

Final Report

Building Better Sustainable Horticulture Businesses

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Building Better Sustainable Horticulture Businesses (LP20001)

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Public summary

The primary aim of the 3-year Building Better Sustainably Horticulture Businesses project was to address a previously identified gap in the business and financial management practices of Western Australian horticulture business owners. The project was well timed given it commenced during challenging times – including COVID restrictions, geopolitical unrest and at a time when the horticulture industry was faced with rising inflation, input costs and labour issues. The project initially focused on vegetables and pome growers, as the co-investors, and then broadened to include 6 horticulture industries.

The project provided annual 1-2-1 expert farm management analysis and consultancy from which wider WA horticulture industry benchmark data and insights were produced covering financial years FY 19-20 to 22-23.

The project analysed 4 financial years of data during 3 years as follows:

- Year 1 (May 2021 to June 2022) - focused analysis of FY19-20 and FY 20-21 business data and benchmarks
- Year 2 (July 2022 to June 2023) - focused analysis of FY 21-22 business data and benchmarks
- Year 3 (July 2023 to April 2024) - focused analysis of FY 22-23 business data and benchmarks

An independent review found that the project was successful in supporting 77% of participating growers improve their understanding of business and financial management as well as to make business changes towards improving profitability and future longer term asset growth.

Key consistent themes arising across the 1-2-1 business analysis consultations with expert farm management consultants were a deepening understanding of links between paddock practices and profit and associated specific key profitability drivers to inform key business decisions – particularly zeroing in on crop selection in terms of capacity to generate profit and clarifying specific crop market price required to retain profit margins in response to rising production costs for many businesses.

Overall, the average WA horticulture producer has solid equity, the business has good balance sheet strength and has balance sheet resilience against current industry forces. The concern though, is that most of the balance sheet strength is from increasing asset values (namely land and water) rather than generating strong profits and return on capital. These observations are informed by the findings of the 4 years of benchmark WA horticulture industry analysis, with key points including:

- The increase in the operating efficiency from 78% in 2019–20 to 84% in 2022–23 highlights that it is costing the average WA horticultural business more to generate income.
- The return on capital for WA horticulture businesses has fluctuated over the previous 4 years, from 6.3% in 2019–20 to 3% in 2022–23, with the return on capital around 4% for the 2020–21 and 2021–22 seasons.
- Despite financial performance dropping year on year from 2019–20 onwards, the business equity percentage for the WA average horticulture industry has increased from 78% in 2019–20 to 85% in 2022–23.

Further detailed analysis was produced for the top 25% most profitable businesses as well as the WA vegetable and Pome industries individually.

Finally, a Horticulture Business Analysis Tool was created, and made publicly available, for the benefit of the wider horticulture industry beyond the end of the project. Leveraging the industry analysis and benchmark findings generated from the project, the tool empowers business managers to independently undertake a high-level analysis of business performance by generating financial and production performance ratios in a simple report.

The project was not without its challenges, with recruitment of participants to meet the targets set at the project initiation the most significant, in particular related to securing growers' attention among so many competing priorities during such a challenging time. A change in approach during the project assisted in improving recruitment rate. Based on the level of participation and experience the project team has confidence in the industry benchmarks/analyses.

The Building Better Sustainable Businesses project (LP20001) is funded by Hort Frontiers Leadership Fund part of the Hort Frontiers strategic partnership initiative developed by Hort Innovation, with co-investment from WA Department of Primary Industries and Regional Development, the Agricultural Produce Commission (pome and vegetables) and contributions from the Australian Government.

Keywords

Western Australia Horticulture Industry performance; Pome Benchmarking; Horticulture Benchmarking; Vegetable Benchmarking; Horticulture Industry Profitability; Horticulture Industry Key Financial Ratios; Horticulture Industry Return on Capital; Horticulture Industry Cost of Goods; Horticulture Industry Operating Efficiency; Horticulture Business Financial Performance; Planfarm; vegetablesWA; Horticulture Farm Management Consultancy.

Introduction

The key focus issues of the project

A gap in the maturity levels of the strategic, financial and business management capabilities among vegetable business owners was identified and verified as a key fundamental industry wide issue as part of the findings of 2017-2020 vegetables benchmarking project (VG17000).

As part of that project, business owners were given access to the same expert farm management consultants that are utilised across the WA Broadacre sector - farm management consultants are recognised as a key factor that underpins consistent growth and returns in that industry as well as being recognised as a National leading practice throughout Australia.

The consultants noted a significant gap in these key capabilities between vegetables business owners and their broadacre counterparts. The gap was then further verified as a limiting factor during a meeting with key representatives of the major Western Australian Agri-Finance institutions in November 2018.

Furthermore, the findings of the vegetable benchmark project also highlighted a wide variation within the vegetable industry, with financial and business management skill level found to be a key differentiating factor between the top 25% profitable vegetable growers and the average performing vegetable growers, not product selection or business /land size.

Additionally, access to a robust longitudinal set of industry benchmarks has been found to bring more clarity and certainty to the decision making of business owners and supporting stakeholders such as financial institutions. Also the surrounding environment of increasing value and commercialisation of data and information, it was considered to be prudent to support the longer-term interests of the industry by maintaining an industry owned and accessible dataset of key information for the improvement of the industry rather than having an outside larger private corporate organisation do this with a view to overly profiteer from the industry.

These issues were later found to be not exclusive to the vegetable sector alone but more widely to the Horticulture industry as a whole in WA.

Further background context – Benchmarking and Farm Management Consulting in Agriculture

WA Broadacre now has the enviable position of a very mature and well-established professional services industry to underpin the success of the Broadacre agriculture as it has grown over the past 60 years. Farm Business Management Consultants as well as Grain Marketing Consultants and Agronomic Consultants are a key feature and stronghold of professional services that are important contributors to a very robust financially viable Broadacre Industry. It is commonplace for Farm Businesses to utilise all three of these professional advice areas as part of their business.

These services compliment the accounting, financial planning and the Ag Business banking sector that also work with such businesses. This expertise also includes long term sustainable business advice for business and family succession planning, leasing and farm purchasing due diligence, analysis of production, cash flow, profit and balance sheet, utilising ratios and other key performance indicators. The totality of agricultural professional services also facilitates farm business owners to provide great support and education on how to work “on the business” as well as “in the business”.

This, in turn, produced 2 significant benefits that were felt relevant to Horticulture:

- The reliance on the professional consultancy services throughout the Broadacre sector has highlighted the need for leadership to be provided to the farm businesses operating in isolation. This guidance / feedback / direction is welcomed by the business and contributes to many day to day and long term business decisions on farm. The Agricultural Industry lean heavily on the data and knowledge collated by the Farm Consulting Industry to assist in the long-term strategies of supporting and growing the Industry for the future. Working individually with these businesses and helping them develop their own knowledge and practices has developed many leading businesses across the Broadacre sector to pull the level of performance and profit upwards for those performing at a lower

level seeking answers as to how to improve their performance.

- The rolling 10-year data set considers how businesses perform over many cycles, climatic impacts, global events and commodity price changes. These results provide a better reflection of the longer-term performance of businesses and consider actions of management over multiple seasons. Farmers now recognise patterns of behaviour over a longer period in top performing businesses which highlight best practices that should be adopted to become a top performing business. Industry bodies investigate the long-term data to provide feedback on the type of change that needs to occur across Industry as best practices and key elements for the Industry as a whole. Financial institutions refer to the financial patterns of long-term data to provide greater feedback on the financial viability of such businesses, and the types of financial indicators that represent strong viable businesses to invest in for the future.

Lessons learnt from VG17000 Vegetable Industry Benchmarking

The VG17000 vegetable industry benchmarking project ran between 2017-2020 covering financial years 16/17, 17/18 & 18/19. Focusing on beginning the process of producing reliable industry data, it produced the first set of vegetable industry benchmarks of its type in Australia – this included single year analysis and 3-year averages.

The key success behind that project was rather than merely a data collection and report generating exercise, the project provided an introductory experience to farm consultancy service that included 1-2-1 consultations with growers to assist them to convert individual business benchmark findings into tangible actions that would increase profitability and asset growth in their business over the 3-year period of the project.

While many participants achieved substantial gains (some financial gains were up to \$80,000 per year with no loss of income or reduction in inputs), there was also significant improvements to their management practices. Participants noted that it was the ‘on the farm’, ‘1-2-1’, ‘directly relevant to my business’ nature of the service that was key to its impact as opposed to the standard classroom training option.

The vision of the project

The Horticultural Industry is impacted by a lack of collective knowledge, access to robust Benchmark data and experience of extracting value from professional support services. At the heart of this is a gap in business and financial management practices.

The aim of the program was to close this gap by drawing on the successful and proven examples of wider agriculture industry sectors and key players that made that happen; namely providing a full business analysis and review service, akin to that widely paid for by business owners in the broadacre sector, to WA horticulture business owners that would also contribute towards a wider benchmark dataset.

The further goal was to also to stimulate the beginning of a self-sustaining horticulture professional services sector to continue this development and production of longitudinal benchmark data.

Methodology

The project was managed by vegetablesWA in partnership with Planfarm, farm management consultants, who provided the technical and farm management expertise.

The methodology of the project (see below diagram) replicates the workflow of the delivery of professional services that has been successfully adopted across broadacre and livestock and wider Ag industries in WA.

The process centers on collecting key necessary data and information from the business owner and key employees, which is then analysed to generate a report that forms the basis of a detailed 1-2-1 consultation that focuses on ways to improve the financial and production performance, stability and long-term sustainability of the enterprise based on the findings.

All data collected from each participating business is then aggregated and further analysed to generate industry benchmarks.

Primary sources of information were:

- The business owner
- The business cashbook of financial recording system
- Tax return – Asset & Liability and the Profit & Loss Statements
- Production logs or records

- Insurance policies
- Any relevant licenses – e.g. water

Only project staff were permitted to enter the data into the Analysis Platform following rigorous verification.

The project analysed 4 financial years of data during 3 years as follows:

- Year 1 (May 2021 to June 2022) - focused analysis of FY19/20 and FY 20/21 business data and benchmarks
- Year 2 (July 2022 to June 2023) - focused analysis of FY 21/22 business data and benchmarks
- Year 3 (July 2023 to April 2024) - focused analysis of FY 22/23 business data and benchmarks

Growers were required to financially contribute to their participation given the financial funding model of the project.

While the project was open to all growers in the WA Horticulture sector, years 1 and 2 saw industry investment from the WA vegetable and pome industry associations vegeablesWA and Pomewest. As a result, a specific number of vegetable and pome growers were able to participate at no cost. All other participants were required to financially contribute to participate.

Year 3, without the support of any industry body, saw a broadening of focus and reach of the project across all parts of the WA Horticulture sector. All participants were required to contribute \$1,500 to secure participation. If it was the business owners first year of participation in the project, analysis would cover FY 21/22 and FY 22/23, if they had participated before it covered solely FY 22/23.

Business Management Practice Maturity Assessments

The management practices of the participating businesses were assessed using a detailed Business Management Practice Maturity Matrix Assessment Tool developed specifically for Horticulture businesses.

Assessments were conducted in Year 1 and Year 3 of the project. Analysis was performed across all assessments in each year to identify the differentiating practices of the most successful top 25% profitable growers and also to highlight general industry gaps.

On completion of Year 3 a further analysis compared the overall findings between year 1 and year 3. The analysis then specifically analysed the results of growers that had participated in every year of the project comparing their year 1 and 3 results with the view of identifying any movement in management practices during the 3 year period.

The tool assessed the maturity of the management practises in the following nine areas:

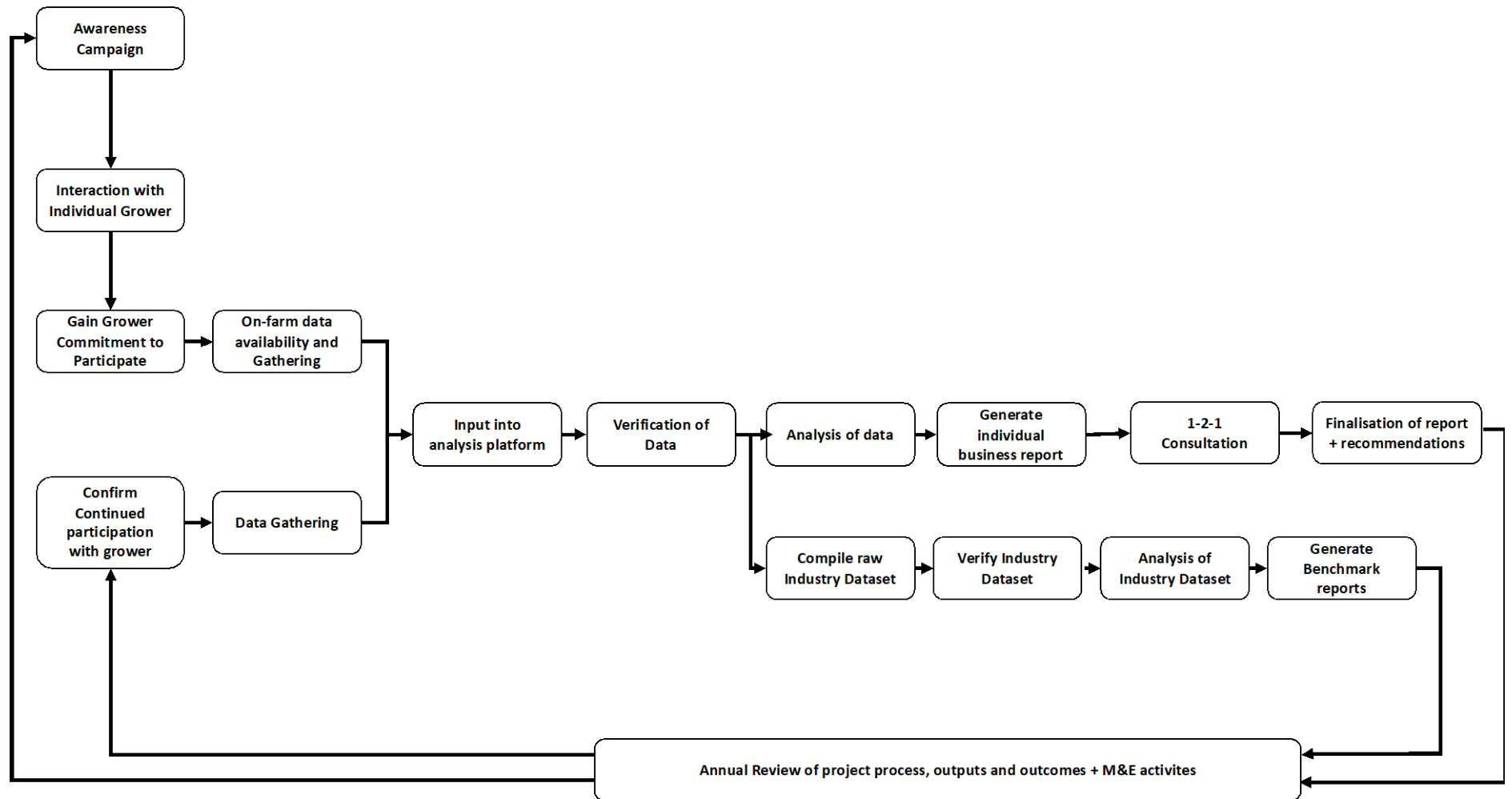
- | | |
|------------------------------------|---|
| 1. Strategic Focus & Core Business | 6. Business & Financial Data Management |
| 2. Land & Asset Management | 7. Compliance & Quality Assurance |
| 3. Marketing & Sales | 8. Professional Services & Stakeholder Engagement |
| 4. Business Management | 9. Mindset & Culture |
| 5. Financial Management | |

Horticulture Business Analysis Tool (Legacy Tool)

The Project Management Committee were keen to leverage the industry analysis and benchmark findings generated from the project through the development of a legacy tool for the benefit of the wider horticulture industry beyond the end of the project. In particular, making the findings available to those growers who were unable to participate due to time constraints.

The excel-based tool created by the project, empowers business managers to independently undertake a high-level analysis of business performance by generating financial and production performance ratios in a simple report. It compares calculated performance ratios against the benchmark data for vegetable and pome businesses generated over four years of the Building Horticulture Business Capacity program.

The development of the tool creates a low effort/easy entry point for growers to compare their businesses to the published benchmarks which may then encourage them to seek professional assistance or participate in industry programs.



Results and discussion

Participation rates

As stated above, vegetablesWA and PomeWest committed funds and support at the outset for a specified number of members to participate for the first two years of the project at no direct cost to the grower.

In addition to expending resources and effort to recruit vegetable and pome growers to participate, for the first two years of the project, at the direction of the project management committee, a considerable effort was spent attempting to secure the support of more horticulture sector industry associations in the form of financial contribution to likewise allow a specified number of members to participate in the project at no direct cost to the grower.

Unfortunately, despite many industry associations indicating interest (WA Strawberries Association, APD Strawberry Producer Committee, APC Table Grape Producers Committee, WA Table Grapes Association, WA Turf, WA Stonefruit and WA Citrus), no other industry was willing to commit industry funds to the project.

In year 3, without the further support of any industry body, the project marketed itself more broadly across all horticulture sectors direct to businesses. All participants were required to financially contribute \$1,500 to secure participation.

Individual business participation rates across the 3 years:

	Target Participation	Actual Participation	Industry Breakdown
Year 1	42	28	Vegetable – 21 / industry target 30 Pome – 7 / industry target 12 Other Hort Sectors – 0
Year 2	39	26	Vegetable – 21 / industry target 26 Pome – 5 / industry target 12 Other Hort Sectors – 0
Year 3 *	25	22	Retained participants – 11 / target 10 New participants – 11 / target 15 Vegetable – 7 Banana – 2 Pome – 6 Strawberry – 1 Avocado – 5 Potato – 1
In total 37 individual horticulture businesses participated at some point during the 3 years of project			

* no specific industry target set for this year as no industry body financially committed

For years 1 and 2, participation rate targets were set in line with industry investment contributions by the project management committee. From the outset there was a 'step up' in the caliber of businesses that the project attracted in comparison to the VG17000 vegetable Business Benchmark project due to the focus on connecting business owners with farm management experts to undertake a full business analysis; something considered more immediately relevant to the business owner than industry benchmarking.

As can be seen in the above table, year 1 and 2 fell short of the targeted participation. Not for the want of effort, Year 1 and 2 recruitment and participation issues included:

- The presence and impact of COVID in Western Australia: many arranged visits were cancelled and postponed at the last minute due to direct grower isolation or the requirement to manage a depleted workforce and the associated follow-on impacts. COVID also impacted project personnel during this time as well.
- Securing time with prospective new participants and attendance at industry workshops: an issue noted by many other extension-based projects in WA. Indications were that between labour shortages and the demands of stewarding their business in a challenging economic environment, growers were often simply too busy or tired to prioritise anything else outside of the operations of their business.
- Lack of industry association advocacy and action: there was a noticeable lack of active advocacy by the committee of both funding industry bodies, which was surprising and disappointing given the financial contribution made by both industry bodies. The project team also experienced a lack of opportunity to upskill potential advocates resulting in some grower group staff unable to provide direct contact and support extension beyond putting out standard e-newsletters throughout the project.
- The difference between what growers say and do: there was often an issue converting verbal commitments to

participate given by vegetable and pome growers into either a) any further meaningful engagement with the project, or b) meeting the level of data sharing requirements to meaningfully participate in the process within project timelines. On average this accounted for a 30% drop from verbal commitment to successfully completed participation that obviously took up significant time and effort by the project team during the project. Often growers cited competing priorities that regularly included:

- ‘under the pump’ due to general lack of labour resources
- ‘trying to get back on top of things’ after COVID had caused prolonged periods of workforces absence
- meeting quality assurance requirements
- Growers fluid approach to meeting appointments: in the later weeks before the data collection deadline in year 2, project staff were frustrated by growers in both industries repeatedly cancelling previously agreed on-farm meetings often with little notice (sometimes providing as little as 10 mins notice despite prior travel on the part of project team members), despite these growers providing clear indications of a desire to participate. Frequently meetings would be rescheduled only for this pattern to reoccur, disappointingly wasting significant time and effort and therefore hampering progress.
- Prioritisation of recruitment effort: a significant amount of time and effort was spent in year 2 engaging identified pome growers of significant scale that in the end did not commit to participation (often displaying the pattern of the previous point). Prioritisation of the specific larger growers was at the specific request of the leading representative of the industry body funding the Pome growers participation.
- Opposing forces: The project became aware of two incidents where allegedly external parties actively dissuaded project participation among groups of growers, which was deeply disappointing.
- Intergenerational differences: there was a noted trend that despite younger members of horticulture businesses being very keen to participate in the project, participation was often blocked by parents/older members of the business who held more sceptical views regarding accepting outside help and sharing information.

The independent review, conducted at the end of year 2, suggested further potential reasons for lower participation rates that included:

- Optimistic estimates of potential industry participation
- A lack of clarity in the signed agreements about where responsibility lay for recruiting and signing up participants (and industries)
- Lack of resources budgeted for recruitment and onboarding participants
- The focus on only two industries
- The lack of a detailed communications strategy and implementation plan which is particularly important where the communications resources are very limited
- Some potential participants being lost in handover

See Appendix A for more detail.

Year 3 saw a shift in strategy towards engaging the broader horticulture industry in WA through an individual grower co-contribution model, moving away from an industry investment model. Participating growers were required to contribute \$1,500 towards the cost of the service.

As a result, grower recruitment responsibilities also shifted from industry body representatives to Planfarm consultants.

Participation rates were again set by the project management committee, this time it was focused on both retaining existing participants and attracting new participants.

The new approach proved successful with participation rates closer to target levels and only failing 2 short due to a failure on of 2 growers to provide data in a complete and timely manner despite a verbal commitment to do so. 12 growers who had not previously participated in the project provided their data for the 2 financial years FY 21/22 and FY 22/23. 11 previously participating horticultural businesses committed to another year of the project. This was very encouraging as not only were the existing participants willing to make a financial contribution to the service, but new businesses also saw the value in participating and were willing to pay for it as well.

A breakdown of the number of participants from horticultural industries is provided in the above table. Observation of the table points to a steep decline in the number of vegetable participants, however it should be noted 6 growers that participated in year 1 and 2 opted to participate in the recently commenced National Vegetable and Onion Benchmark Project (MT22022).

Reports and 1-2-1 Reviews

The project commenced during COVID restrictions, geopolitical unrest and at a time when the horticulture industry was

faced with a steep rise in input costs and labour issues requiring business owners to be acutely aware of the cost structure and profit drivers in their business to maintain a sustainable level of margin and profitability.

From the beginning, project partners Planfarm went beyond the original scope of the project to meet this challenge by developing a Cost Analysis Calculator to assist business owners to quickly identify the optimum pricing structure based on the results of their individual business analysis. This was a key focal point of all the 1-2-1 reviews that have been conducted by Planfarm.

Key focus themes within 1-2-1 consultations over the 3 years centered around:

- Profit retention measures: in response to the current economic climate, the program is specifically analysing 3 to 5 years of individual business data for each participant to calculate the specific impact of increases to the cost of production to the business to determine the required price increase (\$/kg) to retain profit.
- Profitable crop selection: analysis supported growers to zone in on the best performing crops in relation to business profitability and then subsequently organise production and resource deployment to maximise opportunity.
- Strengthening balance sheet data: Through greater buy-in and disclosure to the project, balance sheet data became more accurate, which opened new potential expansion opportunities and improved borrowing capacity.
- Management practise development: Growers increased their understanding of the value of going deeper into trend data to identify further areas of development within the business structure to drive profitability.
- Linking paddock to profitability: Growers developed a deeper understanding of the nature and connection between paddock practises and their links to profitability.

For detail regarding the impact of the reports and 1-2-1 reviews, see Appendix G.

Industry Benchmark findings, results and trends

Key overall insights:

- The most profitable businesses demonstrated significantly higher volume of saleable production per hectare.
- Scale, crop type or region does not influence the profitability of a business.
- Businesses with limited crop types tend to be more profitable through a focus on crops suited to growing region, market access and produce quality.
- A focus on regular monitoring of financial and production results is a common attribute of the top producers.

Horticulture Industry 4-year results

	4-year avg.	2019–20	2020–21	2021–22	2022–23
Operating efficiency %	80%	78%	80%	80%	84%
Return on capital	5%	6.3%	4.2%	5%	3%
Equity %	81%	78%	79%	83%	85%

The increase in the operating efficiency over time highlights that it is costing the Average horticultural business more to generate income, with the Average operating efficiency increasing from 78% in 2019–20 to 84% in 2022–23. Or 78 cents to generate \$1 of income in 2019–20 to 84 cents to generate \$1 of income in 2022–23.

The return on capital for horticulture businesses has fluctuated over the previous 4 years, from 6.3% in 2019–20 to 3% in 2022–23, with the return on capital around 4% for the 2020–21 and 2021–22 seasons. Overall the link between the Operating efficiency and driving returns becomes evident that as the operating efficiency has worsened, the returns on capital have worsened as well.

Despite performance dropping year on year from 2019–20 onwards, the business equity percentage for the horticulture industry has increased over time. This is largely due to the businesses continuing to generate small positive returns on capital, while the underlying asset values (farmland) have increased in value over this period.

Ultimately the Average equity percentage for horticultural businesses are above Planfarm’s target for this ratio of 80%.

However, the trends of increasing operating efficiency, and decreasing returns on capital since the 2019– 20 season are rather daunting, and highlight the challenges that horticultural businesses are facing

The Average horticulture producer does have solid equity, the business has good balance sheet strength and has balance sheet resilience against current industry forces. The concern though, is that most of the balance sheet strength is from increasing asset values (namely land and water) rather than generating strong profits.

Vegetable Industry 4-year results

	4-year avg.	2019–20	2020–21	2021–22	2022–23
Operating profit \$/ha	\$25,971	\$31,660	\$24,051	\$29,662	\$18,512
Operating efficiency %	76%	75%	77%	75%	77%
Return on capital	7%	7.3%	5.9%	8.1%	7.4%
Equity %	82%	80%	84%	79%	84%

The industry's Average vegetable operating efficiency seems to remain at a consistent level between 75–77%, while return on capital also seems to remain relatively consistent between 8.1% and 5.9%.

