sponsorship Program

48

Hort Innovation involvement in 48 external industry events

1 Presence at Hort Connections

1 Annual General Meeting

Spotlight:

Veggie icecream a hit with the media

The Hort Innovation Communications Team took the opportunity to ignite debate across the country through serving icecream featuring pumpkin and cauliflower to more than 3,000 people at the nation's annual Hort Connections event in Adelaide.

The two bespoke icecream flavours – cauliflower-vanilla bean and pumpkin-gingerbread – were harmonious savoury-meets-sweet combinations. With one serve of veggies in every two scoops, the gelatos were not only delicious but highly nutritious.

The offering was developed by Hort Innovation in partnership with a grower-owned vegetable waste company NutriV. The company turns vegetables that would be otherwise lost to the supply chain into a nutritious powder that can be added to a range of meals and drinks, and even icecream.

The story was a hit with the media, reaching more than 462,000 people across more than 80 pieces of coverage



Hort Innovation CEO Brett Fifield and NutriV CEO Raquel Said taste some of the vegetable waste icecream on offer at Hort Connections



Brett Fifield,
Hort Innovation chief executive officer

Hort Innovation chief executive officer Brett Fifield said that finding innovative ways to reduce food waste while also encouraging consumers to eat more fruits, vegetables and nuts is an increasing industry priority.

“Research shows that 96 per cent of the population do not eat the recommended amount of vegetables each day. Icecream is a popular dessert, why not get a health boost through it.”

Spotlight:

Supporting communications across the industry

Hort Innovation invests in a range of levy-funded communications programs to ensure growers are kept up to date with the latest information on their levy-funded investments, as well as other relevant news and industry developments.



\$4.8M

Total value of investment in industry communications



64

magazines per year



48

social media platforms



21

Number of industries with an industry communications program



358

e-newsletters per year



430,000

industry stakeholders reached each year



21 websites

Plus a range of other communication materials such as case studies, fact sheets, videos, media releases and more.



The Hort Innovation Citrus Fund is strengthening the industry's presence in global markets through a market development, access and quality program.



Section

4

We collaborate with a network of partners

Hort Innovation works with a network of partners to deliver investments and outcomes for Australian horticulture. In this section, you can explore our relationship with the Government, how we work with Australia's other Rural Research and Development Corporations, how we engage with our project Delivery Partners nationally and internationally, and more.

Our stakeholders

Hort Innovation works with a wide range of partners to deliver results for the horticulture sector.



Our work with Government

Hort Innovation’s work aligns with priorities and requirements set by the Australian Government.

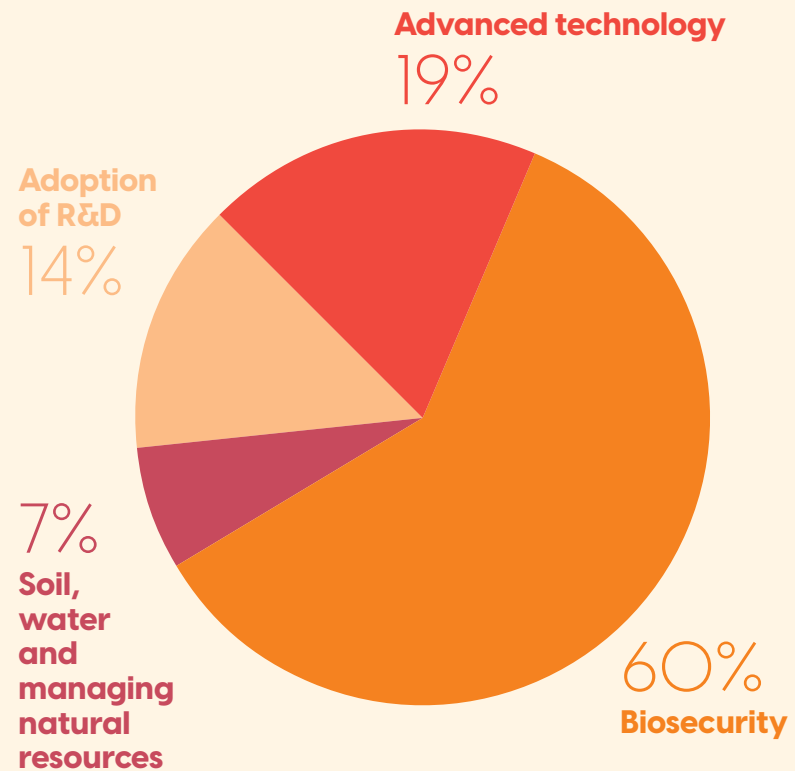
Australia’s Rural Research and Development Corporations, including Hort Innovation, were established by the Government to support research, development and extension efforts across primary industries. This means Hort Innovation’s work strategically aligns with overarching national priorities and themes.

The Rural RD&E priorities

Hort Innovation’s investments contribute to four areas within the Australian Government’s Rural RD&E priorities:

1. **Advanced technology**, which enhances product innovation, processes and practices across supply chains through technologies such as robotics, digitisation, big data, genetics and precision agriculture.
2. **Biosecurity**, which improves the understanding and evidence of pest and disease pathways to help direct biosecurity resources to their best uses, minimising biosecurity threats and improving market access for primary producers.
3. **Soil, water and managing natural resources**, which manages soil health, improves water-use efficiency and certainty of supply, sustainably develops new production areas, and improves resilience to climate events and impacts.
4. **Adoption of R&D**, which focuses on the flexible delivery of extension services that meet primary producers’ needs and recognises the growing role of private service delivery.

How Hort Innovation’s investments aligned with the Rural RD&E Priorities in 2022/23 (by value)



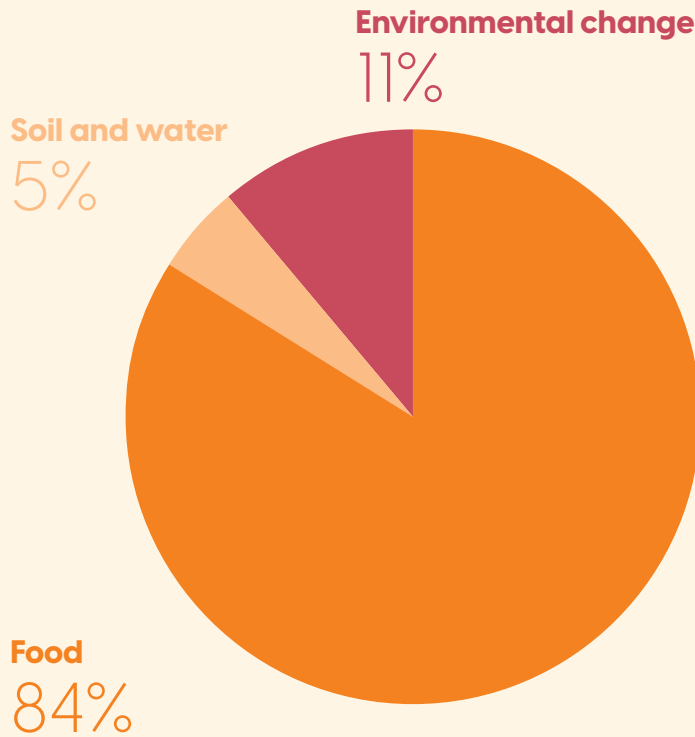
National Science and Research Priorities

The Government sets several National Science and Research Priorities to help guide strategic investment, including the following that are relevant to Hort Innovation:

1. **Food**, which includes developing knowledge of global and domestic demand and supply chains and enhancing food production through a range of means.
2. **Soil and water**, which includes understanding sustainable limits for the productive use of resources and minimising damage to, and developing solutions for, the restoration and remediation of soil and water.
3. **Environmental change**, which includes developing options for responding and adapting to the impacts of environmental change on biological systems, industry and rural and urban communities.

Further information about the Australian Government's governance of Hort Innovation is available on p100.

How Hort Innovation's investments aligned with National Science and Research Priorities in 2022/23 (by value)



Elle Revell is a macadamia grower who has become involved with the Hort Innovation Macadamia Fund innovation and adoption program to increase her knowledge of best practices.

Other ways we connect with Government

Hort Innovation's work aligns with other national priorities, directions and input that may be communicated by the Australian Government.

We supported critical Australian Government efforts during the year, including:

- Engaged regularly and maintained relationships with the Department of Agriculture, Fisheries and Forestry (DAFF) and the Australian Trade and Investment Commission. This included having regular meetings with both and including Government representatives on a number of Project Reference Groups, such as the National Fruit Fly Council.
- Partnered with DAFF on the Agricultural Trade and Market Access Cooperation (ATMAC) program to support horticultural peak industry bodies with their trade applications. Hort Innovation received two ATMAC grants in 2022/23 which have been used to help fund the India Supply Chain Mapping and Phase Two of the Australian Food & Wine Collaboration Group.
- Worked with DAFF on the Reset and Refresh workshops to define the roles and responsibilities of Hort Innovation, commodity Peak Industry Bodies and Government.
- Managed around \$3 million worth of projects in 2022/23 that were funded through a range of Government grants such as ATMAC.
- Built DAFF into formal advisory mechanisms for major trade initiatives so it is consulted on the direction and outcomes of investments.
- Hosted the International Market Access Assessment Panel, which scores and assesses all horticulture market access applications prior to them going to DAFF for consideration.



Hort Innovation's General Manager Trade & Biosecurity R&D, Dr Mila Bristow, was invited to attend a delegation to India with Federal Minister for Agriculture, Murray Watt.

- Worked collaboratively with Austrade to deliver support for Grown in Good Nature campaign activities and various trade missions, including international engagement in Thailand and South Korea as part of the 'Taste the Wonders of Australia' project, in Thailand with Asia Fruit Logistica, in India with the Ministerial and agricultural trade visit, as well as several virtual webinars and events to connect our exporting industries.
- Conducted R&D workshops bringing together representatives from Government and industry to facilitate the ideation of research ideas and identify gaps in research capacity where governments may be able to partner with industry to close, especially on trade.
- Hosted a Government Trade Update Forum in October 2022 with a focus on providing high-level project information to our Federal, State and Local Government partners.

We work with other Research and Development Corporations

Hort Innovation is one of Australia's 15 Rural Research and Development Corporations, and collaboration within this network is critical.

While we each look after different sectors, the Rural Research and Development Corporations (RDCs) continue to work closely on cross-sectoral strategies, projects and initiatives to address common opportunities and issues efficiently and effectively.

Spotlight:

Australian Food & Wine Collaboration

Australian horticulture has shone on the world stage over the past 12 months through the Australian Food & Wine Collaboration promotional activities in Thailand and South Korea.

Hort Innovation is a member and funding partner of the Collaboration – which also includes Dairy Australia, Meat & Livestock Australia, Wine Australia and Seafood Industry Australia – and promotes quality Australian food and beverages in key international markets.

The 'Taste the Wonders of Australia' events in Thailand in November and South Korea in June showcased some of our nation's finest fruit, vegetables and nuts. These horticulture products featured in recipe competitions and on the menus at gala dinners which were attended by food importers, distributors, chefs and Australian industry representatives and government officials.

Positive results from a survey of those who attended the gala dinner in South Korea indicated a high level of interest in Australian horticultural produce. More than 54 per cent of respondents said they were interested in learning more about Australian vegetables, fruit and nuts.



A stand for the Thailand sprint of the Australian Food & Wine Collaboration.

Respondents also overwhelmingly stated that the event in South Korea was helpful in extending their knowledge of Australian food and wine and they were extremely satisfied with the event.

The Australian Food and Wine Trade Collaboration leverages the five individual member organisations' strengths, expertise and connections to engage overseas markets, along with support from an Agriculture Trade and Market Access Cooperation (ATMAC) grant of \$500,000.

Spotlight:

Multi-scale monitoring tools for managing Australian tree crops

The Australian Government's Rural R&D for Profit Program provided an opportunity for multiple industries, research, government and non-government organisations (NGOs) to work together to address common themes.

The Hort Innovation led 'Multi-scale Monitoring Tools for Managing Australian Tree Crops' project (Phase 2) directly responded to the specific needs of the participating banana, citrus, macadamia, mango and olive industries. The project also built on the outcomes of the first phase, which successfully delivered the first map of all commercial avocado, macadamia and mango orchards (> two hectares) across Australia.

The project also developed several remote-sensing based tools that provided an accurate measure of tree health, improved yield forecasting and yield mapping at the orchard block level for avocado, macadamia, and mango, that increased the understanding of fruit size distribution and maturity and developed a more efficient method for measuring disease and pollination efficiency.

In Phase 2 of the project, the following was achieved:

National mapping

All commercial avocado, banana, citrus, macadamia, mango, and olive orchards (> 1 ha) are now mapped. The map is published within the Australian Tree Crop Map Dashboard and is available in industry-specific dashboard applications (hosted on industry websites).



The mechanical harvester prototype in action.

Yield forecasting

The development of remote sensing (satellite and airborne) methodologies for yield forecasting. Classified maps of tree vigour variation across orchard blocks and whole farms (for citrus, mango and olive orchards) were derived from satellite imagery to better understand variability across orchards and direct in-field assessments of fruit quality, size and maturity. Radio frequency identification (RFID) tag technology was also deployed on farm to improve forecasting of banana production.

Fruit harvest timing and volume in mangoes

Two tools to aid the forecast of harvest timing were progressed, involving heat units and fruit dry matter content. The use of handheld near infrared spectroscopy to assess dry matter content was advanced.

Machine vision technology in mangoes

A mountable machine vision system for farm vehicles was developed and implemented in whole orchard fruit count exercises. The tool provided pre-harvest forecasting of fruit size and distribution.

Mechanical harvester prototype in mangoes

A machine vision system mountable on a farm vehicle was developed and implemented in whole orchard fruit count exercises. The tool provided pre-harvest forecasting of fruit size and distribution.

Water stress in olives

An increased understanding of the impacts of water stress on yield, oil accumulation and final oil content to inform irrigation and production decisions was gained.

Spotlight:

How to attract and retain the agricultural workforce

In 2022/23, Hort Innovation participated in the AgriFutures Australia's Community Perceptions and Worker Experiences Program, which aimed to deliver insights into community perceptions about working in agriculture, fisheries and forestry industries. The project also explored worker experiences and the impact they have on workforce attraction and retention.

The AgriFutures Australia Project is funded by the Australian Government Department of Agriculture, Fisheries and Forestry and is a component of the Australian Government's AgATTRACT initiative.

The Community Perceptions and Worker Experiences Program captured detailed and accurate insights from past, current and prospective rural industries workers, and the broader community, through quantitative and qualitative research.

As part of the program, case studies were developed to complement and 'bring to life' the results of the quantitative research. Inspiring individuals shared their experiences in the rural industries workforce to educate and encourage others to consider a career in agriculture, fisheries and forestry.

Georgia Beattie, Chief Executive Officer of Australia's largest organic mushroom farm, Bulla Park, was interviewed by the project.



Meet Georgia Beattie, CEO Bulla Park

After growing up in metropolitan Melbourne, Georgia Beattie embarked on a career in technology. Working in rural industries had not entered her mind until she was diagnosed with an autoimmune disease, which led her to research different foods and how they were produced.

A steep learning curve and a greater understanding and appreciation of where our food comes from became a passion for Georgia.

Having studied entrepreneurship, she applied her knowledge, organisational experience and technological skills to lead Australia's largest organic mushroom farm, Bulla Park, at Diggers Rest on the north-west outskirts of Melbourne.

As CEO, Georgia runs the company in a similar way to how she would run a technology business. About two-thirds of her 80 staff have information technology (IT) degrees.

With its short crop cycle of 32 days, mushroom production allows Georgia and her team to adopt an agile methodology, where something can be applied, measured and learned relatively quickly.

"We play around with our own in-house robotics, and the idea is we are able to start to automate in order to create efficiencies and be more competitive at the farm," Georgia said.

"Whether it's picking, packing, counting or moving things around, where we can put a robot in there to support our staff, the better."

The business leverages automation, robotics and genetic manipulations within multiple grow-houses to enhance its produce, boost production efficiency and address or find gaps in the product market.

Georgia attributes the success of Bulla Park's worker attraction and retention to its core values – applying sustainable practices, a desire to continuously improve and a commitment to a better world.



Georgia Beattie, Bulla Park.

"We usually attract younger people based on our values of wanting to do a better thing for the environment. And the way we are going to do that in agriculture is through efficiencies and data-led changes."

As well as heading up Bulla Park, Georgia is a director of the Australian Mushroom Growers Association, sits on the National Farmers' Federation Sustainability Committee and is a member of the Hort Innovation Mushroom Strategic Investment Advisory Panel.

She said her experience proved you do not need a background in agriculture to carve out a successful, exciting and rewarding career in the industry.

Georgia particularly encourages those with technology experience to seriously consider the sector. Her firm belief is that the future of agriculture will increasingly be driven by data.

"The industry welcomes new people. It is not about handing things down from generation to generation and it being a family thing," she said.

"You are the driver of your career and the impact you want to make on the world. So get out there."

