

# What happened in the **Lychee Fund** last year?

**Annual Report 2020/21**



# About Hort Innovation and the Lychee Fund

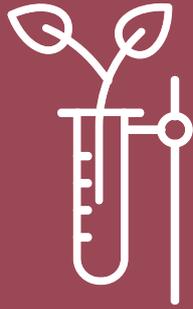
Hort Innovation is the grower-owned, not-for-profit research and development corporation for Australia's horticulture sector. We work closely with industry to invest the lychee R&D and marketing levies, together with Australian Government contributions, into key initiatives for growers, through the Lychee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

Throughout another challenging year for the horticulture sector, activity in the Lychee Fund remained strong. Read on for an overview of what was delivered.

We also encourage you to download a copy of the overarching Hort Innovation Annual Report 2020/21 at [www.horticulture.com.au/annual-report-portal](http://www.horticulture.com.au/annual-report-portal) to better understand how Hort Innovation worked for the benefit of the horticulture sector during the year.

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**\$144,286**

invested in R&D



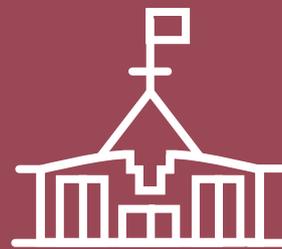
**\$43,189**

invested in marketing



**10**

active R&D investments



**\$131,077**

in levies collected

by the Government and passed on to Hort Innovation for investment



**\$31.9M**

The lychee industry has grown significantly over the past five years, from \$17.5 million in 2014/15 to \$31.9 million in 2019/20



**18%**

Eighteen per cent of lychees grown in Australia are exported to international markets

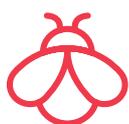


**99%**

Nearly all of Australia's lychee production – 99 per cent – takes place in Queensland

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, for use by individual industries and the wider sector. The 2019/20 edition was released in early 2021 and features an interactive dashboard format for desktop users. See [www.horticulture.com.au/horticulture-statistics-handbook](http://www.horticulture.com.au/horticulture-statistics-handbook).

# Just some of the things delivered for you during the year



**An extension toolkit for scale and mealybug management** is underway to support growers manage for this pest. Read more about this project's progress on p7.



**Preparation support for pest incursions such as fall armyworm and serpentine leafminer**, including emergency minor use permits and longer-term investments to bolster the horticulture sector's response



**A new industry communications program**, delivering the *Living Lychee* journal, *Lychee aPeel* newsletter and industry website, [www.australianlychee.com.au](http://www.australianlychee.com.au)



**The lychee Harvest to Home dashboard** providing regular household purchase data and insight reporting, at [www.harvesttohome.net.au](http://www.harvesttohome.net.au)



**A domestic marketing campaign** and **The Good Mood Food** across-horticulture campaign to support industries through the effects of another challenging year – see [www.horticulture.com.au/the-good-mood-food](http://www.horticulture.com.au/the-good-mood-food)\*