The Average equity percentage has increased since the 2019–20 season, which would largely be due to two factors, one being that the vegetable growing businesses continue to generate positive returns on capital, while the other is underlying asset values (farmland) have increased in value over this period.

It is worth noting that although the operating efficiency has only increased from 75% in 2019–20 up to 77% in 2022–23, a 2% shift in operating efficiency for an Average vegetable business would mean a decrease in operating profit of \$1,609.74/ha based on 2022–23's operating profit result.

The Average business is also in a solid balance sheet position to invest capital into either technology or systems improvements (or both). Businesses are also more resilient against the tough year. There is still volatility in returns on a year in year out basis and where this is challenging for vegetable producers at the moment is in serviceability of debt due to cost of finance. A focus on operational profits continue to be of the highest importance to vegetable growers.

Pome Industry 4-year results

	4-year avg.	2019–20	2020–21	2021–22	2022–23
Operating profit \$/ha	\$20,977.5	\$25,146	\$27,569	\$19,531	\$11,664
Operating efficiency %	77%	72%	72%	73%	92%
Return on capital	3%	6.0%	3.3%	3%	1%
Equity %	85%	80%	80%	87%	94%

The industry's Average pome operating efficiency seemed to remain at a consistent level between 72–73% for the first three years of the project before it jumped drastically to 92% for the 2022–23 season.

The return on capital for pome businesses has fluctuated over the previous 4 years, from 6.0% in 2019–20 to 1% in 2022–23, with the return on capital around 3% for the 2020–21 and 2021–22 seasons. Overall the link between the operating efficiency and driving returns becomes distinctly clear, that as the operating efficiency has worsened, the returns on capital have worsened as well.

The Average equity percentage has increased since the 2019–20 season, which would largely be due to two factors, one being that the pome businesses continue to generate positive returns on capital, while the other is underlying asset values (farmland) have increased in value over this period.

This industry is under significant cost pressure and returns are diminishing significantly. The balance sheet strength is a positive for many in that they have the option to invest capital to improve returns whether that be in technology or growing systems.

For further benchmark analysis detail, see Appendix B.

Business Management Practice Maturity Assessments

Assessments were conducted in Year 1 (20 out of 28 participants) and Year 3 (19 out of 22 participants) of the project.

8 long term participants were assessed in both Year 1 and 3.

Consistently occurring business management practices that differentiated the top 25% profitable growers, included:

- Have a clear strategy of how the core business delivers returns and profit. This is backed by a strategic vision that looks 5 to 10 years in the future and a specific alignment of business structure to this end. The strategy is also shared, and can be articulated, by all key staff across the business.
- Research, and have detailed awareness, of market and consumer demand trends for key crop lines
- Conduct operational business planning 6 to 12 months into the future
- Rigorously allocate costs to crop lines to inform production decisions and track income to improve profitability

Consistent industry-wide business management practices gaps included:

- Annual Budget setting backed with specific key performance metrics
- Grower driven price negotiation
- Consistent capture and use of production data to inform decision making
- Consistent capture and use of labor use data, and employee management systems, to inform decision making
- Routine operations meetings to track progress against plan
- Routine financial meetings to track progress against plan
- Proactive management of risk
- Proactive purchasing process

A positive movement in business management practice was found across the 8 longer term participants in the following key areas:

- Clear articulation and continual improvement of the core business focus that delivers returns and profits*
- Clear articulation and continual refinement of the strategic direction of the business for the next 3 – 5 – 10 years*
- Core skillset and knowledge is widely disseminated across the business*
- Clear articulation of the specific areas of development within the business and the initiatives they are pursuing to that end
- Grower is aware of market trends and consumer demands for their key crop lines*
- Specific financial metrics to manage and track business performance*
- Annual operational planning
- Capture and use of production data to routinely inform decision-making

(* denotes identified differentiating business management practices of the top 25%)

Full details of the analysis can be found in Appendix C.

Outputs

Output	Description	Detail
Individual Growers Business Analysis Report	A report capturing the output of the full financial year business analysis performed by the consultant featuring over 40+ key business metrics, ratios and measures, plus written commentary of the 1-2-1 consultation.	77 reports were delivered across the 3 years of the project (Yr1 – 28, Yr2 – 26, Yr3 – 23). Given the sensitive nature of the findings of each report, they were securely delivered to the participating business owner and remain the property of said participant.
Expert 1-2-1 Consultations	Focus of the consultation was to support the business owner to understand the results of the analysis and turn findings into tangible actions	77 1-2-1's were delivered across the 3 years of the project (Yr1 – 28, Yr2 – 26, Yr3 – 23). 1-2-1 consultations were delivered either 'in person' on the participants farms or online via MS Teams depending on the preference of the participant.

Industry Level Benchmark Analysis Report	A report featuring the key findings of the industry level benchmark analysis and trends of that financial year.	3 industry level benchmark reports were delivered in each of the 3 years of the project. Each year included benchmark analysis of WA horticulture, vegetable and pome industry individually. All are publicly available at www.buildingwahorticulture.com.au
Industry Consultation meetings	Specific annual meeting between industry bodies and stakeholders and farm consultant experts to understand the findings and trends within the specific industry benchmarks and turn findings into strategic imperatives.	6 industry consultations were delivered across the years (Yr1 – 1, Yr2 – 1, Yr3 – 3). All participating and associated industry bodies and stakeholder groups were offered a consultation meeting each year. Meetings were carried out where the offer was taken up.
Comms Outputs	Communications outputs focused on promoting both participation and the results of the project; ranges from eNewsletters and magazine articles through to direct emails and industry workshop events.	See Appendix D for a full list of communications outputs generated during year 1 and 2 of the project. Unfortunately, despite the fact a range of communications outputs were generated by the project in year 3, a similar list for year 3 is not available due to the departure of numerous key staff at vegetablesWA, including the Communications Officer, during the last 6 months of the project (as noted and detailed in Milestone 107).
Business Management Practice Maturity Assessment	The management practices of the participating businesses were assessed using a detailed Management Practice Maturity Matrix Assessment Tool developed specifically for Horticulture businesses.	Assessments were conducted in Year 1 (20 out of 28 participants) and Year 3 (19 out of 23 participants) of the project. For more detail See Appendix C.
Horticulture Business Analysis Tool (Legacy Tool)	Publicly available to WA Horticulture growers, the Excel-based tool leverages the accumulated four years of benchmark data to provide an independent high-level analysis of business performance by generating financial and production performance ratios in a simple one-page report	The excel-based tool was approved by the Project Management Committee and will be publicly available to download from the vegetablesWA website.
Commercialisation Report	Analysis of commercial potential for farm management consulting services for horticultural businesses in Western Australia.	A commercialisation report was developed by vegetablesWA. For more detail, see Appendix E.

Outcomes

Outcome	Alignment to fund outcome, strategy and KPI	Description	Evidence																												
<p>Intermediate Outcome: Changes in knowledge, attitudes, and skills of growers in relation to business and financial management.</p>	<p>This specific project outcome aligns to the Frontiers Leadership theme of increasing a pool of professionals with the leaderships skills required to adapt to industry change.</p> <p>This in turns supports the investment Outcome of a strong, resilient sector equipped to innovate and meet the changing needs of industry</p>	<p>Changes in knowledge, attitudes, and skills of grower’s business and financial management capability results in an increased prioritisation of business data gathering and analysis that in turn leads to improved decision making.</p> <p>It is the improved decision making that increases the level of professionalism and leadership skills that are required to adapt to industry change.</p> <p>Participation in the project thus is enabling an increase in the pool of leaders.</p> <p>The target set was a 60% increase reported by participants in a yearly survey reporting a:</p> <ul style="list-style-type: none"> - Increased knowledge of business metrics and their relation to driving profitability. - Positive attitude to engaging with data within their business. - Improved understanding of interpreting data - Willingness to convert findings into actions 	<p>Participants were specifically surveyed at the end of each year. Of those that responded, the following percentages either agreed or strongly agreed to the following statements: (note the change in participation cohort between Years 1 and 2 and then Year 3)</p> <table border="1" data-bbox="1090 469 2022 1034"> <thead> <tr> <th></th> <th>Yr1</th> <th>Yr2</th> <th>Yr3</th> </tr> </thead> <tbody> <tr> <td>I have a greater appreciation for collecting and interrogating business data</td> <td>93%</td> <td>100%</td> <td>87%</td> </tr> <tr> <td>I have a greater knowledge of the business metrics related to supporting profitability decisions in my business</td> <td>93%</td> <td>100%</td> <td>93%</td> </tr> <tr> <td>I have furthered my own overall business and financial management</td> <td>93%</td> <td>100%</td> <td>67%</td> </tr> <tr> <td>I have greater clarity of how I can make improvements to the business and financial management practises in my business to support business decision making</td> <td>93%</td> <td>100%</td> <td>87%</td> </tr> <tr> <td>I have greater clarity as to how I can increase profitability for my business</td> <td>93%</td> <td>100%</td> <td>73%</td> </tr> <tr> <td>I have a strong willingness to lead and action the key findings I have learnt from my participation</td> <td>93%</td> <td>100%</td> <td>73%</td> </tr> </tbody> </table> <p>(for further detail, see Appendix F)</p> <p>In addition, the independent review reported that the project had exceeded its delivery of intermediate project outcomes. Of the participants interviewed 100% reported:</p> <ul style="list-style-type: none"> - An increase in their knowledge of the metrics which drives farm profitability - A positive attitude to engaging with data within their business - Improved understanding and interpretation of the farm’s data - Feeling more confident about taking action/willingness to take action now that they have the information <p>(for further detail, see Appendix A)</p>		Yr1	Yr2	Yr3	I have a greater appreciation for collecting and interrogating business data	93%	100%	87%	I have a greater knowledge of the business metrics related to supporting profitability decisions in my business	93%	100%	93%	I have furthered my own overall business and financial management	93%	100%	67%	I have greater clarity of how I can make improvements to the business and financial management practises in my business to support business decision making	93%	100%	87%	I have greater clarity as to how I can increase profitability for my business	93%	100%	73%	I have a strong willingness to lead and action the key findings I have learnt from my participation	93%	100%	73%
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<p>End of Project Outcome:</p>	<p>This specific project outcome aligns to the</p>	<p>This end of project outcome further actualises the above description</p>	<p>All participants were surveyed in year 3 and asked if they had specifically made a business change towards improving profitability and/or future longer term asset growth as a direct consequence</p>																												

<p>Improved Business and Financial Management practices</p> <p>Improved financial outcomes.</p>	<p>Frontiers Leadership theme of increasing a pool of professionals with the leaderships skills required to adapt to industry change.</p> <p>This in turns supports the investment Outcome of a strong, resilient sector equipped to innovate and meet the changing needs of industry</p>	<p>given for the intermediate outcome.</p> <p>The target set was at least 25% of participating businesses will have made a business change towards improving profitability and/or future longer term asset growth as a direct consequence of participation in the program.</p> <p>This was to be investigated by:</p> <ul style="list-style-type: none"> - Survey of all participants - From 4 to 6 case studies <p>Detailed analysis of Business Maturity Assessment Scores as well as Business Analysis throughout across the 4 cycles</p>	<p>of participation in the program. Of those that responded 60% signaled that this has indeed occurred.</p> <p>The independent review added further evidence. Of the participants interviewed, 77% had made changes to their business as a result of information or data received from the program.</p> <p>The project collected 2 detailed case studies and 12 success stories detailing the impact the project had had over the 3 years at an individual grower level (see Appendix G).</p> <p>The management practices of the participating businesses were assessed. Analysis of the business management practises among longer-term participants of the project indicated a positive movement in the practices that consistently differentiated the top 25% profitable growers over the past 3 years of participation. For more detail, see Appendix C.</p>
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The independent review of the project was commissioned in July 2023 to consider the project’s effectiveness, relevance, process appropriateness, efficiency and legacy/sustainability going forward. Research Solutions conducted the review which involved interviewing 20 growers, 5 industry representatives, the project funders and delivery partners as well as reviewing project documentation and reports. The review concluded that the program was successful at a grower level in:

- Increasing knowledge of business metrics and their relationship to driving profitability;
- Creating a positive attitude to engaging with data within their business;
- Improved understanding of interpreting data;
- A willingness to convert findings into action.

A copy of the review report is included as Appendix A.

Monitoring and evaluation

Key Evaluation Question	Project performance	Continuous improvement opportunities
<p>1. To what extent has the project achieved its expected outcomes?</p>	<p>While the project fell short of its targeted participation rates in years 1 and 2, the previous section demonstrates that the project methodology has indeed clearly delivered both on the intermediate and end of project outcomes to the business owners that participated in it.</p> <p>This is further underlined by the findings of the independent review that provided evidence that the project had exceeded its targets in relation to delivering the stated intermediate and end of project outcomes.</p> <p>The cases studies and success stories provided add further detail.</p>	<p>Push for greater advocacy from grower groups and industry associations to support recruitment.</p> <p>Greater focus on earlier recruitment of new growers as early as between January and June in the proceeding year would allow those growers plenty of time to arrange and gather business data. By taking this approach, analysis can be completed very early in the new financial year allowing greater scope for the grower to act on findings while still fresh.</p>
<p>2. How relevant was the project to the needs of intended beneficiaries?</p>	<p>As explained above the participation rates fell short of the originally stated levels at the outset of the project. While this traditionally is a key indicator to question the relevance of a project investment, it is not true in this case.</p> <p>When asked directly about the relevance of the project to their business as part of the independent review, 61% of responding growers felt it was very relevant, and 39% felt it was fairly relevant (100% in total).</p> <p>The independent review also highlighted:</p> <ul style="list-style-type: none"> - The written reports were found to be fairly (69%) or extremely (31%) useful to all participating growers. - 91% of participating growers felt the 1-2-1 feedback sessions met their needs. - 72% of participants perceived the program as a benefit worth paying for <p>The independent review also found that 72% of participating growers felt the project probably will/definitely will have a lasting impact on the industry.</p> <p>In terms of the exercise of producing industry benchmarks, the independent review found that both growers and industry bodies found it relevant to their industry. Concerns were noted about the sample size of the data rather than the exercise itself. It also noted further areas of relevance in the area of policy development and advocacy that were yet to be utilised by industry associations.</p>	<p>On one level this is difficult given the individual case by case basis in terms of relevance, however by spending further time focusing on identifying and deeply clarifying the bigger strategic business goals that each grower had for their enterprise it would have furthered the relevance in each case; however it should be noted that this would require a further time effort that would need to be budgeted for.</p> <p>More communication between the grower and the consultant between annual analysis to check on progress would have furthered this point – something highlighted in the independent review. Again, it should be noted that this would require a further time effort that would need to be budgeted for.</p>

	<p>Industry consultations were offered to relevant industry associations however they were only intermittently taken up and often met with a less than open mindset.</p>	
<p>3. How well have intended beneficiaries been engaged in the project?</p>	<p>Despite a modest communication budget for year 1 and 2, a large volume of communications materials was produced and circulated to growers, however questions were raised by the independent review about the level at which this was pitched. The budget, responsibility and level were amended for year 3 yielding a refreshed approach that paid dividends.</p> <p>The independent review noted that of the participants consulted 69% indicated that they had received a lot of information about the project. What was more noteworthy was that 75% of growers consulted that had committed to participate but did not proceed and 100% of growers consulted who chose not to commit at all to the project, indicated that they either received some or a lot of information about the project.</p> <p>As detailed in the above results section participation rates fell well below target rates in years 1 and 2, however were better in year 3. To provide further context to these findings, other horticulture research extension focused projects were also noting a similar issue with attendance at industry presentations and workshops as well as participation in projects due to the surrounding pressures and the volume of projects all vying for growers constrained attention.</p> <p>It is also important to flag the impact of the depth of extension that this specific project requires to participate in comparison to regular traditional extension projects. Access to sensitive financial data requires the building of trusted relationships that often takes considerably more time and effort and skill than experienced in traditional projects; particularly in industries that are inherently skeptical. Often this is not fully appreciated, especially when invested effort does not translate into completed participation.</p> <p>Finally, all required milestone and progress reports have been completed on time and to a sufficient level of detail for Hort Innovation and the Department of Primary Industries and Regional Development (co-funders).</p>	<p>As highlighted in the independent review, further efforts to refine the messaging of the value proposition of the project with growers in order to simplify it and find the right level to pitch it at.</p> <p>The same in regard to grower groups and industry associations.</p>
<p>4. To what extent were engagement processes appropriate to the target audience/s of the project?</p>	<p><u>Project Recruitment</u></p> <p>Drawing on Agriculture Produce Commission data and industry associations member databases, communication about the project was distributed through established industry channels.</p> <p>Interested growers were noted and managed through a process between the project manager and Planfarm before Planfarm took full responsibility for this in Year 3.</p> <p>The recruitment phase often featured numerous farm visits and phone calls to build the trusted relationships required to secure participation by growers; a process that simply could not be short cut.</p>	<p>Again, the independent review suggested more interactions with growers in the year between annual analysis to check in on progress.</p> <p>Leverage other influences to advocate the project to growers (e.g. agronomists)</p> <p>Efforts to ‘keep things fresh’ in approach and personnel tasked with grower recruitment for a similar project given the psychologically demanding nature of the task.</p>

	<p>It should be noted that during year 1 and 2, wider engagement was hindered by a lack of advocacy by both contributing industry association committee groups.</p> <p><u>Project Participation</u></p> <p>Again, there was a heavy emphasis on spending time with business owners on farm during data capturing and 1-2-1 feedback sessions in in the first/second year of participation. The underlying focus being to continue to maintain the trusted relationship as well as creating an environment in which the project, and its methodology, could improve the business and financial management maturity of the participating grower.</p> <p>Once a level of competence was achieved, growers would send all data electronically to be verified before analysis and in some cases 1-2-1 feedback sessions were conducted online where is worked for the individual participant.</p> <p>The independent review further recognised the importance of this approach to achieve project outcomes.</p>	
<p>5. What efforts did the project make to improve efficiency?</p>	<p>The execution process was continuously analysed and updated to reduce the demand on grower’s time required to participate. Specific areas of focus centred on the data gathering and analysis tool to make this more efficient and further the value delivery to growers.</p> <p>The major touch point, in terms of actual grower participation of time and effort, was the data gathering step of the process. In response, Planfarm project team sought ‘read only’ access to the business owner’s financial software package. Where granted, it significantly reduced the burden on the grower – however not all growers were comfortable granting this. Lists and instructions were provided and updated throughout the project lifespan in order to guide the grower and make it as straightforward as possible. Where needed extra visits back to a grower’s farm were undertaken in the interests of gathering reliable and complete data.</p> <p>The methodology, both in terms of recruitment and participation, were reviewed at the end of each year. At the end of Year 2, an independent review was conducted which provided welcomed suggestions for improvement that were fed into year 3, most notably:</p> <ul style="list-style-type: none"> - Increase communications budget, and - Switching recruitment responsibility to Planfarm <p>In year 3 the project moved away from an industry association investment model to an individual contribution model that opened the project to the wider horticulture sector in WA, which produced solid results in terms of meeting participation targets.</p>	<p>More structure to initial meeting with growers to lead in data gathering more efficiently.</p>

Recommendations

National Roll Out

This project, together with the vegetable benchmarking project VG17000, have played a key role in shaping the current National Vegetable and Onion Benchmarking Project (MT22009) and therefore Hort Innovation have already enacted a key recommendation of a national roll out.

Industry associations and stakeholder group capability

Despite the commencement of a national project, a key focus area for long term sustainability lies with the practical use, and capacity to understand, the data by industry associations and stakeholder groups to inform decision making regarding R&D and extension deployment as well as policy development.

The more data insights are used, and seen by growers to be used, to inform tangible decisions and actions that positively impact the industry, the more the data will be in demand and ‘pulled through’ the system supporting the longer term sustainability of an industry benchmarking function; something that would occur even further if the information was used to inform the decision making of agri-financial institutions and federal and state government. All this would support the initiative to reach its potential value delivery to the industry in a similar fashion to the WA Broadacre example.

There is little doubt that the project has delivered value to individual participants, however, as seen with the capacity of the WA industry association or produce committees for vegetables and pome, this is a key area of development for the future.

Opposing project forces and consideration of the industry as a whole entity

The project became aware of two examples of external parties potentially actively dissuading participation among groups of growers, which is hugely disappointing given the scale of the investment of time, resources and funds.

However, this points to a larger gap in focus that is potentially undermining wider R&D and extension investment.

Individual projects stand little chance of reaching true value delivery unless the competing and supporting dynamics of an industry sector as a whole are fully chartered and understood.

Much focus continues to remain on individual ‘focus item’ centered projects, but how much focus is placed upon the state and health of the industry as a whole supported by direct efforts to management it?

Both this project and the preceding vegetable benchmarking project (VG17000) struggled against the tide of a WA vegetable industry that has been isolated and fragmented over the course of many decades by a variety of factors.

The recommendation of this project is that a more grounded holistic view is constructed of the WA Horticulture industry, and individual industry sectors, that charts both competing and supporting dynamics as well as the behaviours they create and influence so that they can be managed for the benefit of all growers participating within them.

Meeting the complexity of a multi-funder cross industry Horticulture project

Over the course of the 3 years of the Building Better Sustainable Horticulture Business project, the project was funded by, and financially contributed to, by multiple parties (Hort Innovation, WA Department of Primary Industries and Regional Development, vegetablesWA, PomeWest). The delivery spanned 6 different industry sectors of the WA Horticulture industry. These factors made the project quite different to the single focus, single industry, single funder siloed nature of traditional research and extension projects.

At times the layers of complexity that the project posed was a challenge for those responsible for overseeing investment and providing meaningful project governance and guidance. This issue created an extra burden on project management resources, and impeded project progress, as extra time was spent returning to detail previously focused and agreed upon.

If projects of this level of complexity are to be undertaken in the future, which is recommended in order to meet the level of complexity of issues present in the Horticulture industry, then this needs to be formally recognised at the outset and those charged with overseeing investments and guidance need to be given the space and support to fulfill their duty.

Intellectual property

IP Generated is in line with updated submitted IP Register with milestone 107.

Appendices

Appendix A – Independent Review conducted by Research Solutions

Appendix B – Industry Benchmark Analysis Findings

Appendix C – Business Management Practice Maturity Assessment Analysis

Appendix D – Communications outputs

Appendix E – Commercialisation Report

Appendix F – Monitoring and Evaluation End of Year Survey Report

Appendix G – Case studies and success stories

INDEPENDENT REVIEW

Building Better Capability
in Horticulture Businesses
Evaluation



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1.0 Executive summary

The Building Better Capacity in Horticulture Businesses (BBCHB) Project is designed to enhance short and long-term business resilience and farm management practices, resulting in improved profitability and sustainability both at an individual grower, at an industry level and across the horticulture industry. It is intended to improve growers' ability to manage their own businesses and the industry's ability to advocate for their growers from a position of knowledge.

Research Solutions has been appointed to provide an independent review of the program, which was just entering Cycle 4 (June 2023 to May 2024) as the evaluation commenced.

The scope of the review is to consider the project's effectiveness, relevance, process appropriateness, efficiency and legacy/sustainability going forward. The project involved:

- Discussions with the Project Reference Group (previously the Management Committee), the Project Manager and Planfarm.
- A review of project documentation, information and data provided by the Project Manager.
- Consultation with 16 vegetable growers and 4 Pome growers who either participated in the program, initially agreed to participate but did not provide the required information or were aware of the program but did not participate.
- VegetablesWA, Pome and representatives of other horticultural industries who were considering participation in the program at the time of the review.

Overall, the review identified that at an individual grower level, the program had been effective in meeting its intermediate project outcomes. It was well received and perceived to be effective by all growers participating. At an industry level, VegetablesWA found its financial year 2021/22 benchmarking data to be both effective and relevant, though the information is yet to be used to its full extent in advocacy on behalf of the industry. Pomewest has not published its financial year 2021/22 benchmarking data due to the low level of participation amongst its growers (five growers). The 2021/22 Pome benchmarking data is not felt to be sufficiently representative to warrant publication.

Subsequently, during the period of the review, the consultants understand that one other horticultural industry has joined the program.

1.1 Effectiveness

Outcomes: The project has exceeded its intermediate project outcomes of achieving an intermediate target of 60% of participating growers reporting:

Measure	To some extent	A great deal	Overall impact
An increase in their knowledge of the metrics which drive farm profitability	54%	46%	100%
A positive attitude to engaging with data within their business`	46%	54%	100%
Improved understanding and interpretation of their farm's data	54%	46%	100%
Feeling more confident about taking action/ willingness to take action now that they have the information	33%	67%	100%

Whilst making changes to their business as a result of the information received from Planfarm (towards improving profitability and / or future long term asset growth) is an end-of-project outcome, 77% of participants surveyed felt that making changes to their business as the result of the program had made some or a great deal of impact on their business.

Outputs: However, the project has not achieved its output of targeted participation after the first cycle (second cycle participation from the two horticultural industries was 26 against target participation of

42 growers) and at the time the evaluation commenced had not secured two further horticultural industries as envisaged.

Reasons for not achieving potential industry and grower participation include the following:

1. Optimistic estimates of potential grower participation and a lack of initial research with regard to the potential uptake of the program in each industry; and
2. A lack of planning and documentation on how the targeted participation rates would be achieved;
3. A small budget for communications, and insufficient resources budgeted for engagement and recruitment of program participants given the time these required;
4. No detailed communication strategy and implementation plan, particularly important with scarce resources and a limited communication budget;
5. The focus is on only two industries in Year 2 when recruitment became very difficult rather than extending the program to two further industries;
6. The potential for some participants to be lost in the handover from recruitment to sign up and data sourcing.

Further whilst the project outputs in terms of milestone reports and communications occurred as scheduled, in retrospect it would have been prudent to have had an interim review at the end of the 2021/2022 financial year as planned and completed by the end of December 2022. By this time the problems with achieving the participation targets were evident in Milestone 104 report and the information generated by the review could have assisted in a change of direction and a revitalisation of the program in early 2023 as the program did lose some momentum in the first six months of 2023.

1.2 Relevance

The program's relevance to growers who participated was high with all growers rating the program as fairly relevant (39%) or very relevant (61%) to themselves and their business.

