

AUSTRALIAN VEGETABLE INDUSTRY PARTNERSHIP

Setting Directions for the Future of the Vegetable Industry

*The Vegetable Industry Partnership is a joint venture project
between the Australian Vegetable Industry and the Australian
Government*

November 2005

RESEARCH WITHOUT BOUNDS



Kiri-ganai research

ABOUT KIRI-GANAI RESEARCH

Kiri-ganai Research Pty Ltd is a Canberra based consultancy company that designs, implements, manages and coordinates complex programs involving multiple organisations, disciplines and stakeholder interests. We also undertake research and consultancy studies concerned with natural resource management and competitive, profitable and sustainable agriculture. Our strength is in turning knowledge gained from markets, business operations, science and research, as well as from the policy positions developed by governments, industry organizations, producers and marketers, into ideas, options, strategies and business plans for resilient and self-reliant industries.

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Project team

The consultants undertaking this project comprise an alliance of three companies led by Kiri-ganai Research. The other companies are the Concept Consulting Group and Boorara Management. The principals of the companies: Dr Richard Price, Brian Ramsay and Ken Moore have been the team that has collected and reviewed industry information, undertaken the consultations and prepared the Setting Directions Report.

The team members bring together skills and experience in industry situational analysis and strategy setting; business planning; industry structural change aligned to world markets, industry adoption programs and change management; and research, project management and report writing. The team includes sociological expertise as well as economic and business analysis skills, thus recognising the need to address social and community issues in developing and implementing industry strategies.

Disclaimer

Care has been taken to ensure that the information contained in this report is reliable and that the conclusions and recommendations reflect considerable professional judgment. Kiri-ganai Research Pty Ltd however does not guarantee that the report is without flaw or is wholly appropriate for all purposes and, therefore, disclaims all liability for any loss or other consequence which may arise from reliance on any information contained herein.

Summary

The Australian Vegetable Industry, in partnership with the Commonwealth Department of Agriculture, Fisheries and Forestry, has undertaken a stock-take of its performance (see the companion document, *Taking Stock and Setting Directions Report*). On the basis of the findings, representatives from across the industry's stakeholder base agreed to a range of strategies that, if pursued, would assist attain a goal of industry competitiveness, profitability, sustainability, resilience and self-reliance.

This Setting Directions Report outlines a road-map and provides details of the agreed strategies. The strategies take two forms: first, there are three overarching facilitative tactics that provide the short-term framework for driving implementation of recommended strategies; and second, there are twenty recommended strategies.

Facilitative Tactics

1. Establish an Australian Vegetable Industry Development Group responsible for:
 - i) making recommendations to the Minister for Agriculture, Fisheries and Forestry on projects to be funded from the \$3m pledged by the Australian Government to support vegetable industry development;
 - ii) maximising cross-industry ownership of activities flowing from the Industry Partnership Programme;
 - iii) facilitating implementation of the recommended strategies in this Setting Directions Report;
 - iv) negotiating co-investment in Foundation and other Setting Direction projects;
 - v) facilitating communication throughout the industry about the implementation of the Setting Directions Report; and
 - vi) monitoring the progress of the activities outlined in the Setting Directions Report.
2. Invest in seven industry Foundation Projects covering:
 - i) development of an Australian Vegetable Industry strategic plan;
 - ii) leadership and industry structures;
 - iii) industry information and decision support framework;
 - iv) industry benchmarking;
 - v) business skill development;
 - vi) global comparative analyses; and
 - vii) market development
3. Develop and implement a communication strategy to maximise awareness of and participation in Foundation Project and other Setting Directions activities.

Recommendations (recommended strategies)

Strategic Area 1: Competitiveness

Expansion of the domestic market:

- R1 Develop and leverage points of difference for Australian products (Foundation Project).
- R2 Invest in marketing and promotion and monitor sales.
- R3 Pursue import trade measures consistent with WTO agreements.

Export market development:

- R4 Develop and resource strategies for identifying specific export markets and products.
- R5 Build commitment of supply chains to search for and meet export demand.

Strategic Area 2: Profitability

Internationally competitive vegetable production:

- R6 Identify and monitor cost structures and market strategies of leading overseas competitors (Foundation Project).
- R7 Develop and implement a benchmarking strategy for the industry (Foundation Project).
- R8 Develop and implement new business models to supply customer requirements.
- R9 Reduce labour costs as a proportion of total production costs.
- R10 Increase sustainable productivity of land and water use.

Strategic Area 3: Self Reliance and Resilience

Enhancement of industry leadership and institutional arrangements:

- R11 Increase whole of industry engagement and representativeness in industry bodies (Foundation Project– combined with R12).
- R12 Develop industry leadership capability (Foundation Project – combined with R11).
- R13 Strengthen the industry’s capacity to develop and implement visionary and feasible industry plans (Foundation Project).
- R14 Rationalise and invigorate industry service mechanisms to enhance the timeliness, quality and impact of industry responses to emerging issues.

