

Horticultural Research & Development Corporation  
Partnership in horticulture  
Level 6, 7 Merriwa Street,  
Gordon NSW 2072  
Tel. + 61 2 9418 2200  
Fax. +61 2 9418 1352  
E-mail: hrdc@hrdc.gov.au

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## **INQUIRY INTO INCREASING VALUE-ADDING TO AUSTRALIA'S RAW MATERIALS**

Thank you for your letter of the 26 May 1999 informing us of this inquiry and for the opportunity to provide input. The Horticultural Research and Development Corporation manages R&D projects covering over forty horticultural industries, many of which are actively involved in the value-adding of raw materials. These industries vary considerably in terms of scale, focus, maturity, technology and potential for further growth in value-adding. As a result, the factors affecting value-adding in these industries also varies and my suggestion is that you contact them directly for input into your inquiry. The HRDC would be happy to assist you in this regard by providing you with contacts for each of the major horticultural industries.

The HRDC has a role in facilitating further development of value-adding opportunities in Australian horticultural industries through research and development. HRDC currently has value-adding R&D projects in a range of horticultural industries.

From an R&D viewpoint the following there are a number of constraints to further development and issues faced by horticultural industries:

**National/ International Marketing Factors** Successful development of new value-adding opportunities must be based on sound national/international market intelligence, market analysis and market development. In the horticultural industries this currently relies upon the funding of this work by industry bodies who are inadequately resourced or commercial operators who retain the information for commercial advantage. More Government resources are desperately required in these areas.

**Linkages Between Processors, Investors and Producers** The experience of the HRDC is that the development of new value-adding opportunities is unlikely to succeed without strong linkages between processors, investors and producers. An environment that is conducive to the formation of these linkages is essential. This includes incentives for investment and mechanisms for funding, support for the scaling up of potential pilot developments and minimisation and streamlining of planning and other regulations to reduce start-up and development cost.

### **Skills Base**

To date, part of Australia's horticultural industries ability to compete with overseas value-added products has relied upon R&D, innovation, new product development and efficiency of production through mechanisation and a highly skilled workforce. The development of the skilled workforce needs to be continued and enhanced if Australian industries are to remain competitive in international markets.

### **Infrastructure**

Infrastructure issues such as inadequacies in the current domestic transport and international shipping systems are a current limitation to international competitiveness in the value-adding of Australian horticultural products. Continued waterfront reform and rationalisation of domestic transport are required if Australian industries are to become competitive in international markets.

Should you require further information or wish to clarify any of the above, please do not hesitate to contact me. I wish you every success with this inquiry and look forward to reading the findings of the Committee on completion of this work.

Lindy Hyam  
Executive Director