

Onion Levy Payers Meeting: Draft Strategic Investment Plan / R&D Update

Wednesday 17 May 2017
Adelaide

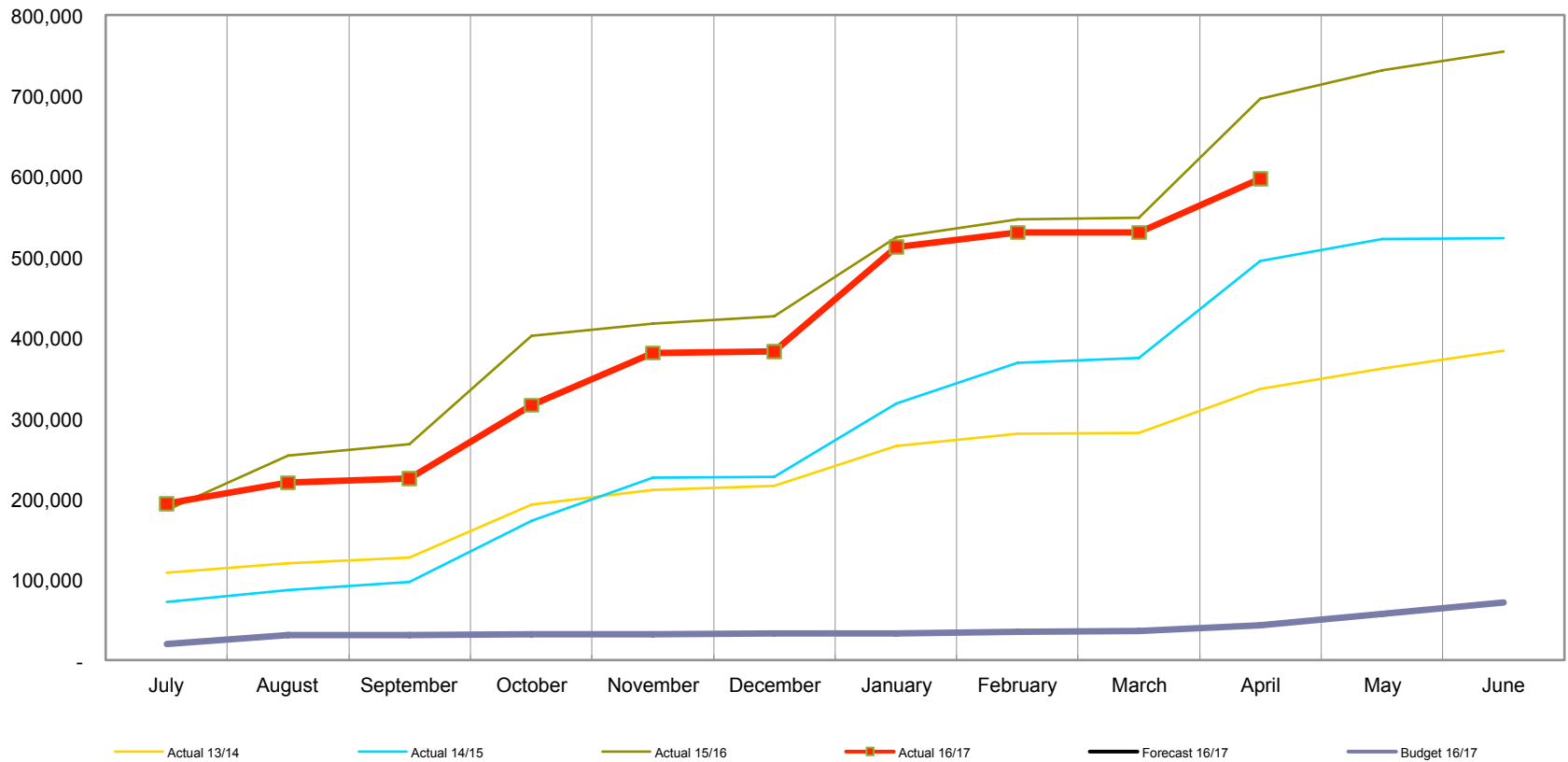
Today's Purpose

- Update on the 2016/17 R&D Program
- To update on the Draft Onion Strategic Investment Plan