Quality industry information, communication, innovation and capacity development:

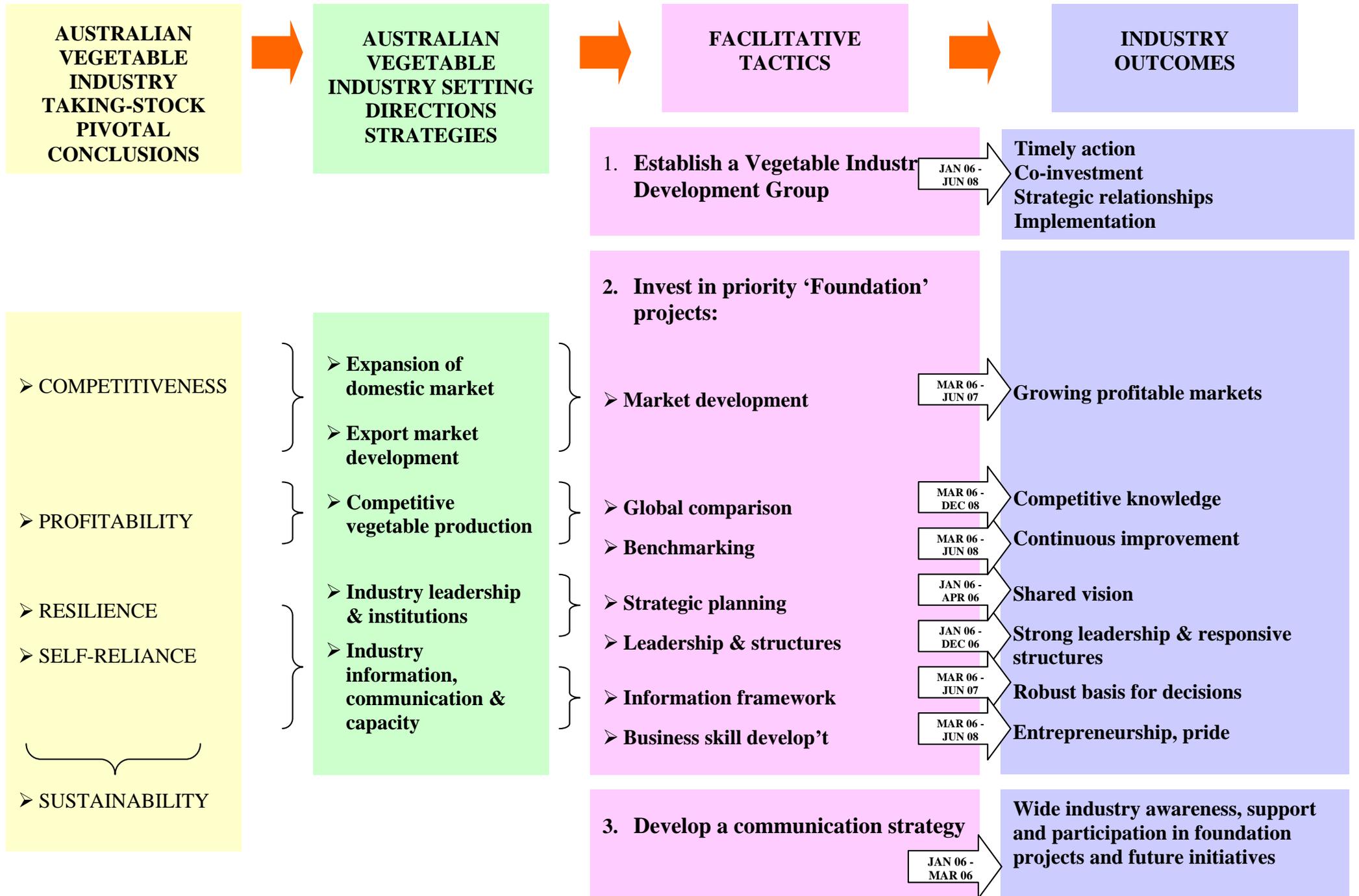
- R15 Address market knowledge gaps to enable domestic and export market growth (Foundation Project– combined with R16).
- R16 Improve efficiency in how information is collected, maintained and distributed (Foundation Project – combined with R15).
- R17 Provide opportunities for open and constructive communication between industry participants.
- R18 Improve the business skills and management of growers (Foundation Project).
- R19 Develop a national technology extension strategy in support of domestic and export market strategies.
- R20 Invest in R&D that is systems-based, balances supply chain issues and is program rather than project focussed.

Figure 1 diagrammatically presents the relationship between the Taking-Stock pivotal conclusions, the agreed Setting Directions Report strategies, seven Foundation Projects and the outcomes expected of these projects.

A critical element to the success of implementing the strategies outlined in this Setting Directions Report is the role of the Vegetable Industry Development Group, which must comprise members with strategic-level experience from across the supply chain and are committed to a whole-of-industry approach in building the future of the Australian Vegetable Industry.

It is important that the momentum from the Vegetable Industry Partnership Project, and the good relationships built across the supply chain during the course of the project, are progressed rather than allowed to wane. While an important part of the Group's role should be to assist the Australian Government direct its investment in strategic industry projects (such as the Foundation Projects set out in this report), it is vital that the Group oversee efforts to address all recommended strategies.

Figure 1: Australian Vegetable Industry Partnership implementation roadmap



Background

The Australian vegetable industry is facing a period of major change that will require it to respond to international competition in order to grow and prosper. The domestic market is increasingly being subject to the pressures of globalisation through competition from imports, and Australia's export markets are facing increasing competition from low cost exporters.

In global markets, international competitiveness is the key factor in industry survival and future prosperity. Recognising the need for change, the Australian Government Department of Agriculture, Fisheries and Forestry (DAFF) has partnered with the Australian Vegetable and Potato Growers Federation (AUSVEG) under the Industry Partnerships Programme to improve the vegetable industry's long-term profitability, competitiveness and sustainability.

The Programme initiated a 'Taking Stock and Setting Directions' project to support the vegetable industry in identifying opportunities and threats that it is likely to face over the next five to ten years; in evaluating its strengths and weaknesses; and to develop strategies for its future profitability and sustainability.

