



ACLH

Australian Centre for Lifestyle Horticulture

18 June 2010

Commissioner Philip Weickhardt
Associate Commissioner Cliff Samson
Australian Government Productivity Commission
LB2 Collins Street East
Melbourne Vic 8003

Dear Mr Weickhardt and Mr Samson

As the leading organisation in the Lifestyle Horticulture Industry nationally we represent the interests of a number of industry and stakeholder members that currently utilise the funding and services of Horticulture Australia Limited (HAL) and the Rural Industries Research and Development Corporation (RIRDC).

The results from the large number of research, development and extension projects we have collectively undertaken in the past have been critical drivers for innovating industry practice, developing and assessing new technologies and increasing the size and value of our industry.

The unique nature of our industry also ensures that the results from our research and development efforts provide significant benefits to the Australian economy as well as the broader community through the provision of health, environmental and social benefits.

Please accept this submission on behalf of the Australia Centre for Lifestyle Horticulture (ACLH) for consideration during your deliberations on the future scope, extent and delivery of rural research and development.

Yours sincerely

Jim Vaughan
Chair
Australian Centre for Lifestyle Horticulture

INDUSTRY MEMBERS

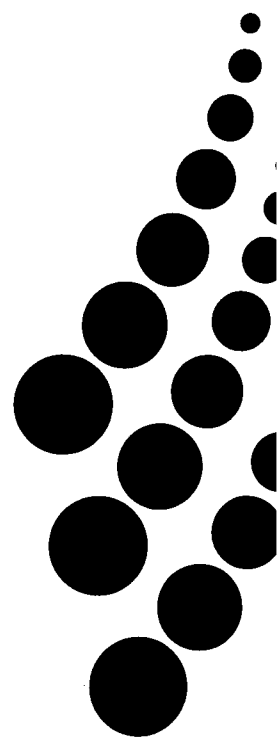


STAKEHOLDER REPRESENTATIVES

Department Natural Resources & Water
Department Primary Industries & Fisheries
Department Tourism, Regional Development and Industry
Greater Brisbane Area Consultative Committee
Brisbane North Institute of TAFE
Redland Shire Council
University of Queensland

OBSERVERS

Horticultural Media Association of Queensland
Queensland Council of Garden Clubs Inc



Enhancing Queensland's Lifestyle

TEL: (07) 3824 9569 • FAX: (07) 3286 3094 • 26-40 Delancey Street • PO Box 327 • Cleveland Q 4163

www.lifestylehort.org

Australian Centre for Lifestyle Horticulture



Submission to Productivity Commission Inquiry Into Rural Research and Development Corporations

June 2010

1.1 Industry background

The lifestyle horticulture industry provides a range of important social, environmental and economic contributions to Australia. It is one of the nation's fastest growing primary industries. Our industries are responsible for the generation of significant financial benefits to the economy as well as creating employment in peri-urban, regional and rural areas of Australia. Although national statistics for our industry are lacking, in Queensland alone the State Treasury survey figures (March 2010) have acknowledged our industries' contribution to the economy as over \$3.4 billion per annum. At a national level our industries are likely to contributing at least 4-5 times this amount.

In addition to its direct economic contribution, the lifestyle horticulture industry also has extensive links and flow-on impacts to many other industries. In particular, the industry has a direct impact on the activities of the tourism, sport and leisure, media and construction industries.

1.2 Industry sectors

The lifestyle horticulture industry includes businesses involved in the production of non-food horticulture products, such as ornamental plants, cut flowers and turf. It also incorporates the delivery of a range of services, including landscape design, architectural and construction services, wholesale and retail sales of lifestyle horticulture products and services, the establishment and maintenance of parks, gardens, golf courses and indoor plants, and technical horticultural advice, information dissemination and project management.

Also considered to be part of the lifestyle horticulture industry are businesses and organisations that provide a range of specialised training and education, research and development and specialised transport services, as well as producers and suppliers of 'allied products' such as pots, landscape and garden ornaments, external lighting, water features, plant growth structures and shelters, mulch, bark, compost and irrigation equipment.

The industry does, however, also face some challenges. These challenges include developing funding sustainability for the peak industry and other associations; the current structure of the industry, in particular the dominance of small and very small firms; export development, labour, training, and professional development issues; water issues that relate both to the supply of inputs and impact on the demand for lifestyle horticulture products and services; and research and development issues.

1.3 Australian Centre for Lifestyle Horticulture

ACLH is assisting the lifestyle horticulture industry to establish critical mass in terms of research and development capability, the delivery of industry development and capacity building projects, whole of industry marketing initiatives, securing sustainable funding opportunities, and the establishment of alliances between key stakeholders.

ACLH Incorporated is physically located within the Industry Services Building at the Queensland's Department of Employment, Economic Development and Innovation (DEEDI) Redlands Research facility at Cleveland. This location enables ACLH to take advantage of DEEDI's existing lifestyle horticulture research expertise and infrastructure at this facility. It also delivers benefits for the industry arising from the co-location of staff from ACLH member and supporter organisations.

