

What happened in the **Cherry Fund** last year?

Annual Report 2021/22



About Hort Innovation and the Cherry Fund

Hort Innovation is the grower-owned, not-for-profit research and development corporation for Australia's horticulture sector. We work closely with industry to invest the cherry R&D and marketing levies, together with Australian Government contributions, into key initiatives for growers, through the Cherry Fund. We're proud of the work we do to help drive productivity, profitability, and demand for cherry growers and the horticulture sector.

Read on for an overview of what Hort Innovation delivered in the Cherry Fund during the year.

We also encourage you to download a copy of the overarching Hort Innovation Annual Report 2021/22 at www.horticulture.com.au/annual-report-portal to see how Hort Innovation worked to benefit the horticulture sector during the year.

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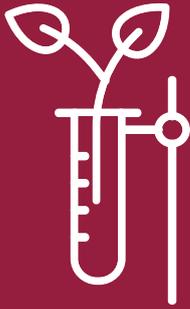
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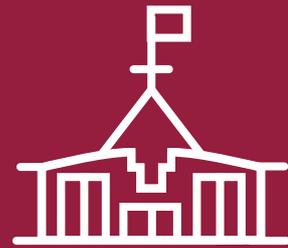
\$694,650

invested in R&D



\$503,167

invested in marketing



\$974,846

in levies collected

by the Government and passed on to Hort Innovation for investment

Industry facts



20,074t

In 2020/21, an estimated 20,074 tonnes of cherries were produced



\$231.3M

Production value of cherries has increased from \$99.9 million in 2015/16 to \$231.3 million in 2020/21, representing an average annual growth rate of 7.1 per cent, over-indexing the production volume increase.



19%

The value of cherries in the foodservice sector has increased 19% compared to that of its pre-COVID value in 2018/19

These facts and more can be found in the Australian Horticulture Statistics Handbook, which is delivered by Hort Innovation each year. The handbook is packed with horticulture statistical information and analysis for some 75 categories. See www.horticulture.com.au/horticulture-statistics-handbook.

Consumer insights



150g

Australian households are buying 150g more cherries on average than they did a year ago, despite higher average prices

These insights were made available through the Harvest to Home platform (www.harvesttohome.net.au) delivered as part of an investment providing regular consumer behaviour data and insight reporting.

Just some of the things delivered for you during the year



Delivery of a National Cherry Conference in 2022 that fostered networking opportunities across the industry – see hortinn.com/cy19001



The market access and trade development program which delivered export readiness training for growers and much more – see hortinn.com/cy18002



The cherry Harvest to Home dashboard providing regular household purchase data and insight reporting at www.harvesttohome.net.au



Support for the National Bee Pest Surveillance program to help safeguard honey-bee and pollinator-dependent industries in Australia – read more at hortinn.com/mt21008



A domestic and international marketing campaign – see p10 for more details



Access to consumer insights through multi-industry investments to understand consumer behaviours, attitudes and purchase intentions – see www.horticulture.com.au/cherry



Investments in the Hort Frontiers strategic partnership initiative to address longer-term and often complex issues and opportunities critical to the future of Australian horticulture – see www.horticulture.com.au/hort-frontiers*