Other collaborative work in 2022/23

- Hort Innovation participated in the Council of Rural Research and Development Corporations, an arrangement that allows the RDCs to come together to discuss and act on cross-sector opportunities and issues. During 2022/23, Hort Innovation continued to take part in Council meetings and forums and contributed to other Council initiatives. See www.ruralrdc.com.au for more information on the Council. Additional cross-RDC networks met throughout the year such as the RDC Communication Manager meetings and RDC HR Manager network.
- Hort Innovation continued to collaborate with Agricultural Innovation Australia (AIA), a company that was formed in 2020. All 15 RDCs were AIA's founding members under a three-year funding agreement. Hort Innovation now works with AIA on a project-by-project basis based on the value that can be brought to the horticulture sector through participation.
- Hort Innovation contributed to the grow^{AG} platform (www.growag.com), a collaboration between the Department of Agriculture, Fisheries and Forestry (DAFF) and all 15 RDCs. Grow^{AG} is an online repository of world-leading agricultural research, unique technologies and commercialisation opportunities in one, easy to use location. In 2022/23, the grow^{AG} platform featured 284 Hort Innovation R&D projects and two commercial opportunities.



The Rural Research and Development Corporations joined forces for the AgriFutures Evoke^{AG} conference in 2023.

Spotlight:

Agriculture unites to create a common framework for GHG Accounting

Australian agriculture now has a common framework for greenhouse gas (GHG) accounting, helping support sector-level baselines, reporting and communication of a united Australian narrative around emissions.

Launched in May 2023, the Common Approach to GHG Accounting for Australian Agriculture framework provides best practice guidance for sector-level accounting and can be used to steer improvements in data collection and reporting over time.

The project brought together technical experts, Australia's RDCs, and several State Government departments, to achieve consensus on general principles that could be broadly applied across agriculture, fisheries and forestry.

The common approach is recommended for use at a national and/or regional level. The approach can be used for:

- Generating a GHG baseline to track and report sector wide GHG emission reductions against over time
- Generating GHG emissions accounts for sector-level annual reporting
- Informing national and international stakeholders.

We forge and support other partnerships



Representatives from the Plant Biosecurity Research Initiative's member organisations.

The Plant Biosecurity Research Initiative (PBRI) is a partnership between Australia's seven plant-focused Rural Research and Development Corporations working collaboratively with Plant Health Australia, the Department of Agriculture, Fisheries and Forestry (DAFF), plus a range of industry, state and national biosecurity stakeholders.

The PBRI prioritises cross-sectoral innovation for co-investment to minimise duplication of investment and enables larger, higher impact R&D projects.

Some key outcomes from 2022/23:

- Since 2017, PBRI has collectively invested in research projects worth \$67.4 million against six key focus areas including 'Preparedness' and 'Surveillance'.
- In 2022/23, the third phase of the PBRI was supported and a five-year Collaboration Agreement (2023-2028) was signed in June.
- The PBRI supported the exchange of Indigenous Knowledge and engagement with First Nations people through supporting Zac Sowden, an Indigenous Ranger from the Gulf of Carpentaria, to attend and present to the International Congress of Biological Invasions in Christchurch, May 1-4, 2023.
- The PBRI facilitated the 7th Biosecurity Extension Community meeting, whose purpose is to connect extension experts from plant industry bodies and government agencies on topics relevant to plant biosecurity and extension best practice. The Community works to improve the coordination and collaboration of biosecurity extension workers, including sharing resources for high-priority areas.
- Presented on the PBRI-Eupresco Collaboration at the International Plant Health Conference, London October 2022, and helped 'export' our PBRI model to the world via a Eupresco working group to assist them model their evaluation framework on the PBRI framework.
- Co-developed the program on the Technical Committee for International Congress of Biological Invasions B3 Conference May.
- Held a workshop on surveillance and detection technologies with Australian Department of Defence which led to several cross-industry concepts for development.

We engage world-class delivery partners

A range of specialist delivery partners are at the core of the projects Hort Innovation delivers.

During the financial year, Hort Innovation worked with more than 150 delivery partners ranging from universities, state research agencies and other government entities, to subject matter experts working in private enterprises.

Hort Innovation has a fair and equitable procurement process in place to ensure the best delivery partner is selected for any given piece of work. To be selected for a project, a potential delivery partner must submit a detailed response to the project proposal distributed by Hort Innovation.

Current opportunities are advertised on the Hort Innovation website, as well as tenders.net.

All responses are evaluated against set criteria, and against each other, by an evaluation panel. Each panel is specific to the project being procured and may be comprised of Hort Innovation experts, industry representatives and, where relevant, independent subject matter experts.

From here, the best response is selected, a contract is issued to the chosen delivery partners, and the work begins.



A new healthy snack hit the shelves from start-up NutriV this year drawing on innovation from CSIRO and research from a Hort Innovation Vegetable Fund project.

R&D agreements in 2022/23

Hort Innovation entered into more than 120 new R&D project agreements during the year as detailed in the following table along with 2022/23 expenditure.

New R&D investments in 2022/23			
Project code	Project name	Key delivery partner	2022/23 Spend (\$)
AL20005	Pathway to carbon neutral – life cycle analysis in almond orchards	Edge Environment	120,650
AL21004	Cover crops for soil health and productivity	The University of Adelaide	126,651
AL22002	An integrated disease management program for the Australian almond industry – Phase 2	Department of Energy, Environment and Climate Action (DEECA)	243,440
AL22003	An integrated pest management program for the Australian almond industry – Phase 2	Department of Energy, Environment and Climate Action (DEECA)	413,988
AL22004	Almond market access and trade development 2023 – 2026	Almond Board of Australia	2,408,191
AL22006	Almond industry Californian study tour 2022	Almond Board of Australia	116,000
AL22007	Almond industry statistics and data collection 2023-2025	Almond Board of Australia	83,880
AL22008	Almond industry communications and events program	Almond Board of Australia	270,560
AL22009	Australian almond variety evaluation program	The University of Adelaide	331,623
AM21002	Modernising phytosanitary risk management	CSIRO	1,463,711
AM22000	Fresh and Secure Trade Alliance (FASTA)	Department of Agriculture and Fisheries Queensland (DAFQ)	17,058,249
AP22000	Apple and pear retail education program 2023	Strikeforce AMC	215,551
AP22002	Pear production systems (PIPS 4 Profit)	Department of Energy, Environment and Climate Action (DEECA)	150,344
AP22003	Sustainable soils (PIPS 4 Profit)	University of Tasmania	315,935
AP22004	Apple production systems (PIPS 4 Profit)	University of Tasmania	420,235
AP22005	PIPS 4 Profit Coordinator	Initiated, Coordinated, Delivered (ICD) Project Services	63,602
AP22006	Apple and pear qualitative consumer research	Eleanore Wells	51,278
AS21006	Building an advanced genomics platform for Australian horticulture	Murdoch University	2,790,528
AS22002	Narrow orchard systems for future climates	Department of Energy, Environment and Climate Action (DEECA)	698,168

Continued >>

New R&D investments in 2022/23 (continued)

Project code	Project name	Key delivery partner	2022/23 Spend (\$)
AV22000	Avocado market research	Euromonitor International	134,336
AV22001	Avocado irregular bearing review and strategy development	Kevin Clayton-Greene	49,600
AV22002	Study to review automation opportunities within the avocado production system	Central Queensland University	32,700
AV22003	Avocado pest and disease technical workshop	RM Consulting Group	8,445
AV22004	Avocado industry benchmarking	RM Consulting Group	296,000
AV22005	Avocado foodservice research and strategy	Freshlogic	71,000
AV22006	Avocado retail education 2023	Direct2Consumer	249,985
AV22008	Evaluation of irradiation as a postharvest phytosanitary measure for Australian avocados	NSW Department of Primary Industries	19,699
AV22010	Avocado qualitative consumer research	The Lab Insights & Strategy	24,660
AV22011	Monitoring avocado supply chain quality	Avocados Australia	185,905
AV22017	Avocados retail eLearning program	BSI Digital Learning	36,000
BA22000	Banana industry communications program	Australian Banana Growers Council	220,000
BA22001	Banana industry congress 2023	Australian Banana Growers Council	64,000
BA22005	Banana quality and in-store education program	Strikeforce AMC	173,720
BA22009	Banana industry benchmarking	Aglytica	162,000
BA22200	Banana consumer research – Additional benefit-led packaging formats	FiftyFive5	40,000
BS22000	Australian Strawberry Breeding Program	Department of Agriculture and Fisheries Queensland (DAFQ)	777,120
CH22000	Chestnut industry communications program	Chestnuts Australia	36,546
CH22001	Knowledge gaps of nut rot of chestnuts	Linde Labs	9,600
CT19004	Reducing the risk of illegally imported citrus budwood	Auscitrus	41,300
CT21004	Scientific review for classification of unsweetened citrus juice in the Australian Dietary Guidelines	Nutrition Research Australia	136,502

Continued >>

New R&D investments in 2022/23 (continued)			
Project code	Project name	Key delivery partner	2022/23 Spend (\$)
CT21005	Improving Australia's ability to respond to graft transmissible citrus diseases	NSW Department of Primary Industries	273,145
CT22000	Evaluation of new citrus varieties 2022-2027	NSW Department of Primary Industries	197,400
CT22001	Evaluation of new rootstocks for the Australian citrus industry 2022-2027	NSW Department of Primary Industries	231,000
CY21001	Cherry trade development project 2022-2025	Cherry Growers Australia	542,463
CY22002	Extension and communication for the Australian cherry industry	NSW Department of Primary Industries	225,000
CY22003	Understanding barriers of non and light cherry buyers	FiftyFive5	42,800
DG22000	Dried grape industry communications program	Dried Fruits Australia	60,000
DP22000	Dried prune industry communications and extension program	Australian Prune Industry Association	22,256
GC21000	Demonstrating the benefits of increasing available green infrastructure in residential homes	University Of Melbourne	453,530
HA22000	HARPS Evaluation	Strategic Project Partners	213,871
HA22003	Updating Hort Innovation managed resources with new food composition data	Bite Communications	40,000
HN21000	Horticulture food safety initiative	Fresh Produce Safety Centre	86,867
LP22000	Transforming leadership in Australian horticulture through the Hort Connections partnership	AUSVEG	560,000
LP22001	Research for impact	Enablers of Change	138,000
MC22000	Macadamia industry benchmarking and industry sustainability insights 2022-2027	Department of Agriculture and Fisheries Queensland (DAFQ)	308,976
MC22001	Macadamia crop forecasting 2023-2025	Department of Agriculture and Fisheries Queensland (DAFQ)	66,575
MC22002	Macadamia international insights data	Nielsen	111,770
MG21004	Investigating the control of fruit drop in mango to support innovative solutions for Australian growers	The University of Queensland	54,700
MG22000	Managing mangoes for future climates	Central Queensland University	40,000
MT21016	Feasibility/scoping study: Surveillance and diagnostic framework for detecting soil-borne pathogens in vegetable industries	NSW Department of Primary Industries	70,000
MT21017	Improving fruit and banana spotting bug control	Department of Agriculture and Fisheries Queensland (DAFQ)	308,346

Continued >>

New R&D investments in 2022/23 (continued)

Project code	Project name	Key delivery partner	2022/23 Spend (\$)
MT22002	People development strategy for the vegetable, potato, onion, and banana industries	RM Consulting Group	93,968
MT22003	Nuffield scholarships	Nuffield Australia	20,000
MT22004	Soil wealth and integrated crop protection – phase 3	Applied Horticultural Research	1,549,065
MT22005	Horticulture trade data	IHS Global	92,348
MT22006	Education and tools for canteen managers to increase vegetables in primary school canteens and vegetable consumption by children	Healthy Kids Association	432,116
MT22007	Expansion of flies as berry crop pollinators	University of New England	256,388
MT22008	Capturing the real and potential benefits and costs of on-farm biosecurity measures	RM Consulting Group	48,000
MT22009	National vegetable and onion benchmarking program	Planfarm	1,520,308
MT22011	Horticulture National Lean Leaders Program	Moshie	30,000
MT22200	Marketing campaign evaluation modules FY22/23	FiftyFive5	67,200
MU21007	Pest and disease management for the Australian mushroom industry	University of Tasmania	266,355
MU22000	Non-synthetic alternatives to complement pest and disease management practices in mushrooms	Victorian Department of Jobs, Precincts and Regions	130,399
MU22001	Scientific basis for a mushroom food group in the Australian Dietary Guidelines	Australian Mushroom Growers Association	74,400
MU22002	Mushroom education resources	Primary Industries Education Foundation Australia	40,000
MU22003	PhD program to study viruses associated with Agaricus mushrooms in Australia	Victorian Department of Jobs, Precincts and Regions	42,500
MU22004	Evaluating existing and potential ergocalciferol (vitamin D2) health claims for mushrooms	Nutrition Research Australia	22,147
MU22005	Industry level lifecycle analysis updated to better understand eco-credentials and minimise risks	Thinkstep	58,965
MU22006	Online resource for mushroom health and nutrition science for healthcare professionals	Nutrition Research Australia	77,174
MU22007	Mushroom industry conference and roadshow program 2023-2026	Australian Mushroom Growers Association	60,000
MU22008	Review and evaluation of mushroom packaging	KPMG	131,500
MU22009	Alternate casing substrate – providing review of research to date and an expert forum for future R&D investment	Australian Mushroom Growers Association	67,000

Continued >>

New R&D investments in 2022/23 (continued)			
Project code	Project name	Key delivery partner	2022/23 Spend (\$)
MU22010	Mushroom international study tours – inbound and outbound	Australian Mushroom Growers Association	99,760
MU22011	Mushroom supply chain best practice management	Applied Horticultural Research	45,820
NA22001	Review and evaluation of nashi packaging	Prof Consulting Group	50,414
NY21002	Validating water disinfestation systems in nursery production	NSW Department of Primary Industries	125,000
NY22000	Nursery industry communications program	Greenlife Industry Australia	468,676
NY22001	Nursery sustainability – undertaking a lifecycle assessment	Thinkstep	78,816
NY22200	Nursery usage and attitudes benchmark program	FiftyFive5	57,000
OL22000	Olive industry communications and extension program	Australian Olive Association	125,000
PF22000	National passionfruit breeding and evaluation program 2022-2027	The University of Queensland	40,495
PF22001	Passionfruit industry communications program	Passionfruit Australia	27,991
PH22000	Opportunities for insecticide resistant honey bees for pollination security	Macquarie University	256,183
PH22002	Exploration of advanced control and detection methods for varroa mite	Macquarie University	198,523
PH22003	Best practices for evaluation of bee health technology	Macquarie University	276,707
PH22004	Supporting the health and expansion of the Australian stingless bee industry	Western Sydney University	1,875,462
PI22000	Pineapple industry development and extension project	Department of Agriculture and Fisheries Queensland (DAFQ)	114,400
PT22000	Technical workshops for potato pest and disease investments	RM Consulting Group	13,720
RB21000	Integrated pest management approaches to address pest challenges in raspberry and blackberry	University of Tasmania	448,856
ST22000	Pathway to market for iMapPESTS	The Growth Drivers	48,235
ST22001	Generation of data for pesticide permit applications in horticulture 2022 (Eurofins)	Eurofins Agrisearch	425,850
ST22003	Generation of data for pesticide permit applications in horticulture 2022 (Kalyx)	Kalyx Australia	90,000
ST22004	Generation of data for pesticide permit applications in horticulture 2022 (Agreco)	Agreco	158,000

Continued >>

New R&D investments in 2022/23 (continued)

Project code	Project name	Key delivery partner	2022/23 Spend (\$)
ST22005	Independent review of Plant Biosecurity Research Initiative	AgEcon	26,400
ST22008	Mid-term review of Digital remote monitoring to improve horticultures environmental performance suite of projects	Jeanette Gellard Enterprises	13,000
TG22001	Table grape industry communications program	Australian Table Grape Association	304,000
TU22000	Turf industry communications program	Turf Australia	100,000
VG22000	Vegetable industry communications program	AUSVEG	839,656
VG22001	Management of foliar bacterial diseases in vegetables	NSW Department of Primary Industries	328,383
VG22002	Identifying and managing the sources and routes of microbial contamination in leafy vegetables	NSW Department of Primary Industries	200,000
VG22003	Learning from the past to amplify community vegetable education programs of the future	AgEcon	42,200
VG22005	Evidence-based education program to support increased vegetable consumption in children	Nutrition Australia	115,768
VG22006	National fall armyworm innovation system for the Australian vegetable industry	Department of Agriculture and Fisheries Queensland (DAFQ)	449,554
VG22008	Pre-harvest sanitisation of leafy green vegetables	University of Tasmania	20,000
VM22000	Melon export strategy 2022-2027	McKinna	83,000
VM22001	Identification and management of a fungal disease complex in melons	Agreco	155,486
VM22003	Melon training and leadership program	Melons Australia	57,638
VN21000	Accelerating the adoption of best management practices for the Australian onion industry	AUSVEG	315,118
VN22001	Enhancing the usability of onions	The Growth Drivers	24,460

Our marketing partners in 2022/23

In 2022/23, Hort Innovation engaged several suppliers to support domestic and international marketing activity. The top 25, based on total expenditure by company, is detailed below.

