

# Cherry Fund

**2017/18**  
ANNUAL REPORT



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SUMMARY BY  
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# We're for growers

**At Hort Innovation it's our job to work with industry to invest the cherry levy and Australian Government contributions into initiatives to help growers be as productive and profitable as possible – and 2017/18 was another fantastic year of growing better, together.**

With **more than \$1.06 million invested by Hort Innovation into R&D for the cherry industry during 2017/18**, including into several new projects, I'm happy to be able to share with you all the key insights in this Hort Innovation Cherry Fund Annual Report.

You'll find a top-level list of all R&D investments from the year on **p3**, and can explore the research projects in more detail from **p4**. Just some of the highlights include the host of new, ongoing and completed work around export market access, and the delivery of insights around post-harvest management and improving fruit quality and consistency.

Meanwhile **in marketing, the Cherry Fund program saw some \$466,000 invested during the year to raise the profile and consumption of Australian cherries**. Find an overview of this activity from **p12**.

On a personal note, during the year it was great getting to connect with you about everything going on in the Cherry Fund, to hear your thoughts, and to share ideas. During 2018/19 I'm looking forward to even more opportunities to connect in person, and I remind you that you can reach me any time at [mark.spees@horticulture.com.au](mailto:mark.spees@horticulture.com.au) or on 0439 574 173 if there's something you'd like to ask or discuss around levy investments.

I also encourage you to explore the easy ways you can stay close to all of the good things your levy is achieving throughout the year...

- » **Become a member.** Paying a levy doesn't automatically make you a Hort Innovation member, but signing up is free at [www.horticulture.com.au/membership](http://www.horticulture.com.au/membership). As well as providing the opportunity for voting rights at the organisation's Annual General Meeting, Hort Innovation membership includes exclusive email alerts with industry-specific news and opportunities, direct invitations to explore investment updates and more.
- » **Check out *Hortlink*.** This digital publication provides an update on all new, ongoing and recently completed investments in the Hort Innovation Cherry Fund. The latest edition is always available from the Cherry Fund page at [www.horticulture.com.au/cherry](http://www.horticulture.com.au/cherry), while members have *Hortlink* sent straight to their inboxes.
- » **Engage with your industry communications program.** The *Cherry communications program* (CY15002) is dedicated to bringing the latest information and advice to growers, including news, outcomes and resources related to levy investments (look for the Hort Innovation Cherry Fund logo to easily identify work related to your levy). The communications program is funded through the Hort Innovation Cherry Fund, with more info available on **p9**.

Here's to another great year of investments and connection in 2018/19,

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# Making levy investments

Discover how the cherry levy and Australian Government contributions are invested through the Hort Innovation Cherry Fund in this quick recap.

## Where do investment ideas come from?

Great investments start with great ideas, and Hort Innovation encourages all growers and other industry participants to share their thoughts and suggestions for the research and marketing initiatives they want to see.

Ideas can be submitted any time via Hort Innovation's simple Concept Proposal Form. Visit [www.horticulture.com.au/innovation-concept-pipeline](http://www.horticulture.com.au/innovation-concept-pipeline).

Ideas can be for your specific industry – to be funded by the industry levy and, in the case of R&D, Australian Government contributions – or they can be for Hort Innovation's strategic partnership initiative, Hort Frontiers. Hort Frontiers projects address broader, longer-term and more complex issues facing Australian horticulture as a whole, and are funded through partnerships with co-investors. Visit [www.hortfrontiers.com.au](http://www.hortfrontiers.com.au) for more.

## How are levy decisions made?

Let's talk 'SIPs' and 'SIAPs'!

Investments specific to the Hort Innovation Cherry Fund are guided by the industry's Strategic Investment Plan (SIP), which was finalised by Hort Innovation in April 2017 after close consultation with growers and other industry stakeholders.

The SIP outlines key industry priorities for investment and can be found on the Cherry Fund page at [www.horticulture.com.au/cherry](http://www.horticulture.com.au/cherry).

The SIP document is used like a 'roadmap' by the cherry Strategic Investment Advisory Panel (SIAP) – a panel made up of growers and other industry representatives, which has a key role to play in the investment process. The SIAP discusses investment ideas at consultation meetings, with the SIP guiding them, in order to provide advice to Hort Innovation on potential levy investments.

Details of the SIAP panellists and summaries of the SIAP's meetings can be found at [www.horticulture.com.au/cherry](http://www.horticulture.com.au/cherry).

## What happens next?

The SIAP's advice is used by Hort Innovation to work suitable ideas into project proposals. The proposals are then made public for potential delivery partners to submit responses. Current opportunities are always listed at [www.horticulture.com.au/delivery-partners](http://www.horticulture.com.au/delivery-partners).

At the end of the process the responses are assessed, often with the assistance of industry, and the best delivery partner for the work is chosen. A contract is then issued and the work begins.

