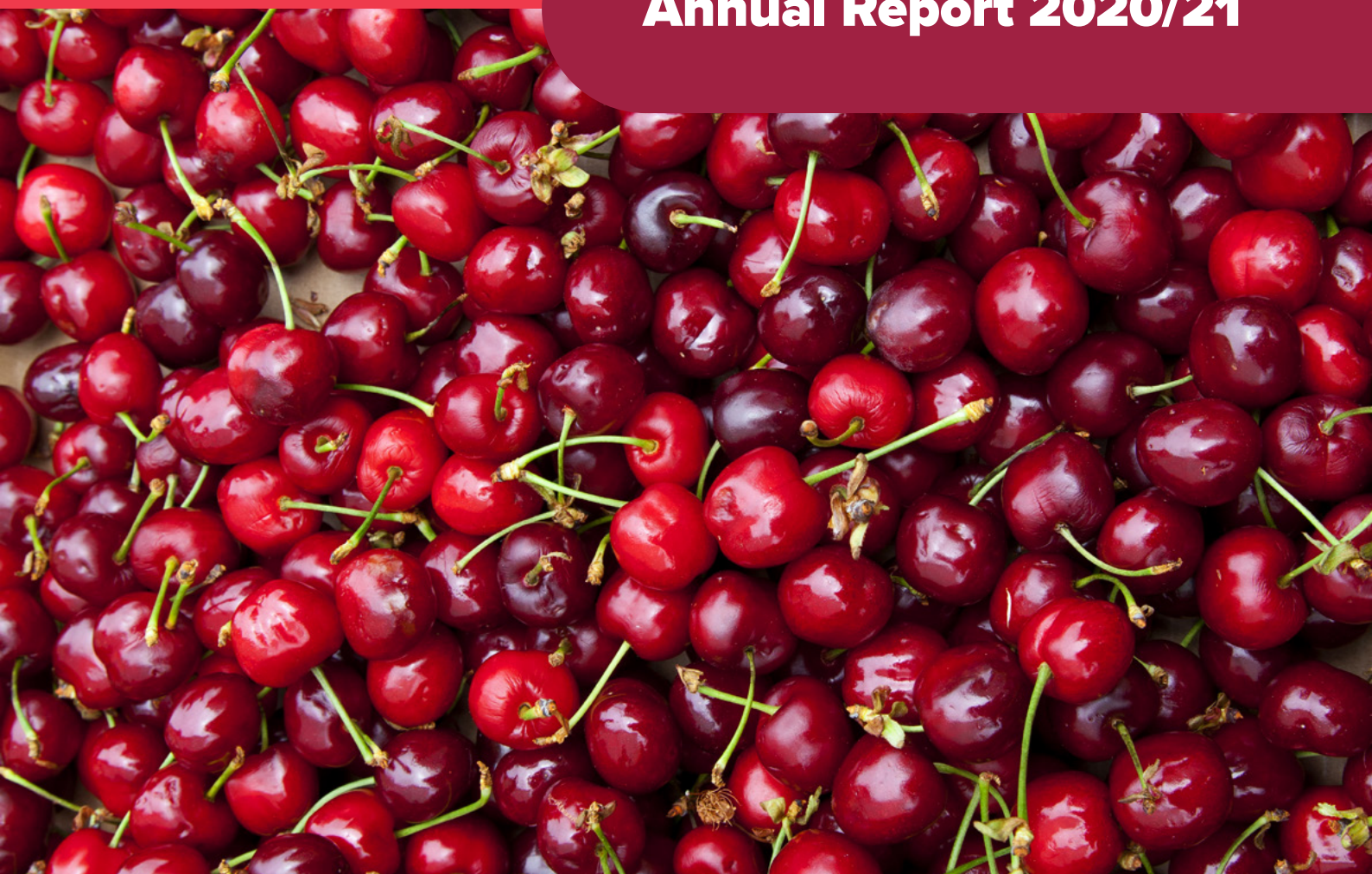


What happened in the **Cherry Fund** last year?

Annual Report 2020/21



About Hort Innovation and the Cherry Fund

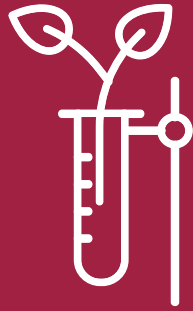
Hort Innovation is the grower-owned, not-for-profit research and development corporation for Australia's horticulture sector. We work closely with industry to invest the cherry R&D and marketing levies, together with Australian Government contributions, into key initiatives for growers, through the Cherry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

Throughout another challenging year for the horticulture sector, activity in the Cherry 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 to better understand how Hort Innovation worked for the benefit of the horticulture sector during the year.

