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Final Report  
VIEN Secretariat Support – VG07152

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Inovact Consulting

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**Purpose of the Project**

The purpose of this project was to provide the Vegetable Industry Export Network with secretariat and project management capability they required to develop the vegetable industry investment agenda to break down barriers to export, prioritize export market opportunities and to identify opportunities for growth.

**Acknowledgements**

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*Know-how for Horticulture™*

**Date:** April 2009

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*Any recommendations contained in this publication do not necessarily represent current HAL policy. No person should act on the basis of the contents of this publication, whether as to matters of fact or opinion or other content, without first obtaining specific, independent professional advice in respect of the matters set out in this publication.*

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# Summary

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The vegetable industry strategic plan, Vegvision 2020, was released in September 2006 and set an ambitious goal of doubling the industry value by 2020<sup>1</sup>. Achieving growth of this magnitude will require expansion of domestic and export sales. The starting point for increasing exports was for the Australian vegetable industry to develop a deeper and current understanding of the global business environment including opportunities and international competitors. The rationale was that when equipped with such knowledge, the industry could identify potential sources of global competitive advantage and formulate and invest in effective competitive strategies for exporting.

The industry moved to implement such a strategy in November 2006, by forming a Vegetable Industry Exporters Network (VIEN) to bring together those businesses that were already growing, packing and exporting vegetables successfully. The intention was for VIEN to create a mechanism that enables industry and government to work collaboratively to set the investment agenda to break down barriers to export, prioritize export market opportunities and to identify opportunities for growth.

Between November 2006 and June 2007 the secretariat support for VIEN was provided and resourced by the Australian Vegetable Industry Development Group (AVIDG) through its project manager, Inovact Consulting (formerly known as Concept Consulting Group). From July 2007 to present, the national vegetable levy has funded the 'VIEN Secretariat Support VG07152' project to provide the network with the ongoing secretariat and project management capability they required to drive their initiatives.

Between June 2007 and March 2009 VIEN:

- Oversighted VG07150: Global Comparative Analysis – China (May 2008)
- Prepared and submitted a project proposal to the Vegetable IAC to invest in establishing a Global Competitive Information System (September 2008)
- Explored the prospects of collaborative projects or initiatives designed to develop and/or retain key vegetable export markets.

The findings of the projects overseen by VIEN and its secretariat confirmed that there are no simple solutions that assure success for the Australian vegetable exporting industry in a competitive business environment. Instead, the industry must adopt a collaborative and multi pronged approach to improving its global competitiveness. The experience and achievements of VIEN reinforce the value of the directions proposed in the new whole of horticulture industry strategy (Future Focus). In going forward now, Inovact Consulting recommends that:

- HAL instigate a meeting of horticultural exporters and supply chain participants to gauge interest in collaborative market retention / development initiatives and identify specific markets of common interest.
- With the support of the vegetable IAC, progress the contracting of the Global Comparative Information System project
- Facilitate the development and maintenance of a database of all commercial businesses engaged in the export of fresh and processed vegetable products
- Utilise the database of all commercial businesses engaged in the export of vegetable products to distribute relevant market information and updates in relation to the Horticultural Market Access Committees' activities, trade negotiations, changes in biosecurity arrangements and Maximum Residue Level's
- Form specialist working groups to deal with ad hoc issues effecting Australian exporters if and when they arise.

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1 Vegvision 2020 <http://www.avidgroup.net.au/>

# Introduction

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The Australian vegetable industry is facing acute challenges to its competitiveness in the global marketplace. In recent years well-established export markets for Australian vegetables, particularly in South East Asia, have deteriorated following intense competition from a number of international competitors and the impact of a strong Australian dollar.

Further, imports of processed vegetable products have risen significantly substituting home grown product due to the availability of highly competitive imported offerings, retailer policies of line consolidation and lowest-cost home brands.

