

# **A Fresh Start...**

For the Australian traditional  
cut flower industry

Industry Position Paper on the formation of  
a National Peak Body, November 2006

## Executive Summary

In response to the momentum within the industry generated by the *Flowers 2006 – The Australian Flower Conference* and the positive feedback for the need for a National Peak Body to represent flower growers, the Flower Association of Queensland Inc identified a need to bring together representatives from across the industry in a facilitated meeting to discuss and document the formation of a National Peak Body for the Australian Traditional Cut Flower Industry.

With over 46 participants at the meeting, there were industry representatives from all States and Territories and across all sectors of the industry, including growers, allied industries, marketing, education and training, as well as government. Representatives from Horticulture Australia Limited and the Federal Government's Department of Agriculture, Fisheries and Forestry made presentations to the meeting.

The key outcomes of the meeting held in Sydney on 21<sup>st</sup> November 2006, were the strong support to move forward on establishment of a National Peak Body for the Australian traditional cut flower industry, and the subsequent formation of a Steering Committee to initiate and foster the process as outlined in an action plan.

Previous attempts to re-establish a National Peak Body have focused on a whole of industry approach encompassing both the traditional and native sectors of the industry. However during 2005, the native and export side of the industry began to progress national representation for that industry sector, leaving the "traditional" or soft flower sector with no clear direction for managing its future.

The traditional cut flower industry is spread over all states of Australia and is represented by industry organisations in all states and the Northern Territory except South Australia and Tasmania. An analysis

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of the current status of the industry revealed that one of the greatest strengths of the industry is believed to be the passion growers express for their industry and the sense of community that exists amongst them. However, meeting participants also noted that the level of fragmentation across the industry, the subsequent lack of communication and lack of a united voice are significant weaknesses.

Thus the group agreed that establishment of a National Peak Body provided a great opportunity to the industry and through its roles of advocacy and coordinating industry activities and responses to key issues, it would assist in developing industry unity and cohesiveness. This is a critical step forward for the industry, as continued and increasing disunity and negativity were considered to be threatening the industry's ability to embrace new concepts and technologies essential to its future progress and profitability.

There was however concern from participants in relation to the details surrounding the formation of a National Peak Body. It was recognised that many of the issues require in depth investigation to ensure that the industry can make an informed decision. In particular the structure of a National Peak Body, including representation on a National Board, membership eligibility and the level of participation, was of concern. The Steering Committee vowed to undertake a full investigation through a range of possible models, including a state based model and an offshoot, to join forces with the Australian Hydroponics and Greenhouse Association (AGHA), and prepare a discussion paper for consideration by the industry.

Similarly funding to support the activities of a National Peak Body and the contentious issue of an industry levy were raised as points requiring careful consideration by the Steering Committee and full consultation with the industry. Communication will be critical in fostering support for this initiative to create a fresh start for the industry.

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### List of Abbreviations

AHGA	Australian Hydroponic & Greenhouse Association
DAFF	Department of Agriculture, Fisheries and Forestry
FAQI	Flower Association of Queensland Inc
HAL	Horticulture Australia Limited
NTHA	Northern Territory Horticulture Association Inc.

## Section 1

### **Introduction**

For many years the Australian flower industry has grappled with a means of overcoming fragmentation within the industry at a national level to progress the industry and ensure its ongoing prosperity.

There have been numerous attempts to establish and maintain a National Peak Body, which have been lead in recent times by the efforts of the Flower Association of Queensland Inc (FAQI). However, as with all industries, people come and go and new issues impact on the industry. Thus it was considered timely to revisit the concept of the formation of a National Peak Body.

Until recently attempts to re-establish a National Peak Body have focused on a whole of industry approach to encompass both the traditional and native sectors of the industry.

During 2005, the native and export side of the industry began to progress the development of the industry at a national level. In consultation with the Australian Flower Export Council and under the guidance of Ridge Partners, the Australian Government's Department of Agriculture, Fisheries and Forestry (DAFF) has supported an Industry Partnership Project for the Australian Wildflowers Industry. Under this program the term "wildflowers" refers to native Australian flowers and species of South African origin grown in a similar manner to many Australian natives and producing complementary products.

This has left the "traditional" or soft flower sector of the industry with no clear direction for managing its future.

In August 2006, the FAQI hosted *Flowers 2006 – The Australian Flower Conference* on the Gold Coast in Queensland focusing on ***A Fresh Start...For the Australian traditional cut flower industry***  
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traditional cut flowers. Some 220 attendees gathered to listen to a range of plenary sessions, participate in workshops and view the latest innovations at the trade displays.

Feedback on the conference was extremely positive. Respondents impressed with the broad range of groups that were represented and considered that the range and quality of speakers were excellent. In addition there were an overwhelming number of comments relating to the opportunities for networking between growers and between suppliers and customers during the event. Eighty percent of people responding to the evaluation form thought that the industry needs to be represented by a National Peak Body.

With this fact in mind and a number of issues facing the traditional flower sector, a meeting was proposed to give a wider group of representatives of the industry an opportunity to determine the future of their industry and consider a fresh start through the formation of a National Peak Body for the Australian Traditional Cut Flower Industry.

### **Terms of Reference**

In response to the momentum within the industry generated by the *Flowers 2006 – The Australian Flower Conference* and the positive feedback for the need for a National Peak Body to represent flower growers, the FAQI identified a need to bring representatives from across the industry together to discuss the formation of a National Peak Body for the Australian Traditional Cut Flower Industry.

The following paper is the result of the FAQI commissioning Dr A Fuss to facilitate a one-day industry meeting to capture and document the discussions and opinions of industry participants on the issues surrounding the reformation of National Peak Body for the Australian traditional cut flower industry. The report is to be used to assist in communicating the outcomes of the meeting to the broader industry. This paper reflects the input of participants during the meeting.