## How can I keep track of investments?

Newly contracted projects are announced in Hort Innovation's *Hortlink* publication, with the latest edition emailed directly to members three times a year and always available from the Cherry Fund page at [www.horticulture.com.au/cherry](http://www.horticulture.com.au/cherry). *Hortlink* also provides updates on ongoing and recently completed investments.

The industry communications program, run through the investment *Cherry communications program* (CY15002), also provides regular information on levy-funded activity. See **p9** for more.



# R&D project list 2017/18

## NEW INVESTMENTS IN 2017/18

CY16009	Methyl bromide disinfection of Queensland fruit fly
CY17000	Review of international best practice for post-harvest management of sweet cherries in Australia
AM17001	Developing a national systems approach for meeting biosecurity requirements to access key Asian markets
AM17010	Taste Australia trade shows*
LP15001	Global Masterclass in Horticultural Business
MT17015	Consumer behavioural and retail data for fresh produce
ST16008	AgVet collaborative forum

## ONGOING INVESTMENTS IN 2017/18

CY15002	Cherry communications program
CY16003	Cherry communications support
CY16004	Export readiness and market access
CY16005	Cherry industry minor use program
CY16010	Review of the national biosecurity plan for the cherry industry and development of a biosecurity manual for cherry producers
CY16011	Implementing brown sugar flotation for assuring freedom in fruit fly
ST16006	Generation of residue, efficacy and crop safety data for pesticide applications in horticulture crops 2017



## ONGOING INVESTMENTS IN 2017/2018 (continued)

MT13059	SITplus: Developing and optimising production of a male-only, temperature-sensitive-lethal, strain of Qfly, <i>B. tryoni</i>
MT16010	Horticultural trade data 2017-2019
MT16011	Horticulture trade intelligence reporting 2017-2019

## INVESTMENTS COMPLETED IN 2017/18

CY12002	Improving fruit quality and consistency in cherries through maximised nutrient availability
CY12024	Australian cherry evaluation utilising precocious rootstocks
CY16008	Review host status of cherries for codling moth
CY16012	Developing US market access based on irradiation and methyl bromide
MT15032	Monitoring and evaluation framework for the industry Strategic Investment Plan
MT15033	Strategic Investment Plan

\* This flagged investment is a parent program, under which further event-specific Taste Australia investments may sit.

During the 2017/18 financial year, all Australian levy paying horticulture industries also contributed to across-industry projects addressing issues that affect horticulture as a whole. Visit [www.horticulture.com.au/across-horticulture](http://www.horticulture.com.au/across-horticulture) for financial documents and information on this program.

# R&D report

Take a closer look at some of the key investments in the Hort Innovation Cherry Fund during 2017/18. Any resources from these and other levy-funded projects – such as fact sheets, guides and more – are published on your grower page at [www.horticulture.com.au/cherry](http://www.horticulture.com.au/cherry) as they become available.

## Consumer behavioural and retail data for fresh produce (MT17015)

NEW IN 2017/18

**Key research provider:** Nielsen

Contracted in June 2018, this multi-industry investment is tasked with providing regular consumer behaviour data and insight reporting to a range of industries, including the cherry industry. This information is intended to assist growers and supply chain partners in decision-making for their businesses and, for the wider industry, the data and insights will be available to support strategic activities, as well as Hort Innovation Cherry Fund marketing plans.

At the time of writing, the data and insights were soon to be easily accessible via a new online dashboard – look for further information in industry and Hort Innovation channels as it becomes available.

## Methyl bromide disinfestation of cherries for Queensland fruit fly (Qfly) (CY16009)

NEW IN 2017/18

**Key research provider:** NSW Department of Primary Industries

This project is tasked with providing data packages on the use of methyl bromide as a post-harvest disinfestation fumigant for Queensland fruit fly on cherries. This information will be used to help develop improved market access with commercially viable protocols.

Its work is part of the Cherry Industry Market Access Program – a high-priority, combined initiative to increase market access for cherries that is providing management practices and evidential support for market-access negotiations.

## Improving fruit quality and consistency in cherries through maximised nutrient availability (CY12002)

NOW COMPLETE

**Key research provider:** Tasmanian Institute of Agriculture

Running from 2012 to early 2018, this project investigated the use of soil microbiology in maximising the availability and uptake of plant nutrients – essentially looking at improving soil health to in turn boost crop yields and fruit quality.

The work involved trials on two commercial orchards in Tasmania – one in the Derwent Valley and one in the Huon Valley – where the impact of different nutrient management strategies was observed on fruit quality at harvest, soil health, and the longer-term diversity of soil microbes and beneficial invertebrates.

The treatments included a conventional nutrient regimen using applications of the synthetic fertiliser traditionally used at the orchard sites, as well as a herbicide, and an alternative nutrient management regimen using a humate soil conditioner or compost, blended with targeted minerals. The alternative program was dynamic, changing in response to regular soil testing and aiming to rebalance available soil minerals and promote soil biology, with the long-term aim of reducing nitrogen inputs.

There were further treatments involving the addition of 'effective microbes' (a mix of about 80 different species of beneficial microorganisms) to both the conventional and alternative programs.

