

# Independent Review of Performance 2018-2023

## Company Response



November 2023

**Hort**  
**Innovation**



## Message from the Chair

The Independent Review of Performance (IRP), conducted by GHD, a professional advisory firm, is an important opportunity to gather feedback on how we are tracking in delivering outcomes for the horticulture sector. It's a requirement of Hort Innovation's funding agreement with the Australian Government that our performance is independently assessed to support our continuous improvement.

The Board thanks the growers, members, advisory panel members, peak industry bodies (PIBs), delivery partners and other horticulture supply chain participants for your feedback, both positive and constructive.

The Board of Hort Innovation agrees with all 13 of the IRP's recommendations. Many of the recommendations from GHD are focused on continuing the improvements that had already been identified and actioned by the Board and the executive team. Pleasingly, both our stakeholders and GHD recognise the effectiveness of the initiatives we have put in place over the last 18 months to progress the company's continuous improvement.

Our commitment to continuous improvement is a strong theme in the Hort Innovation Strategy 2024-2026 including the imperative to Work Simply and Effectively by minimising complexity in our systems and processes, and by committing to transparent relationships with our stakeholders. While the IRP is an important assessment of our performance, we are always open to feedback on how we can better serve you as your Research and Development Corporation (RDC). For example, we are implementing a deeper and broader program of stakeholder feedback mechanisms, including an annual Grower and Partner Survey, post Strategic Investment Advisory Panel (SIAP) surveys, twice yearly Peak Industry Body (PIB) Forums, and more visits from the Hort Innovation Team across Australia. By hearing from you more often we will understand better the opportunities to make improvements to our service delivery for industry on a continual basis.

This company response outlines the actions we will continue to deliver or new actions we will commence to address the IRP recommendations. How we measure the delivery of these actions is also identified. We are committed to reporting back to our stakeholders on the progress we have made in delivering these actions in advance of the Annual General Meeting in November 2024 (via an IRP Update which will be publicly released).

We recognise that alongside our levy payers, the Australian Government is an important co-investment partner for the horticulture industry. We will continue to work to deliver on both industry and Government priorities as required under our funding agreement.

The Board and every member of the Hort Innovation team is energised by the constructive findings of the IRP Report. We are committed to delivering our Strategy and real impact for growers through investments that are aligned to industry wide, grower priorities. We look forward to further strengthening our business processes and stakeholder relationships to help drive a prosperous and sustainable Australian horticulture industry built on innovation.

**Julie Bird**  
Chair



## Recommendations and Company Responses

| 1 Recommendation   | Rating  |
|--|---|
| <p>Ensure that appropriate consultation plan/s, based on the <i>Best Practice Guide to Stakeholder Engagement</i>, are developed and implemented when the next round of Strategic Investment Plans (SIPs) are developed.</p>   | <p>Continuous Improvement.</p>  |
| <p><b>Company response and actions</b></p> <p><b>Agree</b></p> <p>A Consultation Plan outlining how Hort Innovation will consult with stakeholders for the next round of SIPs will be developed and implemented.</p>   | <p><b>Status and how we will measure delivery</b></p> <p>A SIP Consultation Plan will be available to all stakeholders on the Hort Innovation website in FY25.</p>  |
| 2 Recommendation   | Rating  |
| <p>Ensure timely completion, communication and review of the <i>Reset and Refresh</i> process, including:</p> <ul style="list-style-type: none"> <li> <span style="color: green;">✔</span> a) Finalising the execution MOUs with Peak Industry Bodies.         </li> <li> <span style="color: green;">✔</span> b) Updating its status on the Hort Innovation website         </li> <li> <span style="color: green;">✔</span> c) Increasing the transparency of the process and its implications to Hort Innovation's full range of stakeholders         </li> <li> <span style="color: green;">✔</span> d) Undertaking annual pulse checks to assess its ongoing implementation and success.         </li> </ul> | <p>Important.</p>   |
| <p><b>Company response and actions</b></p> <p><b>Continue actions underway (started 07/2021)</b></p> <p>Hort Innovation has continued to progress the <i>Reset and Refresh</i> process that commenced in July 2021.</p> <p>Regular updates will be provided to stakeholders through our direct communications to industry, as part of the advice mechanism process and twice yearly updates to the PIB Forum.</p> <p>Ongoing feedback regarding the implementation of the advice mechanism MOUs was part of Stakeholder Engagement survey undertaken in Q1 FY24.</p> <p>Ongoing feedback will be gained through regular pulse checks in our Voice of Stakeholder surveys post SIAPs.</p>                         | <p><b>Status and how we will measure delivery</b></p> <ul style="list-style-type: none"> <li> <span style="color: green;">✔</span> a) <b>Underway.</b> 34 MOUs have been executed or agreed with 1 MOUs in progress.         </li> <li> <span style="color: green;">✔</span> b) <b>Completed.</b> Further updates will occur on an as needed basis.         </li> <li> <span style="color: green;">✔</span> c) <b>Ongoing.</b> Summary of updates communicated to stakeholders will be included in an IRP Update in Q2 FY25.         </li> <li> <span style="color: green;">✔</span> d) <b>Ongoing.</b> An update will be reported in an IRP Update in Q2 FY25.         </li> </ul> |