## Process

Following on from organising *Flowers 2006 – The Australian Flower Conference*, the FAQI received funding through Horticulture Australia Limited (HAL) to host a meeting to discuss the reformation of a National cut flower and foliage industry peak body for the ‘traditional’ flower sector.

The FAQI sought expressions of interest for participation in a one-day facilitated meeting from conference delegates and other major industry stakeholders. Invitations were extended and background briefing papers and a letter of introduction from the contracted consultant were forwarded to participants by the FAQI.

The meeting was held in the Charles Kingsford Smith Meeting Room at the Holiday Inn Hotel, Sydney Airport on Tuesday, 21 November 2006 and was attended by over 46 participants (Table 1). There was representation from all States and Territories and across all sectors of the industry, including growers (24), allied industries (6), marketing (5), education and training (2), as well as government (9).

Table 1. List of meeting participants.

Nick	Bakker	TNB Tulips	VIC
Matt	Blom	P. Aker Flower Bulbs	VIC
David	Bonham	Lynch Group	NSW
Nicole	Bouery	Flora International Pty Ltd	NSW
Toni	Briggs	Lynch Group	NSW
Owen	Brinson	Peny Bryn Flowers Pty Ltd	VIC
Stuart	Burgess	Horticulture Australia Limited	NSW
Kevin	Casey	C/- Joe Olivieri	NSW
Nick	Christensen	Christensen Flower Auctions	QLD
Megan	Connelly	NT DPIF&M	NT
Denyse	Corner	FAQI	QLD
Cos	Demasi	Demasi Bros Flowers	NSW

Kristin	Devine	IPP, DAFF	A
Lyle	Dodwell	Luala Holdings	C
Brad	Dodwell	Pine Valley Pty Ltd	C
Sam	Dominello	NSW Growers Assoc	N
Kerry	Drinkwater	c/o Grovely Campus TAFE	C
Clem	Gilroy	Greenhouse Constructions	C
Bettina	Gollnow	Dept. of Primary Industries NSW	N
Stephen	Goodwin	Dept. of Primary Industries NSW	N
Edward	Harris	E & J Paradise Farm	C
Jan	Hintze	NT Flower Growers	T
Shane	Holborn	DPI & F Qld	C
Peter	Lee	Selection Meiland Aust	T
Jim	Ley	Planthaven Orchid Nursery	N
Carolyn	Loos	Flora International Pty Ltd	N
Max	Lynham	Floriculture Australia	V
Wade	Mann	Tyrade Pty Ltd	N
Nikki	Mann	Tyrade Pty Ltd	N
Frank	Mitiga	FGG of NSW	N
John	Olivieri	Sydney Flower Supplies	N
Joe	Olivieri	Lake Munmorah Flower Farm	N
Lodi	Pameijer	Top of the Range Flowers	C
Gerry	Parleviet	Dept. of Agriculture, WA	V
Courtney	Raven	c/o Grovely Campus TAFE	C
Ted	Ridgway	EHF & JE Ridgeway	
Andrew	Ridgway	EHF & JE Ridgeway	
Paul	Roberts-Thomson	Van Diemen Quality Bulbs	T
Paul	Scarfone	Horsley Park Flowers	N
Denis	Secco	Flora International Pty Ltd	N
Brian	Shannon	Shannon Roses	C
Henk	Van Heuvel	Hortraco	N
Lennard	Walbank	Realtime Markets	C
Ron	Walker	Parkland Wholesale Flowers	C
Damien	Wall	Wall's Nursery	N
David	Weidenbach	Avonlea Flowers	V
Paul	Zuchetti	P & L Cut Flowers	V

The purpose of the meeting was to ensure that an equitable and transparent process was adhered to throughout the discussions and that all opinions and participant input was accurately captured in a format that could be communicated to the broader industry members.

The meeting took an open forum approach to ensure participants were able to share and acknowledge a broad range of opinions on the topics covered. Where appropriate, input was sought from representatives of HAL and DAFF on funding and other support opportunities and experiences in other industries.

Following an introduction covering some background leading up to the meeting, the first session – “Review of Flower 2006 Conference” – provided the participants at the meeting with an overview of the conference and detailed the key outcomes based on responses to the evaluation form provided to delegates towards the end of the conference.

The following session – “The Traditional Cutflower Industry – what is it like right now?” – allowed participants to share their views on the issues impacting on the industry in 2006. This SWOT analysis was used to develop a common understanding of the industry and identify significant and relevant background information which may impact on the establishment of a National Peak Body for the industry. In addition it provided a platform on which to base discussions throughout the remainder of the day.

Representatives from HAL and DAFF provided presentations on their roles in working with industry and the types of support they can provide, as a means of ensuring participants that they were well informed on these issues.

In the session “A National Peak Body for the Traditional Flower Industry – Sunrise or Sunset?” participants were encouraged to express

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their views in relation to all aspects impacting on the establishment of a National Peak Body. A list of these issues was developed for further consideration and participants were asked to vote by show of hand on the question:

*“Do we have support to move forward on establishment of a National Peak Body for the Australian traditional cut flower industry?”*

Following strong support for the establishment of a National Peak Body, participants then set about forming a Steering Committee to drive the process forward. Volunteers to sit on the Steering Committee were sought from each State and the Northern Territory, including a proxy to ensure that the impact of an individual’s business and other commitments on the path forward was minimised.

The broad group was encouraged to clearly define the purpose for the National Peak Body, which led them directly into the development of an action plan for the steering committee from a more extensive list of items which require further investigation.

## Section 2: The Industry's Position on a National Peak Body

### Overview of the Australian Traditional Cut Flower Industry

Currently the traditional cut flower industry is represented across Australia under 5 industry organisations (Table 2). They represent a diverse and complex range of people and businesses however the levels of membership suggest that they in no way encompass all growers of traditional cut flowers across Australia. It is worth noting that in addition to the organisations listed, there are a number of other organisations that focus predominantly on the commercial wildflower or native cut flower sector of the industry.