The researchers reported that "the project successfully demonstrated that it is feasible to achieve high-quality fruit with alternate nutrition regimes, rather than conventional fertilisers

Want to keep up to date with the latest information on new, ongoing and recently completed R&D investments throughout the year? Check out Hort Innovation's **Hortlink** publication – the latest is edition always available from your grower page, [www.horticulture.com.au/cherry](http://www.horticulture.com.au/cherry).

and herbicide use.” Although the two trial sites had different soil types and cherry varieties, improvements in fruit quality were observed from the application of alternative treatments and effective microbes. Overall, the alternate regimen showed increased fruit set and pack-out, and a reduction in the percentage of rejected fruit in most years.

The project team reported the following results...

- » The alternate regimen resulted in a higher fruit set than the conventional in most years of the trials, though the addition of effective microbes appeared to have no effect here.
- » The alternative regimen led to a higher percentage of A-grade fruit in most years. Here, effective microbe application led to a significant increase in A-grade fruit in years two, three and four of the trials.
- » Lapin cherries were the more responsive to the alternate approach and the application of effective microbes – though this may be due to site factors and soil type. Sweetheart fruit diameter, however, was 1-2mm smaller in the alternate regimen in most years.
- » There was significantly less fruit cracking in the alternate regimen in years three and four, while effective microbe application reduced the incidence of cracking in every season.
- » Monthly application of effective microbes was effective at reducing the incidence of fruit cracking under both alternate and conventional regimes. Cracking incidence was very high in the 2016/17 season, which had high rainfall leading up to harvest – more than 50 per cent of fruit in the conventional regimen was affected, but the alternate regimen reduced cracking by 37 per cent.
- » In regard to other fruit quality attributes, the researchers reported variation between the trial years, with firmness and sugar content increased in some years, but not others. They reported that “it is worth noting that, in the alternate regimen, fruit quality attributes of firmness, TSS and stem retention force met Australian ‘export finest’ standards, with a higher percentage of A-grade fruit. This means that results from this study have demonstrated that humate-based nutrition programs are capable of yielding high-quality fruit with good pack-outs with no loss of quality.”
- » In regard to soil health, healthier soils were achieved using the alternate treatments, with reduced soil compaction, improved water infiltration and a higher abundance of mycorrhizal fungi. The presence of fungal species was significantly affected by fertiliser treatment, but not by effective microbe application. The researchers reported that “the majority of the bacterial and fungal species in the effective microbe inoculum were not found in the soil, and those that were detected were at extremely low levels – however application of effective microbes had a beneficial effect on fruit quality, perhaps through stimulation of other organisms. Further work is needed to clarify this response.”

## Australian cherry evaluation utilising precocious rootstocks (CY12024)

**NOW COMPLETE**

**Key research provider:** Cherry Growers Association of South Australia

Beginning in 2013 and now concluded, this project was tasked with evaluating cherry varieties developed in the industry’s breeding program – working towards providing new, well-adapted varieties and information on preferred rootstock combinations to increase profitability and a competitive advantage for Australian growers.

At the project’s evaluation orchard in the Adelaide Hills, there were 115 lines established for assessment on the most promising precocious rootstocks currently available to the Australian cherry industry, to unlock their potential. There were two such precocious rootstocks – Gisela 6 and Krymsk 5 – being compared with the industry standard, non-precocious Mazzard F12/1, while the cherry varieties were being compared against 11 commonly available ones including Lapins, Merchant, Stella and Simone.

The aim was to work towards determining which varieties are likely to be commercially viable; whether the new varieties grow better on precocious rootstocks or any standard non-dwarfing rootstocks; and, if a line requires a precocious rootstock, if there are advantages to using any particular one.

Over the project’s years, data was collected and analysed on crop load, quality and fruit characteristics along with other traits, with 46 of the breeding lines being culled from the evaluation program along the way. Of the 69 lines that entered the final, 2017/18 season of evaluation, eight were singled out for having excellent results. The majority were dark cherries, but there were also white and blushed in the mix.

In this final season of the project, harvest-season field walks were conducted so growers could see first-hand the bloom and the cropping and fruit quality of the lines with fruit on trees. With interest from growers, six of the highly promising lines have since been grafted for semi-commercial trials. These trees will be available for planting during winter 2019.

The project team note that a further three or four seasons is required to fully evaluate the lines that remain in the program, to identify the top performers and to check for consistency over time.

## **Review of international best practice for post-harvest management of sweet cherries in Australia (CY17000)**

**NEW IN 2017/18 & NOW COMPLETE**

**Key research provider:** NSW Department of Primary Industries

Beginning in late 2017, this short investment was responsible for reviewing current local and international postharvest practices that optimise cherry shelf life and quality throughout the supply chain. The aim was to make recommendations on improvements to Australia's current postharvest handling and storage practices for cherries for both the domestic and export markets, and to identify new technologies that could be trialled in Australia.