Supplier	2022/23 Expenditure (\$)
Atomic Search	8,525,416
TBWA	3,120,881
Bastion Effect	2,941,250
Direct2Consumer	749,639
Bite Communications	644,032
Republic of Everyone	640,416
Strikeforce AMC	581,867
Australian Macadamia Society	428,414
Sopexa Japon K.K.	319,774
Australian Mushroom Growers Association	280,000
Sopexa Australia	275,518
Fruit Growers Victoria	275,000
Sopexa	250,128
Go Future Media	209,723
Ink Spiller Communications	161,160
Lansky Enterprises	150,652
Sheng Zhong Marketing Consultancy (Shanghai) Company	131,864
The Zoo Republic Partnership	129,259
Terrapin Estates	112,104
World Business Travel	103,286
WA Farm Direct	101,240
Australian Mango Industry Association	100,000
FiftyFive5	100,000
Australian Banana Growers Council	86,407
Havas Media Taiwan	82,306



Follow us on social media

You can keep up to date with Hort Innovation on the following social media channels:

 www.facebook.com/hortinnovation

 [@Hort_Au](https://twitter.com/Hort_Au)

 www.linkedin.com/company/hort-innovation

 hortinn.com/youtube



The almond industry is investing in a number of initiatives to improve its sustainability, including reducing carbon emissions which you can read more about on p26.

Section

5

We measure our performance

This section details Hort Innovation's successes and overall performance in 2022/23. You will find the results of our ongoing impact assessment work and other monitoring and evaluation efforts. Most importantly, this section includes a review of the company's performance against the *Hort Innovation Strategy 2019-2023*, which ended this year.

Getting the best out of our investments

Impact assessment work is just one way we measure the performance of our investments.

The Hort Innovation Evaluation Framework guides all of our monitoring and evaluation efforts. The Framework allows us to responsibly oversee all activities and investments we fund, ensuring that projects are tracking well and are delivering effectively and efficiently for the horticulture sector.

Here is a snapshot of other monitoring and evaluation activities from this year:

Investment analysis work was ongoing, tracking the alignment of investment expenditure against each industry's 2022-2026 Strategic Investment Plan outcomes and strategies. This analysis is available on the 'Your investments' tab on the levy fund pages at www.horticulture.com.au/growers.

Industry-specific impact assessments were undertaken in addition to the across R&D review detailed on the previous page. For 2022/23, the industries involved were cherry, small tropicals and vegetables. The results are available on the Hort Innovation website at hortinn.com/mt21013.

Hort Frontiers-specific impact assessments were completed for the first time in 2022/23 to evaluate the impact of Hort Frontiers Funds over the past five years. The impact assessment found there was a benefit-to-cost ratio of 2.47 to 1 for the selected projects. The full results are available on hortinn.com/ha20000.

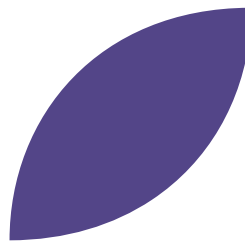
Monitoring and evaluation (M&E) plans were produced for the majority of investments, and maintained for all ongoing investments,

as appropriate. M&E plans help delivery partners report the progress and success of their projects and consider areas of potential improvement. Prior to investment, all new projects were checked and aligned against industry SIP outcomes and strategies.

Independent project evaluations were undertaken for a number of investments to assess efficiency, effectiveness, relevance and process appropriateness. Some investments also underwent a technical review. This helps Hort Innovation work with delivery partners to continuously improve investment delivery and make changes where required and develop new investment recommendations for industry.

Spotlight:

Measuring impact in the pineapple industry



88%

of growers intended to make changes to their business

From 2018 to 2023, the pineapple industry invested in a program to bring information on integrated crop protection to Australian pineapple growers that aimed to help the industry achieve higher yields and produce high-quality fruit with lower production costs and a reduction in the use of pesticides. Information exchange with and between growers, pineapple industry advisers, chemical company representatives and the broader supply chain was also facilitated.

The program had a robust M&E plan in place to measure the impact of the program, and they found that as a result of growers participating in project activities, 65 per cent claimed project

services and advice had resulted in relative improvements in their fruit quality. Further, 76 per cent of participants claimed their farm productivity had improved (t/ha).

Adoption of sustainable environmental practice changes were also an outcome of the project. Seventy six per cent of growers said they made changes that helped make their farm more sustainable in an environmental way, for example sediment traps, reduced nitrogen applications and contour drainage.

The project delivered a range of resources and activities to help the pineapple industry access, understand

and implement new technology and best practice information. A total of 137 growers and their staff attended at least one regional study group which represented 73.5 per cent of all the estimated 65 grower businesses in the industry. Total attendance at the 34 study group meetings was 559 growers and their staff (representing 325 businesses) and 358 non-growers, which averaged 25 attendees at each event.

An average of 88 per cent of evaluated growers intended to make changes to their businesses as a result of participating in project activities.

Making an impact

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

In addition to the M&E activities that are completed for all Hort Innovation investments, in 2022/23 we engaged independent experts to examine the type and magnitude of impacts across our levy-funded projects. A random sample of 15 investments, all completed in the previous financial period, was selected to be representative of the overall R&D portfolio.

15

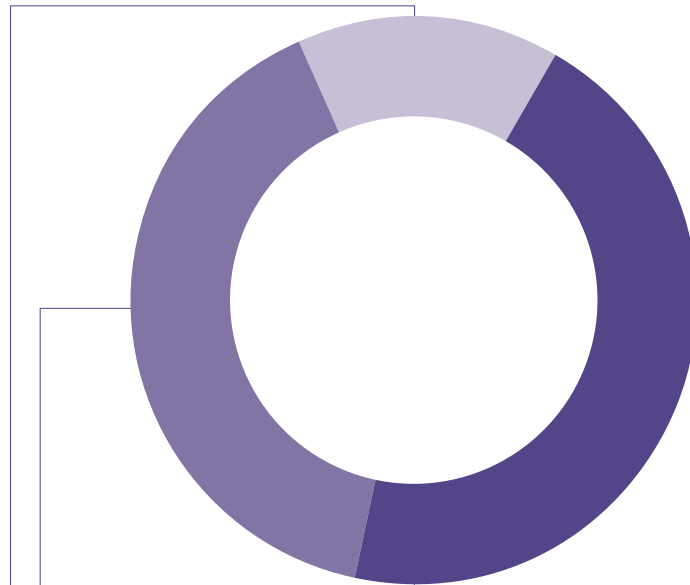
The number of levy-funded projects randomly sampled

73

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

\$76.8M

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



45%

of benefits were economic, such as increased yield, improved quality, reduced costs, and expanded market access.

40%

of the benefits were social, such as avoid farmer psychological stress from natural disaster and biosecurity events, increased health from fruit and vegetable consumption, and improved wellbeing in local communities.

15%

of the benefits were environmental, such as reduced nitrous oxide emissions from improved nitrogen use efficiency, reduced or avoided chemical use with associated decreases in off-target ecosystem impacts, and improved soil health.

Disclaimer: Not all project impacts were quantifiable and not all could be evaluated in monetary terms as part of this assessment. This has resulted in the majority of quantified benefits being those that are economic. The work was conducted in line with guidelines defined by the Council of Rural Research and Development Corporations.

Intellectual property and royalties

Hort Innovation protects the commercial value of intellectual property that arises from investments for the benefit of the horticulture sector.

Hort Innovation’s Intellectual Property Policy and Management Framework continued to be implemented in 2022/23 for the identification, use and management of intellectual property (IP) acquired, created, licensed, disseminated and commercialised by the company.

Under the policy, wherever IP is identified in investments, Hort Innovation ensures appropriate protection is in place for valuable IP developed in investments.

As the table below shows, income generated by IP is allocated back to the levy fund where the work originated so that it can be reinvested.

Industry	Amount (\$)
Almond	65,596
Avocado	1,146
Strawberry	681,493
Dried Grape	637
Macadamia	10,408
Pineapple	10,898
Citrus	5,401
Pyrethrum	257,602
Potato	17,280
Vegetable	39,324
Summerfruit	7,117
Total	1,096,902



One of the strawberry varieties developed through the Hort Innovation funded strawberry breeding program has been named ‘Susie’ after Australian Olympic Champion, Susie O’Neill.

In 2022/23, Hort Innovation negotiated three commercial licenses/agreements:

- A project to develop a gene technology platform for disease resistance in horticultural tree crops through using RNAi tree vaccinations – see more on [p22](#).
- Investment in light blocking and light-shifting technology through the Glasshouse Films project which forms part of Hort Innovation’s investment in the Future Food Systems CRC.

- Mango auto harvester technology through the Rural R&D for Profit program developing multi-scale monitoring tools for managing Australian tree crops – see more on [p65](#).

Get involved with your industry communications program

Hort Innovation invests in a range of levy-funded communications programs to ensure growers are kept up to date with the latest information on their levy-funded investments, as well as other relevant news and industry developments.

If you are interested in signing up to your industry's communications program, email us at communications@horticulture.com.au.



Performance against our Strategy

The *Hort Innovation Strategy 2019-2023* outlined the organisation’s focus, goals and key activities over a four-year period, all of which were aligned to the horticulture industry’s priorities from 2019.

This year, the new *Hort Innovation Strategy 2024-2026* was released. This sets out our direction for the next three years and how we are going to deliver value for the horticulture sector. Read more about this process and the new Strategy on [p12](#).



Julie Bird,
Hort Innovation Chair

“Over the past four years Hort Innovation has delivered significant value to the horticulture sector through our investment of grower levies and Australian Government contributions across research and development, marketing and international trade. Significant progress has been made in ensuring that we are supporting the horticulture sector, but there is more work to be done.

Our company has undergone significant changes over the past year to refocus our efforts and ensure that our priorities reflect the horticulture sector’s priorities. Our attention is on what benefits we can bring to our growers that address their needs today and into the future.”

The issues and challenges affecting the horticulture industry have changed a lot since the last Strategy was developed in 2019. Industry’s needs have shifted as a result of a global pandemic, input price increases, a changing climate, labour shortages, biosecurity concerns and changing consumer preferences. The new strategy reflects what we have heard are industry priorities today and into the future.

The following section provides a quick overview of Hort Innovation’s performance against the key performance indicators from the *Hort Innovation Strategy 2019-2023*.

Our performance at a glance

Strategic Pillar 1:

Drive knowledge and innovation into horticulture industries

Broad initiatives across the Hort Innovation Strategy 2019-2023

- 🍃 Create a larger capability in the business, to drive extension, knowledge transfer, amplification of outcomes and face-to-face interactions with growers
- 🍃 Optimise investment in all communications and extension to ensure effectiveness and to support the delivery of outputs to growers
- 🍃 Build digital platforms to streamline content and increase availability of knowledge to growers
- 🍃 Increase engagement with growers and horticulture networks.

Key performance indicators

Hort Innovation extension framework and team fully established by December 2019		The Hort Innovation Extension Team was established in 2019 and operated until 2022 when the Industry Service & Delivery Team was established to more effectively serve our industries needs and priorities . Read more about this change on p94 .
Review for the optimisation of investments in communication and extension completed by December 2020		These reviews were completed in 2020 and arising recommendations have been actioned since then. Read more about our extension and communication investments from p52 .
Digital knowledge platforms reviewed, and recommendations implemented by June 2020		Completed. Find out more about our approach to continuous improvement on p107 .
Levy payer engagement efforts enhanced, with overall level of communication and engagement satisfaction by levy payers increased from 65 per cent to 85 per cent by December 2022		Continuous improvement in engaging levy payers is an important priority for Hort Innovation, with renewed efforts and new approaches a key part of the new Strategy detailed on p13 .
Overall satisfaction with Hort Innovation information products and services by levy payers increased from 69 per cent to 90 per cent by December 2022		
Intellectual Property management solutions implemented by June 2020		Completed in 2020. Read more about our IP-related activities on p82 .

- Completed
- Underway

Strategic Pillar 2: Deliver the highest value R&D, marketing and trade investments across industries, now and into the future

Broad initiatives across the Hort Innovation Strategy 2019-2023

- Drive innovation across industries to support change and adoption of practices, to improve productivity and competitiveness
- Focus on the future of horticulture to understand and prepare for the challenges and opportunities ahead
- Sharpen the focus on consumer insights and the understanding of markets, domestically and internationally
- Drive investment in Hort Frontiers funds and deliver more multi-industry collaboration across traditional and non-traditional partnerships, to drive effective and efficient outcomes for growers and industry.

Key performance indicators

Independent ex-post impact assessment of a random sample of strategic levy investments undertaken annually	Completed	See p81 for this year's results.
All investments aligned to a Strategic Investment Plan (SIP) to support fund investment analysis and monitoring and evaluation capacity by Hort Innovation	Completed	See p47 for more information.
Sustainability framework with benchmarks completed by June 2022	Completed	Read the Sustainability Framework on the Hort Innovation website at hortinn.com/sustainability-framework .
Review completed and strategic approach to consumer insights and market research commenced by December 2020	Completed	The Consumer Insights Strategy was delivered in 2020, followed by the recruitment of a Consumer Insights Manager.
Cross-industry opportunities (multi-industry strategic R&D levy, marketing levy and Hort Frontiers) identified and implementation of efficiencies commenced by December 2020	Completed	Cross-industry projects have grown to 30 with a total value of \$42.5 million in 2022/23.
Overall levy payer perceived direct benefit from R&D and marketing investments increased from 60 per cent to 80 per cent by December 2022	Underway	Continuous improvement in engaging levy payers is an important priority for Hort Innovation, with renewed efforts and new approaches a key part of the new Strategy detailed on p13 .

■ Completed
■ Underway

Strategic Pillar 3: Enable activities that drive all strategic imperatives

Broad initiatives across the Hort Innovation Strategy 2019-2023

- Streamline processes and systems to be more flexible and efficient
- Create easy access to Hort Innovation's staff and knowledge
- Increase collaboration and leadership, and enhance the relationships with influencer groups in horticulture
- Develop and optimise an annual investment planning process for industries, and drive efficient updating and renewal of industry strategic investment plans across R&D, marketing and international trade
- Strong financial management and transparency to ensure maximised investment of funds
- Review investment planning approaches to incorporate clear commercialisation (where appropriate) and adoption strategies.

Key performance indicators

R&D and marketing (where applicable) annual investment plans for all industries implemented by December 2020	Completed	See p47 for more information on investment plans.
New Strategic Investment Plans (SIPs) for all industries developed prior to completion of current SIPs	Completed	See p47 for more information on investment plans.
New Hort Frontiers SIPs (2019-2024) developed by December 2019	Completed	See p47 for more information on investment plans.
Trade SIP developed by March 2020	Completed	See p47 for more information on investment plans.
New business systems integrated by December 2020	Completed	Completed, read more on p107 .
Overall levy payer satisfaction in Hort Innovation's performance increased from 53 per cent to 75 per cent by December 2022	Underway	Continuous improvement in engaging levy payers is an important priority for Hort Innovation, with renewed efforts and approaches a key part of the new Strategy detailed on p13 .
Levy payer knowledge of Hort Innovation increased from 74 per cent to 95 per cent by December 2022	Underway	
Hort Innovation's employee satisfaction score maintained at 2017 levels	Underway	Efforts to improve the satisfaction of Hort Innovation employees are underway (see p104) and new approaches are a key part of the new Strategy detailed on p13 .
Hort Innovation Annual Report published annually to ensure transparency in RD&E and marketing investments and industry financial positions	Completed	See all previous reports on the Hort Innovation website at www.horticulture.com.au/annual-report-portal .

- Completed
- Underway

Financials

Levy receipts by industry

Levy receipts by industry 2022/23			
Industry/Fund	R&D (\$)	Marketing (\$)	Total (\$)
Statutory Levy Funds			
Almond	2,524,273	–	2,524,273
Apple and pear	1,891,199	2,919,505	4,810,704
Avocado	3,349,201	5,159,485	8,508,686
Banana	2,001,124	4,261,652	6,262,776
Chestnut	55,612	61,790	117,402
Citrus	2,489,051	391,860	2,880,911
Custard apple	49,160	23,626	72,786
Cherry	705,270	141,175	846,445
Dried grape	161,259	99,270	260,529
Dried tree fruit	4,815	–	4,815
Lychee	153,017	69,475	222,492
Macadamia	1,582,494	2,956,327	4,538,821
Mango	586,471	781,982	1,368,453
Melon	678,065	–	678,065
Mushroom	1,244,904	3,365,850	4,610,754
Nursery	1,699,853	1,236,257	2,936,110
Olive	309,110	–	309,110
Onion	744,085	256,582	1,000,667
Papaya	187,994	187,825	375,819
Passionfruit	113,926	113,899	227,825
Persimmon	101,212	67,475	168,687
Pineapple	170,039	81,555	251,594
Potato – fresh	647,618	–	647,618
Potato – processing	431,655	–	431,655

Continued >>

Levy receipts by industry 2022/23 (continued)			
Industry/Fund	R&D (\$)	Marketing (\$)	Total (\$)
Statutory Levy Funds (continued)			
Prune	32,548	–	32,548
Raspberry and blackberry	1,116,753	223,351	1,340,104
Strawberry	690,886	–	690,886
Summerfruit	521,862	427,128	948,990
Sweetpotato	445,700	918,968	1,364,668
Table grape	866,452	866,451	1,732,903
Turf	435,335	108,834	544,169
Vegetable	12,134,128	–	12,134,128
Total Statutory Levies	38,125,071	24,720,322	62,845,393
Collective Industry Funds (Voluntary Levies)			
Almond	2,454,180	–	2,454,180
Blueberry	618,750	–	618,750
Pistachio	145,693	–	145,693
Processing tomato	–	–	–
Pyrethrum	99,402	–	99,402
Total Voluntary Levies	3,318,025	–	3,318,025
Total Levy Receipts	41,443,096	24,720,322	66,163,418

For more financial reporting, see the Financial Report on p109 and the 2022/23 Fund Annual Report is available from www.horticulture.com.au/annual-report-portal.