Currently Queensland, New South Wales and Victoria have State bodies representing the flower industry. In recent years the FAQI has become an extremely active organisation offering a broad range of services to its members. It has taken a whole of industry approach and encourages other organisations within Queensland to be affiliated members thus creating an even broader industry base.

Although not as active in recent times, Flowers Victoria has maintained a strong membership base covering all flower types, although most growers involved produce traditional flowers. Flowers Victoria is affiliated with the Victorian Farmers Federation and sets up sub committees to deal with specific issues as required.

In Western Australia, traditional flower growers are in the process of developing representation at a state level with the AHGA, while producers of tropical flowers and foliage in Western Australia, Northern Territory and north Queensland have recently formed an alliance known as the North Australia Cut Flower Group. This group is part of the Northern Territory Horticulture Association Inc. (NTHA)

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Table 2. List of organisations representing flower growers.

Organisation and contact details	Number of members	Members
<b>Flower Association of Queensland Inc</b> Contact: Denyse Corner Telephone: (07) 3824 9516 Email: denyse.corner@dpi.qld.gov.au	91	Growers of traditional and native flowers and allied traders (includes affiliated grower groups)
<b>Flower Growers Group of New South Wales Inc.</b> Contact: Nicole Bouery Telephone: (02) 9606 6222 E: nicole.bouery@florainternational.com.au	50	Growers of various types of flowers and greenery
<b>Flowers Victoria</b> Contact: Matt Blom Telephone: (03) 9737 9099 Email: aker.flowerbulbs@mail2me.com.au	80-85	Growers of various flower types (mostly traditional)
<b>North Australian Flower Group</b> Contact: Jan Hintze Telephone: (08) 8988 1771 Email: hintze@ozemail.com.au	Approx. 15	Growers of tropical flowers and foliage
<b>West Australian Greenhouse Growers Association</b> Contact: Ronan Hoyle Telephone: (08) 9572 6032 Email: wagga@vegetableswa.com.au	14	Growers of traditional flowers (have joined with greenhouse vegetable growers)

and members have joint membership of their commodity group and the NTHA. There are around 30 cut flower growers in total in the Northern Territory.

There are currently no formal flower grower groups in South Australia or Tasmania.

During the course of the meeting it became very apparent that not all growers chose to be a member of an association. In deed there were examples provided of growers choosing to be members of organisations in different states, considering they better represented their needs and interests.

### **SWOT Analysis of the Australian Traditional Cut Flower Industry**

A look at “The Traditional Cutflower Industry – what is it like right now?” engendered considerable discussion amongst participants keen to share their views on the industry (Appendix 1).

#### **Strengths of the Australian Traditional Cut Flower Industry**

The participants at the meeting believed that the growers are passionate about their industry and that there is a real sense of community amongst them.

From a production perspective, Australia’s excellent light conditions and the fact that production areas are spread over a large geographical and climatic range, means that it is possible to have a continuous supply of both traditional and native flower types throughout the year. Given the current water crisis across Australia, the water use efficiency of greenhouse production of flowers was considered an advantage for the industry.

Australia’s isolation from the other flower producing nations was seen as a plus with respect to minimising imports due to the high costs of transportation from overseas of such perishable products. In addition the role of AQIS was seen as a strength for the Australian industry protecting it from the risks of contaminated imports. However, it was believed that Australian innovation and the concept of “fresh Australian quality” associated with flowers grown in this country are factors that will continue to keep the industry well ahead of the threats posed by imported flowers.

It is well recognised that flowers sold in Australia are still very much considered an emotional or fashion product and it is at this point that the industry has and can continue to use to its advantage.

Currently the markets within Australia for flowers are fairly clearly defined by the major urban centres within this country. Thus the traditional cut flower industry is able to produce specific products to service these clearly defined markets. On the other hand, there are strong opportunities for exporting native flowers.

#### **Weaknesses of the Australian Traditional Cut Flower Industry**

It was well recognised by the meeting participants that there is considerable fragmentation within the industry and that this is severely impacting on the level of communication across the industry. Moreover this means that the industry as a whole lacks a united voice and does not have any “political clout”.

Entry into the industry is considered far too easy and thus it attracts people who view the growing of flowers somewhat as a hobby rather than as a profession or trade. Consequently there is a lack of technical competency across the grower base and there are limited courses offering specific training for the industry. In turn this lack of knowledge and serious commitment results in a lack of investment

the industry and a lack of expenditure on new technology, research and development, and promotion.

However there are also issues associated with labour in the industry. With the current low levels of unemployment across Australia, the industry is drawing from a low labour supply. This is compounded by difficulties in maintaining workers as there is no specified career path within the industry and compared to many other industries (eg mining) wages are relatively low.

Yet producers feel that they are continually bearing the brunt of high and every increasing cost of inputs such as labour and fertilizer, even after significant capital costs associated with setting up a business. Increasing land values are also threatening the expansion of the industry, particularly in urbanised areas.

The analysis suggested that there are a range of issues associated with the marketing of flowers which are having a negative impact on the industry. On the whole flowers are often considered too expensive at the retail level. It was suggested that this is due to many retail outlets not being able to achieve a critical mass in terms of sales to off set the fixed costs associated with floristry businesses. In addition the high costs associated with marketing of flowers were viewed unfavourably.

There are also concerns whether flowers offer value for money within the gift segment of the market and whether there is value in terms of flower quality. It is likely that a lack of education through the supply chain is impacting on the quality of flowers. It seems that there are also some issues relating to payments within the supply chain that the industry needs to address.

The industry participants felt the industry is impaired by a lack of quality control as there are no national grading standards for the

traditional cut flower industry in Australia and this results in a lack consistency of quality in the flowers being sold.

