

Horticulture Centre of Excellence (HCoE) - Feasibility Study

Nursery & Garden Industry Victoria
12 June 2024



Nursery & Garden Industry
Victoria

Horticulture Centre of Excellence (HCoE)

Feasibility Study

Nous Group was engaged to conduct a feasibility study for Nursery and Garden Industry Victoria (NGIV), funded by the Victorian Government, to understand the potential design and viability of a Horticulture Centre of Excellence (HCoE).

The horticulture sector significantly impacts Victoria's economy, communities, environment, natural ecosystem and food supply chain. However, the industry is facing ongoing challenges to realising its potential, including:

- untapped opportunities for greater industry unity, innovation, and adoption of best practices
- a changing climate disrupting ecological balance and affecting production
- geopolitical occurrences disrupting supply chains
- workforce shortages, skill deficiencies and varying quality in teaching that is slowing sector growth.

Challenges facing the horticulture industry create future concerns, but also opportunities, for Australia

Australia's future food and plant supply is exposed to key risks including:

- Growing populations and a scarcity of natural resources
- Climate change including extreme weather events
- Biosecurity threats
- Global supply chain bottlenecks.

Australia's wellbeing and community resilience is negatively impacted by fewer green spaces and greenlife through:

- Reduced mental and physical health and risks from fewer green spaces
- Increased occurrence of urban heat and other climate events.
- Loss of biodiversity
- Reduced ability to sequester rising carbon levels.

Strengthening the horticulture industry can address national concerns, ensuring a more liveable Australia with sustainably grown food and an abundant plant supply.

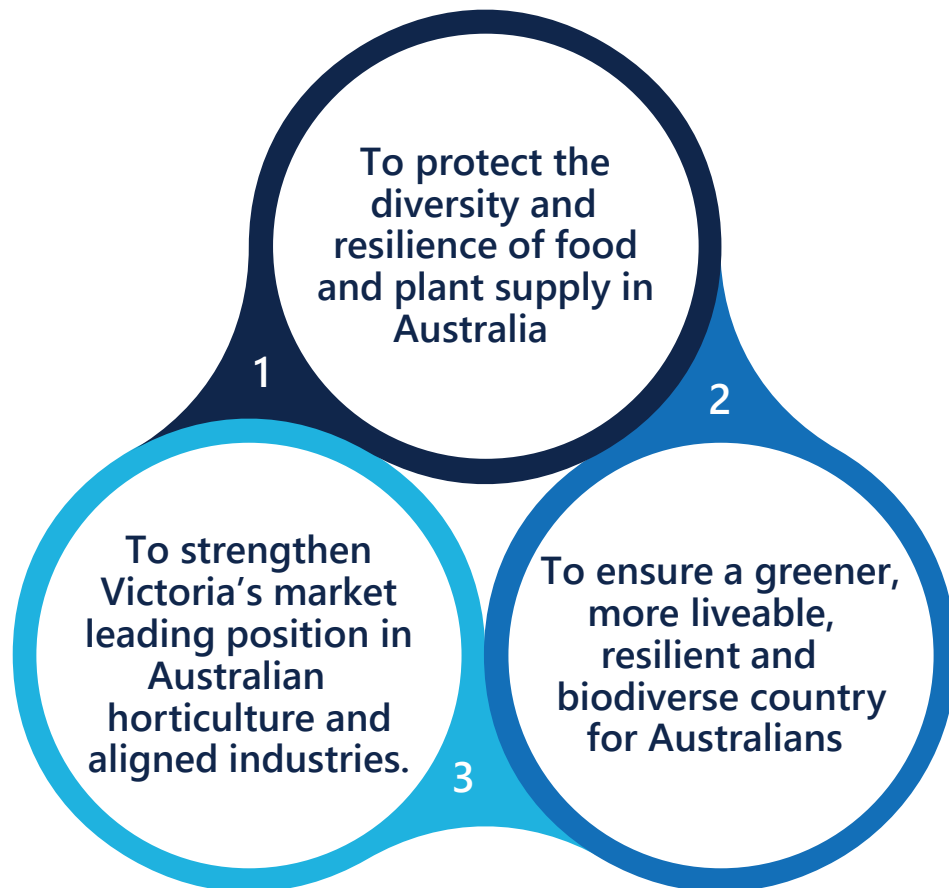
Victoria is well-placed to champion change and reduce risk through a HCoE by:

- Capitalising on opportunities to strengthen the horticulture industry, as it is a leading producer in Australia (based on production value) and has strong national networks and local industry support.
- Offering a powerful model to support outcomes across education and training, innovation and technology, as well as collaboration and stewardship.
- Delivering a range of solutions – in a centralised approach – that are strongly aligned to the needs of industry.