The review considered all factors associated with good postharvest practices, ranging from pre-harvest growing conditions and harvest through to handling, packing, storage, cooling and what happens in the cool chain to the retailer and consumer. This also included looking at new and innovative approaches to maintaining quality, such as the use of edible coatings and some innovative pre-harvest management practices that have been shown to increase storage life and fruit quality.

Some top-level notes from the review, from the project team...

- » The future success of the Australian cherry industry will be driven by the need to consistently deliver high-quality fruit to the consumer, and it is important to take advantage of the growing demand for cherries in nearby export markets by consistently delivering high-quality cherries.
- » Pre-harvest factors determine the quality of harvested fruit, and it is critical to optimise fruit quality at harvest with genetics and orchard management to improve fruit size, firmness and taste. However, while many management factors (such as calcium and GA sprays) are regularly employed by growers, there is little information on their effect on final postharvest quality, storage behaviour and consumer acceptability.
- » Postharvest handling and storage are critical components of maintaining and delivering high-quality cherry fruit to the consumer. It is critical that cherries are carefully harvested and handled, with pitting and bruising damage easily occurring during handling and packing. These disorders are insidious as they do not immediately appear during handling, but are expressed during storage in the supply chain. It is critical that growers and packers continually manage their packing operations to prevent these disorders.
- » The control of postharvest decay needs to be actively managed. While postharvest fungicides are currently widely used and effective, there is a need to work towards low MRL or alternative treatments to manage postharvest decay. This could provide a marketing advantage for Australian cherries in export markets.
- » The effective management of stem freshness – maintaining the green colour of the stem – while cosmetic, is critical to maintain overall fruit acceptability and consumer acceptability.
- » The most important aspect of cherry postharvest management is the cool chain. Cherries are very perishable and storage or handling at higher than recommended temperatures reduces quality and storage life. It is essential to maintain correct handling and storage temperatures from the orchard to the consumer. While the cool chain can be directly managed on farm and in the cool room, it is important to work with the entire supply chain, including trucking companies and the retailers, to maintain the cool chain and fruit quality through to the consumer. This requires a collaborative approach.
- » The increased competition from other southern hemisphere competitors, such as Chile, into important export markets reinforces the need to improve fruit quality and market differentiation. And to capitalise on improved quality, it is essential that the postharvest handling and presentation of fruit to the consumer is improved. If Australian cherries are premium quality, then consumers must feel justified in paying premium prices – which is where premium packaging can play a role. Packaging is an important part of protecting cherries against damage, maintaining food safety, marketing and product differentiation. High-quality packaging of premium fruit can justify premium returns to the grower and packer.
- » The future success of the Australian cherry industry will depend on the application of international best practice for the management of cherries both for the domestic and export markets. While there are numerous innovations and developments in postharvest technologies and packaging, the ultimate use of any technology or packaging is the one which provides optimum performance at the lowest economic and environmental cost.

To this end, the project has made recommendations for future postharvest R&D to improve the consistency of fruit quality, which are available for industry's review. These recommendations will shape possible future investments in the postharvest best practice space.

## Review of host status of cherries for codling moth (CY16008)

**NOW COMPLETE**

**Key research provider:** Applied Horticultural Research

Beginning and ending during 2017, this investment was responsible for establishing the risk of codling moth in the cherry export pathway.

Currently, Japan and Korea apply strict entry requirements for cherries originating in areas where codling moth is found. But while the moth (*Cydia pomonella*) is a common pest of pome fruit, particularly apples and pears, evidence of cherries being a host has been scattered and unclear over the years. The researchers noted that the primary basis on which cherries were considered a host of the pest was a publication from 1926, which described cherries infested with 'codling-moth-like' larvae.

The questionable host status of cherries for codling moth has been extensively studied, with this project bringing together existing and new research and data from Australia, New Zealand and the US that demonstrated...

- » Codling moths rarely enter cherry orchards, even when pome fruit orchards are nearby
- » Codling moths do not naturally lay eggs on cherry trees
- » Codling moth larvae do not survive on cherry fruit under field conditions
- » Only a small percentage of codling moth larvae survive on cherries under lab conditions
- » Adding even a small percentage of cherry to an artificial diet reduces larval survival
- » Codling moth are not found on packed cherry fruit.

While only Tasmanian cherries have access to Japan and Korea at this time, there are intensive trap and fruit inspections required as part of the codling moth protocol that can add significant costs for all involved. The requirements include pre-harvest inspections of 600 fruit, post-harvest inspections of one or two per cent of each consignment, and weekly inspection of more than one codling moth trap per hectare in export blocks, carried out by a government officer.

The researchers noted that such requirements would be commercially unviable on the Australian east coast, considering that orchards are typically larger, distances further, and that biosecurity officers may not be available. And while access for fruit from these areas is currently denied due the presence of Queensland fruit fly, progress towards treatments for the fly means an agreement on a quarantine protocol could be coming closer.

With this in mind, the researchers concluded that "a strategy for codling moth that reflects true risk would be a significant benefit for trade. This would directly benefit Tasmania and potentially other cherry production areas into the future".