Kiri-ganai Research Pty Ltd was commissioned to work with the vegetable industry and the Australian Government in undertaking the project. A comprehensive report, *Taking Stock of the Australian Vegetable Industry*, was completed as part of the first phase of the project. This was the output of a process which actively engaged a wide array of industry stakeholders and review of industry reports, research and data holdings. It involved direct meetings and discussions with some 160 individuals and organisations from all parts of the vegetable industry supply chain. In addition, some 80 industry and government participants met in Melbourne on 7 September 2005 to workshop the Taking Stock findings.

Purpose of this report

This report is intended to assist the vegetable industry to identify and take action in key strategic areas to ensure its future sustainability. It builds on the output of the first phase of the project, *Taking Stock of the Australian Vegetable Industry*, which makes pivotal conclusions based on a review and assessment of the vegetable industry, particularly in respect to the domestic and global markets, the state of relationships in the supply chain and the operating environment as influenced by the market and existing institutional arrangements.

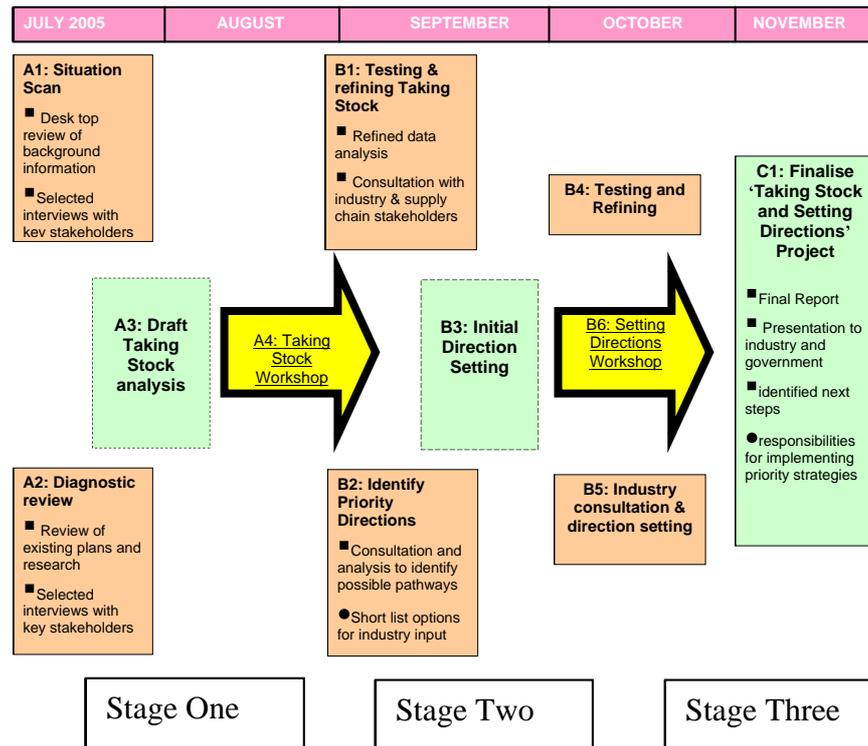
This Setting Directions Report identifies key tactics and strategies for industry action. These were discussed, agreed upon and prioritised by 40 industry representatives at a Setting Directions Workshop convened in Sydney on 31 October 2005.

The agreed Taking Stock and Setting Directions reports have been combined in a companion document *Taking Stock and Setting Directions Report* which provides full details of all the Vegetable Industry Partnership Project.

Approach in preparing this report

There have been three key phases to the Project (see Figure 2). This report represents the culmination of the second phase, which involved analysing the implications of the industry stock-take and developing recommendations for the future directions of the industry.

Figure 2: Overview of project timing, activities and outputs



The structure of both the Taking Stock and the Setting Directions reports is based upon an Industry Partnerships Programme framework developed by the Centre for International Economics for assessing the performance of a range of agricultural industries as a means to identify where they could improve. This framework has been used as a guide for analysing the Australian Vegetable Industry's attributes, assessing 'success' and identifying actions that can be taken to improve overall industry performance (see Figure 3).

The desirable outcomes (or goals) for an industry as set out in the framework include the following:

- **Profitability:** do participants in the industry make reasonable profits or is there a general low-income problem?
- **Sustainability:** is the industry sustainable in the long term in terms of economic long term viability as well as environmental sustainability?
- **Competitiveness:** the extent to which the industry can compete in the global market place but also, the degree of competition within the industry itself. Vibrant competition generally is associated with better performing industries.

- **Resilience and flexibility:** refers to the ability of an industry to bounce back from adverse shocks and how flexible it is to deal with shocks, either physical (such as drought) or economic (such as severe market downturns).
- **Self-reliance:** better-performing industries usually have the capacity to respond quickly and effectively to issues that arise from time to time. The soundness of an industry's institutional arrangements plays an important part in this capacity.

The framework recognises the drivers of an industry's success as the external environment in which the industry operates, the enabling environment over which the industry has some control and an assessment of the resources that the industry applies to the production and marketing of vegetables.

- **External environment:** The external environment in which the industry operates is inclusive of developments in international markets, domestic macroeconomic policies, weather and changes in other industries. These are factors over which the industry has no control, but are considerations against which industry strategies and investment plans must be tested if they are to achieve success.
- **Enabling environment:** The enabling environment embraces the historical development of the industry and its culture, as well as the policy environment governing use of resources, production processes, transport, storage, handling and marketing. The enabling environment includes consideration of the industry's approach to risk management, its culture, skills and training, strategy, information sharing, communication, organisational structures, use of government subsidies, value chain linkages, R&D, regulation and market access.
- **Resources:** Physical (soil, topography, water, climate), financial, social, infrastructure, human and technological. Some of these resources are influenced by the industries using them and give rise to issues of economic and environmental sustainability.