A Victoria-based HCoE will support a more liveable Australia

VISION

A growing, diverse and resilient food and plant supply for Australia, with greener and more liveable communities.



MISSION

The Victorian centre is an inspiring, multi-purpose hub that promotes efficient and sustainable production, maintenance, design and adherence to best practice, facilitates collaboration and relationships, grows the knowledge base, progresses research and innovation, and trains the current and future workforce.

It is a renowned destination for students, horticulturalists, the broader green industry and all those that create, develop, support and value green spaces.

OUTCOMES

For industry:

- Quality and supply of education and training; leading to increased enrolments
- Number of jobs in the sector; including increased retention rate
- Technology capacity and adoption rate
- Research contribution and publications
- Collaboration networks (e.g., events and membership groups)

Leading to broader national outcomes, such as increased:

- Stability of food production
- Export and production value
- Biodiversity of plant species
- Establishment and presence of successful green spaces, communities and ecologies

A Victoria-based HCoE will enable industry to reach its potential by realising the vision

Three offerings are required for the horticulture and aligned industries; each offering would have varying services.



1. Improve education and training

- Greater visibility, provision and development of education programs and training pathways to ensure greater accessibility.
- Stronger alignment of training to industry needs in terms of quality, variety and relevance.
- Increased support to TAFEs and training providers to train and attract students.



2. Expand research, innovation and technology

- More coordination and investment into research.
- More showcasing of innovation including the dissemination of knowledge and best practices.
- Increased support for businesses in adopting new technologies.



3. Strengthen industry stewardship and collaboration

- More frequent and formalised collaboration between peak bodies and subsectors.
- Increase connections and partnerships within industry, business and communities with a focus on knowledge-sharing, including First Nations.
- Stronger stewardship and advocacy for the sector across government and policy.

Envisaging a Victoria-based HCoE

Four options for the HCoE were designed and developed based on detailed research of other CoE models and case studies with consideration to horticulture sector needs. The resultant four options vary in scale and complexity to ensure different delivery models were considered.