The research also revealed...

- » Numbers of codling moth were well below the critical limit of seven moths per trap per week, as stipulated in the protocol for access to Korea
- » The current requirement for more than one codling moth trap per hectare is likely excessive, with codling moth populations able to be estimated using a rate of one trap per 21 hectares.

The project's work was intended to open a discussion around these issues and help find a way to meet trading partners' concerns while streamlining trade. It was part of the Cherry Industry Market Access Program – a high-priority, combined initiative to increase market access for cherries that is providing management practices and evidential support for market-access negotiations.

## Developing market access to the US for cherries based on irradiation and methyl bromide (CY16012)

**NOW COMPLETE**

**Key research provider:** NSW Department of Primary Industries

This investment, which concluded during the initial months of 2018/19, was tasked with looking at the potential to open market access for Australian cherries into the US, using irradiation as an alternative end-point treatment. Its findings will be available to help the cherry industry, and the Australian Government's Department of Agriculture and Water Resources (DAWR), in discussions around cherry access with the relevant US authorities. The work has suggested it may be feasible for the cherry industry to establish a pilot US export project based on irradiation treatments, similar to those that have been run for the lychee and mango industries.

This work was a component of the Cherry Industry Market Access Program – a high-priority, combined initiative to increase market access for cherries that will provide management practices and evidential support for market-access negotiations.

### **Export readiness and market access (CY16004)**

**Key research provider:** Cherry Growers Australia

Beginning in mid-2017, this project is supporting the export readiness of the Australian cherry industry. It is...

- » Assisting in designing training materials and events for growers, packers and exporters on the requirements for export to markets of interest
- » Facilitating the registration and audit of export facilities
- » Developing and implementing a monitoring and management program for a range of pests and disease of quarantine concern.

The project is also responsible for maintaining a biosecurity management plan and the industry's export manual; facilitating in-bound visits from trade markets; supporting industry attendance at international trade shows; and delivering an export strategy detailing market access, improvement and development priorities.

With mainland-grown Australian cherries now granted access to Vietnam and China, the project will have a role in supporting growers in taking advantage of both new and existing export opportunities.

This investment is part of the Cherry Industry Market Access Program – a high-priority, combined initiative to increase market access for cherries that will provide management practices and evidential support for market-access negotiations.

### **Implementing brown sugar flotation (BSF) for assuring freedom of fruit from Qfly (CY16011)**

**Key research provider:** Applied Horticultural Research

This project is adapting, refining and ultimately enabling implementation of brown sugar flotation testing for Queensland fruit fly eggs and larvae in cherries. Sugar flotation procedures have been used for many years to separate insects from other substrates, and earlier levy-funded work in the project *Evaluating the brown sugar flotation method for testing cherries for Queensland fruit fly* (CY14009) confirmed brown sugar flotation as an effective, quick and robust test for detecting Queensland fruit fly (and Mediterranean fruit fly) infestation along the cherry supply chain.

The testing protocol this new work develops will be taken to all members of the cherry industry, including through illustrated guides. The protocol's implementation as part of a systems approach will allow assessment of the successful performance of fruit fly control measures, to ultimately support exports.

This project is part of the Cherry Industry Market Access Program – a high-priority, combined initiative to increase market access for cherries that will provide management practices and evidential support for market-access negotiations.



### **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

To help industry remain aware of biosecurity threats, and assist in biosecurity preparedness and capability, this project is...

- » Updating the cherry industry biosecurity plan. This plan is a top-level document that identifies and reviews exotic pest and disease threats to the cherry industry, and provides a strategic framework for industry and government to work together to improve preparedness for and response to these key biosecurity threats.
- » Reviewing the industry's Orchard Biosecurity Manual. This will provide growers with information on high-priority pests and diseases, and on-farm biosecurity activities that can be implemented.

This work is part of the Cherry Industry Market Access Program – a high-priority, combined initiative to increase market access for cherries that will provide management practices and evidential support for market-access negotiations.

### **Generation of residue, efficacy and crop safety data for pesticide applications in horticulture crops 2017 (ST16006)**

**Key research provider:** Eurofins Agrisearch

The generation of pesticide residue, efficacy and crop safety data is required to support label registration and minor use permit applications made to the Australian Pesticides and Veterinary Medicines Authority which, when approved, provide access to safe and effective chemicals for the management of pests, weeds and diseases. This investment is responsible for producing the data required to support a range of registration and permit applications across a host of horticulture industries, including cherry.

## Cherry industry minor use program (CY16005)

**Key research provider:** Hort Innovation

Through this project, levy funds and Australian Government contributions are used to submit renewals and applications for new minor use permits for the cherry industry, as required. These submissions are prepared and submitted to the Australian Pesticides and Veterinary Medicines Authority.

For more on minor use permits, including a list of permits, see [p10](#).