Figure 3: Taking Stock and Setting Directions Framework

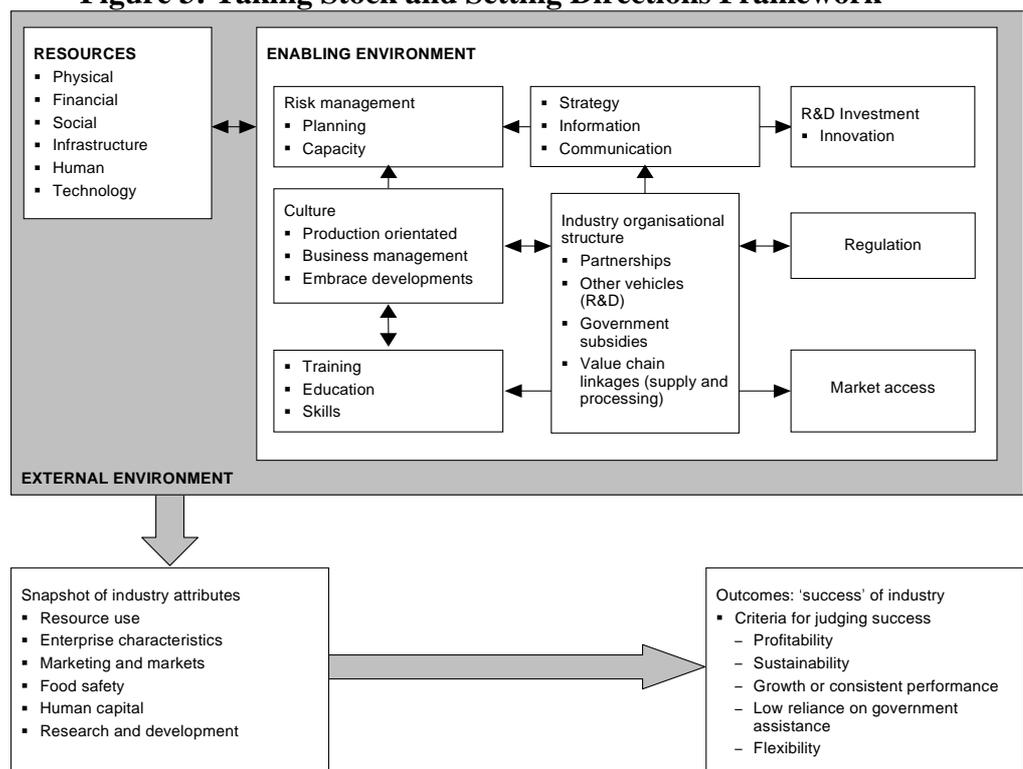


Table 1 shows the relationship between the above Taking Stock and Setting Directions framework and the output of the first phase of the project Taking Stock of the Australian Vegetable Industry. The final report’s sections and chapters adopt the three drivers outlined in the framework (i.e. Section One deals with resources; Section Two deals with the external environment; Section Three deals with the enabling environment). However, the sequence of the drivers is altered so that the enabling environment is considered last. The project team believes that this slight modification emphasises the need to consider the enabling environment in terms of the changes required to achieve the desired outcomes for the industry in future.

Table 1: Adaptation of the Taking Stock and Setting Directions Framework

Framework		Australian Vegetable Industry: Taking-Stock and Setting Directions Report
Drivers	Resources	Chapter Two: Industry profile, including social and regional factors
	External environment	Chapter Three: Vegetable markets Chapter Four: Supply chain
	Enabling environment	Chapter Five: Institutional environment: industry organisations Chapter Six: Institutional environment: Government policy and regulation
Out-comes		Chapter Seven: Pivotal conclusions and recommendations
	<ul style="list-style-type: none"> ➤ Profitability ➤ Sustainability ➤ Competitiveness ➤ Resilience ➤ Self-reliance 	Strategic Areas for action based on: <ul style="list-style-type: none"> ➤ Profitability ➤ Sustainability ➤ Competitiveness ➤ Resilience ➤ Self-reliance.

Taking Stock Pivotal Conclusions

The following are the pivotal conclusions reached in the initial Taking Stock Report. They were derived from a synthesis of the key implications arising from analysis of each of the chapters in that report. The Taking Stock and Setting Directions framework was used as the basis for the synthesis, with the conclusions matched to the success outcomes outlined in the framework.

The reader should note that these are not recommendations, but rather statements about the situation faced by the Australian Vegetable Industry. The tables that follow outline the report’s recommendations against three strategic areas directed towards the outcomes of competitiveness, profitability, sustainability, resilience and self-reliance.