Progress in the industry is considered to be hindered AQIS due to the time taken for quarantining new variety introductions and by limiting the introduction of IPM predators. Other forms of legislation, including reporting requirements and the current taxation system, are also considered to be an imposition to industry expansion and prosperity.

### **Opportunities for the Australian Traditional Cut Flower Industry**

The meeting agreed that the greatest opportunity for the industry in 2006 relates to the establishment of a National Peak Body which will have the roles of advocacy and coordinating industry issues. It was envisaged that this approach would also assist in developing industry unity and cohesiveness.

There was some discussion on how this could best be managed and generally there was support for the idea of a paid National Industry Development Manager, which depending on a range of factors, could be either a full or part time position. It was hoped that this approach would reduce the problems associated with progressing issues in a timely manner when relying totally on volunteers.

There was support at the meeting for the development of a National promotion campaign, and it was mooted that the campaign could aim at doubling the sale of flowers in Australia. Whilst many sales are considered as gift lines, it was suggested that a significant opportunity exists to increase sales of flowers for home decorating purposes.

The development of a national quality assurance program providing standards for the industry and some form of quality assessments were considered critical in underpinning the success of any promotional campaigns and ensuring the repeat purchase by consumers of quality flowers.

This initiative would require support in the form of increasing the technical competencies of those already in the industry as well as new entrants. This could be achieved through industry input into a national training curriculum and would be an investment in the industry's future.

An emphasis was placed on aiming to increase local production in order to replace imports. The fact that the industry has national appeal as it is spread across Australia, with a coordinated approach the idea of import replacement was thought to be achievable.

The initiation of a requirement for flowers to be branded with the country of origin, as is seen across the fruit and vegetable industries, was considered an initiative that the industry could support which may result in educating consumers and encouraging them to buy Australian.

Furthermore to encourage import replacement there was a suggestion that the industry could support the testing for MRL's on product coming from overseas as a means to support and promote Australia's "clean and green" image.

### **Threats to the Australian Traditional Cut Flower Industry**

One of the greatest threats to the industry is the continued and increasing disunity within the industry. Unfortunately industry negativity also threatens its ability to embrace new concepts and technologies which are essential to enhancing progress and increasing profitability. These factors will in turn impact on increasing the "crown risk" associated with the cut flower industry and the likelihood of governments ceasing to support the industry. This could result in the industry losing what little remains of its research and development capacity.

Whilst there is concern within some sectors of the industry that imports are threatening the future of the Australian industry, there is no doubt that the retailing of poor quality or damaged flowers will be self

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destructing to the industry. This will be particularly evident as the increasing competition for consumer dollars from other gift line products.

The current water crisis in many regions of Australia and the impacts associated with climate change, are likely to add to the ever increasing costs of inputs, such as fuel, labour, etc thus threatening profit margins. Moreover if production is not coordinated, an over supply of flowers could also lead to declining profitability.

The industry currently lacks a vision for the future and there is no funding base from within the industry to tackle issues. Whilst diseases such as *Phytophthora ramorum*, are not currently directly threatening the industry, it is critical that the industry is well placed to work with AQIS and other research institutions to deal with these types of threats.

On-farm issues associated with legislative requirements surrounding the use of fertilizers, pesticides, water and the environment, and worker health and safety are directly impacting on profitability. In situations where these requirements force updates or changes to on-farm systems are coupled with the increasing age of many growers, there is a real threat to the longevity of the industry as participants develop exit strategies rather than preparing for the future.

Along with all these threats to the industry, the continued lack of investment means that the industry is not well placed to deal with future threats or the changes that will be required to maintain an adequate level of prosperity within the Australian cut flower industry.

In order to progress the industry it is critical that industry participants to preserve and enhance its strengths, find ways to eliminate or resolve the weaknesses, exploit the opportunities and avoid or prepare for the threats that it faces now and in the future.

## **Sunrise or sunset for a National Peak Body**

At end of the Flowers 2006 conference, Bettina Gollnow, from the NSW Department of Primary Industries, presented her thoughts on the progress of the Australian traditional cut flower industry – particularly reflecting on the 6 years that had passed since the Flowers 2000 conference in NSW.

There were three key points that she felt that the industry still needed to address to move forward and ensure its ongoing prosperity. They are:

- Quality assurance issues,
- Promotion of fresh Australian grown flowers, and
- Industry sustainability.

She then posed a question for the industry to consider:

*Is the sun rising or setting over the flower industry?*

In other words, does 2006 mark the dawn of a new era of working together to deal with the many challenges facing the industry or is it too late for the Australian traditional cut flower industry to salvage itself?

The FAQI, in a briefing paper for the meeting discussing the formation of a National Peak Body for the Australian Traditional Cut Flower Industry, put together a suggested list of activities that a National Peak Body could be involved in. The list was based primarily around responses from the conference evaluation form and included activities to:

- raise the awareness and image of the industry,
- provide leadership and coordination to the industry,
- influence decision making by lobbying government on key areas,
- secure funding to undertake key R&D activities,

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- provide information, resources, services and training to member organisations,
- facilitate the exchange of information and ideas,
- promote national opportunities and support members,
- oversee development and implementation of accreditation and quality assurance programs,
- promote accreditation to the flower industry and consumers
- provide advice on industry training needs, establish training standards consistent with national guidelines, co-ordinate the development and implementation of new initiatives, develop training resources, provide advice to organisations to improve industry based training, and
- promote career opportunities to new entrants.

It is interesting to note how closely many of these proposed activities would provide the support to deal with the many issues raised during the SWOT analysis.