All current permits for the industry remain searchable at [portal.apvma.gov.au/permits](http://portal.apvma.gov.au/permits), while permit updates are also circulated in Hort Innovation's *Growing Innovation* e-newsletter, which levy-paying members receive monthly. Not a member? Sign up to the Hort Innovation membership program for free at [www.horticulture.com.au/membership](http://www.horticulture.com.au/membership).

## Cherry communications program (CY15002)

**Key research provider:** Coretext

This investment is focused on maintaining and improving strong communication with cherry growers and other industry stakeholders. It works to supply timely industry news, R&D updates, marketing outcomes and other key information so that growers are able to make informed decisions as new opportunities and challenges arise.

A number of regular communication channels continue to be produced and maintained by the program, including but not limited to...

- » The industry's quarterly *Cherry* magazine, available in both print and electronic form
- » The industry's monthly *Cherry Newsletter* e-newsletter
- » Videos communicating R&D project outputs.

This investment is supported by the project *Cherry communications support* (CY16003), which provides funding to Cherry Growers Australia and state-based cherry organisations to facilitate work with the communication program's external service provider.

## Global Masterclass in Horticultural Business (LP15001)

**NEW IN 2017/18**

**HORT FRONTIERS**

**Key research provider:** University of Tasmania in partnership with Lincoln University and Wageningen Research Academy

The Masterclass in Horticultural Business course was developed under the Hort Frontiers Leadership Fund and is aimed at fostering new innovators and leaders for the Australian horticulture industry. Best described as a 'mini MBA', it's a nine-month course where participants develop their business skills and build their own business plans for the future. The course is delivered predominantly online, with several face-to-face sessions and field trips to some of Australia's savviest horticulture outfits.

Cherry levy has been co-invested into the Masterclass investment to support scholarships for industry levy-payers. For the 2018 Masterclass, two cherry scholarships were awarded.

## SITplus: Developing and optimising production of a male-only, temperature-sensitive lethal, strain of Qfly, *B. tryoni* (MT13059)

**HORT FRONTIERS**

**Key research provider:** South Australian Research and Development Institute (SARDI)

This project is developing a 'temperature-sensitive lethal, male-selecting' strain of Queensland fruit fly (Qfly). To put simply, the research will allow for male-only, sterile fruit flies to be bred in large numbers. It is one of the key projects in the broader strategic co-investment SITplus initiative that's tackling the issue of Qfly. The male flies are to ultimately be released in growing regions of south-eastern Australian that are affected by Qfly. They will come to outnumber the wild male population in these areas and by mating with wild females – and limiting the opportunity for wild males to do so – they are intended to lead to the collapse of wild Qfly populations. The cherry industry is one of several involved in the project which, as a SITplus initiative, is now part of the Hort Frontiers Fruit Fly Fund.

Full details of completed research can be found in project final reports which, when finalised, are available to order at [www.horticulture.com.au/final-report-order-form](http://www.horticulture.com.au/final-report-order-form). Final reports are free to Australian horticulture levy payers, registered Hort Innovation members and industry representative bodies.

# Minor use permits

## Why minor use permits?

While the use of pesticides and other chemicals in the horticulture industry is being modified through the increasing uptake of integrated pest management approaches, there remains a need for the strategic use of specific chemicals.

Chemical companies submit use patterns for product label registrations to the Australian Pesticides and Veterinary Medicines Authority (APVMA), and the cherry industry is generally provided with a number of label registrations because of its 'major' crop status in this area. However, there are instances where chemical companies consider the market size too small to generate adequate commercial returns, based on the R&D investment required. This is where minor use permits come into play. The APVMA's national permit system adds some flexibility to the approval process and provides a legal framework that can allow access to products for minor use purposes.

## Permits in 2017/18

During the 2017/18 financial year, a successful interim permit renewal for PER82062 was prepared by Hort Innovation and submitted to the APVMA, facilitated through the *Cherry industry minor use program* (CY16005). Data supporting the permit was also submitted, having been generated through the project *Generation of residue, efficacy and crop safety data for pesticide applications in horticulture crops 2017* (ST16006).

Meanwhile, new permit PER84533 was also issued during 2017/18, with the application submitted through the industry minor use program in the previous financial year. See details of the permits in the following table.



## Current permits

Below is a list of minor use permits for the cherry industry, current as of September 1, 2018.

PERMIT ID	DESCRIPTION (CHEMICAL/CROP/PEST OR USE)	ORIGINAL DATE OF ISSUE	EXPIRY DATE	PERMIT HOLDER
PER80542	Trichlorfon / Cherries / Fruit fly	01-Apr-15	31-Mar-20	Growcom
PER11002 version 2	Indoxacarb (Avatar) / Cherries / European earwig	14-May-09	31-Mar-20	Growcom
PER13131	Fipronil (Regent) / Cherries / European earwig	21-Nov-11	30-Mar-20	Fruit Growers Tasmania
PER12590 version 3	Spinetoram (Delegate) / Pome fruit and stone fruit / Fruit fly (suppression only)	06-Oct-11	31-May-19	Summerfruit Australia C/Hort Innovation
PER84533	Diazinon / Sweet cherries / Black cherry aphid	15-Aug-17	31-Aug-22	Cherry Growers Australia
PER13859	Dimethoate / Orchard clean-up – fruit fly host crops following harvest / Fruit fly	9-Feb-15	31-Jul-24	Growcom
PER82062 version 2	Bifenthrin / Cherries / Carpophilus beetle	19-Nov-15	31-Oct-20	Cherry Growers Australia C/Hort Innovation
PER14562	Thiacloprid (Calypso) / Pome fruit and stone Fruit / Mediterranean fruit fly (Western Australia only)	13-Dec-13	30-Nov-18	Growcom

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.