Competitiveness

1. The Australian Vegetable Industry has low barriers to entry, resulting in a competitive business environment. However, the global nature of vegetable production and trade is placing new and significant competitive pressures on the industry.
2. The Australian Vegetable Industry is facing a period of significant adjustment. The immediate concern is the vegetable processing industry where competitive advantage in a globalised market is largely based on price. Australia is not a low cost producer of most processing vegetables and this situation cannot be changed in the short term.
3. While the situation for the fresh vegetable sector is better, it too faces potential challenges of cost competitiveness as imported fresh product continues to increase. Movement from processing vegetable production into fresh vegetable production could place added pressure on the fresh sector.
4. Labour costs are a key differential in product prices and it is likely that Australia will have difficulty in competing with low labour cost suppliers in open markets unless buyers can be convinced of the value of attributes other than price.
5. The favourable trend is that consumer markets for fresh vegetables domestically and overseas are growing. Consumer trends world-wide are moving in the direction of healthy foods with high nutritional values that can be satisfied by quality vegetables. Australia can capitalise upon its reputation as a supplier of clean, quality food in pursuing opportunities from the trend towards healthy eating.
6. Despite the opportunities, Australia is losing market share to overseas competitors. Imports have risen for the last four years and exports have fallen for the last three years. Over the last three years there has been a \$148 million turn around in the balance of trade.
7. Future success overseas will largely be in niche markets where Australia has a quality and/or seasonal advantage that buyers will value and pay premium prices.

Profitability

8. The change in the competitive environment and the loss of markets has eroded the profitability of many enterprises and this is reflected in the declining number of growers. Processing vegetable growers are particularly affected and will continue to lose contracts and face price reductions unless they can consolidate to supply larger contract volumes and continue to work on yields, costs of production and efficient use of capital.
9. Retailers are importing increasing volumes of processed vegetables. Consequently, processors are also importing products from cheaper overseas suppliers to sustain their profitability and maintain their own market share.

Sustainability

10. The present situation with competitiveness and profitability is unsustainable. Unless major changes take place there will be a substantial reduction in the number of growers of processing vegetables with potential spill-over effects on the domestic fresh vegetable market.
11. The diversity of the Australian vegetable industry is both a strength and a weakness. As a strength, its diversity provides the capacity for supplying substantial quantities of many products for domestic and overseas markets and to manage continuity of supply to markets. As a weakness, its diversity and dispersion can hinder development of economies of scale, cooperation in the supply chain and establishing

the unity of vision and action to be successful against the competition of imports and in export markets.

12. The vegetable industry invests in sustainable production systems through research development. However, the diverse nature of the industry (including the ethnic and geographical diversity) challenges effective communication of best practice environmental management systems.

Resilience

13. Australia's capacity to supply vegetables is greater than the size of the domestic market. With rising imports and loss of export markets, the industry has a marketing challenge that will intensify and drive structural change. The industry needs strategies, structures and resources in place to sustain and grow markets.
14. Global competitive forces are rapidly driving consolidation in supply chains worldwide. Retailers supplying consumers and providores supplying the food service industry are consolidating rapidly. In turn, they are seeking to deal with fewer suppliers who are able to deliver product year-round to stringent quality assurance standards and meet price expectations.
15. In response to retail and providore consolidation, suppliers too are following this trend and consolidating and/or forming supply alliances. New business models where growers are linked into these supply chains are the way of the future. Industry services bodies similarly need new models to engage with supply chain firms.

Self reliance

16. Turning around the current trade trends and capturing the opportunities offered by global markets will require a level of coordination and cooperation across the supply chain that previously has not been characteristic of the Australian industry. The lack of collaboration has weakened strategic planning and the building of a cohesive and purposeful industry that is committed to influencing its own future.
17. The industry bodies are currently fragmented, lack clarity in their roles and do not have the capacity to respond rapidly to the modern business needs of the industry. A cohesive and responsive leadership structure is essential so that the industry institutions can keep pace with the changes being faced in the market place. Further, the people leading and managing the significant changes ahead will need access to advice and support and opportunities to develop their skills and capabilities.
18. Most of the industry's Research and Development (R&D) funding is being invested in on-farm issues. However, supply chain and marketing issues are largely driving industry profitability. The existing strategies, structures and processes for investing in R&D are not meeting the needs of the industry for the future.
19. The industry requires ongoing access to quality, timely information on markets and competitors. The information available in the past has not been adequate for informed policy and commercial decisions. Collection, dissemination and application of quality information represents a powerful platform for developing overall business and leadership capabilities at all levels across the vegetable industry.
20. The industry requires more effective means of communicating between and within industry sectors, particularly in respect to sharing information that can underpin processes of benchmarking and continuous improvement.

Recommended Strategic Areas for Action

Facilitative Tactics

Three facilitative tactics have been identified to provide an overarching framework for implementation of the findings of this report.

1. Australian Vegetable Industry Development Group

Various foundation projects and strategies have been identified for action to reposition the industry for meeting the challenges ahead. Further, the participative process adopted in the Industry Partnership Project has created momentum for change that must be sustained and enhanced if the project is to have real and positive impact. It raises the question of how implementation will be coordinated.

It is imperative that the industry act decisively to implement the findings of this report. There is considerable pressure for change in the commercial environment and in the institutional arrangements and a strong case for forming a group that provides a sharp focus on implementation. It is recommended that a Vegetable Industry Development Group is established to be responsible for:

- i) Making recommendations to the Minister for Agriculture, Fisheries and Forestry on projects to be funded from the \$3 million pledged by the Australian Government to support vegetable industry development;
- ii) maximising cross-industry ownership of activities flowing from the Vegetable Industry Partnership Programme;
- iii) implementing the Setting Directions Report recommended strategies;
- iv) negotiating co-investment in foundation and other Setting Direction projects;
- v) facilitating communication throughout the industry about the Setting Direction Report implementation; and
- vi) monitoring the progress of Setting Direction Report activities.

