



**Passionfruit Australia
Strategic Business Plan
May 2016**

Contents

Abbreviations.....	i
Introduction	1
The current business environment.....	1
About Passionfruit Australia	2
Key facts about PAI membership (March 2016)	2
SWOT.....	2
Purpose	3
Mission.....	3
Aspiration.....	3
Core objectives	3
Provide greater opportunity for growers and industry stakeholders to engage	3
Provide representation for PAI members and the Australian passionfruit industry:	3
Drive market development opportunities and demand for Australian passionfruit	4
Support the profitability of the production sector	4
Develop a sustainable and inclusive industry organisation	4
Organisational matters	4
PAI membership.....	4
Alliances	6
Financials	6
Income sources	6
Budget.....	7
Actions	8
Operational	8
Intellectual Property	8
Industry development.....	8
Industry services and capacity building	8
Drive membership and implement changes in membership fees	9
Develop a sponsorship program	9
Other income / cost saving opportunities	9
Change in R&D levy	9
Contributors.....	10
Appendix 1: 2015/16 Membership fees.....	11

Abbreviations

PAI – Passionfruit Australia Inc

DAFFQ - Department of Agriculture, Fisheries & Forestry Queensland

HAL - Horticulture Australia Limited

HIA – Horticulture Innovation Australia

NTDPI - Northern Territory Department of Primary Industry

PHA – Plant Health Australia

R&D – Research & Development

SIAP - Strategic Industry Advisory Panel

Introduction

The development of the Passionfruit Australia (PAI) Strategic Business Plan has become a priority as the Executive seeks to strengthen and reposition the organisation so that it can effectively lead the industry and facilitate growth and profitability of its members and the broader passionfruit industry.

Recent changes in the management of R&D and marketing levies (late 2014), the membership of the Executive and new staffing arrangements have been catalysts for reviewing the direction, objectives and operations of the organisation. From 2014/15 there has been a significant reduction in revenue available to PAI to undertake industry consultation on behalf of Horticulture Innovation Australia (HIA) - the organisation charged with expending levies on behalf of the industry.

If the Executive is to be supported and member services maintained at current levels, other income sources must be developed.

The current business environment

PAI, and its predecessor state-based organisations, has been the representative body of the Australian passionfruit industry for more than 20 years. Over the last 10 years, the business environment, although sometimes challenging has remained relatively consistent in respect to industry funding through then Horticulture Australia Limited (HAL).

HAL was established as an industry-owned company to manage the expenditure of levies and government funding. The members of HAL were the 43 peak industry bodies representing horticultural growers that paid levies. Funding from HAL until November 2014 has supported many of the industry development activities that these peak industry bodies conducted. A review of the operations of HAL undertaken through 2013/14 recognised potential conflicts of interest and recommended a new body, HIA, be set up to administer levy and government funds. This occurred in November 2014.

Under the new entity, growers are now direct members of the company. In addition, changes have been made to the industry advisory process. In the past the Executive of PAI were in large part able to fulfil this advisory role. Now the Executive will only fill 2 roles on the Strategic Industry Advisory Panel (SIAP) and as a result PAI will be less involved in the decision making processes related to funding of R&D and Marketing. The remainder of the SIAP will be made up of growers and others that are independent of the PAI. PAI will however retain its status as Industry Representative Body under the Levy Regulations and as such is responsible for recommending changes in levies (type and amount) to the Australian Government.

It is known that the Voluntary Contribution process that was available under HAL is no longer available and that the HIA Board will direct more dollars to longer term strategic across-industry R&D issues. Additionally HIA will no longer fund peak industry bodies such as PAI to undertake consultation with industry on their behalf. The withdrawal of these funds has already had an affect the ability of PAI (as well as other industry representative bodies) to carry out the functions and industry engagement activities that have been a feature of the last decade. As a result PAI needs to redefine its focus and income base so that it remains viable and relevant for its members.

Facts about Industry Levies

In 2015/16 it is projected that the passionfruit industry will collect \$94,679 for R&D purposes and \$94,686 for marketing purposes. Total investments for 2015/16 are projected to be \$124,791 (matched) for R&D (this includes project funding, consultation, service delivery and across industry contribution) and \$112,009 (unmatched) for marketing (this includes project funding, consultation, service delivery and across industry contribution). The industry is also forecast to spend \$10,637 (unmatched) on levy collection costs.