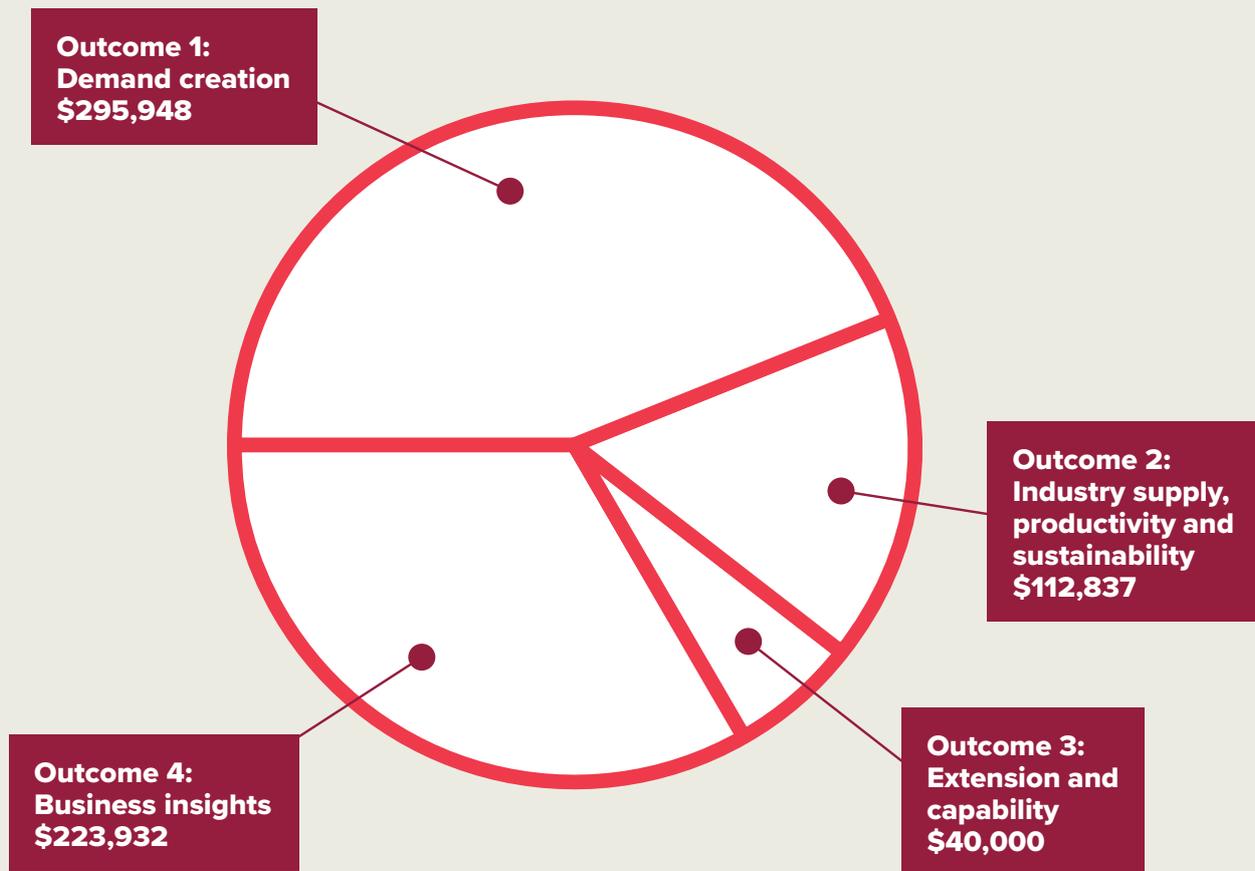


Projects supported by grants secured by Hort Innovation, ranging from cross-sector Rural R&D for Profit initiatives to horticulture-specific work to aid in access to crop protection products – see the Hort Innovation Annual Report 2021/22 for more details*

You can visit www.horticulture.com.au/cherry at any time to access information on new, ongoing and completed projects, and to download resources produced by your levy investments.

*These initiatives were delivered outside of the Hort Innovation Cherry Fund and, in most instances, did not involve the industry levy

Here's how your R&D levy was invested over the year



The cherry Strategic Investment Plan (SIP) guides investments specific to the Hort Innovation Cherry Fund. The SIP features priority outcome areas identified and agreed upon by the industry. Hort Innovation works to invest in R&D and marketing initiatives aligned to these.

The above chart shows how project expenditure in the Cherry Fund during 2021/22 was aligned to the SIP. We have allocated each project to a SIP outcome based on its primary objective.

Which projects were in each of the SIP outcome areas?