1.4 ACLH members and stakeholders

The following industry and professional associations are current members of the ACLH:

- Nursery & Garden Industry Queensland
- Turf Queensland
- Queensland Arboriculture Association
- Flower Association of Queensland Incorporated
- Irrigation Australia Ltd
- Landscape Queensland Industries Incorporated

A number of other industry stakeholders (non-voting members) participate in the ACLH Committee:

- Parks & Leisure Australia
- National Interior Plantscape Association
- Golf Course Superintendents Assoc of Qld
- Sports Turf Association Qld Inc
- Department of Employment, Economic Development and Innovation (DEEDI)
- Department of Environment and Resource Management (DERM)
- Australian Horticultural Therapy Association (Queensland Branch)
- Brisbane North Institute of TAFE
- Green Roofs Australia
- Horticultural Media Association Queensland
- Queensland Council of Garden Clubs
- University of Queensland - Centre for Native Floriculture

1.5 The ACLH business model

The ACLH business model outlines the charter for ACLH Incorporated. Projects facilitated or undertaken by ACLH will contribute to the following objectives:

- **Market competitiveness and growth** - supporting industry's pursuit of market and demand chain opportunities for sustainable growth in the lifestyle horticulture industry.
- **Industry efficiency and effectiveness** - supporting improved industry performance in local and export markets, in particular improving efficiency of operations, supply chain activities and marketing.

- **A skilled industry** - increasing skill levels and professional development to support a competitive lifestyle horticulture industry in national and international markets.
- **A forum for industry** - acting as a leading forum for identifying industry priorities and communicating with government, industry and other key stakeholders on industry development priorities for the short term and the long term.
- **Adding value** - focusing on value-added services and initiatives for industry and professional associations in the lifestyle horticulture industry.
- **A recognised industry** - raising the profile of the lifestyle horticulture industry with the community, government and other key stakeholders.

The ACLH business model also identifies two distinct agendas for the ACLH. These include:

- An industry development role, that is, driving a whole of lifestyle horticulture industry development agenda, and raising the profile and awareness of the lifestyle horticulture industry; and
- Pursuing commercial market opportunities for the lifestyle horticulture industry, including solving market problems or addressing market gaps, commercialising research and development, and initiating other commercial opportunities to support the activities of the ACLH.

2. 1 Rural Research and Development

Rural research and development work in our industries underpin innovation and profitability.

A recent example of this was evident during the recent water crisis where many of our production sectors were negatively impacted by a dramatic reduction demand at the consumer end (domestic and commercial consumers) of the supply chain as a result of the tough urban water restrictions introduced in many areas of Australia (e.g. Brisbane, Perth, Melbourne and Sydney). As an industry we managed to address this issue by innovating practices, developing and adopting techniques and changing consumer attitudes and practices through investment (or more accurately co-investment) in a concerted research, development and extension effort aimed at addressing the issue along the entire supply/value chain.

This was achieved partly through the use of levy-funded research (i.e. in turf and nursery sectors) but predominantly through the use of voluntary contribution projects granted and managed by HAL and RIRDC and implemented by non-levy industry sectors. This was particularly the case for projects aimed at increasing demand in the retail and service end of the supply chain and for projects providing consumer education in relation to water use efficiency.

Voluntary contributions play a vital role in adding value to research work being conducted along the supply chain, often outside the production sectors where levy funds are collected. The value derived for the funding

agencies (and the federal and state governments) from these VC projects was more than doubled by the contributions made from the industry associations and private enterprises involved.

For example, the landscape industry is a (if not *the*) major consumer of nursery and turf products. Landscape research and development activities underpin the profitability of that industry and therefore the profitability of the production sectors. The VC funding option through HAL has been effectively utilised for a number of years to allow research, development and extension work to be undertaken that falls outside of primary producer priority areas in cases such as:

- End-user or other supply chain project areas
- Associated industries where production levy is not possible to implement e.g. landscape, arboriculture, irrigation industries
- Provides flexibility to apply research to rapidly emerging issues and/or government priorities (e.g. biosecurity incursions) that may not necessarily be encompassed under producer identified priority plans but nevertheless have dramatic impacts upon their enterprises.

I would like to request on behalf of our member organisations that the points presented here are duly considered in any determination of the future of rural research and development delivery, structure and funding.

2.2 Recommendations

- 1.** That the level of, and balance between public and private investment in rural R&D be maintained
- 2.** That current funding levels for research and development, particularly Commonwealth matched funding arrangements be maintained
- 3.** That any review of the functioning of the RDC model and subsequent improvements in relation to governance, management or administrative duplication does not excessively narrow the provision of R,D&E funding and exclude new/non-traditional or emerging industries access to sufficient research and development funding
- 4.** That research funding through RDC's maintain the applied nature that delivers benefits to contributing (levy-paying) businesses, voluntary contributors and the industry more generally and also ensures an appropriate balance between projects that provide benefits to specific industries and broader public interests.