**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](http://www.horticulture.com.au/hort-frontiers)\*

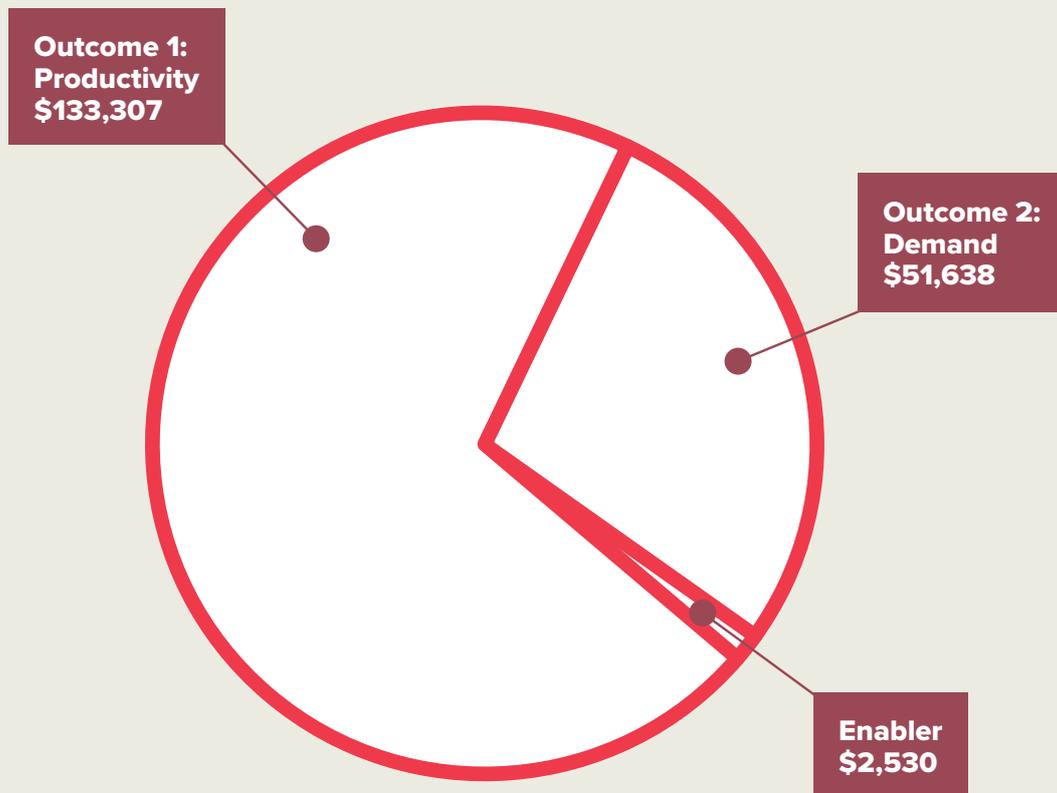


**Projects supported by grants** secured by Hort Innovation, ranging from cross-sector Rural R&D for Profit initiatives to horticulture-specific work to aid in access to crop protection products – see the Hort Innovation Annual Report 2020/21 for more\*

You can visit [www.horticulture.com.au/lychee](http://www.horticulture.com.au/lychee) at any time to access information on new, ongoing and completed projects, and to download resources produced by levy investments such as fact sheets and guides.

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

# Here's what your fund invested in over the year



Investments that are specific to the Hort Innovation Lychee Fund are guided by the lychee Strategic Investment Plan (SIP). The SIP features priority outcome areas that have been identified and agreed upon by the industry, and Hort Innovation works to invest in R&D and marketing initiatives that are aligned to these.

In the above chart, you can see how project expenditure in the Lychee Fund during 2020/21 was aligned to the SIP. Each project has been allocated to a SIP outcome based on its primary objective.

There was no activity during 2020/21 under Outcome 3: Export. See p4 for more information. Expenditure on projects classified as 'enabler' support the broader delivery of the industry's strategic investment plan, such as impact assessments.

# Which projects were in each of the SIP outcome areas?

## Outcome 1: Productivity

Increased capacity and productivity meets growing international and domestic demand

Project title and code	2020/21 investment	Status	More information
Lychee industry minor use program (LY16000)	\$1,314	Ongoing	<a href="http://hortinn.com/ly16000">hortinn.com/ly16000</a>
Australian lychee industry communications program (LY16005)	\$33,974	Completed	<a href="http://hortinn.com/ly16005">hortinn.com/ly16005</a>
Lychee pest and disease field guide (LY19001)	\$6,052	Completed	<a href="http://hortinn.com/ly19001">hortinn.com/ly19001</a>
Lychee industry communications program (LY20000)	\$67,164	Ongoing	<a href="http://hortinn.com/ly20000">hortinn.com/ly20000</a>
Scale and mealybug management options for lychee growers – an extension toolkit (LY20001)	\$18,721	Ongoing	<a href="http://hortinn.com/ly20001">hortinn.com/ly20001</a>
Biosecurity plan for the lychee, papaya and passionfruit industries (MT18006)	\$4,982	Ongoing	<a href="http://hortinn.com/mt18006">hortinn.com/mt18006</a>
Strategic Agrichemical Review Process (SARP) – Updates (MT19008)	\$1,100	Completed	<a href="http://hortinn.com/mt19008">hortinn.com/mt19008</a>