Participating growers felt that the program gave them:

- A better understanding of where they stood relative to the rest of the industry, including in terms of costs and profitability;
- Provided a fresh set of eyes overlooking their business and identifying what had been overlooked;
- A better understanding of financial business practices to make sound business decisions and investments and an understanding of the longer-term viability of their business.

Growers felt that the program was relevant from an industry perspective in terms of:

- Providing Benchmarking information across the industry to help growers understand how they compared with other growers in the industry, in the top 25%, average growers and the bottom 25%.
- Making the whole of their industry more productive and more profitable.

From an industry stakeholder perspective, VegetablesWA published the FY2021/22 benchmarking figures with comparisons to the previous two years, considering that the figures were relevant, and we understand that they will continue to publish the benchmark figures as long as the program continues.

The benchmark figures were less relevant to the Pome industry as the industry association felt that the number of producers participating in the program was not considered to represent a significant enough portion of the industry to provide a representative industry benchmark figures.

1.3 Process appropriateness

Looking back to the beginning of the program, the initial grower engagement processes appear not to have been as well researched, as well planned in advance and were not sufficiently resourced to be as effective as the participation forecasts had hoped. The time required to engage and recruit the grower participants was considerably longer than anticipated (in comparison to grain growers) and there does not appear to have been a clear recorded process that was followed for each approach.

A system comprising a database of all vegetable and Pome growers recording the sales process from initial contact to inform them of the program through to sign up and data collection by Planfarm would have been appropriate. This would have provided valuable statistics in the first year on the speed and resources required to move the grower through the journey, as well as the conversion rate and would ensure that the potential participants did not get lost in the process. This information may have been available antidotally but is not discussed in any detail in the milestone reports where it would have been a valuable addition in documenting statistically what was occurring and should have prompted a call to action.

The process is now well understood by Planfarm who have taken over the recruitment of participants in the last two months. It is understood that those attending presentations on the program at grower meetings require telephone follow-up whilst the concept is fresh in participant's mind. Further that at least one face-to-face visit on a farm is required to secure participation and to discuss the data that needs to be collected from each participant.

Stakeholder engagement with VegetablesWA and with Pomewest was undertaken by the Project Manager and the Pomewest reference group member. Effective ongoing communication is difficult to judge since the governance processes mean that there is no real delineation between those managing the program and the industry associations funding it.

Engagement with the potential new industry association participants had recently commenced at the time of the review; in discussions with representatives in mid-August, the success of attracting new industries appeared to depend upon how strongly their industry representative advocated for the program to their committee, the fee structure and the clarity and targeted nature of the information provided.

As noted above, the engagement processes needed to be appropriate to the target audience for the program, including:

- Initial engagement through grower meetings, industry workshops, presentations or webinars attended by Planfarm and, if appropriate, VegetablesWA, and supported by appropriate information. On occasion when these meetings were not attended by either Planfarm or a representative from VegetablesWA, the onus was on the industry representative to make the presentation and sell the concept to their growers which was not felt to be an easy or particularly successful task.
- Communications were not always seen to be pitched at a level that the growers could understand, and the message did not always resonate with the specific industry. On occasion the information was felt to be too complex for the growers to grasp; the introduction on the website was cited as an example of this approach:

Given the current economically challenging environment, there is currently a great opportunity for horticulture business owners across WA to access professional support to increase your business profitability, resilience, and long-term sustainability by participating in the Building Horticulture Business Capacity program.

Source: Page 1 of the Building Horticulture Business Capacity program website

Given the very limited communications budget, the volume of communications that were produced, particularly the case studies, were excellent; however, the messaging and terminology used could have been more sympathetic to the level of understanding of the growers.

1.4 Efficiency

The project clearly increased the efficiency amongst participants, with 64% of participants reporting greater efficiency. Growers reported that the data they received, and the benchmarking had highlighted the areas in which they needed to improve their farm efficiency. Some operators commented that it made them realise that they did not run their business as efficiently as they could, and the program identified areas where they could become more productive and more profitable.

Planfarm also increased its efficiency, in the second cycle of data collection, Planfarm reported that they achieved this by its consultants spending more time with the growers usually on a face-to-face basis explaining what information needed to be provided and often gathering that information whilst on farm. Planfarm felt that it took about two years before the provision of information from the grower became fairly seamless.

1.5 Legacy and Sustainability

Most program participants felt that the program would have a lasting impact on their business and on their industry. 79% of participants surveyed were keen to continue to be part of the program for the 2023/2024 financial year with most of these growers prepared to pay between \$1,500 and \$2,000 to continue to receive the program.

A more realistic program fee of between \$6,000 and \$8,000 to engage Planfarm to collect, analyse and report on the information and liaise with growers, was beyond what most growers were prepared to pay. To retain as many of these growers as possible, Planfarm has committed to increasing its face-to-face contact with participants both at the data collection stage (where required) and in contacting growers two or three times during the year to follow up on actions agreed and to check on progress. These additional contacts allow Planfarm to talk about the value of the information it provides in terms of the cost savings that the participating grower has received and the time to add further value to what is provided. It is hoped that this will cause the grower to see more benefit for his investment.

Industry associations are not receiving the maximum value from their benchmarking data. The associations are not currently using the data to its full extent for example using the information generated for advocacy. The lack of recognition of this opportunity is probably driven by the limited resources of the industry associations and possibly limited understanding of the value of the data in this area.

1.6 Project learnings and continuous improvement processes

Project learnings from this review include:

1. In designing the program, some initial discussions/research should be undertaken with the target market to determine a realistic forecast of the number of participants, the messaging required and the most effective process of securing these participants given the resources available.
2. The importance of not only selling the program face-to-face to potential participants but also engaging the support from growers, accountants, bank managers and farm consultants who have the potential to assist or hinder the program.
3. Creating a detailed communications and sales plan. Tailoring the communications and information package to support individual industry associations as relevant messages/triggers can differ somewhat between growers in different horticulture industries. Further ensuring that the contact person for each industry association is supported both at grower meetings

and with relevant communications.

4. Providing a realistic budget for communications and engaging participants. The lower the resources provided, the more important a communication and recruitment plan becomes.
5. The governance structure for the project requires both thought and consistency:
 - The role undertaken by the project's funders initially named the Project Management Committee and, subsequently, the Project Reference Group would have been better titled as Board as their role was to review the project's progress and provide strategic direction to the Project Manager. This would have been a clearer definition of responsibilities and more appropriate to the time commitment which this group could commit to the project.
 - Ideally there would have been a separation between the funders and project management for the program as this does cause rather a conflict of interest when the same people are involved in the day to day running of the program as are involved in the evaluation of the success of the project and who are also involved in strategic decision making about its future.
 - The role of the Project Manager and the person(s) responsible for identifying, engaging and securing participants would be better managed as separate roles. There is a conflict of interest between having the same person recruiting participants as monitoring and evaluating of the project delivery and reporting progress to the Project Reference Group. There were clear delays in reporting the problems in achieving participation which could have been raised in the Milestone 103 Report and certainly discussed against the participation targets in Milestone 104 Report. Further in this project engaging with and recruiting participants is a full-time role requiring enthusiasm and personable skills but not necessarily strategic skills.
 - The responsibility for the recruitment and signing of participants (and industries) is clearly different between:
 - The Hort Frontiers Research Agreement between Horticulture Innovation Australia Limited and WA Vegetables Growers Association Inc, signed on the 9th June 2021, which identified that the recruiting and the signing up of the growers was outside Planfarm's activities. But is not clear whose responsibility it was.
 - The APC2024 194 Collaboration Agreement between the four parties establishing and funding the program signed on 11th June 2021 identified that Planfarm was responsible for the:
 - Financial and production analysis; and
 - All grower-facing activities, including interaction with the growers, to gain commitment to participate.
6. The increased use of the industry benchmark information for advocacy could be assisted by Planfarm providing a discussion paper to individual industry associations with examples of data which could be used for various advocacy topics relevant to the industry association.

Information to support these comments and recommendations is provided in the following pages of this report.

2.0 The scope of the evaluation

The project grew out of the opportunity for individual Horticulture Industries across WA to focus on improving the profitability and sustainability of their member business owners and therefore the industry. VegetablesWA has run a very successful program with its growers over the past three years involving 40% of the vegetable production in Western Australia. Most participants had achieved substantial gains as a result of their involvement.

The scope of the Building Better Capacity in Horticulture Businesses (BBCHB) Project focused on building business resilience on key measures and in the farm management practices of growers to meet the changing demands of the environment in which they operate.

Suppliers, supermarket chains, market agents and financial institutions now have access to more advanced business management systems and information systems and they are now requiring more sophisticated information from the growers. Many growers may not have the knowledge and systems to meet these demands. This project aimed to close this gap by improving growers' ability to manage their own businesses and the industry's ability to advocate for their growers from a position of knowledge (reference APC2024 194 Collaboration Agreement).

2.1 The drivers of the evaluation

This independent review is designed to assist the Project Team and Project Reference Group in making a go/no-go decision at the end of September 2023 for the project. If the project proceeds it will provide information to assist in decision-making for the remaining 12 months of the project. In addition, it will inform the investors by:

- Reinforcing successful initiatives that demonstrate impact and the potential for success;
- Addressing particular issues or challenges with the program design, implementation and governance;
- Identifying whether the information being gathered is adequate to demonstrate the impact that the project is having;
- Provide insights and opportunities for improvement.

The review also provides information and issues to consider for the design and implementation of future projects.

2.2 The Audience

The audience for this review is wide-ranging and includes key stakeholders including those who provided the investment: Department of Primary Industries and Regional Development, The Agricultural Produce Commission and the industry groups who provided the funding: VegetablesWA and Pome, the growers themselves, HORT Innovation and the delivery partners, Planfarm.

2.3 The Key evaluation questions

The review considered the following questions:

1. Effectiveness

- To what extent has the project achieved its expected outcomes?
 - To what extent have the performance expectations and intermediate project outcomes been met?
- What reports were prepared during the project delivery, including the quality of reporting and information gathered during the first two years?
- What were the project learning and continuous improvement processes used within the project?

2. **Relevance**

- How relevant was the project to the needs of intended beneficiaries (growers and stakeholders)?

3. **Process appropriateness**

- How well have intended beneficiaries been engaged in the project?
- To what extent are engagement processes appropriate to the target audience of the project, including the level of communication about the project?

4. **Efficiency**

- What efforts has the project made to improve efficiency?

5. **Legacy/ Sustainability**

- To what extent will the project have a lasting impact?

2.4 The approach to the evaluation

Research Solutions met with the Project Reference Group (previously called the Management Committee), the Project Manager and Planfarm to discuss the scope of the project, their needs and expectations for the evaluation and to learn about the logistics of the project.

It then reviewed project documentation, information and the data provided by the Project Manager which included the Program Logic, the original Collaboration Agreement APC2024 194, the milestone reports, the industry analysis for the financial year 2021-22, case studies and the Communication Plan and the proposed Delivery Model for FY2023-24. Discussions with the Project Reference Group, the Project Managers and Planfarm provided information for the internal review.

The impact of the project on participating growers and the views of potential industry participants were drawn from:

- Consultation with 16 vegetable growers and 4 Pome growers.
 - Program participants – n=13 (50% of participants)
 - Growers who agreed to participate but did not provide the required information (n=4) (50% of this group of growers).
 - Growers aware of the program but did not participate; (n=3) .
- Industries that may participate (n=4).
 - WA Potatoes;
 - Swan Valley Grape Growers Association;
 - Berries WA;
 - Citrus Association.

VegetablesWA provided a list of all program participants (n=26), those who agreed to participate but did not provide the required information to Planfarm to proceed (n=8), and five growers who had been approached but decided not to participate in the program. Those growers who could not be reached were contacted up to ten times each by telephone and messages were left requesting their participation in the telephone survey.

In undertaking the evaluation, the consultants have referred to the program logic provided in the M&E Plan and particularly to the intermediate outcomes detailed in the Program Logic referring to the: knowledge, attitudes, skills and aspirations of growers in relation to business and financial management skills and data to inform decision-making.

2.5 Performance expectation (KPI)

The Program Logic identified that the documented **intermediate outcome** for the project is that sixty per cent (60%) of participating growers reporting:

- Increased knowledge of business metrics and their relation to driving profitability.
- A positive attitude to engaging with data within their business.
- Improved understanding of interpreting data
- Willingness to convert findings into actions.

These intermediate outcomes were measured via a survey of 50% of growers who had participated in the whole program and received a report. In all 79% of the growers surveyed had participated in the program for two years at the time of the interview. This number exceeded the original request for 25% of growers to be contacted.

2.6 Limitations

There are some limitations to this study:

1. The study focuses upon those who participated in the BBSHB program or who volunteered to participate but did not eventually provide the required information. This provides fairly conclusive evidence for the intermediate outcomes and a good level of consistency in the views expressed about the program, and as the numbers of participants were small, the consultants would have liked to have interviewed more participants. Unfortunately, budget and time limitations meant that this was not possible.
2. The evaluation excluded a general survey of vegetable and Pome growers which would have provided information on the level of awareness of the program and propensity to participate in the program amongst all vegetable and Pome growers. Interviewing these people was both beyond the brief, and a list of the contact details for these growers could not be prepared within the time frame of the study to include in the survey. Hence, any observations about growers who did not participate beyond the 3 growers interviewed who decided not to participate, is purely anecdotal.
3. The long-term Project Manager was not available after the first month of the review, it would probably have been beneficial to speak to him again before finalising the report to fact check some of the issues.

The following pages of this initial findings report provide an overview of the findings. There is good statistical support for the impact of participating in the program on growers; however further analysis and some further discussions with VegetablesWA and others is required to verify and support the comments on the implementation and governance of the program including communication.

3.0 Effectiveness

This is a mid-term evaluation designed to determine to what extent the project has: achieved its expected intermediate activities, outputs and outcomes and what changes have occurred as a result of the investment.

3.1 Intermediate Outcomes

The impact of participating in the program identified in the program logic as an intermediate outcome is that 60% of participating growers report increased knowledge, positive attitudes to engaging with data, improved understanding and interpretation of farm data and willingness to convert findings into actions.

In August 2023 when program participants were surveyed they reported that as a result of being part of the program and working with Planfarm, they have achieved the following intermediate outcomes (see over page).

Intermediate outcomes achieved

Measure	Not at all	To some extent	A great deal	Overall impact	Intermediate target
1. An increase in their knowledge of the metrics which drive farm profitability	-	54%	46%	100%	60%
2. A positive attitude to engaging with data within their business`	-	46%	54%	100%	60%
3. Improved understanding and interpretation of their farm's data	-	54%	46%	100%	60%
4. Feeling more confident about taking action/ willingness to take action now that they have the information	-	33%	67%	100%	60%
5. Have made changes to their business as a result of the data / information received from Planfarm	23%	31%	46%	77%	-

In addition, participants also felt that the program had:

Measure	Not at all	To some extent	A great deal	Overall impact
6. Given them the information they needed to evaluate risks and weigh that against the additional return they will receive	8%	46%	46%	92%
7. Increased their willingness to collect business data	-	54%	46%	100%
8. Felt that their skills in the business and/or financial management have increased	8%	54%	38%	92%

As can be seen by the above figures, the program has achieved its KPIs mid-term with 100% of participating growers reporting:

- Increased knowledge of business metrics and their relation to driving profitability;
- A positive attitude to engaging with data within their business;
- Improved understanding of interpreting data;
- Willingness to convert findings into actions i.e. more confident, 77% of grower participants report having made changes to their business as the result of the program.

Comments from growers on each of these metrics included:

1. Increasing knowledge of the metrics which drive farm profitability:
 - *(It) made us realise we weren't capturing data in an easy way, if at all.*
 - *We were already doing this to some degree, but it was good to get a second opinion.*
 - *Helped us understand where we sat in the industry in comparison to other businesses.*
 - *It has a lot of relevant information that you can use.*
2. A positive attitude to engaging with data within their business and valuing business data:
 - *I've always valued it. What's helped is understanding the whole picture not just part of it.*
 - *It started the discussion about how different areas of our business integrated and what data we needed to capture.*
 - *Yes, helpful particularly with new regulations coming in (carbon neutral etc.)*
 - *Very useful. Excellent. I got them to do a 3-year plan for me because we were looking at getting some investors involved and the information was very helpful with investors and the bank.*
 - *It's helped me maintain profits in a much better way.*
3. Improved understanding and interpretation of their farm's data:
 - *I always had a good knowledge of the profitability of each crop, what I didn't know was ratios of fixed costs and variable costs. Return per dollar. Understanding the business ratios as a whole.*
 - *Yes, now that I understand its relevance more. It's made (the relationship to) profitability clearer.*
 - *Definitely, with the help from Planfarm*
4. Feeling more confident about taking action now that they have the information:
 - *I feel more confident with the new plantings based on the information we now have.*
 - *It helps us decide which crops to plant for better productivity and profitability.*
 - *My husband is out there pulling up trees that (the analysis shows) are no longer viable*
 - *We used to always do 60 hours per week and didn't question it. Now we do (question our decision) if it's not productive.*
 - *It gave me goals to achieve.*
5. Have made changes to their business as a result of the data / information received from Planfarm:
 - *Not a lot but it is useful to help know your business better. It's a good thing.*
 - *Yes, more through our business partnerships.*
 - *Yes, improved productivity through efficiency.*
 - *Now run more efficiently and ruthlessly.*
6. It provided the information needed to evaluate risks and weigh that against the additional return to be receive:
 - *Planfarm has pointed out that what I believed was working really well, actually wasn't. Which is helpful. I would be more likely to take bigger risks (now) with a much clearer picture.*
 - *More beneficial to show to the owners and investors of the business to show them our weaknesses and where we can be doing better.*
 - *Taking remedial action is key.*
 - *More relevant when we were not under contract (to a wholesaler).*
 - *Probably, but I haven't followed it up enough.*
 - *To some extent, but not completely.*

The latter comments would indicate that there is probably more work Planfarm could do in following up current participants and providing greater assistance in helping growers to evaluate the risks and weighing that against the additional return.

7. Increased their willingness to collect business data:
- *Yes, now that I understand its relevance more. It's also helped me secure more loans and grants and invest more money in the future.*
 - *Always have, but it has more benefit now through relevance.*
 - *The data is definitely useful.*
 - *Already had an appreciation for the data prior to the program.*

The responses seemed to be divided between those participants who felt they understood the value of collecting the data but were less confident of how to put the data together to help to inform their decisions, and those to discovered the value of the collecting data through the program.

8. Felt that their skills in the business and/or financial management have increased:
- *It's added to what we already knew.*
 - *It has guided me in a more profitable direction.*
 - *It's made us more aware the correlation between data, productivity and profitability*
 - *Not so much for me, but for people involved in our business.*

3.2 Outputs

The outputs are listed in the Program Logic and also include the participation rate.

Participation

At the time of the evaluation the program had been running for two years with the start of the enrolment phase of the program delayed due to the ministerial announcement being delayed. This meant that the project could not release any public communications before the WA Minister for Regional Development, Agriculture and Food and Hydrogen had officially announced the program to the public on 9th of August 2021.

By 15th November 2021, Milestone report 102 reported that 18 vegetable growers and 3 Pome growers had agreed to participate in the program, representing 28% of WA vegetable production and an undefined percentage of Pome production. By 23rd June 2022 Milestone 103 reported that 21 vegetable growers and 7 Pome growers had provided complete datasets and had reports generated.

Over the next 12 months the number of participants completing the first or second year of the program increased to 26 (as noted in Milestone 105 report dated 31st May 2023) with 21 vegetable grower and 5 Pome grower reports having been finalised making a total of 26 growers participating.

At the time of commissioning this review further discussions were underway with four industry grower groups, but no new industries had committed to participating by the commencement of the evaluation in July 2023; though some of the representatives of the industries spoken to, were optimistic about their industry's participation.

Target participation*	Cycle 1	Cycle 2	Cycle 3	Cycle 4
APC-Vegetables	20	30	30	30
APC-Pome	6	12	12	12
Hort Industry 3		8	12	12
Hort Industry 4		8	12	12
Total Participants	26	58	66	66

Source: Hort Innovation – Frontiers research agreement 09.06.2021 page 33

Actual participation	Cycle 1	Cycle 2	Cycle 3
APC-Vegetables	18*	21**	21
APC-Pome	2	7	5
Hort Industry 3	-	-	
Hort Industry 4	-	-	
Total Participants	20	27	26

*Participation agreed, 13 growers had provided information for FY 2019/20

**Reports generated but one-on-one review sessions yet to be completed.

Source: milestone 102 – 21st November 2021(cycle 1); 103 – 23rd June 2022 (cycle 2) and Milestone 105 – 31st May 2023 (cycle 3)

Milestone 105 report notes on page 5 under the table of All Year 2 participation that the target participation rate was now 39 grower businesses in total (27 vegetable, 12 pome).

Some of the reasons for lower levels of participation by cycle 3 may be attributed to:

1. **Optimistic estimates of potential industry participation:** Further investigation of the structure of each of the industries and discussions with the growers about potential uptake could have provided an understanding of what may be possible prior to setting the participation targets. As noted under the Milestone 105 report above these targets have been downgraded over the past two years based on experience; however, this down grading of targets has also had some impact on perceptions of the comprehensiveness of the industry benchmarking.

- In discussions with the industries considering the benchmarking, the structure of the horticultural industries both participating and approached seems to follow a similar pattern:
 - Two or three large growers, knowledgeable and well-equipped with business information upon which to make decisions, either gathering information for business decision making in-house or employing consultants to do so;
 - A small number of medium-sized businesses with the ability or existing systems to collect the required business information and who would potentially benefit from the upskilling and business analysis and advice that the program would provide;
 - A large number of small producers; anecdotally some of these growers did not have the systems or the knowledge of business decision making to collect the required information, and others who had no interest in gathering or sharing the information.

To meet participation targets (which were adjusted downwards over the 2 years of the program) and be recognised by growers and industry associations as worthwhile industry benchmarking, program participation needed to include some or all of the large producers and most or all of the medium-sized producers with little room for non-participation. The evaluators feel that a realistic gauge of the potential for participation could have been achieved at the design stage of the program to assist in the development of a more targeted communications plan and a realistic understanding of the effort required to attract and sign-up potential participants. Also strategies need to be developed to manage industry perceptions of what was an acceptable number of participants to form a realistic benchmark.

2. **A lack of clarity in the signed agreements about where responsibility lay for of recruiting and signing up participants (and industries);** Although there was no specific budget for it, the consultants understand that in the first two years of the program, the presentations and a webinar were done jointly between the Project Manager and Planfarm to grower groups. Those who registered an interest were followed up jointly for a meeting if it could be secured. The responsibility for recruiting has since been clarified as being vested in Planfarm with a budget in

the 2023/24 financial year. Whilst this didn't prevent the Project Manager and Planfarm working together to recruit participants, a single person/ group with clear responsibility and budgeted for answerable to the Project Manager would probably have been more focused and hence successful in attracting participation or at least identified the issues earlier and brought about a rethink of the approach to recruiting participants including moving to recruit from other horticultural industries earlier.

- The Hort Frontiers Research Agreement between Hort Innovation and WA Vegetables Growers Association Inc signed on 9th June 2021 identified that recruiting and signing up of the grower was outside Planfarm's activities (page 29), though it does not specify whose responsibility it was.
- The APC2024 194 Collaboration Agreement between the four parties establishing and funding the program signed on 11th June 2021 identified that the Project Manager would:
 - Co-ordinate and deliver the project service and outcomes to time and budget;
 - Secure further external funding;
 - Meet all reporting and governance requirements;
 - Monitor and evaluate the Project Delivery.

Planfarm was responsible for:

- Financial and production analysis, and
 - All grower-interface activities including interacting with growers to gain commitments to participate.
- The Milestone Report 103 (June 2022) notes the difficulty in conversion of people from interest to participation but is optimistic that the case studies (which could not be written until the first cycle was complete) will alleviate this and notes that there will be an updated Communications Plan. Milestone Report 104 (December 2022) notes that the participation levels have fallen short of the targets and that "given the stage in the project plan, the project is not expecting any further new growers to participate". Milestone Report 104 acknowledges how hard it is to recruit new participants but does not flag that participation targets will not be reached for cycle and that this is in urgent need of rectification. Nor does it provide a strategy to diversify into other industries to attract further growers.
3. **The lack of resources budgeted for recruitment and onboarding participants.** Clearly recruitment and on-boarding were considerably more resource-intensive than anticipated. It was soon determined that the time investment in gaining grower commitment to participate in the program was significantly more than had been experienced with broadacre farmers. Subsequent discussions with Planfarm indicated that there is an average of three times as many hours spent in converting each horticulturalist in comparison to converting a broadacre farmer to participate in a similar scheme. The conversion to participation of horticultural growers required multiple contacts and sometimes multiple face to face visits, which did not necessarily result in a successful conversion. As noted in Milestone 104 report this process could take more than 12 months.
- This level of time commitment had not been budgeted for and at the time neither Planfarm nor the Project Manger had the resources to commit to this level of recruitment to achieve the hoped level of participation.
4. **The focus on only two industries.** This certainly made sense in the first year of the program to establish it, but once it became clear that Pome would not yield more participants and the uptake of vegetable growers was slowing towards the end of the first year (as noted in Milestone report

103 - June 2022), it would have been prudent to raise this with the Project Reference Group and to start negotiations with other appropriate industries.

It is not clear when the focus to other industries commenced, but in Milestone report 105 dated 31st May 2023 on page 5, paragraph 4 it is suggested that *'As of writing this report, the future of the last year of the project currently remains uncertain as it undergoes the Stop/Go review with the Project Management Committee, which is yet to be completed. The likely outcome is that the project will continue for another year with a significant increase in communication and recruitment efforts to extend the project to the wider horticulture industry in WA with an individual grower co-contribution model rather than an industry investment model.'*

5. **The lack of a detailed communication strategy and implementation plan which is particularly important where the communications resources are very limited.** The Communications Plan (as provided) includes a stakeholder engagement plan summarising the approach to communication including the proposed method of engagement and the key messages to communicate. VegetablesWA was given a comparatively small budget (around \$25,000p.a.) to develop and implement a Communications and Stakeholder Engagement Plan. Given the small budget the consultants feel that it was even more important to write a detailed strategy to determine how to stretch the budget to achieve the desired goals.

