Onion Fund

2017/18 ANNUAL REPORT

Hort Innovation
Strategic levy investment

ONION FUND

Content

The projects in this report have been funded by Horticulture Innovation Australia Limited using sources including the onion levy, Australian Government contributions and, in some instances, co-contributions from a variety of sources.

SUMMARY BY
SAM TURNER, RELATIONSHIP MANAGER, HORT INNOVATION

We're for growers

At Hort Innovation it's our job to work with industry to invest the onion 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 $451,000 invested by Hort Innovation into R&D for the onion industry during 2017/18**, I'm happy to be able to share with you all the key insights in this Hort Innovation Onion 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 strong pest and disease work – including findings and recommendations around managing bacterial diseases – a new consumer insights program, and investments to help growers access and implement best practice, new knowledge and current technologies.

Meanwhile **in marketing, the Onion Fund program saw close to $190,000 invested during the year to raise the profile and consumption of Australian onions**. Find an overview of this activity from **p10**.

On a personal note, thank you for welcoming me as your new Relationship Manager. I know that during 2017/18 my predecessor, Brad Mills, enjoyed getting to connect with you about everything going on in the Onion Fund, and getting to hear your thoughts and share ideas. During 2018/19 I'm looking forward to doing the same, with even more opportunities to connect in person and a reminder that you can reach me any time at **sam.turner@horticulture.com.au** or on 0418 164 717 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**. 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 Onion Fund. The latest edition is always available from the Onion Fund page at **www.horticulture.com.au/onion**, while members have *Hortlink* sent straight to their inboxes.
- **Engage with your industry communications program**. The investment *Australian onion industry communications* (VN15002) 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 Onion Fund logo to easily identify work related to your levy). The program is funded through the Hort Innovation Onion Fund, with more info on **p7**.

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

Sam Turner
Onion Relationship Manager, Hort Innovation
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Making levy investments

Discover how the onion levy and Australian Government contributions are invested through the Hort Innovation Onion 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**.

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** for more.

How are levy decisions made?

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

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

The SIP outlines key industry priorities for investment and can be found on the Onion Fund page at **www.horticulture.com.au/onion**.

The SIP document is used like a 'roadmap' by the onion 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/onion**.

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**.

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 Onion Fund page at **www.horticulture.com.au/onion**. *Hortlink* also provides updates on ongoing and recently completed investments.

The industry communications program, run through the investment *Australian onion industry communications* (VN15002), also provides regular information on levy-funded activity. See **p7** for more.

R&D project list 2017/18

NEW INVESTMENTS IN 2017/18	
VN17001	International onion researcher delegation
MT17017	Vegetable cluster consumer insights program
MT17022	10th Australasian Soilborne Disease Symposium sponsorship
ST16008	AgVet collaborative forum
ST17007	Generation of data for pesticide applications in horticulture crops 2018*

ONGOING INVESTMENTS IN 2017/18	
VN14001	Development of an onion white rot forecast model for Tasmania
VN15001	Review of the national biosecurity plan for the onion industry and development of a biosecurity manual for onion producers
VN15002	Australian onion industry communications
VN15003	Communication support on VN15002 – Australian onion industry
VN16000	Onion industry minor use program
MT16005	Enhanced National Bee Pest Surveillance Program
MT16009	An IPM extension program for the potato and onion industries

INVESTMENTS COMPLETED IN 2017/18	
VN13005	Detection and management of bacterial diseases in Australian allium crops
VN16001	International onion researcher delegation
MT15032	Monitoring and evaluation framework for the industry Strategic Investment Plan
MT15033	Strategic Investment Plan

* Activities for the onion industry under this investment are funded wholly through the government's AgVet grant program.

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** 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 Onion 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/onion as they become available.

Detection and management of bacterial diseases in Australian allium crops (VN13005)

NOW COMPLETE

Key research provider: The Queensland Department of Agriculture and Fisheries

Beginning in mid-2014, this three-year project was tasked with studying bacterial diseases of onion crops in order to improve understanding of their introduction, spread and survival – and in turn help build the industry's capacity to manage them. There was a particular focus on bacterial blight of leek, which affects onions and shallots and is caused by the bacteria *Pseudomonas syringae* pv. *Porri*, or 'Psp'.

In its course, the project found...