In March 2006 the Hon Peter McGauran MP, Minister for Agriculture, Fisheries and Forestry, appointed the Australian Vegetable Industry Development Group (AVIDG) to advise him and his department (Department of Agriculture, Fisheries and Forestry) on the investment of \$3m of government funds to implement the seven foundation projects identified in the 2005 *Vegetable Industry Taking Stock & Setting Direction* report.

The first of the foundation projects was to develop an industry strategic plan, *Vegvision 2020*, which was completed and launched in September 2006. In *Vegvision 2020*, the industry set out to double its' value by 2020 <sup>2</sup>. Industry stakeholders recognised that achieving growth of this magnitude will require significant growth in export sales.

The starting point for increasing exports was for the Australian vegetable industry to develop a deeper and current understanding of the global business environment including opportunities and international competitors. The rationale was that when equipped with such knowledge, the industry could identify potential sources of global competitive advantage and formulate and invest in effective competitive strategies for exporting

## **Vegetable Industry Export Network (VIEN)**

In November 2006 a Vegetable Industry Exporters Network (VIEN) was formed by the Australian Vegetable Industry Development Group. The network brought together those businesses that were already growing, packing and exporting vegetables successfully in order to provide AVIDG with a mechanism to work collaboratively with industry and government to set the investment agenda to break down barriers to export, prioritize export market opportunities and to identify opportunities for growth.

VIEN members included:

- Mr Dene Lampard, Sales and Marketing Manager, Centre West Exports, Western Australia;
- Mr Nigel Carey, Marketing Manager, Webster Fresh, Tasmania;
- Mr Phillip Jauncey, Managing Director, Matilda Fresh Foods, Queensland;
- Mr David Depaoli, Managing Director, Austchilli, Queensland;
- Mr Sean Limbrey, Director and International Sales and Marketing Manager, Momack, Victoria; and
- Mr Neil Armstrong, Managing Director, Harvest Moon, Tasmania.

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2 Vegvision 2020 <http://www.avidgroup.net.au/>

Preparation of an export business plan was one of the first priorities for VIEN, and it was completed in July 2007. It followed extensive consultation with VIEN members, DAFF, HAL, the Horticultural Market Access Coordinator, AUSVEG economist, Austrade and input from Australian Vegetable Industry Development Group (AVIDG) members.

The export business plan identified five key strategies the vegetable industry should implement to improve the industry's capacity to compete with China in the domestic and third party markets and to develop export markets for Australian vegetable products in China. These strategies included:

1. Formalisation of the Vegetable Industry Export Network
2. International market and competitive analysis (initially China & Japan), to identify critical competitive success factors and develop appropriate market retention, entry and development strategies.
3. Test the VIEN's transferable analysis framework in China and Japan for subsequent use by the Australian vegetable industry in other markets
4. Prioritise and scope future market and competitive analysis initiatives and subsequent supply chain and market development conclusions and opportunities.
5. Consider future branding, promotion and education implications based on the results of competitor and market analyses.

### **VIEN secretariat and projects**

Over the term of VIEN's operations, various funding was provided to resource a secretariat, fund meeting costs and invest in key projects of priority to the industry and vegetable exporters. A summary of the history of these funding decisions is as follows:

- Between November 2006 and June 2007 the secretariat support for VIEN was provided and resourced by the Australian Vegetable Industry Development Group (AVIDG) through its project manager, Inovact Consulting (formerly known as Concept Consulting Group).
- From July 2007 to present, the national vegetable levy has funded the 'VIEN Secretariat Support VG07152' project to provide the network with the ongoing secretariat and project management capability they required to drive selected vegetable export initiatives.
- In July 2007 the vegetable Industry Advisory Committee recommended levy funding of \$309,047 be invested in a major project on the International Market and Competitive Analysis Study of China.