In this report...

- Cherry Fund snapshot 2020/21 1**
- Just some of the things delivered for you during the year 2**
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\$516,166

invested in R&D



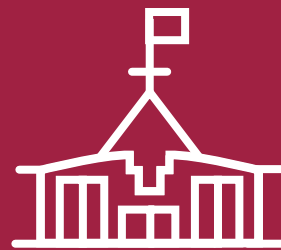
\$788,533

invested in marketing



13

active R&D investments



\$1.26M

in levies collected

by the Government and passed on to Hort Innovation for investment



8.5%

The cherry industry's production grew at an average annual rate of 8.5 per cent over the five years to 2019/20



30%

Recent industry growth has been driven by exports, with 30 per cent of production volume exported in 2019/20



4

Cherry production occurs in four key states: New South Wales, Victoria, Tasmania and South Australia

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.

Just some of the things delivered for you during the year



The market access and trade development program which delivers export readiness training for growers and much more. Read our grower case study on p10.



A host of collaborative multi-industry programs to tackle biosecurity issues such as Xylella and Queensland fruit fly (see www.horticulture.com.au/cherry)



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



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



A multi-pronged domestic marketing campaigns 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*



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*

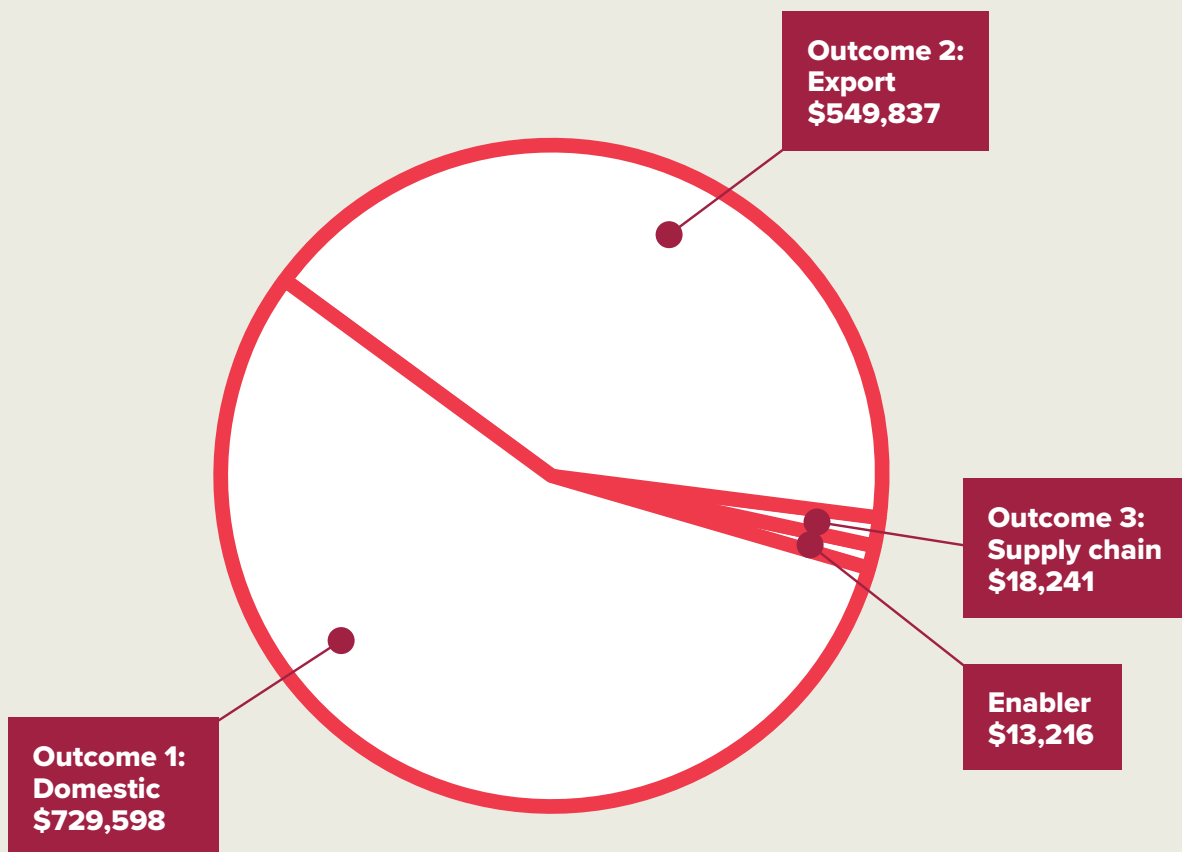


Projects supported by grants secured by Hort Innovation, ranging from cross-sector Rural R&D for Profit initiatives to horticulture-specific work to aid in access to crop protection products – see the Hort Innovation Annual Report 2020/21 for more*

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 levy investments such as fact sheets and guides.