- There is a strong link between temperature and disease symptoms caused by Psp – with warm, dry conditions not conducive to Psp infection and disease development, while cool, wet conditions are favourable to the disease.
- Feeding from thrips and other mechanical wounding can increase the risk of infection where bacteria is present. Here, there was a relationship seen with free water – with cool wet weather or overhead irrigation shown to disseminate bacteria over the surface of plants, increasing the likelihood of bacterial presence at wound sites from thrips feeding. The researchers noted that thrips feeding damage in the absence of free water is unlikely to exacerbate disease, but appropriate control of thrips within onion crops, and consideration of irrigation regimens to minimise leaf wetness, is something to consider.
- The amount of Psp bacteria that infects plants affects the level of disease severity, but not necessarily disease incidence. In particular, higher bacterial concentrations were found to enhance the development of the yellow leaf symptom seen in Psp infection.
- Good news for growers – there can be consistent recovery of plants from infection and disease symptoms. The researchers found that when warming temperatures and/or a decrease in humidity and free water led to outer infected leaves senescing, pathogen infection of newer leaves was less likely, allowing plants to recover.
- No commercial red, brown or white onion varieties show resistance to Psp species, with all varieties showing similar susceptibility.
- The Psp populations studied were sensitive to copper. The researchers noted that while there are currently no products registered with the Australian Pesticides and Veterinary Medicines Authority specifically for the control of bacteria in onion crops, there are more than 40 copper-containing products registered for other uses in onions – with potential to expand the registered use of some of these products for the control of bacterial diseases. Further work is needed, however, to look at appropriate application methods, regimens and formulations for Psp field control to be successful.
- Essential oils may also hold promise in regard to control, with clove oil showing good bactericidal activity in the lab. Again, further investigation would be needed in this area, with this research still in its infancy.

Continues >>

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 edition is always available from your grower page, **www.horticulture.com.au/onion**.

Disease surveys throughout the project didn't actually detect Psp in Australian crops, and no diagnostic samples were submitted from any growing region during the project period either. The researchers did, however, look at samples of Psp collected in the early 2000s during outbreaks in leek crops in southern Australia, and from the 2011/12 outbreak in onion and shallot crops in the Lockyer Valley in Queensland. There were key differences observed, including aggressiveness on onion – indicating multiple introductions of Psp into Australia (and that spread from the leek outbreak in the early 2000s was very unlikely). Given Psp is spread in seed, the researchers noted a continued risk of further introductions of the pathogen into onion growing districts.

This project was also tasked with enhancing preparedness for potential incursions of exotic diseases, such as Xanthomonas leaf blight of onion, caused by *Xanthomonas axonopodis* pv. *allii*. To this end, the project team worked with Plant Health Australia to produce information on the disease, including the *Bacterial blight of onion* fact sheet available from www.horticulture.com.au/onion.

Vegetable cluster consumer insights program (MT17017)

NEW IN 2017/18

Key research provider: The Nielsen Company

This multi-industry investment delivers the 'Harvest to Home' program, through which Hort Innovation is working with global information and measurement company Nielsen to bring growers the largest series of insights into market performance and shopping behaviour yet for the onion, vegetable and sweetpotato industries.

Launched in late 2017, the Harvest to Home online platform, www.harvesttohome.net.au, allows growers to quickly identify how well commodities are selling in each state, how often consumers are buying, how much they are spending on each occasion, and more. The information and insights are intended to help growers, among other things...

- Develop an improved understanding of the drivers and barriers to purchase of their produce
- Grow awareness of current and future usage and consumption trends
- Gain insights into perceptions of packaging, formats and freshness
- Identify opportunities and issues, such as emerging usage occasions.

Generation of data for pesticide applications in horticulture crops 2018 (ST17000)

NEW IN 2017/18

Key research provider: Peracto

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.

In May 2018, Hort Innovation announced the securing of more than $1 million in assistance grants under the Australian Government's Access to Industry Uses of Agricultural and Veterinary (AgVet) Chemicals program. Through this project, the grant funding is being used, along with levy contributions, to generate the data required for a range of registration and minor use applications across a variety of horticulture crops, including for the onion industry (with work for onions being funded wholly through the grant).