Onion Levy Income

R&D Levies



Current Financial Operating Statement: July – March 16/17

	Marketing	R&D	Total
	2016/17	2016/17	2016/17
	July – March	July – March	July – March
Opening balance	\$150,880	\$607,384	\$758,264
Levies from growers (net of collection costs)	\$171,083	\$507,604	\$678,687
Commonwealth funds	-	\$274,273	\$274,273
Other income	\$579	\$12,733	\$13,312
Total income	\$171,662	\$794,610	\$966,272
Project funding	\$205,413	\$451,127	\$656,539
Consultation with and advice from growers	\$1,333	\$33,503	\$34,836
Service delivery	\$26,877	\$63,917	\$90,794
Total matched expenditure	\$233,622	\$548,547	\$782,169
Levy contribution to across industry activity	-	\$12,238	\$12,238
Closing balance	\$88,920	\$841,209	\$930,128
Levy collection costs	\$7,743	\$23,230	\$30,973

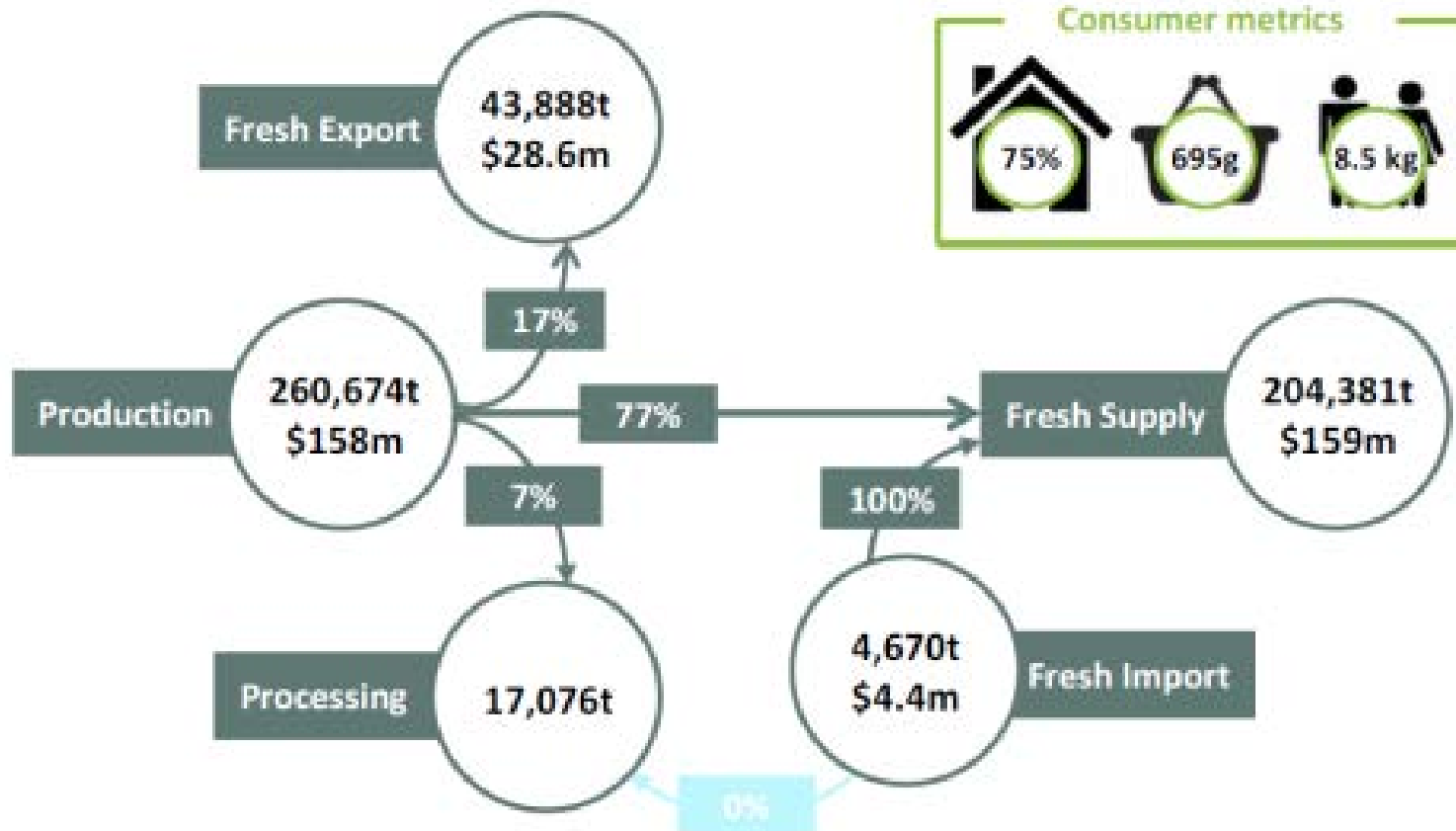
Onion R&D levy fund

Project summary July 2016 – March 2017

Project number	Project name	Delivery partner	July – March
MT13002	Protecting pollination for the Australian horticultural industry Stage 3	Horticulture Innovation Australia	19,792
MT15032	Update Industry Strategic Investment Plan with M&E framework and Program Logic	Clear Horizon Consulting Pty Ltd	-3,480
MT15033	Strategic Investment Planning	McKinna et al	68,024
MT16003	Women Leaders Workshop	Horticulture Innovation Australia	690
MT16005	Enhanced National Bee Pest Surveillance Program 2016–2021	Plant Health Australia Ltd	150,000
MT16009	An IPM Extension Program for the Potato and Onion Industries	IPM Technologies Pty Ltd	15,006
VN12008	Minor use permits for the onion industry	Horticulture Innovation Australia	3,316
VN14001	Development of an onion white rot forecast model for Tasmania	Tasmanian Institute of Agriculture (TIA)- University of Tasmania	35,000
VN15001	Review of the National Biosecurity Plan for the Onion Industry and Development of a Biosecurity Manual for Onion Producers	Plant Health Australia Ltd	22,346
VN15002	Australian Onion Industry Communication	Cox Inall Communications	96,485
VN15003	Australian Onion Industry Communications	Onions Australia	43,599
VN16000	Onion Minor Use Permits	Horticulture Innovation Australia	350
Total			451,128