Outcome 1: Demand creation

Demand creation supports the Australian cherry industry to develop existing and future domestic and international markets.

Marketing activities during 2021/22 also contributed towards the demand creation outcome. You can read more about this year's cherry marketing campaign on [p10](#).

Project title and code	2021/22 investment	Status	More information
Developing a national systems approach for meeting biosecurity requirements to access key Asian markets (AM17001)	\$22,500	Completed	hortinn.com/am17001
Cherry market access and trade development (CY18002)	\$271,010	Completed	hortinn.com/cy18002
Australian horticulture international demand creation (ST21007)	\$2,438	Ongoing	hortinn.com/st21007

Outcome 2: Industry supply, productivity and sustainability

The Australian cherry industry has increased profitability, efficiency and sustainability through innovative R&D, robust industry biosecurity and improved orchard systems

Project title and code	2021/22 investment	Status	More information
Cherry industry minor use permit program (CY16005)	\$700	Ongoing	hortinn.com/cy16005
SITplus: Port Augusta Qfly SIT factory pilot operation (FF18003)	\$ 69,464	Ongoing	hortinn.com/ff18003
National Fruit Fly Council Phase 4 (FF20000)	\$4,000	Ongoing	hortinn.com/ff20000
Plant Biosecurity Research Initiative – Phase 2 (HA19007)	\$628	Ongoing	
Improving preparedness of the Australian horticultural sector to the threat potentially posed by <i>Xylella fastidiosa</i> (a severe biosecurity risk) (MT17006)	\$14,554	Ongoing	hortinn.com/mt17006
Across horticulture support for export MRL compliance (MT19006)	\$1,694	Ongoing	hortinn.com/mt19006
Regulatory support and coordination (pesticides) (MT20007)	\$4,046	Ongoing	hortinn.com/mt20007
Strategic Agrichemical Review Process (SARP) – Updates (MT21005)	\$4,750	Ongoing	hortinn.com/mt21005
National Bee Pest Surveillance Program: Transition program (MT21008)	\$13,000	Ongoing	hortinn.com/mt21008

Investments

Outcome 3: Extension and capability

Improved capability and an innovative culture in the Australian cherry industry maximises investments in productivity and demand.

Project title and code	2021/22 investment	Status	More information
National Cherry Conference (CY19001)	\$40,000	Ongoing	hortinn.com/cy19001

Outcome 4: Business insights

The Australian cherry industry is more profitable through informed decision-making using consumer knowledge and tracking, trade data, benchmarking, production statistics and forecasting, and independent reviews.

Project title and code	2021/22 investment	Status	More information
Cherry category management (CY21000)	\$195,458	Completed	hortinn.com/cy21000
Horticulture trade data (MT19005)	\$6,026	Ongoing	hortinn.com/mt19005
Consumer demand spaces for horticulture (MT21003)	\$2,666	Ongoing	hortinn.com/mt21003
Consumer behavioural data program (MT21004)	\$12,053	Ongoing	hortinn.com/mt21004
Seasonal horticulture labour accommodation study (MT21007)	\$935	Ongoing	
Economic contribution of Australian horticulture (MT21010)	\$2,860	Ongoing	hortinn.com/mt21010
Creative campaign evaluation (MT21012)	\$1,097	Ongoing	
Pilot program: Consumer usage, attitude and brand tracking (MT21201)	\$637	Completed	hortinn.com/mt21201
Consumer usage and attitude tracking 2022/23 (MT21202)	\$2,202	Ongoing	hortinn.com/mt21202