## **Issues surrounding the formation of a National Peak Body**

There was no doubt a level of uncertainty surrounding the details of formation of a National Peak Body for the Australian traditional cut flower industry. In deed many participants were keen to have their queries and concerns finalised prior to any decision making (Appendix 2). However it rapidly became apparent that many of the issues required in depth investigation – well beyond what could reasonably be achieved within the meeting – in order to make an informed choice.

The structure of a National Peak Body was an area of particular concern. In discussing structure, several issues arose which must be addressed including representation on a National Board, membership eligibility and the level of participation required to proceed.

In previous attempts to establish such an organisation used a model based on industry participants belonging to State based peak bodies which in turn had membership and representation at the National level. Whilst this model has merit, particularly as it gives strength to the State organisations to deal with their specific issues, there were a number of people who expressed concern. In some cases this was based on the fact not all states have an industry organisation while others, who are not members of their State organisation for particular reasons, support the concept of a National Peak Body and would like the opportunity have representation at that level.

An offer was put to the meeting from a representative of the Australian Hydroponics and Greenhouse Association (AGHA) to consider using that association as a peak body. The AGHA is well established and has representation at both the state and national levels and considers that it is well placed to represent flower growers across Australia as they have many issues in common with growers of other greenhouse crops.

This raised the issue of whether a National Peak Body should be centred on the product or the production method. The AGHA proposal drew support particularly from those who identified with the advantages of associating with others using similar technologies. However some field growers present did not think that this concept would not adequately represent their specific issues and situation.

It was agreed that it was critical to fully investigate a range of alternative models for the structure of a National Peak Body, drawing on the experiences from other industries and including the state based model and the offer from AGHA, to ensure that the most appropriate model is implemented. Consideration should also be given to opportunities to develop affiliations, in particular to expand the technical base and strengthen the voice of the organisation.

Discussions on determining the eligibility for membership to a National Peak Body centred around whether the organisation would take a supply chain approach or focus just on growers. There was support for the organisation, at least initially, to be a grower group funded by growers.

The level of participation across the industry required to establish and maintain a National Peak Body also requires further consideration. To engender support, particularly in the initial stages, the organisation must ensure that a clear consensus of purpose is created.

Developing a means to sustain a national organisation was seen as a critical factor, particularly for its medium to long term success. A range of options to ensure an adequate funding stream need to be investigated, and these will be somewhat dependant on the structure of the organisation. It is likely that in the short term the momentum can be carried by volunteers however it is essential to be mindful of the time commitment required and the willingness of others to assist with tasks.

The contentious issue of an industry levy was raised and attracted a heated debate on the level of support across the industry, a suitable and the development of a fair and equitable system. It is important to have a cross reference to the presentation from the HAL representative, and the rigorous process, involving wide spread industry consultation and approval, which must be followed to implement a levy in any horticultural industry (refer to pages 14 - 17). In addition, it is worth noting that HAL has two classes of membership for industry peak bodies with only Class A members having a statutory levy. Class B members are able to attain matching funding for research and development activities with funds raised through other means.

The physical location for the establishment of the organisation needs further consideration as well as how the organisation will deal with issues such as privacy.

Possibly the most important factor in ensuring the success of a National Peak Body will be the way in which communications are handled. To gain the support of the industry, communications must be regular and informative, encourage open and honest dialogues and offer ongoing transparency and accountability.

In spite of the concerns raised over the uncertainty of the detail associated with the formation of a National Peak Body, there was overwhelming support from those present to move forward on the establishment of such a body for the Australian traditional cut flower industry thus giving the industry a fresh start to managing its future.

## **The role of Horticulture Australia Limited**

***“Who the HAL are they and what do they do?”***

*Presented by: Stuart Burgess*

*Industry Services Manager*

*Horticulture Australia Limited*

Horticulture Australia Limited (HAL) is a national research, development and marketing organisation that works in partnership with the horticulture sector to invest in programs that provide benefit to Australian horticulture industries and thus influences the future of horticulture.

HAL is a not for profit service company owned by the horticultural industry which came together in 2001. Previously its function had been performed by Horticultural Research & Development Corporation (HRDC) and Australian Horticulture Corporation (AHC). It currently has 35 member industries but has managed projects with over 45 horticulture industries.

The industry members elect a Board which is responsible for managing the R&D and marketing programs and export control body for horticulture. Currently HAL has a \$83 million annual budget with staff of 46. Approximately \$75 million is available to fund Research and Development and Marketing projects. It is estimated that by 2010 it may have a budget of \$100m.

Horticulture is one of the largest agricultural industries in Australia. With consolidation of the value across sectors within the horticulture industry (including wine grapes) the industry is estimated to be worth \$6,881 million per annum. Thus through these power of alliances horticulture is second only to the meat industry.

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There are two main types of membership available to industries to partner with HAL (Table 3). Class ‘A’ members, of which there are currently 25, have a Prescribed Industry Body and that Industry Representative Body contributes levy funds to HAL to fund Research and Development and Marketing activities for that industry. Whilst Class ‘B’ members may also have an Industry Representative Body they do not have a statutory levy in place to generate funds. To generate funds for Research and Development and Marketing activities however Class ‘B’ members can either:

- (a) collect or arrange for its members to pay, whether directly or indirectly, voluntary levies or contributions which are paid (whether in whole or in part) to HAL; or
- (b) is nominated to be a Member by a person or persons who participate in the Industry making voluntary levies or contributions which are paid (whether in whole or in part) to HAL.

HAL has developed an annual planning calendar to maximize the efficiencies across its various industry programs when calling for a reviewing projects (Figure 1). For each industry, funds generated from levies are allocated to the areas of Research and Development and Marketing based on predetermined formulas endorsed by the industry. Only funds associated with Research and Development attract matching funds from the government. Voluntary contributions can be directed towards either R&D or Marketing.