*These initiatives were delivered outside of the Hort Innovation Cherry 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 Cherry Fund are guided by the cherry 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 Cherry 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 4: Capacity

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: Domestic

Increase the unit value of fruit sold onto the domestic market to improve industry economic sustainability

Marketing activities during 2020/21 contributed to demand-related outcomes in the SIP. You can read more about the cherry marketing campaign on p12.

Project title and code	2020/21 investment	Status	More information
Consumer behavioural and retail data for fresh produce (MT17015)	\$16,065	Ongoing	hortinn.com/mt17015-cherry

Outcome 2: Export

Export markets have grown in volume to leverage the forecast increase in production over the next five years

Project title and code	2020/21 investment	Status	More information
Developing a national systems approach for meeting biosecurity requirements to access key Asian markets (AM17001)	\$25,000	Ongoing	hortinn.com/am17001
Methyl bromide disinfestation of cherries for Queensland fruit fly (CY16009)	\$101,707	Completed	hortinn.com/cy16009
Cherry market access and trade development (CY18002)	\$211,736	Ongoing	hortinn.com/cy18002
Cherry export strategy (CY19003)	\$57,000	Completed	hortinn.com/cy19003
SITplus: Port Augusta QFLY SIT factory pilot operation (FF18003)	\$71,429	Ongoing	hortinn.com/ff18003
Horticulture trade data (MT19005)	\$5,821	Ongoing	hortinn.com/mt19005
Across horticulture support for export MRL compliance (MT19006)	\$2,144	Ongoing	hortinn.com/mt19006

Outcome 3: Supply chain

Reduce costs at every level of the supply chain to improve global competitiveness

Project title and code	2020/21 investment	Status	More information
Review of the national biosecurity plan for the cherry industry and development of a biosecurity manual for cherry producers (CY16010)	\$4,333	Ongoing	hortinn.com/cy16010
Improving preparedness of the Australian horticultural sector to the threat potentially posed by <i>Xylella fastidiosa</i> (a severe biosecurity risk) (MT17006)	\$13,908	Ongoing	hortinn.com/mt17006



Financial operating statement

Cherry Fund Financial operating statement 2020/21

	R&D (\$)	Marketing (\$)	Total (\$)
	2020/21 July – June	2020/21 July – June	2020/21 July – June
OPENING BALANCE	252,510	1,284,128	1,536,638
Levies from growers (net of collection costs)	715,634	540,595	1,256,229
Australian Government money	303,415	–	303,415
Other income*	1,369	2,893	4,262
TOTAL INCOME	1,020,418	543,488	1,563,906
Project funding	516,166	788,533	1,304,699
Consultation with and advice from growers	4,223	1,970	6,193
Service delivery	86,441	164,096	250,537
TOTAL EXPENDITURE	606,830	954,599	1,561,429
Levy contribution to across-industry activity	–	–	–
CLOSING BALANCE	666,098	873,017	1,539,115
Levy collection costs	16,705	8,930	25,635

* 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?



The cherry Strategic Investment Plan (SIP) was created in 2021 to reflect current priorities for the cherry industry. This involved 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 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 cherry SIP identifies four outcome areas that will contribute to the productivity and profitability of the cherry 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) 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 Cherry Growers Australia. 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/cherry-fund-management to view both documents and get a full picture of how your levy will be invested over the next five years.

A biosecurity plan that gives more farmers more access to more markets

This investment is helping growers implement an effective on-farm biosecurity plan, complete with a regularly updated biosecurity manual. These are vital to ensure export success and market expansion.

The challenge

Identify the cherry industry's highest priority pests and tailor specific plans to effectively manage them should they-make it to Australia.



Mick Rouget, cherry grower and part owner of Koala Cherries, Central Victoria

Meet Mick

Cherry grower Mick Rouget is part owner of Koala Cherries, located in Central Victoria. He's thankful for the biosecurity support backed through this program, particularly the manual, which he reckons is a helpful tool for trade and market access.