## Outcome 2: Demand

Increased domestic demand improves price stability and industry attractiveness

Marketing activities during 2020/21 contributed to demand-related outcomes in the SIP. You can read more about the lychee marketing campaign on p9.

Project title and code	2020/21 investment	Status	More information
Consumer behavioural and retail data for fresh produce (MT17015)	\$8,449	Ongoing	<a href="http://hortinn.com/mt17015-lychee">hortinn.com/mt17015-lychee</a>

## Outcome 3: Export

Increased market access and export development improves returns to growers

While there was no dedicated export investment within the Hort Innovation Lychee Fund during 2020/21, several other projects contributed towards this outcome. This includes projects LY18000, LY19001, LY20001 and LY20000. Follow their links above to learn more about their activities.

# Financial operating statement

## Lychee Fund Financial operating statement 2020/21

	R&D (\$)	Marketing (\$)	Total (\$)
	2020/21 July – June	2020/21 July – June	2020/21 July – June
<b>OPENING BALANCE</b>	<b>172,660</b>	<b>9,990</b>	<b>182,650</b>
Levies from growers (net of collection costs)	90,171	40,906	131,077
Australian Government money	85,763	–	85,763
Other income*	561	(22)	539
<b>TOTAL INCOME</b>	<b>176,495</b>	<b>40,884</b>	<b>217,379</b>
Project funding	144,286	43,189	187,475
Consultation with and advice from growers	–	–	–
Service delivery	27,240	10,600	37,840
<b>TOTAL EXPENDITURE</b>	<b>171,526</b>	<b>53,789</b>	<b>225,315</b>
Levy contribution to across-industry activity	–	–	–
<b>CLOSING BALANCE</b>	<b>177,629</b>	<b>(2,915)</b>	<b>174,714</b>
Levy collection costs	7,780	3,617	11,397

\* 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 Lychee Fund's focus over the next five years?



The lychee Strategic Investment Plan (SIP) was created in 2021 to reflect current priorities for the lychee industry. This involved extensive consultation with lychee growers and industry stakeholders, including the Australian Lychee Growers' Association. The SIP is the roadmap that helps guide Hort Innovation's oversight and management of individual levy industry investment programs.

The lychee SIP lays the foundation for decision making in levy investments and represents the balanced interest of the particular industry from which the levy is collected. The most important function of the SIP is to make sure that levy investment decisions align with industry priorities.

The lychee SIP identifies four outcome areas that will contribute to the productivity and profitability of the lychee 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 lychee Annual Investment Plan (AIP) 2021/22 will detail how levy funds will be spent over the 12-month period. Investment decisions will be guided by the industry SIP and prioritised based on potential industry impact, as well as availability of levy funds.

The AIP is developed by Hort Innovation, and is informed by the SIP and industry consultation, including collaboration with the Australian Lychee Growers' Association. The AIP is then discussed with the industry SIAP for feedback and prioritisation.

All investments will need to link to the industry's SIP by addressing a minimum of one KPI against a strategy under one of the four outcomes.

Annual Investment Plans will be published each year over the lifespan of the SIP and industry stakeholders will be advised via established communication channels.

Hort Innovation will continue to report on fund performance regularly, with more focus on reporting on outcomes and the impact of investments.



When available, you can visit [www.horticulture.com.au/lychee-fund-management](http://www.horticulture.com.au/lychee-fund-management) to view both documents and get a full picture of how your levy will be invested over the next five years.