### 3 Recommendation Rating

Update the *Stakeholder Engagement and Consultation Framework* to:

- Incorporate the outcomes of the *Reset and Refresh* process once finalised
- Incorporate revised roles i.e. current version refers to Regional Extension Managers who have now been replaced with Industry Service & Delivery Managers (ISDMs).

Continuous Improvement.

#### Company response and actions

##### Agree

The *Stakeholder Engagement and Consultation Framework* will be updated in FY24 as per the recommendation.

#### Status and how we will measure delivery

The updated *Stakeholder Engagement and Consultation Framework* will be available to all stakeholders on the Hort Innovation website in FY24 and the status of these actions will be reported in an IRP Update in Q2 FY25.

### 4 Recommendation Rating

Increase the degree of transparency over the investment justifications of Hort Frontiers programs/projects through the publication of an investment decision framework.

Important.

#### Company response and actions

##### Continue actions underway (started 09/22)

As part of Hort Innovation's Strategy 2024-2026 we are developing a new Hort Frontiers Investment Strategy which will include a modern investment decision framework aligned to Hort Innovation's risk appetite.

This work was informed by an internal review of the Frontiers Strategic Partnership Initiative which commenced in September 2022.

We will consider ways to improve how we communicate to industry about investments in the Hort Frontiers program as part of the implementation of the Hort Frontiers Investment Strategy.

#### Status and how we will measure delivery

The new Hort Frontiers Investment Strategy will be available to all stakeholders on our website in FY24.

Improved communication to all stakeholders on Hort Frontiers investments will be delivered as part of implementing the Hort Frontiers Investment Strategy and the status of these actions will be reported in an IRP Update in Q2 FY25.

## 5 Recommendation Rating

Ensure timely implementation of Project Max recommendations, in particular those that aim to:

-  Improve stakeholder experience and increased visibility of the procurement process for respondents
-  Streamline processes for reviewing and approving investment decisions
-  Improve feedback mechanisms and increase interaction with industry on key decisions
-  Upskill internal and external stakeholders in the use of investment management portals.

Important.

### Company response and actions

### Status and how we will measure delivery

#### Continue actions underway (started 07/22)

The Project Max review of Hort Innovation's systems and processes commenced in July 2022. Hort Innovation will continue to implement the Project Max recommendations in full.

Hort Innovation will consider new continuous improvements that build on the existing activities of Project Max in FY24.

Project Max is currently 91% complete with five longer term activities still to complete in full. All remaining Project Max activities will be completed by the end of FY24 and the status of these actions will be reported in an IRP Update in Q2 FY25

## 6 Recommendation Rating

Improve processes to identify and implement cross-industry collaboration to reduce duplication and drive efficiencies in investment of levy payer and government funding.

Continuous Improvement.

### Company response and actions

### Status and how we will measure delivery

#### Continue actions underway (started 07/23)

At the PIB Forum in July 2023 Hort Innovation and industry discussed designing an improved mechanism that would support industry to better understand opportunities for cross-industry collaboration. As a result of these discussions, Hort Innovation is developing a mechanism in partnership with industry which will be further discussed at the November 2023 PIB Forum.

An improved mechanism will be developed in FY24 in partnership with industry and implemented in FY25 and the status of these actions will be reported in an IRP Update in Q2 FY25.



## 7 Recommendation Rating

Implement a Treasury/Investment Policy and Procedure to reduce the risks associated with investment and to maximise the returns from surplus cash.

Continuous Improvement.

### Company response and actions

### Status and how we will measure delivery

#### Agree





Hort Innovation will implement a Treasury Policy.

A Treasury Policy will be implemented in FY24 and the status of this action will be reported in an IRP Update in Q2 FY25.

## 8 Recommendation Rating

Undertake minor administrative amendments to the Board Charter to align with commonly adopted practices to:

Continuous Improvement.