"Specifically for us, it's pest monitoring and control that's really helpful," says Mick. "We registered our properties for export to specific countries, and that involves mapping the property and then installing a certain number of traps to monitor for the presence of Queensland fruit fly and other pests of concern, like codling moth".

While these pests are common in Australia, many overseas markets simply won't take produce that could potentially be harbouring the bugs. The monitoring and trapping taking place under this program assures overseas customers that our cherries don't pose that kind of biosecurity risk.

"Once the fruit comes to the packing shed, there's a protocol for each country, and we understand the specifics of packing for that country."

"On the inspection side of things, a certain number of pieces of fruit per consignment are inspected, initially by sorting by staff and then the QC staff inspect the packed boxes," says Mick.



The approach

Thanks to this program, cutting-edge research is underway into the various biological threats facing Australian cherries and mitigating any negative effects on exports. This important data feeds into the industry's Biosecurity Plan and Farm Biosecurity manual, ensuring growers are always up to date when it comes to identification and categorisation of exotic pests, risk mitigation, and contingency plans.

The manual gives growers invaluable advice, while encouraging practices that make them more aware of biosecurity threats, promotes farm cleanliness and sanitation, makes compliance easier, and emphasises the need to report anything unusual.

All high priority pests are dealt with under this program, but the latest manual devotes special attention and assigns a higher risk ranking to certain species due to their ability to get into Australia. These include the brown marmorated stink bug, spotted wing drosophila, and *Xylella fastidiosa*.

These three pests have demonstrated their ability to cross international borders and are increasingly showing up in Australia-bound cargo inspections.

It's important for growers to recognise these pests so they can remain vigilant, preventing their introduction and spread on farms.

The impact

This program and its various measures and mitigation strategies have proved an effective mechanism for the cherry industry, government, and other relevant stakeholders to constantly assess potential problems and develop effective solutions.

The manuals produced so far have enabled growers to implement the latest biosecurity measures where they matter most – on their farms. Presented in a user-friendly and practical way, the manuals contain fact sheets to identify high priority pests, tips on crop management, how to manage people, along with vehicles and equipment to minimise biosecurity risks. They also contain a biosecurity self-assessment list, and templates to record pest surveillance records and visitors.

Thanks to this program Australian cherry growers are at the forefront of best practice when it comes to tackling biological threats, fortifying the reputation of Australian cherries around the world.

For more information, visit hortinn.com/cy16010

Project details

Review of the national biosecurity plan for the cherry industry and development of a biosecurity manual for cherry producers (CY16010)

Key research provider: Plant Health Australia

Start date: January 2017

End date: May 2021

Estimated value for life of project: \$57,944

Making the most of new and emerging export opportunities for Australian cherry growers

Following on the success of an earlier program, this investment helps growers maximise their export opportunities by ensuring they're export-ready. It also aims to give them increased access to new and existing international markets.

The challenge

To grow the export market the industry needs a well-maintained biosecurity plan, export education, and greater access to overseas consumers.



Meet Kay

“The export training we received through this program gave us the confidence to gain export accreditation for our orchard by highlighting the steps involved in the export process and the requirements necessary for exporting under the export protocols,” says Kay Sibley from Valley View Orchards in Western Australia. “For our business, export accreditation has meant that we can direct our premium quality cherries to the higher priced export markets when demand for this type of fruit is not strong on the domestic market resulting in a greater return.”

As a result of this program and its earlier iteration, significant achievements for the industry regarding market access have included tariff reduction under free trade agreements, mainland access to China via airfreight, and getting the Vietnamese market reopened.

“With more growers taking advantage of export markets, sales on the domestic market have remained strong and prices for our product on the local market have improved,” says Kay. “Having the option to export has allowed us to focus on growing varieties that produce large, high-quality fruit, which is suited to the export market and our growing region, rather than growing varieties that produce fruit of lower quality and are only suitable for the lower priced domestic market.”



The approach

This investment is backing a range of initiatives to help growers make the most of new and existing export opportunities. While training materials for growers and packers are part of these measures, we're also facilitating the registration and audit of export facilities, developing and implementing pest and disease management systems, and working towards increased market access for Australian cherry producers.

The impact

The level of grower participation in this program is testament to its success. In 2014, just 22 growers and nine packhouses registered for the training component of the initiative. Now, that number stands at 49 and 29 respectively.