In the absence of further information beyond the Communications Plan (November 2021), and with the turnover of communication officers at VegetablesWA, the consultants feel that the communications plan should have been considerably more detailed, particularly concerning the potential journey of the proposed participant from initial awareness to securing participation. Further industry specific messages were required and a plan of who would deliver what messages and to whom at each stage. The Stakeholder Engagement Plan nominates VegetablesWA and Planfarm as responsible for executing the Stakeholder Engagement Plan.

The plan drew upon the practice and experience in the WA broadacre sector; however, some exploratory work at the stage of formulating the plan would have demonstrated that achieving penetration in the horticultural sector would be considerably more difficult than anticipated.

A clear plan was required that addressed the process; what would be done and who would do it from:

- Raising awareness via promotion in the WA Growers Magazine, case studies and website;
 - Industry meetings and/or presentations with a member of the project team or Planfarm present;
 - Follow-up with all attendees and those who enquired by telephone (rather than e-mail) to determine the level of interest and to seek an opportunity to present what the program could do for that grower;
 - One-on-one meetings (possibly several) in order to convert interest to participation;
 - + The support of the industry associations;
 - + The support of grower accountants, bank managers and farm consultants.
6. **Some potential participants were lost in the handover.** Splitting the recruitment, conversion and data collection activities anecdotally appears to have caused some lack of co-ordination along with the turnover of Communication Officers. Communications were not always co-ordinated in a logical flow from creating awareness to attending growers' meetings and workshops. There was a lack of personal follow-ups, growers' meetings were not attended, and some growers were not followed up in a timely manner with at least one losing interest and not going forward with participation.

The recent review of the process and the transfer of responsibility for engagement back to

Planfarm along with the budget to provide the resources for consultants to undertake on-farm visits and engage with rural banks, accountants and farm consultants has enabled more resources to be put into personal visits and recruiting other industries. This re-energising and resourcing may well result in a better level of grower participation particularly if growers receive advocacy from their rural support system (rural banks, accountants and farm consultants) to enter the program.

In terms of background information, the reasons growers initially joined the program included:

- To take advantage of the benchmarking;
- The information currently available wasn't really relevant to WA growers. It was more Eastern states based;
- An ability to determine their costings and how they could run the business more efficiently;
- They did not have the systems nor the time to source the information for themselves.

Output documentation

The following output documentation has been provided by the Project Manager:

- Industry reports for:
 - WA Vegetable Industry Analysis 2021/2022
 - WA Pome Industry Analysis 2021/2022

The consultants understand that there has been expert consultation with VegetablesWA, and this report has been published. The Pome Industry Analysis figures 2021/2022 financial year benchmarks have been provided to the industry but not published by the industry. The information for the 2022/23 reports is currently being collected and analysed by Planfarm.

- A de-identified aggregated annual data set prepared for the 2021/2022 financial year.
- A list of educational communications undertaken by the communications team up including:
 - Ten benchmark videos for the financial year 2021/2022;
 - A walk-through, about participating in the program;
 - Radio appearances on ABC and ABC Country Hour;
 - Articles in the West Australian Grower Magazine;
 - Four events:
 - two benchmark presentations to the Pome Industry, and
 - a seminar in two regions on key trends to better navigate the current business climate in horticulture.
 - Digital publications of vegetables E-News features and Pome E-News features;
 - Facebook features and Facebook Vegetable Growers features;
 - LinkedIn;
 - Emails sent to prospective Pome participants;
 - Grower testimonial videos
- Individual grower analysis reports to 21 vegetable growers and 5 Pome growers, including one-to-one expert consultation with each of these individual growers.
- Milestone Reports (102-105) have been provided. The quality of the reporting was to a good standard but could have also provided the target participation figures as well as those achieved, and with the benefit of hindsight these reports may have been a little optimistic.

We would recommend in future that some independent exploratory qualitative research be undertaken early in the development of the program to assist with the plan for engaging

participants and to help finetune the onboarding and communication strategy, given that participation has not been increasing to the desired level and other horticultural industries have yet to be attracted.

4.0 Relevance

The survey explored the relevance of building better capacity in horticulture business programs among program participants and, to a lesser extent, amongst stakeholders.

4.1 Growers – relevance to themselves

All program participants felt that the program was relevant to themselves and to their business.

Responses included:

- Fairly relevant to myself and my business – 39%
- Very relevant to myself and my business – 61%.

Growers who felt that the program was relevant commented:

- It gave them a better understanding of where they stood, relative to the rest of the industry including in terms of costs and profitability;
- It provided a fresh set of eyes overlooking our business and seeing what we overlook or didn't realise we could get a better deal on;
- It gave a better understanding of financial business practices enabling us to make sound business decisions and investments in the long-term viability of our business, including being vigilant on pricing and costs of production.

Growers who originally signed up to participate in the program, but later did not send their information to Planfarm commented that after looking into the program:

- As they supplied to large retailers, they could not control their selling price, and hence were price takers so would not benefit from the program;
- They would do their own program in-house;
- The resources required for the set-up and amount of data required were far greater than the benefits received from the program.

Two of the three survey respondents who were aware of the program but decided not to participate said that they didn't think the program was worthwhile for their business, and that they had their own systems in place. The third respondent said that COVID had impacted their business but that once back on track, they may consider the program.

4.2 Growers – relevance to the industry

Growers participating in the program felt that from an industry perspective it was very relevant as it would:

- Benchmark the costs and income across the industry and help growers to understanding where they sit against other growers within the industry;
- Make the whole of their industry more productive and more profitable

"I think it is great for all growers. I think they are mad not to do the program. It's also good for the industry if everyone is collecting data."

"Benefits the farmers through better awareness and is key in better efficiency and sustainability within the industry. It will become a necessity for businesses in the future."

4.3 Stakeholder - relevance

VegetablesWA has published its FY 2021/22 benchmarking figures in the WA Grower Volume 58 No.1 Autumn 2023 (its industry magazine) giving 6 years of benchmarking data to draw on. We understand VegetablesWA is waiting for the FY 2022/23 figures to publish. We understand that the industry benchmarking figures are considered relevant, showing the top 25% of growers, the average, and the bottom 25% of growers and that they will continue to benchmark as long as the program continues although their industry contribution ended at the end of the FY 2022/23.

Pomewest worked hard to recruit from their industry growers but success in recruiting growers has been very limited as 2 or 3 major growers constitute a significant proportion of Pome production; anecdotally they do their own benchmarking and are concerned about confidentiality given the proportion of the market that they have. Consequently the benchmarking data has been drawn from a small number of producers (5) and is not considered by the industry to represent a significant proportion of the industry to provide a representative industry benchmark.

The survey results supported anecdotal feedback that the growers who participated in the program gained significant personal benefit from the program. The Pomewest industry contribution ended at the end of the FY 2022/23.

In expanding the program to other horticultural industries, in addition to the two existing industries participating (VegetablesWA and Pomewest), four potential new industries including: potatoes, citrus, berries and table grapes were approached as part of the review.

All felt that benchmarking in general was relevant to their industry; however, some industry associations:

- had been involved in industry benchmarking before and had not had a particularly good experience with the benchmarking;
- felt that in the past benchmarking had not delivered value to their industry partly due to the limited number of people participating in the benchmarking;
- were investigating other industry benchmarking programs as well (e.g. that used in the fishing industry) the format of which may be suitable to their industry;
- felt that the benchmarking program was too sophisticated for many members of their industry and that it should offer a lower-level entry point where more basic information was sought making it easier for their growers to understand the benefits, and to collect and provide the information.
- Had received feedback that large growers wanted a more similar comparison to their operational size and therefore were attracted by the national benchmarking

The support of the industry association in encouraging its growers to participate in the program is vitally important to the success of the program. This does need to be supported not only with communications to build awareness and support the recruitment effort e.g. providing a website, fliers and information but also on the ground and in person at growers' meetings and at industry association functions.

The relevance of the benchmarking message can become difficult to sustain if the uptake of the program is potentially low in an industry with the benchmarking covering only a small number of industry growers. Even where Planfarm feels there would be sufficient growers participating for the benchmark to be reliable and representative of the industry, discussions with stakeholders have shown that:

- It may not "pass the pub test" in terms of how reliable and representative the industry benchmark is perceived to be.
- The industry association may question why they should spend member funds and levies on a small number of industry members.

- Growers may question how confidential their information was if it constitutes a significant part of the benchmark information, perhaps not understanding that their data cannot be identified and is quoted on a per hectare basis.

One area which the industry benchmarking can offer which is particularly relevant, is the provision of information for policy development and advocacy. This is an area which has yet to be utilised by Industry Associations and does require some thought on the Industry Associations' behalf in terms of the area of interest and what information they require would require from Planfarm.

5.0 Process appropriateness

The evaluation considered how well the intended beneficiaries have engaged in the project, the extent to which the engagement processes are appropriate for the target audiences of the project and the level of communication about the project.

5.1 Grower engagement

In Section 3.0 Efficiency, the processes for identification of potential participants, grower engagement, grower recruitment and sign up to the program were not well researched in advance, not sufficiently resourced beyond a small communications budget, not documented as a process nor consistently executed. The shared responsibility resulting from the Project Manager and Planfarm working together with limited time available meant that the impetus to participate came from people registering an interest or being involved through committees etc. There appears not to be a database of all growers, recording for each grower if they attended a growers meeting, if they were followed up immediately after by telephone call, if they were sent information, if an appointment was made for a visit and how that progressed. Some initial research before the launch would have provided some valuable statistics early on as to the recruitment journey, the conversion rate and ensured that people did not get lost in the process.

Further with a Communications Plan the growers meetings and communications distributed could have been scheduled, so that all appropriate grower meetings could have been covered by either the Project Manager or Planfarm so that industry representatives did not have to make the case to their own members.

The recruitment of participants was a learning curve over the first two years, identifying the importance of face to face contact and follow-up. We understand the recruitment and onboarding process now resides with Planfarm who is resourced to undertake this.

5.2 Stakeholder engagement

Stakeholder engagement, specifically industry associations other than VegetablesWA and Pomewest did not commence until the beginning of the FY 2023. VegetablesWA was the Project Manager and hence engaged in the process and the Pomewest representative was on the Project Management Reference Group, hence one would expect engagement with the committees of the VegetablesWA and Pomewest to be good.

Engagement with the more recently approached industry associations did depend upon the main point of contact at the association and how disposed they were towards the program. Those who believed in the program felt that they advocated strongly for the program to their committee and members to try to get participation, sometimes with mixed support from the project communications, whilst others relied upon Planfarm and the Project Manager to pursue their associations and members. A strong combination of both a push from the association and pull through from a well-resourced Planfarm, supported by the effective and targeted communications would achieve the best result.

Comments from industry stakeholders noted that the timing of communications to particular industries was not ideal, and that the content of the communication was either pitched above the understanding of the small to medium grower or that the message was not as relevant as it could be to that industry. This led to communication needing to be redone and time being lost.

5.3 Process set-up and provision of data

Once the participant had signed up to the program, they generally felt the process easy to set up, particularly if their accountant was involved.

I think the key is having a good accountant. Mine is involved with a lot of broadacre farmers and is pretty familiar with the information required.

Those who did not already have a system that accurately collected the required type of information or that had a good bookkeeper found that setting up the system could be time-consuming, with one grower commenting that it took at least two days to collect the required business information.

However, the majority of participants commented that Planfarm took time to understand their business and to explain 'what it means' and 'what changes we can make'.

The Planfarm system has matured and is better resourced in the FY 2023 with more face-to-face meetings at the beginning of the process to ensure that the required information is understood and collected at the beginning.

5.4 The written report

The written report provided by Planfarm was described as useful by all program participants as follows:

- Fairly useful – 69%
- Extremely useful – 31%.

Whilst the written report is an important component the one-on-one meetings were more useful as they enabled growers to discuss the report and its implications

5.5 The one-on-one meetings with a Planfarm consultant

The great majority of program participants felt that the one-on-one meetings with Planfarm consultants met their needs (92% of growers).

The reasons growers gave for this were:

They were very good for explaining the reports and information.

Very good. More engaging than just reading raw numbers in a report.

The meetings were more important than the data itself. Having them sit down and go through it was very useful.

Having the data and going through it on your own can be daunting, but having someone sit down and explain the information was a huge help and much easier for us to understand and interpret going forward.

Yes, very good and personalised to our farm and business. I could ask them questions relevant to our business situation.

Two growers made less positive comments:

The information provided was fairly obvious. I had to reduce labour to achieve better profitability. I already understood that I needed to do this. (Vegetable grower).

I felt that the consultants were still learning about the industry. In a sense the original consultants from Pome were still teaching Planfarm consultants how the industry worked and functioned so that they could understand what benchmarks they were looking for. (Pome grower).

5.6 Improvements to the process

Improvements to the BBSHB program

Growers participating in the program suggested the following improvements:

1. **The timeliness of the reporting.** In the first year there was a considerable lapse time between the provision of information and the individual reports being provided. This was emphasised by the comments of one grower who said that it took him less than an hour to provide the data to Planfarm. We understand that this has been addressed in the 22/23 financial year.

“If we could get the information back quicker it would be more helpful and relevant.”

2. **Regular communication with growers.**

Regular communications was requested by growers including:

“Regular time slots for reports. Every 6 months would be better rather than both parties not making contact and putting off meetings and updates.”

3. **Provide more explanation on data collection.**

“How the data is collected and recorded on a daily basis. If I am not at work, other staff need to understand how and what to record to ensure data consistency.”

“Where to send the data and timing for continuity.”

4. **Where appropriate tailor the program to small businesses.**

“The program needs to relate better to small businesses. My business didn't seem to fit their program models. Processes like how we pick each row of product and that we do it in a standardised way amongst all staff has a significant outcome on profits.”

“Very difficult because different business are of different sizes with different requirements.”

5. Provide additional consulting services.

Though it is not clear if the grower would pay more for these services:

“To sit down with a consultant who is really familiar with horticulture and discuss possible ‘what if’ scenarios.”

“Just providing additional information that is relevant to certain businesses.”

6. Continue the program.

“I think the program should be continued due to its lasting impact.”

5.7 Engagement processes appropriate to the target audiences

As noted above under participation (section 2.1 points 2-4) the engagement processes need some fine tuning to attract participation amongst the target audiences in terms of:

1. The messaging needs to be tailored to the individual grower industries and also consideration needs to be given to tailoring the messaging by grower size as anecdotally, different aspects of the program appeal according to the size of the grower.
2. Clearly once awareness is established, telephone follow-up (as shown below) and face-to-face contact via at least one meeting is required to obtain participation in the program. If the meeting cannot be obtained, the program has a low priority for the grower and unlikely to proceed. Unfortunately the resources allocated to the project in the first two years limited face- to-face contact mainly through industry association and grower meetings and did not allow for the amount of grower contact required to achieve the required conversions.
3. Further attendance at the grower meetings and presentations is critical by either Planfarm or a member of the project team to explain the program and answer questions. The industry representative or members of the industry association feel ill-equipped to answer their members' questions and the meeting can be disrupted by growers who do not support the program. This prejudices the uptake of the program in that industry.

5.8 The level of communication about the Project

Commenting on awareness of the program and the level of communication that the growers in the vegetable and Pome industries received about the program is beyond the scope of this evaluation as the consultants were unable to access lists of vegetable growers and Pome growers.

The majority of participants (69%) felt they received a lot of information about the program whereas those who expressed interest but did not proceed generally felt that they received some information about the program. None of the people who did not proceed with the program felt that they received a lot of information about the program.

Amount of communication seen or heard about the program:

Type of communication	Participants	Committed but did not proceed	Did not commit	Total
I received a lot of information about the program	69%	0%	33%	50%
I received some information about the program	23%	75%	67%	40%
I received hardly any information/ no information about the program	8%	25%	0%	10%
	100%	100%	100%	100%

Generally, survey participants felt that they received enough information to be able to make a decision with 80% of growers commenting that they received adequate information to help them make a decision. It should be noted that some of the growers received additional information because they were: on their industry association's committee; one grower was involved with Planfarm already and others received a visit from the Project Manager, VegetablesWA or Planfarm, who spent a lot of time with them talking them through the program.

The responses given by growers indicate that the participants were either:

- interested in the program anyway and some made an effort to inform themselves about the program, or
- received a face-to-face meeting (some received multiple meetings) with project team members to talk them through the program and its benefits.

Further comments about communications are detailed under participants in section 2 – Effectiveness.

6.0 Efficiency

The efforts that the project has made to improve efficiency are at two levels:

- Grower efficiency;
- The efficiency of the execution process by the Project Managers to reduce the burden on the grower to participate.

6.1 Grower efficiency

Growers were asked if they felt that they ran their business more efficiently since joining the program with the majority of participants (64%) commenting that they ran their business more efficiently since participating in the program.

Much more efficiently	36%	64%
More efficiently	28%	
No change	29%	
Less efficiently	7%	
	100%	

Comments made by growers in running their business more efficiently or much more efficiently include:

I think that is a key to it all, but I don't think we run our business anywhere as efficiently as we could.

It has made me more ruthless in making certain business decisions.

We are still not perfect, but it has helped us become much more efficient = profitable. We had products that we were unaware were making us go backwards.

Planfarm got involved and separated everything for us a lot more and shed light on various areas which helped us become more productive and profitable.

It's encouraged me to join Buy West-Eat Best which has in turn encouraged me to get a HACCP Certification which has required me to systemise everything. My Planfarm consultant has encouraged me to get larger distributors which in turn will make me more efficient.

Yes, understanding the data and the benchmarking has highlighted where we need to run more efficiently.

It has given us areas to concentrate on so that we can drive the business further.

I have a much greater insight where the money is being spent in my business.

Those growers who felt that there had been no change in their business efficiency commented that the information they received was fairly obvious and hadn't changed their business operations.

6.2 Improving the efficiency of the program in reducing the burden on the grower

The initial burden on the grower is setting up the system, and as noted above, those growers with efficient, well-run bookkeeping and management systems found installing the system easy and straightforward.

Those with less sophisticated systems found implementing the system quite challenging. Once the system was established, providing the information to Planfarm in subsequent years was considerably less onerous and we understand that half of the growers provide Planfarm with access to their accounting systems, enabling Planfarm to draw down the information themselves.

As noted in section 5.3 Process set-up and provision of data, the Planfarm system has matured and is better resourced in the FY 2023 with more face-to-face meetings at the beginning of the process to ensure that the required information is understood and collected at the beginning. Generally it is felt to take 2 years before the provision of information becomes fairly seamless.

7.0 Legacy and Sustainability

The majority of program participants felt that the program would have a lasting impact on both their business (79%) and the industry (72%).

	Definitely will	Probably will	May / May not	Probably not	Total	Probably will/ definitely will have a lasting impact
On your business	43%	36%	14%	7%	100%	79%
On the industry	43%	29%	21%	7%	100%	72%

Participants were likely to believe that the program will probably or definitely have a lasting impact on their business (85%) and probably or definitely will have a lasting impact on the industry (87%).

Those who initially expressed commitment to the program but did not provide the information felt that the program would not have had a lasting impact either on their business or on the industry.

7.1 The Future Retention

In all, 79% of participants are keen to continue to be part of the program for the 2023/2024 financial year; most growers are prepared to pay between \$1,500 and \$2,000 to continue to receive the program.

Currently, 72% of participants surveyed perceive the program as a benefit worth paying for; 14% see it as a cost and 14% of participants feel that the program is not worth any further expenditure:

“The cost to your business has to be relative to how profitable your business is.”

“I don't see enough value in the program for my sized business.”

Increasing the program cost to a more realistic fee of between \$6,000 and \$8,000 per year to engage Planfarm to collect, analyse and report on the information and liaise with the grower is more than most growers are prepared to pay. These growers (67%) say that they would probably not or definitely not pay between \$6,000 and \$8,000 to continue receiving the data and benchmarking once the program ends. A further 17% are undecided.

Moving forward, Planfarm intend to increase its face-to-face contact with participants both at the data collection stage (where required) particularly for new participants and contacting growers 2 or 3 times during the year to follow up on actions agreed (including helping them with their budgeting) and checking in on progress. These follow-ups (either by telephone or preferably face-to-face) are something which is greatly valued and provide the grower with the opportunity to ask questions and “what ifs” getting more value from their data. This provides Planfarm with the opportunity to demonstrate the value of participation in the program and the individual and tailored advice/ sounding board which the participating growers receive.

8.0 In Conclusion

The program was successful at a grower level in:

- Increasing knowledge of business metrics and their relationship to driving profitability;
- Creating a positive attitude to engaging with data within their business;
- Improved understanding of interpreting data;
- A willingness to convert findings into action.

The majority of growers felt that the program provided lasting value to both their business and the industry and wished to continue with the program, though at the current subsidised rate of \$1,500 per annum. Planfarm have the opportunity to change this through greater contact and demonstrating value to each grower.

At an industry benchmarking level, there was clear value to VegetablesWA who published the benchmarking results for financial year 2021/22, though not to Pomewest who felt that the small number of participants undermined the relevance of the benchmarking information. There is also opportunity to use this information for the good of industry members through advocacy.

There are clear lessons for the project team going forward in the areas of:

- Governance and management structure;
- Appropriate funding, particularly at the communications and initial recruitment stage;
- Understanding and adapting communications to attract and onboard participants;
- Documenting and monitoring the journey from awareness to recruitment and then data collection to provide both statistics on conversion rates and make sure that growers are do not drop out of the system due to lack of follow up;
- Tailoring the package to individual industry associations as the decision criteria does differ somewhat at an industry level and for growers in different horticultural industries.

Treating horticulturalists as a uniform group of growers has the potential to create significant barriers to adoption. Some in-depth discussions with growers and grower associations by a third party when designing the program and advising on the systems would have greatly assisted the design of the communications package and recruitment system and how it was implemented.

Technical Appendix – Evaluation Research Project Specifics

Component	Details
Project Management Team	
Research Solutions Contact	Nicky Munro
Client Contact	Bronwyn Walsh
Research Technique Used	Workshops and in-depth interviews
Number of moderators	1
Number of interviewers	2
Workshops	2 – The Project Reference Group and Planfarm.
Recruitment	
Field Company for Recruitment	Market Research Australia
Field Company Credentials	ISO 20252
Field company briefed in writing and in person	Yes
Recruitment method	Telephone
Sample source	Contacts provided by the client
Recruitment of in-depth interviews with growers	
Target population	Program participants, people who agreed but did not eventually participate and those who were aware of the program but decided not to participate. Plus 4 industry groups expressing interest in the program at the time of the evaluation..
Number of participants	24
Participant incentives	None
Dates	28 th July to 28 th August 2023
Location/s	Via telephone
Recruitment outcomes	
Any difficulties encountered with recruitment and solutions used	Recruitment of horticultural growers was slow, but the number of interviews achieved represented 50% of the contact details provided for participants and those who did not go ahead with the program.
Recruitment	Undertaken by the interviewer and by appointment
Contact lists / identifiable respondent information destroyed/deleted	At the conclusion of the project
Permissions to acknowledge identity of participant	NA grower participants not identified, and industry comments kept confidential.

Component	Details
Any limitations affecting the validity of the findings	Growers aware of the program but who did not participate are not included beyond the 3 with contact details provided. The consultants were unable to secure a list of growers attending grower meetings at which the program was presented or a list of those followed up.
All problems identified during project reported and followed up.	none
Documents appended	
Interview guide / questionnaire	yes
Recruitment specifications	No
Prompt materials	NA
Other documents (specify)	
This project has been undertaken with compliance with ISO 20252:2019	

Building Better Capability in Horticulture Businesses Survey

Good morning, we are talking to vegetable and Pome growers. My name is from Research Solutions and Market Research Australia independent market research companies. You will recently have received an email from VegetablesWA about our call.

May I talk to the (RE-INTRODUCE YOURSELF IF NECESSARY).

Research Solutions has been engaged to evaluate one of the 's programs, the **Building Better Capability in Horticulture Businesses**. In this program vegetablesWA, POME and Planfarm are working with growers to carry out a production and financial business analysis. We are keen to receive some feedback about the program and its impact from growers. We would like to chat to you for no more than 10 minutes or so and the results will provide important independent feedback. Your response is voluntary and confidential and the results provided in the review will be provided as a group with no individual comments identified.

This is a discussion with growers with some key measures.

Q1. Firstly, does your business currently grow: **READ OUT**

	Yes	No	
Vegetables	<input type="radio"/> O ₁	<input type="radio"/> O ₂	
Apples / Pears	<input type="radio"/> O ₁	<input type="radio"/> O ₂	
No/ no longer grow either			Thank and close

Q2. When did you first hear about the building better sustainable horticulture business program?

2 years ago (2021 or before)	<input type="radio"/> O ₁	
Last year (2022)	<input type="radio"/> O ₂	
In the last 4 – 6 months (between January and May 2023)	<input type="radio"/> O ₃	
In the last 2 months (June/July)	<input type="radio"/> O ₄	
Was not aware of it	<input type="radio"/> O ₅	Thank and terminate
Don't recall	<input type="radio"/> O ₆	

Q3. How did you hear about the building better sustainable horticulture business program? (If Vegetables WA or Pome mentioned, ASK how they were contacted) – **Multiple response probe for as many ways as they were contacted in.**

Growers' meeting / industry workshop / presentation/ webinar	<input type="checkbox"/> O ₁	
Contacted by phone by Vegetables WA / Pome and asked to join	<input type="checkbox"/> O ₂	
Received an email about it	<input type="checkbox"/> O ₃	
Received a visit to my property	<input type="checkbox"/> O ₄	
Visited the website	<input type="checkbox"/> O ₅	
WA Grower Magazine (industry magazine)	<input type="checkbox"/> O ₆	
The media: radio, newspaper, Facebook	<input type="checkbox"/> O ₇	
Referral from another grower	<input type="checkbox"/> O ₈	
Other (please write in):	<input type="checkbox"/> O ₉	

Q4a. How much communication did you hear or see about the program?

I received a lot of information about the program	O ₁	
I received some information about the program	O ₂	
I received hardly any information/ no information about the program	O ₃	

Q.4b. Did you receive the information you needed to make a decision? What else did you feel you needed to know?