# Increasing Aussie lychee exports by ‘beating the bugs’

**This investment will provide Australian lychee growers with a comprehensive toolkit to manage scale and mealybug pests, leading to cleaner fruit and increased export opportunities.**

## The challenge

Exports are key to growing the Australian lychee industry. Increasing exports means any unwanted pests, including scale and mealybug, are managed pre and post-harvest. To do this, our growers need the very latest research, techniques, and tips.

## Meet Chris

Sunshine Coast lychee farmer, Chris Salta, knows the importance of top-quality, pest-free fruit when it comes to exports. “Research shows that compared with other tropical fruit categories, the lychee industry exports a higher percentage of its production,” says Chris. “To maintain and increase the export market, the industry believes a clean fruit image is an added advantage and will benefit all growers.”

Backed by continual R&D, this program promotes that clean image by tackling scale and mealy bugs in a more organic way, which Chris believes can only help the industry. “By an improved understanding of the scale and mealybug problems and by using data collated from all growing areas, the industry and growers have management options, which will assist them in controlling these pests.

“All research is important to the industry. It leads to more user-friendly chemicals coming onto the market, which may have more improved controls than older chemicals. Growers are always interested to know what will improve their output and perhaps will feel more confident to add exporting to their supply chain.”



Chris is confident the pre and post-harvest management techniques now in place as part of this program will result in cleaner, pest-free fruit, which will help both domestic and export sales. “It’s anticipated that a greater, more consistent export market will also grow the lychee industry as a whole.”

Continued



### The approach

The project team is surveying lychee orchards across key growing regions in Australia during the growing season, piecing together an overview of the scale and mealybug problem, including data on the diversity of these pests and the grower control practices currently being used, which will be fed into an extension toolkit for growers.

### The impact

When completed, the extension toolkit will compile this valuable information for lychee growers, with a focus on the lifecycle of these pests and the various management options available to growers, both chemical and biological. This material will also be presented in a series of workshops across key growing regions such as North Queensland, Mackay, Rockhampton, Bundaberg and the Sunshine Coast, as well as the annual lychee growers' meeting.

For more information, visit [hortinn.com/ly20001](https://hortinn.com/ly20001)

### Project details

#### Scale and mealybug management options for lychee growers – an extension toolkit (LY20001)

Key research provider: The Queensland Department of Agriculture and Fisheries

Start date: February 2021

Expected end date: December 2022

Estimated value for life of project: \$78,827

# Getting even more Aussies to love lychees, especially in summer

Hort Innovation is responsible for investing the lychee marketing levy into a range of activities to drive awareness and use of lychee, under the Hort Innovation Lychee Fund.

## The opportunity

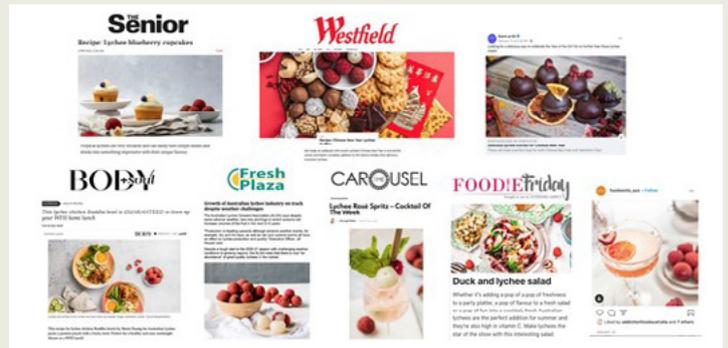
The 2020/21 marketing plan aimed to contribute to improving awareness and increase the number of households who currently purchase lychee. The program encouraged consumers to enjoy Australian Lychees under the positioning ‘add some pop to your summer celebrations’ with Australian Lychees.