The proposed membership of the Development Group is for up to seven people. They will have strategic level experience and influence as the role is not operational. The existing bodies have operational delivery responsibilities. Membership would include:

- An independent chair with agribusiness experience.;
- The Chairs (or nominated directors) from Horticulture Australia Ltd and AUSVEG; and
- Five people with knowledge and experience in the areas of retail, processing, export, government and industry restructuring.

The Vegetable Industry Development Group should be formed immediately and ideally announced by December 2005. It could be wound-up in June 2008 or earlier if it has achieved its purpose.

2. Foundation projects

A variety of strategies to respond to the challenges facing the vegetable industry have been developed with the input of many people participating in the industry at all levels

and through the supply chain. These strategies are often interlinked and seven industry Foundation Projects have been identified that will address the most critical areas requiring action and also contribute to achieving progress with other strategies and activities identified in the report. These foundation projects cover:

- i) **Development of an Australian Vegetable Industry strategic plan**
The Taking Stock report identifies the need for improved communication and collaboration across the supply chain. However, these are not ends in themselves, and require purpose and commitment to shared benefits. The development of a shared strategic plan can outline these shared benefits and act as a focus point for jointly strengthening the Australian Vegetable Industry.
- ii) **Leadership and industry structures**
The Taking Stock report suggested that sustainable growth of the Australian Vegetable Industry is held back by, among other things, its lack of cohesion and communication across the supply chain, and by inefficient structures reflecting internal fragmentation and factionalism. These factors reduce the capacity of the industry to jointly identify, create, co-invest in and capture opportunities in a way that successful industries take for granted.
- iii) **Industry information and decision support framework**
The Taking Stock report identified the lack of quality and timely data and information about many aspects of the industry. Such data is required to make informed decisions by industry bodies, Government and individual businesses.
- iv) **Industry benchmarking**
The Taking Stock report and subsequent workshop discussions highlighted the lack of a continuous learning culture throughout all levels of the industry. Industries that have undergone significant market shocks, such as deregulation, have shown that industry-wide benchmarking can work effectively to increase the performance of individual businesses and business alliances.
- v) **Business skill development**
The Taking Stock report identified the development of a business culture as an important way to empower individual producers to develop new and build on existing opportunities, and to provide them with more skills and confidence to continuously improve their practices and negotiating power in meeting market specifications.
- vi) **Global comparative analyses**
The Taking Stock report identified the lack of good data and feedback mechanisms to inform comparisons of Australian and overseas market and production situations. As a result, many claims about Australian production competitiveness are based on anecdotal evidence. Good market intelligence and knowledge of competitor's practices are fundamental to improving Australian production systems and competitiveness.

vii) Market development

The Taking Stock report identified the need for the Australian Vegetable Industry to expand its domestic and international markets through identifying points of difference and capturing competitive advantage where it exists and where it can be created. The industry needs strategies, structures and resources in place to sustain and grow markets.

3. Communications Strategy

The various projects and strategies identified in this report collectively offer the potential for the industry to create a viable and prosperous future. A coordinated response will be important and the role of communications is critical. An integrated communications strategy should be formulated and implemented as one of the first actions of the Development Group. The objectives of the strategy are to:

- promote awareness and enlist commitment and support from stakeholders and key audiences about the industry partnership project outcomes and directions; and
- promote the progress achieved and opportunities for participation in initiatives.

Strategic areas for action

Table 2 recommends strategic areas for action to address the issues outlined in the pivotal conclusions. These strategic areas are based on the Taking Stock and Setting Directions framework's success outcomes. Because particular recommended strategies can address more than one outcome, the tables combine some outcomes to maintain an emphasis on direction setting. The recommended strategic areas for action are as follows:

STRATEGIC AREA 1: Competitiveness

- 1.1 Expansion of the domestic market
- 1.2 Export market development

STRATEGIC AREA 2: Profitability

- 2.1 Internationally competitive vegetable production

STRATEGIC AREA 3: Self reliance and resilience

- 3.1 Enhancement of industry leadership and institutional arrangements
- 3.2 Quality industry information, communication and capacity development

The sub-strategies (1.1, 1.2, 2.1, 3.1 and 3.2) were identified by industry participants at the Taking Stock workshop as key strategies for the industry to address. The options listed against each strategic area for action reflect suggestions provided by industry participants during the consultation process.

Table 2: Strategic Areas for Action

STRATEGIC AREA 1: Competitiveness

1.1 Expansion of the domestic market

CHALLENGES	RECOMMENDATION	POTENTIAL OPTIONS
<ul style="list-style-type: none"> ➤ Expand demand for Australian products ➤ Information and processes for better matching of supply and demand (quality, quantity, continuity) ➤ Competing against imports ➤ Supplying to fewer larger customers ➤ Capturing regional competitive advantage 	<p>R1 Develop and leverage points of difference for Australian products (Industry representatives identified this as a priority Foundation Project.)</p>	<p>Research Australian consumer preferences and values to identify marketing opportunities based on points of difference</p> <ul style="list-style-type: none"> ○ undertake global searching for new products and innovation with potential application to the Australian market. <p>Facilitate information sharing along the supply chain to ensure opportunities are captured</p> <ul style="list-style-type: none"> ○ establish mechanisms for building relationships with major supply chain firms (to identify emerging trends, consider quality programs and issues, invest in R&D for new products etc.) ○ develop a targeted strategy to understand and act on the opportunities presented by the food service sector.
	<p>R2 Invest in marketing and promotion and monitor sales</p>	<p>Develop the industry domestic marketing capability</p> <ul style="list-style-type: none"> ○ review present marketing capability ○ develop promotional strategies, including adding value, influencing and supplementing government investment on promoting healthy eating ○ invest in high impact public relations to profile vegetables in food, lifestyle and health media and campaigns
	<p>R3 Pursue import trade measures consistent with WTO agreements</p>	<p>Research and analyse competitor marketing strategies, production costs and subsidies</p> <ul style="list-style-type: none"> ○ identify and act on situations where dumping of product may be occurring or where there is a case for other measures to safeguard the industry from surging imports ○ food standards be revised to implement the principle of consumer choice based on comprehensive information ○ build relationships with Government to ensure the industry case is understood and properly considered in policy development.

