

Apple and Pear Fund

Annual Investment Plan

2020/21



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1: Industry background

Apples

The production volume of apples has been relatively flat over the past 10 years, at around 300,000 tonnes. The total hectares under production is also relatively stable at around 10,000 hectares, although there is some orchard reworking occurring replacing old format orchards with new higher density plantings.

Pears

The production volume of pears has remained relatively flat over the last 10 years, at approximately 115,000 tonnes. This is a significant decrease from around 140,000 in 2006. The Goulburn Valley accounts for approximately 88% of industry production.

Table 1: Apple industry metric relative comparison

2018/19	Apples	Total fruit	Total horticulture
Production value (\$m)	\$512.8	\$5,525.3	\$14,366.9
5-year average annual value growth (%)	4.4%	6.7%	5.6%
Production volume (t)	310,875	2,793,432	6,731,638
5-year average annual volume growth (%)	3.1%	2.9%	2.4%
Export share of production volume (%)	1.4%	17.1%	12.3%

Table 1 shows that apple production has grown steadily over the past five years, at a similar rate to total fruit. While value growth has been slower than total fruit, it has been at a higher rate than volume growth, showing that unit price has increased over the past five years. Export share of production is an insignificant amount.

Table 1: Pear industry metric relative comparison

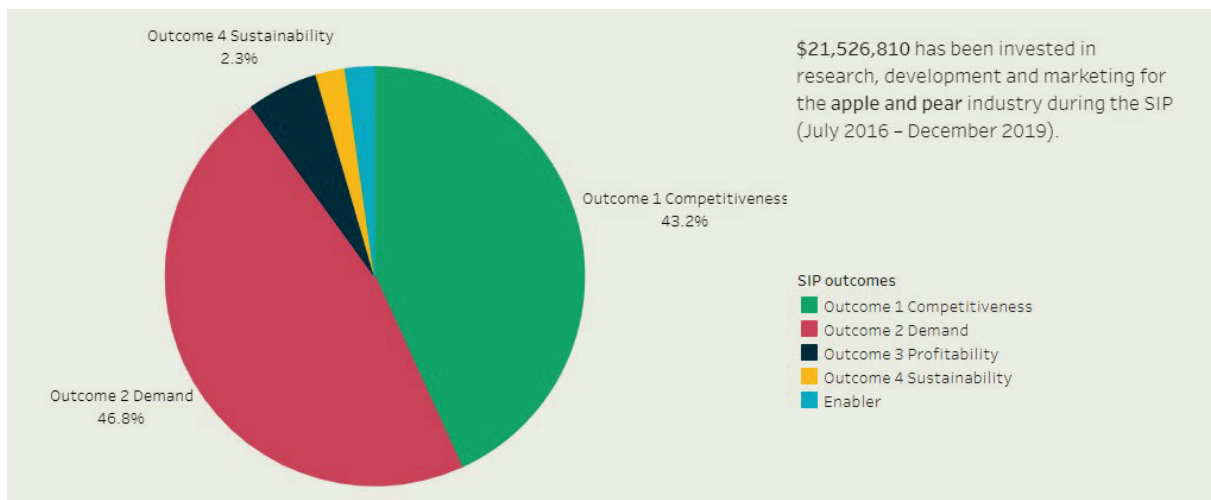
2018/19	Pears	Total fruit	Total horticulture
Production value (\$m)	\$115.4	\$5,525.3	\$14,366.9
5-year average annual value growth (%)	13.6%	6.7%	5.6%
Production volume (t)	114,496	2,793,432	6,731,638
5-year average annual volume growth (%)	2.2%	2.9%	2.4%
Export share of production volume (%)	8.0%	17.1%	12.3%

Table 2 shows that pears have experienced a similar growth in production volume to total fruit but have experienced significantly more volume growth. This shows that unit price has significantly increased over the past five years. Part of this price increase can be attributed to an increase in exports from 6.3% of production five years ago to 8.0% currently.