PROBE FULLY

(Please write in)

List source:		
Participant	O ₁	Go to Q6
Agreed to participate but did not provide the information	O ₂	Go to Q5b
Aware but not committed / including those contacted	O ₃	Go to Q5a

For those aware but did not commit /participate (code 3 in list source)

Q5a. Why did you decide not to participate in the program?

PROBE FULLY

(Please write in)

For those who committed initially but then did not provide the information (code 2 in list source)

Q5b. Why did you decide not to go ahead?

PROBE FULLY

(Please write in)

Ask of code 2 and 3 in list source

Q5c Under what circumstances would you have participated the **Building Better Capability in Horticulture program**? **PROBE** what else the program would need to offer for them to go ahead.

PROBE FULLY

(Please write in)

ASK ALL

Q6. What did you feel are the benefits of the program to:

PROBE FULLY for benefits of each.

a)	You personally <i>(Please write in)</i>
b)	The industry <i>(Please write in)</i>

Q7a. How relevant do you feel the building better sustainable horticulture businesses program was to you and your business?

Relevance:

Not relevant	Mixed feelings	Fairly relevant	Very relevant
O ₁	O ₂	O ₃	O ₄

List source code 2 and 3 go to Q18

Participants:

Q8. How long have you been in the program?

- Two years O₁
- One year O₂
-months O₃

Q9. What prompted you to join initially?

PROBE FULLY

(Please write in)

Q10a. Do you feel that you run your business more efficiently since joining the program? (If more efficiently, is that much more efficiently or just more efficiently):

Efficiently

Less efficiently	No change	More efficiently	Much more efficiently
O ₁	O ₂	O ₃	O ₄

Q10b Why do you say that?

(Please write in)

Q11a. How did you find the process of set up, providing data and receiving and discussing the report with Planfarm?

PROBE FULLY

(Please write in)

Q11b. How useful was the written report provide by Planfarm?

	Not at all useful	Not very useful	Fairly useful	Extremely useful
The report	<input type="radio"/> O ₁	<input type="radio"/> O ₂	<input type="radio"/> O ₃	<input type="radio"/> O ₄

Q11c Did the one-on-one meetings with the Planfarm consultant meet your needs?

Yes	1
No	2

Q11d Why do you say that?

PROBE FULLY

(Please write in)

Q12. To what extent has being part of the program and working with Planfarm...: If yes is that some or a great deal

	Not at all	To some extent	A great deal
a) Increased your knowledge of the key figures / metrics which drive farm profitability?	O ₁	O ₂	O ₃
b) Caused you to value business data and key ratios more?	O ₁	O ₂	O ₃
c) Improved your understanding and interpretation of your farm's data?	O ₁	O ₂	O ₃
d) Given you the information you needed to evaluate risks and weigh that against the additional return you will receive?	O ₁	O ₂	O ₃
e) Increased your willingness to collect the business data? Also:	O ₁	O ₂	O ₃
f) Do you feel that your skills in the business and/or financial management to have increased?	O ₁	O ₂	O ₃
g) Have you made changes to your business as a result of the data / information you received from PlanFarm?	O ₁	O ₂	O ₃
h) Do you feel more confident about taking action now you have the information?	O ₁	O ₂	O ₃

Q13 Why do you say that? **Particularly probe reasons why where the response was "not at all"**

(Please write in)

Q14. Do you think that this program will have a lasting impact...:

	No definitely not	Probably not	May / May not	Probably will	Definitely will
a) On your business?	<input type="radio"/> O ₁	<input type="radio"/> O ₂	<input type="radio"/> O ₃	<input type="radio"/> O ₄	<input type="radio"/> O ₅
b) On the industry?	<input type="radio"/> O ₁	<input type="radio"/> O ₂	<input type="radio"/> O ₃	<input type="radio"/> O ₄	<input type="radio"/> O ₅

Q15a) What do you feel could be improved / done better?

(Please write in)

Q15b) What additional areas should the program cover to add more benefit to your business?

(Please write in)

Q16a Is the program of sufficient value to you that you would you pay to continue to be part of the program including PlanFarm benchmarking and advice? (accepting they will have to pay \$1500 for next year, but into the future?)

- Yes O₁
 No O₂

IF yes:

Q16b. How much would you pay per annum? _____

If No

Q16c Why not? Ie why wasn't the program of sufficient value to pay a contribution towards it?

(Please write in)

Q16d. Having experienced the program, do you see it as more of a cost to the business or more of a benefit to the business which is worth paying for?

More a cost to be paid, or	<input type="radio"/> O ₁	
More of a benefit which is worth paying for	<input type="radio"/> O ₂	
Not worth further expenditure	<input type="radio"/> O ₃	

If not prepared to pay a contribution at Q16a, then if it doesn't make sense don't ask this question but assume definitely not. If in doubt ask the question.

Q17 The program costs between \$6,000 and \$8,000 per year for PlanFarm to collect, analyse, report and liaise with you. Looking to the future (beyond the coming year) would you be prepared to pay \$6,000 and \$8,000 to continue to receive the data and benchmarking once the program ends?

No definitely not	Probably not	May / May not	Probably will	Definitely will
<input type="radio"/> O ₁	<input type="radio"/> O ₂	<input type="radio"/> O ₃	<input type="radio"/> O ₄	<input type="radio"/> O ₅

ASK ALL:

Q18. Do you have a 2 or 3 year...

		No -don't see the need	No but I'd like to do one	I have started to put one together	Yes I have one
a	Business Plan	O ₁	O ₂	O ₃	O ₄
b	Financial Plan	O ₁	O ₂	O ₃	O ₄

For each yes answer ask:

Q19. Have you changed either your business plan or financial plan in the last two years?

Business Plan Yes O₁ No O₂
 Financial Plan Yes O₁ No O₂

Q20 Location suburb/ town: _____

Thank you for your help:

My supervisor will recontact a small proportion of growers completing this survey to check that I have completed this survey correctly in line with the Market Research guidelines may I just confirm your name and contact details. **(Confirm for all):**

Name: _____

Contact details: _____

Thank you for your help. If you have any questions about the survey or your inclusion in the survey, please contact:

Nicky Munro
 CEO
 Research Solutions
 Phone: 08 9225 7772

Interviewer name: _____

Date: _____

From the data file:

Q21
 Vegetable grower O₁
 POME grower O₂



Building Horticulture Business Capacity Project

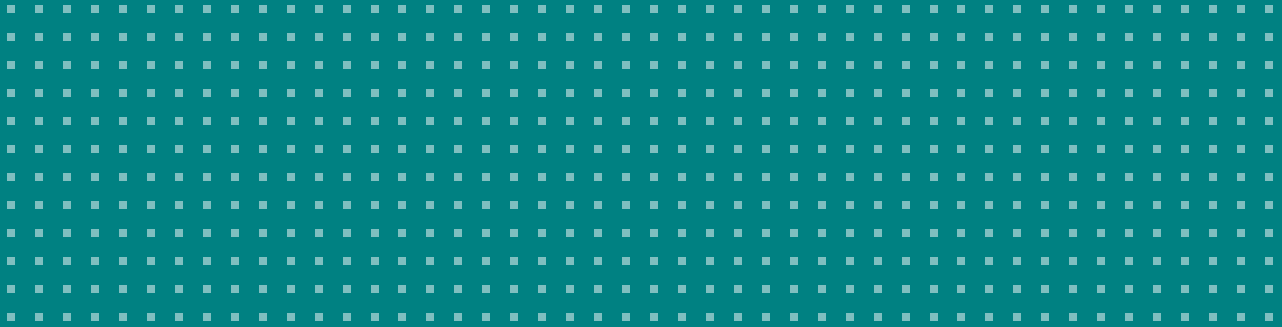
Industry Benchmarking Report 2022-23

Prepared by vegetablesWA and Planfarm Pty Ltd

Funding statement: Building Better Sustainable Horticulture Businesses is funded through the Hort Frontiers strategic partnership initiative developed by Hort Innovation, with co-investment from vegetablesWA, Pomewest, DPIRD and APC Vegetables Producers Committee and contributions from the Australian Government.



Building Horticulture Business Capacity Project



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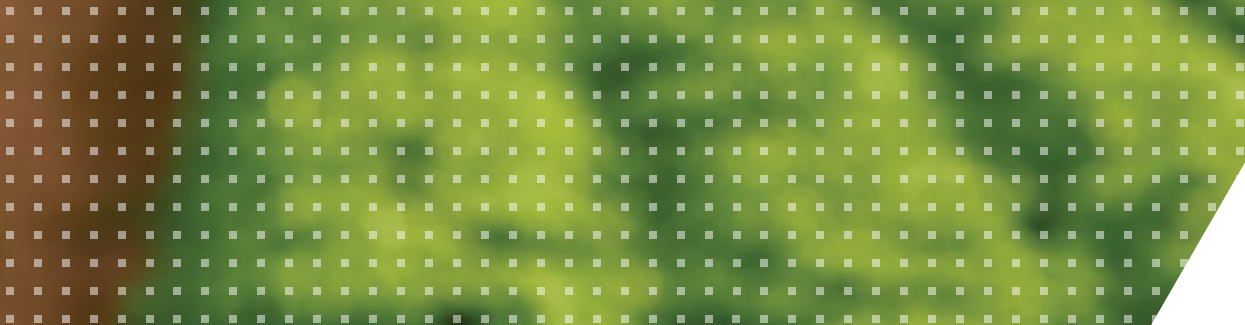
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Introduction

Performance benchmark data has been published for Western Australian horticulture businesses. The results reflect four turbulent years of inflationary pressures, labour accessibility and margin squeeze.

The Building Horticulture Business Capacity (BHBC) Project builds on previous projects conducted by Planfarm and vegetablesWA, including financial and productivity business analysis. It is designed to close the gap between financial and business management performance. It does so by providing one-on-one support from Planfarm business consultants, a feature that sets it apart. The BHBC Project, a research funded program, is a boon for horticultural growers seeking to enhance their capacity to critically analyse areas of performance within their business. This initiative has been made possible through strategic partnerships with DPIRD, Hort Innovation, the Agricultural Produce Commission, Pomewest, and vegetablesWA.

The Western Australian horticulture industry has encountered significant challenges over the past four years, beginning with COVID-19, which included difficulties in accessing labour and markets. Subsequent repercussions in the later COVID period manifested in increased input costs such as fertiliser, chemicals, fuel, freight, and labour. Even though we are through the COVID period, there has also been a notable escalation in input costs driven by inflation post-COVID in business costs across the board. Overall, the past four years have been marked by turbulence, during which the BHBC Project has been instrumental in aiding growers to navigate these challenges with assistance from Planfarm's consultants. Not only that, but the BHBC Project has also provided benchmark data for Western Australian businesses to the wider horticultural industry.

The 2022–23 edition of the financial and productivity analysis is structured into three comprehensive components, each offering unique insights:

1. **Horticulture** – measures that include all growers participating in the BHBC Project. Although most participants grow vegetables or pome fruits, the horticultural analysis also includes the production of stone fruit, avocado, banana, potato, and berries.
2. **Vegetables** – measures that isolate the vegetable growing activities.
3. **Pome** – measures that isolate the pome growing activities.

Each component provides insights, an overview of horticultural business performance in WA, and key metrics relevant to growers of two major enterprise types in the horticultural sector. The information also forms a base for BHBC Project participants and Planfarm consultants to identify areas for improvement in the business and develop business financial targets for the duration of the program and beyond.



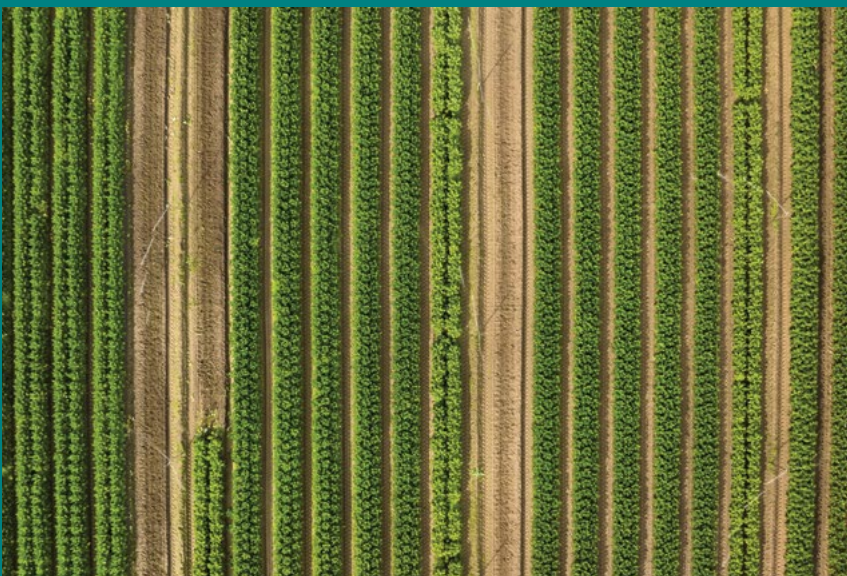
Key insights from 2022–23 benchmarks

Horticulture remains viable despite dramatically rising input costs. The most profitable businesses generated higher volume of saleable production per hectare. Equity held in the **Average** business has improved.

The 2022–23 financial and productivity analysis is the fourth edition of the annual report for the Western Australian vegetable industry, the third for the WA pome industry and first for the broader horticulture industry. Solid participation in the BHBC Project thus far has provided extensive data to form insights as to the performance of horticultural producers throughout the state.

Key insights include:

- Horticultural businesses have experienced a positive increase in equity, despite dramatically rising input costs. This has mainly been driven by increase in land asset values rather than profits.
- Operating expenses are comparable across all producers when comparing similar enterprises in production type and structure. In most cases, operating costs are not the key driver of profitability.
- The most profitable businesses demonstrated significantly higher volume of saleable production per hectare.
- Scale, crop type or region does not influence the profitability of a business.
- Businesses with limited crop types tend to be more profitable through a focus on crops suited to growing region, market access and produce quality.
- Profitable horticultural businesses generate returns of 3%, comparable with other investment opportunities.
- A focus on regular monitoring of financial and production results is a common attribute of the top producers.



Structure of this report

The 2022–23 results of horticulture, vegetable and pome are analysed. Longitudinal trends in key metrics are also discussed highlighting major issues facing the horticultural industry.

Industry findings

Horticulture

The analysis of the 2022–23 single-year key performance metrics provides an overview of the strength of the horticultural industry in Western Australia. Given the variability between industries in the current year dataset, businesses have been ranked based on operating efficiency. This measure of operating costs as a percentage of income is comparable between businesses of all scales and characteristics. Businesses have been ranked based on their **operating efficiency** and displayed as **Top 25%**, **Average** and **Bottom 25%** for all measures.

Vegetable

The analysis of the 2022–23 single-year financial and productivity metrics provides an overview of the strength of the vegetable industry in Western Australia. This is the fourth year of reporting for vegetable growing businesses and provides insights into industry performance. Businesses have been ranked based on **vegetable operating profit per hectare** and displayed as **Top 25%**, **Average**, and **Bottom 25%** for all measures.

Pome

The analysis of the 2022–23 single year financial and productivity results provides an overview of the strength of the pome industry in Western Australia. This is the fourth year of reporting for pome growing businesses and provides insights into industry performance. Businesses have been ranked based upon **pome operating profit per hectare** and displayed as **Top 25%**, **Average**, and **Bottom 25%** for all measures.

It is desirable that the average of the industry is achieving threshold targets and commonly Top 25% producers exceed them 8 years in 10.



Industry findings *(cont.)*

Performance indicators

Operating profit/hectare

The operating profit per hectare indicates how much net income is derived from each hectare. **The declining trend indicates that margins are being squeezed from rising costs without comparable increases in pricing.**

Operating efficiency

Average operating efficiency for the industry provides insight into the cost to generate a \$1 of income. **The operating efficiency indicates that costs relative to income are increasing over time.**

Return on capital

Return on capital reflects the ability to generate cash returns from a business, not including capital gain on land assets. **The data indicates that returns have declined during the period of the project.**

Equity

Equity is the net difference between assets and liabilities. **The data indicates that equity positions remain strong for the industry, primarily through increasing land values.**

The longitudinal data does not consist of the same cohort of growers although all ratios are calculated consistently throughout each year. While the longer term data consists of a high proportion of the same growers each year, changes do occur from year to year.





Horticulture

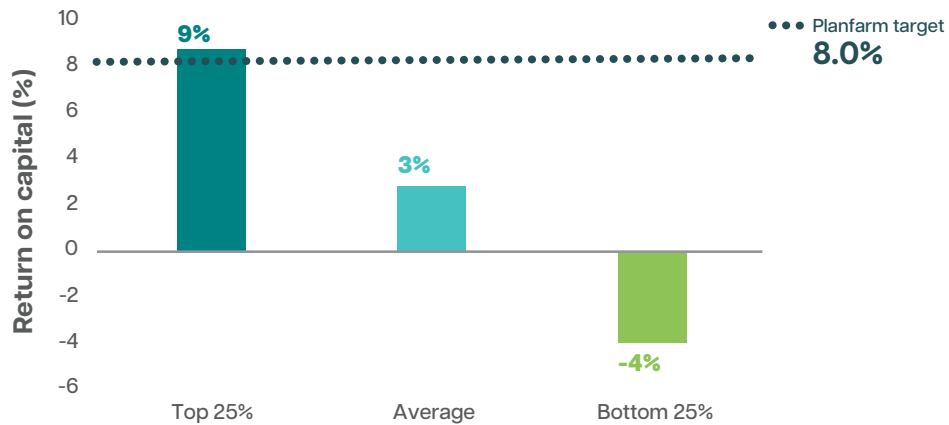


Horticulture

Return on capital

Returns can be high in Western Australian horticulture

Whilst the **Top 25%** generated a return on capital of 9%, the **Average** business was well below Planfarm's recommended return of 8%.



Key findings

The 2022–23 financial year provided variable results from BHBC Project participants.

Western Australian horticultural producers achieved an **Average** return on capital of 3% in the 2022–23 financial year.

The **Top 25%** had a return on capital of 9% while the **Bottom 25%** exhibited a -4%.

The **Average** return on capital is well below the Planfarm KPI target of 8%. When achieving an **Average** return on capital of 8% over 10 years, a business will double its capital base.

The **Average** of the industry is only just making returns in the business that are similar to cash deposits currently. At such low return on capital, serviceability of debt is becoming a major issue for many horticulture businesses.

➔ For further detail on the calculation of return on capital, please refer to the technical commentary on **page 28**.

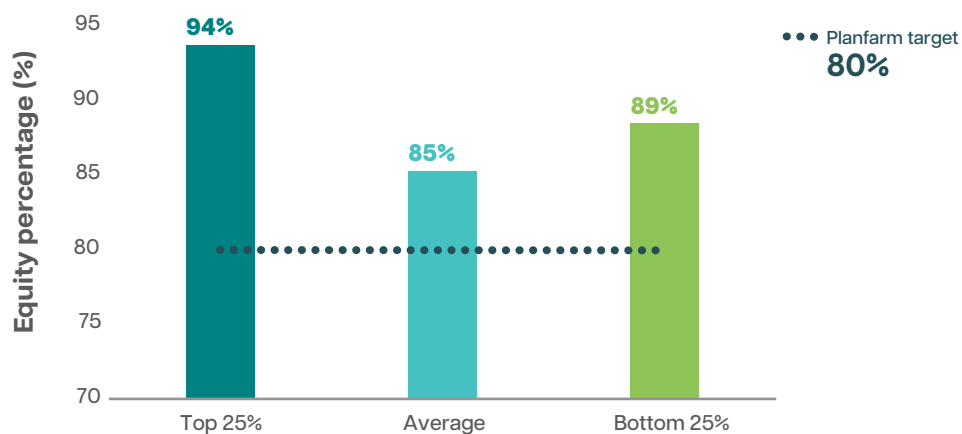


Horticulture

Equity percentage

WA horticulture businesses have strong balance sheets

Horticulture businesses in Western Australia have an **Average** equity of 85%.



Key findings

The **Average** equity position for the 2022–23 benchmarks was 85%, with the **Top 25%** being significantly higher at 94%.

This equity position for the whole cohort is above the target equity percentage of 80%, a KPI set by Planfarm.

This target equity percentage is 80% because above this level, a businesses is able to survive shocks such as negative surplus (deficit) caused from production, market influences or pricing catastrophes.

Equity has been driven largely by rising values of land assets during the study period.



Horticulture

Operating efficiency

Operating efficiency is unsustainable in horticulture

Horticultural producers achieved an **Average** operating efficiency of 84%.



Key findings

Operating efficiency measures a grower's operating costs as a percentage of income; it is the engine room of any business.

In the 2022-23 financial year, the **Average** Western Australian horticultural producer achieved an operating efficiency of 84%.

This means that the **Average** grower spent 84 cents to make a dollar of income.

The **Top 25%** of growers in the BHBC Project achieved an impressive average operating efficiency of 62%. This means they spent 22 cents less than the **Average** to generate \$1 of income, setting a high standard for the industry.

➔ For further detail on the calculation of operating efficiency, please refer to the technical commentary on **page 28**.



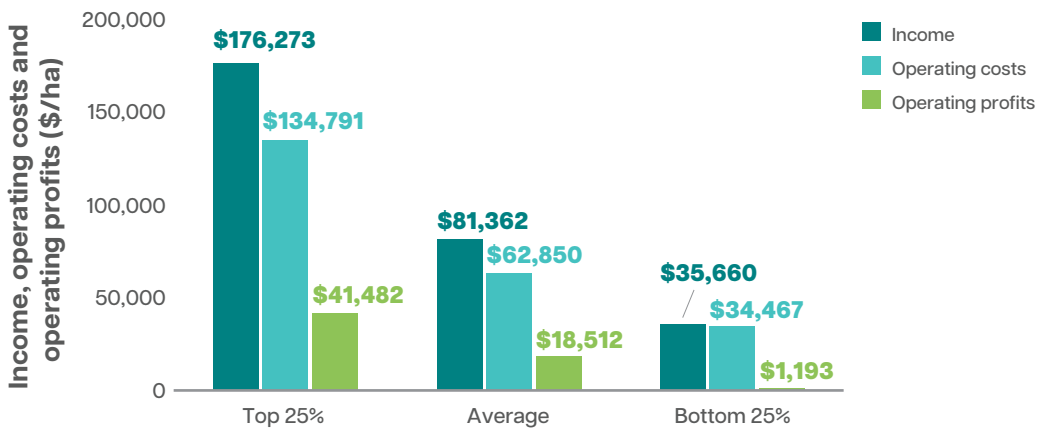
Vegetable



Vegetable

Income, expenditure and profits

Top performing businesses optimise significantly higher inputs, converting into higher profits than other producers.



Key findings

The **Average** vegetable producer generated an operating profit of \$18,512/ha in the 2022–23 season.

There was a significant differential in operating expenses per hectare between the **Average** and **Top 25%** vegetable growers. However, the **Top 25%** were able to generate an average \$22,969/ha – 124% more operating profit than the **Average**.

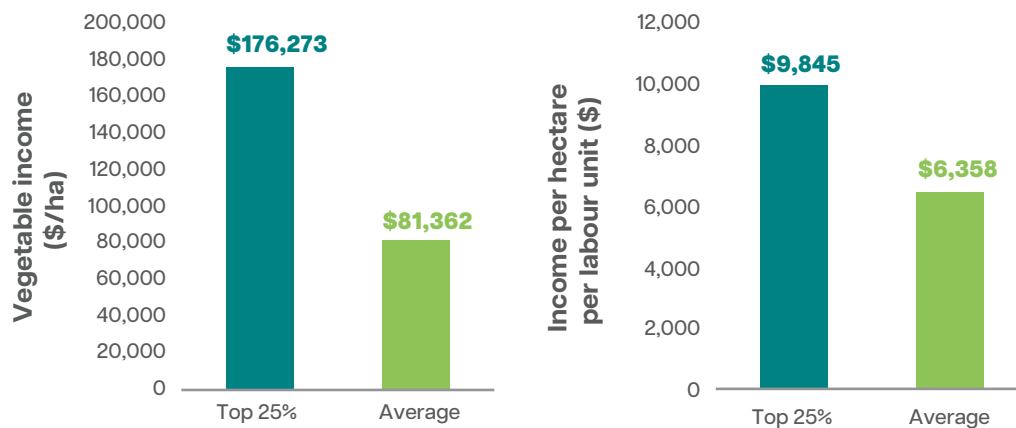
The ability to increase revenue will continue to drive the most profitable businesses as operational expenses continue to rise.



Vegetable

Key performance indicators

Generating superior income was the primary driver of the performance of the top vegetable businesses.



Key findings

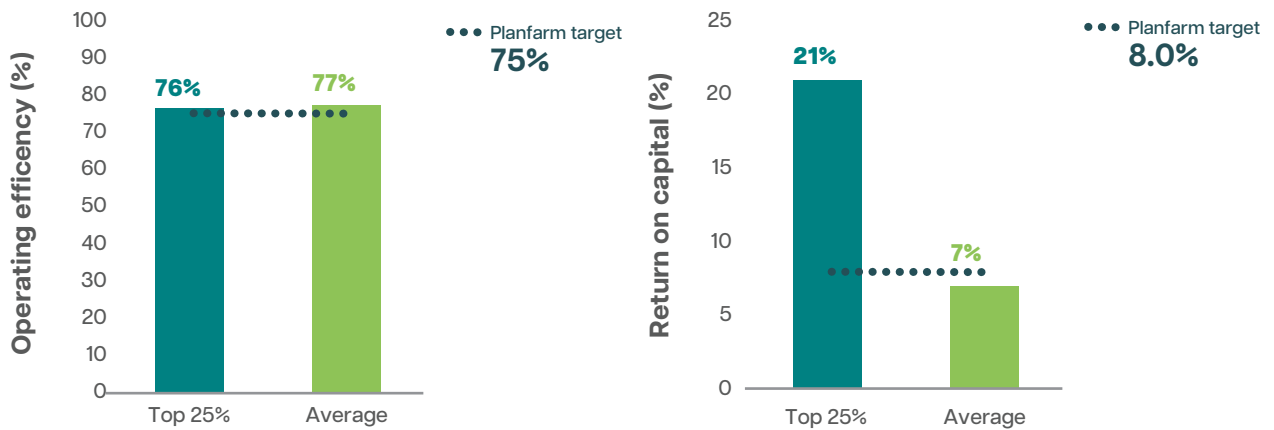
The main driver behind the **Top 25%** vegetable growers for 2022–23 was their ability to generate income – they generated **\$94,911/ha** (117% more) more gross income per hectare compared to the **Average**.