STRATEGIC AREA 1: Competitiveness cont . . .

1.2 Export market development

CHALLENGES	RECOMMENDATION	POTENTIAL OPTIONS
<ul style="list-style-type: none"> ➤ Retaining and growing profitable export markets ➤ Creating an export culture ➤ Competing against other exporting countries 	<p>R4 Develop and resource strategies for identifying specific export markets and products.</p> <p>R5 Build commitment of supply chains to search for and meet export demand.</p>	<p>Establish an export market development group involving key commercial players to create a collaborative approach to expand export trade</p> <ul style="list-style-type: none"> ○ the group would oversee the following activities (3.1.2 and 3.1.3) ○ supported by government seed funding, commercial contributions and use of R&D levy funds where appropriate. <p>Conduct export market research, competitor analysis and monitoring.</p> <p>Maintain market intelligence systems.</p> <p>Undertake economic and commercial analysis on the industry's capacity to supply identified market opportunities.</p> <p>Prepare export market development strategies</p> <ul style="list-style-type: none"> ○ identify priority markets ○ set targets ○ monitor export performance ○ influence R&D priorities for export development ○ communicate export market requirements back to the supply chain including growers ○ consider the value of permanent international presence in selected markets.

STRATEGIC AREA 2: Profitability

2.1 Internationally competitive vegetable production

CHALLENGES	RECOMMENDATION	POTENTIAL OPTIONS
<ul style="list-style-type: none"> ➤ Reducing cost of production ➤ Increasing efficiency of resource and capital utilisation ➤ Supplying under contract arrangements to buyers' requirements ➤ Accessing and adopting world's best technologies ➤ Accessing required labour with necessary skills 	<p>R6 Identify and monitor cost structures and market strategies of leading overseas competitors. (Industry representatives identified this as a priority Foundation Project.)</p>	<p>Undertake a global benchmarking study in selected markets</p> <ul style="list-style-type: none"> ○ collect commercially valuable information (as opposed to international trade statistics) for benchmarking that leads to continuous improvement ○ establish mechanisms for ongoing data collection, monitoring and analysis of the implications of competitor cost structures and strategies that can be used for Australian production, R&D and marketing investments
	<p>R7 Develop and implement a benchmarking strategy for the industry including communication of benchmarking results. (Industry representatives identified this as a priority Foundation Project.)</p>	<p>Benchmark vegetable production practices, supporting ongoing information sharing and offering opportunities to enable producers to compare and analyse their performance to that of their peers</p> <ul style="list-style-type: none"> ○ establish a national producer benchmarking scheme (using dairy industry processes as a model) ○ investigate incorporating New Zealand growers in the benchmarking as illustrated by the dairy industry.
	<p>R8 Develop and implement new business models to supply customer requirements.</p>	<p>Research to identify successful business models and initiatives that can be applied to more rapidly capture opportunities and bring new products onto the market.</p> <ul style="list-style-type: none"> ○ initially focus on processing sector to facilitate alignment of production models to major domestic market buyers' requirements <p>Facilitate the development of commercial networks and alliances consistent with win-win business models</p> <ul style="list-style-type: none"> ○ priority should be given to processing vegetable growers to create profitable scales of operation and marketing.

CHALLENGES	RECOMMENDATION	POTENTIAL OPTIONS
	R9 Reduce labour costs as a proportion of total production costs.	<p>Support policies for increasing the availability and skills of labour in the vegetable industry</p> <p>Undertake whole of system assessments to identify processes and labour that can be eliminated or replaced by technology to reduce costs in line with international benchmarks.</p> <p>Ensure that current government and industry reviews of labour availability and skills take into account the need for flexible approaches to labour recruitment and utilisation by the vegetable industry.</p>
	R10 Increase sustainable productivity of land and water use.	Develop and implement strategies for more sustainable use of land and water resources on an industry wide basis.