Strategic Investment Plan

Outcome 1 Competitiveness	Industry profitability and global competitiveness is improved by reducing the average cost per carton
Outcome 2 Demand	Growing demand in both domestic and export markets has increased the value of the marketable harvest
Outcome 3 Profitability	The value of the average bin has risen, resulting in improved industry profitability
Outcome 4 Sustainability	A cultural shift across industry has better equipped growers for long-term sustainability

Over the term of the apple and pear Strategic Investment Plan (SIP) (July 2016 – December 2019), the industry has invested \$21.5 million across R&D and marketing. The investments have been in Competitiveness (Outcome 1) (\$9.3 million) and Demand (Outcome 2) (\$10.1 million). At the other end of the scale, only small amounts have been spent in Profitability (Outcome 3) (\$1.2 million) and Sustainability (Outcome 4) (\$500,000).



While the expenditure analysis identifies how expenditure has been allocated, it should be noted that no ‘target’ expenditure shares have been set for the apple and pear industry. Investment prioritisation is informed by a wider range of considerations including:

- Capacity to affect change for intended audience – who will benefit?
- How feasible is delivery of the solution?
- Will the solution delivery value to levy payers?
- Why has the issue not been addressed prior?
- Existing vs emerging industry priority (how critical is the issue)?
- Industry capacity and adoption pathway.

The impact assessment will provide consideration for the above for determining the likely impacts and prioritisation of the investment.

Industry consultation

No industry consultation was required as the industry funds are over-committed for the next few years.

2: Current investments

R&D Fund (SIAP version)

Funding source	Project code	Project title	Project summary links
Outcome 1 – Demand			
Strategy 1 – Consumer research			
R&D Levy	AP15002	Physiological, metabolic and molecular basis of biennial bearing in apple	Link
R&D Levy	AP15005	Delivery of apple and pear future orchards extension program	Link
R&D Levy	AP15013	Physiological, metabolic and molecular basis of biennial bearing in apple	Link
R&D Levy	ST16008	AgVet collaborative forum plant Industry Investment	Link available shortly.
Strategy 2 – Pest & Diseases			
R&D Levy	AP15001	Integrated pest and disease management – Phase II	Link
R&D Levy	AP15004	Australian apple and pear industry innovation and adoption program	Link
R&D Levy	AP16001	Apple and pear industry minor use permits	Link
R&D Levy	AP16007	Apple and pear IPM program	Link
R&D Levy	AP18000	National apple and pear industry communications program	Link
R&D Levy	AP18001	Pilot sterile codling moth releases for the apple industry	Link
R&D Levy	MT13059	SITplus: Developing and optimising production of a male-only, temperature-sensitive-lethal, strain of Qfly, <i>B. tryoni</i>	Link
R&D Levy	MT17005	Improving the biosecurity preparedness of Australian horticulture for the exotic spotted wing drosophila (<i>Drosophila suzukii</i>)	Link
R&D Levy	MT17006	Improving preparedness of the Australian horticultural sector to the threat potentially posed by <i>Xylella fastidiosa</i> (a severe biosecurity risk)	Link
R&D Levy	FF18003	SITplus: Prt Augusts Qfly SIT factory pilot operation	Link
R&D Levy	ST19018	Mitigating the potential spread of <i>Xylella fastidiosa</i> (Xf) by understanding vectors	Link
Strategy 3 – Soil health			
R&D Levy	AP14023	Improved tree and fruit nutrition for the Australian apple industry	Link
Strategy 6 – Future orchards			
R&D Levy	AP16005	Developing Agri-Tech Solutions for the Australian Apple Industry	Link
Outcome 2 -- Demand			
Strategy 1 – Domestic consumers			