R&D and marketing expenditure by fund

Expenditure by fund 2022/23			
Industry/Fund	R&D (\$)	Marketing (\$)	Total (\$)
Almond	8,034,653	–	8,034,653
Apple and pear	2,860,521	3,194,645	6,055,166
Avocado	5,384,463	4,741,066	10,125,529
Banana	3,508,987	3,735,870	7,244,857
Blueberry	359,179	–	359,179
Cherry	1,093,642	189,798	1,283,440
Chestnut	61,294	29,761	91,055
Citrus	3,683,043	240,068	3,923,111
Custard apple	(15,695)	8,000	(7,695)
Dried grape	201,136	1,494	202,630
Dried tree fruit	2,396	–	2,396
Lychee	89,286	26,938	116,224
Macadamia	2,261,789	2,040,908	4,302,697
Mango	811,932	577,929	1,389,861
Melons	1,432,320	–	1,432,320
Mushroom	2,302,562	2,956,805	5,259,367
Nashi	49,689	–	49,689
Nursery	2,810,590	894,457	3,705,047
Olive	421,358	–	421,358
Onion	1,305,208	142,248	1,447,456
Papaya	176,911	115,930	292,841
Passionfruit	69,000	97,915	166,915
Persimmon	34,484	23,615	58,099
Pineapple	349,232	45,695	394,927
Pistachio	257,144	–	257,144
Potato – Fresh	668,049	–	668,049
Potato – Processing	462,700	–	462,700
Processing tomato	350	–	350

Continued >>

Expenditure by fund 2022/23 (continued)

Industry/Fund	R&D (\$)	Marketing (\$)	Total (\$)
Prune	38,135	–	38,135
Pyrethrum	137,847	–	137,847
Raspberry and blackberry	1,252,301	41,980	1,294,281
Strawberry	2,344,630	–	2,344,630
Summerfruit	646,530	279,537	926,067
Sweetpotato	539,896	143,264	683,160
Table grape	1,871,139	1,174,358	3,045,497
Turf	356,813	68,078	424,891
Vegetable	14,202,675	–	14,202,675

Other

Legacy VC	486,019	–	486,019
Grant funding	4,771,461	–	4,771,461
Centralised Strategic Levy Reserves	333,179	–	333,179
Board Strategic Reserves	1,348,221	–	1,348,221

Hort Frontiers Funds

Advanced Production Systems	14,757,705	–	14,757,705
Biosecurity	1,084,994	–	1,084,994
Fruit Fly	2,195,152	–	2,195,152
Green Cities	454,269	–	454,269
Health, Nutrition and Food Safety	1,519,127	–	1,519,127
International Markets	19,078,023	–	19,078,023
Leadership	752,101	–	752,101
Pollination	10,362,345	–	10,362,345
Levy Collection Cost	685,032	291,187	976,219
Total	117,893,817	21,061,546	138,955,363



The Hort Innovation Melon Fund is investing in a program to develop minimum quality standards to improve consumer acceptance of Australian melons and ultimately drive demand and sales.

Section

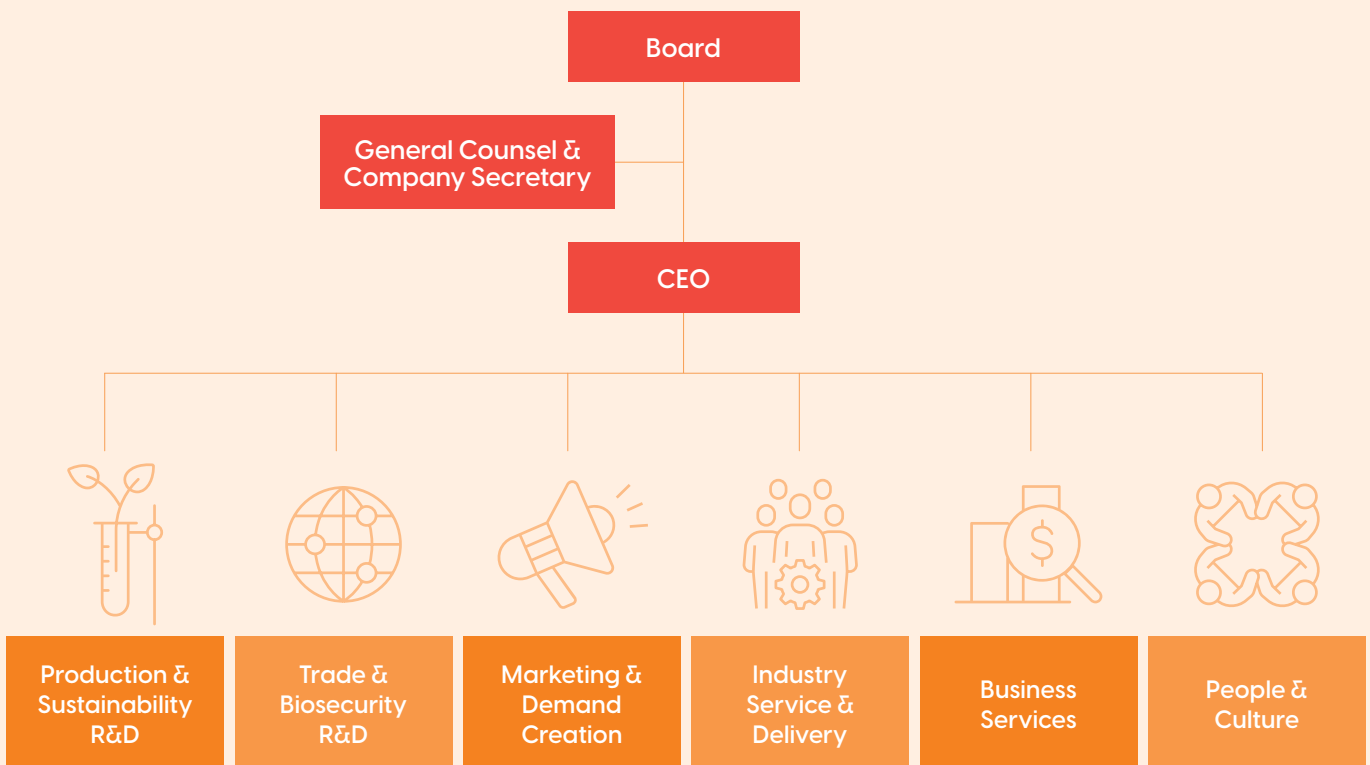
6

We govern our people and processes

This section provides information on how Hort Innovation is set up to deliver for the horticulture sector through our company structure, including the Board and Committees, as well as our approach to corporate governance and risk management.

Our organisational structure

Hort Innovation’s structure is set up to deliver on the *Hort Innovation Strategy 2024-2026*. Here is how our team was structured in 2022/23:



This chart represents Hort Innovation as at June 30, 2023.

In 2022/23, Hort Innovation announced an organisation redesign to align the company with the horticulture sector’s priorities. The changes focused on four key functions of the business:

- 1. Trade & Biosecurity R&D:** works to safeguard and enhance Australian horticulture through its research and development portfolio – particularly market access – to influence trade and market development opportunities.
- 2. Production & Sustainability R&D:** leads Hort Innovation’s focus on production-related research and development and our company’s efforts to navigate industry-wide sustainability challenges.

- 3. Industry Service & Delivery:** leads Hort Innovation’s focus on connecting with Australian horticulture and our commitment to deliver smart investments for all Australian growers. A regionally-based, industry-facing team that forms strong partnerships to jointly design and deliver a balanced investment portfolio through well-supported investment plans.

- 4. Marketing & Demand Creation:** encompasses our existing marketing functions and will now include consumer demand in its title to reflect our intended outcome of all activities underway. This team is responsible for Consumer Marketing, Customer Marketing, International Marketing and Category Demand Creation.

Hort Innovation’s Head Office is in Sydney with satellite offices in Brisbane and Melbourne, plus team members located in regional areas.

Our leadership

Meet the Hort Innovation Executive Team



Brett Fifield
Chief Executive Officer

Brett has more than 20 years' experience in agriculture, including 10 years in senior executive roles working across agriculture, biosecurity, food safety, fisheries, policy and cabinet, business performance, communications and engagement. He also grew up on a mixed farm near Wagga Wagga, NSW, and spent the early part of his career as a country journalist.



Seth Wreyford
Chief Operating Officer

Seth's professional background spans across the FMCG sector in finance, commercial and operational roles working in companies including Nestlé, Kellogg's and BRITA Water Filters. Prior to this, Seth was involved in his family-owned banana farm in South Africa where he gained business management experience and a strong passion for agriculture and the land.



Mona Maidment
General Manager People & Culture

Mona has worked in the people and culture space for over 20 years in the telecommunications, healthcare, media and entertainment industries in companies including Telstra, Johnson & Johnson. Before joining Hort Innovation, Mona was Head of HR at Foxtel.



Andrew Francey
General Manager Industry Service & Delivery

Andrew has over 20 years' experience in horticulture in commercial, operations and supply chain executive roles. Before joining Hort Innovation, Andrew was Chief Commercial Officer at OneHarvest, and was Chair and Non-Executive Director with PMA-ANZ. He has formal qualifications in Business, Applied Finance and has completed an AICD Company Directors Course.



Mila Bristow
General Manager Biosecurity & Trade R&D

Mila has more than 25 years' experience as a plant scientist and manager, with a passion for complex questions about how we can improve sustainable production and trade outcomes for Australia's plant industries. Before joining Hort Innovation, Mila was the GM Partnerships and Innovation at Plant Health Australia.

Continued >>

Our leadership (continued)

Meet the Hort Innovation Executive Team



Anthony Kachenko
General Manager Production
& Sustainability R&D

Anthony has lived and breathed Australian horticulture for more than 20 years, with extensive experience along the agribusiness value chain. Anthony joined Hort Innovation in 2014 and has held several senior roles during his time at the company. Before Hort Innovation, Anthony held senior policy and leadership roles at Greenlife Industry Australia.



Kylie Hudson and Jane Smith
Joint General Managers
Marketing & Demand Creation

Kylie and Jane each have over 25 years' experience developing and leading world-class brand portfolios with major multinationals such as Diageo, Lion Beer, Carlton & United Breweries, The a2 Milk Company, Sara Lee and Procter & Gamble. They have worked in Australia, Asia and the USA in both local and global roles. Together they have also run their own marketing consultancy since 2012, drawing on the disciplines, tools and learnings perfected over years of working in the world's best marketing organisations.



Kwesi Addo
General Counsel &
Company Secretary

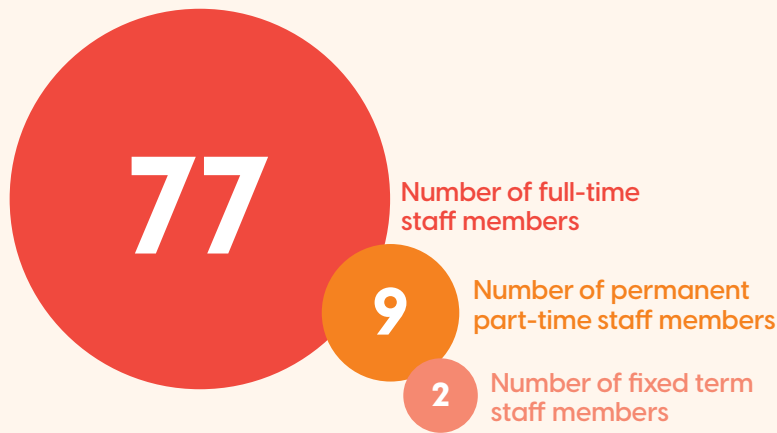
Kwesi has worked in the not-for-profit sector for nearly 20 years and also has over 17 years of legal experience in private practice and working in-house for Sydney City Council, Fulton Hogan and AECOM to name a few across commercial areas of general corporate and commercial law, privacy, employment law, intellectual property, residential tenancies and construction law.

Read our Executive's full bios on
the Hort Innovation website at
hortinn.com/leadership.

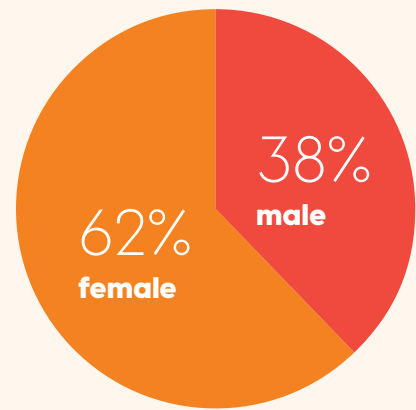
A snapshot of the Hort Innovation team

(as at June 30, 2023)

Headcount



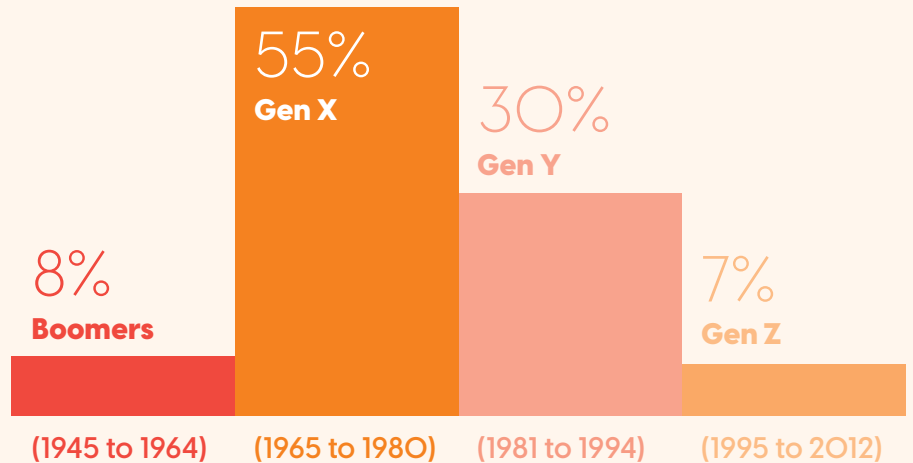
Gender split



FTE



Generations



In the coming year,

Hort Innovation’s People & Culture team plans to survey all Hort Innovation team members to gather valuable insights into the diversity of our workplace. This will foster a more inclusive and diverse workforce where all voices are heard and celebrated.

In 2022/23,

Hort Innovation committed to sponsoring the National Farmers Federation’s (NFF’s) Diversity in Agriculture Leadership Program for the next three years. The leadership program is a flagship initiative of the NFF and its goal to double the number of women in agriculture’s leadership by 2030, based on a 2018 benchmark.

Our Board and Committees

Board of Directors

Our Board of Directors is responsible for governing Hort Innovation and ensuring that we act on behalf of our members and other key stakeholders such as the Australian Government. One way they do this is by applying the key learnings from education, training and professional development offerings to continuously enhance their stewardship.

In 2022/23, the Board undertook:

- A joint Board/Executive strategy workshop in February.

- A governance review and Board performance review process facilitated by external consultant, Rachel Cofrancesco
- Board skills assessment to support the annual Director Nomination Committee process.

The following decisions and outcomes are highlights from 2022/23:

- Enhancement of governance and compliance reporting and policies based on advice from external consultant Rachel Cofrancesco

- Recruitment and appointment of Kwesi Addo as Company Secretary
- Commencement of the Independent Review of Performance by GHD
- Development of the Hort Innovation Strategy 2024-2026 aligned to the Funding Deed
- Continued implementation of outcomes from the Reset and Refresh initiative.



Read profiles of our Board members in the Directors' report on p112.

Board Committees

Investment Committee



The Investment Committee assists the Board by advising about investment strategy, performance, and risk, and by reviewing high-value proposals before they are tendered. In 2022/23, the committee played a part in the following activities:

- 11 Hort Frontiers co-investment projects, valued around \$140 million
- 24 contracts executed, valued around \$217 million
- The historic Fresh and Secure Trade Alliance (FASTA) project, the largest Hort Frontiers investment to date, valued at \$130 million.

People & Performance Committee



The People & Performance Committee (PPC) is responsible for providing strategic advice, assistance and a platform for management and Director interaction regarding Hort Innovation's people.

In 2022/23, the PPC endorsed:

- Enhanced Director Onboarding Program Induction Program for implementing in 2022/23
- Endorsed updated Work, Health and Safety Policy, EEO, Bullying & Harassment Policy and Code of Conduct & Business Ethics
- Endorsed a new Diversity, Inclusion & Equity Policy
- Enhanced documentation about the CEO Performance Review Process
- Reviewed updated to COVID control plan and Return to Work arrangements
- Endorsed new Policy Framework and noted review of practices, policies and procedure
- Reviewed Internal Audit of People and Culture conducted by external consultant BDO in July 2022 and implementation of recommendations.