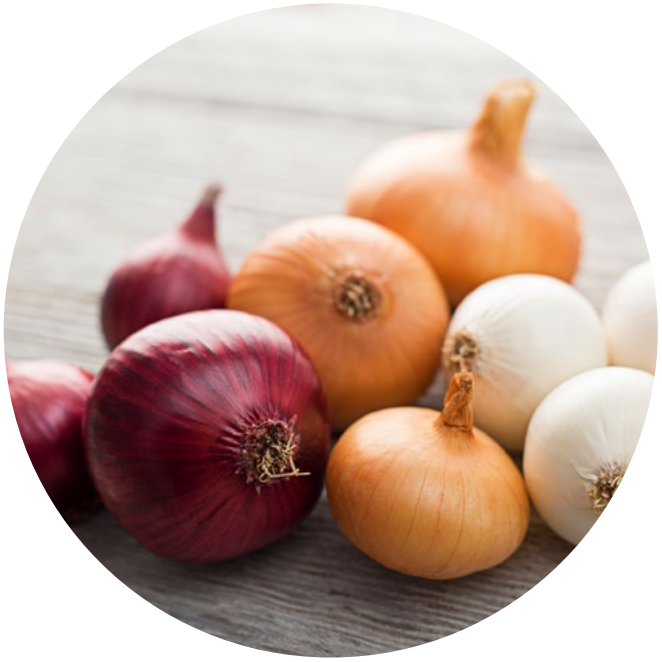
Onion industry minor use program (VN16000)

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 onion 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 p8.

All current permits for the industry remain searchable at 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.



International onion researcher delegation (VN17001)

NEW IN 2017/18

Key research provider: Onions Australia

Contracted at the end of the 2017/18 period, this investment allowed Onions Australia to bring international speakers to Australia to share knowledge with the country's onion growers, including at the Hort Connections conference held in June 2018 and at an industry conference in Tasmania during October 2018.

Similarly, the project *International onion researcher delegation* (VN16001), which concluded early in 2017/18, allowed funding to bring international speakers to share knowledge and world best practice with onion growers at the Hort Connections conference in Adelaide 2017, and at a Tasmanian event.

10th Australasian Soilborne Disease Symposium sponsorship (MT17022)

NEW IN 2017/18 & NOW COMPLETE

Key research provider: Plevin and Associates

This multi-industry investment supported the Soilborne Diseases Symposium, held in Adelaide from September 4 to 7, 2018. The event brought together researchers and industry representatives to review current research into soilborne diseases, and to identify new strategies and techniques with applications across a range of crops. More information on the event can be found at www.asds2018.com.au.

Review of the national biosecurity plan for the onion industry and development of a biosecurity manual for onion producers (VN15001)

Key research provider: Plant Health Australia

This ongoing investment is responsible for reviewing and updating the onion industry's biosecurity plan. In identifying, prioritising and looking at the management and surveillance of key biosecurity risks, the biosecurity plan provides a framework for risk mitigation, and for managing the impact of potential pest and disease incursions.

While the plan itself is a high-level decision-making document, for growers the project has also produced a biosecurity manual detailing key exotic and endemic pests, weeds and diseases, and how to minimise the risk of them. *The Onion Growers' Biosecurity Manual* was released in April 2018 and is available to download from the Onions Australia website and the Hort Innovation Onion Fund page at www.horticulture.com.au/onion.

An IPM extension program for the potato and onion industries (MT16009)

Key research provider: IPM Technologies

This project for and funded by the onion and potato growing and processing industries has a focus on integrated pest management (IPM). Its core activities are to support growers in adopting IPM on farm – improving pest management with minimal pesticide use and a reduction in associated costs. This includes the delivery of workshops, the use of demonstration sites with commercial crops, and the production of materials such as articles, guides and case studies distributed in industry channels.

The project is also responsible for training advisors from Australia's major onion and potato growing regions in IPM.

Development of an onion white rot forecast model for Tasmania (VN14001)

Key research provider: Tasmanian Institute of Agriculture

Onion white rot is a serious fungal disease. Beginning in 2016, this project is developing a forecasting model for the disease's infection periods in Tasmania. It will point to conditions that precede high-risk infection periods, and help in understanding optimum timings of fungicide applications for control of white rot.

Australian onion industry communications (VN15002)

Key research provider: Cox Inall Communications

This ongoing investment delivers effective and timely communications to ensure Australian onion growers and other industry stakeholders are kept up-to-date with the latest R&D outcomes, marketing activities, and other industry news and information. In communicating R&D in particular, the ultimate goal is to lead to practice change for growers, boosting productivity and profitability.