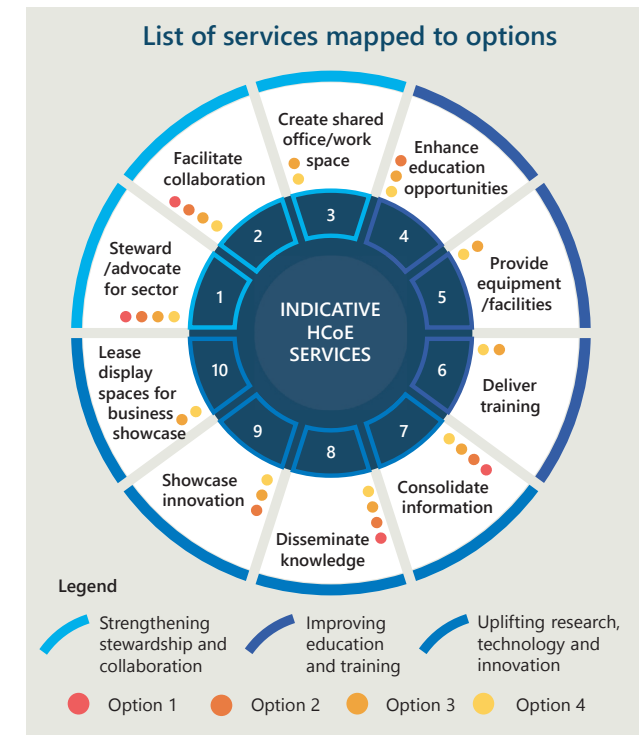
<p>OPTION 1. Aggregator</p>	<p>OPTION 2. Coordinator</p>	<p>OPTION 3. Innovator</p>	<p>OPTION 4. Provider</p>
<p>Virtual, centralised hub to consolidate sector networks and aggregate knowledge.</p>	<p>Physical centre that is the key sector coordinator across training and sharing of best practice.</p>	<p>Physical centre that becomes a central enabler by offering the sector state-of-the art facilities</p>	<p>Physical centre that is a provider who bridges sector gaps in addition to being an enabler</p>
<p>Virtual centre – a central horticulture portal that strengthens networks and aggregates sector intelligence and knowledge, including:</p> <ul style="list-style-type: none"> Information repository Membership hub (directory) Online event delivery 	<p>Small – medium physical centre (inc. a virtual component) with some outdoor space. It will have spaces for:</p> <ul style="list-style-type: none"> Networking/ meeting spaces Event spaces Showcase space (temporary) – indoor and outdoor space 	<p>Medium physical centre (inc. a virtual component) with greater outdoor space. It will have spaces for:</p> <ul style="list-style-type: none"> Networking/ meeting spaces Event spaces Showcase space Leased display space for businesses Shared office space and meeting rooms Teaching and research equipment/ greenhouses/facilities (option of leasing) 	<p>Large physical centre (inc. a virtual component) that has large outdoor space. It will have spaces for:</p> <ul style="list-style-type: none"> Networking/ meeting spaces Event spaces Showcase space Leased display space for businesses Shared office space and meeting rooms Teaching and research equipment/ greenhouses/facilities (option of leasing)

Financial Modelling

Options 1 and 2 are estimated as low cost but with limited ability to generate revenue. As such, these options would require ongoing external funding to sustain their operations. In contrast, Options 3 and 4 are more operationally sustainable, achieving positive cash flow in year 5. However, these options would require high, upfront capital investment along with external funding support in the first few years of operation.

	OPTION 1. Aggregator	OPTION 2. Coordinator	OPTION 3. Innovator	OPTION 4. Provider
Upfront capital expenditure	~\$310 k	~\$3.1 m	~\$18.4 m (~\$21.4 m if option 3 intends to expand**)	~\$28.8 m
Annual expenditure*	~\$630 k	~\$700 k	~\$1.6 m	~\$3.4 m
Annual revenue	~\$220 k	~\$360 k	~\$1.8 m	~\$4.9 m

While Option 3 requires large upfront capital, funding precedent for other CoEs suggests it is feasible.



Following detailed assessment, the Nous Group indicate Option 3, the 'Innovator', as the recommended model.

NGIV's Preferred Model

While Option 4 is the most impactful with the greatest potential in achieving long-term financial stability, and as such, is the preferred model by NGIV. Given the high desirability of Option 4, there could be an expansion of Option 3 into 4 as the centre matures (requiring large acquisition of land).

Endorsement and Alignment to External Stakeholders

HCoE objectives are consistent with National Skills Agreement aspirations for TAFE Centres of Excellence and Victorian Skills Plan priorities.

National skills agreement (NSA)

A HCoE presents a ready-made model that aligns with and supports the NSA's objectives for TAFE CoEs.

The vast array of partnership initiatives developed by a HCoE means that the centre has the potential to further strengthen the VET system's capability and provide responsive skills training for critical industries. This is well aligned to the NSA's objectives of increasing collaboration across education providers and industry partnerships.

Victorian skills plan

The HCoE model has been designed to deliver various services that can support VSP's priorities as well as the Victorian Government's aim to position the TAFE network at the centre of the skills system.

Industry and the education sector eager to partner and support



Industry associations have expressed a desire to partner with a Victorian centre.

A dedicated centre can drive growth, innovation and resilience in the Victorian horticulture industry, and potentially benefiting the broader national horticultural and green sectors.



TAFEs are actively engaged and have validated the merit of a HCoE.

Education providers across the TAFE network and higher education engaged throughout this study have articulated that there is genuine and significant value in establishing a HCoE and have voiced a strong level of interest in being involved.

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