The **Top 25%** of vegetable growers were able to generate more income per hectare per labour unit. Labour costs are the biggest cost to any horticulture business (33% of costs on average in 2022–23) and the **Top 25%** of growers were able to utilise the biggest cost in their business and generate more income per hectare per labour unit.



Vegetable

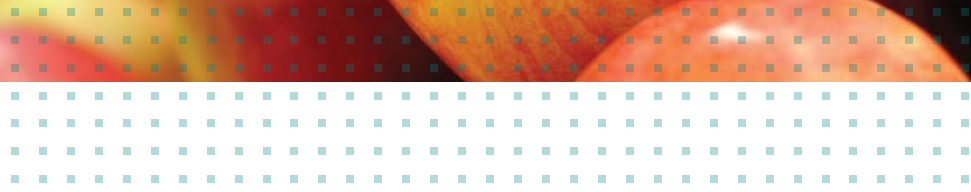
Key performance indicators *(cont.)*



Key findings

The top vegetable growers had a marginally better operating efficiency of 76% compared to the **Average** of 77%. The message here is a similar operating efficiency percentage of a bigger income number results in a bigger operating profit!

The **Top 25%** of growers generate greater operating profits through increased income, which has resulted in a 14% better return on capital than the **Average** grower.

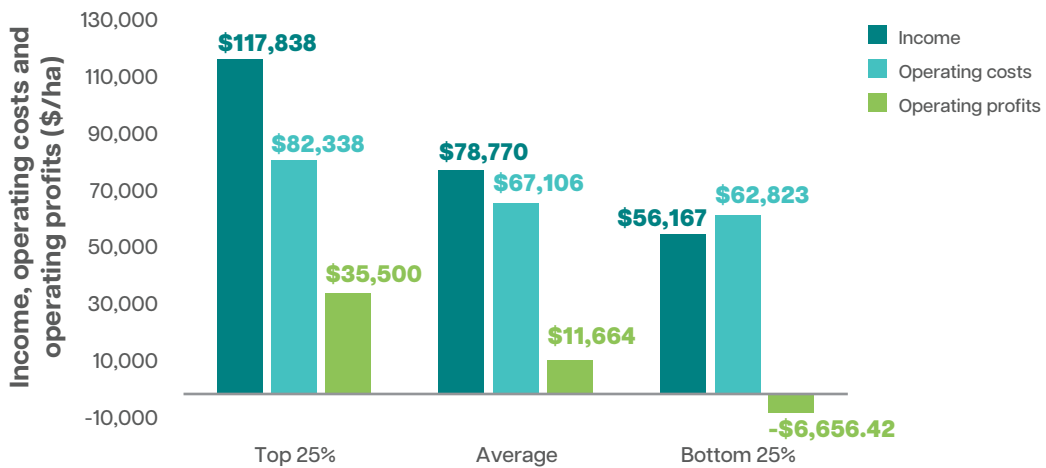


Pome

Pome

Income, expenditure and profits

Top businesses optimise significantly higher inputs, converting into higher profits than other producers.



Key findings

The **Top 25%** producers were able to generate \$39,068/ha (50% more) more gross income per hectare compared to the **Average**. The **Average** pome producer participating in the BHBC Project made an operating profit of \$11,663/ha in the 2022–23 season.

The **Top 25%** were able to generate an \$23,836/ha – 204% more operating profit than the **Average**.

The operating costs per hectare for the **Top 25%**, compared to the **Average**, were \$19,515/ha (29%) higher.

The numbers suggest that WA pome businesses are very similar operationally; however, the **Top 25%** are allocating more time and money to operational processes that increase saleable yields and improved revenues.

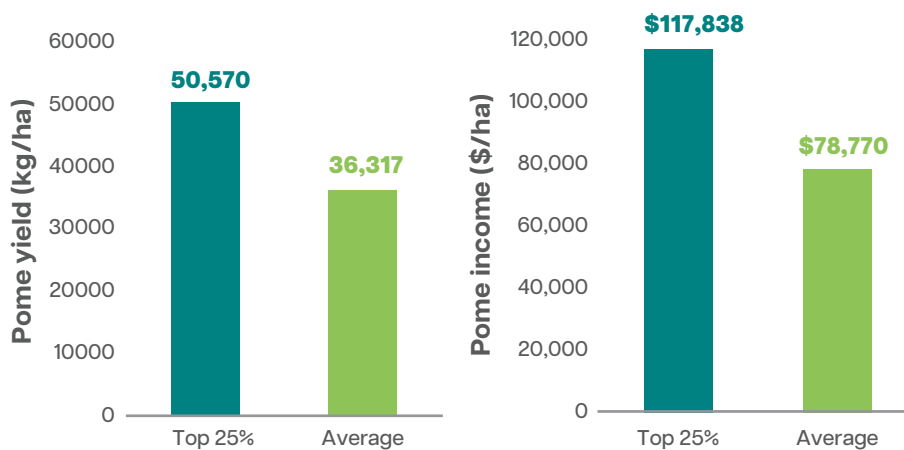
The ability to increase revenue will continue to drive the most profitable businesses, as operating expenses continue to rise.



Pome

Key performance indicators

Yield per hectare drove superior financial performance in **Top 25%** of businesses.



Key findings

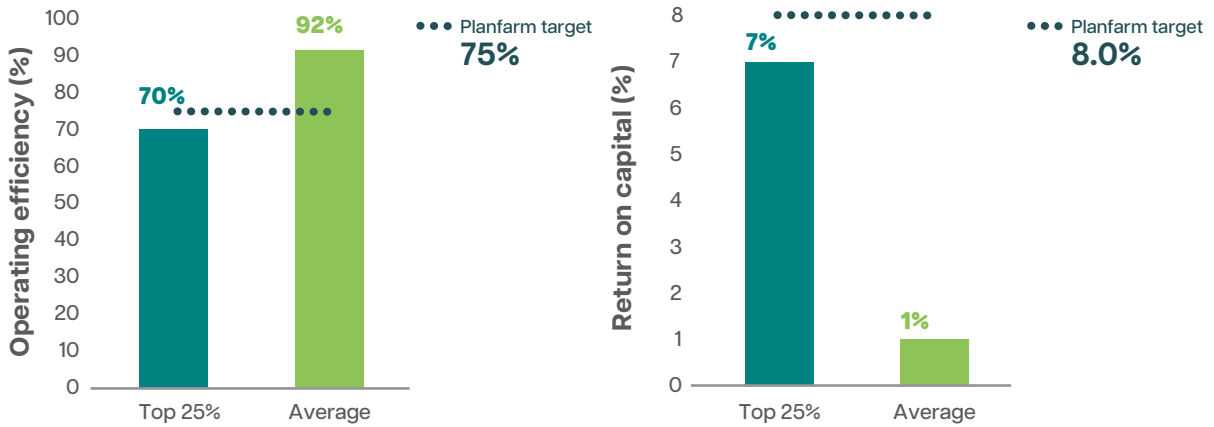
The **Top 25%** of participating growers produced a saleable yield that was 14,253kg higher than the **Average**, or 39% higher than **Average**, which was a real driving factor behind their performance.

As stated earlier, the **Top 25%** of pome producers are generating \$39,068/ha or 50% more gross income per hectare compared to the **Average**, a trend which is driven by the saleable yields that the **Top 25%** are able to generate.



Pome

Key performance indicators *(cont.)*



Key findings

Top performers are spending 22 cents less than the **Average** to generate a \$1 of income, meaning that they have more funds left over (operating profit) to cover costs such as depreciation, finance/lease costs, tax and personal drawings.

The combination of increased income and increased operating efficiency lead to greater operating profits and therefore higher returns on capital for the **Top 25%** of pome growers. Their return on capital was 6% higher than the **Average** growers.



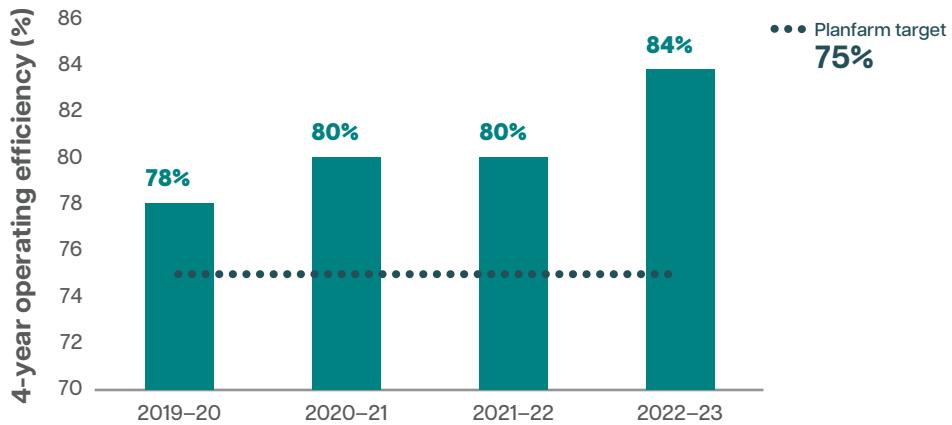
Multiple year results



Horticulture industry

4-year results

It is costing horticultural businesses more to generate income.



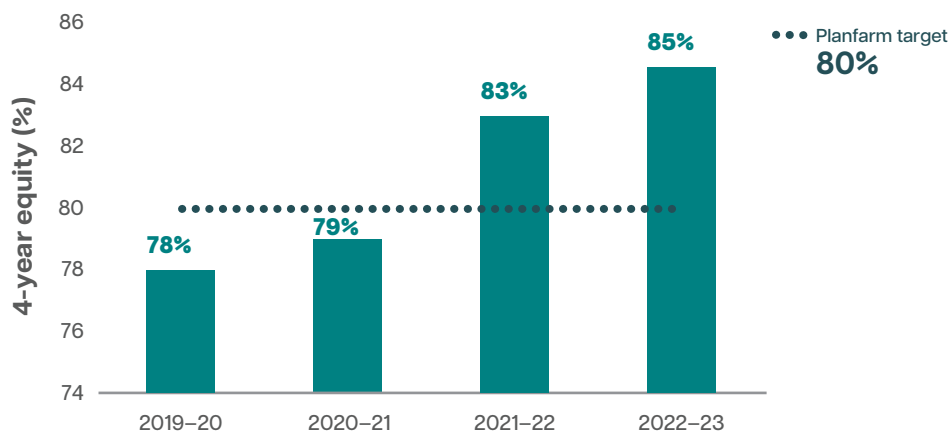
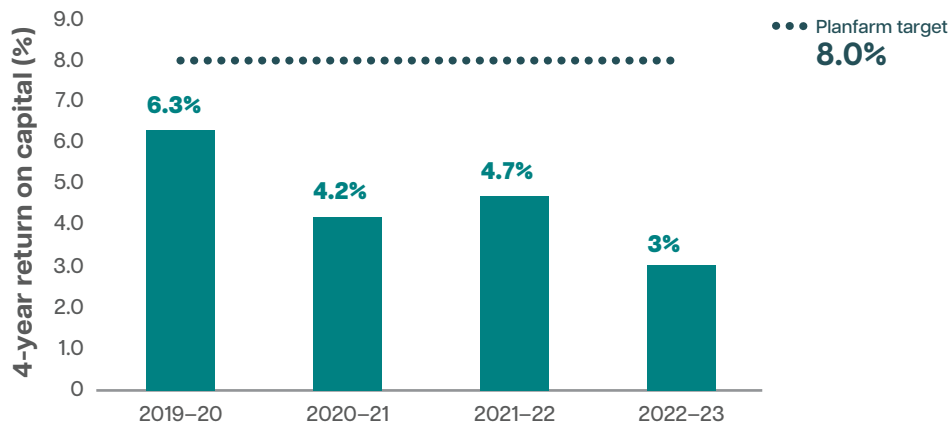
	4-year avg.	2019-20	2020-21	2021-22	2022-23
Operating efficiency %	80%	78%	80%	80%	84%
Return on capital	5%	6.3%	4.2%	5%	3%
Equity %	81%	78%	79%	83%	85%

Key findings

The increase in the operating efficiency over time highlights that it is costing the **Average** horticultural business more to generate income, with the **Average** operating efficiency increasing from 78% in 2019-20 to 84% in 2022-23. Or 78 cents to generate \$1 of income in 2019-20 to 84 cents to generate \$1 of income in 2022-23.

The return on capital for horticulture businesses has fluctuated over the previous 4 years, from 6.3% in 2019-20 to 3% in 2022-23, with the return on capital around 4% for the 2020-21 and 2021-22 seasons. Overall the link between the Operating efficiency and driving returns becomes evident that as the operating efficiency has worsened, the returns on capital have worsened as well.

Despite performance dropping year on year from 2019-20 onwards, the business equity percentage for the horticulture industry has increased over time. This is largely due to the businesses continuing to generate small positive returns on capital, while the underlying asset values (farmland) have increased in value over this period.



Ultimately the **Average** equity percentage for horticultural businesses are above Planfarm's target for this ratio of 80%.

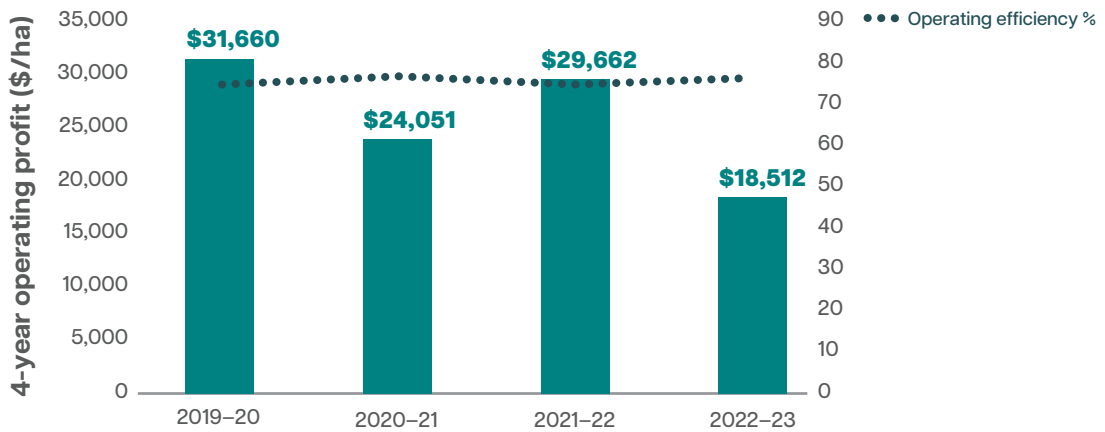
However the trends of increasing operating efficiency, and decreasing returns on capital since the 2019–20 season are rather daunting, and highlight the challenges that horticultural businesses are facing.

The **Average** horticulture producer does have solid equity, the business has good balance sheet strength and has balance sheet resilience against current industry forces. The concern though, is that most of the balance sheet strength is from increasing asset values (namely land and water) rather than generating strong profits.

Vegetable industry

4-year results

The link between operating efficiency and driving returns was apparent; as operating efficiency worsened, return on capital also worsened.



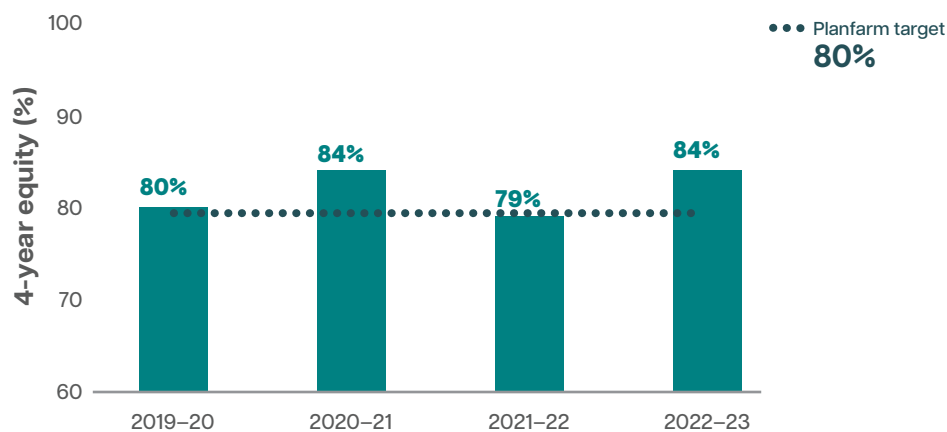
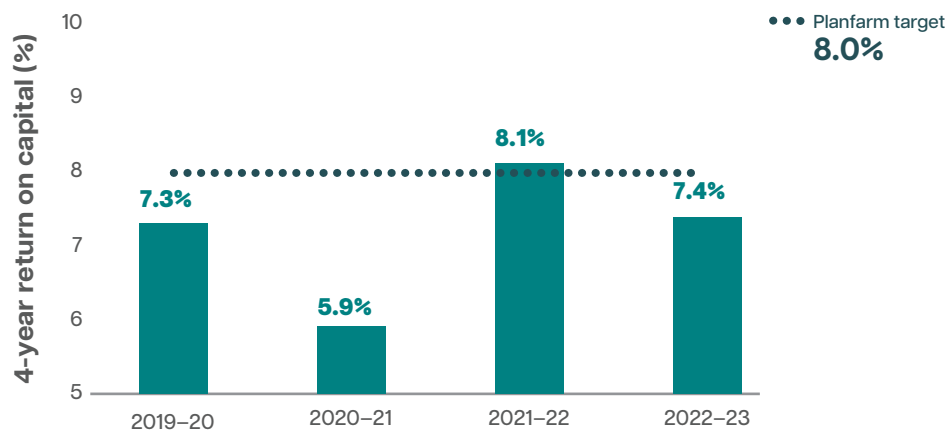
	4-year avg.	2019-20	2020-21	2021-22	2022-23
Operating profit \$/ha	\$25,971	\$31,660	\$24,051	\$29,662	\$18,512
Operating efficiency %	76%	75%	77%	75%	77%
Return on capital	7%	7.3%	5.9%	8.1%	7.4%
Equity %	82%	80%	84%	79%	84%

Key findings

The industry’s **Average** vegetable operating efficiency seems to remain at a consistent level between 75–77%, while return on capital also seems to remain relatively consistent between 8.1% and 5.9%.

The **Average** equity percentage has increased since the 2019–20 season, which would largely be due to two factors, one being that the vegetable growing businesses continue to generate positive returns on capital, while the other is underlying asset values (farmland) have increased in value over this period.

It is worth noting that although the operating efficiency has only increased from 75% in 2019–20 up to 77% in 2022–23, a 2% shift in operating efficiency for an **Average** vegetable business would mean a decrease in operating profit of \$1,609.74/ha based on 2022–23’s operating profit result.



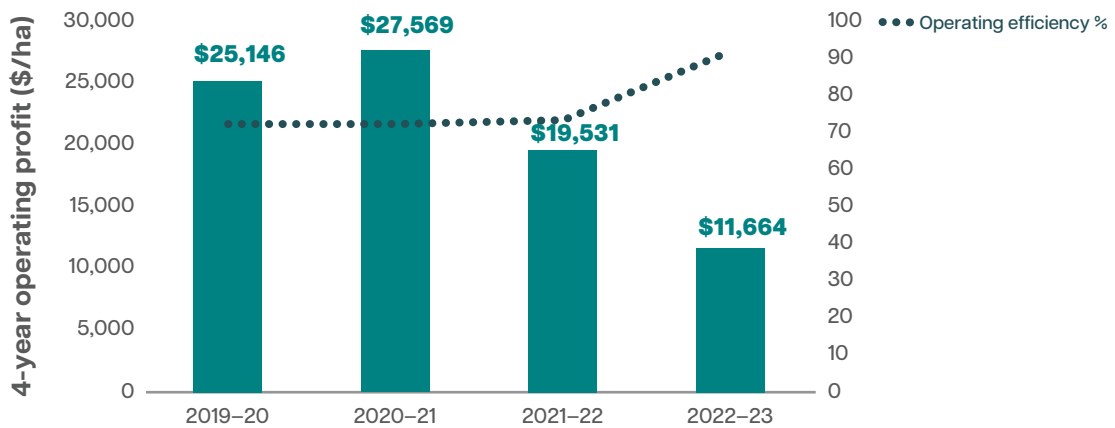
The longer term data shows significantly better trends and can reduce the effect of single year result in isolation.

Congratulations vegetable growers, you have dealt with some significant industry challenges over the past 4 years and continue to make solid returns on capital. The **Average** business is also in a solid balance sheet position to invest capital into either technology or systems improvements (or both). Businesses are also more resilient against the tough year. There is still volatility in returns on a year in year out basis and where this is challenging for vegetable producers at the moment is in serviceability of debt due to cost of finance. A focus on operational profits continue to be of the highest importance to vegetable growers.

Pome industry

4-year results

The link between operating efficiency and driving returns was apparent; as operating efficiency worsened, return on capital also worsened.



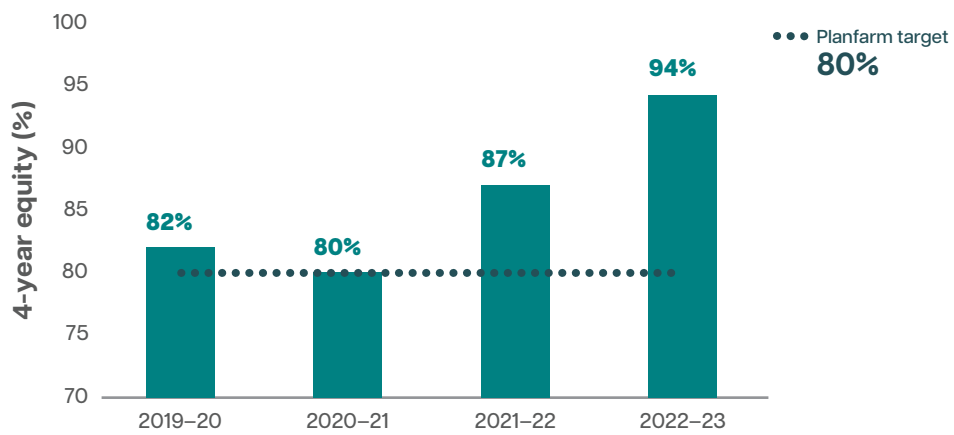
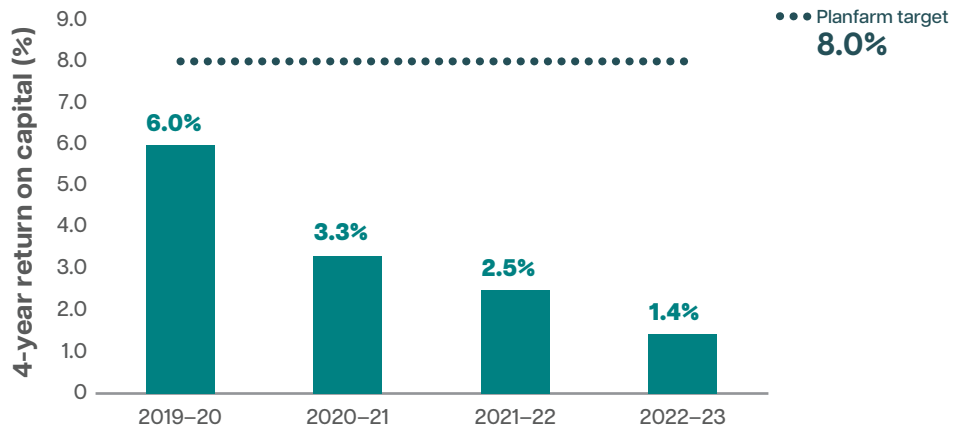
	4-year avg.	2019-20	2020-21	2021-22	2022-23
Operating profit \$/ha	\$20,977.5	\$25,146	\$27,569	\$19,531	\$11,664
Operating efficiency %	77%	72%	72%	73%	92%
Return on capital	3%	6.0%	3.3%	3%	1%
Equity %	85%	80%	80%	87%	94%

Key findings

The industry’s **Average** pome operating efficiency seemed to remain at a consistent level between 72–73% for the first three years of the project before it jumped drastically to 92% for the 2022–23 season.

The return on capital for pome businesses has fluctuated over the previous 4 years, from 6.0% in 2019–20 to 1% in 2022–23, with the return on capital around 3% for the 2020–21 and 2021–22 seasons. Overall the link between the operating efficiency and driving returns becomes distinctly clear, that as the operating efficiency has worsened, the returns on capital have worsened as well.

The **Average** equity percentage has increased since the 2017–18 season, which would largely be due to two factors, one being that the pome businesses continue to generate positive returns on capital, while the other is underlying asset values (farmland) have increased in value over this period.



This industry is under significant cost pressure and returns are diminishing significantly. The balance sheet strength is a positive for many in that they have the option to invest capital to improve returns whether that be in technology or growing systems.

Success stories

Participation in the building horticulture business capacity project has delivered numerous significant positive impacts across a range of industries.

These have included:

- Strategic business restructuring – strategic targets have included future business sale, improved quality of life, more focused marketing.
- Clarity of succession planning and improved family business stability.
- Lowering overheads.
- Reducing operating costs.
- Targeted profit focused production programming.
- Deeper scrutiny of yield and labour efficiency.
- Informed investor value proposition modelling.
- Improved water use efficiency.
- Analysis of increasing input costs and produce price rise required to cover these.
- Addressing finance structures and providing financial information to the bank to improve finance costs.
- Seeing the benefits of prioritising bookkeeping and carefully tracking expenses (recognising major costs and opportunities to reduce and to also monitor discretionary spending).

Glossary

Equity percentage	This is the dollar equity figure divided by the total assets expressed as a percentage.
Liquid assets	Defined as assets that are easily transferred into cash. These are defined as cash at bank, accounts receivable, tolls, credits, seed, produce and stores in this report.
Operating efficiency	The percentage cost to generate a \$1 of income.
Operating expenses	Relates to any payments made by the farm business for materials and services, excluding capital (depreciation), finance, and personal expenditure.
Operating profit	This is the gross farm income minus the operating expenses.
Vegetable income	This is all of the income which is generated from the vegetable enterprise of the business, this is the sales of produce, crate rebates and diesel rebates.
Vegetable operating profit	This is the vegetable income minus the vegetable operating expense.