Financial operating statement

Cherry Fund Financial operating statement 2021/22

	R&D (\$)	Marketing (\$)	Total (\$)
	2021/22 July – June	2021/22 July – June	2021/22 July – June
OPENING BALANCE	666,097	873,017	1,539,114
Levies from growers	789,333	185,513	974,846
Australian Government money	408,571	–	408,571
Other income*	1,927	97,881	99,808
TOTAL INCOME	1,199,831	283,394	1,483,225
Project funding	694,650	503,167	1,197,817
Consultation with and advice from growers	5,797	1,282	7,080
Service delivery	116,694	104,715	221,409
TOTAL EXPENDITURE	817,141	609,165	1,426,306
CLOSING BALANCE	1,022,159	527,163	1,549,322
Levy collection costs	26,628	20,083	46,711

* Interest, royalties

Levy collection costs – These are the costs associated with the collection of levies from industry charged by Levy Revenue Services (LRS)

Service delivery – Also known as Corporate Cost Recovery (CCR), this is the total cost of managing the investment portfolio charged by Hort Innovation

Making sure that levy investment decisions align with industry priorities

What will be the Cherry Fund's focus over the next five years?



Hort Innovation developed the cherry Strategic Investment Plan (SIP) in 2021 to reflect current priorities for the cherry industry, involving extensive consultation with cherry growers and industry stakeholders, including Cherry Growers Australia. The SIP is the roadmap that helps guide Hort Innovation's oversight and management of individual levy industry investment programs.

The cherry SIP lays the foundation for decision-making in levy investments and represents the balanced interests of the cherry industry. The most important function of the SIP is to make sure that levy investment decisions align with industry priorities.

The cherry SIP identifies four outcome areas that will contribute to the productivity and profitability of the sector. They are:

- Industry supply, productivity and sustainability
- Demand creation
- Extension and capability
- Business insights.

What projects will the Fund be investing in next year?

The cherry Annual Investment Plan (AIP) 2022/23 details how Hort Innovation spends levy funds over 12 months. The cherry industry SIP guides investment decisions, and our consultation process prioritises investments based on potential impact and levy fund availability.

Hort Innovation publishes Annual Investment Plans each year over the lifespan of the SIP and advises industry stakeholders via various communication channels.

Hort Innovation will continue to report on fund performance regularly, focusing on outcomes and the impact of investments.



Visit www.horticulture.com.au/cherry-fund-management to view both documents and better understand how Hort Innovation invests your levy.

Nature's gift to health in Malaysia

In 2020, the Australian Government announced the Agribusiness Expansion Initiative (ABEI) as part of a long-term strategy to achieve sustainable growth and resilience in exports. Over \$85 million will be invested through the initiative to help Australian agribusinesses expand and diversify their export markets. The ABEI is jointly delivered by the Department of Agriculture, Water and the Environment and Austrade, in close collaboration with industry.



Through this initiative, Hort Innovation received funding to support Taste Australia activities for cherries, citrus, summerfruit, and table grapes. Each of the four sectors had \$100,000 contributed to their marketing levy budget to support a program of activities in an additional or existing market, plus in-kind marketing support and advice.

Hort Innovation consulted with the cherry and summerfruit industry in partnership with Austrade, on the best approach and decided to use the extra funding to run a campaign in an additional market, Malaysia.

The 'Nature's Gift to Health' campaign positioned Australia as a premium supplier and highlighted the many health benefits of cherries and summerfruit. The campaign also focused on gifting to capture the festive period giving culture, which is prominent in Malaysia from Christmas to Chinese New Year.

Hort Innovation carried out the campaign with a three-pronged approach:

1. Media outreach

The campaign held an exclusive media session at the High Commissioner of Australia's residence and a consumer-focused event featuring Dato' Fazley Yaakob, a Malaysian celebrity chef. Media events delivered a high media value of AUD 1.4 million with 91 pieces of coverage that generated a reach of over 43 million.

2. Influencer engagement

The campaign partnered with 13 highly influential lifestyle and food key opinion leaders, including big names such as Malaysian celebrity chef, Chef Wan and Abang Brian, Malaysian actress and model Amber Chia, alongside other high profiles such as Bella Kuan and Nana Bebu.