Minor use permit updates are circulated in Hort Innovation's e-newsletter, ***Growing Innovation***, which levy-paying members receive monthly. Not a member? Sign up for free at [www.horticulture.com.au/membership](http://www.horticulture.com.au/membership).

# Marketing report

**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, under the Hort Innovation Cherry Fund. Here's a quick look at some of the activities and achievements of the 2017/18 program.**

During 2017/18, new domestic and export marketing strategies were developed in conjunction with industry to support the long-term and strategic focus of cherry marketing, and to ensure marketing levy investments continue to reflect industry priorities.

Activities for the 2017/18 season ranged from launching Australian cherries back into newly re-opened markets such as Vietnam under the 'Taste Australia' platform, to state-based promotional activities in the domestic market, allowing the different states to tailor-launch activities to their local seasons.

## DOMESTIC ACTIVITY

### Market research and planning ahead

The focus of the domestic marketing strategy is to drive demand for Australian cherries throughout the entire season, not just the short period over Christmas, and to support more frequent purchase (data has shown that the majority of cherry buyers buy only once during the entire cherry season).

A consumer research project was conducted in January 2018 to test new messages for Australian cherries, with the objective of repositioning the product in consumers' minds beyond just the special occasion of Christmas.

'Share the love' was the messaging that resonated most with 600 consumers across Australia, with new creative being prepared to roll out across activity over upcoming seasons. Working closely with industry and a domestic marketing reference group, the new messaging will aim to capture the inherent special qualities of cherries, while encouraging consumers across Australia to share cherries during the summer season.



### Supporting better quality cherries on shelf

A three-week 'cherry mentor' program was completed with Woolworths supermarkets in November 2017. This involved using mentors in a selection of trial stores to work closely with produce staff, providing training on cherry handling, storage and maintaining displays, and instilling confidence around the quality of cherries. As a result of the program, there were improvements in...

- » **Shrink reduction.** Participating stores saw store 'shrink' fall by an average of 61 per cent compared with last season. (Shrinkage is the difference between recorded cherry inventory and actual cherry inventory, with shrink indicating, among other things, product that may be discarded by the store).
- » **Sales.** Overall sales improvement was 27 per cent higher than the control group stores.
- » **Customer engagement.** Almost 3700 customers were spoken to during in-store promotions, with 3400 samples handed out. The conversion rate of sampling to sales was approximately 82 per cent.

Further in-store sampling was also undertaken and was supported by point-of-sale materials, with more than 500,000 cherry bags delivered to independent retailers and farm gates across Australia.



### State-based promotions

**In New South Wales**, a cherry-case auction launched the season at the Sydney Markets in early November 2017, while a two-day season launch event was also held in Young in collaboration with the NSW Cherry Growers Association. This generated significant media interest, including prime-time TV coverage.

**In Queensland**, tasting events took place in Your Local Fruit Shop stores, via Brismark's Retailer Program. This was supported by social media activity, digital advertising and an e-newsletter targeting key household grocery buyers. The in-store activity was positively received by retailers and was reported to create great engagement with consumers.

**In South Australia**, season activities involved an ambassador program to encourage 'foodies' and influencers to promote Australian cherries via social media. Meanwhile, the Fresh Cherries cherry map app – allowing users to find places to buy cherries – aimed to enhance 'pick your own' sales in particular. This activity was facilitated through the Cherry Growers Association of South Australia.

**In Tasmania**, the industry had involvement in the *Tasmanian Farm Gate Guide*, plus ads on WIN television and a 'Get Fruity' campaign under Fruit Growers Tasmania's partner organisation Eat Well Tasmania.

**In Victoria**, a media launch and tour was conducted with key influencers to give a hands-on experience with local cherries. More media interest was generated via a media release that was sent to influencers, Melbourne markets and marketing managers at four main retail markets. Point-of-sale kits were also distributed to markets to support independent retailers, and there was an update of a cherry fact sheet on the Victorian Cherry Association website, including Victorian Cherry Trail information and Sweet Cherries Health Report.

**In Western Australia**, the state-based program aimed to engage influential Western Australia media, distributed point-of-sale material to retail stores, and saw demonstrator-led sampling events in independent retailers, including point-of-sale installations.