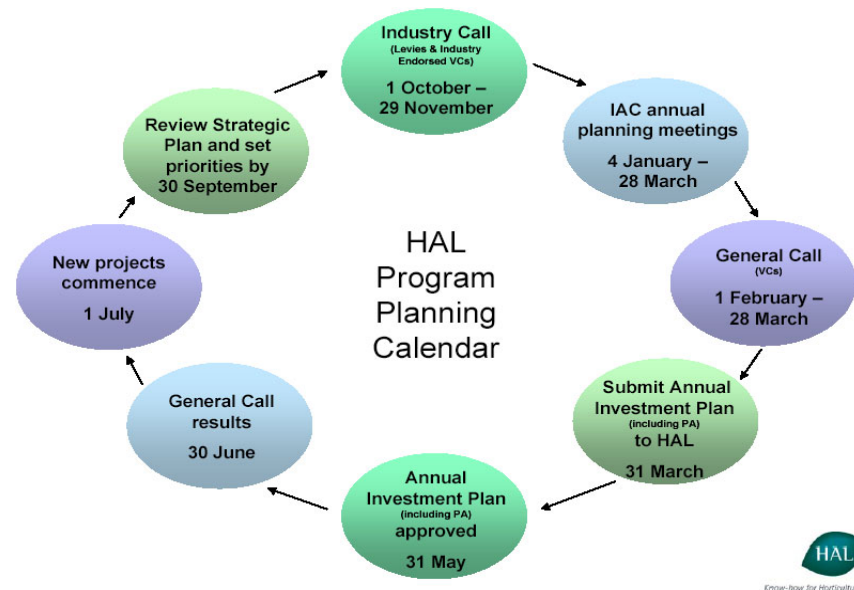
Whilst funds are primarily directed back into Research and Development and Marketing activities for each particular industry group, HAL currently also manages approximately 10 core projects which cut across several industries. Such projects cover issues related to water access, market access, minor chemical use, and Environmental Management Systems or EMS through the Horticulture for Tomorrow project. Funding for these types of projects is allocated by an industry management committee.

Table 3. Current members of Horticulture Australia Limited.

Class 'A' Members	Class 'B' Members
Almond Board of Australia	Australian Banana Growers Council
Apple & Pear Australia Ltd.	Australian Garlic Industry Assoc.
Australian Citrus Growers Inc	Australian Nut Industry Council
Australian Custard Apple Growers	Australian Processing Tomato Industry Assoc.
Australian Dried Fruit Assoc.	Australian Sugar Plum Industry Assoc.
Australian Fresh Stone Fruit Growers	Canning Fruit Industry of Australia
Australian Lychee Growers Assoc.	Pistachio Growers Assoc.
Australian Macadamia Society	Queensland Fruit and Vegetable Growers
Australian Mango Industry Assoc.	Tasmanian Farmers and Graziers Assoc. – Pyrethrum
Australian Mushroom Growers Assoc.	
Australian Nashi Growers Assoc.	
Australian Onion Industry Assoc.	
Australian Papaya Industry Assoc.	
Australian Passionfruit Industry Assoc.	
Australian Potato Industry Council	
Australian Rubus Growers Assoc.	
Australian Table Grape Assoc.	
AUSVEG	
Avocados Australia Ltd	
Cherry Growers of Australia Inc	
Chestnut Growers of Australia Ltd	
Nursery & Garden Industry of Australia	
Persimmon Industry Assoc.	
Strawberries Australia	
Turf Producers Australia Limited	

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Figure 1. Horticulture Australia Limited's annual program planning calendar.



For industries that choose to pursue the implementation of a levy system to generate funds, HAL has developed a protocol for industry to follow which includes a list of 12 guidelines and principles. In essence the key principles include:

- An outline of the type of *market failure* that the proposed levy overcome, including a description on how the benefits *cannot* be captured by individual firms acting alone, why collective action is the best solution,
- Describe and *quantify* where possible the *size of the industry benefit* and/or public benefit that will flow from the proposed levy, together with the *costs of imposing the levy* and thus present the case an industry net benefit,

- *Relative Efficiency* - outline *why* a compulsory levy is the *most cost effective* way to *collect the industry funds*. Would a *voluntary levy* achieve the same result? and
- *Equity for all* those paying the proposed levy (ie. Proportional benefit).

Under the Act, agricultural levies can only be collected from the grower base of an industry. It is important to note that a levy is not “just another tax” as the money raised must be invested back into that particular industry and cannot be used by the government for any other purpose.

The process for implementing a levy for an industry is lengthy process involving considerable consultation with as much of the industry as is reasonably possible (Table 4). It is a requirement for HAL to run advertisements in suitable printed media to attempt to inform as many relevant people as possible. Once a levy is in place, to make any changes to a levy (eg increase amount, change the distribution between R&D and Marketing, etc.), the entire *consultation process* and a *vote* must be conducted.

During the industry consultation process the proposed model for the representation on an Industry Advisory Committee is given consideration and at this stage the industry can determine whether levy payers (ie non-growers) can sit on the committee. HAL considers the requirement for effectively return to *levy payers* and thus requires approval for IAC members and regular review and an independent chair.

To ensure that all industry members are able to have input into how levies are invested into projects annual levy payers meetings are held as well as the issues being discussed at National & Regional Association meetings throughout the country. This process also allows for rigorous consultation and feedback from regions when strategic plans are being devised and an annual review of industry priorities is built into the HAL funding cycle.

Table 4. The process used for implementing levies with Horticulture Australia Ltd.

**1. Initial Planning Meeting – *industry driven* process**

**2. Research**

- This involves establishing databases of Industry (growers, end users) to enable a comprehensive consultation process

**3. Research Other Levy Schemes**

**4. Develop Model Levy Options**

- A series of options will be developed and submitted for assessment and selection. The options will canvas various issues including:
- Levy amount (including forecasts as industry grows – what investment is planned for greatest Return on that Investment (ROI))
- Grower definition
- Voting eligibility
- Levy thresholds (ie minimum volumes above which levy applies)
- Collection process
- Process for industry to identify and prioritise R&D &/or Marketing projects (Business Case Analysis)
- These issues will form the basis of a presentation to the industry at the consultative meetings.