Technical commentary

Return on capital

- It is important to understand that the return on capital (ROC) measure is a whole business measure and therefore other farm enterprises, such as livestock, other cropping or processing facilities will contribute to generating a return on capital result.
- The return on capital is one of the most important financial ratios to consider when examining a grower's performance. ROC is the cash return from the capital at the business's disposal, not including any capital gain on land assets.
- The ROC is calculated by removing liquid farm assets from total assets. Liquid assets, such as cash at bank and produce on hand, can easily be sold or converted into cash and aren't necessarily part of the initial investment made to produce income. Therefore, this is a more accurate measure of the return on capital that an investment has made.
- The ROC is an important measure that the grower can use to determine how their business is tracking over time and whether they are making sound business decisions. If a grower can achieve an increased profit each year, it will improve their ROC.
- The return on capital result can be influenced by the underlying land asset values. In areas where land values are high, the return may appear lower compared to areas with lower land values, even if the business performance remains consistent.

Equity percentage

- Equity percentage is a measure of the ownership of total farm assets and is calculated by dividing total equity by total assets.
- Equity percentage is an important measure for the grower to determine their entire business's equity ownership. From the results, vegetable growers in Western Australia have a relatively stable financial position.
- This is extremely positive, given the struggles that growers across Western Australia have faced over the past four years.

Operating efficiency

- Planfarm's target operating efficiency is <75%, meaning that the **Average** horticulture business in the dataset is not operating efficiently enough to sufficiently cover non-operating costs in the business.
- This leaves minimal margin for retained profits in most businesses.

Changes in sample cohort

- It is important to note that the multi year results are not from the same cohort of businesses. However, consistent data collection and analysis methodology was applied.



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Appendix C – Business Management Practice Maturity Assessment

Horticulture Business Management Practices

The management practices of the participating businesses were assessed using a detailed Management Practice Maturity Matrix Assessment Tool developed specifically for Horticulture businesses.

Assessments were conducted in Year 1 (20 out of 28 participants) and Year 3 (19 out of 23 participants) of the project.

Analysis was performed across all assessments to highlight the differentiating practices of the most successful top 25% profitable growers and also to highlight general industry gaps for both years.

The analysis then compared the generally findings between year 1 and year 3 between and, more specifically, between the results of consistent participants between year 1 and 3 results.

The tool assessed the maturity of the management practises in the following nine areas:

1. Strategic Focus & Core Business
2. Land & Asset Management
3. Marketing & Sales
4. Business Management
5. Financial Management
6. Business & Financial Data Management
7. Compliance & Quality Assurance
8. Professional Services & Stakeholder Engagement
9. Mindset & Culture

Year 1 - Management Practices of the Top 25%

Analysis across the assessments of the management practices of the Top 25% horticulture businesses (ranked by Operating Efficiency) revealed the following consistencies within this cohort:

- **Strategic Focus & Core Business**
 - Clear articulation and continual improvement of the core business focus that delivers returns and profits
 - Clear articulation and continual refinement of the strategic direction of the business for the next 3 – 5 – 10 years
 - Business is specifically structured and executes in alignment with the core focus
 - Other people in the business can accurately articulate the core business
 - Core skillset and knowledge is widely disseminated across the business
 - Clear articulation of areas of development within the business and measured initiatives towards that are being undertaken
- **Business & Financial Data Management**
 - Costs are accurately allocated and used to continually inform production
 - Income is accurately tracked and used to actively improve profitability
 - Accurate and routine production data capture of:
 - Land Allocated to crops
 - Yield
 - Waste
 - Proportion of sold crop vs yield
- **Land & Asset Management**
 - Biosecurity plan is in place, actively used and refined
- **Marketing & Sales**
 - Grower is aware of market trends and consumer demands for their key crop lines
 - Routine research and optimisation of the business sales strategy
- **Business Management**
 - Operational Planning time horizon of 12+ months
- **Compliance & Quality Assurance**
 - Designated person responsible for QA
- **Mindset & Culture**
 - Prioritisation and maintenance of a positive working environment
 - Proactive engagement with positive people to provoke ideas
 - Good work-life balance
 - Strong surrounding support network (e.g. family, friends, etc.)

Year 1 - Management Practice Gaps

Analysis across all the assessments of participating horticulture businesses revealed the following gaps in the management practices across the industry:

- **Strategic Focus & Core Business**
 - Formalised succession plan
- **Land & Asset Management**
 - Longer term land management plan
 - Accurate asset register
- **Marketing & Sales**
 - Grower driven price negotiation
- **Business Management**
 - Annual operational plan setting
 - Specific metrics to support the annual operational plan
 - Routine operational meetings to track progress against plan and subsequent decisions
 - Clear decision hierarchy within the business
 - Structured and proactive risk management
- **Financial Management**
 - Annual budget setting
 - Specific financial metrics to manage and track business performance
 - Routine financial meetings to track progress against annual budget and subsequent decisions
- **Business & Financial Data Management**
 - Capture and use of production data to routinely inform decision making
 - Accurate and routine production data capture of:
 - Use of major inputs (e.g. seed, fertiliser, chemicals, etc.)
 - Water and nutrient use
 - Capture and use of labor use data to routinely inform decision making
 - Use of an employee management system
 - Inventory data capture and management
 - Proactive purchasing practise
- **Professional Services & Stakeholder Engagement**
 - Use of farm consultancy
 - Regular proactive engagement with market agents
 - Regular engagement with other growers in the industry

Year 3 - Management Practices of the Top 25%

Analysis across the assessments of the management practices of the Top 25% horticulture businesses (ranked by Operating Efficiency) revealed the following consistencies within this cohort:

- **Strategic Focus & Core Business**
 - Clear articulation and continual improvement of the core business focus that delivers returns and profits
 - Clear articulation and continual refinement of the strategic direction of the business for the next 3 – 5 – 10 years
 - Business is specifically structured and executes in alignment with the core focus
 - Other people in the business can accurately articulate the core business
- **Marketing & Sales**
 - Grower is aware of market trends and consumer demands for their key crop lines
- **Business Management**
 - Operational Planning time horizon of 6 months
- **Business & Financial Data Management**
 - Costs are accurately allocated and used to continually inform production
 - Income is accurately tracked and used to actively improve profitability
- **Professional Services & Stakeholder Engagement**
 - Good relationship with Market Agent

Year 3 - Management Practice Gaps

Analysis across all the assessments of participating horticulture businesses revealed the following gaps in the management practices across the industry:

- **Strategic Focus & Core Business**
 - Managing core skillset and collective knowledge across business
- **Land & Asset Management**
 - Accurate asset register
 - Biosecurity plan
- **Marketing & Sales**
 - Grower driven price negotiation
- **Business Management**
 - Annual operational plan setting
 - Specific metrics to manage and track production progress
 - Routine operational meetings to track progress against plan and subsequent decisions
 - Clear decision hierarchy within the business
 - Structured and proactive risk management
- **Financial Management**
 - Annual budget setting
 - Specific financial metrics to manage and track business performance
 - Routine financial meetings to track progress against annual budget and subsequent decisions
 - Profit management strategy
- **Business & Financial Data Management**
 - Specified key metrics to support financial management
 - Capture and use of production data to routinely inform decision making
 - Accurate and routine production data capture of:
 - Waste
 - Proportion of crops sold (v Yield)
 - Water and nutrient use
 - Clearly defined organisational structure or chart
 - Capture and use of labor use data to routinely inform decision making
 - Use of an employee management system
 - Employee incentive structure aligned to the core business goals
 - Inventory data capture and management
 - Proactive purchasing practise
- **Professional Services & Stakeholder Engagement**
 - Use of farm consultancy
 - Regular engagement with other growers in the industry

Commentary of findings comparing Year 1 and 3

In terms of differentiating business management practices of the top 25% most profitable growers, the cohort consistently:

- Have a clear strategy of how the core business delivers returns and profit. This is backed by a strategic vision that looks 5 to 10 years in the future and a specific alignment of business structure to this end. The strategy is also shared, and can be articulated, by all key staff across the business.
- Research, and have detailed awareness, of market and consumer demand trends for key crop lines
- Conduct operational business planning 6 to 12 months into the future
- Rigorously allocate costs to crop lines to inform production decisions and track income to improve profitability

Consistent industry-wide business management practices gaps include:

- Annual Budget setting backed with specific key performance metrics
- Grower driven price negotiation
- Consistent capture and use of production data to inform decision making
- Consistent capture and use of labor use data, and employee management systems, to inform decision making
- Routine operations meetings to track progress against plan
- Routine financial meetings to track progress against plan
- Clear business structure and decision hierarchy
- Proactive management of risk
- Inventory data driven management
- Proactive purchasing process
- Accurate management of all farm assets

Business Management Practice Movement

10 growers participated in each year throughout the project. Detailed Management Practice Maturity Matrix Assessments were carried out on 8 of the 10.

A positive movement in business management practice was found across the 8 in the following areas:

- **Strategic Focus & Core Business**
 - Clear articulation and continual improvement of the core business focus that delivers returns and profits *
 - Clear articulation and continual refinement of the strategic direction of the business for the next 3 – 5 – 10 years *
 - Core skillset and knowledge is widely disseminated across the business *
 - Clear articulation of the specific areas of development within the business and the initiatives they are pursuing to that end
- **Land & Asset Management**
 - Longer term land management plan
 - Accurate asset register
- **Marketing & Sales**
 - Grower is aware of market trends and consumer demands for their key crop lines *
- **Business Management**
 - Annual operational planning
 - Clear decision hierarchy within the business
- **Financial Management**
 - Specific financial metrics to manage and track business performance *
 - Profit management
- **Business & Financial Data Management**
 - Capture and use of production data to routinely inform decision making
 - Accurate and routine production data capture of:
 - Major inputs (seed / Fert /Chem)
 - Rotations
- **Professional Services & Stakeholder Engagement**
 - Relationship with farm management consultants
- **Mindset & Culture**
 - Strength of support network e.g. friends, family, etc.

* denotes identified differentiating business management practices of the top 25%

Appendix D - Communications outputs

Year 1

- Creation of a specific program website (www.buildingwahorticulture.com.au)
- WA Ministerial announcement and press release 9th August
- Targeted email campaign to 50 Hort Business owners
- 10 veg and pome Enews articles
- 42 farms visits
- Article in WA grower magazine
- Industry presentations at APAL Orchard walk, WA Horticulture Update
- Press Articles – Countryman, Vegnotes, West Australian

Articles in West Australian Grower magazine:

- Unseen Competitive Advantage
- Comparing Apples with Apples
- The results the Building Horticulture Business Capacity program can help you achieve

Print – Program 1-page flyer

Website – Updated to include video produced at the DPIRD Western Australian Horticulture Update and early success stories.

Vegetables

- E-news features - Dec 3, Dec 10, Dec 17, Dec 23, Mar 03, Mar 10, Mar 17, Mar 24, Mar 31, Apr 07, Apr 14, Apr 21, Jun 30
- Facebook (Consumer) Features -Dec 16, Jun 24
- Facebook (Grower page) Features – Dec 16, Mar 4, Mar 18, Apr 20, Jun 24

Pome

- E-news features –, Mar 04, Mar 11, Mar 18, Mar 25, Apr 29, May 6, May 13, May 20, May 27, Jun 3, Jun 10, Jun 17

Youtube

- BHBC WAHU Video
- BHBC Featured in vegetablesWA 2021 wrap up video

-

Year 2

Significant updates to the project website – <https://buildingwahorticulture.com.au/>

FY 20/21 Benchmark videos:

- WA Horticulture Industry Analysis Findings – 48:46m - <https://youtu.be/J4FSN5YuW6M>
- The impact of the rising cost pressures on balance sheets in the WA Horticulture industry -1:43m - <https://youtu.be/Bq-8Omfnr5o>
- The impact of the rising cost pressures on Return on Capital in the WA Horticulture sector – 0.52m - <https://youtu.be/BeeV6IEvA4w>
- Addressing the Operating Efficiency issue across the WA Horticulture Sector – 4:00m - <https://youtu.be/K7ceYJwgtg8>

- Overview of the Horticulture Sector Analysis – 6:57m - <https://youtu.be/qtCpU6MXBrQ> (this is the full Hort industry findings section extracted from the full presentation)
- Overview of the WA Vegetable Industry averages and benchmarks – 15:27m https://youtu.be/jZsO_DfF_YM (this is the full Hort industry findings section extracted from the full presentation)
- Overview of 5-Year Trends in the WA Vegetable Industry – 5:45m - <https://youtu.be/A2NPmgHT1l8>
- How the BHBC project is supporting growers to address the rising input costs – 1:36m - <https://youtu.be/2bTuzhLMQkA>
- Horticulture myth bust - scale isn't everything when it comes to profitability – 1:57m - <https://youtu.be/i55ptRcPttw>
- The value for WA Horticulture growers of participating in the BHBC Project – 2:25m - <https://youtu.be/SPf2C6le2H0>

Walkthrough participating in the Building Horticulture Business Capacity Project video - <https://www.youtube.com/watch?v=2aKZxZFm7e0>

Grower testimonial video:

- Importance of Business Data to make profitable decisions – https://youtu.be/D8p_HtDL4wE
- Using data to set profitable produce prices in the face of rising input costs - <https://youtu.be/tAh3lfxztZg>
- Using data to zero in on the product lines that generate profit and those that don't - <https://youtu.be/l2meCE1oaeY>
- Using data in a family business - <https://youtu.be/qlw69mTCgec>
- Changing Business Management Practices to Make Better Decisions - https://youtu.be/wBnBrW_Sk7g

Media Release 'WA Growers Joining Forces to Beat the Rising Cost of Growing' sent to 20 regional and national media outlets and contacts. Also featured as a vegetablesWA website post. <https://vegetableswa.com.au/wahorticultureindustryanalysisfindings/>

Radio Appearances discussing project on ABC and ABC Country Hour – <https://www.abc.net.au/southwestwa/programs/rural-report/great-southern-and-south-west-rural-report/14080498> October 17, 2022

Articles in West Australian Grower magazine:

- Patterns of Success and Concerning Trends in the vegetable Industry (September) - Also featured in Vietnamese Translations
- Rising Costs Exposes a Key Area of Concern within the Horticulture Sector (September) - Also featured in Vietnamese Translations
- Walkthrough Participating in the Building Horticulture Business Capacity Project (September)
- Results the Building Horticulture Business Capability Program can help you achieve Advantage Also featured in Vietnamese Translations
- Comparing Apples with Apples

Events

- Benchmark Presentations to Pome industry in DonnyBrook and Manjimup in August
- Understanding Key Trends to Better Navigate the Current Business Climate in Horticulture. Held in Wanneroo on September 06 and North Bunbury on September 13.

Digital PublicationsVegetables E-news features – Jul 14, Jul 21, Jul 28, Aug 4, Aug 18, Aug 25, Sep 1, Sep 08, Sep 15, Sep 22, Sep 29, Oct 06, Oct 13, oct 20, Nov 03, Nov 10

- Pome E-news features – May 27, Jun 3, Jun 10, Jun 17,Jul 1, Sep 2, Sep 9 , Sep 13, Oct 07, Oct 21
- Facebook (Consumer) Features -Sep 6, Sep 20
- LinkedIn: Sep 06
- Facebook (Vegetables Grower page) Features – Jul 15, Aug 22, Aug 24, Aug 29, Aug 30, Sep 2, Sep6, Sep 12, Sep 13, Sep 17, Sep 21, Oct 06, Oct 31

Direct email

- 33 individual emails sent to prospective pome participants (31st October)

Meeting with Hon Alannah MacTiernan MLC, Minister for Regional Development; Agriculture and Food; Hydrogen Industry to provide an project update – 23rd November 2022

Year 3

Unfortunately, despite the fact a range of communications outputs were generated by the project in year 3, a similar list for year 3 is not available due to the departure of numerous key staff at vegetablesWA, including the Communications Officer, during the last 6 months of the project (as noted and detailed in Milestone 107).

Appendix E – Commercialisation Report



MARKET RESEARCH

Exploring sentiment for business and financial
management services in WA Horticulture

Shay Duncan
On behalf of VegetablesWA

Introduction

As part of the Building Horticulture Capacity Program (BHBC) (Project LP20001), delivered by VegetablesWA through their partnership with Planfarm, a market analysis of the professional farm consultancy sector and how it could grow in the horticulture sector in Western Australia was undertaken.

The program has been funded between the Department of Primary Industries and Regional Development, Hort Innovation Frontiers Leadership Funds, APC Vegetable Producers' Committee, and the APC Pome Producers' Committee.

This market research report has been independently investigated and may be used as a resource to formulate future business plans.

In Australia horticultural crops make up 17% of our GDP (ABARES, 2024)¹ with WA producing \$3.03 billion worth of retail product, including exports (DPIRD, 2022)². The horticulture businesses who underpin the industry, often seek and/or rely on the advice of others, though in comparison to other sectors of the agricultural industry their uptake of professional farm consultancy has often thought to be minimal.

This report, in order to assess the viability of a sustainable WA horticulture specific farm consultancy sector, will cover:

- Market scan of available services
- Value proposition
- Market acceptability
- Financial viability

This work was conducted through a desktop and qualitative analysis and drew on findings from the BHBC project.

Methodology

A desktop review was conducted to understand and map the Financial and Advisory services available and used within the Western Australian horticulture industry.

Upon desktop review, consultation via phone calls was conducted with growers and financial service companies. This was to horticultural growers of a range of industries, produce types, location and size. Growers were contacted regardless of their involvement with the larger BHBC program. Specific details regarding the growers have been kept anonymous due to confidentiality and commercial in confidence, though some generalised details are below.

- Produce grown included: apples, avocados, broccoli, cabbage, carrots, leafy greens, mandarins, nectarines, onions, peaches, pears, potatoes, pumpkins.
- WA growing regions included: Gingin, Perth Hills, Manjimup, South West and Myalup.

¹ABARES 2024, Snapshot of Australian Agriculture 2024, ABARES Insights, [Issue1], Australian Bureau of Agricultural and Resource Economics and Sciences, Canberra, March, DOI: <https://doi.org/10.25814/473z-7187>. CC BY 4.0

² DPIRD 2022, Situation analysis of horticulture in Western Australia Situation analysis of horticulture in Western Australia Area, volume and value of horticultural crop production by local government area within Western Australia. 10.13140/RG.2.2.10900.17288. Situation analysis of horticulture in Western Australia.

- Industry groups and other specialists were also contacted for general industry, region, and commodity information.

Questions were asked after an introduction, an outline of the purpose of the call and how information was used in a generalised manner. Questions were as follows:

1. What services do you receive in regard to financial and business advice?
2. By whom are these provided?
3. Do you review your profit & loss and accounting statements regularly to inform business decisions? To what extent?
4. Do you break down your production data to understand what each product line is contributing to your business? Return on Investment, Cost of Production etc.
5. Does your tax accountant offer services beyond that of business tax? E.g. Return on capital and equity figures, and operating efficiency.
6. What business planning and management training have you done/would like to do? Would you be interested in such services?
7. Have you identified any gaps in this space for your business?

Growers were encouraged to expand on their responses where they felt comfortable, again they were reassured that the responses were to be kept confidential and only referred to in a generalised manner.

To further understand the value proposition and market acceptability, reports throughout the BHBC program were drawn upon with many of the program benefits and challenges being reflected. Further desktop research was conducted to fill any gaps identified.

Financial viability of a sustainable horticulture specific farm consultancy sector in WA was established through a thorough review of all responses and data collected and consideration of the BHBC program achievements.

Market Scan

There are many businesses which support the horticulture industry though upon investigating the availability and use of these financial services the use by horticultural growers is varied. This is despite the benefit which they can bring to horticultural businesses. In comparison Planfarm draw on over 460 broadacre businesses annually to provide insights and benchmarks into farm business performances across WA.

Currently in Western Australia the below businesses are a sample of what is offered to horticultural enterprises in regards to financial or advisory services.

- Hampton Partners help manage every aspect of your business and because of the established one-on-one relationship with their clients, their advice is tailor-made for their business.
- H&R Block is located across Australia through metro and regional areas. They provide a full suite of accounting and financial services targeting individuals and businesses of all sizes.
- IPG Advisors are a long-standing firm with over three decades of delivering a respected and trusted service. Lead the industry in the financial technology space through automated accounting systems which streamline operations and reporting for our clients and provide a lending hand to help their clients succeed in the financial space.

- Patane Accounting offers a range of services, including accounting, taxation, business advice and financial management. Clients include small and family run businesses, professional individuals, self-employed and agricultural communities.
- Planfarm is a WA based farm consultancy providing financial and business advice across all agricultural industries including broadacre, livestock, horticulture and permanent crops. Along with farm business management advice, Planfarm provide specialist advisors in agronomy and grain marketing servicing over 480 farming businesses throughout Western Australia.
- Richard Brake Consulting specialising in providing farmers and rural businesses with high quality professional advice and support. Independent, high quality, impartial advice for family owned and corporate businesses operating in the broadacre, pastoral and horticultural sectors.
- RMCG is a multi-disciplinary consultancy specialising in environment, agriculture and communities. They are one of the strongest regionally focused consulting group, through their commitment to the sustainable development of rural industries and communities.
- RSM support clients with their audit, tax and consulting need for over a century. Offering clients expert financial and advisory accounting services across diverse industries.
- Rural West provides a free, confidential, mobile, independent financial counselling service to regional small businesses and all primary production enterprises in WA, who are navigating their way through difficult and turbulent times.
- Yield Accounting Group is a progressive accounting firm based, passionate about using the latest technology to get their customers organised and back in control. Their year-round contact allows them to develop lasting relationships with their customers.

Growers appear to have a varied degree of interaction with these advisors for a range of reasons. Some mentioned that they are not in a growth stage of their business or have learnt over the years what they need to do and therefore analyse and review their own data on a regular basis. Again, this review varies from annually, to monthly. Growers had also been able to learn from previous advisors, attending workshops run by DPIRD or Peak Industry Body (PIB), funded programs through their PIB, and small business training offered through other government agencies.

Despite not using advisors all the time, when they needed information such as that for a grant, a bank loan or business expansion, they appeared to go to their accountant and/or bank to get information or pointed in the right direction. Often then advised to go to specialist advisors, lawyers and other specialists. Growers also gathered information and expanded their network at field days, grower information events and research presentations which often proved handy, either at the time or down the track when an issue came up. These events ranged in their focus though are often supported by businesses which support the industry. Other people who often provided advice included market agents, lawyers, PIB's, government agencies and family who had particular skills.

Value Proposition

The BHBC Program provided 37 horticultural businesses with one – on – one business and performance analysis which the growers could then use to improve the efficiencies of their business, take to their financial dealers, and use to better understand where their money was coming and going.

For participating businesses many were able to take the data and improve how their business ran. In a broad sense, benefits included greater appreciation for collecting and interrogating business data to a greater clarity as to how they can increase profitability for their business, most participants appreciated having the farm advisors review the data and how they were tracking, especially against industry standards.

Benefits outlined in the final report by Planfarm are below.

- Strategic business restructuring – strategic targets have included future business sale, improved quality of life, more focused marketing.
- Clarity of succession planning and improved family business stability.
- Lowering of overheads.
- Reduced operating costs.
- Targeted profit focused production programming.
- Deeper scrutiny of yield and labour efficiency.
- Informed investor value proposition modelling.
- Improved water use efficiency.
- Analysis of increasing input costs and produce price rise required to cover these.
- Addressing finance structures and providing financial information to the bank to improve finance costs.
- Seeing the benefits of prioritising bookkeeping and carefully tracking expenses (recognising major costs and opportunities to reduce and to also monitor discretionary spending).

Some examples from the participants of how their business was able to benefit from the program include.

- Understanding their real costs of production, including allocating themselves a wage, then using this information to set their prices with their buyers. This was at both a market agent and wholesale level.
- Understand the variability of profit across their different crops, and therefore where to target investments.
- Some businesses have several enterprises or parts to their business. Some of these were identified as being more profitable and some were adjusted to not run at such a loss.
- Understanding how their business compared with others in their industry and the broader horticulture sector. Also included what they should be targeting in terms of business efficiencies.

Value could also be taken away from the program for those who didn't participate through a greater understanding of the industry and using participating businesses as case studies, in an anonymous manner.

There is no doubt having the breadth of data that these services can offer allows horticultural businesses, like any business, make more informed decisions on how to run their business. Professional agribusiness consultants offer a wider breath of knowledge of horticultural businesses compared to most accountants and when input costs are on the rise and returns to growers are not increasing at the same rate, farmers who take up the services of an agribusiness consultant will no doubt see opportunities to increase their production efficiencies.

Though, despite the benefits on offer, growers are still hesitant to take up these services.

Market acceptability

Growers are not afraid of spending money where they see value for their dollar. During the BHBC program all but two participants were happy to pay the required \$1500 which is a testament to the program and the value it brought growers and their business. However, the program was heavily discounted for those participating and a true cost of this service would prove to be a deterrent for several growers if it wasn't for the BHBC program.

Growers and Industry gave several reasons as to why these services are not more widely accessed in the industry.

- Some were already collecting and regularly analysing their business data.
- If they were in a growth stage of their business they would look to these consultants, otherwise were confident in their understanding of their business.
- The price point was high and so reduced uptake when they were not sure the results they would get would be of value.
- The maturity of horticulture businesses bookkeeping is diverse and collection of data can be arduous and time consuming when there are other pressing farm matters.
- There have been some national programs that looked into business management and benchmarking. Growers had got enough information out of these programs to set themselves up to not see the need for consultants.
- Some larger businesses have invested in these services already or brought in staff that allow for internal analysis.
- Horticultural businesses are quite complex, some suggesting too complex for such analysis.
- Some businesses thought they were too small or niche for this sort of analysis to be worthwhile.

There was an underlying concern around sharing information with others from the industry as they are seen as competitors, though this was more to do with the benchmarking element of the BHBC program, rather than their own business analysis. This isn't discussed further as this report focuses on the business and financial management services, not the benchmarking.