The export manual, workshops and help desk created off the back of this project, in addition to newly-opened markets, put Australian growers in an excellent position to maximise export success.

For more information, visit hortinn.com/cy18002

Project details

Cherry market access and trade development (CY18002)

Key research provider: Cherry Growers Australia

Start date: December 2019

Expected end date: June 2022

Estimated value for life of project: \$794,009

Taking cherries from a festive food to a summer-long luxury snack

Hort Innovation is responsible for investing the cherry marketing levy into a range of activities to drive awareness and consumption, both in Australia, and in the industry's key export markets.

The opportunity

By extending demand for cherries beyond the Christmas period, more people will eat them, more often. The key was transforming their relevance and repositioning them as an all-summer-long luxury fruit snack.



The approach

To deliver this, a range of programs and activities were implemented including a retail mentor and monitoring program, new communication branding across radio, display ads around major retail centres, digital and social media content, and state-based co-promotional activities.

To build the cherry brand as a regular summer snack, the Retail Monitoring Program ran across 250 Coles and Woolworth stores, ensuring availability of quality stock and correct merchandising. 2750 store reports (up from 512 in 2019/20) were generated throughout the campaign, resulting in significantly improved cherry quality.

2020/21 also saw the launch of a new domestic marketing campaign to take cherries from a 'Christmas food' to a summer luxury snack. The campaign targeted 24 to 65-year-olds under the tagline, 'Your Summer Fling', positioning Australian Cherries as their 'every day' premium treat.

From late November 2020 to mid-January 2021 30 and 15 second radio ads ran on SmoothFM, Nova, KIIS1065, and WSFM, to name a few. A total of 482 spots were aired, reaching 2.4 million Australians at least once.

Outdoor ads also added to the mix with 2145 panels dotted around major retail centres, making cherries a tasty choice for shoppers.

These drove a strong call to action and keep cherries top of mind as shoppers entered retail grocery locations.

Marketing case study



A total of 2145 panels were featured throughout the campaign, reaching more than 3.64 million consumers with an average frequency of 18 times.

Partnering with Newscorp, the digital campaign ran appeared on Taste.com and Delicious, featuring branded ads and recipes encouraging Australians to use cherries more frequently throughout the whole year.

From November 2020 to February 2021, Australian cherries partnered with lead influencer, Masterchef's Tessa Boersma, and seven other foodie and lifestyle influencers, for a social media campaign showcasing cherries as an everyday snack. Across the summer season, it highlighted the different occasions to have cherries at home, on the go, or as a gift during the festive season.

The outcome

Tasked with taking cherries from a Christmas treat a all-summer-long option, the year's marketing activities ensured Australian consumers, particularly those in key demographics, had cherries front of mind when shopping, all season. Across multiple platforms, this campaign reached millions, with key highlights including:

- 74,413 page views for Australian Cherries-sponsored web content during December 2020
- 54 per cent increase in cherry-related web searches
- Cherries rose to 28th most popular search term on Taste.com.au

- Digital display ads reach of 1.35 million, with 1,954 click-throughs
- Social media delivered 472,046 impressions with an average engagement rate of 7.95 per cent
- 3.64 million reached by outdoor ads
- 2.4 million reached by radio ads.

“

“Anecdotally, without the campaign and the marketing efforts, the industry could've been in a real predicament. There were a lot of uncertainties around export freight and there was a bit of an unknown around how domestic retail would perform. Yet, what we saw was an uplift in dollars and volume within domestic retail.”

Stephen Riseborough, cherry grower, Victoria

Read more about the campaign at hortinn.com/cherry-marketing-snapshot

Project details

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

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 for the management of pests, weeds and diseases.

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

Permits in 2020/21

During the 2020/21 financial year, a successful new permit application for PER88559 and a successful renewal for PER88787 was prepared by Hort Innovation and submitted to the APVMA, facilitated through the *Cherry industry minor use program* (CY16005).

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 cherry 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 cherry industry, current as of 23 August 2021.

Permit ID	Description	Date issued	Expiry date	Permit holder
PER80542 Version 2	Trichlorfon / Cherries / Fruit flies	01-Apr-15	31-Mar-25	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	Summerfruit Australia C/Hort Innovation
PER84533	Diazinon / Sweet cherries / Black cherry aphid (TAS Only)	15-Aug-17	31-Aug-22	Cherry Growers Australia
PER13859	Dimethoate / Orchard clean-up – fruit fly host crops following harvest / Fruit fly	09-Feb-15	31-Jul-24	Growcom
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

Continued

Minor use permits

Current permits (continued)

Permit ID	Description	Date issued	Expiry date	Permit holder
PER88559	<i>Bacillus amyloquefaciens</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-22	Hort Innovation
PER89241	Spinetoram / Various including cherries / Fall armyworm	06-Mar-20	31-Mar-23	Hort Innovation
PER89259	Chlorantraniliprole (Coragen, Altacor and Altacor Hort Insecticide) / 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

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!