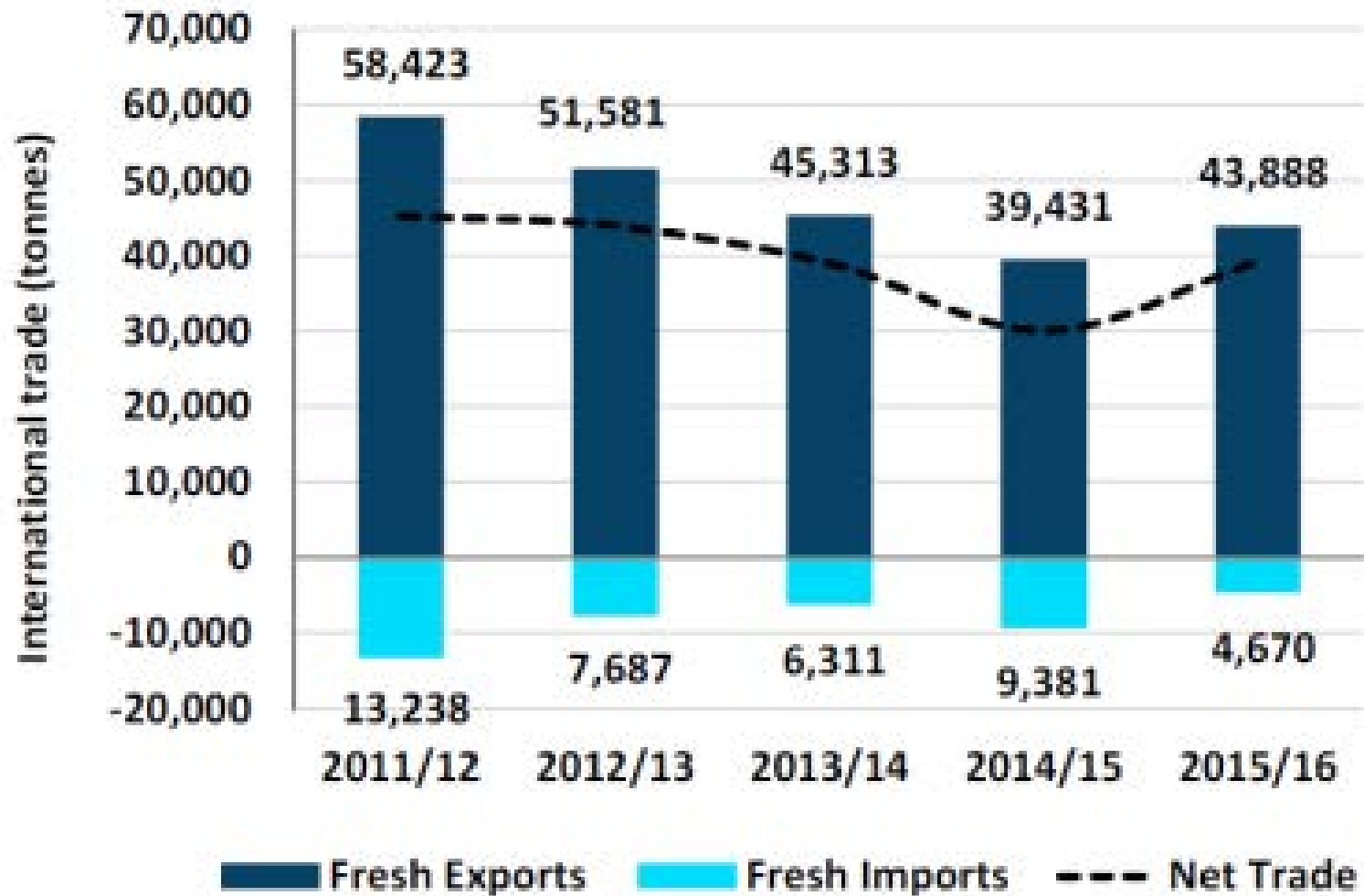
Onion Industry - Production

Fresh Onions Supply Chain—Year Ending June 2016