# Method and activities

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Between July 2007 and March 2009 Inovact Consulting provided secretariat services for VIEN and was the single point of contact for and coordinated the activities of VIEN. The secretariat performed three broad functions;

1. Secretariat Function
2. Project Management Function
3. Communications Function

## ***Secretariat Function***

Between July 2007 and February 2009 Inovact Consulting convened five meetings of VIEN. Key activities associated with these meetings were:

- liaising with VIEN members and HAL management on an ongoing basis
- scheduling the meetings and making all necessary administrative arrangements
- identifying, engaging and making arrangements for selected government, non government and commercial stakeholders to participate in VIEN meetings and contribute to the work of the network
- preparing and distributing meeting agendas, papers and presentations
- preparing and distributing summaries of each meeting
- assisting in communication of outcomes to group members, HAL, AUSVEG, the Vegetable IAC and the broader industry
- following up between meetings on all action items identified in VIEN meetings.

## ***Project Management Function***

The project management activities the VIEN secretariat performed between July 2007 and March 2009 were:

- Overseeing all aspects of the International Market and Comparative Analyses Study including:
  - Preparation of the tender documents for the International Market and Competitive Analysis Study of China
  - Assisting HAL personnel with the selection and appointment process for the service provider to undertake the China study
  - Providing the service provider undertaking the China study with a detailed briefing
  - Project managing the service provider undertaking the study throughout the project
  - Reviewing draft and final reports for the study
  - Ensuring outcomes from the study were communicated to the broader vegetable industry
- Preparing with VIEN members a project proposal for a Global Competitive Information System. The proposal was submitted to the Vegetable Industry Advisory Committee for consideration in September 2008
- Investigating the prospects for collaborative projects or initiatives for Australian vegetable exporters to develop and/or retain key vegetable export markets.
- Working with VIEN members to define and assess options for the future membership and purpose of the network.

## ***Communications Function***

Communications about what VIEN was doing and achieving occurred across the life of the network, including when secretariat services were provided via the Australian Vegetable Industry Development Group (AVIDG) and when funded with industry levies via HAL.

At all times, the approach was to engage in communications activities that were likely to maximise the likelihood that all interested industry stakeholders were aware of VIEN's activities and knew where to find the results and/or findings of the various projects the network had been involved with:

- Vegetable Industry stakeholders were provided with regular updates on the Global Comparative Analysis Study via a bimonthly AVIDG newsletter between October 2006 and April 2008 (see [www.avidgroup.net.au](http://www.avidgroup.net.au)) for further details
- A media release outlining the key findings from the Global Comparative Analysis Study – China was released on 2 June 2008 (See Appendix A)
- An overview of VIEN's activities between November 2006 and June 2008 including the key findings from the Global Comparative Analysis Study were presented to over 120 industry stakeholders at the AVIDG final event in Sydney on 1 July 2008 (See Appendix B)
- An article was placed in the July/August 2008 issue of the industry magazine 'Vegetables Australia'. The article outlined the key findings of the Global Comparative Analysis Study – China (See Appendix C)
- The Global Comparative Analysis Study – China final report was placed on the AVIDG website at [www.avidgroup.net.au](http://www.avidgroup.net.au)
- An article providing an overview of the VIEN secretariat project was included in the 2007/08 annual report for the Vegetable Industry (See Appendix D).



# Evaluation

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## Secretariat Function

In scheduling and convening the five meetings of VIEN between July 2007 and February 2009 Inovact Consulting:

- provided members with a minimum of one months notice of the holding of a meeting
- identified, engaged and made arrangements for selected government, non government and commercial stakeholders to participate in the networks meetings and assist members with its work program
- prepared and distributed meeting agendas, papers and presentations a minimum of five days prior to VIEN meetings or teleconferences
- prepared and distributed meeting summaries in a timely fashion
- assisted in communication of outcomes to group members, HAL, AUSVEG, the Vegetable IAC and the broader industry
- ensured action items resulting from meetings were followed up and resolved.

During meetings, VIEN members indicated that they were satisfied with the manner in which meetings were structured, the roles guests played in meetings, the timeliness with which papers were prepared and distributed and the professionalism with which meetings were conducted.