Director Nomination Committee



The Director Nomination Committee (DNC) is responsible for undertaking the process of the nomination of candidates in accordance with the constitution. This year, the DNC engaged a suitable recruitment firm to carry out a national search for new directors, assessed applications for vacant director roles on the Board, conducted interviews of short-listed candidates and recommended appropriate and highly-skilled candidates for consideration at this year's Annual General Meeting.

This year, the DNC comprised:

- Julie Bird (Chair of the DNC)
- Professor Robert Clark (Independent Eminent Member)
- Paul Denny (Representative of the Secretary of DAFF)
- Mark King (Levy Payer Representative).

The charter of the DNC states that a quorum comprises all members of the DNC, meaning that no meeting of the DNC can occur unless all the members of the DNC attend. This year, at the time of writing, the DNC is scheduled to meet only once – with its duties otherwise carried out via email among its members. All director candidates who were selected for an interview in 2023 were interviewed in person by the DNC and the recruitment firm engaged by the DNC to manage the recruitment process.

Audit & Risk Committee



The Audit and Risk Committee (ARC) plays an important role in our 'three lines of defence' model. It meets quarterly and, in accordance with its charter, reviews the integrity of our financial and non-financial risk management frameworks and systems.

In 2022/23, the ARC oversaw the evolution of those frameworks, including an improved system for monitoring requirements under the Deed of Agreement with the Australian Government and other key compliance obligations. A particular focus for the ARC was our cybersecurity maturity.

Our corporate governance

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

During the year, Hort Innovation was committed to improving and implementing corporate governance measures to enhance our performance and bolster the quality and consistency of the outcomes we deliver for Australian horticulture. Ensuring compliance with all relevant legislation, regulations and guidelines was a key priority.

Our Constitution

Hort Innovation is guided by our Constitution. This document outlines our broad priorities as Australian horticulture's RDC, which are to:

- Provide leadership to, and to promote the development of, the Australian horticulture sector
- Increase the productivity, farmgate profitability and global competitiveness of the horticulture industries by:
 - The strategic allocation and investment of levies, Australian Government contributions, producer contributions (also known as 'voluntary levies') and monies received from investors in research, development, extension and marketing funds, programs and services
 - Providing information, services and products related to research, development, extension and marketing activities or outcomes

- Support capacity building by maintaining a diverse range of research, development, extension and marketing services providers
- Promote and further the interests of Australian horticulture industries overseas in relation to export, sale, distribution and consumption in countries other than Australia
- Be accountable to levy payers, producer contribution payers, investors and the Australian Government for the company's use of levies, producer contributions and payments from investors
- Engage in any other activities for the benefit of members, levy payers, producer contribution payers, Australian horticulture industries, co-investors and the general Australian community
- To do any activities that are incidental, convenient or conducive to the attainment of all or any of the above.

Our legislation and governance principles

We operate within the requirements of legislation and governance principles relevant to Hort Innovation as a research and development corporation, a not-for-profit and registered charity and a corporate entity, including:

- The Horticulture Marketing and Research and Development Services Act 2000
- The Horticulture Marketing and Research and Development Services Regulations 2001
- The Corporations Act 2001
- The Australian Charities and Not-for-profits Commission Act 2012
- ASX Corporate Governance Principles and Recommendations 4th Edition
- Our Code of Conduct and Business Ethics.

Hort Innovation is an organisation subject to the reporting requirements under the Modern Slavery Act 2018. Under the legislation, Hort Innovation is required to disclose in a modern slavery statement and the steps we have taken to mitigate the risk of modern slavery in our operations. Hort Innovation submits its Modern Slavery Statement on an annual basis in accordance with the Modern Slavery Act 2018.

Our full Constitution can be found online at www.horticulture.com.au/governing-documents.

Our funding agreement with the Australian Government

Our funding agreement with the Australian Government (the Deed of Agreement 2020-2030), provides for a principles-based approach to reporting and accountability of Hort Innovation. As part of the funding agreement, Hort Innovation is required to demonstrate our performance to the Department of Agriculture, Fisheries and Forestry (DAFF) against five key performance principles and 14 KPIs each financial year.

The Australian Government's reporting framework can be summarised as follows:

Performance Principle 1 – Stakeholder Engagement

Outcome: Engage stakeholders to identify research, development and extension (RD&E) and marketing priorities and activities that provide benefits to portfolio industries.

KPIs:

- 1.1 Strategy prioritisation and development processes include appropriate consultation plans, based on the *Best Practice Guide to stakeholder consultation*.
- 1.2 Demonstrated industry stakeholder engagement in the identification of RD&E and marketing priorities and activities consistent with the consultation plan in 1.1.
- 1.3 Demonstrated incorporation of industry feedback on RD&E and marketing priorities and activities. Where incorporation is not possible, demonstration of feedback to a stakeholder/s on why incorporation was not possible.

Performance Principle 2 – Research, Development, Extension and Marketing Activities

Outcome: Ensure RD&E and marketing priorities and activities are strategic, collaborative and targeted to improve profitability, productivity, competitiveness and preparedness for future opportunities and challenges through a balanced portfolio.

KPIs:

- 2.1 RDC investments align with strategic plans and have demonstrated outcomes to levy payers and taxpayers, including through growth in the industry, increased profitability of producers, commercialisation, access to new markets.
- 2.2 Levy payers who participate in RDC supported extension and adoption programs:
 - Gain new knowledge or new information to improve their long-term profitability, productivity, competitiveness and preparedness.
 - Intend to make or have made changes to existing practices by adopting the outcomes of R&D.

Performance Principle 3 – Collaboration

Outcome: Undertake strategic and sustained cross-industry and cross-sectoral collaboration that addresses shared challenges and draws on experience from other sectors.

KPIs:

- 3.1 Completed, current and future R&D including commercialisation opportunities is accessible through the grow^{AG} platform.
- 3.2 Number and quantum of cross-industry and cross-sector RD&E investments available.

Performance Principle 4 – Governance

Outcome: Governance arrangements and practices fulfil legislative requirements and align with contemporary Australian best practice for open, transparent, and proper use and management of Funds.

KPIs:

- 4.1 Ongoing oversight, planning and reporting of investment activities is done in accordance with legislative and Australian Government requirements and timeframes.
- 4.2 Demonstrated management of financial and non-financial risk.
- 4.3 Relevant policies and procedures adopted and implemented (e.g. privacy etc).
- 4.4 Non-financial resources implemented effectively (Human Resources, IT, IP etc).

Performance Principle 5 – Monitoring and Evaluation

Outcome: Demonstrate positive outcomes and delivery of RD&E and marketing benefits to levy payers and the Australian community in general, and continuous improvement in governance and administrative efficiency.

KPIs:

- 5.1 Impact (cost – benefit) assessment of a broad cross-section of RD&E and marketing investment undertaken annually.
- 5.2 Demonstrated consideration of and response to outcomes of monitoring and evaluation processes.
- 5.3 Transparent communication to stakeholders (including government) on the impacts and benefits of the RD&E and marketing activities.

To support improved transparency for our stakeholders of the Australian Government's requirements for Hort Innovation and our performance, we are publishing information about this performance meeting process.

Hort Innovation's presentation to DAFF for the annual performance review is available on our website at hortinn.com/annual-performance-meetings.

Our approach to the Independent Review of Performance

In 2022/23 Hort Innovation engaged GHD Pty Ltd to undertake an independent review of our performance over the period 2018-2023 and to prepare a report on the findings and recommendations of the review (the Independent Review of Performance Report).

The funding agreement with the Australian Government requires Hort Innovation to undertake an independent review of performance no more regularly than every three years. Hort Innovation's previous independent review was completed in June 2018.

In 2022/23, Hort Innovation commenced or completed a suite of internal reviews to identify opportunities for continuous improvement in our operations and in our engagement with stakeholders. The independent review of performance will complement and build on this program of work, by acknowledging the activities already completed or underway and by identifying further activities that could build on these continuous improvement achievements.

As part of the independent review of performance, GHD consulted with levy payers and key stakeholders including the Australian Government, in a way that is consistent with the guiding principles outlined in Hort Innovation's *Best Practice Guide to Stakeholder Consultation*. The Independent Review of Performance Report and Hort Innovation's response will be publicly released around the time this Annual Report is published.

Our approach to risk management

Risk is the effect of uncertainty on objectives. Hort Innovation is committed to efficient and consistent risk management in order to protect and create value for our members and for the wider Australian community.

Our risk management framework continues to evolve and mature. This process is led by the Audit and Risk Committee (ARC) which reviews the framework annually and ensures it remains appropriate for the level of risk the company chooses to accept. The ARC is committed to a process of continuous improvement. A new Head of Governance and Risk was appointed

in November 2022 and along with the new Manager of Strategy and Reporting, who commenced in October 2022, they provide a renewed focus on the Governance, Risk and Reporting function of the company.

During 2022/23, our Risk Management Plan was reviewed as part of an independent Governance Review. A significant outcome was the creation of a new Risk Management Committee (RMC), made up of senior management, which will meet quarterly and report to the ARC. The principal objective of the RMC is to ensure the company is operating within the risk tolerances set out by the Board and expressed in the Risk Appetite Statement. It will also assist the ARC in a number of ways including by more regularly reviewing the corporate risk register and assessing the adequacy of the various controls in place. The first meeting of the RMC was held in May 2023.

Separately, the internal audit function was reviewed, and external providers appointed to conduct a series of audits over the course of 2023. As at June 30, two internal audits were underway, with terms of reference for a third being finalised. Going forward, the status of recommendations from internal audits will form a key performance indicator (KPI) for the Governance, Risk and Reporting function.

Our approach to compliance

Hort Innovation is committed to building trust with all our stakeholders through quality compliance and governance processes. At Hort Innovation, we embrace a culture which recognises and manages risk. That necessitates a clear statement of adherence to the requirements of not only the law, but also:

- Contractual obligations
- Internal codes of conduct and policies
- Principles of good governance, and
- Ethical and community standards.

Hort Innovation's Compliance Policy sets out the expectations and aspirations of the Hort Innovation Board for our compliance culture. At its core, this is built on a culture of acting lawfully, ethically and responsibly.

In 2022, we reviewed our performance against the 10 not-for-profit governance principles outlined by the Australian Institute of Company Directors (AICD), which you can see on the next page. As noted by the AICD, the principles are a practical framework to help Not-For-Profits understand and achieve good governance. In line with these principles, Hort Innovation aspires to lead the rural research and development (RDC) sector in quality compliance and governance processes.

Our company policies set out how we comply with our compliance obligations. Hort Innovation's employees have access to an online portal that houses key human resources information, as well as online learning modules. When new employees begin at Hort Innovation they are required to complete the full suite of onboarding modules, and current employees must undertake a refresher annually. Hort Innovation policies include, but are not limited to:

- Governance Policies and Plans such as Anti-Bribery and Corruption Policy, Compliance Policy, Conflict of Interest Policy and Procedure, Cybersecurity Policy, Equal Employment Opportunity, Bullying and Harassment Policy, Fraud Control Plan, IP Policy and Management Plan, Privacy Policy, Risk Management Guidelines, Whistleblower Policy and the Work, Health and Safety Policy.
- Operational Policies such as Code of Conduct and Business Ethics, Confidentiality Guidelines; Corporate Credit Card Policy, Corporate Trade Policy, Diversity, Inclusion and Equity Policy, Flexible Working Policy, Gifts, Benefits and Hospitality Policy, Misconduct and Serious Misconduct Policy and the Performance Management Policy.

Our performance against the Not-for-profit Governance Principles

The table below summarises how Hort Innovation has demonstrated its performance against the Not-for-Profit Governance Principles in 2022/23.

Principle	How Hort Innovation has demonstrated performance in 2022/23
<p>Principle 1 Purpose and strategy The organisation has a clear purpose and a strategy which aligns its activities to its purpose</p>	Hort Innovation's Strategy is available on p13 .
<p>Principle 2 Roles and responsibilities There is clarity about the roles, responsibilities and relationships of the board</p>	Information about Hort Innovation's Board is available on p3 .
<p>Principle 3 Board Composition The board's structure and composition enable it to fulfil its role effectively</p>	Information about Hort Innovation's Board and the skills matrix the Directors should collectively provide is available on the Hort Innovation website when nominations are open.
<p>Principle 4 Board Effectiveness The board is run effectively and its performance is periodically evaluated</p>	Information about Hort Innovation's Board and the independent governance review completed in 2022-23 is available from p98 to p101 .
<p>Principle 5 Risk Management Board decision making is informed by an understanding of risk and how it is managed</p>	Information about Hort Innovation's risk management framework is available on p101 .
<p>Principle 6 Performance The organisation uses its resources appropriately and evaluates its performance</p>	Information about Hort Innovation's performance and how it is evaluated by the Australian Government is available on p100 and as part of the independent review of performance is available on p101 . Information about our monitoring and evaluation of projects and funds is available on p80 .
<p>Principle 7 Accountability and transparency The Board demonstrates accountability by providing information to stakeholders about the organisation and its performance</p>	Information about how Hort Innovation communicates to stakeholders about the organisation and its performance is available on p55 .
<p>Principle 8 Stakeholder Engagement There is meaningful engagement of stakeholders and their interests are understood and considered by the board</p>	Information about how Hort Innovation engages its stakeholders is available from p43 .
<p>Principle 9 Conduct and Compliance The expectations of behaviour for the people involved in the organisation are clear and understood</p>	Information about Hort Innovation's governance and organisational policies are available from p99 .
<p>Principle 10 Culture The Board models and works to instil a culture that supports the organisation's purpose and strategy</p>	Information about Hort Innovation's <i>Reset and Refresh</i> process is available on p46 . Detail about Hort Innovation's values is available on p106 .



Hort Innovation's levy-funded programs support a wide range of industry personnel across the sector, such as the Berries Australia Industry Development Team.

Our approach to managing conflicts of interest

It is vital that Hort Innovation adheres to the principles of fairness and impartiality in its investment, service provider and project review decision making processes. Hort Innovation has a Conflict of Interest Policy and Procedure to ensure all Hort Innovation employees act, and are seen to act, honestly in their business dealings and carry out their duties free from conflicts of interest.

All employees are required to act in good faith towards, and in their employment with, Hort Innovation. The onus is on individuals to identify and declare conflicts of interest as soon as the conflict arises. This policy applies to all Hort Innovation employees. Our Directors must also follow a process to declare any conflict of interest they may have.

Our approach to Work Health & Safety

At Hort Innovation, the health and safety of our employees, contractors and visitors is a priority. We have a Work Health & Safety (WHS) Management System in place to ensure we regularly assess and continuously improve our safe work systems by managing risk to ensure everyone can return home from work safely.

We have a WHS Employee Handbook for our employees with an overview of the WHS Management System. The Handbook provides directions to related documentation and critical information regarding employee responsibilities regarding our WHS practices. We have also developed Standard Operating Procedures to help keep our employees safe.

Our approach to business continuity

Hort Innovation's Business Continuity Plan is managed through the Recovery Management Team to respond to matters such as major technology disruption, significant office service issues, international travel issues and pandemics. Training and third-party testing is conducted annually. The Business Continuity Plan was successfully tested in August 2022. Observations and recommendations from that test have been incorporated in the latest edition of the plan.