About Passionfruit Australia

Passionfruit Australia (PAI) is a not-for-profit membership-based association representing the interests of Australian passionfruit growers. The organisation was established in 1995.

Key facts about PAI membership (March 2016)

Member numbers	2013/14	2014/15	2015/16 current	2016/17 projected
- Growers - QLD	36	44	28	42
- Growers - NSW	21	26	20	26
- Growers - other	4	3	2	2
- Allied				
- Total	61	73	50	70
Executive	A 9 member volunteer Executive, with 7 being grower members and 2 from any other class. (For equity, PAI has consistently strived to have equal representation from NSW & QLD on the Committee)			
Staff	1 part-time Executive Officer (0.5 FTE), newly appointed February 2016			

* - represents approximately xx % growers and xx% of vines / volume? under production

SWOT

Strengths

- Seen as the legitimate (and independent) representative of the Australian passionfruit production sector
- Best access conduit for industry-wide information
- Small industry – therefore easier to reach
- Investment in breeding has provided an independent income stream
- The skills base on the SIAP is sound and should drive good outcomes from levy investment
- Committed Executive Committee
- Investment in organisational support (0.5FTE)

Weaknesses

- Income is not sufficient or secure to provide the industry or member support that is needed. A need for industry development funding in the industry
- Changes in the Executive and staff means that historical knowledge of industry issues is lacking (succession planning)
- Historic division between QLD & NSW
- Lack of promotion of benefits for members
- Lack of engagement by many growers
- Less direct input into decisions regarding R&D investment under new funding model
- Numerous issues impacting growers affect the long term viability of the industry (increasing production costs (backpacker tax), access to improved practices / technologies, access to chemicals, urban encroachment etc.)

Opportunities

- Work with allied organisations to deliver better outcomes for members and the broader industry
- Leverage organisational skills to develop other (project funded or fee based) services or income streams for industry
- Potential royalties from new varieties (long term)
- A healthy, safe and desirable product

Threats

- Uncertain environment around R&D and marketing investment which could have negative impact on industry
- Increased contestability for traditional services that PAI have delivered: industry development, communications
- Benefit of PAI membership eroded by actions of others e.g. HIA
- Size of potential membership is limited
- Access to innovative technologies due to the small size of the industry

Purpose

To lead the Australian passionfruit industry and represent the interests of PAI members in matters affecting the viability and profitability of the industry.

Mission

To provide the opportunity for PAI members to realise business growth and increased profitability.

Aspiration

To have all Australian commercial passionfruit growers as members of PAI.

Core objectives

- Build demand for Australian passionfruit
- Enhance competitiveness, sustainability and profitability of Australian passionfruit growers
- To ensure that the governance, direction and priority of R&D and marketing activities delivered by HIA and service providers on behalf of industry is meeting the industry's needs and are effective.
- To facilitate the exchange of information between PAI members, other growers, supply chain partners, industry service providers and other industry stakeholders
- To engage with government, supply chain partners and other stakeholders to achieve policy and other outcomes that are favourable for passionfruit production businesses
- To provide appropriate support services to the industry, such as industry development, communications and market development services.
- Ensure the PAI is in a strong financial position to deliver against the above objectives.

To achieve these objectives PAI will:

Provide greater opportunity for growers and industry stakeholders to engage

- Facilitate the exchange of information between industry stakeholders
- Consult with members and other stakeholders
- Provide information through industry publications – *Passion Vine*, *e-newsletter*, website, other
- Hold grower and stakeholder meetings throughout the year
- Actively seek support from NQ growers
- Engage industry in training initiatives to build industry leadership and capacity, including next gen initiatives
- Develop succession plans for the industry's leadership.

Provide representation for PAI members and the Australian passionfruit industry:

- Advocate on behalf of the industry through engagement with stakeholders (HIA, Government; commercial supply chain entities, Plant Health Australia (PHA), research agencies, and other industry stakeholders) to achieve industry objectives.
- Develop policy and advocate for policy which supports the objectives of the industry.

- Review levy requirements of the industry periodically and recommend changes to levies as necessary (noting that Passionfruit Australia are recognised as the Industry representative Body for the Australian passionfruit industry under Australian Government regulations)

Drive market development opportunities and demand for Australian passionfruit

- Influence direction and priority of marketing programs and initiatives delivered by HIA.
- Provide program support services e.g. industry data, supply chain engagement where possible.
- Extend and promote best practice management along the supply chain (through HIA funded activities)
- Maintain and improve market access – key contact point for consultation / negotiation.