The project is also supported by *Communication support on VN15002 – Australian onion industry* (VN15003), which provides funding to Onions Australia to facilitate work with the communication program's external service provider, and to deliver event management for the industry.

Together, the projects produce...

- The Onions Australia website, **www.onionsaustralia.org.au**
- Monthly e-newsletters from Onions Australia
- The *Onions Australia* annual magazine
- *Layers* hard copy newsletters, distributed three times annually
- Podcasts (audio recordings) highlighting industry R&D, marketing and other information
- Videos detailing R&D work
- Social media, via the Onions Australia Facebook and Twitter accounts
- Regional levy-payer meetings and corresponding grower walks/field days, held twice yearly, with details circulated in industry channels
- Industry conferences, with details circulated in industry channels as they become available.

Enhanced National Bee Pest Surveillance Program (MT16005)

HORT FRONTIERS

Key research provider: Plant Health Australia

This investment is delivering a nationally coordinated bee-pest surveillance program to help safeguard honey-bee and pollinator-dependent industries in Australia. It builds upon the previous *National Bee Pest Surveillance Program* (MT12011) and includes upgrading sentinel hive arrays, strengthening relationships with surveillance operators, the introduction of new elements such as Asian hornet screening and more. The surveillance is designed to enable the early detection of high-priority pest incursions that can impact on honey bees, providing the best opportunity for successful pest eradication. The onion industry is one of several contributors to the work, with the program now part of the Hort Frontiers Pollination 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**. 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 onion 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, successful renewals for PER13119, PER14602 and PER14773 were prepared by Hort Innovation and submitted to the APVMA. These renewals were facilitated through the *Onion industry minor use program* (VN16000), with PER14773 supported by data generated through the earlier AgVet grant project *Generation of residue data for pesticide minor use permit applications in horticulture crops 2015/16* (ST15026).

Meanwhile, new permits PER84734 and PER84808, and a renewal for PER80282, were also issued during 2017/18, with the applications submitted through the industry minor use program in the previous financial year.

Details for all of these permits can be found in the table that follows.

Current permits

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

PERMIT ID	DESCRIPTION (CHEMICAL/CROP/PEST OR USE)	ORIGINAL DATE OF ISSUE	EXPIRY DATE	PERMIT HOLDER
PER13119 version 4	Diazinon / Onions / Onion thrips (Tasmania only)	06-Mar-12	31-July-20	Onions Australia C/Hort Innovation
PER14602 version 4	Boscalid (Filan), iprodione (Rovral Aquaflo) and chlorothalonil (Bravo) / Onion seed and onions / Neck rot (*Botrytis alli*)	24-Jul-14	30-Sep-23	Onions Australia C/Hort Innovation
PER13698 version 3	Phosphorous acid / Lettuce (leaf and hydroponic), fennel and bulb vegetables – bulb onion, garlic, leek, shallot, spring onion and tree onion / Downy mildew	01-Oct-12	30-Sep-22	Hort Innovation
PER14773 version 3	Bentazone-sodium (Basagran) /Onions / Broadleaf weeds	16-Apr-14	31-Jan-23	Onions Australia C/Hort Innovation
PER80282 version 2	Alpha-Cypermethrin / Onions / Onion thrips	16-Dec-14	30-Nov-20	Onions Australia C/Hort Innovation
PER84734	Haloxyfop (Verdict) / Bulb onions / Storksbill and various weeds	19-Dec-17	31-Dec-21	Onions Australia C/Hort Innovation
PER85484	Fluroxypyr (Starane Advanced Herbicide) / Bulb onions / Broadleaf weeds as per label Z *NB: Emergency permit issued for Tasmania only*	30-Nov-17	01-Dec-18	Onions Australia
PER84808	Ethofumesate (Tramat) / Bulb onions / Broadleaf and grass weeds as per product label	20-Feb-18	28-Feb-23	Onions Australia C/Hort Innovation
PER86865	Ioxynil (South African formulation) / Onions (field grown) / Annual and broadleaf weeds as per Totril Selective Herbicide label	10-Aug-18	31-Aug-20	Onions Australia C/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.

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**.

Marketing report

Hort Innovation is responsible for investing the onion marketing levy into a range of activities to drive awareness and consumption, under the Hort Innovation Onion Fund.