Influencers were given a beautifully decorated gift basket containing summerfruit, cherries and flowers to highlight the gifting message key to the campaign. These gifts were distributed to the influencers to create bespoke content showcasing the fresh produce and conveying its premium qualities to consumers.

Influencer engagement is imperative in reaching the target audience, especially as Malaysians are proficient social media users and use it to interact with the brands they love.

3. Retailer program

Retail programs further strengthened the presence of Australian Summerfruits and Cherries in stores with supermarkets such as AEON, Jaya Grocer, Village Grocer, Ben's Independent Grocers, Cold Storage, Mercato, TF Value, Lotus and QRA providing prominent display space.

Retail promotions reached an audience of 134,890 (68 per cent above target) with an increase in sales by 60 per cent during the sampling period.

The Taste Australia promotion had a microsite with QR codes in all point-of-sale materials for the first time. The site provided consumers with comprehensive information on the campaign, recipes, products and promotions with point-of-sale materials placed at over 100 stores nationwide.

“

We are really excited that our Malaysian friends can access, taste and enjoy our delicious premium cherries – a low calorie, tasty snack that is so high in antioxidants and vitamins.

“Here in the Yarra Valley, we can pick them, pack them, carefully select them and send them in one day. And we love it even more that they can be available to the customer by day three while they are still as fresh as the day we picked them. Fresh is best!”

Robyn Hall,
cherry grower from Yarra Valley Cherries

“

The in-store activation helped us increase the sales volume as repeat ordering is better after customer sampling, and there was more buzz this year on social media. The taste of fruit is very important in driving repeat purchasing and we must strive to deliver this to consumers.”

Tracy L,
purchaser at Khaishen Trading in Malaysia

Indulge in a summer fling with Australian cherries

Hort Innovation is responsible for investing the cherry marketing levy into a range of activities to drive awareness and consideration. Here's a quick look at some of the activities and achievements in 2021/22.

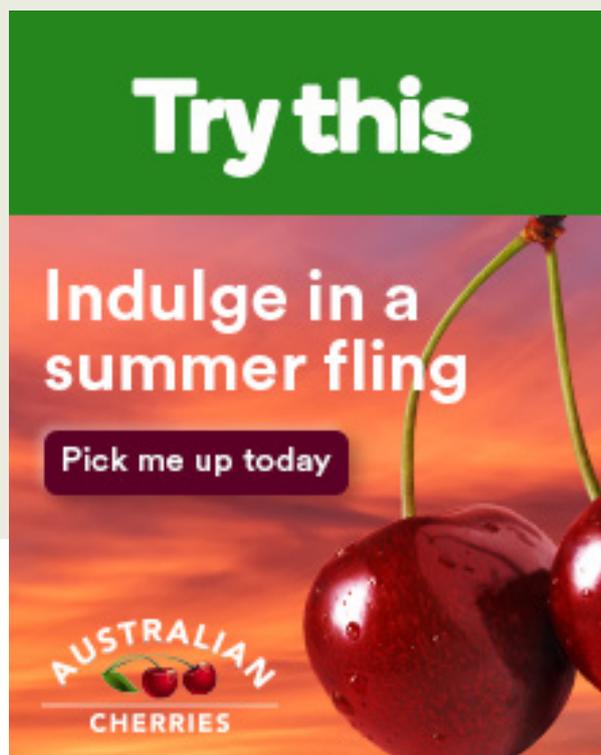
Domestic campaign

To position cherries as an 'all-summer-long' luxury fruit snack and not just something to be enjoyed at Christmas, the 2021/22 marketing campaign saw the 'Indulge in a Summer Fling' creative continue. The campaign targeted Australians aged 25-to-64 and drove awareness of cherries as an 'everyday' summer treat.

The campaign involved a number of media channels including retailer out-of-home advertising, radio, online retail media, social media and public relations.