STRATEGIC AREA 3: Self reliance and resilience

3.1 Enhancement of industry leadership and institutional arrangements

CHALLENGES	RECOMMENDATION	POTENTIAL OPTIONS
<ul style="list-style-type: none"> ➤ Industry cohesion and growth strategies ➤ Organisational credibility, professionalism and best practice governance ➤ Responsiveness to a dynamic operating environment ➤ Organisational efficiency and effectiveness ➤ Achieving a coordinated national approach to industry growth 	<p>R11 Increase whole of industry engagement and representativeness in industry bodies.</p> <p>(Industry representatives identified this as a priority Foundation Project in combination with R12.)</p>	<p>Enhance the representativeness of the membership of the peak industry body:</p> <ul style="list-style-type: none"> ○ develop a plan for increasing the representativeness of the Australian vegetable industry in AUSVEG membership, including groups that are currently under-represented (such as large commercial operations, ethnic groups, etc) ○ increase the proportion of total Australian vegetable production in the membership of the peak industry body ○ develop flexible avenues of membership, including direct national membership ○ renegotiate the constitution and structure of AUSVEG to ensure a coordinated nationally focussed body. <p>Build the professional capacity of the AUSVEG Board and management, and its member organisations</p> <ul style="list-style-type: none"> ○ prepare and adopt sound governance policies that ensure the roles and responsibilities of the AUSVEG board, directors, members and management are articulated, understood and practiced ○ develop a director succession plan that ensures the board has directors with the skills required to meet the changing demands on the organization <p>Explore options for a whole of industry structure or network that can develop, negotiate and promote whole of industry positions.</p>
	<p>R12 Develop industry leadership capability</p> <p>(Industry representatives identified this recommendation as a priority Foundation Project in combination with R11.)</p>	<p>Invest in people and leadership:</p> <ul style="list-style-type: none"> ○ the vegetable industry strategic plan to include a leadership development investment plan ○ create an executive network for senior industry executives across the horticultural industries' supply chain ○ support a young growers / exporters / innovators network ○ develop an industry mentoring programme for local leadership, including participation of women and ethnic groups.

CHALLENGES	RECOMMENDATION	POTENTIAL OPTIONS
➤	<p>R13 Strengthen the industry’s capacity to develop and implement visionary and feasible industry plans. (Industry representatives identified this recommendation as a priority Foundation Project.)</p>	<p>Enhance the industry’s planning capacity and skills to develop and implement whole of industry strategic plans</p> <ul style="list-style-type: none"> ○ redevelop the vegetable industry strategic plan so that it includes increased investment in global market intelligence, effective supply chain relationships and the adoption of world’s best technologies. The plan needs to set targets for return on investment and establish sound monitoring and evaluation arrangements. ○ improve the communication of industry plans, priorities, investments, benefits. <p>Strengthen the accountability for outcomes resulting from investment in strategic planning</p> <ul style="list-style-type: none"> ○ develop a strategy and guidelines for how industry strategic plans are developed, resourced and implemented. The guidelines should be based on business management principles, best practice corporate governance, meaningful performance measures, and effective monitoring and evaluation.
	<p>R14 Rationalise and invigorate industry service mechanisms to enhance the timeliness, quality and impact of industry responses to emerging issues.</p>	<p>Re-focus the vegetable industry research and development arrangements:</p> <ul style="list-style-type: none"> ○ review the vegetable Industry Advisory Committee (IAC) and restructure to enhance its efficiency and effectiveness ○ membership of IACs to be based on industry growth strategies requiring specialised expertise ○ IAC selection processes to nominate the ‘best and brightest’ through an open and competitive process ○ selection processes to be chaired by an independent and experienced chair ○ consider reducing the number of IACs. <p>Establish an effective R&D investment prioritisation process so that it is clearly focused on emerging and future issues at both production and post-production levels. This may mean investing in fewer, but larger, projects directed towards key strategic outcomes</p> <p>Utilise the R&D levies in multi-disciplinary research to advance industry policy, marketing and technology agendas</p>

STRATEGIC AREA 3: Self reliance and resilience cont . . .

3.2 Quality industry information, communication, innovation and capacity development

CHALLENGES	RECOMMENDATION	POTENTIAL OPTIONS
<ul style="list-style-type: none"> ➤ Access to reliable and timely industry and market data ➤ Using quality data and turning it into information, strategies and decisions ➤ Business willingness to pay for commercially relevant information ➤ Developing trust and open communication between industry players ➤ Communicating across a diverse, multi-cultural industry 	<p>R15 Address market knowledge gaps to enable domestic and export market growth.</p> <p>R16 Improve efficiency in how information is collected, maintained and distributed (Industry representatives identified R15 and R16 as a priority Foundation Project.)</p>	<p>Act on known industry information gaps including the need to:</p> <ul style="list-style-type: none"> ○ establish a grower information exchange ○ recommence investment in retail sales data ○ prioritise and conduct detailed market analyses ○ establish a household panel ○ undertake a foundation study of the food service sector
	<p>R17 Provide opportunities for open and constructive communication between industry participants.</p>	<p>Support national conferences and workshops relevant to all levels of the supply chain, dealing with themes such as business development in a global context. Enhance the resources and skill base of AUSVEG and HAL staff to deal with communication across the supply chain</p> <ul style="list-style-type: none"> ○ refocus industry communication mechanisms to facilitate understanding of issues across the supply chain.
	<p>R18 Improve the business skills and management of growers (Industry representatives identified this as a priority Foundation Project.)</p>	<p>Develop a program on business skills development specifically tailored to vegetable industry needs</p> <ul style="list-style-type: none"> ○ identify how growers will become involved ○ include the option of one-on-one analysis and advice through a facilitation process. <p>Raise the business skills of staff and others dealing with growers (HAL, AUSVEG, extension officers, researchers etc) through training programs</p>
	<p>R19 Develop a national technology extension strategy in support of domestic and export market strategies</p>	<p>Prepare a national extension strategy focussed on international competitiveness, and optimising the use of limited extension resources nationally. Elements could include: demonstration and monitoring farms (aligned to benchmarking); group learning approaches; information exchange; training; mentoring; trials.</p> <p>Engage a national extension coordinator to facilitate alignment of extension activities with key industry strategies.</p>

CHALLENGES	RECOMMENDATION	POTENTIAL OPTIONS
	R20 Invest in R&D that is systems-based, balances supply chain issues and program rather than project focussed.	Develop program-based R&D strategies that support a range of R&D whereby each project adds value to each other and addresses the whole-farm and / or whole-of-supply chain context.