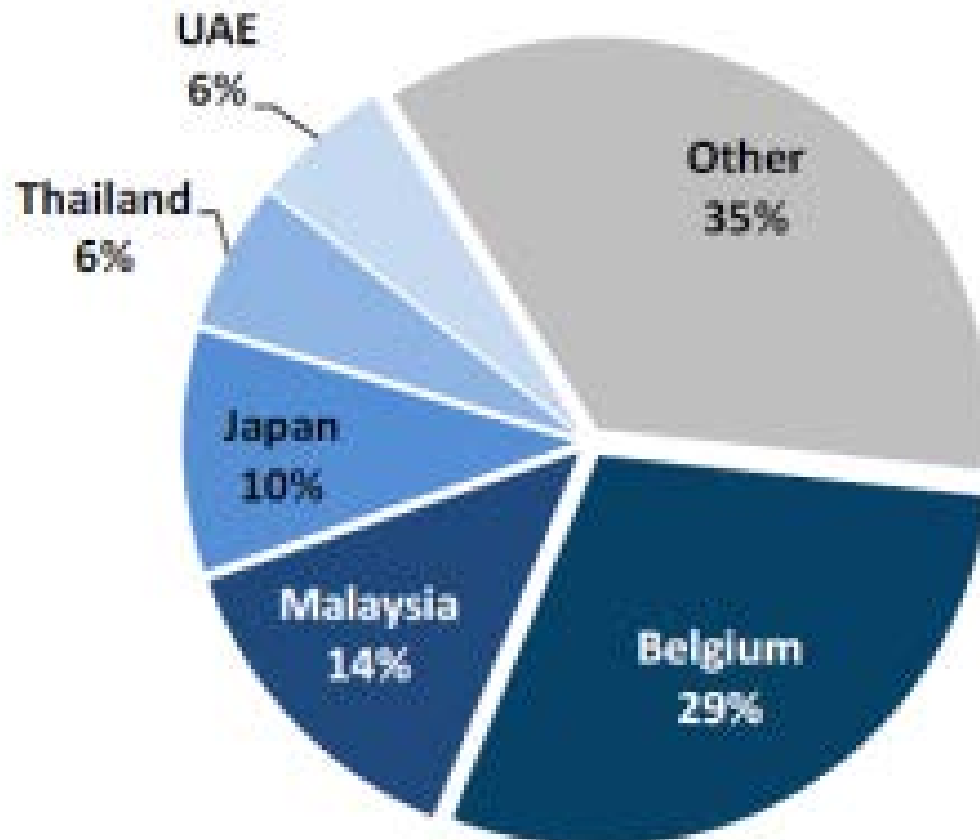
Sources: ABS; AC; CFVIWA; GTA; Onions Australia (OA); MP & DD; Freshlogic Analysis