Some highlights included:

- 2065 out-of-home advertising panels were placed around major retail centres to reach shoppers as they entered grocery stores. The activity reached 83 per cent of shoppers.
- Radio advertising reached 64 per cent of the stations' audiences in metro markets.



- A partnership with media outlet Cartology delivered some 794,000 opportunities to see the cherry-inspired content and reached 123,000 unique customers.

Export campaign

The export marketing program focused on driving awareness and consideration for Australian cherries in Vietnam and Malaysia. The activities in Vietnam were funded through the cherry marketing levy and an Austrade grant was used to reach Malaysia.

Some highlights included:

- **Retail support program:** In Vietnam, there were in-store displays and promotions that used branded boxes across 69 key retailers. In Malaysia, there were in-store displays and point-of-sale materials across 112 outlets, as well as a voucher promotion with 192 redemptions.
- **E-commerce activities:** One month of advertising was secured on one of the most popular e-commerce platforms in Vietnam.
- **B2B support and media launch:** In Vietnam, 1,800 branded boxes were given to five key importers. In Malaysia, two media events were held, one with the High Commissioner and one targeting consumer media.
- **Influencer engagement and social media support:** Engaged with key influencers to raise brand awareness as well as support retail promotion. In Malaysia, influencer activity reached over 13 million and in Vietnam, influencer content received over 21,000 engagements. Social media delivered over 116,500 in reach in Vietnam and over 434,555 in reach in Malaysia.

Quality monitoring

Delivered as part of the cherry marketing plan but funded through the cherry R&D levy, a quality monitoring program was conducted from December 2021 to February 2022.

By observing and collecting data about how cherries are presented in retail, the project team could advise participating retailers on their results and provide recommendations on how they can increase the attractiveness and quality perception in-store to help increase sales of cherries over the cherry season.

Audit personnel visited 720 Woolworths and 600 Coles stores weekly to assess and audit the cherry displays. This assessment included looking at availability, display location, display tidiness, brands of cherries, packaging type, pricing, ticketing, product quality, defects and stock rotation information.

Where possible, the retail staff were educated regarding cherry handling and best practices (if available) on the appropriate display requirements, with any store-specific issues and a specific review of quality measures discussed with them. The intention was to embed a “quality first” mindset within the retail environment.

Across the span of pre-Christmas trading through until mid-February, the quality, displays, availability and pricing were tracked through weekly store audits. Scores across most attributes increased week on week, but the later season results were much lower than previous weeks, reflective of the quality of cherries in the later part of the season. Availability of cherries was down, and product quality was a concern from mid-February.

The merchandising program reflected the highly seasonal nature of cherries, with solid results achieved for availability, quality of presentation and relative lack of defective products in the key selling period of late December to January. In later parts of the season, availability was severely impacted, and quality of presentation and product quality issues were high.

In 2021/22 the Hort Innovation Marketing function underwent a significant shift in their approach to investing marketing levies. You can read more about this in the 2021/22 Hort Innovation Company Annual Report at www.horticulture.com.au/annual-report-portal.

Pick me up today

Australian Cherries
You know I'm every pit worth it

Indulge in a summer *Fling*

AUSTRALIAN CHERRIES

Your Summer *Fling*

Australian Cherries
Try looking at me and not thinking 'yum'

Pick me up today

AUSTRALIAN CHERRIES

Minor use permits

The Hort Innovation Cherry Fund supports the submission of applications for new and renewed minor use permits for the industry, as well as data generation activities to support chemical permits and registrations, and strategic agrichemical reviews.

Together these efforts provide industry access to safe, relevant and effective chemicals to manage pests, weeds and diseases.

For full details on these activities and links to relevant information, visit hortinn.com/cherry-minor-use.

Current permits

Below is a list of minor use permits for the cherry industry, current as of 15 August 2022.