Our approach to employee engagement

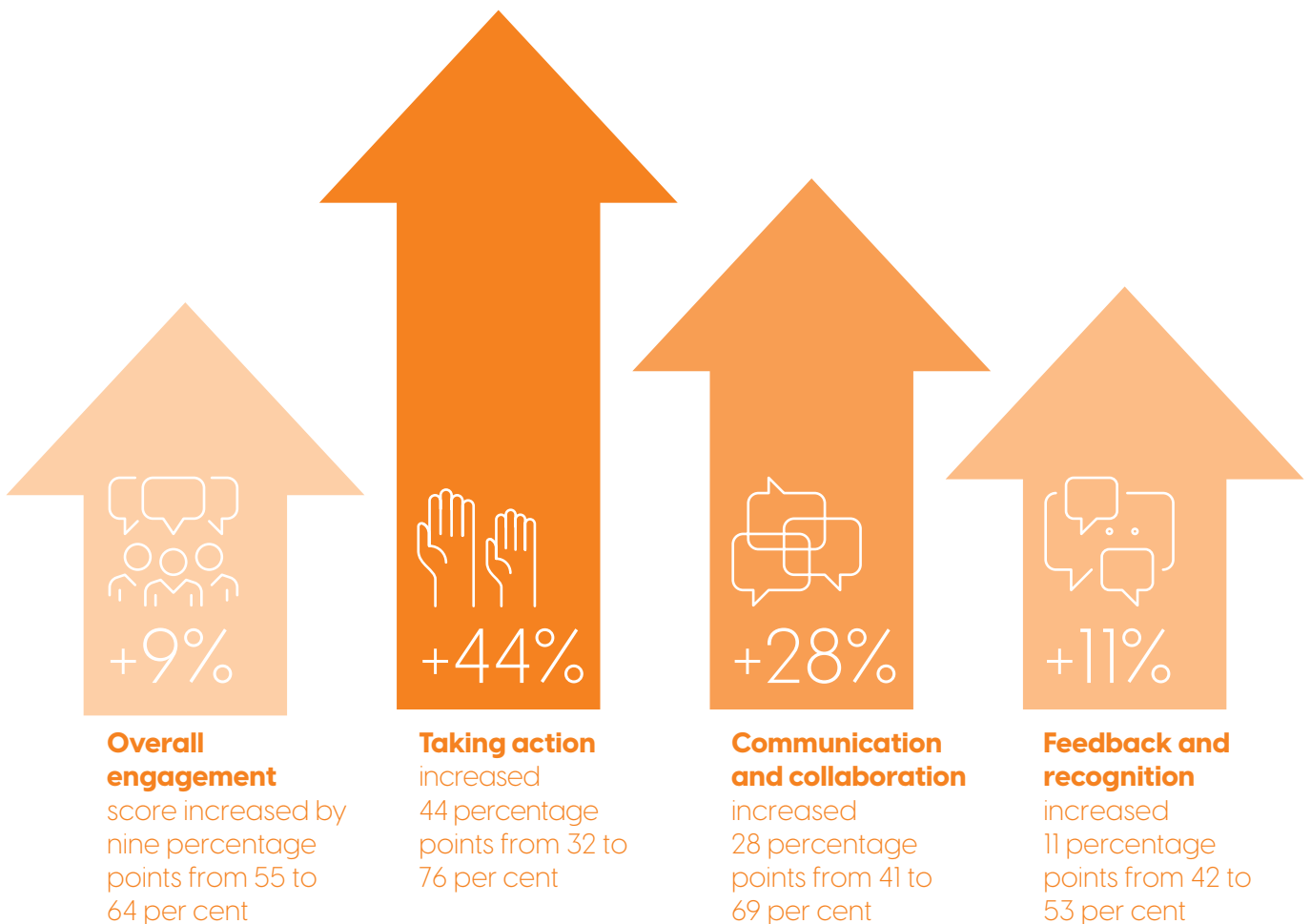
A full Employee Engagement Survey was introduced in July 2022, followed up with a pulse survey in February 2023 and a second full survey in June 2023.

The two full surveys received a 95 and 99 per cent response rate respectively.

The feedback from these surveys drove internal efforts throughout the year to boost employee engagement, with three focus areas: "Taking Action", "Communication and Collaboration" and "Feedback and Recognition".

We began our employee engagement action planning with our teams in August 2023 for the next 12-month period.

The results



Our new approach to onboarding

During the year, Hort Innovation launched a new employee onboarding program, known as Sprout.

Sprout offers a structured and engaging approach to providing new employees with the knowledge, information, tools, and assistance they need to feel confident and productive in their new role.

The program is structured around four pillars:

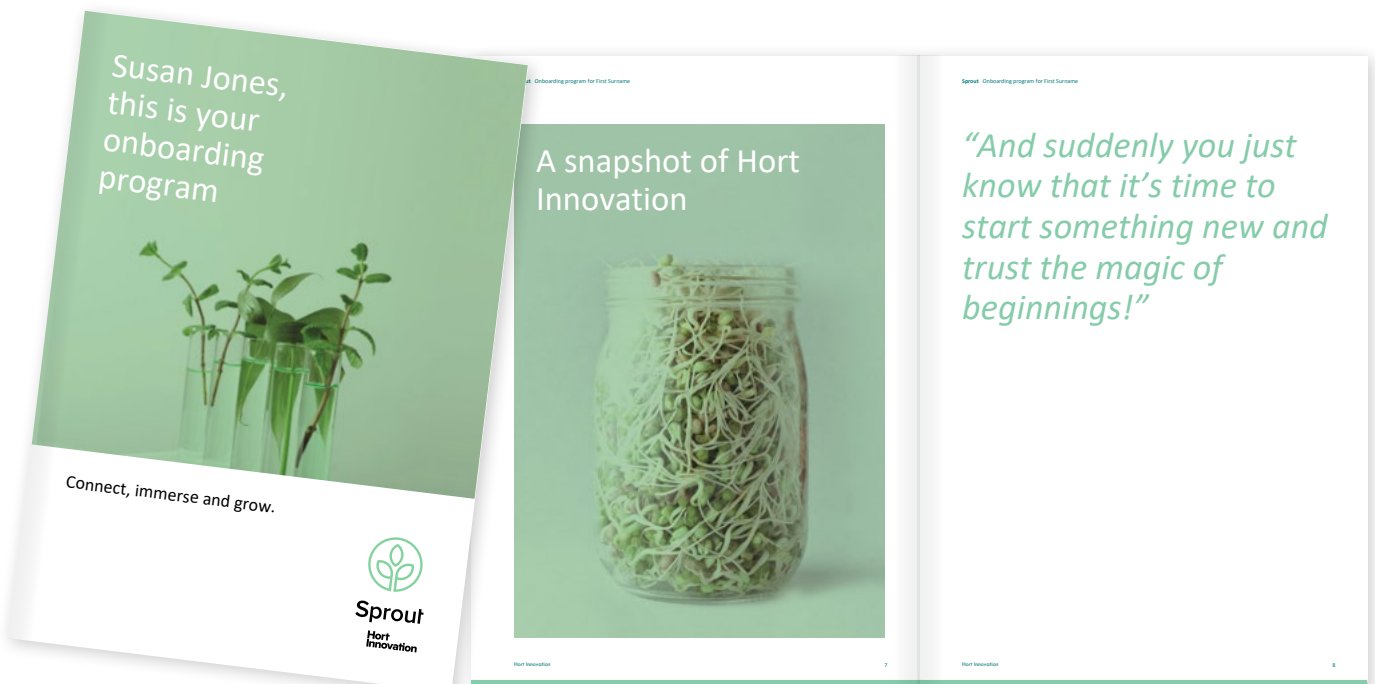
- 1. Culture:** Helping new starters become familiar with Hort Innovation’s formal and informal cultural norms, expectations, programs, and events.
- 2. Connections:** Ensuring new starters quickly develop the networks they need to be able to access resources, establish valuable connections, and be clear on where to go for information or support. The program helps establish connections with internal and external stakeholders.

- 3. Competence:** Helping new starters understand their new role, duties and responsibilities, and their manager’s expectations. The program includes role information, on-the-job training, and activities that go beyond compliance, to ensure that new starters feel comfortable, confident, and can hit the ground running.

- 4. Compliance:** Ensuring new starters become familiar with all legal and policy-related rules and regulations. The program includes time to complete compliance training, read through policies and procedures, and chat with key experts in the field.

A complementary Director Onboarding program was also introduced to provide new Directors with all the knowledge, information, and assistance they need to feel confident and effective in their new role.

The program helps new Board members understand our organisation, the environment in which Hort Innovation operates, the work of the Board and various committees, governing legislation and the Board member’s role in supporting the company to succeed. It also opens the door to Hort Innovation people, our culture, values and approach to work.



Our values

Hort Innovation's values represent the principles we share and aspire to as a collective of people passionate about delivering outcomes for the Australian horticulture sector.

Our values shape how we lead our organisation and create clear expectations about behaviour.

In July 2022, our Employee Engagement score highlighted the need to review our company values. While our employees knew our values and told us that they did not feel that our existing values (Collaboration, Courage, Growth and Innovation) were aligned to our company culture.

As such, the People & Culture team embarked on a project to reimagine our values. We engaged Caterfly, a company specialising in Organisation Development and at the forefront of co-designing company values, to lead this project for us. The new values will be launched in late 2023.



Our employee assistance program

Hort Innovation partners with Converge International to provide our employees with an Employee Assistance Program (EAP) to help them deal with any challenges, concerns or issues affecting them at work or home.

Converge International offers a confidential, personal coaching and counselling service that provides support for various short-term, personal or work issues. This service provides access to qualified professionals, including psychologists, social workers and management coaches.

In 2022/23, Jana Pittman came onboard as the brand ambassador for Australian Bananas. Later in 2023, Jana is scheduled to come and speak to the Hort Innovation team about what she has learned throughout her career.

Our commitment to continuous improvement

During the year, Hort Innovation continued to make improvements to our investment lifecycle and business processes.

In 2021/22, Hort Innovation commissioned an independent review which provided 16 key recommendations and 80 ways to improve our current operations, categorised into 'quick wins', mid-term opportunities and long-term initiatives.

In 2022/23, some examples of improvements delivered include:

- Key system enhancements to improve functionality and reporting capabilities
- Improved Delivery Partner training tools
- Monitoring and reviewing Investment Management processes with a view to reduce complexity, decrease waste and minimise opportunities for human error.

To complement the improvements underway, the Hort Innovation Project Management Office has set up new employees and existing staff for success through the launch of a new investment management training resources site including step-by-step videos, plus a rhythm of refresher training sessions.



100%
Quick wins delivered

62%
Mid-term opportunities delivered

29%
Long-term opportunities delivered

Highlights have included:

- Completed live refresher training series across two sessions, available to all staff focusing on investment recommendation creation through to contract execution – 44 team members attended at least one session
- Developed 63 walkthrough training videos covering steps within our investment management process system.

Keeping cybersecurity top of mind

Hort Innovation is constantly reviewing our cybersecurity policies and procedures to ensure we are up to date with any emerging threats. Various tools and platforms have been deployed to enable better visibility, understanding and management of cyber incidents and events. Our team members are equipped with adequate knowledge so that they can recognise any cyber threats and can respond appropriately.



Research into maintaining honey bee health and boosting alternative pollination methods is a priority for Hort Innovation, with more than \$60 million in investments currently underway across various activities, including the development of a Varroa mite pesticide that is safe for bees.

Financial Report

For the year ended June 30, 2023

Horticulture Innovation Australia Limited
(A company limited by guarantee)
ACN 602 100 149

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Directors' Report

The Directors of Horticulture Innovation Australia Limited (the Company) present their report for the year ended June 30, 2023.

The Directors of the Company who held office during the year July 1, 2022 to June 30, 2023 are set out below. Directors were in office for the entire period unless otherwise stated.

Director Clark retired, and Director Kelly resigned, at the AGM on November 25, 2022, with Directors Cleverdon and McCutcheon elected to the vacancies created. Director Vydra retired and was re-elected at the 2022 AGM.

Directors	Board	Committees
Julie Bird (Chair)	Re-elected November 26, 2021	PPC (Chair): Full Year
Paul Harker (Deputy Chair)	Re-elected November 22, 2019	ARC (Chair): Full Year PPC: Full Year
Michael Nixon	Elected November 27, 2020	IC: Full Year
Victoria Taylor	Elected November 27, 2020	PPC: Full Year IC: Jul 2022 – Nov 2022
Robert Mullins	Elected November 26, 2021	IC (Chair): Full Year
Catherine Oates	Elected November 26, 2021	IC: Full Year
Jan Vydra	Re-elected November 25, 2022	IC: Nov 2022 – Jun 2023 ARC: Full Year PPC: Full Year
Elke Cleverdon	Elected November 25, 2022	ARC: Nov 2022 – Jun 2023
Stephen McCutcheon	Elected November 25, 2022	IC: Nov 2022 – Jun 2023
Prof Robert Clark AM	Retired November 25, 2022	IC: Jul 2022 – Nov 2022
Anthony Kelly	Resigned November 25, 2022	ARC: Jul 2022 – Nov 2022

PPC = People and Performance Committee (PPC)
 ARC = Audit and Risk Committee
 IC = Investment Committee

Brooke Reardon

Company Secretary (2022)

Brooke joined the company in June 2022 as Company Secretary and served in that role until November 2022.

Seth Wreyford

Chief Operating Officer and Acting Company Secretary (2022 – 2023)

Seth joined the company at the start of 2021. In November 2022, Seth took up an additional role as Company Secretary and served in that role until June 2023.

Kwesi Addo

Company Secretary

Kwesi joined the company in June 2023 as the General Counsel and Company Secretary.

Directors' meeting attendance: July 1, 2022 – June 30, 2023

Directors	The Board of Directors		Audit and Risk Committee		People and Performance Committee		Investment Committee	
	A	B	A	B	A	B	A	B
Julie Bird (Chair)	9	9			4	4		
Paul Harker (Deputy Chair)	8	9	4	4	4	4		
Michael Nixon	9	9					8	9
Victoria Taylor	9	9			4	4	2	3
Robert Mullins	9	9					9	9
Catherine Oates	9	9					8	9
Jan Vydra	9	9	3	4	3	4	5	6
Elke Cleverdon	5	5	2	2				
Stephen McCutcheon	5	5					5	6
Prof Robert Clark AM	4	4					3	3
Anthony Kelly	4	4	2	2				

A = number of meetings attended
B = number of meetings eligible to attend

Director bios



Julie Bird Chair

BTech, MBA (Exec), GAICD

Julie was elected as a Director of Hort Innovation in 2018 and re-elected in 2021. She is current Chair of the Board, being appointed to this position in November 2020.

Julie is an experienced non-executive director in the agribusiness sector, with a broad background in the Australian horticulture industry. Her experience spans a variety of roles across a range of horticulture commodities including nuts, summerfruit, apples & pears and citrus.

Julie owns a retail floristry business "Say It With Flowers" based in Malvern, Victoria. Her previous roles include Non-Executive Director and Deputy Chair of Plant Health Australia, CEO of the Almond Board of Australia, and Non-Executive Director of United Almonds Limited and the Australian Nut Industry Council.

Julie has also served as Independent Chair of the Apple and Pear Industry Advisory Committee and the South Australian Apiary Industry Advisory Group.



Paul Harker Deputy Chair

Paul was elected as a Director of Hort Innovation in 2016. He was re-elected in 2019 and is the current Deputy Chair, being appointed to this position in November 2020.

Paul has nearly 30 years of retail experience spanning store operations, supply chain, and buying and marketing – including four years heading up the fresh produce buying team of one of Australia's largest retailers.

Through his professional background, Paul has an extensive understanding of retail, including strategy, operations, logistics, technology and consumer marketing, coupled with an extensive knowledge of the produce supply and value chain.

Paul is currently the Chief Commercial Officer at Woolworths and Director and owner of Highland Farms, a small horticultural operation in the central tablelands of New South Wales. He is also a former Non-Executive Director of PMA A-NZ.



Michael Nixon

Michael was elected as a Director of Hort Innovation in November 2020. He is passionate about Australian horticulture and grew up in agriculture, with his family farming sheep, cattle and wheat.

Michael previously owned and grew a broad range of horticultural crops suited to the climate as part of his Carnarvon-based business, River Lodge. He's been involved in several industry organisations and committees at a national level and is a former board member of both AUSVEG and the Australian Banana Growers' Association.

Michael is the previous Chair of the Gascoyne Food Council and part of the team that created its 'Better Practice' arm. He was heavily involved in community organisations in marketing and promoting the wellbeing of the horticultural industry in his region. Realising the importance of the role he has since retired his work in community organisations to focus on his directorship at Hort Innovation.



Victoria Taylor

Grad Cert (Water Policy and Governance), GAICD

Victoria was elected as a Director of Hort Innovation in November 2020 and currently serves as the Chair of the International Trade Advisory Panel and the International Market Access Assessment Panel. She has more than 20 years' experience in agricultural policy, governance and communications.

Victoria is an experienced Board member, being the current Chair of the Rice Marketing Board for the State of NSW; Chair of the Centre for Entrepreneurial Agri-Technology at the Australian National University; and a Non-Executive Director of WaterNSW. She was a Non-Executive Director of Rocket Seeder Ltd until November 2022.

Victoria is a former Executive Officer of the National Horticulture Research Network, and is currently the part-time Head of Sector Building and Advocacy at Cellular Agriculture Australia.

She holds a Graduate Certificate in Water Policy and Governance from Charles Sturt University and is a graduate of the Australian Institute of Company Directors.



Bob Mullins

BSc Agr, MTechMgt, PhD, GAICD

Bob was raised on a farm and has enjoyed an international career in businesses that create value through plant-based technology in Agriculture, particularly in high-value horticulture. He has held senior technical and commercial leadership positions and is motivated by the challenge of leveraging R&D to deliver practical, profitable, and sustained change in agriculture.

After early roles as a plant breeder and R&D manager in sugar cane, he joined a plant biotech and robotics start-up before moving to Asia to join Syngenta Seeds. He led vegetable seeds businesses across APAC and the Americas contributing to extended periods of profitable growth, business development, and commercialisation of new technologies. He was based for periods in Malaysia, Korea, Singapore, and the United States.

Bob is an experienced director in commercial and not-for-profit businesses. He is a non-executive director of Future Food Systems Ltd, New Edge Microbials Pty Ltd, and InterGrain Pty Ltd. He serves on a number of committees to these Boards including Audit and Risk, a Research and Commercialisation Committee and a Science Advisory Board.

Bob is a Graduate of the Australian Institute of Company Directors and has degrees in Agricultural Science, Technology Management and Plant Breeding.



Cath Oates

BBus(Hort), GDip(Oen), GAICD

Cath is an experienced Non-Executive Director with 20 years of international senior management experience in the wine sector. She has a strong understanding of agri-business, ESG and sustainability, stakeholder engagement, RD&A, global marketing and market access.