**5. Consultative Workshops**

**6. Preparation of Draft Report and Recommendations**

- Following the workshops, a report summarising the results of the consultative meetings and making recommendations regarding the levy proposal will be submitted.

**7. Postal Ballot of Growers**

- This will be conducted by a third party (eg Electoral Office) and will involve mailing out to all members on the database with the following:
- Summary of the levy, its objectives, application, value and collection process.
- Voting slip and prepaid reply envelope
- Invitation to supply comments or objections regarding the levy
- The results from the ballot will be compiled by the third party and presented for consideration (usually by industry sub-committee)

**8. Final Report and HAL Submission**

- Following the postal ballot, a final report will be prepared and submitted for consideration. If agreed to go proceed with the levy application, a detailed proposal will be prepared for submission to HAL.

## **The role of the Department of Agriculture, Fisheries and Forestry**

### ***“What is the Industry Partnerships Programme?”***

*Presented by: Kristin Devine*

*Industry Partnerships Programme*

*Department of Agriculture, Fisheries and Forestry*

The Industry Partnerships Programme (IPP) is a part of the Australian Government’s Agriculture Advancing Australia package which includes other programmes such as FarmBis, FarmHelp and the Farm Management Deposit Scheme. These programmes are focused on:

- Strategic planning for the future,
- Managing resources sustainably,
- Improving financial performance,
- Helping to respond to market opportunities & challenges, and
- Improving capacity to change & adopt innovation,

for agricultural industries.

Industry Partnerships works with national industries to:

- Build on their strengths and capitalise on opportunities,
- Improve their capability to respond to threats and risks,
- Facilitate communication and relationships between key industry chain representatives, and
- Improve industry and organisational capacity.

The Industry Partnerships Programme has three components:

### **Taking Stock and Setting Directions**

This component provides industries with an opportunity to evaluate strengths and weaknesses and identify opportunities and threats likely to face them over the next five to ten years. This self-assessment results in industries gaining the skills required to improve their goals and strategies; and encourages sector-owned actions to create a profitable and sustainable future.

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### **Action Partnerships**

The aim of this component is to assist industry with practical projects which will make a significant contribution to their success by resolving a major issue or capitalising on a significant opportunity. To be eligible, industries must have already conducted a rigorous self-assessment and have developed actions to capitalise on or respond to this information. The industry must be able to demonstrate that the project proposed is a priority for the industry and that the industry is committed to the project by demonstrating support and ownership of the project.

### **Pathways for Participation**

The Australian Government values the contribution young people and women make to successful industries and whilst their contribution is significant, they are not commonly a visible or vocal client group when it comes to gaining resources. This component of the program aims to link these passionate and talented people to roles in industries and communities by not only building skills and confidence but also by aiming to try and create opportunities for them to add value, and be valued by their industries and communities. Under Pathways for Participation the government is providing targeted training initiatives such as leadership and entrepreneurial business management courses. This training is complemented by supporting and coaching individuals to develop a pathway that will aid participants to achieve their personal, industry and community goals. This collaborative approach will help industries to draw on, and value, young people and women’s perspectives and contributions.

For further information please visit:

[www.daff.gov.au/industry-partnerships](http://www.daff.gov.au/industry-partnerships)

email: [industrypartnerships@daff.gov.au](mailto:industrypartnerships@daff.gov.au) or phone 1800 686 175

## **Section 3: The Steering Committee and Action Plan**

### **Steering Committee**

Growers from across all states and the Northern Territory volunteered to sit on a steering committee to progress the formation of a National Peak Body for the traditional cut flower industry (Table 5). The FAQI offered to provide secretarial support for the steering committee. Communications within the Steering Committee will be based around the use of the internet and, where necessary, teleconferences.

### **Purpose**

Participants at the meeting worked together to define the purpose of a National Peak Body for the traditional cut flower industry.

*To advance the interests of Australian flower growers by*

- *representation to government and other organisations,*
- *development of National quality and grading standards, and*
- *promotion of flowers to increase consumption*

*thereby improving profitability and sustainability of the industry.*

### **Action Plan**

A number of actions were identified as requiring attention or investigation by the nominated Steering Committee. The most critical and immediate items were prioritised into an action plan (Table 6). It was considered important that the Steering Committee, and when formed the National Peak Body, maintained a vision of the industry that is futuristic and encourages the adoption of new technologies and ideas.

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The first task of the Steering Committee is to inform the wider industry base of the meeting and its outcomes. Whilst it was agreed that a copy of the final report of the meeting should be distributed to all attendees, a more concise version may be more appropriate for wider distribution.

The FAQI agreed to take responsibility for posting the full report on their website thus making it widely available to industry. In addition, the FAQI agreed to prepare a summary of the meeting to be included in a flyer with the next issue of the Australian Flower Industry magazine which is due out in early December 2006.

Steering Committee members will need to commence consultation with industry in their state or territory on the issues surrounding the formation of a National Peak Body for the traditional cut flower industry. A means of calling for expressions of interest in relation to the establishment of a National Peak Body from the broader industry community needs to be determined.

A full investigation of the range of possible models for the structure of a National Peak Body needs to commence promptly. This should be based on the experiences of other industries and include the state based models offered previously and the proposal to join with the AGHA. It must be remembered that, whilst not unanimous, there was strong support for a national approach with the focus initially on growers. The Steering Committee will be responsible for considering all of the options and preparing a discussion paper for the rest of industry, giving a recommendation on a particular model or models.