Support the profitability of the production sector

- Influence direction and priority of HIA, DAFQ, NT DPI and other investor's R&D programs
- Provide program / project management services where appropriate
- Provide Industry data to support better decision making
- Promote best practice management at production and packing levels to improve overall quality
- Facilitate / maintain access to plant protection products
- Continue to support investment (either directly or indirectly) in the breeding of superior varieties to support the industry. Provide advice on the direction of breeding and new genetics and influence the commercialisation of new varieties for the benefit of PAI and the industry.

Develop a sustainable and inclusive industry organisation

- Increase and broaden the income base of PAI to ensure long term financial stability of the organisation for the organisation
 - Fair membership structures and fees – which represent good value to members
 - Sponsorship opportunities for industry stakeholders
 - Income from HIA funded project e.g. Industry development, communications and supply chain – R&D and marketing
 - Income from other sources such as Government grants, other R&D sources etc
 - Royalties from varieties

Organisational matters

PAI membership

There are currently six classes of membership within the organisation:

- **Grower member** – commercial enterprise having a minimum of fifty vines (50) and supplying fruit commercially and/or for processing
- **Processor member** – a business enterprise supplying passionfruit pulp and/or juice commercially
- **Nurseryman member** – a business enterprise supplying passionfruit plants to commercial growers
- **Seller member** – a business enterprise that supplies commercial quantities of passionfruit for the retail trade or as an agent for growers
- **Associate member** – an individual or group that is involved in passionfruit work other than in commercial trade but that benefits the passionfruit industry
- **Life members** – awarded the distinction of life membership by the Executive Committee.

To date there has been little differentiation between the benefit that Grower Members and other levy payers receive, except for access to PAI varieties (Misty Gem & Sweetheart) and the ability to nominate to serve and serve on the PAI Executive Committee and vote at the a general meetings of the organisation.

It is recognised that there must be greater attention to the services and benefits provided to members to increase and retain members at a grower and allied level.

Below is a table summarising the benefits of the two membership classes – Grower and Allied Industry. A comparison is also made levy payers that are not members of PAI.

Executive Committee

- Must be 9 committee members
- 7 ordinary members who are growers
- Plus 2 others from any membership class

Membership level	Benefits
All membership levels	<ul style="list-style-type: none"> • Eligible to vote at General Meetings of PAI • Eligible to nominate as Executive Committee Members (some restrictions) • Bring business before General Meetings of PAI • Receive notices of, and to attend, speak and vote at any General Meeting of PAI • Vote at general and special meetings of PAI • Receive notification of industry and PAI events • Receive PAI communications material (<i>Passion Vine</i>) • Representation on agripolitical / industry issues • Access to varieties (Misty Gem & Sweetheart) • Access to additional online information
Levy payers (non-members)	<ul style="list-style-type: none"> • Receive notification of industry events (funded through levy) • Receive PAI communications material (<i>Passion Vine</i>) funded through levy • Invited to industry events funded by levy • Access to varieties (Misty Gem & Sweetheart) with a higher royalty rate

It is proposed that there is a minimal increase in existing membership fees and a change to the processor fee structure to reflect the additional cost of doing business. 2015/16 membership application and renewal fees are shown in Appendix 1. The proposed new membership application and renewal fees for 2016/17 are shown below:

Suggested Membership Application (2017):

Fee Structure					
Membership Type	Joining Fee	Annual Fee	Lobby Fee	Total excl. GST	Total plus GST
Grower	\$50	\$155	\$25	\$230	\$253
Processor	\$50	\$195	\$25	\$270	\$297
Nurseryman	\$50	\$195	\$25	\$270	\$297
Seller	\$50	\$195	\$25	\$270	\$297
Agent	\$50	\$195	\$25	\$270	\$297
Associate	\$50	\$195	\$25	\$270	\$297

Suggested Membership Fees Renewal (2017):

Fee Structure				
Membership Type	Annual Fee	Lobby Fee	Total excl. GST	Total plus GST
Grower	\$155	\$25	\$180	\$198
Processor	\$195	\$25	\$220	\$242
Nursery/Wholesale/ Associate	\$195	\$25	\$220	\$242

Alliances

PAI recognises that the challenges they face are not unique and there are other small horticultural industries that are under similar pressures given the change in funding opportunities. PAI will seek to develop collaborative relationships with these groups, with an aim to leveraging better outcomes (and reduced costs of business) where appropriate.