-  Define Board quorum
-  Prohibit the Chair of the Board also holding the Chair of the ARC
-  Cover review of CEO and Committee performance
-  Include the skills matrix that the Directors should collectively provide.

### Company response and actions

### Status and how we will measure delivery

#### Agree and actions underway

Hort Innovation has commenced work to consider updates to the Board Charter as per the recommendation.

Updates to the Board Charter will be completed in FY24 and the status of this action will be reported in an IRP Update in Q2 FY25.

## 9 Recommendation Rating

Review the threshold in the Delegations of Authority (DoA) to ensure it represents an efficient and appropriate reflection of governance body participation in review and approval.

Continuous Improvement.

### Company Response and Actions





### Status and how we will measure delivery

#### Agree and actions underway

Hort Innovation has commenced work to review the efficiency and appropriateness of its Delegations of Authority settings and will implement any changes resulting from the review.

Review and implement any updated Delegations of Authority settings in FY24. The status of these actions will be reported in an IRP Update in Q2 FY25.



| 10 Recommendation  | Rating   |
|--|--|
| <p>Develop a risk tolerance statement expressing 'Acceptable,' 'Tolerable' and 'Unacceptable' ranges based upon KPIs or input risk assumptions to better support decision making. The same approach can be used over time to help support industry-specific consideration of risk.</p>   | Continuous Improvement.  |
| <b>Company response and actions</b>  | <b>Status and how we will measure delivery</b>   |
| <p><b>Agree and actions underway</b></p> <p>Hort Innovation has commenced work to update the company's current Risk Appetite Statement (RAS) to incorporate relevant risk tolerances as per the recommendation.</p>  | <p>An updated Risk Appetite Statement and a framework for risk tolerance will be developed and implemented in FY24.</p> <p>A description of the Risk Appetite Statement will be included Hort Innovation's Annual Report 2023-24 and the status of these actions will be reported in an IRP Update in Q2 FY25.</p> |
| 11 Recommendation  | Rating   |
| <p>Update the Hort Innovation Organisational Evaluation Framework following release of the Hort Innovation Strategy 2024-2026 to:</p> <ul style="list-style-type: none"> <li>  Align with the new strategy         </li> <li>  Incorporate the KPIs contained within the subsequently released Australian Government Guidelines for Statutory Funding Agreements         </li> <li>  More clearly articulate when investment level funds, including Hort Frontiers and levy fund RD&amp;E and marketing projects/programs, will be subject to impact assessment or evaluation         </li> <li>  Include opportunities to further streamline and aggregate the reporting of evaluation outcomes to continue to improve how findings are used to inform investment decisions under a balanced portfolio.         </li> </ul> | Continuous Improvement.  |
| <b>Company response and actions</b>  | <b>Status and how we will measure delivery</b>   |
| <p><b>Agree and actions underway</b></p> <p>Hort Innovation has commenced work to review the Organisational Evaluation Framework and the approach to monitoring and evaluation. The Organisational Evaluation Framework will be updated as per the recommendation.</p>   | <p>A review of the Organisational Evaluation Framework will be completed in FY24. An updated Framework will be available to all stakeholders on the Hort Innovation website in FY25 and the status of these actions will be reported in an IRP Update in Q2 FY25.</p>  |

**12 Recommendation****Rating**

Increase the frequency of grower sentiment surveying to occur once every 2 or 3 years.

Continuous Improvement.

**Company response and actions****Status and how we will measure delivery****Agree and action underway (started 07/23)**

Hort Innovation completed a Grower and Partner survey in Q1 FY24. Hort Innovation will continue to undertake a survey that includes growers on an annual basis.

The next Grower and Partner survey will be undertaken in Q1 FY25 and the status of these actions will be reported in an IRP Update in Q2 FY25.

**13 Recommendation****Rating**

Update the Company Constitution to ensure alignment with Deed of Agreement 2020-2030.

Continuous Improvement.

**Company response and actions****Status and how we will measure delivery****Agree in Principle**

Hort Innovation will consider and consult on a possible resolution to members at the Annual General Meeting in 2024 to make administrative amendments to the Constitution to align it with the Deed of Agreement 2020-2030.

The status of this action will be reported in an IRP Update in Q2 FY25.

# Hort Innovation

Horticulture Innovation Australia Limited  
ACN 602 100 149

Level 7, 141 Walker Street  
North Sydney NSW 2060 Australia

02 8295 2300 | [communications@horticulture.com.au](mailto:communications@horticulture.com.au)

[www.horticulture.com.au](http://www.horticulture.com.au)

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