Upon reflection of this work, some of the reasoning given doesn't hold up as these business services work across all businesses no matter the size, complexity or structure. It comes down to growers seeing the value and it is evident that there are a range of barriers to these services.

An introductory offering, to upskill and simplify data collection, may be an alternative to the more comprehensive analysis which was provided in the BHBC program. Another alternative may be a data software package which specialises in horticulture. Either alternative would need to be fit for purpose for the target audience.

Financial Viability

The viability of a sustainable horticulture specific farm consultancy sector in WA does not currently stand up. There does not appear to be enough interest from the horticulture sector at this present time. This is likely to change in the future, especially if there is a greater push on the awareness of these services and the continued pressure of producers profit margins.

Farm and business consultancy services do exist in Western Australia and are utilised by a smaller portion of the horticulture industry. There remains great opportunity to engage with the horticulture industry ensuring that growers are put first and that any initiatives establish value with their target audience.

The BHBC program, though it didn't see the uptake it had initially anticipated, may have raised the profile of the benefits that these farm business advisors can bring to the table when it comes to understanding farm data and the information it can provide for improved farming profits. PIB's work to ensure that the industry they represent is sustainable, of which includes financial sustainability. This may be an opportunity for these PIB's to use some of the success stories of the BHBC program to encourage their growers to further investigate how their business can do better with the guidance of these professional services.

These services may also be more relevant to businesses as a particular time, such as when they are expanding or looking for investment. Farming isn't getting any cheaper while the returns to growers have, in some cases, been stagnant for many years. Growers who want to stay in business are understanding the need to know the intricacies of their business, of which these services can provide.

It is evident that those who are the best in the business put their time and effort into understanding every element of their business. They collect the data to be informed on all fronts and are often prepared to make the necessary changes to reflect the needs of the market. Not all businesses are in this mindset, and change is hard for many. Working with growers, building trust and respect will be important if anyone other than the grower is pushing the uptake of these services.

Conclusion

In conclusion, the horticulture industry is not against these services but rather undervalue what these services can bring to their business. These services provide important business performance metrics and understanding these can lead to realising improved financial outcomes of your business. Essentially being more informed of the cost breakdown and business efficiencies such as wage units for each dollar earned or area of land to units sold, allows owners to understand where the business profits and where their bottom line is challenged.

Growers who are more informed are then more confident in their business decisions, and more likely to improve their business profitability. For the sustainability of the horticulture industry in WA more services provided by finance and business management services should be taken up by growers. It would be expected that these services continue to be taken up and with the growing pressure on businesses there could even be a rise in uptake. Though an entire sector for financial and business management services specialising in horticulture is thought to be premature at this time. There are opportunities to develop the desire of these services especially through PIB's though it is integral that growers are able to realise the benefits.

Appendix F – Monitoring and Evaluation End of Year Survey Results

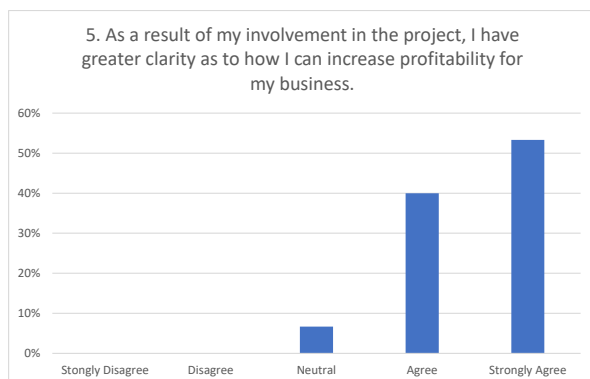
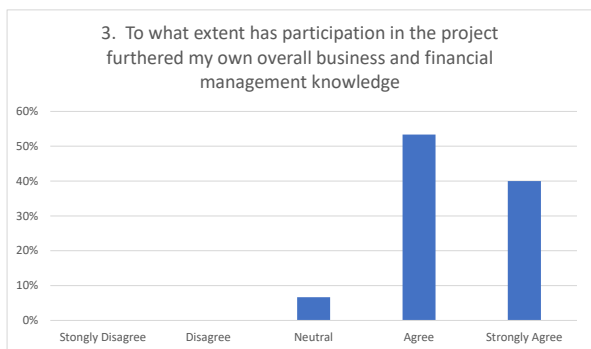
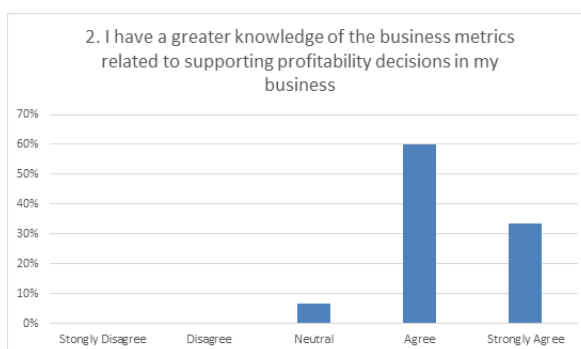
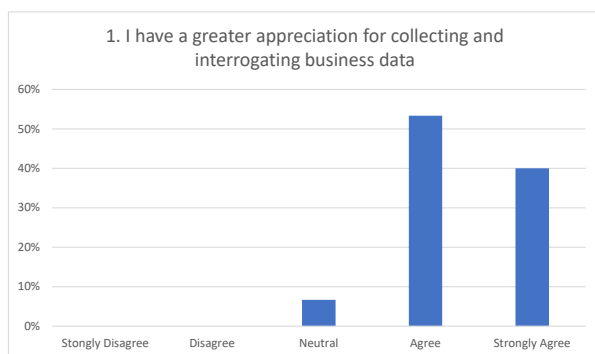
Year 1

93% of respondents agreed that they had:

- greater appreciation for collecting and interrogating business data
- greater knowledge of the business metrics related to supporting profitability decisions in my business
- furthered my own overall business and financial management
- greater clarity of how I can make improvements to the business and financial management practises in my business to support business decision making
- greater clarity as to how I can increase profitability for my business
- strong willingness to lead and action the key findings I have learnt from my participation

Results

Below are the results of a survey in which participants were asked questions about their experience participating in the project during the first year.



General Comments from Participants

"Great Stuff, very valuable - learnt a number of things I didn't see before and I'm accountant, which underlines the importance of having an expert 3rd party perspective look in your business"

"To start with it seemed very intrusive and hard work with the level data they wanted, but now I see this was required to get to the level of detail and rigor that is needed – it can't be done any other way"

"Going through the process has brought the family together to one common focus and metrics for the first time"

"Really illuminating and super valuable - this is one of the most valuable projects offered to growers in a long time"

"I now see my business in a depth I had never before"

"Much more depth than my accountant provides"

"If you're not gathering data and doing this level of analysis in your business you must be crackers - you don't know where you're headed and whether you're on track"

"Big step up from the benchmarking project, super valuable"

"Very professional service, very impressed with how the results and the consultants presented"

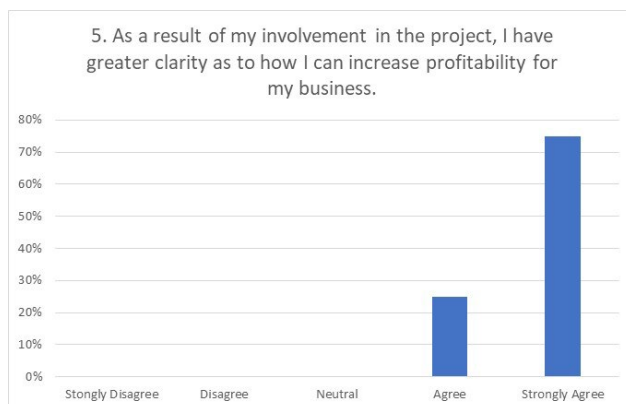
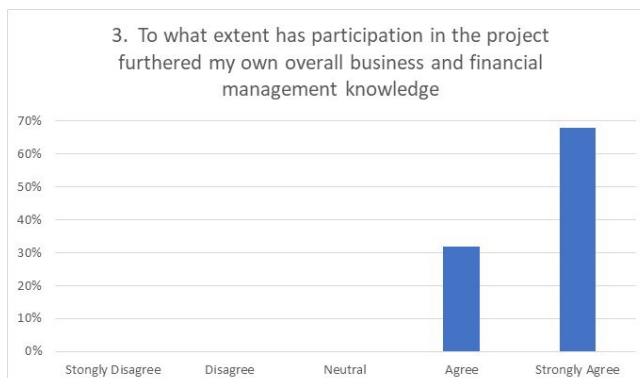
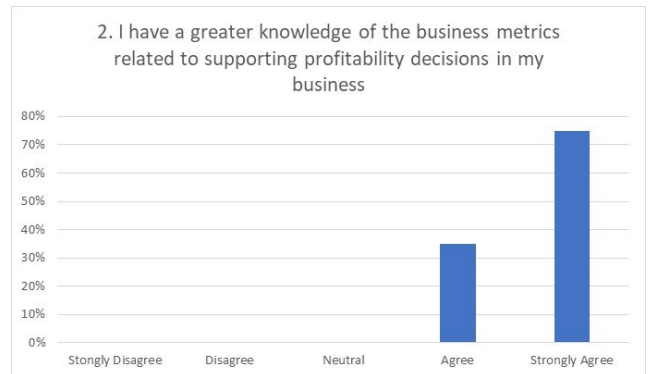
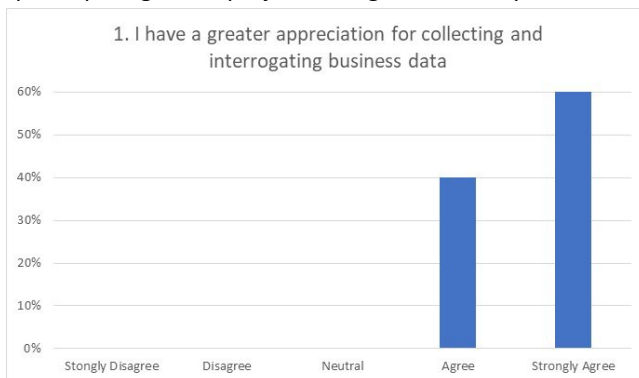
Year 2

100% of respondents agreed that they had:

- greater appreciation for collecting and interrogating business data
- greater knowledge of the business metrics related to supporting profitability decisions in my business
- furthered my own overall business and financial management
- greater clarity of how I can make improvements to the business and financial management practises in my business to support business decision making
- greater clarity as to how I can increase profitability for my business
- strong willingness to lead and action the key findings I have learnt from my participation

Results

Below are the results of a survey in which participants were asked questions about their experience participating in the project during the second year.



General Comments from participants

"given all the crazy things that are going on in the industry, this project has been a life saver!"

“working with the guys from Planfarm gave us the data and importantly the confidence to negotiate a well needed increase in price for our product”

“it made it easy to get a better price for our products”

“the analysis made it painfully clear what needed to be done”

“I thought I’d learnt everything needed from last years analysis, I was wrong – there’s always more to learn!”

Year 3

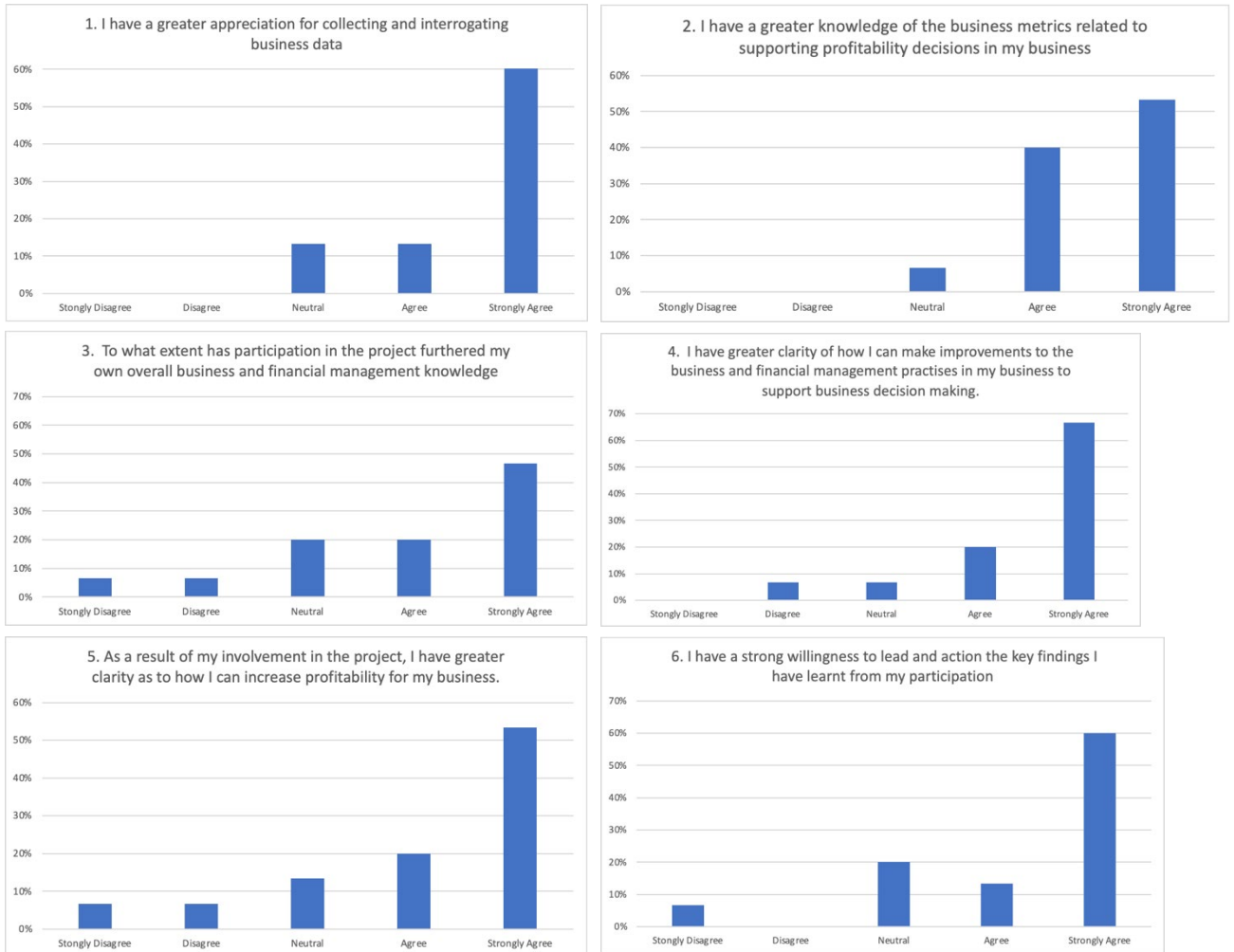
% of Respondents either agreed or strongly agreed that they had:

- greater appreciation for collecting and interrogating business data – 87%
- greater knowledge of the business metrics related to supporting profitability decisions in my business – 93%
- furthered my own overall business and financial management – 67%
- greater clarity of how I can make improvements to the business and financial management practises in my business to support business decision making – 87%
- greater clarity as to how I can increase profitability for my business – 73%
- strong willingness to lead and action the key findings I have learnt from my participation – 73%

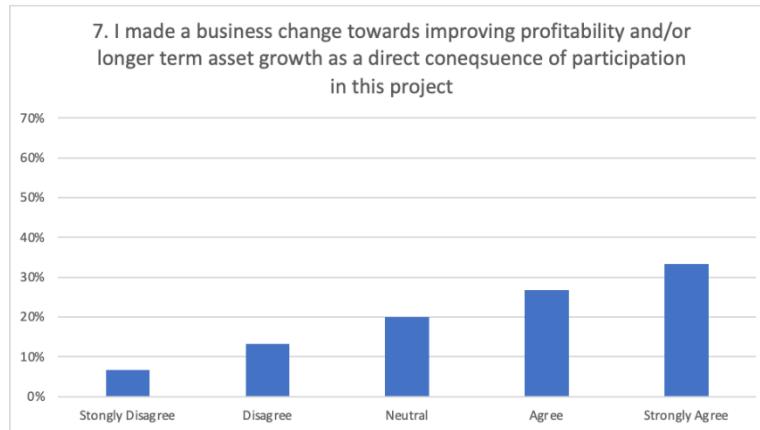
60% reportedly made a business change towards improving profitability and/or longer term asset growth as a direct consequence of participation in this project

Results

Below are the results of a survey in which participants were asked questions about their experience participating in the project during the third and final year of the project.



End of Project Outcome:



General Comments from Participants

"Good eye opener for what I need to do when I haven't done anything in the past."

"The project confirmed we are doing everything we can. There were limited options for how we could do things differently."

"Helped looking at the report and discussing with accountant. We have used the report and focussed on areas for improvement. This has been a stepping stone for us on getting more information to run the business. Better awareness of change. Upgrading pipeline to improve water use efficiency. Awareness of impact on labour use."

"We are so busy doing the doing that we have not focussed on the financials of the business as much as we should, even though we know we should."

"Really beneficial having someone analyse the business who isn't the accountant. As farmers we are not great at this stuff a lot of the time. Having another set of professional eyes over the business is really valuable".

"This program was very different - which I expected - but wanted more follow-up with guidance with what to do with the data, what to implement. I had a high baseline to start with and this program didn't add much to my existing knowledge base."

"Made me realise how little a lot of growers really understand their business and without data they leave themselves vulnerable to manipulation by the market."

"The consultants were really knowledgeable and able to talk to me as a farmers, not accountant talk..... understanding how little water we use was surprising."

Appendix G - Case Studies and Success Stories

Year 1

Example 1: Justifying Price Increases

Used historical data compiled as part of the two projects to detect the increase in operating expenses (which were outside of the control of the grower) and calculated the required revenue to cover the rise in costs. The adjustment required \$3m increase in revenue which prompted a \$1.35/kg average increase to all lines grown by the business. All proposed changes were fully justified in the grower's BHBC Management Report and resulted in a 200% increase to average annual profit.

Example 2: Savings on Selling Costs

Analyzing the use of the 'Discount on Early Settlement' agreement used by retail buyers which sees growers incurring an expense if the likes of Coles and Woolies pay their invoices within 30 days. Questioning the use of this contract with one of our growers meant that the agreement was terminated, resulting in an effective annual saving of \$40k a year for that business.

Example 3: Scale Increases to Boost Profits

One of the growers had displayed a very good ability to be profitable within the operating portion of the business, however, their overheads – particularly personal drawings – were limiting retained earnings (true business profitability). Given the businesses strong operating efficiency, it was identified that an increase in scale through the addition of a lease would be a good way to increase revenue and cover their requirement for personal drawings and other overheads. Planfarm consultants conducted a lease analysis which provided the business with three potential scenarios, one of which saw the business gaining an additional \$94k of profits per year.

Example 4: Investment Performance

One of the participating businesses was seeking some external analysis to assess the performance of their investment. The outputs of the full business analysis guided educated decision making and target setting for the management team. It also provided independently confirmed figures for key metrics, such as return on capital, that can be clearly communicated to investors from their personalised Management Report.

Example 5: Distinguishing Revenue Drivers

Working closely with multiple growers to set up their cashbook to identify how each enterprise (e.g. growing, processing, transport, etc.) in the business contributes to the revenue and profitability of the business. Previously, many growers were satisfied with grouping all enterprises under 'Fruit or Vegetable Sales' which does not allow for the grower or their consultant to recognize which enterprises are having positive or negative financial implications for the business. Working to set up separate enterprises in the grower's cashbook has meant growers are informed to prioritize the most profitable enterprises for the business.

Example 6: Building Confidence in Future Decision Making

A participating business approached their consultant to conduct an estimated cashflow budget after it was requested by their bank when wanting to increase their loan limits. While outside the scope of the current BHBC project, the information accrued through their participation meant that reliable assumptions could be made to give them, and the bank, confidence that they had the ability to take on the additional loan requirement. The approval of the loan meant that the business could continue to grow in scale while maintaining confidence in their businesses capacity to be profitable.

Year 2

Video Case Study

- Importance of Business Data to make profitable decisions – https://youtu.be/D8p_HtDL4wE
- Using data to set profitable produce prices in the face of rising input costs - <https://youtu.be/tAh3lfxztZg>
- Using data to zero in on the product lines that generate profit and those that don't - <https://youtu.be/l2meCE1oaeY>
- Using data in a family business - <https://youtu.be/qlw69mTCgec>
- Changing Business Management Practices to Make Better Decisions - https://youtu.be/wBnBrW_Sk7g

Written Case Study

The Grower has been a participant in both the Building Horticulture Business Capacity Program and its predecessor, the Vegetable Benchmarking Project (totalling 4 years).

At the start the vegetable business owner was growing 20+ lines of vegetables, which brought an increased associated level of complexity into the business. The business has recently employed a bookkeeper but was very keen to understand precisely what each crop line cost to produce.

Many of the 20+ lines had occurred during the course of the history of the business to meet legacy orders that had been taken on in the past. Many had been appropriate at a point in time given the scale of the business at that point in time. However, the business had grown and developed since taking on many of those orders.

During participation in both projects, the continued annual analysis of the profitability of each crop became more and more accurate as changes and refinements were made to cost coding in financial software. This created a more accurate picture that allowed the grower to critically assess each crop and then to focus resources and efforts specifically to those crops and orders that would maximise profits.

This resulted in some crop lines and orders being stopped, particularly lines that had a large labour component (usually in harvesting) to service smaller or less profitable orders.

The grower stated 'It really opened my eyes to what was really going on in my business! The more we did the analysis, the clearer the pain points became. From that, I couldn't not do anything about it'

The business owner now produces 5 specific vegetable lines. Labour efficiency has increased so more is achieved with less as all effort is more focused. Another 'spin-off' benefit is that the business owner now has more time in the afternoon to spend with family.

Also, such was the depth of the analysis, it began to highlight the wastage level to the grower as it investigated the ratio of what was planted versus what was harvested and then sold. This became another key focus measurable area towards increasing the level of saleable yield from growing efforts and therefore increasing income.

The analysis also highlighted other areas of easy savings within the fixed costs within the business. One particular area related to the accountancy service and extra charges. The grower was unable to negotiate a reduction in the extra charges with the incumbent and therefore, understanding the impact of the costs, opted to change accountants to a firm that did not charge extra costs.

Success stories from year 2 participation:

There was now a growing number of examples of growers who have successfully negotiated price increases (often the first rise in 10 years) as well as having improved their operations, due to rationalising crop selection based on financial performance data.

Returning growers became more and more proactive in their participation, often proactively supplying data shortly after closing out accounts for the previous financial year. In turn, this saw improvement to the detail and accuracy of their balance sheets; opening new potential expansion opportunities and improves borrowing capacity.

There was also an example of:

- Best operating profit of the past 5 years was in 2022 despite rising costs caused by COVID.
- Equity has increased from 68% to 76.6% through continual profit generation.

Example 1 – operating and “below the line”:

Grower has always had basic understanding of operating costs, and how some increase in relation to income generated and others remain the same.

Project has led to more specific analysis of these costs, both variable (e.g. What lines produce the best amount of income but don't cost a lot in wages) and fixed (e.g. Why are my accounting costs so high, electricity costs).

Project has opened grower's eyes to how “below the line” or non-operating costs affect their overall profit:

- Personal costs – has seen what personal costs can get to and is more focused on reducing these as before they didn't quite understand how high they were.
- Interest – understands now that these interest costs do affect the business and how rates influence this.
- Understands how capital investment costs the business in the long run, maps this out and knows when major capital loan repayments expire.

Example 2 - Long term planning:

Grower initially went out and made decisions based on the outcome of looking at expanding operations to generate income.

Recently grower has thought about:

- Purchasing land.
- Investing in tunnels.
- Both of the above require (generally speaking) large capital investments.

In discussions with the client, although thinking for the future initially, when asked about “what is the long-term vision of the business” e.g., succession, how much longer they will operate for etc. Grower has taken more longer-term view on business decisions.

Year 3

Key themes from 1-2-1 Interviews

The consultants analysed 1-2-1 interviews and unveiled the following key themes that reoccurred:

- Growers are interested in business performance against prior years (historical self benchmarking). Longitudinal data is valued by growers.
- Clients are focussed on understanding their most profitable lines of business, including targeted marketing windows which secure elevated pricing. Crop decisions are then balanced against strategic reasons for planting lines beyond the most profitable line and period.
- Focus on the performance of the horticultural enterprises had translated into client self generating performance metrics for the broader business, in mixed enterprise businesses. This demonstrates leveraging lessons learned from the project and improved management capacity.
- Growers desire ongoing guidance regarding how to leverage information in historical reports. Growers are seeking support during the season in conjunction with historical reviews.
- Irrigation and staffing issues over the summer months was very challenging for several growers. They redirected efforts to operational activities over strategic business management.

Individual Success stories from year 3 participation:

Example 1 - Improved ability to negotiate with bank lender

Grower was empowered by the 1-2-1 interview and report to negotiate both a better interest rate and have personal property released as supporting security from the business debt. The grower stated that the “consultant showed us the key ratios to point out to the bank to negotiate a lower interest rate and release personal security supporting business lending”.

Example 2 - Improved financial capability and financial position for client involved in project over multiple years

A previous participant recalled the first interview where the consultant highlighted the poor financial position and the associated risk. The grower had executed an extensive capital expenditure program to upgrade facilities and switch to a new vegetable line. Although the grower experienced some setbacks along the way, the 2022-23 result was one the grower was proud of and demonstrated that the investment in efficient equipment and diversification of vegetable lines had paid off. The grower has been able to track performance over the course of the project to maintain momentum and commitment. The grower really values the historical data, showing them how far they've come. The grower is also really keen to be involved in crop specific benchmarking in the future.

Example 3 - New style of data presentation to inform business planning

A grower stated that “no-one had been able to present data this way before.” The project report enabled the grower to have clear understanding of financial position of the business and individual crop lines. This information lead to the grower maintaining detailed records of inputs for each crop block for 2023-24 to enable detailed gross margin analysis per crop line. This information will be used to inform long term crop decisions.

Example 4 - Buoyed by confidence in horticulture

A long term grower and new participant in the project felt buoyed by the positive business performance reported under the project. The grower is confident in the future of the horticultural industry in Western Australia.