She currently serves as a Non-Executive Director of Wine Australia, and is Deputy Chair. She was appointed Acting Chair by the Minister during a transition period in 2020. She Chairs the Australian Grape and Wine National Sustainability Advisory Committee, which provides expert advice on emerging sustainability issues.

Cath has previously served as President of both the Great Southern Wine Producers Association and Margaret River Wine Association and as Vice President of Wines of Western Australia. She served on the Advisory Board of Sustainable Winegrowing New Zealand.

She has most recently held Senior Management roles with Mud House Wine Group (NZ) and Plantagenet Wines (WA). She currently runs her fine wine brand Oates Ends from the inter-generational family farming property in Margaret River and a winemaking and sustainability consultancy business.

She holds a Bachelor of Business in Horticulture from Curtin University and a Post Graduate Diploma in Oenology from the University of Adelaide. She is a graduate of the Australian Institute of Company Directors.

Continued >>



Director bios (continued)



Jan Vydra

Appointed to the Board in 2019, and re-elected in 2021, Jan Vydra is a dynamic leader in the agribusiness sector. As a first-generation farmer, he co-founded Australian Fresh Leaf Herbs in 2008, which has since evolved into a widely held public company, Fresh Leaf Limited. Serving as the Chief Executive Officer, Jan oversees a thriving enterprise that specialises in cultivating, marketing, and innovating fresh herbs for consumers and chefs across Australia's east coast.

A committed industry professional, Jan is a member of the Australian Institute of Company Directors. His educational background includes studies in entrepreneurship at RMIT and an Executive MBA from the Australian Graduate School of Management. A recipient of the prestigious 2016 Nuffield Scholarship, Jan's academic pursuits have solidified his expertise in the field.

Jan's leadership has been widely recognised, earning him the Australian Young Farmer of the Year Award in 2011 and the Rabobank Emerging Leader of the Year Award in 2016.



Elke Cleverdon

BFinAdm; Fellow CPA, MBA, GAICD

Elke is an experienced non-executive director in the agriculture and customer-owned banking sector with a passion for member-centric organisations. She brings a grower perspective coupled with her genuine drive to elevate the industry through innovation. She was selected to the National Farmers Federation 'Diversity in Ag Leadership' 2022, among 12 women nationally.

Elke has a broad background in the agricultural industry as a producer and rural financial coach across regional NSW challenging business models & production systems for growers across a wide range of horticulture commodities including cherries & stone fruit at Young, apples at Batlow, and citrus & olives in Griffith. Elke is a joint owner & director of a broad acre family farm at Harden NSW since 1993.

Elke brings a wealth of financial, risk management and governance experience. Her current non-executive director roles include Cattle Australia, Murrumbidgee Health (NSW Health) and SWS Credit Union. Some of her many strengths is a strong focus on strategy, risk and a triple bottom line while chairing large scale audit & risk committees.

Elke is a graduate of the Australian Institute of Company Directors (GAICD), a Fellow CPA, and holds a Master of Business Administration (MBA) focused in marketing, finance, business strategy and leadership. Her critical thinking and business acumen after 16 years' experience as an executive in customer-owned banking and the last six years as a Rural Financial Coach, supports her interest in advancing producers' long-term best interests in a fair and strong supply chain.



Stephen McCutcheon

BEcon, GradDipPublic Law, GAICD

Steve has extensive experience working with the agriculture and food sectors in private and public sector settings and currently serves as the Deputy Chair of the International Trade Advisory Panel and the International Market Access Assessment Panel.

From 1980 to 1987, Steve worked in a number of positions in the banking sector related to rural lending. He joined the now Australian Government Department of Agriculture, Fisheries and Forestry in 1987 and worked with a number of horticultural industries to implement government economic reforms. Later, as Executive Manager of the Department's Product Integrity, Animal and Plant Health Division, he administered the Australian Government's role in national biosecurity and food safety arrangements along with its participation in international standards-setting arrangements for food as leader of the Australian delegation to the Codex Alimentarius Commission.

In 2007, Steve was appointed Chief Executive Officer of Food Standards Australia New Zealand (FSANZ). He held this position until his retirement in 2017 and during his tenure led the development of a range of new food standards including a number of primary production and processing standards and a new standard for health and related claims about food.



Professor Robert Clark AM

Professor Clark was appointed as a Director of Hort Innovation at its registration. He was re-appointed in 2016 and in 2019.

Professor Clark is an Emeritus Professor at the University of Tasmania and is also the proprietor and Managing Partner of Lanoma Estate, 500 hectares of intensive agricultural properties in the Derwent Valley, Tasmania.

Professor Clark's previous appointments include Non-Executive Director of the Geoffrey Gardiner Dairy Foundation; Deputy Chair of Rural Industries Research and Development Corporation; member of the National Research and Development Council; member of the Queensland Alliance for Agriculture and Food Innovation Advisory Board; Chair and Head of School, Agricultural Science and Director of the Tasmanian Institute of Agriculture Research at the University of Tasmania; and Non-Executive Director of Webster Ltd.

Professor Clark holds a Bachelor of Agricultural Science with First Class Honours and a Doctor of Philosophy (Horticultural Science).



Anthony Kelly

Anthony was elected as a Director of Hort Innovation in November 2020. He has more than 30 years' experience with the horticulture sector, working across exporting, importing, wholesaling, transportation, distribution and logistics.

Anthony has previously held the positions of Board member and President of Brismark (The Queensland Chamber of Fruit and Vegetable Industries Cooperative), and he is currently the Chair of Brisbane Markets Limited. His experience on company boards and committees is extensive, and also includes the sporting arena. He was previously on the Board and later Chair of the Brisbane Lions Football Club. He is also the co-owner of IT business Veracity Technology, which specialises in cloud-based platforms and services.

Anthony has a Bachelor of Laws Degree and is a member of the Australian Institute of Company Directors.

During his career, Steve has held a number of board positions on Australian Government entities including the Australian Pesticides and Veterinary Medicines Authority and FSANZ. He is currently a Non-Executive Director and Chair of Plant Health Australia Limited, Non-Executive Director and Chair of Valmar Support Services Limited and a Governing Board Member of the Joint Accreditation System for Australia and New Zealand (JAS-ANZ).

Steve has a Bachelor of Economics degree from Sydney University and a Graduate Diploma in Public Law from the Australian National University. He is a Graduate of the Australian Institute of Company Directors.



Other information

Members

As at June 30, 2023, Hort Innovation was owned by 2,171 members, 88.9 per cent being Australian horticultural growers, with the remaining 11.1 per cent carrying on another form of enterprise in the Australian horticulture industry supply chain.

Winding up

In the event that the Company is wound up, each member has undertaken to contribute an amount not exceeding \$2.00.

Corporate Governance

Hort Innovation adopts best corporate governance practice drawing upon the ASX Corporate Governance Principles and Recommendations, as appropriate for its governance structure as a non-listed, not-for-profit corporation.

The Company has in place a number of governance documents and practices in respect of the Directors, the Board and its operations, including but not limited to the following:

- Constitution
- Board Charter
- Charter of the Committees of the Board
- Director Nomination Committee Charter
- Committee Compensation Guidelines
- Code of Conduct and Business Ethics
- Delegations of Authority (Financial and Non-Financial)
- Board Effectiveness Review Framework
- Conflicts of Interest Declaration Procedure and Form
- Risk Management Plan
- Fraud Control Plan.

- Modern Slavery Policy
- Intellectual Property Policy and Intellectual Property Management Plan
- Corporate Policies such as Whistleblower Policy, Conflict of Interest Policy, IT Policies
- HR Policies such as Bullying, Harassment and Discrimination Policy, Health and Safety Policy
- Procurement Manual
- Privacy Policy and Privacy Manual
- COVID Safety Plan.

A lens on governance in day-to-day operations

Risk management

A Risk Management process exists within Hort Innovation addressing Strategic, Emerging, Operational, Risks with update reports provided to the Audit and Risk Committee at each of the Committee meetings.

Business continuity

Hort Innovation's Business Continuity Framework has been developed and is managed through the Recovery Management Team to respond to matters such as major technology disruption, major office service issues, international travel issues, and pandemics.

Modern Slavery

Hort Innovation is an organisation subject to the reporting requirements under the Modern Slavery Act 2018 (Cth). Under the legislation Hort Innovation required to disclose in a modern slavery statement the steps it has taken to mitigate the risk of Modern slavery in its operations and supply chains are free from modern slavery. Hort Innovation submits its Modern Slavery Statement on annual basis in accordance with the Modern Slavery Act 2018 (Cth).

Nature of operations and principal activities

The principal activities of the Company during the period were investment in R&D and marketing programs for the Australian horticulture industry. These activities are expected to continue into the future.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Objectives and performance goals

The Company's primary objective is to drive a prosperous and healthy Australia, by providing the best knowledge and solutions to create a world-class horticulture sector.

The Hort Innovation Strategy 2019-2023 set out the strategic purpose and operations of the Company. Under the strategy, the Company was committed to three pillars of strategic intent:

- Drive knowledge and innovation into horticulture industries
- Deliver the highest value R&D, marketing and trade investments across industries, for now and into the future
- Enable activities that drive all strategic imperatives.

A new strategic plan took effect from July 2023 and will cover the period of FY2024 – FY2026.



Environmental regulation

The Company is not subject to any particular or significant environmental regulations under the law of the Commonwealth or of a state or territory.

Insurance of officers

During the period, the Company incurred an insurance premium in respect of a contract insuring Horticulture Innovation Australia Limited Directors and Officers against liabilities arising as a result of work performed in their capacity as Directors and Officers of the Company. Details of the nature of liabilities covered, or the amount of premium paid in respect of the insurance contract, are not detailed here, as the disclosure of the details is prohibited under the terms of the contract.

Indemnification of auditors

To the extent permitted by law, Hort Innovation has agreed to indemnify its auditors, Ernst & Young Australia (EY), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify EY during or since the financial year 2022/23.

Review of operating results

The operating surplus for the year ended June 30, 2023 was \$9,946,529.

Events subsequent to balance sheet date

There have been no material events that occurred subsequent to the balance sheet date.

Auditor independence and non-audit services

The Directors received an Independence Declaration from the auditors, EY. This declaration is included on p136 of the financial report.

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

Signed in accordance with a resolution of the Directors,

Julie Bird
Chair

Dated this 14th day of September 2023 in Sydney

Paul Harker
Deputy Chair

Dated this 14th day of September 2023 in Sydney



Horticulture Innovation Australia Limited
 ABN 71 602 100 149

Statement of Comprehensive Income

for the year ended June 30, 2023

	Note	Year ended June 30, 2023 \$	Year ended June 30, 2022 \$
Continuing operations			
Other income	3	171,648,726	154,644,190
Revenue		171,648,726	154,644,190
Occupancy expenses		(452,837)	(433,419)
Administrative expenses		(20,928,803)	(17,951,706)
Research and development programs		(117,893,817)	(103,245,964)
Marketing programs		(21,061,546)	(22,685,598)
Other expenses		(1,365,194)	(1,749,897)
Expenses		(161,702,197)	(146,066,584)
Net surplus for the year	12	9,946,529	8,577,606
Total comprehensive income for the year		9,946,529	8,577,606

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Horticulture Innovation Australia Limited
ABN 71 602 100 149

Statement of Financial Position

as at June 30, 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	5a	55,030,502	56,678,811
Trade and other receivables	6	35,852,888	28,699,580
Prepayments	7	456,728	421,035
Total current assets		91,340,118	85,799,426
Non-current assets			
Plant and equipment	8	2,579,408	3,335,641
Intangibles	9	1,775,112	1,621,122
Total non-current assets		4,354,520	4,956,763
Total assets		95,694,638	90,756,189
Liabilities			
Current liabilities			
Trade and other payables	10	9,156,961	13,459,645
Provisions	11	1,007,102	1,145,203
Lease liability	13	562,078	516,462
Total current liabilities		10,726,141	15,121,310
Non-current liabilities			
Provisions	11	552,898	603,732
Lease liability	13	1,325,855	1,887,932
Total non-current liabilities		1,878,753	2,491,664
Total liabilities		12,604,894	17,612,974
Net assets		83,089,744	73,143,215
Funds			
Funds – corporate		6,278,191	5,816,679
Total corporate funds		6,278,191	5,816,679
<i>Funds – R&D</i>			
Unspent R&D levies		40,754,731	33,939,652
Levy industry strategic reserve		5,000,000	5,100,134
Non levy reserves		15,380,282	13,299,005
Total designated funds – R&D		61,135,013	52,338,791
<i>Funds – marketing</i>			
Unspent marketing levies		13,676,540	13,525,037
Levy industry strategic reserve		2,000,000	1,462,708
Total designated funds – marketing		15,676,540	14,987,745
Total funds	12	83,089,744	73,143,215

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Horticulture Innovation Australia Limited
 ABN 71 602 100 149

Statement of Cash Flows

for the year ended June 30, 2023

	Note	2023 \$	2022 \$
Cash flow from operating activities			
Other income		1,167,238	1,064,431
Levies received		69,299,423	71,592,000
Receipts from Commonwealth co-contribution funds & Government grants		68,626,134	66,087,290
Receipts from co-investment		38,584,418	31,145,268
Payments to suppliers and employees		(23,917,237)	(23,045,672)
Payments to Research & Development providers		(132,124,808)	(113,848,827)
Marketing program payments		(23,607,834)	(27,706,042)
Interest received		1,862,636	119,378
Net cash flows generated by (used in) operating activities		(110,030)	5,407,826
Cash flow from investing activities			
Purchase of plant and equipment		(183,379)	(234,097)
Purchase of intangibles		(712,680)	(669,593)
Receipts from disposal of assets		4,445	1,759
Net cash flows (used in) investing activities		(891,614)	(901,931)
Cash flows from financing activities			
Principal repayments of lease liability		(581,563)	(435,957)
Interest on lease liability		(65,102)	(78,815)
Net cash flows (used in) financing activities		(646,665)	(514,772)
Net decrease in cash and cash equivalents		(1,648,309)	3,991,123
Cash and cash equivalents at the beginning of the year/at acquisition		56,678,811	52,687,688
Cash and cash equivalents at the end of the year	5(a)	55,030,502	56,678,811

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Horticulture Innovation Australia Limited
 ABN 71 602 100 149

Statement of Changes in Funds

for the year ended June 30, 2023

	Note	Retained Surplus			Total funds
		Research and development	Marketing	Corporate	
		\$	\$	\$	\$
Balance as at July 1, 2021		44,229,509	15,338,902	4,997,198	64,565,609
Surplus/(Deficit) for the year		8,109,282	(351,157)	819,481	8,577,606
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		8,109,282	(351,157)	819,481	8,577,606
Balance as at June 30, 2022	12	52,338,791	14,987,745	5,816,679	73,143,215
Balance as at July 1, 2022		52,338,791	14,987,745	5,816,679	73,143,215
Surplus/(Deficit) for the year		8,698,975	151,502	1,096,052	9,946,529
Total comprehensive income for the year		8,698,975	151,502	1,096,052	9,946,529
Transfer from corporate to centralised strategic levy reserve		97,247	537,293	(634,540)	–
Balance as at June 30, 2023	12	61,135,013	15,676,540	6,278,191	83,089,744

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2023

Note 1: Corporate information

The financial report of Horticulture Innovation Australia Limited (the "Company") for the year ended June 30, 2023 was authorised for issue in accordance with a resolution of the directors on September 14, 2023.

The financial report is for the entity Horticulture Innovation Australia Limited as an individual entity. Horticulture Innovation Australia Limited is a not for profit company limited by guarantee and domiciled in Australia. The nature of the operations and principal activities of the Company are described in the Directors' Report.

Note 2: Summary of significant accounting policies

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-Profit Commission. The financial report has also been prepared on a historical basis, except for financial assets and liabilities, which have been measured at fair value. The financial report is presented in Australian dollars.

Where an amendment to policy has resulted in a reclassification of expenses, comparatives have been restated to present a true comparison.

(b) Statement of Compliance

The Company is a not-for-profit entity which is not publicly accountable. Therefore the financial statements comply with AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities and the Corporations Act 2001.

(c) Plant and Equipment

Plant and equipment is stated at historical cost, or fair value if the asset is donated to the entity, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing parts is incurred. Similarly, when each major inspection is performed, the cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the profit and loss as incurred.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rates	Depreciation basis
Office Equipment	50.00%	Straight line
Leasehold Improvements	Based on life of lease	Straight line
Furniture, Fixtures and Fittings	12.50%	Straight line
Hardware	33.30%	Straight line
Right of use – leases	Based on life of lease	Straight line

Disposal:

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the year the asset is derecognised.

Note 2: Summary of significant accounting policies (continued)

(d) Intangibles

Intangible assets include software which is being amortised over 3 years and the Company's program management system which is being amortised over 5 years from the go live date.

Intangible assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

A summary of the policies applied to the Company's intangible assets is as follows:

Software and Program Management System

Useful life: Finite

Amortisation method use: Amortised over the period of expected future benefit from the related project on a straight-line basis.