Permit ID	Description	Date issued	Expiry date	Permit holder
PER80542 Version 2	Trichlorfon / Cherries / Fruit flies (SA only)	01-Apr-15	31-Mar-25	Hort Innovation
PER14683 Version 3	Trichlorfon / Stone fruit and guava / Fruit fly	24-Feb-15	31-Mar-27	Hort Innovation
PER11002 Version 3	Indoxacarb (Avatar) / Cherries / European earwig	14-May-09	31-Mar-25	Hort Innovation
PER12590 Version 4	Spinetoram (Delegate) / Pomefruit and stonefruit / Fruit fly (Suppression only)	06-Oct-11	31-May-24	Hort Innovation
PER84533 Version 2	Diazinon / Sweet cherries / Black cherry aphid (TAS Only)	15-Aug-17	31-May-24	Hort Innovation
PER13859 Version 2	Dimethoate / Orchard clean-up – fruit fly host crops following harvest / Fruit fly	09-Feb-15	31-Jul-24	Hort Innovation
PER82062 Version 3	Bifenthrin / Cherries / Carpophilus beetle	19-Nov-15	31-Dec-23	Hort Innovation
PER14562 Version 2	Thiacloprid (Calypso) / Pome fruit and stone fruit / Mediterranean fruit fly (WA only)	13-Dec-13	30-Sep-23	Hort Innovation
PER88787 Version 2	Fenhexamid (Teldor 500 SC) / Cherries / Botrytis grey mould (All States and Territories, except VIC)	05-Nov-19	30-Nov-23	Hort Innovation
PER88559 Version 2	<i>Bacillus amyloquelaciens</i> (Serenade Opti Biofungicide) / Cherries / Suppression of blossom blight/brown rot, bacterial canker, brown spot, bacterial spot and botrytis grey mould	04-Aug-20	31-Aug-24	Hort Innovation

Continued

Minor use permits

Current permits (continued)

Permit ID	Description	Date issued	Expiry date	Permit holder
PER89241	Spinetoram / Various including cherries / Fall armyworm	06-Mar-20	31-Mar-23	Hort Innovation
PER89259 Version 2	Chlorantraniliprole / Stone fruit / Fall armyworm	06-Mar-20	31-Mar-23	Hort Innovation
PER89278	Indoxacarb (Avatar Insecticide) / Cherries / Fall armyworm (<i>Spodoptera frugiperda</i>)	13-Mar-20	31-Mar-23	Hort Innovation
PER89293	Methomyl / Cherries / Fall armyworm (<i>Spodoptera frugiperda</i>)	10-Apr-20	30-Apr-23	Hort Innovation
PER89870	Spinosad (Entrust Organic) / Various including stone fruit / Fall armyworm	21-Jul-20	31-Jul-23	Hort Innovation
PER84804 Version 2	Spirotetramat (Movento) / Stone fruit / Western flower thrips	21-Jul-17	28-Feb-24	Hort Innovation

All efforts have been made to provide the most current, complete and accurate information on these permits, however you should always confirm all details on the APVMA website at portal.apvma.gov.au/permits. Details of the conditions of use associated with these permits can also be found on the APVMA site.

Keep up to date!