2017/18 was the final year in a three-year marketing strategy revolving around the Australian Onions 'Secret Serve' initiative. The aim of the campaign was to enable parents with children aged four to 12 years of age to cook with onions more often.

Throughout its run, the Secret Serve saw a range of activities, including integrated digital (website) activity, social media, public relations and in-store sampling – all highlighting the health benefits of Australian onions and providing parents with recipes for the whole family to enjoy.

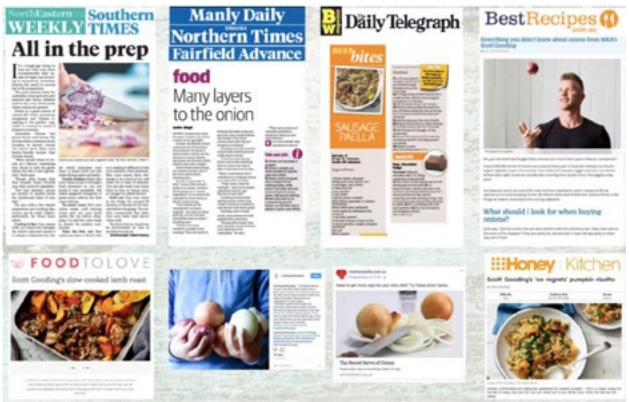
A new Secret Serve e-book

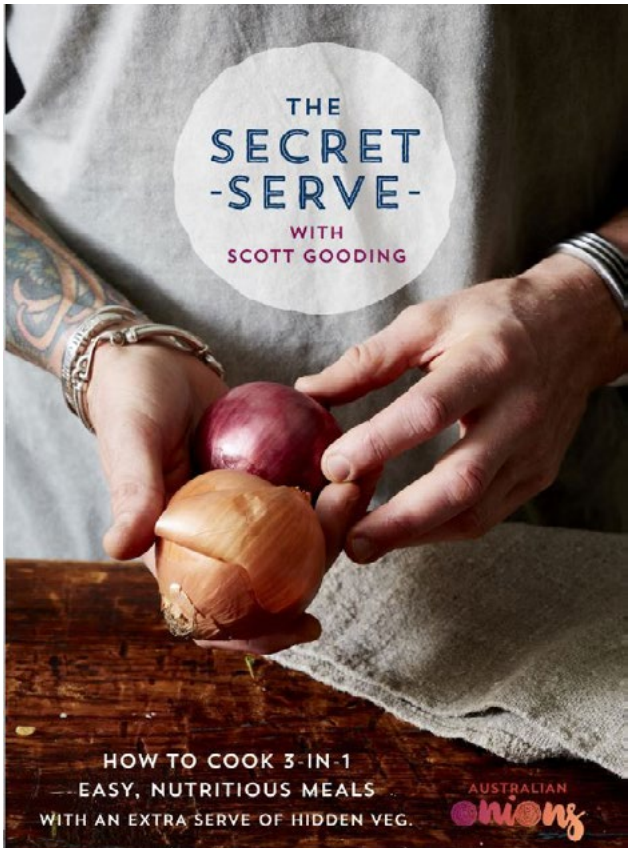
In September 2017, new online recipe book *The Secret Serve with Scott Gooding* was launched, featuring nutritious and easy 'three-in-one' meals with onions, from Australian Onions ambassador Scott Gooding. The e-book delivers a ready-made meal plan for cooking three meals a week each month, in just one to two hours on the weekend.

Encouraging downloads of this free multi-meal e-book was a key focus, targeting main grocery buyers aged 25 to 54 years, with kids aged four to 12 years. At the time of writing, the e-book had so far achieved more than 9000 downloads.

Scott helped launch the e-book at an event with a strong contingent of media and social media influencers, who used their reach to extend awareness. There were six traditional print articles, 17 online articles and 23 social articles between Facebook, Instagram and Twitter off the back of the launch. This activity amounted to an opportunity for some 4.7 million people to see the content.

The e-book remains available from the consumer-facing Secret Serve website at www.bit.ly/2zIfQZj.





Social media

During 2017/18, the social media campaign continued with its 'always on' approach, delivering onion inspiration, recipes and tips via The Secret Serve Facebook page and Instagram account. The Facebook page grew to have more than 23,000 people following it.