PAI will seek to foster and support relationships with State, Territory and other industry and commercial stakeholders that support the objectives of PAI.

Financials

Income sources

PAI is seeking to broaden its funding base and develop other income streams that are not dependent on HIA funding.

The overall costs to maintain PAI service and staffing levels is currently approximately \$90,000 per annum, of this approximately \$13,000 is currently (2015/16) funded by HIA. The remainder is funded by royalty on PAI varieties and savings. **Hence the immediate aim is to increase the organisations nett income from both HIA and from outside the HIA process by a minimum of \$36,000 in 2016/17.** In the medium to long term the aim is to build this to \$50,000 per annum.

To achieve this goal the following initiatives will be developed:

- **Seek a levy funded Industry Development role from 2016/17**
 - The value of this project should reflect approximately 80% of the 0.5 FTE role currently funded by PAI or \$37,536 exc GST in 2016/17.
- **Maintain HIA communications project funding at equivalent levels to 2015/16**
- **Membership: Increase membership funds to \$4,000 by 2016/17:**
 - Increase the number of members to 70 at a minimum rate of \$180 +gst per annum
- **Royalties on varieties / current and future:** Maintain current royalty income in 2016/17 and subsequent years (CPI adjusted)?
- **Sponsorship: Increase sponsorship to \$4,000 per annum by 2016/17**
 - PAI should provide a broader range of sponsorship opportunities for key stakeholders to invest in the industry. This should include sponsorship of key industry events, communications materials etc.

In addition to these budgeted items, there are other activities that PAI should seek to achieve:

- **PAI will seek funding from other funding sources** (e.g. grants) that further the objectives of the organisation. This type of funding might include State Government funding. It is opportunistic and is therefore difficult to budget.

- Work with other similar organisations (e.g. Australian Custard Apples, other smaller tropical fruit industries etc.) to identify areas where there can be cost sharing to reduce cost impacts on the budget.

Budget

Income source	2015/16 (forecast)	2016/17 (budget)	2017/18 (budget)	2018/19 (budget)
Sources other than HIA				
Communication Project	13,000	13,000	13,390	13,792
Memberships	7,500	10,000	11,000	12,000
Lobby Fees	1,500	1,750	1,803	1,857
Plant Royalties (inc. Tweed Var)	28,600	28,600	29,458	30,342
Advertising	3,000	4,000	5,000	6,000
Growing/Pocket guide (inc. postage)	1,775	1,000	500	500
Sponsorships	2,000	4,000	5,000	6,000
Other				
Source – HIA				
HIA projects		30,536 ¹	31,452	32,396
Sub - Total	57,375	92,886	97,603	102,887
Expenses				
Communication Project	14,150	13,000	13,390	13,792
Meeting Fees	15,765	10,000	10,300	10,609
R & D Expenses	5,300			
Secretariat Fees (20% as of 16/17)	37,058	7,634	7,863	8,099
IDM (80% as of 16/17)		30,536	31,452	32,395
Plant Royalties (inc. Tweed var.)	3,600	3,708	3,819	3,934
Travel Expenses	747	769	792	816
Insurance	4,000	4,500	4,635	4,774
Accounting Fees	800	824	849	874
Telephone	1,000	1,030	1,061	1,093
Membership Dues and Subscriptions	4,050	4,172	4,297	4,426
Legal and other costs ²		10,000	5,000	5,000
Other	3,037	3,128	3,222	3,319
Sub - Total	89,507	89,301	86,680	89,131
TOTAL Operating Profit	(32,132)	3,585	10,923	13,756
Other Income				
Interest Income	2,500	2,500	2,500	2,500
Total Other Income	2,500	2,500	2,500	2,500
Other Expenses				
Net Profit/ (Loss)	(29,632)	6,085	13,423	16,256

¹ 80% of full cost (IDM)

² Legal costs associated with breeding program and engagement of other specialists

Represent a 3% CPI increase from the previous year

Actions

Operational

Action	Responsible	Date
Review the current constitution and amend so that it reflects the current and future needs of industry	TMc?MM	ASAP
Seek amendment to the next required AGM date and take constitutional changes to the next AGM	TMc/MM	ASAP