## The approach

To grow the Australian lychee market, the program focused on increasing product awareness and inspiring consumers to buy Australian Lychees during the peak season. The aim was to do this through seasonal public relations, compelling social media content, and converting consumers on the path to purchase.

Renowned food influencer and recipe stylist Marie Duong of @eatwithmarie was enlisted to create a campaign hero video, recipes, and set of beautifully shot images for use across the marketing program. Marie also published recipes to her Instagram own account, resulting in an additional 98,456 views. These tapped into the latest food and drink trends and were leveraged by the team’s public relations work, which secured coverage in top-tier titles. In total, 23 pieces of coverage ran across traditional and social media, inspiring millions of Australian consumers to eat more lychees.

To target consumers at the point of sale, ads were rolled out with Shopfully, a mobile catalogue app with more than

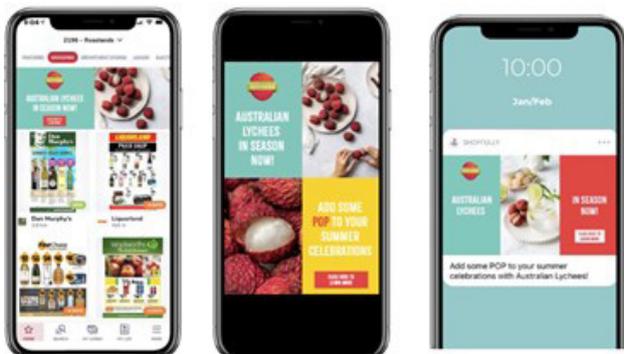


1.9 million active monthly users. With traditional sampling not an option due to COVID-19 restrictions, digital mobile media was an effective way to reach shoppers.

Shopfully users received information about Australian lychees through proximity notifications when a shopper was near a store.

The campaign was live from mid-January 2021 until the end of February 2021, targeting shoppers at Coles, Woolworths, Aldi, Harris Farm and IGA.

Continued



## Marketing case study



### The outcome

Thanks to great content and a strategic focus on social media, hundreds of thousands more Australians are now more aware of the many delicious benefits of lychee and more likely than ever to make a purchase.

Digital mobile media activity also resulted in more than 173,000 opportunities to see the lychee-inspired content and there was a strong average walk-through rate into store of 38.7 per cent for the campaign. The walk-through rate is a measurement of how many people entered a retailer once receiving a branded communication from Australian lychees, demonstrating that the mobile ads were a strong driver of people to stores.

Read more about the campaign at [hortinn.com/lychee-marketing-snapshot](https://hortinn.com/lychee-marketing-snapshot)

### Project details

These marketing activities are strategic levy investments in the Hort Innovation Lychee Fund

# Minor use permits

The Hort Innovation Lychee 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 for the management of pests, weeds and diseases.

For full details on these activities and links to relevant information, visit [hortinn.com/lychee-minor-use](http://hortinn.com/lychee-minor-use).

## Permits in 2020/21

During the 2020/21 financial year, a successful new permit application for PER89943, and successful renewals for PER12450 and PER80367 were prepared by Hort Innovation and submitted to the APVMA, facilitated through the *Lychee industry minor use program* (LY16000).

Meanwhile, fall armyworm – an incredibly destructive exotic pest – was detected on Australian shores for the first time in 2020. To support readiness and protect the horticulture sector, emergency permit PER89870 was issued by Hort Innovation in 2020/21 to acquire crop protection chemicals for the lychee industry.

Details for these and all other permits can be found in the following table.

## Current permits

Below is a list of minor use permits for the lychee industry, current as of 24 August 2021.