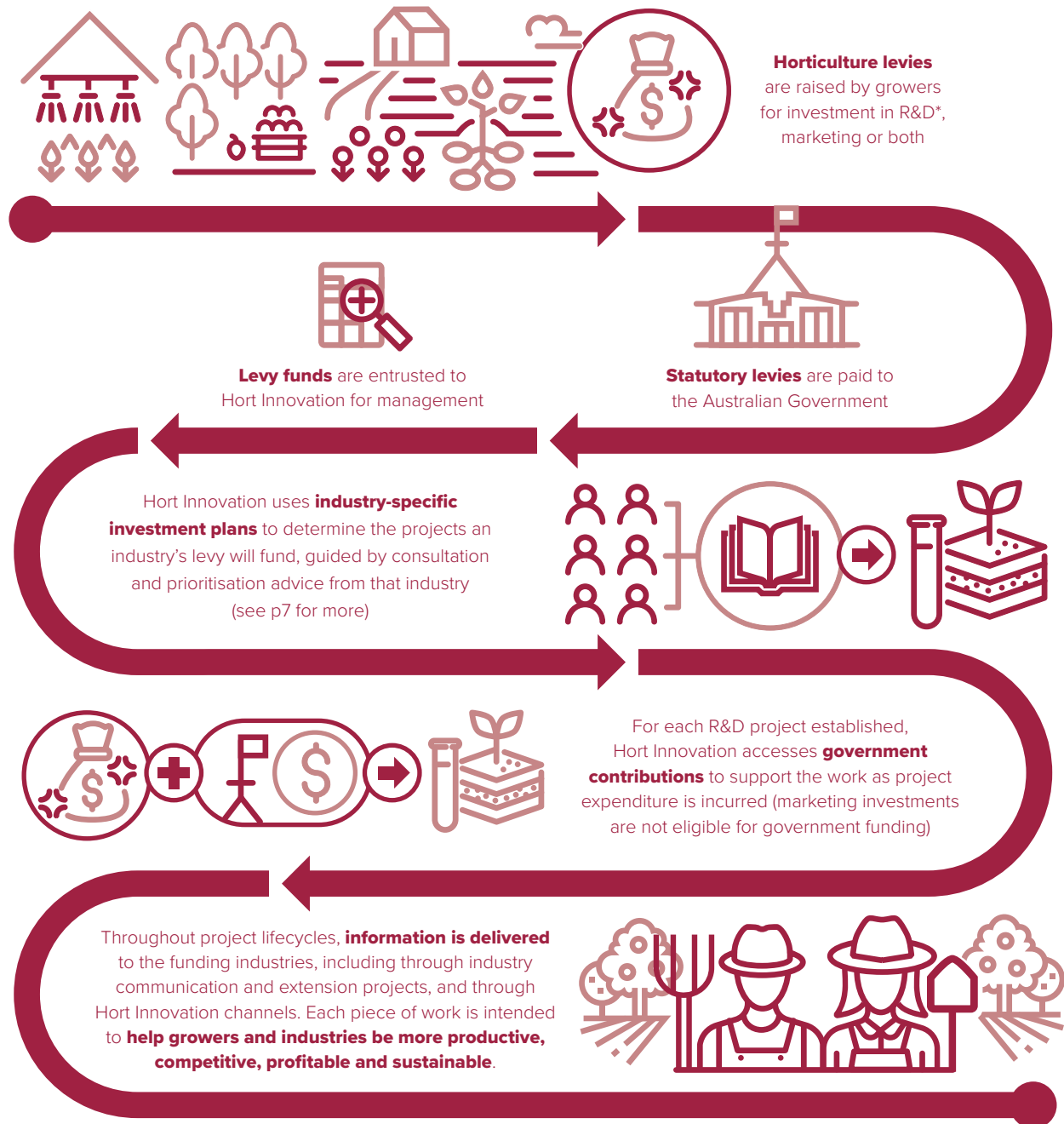
Find monthly minor use permit updates in our *Growing Innovation* e-newsletter.

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 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 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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