Intellectual Property

Action	Responsible	Date
Breeding Program – Seek legal advice on PAI’s rights in regard to new varieties and background IP	TMc	ASAP
Check ownership of ‘Passionfruit Australia’ trademark and secure for PAI	TMc/MM	Dec 16
Check ownership of website domain name. Secure for PAI	TMc/MM	Dec 16

Industry development

Action	Responsible	Date
Seek support from HIA to fund Industry Development role	TMc	ASAP
Change job description and responsibilities of current role and fund at least 80% through HIA project		ASAP after above
Invest in other support services as required (e.g. book-keeping)	TMc/MM	As reqd

Industry services and capacity building

Action	Responsible	Date
Continue to liaise with industry stakeholders (HIA, DAFQ, NTDPI, PHA and other funding and research providers) regarding industry support and facilitate this activity where possible.	MM + Exec	Ongoing
Develop stronger relationships with commercial industry players and leverage support they may be able to provide to facilitate industry capacity building.	MM	Start asap
Work with other similar organisations (e.g. Australian Custard Apples, other tropical fruit industries etc.) to identify areas where industry services may be able to be shared or leveraged	Exec + MM	Ongoing
Access leadership training for industry leaders, next gen etc. when available through industry initiatives	MM	As avail
Develop succession plan for Executive Committee, including asking previous Chairs to stay on the Committee when they conclude their role	Exec	Sept 16

Drive membership and implement changes in membership fees

Action	Responsible	Date
Develop membership packages (outlining benefits and need for increased membership support) and communications outlining the need for changes in the membership fee	MM	June 16
Develop list of all potential members - including allied industry businesses / organisations	MM	June 16
Implement communications (PassionVine, website and letters to members)	MM	June 16
Start membership drive for 2016/17	MM	June 16
Continue membership drive 2017/18 onward	MM	April 17

Develop a sponsorship program

Action	Responsible	Date
Develop list of potential sponsors	MM	Aug 16
Develop tailored sponsorship offerings for a range of stakeholders e.g. sponsor field day in conjunction with AGM	TMc/MM	Sept 16
Rollout Sponsorship Program	MM	Sept 16

Other income / cost saving opportunities

Action	Responsible	Date
Identify other funding sources that can assist PAI deliver its objectives or provide a profit to assist in delivering other services to the industry e.g. State govt. funding opportunities	MM + Exec	Ongoing
Refine/develop plans to exploit new varieties to support income to PAI	Exec + MM	?? Asap
Work with other similar organisations (e.g. Australian Custard Apples, other smaller tropical fruit industries etc.) to identify areas where there can be cost sharing to reduce impact on the budget	Exec + MM	Ongoing

Change in R&D levy

Action	Responsible	Date
Analyse current levy data to determine the increase required in the R&D and Marketing levy to ensure the Australian passionfruit industry is maximising its potential.	Exec	Ongoing
Develop and implement levy implementation plan		When required

Contributors

- Ms Tina McPherson, Chair, PAI
- Mr Tom Carey, Executive Member, PAI
- Mr Nick Hornery, Executive Member, PAI
- Mr Sean Russell, Executive Member, PAI
- Mr Jim Gordon, Executive Member, PAI
- Ms Margie Milgate, Executive Officer, PAI
- Ms Sue Granger, Executive Member, PAI (resigned as of April 2016)
- Ms Jenny Margetts, P2P Business Solutions, facilitator
- Ms Maddi Lavell, P2P Business Solutions, project support

Appendix 1: 2015/16 Membership fees

- Membership Application (2016):

Fee Structure					
Membership Type	Joining Fee	Annual Fee	Lobby Fee	Total excl. GST	Total plus GST
Grower	\$50	\$115	\$15	\$180	\$198
Processor	\$50	\$115	\$15	\$180	\$198
Nurseryman	\$50	\$155	\$15	\$220	\$242
Seller	\$50	\$155	\$15	\$220	\$242
Agent	\$50	\$155	\$15	\$220	\$242
Associate	\$50	\$155	\$15	\$220	\$242

-
- Membership Fees Renewal (2016):

Fee Structure				
Membership Type	Annual Fee	Lobby Fee	Total excl. GST	Total plus GST
Grower	\$115	\$25	\$140	\$154
Processor	\$115	\$25	\$140	\$154
Nursery/Wholesale/ Associate	\$155	\$25	\$180	\$198