Net Fresh Onions International Trade



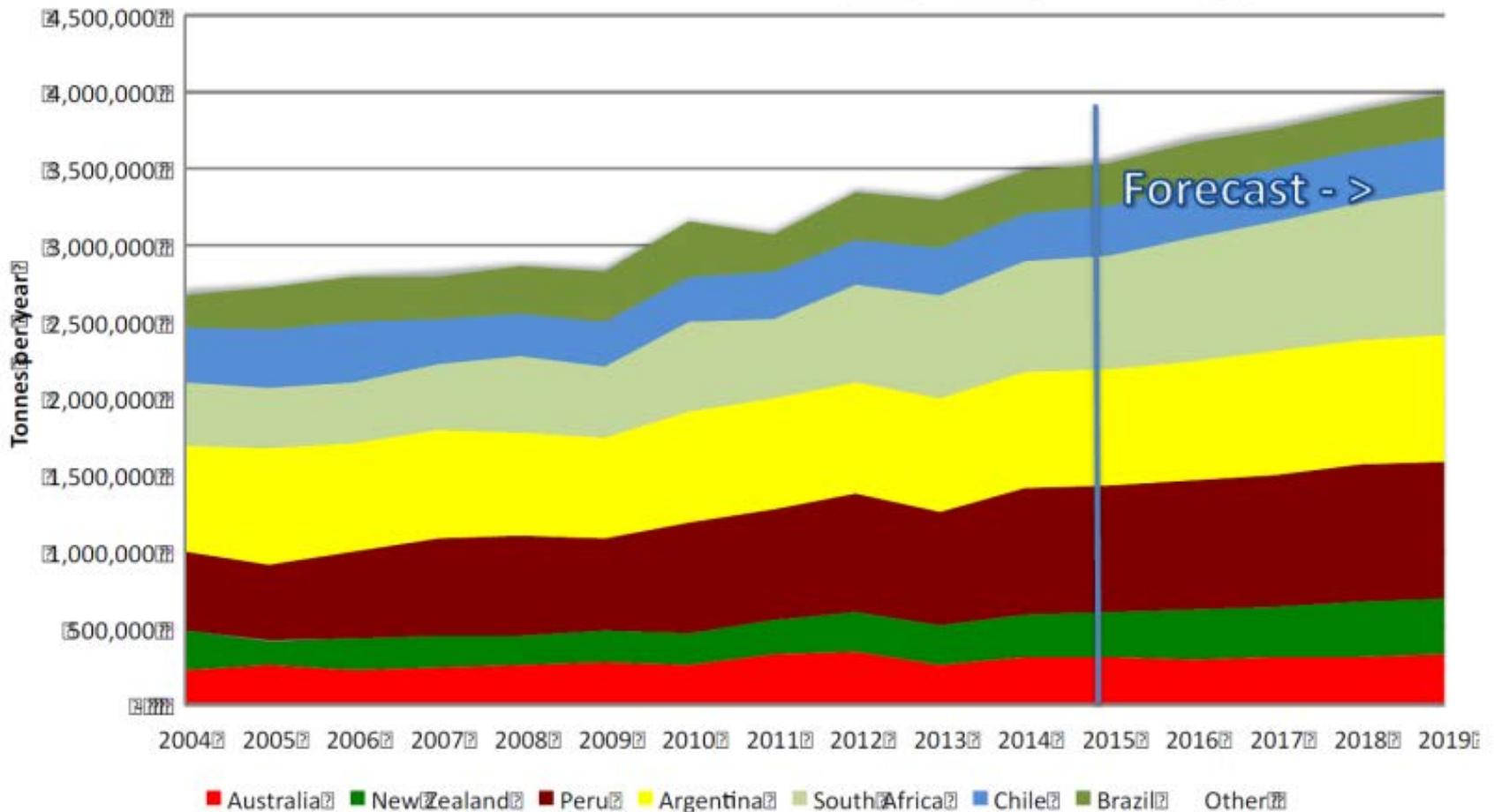
Exports

2015/16 Fresh Onions Exports by Country



Southern Hemisphere Onion Exports

Diagram 13: Southern Hemisphere onion production and estimated forecast 2004 – 2019



Onion

STRATEGIC INVESTMENT PLAN

2017-2021



Horticulture
Innovation
Australia

Horticulture
Innovation
Australia

The SIP process

1. Desk research
2. Industry forum with Onion Strategic Investment Advisory Panel (SIAP) and Onions Australia Executive.
3. Selected interviews with industry.
4. Draft SIP was posted on HORT Innovation website for review/ comment.
5. Draft SIP to be presented to the SIAP shortly.
6. Final draft available June 2017.

The Draft SIP has 4 Outcomes



Industry outcomes – Onions

- The strategy is to:
 - **Expand the consumer market** and increase the consumer demand for fresh onions domestically;
 - Position **onions for export** in selected markets.
 - Increase onion **productivity**

22 Strategies to address the 4 outcomes

Outcome One

Strategic marketing approaches to de-commoditise onions have resulted in value growth.

Strategies	
1.1	Develop a domestic marketing strategy with a focus on better understanding consumers and increasing their engagement with the category
1.2	Support pilot projects around development of new, differentiated and value-added products
1.3	Engage with supermarkets to better understand consumer behaviour and issues impacting the success of the onion category
1.4	Equip SME growers with better supply chain knowledge and grow capability to serve local and regional market channels
1.5	Introduce voluntary quality guidelines and processes that are aligned with consumer preferences