The satisfaction of VIEN members was also indicated by their willingness to contribute their valuable time to the networks activities over the course of the groups 2.5 years existence.

Note: A copy of all papers and records associated with VIEN meetings between November 2006 and February 2009 have been submitted to HAL for their records.

## Project Management Function

### *International Market and Comparative Analyses Study - China*

The above project was a major initiative that VIEN was actively involved in designing and monitoring. Inovact Consulting worked in close consultation with HAL management to:

- Prepare the tender documents for the study
- Develop the selection criteria for the service provider to undertake the study
- Assist with the selection and appointment process for the service provider to undertake the study
- Provide the service provider selected to complete the study with a detailed briefing
- Actively manage the service provider throughout the project to manage risks, ensure quality standards were achieved and that a valuable final report was completed.
- Ensure that VIEN members provided the contracted service provider with strategic direction at the outset and remained abreast of the projects progress throughout
- Reviewed draft reports and the final report, including providing feedback to the service provider and advice to VIEN and HAL

- Ensure outcomes from the study were communicated to the broader vegetable industry including the drafting of a press release for the final report.

Due to some challenges associated with the language translation by the market research company, the final report was submitted 12 weeks later than originally anticipated. It was mutually agreed by HAL management, Inovact Consulting and the service provider (Food Advantage Consulting Services) that the additional time should be taken to translate all material accurately and produce a high quality final report.

On receiving the final report, VIEN members considered that it had met and exceeded their expectations in terms of the level of detail and valuable insights it contained. Members considered that the findings were very informative and that every effort should be made to bring the findings of the report to the attention to the vegetable industry.

As a consequence, VIEN members endorsed the recommendations made in the study and proceeded to act on three of them directly:

- Dedicate R&D to information systems on global competitiveness issues
- Industry should investigate how collaboration between exporters and supply chain participants may improve competitiveness and commercial sustainability
- Develop and implement test market campaigns in priority export markets in order to defend or retain existing markets before developing initiatives designed to develop new markets.

The final report was accepted by HAL upon its submission. Revisions of the final report for the study were not

Note: A copy of all papers relating to the China study have been submitted to HAL for their records.

### ***Global Comparative Information System Project***

One of the key recommendations in the International Market and Comparative Analyses Study (China) was that the Australian vegetable industry should dedicate R&D funds to developing information systems that would provide industry stakeholders with accurate and timely information about global competitiveness issues.

In consultation with VIEN members, Inovact Consulting prepared a project proposal to establish a Global Competitive Information System. The proposal was submitted to the Vegetable Industry Advisory Committee in September 2008 for consideration (See Appendix E). The proposal was subsequently endorsed by the IAC however remains on a waiting list pending availability of levy funds.

## ***Collaborative Market Retention and/or Development Initiatives***

Between July 2008 and March 2009 the concept of a vegetable industry specific collaborative market retention / development initiative was explored thoroughly. This involved:

- each of the members of VIEN completing a survey regarding the specific markets in which they would be interested in investigating and the terms and conditions under which they would enter into a collaborative initiative
- detailed one on one conversations between the VIEN secretariat and the respective members of VIEN
- discussions with vegetable/horticultural export businesses outside of the VIEN membership
- discussions with Austrade management
- preparation and consideration of discussion papers of the concept at the network teleconference on 26 February 2009.

At the VIEN teleconference on 26 February 2009 members agreed that the idea of a vegetable industry specific market retention / development initiative had been thoroughly explored. They expressed support for the concept, but considered that implementation was not feasible when VIEN and/or other vegetable industry participants could not identify a market of common interest for market development and/or retention initiatives.

The underlying issue identified was that the limited number of vegetable exporters, variety of products and diversity of markets make it challenging to identify one or two markets of interest to the wider industry. While it may be feasible to identify an export market of potential value to the wider horticultural export industry, VIEN members considered that it was not their role to explore such a possibility.

On this basis, members considered that no further action be taken by VIEN or the VIEN secretariat.