Internally generated or acquired: Acquired

Impairment testing: When an indication of impairment exists. The amortisation method is reviewed at each financial year end.

(e) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets and the asset's value in use cannot be established to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

(f) Leases

AASB16 Leases has been applied for the reporting year and the Company has applied a single recognition and measurement approach for all leases for which it is the lessee, except for short term leases and leases of low value. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses. They are depreciated on a straight line basis over the term of the lease. At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

(g) Other Financial Assets

The classification and measurement requirements of IFRS9 did not have a significant impact on the Company. The company continued measuring at fair value all financial assets previously held at fair value under IAS 39.

(h) Employee Benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2023

Note 2: Summary of significant accounting policies (continued)

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using marketing yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Termination benefits

Termination payments include leave entitlements due at termination date, as well as redundancy payments in line with the Company's of Employment and Redundancy policy.

(i) Income Tax

The Company is registered with the ACNC and is exempt from income taxation under section 5O-4O of the Income Tax Assessment Act 1997.

(j) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

Short term deposits relate to temporary surplus funds, mainly from levies, voluntary and co-investment contributions and Commonwealth co-contributions which are placed in either a term deposit or cash deposit account. For funds deposited in at call accounts, interest is earned on the daily balance at the prevailing daily rate and is paid at the end of the month. Term deposits are held with the Company's bank with interest payable upon maturity of the deposits.

(l) Revenue and Contributions

The Company has applied AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers.

An assessment of all government grants received has been undertaken and revenue from these contracts is deferred until performance obligations are met. Grant income is recognised upon achievement of milestones and no grant income recognised has unfulfilled conditions or other contingencies attached.

For revenue streams to which AASB 15 does not apply, revenue is recognised to the extent that the economic benefits will flow to the Company and the revenue can be reliably measured.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations. The core principle of the income recognition requirements in AASB 1058 is that when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately.

Note 2: Summary of significant accounting policies (continued)

The following specific recognition criteria must be met before revenue is recognised:

Sale of goods

Revenue is recognised when the performance obligations of the transaction have been fulfilled. The nature of the transactions included in sale of goods are sales of final reports and publication sales.

Revenue from the rendering of a services

Revenue from the rendering of a service is recognised upon the delivery of the service to customers.

Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Other revenue is recognised when the right to receive the revenue has been established.

R&D Co-Investment and Legacy Voluntary Contributions

Contributions are recognised as revenue upon receipt.

Levy Receipts

The Department of Agriculture, Fisheries and Forestry collects statutory levies on behalf of the Company. Revenue from levies are recognised as revenue when the levy amount is granted to the entity by the DAFF.

Commonwealth Co-Investment Funds

The Commonwealth Government provides co-investment funding on a dollar for dollar basis on approved R&D projects, up to a level of 0.5% of the gross value of horticultural production. Commonwealth co-contribution funds are recognised as revenue upon incurring the eligible R&D program expenditure.

Service Delivery

A service delivery cost is applied to all R&D and Marketing projects. Service delivery fees for Hort Frontiers amount to 15% while strategic levy investments attract a two tier service fee to cover shared support costs and specific service activities. Service delivery is recognised upon incurring program expenditure.

Industry Reserve Interest

Interest earned on contributions received in advance from levies to meet future marketing and R&D expenditure is allocated to the respective levy account.

Royalties

Royalty income is recognised upon receipt. All revenue is stated net of the amount of goods and services tax (GST).

(m) Economic Dependency

The Company is economically dependent on levies, voluntary contributions, R&D co-investment and Commonwealth Government contributions.

(n) Trade and other receivables

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(o) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of these goods or services. The amounts are unsecured, interest free and are usually paid within 30 days of recognition.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2023

Note 2: Summary of significant accounting policies (continued)

(p) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the result of which form the carrying values of assets and liabilities that are not readily apparent from other sources. At reporting date there are no key assumptions which are likely to result in a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made.

(i) Make good provisions

A provision has been made for the present value of anticipated costs of future restoration of leased premises. The provision includes future cost estimates of restoring the premise to its original state, including removal of workstations and glass panelling. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the balance sheet by adjusting both the expense or asset, if applicable, and the provision.

(ii) Estimation of useful lives of assets

The Company's management determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and definite life of intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. Management will increase the depreciation and amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(q) Classification of assets and liabilities as current or non-current

The Company has presented current and non-current assets, and current and non-current liabilities, as separate classifications in the statement of financial position. The Company classifies an asset as current where it is cash or a cash equivalent or when it expects to realise the asset within twelve months of the reporting date. The Company classifies a liability as current where the liability is due to be settled within twelve months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2023

Note 3: Revenue

	2023 \$	2022 \$
Revenue from continuing operations		
Other income		
<i>R&D income</i>		
– Proceeds from levies	38,125,071	37,508,779
– Revenues from Commonwealth co-investment funds	65,744,215	55,855,310
– Co-investment – recognised at a point in time	32,164,959	27,550,315
– Co-investment – recognised through time	4,274,967	5,463,740
– Collective industry funds	3,318,026	1,096,934
– Royalty income	1,106,902	641,041
– Interest received	1,658,877	112,532
– Other income	93,250	73,240
	146,486,267	128,301,891
<i>Marketing income</i>		
– Proceeds from levies	24,720,322	25,924,571
– Marketing program income	20,000	380,000
– Interest received	382,752	32,159
	25,123,074	26,336,730
<i>Other</i>		
– Corporate interest received	39,385	2,273
– Rental income	–	3,296
	39,385	5,569
Total revenue	171,648,726	154,644,190
Total interest received	2,081,014	146,964



NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2023

Note 4: Expenses

	2023 \$	2022 \$
Included within expenses are the following significant amounts:		
Wages & salaries	12,795,137	11,639,389
Superannuation	1,170,359	1,074,514
Levy collection costs	976,219	1,262,067
Depreciation	919,899	920,929
Amortisation	493,901	455,154

Note 5: Cash and cash equivalents

(a) Reconciliation of Statement of Cash Flows

Cash and cash equivalents at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2023 \$	2022 \$
Cash on hand	300	300
Cash at bank	13,014,157	14,649,637
Short term deposits	42,016,045	42,028,874
	55,030,502	56,678,811

Note 6: Trade and other receivables

	2023 \$	2022 \$
Current		
Trade receivables	401,693	361,413
Other receivables	5,722,679	5,196,201
Accrued income	29,728,516	23,141,966
	35,852,888	28,699,580

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2023

Note 7: Other assets

	2023 \$	2022 \$
Current		
Prepayments	456,728	421,035
	456,728	421,035

Note 8: Plant and equipment

2023

	Office equipment \$	Leasehold improvements \$	Furniture, fixtures and fittings \$	Hardware \$	Right of use – leases \$	Total \$
At cost	132,994	1,460,880	80,374	572,714	3,965,813	6,212,775
Less accumulated depreciation	(94,147)	(799,883)	(69,848)	(463,893)	(2,205,596)	(3,633,367)
Carrying amount at end of the year	38,847	660,997	10,526	108,821	1,760,217	2,579,408
Balance at the beginning of the year	52,497	846,291	14,469	91,029	2,331,355	3,335,641
Additions	35,874	30,488	–	100,345	–	166,707
Disposals	(2,860)	–	–	(181)	–	(3,041)
Depreciation expense	(46,664)	(215,782)	(3,943)	(82,372)	(571,138)	(919,899)
Carrying amount at end of the year	38,847	660,997	10,526	108,821	1,760,217	2,579,408

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2023

Note 9: Intangibles

The intangible assets disclosed below include software which is being amortised over 3 years and the Company's program management system which will be amortised over 5 years.

2023

	Project management system	Software	Total
	\$	\$	\$
Software			
At cost	4,476,255	805,778	5,282,033
Less accumulated amortisation	(2,758,950)	(747,971)	(3,506,921)
Carrying amount at end of the year	1,717,305	57,807	1,775,112
Balance at the beginning of the year	1,532,411	88,711	1,621,122
Additions	621,370	26,521	647,891
Amortisation expense	(436,476)	(57,425)	(493,901)
Carrying amount at end of the year	1,717,305	57,807	1,775,112

Note 10: Trade and other payables

	2023	2022
	\$	\$
Current		
Other payables	3,939,836	6,988,150
Deferred income – government grants	5,217,125	6,471,495
	9,156,961	13,459,645

(a) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2023

Note 11: Provisions

2023

	Long service leave – current \$	Annual leave \$	Employee oncosts \$	Purchased leave \$	Total current \$
Balance as at July 1, 2022	241,224	725,964	176,578	1,438	1,145,204
Accrued Provision	97,911	925,173	145,650	8,469	1,177,203
Amount Utilised	(192,209)	(947,990)	(169,162)	(5,944)	(1,315,305)
Carrying amount at June 30, 2023	146,926	703,147	153,066	3,963	1,007,102

	Long service leave – non-current \$	Make good provision \$	Total non-current \$	Total provisions \$
Balance as at July 1, 2022	294,079	309,653	603,732	1,748,936
Accrued Provision	17,270	–	17,270	1,194,473
Amount Utilised	(68,104)	–	(68,104)	(1,383,409)
Carrying amount at June 30, 2023	243,245	309,653	552,898	1,560,000

	2023 No.	2022 No.
(a) Number of employees at year end (Full time equivalent)	83	84

Note 12: Retained surplus

	2023 \$	2022 \$
Balance at the beginning of the year	73,143,215	64,565,609
Net surplus for the year	9,946,529	8,577,606
Retained surplus at the end of the year	83,089,744	73,143,215

	2023 \$	2022 \$
--	------------	------------

Reconciliation of net surplus for the year:

Corporate net deficit	1,096,052	819,481
R&D net surplus	8,698,975	8,109,282
Marketing net deficit	151,502	(351,157)
Net (deficit)/surplus	9,946,529	8,577,606

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2023

Note 12: Retained surplus (continued)

The retained surplus at June 30, 2023 includes \$8,850,477 of Levy Industry Reserves, made up of \$8,698,975 from R&D and \$151,502 from Marketing.

Non Levy Reserves relate to unspent Co-Investment income and government grant funding.

When managing capital, management’s objective is to ensure the Company continues as a going concern as well as to maintain optimal returns for all stakeholders.

The Company is not subject to any externally imposed capital requirements.

For the year ended June 30, 2023 the entity has recognised corporate revenue, including corporate recoveries, income and interest of \$23,842,886. Corporate expenditure during this period amounted to \$22,746,834 resulting in a corporate surplus for the year of \$1,096,052. Corporate funds are used to manage the operations of the Company, while R&D and Marketing retained funds represent surplus industry funds received but not yet expended on the R&D and Marketing programs.

Note 13: Lease liability

	2023 \$	2022 \$
Right of Use Assets		
At the beginning of the financial year	2,404,394	2,840,351
Lease payment	(581,563)	(514,572)
Accretion of interest	65,102	78,615
At the end of the financial year	1,887,933	2,404,394

The lease liability includes one lease for office premises as well as one lease for office equipment. At balance date the terms of these leases range from 36 to 48 months.

	Total Lease Payments		Present Value of Lease Payments	
	2023 \$	2022 \$	2023 \$	2022 \$
Lease liability				
– within one year	611,063	581,563	562,078	516,462
– after one year but not more than five years	1,369,917	1,980,980	1,325,855	1,887,932
– after more than five years	–	–	–	–
	1,980,980	2,562,543	1,887,933	2,404,394

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2023

Note 14: Contingent liabilities

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

	2023 \$	2022 \$
R&D and marketing expenditure liabilities		
– within one year	92,966,904	79,348,863
– after one year but not more than five years	201,987,282	137,987,923
– after more than five years	12,389,980	2,269,224
	307,344,166	219,606,010
Bank guarantee facility	1,900,000	1,900,000

Note 15: Director and key management personnel remuneration

June 30, 2023	Short term \$		Post employment \$	Termination benefits \$	Total \$
	Salaries and fees	Cash bonus/ Other benefits	Superannuation/ Insurance	ETPs/Leave entitlements	
Directors	529,791	–	43,325	–	573,116
Key management personnel	2,049,866	108,548	192,578	295,399	2,646,391
TOTAL	2,579,657	108,548	235,903	295,399	3,219,507

June 30, 2022	Short term \$		Post employment \$	Termination benefits \$	Total \$
	Salaries and fees	Cash bonus/ Other benefits	Superannuation/ Insurance	ETPs/Leave entitlements	
Directors	536,709	–	48,817	–	585,526
Key management personnel	1,880,019	290,328	166,452	163,307	2,500,106
TOTAL	2,416,728	290,328	215,269	163,307	3,085,632

At Horticulture Innovation Australia Limited, the key management personnel are the executive team. The executive pay is structured as a total remuneration package with superannuation payments made in accordance with the Superannuation Guarantee Legislation to the executive's choice of superannuation fund for the 2022-23 financial year. The balance of the executive's remuneration can be structured at the executive's discretion within the Company salary packaging policy. The Executive is eligible for a performance bonus based on criteria determined in consultation with the Board.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended June 30, 2023

Note 16: Related party transactions

The Directors of the Company during the period were:

- Robert Clark (resigned November 25, 2022)
- Paul Harker
- Julie Bird
- Jan Vydra
- Victoria Taylor
- Anthony Kelly (resigned November 25, 2022)
- Michael Nixon
- Catherine Oates
- Robert Mullins
- Elke Cleverdon (elected November 25, 2022)
- Stephen McCutcheon (elected November 25, 2022)

Because of the nature of the skills and other interests of Directors related to horticulture, there is potential for conflict of interest given the broad range of R&D and marketing projects undertaken by the Company. The Company keeps a register of Directors' declared conflicts of interest, and each Board meeting commences with a declaration of conflicts in relation to the agenda items.

Robert Mullins is a Director of Future Food Systems Ltd. During the reporting year Horticulture Innovation Australia Ltd provided funding for a project with Future Food Systems Ltd to the value of \$320,000.

Catherine Oates is a Director of Wine Australia. During the reporting year Horticulture Innovation Australia Ltd provided funding for projects with Wine Australia to the value of \$227,281. Co-investment contributions of \$74,000 were received during the reporting year.

Anthony Kachenko is the General Manager – Stakeholder Experience at Horticulture Innovation Australia Ltd and is a Director of the Australasia-Pacific Extension Network Ltd (APEN). During the reporting year Horticulture Innovation Australia Ltd provided sponsorship funds of \$4,000 to the APEN 2023 conference.

Note 17: Subsequent events

There have been no material events occurring after balance sheet date.

Note 18: Auditor's remuneration

During the reporting year the Company paid fees totalling \$153,905 to Ernst & Young.

	2023
	\$
Audit of financial statements	147,665
Audit of government grant projects	6,240
	153,905

Note 19: Company details and the principal place of business

The registered office of the Company is:

Horticulture Innovation Australia Limited
Level 7, 141 Walker St
North Sydney, NSW 2060

Directors' Declaration

In accordance with a resolution of the Directors of Horticulture Innovation Australia Limited, we state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Company's financial position as at June 30, 2023 and of its performance for the year ended on that date, and
 - (ii) Complying with Accounting Standards and Corporations Regulations 2001, and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made on behalf of the Board of Directors.



Julie Bird
Chair

Dated September 14, 2023



Paul Harker
Deputy Chair

Dated September 14, 2023





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Independent Auditor's Report to the Members of Horticulture Innovation Australia Limited

Opinion

We have audited the financial report of Horticulture Innovation Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Rob Lewis'.

Rob Lewis
Partner
Sydney, Australia
14 September 2023

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Auditor's Independence Declaration to the Directors of Horticulture Innovation Australia Limited

In relation to our audit of the financial report of Horticulture Innovation Australia Limited for the financial year ended 30 June 2023, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b. No non-audit services provided that contravene any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Rob Lewis'.

Rob Lewis
Partner
14 September 2023

Acknowledgements

Hort Innovation would like to thank all the organisations that contributed photos for this annual report to highlight the activities and achievements of 2022/23. A special mention goes to Renee Pye from Parilla Premium Produce and Zerella Fresh in South Australia for appearing on the front cover.

We would also like to thank the various growers and industry stakeholders who provided input into the case studies and quotes throughout the report.

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Glossary and acronyms

AGM	Annual General Meeting
AIA	Agricultural Innovation Australia
AIP	Annual Investment Plan
APVMA	Australian Pesticides and Veterinary Medicines Authority
ATMAC	Agricultural Trade and Market Access Cooperation
CIF	Collective Industry Fund
CRC	Cooperative Research Centre
DAFF	Department of Agriculture, Fisheries and Forestry
DAFQ	Department of Agriculture and Fisheries Queensland
EAP	Expert Advisory Panel
IP	Intellectual Property
ITAP	International Trade Advisory Panel
KPI	Key Performance Indicator
M&E	Monitoring & Evaluation
NFF	National Farmers Federation
PBRI	Plant Biosecurity Research Initiative
PIB	Peak Industry Bodies
R&D	Research and Development
RD&E	Research, Development and Extension
RDC	Research and Development Corporation
SFA	Statutory Funding Agreement
SIAP	Strategic Investment Advisory Panel
SIP	Strategic Investment Plan





Hort Innovation Annual Report 2022/23

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**Hort
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