Outcome Two

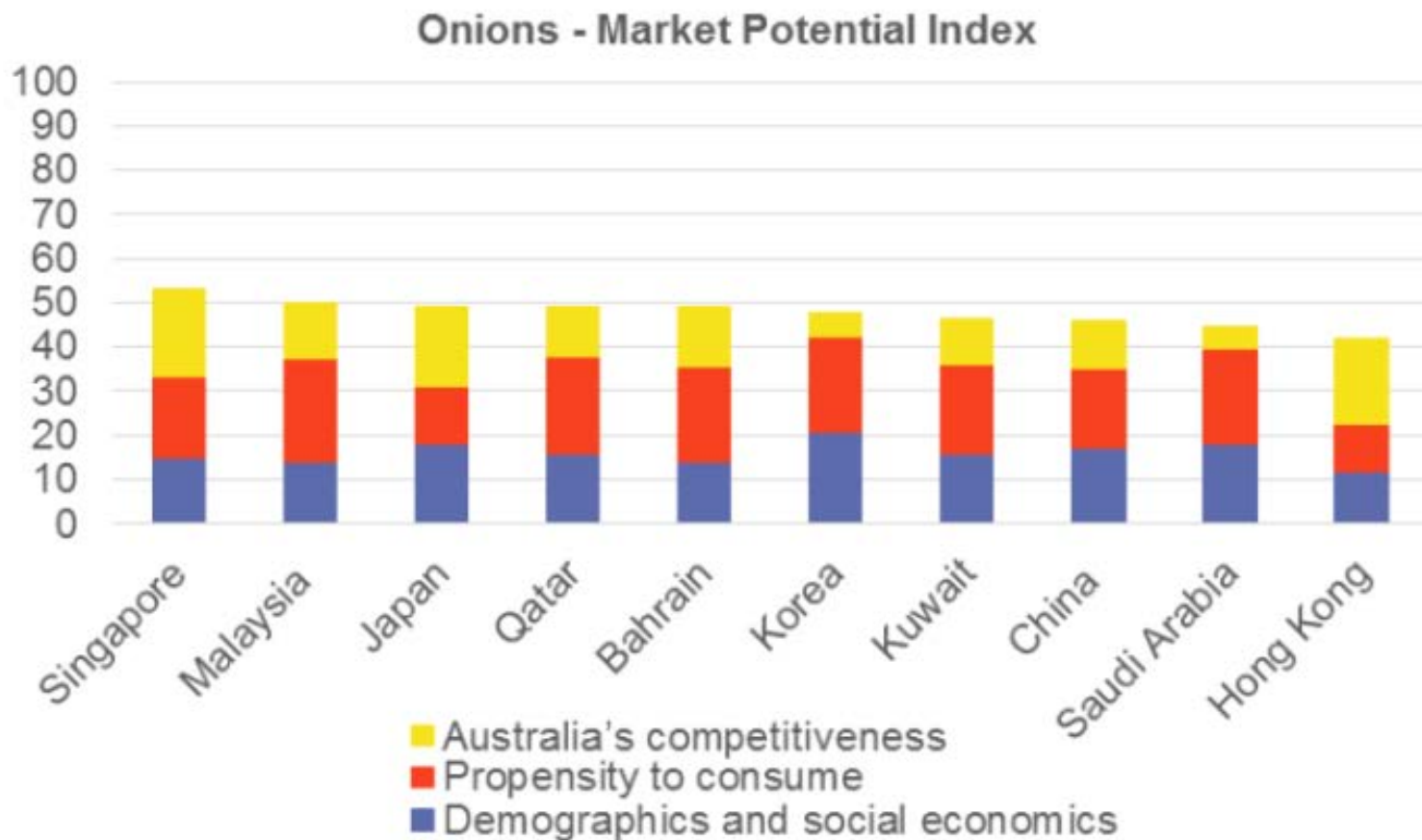
By 2021, export growth has been achieved through market diversification and product customisation

Strategies

- | | |
|-----|---|
| 2.1 | Develop a five year holistic and diversified export market development plan with a focus on Asian and Middle Eastern markets |
| 2.2 | Conduct in-market trade research in high prospect markets, to identify opportunities for product differentiation or customisation |
| 2.3 | Support exporters to build capability and capacity to understand and service the emerging markets of Asia and Middle East |
| 2.4 | Collaborate more with the vegetable industry on in-bound and out-bound trade missions and trade shows |

Export Market Potential

Diagram 14: Market potential ratings (top 10)



Outcome Three

Improvements in both business and production skills result in reduced costs and improved returns to growers

Strategies

- | | |
|-----|---|
| 3.1 | Assist industry to develop a better understanding of costs and profitability drivers |
| 3.2 | Continue with a prioritised R&D program to manage pest and disease challenges and threats with a focus on soil health |
| 3.3 | Subsidise a regional extension program using small discussion group formats to transfer R&D knowledge in a more targeted and localised manner |
| 3.4 | Initiate an onion specific training program for consulting agronomists with input from international experts |
| 3.5 | Subsidise an international tour on pack house and supply chain best practise |
| 3.6 | Investigate issues around seed quality, availability and variety selection appropriate to regional conditions |
| 3.7 | Explore options to replace imports by improving storage practise and/or variety selection |