## **Communications Function**

Over the course of the project a variety of communications tools and mechanisms were employed to maximise the likelihood of vegetable growers, service providers, supply chain participants and the wider horticultural sector becoming aware of VIEN's activities and the findings, outcomes and recommendations from the projects the network oversighted.

Every effort was made to keep the industry body, AUSVEG, informed of VIEN's activities. Ian James, the vegetable industry economist contracted to AUSVEG for much of this project, attended a number of the VIEN meetings. The invitation to attend these meetings was also extended to the AUSVEG CEO and General Manager.

Two of the VIEN members (David de Paoli and Dene Lampard) were members of the Vegetable Levy Advisory Groups and the Industry Advisory Committee (IAC). Their participation in both groups ensured that the vegetable IAC remained informed of VIEN's activities and priorities.

Progress and findings generated by VIEN were made available to all industry stakeholders through the internet and industry publications. Thus, those with an strong interest in the global competitiveness of the Australian vegetable industry would be aware of VIEN's existence, the nature of the projects they oversaw and where to go to find details of research findings, outputs and recommendations.

## Referees

Those best placed to provide further feedback on the performance of Inovact Consulting in the role of VIEN secretariat are the members of VIEN. Inovact would encourage anyone seeking further clarification of our performance in any aspect of the secretariat role to contact the former members of VIEN.

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Dene Lampard of Centre West Exports left the produce industry in January 2009.

# Implications & Recommendations

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The global trade of fresh and processed produce vegetables is growing rapidly. However Australian vegetable exporters are not sharing in the global growth in exports. Instead, they are losing market share overseas and imports are rising. While there are examples of excellence, the Australian vegetable industry as a whole is not globally competitive. Industry participants must continue to examine new ways of doing business if they are to retain their existing export markets.

The small and declining number of vegetable exporters and the diverse markets they service made finding an export market of common interest and scale difficult to identify. Despite the fact that VIEN members and other vegetable industry participants were unable to identify a market in which to collaborate on a market retention or development initiative, members stressed that exporting is critical to the future prosperity of the Australian vegetable industry.

VIEN members considered that to bring the necessary interest, scale and investment to bear on further market development / retention initiatives, a horticulture wide approach should be taken.

Inovact Consulting therefore recommend that:

- HAL instigate a meeting of horticultural exporters and supply chain participants to gauge interest in collaborative market specific retention / development initiatives and identify specific markets of common interest
- With the support of the vegetable IAC, progress the contracting of the Global Comparative Information System Project (submitted to and endorsed by the Vegetable IAC in September 2008)
- Facilitate the development and maintenance of a database of all commercial businesses engaged in the export of fresh and processed vegetable products
- Utilise the database of all commercial businesses engaged in the export of vegetable products to distribute relevant market information and updates in relation to the Horticultural Market Access Committees' activities, trade negotiations, changes in biosecurity arrangements and MRL's
- Form specialist working groups to deal with ad hoc issues effecting Australian exporters if and when they arise.

# Acknowledgements

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Inovact Consulting gratefully acknowledges the assistance, guidance, and contribution provided by a number of companies and organisations in Australia.

Member companies of the Vegetable Industry Exporters Network (VIEN):

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- Nigel Carey (Webster Fresh)
- David DePaoli (Austchilli)
- Phillip Jauncey (Matilda Fresh Foods)
- Dene Lampard (Centre West Exports)
- Sean Limbrey (Momack)

Ross Ciaravolo of Food Advantage Consulting Services.

Executives, staff and contractors of Horticulture Australia Ltd (HAL) especially Lucy Keatinge, Wayne Prowse, Andrew Collins, Clinton Skeoch and Stephen Winter

# Appendices

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Appendix A - Global Comparative Analysis Study China Media Release 2 June 2008

Appendix B - AVIDG Final Event Presentation July 2008

Appendix C - Vegetables Australia Issue 4.1 July/August 2008

Appendix D - Vegetable Annual Industry Report 0708

Appendix E - Global Comparative Information System Project