R&D Levy	AP19000	Australian apple consumer and shopper research	Link
Strategy 5 – Export capabilities			
R&D Levy	AM17001	Developing a national systems approach for meeting biosecurity requirements to access key Asian markets	Link
R&D Levy	MT14052	Essential Market Access Data Packages	Link available shortly.
Strategy 6 – Export plan			
R&D Levy	AM17010	Taste Australia trade shows (AFL (2018) /FVF/Gulffood)	Link available shortly.
R&D Levy	AP17002	Apple and pear export readiness and market access	Link
R&D Levy	MT16010	Horticultural trade data 2017-2019	Link available shortly.
R&D Levy	MT17010	World of perishables, Dubai - taste Australia attendance	Link available shortly.
R&D Levy	MT17011	China fruit & veg fair 2017 - taste Australia attendance	Link available shortly.
R&D Levy	MT18017 AM17004	Taste Australia retail program R&D	Link
Outcome 3: Profitability			
Strategy 1 – Domestic consumers			
R&D Levy	AP16004	Variety evaluation and tree certification services for the apple and pear industry	Link
R&D Levy	MT16005	Enhanced national bee pest surveillance program 2016–2021	Link
Outcome 4: Sustainability			
Strategy 1 – Business basics			
R&D Levy	MT17015	Consumer behavioural and retail data for fresh produce	Link
Strategy 2 – Production forecasting			
R&D Levy	AP16002	Apple and pear crop estimate	Link
Strategy 3 – Agribusiness scholarships			
R&D Levy	LP15001	Global masterclass in horticulture	Link
R&D Levy	LP16000	Advancing women’s leadership across the Australian horticultural sector	Link
R&D Levy	LP15006	Attracting new entrants into Australian horticulture	Link
Enabler			
R&D Levy	AP14022	Independent program coordination for apple and pear productivity program	Link

R&D Levy	AP18003	Mid-term evaluation of AP15004	Link available shortly.
R&D Levy	MT18003	Industry annual report - 2017-2018	Link available shortly.
R&D Levy	MT18009/ 011	Ex-post impact assessment	Link
R&D Levy	AP19007	Independent program coordination for apple and pear PIPS3	Link
R&D Levy	AP19889 AP19999	Pre-procurement and internal project expenditure	Link available shortly.
TBC			
R&D Levy	MT19003	Parasitoids for the management of fruit flies in Australia	Link
R&D Levy	ST19017 #2795	Biosecurity preparedness through developing capacity for in-field detection of SWD	Link available shortly.
R&D Levy	MT19006	Across horticulture support for achieving MRL compliance	Link available shortly.
R&D Levy	AP19002	Strengthening cultural and biological management of pests and diseases in apple and pear orchards	Link
R&D Levy	AP19003	Advancing sustainable and technology driven apple orchard production systems	Link
R&D Levy	AP19004	Developing technology solutions across the apple and pear supply chain	Link available shortly.
R&D Levy	AP19005	Developing smarter and sustainable pear orchards to maximize fruit quality, yield and labor efficiency	Link
R&D Levy	AP19006	Soil health and plant nutrition in Australian apple and pear orchards	Link
R&D Levy	AP19910	Consultation and grower advice	Link available shortly.

3: New investments

The Apple and Pear Fund’s Annual Investment Plan 2020/21 (AIP) was presented to the apple and pear SIAP on 8 September 2020 and the following investments were considered.

The Apple and Pear R&D Fund is fully committed until FY22. The Apple and Pear Marketing Fund is in a positive spending position.

Please note wherever possible investments will be aligned to form multi-industry projects, all investments are subject to funding availability. If investments do not occur in this financial year, then they will be reconsidered and reprioritised for the 2020/21 AIP.

Supported investments:

Outcome	Strategy	Project title	Description	Funding source
2	1,2 and 3	Apple and Pear Marketing Program FY21	The domestic marketing plan for Australian apples and pears. The objective of the campaign is to strengthen the preference for Australia apples and drive the average weight of purchase to grow category value by engaging consumers with better quality apples.	MK levy
2	6	Apple and Pear Export Strategy	Export marketing carried out through the Taste Australia program includes activities such as social media partnerships, advertising, retail engagement and e-commerce in key export markets.	MK levy