Outcome Four

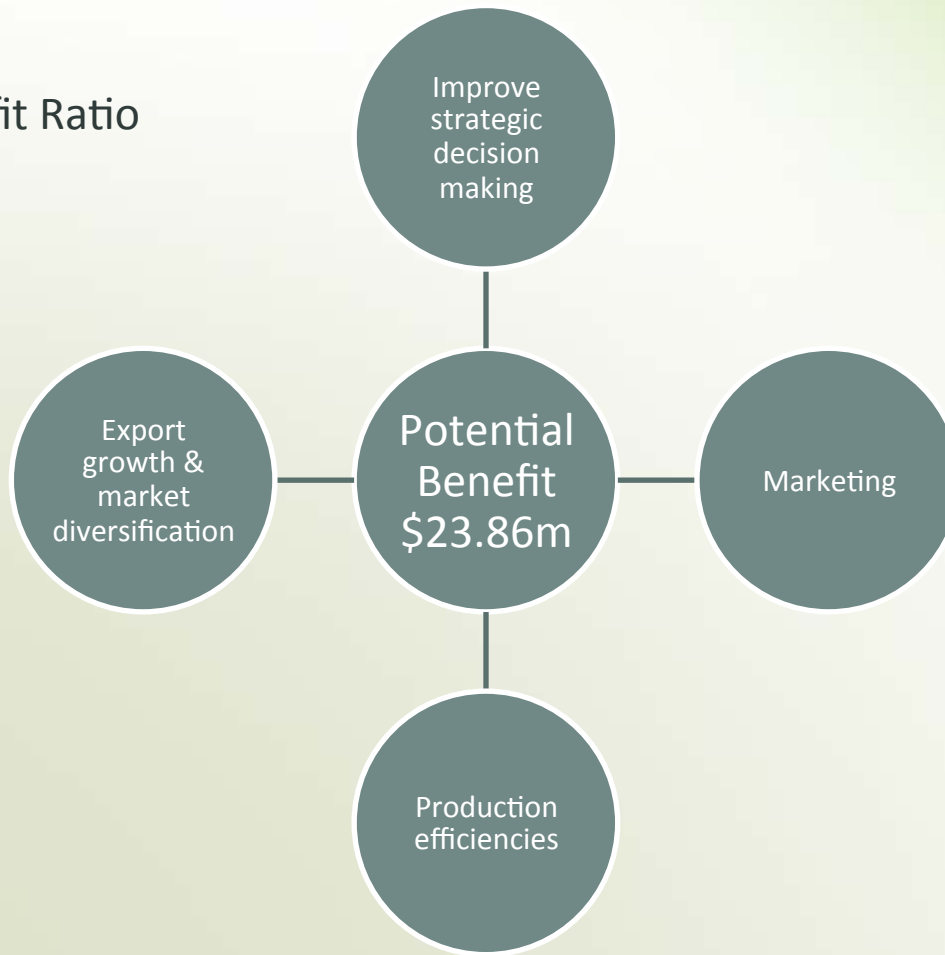
A more informed and engaged industry results in greater professionalism and ability to respond to market shifts

Strategies	
4.1	Investigate ways to drive greater industry engagement (e.g. subsidised local extension group project)
4.2	Provide scholarship for participation by industry leaders in industry management and governance development programs (Pool 2)
4.3	Introduce scholarships for young grower overseas studies programs
4.4	Encourage young growers to participate on industry committees and advisory groups
4.5	Better leverage levy investments by increasing collaboration with potato and vegetable industries on training, industry capability building, export and pest and disease R&D
4.6	Include a regular business and financial management skill column in Onions Australia magazine
4.7	Include a regular pack house and supply chain best practise column in Onion Australia magazine

Economic Benefits



Overall Cost Benefit Ratio
3.05



Impact Assessment across Outcomes

Preliminary findings will indicate highest returns:

1. Marketing Program (A%)
2. Increase exports of Australian onions (B%)
3. Increase farm productivity (C%)
4. Engage stakeholders along value chain

What next?

- SIAP to review final draft
- SIP to be made publicly available on Hort Innovation website
- SIAP to utilise SIP to prioritise new investments
- SIP is annually reviewed to ensure is on track to achieve outcomes

Questions