It was apparent during the course of the meeting that the industry was not well placed to further some of the issues it would like to pursue as there was insufficient information pertaining to the industry. It was agreed that it was vital to fully profile the industry and generate statistics on the industry in terms of size, value, etc. It was proposed that this could be achieved by participation in the Taking Stock and

Setting Directions component of DAFF's Industry Partnerships Program. Submitting an application to DAFF for funding under this program was considered an urgent and critical task for the Steering Committee.

As the Steering Committee progresses through the action plan, subsequent actions and activities will be generated. It is expected that during the course of fully developing the concept of a National Peak Body for the Australian Traditional Cut Flower Industry, all of the issues surrounding its formation, as detailed on pages 11 to 13 of this paper, will be given a fresh start as they are addressed in detail with full industry consultation.

Table 6. Action plan for the Steering Committee.

Members to consult with flower growers and distribute report	End Dec 2006
Investigate models for structure and develop discussion paper	End of March 2007
Develop an application for Industries Partnerships Program funding to DAFF Find out deadlines Consult with DAFF	ASAP
Place executive summary of meeting report in Australian Flowers Magazine - encourage non members to contact state rep	Early Dec 2006
Develop database of growers	Ongoing

Table 5. List of state representatives and their proxies on the Steering Committee.

State	Representative	Proxy
Queensland	Brian Shannon Shannon Roses Phone: (07) 3888 3276 Email: brian@shannonroses.com.au	Lyle Dodwell Luala Holdings Phone: (07) 5494 4800 Email: luala@powerup.com.au
New South Wales	Sam Dominello NSW Flower Growers Assoc Phone: (02) 4373 1112 Email: spdom@bigpond.net.au	Nicole Bouery Flora International Pty Ltd Phone: (02) 9606 6222 Email: nicole@florainternational.com.au
Northern Territory	Jan Hintze NT Flower Growers Phone: (08) 8988 1771 Email: hintze@ozemail.com.au	Megan Connelly NT DPIF&M Phone: (08) 8999 2017 Email: megan.connelly@nt.gov.au
South Australia	Ted Ridgway EHF & JE Ridgeway Phone: (08) 8753 2338 Email: kadt@lm.net.au	
Victoria	Nick Bakker TNB Tulips Phone: (03) 9756-6184 Email: tnbtulips@ozemail.com	Matt Blom P. Aker Flower Bulbs Phone: (03) 9737 9099 Email: aker.flowerbulbs@mail2me.com.au
Tasmania	Paul Roberts-Thompson Van Diemen Quality Bulbs Phone: (03) 6442 2012 Email: vdqbulbs@tassie.net.au	Peter Lee Selection Meiland Aust Phone: (03) 6330 1147 Email: peter.lee@meiland.com.au
Western Australia	Paul Zuchetti P & L Cut Flowers Phone: 0418 112 497 Email: paulzuchetti@iinet.net.au	Matthew Pollick  Phone: (08) 95371983 Email: <a href="mailto:karnupff@iinet.net.au">karnupff@iinet.net.au</a>
Secretariat support	Denyse Corner (FAQI) Flower Association of Queensland Inc. Phone: (07) 3824 9516 Email: denyse.corner@dpi.qld.gov.au	

## APPENDIX 1: Raw comments from the SWOT analysis.

### STRENGTHS

- Growers are passionate about their industry
- AQIS places protection on imports
- Large geographical and climatic range
- Continuous supply
- Good light
- Availability of both traditional and native flowers
- Natives have export opportunities
- Fresh Australian quality
- Sense of community
- Emotional or fashion product
- Australia's isolation
- Water use efficiency of greenhouse production
- Australian markets – defined by urban centres
- Australian innovation

### WEAKNESSES

- Labour costs for production
- High cost producers – fertilizer, setup, land and capital, rec
- Labour supply
- Lack of quality control
- Lack of consistency of quality
- No national grading standards
- Lack of investment
  - o Lack of expenditure on promotion
  - o Lack of expenditure on new technology
  - o Lack of expenditure on R&D
- AQIS is slow for new variety introductions
- AQIS limits availability of IPM predators
- Industry is fragmented
- Industry has no political clout
- No communication
- Education through the supply chain
- Lack of technical competency of grower base
- Australian tax system
- Easy entry into the industry
- Viewed as a hobby
- Flowers are too expensive at retail, why? Critical mass sale
- Value for money (flower quality)
- Payment issues in supply chain
- High cost of marketing
- Not a career path, \$\$\$\$

### **OPPORTUNITIES**

- Spread across Australia – give it national appeal (compared with bananas)
- National advocacy
- Increase sales for home decorations
- National Peak Body coordinating issues
- National QA/assessments/standards program
- Branding – country of origin
- National training curriculum
- Local production replacing imports
- MRL's on overseas product
- Developing National promotion campaign – setting a goal - 200%
- (fulltime?) paid National Industry Development Manager
- Developing industry unity and cohesiveness
- Access to deferral government grant money – export

### **THREATS**

- Imports
- Water
- Climate change
- Over supply leading to lack of profitability
- Lack of investment
- Other products
- *Phytophthora ramorum*
- Other diseases – AQIS
- Increasing age of growers
- Crown risk – government walking away and industry loss R&D capacity, etc
- Lack of vision
- Retail – poor quality and damaged product
- Legislation – fertilizers, pesticides, water and the environment OH&S
- No funding base from within the industry to tackle issues
- Increasing costs of inputs – fuel, labour, etc
- Continued and increasing disunity in the industry
- Industry negativity

**APPENDIX 2: Raw notes on issues surrounding the formation of a National Peak Body.**

Time require from industry volunteers

Funding sustainability

Clear consensus on purpose

Structure

Alternative models

Privacy

Commitment / willingness

Location

Communication

Participation

Representation

Membership eligibility

Grower group funded by growers

Affiliations

Product versus production method

AGHA – state, National

?joint conferences for economies of scale