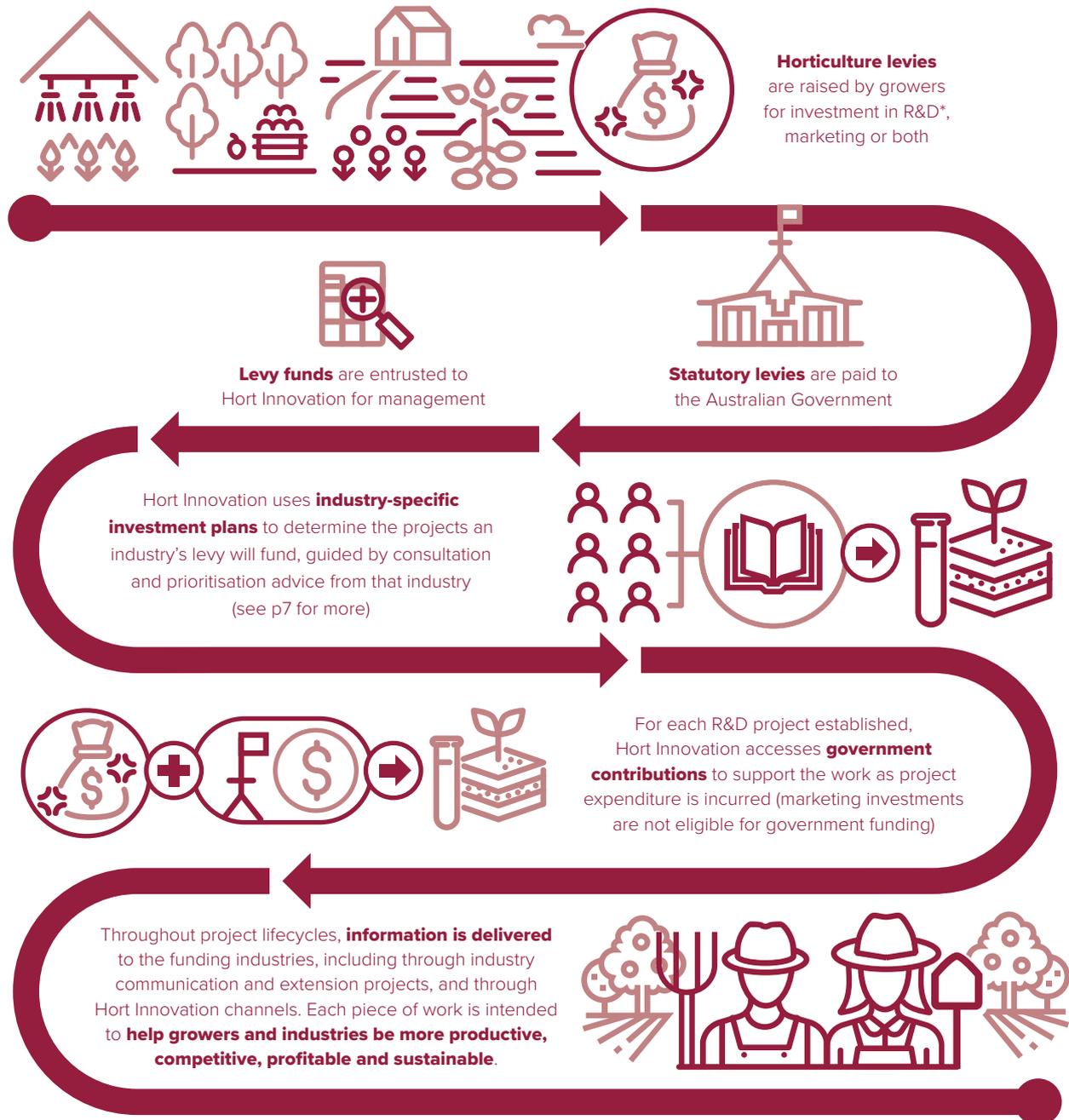
Find monthly minor use permit updates in our *Growing Innovation* e-newsletter.

Sign up for free at www.horticulture.com.au/sign-up.



How strategic levy investments are made in the Cherry Fund

The below diagram shows how Hort Innovation makes strategic levy investments on behalf of horticulture industries. The cherry R&D and marketing levies were invested this way during the year, guided by the cherry Strategic Investment Plan 2022-2026 and advice from the industry's investment advisory panel.



* Encapsulating extension and international trade

To learn more about funding specific to the Hort Innovation Cherry Fund, visit www.horticulture.com.au/cherry. During the year, other sources of funding were also used to support activities for the benefit of Australian horticulture, including grant funding secured by Hort Innovation, co-investment dollars brokered through our Hort Frontiers initiative and centralised strategic levy reserve.

Hort Innovation

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