### EXPORT ACTIVITY

#### Launch into Vietnam

Australian cherries regained access to Vietnam in the latest season, with the first cherry shipment arriving at the end of November 2017. In December, *Iron Chef Vietnam's* Nguyen Manh Hung and *MasterChef Vietnam's* Ngo Thanh Hoa helped launch Australian cherries into the market at events in both Hanoi and Ho Chi Minh City. The events set out to raise awareness, generate excitement and engage key players in Vietnam, with more than 220 industry and media contacts attending, including importers, distributors, wholesalers, retailers, hoteliers and local media.

Australian cherry growers were represented by Tom Eastlake, President of Cherry Growers Australia, and Paul Keenan, Managing Director of Keenan Produce Australia. Both provided participants with an overview of the Australian cherry industry and with other key information including tips on storage, handling and merchandising. The training was designed to ensure that the quality of Australian cherries was maintained throughout the supply chain.





### Taste Australia retail promotions

'Taste Australia' is Hort Innovation's export-market initiative, encompassing trade show attendance, in-store promotions and engagement with buyers, media and influencers to spread the message about Australia's quality produce. It replaced the 'Now in Season' export marketing initiative in late 2017.

Cherries were represented under the program for the 2017/18 season, with activities taking place across Malaysia, Indonesia, Vietnam and, for the first time, Hong Kong. Activities ran from December to February and included launch events, in-store sampling and point-of-sale materials highlighting Australian cherries, along with public relations and media activity.

**In Hong Kong**, social media was a key focus and included promotion via the Taste Australia – Hong Kong Facebook page ([www.facebook.com/tasteaustraliahk](http://www.facebook.com/tasteaustraliahk)).

Sampling activities and branded point-of-sale materials were implemented through retail partners Park N Shop and Wellcome, with 16 sampling days each. A launch event also supported the introduction of Taste Australia and the implementation of the cherry campaign to key importers and media, which provided content for media and to reach the 6000 fans on the dedicated Facebook page.

**In Malaysia**, a combined launch event with summerfruit was organised in one of the biggest malls in Kuala Lumpur in conjunction with Tesco, targeting key media and importers. Introducing Taste Australia and promoting Australian cherries, the event included a cooking demonstration, media gifts, and tastings, supporting the generation of 59 pieces of media coverage with an estimated media value of \$370,000.

Malaysia also saw 110 sampling days over 31 stores from a range of retailers.

**In Indonesia**, a launch event to introduce Taste Australia and the cherry season was also implemented, supported with retail promotions throughout four popular stores in Indonesia. This was coupled with media posts reaching an estimated 72,000 people.



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# Financial statement

## Financial operating statement 2017/18

	R&D (\$)	MARKETING (\$)	TOTAL (\$)
	2017/18 July – June	2017/18 July – June	2017/18 July – June
<b>OPENING BALANCE</b>	<b>173,715</b>	<b>803,776</b>	<b>977,491</b>
Levies from growers (net of collection costs)	498,839	386,189	885,027
Australian Government money	637,655	–	637,655
Other income*	-114	17,944	17,830
<b>TOTAL INCOME</b>	<b>1,136,380</b>	<b>404,132</b>	<b>1,540,512</b>
Project funding	1,061,441	466,002	1,527,443
Consultation with and advice from growers	18,392	4,538	22,930
Service delivery – Base	44,621	19,444	64,065
Service delivery – Shared	67,569	29,443	97,013
Service delivery – Fund specific	83,287	36,110	119,397
<b>TOTAL EXPENDITURE</b>	<b>1,275,310</b>	<b>555,537</b>	<b>1,830,847</b>
Levy contribution to across-industry activity	27,269	–	27,269
<b>CLOSING BALANCE</b>	<b>7,516</b>	<b>652,371</b>	<b>659,887</b>
Levy collection costs	30,550	13,849	44,399

At the end of 2016/17, the industry's pro rata share of levy funds were committed to strategic reserves (\$83,799 for R&D and \$70,233 for marketing), and so have been deducted from the 2017/18 opening balance.

\* Interest, royalties

## Service delivery costs explained

### Base service delivery (flat rate) = keeping the lights on

This figure contributes to the standard fixed costs that are incurred with the running of the business (for example, costs relating to rent, utility bills, equipment). These costs are calculated on a monthly basis and are based on actual program expenditure.

### Shared service delivery (flat rate) = related to program delivery

Shared costs are related to program delivery and include costs that are incurred in supporting activities relating to R&D and marketing programs that are not attributable to any one levy industry (for example, costs relating to procurement and information technology activities). These costs are calculated on a monthly basis and are based on actual program expenditure.

### Fund specific service delivery (flat rate for 2017/18) = direct servicing costs

These are the actual costs for activities and services that are directly incurred in the administration of levy program expenditure, and which are identifiable and attributable to a specific levy investment fund (for example, costs around direct relationship, marketing and fund management, and logistical costs around industry advisory meetings and activities). From 2018/19 these costs will be charged at cost on a monthly basis.

For more information explaining the costs in the financial summary, visit [www.bit.ly/2x7ERLC](http://www.bit.ly/2x7ERLC).

# Hort Innovation

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