Permit ID	Description	Date issued	Expiry date	Permit holder
PER12450 Version 7	Trichlorfon / Specified fruit crops / Fruit fly	06-Oct-11	30-Nov-25	Hort Innovation
PER80374 Version 2	Beta-cyfluthrin (Bulldock) / Custard apple, lychee, mango, persimmon / Various insect pests	01-Oct-15	31-Aug-22	Australian Lychee Growers Association (ALGA)
PER80367 Version 2	Pyraclostrobin (Cabrio) / Lychee / Anthracnose or Pepper spot	12-May-15	31-Oct-25	Hort Innovation
PER87164 Version 2	Dimethoate / Specified citrus and tropical and sub-tropical inedible peel fruit commodities – post-harvest dip or flood spray / Various fruit fly species	01-Mar-19	31-Mar-24	Hort Innovation
PER13659 Version 2	Mancozeb / Lychees / Pepper spot	01-Oct-12	30-Sep-22	ALGA C/Hort Innovation
PER13660 Version 2	Copper hydroxide and cuprous oxide / Lychees / Lychee pepper spot.	14-Aug-12	30-Jun-22	ALGA C/Hort Innovation
PER14508 Version 2	Sulphur (Granusulf 800WG) / Lychee / Erinose mite and white louse scale	21-Mar-14	30-Nov-21	ALGA C/Hort Innovation

Continued

## Minor use permits

### Current permits (continued)

Permit ID	Description	Date issued	Expiry date	Permit holder
PER14507 Version 2	Petroleum oil / Lychee / Green shield scale, soft green scale and soft scales	21-Mar-14	30-Nov-21	ALGA C/Hort Innovation
PER14743 Version 3	Trichlorfon / Custard apple, lychee, mango and persimmon / Flatid planthopper, flower eating caterpillar, looper and yellow peach moth. Suppression only: Fruit-spotting bug, banana spotting bug, green vegetable bug and lychee stink bug	01-Jun-14	30-Jun-25	Hort Innovation
PER13859	Dimethoate / Orchard cleanup – fruit fly host crops following harvest / Fruit fly	09-Feb-15	31-Jul-24	Growcom
PER80369	Prochloraz (Octave) / Lychee / Anthracnose or pepper spot	17-Mar-15	31-Oct-25	ALGA
PER88401 (Replaces PER80366)	Buprofezin (Applaud) / Lychee / Scale insects, mealybug and flatid planthoppers	23-Jan-20	31-Jan-25	Hort Innovation
PER88197	Cyprodinil and Fludioxonil (Switch fungicide) / Lychee / Lychee pepper spot/ Anthracnose	05-Nov-19	30-Nov-24	Hort Innovation
PER85397	Sulfoxaflor (Transform) / Lychee, mango, papaya, and passionfruit (field grown) / Fruit-spotting bug and banana-spotting bug	17-Apr-18	30-Apr-23	Hort Innovation
PER81753	Ethephon (Ethrel) / Lychee / Seasonal vegetative flushes	05-Apr-16	31-Jan-24	Hort Innovation
PER89241	Spinetoram / Tropical inedible peel / Fall armyworm	06-Mar-20	31-Mar-23	Hort Innovation
PER89870	Spinosad (Entrust Organic) / Various including tropical and sub-tropical fruit crops (inedible peel) / Fall armyworm	21-Jul-20	31-Jul-23	Hort Innovation
PER89943	Trivor Insecticide (acetamiprid and pyriproxyfen) / Custard apples, lychee, papaya, passionfruit, persimmons and olives / Various pests including; Fruit spotting bugs, olive lace bug, fruit fly suppression, mealybugs, scale insects, plant hoppers, leafhoppers and light brown apple moth	29-Jan-21	31-Jan-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](http://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](http://www.horticulture.com.au/sign-up).

# How strategic levy investments are made in the Lychee Fund

The below diagram shows how Hort Innovation makes strategic levy investments on behalf of horticulture industries. The lychee R&D and marketing levies were invested this way during the year, guided by the lychee Strategic Investment Plan 2017-2021 and advice from the industry's investment advisory panel.



\* Encapsulating extension and international trade

To learn more about funding specific to the Hort Innovation Lychee Fund, visit [www.horticulture.com.au/lychee](http://www.horticulture.com.au/lychee). 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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