As well as regularly produced content reaching the general social media audience, through Facebook and Instagram there was also precise targeting of parents with children in the right age range, who were provided with easy-to-prepare recipes including onions as a 'secret serve' of taste and nutrition.

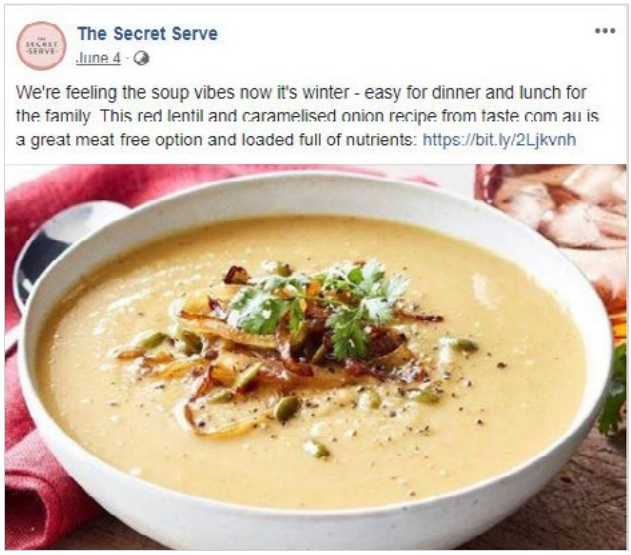
Constant insights were taken from the social media strategy, with the program tweaked monthly to maximise opportunities to reach and engage onion lovers – and also encourage recipe views and e-book downloads. From September 2017 to February 2018 alone, more than three million people were reached with Secret Serve content.

In-store demonstrations

In-store sampling was used to reach parents at the point of sale with key campaign messages, materials and samples – an opportunity for them and their children to try foods with a secret serve of onion in them.

Into early 2017/18, the Secret Serve campaign saw winter in-store activity in conjunction with the Australian mushroom industry. This involved 436 Coles, Woolworths and independent grocery stores, with a focus on sampling hearty winter recipes such as spaghetti bolognese.

The campaign was a key component in the marketing mix with an aim to expose the Secret Serve campaign to shoppers while on the path to purchase. The demonstrations were also a chance for sampling staff to communicate onion health benefits, tips and ways to incorporate more onions in more dishes, with Secret Serve recipe cards distributed. Running from May to August 2017, over the course of the in-store campaign nearly 35,000 samples were given out to consumers, averaging 80 per session. During the sessions, 4544kg of loose onions were sold, along with more than 5751 1kg bags – which means that 24kg of onions were sold on average per session.



Results

Consumer research has shown that the Secret Serve campaign has resonated with the target audience. Eighty eight per cent of respondents agreed with the statement that 'prepared in the right way, onions are an easy way to include another serve of vegetables in a meal for kids', and more than 73 per cent of the campaign target market said they felt encouraged to cook more with onions after seeing the Secret Serve campaign.

There was also a consumption lift seen among the target audience, with small scale families now buying 13.61 per cent more onions compared to three years ago when the campaign launched. In addition, their share of onion volume has increased to 11 per cent, compared to 9.6 per cent in 2014.

Connect with Hort Innovation! Become a member at **www.horticulture.com.au/membership**

Financial statement

Financial operating statement 2017/18

	R&D ($)	MARKETING ($)	TOTAL ($)
	2017/18 July – June	2017/18 July – June	2017/18 July – June
OPENING BALANCE	**691,302**	**1,488**	**692,790**
Levies from growers (net of collection costs)	697,656	235,613	933,269
Australian Government money	279,189	–	279,189
Other income*	21,404	-20	21,384
TOTAL INCOME	**998,248**	**235,593**	**1,233,842**
Project funding	451,419	189,794	641,213
Consultation with and advice from growers	20,990	1,587	22,577
Service delivery – Base	19,521	7,908	27,429
Service delivery – Shared	29,560	11,975	41,535
Service delivery – Fund specific	36,888	14,687	51,575
TOTAL EXPENDITURE	**558,378**	**225,951**	**784,330**
Levy contribution to across-industry activity	11,930	–	11,930
CLOSING BALANCE	**1,119,242**	**11,130**	**1,130,372**
Levy collection costs	28,714	8,775	37,490

At the end of 2016/17, the industry's pro rata share of levy funds were committed to strategic reserves ($96,096 for R&D and $30,597 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**.

Hort Innovation

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